

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council  
Christine C. Quinn



Hon. James Vacca, Chair, Transportation Committee

## Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Metropolitan Transportation Authority

**March 6, 2012**

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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 2012-2015

### MTA Consolidated Statement of Operations – Including MTA Bus Company (\$ in millions)

Non-Reimbursable	2010 Actual	2011 Final Forecast	2012 Final Proposed	2013 Projected	2014 Projected	2015 Projected
Operating Revenue						
Farebox	\$4,586	\$4,991	\$5,050	\$5,122	\$5,208	\$5,286
Toll Revenue	1,417	1,499	1,510	1,508	1,514	1,520
Other Revenue	491	496	524	551	589	630
Capital & Other Reimburse.	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>\$6,495</b>	<b>\$6,986</b>	<b>\$7,085</b>	<b>\$7,181</b>	<b>\$7,310</b>	<b>\$7,436</b>
Operating Expenses						
Labor Expenses	\$6,933	\$7,143	\$7,473	\$7,651	\$7,952	\$8,293
Non-Labor Expenses	2,636	2,684	2,906	3,075	3,281	3,568
Other Expenses Adjustment	(18)	5	36	34	35	35
General Reserve	0	8	125	130	135	145
<b>Total Operating Expenses Before Non-Cash Liability Adj.</b>	<b>\$9,550</b>	<b>\$9,840</b>	<b>\$10,540</b>	<b>\$10,891</b>	<b>\$11,403</b>	<b>\$12,041</b>
Depreciation	\$1,981	\$2,077	\$2,179	\$2,245	\$2,325	\$2,420
Other Post-Employment Benefit	1,167	1,241	1,256	1,281	1,306	1,338
Environmental Remediation	19	9	9	9	9	9
<b>Total Operating Expenses</b>	<b>\$12,717</b>	<b>\$13,167</b>	<b>\$13,984</b>	<b>\$14,426</b>	<b>\$15,043</b>	<b>\$15,809</b>
<b>Net Operating Deficit</b>	<b>(\$6,222)</b>	<b>(\$6,181)</b>	<b>(\$6,899)</b>	<b>(\$7,245)</b>	<b>(\$7,733)</b>	<b>(\$8,372)</b>
Subsidies	\$4,914	\$5,249	\$5,509	\$5,782	\$6,023	\$6,246
Debt Service	(1,781)	(1,949)	(2,129)	(2,271)	(2,418)	(2,555)
<b>Deficit after Subsidies &amp; Debt</b>	<b>(\$3,089)</b>	<b>(\$2,881)</b>	<b>(\$3,519)</b>	<b>(\$3,734)</b>	<b>(\$4,128)</b>	<b>(\$4,681)</b>
Conversion to Cash						
Non-Cash Liability Adjs.	\$3,166	\$3,326	\$3,444	\$3,535	\$3,640	\$3,768
GASB Account	(67)	(39)	(57)	(61)	(65)	(67)
All Other	20	(419)	(27)	(267)	(343)	(400)
<b>Cash Bal. Before Prior-Yr. Carryover</b>	<b>\$30</b>	<b>(\$13)</b>	<b>(\$160)</b>	<b>(\$527)</b>	<b>(\$896)</b>	<b>(\$1,381)</b>
Policy & GAP Closing Actions/Adjs.	\$0	\$32	(\$19)	\$624	\$678	\$1,176
Cash Management Actions	0	0	0	0	0	0
Prior Year Carryover	130	160	179	0	96	0
December Adjustments & carry-over	0	21	1	(16)	(20)	(5)
<b>Net Cash Surplus/(Deficit)</b>	<b>\$160</b>	<b>\$200</b>	<b>\$1</b>	<b>\$80</b>	<b>(\$141)</b>	<b>(\$211)</b>

Source: Metropolitan Transportation Authority

-Numbers may not total due to rounding

## MTA BUDGET OVERVIEW

The Calendar Year 2012 Adopted Budget for the MTA includes a four-year financial plan for the years 2012 through 2015. The Authority issued a Preliminary Budget in July of 2011 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 21, 2011.

Consistent with the Authority's commitment to maintaining fiscal stability, the gap closing actions implemented in 2011, are continued in 2012 and are expected to produce annualized recurring savings of \$850 million by 2015. These actions include a 15 percent cut in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers. In addition, the Adopted Budget is balanced on the assumption of a three-year labor agreement with "net zero" wage growth, saving \$300 million, and the implementation of biennial fare and toll increases. The MTA will implement a new 7.5 percent fare and toll increase on January 1, 2013 that is expected to generate \$463 million in 2013 and \$486 million by 2015. Another 7.5 percent fare and toll increase is planned for January 2015 and is expected to generate an additional \$509 million in 2015, of which \$15 million will come from the MTA Bus and will be used to reduce City subsidies to MTA Bus moving forward.

