

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito  
Speaker of the Council

Hon. Ydanis Rodriguez  
Chair, Committee on Transportation



# Hearing on the Fiscal 2015 Preliminary Budget & the Fiscal 2014 Preliminary Mayor's Management Report

Metropolitan Transportation Authority

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## Metropolitan Transportation Authority (MTA)

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

Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County the ability to transition bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA’s calendar year 2014 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 that in the event of a tie vote, the Chairperson is allowed one additional vote).

### Financial Operations

The MTA adheres to financial planning and budgeting practices that requires the preparation of four-year financial plans covering the existing and future calendar years (unlike the City, the MTA operates on a calendar year basis rather than 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 Review Board.

## MTA Financial Plan 2013-2016

### MTA Consolidated Statement of Operations – Including MTA Bus Company

(\$ in millions)

Non-Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$5,079	\$5,484	\$5,646	\$5,723	\$5,796	\$5,830
Toll Revenue	1,491	1,629	1,649	1,653	1,662	1,666
Other Revenue	564	779	656	610	638	673
Capital & Other Reimburse.	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>\$7,134</b>	<b>\$7,892</b>	<b>\$7,956</b>	<b>\$7,986</b>	<b>\$8,096</b>	<b>\$8,169</b>
Operating Expenses						
Labor Expenses	\$7,663	\$7,838	\$8,040	\$8,302	\$8,594	\$8,900
Non-Labor Expenses	2,530	2,925	3,025	3,213	3,320	3,477
Other Expenses Adjustment	63	46	47	48	51	52
General Reserve	0	0	135	140	145	150
<b>Total Operating Expenses Before Non-Cash Liability Adj.</b>	<b>\$10,256</b>	<b>\$10,809</b>	<b>\$11,247</b>	<b>\$11,703</b>	<b>\$12,111</b>	<b>\$12,579</b>
Depreciation	\$2,149	\$2,176	\$2,265	\$2,384	\$2,453	\$2,637
Other Post-Employment Benefit	1,786	1,819	1,900	1,982	2,069	2,156
Environmental Remediation	25	5	6	6	6	6
<b>Total Operating Expenses After Non-Cash Liability</b>	<b>\$14,216</b>	<b>\$14,808</b>	<b>\$15,418</b>	<b>\$16,076</b>	<b>\$16,638</b>	<b>\$17,377</b>
<b>Net Operating Deficit</b>	<b>(\$7,082)</b>	<b>(\$6,917)</b>	<b>(\$7,463)</b>	<b>(\$8,089)</b>	<b>(\$8,542)</b>	<b>(\$9,209)</b>
Subsidies	\$5,492	\$5,890	\$6,039	\$6,373	\$6,609	\$6,813
Debt Service	(2,058)	(2,304)	(2,333)	(2,491)	(2,651)	(2,873)
<b>Deficit after Subsidies &amp; Debt</b>	<b>(\$3,648)</b>	<b>(\$3,331)</b>	<b>(\$3,763)</b>	<b>(\$4,207)</b>	<b>(\$4,584)</b>	<b>(\$5,269)</b>
Conversion to Cash						
Non-Cash Liability Adjs.	\$3,959	\$4,000	\$4,171	\$4,372	\$4,527	\$4,799
GASB Account	(90)	(80)	(123)	(81)	(114)	(123)
All Other	(290)	(602)	(487)	(493)	(313)	(446)
<b>Cash Bal. Before Prior-Yr. Carryover</b>	<b>(\$69)</b>	<b>(\$13)</b>	<b>(\$200)</b>	<b>(\$409)</b>	<b>(\$484)</b>	<b>(\$1,039)</b>
Policy & GAP Closing Actions/Adjs.	\$0	\$0	\$50	\$348	\$489	\$775
Prior Year Carryover	297	229	217	64	4	9
<b>Net Cash Surplus/(Deficit)</b>	<b>\$229</b>	<b>\$217</b>	<b>\$64</b>	<b>\$4</b>	<b>\$9</b>	<b>(\$255)</b>

Source: Metropolitan Transportation Authority

-Numbers may not total due to rounding

## MTA Budget Overview

The Calendar Year 2014 Adopted Budget for the MTA includes a four-year financial plan for the years 2014 through 2017. The Authority issued a Preliminary Budget in July of 2013 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 18, 2013.

