

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Ydanis Rodriguez
Chair, Committee on Transportation



Report of the Finance Division on the
Calendar Year 2019 Adopted Budget
for the

Metropolitan Transportation Authority

March 14, 2019

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Introduction

The Metropolitan Transportation Authority (MTA or Authority) is the largest transportation system in the United States, serving approximately 2.7 billion passengers each year. With an average subway weekday ridership of 6 million riders, it is one of the only public transportation systems in the world that runs 24 hours per day on every day of the year.

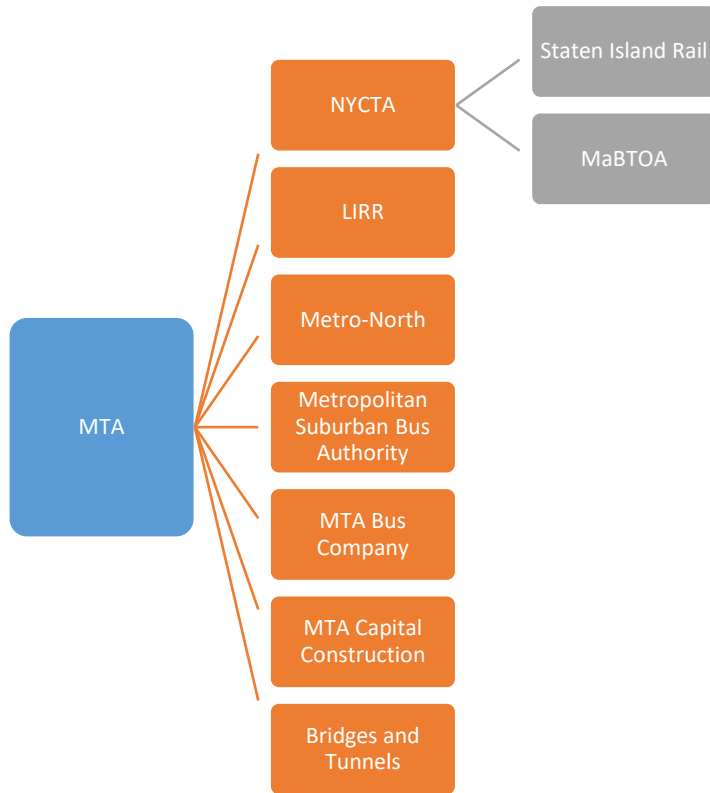
This report will discuss and examine issues and highlights within the MTA's current budget, outline challenges within the plan, and provide an explanation of how the MTA is structured.

MTA Structure

The 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.

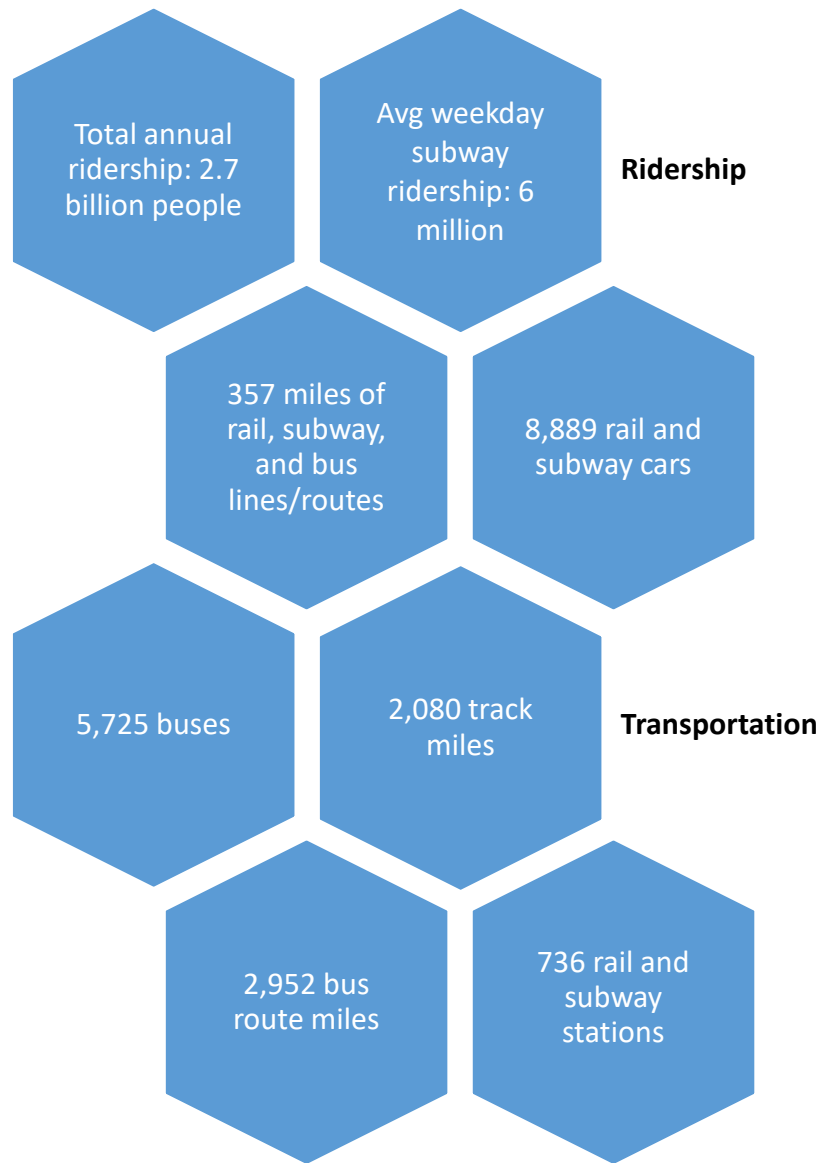
The Authority carries out these responsibilities through its subsidiary and affiliate entities that include the New York City Transit Authority (NYCTA) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); the Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNR); 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.¹

¹ Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County to transition its bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA's calendar year 2018 financial plan excludes it from all budget forecasts (revenue, expenses, cash, subsidies, and headcount).



Governance/MTA Board

The MTA 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 appointed 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).

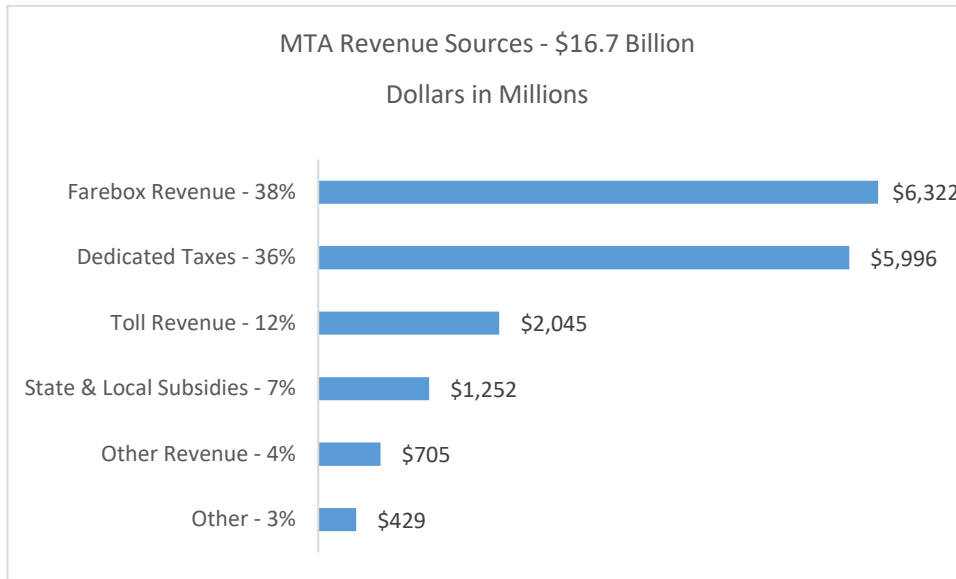


MTA Budget Overview

The MTA’s budget is unique within the City’s budget process because it is a State-controlled agency and operates on a calendar year, rather than the City’s fiscal year. The MTA Board approved its 2019 Budget on December 12, 2018, which means that the Preliminary Budget does not impact the adoption of the Authority’s budget.

The 2019 Budget adopted by the MTA board includes a four-year financial plan for calendar years 2019 -2022. The Authority issued a Preliminary Budget in July 2018 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 12, 2018. Highlights of the Adopted Plan include a MetroCard fare and toll increase, maintaining major investments from the July Plan (including implementation of Subway Action Plan funded from Phase 1 of Congestion Pricing surcharge on For-Hire Vehicles), and recognition of a need for additional recurring revenue.

For Calendar Year 2019, expenses total approximately \$16.7 billion and are funded through a combination of revenues, including \$6.4 billion from farebox revenue.



Subway Action Plan

The Subway Action Plan (SAP) is a two-phase initiative launched by the MTA on July 25, 2017, under the direction of the Governor, to address the persistent problem of train delays, breakdowns, and overcrowding that have beset the Authority in the last few years. As proposed by the Authority, the SAP will address key drivers of 79 percent of service delays. Phase I calls for approximately \$1.8 billion over five years and Phase II calls for an additional \$8 billion in capital investments to repair the subway’s tracks, signals, stations, and cars.

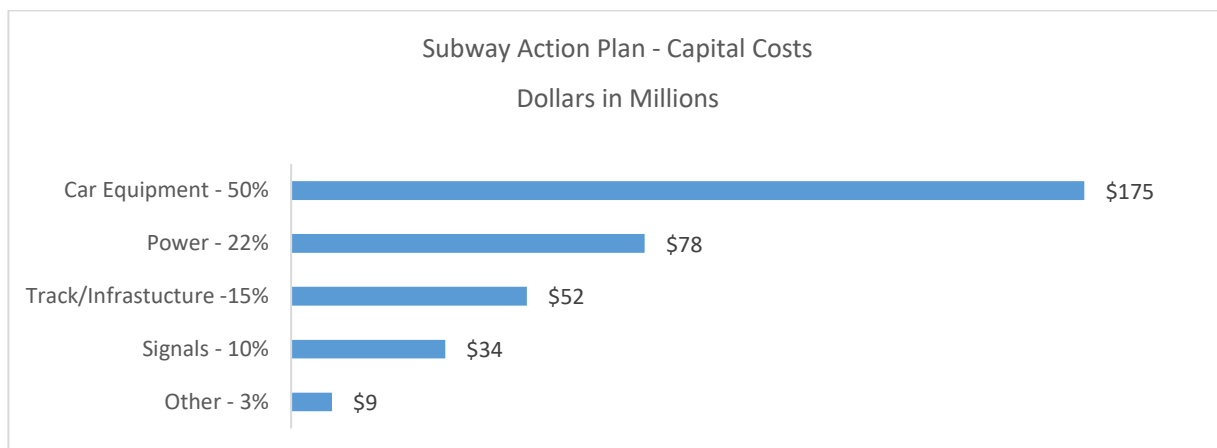
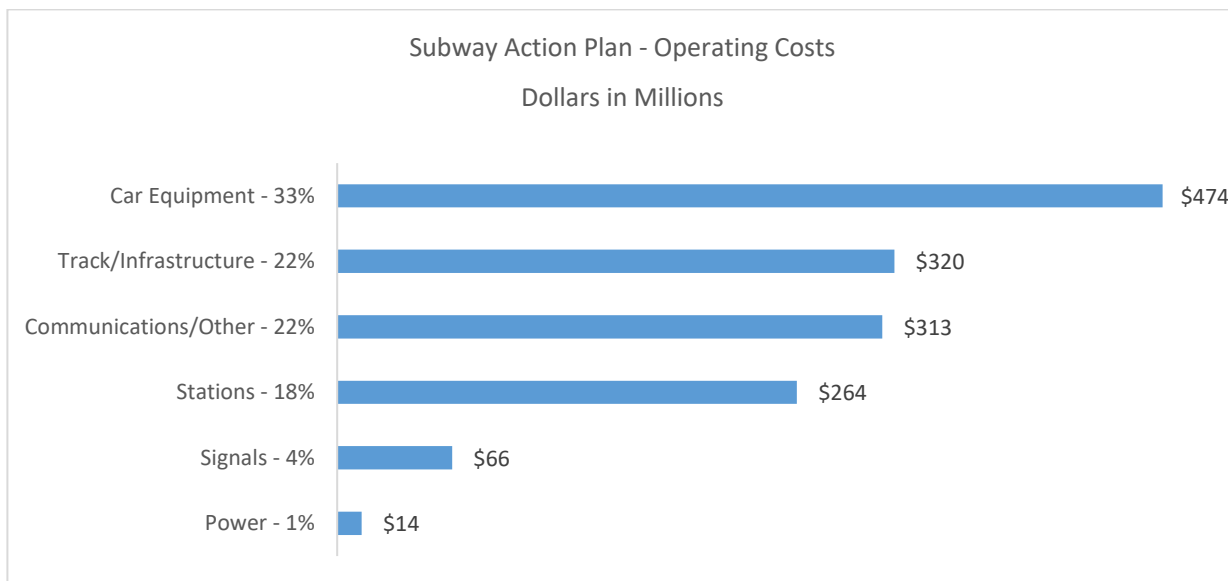
In March 2018, New York State’s Fiscal 2019 Enacted Budget included State funding of \$418 million and mandated that the City contribute the same amount to support the MTA Subway Action Plan. The City is contributing \$418 million, including \$164 million in capital funds, in the City’s Fiscal 2019 Budget to support the SAP program. The funding will support 1,480 positions in 2018, 1,249 positions in 2019, and 1,229 positions in the outyears. The MTA November Plan restores the level of the SAP to its originally intended investment of \$836 million, \$508 million for operating expenses, reflecting the impact of legislation that has NYS and NYC splitting SAP’s initial startup costs equally. The remaining \$964 million of Phase I funding will be financed through other means, including the State’s phase 1 congestion pricing proposal (FHV Congestion Pricing).

The Subway Action Plan is divided into six categories

- **Track/Infrastructure.** Under this category, the agency will launch an emergency water management initiative; clean tracks between underground stations; eliminate backlog, accelerate repairs, and install seamless track; increase production capacity and installation of welded rail; improve incident response; augment the number of Combined Action Teams; and increase work train availability.
- **Signals.** For signals, the MTA plans to expedite the modernization of 1,300 signals considered to be the most problematic.

- **Power.** This category will support the Power Improvement Plan, led by the New York State Public Service Commission, which will ensure reliability and provide a consistent supply of power.
- **Car Equipment.** The Plan includes expanding overhaul capacity; sustaining 24/7 repair and maintenance shifts; elevating protocol on subway door inspections and repairs; increasing the number of Emergency Subway Car Response Teams; upgrading subway car interiors; adding subway cars; and increasing ridership capacity.
- **Stations.** For stations, the Authority will repaint and repair tile and service elevators and escalators and conduct deep cleaning.
- **Safety/Communications/Other.** Actions under this category include reducing illegal activity in stations; launching a public awareness campaign; enhancing the Homeless Outreach Program; increasing the number of dedicated Emergency Medical Technician teams (pilot program); overhauling communication systems; and launching a new integrated MTA application.

The below charts illustrate the funding breakdown between the operating and capital costs of Phase I of the SAP program.

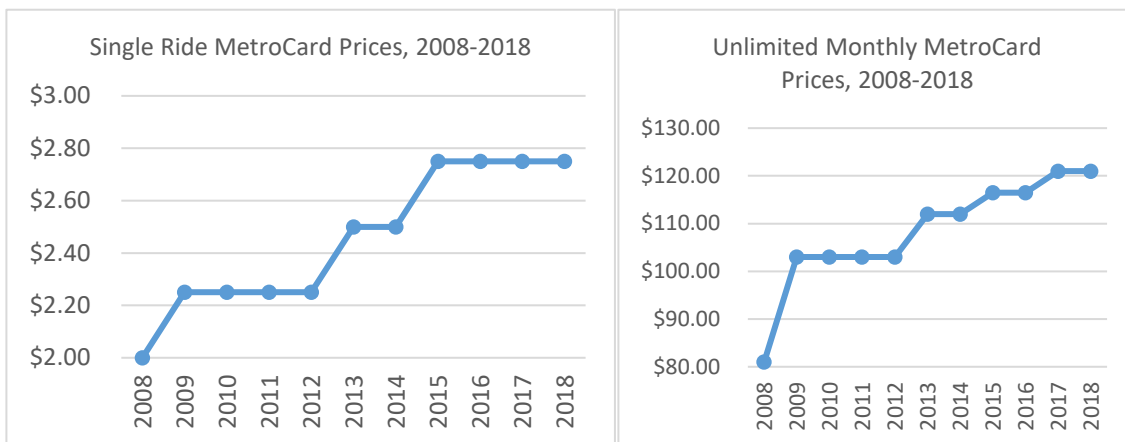


MetroCard Fare Increases

The Adopted Plan includes biennial fare increases of four percent net in 2019 and 2021 (two percent annual increases). The annualized yield of the increase is projected to be \$316 million in 2019, a decrease of 1.6 percent from the July Plan estimate, and \$321 million in 2021, a four percent decrease from the July Plan estimate. This decrease in projected farebox revenue is the result of a decline in ridership, which the MTA attributes to fare evasion, app-based For-Hire Vehicles, an increase in e-commerce popularity, and an increase of individuals working from home.

The Board presented two options for the new fare increase. The first would keep the single-ridership base fare at \$2.75 but eliminate monetary bonuses on MetroCards. The second option would increase the base fare of single rides to \$3.00 and include a 10 percent bonus increase to purchased MetroCards. In addition, 7-Day and 30-Day Unlimited MetroCards would increase \$1 and \$6 dollars, respectively. On February 27, 2019, the MTA Board approved a fare increase that keeps the base fare at \$2.75, eliminates monthly bonuses, and increases 7- and 30-Day MetroCards by \$1 and \$6 dollars, respectively. The increases will take effect on April 1, 2019. Delaying this biennial fare increase to March 2020 would have resulted in a revenue reduction of approximately \$325 million every two years.

As indicated in the charts below, between 2008 and 2018, the price of single-ride MetroCards have increased by 38 percent while monthly MetroCards have increased by 52 percent.



For-Hire Vehicle Surcharge

The State’s Fiscal 2019 Adopted Budget included legislation to establish a surcharge on For-Hire Vehicle (FHV) trips (including app-based services such as Uber and Lyft) that begin, end, or pass through a congestion zone in Manhattan south of 96th Street, starting in 2019. The surcharge is anticipated to generate about \$415 million in 2019 and \$435 million annually in the outyears, providing \$342 million in 2019, \$301 million in 2020, and \$300 million annually thereafter to maintain the level of effort started with the SAP; another \$50 million is earmarked for outer borough transportation projects, and any remaining funds from the surcharge, currently expected to be \$23 million in 2019 and \$85 million annually thereafter, will be distributed directly to the MTA. As a result, the net impact is favorable to the MTA by \$365 million in 2019 and \$385 million per year starting in 2020.

New York City Transit Authority Fast Forward Plan

On May 23, 2018, MTA's NYCTA President Andy Byford presented the Subway "Fast Forward" Plan at the MTA's May board meeting. Notable highlights of the plan include the following.

- **Upgrade and Accelerate Installation of Subway Signal Updates.** The MTA seeks to upgrade five subway lines in five years with modern Communications-Based Train Control (CBTC). CBTC is a railway signaling system that utilizes telecommunications to track the exact locations of trains. Currently existing only on the L and 7 lines, this system continuously updates train positions, distances, and travel speeds. Expanded use of this technology system-wide would allow the MTA to operate more subway trains while also increasing passenger capacity. Previous time estimates for signal upgrades across the system were 50 years and it currently takes about seven years to upgrade a subway line to CBTC signals.

In order to achieve this goal, the MTA will increase night and weekend subway closures for up to 2.5 years per line. The MTA will upgrade the most heavily-used parts of the system and some outlying subway sections are not on the list for the first 10 years of upgrades. Moreover, the MTA is giving upgrade priority to the most capacity-constrained lines, rather than the oldest.

- **Accelerate Pace of Station Accessibility.** As part of the Fast Forward Plan, the MTA plans to accelerate the conversion of subway stations to ADA compliance. As a result, the MTA anticipates making 50 stations wheelchair accessible within five years, 130 additional stations 10 years into the Plan and aims to have all remaining stations, that are technically feasible, wheelchair accessible 16 years into the Plan.
- **Unclear Costs and Funding.** At this time, the total cost of the Fast Forward Plan remains ambiguous. However, it has been estimated that it could cost approximately \$40 billion over 15 years to fund the Plan. According to the Wall Street Journal, a source familiar with the Plan stated that MTA estimates that fixing the subway system will cost approximately \$43 billion and take approximately 15 years. The source stated that the plan would cost \$19 billion over the first five years, \$18 billion over the following five years, and \$6 billion in the final five years.

Congestion Pricing

The Fiscal 2020 New York State Executive Budget authorized MTA to establish a congestion tolling program in the City of New York. The congestion tolling zone would include any roadways, bridges, tunnels, approaches, or ramps that are located within, or enter into, the geographic area of Manhattan south of and including 60th Street. The proposed budget bill states that all congestion tolling revenue will go towards funding MTA capital programs.

The State Executive Budget gives few details on how much revenue congesting pricing will generate or how much drivers would be charged for entering the congestion tolling zone. However, the State has estimated that congestion pricing could potentially raise \$15 billion over ten years. The Fix NYC Advisory Panel Report, commissioned by Governor Andrew Cuomo and released in January 2018, recommended that congestion pricing charge passenger vehicles \$11.52 and trucks \$25.34, once per day, Monday through Friday, between the hours of 6 am to 8 pm. The panel also recommended exploring the extension of congestion pricing to include the weekend hours between 11 am and 9 pm. The State Executive Budget states that congestion tolling will not be applicable to taxis and for-hire vehicles already tolled under FHV congestion pricing, emergency vehicles, and vehicles travelling

on or through the Queens Midtown Tunnel, the Hugh Carey Tunnel, the Holland Tunnel, the Lincoln Tunnel, and the Henry Hudson Bridge.

Gap-Closing Actions

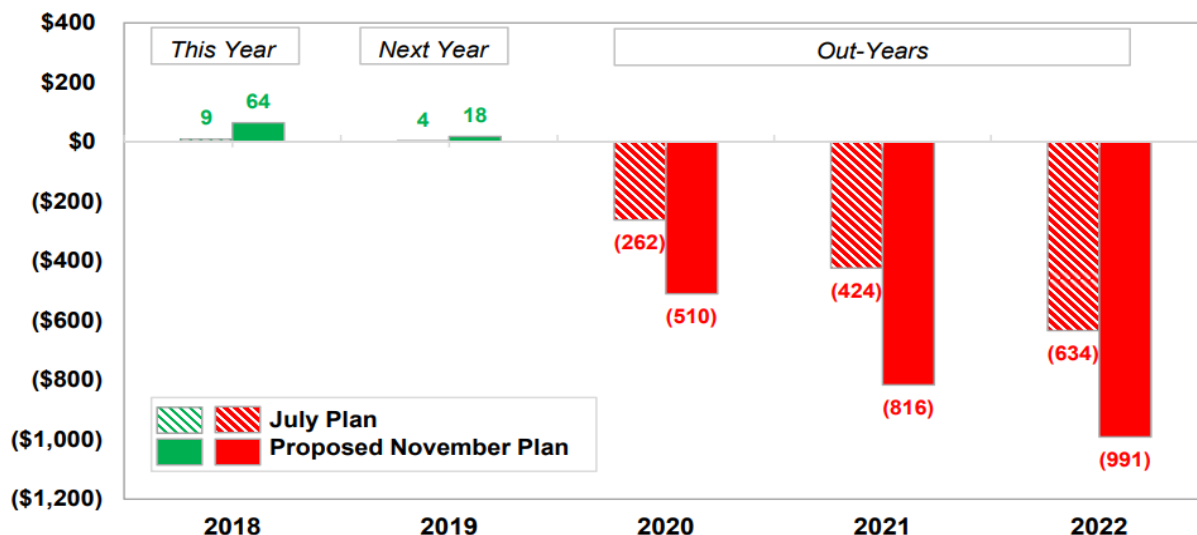
The Adopted Plan continues to maintain gap-closing actions implemented by the Authority since 2010, in an effort to minimize the amount of revenues needed both from government subsidies and fare and toll increases and to provide funding for the capital program. Approximately \$1.9 billion in savings have been identified since the February Plan, growing to a total of nearly \$2.1 billion by Calendar Year 2022. The Adopted Plan increased annually recurring savings targets by \$129 million in Calendar Year 2018, \$381 million in 2019, \$423 million in 2020, \$426 million in 2021, and \$406 million in 2022. In addition, the Adopted Plan includes additional “one-shot” targets of \$141 million in 2018 and \$36 million in 2019. Projected annual savings are expected to reach \$2.4 billion by 2022.

Taken in total, the 2019 Adopted Final Budget remains balanced, after adjustments for prior year balances, with an anticipated net cash surplus of \$18 million. For the outyears, the Plan anticipates an end-of-year cash deficit balance of \$510 million in 2020, \$816 million in 2021, and \$991 million in 2022, as shown in the below chart. The Authority is using “one-shots” to balance the budget shortfalls in 2018 and 2019, in part, by using the remaining \$80 million of the 2018 General Reserve. In addition, the MTA will be using additional “one-shots” totaling \$359 million in 2018 and \$219 million in 2019.



The November Financial Plan projects significant increases in out-year deficits

(\$ in millions)



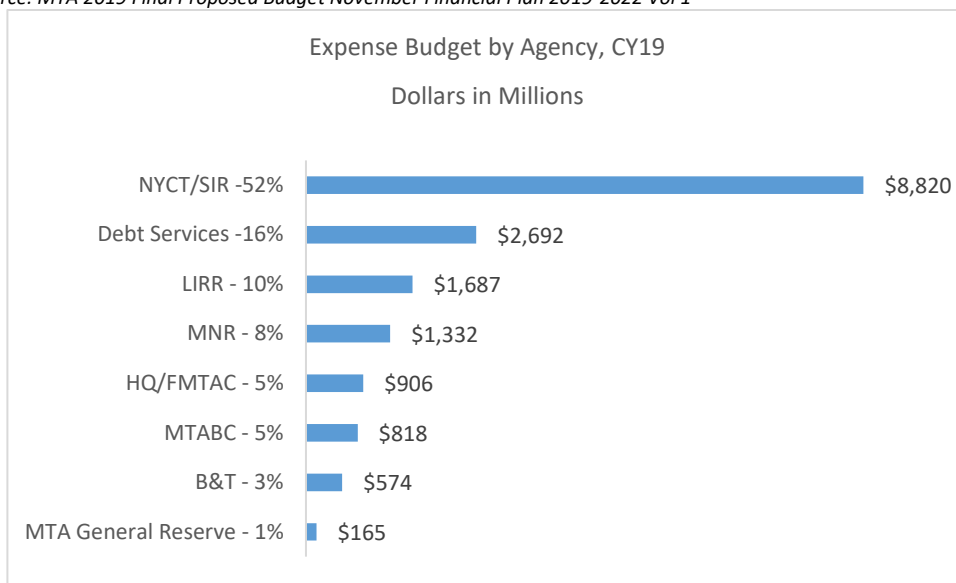
The MTA Calendar Year 2019 Adopted Operating Budget totals \$16.7 billion. Of that amount, \$8.8 billion, or 52 percent, is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$2.7 billion (16 percent), and the LIRR at \$1.7 billion (10 percent). As indicated in the

chart and table below, the MTA’s expense budget has increased by 23 percent or \$3.1 billion between 2014 and 2019.

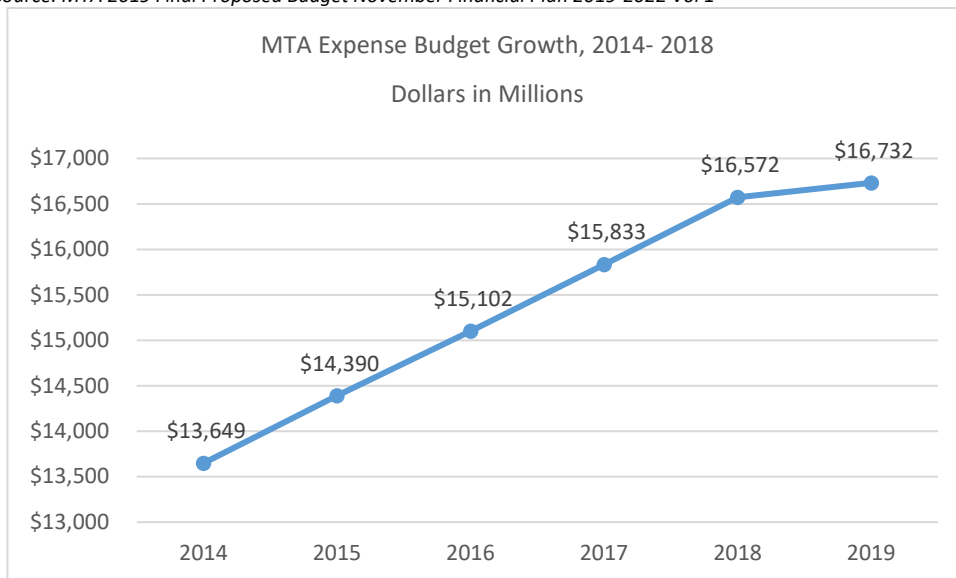
Expense Budget by Agency, Calendar Year 2014- 2019 (Dollars in Millions)

Agency	2014	2015	2016	2017	2018	2019
NYCT/SIR	\$7,132	\$7,490	\$7,637	\$8,169	\$8,695	\$8,820
Debt Services	2,393	2,482	2,660	2,641	2,604	2,692
LIRR	1,395	1,492	1,485	1,524	1,620	1,687
MNR	1,125	1,191	1,251	1,288	1,339	1,332
HQ/FMTAC	419	467	738	777	785	906
MTABC	580	628	671	726	773	818
B&T	470	500	510	553	596	574
MTA General Reserve	135	140	150	155	160	165
TOTAL	\$13,649	\$14,390	\$15,102	\$15,833	\$16,572	\$16,994

Source: MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Vol 1



Source: MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Vol 1

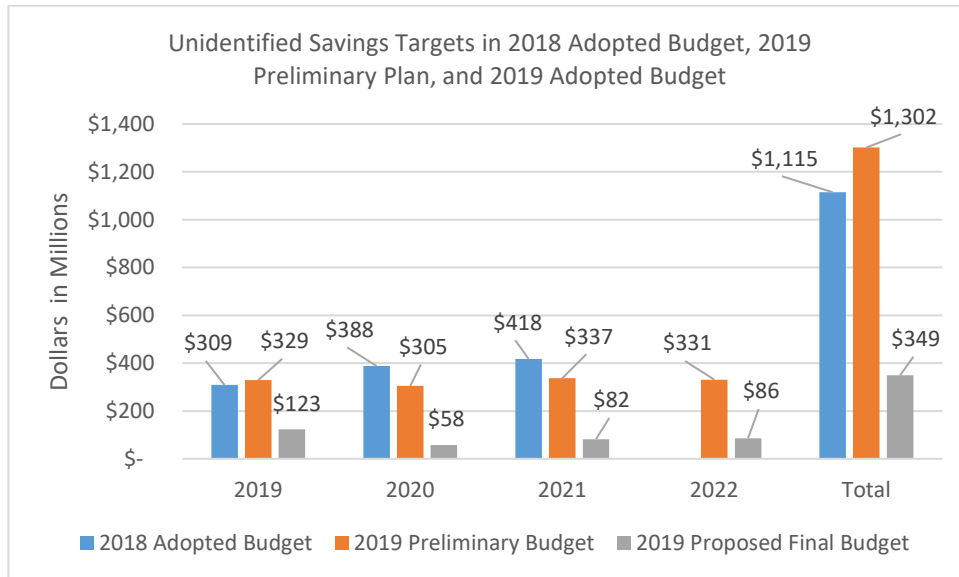


Source: MTA 2019 Budget and 2019-2022 Financial Plan Adoption Materials

Potential Budget Risks

Efficiencies/Consolidations

The MTA has unidentified savings targets of \$123 million in 2019, \$58 million in 2020, \$82 million in 2021, and \$86 million in 2022. As the MTA continues this effort to reduce costs, caution should be exercised as much of the efficiency type of savings to be had has already been utilized in past plans, making additional savings more difficult to achieve. The MTA must remain focused on managing already achieved cost measures to avoid excising the gains already made. If the MTA does not achieve its savings targets, the operating gaps discussed earlier will occur prematurely and be greater than anticipated.



Loss of Taxi Surcharge Revenues

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 which are earmarked for the MTA. The traditional medallion taxi and green taxi services collect a fifty cent surcharge, while app-based service trips are not subject to the same surcharge. Instead, black cars, including most app-based services, are subject to a sales tax of which the MTA receives only .375 percent. This results in substantially less taxi surcharge revenue for the MTA. In addition, the Authority relies on federal funding grants for a significant portion of its capital program. Based on the recently proposed federal budget, it is possible that the MTA may experience funding cuts to its capital program if passed as proposed.

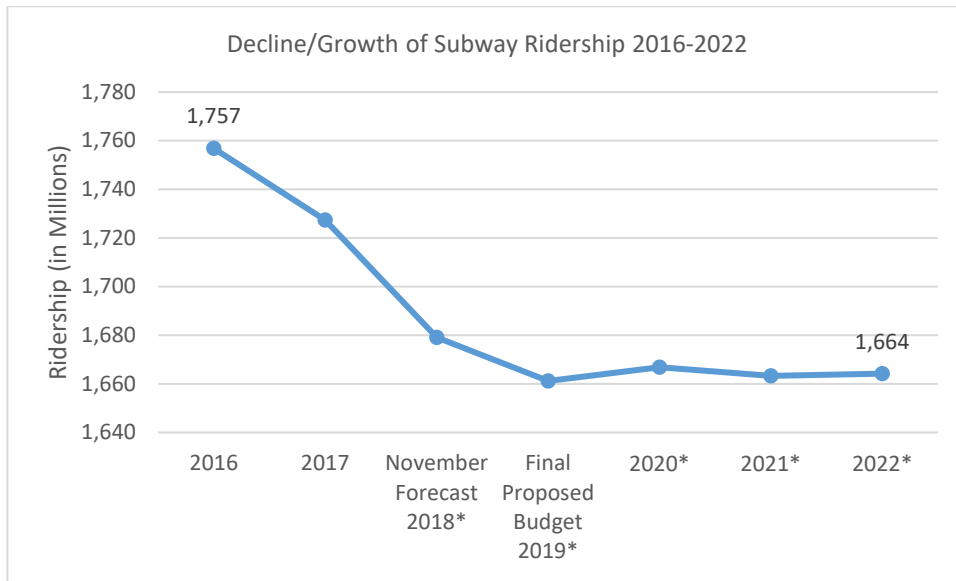
Ridership Decline

Subway and bus ridership has been declining since 2016 (as illustrated in the table and charts below). Last year, the MTA November Forecast predicted that subway ridership would reach 2016 levels by 2019. However, the most recent Adopted Plan for Calendar Year 2019 indicated that ridership levels are not expected to reach 2016 levels by 2022. MTA buses are expected to decline 13 percent between 2016 and 2022, while paratransit use is expected to increase 43 percent. A continued decline in subway and bus ridership could potentially impact future fare revenue.

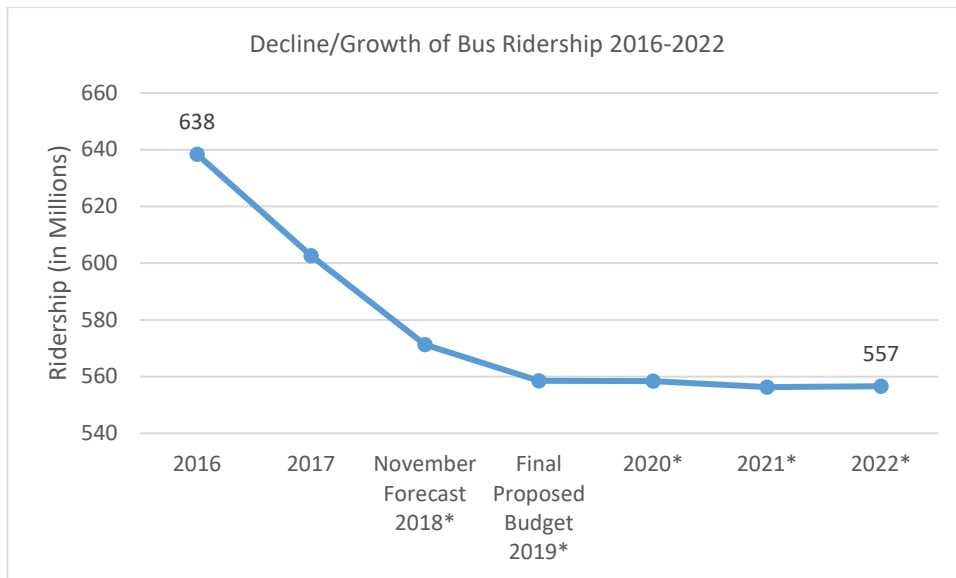
MTA Ridership
in Millions

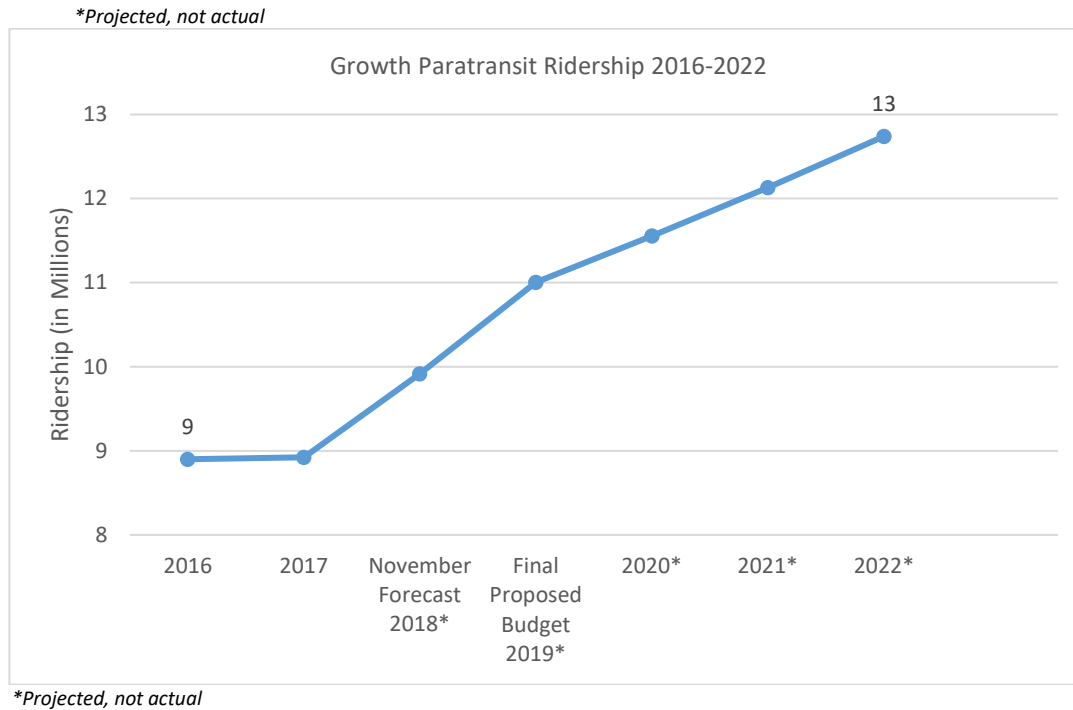
	2016	2017	November Forecast 2018*	Final Proposed Budget 2019*	2020*	2021*	2022*
Subway	1,756.8	1,727.4	1,679.1	1,661.2	1,666.9	1,663.3	1,664.2
Bus	638.4	602.6	571.3	558.5	558.4	556.3	556.5
Paratransit	8.9	8.9	9.9	11.0	11.6	12.1	12.7
Total	2,404.1	2,338.9	2,260.3	2,230.7	2,236.8	2,231.7	2,233.4

*Projected, not actual



*Projected, not actual



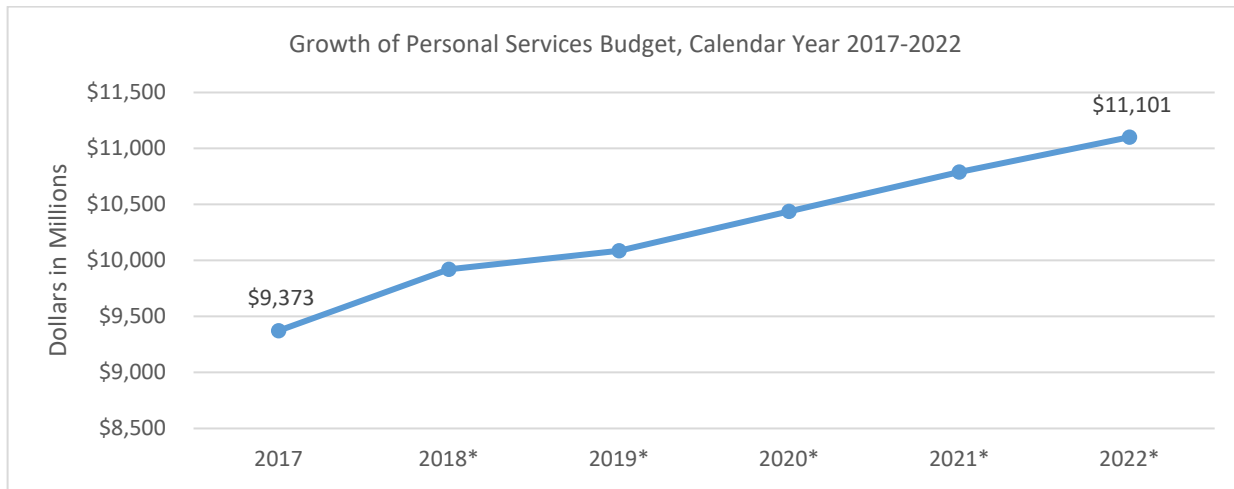


Personal Services Costs

As indicated in the charts below, Personal Services (PS) are estimated to cost \$10 billion in Calendar Year 2019 and will increase eleven percent, to \$11.1 billion, by Calendar Year 2022. Overtime spending is projected to increase seven percent between Calendar Year 2019 and 2022, significantly more than the two percent increase projected between Calendar Year 2018 and 2021 in last year’s Adopted Budget.

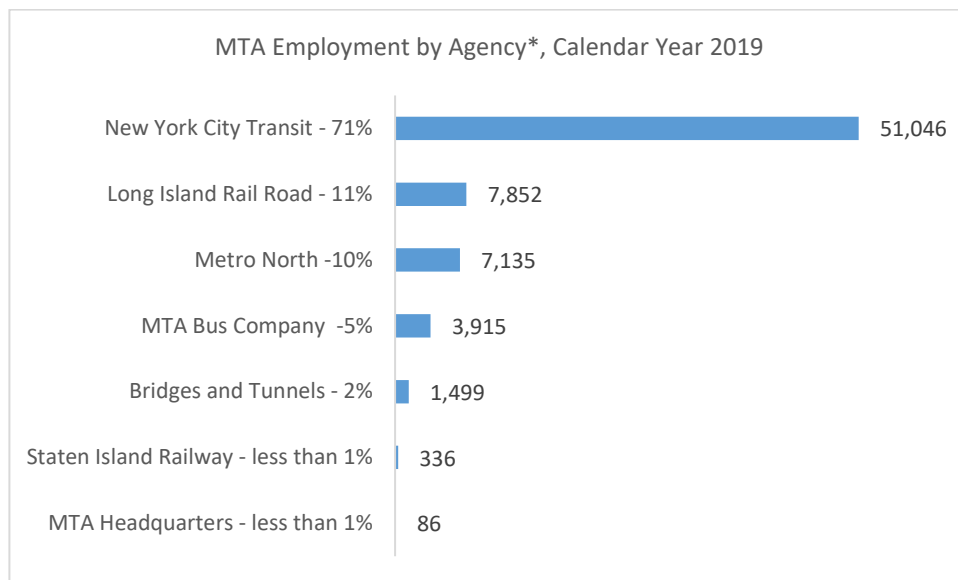
Personal Services, Calendar Year 2017-2022						
<i>Dollars in Millions</i>						
Labor Expense	2017	2018*	2019*	2020*	2021*	2022*
Payroll	\$5,021	\$5,212	\$5,392	\$5,529	\$5,645	\$5,776
Overtime	934	1,051	811	825	852	865
Health & Welfare	1,209	1,322	1,448	1,535	1,628	1,736
OPEB Current Payment	564	616	682	744	812	886
Pensions	1,345	1,333	1,354	1,332	1,317	1,266
Other-Fringe Benefits	792	880	857	896	943	968
Reimbursable Overhead	(492)	(494)	(457)	(424)	(407)	(396)
TOTAL	\$9,373	\$9,920	\$10,087	\$10,437	\$10,790	\$11,101

**Projected, not actual*



Note: Non-reimbursable expenses only
 *Projected, not actual

In Calendar Year 2019, the MTA projects a budgeted headcount of 72,050. NYCTA has 71 percent (51,046) of all MTA budgeted positions, followed by LIRR at 11 percent (7,852), and Metro North at 10 percent (7,135).



*Total Full-Time and Full-Time Equivalents

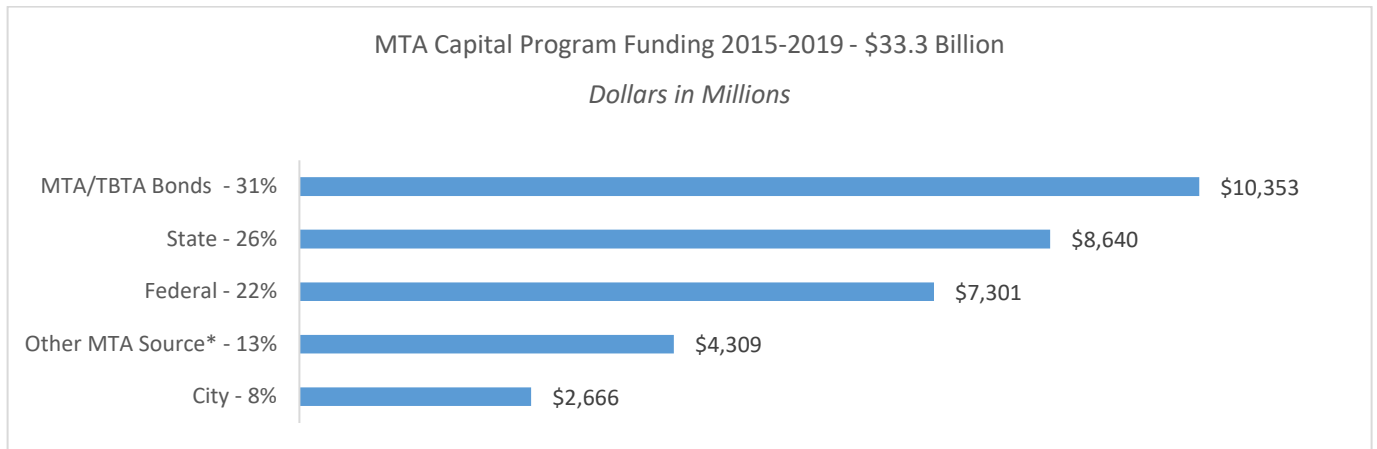
Capital Program

2015-2019 MTA Proposed Capital Program *Dollars in Millions*

Program	2015-2019
Core Capital Program	
New York City Transit	\$16,742
Long Island Rail Road	2,859
Metro-North Rail Road	2,462
MTA Bus	376
MTA Interagency	243
Core Subtotal	\$22,682
Network Expansion Projects	7,652
Total 2015-2019 CPRB Program	30,334
Bridges and Tunnels	2,936
Total 2015-2019 Capital Program	\$33,270

State law requires the MTA to submit to the New York State Capital Program Review Board (CPRB), for its approval, successive five-year capital programs for the Transit System and MTA Staten Island Railway and the Commuter System. MTA Bridges and Tunnels (MTA B&T) and MTA Bus undertake their own capital planning that is not subject to the CPRB approval. While not required to do so by statute, the MTA has consistently included five-year capital programs for MTA B&T covering the same period. The Authority's \$33.3 billion 2015-2019 Capital Plan was amended and approved by the Review Board on May 31, 2018. The Plan includes funding to purchase 440 new subway cars and 1,381 new buses, to replace 72 miles of subway track, and to replace 127 signal switches, install elevators at 22 stations, replace 42 elevators, fund signal improvements under the Subway Action Plan, and upgrade and modernize signal technology. It also provides for the expansion of the MTA network by continuing two ongoing projects and launching a third, specifically completing the funding commitment for the East Side Access, launching Phase 2 of the Second Avenue Subway to extend the new line from 96th to 125th Streets, and to begin the expansion of the Metro North Railroad's New Haven Line service into Penn Station.

The MTA Capital Program is primarily funded with bonds (borrowing) at 31 percent (\$10.4 billion), followed by State funding at 26 percent (\$8.6 billion), federal funding at 22 percent (\$7.3 billion), Other MTA Source funding at 13 percent (\$4.3 billion), and City funding at eight percent (\$2.7 billion).



*Other MTA Sources Includes \$551 million in PayGo for TBTA

2015-2019 MTA Capital Program Funding Sources

Dollars in Millions

	Proposed 2015-2019
Total 2015-2019 Program costs	\$33,270
Funding Currently Projected	
Federal Formula, Flexible/CMAQ, and Misc.	\$6,701
Federal Core Capacity	100
Federal New Starts	500
MTA Bonds	7,968
Pay-as-you-go Capital (PAYGO)	2,145
State of New York Capital	8,640
City of New York Capital	2,666
Asset Sales / Leases	1,018
Other MTA Sources	595
Sub-total	\$30,334
Bridge & Tunnels Bonds (\$2.3b) & PAYGO (\$580m)	2,936
Total 2015-2019 Funds Available	\$33,270
Funding Gap	\$0

Source: Metropolitan Transportation Authority
 -Numbers may not total due to rounding

The May 2018 amendment to the 2015-2019 Capital Program increased the Capital Program by 2.5 percent from \$32.5 billion to \$33.3 billion. Changes to the program include updating project assumptions to reflect the cost estimates and timing of ongoing projects, consolidation of the City of New York sponsored stations budgets in the NYCT program, reflection of emerging new needs across the agencies, reallocation of funds within the East Side Access and Regional Investment programs, updates to B&T’s capital program, and identification of capital program elements with 10 percent issues that require CPRB approval to progress work.

- **Federal Formula, Flexible, and Miscellaneous Funding.** The MTA is assuming the 2015-2019 federal formula funding of \$6.7 billion, a decrease of \$255 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 in federal core capacity funding. The funding will be used to advance the Authority's Canarsie Line power and station improvements project.
- **Federal New Starts.** The amended 2015-2019 Capital Program includes \$500 million in federal new starts funding for Phase 2 of Second Avenue Subway. This is in addition to the \$535 million in local funding currently assumed for this project, and it will provide support for the project's commitments during the 2015-2019 period. This proposed new starts funding is subject to further discussion with the Federal Transit Administration (FTA), Congressional appropriations, and a future Plan amendment to make available the additional local funding required for the new starts application process.
- **MTA Bonds.** The proposed plan includes \$8 billion in new MTA bonding capacity for 2015-2019, including \$285 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.
- **Pay As You Go (PAYGO) Capital.** The MTA plans to use \$2.3 billion in PAYGO capital to leverage new debt service capacity until it is fully exhausted by the debt service needs of the Authority's bonds.
- **State Capital Funds.** The Capital Plan includes \$8.6 billion in capital funding from the State to support the Program, including \$250 million to fund the Penn Station Access project and an additional \$174 million of new capital funding to support the NYCT Subway Action Plan.
- **New York City Funds.** The revised 2015-2019 program currently includes City capital funding of nearly \$2.7 billion, including \$174 million of new capital funding to support the NYCT Subway Action Plan.
- **Asset Sales/Leases.** The MTA anticipates \$1 billion from other non-bond sources (asset sales and lease), including proceeds from the East and West Rail Yards Payments in Lieu of Taxes (\$190 million), proceeds from the proposed development of MTA Madison Avenue property pursuant to the Vanderbilt Corridor re-zoning (\$110 million), and resources from the disposition of assets, including properties jointly owned with the City (\$300 million).
- **Other MTA Sources.** The MTA Capital Program anticipates \$595 million in "other" bond and PAYGO sources, including \$530 million from savings due to the issuance of lower cost Payroll Mobility Tax-backed bonds.
- **Bridges and Tunnels Bonds.** The MTA plans to use \$2.4 billion in TBTA bonds and \$551 million in PAYGO capital to fund its bridges and tunnels capital spending.

MTA 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. Again, 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.

MTA Financial Plan 2019-2022

MTA Consolidated Statement of Operations – Including MTA Bus Company

Non-Reimbursable	2017 Actual	November Forecast 2018	Final Proposed Budget 2019	2020 Projected	2021 Projected	2022 Projected
Operating Revenue						
Farebox	\$6,172	\$6,153	\$6,122	\$6,144	\$6,134	\$6,144
Toll Revenue	1,912	1,967	1,984	1,990	1,998	1,998
Other Revenue	653	662	705	733	757	743
Capital & Other Reimburse.	-	-	-	-	-	-
Total Operating Revenue	\$8,737	\$8,782	\$8,811	\$8,867	\$8,889	\$8,885
Operating Expenses						
Labor Expenses	\$9,373	\$9,919	\$10,086	\$10,437	\$10,791	\$11,100
Non-Labor Expenses	3,505	3,761	3,882	3,797	3,902	4,004
Other Expenses Adjustment	49	294	323	254	211	202
General Reserve	-	160	165	170	175	180
Total Operating Expenses Before Non-Cash Liability Adj.	\$12,927	\$13,974	\$14,291	\$14,488	\$14,904	\$15,306
Depreciation	2,608	2,697	2,778	2,844	2,908	2,968
OPED Liability Adjustment	1,567	1,809	1,910	2,014	2,125	2,246
GASB 68 Pension Expense Adjustment	(168)	(240)	(224)	(289)	(324)	(307)
Environmental Remediation	13	6	6	6	6	6
Total Operating Expenses After Non-Cash Liability	\$16,947	\$18,246	\$18,761	\$19,063	\$19,619	\$20,219
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,021)	(\$4,273)	(\$4,469)	(\$4,575)	(\$4,714)	(\$4,913)
Debt Service (excluding Service Contract Bonds)	2,525	2,559	2,692	2,840	3,080	3,223
Total Operation Expense with Debt Service	\$15,451	\$16,532	\$16,984	\$17,328	\$17,985	\$18,529
Dedicated Taxes and State/Local Subsidies	6,416	7,254	7,249	7,370	7,576	7,807
Net Surplus/Deficit After Subsidies and Debt Service	(\$300)	(\$498)	(\$924)	(\$1,091)	(\$1,518)	(\$1,837)
Conversion to Cash Basis: GASB Account	\$ -	\$ -	\$ -	(\$4)	\$ -	\$ -
Conversion to Cash Basis: All Other	174	282	365	155	(4)	88
Cash Balance Before Prior-Year Carryover	(\$126)	(\$216)	(\$560)	(\$940)	(\$1,523)	(\$1,749)
Adjustments	\$ -	\$159	\$514	\$411	\$706	\$758
Prior Year Carryover	248	121	64	18	-	-
Net Cash Balance	\$121	\$64	\$18	(\$510)	(\$816)	(\$991)

Source: Metropolitan Transportation Authority

-Numbers may not total due to rounding

Source: MTA 2019 Adopted Budget – February Financial Plan 2019-2022

New York City Transit Authority

The NYCTA, a subsidiary of the 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 51,046 workers who are responsible for the operation and maintenance of 5,725 buses and 6,400 subway cars. About 2.4 billion people ride the City's buses and subways each year.

NYCTA Financial Plan 2019-2022 (Dollars in Millions)

Non-Reimbursable and Reimbursable	2017 Actual	2018 Final Estimate	2019 Adopted Budget	2020 Projected	2021 Projected	2022 Projected
Operating Revenue						
Farebox	\$4,487	\$4,438	\$4,391	\$4,404	\$4,394	\$4,397
Other Revenue	425	446	479	491	505	513
Capital & Other Reimbursement.	1,376	1,417	1,458	1,341	1,230	1,231
Total Operating Revenue	\$6,290	\$6,301	\$6,328	\$6,236	\$6,128	\$6,141
Operating Expenses						
Labor Expenses	7,453	7,882	7,956	8,102	8,211	8,436
Non-Labor Expenses	2,057	2,149	2,257	2,232	2,259	2,306
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$9,510	\$10,031	\$10,212	\$10,335	\$10,470	\$10,743
Depreciation	1,682	1,828	1,878	1,928	1,978	2,029
Other Post Employment Benefit Liab Adj.	1,103	1,350	1,437	1,529	1,627	1,731
GASB 68 Pension Expense Adjustment	221	306	296	303	309	309
Environmental Remediation	9	0	0	0	0	0
Total Operating Expenses	\$12,082	\$12,904	\$13,231	\$13,488	\$13,765	\$14,194
Net Operating Surplus/(Deficit) Before Debt Service	(\$5,792)	(\$6,603)	(\$6,902)	(\$7,252)	(\$7,637)	(\$8,052)
Debt Service	\$1,279	\$1,294	\$1,325	\$1,368	\$1,444	\$1,491
Net Operating Surplus/(Deficit) Including Debt Service	(\$7,071)	(\$7,897)	(\$8,227)	(\$8,620)	(\$9,081)	(\$9,543)
Dedicated Tax, State & Local subsidies	4,072	4,579	4,418	4,384	4,304	4,500
Deficit after Projected Subsidies	(\$2,998)	(\$3,318)	(\$3,810)	(\$4,236)	(\$4,777)	(\$5,044)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	2,572	2,873	3,018	3,154	3,296	3,451
Net Cash Surplus/(Deficit) 2	(\$427)	(\$446)	(\$791)	(\$1,082)	(\$1,481)	(\$1,592)

Source: MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Vol 2

- Budget.** As approved by the MTA Board, the NYCTA Operating Budget (reimbursable and non-reimbursable) before depreciation and other post-employment benefits is approximately \$10.2 billion for Calendar Year 2019. Of that amount, approximately \$8 billion is for labor costs and \$2.3 billion is for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$1.9 billion and other post-employment benefit expenses of \$1.4 billion, including pension expenses of \$306 million. The budget funds 51,607 positions, of which 5,291 are reimbursable with capital funds and 46,316 are non-reimbursable.
- Operating Revenue/Expense Projections.** The NYCTA projects \$6.3 billion in operating revenues for Calendar Year 2018, which is primarily derived from farebox revenues of \$4.4 billion, capital and other reimbursements of \$1.4 billion, and other revenues of \$479 million. These funds will

support the NYCTA's proposed reimbursable and non-reimbursable expenditures of \$10.2 billion, excluding depreciation and other post-employment benefits, in 2019.