As a result of these actions, the 2012 Adopted Budget remains balanced through the calendar year, with an anticipated net cash surplus of \$1 million. For the outyears, the MTA's Plan anticipates an end-of-year cash balance of \$80 million in 2013, but expects cash deficits of \$141 million in 2014 and \$211 million in 2015. The Adopted Budget also includes a cash reserve of \$125 million that would be reduced by \$25 million to account for a potential shortfall in dedicated tax receipts from the Metropolitan Mass Transportation Operating Assistance Account (MMTOA) in 2012. Cash reserves in the outyears are \$130 million in 2013, \$135 million in 2014, and \$145 million in 2015. As in past years, the impact of rising debt service costs, increasing pension and healthcare expenses and the depletion of non-recurring resources remains the Authority's major concerns.

### Payroll Mobility Tax (PMT)

Recently, 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. This action is 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 2012 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
<b>Core Capital Program</b>			
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	-
<b>Core Subtotal</b>	<b>\$18,073</b>	<b>\$16,456</b>	<b>(\$1,617)</b>
Network Expansion Projects	5,739	5,739	-
<b>Total 2010-2014 CPRB Program</b>	<b>\$23,812</b>	<b>\$22,195</b>	<b>(\$1,617)</b>
Bridges and Tunnels	2,453	2,079	(374)
<b>Total 2010-2014 Capital Program</b>	<b>\$26,265</b>	<b>\$24,274</b>	<b>(\$1,991)</b>

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 will use a combination of innovative financing arrangements, efficiency improvements, real estate initiatives, and additional funding from participating partners.

As for the New York City Transit (NYCT), the amended 2010-2014 Capital Plan proposed by the Authority would commit \$11.6 billion to core programs to maintain a state of good repair, a decrease of \$1.2 billion compared to the original Plan of \$12.8 billion. Of that amount, approximately \$3.9 billion or 33 percent is allocated 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 proposed by 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)
<b>Total CPRB Program</b>	<b>\$23,812</b>	<b>\$9,142</b>	<b>\$13,053</b>	<b>\$22,195</b>	<b>(\$1,617)</b>
<b>Bridge &amp; Tunnels Dedicated Funds</b>	<b>\$2,453</b>	<b>\$954</b>	<b>\$1,125</b>	<b>\$2,079</b>	<b>(\$374)</b>

### 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's 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 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 2012-2015

### February Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2010 Actual	2011 Final Forecast	2012 Final Proposed	2013 Projected	2014 Projected	2015 Projected
Operating Revenue						
Farebox	\$3,320	\$3,628	\$3,704	\$3,748	\$3,805	\$3,860
Other Revenue	282	302	325	352	385	421
Capital & Other Reimbursemt.	982	920	884	846	848	863
<b>Total Operating Revenue</b>	<b>\$4,584</b>	<b>\$4,850</b>	<b>\$4,913</b>	<b>\$4,946</b>	<b>\$5,038</b>	<b>\$5,144</b>
Operating Expenses						
Labor Expenses	\$5,513	\$5,560	\$5,805	\$5,886	\$6,099	\$6,318
Non-Labor Expenses	1,623	1,628	1,799	1,941	2,078	2,291
Gap Closing Expenses/Adjust	1	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$7,137</b>	<b>\$7,188</b>	<b>\$7,604</b>	<b>\$7,827</b>	<b>\$8,177</b>	<b>\$8,609</b>
Depreciation	\$1,290	\$1,370	\$1,445	\$1,520	\$1,595	\$1,670
Other Post Employment Benefit.	881	919	930	944	963	980
Environmental Remediation	11	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$9,319</b>	<b>\$9,477</b>	<b>\$9,979</b>	<b>\$10,291</b>	<b>\$10,735</b>	<b>\$11,259</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$4,735)</b>	<b>(\$4,627)</b>	<b>(\$5,066)</b>	<b>(\$5,345)</b>	<b>(\$5,697)</b>	<b>(\$6,115)</b>
Projected Gross Subsidies	\$3,271	\$3,289	\$3,416	\$3,497	\$3,601	\$3,635
<b>Deficit after Projected Subsidies</b>	<b>(\$1,464)</b>	<b>(\$1,338)</b>	<b>(\$1,650)</b>	<b>(\$1,848)</b>	<b>(\$2,096)</b>	<b>(\$2,480)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$2,182	\$2,289	\$2,375	\$2,464	\$2,558	\$2,650
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$718</b>	<b>\$951</b>	<b>\$725</b>	<b>\$616</b>	<b>\$462</b>	<b>\$170</b>