The Adopted Plan (“the Plan”) includes recurring cost reductions but does not include budget driven service reductions. The Plan continues to maintain gap closing actions implemented by the Authority in 2010. In calendar year 2014, the continued gap closing actions are expected to produce an annualized recurring savings of \$1 billion that would grow to \$1.5 billion by Calendar Year 2017. The gap actions already identified include cuts in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers.

Also included in the Adopted Plan is the continued assumption of a labor agreement with three years of “net zero” wage growth and the implementation of biennial fare and toll increases. As a result, a fare and toll increase of four percent (two percent annually) is planned for March 2015 and 2017. The anticipated fare and toll hike is expected to yield \$268 million in 2015 and an additional \$283 million from the 2017 increase.

In addition, the Plan includes additional \$76 million in operational and maintenance needs and \$18 million in service investments to restore, extend, and add service on bus, subway and the commuter rail lines in continuation of the Authority’s efforts to respond to increased growth in ridership.

Consequently, the 2014 Adopted Budget remains balanced, after adjustments for prior year balances, with an anticipated net cash surplus of \$64 million. For the outyears, the MTA’s Plan anticipates an end-of-year cash balance of \$4 million in 2015, \$9 million in 2016 and a manageable deficit of \$255 million in 2017.

Lastly, despite an improved outlook for the MTA budget, significant risk remains. These risks include pending unresolved labor agreements, the impact of rising debt service costs due to increased borrowing, increasing pension and healthcare expenses, the depletion of non-recurring resources and the future impact of the Authority’s mega projects, as they come on line, on the expense budget.

### Issues / Highlights

#### Real Estate Receipts

The current Financial Plan projects an increase from the July Plan in real estate tax receipts of \$287 million over the Plan Period. MTA’s real estate tax revenues in general are mortgage recording tax and real property transfer tax revenues that do not provide the stability and predictability provided by property tax revenues. Because they are transactional fees assessed on real estate transactions, their inherent lack of predictability are problematic from a capital and operating budgeting perspective. In the early-2000s, as these revenues began to rise, the MTA began increasingly to rely upon them for its operating budget and thereby foregoing fare and toll increases. By 2007, revenue from these sources was approximately \$1.6 billion. However, by 2009, it had fallen to less than \$400 million and was a major reason for the MTA’s fiscal crisis in 2009. Solving this fiscal crisis resulted in the implementation of the PMT and MTA Aid, and

agreed-upon fare and toll revenue increases of 10%, 7.5% and 7.5% in 2009, 2011 and 2013, respectively. These transactional real estate revenues are increasing again and the MTA is incorporating them into the Financial Plan.

### **The December 2013 Labor Contract Arbitration Ruling**

The MTA proposed budget continues the assumption of a labor agreement with three years of “net zero” wage growth. However, in a labor contract arbitration ruling that was reached on December 12, 2013, wage increases of four percent was granted to the Subway-Surface Supervisors Association and the Transit Supervisors Organization for the first two years and three percent in the third year for the period ended 2012. The Financial Plan assumes increases of 4, 4, and 0 percent respectively, as such, a similar ruling for the Authority’s other unresolved labor agreements could be devastating to the Financial Plan.

### **Payroll Mobility Tax (PMT)**

In 2011, the Legislature approved and the Governor signed into law legislation that made significant changes to the Payroll Mobility Tax (PMT), eliminating or reducing the PMT for certain taxpayers including public and private schools, small employers and self-employed individuals with income below a certain threshold. The action at the time was projected to reduce PMT revenues by \$310 million annually. However, 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 2014 Adopted Financial Plan assumes that there will be no reduction in net revenue to the MTA resulting from the enacted legislation. However, future changes in the State’s financial outlook could potentially impact this funding.



# 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 used a combination of innovative financing arrangements, efficiency improvements, real estate initiatives, and additional funding from participating partners. On March 27, 2012, the Amended Program, in accordance with State law, was deemed approved as submitted to the CPRB.

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

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

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

### MTA 2010-2014 Capital Program Funding Sources

(\$ in millions)

Program Funding Plan		Proposed Plan			Change
		Approved 2010-2011	Proposed 2012-2014	Total	
Federal Formula, Flexible and Misc.	\$6,415	\$2,188	\$3,595	\$5,783	(\$632)
Federal High Speed Rail	-	-	295	295	295
Federal Security	225	90	135	225	-
Federal RRIF Loan	-	-	2,200	2,200	2,200
MTA Bus Federal Formula/Match	160	64	103	167	7
City Capital Funds	500	200	562	762	262
State Assistance	-	-	770	770	770
MTA Bonds	6,000	6,000	4,503	10,503	4,503
Other	600	600	890	1,490	890
Future State and Local Funding	9,912	-	-	-	(9,912)
<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>
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### Revised 2010-2014 Capital Program Funding Sources

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

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

- ✓ **Federal RRIF Loan.** The MTA plans to use a \$2.2 billion loan from the Railroad Rehabilitation and Improvement Financing (RRIF) to fund the East Side Access project. By using this RRIF loan, the MTA will be able to borrow at the U.S. Treasury rate and pay it back on a longer maturity and flexible terms.
- ✓ **New York City Funds.** The amended 2010-2014 program includes City reimbursements valued at \$12 million for Select Bus Service MetroCard vending machines and a local match for the MTA Bus purchase of 74 CNG buses. It also includes \$250 million that would come from the disposition of properties that are jointly owned with the City, while continuing to assume an annual contribution of \$100 million from the City's capital budget.
- ✓ **State Assistance.** The amended 2010-2014 program includes additional State funding of \$770 million to support the final three years of the program. Similarly, the State's Fiscal 2012-2013 Executive Budget includes capital funding in the same amount, re-establishing its traditional funding pattern for the MTA.
- ✓ **MTA Bus Funding Federal and City Match.** With the MTA takeover of the City's private bus franchise in 2004, federal funds previously allocated to the City for these properties are now transferred annually to the MTA, with the City providing the match required for the grant funding. The amended Plan anticipates \$167 million from this category, an increase of \$7 million.
- ✓ **MTA Bonds & Payroll Mobility Tax.** During its 2009 session, the New York State legislature approved new revenue sources adequate to support debt service on \$6 billion of new bonds for the first two years of the program. No such funding exists going forward. As such, in the amended Plan, the MTA will use revenue bonds valued at \$4.5 billion and supported with pay-as-you-go (PAYGO) funds from existing dedicated taxes to support the last three years of the program
- ✓ **Future State and Local Funding.** In the original Plan, the MTA planned to work with its funding partners to identify additional funds needed to close the \$9.9 billion gap identified in the 2010-2014 Capital Plan. In the amended Plan, the MTA was able to devise new ways to fully fund the program.
- ✓ **Other Funds.** The MTA anticipates \$1.5 billion from other non-bond sources, including \$640 million from a combination of asset sales and pay-as-you-go capital.

# 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 47,000 workers who are responsible for the operation and maintenance of more than 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 2014-2017

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

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$3,723	\$4,027	\$4,135	\$4,189	\$4,244	\$4,264
Other Revenue	332	521	442	422	447	478
Capital & Other Reimbursement	866	915	945	909	895	879
<b>Total Operating Revenue</b>	<b>\$4,921</b>	<b>\$5,463</b>	<b>\$5,522</b>	<b>\$5,520</b>	<b>\$5,586</b>	<b>\$5,621</b>
Operating Expenses						
Labor Expenses	\$5,976	\$6,054	\$6,221	\$6,360	\$6,535	\$6,710
Non-Labor Expenses	1,637	1,815	1,840	1,907	2,004	2,117
Gap Closing Expenses/Adjust	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$7,613</b>	<b>\$7,869</b>	<b>\$8,061</b>	<b>\$8,267</b>	<b>\$8,539</b>	<b>\$8,827</b>
Depreciation	\$1,416	\$1,433	\$1,544	\$1,638	\$1,388	\$1,863
Other Post Employment Benefit	1,391	1,447	1,504	1,565	1,627	1,692
Environmental Remediation	16	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$10,436</b>	<b>\$10,749</b>	<b>\$11,109</b>	<b>\$11,470</b>	<b>\$11,554</b>	<b>\$12,382</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$5,515)</b>	<b>(\$5,286)</b>	<b>(\$5,587)</b>	<b>(\$5,950)</b>	<b>(\$5,968)</b>	<b>(\$6,761)</b>
<u>Projected Gross Subsidies</u>	\$3,669	\$3,581	\$3,807	\$3,725	\$3,958	\$4,133
<b>Deficit after Projected Subsidies</b>	<b>(\$1,846)</b>	<b>(\$1,705)</b>	<b>(\$1,780)</b>	<b>(\$2,225)</b>	<b>(\$2,010)</b>	<b>(\$2,628)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$2,823	\$2,880	\$3,048	\$3,203	\$3,015	\$3,555
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$977</b>	<b>\$1,175</b>	<b>\$1,268</b>	<b>\$978</b>	<b>\$1,005</b>	<b>\$927</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 costs) before depreciation and other post-employment benefits is approximately \$8.1 billion for Calendar Year (CY) 2014. Of that amount, \$6.2 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 \$1.54 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$1.5 billion. The budget funds 47,047 positions, of which 4,745 are reimbursable and 42,302 are non-reimbursable. Reimbursable positions are those generally paid with Capital funds.
- **Operating Revenue/Expense Projections.** The NYCT projects approximately \$5.5 billion in operating revenues for CY 2014, which is primarily derived from farebox revenues of \$4.1 billion, Capital and other reimbursements of \$945 million and other revenues of \$442 million. These funds will support the NYCT's proposed reimbursable and non-reimbursable expenditures of \$8.1 billion, excluding depreciation and other post-employment benefits, in 2014.
- **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 \$2.08 billion in CY 2014, which is \$26 million more than the CY 2013 amount of \$2.05 billion (it was \$2.1 billion in CY 2008). The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT) imposed on New York City commercial real property transactions of more than \$500,000.
- **Payroll Mobility Tax and MTA Aid.** The Payroll Mobility Tax and the MTA Aid are a set of new taxes, fees and surcharges enacted by the State in 2009 (Chapter 25 of the Laws of 2009) for the benefit of the MTA. The State law was recently amended to exclude employers with payroll expenses of less than \$312,500 per quarter per calendar year and certain eligible education institutions. For the NYCT, subsidies from the mobility tax and MTA Aid are projected to be \$1.46 billion in Calendar Year 2014.
- **The City's Contribution.** For CY 2014, the City's contribution, excluding capital commitments, is approximately \$800 million. For Calendar Year 2014, estimated City subsidies include the following: \$45 million for the school fare subsidy; \$14 million for the elderly and disabled subsidy; \$128 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$336 million for private bus subsidy; \$28 million City subsidy for SIRTOA and \$90 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 \$195 million in CY 2014, which includes \$128 million from City reimbursements.
- **State Subsidies.** For CY 2014, the State's subsidy to the NYCT's budget is expected to be \$187.9 million. Of this amount, \$29.9 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 more than \$3.1 billion expected in 2014.

### MTA Staten Island Railway (SIR) Financial Plan 2014-2017

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

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$5.4	\$5.5	\$5.7	\$5.8	\$5.8	\$5.9
Other Revenue	4.2	4.2	4.1	2.4	2.4	2.4
Capital & Other Reimbursement.	0.9	1.8	6	6	3.9	1.7
<b>Total Operating Revenue</b>	<b>\$10.5</b>	<b>\$11.5</b>	<b>\$15.8</b>	<b>\$14.2</b>	<b>\$12.1</b>	<b>\$10.0</b>
Operating Expenses						
Labor Expenses	\$0.8	\$33.9	\$36.0	\$35.1	\$34.8	\$34.6
Non-Labor Expenses	0.12	14.2	12.3	20.5	21.2	22.1
Gap Closing Expenses/Adjust	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$0.9</b>	<b>\$48.1</b>	<b>\$48.3</b>	<b>\$55.6</b>	<b>\$56.0</b>	<b>\$56.7</b>
Depreciation	\$0.0	\$8.6	\$8.3	\$8.3	\$8.3	\$8.3
Other Post Employment Benefit.	0	2.3	2.3	2.3	2.3	2.3
Environmental Remediation	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$0.9</b>	<b>\$59.0</b>	<b>\$58.9</b>	<b>\$66.2</b>	<b>\$66.6</b>	<b>\$67.3</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>\$10</b>	<b>(\$48)</b>	<b>(\$43)</b>	<b>(\$52)</b>	<b>(\$55)</b>	<b>(\$57)</b>
Projected Gross Subsidies	\$30.7	\$32.3	\$27.9	\$36.7	\$39.0	\$41.6
<b>Deficit after Projected Subsidies</b>	<b>\$40</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$16)</b>	<b>(\$16)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$0.0	\$10.9	\$10.6	\$10.6	\$10.6	\$10.6
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$40.3</b>	<b>(\$4.3)</b>	<b>(\$4.6)</b>	<b>(\$4.7)</b>	<b>(\$4.9)</b>	<b>(\$5.1)</b>

- Operating Revenue/Expense Projections.** The SIR's operating revenue for CY 2014 is projected to be \$15.8 million, which includes farebox revenue of \$5.7 million, Capital and other reimbursement of \$6 million, and other operating revenue of \$4.1 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$48.3 million for CY 2014. These expenses include \$36 million in labor costs and \$12.3 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.

## The MTA Bus Company (MTABC)

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

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

### MTA Bus Financial Plan 2013-2016

(\$ in millions)

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$182	\$198	\$201	\$202	\$205	\$205
Other Revenue	19	27	26	20	21	21
Capital & Other Reimbursement.	8	8	9	9	9	9
<b>Total Operating Revenue</b>	<b>\$209</b>	<b>\$233</b>	<b>\$236</b>	<b>\$231</b>	<b>\$235</b>	<b>\$235</b>
Operating Expenses						
Labor Expenses	\$451	\$441	\$445	\$469	\$487	\$497
Non-Labor Expenses	99	140	143	187	186	173
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$550</b>	<b>\$581</b>	<b>\$588</b>	<b>\$656</b>	<b>\$673</b>	<b>\$670</b>
Depreciation	\$46	\$42	\$42	\$42	\$42	\$43
Other Post Employment Benefit.	100	56	56	58	58	59
Environmental Remediation	2	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$698</b>	<b>\$679</b>	<b>\$686</b>	<b>\$756</b>	<b>\$773</b>	<b>\$772</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$489)</b>	<b>(\$446)</b>	<b>(\$450)</b>	<b>(\$525)</b>	<b>(\$538)</b>	<b>(\$537)</b>
Projected Gross Subsidies	\$290	\$372	\$390	\$415	\$397	\$415
<b>Deficit after Projected Subsidies</b>	<b>(\$199)</b>	<b>(\$74)</b>	<b>(\$60)</b>	<b>(\$110)</b>	<b>(\$141)</b>	<b>(\$122)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$148	\$98	\$98	\$100	\$100	\$102
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$51)</b>	<b>\$24</b>	<b>\$38</b>	<b>(\$10)</b>	<b>(\$41)</b>	<b>(\$20)</b>

Source: Metropolitan Transportation Authority

Note: 1 - Excludes Debt Service, 2 - Excludes Prior Year Balance & Interagency Transfers & Subsidies -Numbers may not total due to rounding

- **Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2014 is projected to be \$236 million, which includes farebox revenue of \$201 million, Capital and other reimbursement of \$9 million, and other operating revenue of \$26 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$588 million for CY 2014. These expenses include \$445 million in labor costs and \$143 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42 million and \$56 million respectively.



## Capital Program

### Capital Budget Summary (City's Contribution)

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

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

#### 2014-2017 Commitment Plan: Adopted and Preliminary Budget

*Dollars in Thousands*

	FY14	FY15	FY16	FY17	Total
<b>November</b>					
Total Capital Plan	\$304,443	\$100,000	\$40,000	\$40,000	<b>\$484,443</b>
<b>Prelim</b>					
Total Capital Plan	\$304,443	\$100,000	\$40,000	\$40,000	<b>\$484,443</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>

#### Preliminary 2015 Capital Commitment Plan

*Dollars in thousands*

	2014	2015	2016	2017	2014-2017
MTA Bus (MT)	\$43,421	\$0	\$0	\$0	\$43,421
Staten Island Rail (ST)	4,200	900	0	0	5,100
New York City Transit (T)	256,822	99,100	40,000	40,000	435,922
<b>TOTAL</b>	<b>\$304,443</b>	<b>\$100,000</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$484,443</b>

The Preliminary 2015 Capital Commitment Plan includes \$484.4 million in Fiscal 2014-2017 for the New York City Transit (NYCT) including City and Non-City funds. This represents approximately 1.4 percent of the City's total \$38.6 billion Preliminary Plan for Fiscal 2014-2017. The agency's Preliminary Commitment Plan for Fiscal 2014-2017 remains unchanged from the November 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 2013, the Authority

committed \$132.8 million or 39.5 percent of its \$336.1 million annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, thus increasing the size of the Fiscal 2015-2018 Capital Plan. The Authority's 2010-2014 Capital Program includes approximately \$407.6 million that would be funded with proceeds of City general obligation bonds.