- **Transit Tax Revenue.** The NYCTA is funded, in part, with tax revenues from the Metropolitan Mass Transportation Operating Assistance Account (Metro Account), the Petroleum Business Tax (PBT), and the Urban Mass Transportation Operating Account (Urban Account). The revenues from these accounts are projected to total \$3.48 billion in 2019, which is \$86 million greater than the November 2018 forecast amount of \$3.4 billion. The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT).
- **Payroll Mobility Tax and MTA Aid.** The Payroll Mobility Tax and MTA Aid going to NYCTA are projected to be \$1.3 billion in Calendar Year 2019, a slight increase from the estimated \$1.24 billion in 2018. 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.
- **Paratransit.** Pursuant to an agreement between the City and the MTA, the NYCTA assumed operating responsibility for all paratransit services required under the federal Americans with Disability Act of 1990. The City reimburses the NYCTA for 33 percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be \$215 million in Calendar Year 2019, which includes \$172.8 million from City reimbursements.
- **State Subsidies.** For Calendar Year 2019, the State's subsidy to the NYCTA's budget is expected to be \$187.9 million. Of this amount, \$25 million is for school fare reimbursement and \$187.9 million is to match City operating assistance. This funding does not include State dedicated tax revenues to NYCTA of more than \$4.1 billion (including the Payroll Mobility Tax) expected in 2019.
- **The City's Contribution.** For Calendar Year 2019, the City's contribution to the MTA, excluding capital commitments, is approximately \$1 billion. Estimated City subsidies include the following: \$45 million for the NYCTA school fare subsidy; \$15.5 million for the elderly and disabled subsidy; \$172.8 million for paratransit reimbursement; \$187.9 million to match State Operating Assistance; \$528 million for MTA bus subsidy; \$54 million City subsidy for SIRTOA; \$118.6 million for the maintenance and operation of LIRR and Metro North Railroad stations in the City; \$11.5 million for E-Z Pass Payments for City vehicles; and \$3.5 million for Transit Police.
- **NYC Transportation Assistance Fund.** For Calendar Year 2019, NYCTA anticipates to receive \$358.1 million from the NYC Transportation Assistance Fund, which is the newly authorized congestion pricing for For-Hire Vehicles in Manhattan south of 96th Street.



The MTA Bus Company (MTABC)

The MTABC 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 2019-2022 (Dollars in Millions)

Non-Reimbursable and Reimbursable	2017 Actual	2018 Final Estimate	2019 Adopted Budget	2020 Projected	2021 Projected	2022 Projected
Operating Revenue						
Farebox	\$217.16	\$219.32	\$221.40	\$221.98	\$221.09	\$221.20
Other Revenue	19.83	20.54	20.66	20.80	21.51	22.37
Capital & Other Reimbursement.	4.38	5.96	5.93	5.87	5.97	6.15
Total Operating Revenue	\$241.38	\$245.81	\$247.99	\$248.65	\$248.56	\$249.71
Operating Expenses						
Labor Expenses	\$558.19	\$579.03	\$580.54	\$573.91	\$580.73	\$608.99
Non-Labor Expenses	217.59	239.80	243.55	212.95	227.02	232.57
Operating Expenses Before Depreciation, OPEB & ER 1	\$775.78	\$818.83	\$824.09	\$786.85	\$807.75	\$841.56
Depreciation	58.59	54.34	54.34	54.34	54.78	56.16
Other Post Employment Benefit Liab Adj.	61.68	100.15	100.15	100.15	100.15	103.30
GASB 68 Pension Expense Adjustment	66.05	46.30	85.90	28.20	18.70	19.20
Environmental Remediation	0.22	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	\$962.31	\$1,019.62	\$1,064.48	\$969.55	\$981.38	\$1,020.21
Net Operating Deficit/(Deficit) Before Debt Service	(\$720.93)	(\$773.81)	(\$816.50)	(\$720.90)	(\$732.82)	(\$770.50)
Debt Service	\$15.13	\$12.99	\$25.65	\$29.43	\$35.08	\$38.76
Net Operating Deficit/(Deficit) Including Debt Service	(\$736.06)	(\$786.80)	(\$842.14)	(\$750.33)	(\$767.89)	(\$809.26)
City Subsidy for MTA Bus Company*	461.50	549.20	528.00	492.00	519.30	554.20
Deficit after Projected Subsidies	(\$274.56)	(\$237.60)	(\$314.14)	(\$258.33)	(\$248.59)	(\$255.06)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	186.53	200.79	240.39	182.69	173.63	178.66
Net Cash Surplus/(Deficit) 2	(\$88.03)	(\$36.81)	(\$73.75)	(\$75.64)	(\$74.97)	(\$76.40)

*Excludes State 18-B Funding

Source: MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Vol 2

Operating Revenue/Expense Projections. The MTABC's operating revenue for Calendar Year 2019 is projected to be \$248 million, which includes farebox revenue of \$221 million, capital and other reimbursements of \$5.9 million, and other operating revenue of \$20.7 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation of \$824.1 million. These expenses include \$580.5 million in labor costs and \$243.6 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$54.3 million and \$100.2 million respectively. This also includes a pension expense adjustment of \$85.9 million.

MTA Staten Island Railway (SIR)

The 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 2018 – 2021

Non-Reimbursable and Reimbursable	2017 Actual	2018 Final Estimate	2019 Adopted Budget	2020 Projected	2021 Projected	2022 Projected
Operating Revenue						
Farebox	\$6.89	\$6.96	\$7.04	\$7.08	\$7.06	\$7.06
Other Revenue	2.54	2.45	2.47	2.47	2.47	2.47
Capital & Other Reimbursement.	3.07	2.12	4.55	4.58	4.66	4.75
Total Operating Revenue	\$12.50	\$11.53	\$14.06	\$14.13	\$14.19	\$14.28
Operating Expenses						
Labor Expenses	\$48.62	\$50.58	\$53.76	\$51.93	\$52.51	\$52.96
Non-Labor Expenses	24.96	12.88	16.00	12.32	11.24	11.50
Other Expense Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses Before Depreciation, OPEB & ER 1	\$73.59	\$63.45	\$69.75	\$64.24	\$63.75	\$64.46
Depreciation	10.47	12.00	12.00	12.00	12.00	12.00
Other Post Employment Benefit Liab Adj.	7.08	7.50	7.50	7.50	7.50	7.50
GASB 68 Pension Expense Adjustment	0.46	0.60	0.50	(0.10)	(1.10)	(1.10)
Environmental Remediation	0.08	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	\$91.68	\$83.55	\$89.75	\$83.64	\$82.15	\$82.86
Net Operating Deficit/(Deficit) Before Debt Service	(\$79.18)	(\$72.02)	(\$75.69)	(\$69.52)	(\$67.96)	(\$68.58)
Debt Service	\$0.55	\$1.28	\$3.72	\$8.94	\$15.94	\$20.49
Net Operating Deficit/(Deficit) Including Debt Service	(\$79.73)	(\$73.31)	(\$79.41)	(\$78.46)	(\$83.90)	(\$89.06)
Dedicated Tax, State & Local subsidies	58.21	63.76	56.49	59.64	59.34	65.74
Deficit after Projected Subsidies	(\$21.52)	(\$9.54)	(\$22.92)	(\$18.82)	(\$24.56)	(\$23.32)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	18.10	20.10	20.00	19.40	18.40	18.40
Net Cash Surplus/(Deficit) 2	(\$3.42)	\$10.56	(\$2.92)	\$0.58	(\$6.16)	(\$4.92)

Source: MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Vol 2

Operating Revenue/Expense Projections. The SIR's operating revenue for Calendar Year 2019 is projected to be \$14 million, which includes farebox revenue of \$7 million and other operating revenue of \$2.4 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation and other post-employment benefits of \$69.75 million. These expenses include \$53.8 million in labor costs and \$16 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$12 million and \$7.5 million respectively.