Source: Metropolitan Transportation Authority

Note: 1- Excludes Debt Service, 2 - Excludes Prior Year Balance &amp; 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) before depreciation and other post-employment benefits is approximately \$7.6 billion for Calendar Year (CY) 2012. Of that amount, \$5.8 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 \$1.4 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$930 million. The budget funds 45,599 positions, of which 4,528 are reimbursable and 41,071 are non-reimbursable. Reimbursable positions are those generally paid with Capital funds.
- **Operating Revenue/Expense Projections.** The NYCT projects \$4.9 billion in operating revenues for CY 2012, which is primarily derived from farebox revenues of \$3.7 billion, Capital and other reimbursements of \$884 million and other revenues of \$325 million. These funds will support the NYCT's proposed reimbursable and non-reimbursable expenditures of \$7.6 billion, excluding depreciation and other post-employment benefits, in 2012.
- **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 2012, which is \$154 million more than the CY 2011 amount of \$1.7 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 2012 Adopted Plan includes 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 \$1.2 billion in Calendar Year 2012.
- **The City's Contribution.** For CY 2012, the City's contribution, excluding Capital commitments, to the NYCT's budget is expected to be approximately \$782 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; \$133 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$346 million for private bus subsidy; 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 \$150 million in CY 2012, which includes \$133 million from City reimbursements.
- **State Subsidies.** For CY 2012, 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 \$3.1 billion expected in 2012.

## 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 2012-2015

(\$ in millions)

Non-Reimbursable and Reimbursable	2010 Actual	2011 Final Forecast	2012 Final Proposed	2013 Projected	2014 Projected	2015 Projected
Operating Revenue						
Farebox	\$168	\$177	\$180	\$182	\$184	\$186
Other Revenue	22	19	19	19	20	20
Capital & Other Reimbursements	2	7	8	7	7	8
<b>Total Operating Revenue</b>	<b>\$192</b>	<b>\$203</b>	<b>\$207</b>	<b>\$208</b>	<b>\$211</b>	<b>\$214</b>
Operating Expenses						
Labor Expenses	\$369	\$383	\$402	\$409	\$413	\$437
Non-Labor Expenses	135	146	145	144	155	170
<b>Operating Expenses Before Depreciation &amp; GASB Adjs. 1</b>	<b>\$504</b>	<b>\$529</b>	<b>\$547</b>	<b>\$553</b>	<b>\$568</b>	<b>\$607</b>
Depreciation	\$40	\$42	\$42	\$42	\$42	\$42
Other Post Employment Benef	52	55	55	56	57	58
Environmental Remediation	4	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$600</b>	<b>\$626</b>	<b>\$644</b>	<b>\$651</b>	<b>\$667</b>	<b>\$707</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(\$408)</b>	<b>(\$423.0)</b>	<b>(\$437)</b>	<b>(\$443)</b>	<b>(\$456)</b>	<b>(\$493)</b>
Post-2010 Prog to Eliminate the Gap	\$0	\$0	\$0	\$0	\$0	\$0
<b>Deficit after GAP Actions</b>	<b>(\$408)</b>	<b>(\$423.0)</b>	<b>(\$437)</b>	<b>(\$443)</b>	<b>(\$456)</b>	<b>(\$493)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$96	\$97	\$97	\$98	\$99	\$100
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$312)</b>	<b>(\$326)</b>	<b>(\$340)</b>	<b>(\$345)</b>	<b>(\$357)</b>	<b>(\$393)</b>

Source: Metropolitan Transportation Authority

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

- Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2012 is projected to be \$207 million, which includes farebox revenue of \$180 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 \$547 million for CY 2012. These expenses include \$402 million in labor costs and \$145 million

in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42.2 million and \$55 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.

#### 2012-2015 Commitment Plan: Adopted and Preliminary Budget

*Dollars in Thousands*

	FY12	FY13	FY14	FY15	Total
<b>Adopted</b>					
Total Capital Plan	\$251,538	\$100,000	\$100,000	\$100,000	<b>\$551,538</b>
<b>Prelim</b>					
Total Capital Plan	\$251,538	\$100,000	\$100,000	\$100,000	<b>\$551,538</b>
<b>Change</b>					
Level	\$0	\$0	\$0	\$0	<b>\$0</b>
Percentage	0.00%	0.00%	0.00%	0.00%	<b>0.00%</b>

#### February 2012 Capital Commitment Plan

*Dollars in thousands*

	2012	2013	2014	2015	2012-2015
MTA Bus (MT)	\$48,375	\$0	\$0	\$0	\$48,375
Staten Island Rail (ST)	3,300	900	900	900	\$6,000
New York City Transit (T)	199,863	99,100	99,100	99,100	\$497,163
<b>TOTAL</b>	<b>\$251,538</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$551,538</b>

The February 2012 Capital Commitment Plan includes \$551.5 million in Fiscal 2012 -2015 for the New York City Transit (NYCT) including City and Non-City funds. This represents approximately 1.6 percent of the City's total \$35.1 billion Preliminary Plan for Fiscal 2012-2015. The agency's Preliminary Commitment Plan for Fiscal 2012 - 2015 remains unchanged from the September Commitment Plan.

Over the past five years (2008-2011), the NYCT has only committed an average of 63.6 percent of its annual Capital Plan. Therefore, it is assumed that a portion of the agency's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan.