

III. Major Assumptions 2008-2011 Projections

Utilization
(Revenue, Ridership, Vehicle Traffic)

UTILIZATION

A Note Concerning MTA Bus Company Utilization

In September 2004, MTA Bus Company (MTABC) was created to assume the operations of seven bus companies that operated under franchises granted by the New York City Department of Transportation, and merging of these companies into MTABC began in January 2005. With the merger finalized in February 2006 and the transition of MTABC into the MTA Financial Plan, MTA consolidated utilization now includes MTABC ridership and farebox revenue.

2007 Ridership, Traffic and Revenue

The 2007 Mid-Year Forecast for MTA consolidated ridership is projected to total 2,579.0 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 302.2 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2007 Mid-Year Forecast accounts for 88.2% of MTA consolidated ridership, while ridership for Long Island Rail Road (LIRR) and Metro-North Railroad's (MNR) East-of-Hudson operations, respectively, account for 3.3% and 3.0%. MTA Bus Company (MTABC) ridership accounts for 4.1% of MTA consolidated ridership. Staten Island Railway (SIR) ridership is estimated to be 3.9 million (0.2% of MTA ridership) and Long Island Bus (LIB) fixed route ridership is estimated to be 32.3 million (1.3% of MTA ridership).

MTA consolidated farebox revenue for the 2007 Mid-Year Forecast is estimated to be \$3,884.0 million, and toll revenue is estimated to be \$1,242.9 million. NYCT combined subway and bus farebox revenue for the 2007 Mid-Year Forecast is expected to be \$2,765.0 million, while LIRR is projecting \$470.3 million in farebox revenue and MNR is projecting \$470.1 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.7 million, LIB fixed route farebox revenue is estimated to be \$39.4 million, and MTABC farebox revenue is expected to be \$135.5 million.

The 2007 Mid-Year Forecasts are based on actual results through May 2007 for NYCT, SIR and B&T, and through April 2007 for LIRR, MNR, MTABC and LIB.

The 2007 Mid-Year Forecast for MTA consolidated ridership is projected to increase by 46.2 million trips – a 1.8% increase – over 2006 MTA consolidated ridership. MTA ridership for the 2007 Mid-Year Forecast is expected to increase on all MTA operations from 2006 levels, and the 2007 Mid-Year Forecast for traffic at B&T facilities is expected to grow by 0.1 million crossings, an increase of less than 0.1% over the 2006 level. The 2007 Mid-Year Forecast for farebox revenue is projected to increase by \$82.3 million, a 2.2% increase, and is projected to be higher for each MTA agency. B&T toll revenue is expected to be \$1.3 million greater than 2006 toll revenue, a 0.1% increase.

Year over year increases in ridership, traffic, and farebox and toll revenues reflect the continuing expansion of the New York City economy, particularly with regard to employment levels during 2007. Through May, preliminary employment figures show that the number of jobs in New York City increased 1.5% (53,700 jobs) over the number of jobs during the first five months of 2006.

MTA consolidated ridership for the 2007 Mid-Year Forecast is expected to surpass the 2007 Adopted Budget projection by 22.2 million trips, a 0.9% increase, with all MTA agencies projecting increases in 2007 ridership relative to the Adopted Budget ridership levels. At B&T facilities, the Mid-Year Forecast projects 1.2 million more vehicular crossings, a 0.4% increase, over the Adopted Budget forecast.

MTA consolidated farebox revenue in the 2007 Mid-Year Forecast is projected to improve by \$40.7 million from the 2007 Adopted Budget, a 1.1% increase, reflecting higher farebox revenue projections relative to the 2007 Adopted Budget for all MTA agencies. The 2007 Mid-Year Forecast for B&T toll revenue is projected to increase \$6.0 million, or 0.5%, over the Adopted Budget forecast.

While NYCT's Mid-Year Forecast estimates for ridership and farebox revenue are higher than projections in the Adopted Budget, the updated forecast reflects greater than expected Subway ridership and lower than expected Bus ridership trends during the first five months of 2007. These trends – 1.9% above budget for Subway ridership and 2.5% below budget for Bus ridership – are projected to continue for the remainder of 2007. Subway ridership in the Mid-Year Forecast is projected to be 29.1 million greater than the Adopted Budget forecast, while Bus ridership in the Mid-Year Forecast is estimated to be 17.7 million less than the Adopted Budget level. Farebox revenue has similarly changed as a result of the ridership re-estimates, with Subway farebox revenue increasing \$34.9 million over the Adopted Budget level and Bus farebox revenue projected to be \$16.7 million lower than the Adopted Budget forecast.

Plan to Plan changes in utilization result in slightly lower average fares for NYCT customers. Over the Plan period, the baseline Non-Student average fare – the average fare for all riders except those using student passes – is expected to be \$1.292 per trip, down less than half a cent from the February Plan. The “Regular Rider” average fare – this average fare excludes utilization for students, express bus riders and those using senior/disabled fares – is also expected to decline less than half a cent from the February Plan, to \$1.314.

For the other MTA agencies, utilization improvements over the 2007 Adopted Budget levels generally reflect year-to-date ridership trends and actual average fares paid by customers.

LIB is projecting an additional 0.7 million passengers over the Adopted Budget level, a 2.1% improvement, and increased farebox revenue of \$0.7 million, a 1.7% increase over the Adopted Budget level. Despite ridership and farebox revenue levels that were

modestly below budget through April. LIB is anticipating strong ridership during the summer and autumn months based on trends observed over the past several years.

LIRR's Mid-Year Forecast anticipates modest growth in ridership relative to the Adopted Budget, totaling 1.6 million additional trips for the year, a 1.9% increase, and \$7.8 million in additional farebox revenue, up 1.7% from the Adopted Budget level. About 15% of the ridership and farebox revenue improvements result from increased ridership to New York Mets baseball games at Shea Stadium due to reduced parking availability during construction of the new baseball facility.

MNR ridership is projected to surpass the Adopted Budget forecast by 1.2 million trips, a 1.6% improvement, and by \$7.0 million in farebox revenue, 1.5% greater than the Adopted Budget forecast. The ridership forecast for MTA Bus has been increased by 7.2 million, a 7.3% improvement, and by \$6.9 million, a 5.3% increase, over the Adopted Budget ridership and farebox revenue levels. SIR is projecting an additional 0.2 million riders, a 4.2% improvement, and an additional \$0.1 million, a 2.9% increase, over the Adopted Budget levels.

2008 Ridership, Traffic and Revenue

The 2008 forecast for MTA consolidated ridership is projected to total 2,621.2 million passengers, while crossings at B&T facilities are projected to total 302.9 million vehicular crossings. NYCT combined subway and bus ridership is expected to be 2,308.9 million, while LIRR is projecting 85.8 million passengers and MNR is projecting 79.5 million passengers for its East-of-Hudson operations. SIR ridership is estimated to be 3.9 million, LIB fixed route ridership is estimated to be 32.5 million, and MTABC ridership is expected to be 110.7 million.

MTA consolidated farebox revenue for 2008 is estimated to be \$3,949.8 million, and toll revenue is estimated to be \$1,242.5 million. NYCT combined subway and bus farebox revenue is expected to be \$2,811.6 million, while LIRR is projecting \$476.9 million in farebox revenue and MNR is projecting \$479.8 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.7 million, LIB fixed route farebox revenue is estimated to be \$39.6 million, and MTABC farebox revenue is expected to be \$138.2 million.

MTA ridership and traffic for 2008 are expected to increase on all MTA operations from the 2007 Mid-Year Forecast levels, as are 2008 fare revenue levels. However, B&T toll revenue is expected to slightly decline in 2008 from the 2007 Mid-Year Forecast level as E-ZPass usage continues to increase. The 2008 forecast for MTA consolidated ridership is projected to increase by 42.3 million trips – a 1.6% increase – over the 2007 Mid-Year Forecast for MTA consolidated ridership. The 2008 forecast for B&T traffic is expected to increase by 0.7 million crossings, a 0.2% increase, over the 2007 Mid-Year Forecast traffic level. MTA consolidated farebox revenue for 2008 is expected to surpass the 2007 Mid-Year Forecast by \$65.8 million, up 1.3%, while B&T toll revenue

is projected to fall short of the 2007 Mid-Year Forecast by \$0.4 million, a less than 0.1% year-over-year decline.

MTA consolidated ridership for 2008 in the Mid-Year Forecast is expected to exceed the February Plan projection by 30.1 million trips, an increase of 1.2%. At B&T facilities, the Mid-Year Forecast for 2007 reflects 0.8 million additional vehicular crossings, a 0.3% increase, over the February Plan forecast. MTA consolidated farebox revenue for 2008 in the Mid-Year Forecast is projected to surpass the February Plan by \$54.7 million, a 1.4% increase. B&T toll revenue for 2008 is projected to increase \$2.9 million, or 0.2%, over the February Plan forecast.

MTA agency forecasts for ridership, traffic, and fare and toll revenue reflect the same growth trends that are impacting the 2007 Mid-Year Forecast. In addition, LIRR and SIR utilization levels are, to a very small degree, each affected by another factor. For LIRR, about 15% of the ridership and farebox revenue improvements result from increased ridership to New York Mets baseball games at Shea Stadium due to reduced parking availability during construction of the new baseball facility. At SIR, 2008 ridership is projected to fall short of the ridership forecast in the February Financial Plan by 0.3 million and farebox revenue is projected to be \$0.4 million less than the February Plan. These declines are due to a continued delay in installing a fare collection system at the Tompkinsville station; this project is now scheduled to be operational at the start of 2009. Had this project been fully implemented during 2008, it would have increased 2008 paid ridership by 0.4 million trips and 2008 farebox revenue by \$0.5 million.

2009 – 2011 Ridership, Traffic and Revenue

MTA consolidated ridership, vehicle crossings, and farebox revenue are expected to modestly increase in 2009 over 2008 levels, while B&T toll revenue is projected to modestly decline by \$2.1 million as E-ZPass usage continues to grow. Consolidated ridership is projected to reach 2,642.8 million passengers, up 0.8%, while farebox revenue is estimated to reach \$3,987.8 million, an increase of 1.0%. B&T vehicle crossings are projected to be 303.1 million, a 0.1% annual increase, and toll revenue is estimated to decline to \$1,240.4 million, down 0.2%.

MTA consolidated ridership and vehicle crossing levels are expected to increase in 2010 and 2011, with consolidated ridership reaching 2,689.2 million in 2011, increasing by 0.8% in 2010 and by 0.9% in 2011. Vehicular crossings at B&T facilities are projected to reach 305.0 million in 2011, increasing by 0.2% in 2010 and by 0.4% in 2011. Consolidated farebox revenue is expected to reach \$4,066.8 million in 2011, up 1.0% in both 2010 and 2011, while B&T toll revenue is projected to reach \$1,243.9 million by 2011, up 0.1% in 2010 and up 0.2% in 2011.

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MTA Consolidated Utilization Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

July Financial Plan 2008-2011					
	2007	2008	2009	2010	2011
	Mid-Year Forecast				
Traffic					
Bridges & Tunnels	302.2	302.9	303.1	303.8	305.0
Ridership					
Long Island Bus ¹	32.3	32.5	32.6	32.8	33.0
Long Island Rail Road	84.6	85.8	86.6	87.3	87.9
Metro-North Railroad ²	77.7	79.5	81.1	83.0	84.8
MTA Bus Company	106.4	110.7	115.1	119.7	124.5
New York City Transit ^{1, 3}	2,274.1	2,308.9	2,323.0	2,337.9	2,354.6
Staten Island Railway	3.9	3.9	4.4	4.4	4.4
<i>Total Ridership</i>	<i>2,579.0</i>	<i>2,621.2</i>	<i>2,642.8</i>	<i>2,665.0</i>	<i>2,689.2</i>

February Financial Plan 2007-2010					
	2007	2008	2009	2010	2011
	Budget				
Traffic					
Bridges & Tunnels	301.0	302.2	301.8	302.0	302.6
Ridership					
Long Island Bus ¹	31.7	31.8	32.0	32.1	32.3
Long Island Rail Road	83.0	84.3	85.5	86.6	87.6
Metro-North Railroad ²	76.5	78.1	79.6	80.7	81.8
MTA Bus Company	99.2	101.0	102.0	103.0	103.9
New York City Transit ^{1, 3}	2,262.7	2,291.8	2,304.8	2,316.7	2,337.1
Staten Island Railway	3.7	4.2	4.2	4.2	4.2
<i>Total Ridership</i>	<i>2,556.7</i>	<i>2,591.2</i>	<i>2,608.0</i>	<i>2,623.3</i>	<i>2,646.8</i>

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2007	2008	2009	2010	2011
Traffic					
Bridges & Tunnels	1.2	0.8	1.3	1.8	2.4
Ridership					
Long Island Bus ¹	0.7	0.7	0.7	0.7	0.7
Long Island Rail Road	1.6	1.5	1.1	0.7	0.4
Metro-North Railroad ²	1.2	1.4	1.6	2.3	3.1
MTA Bus Company	7.2	9.7	13.1	16.7	20.5
New York City Transit ^{1, 3}	11.4	17.0	18.2	21.1	17.5
Staten Island Railway	0.2	(0.3)	0.2	0.2	0.2
<i>Total Ridership</i>	<i>22.2</i>	<i>30.1</i>	<i>34.8</i>	<i>41.7</i>	<i>42.4</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

MTA Consolidated Utilization Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

July Financial Plan 2008-2011					
	2007	2008	2009	2010	2011
	Mid-Year Forecast				
Toll Revenue					
Bridges & Tunnels	\$1,242.9	\$1,242.5	\$1,240.4	\$1,241.3	\$1,243.9
Fare Revenue					
Long Island Bus ¹	\$39.4	\$39.6	\$39.8	\$40.0	\$40.2
Long Island Rail Road	470.3	476.9	482.3	486.2	490.5
Metro-North Railroad ²	470.1	479.8	490.6	502.6	514.5
MTA Bus Company	135.5	138.2	141.0	143.8	146.7
New York City Transit ^{1,3}	2,765.0	2,811.6	2,829.8	2,848.9	2,870.5
Staten Island Railway	3.7	3.7	4.3	4.3	4.4
<i>Total Farebox Revenue</i>	<u>\$3,884.0</u>	<u>\$3,949.8</u>	<u>\$3,987.8</u>	<u>\$4,025.9</u>	<u>\$4,066.8</u>

February Financial Plan 2007-2010					
	2007	2008	2009	2010	2011
	Budget				
Toll Revenue					
Bridges & Tunnels	\$1,236.9	\$1,239.6	\$1,236.1	\$1,234.7	\$1,235.3
Fare Revenue					
Long Island Bus ¹	\$38.7	\$38.9	\$39.1	\$39.3	\$39.5
Long Island Rail Road	462.5	469.0	477.0	483.0	489.8
Metro-North Railroad ²	463.1	473.1	484.3	491.6	498.4
MTA Bus Company	128.6	131.0	132.3	133.6	134.9
New York City Transit ^{1,3}	2,746.8	2,779.0	2,791.1	2,801.8	2,823.3
Staten Island Railway	3.6	4.2	4.2	4.2	\$4.2
<i>Total Farebox Revenue</i>	<u>\$3,843.3</u>	<u>\$3,895.1</u>	<u>\$3,927.9</u>	<u>\$3,953.5</u>	<u>\$3,990.0</u>

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2007	2008	2009	2010	2011
Toll Revenue					
Bridges & Tunnels	\$6.0	\$2.9	\$4.3	\$6.6	\$8.6
Fare Revenue					
Long Island Bus ¹	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
Long Island Rail Road	7.8	7.9	5.3	3.2	0.7
Metro-North Railroad ²	7.0	6.8	6.4	11.0	16.2
MTA Bus Company	6.9	7.2	8.7	10.2	11.8
New York City Transit ^{1,3}	18.2	32.6	38.7	47.1	47.2
Staten Island Railway	0.1	(0.4)	0.1	0.1	0.1
<i>Total Farebox Revenue</i>	<u>\$40.7</u>	<u>\$54.7</u>	<u>\$59.8</u>	<u>\$72.3</u>	<u>\$76.8</u>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

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Subsidies

SUBSIDIES - Major Assumptions

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the July Plan and the February Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the February Plan follow. Note that the details of Bridges and Tunnels operations that produce the Operating Surplus Transfer subsidy are discussed in the B&T section of the report.

As shown on the following tables, Dedicated Taxes & State and Local Subsidies, including MTA Bus, for the 2007 Mid-Year Forecast total \$4.476 billion, on a cash basis, which is \$542 million higher than the 2007 Adopted Budget (February Plan). This is due to substantial increases in the real estate forecast, as well as additional State appropriation of MMTOA for the MTA. The 2007 Mid-Year Forecast reflects increases in the gross real estate tax forecast of \$430 million, as well as an additional \$48 million in MMTOA funds that has been appropriated for the MTA and \$50 million of delayed MMTOA receipts by the State that were expected in 2006.

During the period 2008 to 2011, the July Financial Plan projects that overall Dedicated Taxes and State and Local Subsidies will increase over the levels projected in the February Plan by \$124 million in 2008, \$22 million in 2009, \$14 million in 2010 and \$27 million in 2011. These increases are largely due to changes in MRT and Urban Tax forecasts.

The Plan reflects technical adjustments for certain policy actions that are incorporated as part of the Subsidy baseline projections - Costs for the Service Marketing Campaign (\$5 million in 2007), Enhanced Security Training (\$6 million each year in 2007, 2008, 2009 and 2010), anticipated downsizing costs associated with future headcount reductions (\$81 million in 2007) and MTA Bus Debt Service (\$16 million in 2007 and \$14 million in each year from 2008 through 2011) are funded from the MRT-2 collections.

Gross subsidies include City Subsidy to MTA Bus. This reflects the current agreement with the City that it will cover MTA Bus' expenses. The City subsidy covers the operating deficit for MTA Bus. MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City, are paid directly to the City and used by the City to partially fund MTA Bus.

MTA Consolidated Subsidies
July Financial Plan 2008 - 2011
Accrual Basis
(\$ in millions)

	2007 Mid-Year Forecast	2008 Preliminary Budget	2009	2010	2011
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,570.8	\$1,421.3	\$1,453.8	\$1,465.0	\$1,533.1
Petroleum Business Tax (PBT) Receipts	598.5	614.7	620.7	623.3	625.6
Mortgage Recording Tax (MRT)	691.1	613.3	597.5	611.0	623.7
MRT Transfer to Suburban Counties	(43.9)	(35.7)	(34.4)	(32.1)	(31.7)
Use of MRT Balances	10.0	10.0	10.0	0.0	0.0
Carryover Balances	(3.8)	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Interest	1.5	1.6	1.6	1.7	1.7
Urban Tax	794.5	649.0	592.8	603.0	639.8
Investment Income	<u>8.1</u>	<u>8.1</u>	<u>8.2</u>	<u>8.2</u>	<u>8.3</u>
	\$3,610.4	\$3,265.9	\$3,233.7	\$3,263.7	\$3,384.0
<i>State and Local Subsidies</i>					
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	66.8	71.4	83.9	104.5	116.1
Station Maintenance	139.5	142.3	145.1	148.0	150.9
AMTAP	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
	\$615.6	\$623.0	\$638.3	\$661.8	\$676.4
Sub-total Dedicated Taxes & State and Local Subsidies	\$4,226.0	\$3,889.0	\$3,872.0	\$3,925.5	\$4,060.3
City Subsidy for MTA Bus	\$233.9	\$254.7	\$265.6	\$276.7	\$287.6
Total Dedicated Taxes & State and Local Subsidies	\$4,460.0	\$4,143.7	\$4,137.6	\$4,202.2	\$4,347.9
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$359.3	\$326.8	\$304.7	\$251.2	\$221.5
MTA Subsidy to Subsidiaries	<u>38.5</u>	<u>44.9</u>	<u>34.9</u>	<u>36.0</u>	<u>36.9</u>
	\$397.8	\$371.7	\$339.5	\$287.2	\$258.4
GROSS SUBSIDIES	\$4,857.8	\$4,515.4	\$4,477.2	\$4,489.3	\$4,606.3

MTA Consolidated Subsidies
July Financial Plan 2008 -2011
Summary of Changes Between July Plan and February Plan
Accrual Basis
(\$ in millions)

	2007	2008	2009	2010
<u>Subsidies</u>				
<i>Dedicated Taxes</i>				
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$57.0	\$50.0	\$50.0	(\$0.0)
Petroleum Business Tax (PBT) Receipts ¹	(0.0)	(0.0)	0.0	0.0
Mortgage Recording Tax (MRT)	109.2	49.0	45.4	51.6
MRT Transfer to Suburban Counties	(0.7)	7.9	3.2	4.8
Use of MRT Balances	0.0	0.0	0.0	0.0
Carryover Balances	(3.8)	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
Interest	1.5	1.6	1.6	1.7
Other	3.6	3.6	3.6	3.6
Urban Tax	294.7	89.6	(2.9)	(19.8)
Investment Income	<u>(1.1)</u>	<u>(1.1)</u>	<u>(1.1)</u>	<u>(1.1)</u>
	\$460.3	\$200.5	\$99.9	\$40.9
<i>State and Local Subsidies</i>				
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	2.3	(1.5)	(3.1)	3.8
Station Maintenance	(1.1)	(0.4)	(0.2)	(0.1)
AMTAP	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$1.2	(\$1.9)	(\$3.3)	\$3.8
Sub-total Dedicated Taxes & State and Local Subsidies	\$461.5	\$198.6	\$96.6	\$44.6
City Subsidy for MTA Bus	(\$23.1)	(\$10.6)	(\$10.1)	(\$12.7)
Total Dedicated Taxes & State and Local Subsidies	\$438.4	\$188.1	\$86.5	\$32.0
<i>Inter-agency Subsidy Transactions</i>				
B&T Operating Surplus Transfer	\$20.2	(\$7.4)	\$14.7	\$19.1
MTA Subsidy to Subsidiaries	<u>6.0</u>	<u>4.5</u>	<u>0.1</u>	<u>0.1</u>
	\$26.1	(\$2.9)	\$14.8	\$19.2
GROSS SUBSIDIES	\$464.5	\$185.2	\$101.3	\$51.2

MTA Consolidated Subsidies
July Financial Plan 2008 - 2011
Cash Basis
(\$ in millions)

<u>Subsidies</u>	2007 Mid-Year Forecast	2008 Preliminary Budget	2009	2010	2011
Dedicated Taxes					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,620.8	\$1,421.3	\$1,453.8	\$1,465.0	\$1,533.1
Petroleum Business Tax (PBT) Receipts	597.1	614.2	620.5	623.1	625.5
Mortgage Recording Tax (MRT)	699.5	614.9	596.3	610.1	621.3
MRT Transfer to Suburban Counties	(36.4)	(34.4)	(32.1)	(31.7)	(32.1)
Use of MRT Balances	10.0	10.0	10.0	0.0	0.0
Carry Over	42.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	(81.0)	0.0	0.0	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0
Service Marketing Campaign	(5.0)	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(16.3)	(13.6)	(13.6)	(13.6)	(13.6)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0	0.0
Interest	1.5	1.5	1.6	1.6	1.7
Urban Tax	809.0	654.2	592.2	599.9	637.3
Investment Income	<u>8.1</u>	<u>8.1</u>	<u>8.2</u>	<u>8.2</u>	<u>8.3</u>
	\$3,663.6	\$3,253.6	\$3,214.2	\$3,240.0	\$3,365.0
State and Local Subsidies					
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	66.8	71.4	83.9	104.5	116.1
Station Maintenance	137.3	140.2	143.0	145.8	148.7
AMTAP	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
	\$613.4	\$621.0	\$636.2	\$659.6	\$674.1
Other Subsidy Adjustments					
South Ferry	(35.0)	0.0	0.0	0.0	0.0
# 1 Train - Port Authority	<u>0.0</u>	<u>(50.0)</u>	<u>(50.0)</u>	<u>0.0</u>	<u>0.0</u>
	(\$35.0)	(\$50.0)	(\$50.0)	\$0.0	\$0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$4,242.0	\$3,824.6	\$3,800.4	\$3,899.6	\$4,039.2
City Subsidy for MTA Bus	\$233.9	\$254.7	\$265.6	\$276.7	\$287.6
Total Dedicated Taxes & State and Local Subsidies	\$4,475.9	\$4,079.3	\$4,066.0	\$4,176.3	\$4,326.7
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	\$369.6	\$330.1	\$306.9	\$256.5	\$224.5
MTA Subsidy to Subsidiaries	<u>38.5</u>	<u>44.9</u>	<u>34.9</u>	<u>36.0</u>	<u>36.9</u>
	\$408.1	\$374.9	\$341.7	\$292.5	\$261.3
GROSS SUBSIDIES	\$4,884.0	\$4,454.2	\$4,407.8	\$4,468.8	\$4,588.1

MTA Consolidated Subsidiaries
July Financial Plan 2008 - 2011
Summary of Changes Between July Plan and February Plan
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Dedicated Taxes</i>				
Metro. Mass Transp. Oper. Asst. (MMTOA)	98.5	50.0	50.0	(0.0)
Petroleum Business Tax (PBT) Receipts	(0.0)	(0.0)	0.0	0.0
Mortgage Recording Tax (MRT)	116.1	49.4	44.9	51.6
MRT Transfer to Suburban Counties	7.2	3.2	4.8	4.7
Use of MRT Balances	0.0	0.0	0.0	0.0
Carryover Balances	42.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
Downsizing	0.0	0.0	0.0	0.0
Enhanced Security Training	0.0	0.0	0.0	0.0
Service Marketing Campaign	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(16.3)	(13.6)	(13.6)	(13.6)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0
Interest	1.5	1.5	1.6	1.6
Urban Tax	314.3	97.9	(1.3)	(20.6)
Investment Income	(1.1)	(1.1)	(1.1)	(1.1)
	\$599.0	\$187.3	\$85.3	\$22.6
<i>State and Local Subsidies</i>				
State Operating Assistance	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	2.3	(1.5)	(3.1)	3.8
Station Maintenance	(1.6)	(0.9)	(0.3)	(0.1)
AMTAP	0.0	0.0	0.0	0.0
	\$0.7	(\$2.4)	(\$3.4)	\$3.7
<i>Other Subsidy Adjustments</i>				
South Ferry	(35.0)	0.0	0.0	0.0
#1 Train - Port Authority	0.0	(50.0)	(50.0)	0.0
	(\$35.0)	(\$50.0)	(\$50.0)	\$0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$564.6	\$135.0	\$32.0	\$26.3
City Subsidy for MTA Bus	(23.1)	(10.6)	(10.1)	(12.7)
Total Dedicated Taxes & State and Local Subsidies	\$541.5	\$124.4	\$21.9	\$13.6
<i>Inter-agency Subsidy Transactions</i>				
B&T Operating Surplus Transfer	24.3	(4.6)	12.5	18.7
MTA Subsidy to Subsidiaries	6.0	4.5	0.1	0.1
	\$30.2	(\$0.2)	\$12.6	\$18.7
GROSS SUBSIDIES	\$571.8	\$124.3	\$34.5	\$32.3

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. MMTOA is comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

Total Statewide MMTOA taxes for 2007 are estimated at \$1,914.4 million, of which \$1,827.3 million is allotted for Downstate transit properties. Of the Downstate allotment, \$186.5 million is earmarked to fund the State's 18-b obligations. The percentage allocation of MMTOA's downstate share that comes to NYCT/SIR represents 60.1%, and the share to the commuter railroads represent 27.2%. This is slightly lower than the percentage allocation in the February Plan and is based on the amounts appropriated in NYS's 2007-08 Enacted Budget. A portion was also allotted to Long Island Bus, city private buses and other downstate transportation properties. In 2007, of the total MTA share, \$1,052.7 is payable to NYCT/SIR, \$523.2 million to MTA for the commuter railroads, and \$44.9 million to Long Island Bus.

2007 Mid-Year Forecast

The 2007 Mid-Year Forecast reflects State Budget appropriation for MTA MMTOA of \$1,570.8, which is \$48.4 million over the February Plan level and \$259.8 million over the prior year's level. Included in the increase in MMTOA funds over the February Plan level is \$35.0 million earmarked for the South Ferry Project, details of which are discussed below. Of the total estimated MMTOA cash receipts, \$1,052.7 million is appropriated for NYCT/SIR, and \$523.2 for the commuter railroads. In addition, \$44.9 million is allocated to Long Island Bus, which shows a slight increase of \$1.2 million over the 2006 level, but represents a decrease of \$5.7 million compared with the February Plan estimate. These amounts reflect the NY State Enacted Budget appropriation for MTA.

Overall gross receipts in the MMTOA account are higher than the February Plan forecasts due to higher Corporate Surcharge revenues attributable to the continued robust economy State tax audits on various corporate contributors that resulted in reassessment of tax liabilities.

In 2007, the State will fund \$186.5 million in 18-b obligations from MMTOA, which is \$4.0 million higher than the February Plan. The February Plan assumed that the 18-b funding would remain at the 2006 level.

In 2007, the percentage allocation of MTA's share of Downstate MMTOA is derived from the actual amounts appropriated by the State.

The February Plan noted that the State had committed to seeking an appropriation of \$135.0 million to support MTA projects in areas devastated by the World Trade Center disaster. These funds reflect \$35.0 million for the South Ferry Project and \$100.0 million for the #1 train underpinning. The State's enacted budget includes \$35.0 million in NYCT's 2007 MMTOA allotment which will be transferred to the capital program for South Ferry. In addition, the State has indicated its intention to provide \$100.0 million in two equal payments of \$50.0 million in 2008 and 2009 from MMTOA funds for the #1 train underpinning project in collaboration with the Port Authority of New York and New Jersey. The MMTOA cash receipts in 2007 include \$50.0 million of delayed receipts by the State that were expected in 2006.

2008

For 2008, projections of tax yields used in the baseline are unchanged from the February Plan. Total baseline MTA MMTOA is estimated to be \$1,421.3 million, which is \$50.0 million over the February Plan level. This additional \$50.0 million represents NYS's portion of the funding for the #1 train underpinning project to be undertaken in collaboration with the Port Authority of New York and New Jersey. Of the total baseline MTA MMTOA, \$928.7 million is earmarked for NYCT and SIR, including the \$50.0 million allotment for the #1 train underpinning project, \$449.1 million is earmarked for the commuter railroads and an additional \$43.5 million for Long Island Bus.

In the 2008 MTA baseline, the State's funding of its 18-b obligation is at the 2006 level of \$182.5 million. The percentage allocations of MMTOA's downstate share that comes to the MTA represent 61.1% for NYCT/SIR and 27.7% for the Commuter Railroads, to reflect pre-2004 levels.

The 2008 forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2007 level:

Sales Tax	4.4%
Petroleum Business Tax	4.8%
Corporate Franchise Tax	0.0%
Corporate Tax Surcharge	(25.7%)

The large negative change in the Corporate Tax Surcharge is due to the fact that the MMTOA levels for 2007 in the July Plan have increased over the February Plan levels to reflect the State appropriation, while the 2008 baseline levels remain consistent with the February plan.

Based on New York State's updated projections of MMTOA revenues that is contained in the State's 2007-08 Enacted Budget, beginning in 2008 and continuing through the Plan period, MMTOA tax yields are projected to increase over the February Plan levels. *The additional revenues are not incorporated in the July Plan's baseline, and are reflected as below-the-line assumptions as part of the MTA gap closing measures; they are discussed in the Gap Closings and Policy Actions Section of this report.*

2009 - 2011

In 2009, the July Plan baseline projection for MMTOA is \$1,453.7 million, which is \$50 million over the February Plan level and represents the remainder of NYS's commitment to MTA New York City Transit Authority to fund the #1 train underpinning project.

In 2010 and 2011, the July Plan forecasts for MMTOA cash receipts are consistent with the MTA February Plan forecast levels. Total Baseline MTA MMTOA is \$1,465.0 million in 2010 and \$1,533.1 million in 2011.

The 2009 through 2011 forecasts assume the following tax growth rates, which are consistent with the February Plan:

	2009	2010	2011
Sales Tax	3.9%	4.1%	4.7%
Petroleum Business Tax	0.3%	0.7%	0.4%
Corporate Franchise Tax	0.0%	0.0%	0.0%
Corporate Tax Surcharge	7.2%	4.4%	4.3%

MMTOA STATE DEDICATED TAXES
July Financial Plan 2008 - 2011
Tax Yield Distribution 2007 - 2011
(\$ in millions)

	FORECAST				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Forecast of MMTOA Gross Receipts (SFY):</u>					
Sales Tax	\$734.0	\$766.6	\$796.8	\$829.1	\$868.1
PBT	142.4	149.3	149.8	150.9	151.5
Corporate Franchise	68.0	68.0	68.0	68.0	68.0
Corporate Surcharge	970.0	721.0	773.0	807.0	842.0
Investment Income	0.0	0.0	0.0	0.0	0.0
Total Gross Receipts Available for Allocation	\$1,914.4	\$1,704.9	\$1,787.6	\$1,855.0	\$1,929.6

Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,914.4	\$1,704.9	\$1,787.6	\$1,855.0	\$1,929.6
Less: Upstate Share of PBT	(87.1)	(67.2)	(67.4)	(67.9)	(68.2)
Upstate Percent Share of Investment Income	4.55%	3.94%	3.77%	3.66%	3.53%
Less: Upstate Share of Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Net DownState Share Available for Allocation	\$1,827.3	\$1,637.7	\$1,720.2	\$1,787.1	\$1,861.4
Less: 18-B Adjustment	(186.5)	(182.5)	(182.5)	(182.5)	(182.5)
Adjusted Total Net DownState Share for Allocation	\$1,640.7	\$1,455.2	\$1,537.7	\$1,604.6	\$1,678.9

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	60.07%	61.12%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$1,169.7	\$1,001.0	\$1,051.4	\$1,092.3	\$1,137.8
Less: 18-B Adjustment	(153.1)	(152.0)	(152.0)	(152.0)	(152.0)
Adjusted Total Net DownState Share	\$1,016.6	\$849.0	\$899.4	\$940.3	\$985.7
From Carryover	<u>36.1</u>	<u>79.7</u>	<u>50.0</u>	<u>0.0</u>	<u>0.0</u>
Total NYCT/SIR Share of Net DownState Share	\$1,052.7	\$928.7	\$949.4	\$940.3	\$985.7
Total SIR Share	3.2	2.8	2.8	2.8	3.0
Total NYCT Share of Net DownState Share	\$1,049.6	\$925.9	\$946.6	\$937.5	\$982.8

Allocation of Total Net DownState Share to MTA:

MTA Share	27.18%	27.71%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$529.2	\$453.8	\$476.7	\$495.2	\$515.8
Less: 18-B Adjustment	(19.9)	(18.1)	(18.1)	(18.1)	(18.1)
Adjusted Total Net DownState Share	\$509.3	\$435.7	\$458.5	\$477.1	\$497.7
From Carryover	<u>13.9</u>	<u>13.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total MTA Share of Net DownState Share	\$523.2	\$449.1	\$458.5	\$477.1	\$497.7

Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.41%	2.77%	2.77%	2.77%	2.77%
From Total Net DownState Share	\$46.9	\$45.4	\$47.6	\$49.5	\$51.6
Less: Used for 18-B/other	(2.0)	(1.8)	(1.8)	(1.8)	(1.8)
Adjusted Total Net DownState Share	\$44.9	\$43.5	\$45.8	\$47.7	\$49.7
From Carryover	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total LIB Share of Net DownState Share	\$44.9	\$43.5	\$45.8	\$47.7	\$49.7

PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations, MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

2007 Mid-Year Forecast

The 2007 baseline Mid-Year PBT estimate, on a cash basis, is \$597.1 million, which is consistent with the February Plan forecast. Of the total PBT allocation, \$507.5 million is earmarked for New York City Transit and \$89.6 million for the commuter railroads.

On an accrual basis, PBT estimates for 2007 are \$598.5 million. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

Based on New York State's updated projections of PBT revenues in the State's 2007-08 Enacted Budget, beginning in 2007 and continuing throughout the plan period, projected PBT revenues have increased over the February Plan levels, due to robust economic activity, which the State indicates should continue over the plan period. *The July Plan baseline projections do not include the additional revenues; they are instead included in the MTA Gap Closing measures which are discussed in the Gap Closings and Policy Action Section of this report.*

2008 Forecast

The 2008 baseline PBT cash estimate remains at the February Plan level. Total PBT is estimated at \$614.2 million, of which \$522.1 million, or 85% is earmarked for New York City Transit, and \$92.1 million, or 15% is earmarked for the commuter railroads.

On an accrual basis, PBT is estimated at \$614.7 million, an increase of \$16.2 million from the prior year's level.

2009 - 2011

For 2009 through 2011, PBT cash estimates are \$620.5 million, \$623.1 million and \$625.5 respectively. The 2009 through 2011 forecasts inflate the previous year's level by 1.0%, 0.4% and 0.4% respectively.

On an accrual basis, PBT estimates for 2009 through 2011 are \$620.7 million, \$623.3 million and \$625.6 million respectively.

PETROLEUM BUSINESS TAX PROJECTIONS
July Financial Plan 2008 - 2011
Tax Yield Distribution 2007 -2011
(\$ in millions)

	FORECAST				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Net PBT Collections Available for Distribution	\$1,756.2	\$1,806.5	\$1,825.0	\$1,832.6	\$1,839.7

Distribution Shares:

MTA Total	34.0%	34.0%	34.0%	34.0%	34.0%
Other Transit	3.0%	3.0%	3.0%	3.0%	3.0%
Highway Trust Fund	63.0%	63.0%	63.0%	63.0%	63.0%
General Fund	0.0%	0.0%	0.0%	0.0%	0.0%
Share Total	100.0%	100.0%	100.0%	100.0%	100.0%

Amount of Total Net Collections Available for the MTA:

MTA Total	\$597.1	\$614.2	\$620.5	\$623.1	\$625.5
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Accrued

NYCT/SIR Share of MTA Total	\$508.7	\$522.5	\$527.6	\$529.8	\$531.7
Commuter Railroad Share of MTA Total	<u>89.8</u>	<u>92.2</u>	<u>93.1</u>	<u>93.5</u>	<u>93.8</u>
MTA Total of Net Collections	\$598.5	\$614.7	\$620.7	\$623.3	\$625.6

Cash

NYCT/SIR Share of MTA Total	\$507.5	\$522.1	\$527.4	\$529.6	\$531.7
Commuter Railroad Share of MTA Total	<u>89.6</u>	<u>92.1</u>	<u>93.1</u>	<u>93.5</u>	<u>93.8</u>
MTA Total of Net Collections	\$597.1	\$614.2	\$620.5	\$623.1	\$625.5

MORTGAGE RECORDING TAXES (MRT)

The Mortgage Recording Taxes consist of two separate taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of three-tenths of one percent (3/10%) of the debt secured by certain real estate mortgages. This rate was increased from one-quarter of one percent in June 2005. Receipts from MRT-1 must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Moneys in the NYCT Account are required to be used to pay operating and capital costs of NYCT, its subsidiaries, and Staten Island Railway (SIR). Moneys in the Commuter Railroad Account are required to be first used to pay up to \$20 million to the State Suburban Transportation Fund each year. In the event the transfer to the Suburban Fund would result in a Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the Suburban Fund, the balance in the Commuter Railroad Account is required to be used to pay commuter railroad operating and capital costs.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages secured by real estate structures containing one to six dwelling units in the MTA's service area. MRT-2 receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purpose of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, NYCT and their respective subsidiaries.

MTA is required to transfer an annual amount of \$5.0 million, made in equal quarterly installments, from the Corporate Transportation Account to the MTA's Dutchess, Orange and Rockland Fund (DORF); \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from the Corporate Transportation Account to DORF for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment (MRT-1, excluding recent rate increases plus MRT-2) to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

Forecast Methodology

Forecasts of Mortgage Recording Tax receipts for the remainder of 2007, and for 2008 through 2010, are based on tax receipt trends for mortgage originations projected by the City of New York in its Fiscal Year 2008 Adopted Budget. For 2011, MRT estimates are projected by utilizing 16 individual models; for each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. These models, which are time-series regression models with a log-log specification, project tax receipts as a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction.

2007 Mid-Year Forecast

The 2007 Mid-Year Forecast is based on May year-to-date actual cash receipts. Forecasts for the remaining seven months of the year, based on City of New York trend projections, have been added to the year-to-date actuals in order to obtain a 2007 Mid-Year Forecast.

MRT receipts on a cash basis are estimated at \$699.5 million, a decrease of \$63.6 million, or 8.3% from the 2006 level. MRT-1 receipts are projected to be \$445.8 million, a \$31.6 million (6.6%) increase over 2006, while MRT-2 receipts are projected to be \$253.8 million, a \$32.0 million (-11.2%) decline over 2006. These trends reflect continued strength in commercial property transactions along with weakness in residential real estate. MRT-1 includes taxes collected on mortgages for both commercial properties and residential properties, while MRT-2 is paid only on residential properties with fewer than seven units in the structure. If not for the tax receipts from two large Manhattan commercial transactions during the early part of 2007 – 666 Fifth Avenue and the sale of nine Blackstone Group properties to Macklowe Properties – the MRT-1 receipt decline in 2007 would be more in line with the project MRT-2 decline, compared with 2006.

The City of New York's Adopted Budget, which is the basis of MTA projections for MRT through 2010, assumes total mortgage recording tax receipts will increase by 2.2% for City Fiscal Year (CFY) 2007 and then decline by 9.7% for CFY 2008; these projections were used to estimate combined MRT-1 receipts from New York City excluding Staten Island. The City's Adopted Budget assumes residential mortgage recording tax receipts will decline 6.2% for CFY 2007 and decline by another 18.2% for CFY 2008; these trend assumptions were used to estimate MRT-1 receipts for Staten Island and the suburban counties as well as MRT-2 receipts for the entire MTA region. The City trend projections exclude the December 2006 Stuyvesant Town and Peter Cooper transaction and the March 2007 Blackstone transaction.

Overall, the combined MRT estimate reflects an increase of \$116.1 million, or 19.9%, over the projection in the February 2007 Financial Plan.

2008 - 2011

In recent years, MRT collections have reached record levels, reflecting a robust residential real estate market and strength in large commercial real estate transactions, both attributable to historically low interest rates and the expected returns on real estate as an investment. As interest rates have increased, mortgage activity has slowed considerably. According to the City, and consistent with county-level data, the volume of residential purchases has been declining, as has refinancing activity for residential property mortgages. Commercial property transactions have also slowed, but overall MRT receipts from commercial transactions have been buoyed by receipts from several significantly large transactions.

Overall MRT receipts are expected to continue to decline in 2008; MRT-2 receipts have been declining since its peak was achieved in 2005 while MRT-1 receipts continued to climb in 2006. MRT receipts are projected to decline in 2008 by 12.1%, with MRT-1 declining 12.0% and MRT-2 declining 12.2%. Declines are expected to continue in 2009 as MRT receipts fall another 3.0%, with MRT-1 down 3.5% and MRT-2 down 2.2%. By 2010, commercial activity is expected to reach a sustainable level and MRT-1 receipts are expected to increase 2.2%, along with an increase of 2.5% in MRT-2 receipts; in 2010, overall MRT receipts are expected to grow by 2.3%. In 2011, overall MRT receipts are expected increase 1.8% with MRT-1 up 2.0% and MRT-2 up 1.6%.

The City Adopted Budget projects commercial mortgage recording tax receipts – used to project MRT-1 for New York City excluding Staten Island – will decline 9.7% during City Fiscal Year 2008, decline 10.5% in CFY 2009, increase 1.3% in CFY 2010 and increase 2.4% during CFY 2011. The City Adopted Budget assumes residential mortgage recording tax receipts – used for MRT-1 projections for Staten Island and the suburban counties along with MRT-2 projections for the full MTA region – will decline 18.2% in CFY 2008, decline 6.2% in CFY 2009, increase 1.8% in CFY 2010 and increase 3.3% during CFY 2011. The City trend projections exclude the December 2006 Stuyvesant Town and Peter Cooper transaction and the March 2007 Blackstone transaction.

For the 2011 Financial Plan projection, the ten-year U.S. Treasury Note rate is expected to be 5.44%, up 0.14% from the 2010 rate. Population is expected to increase in 2011, up 0.21% in New York City, up 0.25% in Nassau and Suffolk, up 0.08% in Westchester, up 0.99% in Putnam, up 0.60% in Dutchess, up 0.35% in Rockland and up 0.75% in Orange.

The Plan forecasts for 2008 through 2011 reflect these assumptions. Over the Financial Plan period, MRT receipts are projected to be \$614.9 million in 2008, \$596.3 million in 2009, \$610.1 million in 2010 and \$621.3 million in 2011. These projections are significantly higher than estimates incorporated in the February Financial Plan, with increases ranging from \$49.4 million (8.7%) in 2008 to \$52.5 million (9.2%) in 2011.

MRT-1 receipts are estimated to be \$392.1 million in 2008, \$378.4 million in 2009, \$386.6 million in 2010 and \$394.4 million in 2011. These levels are about \$35 million better each year relative to the February Financial Plan. MRT-2 receipts have also been

increased over the levels in the February Financial Plan – up between \$11 million and \$18 million each year – with receipts projected to be \$222.8 million in 2008, \$217.9 million in 2009, \$223.5 million in 2010 and \$226.9 million in 2011.

Additional Assumptions

The MTA General Reserve is funded by MRT-2. Like the February Plan, the July Plan reallocates \$40 million in unspent General Reserve earmarked for 2005 in equal installments in 2006 through 2009, with \$10 million reflected in each year. In addition, the July Plan reduces the 2007 General Reserve level from the February Plan level of \$75.0 million to \$37.5 million. Beginning in 2008 through the plan period the July Plan maintains the general reserve level of \$75.0 million annually.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. These funds are used for agency security projects that are capitally eligible and therefore will affect depreciation and asset values in the MTA Financial Statements. An amount of \$16.5 million annually has been earmarked in the Plan to cover these security expenses in each of the years from 2007 through 2011.

Technical Adjustments:

Consistent with the February Plan, the July Financial Plan reflects the implementation into the baseline of certain policy actions that were previously handled below the line. Subsequently, with the approval of the MTA Board, the MTA Treasurer has set aside previously undistributed MRT-2 Funds for the following:

Downsizing – The February Plan included \$81.0 million of MRT-2 funds in 2007 to cover downsizing. It was expected that major cost reductions would require significant headcount reductions. Since it is unlikely that the savings could be achieved solely through attrition, the Plan had set aside the expected one-time separation costs. The July Plan policy actions assume a restoration of the \$81.0 million in 2007, and shift the need to downsize to 2009 and 2010 (\$40.5 million in each year).

Enhanced Security Training – The July Plan makes no change to the February Plan's allocation of \$25.0 million over four years, beginning in 2007 (\$6.2 million in equal installments), for enhanced security training for NYCT, Metro-North, and LIRR's operating personnel; The MTA has undertaken this initiative on the recommendations of Kroll Associates, the security consulting firm that the MTA engaged to review the agencies' safety/security training curriculum, and has sought and received the approval of the MTA Board.

Service Marketing Campaign – The MTA Board has also approved an allotment of \$5.0 million from MRT-2 funds to be spent in 2007, that was originally set aside in the February Plan and carried over to the July Plan, to support a marketing campaign that would target Commuter Railroad and NYCT services in order to increase usage. These funds, to be allocated by the Executive Director, are to be used for designated routes/services that have the potential to be better utilized and therefore make better use of current capacity.

In addition to the adjustments above, beginning with the July Plan in 2007 and continuing each year until 2011, the Plan assumes that MRT-2 funds will be used to cover debt service cash flow requirements of the MTA Bus Company in the amounts of \$16.3 million in 2007 and \$13.6 million annually thereafter.

The July Plan includes a favorable adjustment to MRT-2 in 2007 of \$36.9 million reflecting the repayment of inter-company loans made in 2006 which were made pending receipt of State MMTOA funds that were received in 2007.

Summary of Mortgage Recording Tax Projections
July Financial Plan 2008 - 2011
Tax Yield Distribution 2006 - 2011
(\$ in millions)

	FORECAST				
	2007	2008	2009	2010	2011

MORTGAGE RECORDING TAX #261-1

Receipts Available for Transfer to NYCT and CRs:

Total Gross Receipts	\$445.8	\$392.1	\$378.4	\$386.6	\$394.4
Carryover	(3.8)	0.0	0.0	0.0	0.0
Less: MTAHQ Operating Deficit	(310.0)	(304.0)	(301.2)	(306.1)	(311.3)
Net Receipts Available for Transfer	\$131.9	\$88.1	\$77.2	\$80.6	\$83.1

Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT/SIR Share	55%	55%	55%	55%	55%
From Current Year Net Receipts	72.5	48.5	42.4	44.3	45.7
Interest	0.0	0.0	0.0	0.0	0.0
Carryover	26.4	0.0	0.0	0.0	0.0
Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0
Total NYCT/SIR Net Cash Share	\$99.0	\$48.5	\$42.4	\$44.3	\$45.7
Total SIR Net Cash Share	0.3	0.1	0.1	0.1	0.1
Total NYCT Net Cash Share	\$98.7	\$48.3	\$42.3	\$44.2	\$45.6

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Commuter Railroad Share	45%	45%	45%	45%	45%
From Net Receipts	59.4	39.6	34.7	36.3	37.4
Interest	0.0	0.0	0.0	0.0	0.0
Carryover	19.4	0.0	0.0	0.0	0.0
Less: Suburban Highway Fund	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Transfers from MRT-2	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Commuter Railroad Net Cash Share	\$58.8	\$19.6	\$14.7	\$16.3	\$17.4

MORTGAGE RECORDING TAX #261-2

Receipts Available

Total Receipts to Corporate Account	\$253.8	\$222.8	\$217.9	\$223.5	\$226.9
Opening Fund Balance (starting in 1998)	30.0	20.0	10.0	0.0	0.0
All Agency Security Pool	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	(81.0)	0.0	0.0	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0
Service Marketing Campaign	(5.0)	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(16.3)	(13.6)	(13.6)	(13.6)	(13.6)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0	0.0
Reserve for Following Year/Cash Flow Provision	(20.0)	(10.0)	0.0	0.0	0.0
General Reserve	(37.5)	(75.0)	(75.0)	(75.0)	(75.0)
Investment Income	<u>1.5</u>	<u>1.5</u>	<u>1.6</u>	<u>1.6</u>	<u>1.7</u>
Total Receipts Available for Transfer	\$139.7	\$123.1	\$118.2	\$113.8	\$123.5

Use of Total Receipts:

DORF Opening Balance	\$3.8	\$4.5	\$4.5	\$4.5	\$4.5
Less: Transfer to MTA DORF Account	(20.1)	(18.8)	(16.5)	(16.2)	(16.6)
Less: Transfer to MTAHQ Funds	0.0	0.0	0.0	0.0	0.0
Net Receipts Available	\$123.3	\$108.7	\$106.1	\$102.1	\$111.4

URBAN TAXES

Urban Taxes consist of two separate taxes applied to certain commercial real property transactions and commercial mortgage recordings within New York City: a Mortgage Recording Tax (MRT) is imposed on mortgages exceeding \$500,000 on New York City commercial properties; and, a Real Property Transfer Tax (RPTT) imposed on the transfer of New York City commercial real properties valued over \$500,000. Tax receipts are available only for transit purposes in New York City, with 90% of the receipts earmarked for New York City Transit (NYCT) general operations and 6% used for the partial reimbursement of NYCT Paratransit costs. The remaining 4% earmarked as subsidy for the New York City private buses; the City is currently utilizing these funds to reimburse MTA Bus expenses.

Forecast Methodology

Forecasts of Urban Tax receipts for the remainder of 2007, and for 2008 through 2010, are based on tax receipt trends for commercial property transactions projected by the City of New York in its Fiscal Year 2008 Adopted Budget. For 2011, Urban Tax estimates are based on two forecasting models, one for the MRT and one for the RPTT. In these models, which are time-series regression models with a log-log specification, tax receipts are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

2007 Mid-Year Forecast

The revenue projections for the 2007 Mid-Year Forecast include actual cash tax receipts to the MTA through May 2007. Forecasts for the remaining seven months of the year, based on City of New York trend projections, have been added to the year-to-date actuals in order to obtain a 2007 Mid-Year Forecast.

Urban Tax receipts on a cash basis are estimated at \$809.0 million, an increase of \$140.1 million, or 20.9% more than the 2006 level. This reflects continued strong real estate activity, particularly in commercial properties located in Manhattan. Two transactions in particular – the sale of 666 Fifth Avenue and the sale of nine properties by the Blackstone Group to Macklowe Properties – accounted for \$97.3 million of actual Urban Tax receipts through June. Commercial real estate activities are expected to slow as higher interest rates and available capital affect transaction activity. The City of New York's Adopted Budget assumes commercial MRT receipts will increase by 14.2% for City Fiscal Year (CFY) 2007 and by 0.2% for CFY 2008, while RPTT receipts will increase by 23.3% for CFY 2007 and decline by 3.0% for CFY 2008. The City trend projections exclude the December 2006 Stuyvesant Town and Peter Cooper Village transaction and the March 2007 Blackstone transaction.

The 2007 Urban Tax estimate reflects an increase of \$314.3 million, or 63.5%, over the projection in the February 2007 Financial Plan.

2008 - 2011

From a peak level in 2007, which has been spurred by low interest rates and strong demand for commercial investment properties, Urban Tax receipts are expected to decline in 2008 by 19.1% as transaction activity for very large commercial properties resumes a more sustainable level, followed by a decline of 9.5% in 2009 and then growth of 1.3% in 2010 and 6.2% in 2011.

Urban Tax projections in the Financial Plan for 2008 through 2010 are based on commercial real estate transaction projections in the City of New York Adopted Budget, while the 2011 forecast is based on individual time-series models for the MRT and RPTT components that are based on the 3-month U.S. Treasury Bill rate and the New York City private-sector employment level.

The City Adopted Budget projects commercial MRT receipts to increase 0.2% during City Fiscal Year 2008, decline 14.5% during CFY 2009, increase 0.7% for CFY 2010 and increase 1.5% in CFY 2011. Commercial RPTT receipts are forecast to decline 3.0% in CFY 2008, decline 22.7% in CFY 2009, increase 1.0% in CFY 2010 and increase 1.8% in CFY 2011. These projections exclude the Stuyvesant Town and Blackstone transactions.

For the 2011 Financial Plan projection, the 3-month U.S. Treasury Bill rate is expected to be 4.91%, unchanged from 2010, while New York City private-sector employment is expected to grow 0.69% in 2011.

The Plan forecasts for 2008 through 2011 reflect these assumptions. Over the Financial Plan period, Urban Tax receipts are projected to be \$654.2 million in 2008, \$592.2 million in 2009, \$600.0 million in 2010 and \$637.3 million in 2011. These projections differ from the estimates incorporated in the February Financial Plan, ranging from an increase of \$97.9 million (17.6%) in 2008 to a \$10.2 million decline (1.6%) in 2011.

Urban Tax receipts have grown at unprecedented rates over the past three and half years: from 2003 to 2004, Urban Tax receipts doubled, and receipts doubled again from 2004 to 2006. Urban Tax receipts, as projected in the July Mid-Year Budget, are expected to increase 21% before declining about 19% in 2008. These receipts are generated on market conditions that can change dramatically, and significant declines have occurred before. After reaching a then-record level in 1987, Urban Tax receipts declined 85% over five years. If 2008 Urban Tax receipts declined to the 2004 Urban Tax receipt level, the decline would be 72%, reducing 2008 Urban Tax receipts by \$332 million relative to the July Plan, followed by \$300 million less in 2009, \$304 million less in 2010 and \$323 million in 2011, for a total reduction through 2011 of \$1.26 billion.¹

¹ If MRT receipts were assumed to change in a similar manner, total real estate transaction tax receipts would be \$1.17 billion less for 2008 through 2011 than the level presented in the July Plan.

STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State and an operating capital transfer for Commuter rolling stock made in 2006.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies are intended to meet payment obligations to cover LIB's operating deficit. Nassau's Local 18-b match for LIB is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

The current costs of the MTA Bus' operations are 100% reimbursable by the City of New York. Under agreement with the MTA, the City of New York agreed to pay MTA Bus the difference between the actual operating costs of the City bus routes and all revenue received for operations from said routes. It is assumed in the Plan that a portion of potential Health and Welfare savings that may result from on-going labor negotiations would be earmarked for the MTA GASB Fund. MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City by Statute, are paid directly to the City and are used by the City to partially fund MTA Bus.

2007 Mid-Year Forecast

In the 2007 Mid-Year Forecast, total State and Local cash subsidy receipts are estimated at \$613.4 million, a slight increase of \$0.7 million over the February Plan level. State and Local 18-b Operating Assistance to MTA has not changed in the last 15 years.

The 2007 Mid-Year estimate of City reimbursement for MTA Bus is \$49.1 million below the February Plan level due primarily to the reforecast of operating revenues and expenses.

2008 - 2011

In 2008 and 2009, State and Local subsidy estimates, on a cash basis, are \$2.3 million and \$3.4 million below the February Plan levels, respectively. The changes primarily represent decreased levels of CDOT and Station Maintenance subsidies, mostly the result of technical adjustments for Connecticut Department of Transportation subsidy to Metro-North. In 2010 and 2011, State and Local subsidy estimates, on a cash basis, are \$3.7 million and \$8.6 million above the February Plan levels, respectively, due to increased levels of CDOT subsidies.

MTA SUBSIDY TO SUBSIDIARIES

In the 2007 Mid-Year Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$38.5 million, an increase of \$6.0 million over the February Plan Forecast. Staten Island Railroad's (SIR) share is \$18.2 million; Long Island Bus' (LIB) share is \$20.3 million.

For the 2007 Mid-Year Forecast, both LIB's and SIR's share reflect amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated. For LIB, the increase of \$6.3 million from the February Plan primarily reflects MTA covering the difference in LIB's appropriation for MMTOA. (Note that State appropriations of MMTOA for NYCT and CR were higher than the February Plan and were more than sufficient to cover the lower level of LIB's MMTOA appropriation.

In 2008, the forecast for MTA subsidy payment to LIB and SIR on a cash basis is \$44.9 million, which is \$4.5 million above the February forecast, due primarily to recalculation of SIR's operating deficit. SIR's increased deficit is attributable to higher-than-anticipated costs for the R-44 SMS Program. In 2008, LIB's share of MTA subsidy to subsidiary reverts back to the pre-2007 level of \$14.0 million.

For each of the years 2009 through 2011, MTA subsidy to its subsidiaries is \$34.9 million, \$36.0 million and \$36.9 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.

SUBSIDY AND OTHER TECHNICAL ADJUSTMENTS

Consistent with the February Plan, and in addition to the adjustments to MRT-2, which are discussed in the MRT Section, the July Plan includes other subsidy adjustments for 2007, 2008, and 2009.

In 2007, there is a \$35.0 million NYCT subsidy adjustment which reflects a transfer to the capital program for the South Ferry Project.

In 2008 and 2009, as previously noted in the MMTOA section, the State has indicated its intention to provide \$100.0 million in two equal payments of \$50.0 million from MMTOA funds for the #1 train underpinning project. These adjustments reflect the transfer of funds to the project budget, which is not part of the MTA operating budget.

MTA New York City Transit Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assist. (MMTOA)	\$1,049.6	\$925.9	\$946.6	\$937.5	\$982.8
Petroleum Business Tax (PBT) Receipts	507.5	522.1	527.4	529.6	531.7
Mortgage Recording Tax (MRT)	98.7	48.3	42.3	44.2	45.6
Urban Tax	<u>809.0</u>	<u>654.2</u>	<u>592.2</u>	<u>599.9</u>	<u>637.3</u>
	\$2,464.8	\$2,150.5	\$2,108.5	\$2,111.2	\$2,197.3
<i>State and Local Subsidies</i>					
State Operating Assistance	\$158.2	\$158.2	\$158.2	\$158.2	\$158.2
Local Operating Assistance	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>
	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
South Ferry	(\$35.0)	\$0.0	\$0.0	\$0.0	\$0.0
#1 Train - Port Authority	<u>0.0</u>	<u>(50.0)</u>	<u>(50.0)</u>	<u>0.0</u>	<u>0.0</u>
	(\$35.0)	(\$50.0)	(\$50.0)	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,746.1	\$2,416.8	\$2,374.9	\$2,427.5	\$2,513.7
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	\$132.0	\$114.6	\$102.9	\$77.8	\$61.9
GROSS SUBSIDIES	<u>\$2,878.1</u>	<u>\$2,531.4</u>	<u>\$2,477.8</u>	<u>\$2,505.3</u>	<u>\$2,575.6</u>

MTA Commuter Railroad Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$523.2	\$449.1	\$458.5	\$477.1	\$497.7
Petroleum Business Tax (PBT) Receipts	89.6	92.1	93.1	93.5	93.8
Mortgage Recording Tax (MRT)	58.8	19.6	14.7	16.3	17.4
Investment Income	<u>8.1</u>	<u>8.1</u>	<u>8.2</u>	<u>8.2</u>	<u>8.3</u>
	\$679.6	\$569.0	\$574.5	\$595.0	\$617.2
<i>State and Local Subsidies</i>					
State Operating Assistance	\$29.3	\$29.3	\$29.3	\$29.3	\$29.3
Local Operating Assistance	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	66.8	71.4	83.9	104.5	116.1
Station Maintenance	137.3	140.2	143.0	145.8	148.7
AMTAP	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
	\$282.6	\$290.2	\$305.4	\$328.8	\$343.3
Total Dedicated Taxes & State and Local Subsidies	\$962.2	\$859.2	\$879.9	\$923.9	\$960.5
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	\$237.6	\$215.5	\$203.9	\$178.7	\$162.6
GROSS SUBSIDIES	<u>\$1,199.8</u>	<u>\$1,074.7</u>	<u>\$1,083.9</u>	<u>\$1,102.6</u>	<u>\$1,123.1</u>

MTA Long Island Bus Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

	2007	2008	2009	2010	2011
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
MMTOA Allocation	\$44.9	\$43.5	\$45.8	\$47.7	\$49.7
<i>State and Local Subsidies</i>					
State Operating Assistance	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Nassau County Subsidy	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>
	\$13.5	\$13.5	\$13.5	\$13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	\$58.4	\$57.0	\$59.3	\$61.1	\$63.2
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	\$20.3	\$14.0	\$14.0	\$14.0	\$14.0
GROSS SUBSIDIES	\$78.7	\$71.0	\$73.3	\$75.1	\$77.2

MTA Staten Island Railway Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$3.2	\$2.8	\$2.8	\$2.8	\$3.0
Mortgage Recording Tax (MRT)	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
	\$3.5	\$2.9	\$3.0	\$3.0	\$3.1
<i>State and Local Subsidies</i>					
State Operating Assistance	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Local Operating Assistance	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$4.4	\$3.9	\$4.0	\$3.9	\$4.1
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	\$18.2	\$30.9	\$20.9	\$22.0	\$22.9
GROSS SUBSIDIES	\$22.6	\$34.8	\$24.8	\$25.9	\$26.9

MTA Headquarters Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

<u>Subsidies</u>	2007	2008	2009	2010	2011
<i>Dedicated Taxes</i>					
<u>Mortgage Recording Tax-1</u>					
Net Receipts After Agency Transfers	\$288.0	\$324.0	\$321.2	\$326.1	\$331.3
<u>Adjustments</u>					
Diversion of MRT to Suburban Counties	(\$20.0)	(\$20.0)	(\$20.0)	(\$20.0)	(\$20.0)
Carryover/Opening Balances/Interest	<u>42.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<i>Total Adjustments</i>	\$22.0	(\$20.0)	(\$20.0)	(\$20.0)	(\$20.0)
Net Funding of MTA Headquarters	\$310.0	\$304.0	\$301.2	\$306.1	\$311.3
<u>Mortgage Recording Tax - 2</u>					
Net Receipts	\$263.8	\$232.8	\$227.9	\$223.5	\$226.9
<u>Adjustments</u>					
Funding of General Reserve	(\$37.5)	(\$75.0)	(\$75.0)	(\$75.0)	(\$75.0)
Diversion of MRT to Suburban Counties	(16.4)	(14.4)	(12.1)	(11.7)	(12.1)
Carryover/Opening Balances/Interest	1.5	1.5	1.6	1.6	1.7
Agency Security Costs from MRT	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	(81.0)	0.0	0.0	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0
Service Marketing Campaign	(5.0)	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(16.3)	(13.6)	(13.6)	(13.6)	(13.6)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	(\$140.5)	(\$124.1)	(\$121.8)	(\$121.4)	(\$115.5)
Unallocated MRT-2 Receipts	\$123.3	\$108.7	\$106.1	\$102.1	\$111.4

MTA Bus Company Subsidy Allocation
2007-2011
Cash Basis
(\$ in millions)

	2007	2008	2009	2010	2011
<u>Subsidies</u>					
City Subsidy to MTA Bus Company	\$233.9	\$254.7	\$265.6	\$276.7	\$287.6

MTA BRIDGES & TUNNELS
SURPLUS TRANSFER
July Financial Plan 2008 -2011
(\$ in millions)

NON-REIMBURSABLE	ACTUAL	FORECAST				
	2006	2007	2008	2009	2010	2011
<i>Deductions from Net Operating Income:</i>						
Investment Income	\$8.637	\$5.017	\$4.986	\$4.997	\$4.997	\$4.997
Total Debt Service	450.291	470.519	481.076	492.286	507.435	520.086
Construction Reserve and Capital Reimbursement Funds	17.117	13.417	13.667	13.953	14.261	14.531
Capital Projects	6.955	12.346	14.672	13.210	13.502	13.757
GASB Reserve	6.044	1.670	1.845	2.036	2.238	2.283
Total Deductions from Net Operating Income	\$489.043	\$502.969	\$516.246	\$526.483	\$542.433	\$555.654
Net Income Available for Transfer to MTA and NYCT	\$426.034	\$359.276	\$326.848	\$304.650	\$251.176	\$221.508

Distribution of Funds to MTA:

Investment Income in Current Year	\$8.637	\$5.017	\$4.986	\$4.997	\$4.997	\$4.997
Accrued Current Year Allocation	259.394	229.334	213.932	202.808	176.048	161.079
Total Accrued Amount Distributed to MTA	\$268.030	\$234.351	\$218.918	\$207.805	\$181.045	\$166.076

Distribution of Funds to NYCT:

First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	142.641	105.942	88.916	77.842	51.128	36.430
Total Accrued Amount Distributed to NYCT	\$166.641	\$129.942	\$112.916	\$101.842	\$75.128	\$60.430

Actual Cash Transfer to MTA and NYCT:

From Current Year Surplus	\$263.650	\$237.621	\$215.472	\$203.921	\$178.724	\$162.576
Investment Income in Prior Year	5.358	8.637	5.017	4.986	4.997	4.997
Total Cash Amount Distributed to MTA	\$269.008	\$246.258	\$220.489	\$208.907	\$183.721	\$167.573
Total Cash Amount Distributed to NYCT	\$171.020	\$131.971	\$114.619	\$102.949	\$77.800	\$61.900

	ACTUAL	FORECAST				
	2006	2007	2008	2009	2010	2011
<i>Debt Service Detail by Agency:</i>						
B&T Own Purpose DS + Total BICs DS	\$126.350	\$149.706	\$155.993	\$167.330	\$182.601	\$195.963
NYCT Transportation DS + MRT Second Resolution DS	220.347	222.102	225.049	224.961	224.876	224.386
MTA Transportation DS + MRT Second Resolution DS	103.594	98.711	100.034	99.995	99.957	99.737
Total Debt Service by Agency	\$450.291	\$470.519	\$481.076	\$492.286	\$507.435	\$520.086

Total Accrued Amount for Transfer to MTA and NYCT:

Total Adjusted Net Income Available for Transfer	\$876.325	\$829.795	\$807.924	\$796.936	\$758.610	\$741.595
Less: B&T Total Debt Service	(126.350)	(149.706)	(155.993)	(167.330)	(182.601)	(195.963)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$725.975	\$656.090	\$627.930	\$605.606	\$552.009	\$521.632

Calculation of Actual Cash Transfer to MTA:

Distribution of Remainder to MTA						
Fifty Percent of Total Accrued Amount for Transfer	\$362.988	\$328.045	\$313.965	\$302.803	\$276.005	\$260.816
Less: MTA Total Debt Service	(103.594)	(98.711)	(100.034)	(99.995)	(99.957)	(99.737)
MTA's Accrued Current Year Allocation	\$259.394	\$229.334	\$213.932	\$202.808	\$176.048	\$161.079
Cash Conversion of MTA's Accrued Amount						
Current Year Amount	\$228.173	\$206.400	\$192.538	\$182.527	\$158.443	\$144.971
Balance of Prior Year	35.477	31.221	22.933	21.393	20.281	17.605
Cash Transfer to MTA	\$263.650	\$237.621	\$215.472	\$203.921	\$178.724	\$162.576

Calculation of Actual Cash Transfer to NYCT:

Distribution of Remainder to NYCT						
Fifty Percent of Total Accrued Amount for Transfer	\$362.988	\$328.045	\$313.965	\$302.803	\$276.005	\$260.816
Less: NYCT Total Debt Service	(220.347)	(222.102)	(225.049)	(224.961)	(224.876)	(224.386)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$166.641	\$129.942	\$112.916	\$101.842	\$75.128	\$60.430
Cash Conversion of NYCT's Accrued Amount						
Current Year Amount	\$151.618	\$116.948	\$101.624	\$91.658	\$67.615	\$54.387
Balance of Prior Year	19.402	15.023	12.994	11.292	10.184	7.513
Cash Transfer to NYCT	\$171.020	\$131.971	\$114.619	\$102.949	\$77.800	\$61.900

B & T Charged Debt Service Detail by Type:

Project Debt Service						
B & T Own Purpose Debt Service	\$126.350	\$149.706	\$155.993	\$167.330	\$182.601	\$195.963
NYCT Transportation Project Debt Service	220.347	222.102	225.049	224.961	224.876	224.386
MTA Transportation Project Debt Service	103.594	98.711	100.034	99.995	99.957	99.737
Total Projected Debt Service	\$450.291	\$470.519	\$481.076	\$492.286	\$507.435	\$520.086

SUMMARY
MTA LONG ISLAND BUS
MULTI-YEAR FINANCIAL PLAN
2008 - 2011
(\$ in millions)

Line Number		FORECAST				
		2007	2008	2009	2010	2011
8						
9	Revenue Summary:					
10						
11	Farebox Revenue	\$40.5	\$40.7	\$40.9	\$41.1	\$41.3
12	Other Revenue	3.0	2.6	2.5	2.3	2.5
13	State/Local Subsidies	58.4	57.0	59.3	61.1	63.2
14						
15	Total Revenue Before MTA Subsidy	\$101.9	\$100.2	\$102.6	\$104.5	\$107.0
16						
17	Non-Reimbursable Expense Summary:					
18						
19	Labor Expenses	\$92.4	\$96.9	\$100.0	\$103.0	\$106.3
20	Non-Labor Expenses	30.9	31.5	31.8	33.2	34.2
21	Depreciation	0.0	0.0	0.0	0.0	0.0
22						
23	Total Non-Reimbursable Expenses	\$123.3	\$128.4	\$131.8	\$136.3	\$140.5
24						
25	Total Net Revenue	(\$21.4)	(\$28.2)	(\$29.1)	(\$31.8)	(\$33.5)
26						
27	Cash Adjustment Summary:					
28						
29	Operating Cash Adjustments	(\$7.8)	\$0.5	(\$1.7)	\$0.5	\$0.5
30	Subsidy Cash Adjustments	0.0	0.0	0.0	0.0	0.0
31						
32	Total Cash Adjustment	(\$7.8)	\$0.5	(\$1.7)	\$0.5	\$0.5
33						
34	Gross Cash Balance	(\$29.2)	(\$27.7)	(\$30.8)	(\$31.2)	(\$33.0)
35						
36	MTA Internal Subsidy	20.3	14.0	14.0	14.0	14.0
37						
38	Net Cash Balance from Previous Year	\$7.8	\$0.0	\$0.0	\$0.0	\$0.0
39						
40						
41	Baseline Net Cash Surplus/(Deficit)	(\$1.1)	(\$13.7)	(\$16.8)	(\$17.2)	(\$19.0)
42						
43	ADDITIONAL STATE COLLECTIONS:					
44	MMTOA Prior Year Balances	0.0	6.4	0.0	0.0	0.0
45	Additional MMTOA Tax Collections	<u>0.0</u>	<u>6.1</u>	<u>5.7</u>	<u>5.8</u>	<u>6.0</u>
46	Sub-Total	0.0	12.5	5.7	5.8	6.0
47	GAP CLOSING ACTIONS 2007 - 2009:					
48	2008 Program to Eliminate the Gap	1.1	2.3	2.3	1.1	0.0
49	Post-2008 Program to Eliminate the Gap	0.0	0.0	0.0	0.0	0.0
50	2008 Increased Fare and Toll Yields	<u>0.0</u>	<u>2.2</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
51	Sub-Total	1.1	4.4	4.9	3.7	2.6
52	GAP CLOSING Post 2009:					
53	2010 Increased Fare and Toll Yields - Alternate Year COLA	0.0	0.0	0.0	2.1	2.1
54	New Contracts Labor Contribution	<u>0.0</u>	<u>0.0</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
55	Sub-Total	0.0	0.0	1.2	3.3	3.4
56						
57	Net Cash Balance from Previous Year	0.0	0.0	3.2	0.0	0.0
58						
59	Net Cash Balance	(\$0.0)	\$3.2	(\$1.9)	(\$4.3)	(\$7.0)

SUMMARY
MTA STATEN ISLAND RAILWAY
MULTI-YEAR FINANCIAL PLAN
2008 - 2011
(\$ in millions)

Line Number	FORECAST					
	2007	2008	2009	2010	2011	
9	Revenue Summary:					
10						
11						
12	Farebox Revenue	\$3.7	\$3.7	\$4.3	\$4.3	\$4.4
13	Other Revenue	2.1	2.1	2.1	2.1	2.1
14	State/City Subsidies	4.2	3.9	4.0	3.9	4.1
15						
16	Total Revenue Before MTA Subsidy	\$10.0	\$9.7	\$10.3	\$10.3	\$10.5
17						
18	Non-Reimbursable Expense Summary:					
19						
20	Labor Expenses	\$21.9	\$22.9	\$24.3	\$25.0	\$25.8
21	Non-Labor Expenses	6.1	17.5	6.7	7.0	7.3
22	Depreciation	10.3	10.3	10.3	10.3	10.3
23						
24	Total Non-Reimbursable Expenses	\$38.4	\$50.7	\$41.3	\$42.4	\$43.4
25						
26						
27	Total Net Revenue	(\$28.3)	(\$41.0)	(\$30.9)	(\$32.0)	(\$32.9)
28						
29	Cash Adjustment Summary:					
30						
31	Operating Cash Adjustments	\$9.9	\$10.1	\$10.1	\$10.0	\$10.0
32	Subsidy Cash Adjustments	0.2	0.0	(0.0)	(0.0)	(0.0)
33						
34	Total Cash Adjustment	\$10.1	\$10.1	\$10.1	\$10.0	\$10.0
35						
36	Gross Cash Balance	(\$18.2)	(\$30.9)	(\$20.9)	(\$22.0)	(\$22.9)
37						
38	MTA Internal Subsidy before PEGs	18.2	30.9	20.9	22.0	22.9
39						
40	Net Cash Balance from Previous Year	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
41						
42						
43	Baseline Net Cash Surplus/(Deficit)	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0
44						
45	ADDITIONAL STATE COLLECTIONS:					
46	MMTOA Prior Year Balances	0.0	0.3	0.0	0.0	0.0
47	Additional MMTOA Tax Collections	0.0	0.4	0.4	0.4	0.4
48	<i>Sub-Total</i>	0.0	0.7	0.4	0.4	0.4
49	GAP CLOSING ACTIONS 2007 - 2009:					
50	2008 Agency Program to Eliminate the Gap	0.0	0.6	0.7	0.7	0.7
51	Post-2008 Agency Program to Eliminate the Gap	0.0	0.0	0.3	0.3	0.3
52	2008 Increased Fare and Toll Yields	0.0	0.2	0.3	0.3	0.3
53	<i>Sub-Total</i>	0.0	0.8	1.3	1.3	1.3
54	GAP CLOSING ACTIONS Post 2009:					
55	2010 Increased Fare and Toll Yields - Alternate Year COLA	0.0	0.0	0.0	0.2	0.2
56	New Contracts Labor Contribution	0.0	0.0	0.0	0.4	0.4
57	<i>Sub-Total</i>	0.0	0.0	0.0	0.7	0.7
58						
59	Net Cash Balance from Previous Year (Gap Actions only)	0.0	0.0	1.6	3.2	5.5
60						
61	Net Cash Surplus/(Deficit)	(\$0.0)	\$1.6	\$3.2	\$5.5	\$7.9

SUMMARY
MTA BUS COMPANY
MULTI-YEAR FINANCIAL PLAN
2008 - 2011
(\$ in millions)

Line Number		FORECAST				
		2007	2008	2009	2010	2011
9						
10	<u>Revenue Summary:</u>					
11						
12	Farebox Revenue	\$135.5	\$138.2	\$141.0	\$143.8	\$146.7
13	Other Revenue	15.5	15.9	16.2	16.5	16.8
14						
15	Total Revenue Before MTA Subsidy	\$151.1	\$154.1	\$157.2	\$160.3	\$163.5
16						
17	<u>Non-Reimbursable Expense Summary:</u>					
18						
19	Labor Expenses	\$254.3	\$288.3	\$297.1	\$306.3	\$316.2
20	Non-Labor Expenses	135.9	117.6	122.4	127.1	130.9
21	Depreciation	26.3	36.3	38.8	41.5	44.5
22						
23	Total Non-Reimbursable Expenses	\$416.4	\$442.1	\$458.3	\$474.9	\$491.6
24						
25						
26	Total Net Revenue	(\$265.4)	(\$288.0)	(\$301.2)	(\$314.6)	(\$328.1)
27						
28	Cash Adjustments	\$31.4	\$33.3	\$35.5	\$38.0	\$40.5
29						
30	Total Cash Adjustment	\$31.4	\$33.3	\$35.5	\$38.0	\$40.5
31						
32	Gross Cash Balance	(\$233.9)	(\$254.7)	(\$265.6)	(\$276.7)	(\$287.6)
33						
34	City Subsidy	233.9	254.7	265.6	276.7	287.6
35						
36	Net Cash Balance from Previous Year	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
37						
38						
39	Baseline Net Cash Surplus/(Deficit)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
40						
41	<u>GAP CLOSING 2007 - 2009:</u>					
41	2008 Program to Eliminate the Gap	0.0	0.8	1.4	1.5	1.5
42	Post-2008 Program to Eliminate the Gap	0.0	0.0	0.0	0.0	0.0
43	2008 Increased Fare and Toll Yields	0.0	7.6	9.2	9.3	9.5
44	<i>Sub-Total</i>	0.0	8.4	10.6	10.8	11.1
45	<u>GAP CLOSING Post 2009:</u>					
46	2010 Increased Fare and Toll Yields - Alternate Year COLA	0.0	0.0	0.0	7.7	7.8
47						
48	Net Cash Balance from Previous Year (Gap Actions only)	0.0	0.0	8.4	19.0	37.5
49						
50	Net Cash Surplus/(Deficit)	\$0.0	\$8.4	\$19.0	\$37.5	\$56.3

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Debt Service

Debt Service in the Financial Plan

The following table reflects debt service projections for 2007 through 2011 associated with approved Capital Programs and an initial estimate for a five-year capital program for the 2010–2014 period. The table compares all MTA and TBTA debt service as published in the MTA February 2007 Financial Plan with newly revised estimates for this July 2007 Financial Plan (this comparison excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

Debt Service Forecast (\$ in millions)			
Year	February Plan Debt Service	July Plan Debt Service	Difference Favorable/(Unfavorable)
2007	1,457.5	1,456.0	1.5
2008	1,598.4	1,562.4	36.0
2009	1,748.9	1,686.0	62.9
2010	1,883.8	1,824.3	59.5
2011	1,990.7	1,970.3	20.4
Total:	\$8,679.3	\$8,499.5	\$180.2

- The above decrease is solely the result of a slower forecast of capital program spending during the Financial Plan period. Forecasted borrowing rates have been increased to reflect current market interest rates. However, this has a minor increasing effect on the forecasted debt service during the Financial Plan period.
- A preliminary estimate of debt service has been included for borrowing for the 2010-2014 Capital Program expenditures. It was assumed that the core Capital Program would be funded in a similar fashion as the 2005-2009 Capital Program and the remainder of Second Avenue Subway Phase 1 and East Side Access projects would be funded. Debt service impact during the Financial Plan period would be minimal at about \$6 million in 2010 and \$31 million in 2011. However, debt service for 2010-2014 expenditures is forecasted to grow to about \$388 million in 2014.

The following is a summary of the key assumptions used to determine the debt service projections included in the financial plan.

Debt Issuance Assumptions:

Forecasted Borrowing Schedule	2007	2008	2009	2010	2011
New Money Bonds *(\$ in millions)	1,057	1,993	2,046	2,464	2,284
Assumed Fixed-Rates					
Transportation Revenue Bonds	4.69%	4.77%	4.85%	4.92%	4.99%
Dedicated Tax Fund Bonds	4.54%	4.62%	4.70%	4.76%	4.83%
Triborough Bridge & Tunnel Authority	4.54%	4.62%	4.70%	4.76%	4.83%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	4.52%	4.58%	4.64%	4.69%	4.74%
Dedicated Tax Fund Bonds	4.41%	4.46%	4.52%	4.57%	4.62%
Triborough Bridge & Tunnel Authority	4.41%	4.46%	4.52%	4.57%	4.62%

* Remaining forecasted borrowing for 2007 does not include \$750 million commercial paper bond anticipation notes for transit, commuter and MTA Bus projects and \$223.355 million TBTA General Revenue Bonds, Series 2007A. 2010 and 2011 include assumed borrowing for the 2010-2014 Capital Programs.

** Weighted Average of fixed and variable forecasted rates (see below for explanation).

- All debt is assumed to be issued as 30-year level debt, principal amortized over the life of the bonds.
- Current fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2007– 2011 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves (as of June 19, 2007).
- Split of fixed-rate debt versus variable rate debt each year is 75% / 25%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.
- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.
- No reserve funds.

Metropolitan Transportation Authority
July Financial Plan 2008 - 2011
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL		FORECAST			
		2006	2007	2008	2009	2010	2011
9	<u>New York City Transit:</u>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$318.671	\$357.134	\$356.733	\$356.719	\$356.550	\$356.490
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	17.263	64.657	124.512	188.569	258.045
13	2 Broadway Certificates of Participation - NYCT Share	16.804	19.943	21.882	21.888	21.894	21.898
15	Transportation Resolution Commercial Paper	4.757	11.307	12.583	12.583	12.583	12.583
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	180.439	215.114	215.440	215.587	215.427	215.651
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>5.678</u>	<u>21.266</u>	<u>40.950</u>	<u>62.012</u>	<u>84.852</u>
18	<i>Sub-Total MTA Paid Debt Service</i>	\$520.671	\$626.439	\$692.561	\$772.238	\$857.034	\$949.517
19							
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$139.407	\$138.540	\$142.102	\$142.131	\$142.167	\$141.676
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>83.381</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>	<u>85.656</u>	<u>85.727</u>
22	<i>Sub-Total B&T Paid Debt Service</i>	\$222.789	\$224.197	\$227.853	\$227.826	\$227.823	\$227.402
23							
24	Total NYCT Debt Service	\$743.460	\$850.636	\$920.414	\$1,000.064	\$1,084.857	\$1,176.920
25							
26	<u>Commuter Railroads:</u>						
27							
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$293.046	\$297.786	\$297.453	\$297.441	\$297.300	\$297.249
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	4.948	23.010	43.750	68.338	85.301
30	Transportation Resolution Commercial Paper	5.547	11.307	12.583	12.583	12.583	12.583
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	35.230	41.140	41.202	41.230	41.200	41.242
32	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>1.628</u>	<u>7.568</u>	<u>19.360</u>	<u>26.839</u>	<u>26.839</u>
33	<i>Sub-Total MTA Paid Debt Service</i>	\$333.823	\$356.809	\$381.815	\$414.364	\$446.259	\$463.214
34							
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$62.399	\$62.010	\$63.605	\$63.618	\$63.634	\$63.414
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>36.634</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>	<u>37.634</u>	<u>37.665</u>
37	<i>Sub-Total B&T Paid Debt Service</i>	\$99.033	\$99.644	\$101.280	\$101.268	\$101.267	\$101.078
38							
39	Total CRR Debt Service	\$432.855	\$456.453	\$483.095	\$515.632	\$547.527	\$564.292
40							
41	<u>Bridges and Tunnels:</u>						
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$92.936	\$114.553	\$117.498	\$117.522	\$117.552	\$117.146
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	32.937	33.836	33.873	33.851	33.836	33.864
45	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	3.393	14.778	30.102	43.898
46	2 Broadway Certificates of Participation - TBTA Share	2.376	2.820	3.094	3.095	3.096	3.097
47							
48	Total B&T Debt Service	\$128.249	\$151.209	\$157.859	\$169.246	\$184.586	\$198.004
49							
50	<u>MTA Bus:</u>						
51							
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$2.332	\$3.723	\$3.719	\$3.719	\$3.717	\$3.717
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	2.920	6.497	8.038	9.542	10.163
54	Transportation Resolution Commercial Paper	0.776	5.760	6.410	6.410	6.410	6.410
55							
56	Total MTA Bus Debt Service	\$3.109	\$12.403	\$16.626	\$18.166	\$19.668	\$20.289
57							
58	Total MTA HQ Debt Service for 2 Broadway Certificates of Participation	\$2.305	\$2.736	\$3.002	\$3.003	\$3.004	\$3.004
59							

Metropolitan Transportation Authority
July Financial Plan 2008 - 2011
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL		FORECAST			
		2006	2007	2008	2009	2010	2011
60	MTA Total:						
61							
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$614.050	\$658.643	\$657.905	\$657.879	\$657.566	\$657.455
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	215.669	256.254	256.642	256.817	256.627	256.893
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	294.742	315.102	323.205	323.271	323.353	322.235
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	152.952	157.128	157.300	157.197	157.126	157.255
66	2 Broadway Certificates of Participation	21.485	25.500	27.979	27.986	27.994	27.999
67	Transportation Resolution Commercial Paper	11.080	28.374	31.575	31.575	31.575	31.575
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	25.130	94.164	176.299	266.449	353.508
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	7.306	28.834	60.310	88.850	111.690
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	3.393	14.778	30.102	43.898
71							
72	Total Debt Service	\$1,309.978	\$1,473.438	\$1,580.996	\$1,706.111	\$1,839.642	\$1,962.509
73							
74	MTA Investment Income by Resolution						
75							
76	Investment Income from Transportation Debt Service Fund	\$0.000	(\$9.071)	(\$9.194)	(\$10.198)	(\$11.296)	(\$12.359)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(\$3.852)	(\$3.490)	(\$3.877)	(\$4.223)	(\$4.506)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(\$3.561)	(\$3.993)	(\$4.133)	(\$4.321)	(\$4.476)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.971)	(1.923)	(1.922)	(1.921)	(1.922)
80	Investment Income from 2 Broadway Certificates of Participation Debt Service Fund	0.000	0.000	0.000	0.000	0.000	0.000
81							
82	Total MTA Wide Investment Income	\$0.000	(\$17.455)	(\$18.600)	(\$20.129)	(\$21.761)	(\$23.263)
83							
84	MTA Wide Net Total						
85							
86	Net Transportation Revenue Bonds Debt Service	\$614.050	\$674.702	\$742.875	\$823.980	\$912.719	\$998.605
87	Transportation Resolution Commercial Paper	11.080	28.374	31.575	31.575	31.575	31.575
88	Net Dedicated Tax Fund Bonds Debt Service	215.669	259.707	281.986	313.250	341.254	364.077
89	Net TBTA (B&T) General Revenue Bonds Debt Service	294.742	311.542	322.605	333.916	349.134	361.657
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	152.952	156.158	155.377	155.275	155.205	155.332
91	Net 2 Broadway Certificates of Participation Debt Service	21.485	25.500	27.979	27.986	27.994	27.999
92							
93	Total MTA Wide Net Debt Service for Approved Capital Programs	\$1,309.978	\$1,455.983	\$1,562.396	\$1,685.982	\$1,817.880	\$1,939.246
94							
95	MTA Wide Debt Service Associated with 2010-2014 Capital Programs	\$0.000	\$0.000	\$0.000	\$0.000	\$6.428	\$31.144
96							
97	Total MTA Wide Net Debt Service including 2010-2014 Capital Programs	\$1,309.978	\$1,455.983	\$1,562.396	\$1,685.982	\$1,824.309	\$1,970.389
98							
99	Note: Debt service associated with the 2010-2014 Capital Programs has not been allocated by agency or debt type; subsequent financial plans will include this information.						
100							

Debt Service Affordability Statement

MTA 2008 - 2011 Financial Plan Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2006	2007	2008	2009	2010	2011
Combined MTA/TBTA Forecasted Debt Service Schedule		1, 2, 3	1,288.5	1,430.5	1,534.4	1,658.0	1,789.9	1,911.2
Forecasted New Money Bonds Issued		4	1,874	2,030	1,993	2,046	2,255	1,692

Forecasted Debt Service by Credit		Notes	2006	2007	2008	2009	2010	2011
Transportation Revenue Bonds								
Pledged Revenues		5	\$7,907.2	\$8,449.0	\$8,015.9	\$7,998.4	\$8,033.7	\$8,178.9
Debt Service		9	625.1	703.1	774.4	855.6	944.3	1,030.2
Debt Service as a % of Pledged Revenues			8%	8%	10%	11%	12%	13%
Dedicated Tax Fund Bonds								
Pledged Revenues		6	\$606.9	\$597.1	\$614.2	\$620.5	\$623.1	\$625.5
Debt Service		9	215.7	259.7	282.0	313.3	341.3	364.1
Debt Service as a % of Pledged Revenues			36%	43%	46%	50%	55%	58%
Triborough Bridge and Tunnel Authority General Revenue Bonds								
Pledged Revenues		7	\$915.1	\$862.2	\$843.1	\$831.1	\$793.6	\$777.2
Debt Service		9	294.7	311.5	322.6	333.9	349.1	361.7
Debt Service as a % of Total Pledged Revenues			32%	36%	38%	40%	44%	47%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds								
Pledged Revenues		8	\$620.3	\$550.7	\$520.5	\$497.2	\$444.5	\$415.5
Debt Service		9	153.0	156.2	155.4	155.3	155.2	155.3
Debt Service as a % of Total Pledged Revenues			25%	28%	30%	31%	35%	37%

Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2006	2007	2008	2009	2010	2011
Total Debt Service			\$1,288.5	\$1,430.5	\$1,534.4	\$1,658.0	\$1,789.9	\$1,911.2
Operating Revenues and Subsidies			9,722.2	10,097.6	9,853.0	9,902.8	10,026.7	10,243.5
Total Debt Service as a % of Operating Revenues and Subsidies			13%	14%	16%	17%	18%	19%
Fare and Toll Revenues			5,081.3	5,166.2	5,233.2	5,271.0	5,312.0	5,357.9
Total Debt Service as a % of Fare and Toll Revenue			25%	28%	29%	31%	34%	36%
Non-reimbursable expenses			9,366.1	10,316.0	10,968.0	11,415.3	11,929.6	12,338.4
Total Debt Service as % of Non-reimbursable expenses			14%	14%	14%	15%	15%	15%

Debt service associated with the 2010-2014 Capital programs is not included in the table above. The estimates for 2010 and 2011 are \$6 million and \$31 million respectively. Subsequent financial plans will include this information.

Notes on the following page are integral to this table.

Notes

- 1** Unhedged tax-exempt variable rate debt reflect actuals through December 2006 and 4.00% for the remaining life of bonds.
- 2** Synthetic fixed-rate debt assumed at swap rate.
- 3** Total debt service excludes COPS lease payments. All debt service numbers reduced by expected investment income.
- 4** New money bonds amortized as 30-year level debt. New debt issued assumed 75% fixed-rate and 25% variable rate. Actual issuance for 2006 is reported above. Actual 2007 issuance to date is included with the forecast.
- 5** Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central Terminal and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.
- 6** Dedicated Tax Fund pledged revenues consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; and the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Mass Transportation Operating Assistance Account for the benefit of the MTA. Thereafter, such payments are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTOA.
- 7** Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 8** Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 9** Debt service schedules for each credit are attached as addendum hereto.

Special Note

Pledged revenues as discussed in above notes 5, 6, 7, and 8 do not include proposed 2008 PEGs, post-2008 PEGs and other Gap Closing and MTA Policy Actions.

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)
Total Budgeted Annual Debt Service
All Issuance to December 2006 (\$ in millions)

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined
2006	630.6	0.8	631.4	215.4	4.3	219.7	296.4	-	296.4	154.2	-	154.2	1,296.6	5.2	1,301.7
2007	687.0	21.6	708.6	256.3	14.6	270.9	309.0	3.9	312.8	157.1	-	157.1	1,409.4	40.0	1,449.4
2008	689.5	114.8	804.3	256.6	45.4	302.0	308.8	16.9	325.8	157.3	-	157.3	1,412.3	177.2	1,589.4
2009	689.5	217.6	907.0	256.8	76.5	333.3	308.9	35.4	344.3	157.2	-	157.2	1,412.4	329.4	1,741.8
2010	689.1	309.6	998.7	256.6	104.0	360.6	309.0	52.9	361.9	157.1	-	157.1	1,411.9	466.5	1,878.4
2011	689.0	380.6	1,069.6	256.9	127.5	384.4	307.9	67.5	375.3	157.3	-	157.3	1,411.0	575.6	1,986.6
2012	707.0	417.6	1,124.5	256.6	145.4	402.1	307.7	77.7	385.4	157.7	-	157.7	1,429.0	640.7	2,069.7
2013	707.8	438.7	1,146.5	258.6	152.4	411.0	308.6	83.0	391.6	157.1	-	157.1	1,432.1	674.2	2,106.3
2014	707.3	438.7	1,146.0	256.7	152.4	409.2	307.6	84.3	391.9	157.1	-	157.1	1,428.7	675.5	2,104.2
2015	708.4	438.7	1,147.2	257.0	152.4	409.4	307.7	84.3	392.0	157.4	-	157.4	1,430.5	675.5	2,106.0
2016	707.6	438.7	1,146.4	257.1	152.4	409.5	307.3	84.3	391.6	157.2	-	157.2	1,429.2	675.5	2,104.7
2017	706.6	438.7	1,145.3	257.5	152.4	409.9	307.8	84.3	392.1	160.9	-	160.9	1,432.8	675.5	2,108.3
2018	707.1	438.7	1,145.8	260.3	152.4	412.7	307.5	84.3	391.8	159.7	-	159.7	1,434.6	675.5	2,110.1
2019	708.2	438.7	1,146.9	256.7	152.4	409.2	307.4	84.3	391.7	157.4	-	157.4	1,429.7	675.5	2,105.2
2020	707.1	438.7	1,145.9	259.0	152.4	411.5	307.8	84.3	392.1	157.1	-	157.1	1,431.0	675.5	2,106.5
2021	707.3	438.7	1,146.0	258.5	152.4	410.9	304.9	84.3	389.2	157.6	-	157.6	1,428.2	675.5	2,103.7
2022	706.0	438.7	1,144.7	255.6	152.4	408.1	307.6	84.3	391.9	157.5	-	157.5	1,426.7	675.5	2,102.2
2023	715.7	438.7	1,154.4	258.8	152.4	411.2	303.4	84.3	387.7	157.3	-	157.3	1,435.2	675.5	2,110.7
2024	715.8	438.7	1,154.5	258.7	152.4	411.1	307.6	84.3	391.9	157.7	-	157.7	1,439.8	675.5	2,115.3
2025	714.9	438.7	1,153.7	258.8	152.4	411.3	307.4	84.3	391.7	157.0	-	157.0	1,438.2	675.5	2,113.7
2026	714.2	438.7	1,152.9	258.9	152.4	411.3	306.1	84.3	390.4	157.3	-	157.3	1,436.5	675.5	2,111.9
2027	716.1	438.7	1,154.8	258.8	152.4	411.2	305.9	84.3	390.2	157.4	-	157.4	1,438.2	675.5	2,113.7
2028	716.3	438.7	1,155.0	259.0	152.4	411.5	307.6	84.3	391.9	157.5	-	157.5	1,440.4	675.5	2,115.9
2029	716.4	438.7	1,155.1	258.9	152.4	411.4	305.6	84.3	389.9	157.4	-	157.4	1,438.4	675.5	2,113.8
2030	716.4	438.7	1,155.1	258.9	152.4	411.4	307.7	84.3	392.0	157.4	-	157.4	1,440.4	675.5	2,115.9
2031	713.7	438.7	1,152.5	257.6	152.4	410.1	330.0	84.3	414.3	155.0	-	155.0	1,456.4	675.5	2,131.9
2032	617.0	438.7	1,055.7	239.6	152.4	392.0	248.1	84.3	332.4	122.9	-	122.9	1,227.5	675.5	1,903.0
2033	313.0	438.7	751.8	109.0	152.4	261.5	21.8	84.3	106.1	14.6	-	14.6	458.5	675.5	1,134.0
2034	308.4	438.7	747.1	68.0	152.4	220.4	21.8	84.3	106.1	12.2	-	12.2	410.3	675.5	1,085.8
2035	256.8	438.7	695.6	45.5	152.4	198.0	18.8	84.3	103.1	-	-	-	321.1	675.5	996.6
2036	72.9	438.7	511.7	22.3	152.4	174.7	-	84.3	84.3	-	-	-	95.2	675.5	770.7
2037	48.7	390.0	438.7	-	137.8	137.8	-	80.4	80.4	-	-	-	48.7	608.2	656.9
2038	48.7	292.3	341.0	-	107.0	107.0	-	67.4	67.4	-	-	-	48.7	466.7	515.4
2039	48.7	189.6	238.3	-	76.0	76.0	-	48.9	48.9	-	-	-	48.7	314.5	363.2
2040	48.7	97.6	146.3	-	48.4	48.4	-	31.4	31.4	-	-	-	48.7	177.4	226.1
2041	48.7	26.6	75.3	-	24.9	24.9	-	16.8	16.8	-	-	-	48.7	68.3	117.0
2042	-	21.2	21.2	-	7.0	7.0	-	6.6	6.6	-	-	-	-	34.8	34.8
2043	-	-	-	-	-	-	-	1.3	1.3	-	-	-	-	1.3	1.3
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Debt service associated with the 2010-2014 Capital programs is not included in the table above. The estimates for 2010 and 2011 are \$6 million and \$31 million respectively. Subsequent financial plans will include this information.

Notes:
Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.
Includes interest budgeted for Transportation Revenue Commercial Paper and debt service on bonds that will defease the CP in 2012.
Forecasted Investment Income is not included above.

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Agency Baseline Assumptions

Agency Baseline Assumptions

The 2008 Preliminary Budget and 2008-2011 Financial Plan updates the February Financial Plan and includes one additional year (2011).

The 2008 Net Operating Deficit Before Subsidies and Debt Service of \$5,259 million is \$580 million higher than the 2007 Mid-Year Forecast primarily as a result of an increase in expenses slightly offset by higher passenger revenues. Some \$239 million of that increase is the result of a 10% growth in “uncontrollable” expenses¹ on the baseline (excludes debt service, policy actions and PEGs). The remaining expenses grow at 5% due primarily to contractual wage increases, an increase in the general reserve, and higher headcount, material and contractual maintenance costs due to the continued increase in maintenance efforts. Additionally, expenses will be increasing at MTA Bus as the operation is more fully “ramped up”. These costs will be recovered from NYC with increased subsidies that are not included within the baseline.

Over the 2007 to 2011 period, accrued expenses grow at an average annual rate of 4.4%. “Uncontrollable” expenses are projected to grow at 7.6%, while “controllable” expenses will grow at only 3.1%. While anticipated controllable growth is slightly in excess of the anticipated inflation rate for the period, MTA will be providing additional service to meet ridership demands and will be adding resources to support its various preventive maintenance programs.

The February Plan incorporated into its baseline 2007 Program to Eliminate the Gap (PEG) savings. A re-estimate of these PEGs for the July Plan includes a very slight reduction (less than \$1 million) in the value of these PEGs for 2007 and 2008. The values of these programs in the July Plan are \$40 million in 2007, \$38 million in 2008, \$39 million in 2009 and \$39 million in 2010. The 2011 value of these PEGs are also \$39 million. These programs remain in the baseline and are monitored quarterly.

For the July Plan, the Agencies were asked to identify savings that would not only reduce expenses in the short-term, but would also result in long-term improvements to MTA’s financial picture. Much of these savings are being generated through the 2008 PEG Program and are not part of the baseline; but rather are included below-the-line as part of MTA gap-closing actions. The details of this program are included in the subsequent section of this report called Gap Closing Programs and Other Policy Actions. Other savings are captured in the baseline through favorable revenue and expense re-estimates.

The following table details the major changes in the Agency Baseline Forecasts between the February and July Plans:

¹ Uncontrollable Expenses include Health & Welfare, Pensions, Energy, Paratransit and Insurance.

AGENCY BASELINE
JULY CHANGES FROM FEBRUARY PLAN

Favorable/(Unfavorable)
(\$ in millions)

	2007	2008	2009	2010
Energy	\$6	(\$9)	(\$35)	(\$70)
Health & Welfare	3	(2)	13	26
Pensions	10	(29)	(27)	(2)
Toll/Farebox Revenue	53	64	71	86
Other Revenue	48	33	28	27
New Needs/Investments:				
Maintenance	(5)	(63)	(38)	(120)
Service Enhancements	(11)	(12)	(13)	(12)
Paratransit Service	0	(5)	(2)	(2)
Safety & Security	(12)	(21)	(21)	(21)
Other New Needs	(18)	(26)	(26)	(23)
Baseline PEG Re-Estimates	(4)	(5)	(6)	(3)
Other Baseline Re-Estimates	25	36	64	75
Net Cash Surplus/(Deficit)	\$119	(\$34)	\$2	(\$45)

Overall, the baseline cash deficit is declining over the plan period due to increases in Farebox Revenue, Other Revenue and favorable baseline re-estimates. These reductions are offset to a great extent by increases in maintenance and safety and security. 2007 results are further aided by favorable timing stemming from 2006.

Energy costs are expected to increase beyond what was anticipated in the February Plan. Traction and Propulsion Power costs will increase modestly in 2007 and 2008; however, they increase sharply in the out-years due to changes in inflation projections. Fuel costs are lower in 2007 because of lower prices; however they increase in the out-years because of the utilization of a new forecasting model for fuel.

Health & Welfare costs decrease due to a lower-than-anticipated Empire Plan rate increase in 2007 and a reduction in inflation forecasts. Partially offsetting these savings are higher costs at MTA Bus for retirees.

Pension costs are slightly favorable in 2007 from the Adopted Budget due primarily to revised MTA Bus assumptions which reduce pension expenses by \$10 million. Pension expenses increase nearly \$78 million from 2007 to 2008 due mainly to higher expenses for the NYCERS Plan resulting from a revaluation approved by New York State legislation.

Overall, Farebox and Toll Revenue is improved from the February Plan, reflecting a stronger than initially expected expansion of the economies of New York City and the

surrounding suburban counties. Employment assumptions, provided by Global Insight, in the July Plan are higher than those assumed in the February Plan, and the May year-to-date increase in the number of jobs in New York City was stronger than even the updated Global Insight employment forecasts.

Other Revenue is increasing significantly in each year when compared with the February Plan due primarily to higher revenues from Paratransit Urban Tax collections, advertising, and parking fees.

The MTA is continuing to improve the reliability of its fleet and infrastructure through increased maintenance. The 2008 Preliminary Budget includes a significant increase in resources to address maintenance needs.

NYCT will be increasing the scope of its Scheduled Maintenance Systems (SMS) programs based on a "tear-down" analysis of its R142 and R142A subway cars. Much of the increase in NYCT maintenance costs stems from the fact that the newer equipment that it utilizes requires more sophisticated and expensive replacement parts. In addition, replacement parts must be procured directly from the new car builders. The adjustments in this program are resulting in savings in 2007 but large cost increases in 2010 and 2011. NYCT will also be replacing the propulsion systems in its 24 year-old R62 fleet which will greatly increase the reliability of these cars. These costs will offset the above-mentioned savings in 2007 and result in higher costs in 2009 and 2010. NYCT will also be doing a major replacement of car floors on its R46 and R38 cars.

The LIRR is spending significant resources to mitigate Gap issues on its platforms. It is also doing a major switch improvement project in 2008.

Metro-North is improving its maintenance programs for M3 cars, locomotive overhauls and running repairs. In 2010 it will be adding positions to support a new maintenance facility shop complex in New Haven. Metro-North will continue to perform the extraordinary maintenance tasks in Grand Central Terminal which are necessary to maintain its Landmark status and preserve the GCT retail revenue stream. For 2009 and beyond, it is proposing to do additional work within GCT to address specific maintenance issues.

LI Bus is spending additional monies in fleet maintenance due to delays in new bus deliveries.

Staten Island Railway will be performing a major overhaul of its R-44 fleet in 2008 in order to extend the useful life of those cars until 2014.

The 2008 Preliminary Baseline Budget includes a modest funding increase for service enhancements. Much of the increase is at MTA Bus, as the Agency is revising service levels to meet additional demand brought about by improved operations. The LIRR is adding additional service to Shea Stadium. Metro-North is increasing the fleet size of its

Hudson Rail Link operation. LI Bus is adding a modest level of service to meet increased demand.

Paratransit costs are increasing as NYCT is required to cover the mobilization and oversight of additional service providers, the expansion of its Automated Vehicle Locator program and enhanced scheduling.

Safety & Security costs are increasing significantly in each year of the Plan due primarily to improvements in track safety programs and emergency response teams at NYCT, as well as the establishment of an enhanced patrol operation by MTA Police.

Other new needs include increases for information systems, MTA Bus administrative additions, and costs involving the implementation of MTA Shared Services. Re-estimates of the 2005 and 2006 PEG Programs are expected to only slightly impact the Financial Plan.

Other Baseline Re-estimates are slightly favorable in 2007 primarily as a result of timing adjustments from 2006. Other Baseline Re-estimates are also favorable in each of the out-years primarily due to revised inflation forecasts applied to labor expenses for NYCT, capital reimbursement re-estimates for NYCT and the LIRR, Bus Shop revisions for NYCT, and lower E-ZPass tag costs for B&T.

Accrued Baseline Assumptions

The following presents Agency baseline assumptions supporting the MTA Consolidated Statement of Operations. Additional detail is available in each Agency section. MTA Bus Financial Projections are fully incorporated within these numbers.

2007 Mid-Year Forecast

In its 2007 Mid-Year Forecast, the MTA projects a Net Operating Deficit Before Subsidies and Debt Service of \$4,678 million, \$146 million better than the Adopted Budget. Total Operating Revenue and Total Operating Expenses were \$102 million and \$44 million better, respectively.

Revenue

Farebox Revenue is expected to be \$47 million (1.2%) higher than the 2007 Adopted Budget, primarily reflecting higher ridership growth. Toll Revenue is expected to be \$6 million better due to higher volume in the early part of 2007. Other Operating Revenue is expected to be \$48 million better than Budget due to higher Urban Tax Collections as well as higher revenue for advertising, parking, and concessions.

Expenses

Payroll expenses are expected to decrease \$23 million from the Adopted Budget due primarily to vacancies at MTA Bus, which has had difficulty maintaining its hiring plan.

The LIRR reduced its forecast due to higher vacancies early in 2007 that resulted in favorable payroll and lower labor rate assumptions.

Overtime costs are increasing \$47 million from the Adopted Budget. Costs for Overtime at NYCT, the LIRR, and MNR are \$19 million, \$7 million, and \$2 million, respectively, more than the Adopted Budget due to vacancy coverage and the response to inclement weather and maintenance earlier in 2007. MTA Bus' Overtime expenses are \$14 million higher than the Adopted Budget due to very high vacancies that have been caused by hiring delays.

Pension costs are expected to decrease \$10 million from the Adopted Budget primarily due to revised MTA Bus assumptions.

Reduced Fuel costs are being partially offset by higher costs for Tractions and Propulsion Power. Lower contractual maintenance costs are primarily timing- related. The General Reserve is being halved since the year is approximately half over and the monies have not been needed so far.

2008 Preliminary Budget

MTA's 2008 Preliminary Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$5,259 million. Total Operating Revenue of \$5,709 million is \$71 million higher than the 2007 Mid-Year Forecast due to significant increases in Toll and Fare-Box Revenue. When compared with the 2008 Forecast in the February Plan, revenue is \$97 million higher due to stronger than initially expected expansion of the economies of New York City and the surrounding suburban counties.

Total 2008 Operating Expenses of \$10,968 million² are \$652 million higher than the 2007 Mid-Year Forecast due to increases in Payroll, Energy and Pension expenses, and new needs for Maintenance, Safety and Security and other initiatives. When compared with the 2008 Forecast in the February Plan, expenses are \$145 million higher. Maintenance initiatives represent approximately \$63 million of this increase from the 2008 Forecast due to higher material and contractual maintenance costs as a result of continued increase in maintenance efforts. Expenses for Pension, Payroll and Overtime represent approximately \$68 million of the increase from the 2008 Forecast. Depreciation expenses increase \$10 million above the 2008 Forecast.

2009 – 2011 Forecast

The July Forecast includes increases to the baseline in the out years mainly as a result of higher costs for Energy, Pensions, Maintenance, Safety and Security and other needs. In addition, it includes higher projections for Toll/Fare and Other Operating Revenue.

The following pages provide a more detailed description of the assumptions used in formulating the 2008 Preliminary Budget and the forecasts for the years 2009 through 2011. Additional detail can be found in individual Agency sections.

OTHER REVENUE

Other Operating Revenue growth from 2007 through 2011 (from \$471 million in 2007 to \$538 million in 2011) is influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases are primarily due to advertising revenue, and NYC reimbursements for paratransit expenses (\$8.5M in 2008 and \$10.2M in 2009). The LIRR's year-to-year growth is primarily due to a new advertising guarantee agreement and contractual and inflationary increases. MTA Bus's year-to-year growth is primarily due to the inclusion of NYC student and elderly/disabled fare reimbursement. For MNR, the decline of Other Operating Revenue in 2008 (\$2.4M) is due to a reduction in net GCT retail revenues equal to the costs required to fund the renovation of Vanderbilt Hall, and the partial closure during the year of Vanderbilt Hall for renovations. In 2009 the increase of \$4.2M in revenue reflects the resumption of retail and event activities in the newly restored Vanderbilt Hall, a lower level of funding for the GCT restoration projects during the year and higher revenues from parking expansions and advertising. The decrease in years 2010-2011 reflects the addition of subsequent GCT restoration projects. B&T's decline in Other Operating Revenue in 2008 is primarily due to a one-time reduction in net income for the Battery Parking Garage and minor fluctuations in other income. Revenues are to be restored to approximately \$9.0 million in 2009 with slight growth thereafter. The minor fluctuations in year-to-year increases for LIB is based on contract expiration, renewal and grant availability, terms and assumptions that vary annually.

The increases in the 2007-2011 July Plan, compared with the February Plan, are primarily the result of MTA Bus's inclusion of NYC student and elderly/disabled fare reimbursements in the July Plan. NYCT projects an improvement of \$19.6 million in 2007 due to Urban Tax revenue. Also, FMTAC increased the baseline estimate for 2007 due to favorable developments in actual results through April 2007 for each year from the February Plan to the July Plan.

PAYROLL

MTA consolidated payroll expenses from 2007 through 2011 are influenced by a number of factors including position levels, Global Insight inflation assumptions, labor agreements, deferred salaries & wages, and capital project activity. Overall, wage increases for represented employees generally follow the pattern established by the TWU contract which is 4.0% in 2007 and 3.5% in 2008. For the outer years, agencies are using inflation projections of 1.97% in 2009, 1.95% in 2010 and 2.00% in 2011. Metro-North assumptions are slightly different based on a recently negotiated labor settlement. The assumption for non-represented employee wage growth is 3% for 2007, 2008 and 2009 and CPI thereafter (1.95% in 2010 and 2.0% in 2011).

2007 Mid-Year Forecast

Consolidated payroll expenses of \$3,854 million are forecasted to be \$23 million or 0.6% lower than the 2007 Adopted Budget. The decrease is mainly due to MTA Bus which has had difficulty maintaining its hiring plan. Consequently, its 2007 Mid-Year Forecast for payroll has been reduced by \$24 million. The LIRR reduced its forecast by nearly \$7 million due to higher vacancies early in 2007 that resulted in favorable payroll and lower labor rate assumptions.

Payroll increases at NYCT of nearly \$5 million are primarily due to a net increase in positions and payhour re-estimates for Bus operators. MNR's payroll expenses increase by \$1 million mainly due to the impact of the recent labor settlement with the Teamsters union.

2008 Preliminary Budget

MTA consolidated payroll expenses of \$4,072 million are \$218 million (5.7%) more than 2007. This change is primarily caused by an assumed labor rate increase of 3.5% and by an increase of 310 total non-represented personnel. MTA Bus increases its non-reimbursable positions by 40. The 40 position increase represents a reserve to provide administrative and other support.

Payroll expenses are forecast to be \$27 million higher than the February Plan for 2008. The increases are composed of NYCT (\$22 million), MTA Bus (\$5 million), and MNR (\$4 million). Expenses at the LIRR decrease by \$4 million.

NYCT's payroll increase is primarily the result of positions which increase by 357 over the February Plan. Higher payroll expenses at MTA Bus are the result of an additional 193 positions needed for service increases and support staffing. MNR's additional payroll expenses are primarily the result of the Teamsters settlement and are partially offset by 15 non-reimbursable position reductions (year-end headcount). The LIRR's payroll is reduced despite the addition of 51 non reimbursable positions. The LIRR payroll reduction is the result of lower average headcount and revised labor assumptions.

2009 – 2011 Forecasts

Consolidated payroll expenses in 2009 of \$4,170 million are \$98 million (2.41%) more than 2008. On a year-to-year basis, payroll expenses in 2010 and 2011 of \$4,278 million and \$4,369 million increase \$108 million (2.6%) and \$91 million (2.1%) from the respective previous years. These increases are due mostly to assumed labor rate inflators.

Consolidated payroll expenses from 2009 through 2010 increase from the February Plan by \$6 million each year, but decrease \$48 million in 2011. MNR's payroll increases by \$4 million, \$10 million and \$8 million from 2009 to 2011. This is due to

position increases that are mostly attributable to maintenance needs such as a new maintenance facility shop complex at New Haven. The recent Teamsters settlement also increases MNR's payroll expenses. MTA Bus has payroll increases of \$5 million and \$2 million in 2009 and 2010 due to additional positions. NYCT's payroll increases in 2009 and 2010 by \$1 million and \$6 million, but decreases by \$38 million in 2011. NYCT's changes are generally a mix of the favorable impact of labor rate reductions and the unfavorable impact of position increases for various initiatives such as the rescheduling of Subway fleet maintenance. Changes from the February Plan at other agencies are generally continuations of those identified above for 2007 and 2008.

OVERTIME

MTA consolidated overtime expenses from 2007 to 2011 are influenced by a number of factors including position levels, Global Insight inflation assumptions, labor agreements, deferred salaries & wages, and capital project activity. Overall, wage increases for represented employees generally follow the pattern established by the TWU contract.

2007 Mid-Year Forecast

Consolidated overtime expenses of \$431 million are forecasted to be \$47 million more than the February Plan. NYCT's overtime expenses are \$19 million more than the February Plan due to vacancy coverage and the response to inclement weather earlier in 2007. The MTA Bus Mid-Year Forecast is \$14 million higher than the February Plan due to very high vacancies that have been caused by difficulty in the hiring plan. The LIRR's overtime expenses increase \$7 million over the February Plan based upon higher actual expenses during the first several months of 2007 for weather and maintenance. B&T's overtime increases over \$2 million as a result of vacancies and staffing needs. MNR's overtime is nearly \$2 million more than the February Plan based upon actual results for the first several months of 2007 when MNR had higher overtime for weather, maintenance and vacancy coverage.

2008 Preliminary Budget

Consolidated overtime expenses of \$405 million are \$26 million (6.0%) less than 2007. This decrease is due to incident and non-recurring trends in the 2007 Mid-Year Forecast that are not expected to continue into 2008 such as unscheduled overtime requirements for vacancy coverage at MTA Bus. This decrease in overtime is partially offset by an assumed represented labor rate increase of 3.5%.

Consolidated overtime expenses are forecasted to be \$12 million more than the figures identified in the February Plan. LIRR overtime costs increase by nearly \$3 million from the February Plan due to Gap mitigation work, Shea Stadium service needs and increased engine service personnel requirements. NYCT's overtime assumption increases by nearly \$3 million from the February Plan due to a re-estimate of overtime requirements. MNR's overtime increases by over \$1 million reflecting the cost of emergency preparedness training and additional on-board coverage requirements.

B&T's overtime increases by nearly \$1 million due to an adjustment to bring assumptions in line with CPI inflators and historical spending levels.

2009 – 2011 Forecasts

Consolidated overtime expenses in 2009 of \$413 million are \$8 million (1.98%) more than 2008. This change is primarily caused by an assumed labor rate increase of 1.97% (3.0% for MNR). On a year-to-year basis overtime expenses in 2010 and 2011 of \$421 million and \$429 million increase \$8 million (1.94%) and \$8 million (1.90%) from the prior years. These increases closely reflect assumed labor rate inflators of 1.95% in 2010 and 2.00% in 2011.

The consolidated overtime assumption for 2009 is \$6 million more than the February Plan. 2010 and 2011 figures decrease by \$2 million and \$7 million, respectively, from the February Plan. Decreases in 2010 and 2011 are mainly caused by overtime re-estimates at NYCT which has reduced its expenses by \$5 million and \$7 million in those years largely due to lowered wage assumptions and re-estimate of overtime requirements. Changes from the February Plan at other agencies are generally continuations of those identified above for 2007 and 2008.

HEALTH & WELFARE

Year-to-year increases are primarily driven by inflators provided by The NYS Department of Civil Service (DCS). An increase of 4.02% is applied over the 2006 premium rates. The net premium rate for 2008 is 12.5% and 9.2% for 2009-2011. Year-to-year increases also reflect changes in headcount levels.

In 2008, Health & Welfare expenses are expected to increase by \$106 million (11.6%) over 2007. MTA Bus's year-to-year increases for 2007-2008 includes the addition of retiree costs as well as new positions for service expansion. For MNR, 2008 reflects changes in enrollment levels, retirees, and employees on leave of absence status. 2009-2011 includes staffing levels associated with programmatic changes as well as a slight increase in retirees.

Decreases from the February Plan in the years 2007-2011 are primarily the result of lower inflation assumptions. For 2007, the February Plan assumed an inflator of 7.9% while the July Plan assumed an inflator of 4.02%. The lower 2007 inflator assumption used in the July Plan decreases the baseline which impacts the out years. The February Plan assumed an inflator of 10.7% through 2010 while the July Plan assumes an inflator of 9.2% for 2009-2011. Partially offsetting these savings is that based on recent labor negotiations, most Metro-North agreement employees will not be making contributions to Health & Welfare.

GASB FUND (CASH ONLY)

In the MTA Consolidated Financial Statements for the first quarter ending, March 31, 2007, MTA implemented the Governmental Accounting Standard Board Statement No. 45 (“GASB-45”) -- the “Accounting and Financial Reporting for Employers for Post Employment Benefits Other Than Pensions”.

For the MTA and other governmental employers, the Other Post-Employment Benefits (OPEBs) have been funded on a “pay-as-you-go” basis and have been reported in the financial statements when the “promised” benefits were paid. GASB-45 now requires that state and local governmental entities’ financial reports reflect systematic, accrual-based measurements and the recognition of OPEB costs (expense) over a period that approximates the employee’s years of services and provides information about actuarial accrued liabilities and whether and, to what extent progress is made in the funding.

To provide the valuation of the various elements, the MTA engaged the firm of Milliman Consultants and Actuaries. The results of their report were reviewed and approved by the MTA’s independent auditors, Deloitte and Touche LLP and Pricewaterhouse Coopers LLC.

The impact over a 22 year period per Milliman’s actuarial report grows to an overall impact of a Frozen Accrued Liability of approximately \$13,415 million. These balances, which will be recalculated every two years to reflect any adjustments or changes in the MTA’s demographic information, have been recognized and accounted for in the MTA Consolidated Financial Statements for the first quarter of 2007.

The impact to the MTA Consolidated Financial Plan Statement for 2007 is an Annual Required Contribution (ARC) of \$1,579 million cost (expense) which is made up of a net OPEB accrued obligation of \$1,260 million and a “pay-as-you-go” cash contribution of \$319 million.

While the GASB standard only requires the disclosure of this future liability, the MTA has created a GASB fund. Contributions to this fund began in in 2006 and included \$80 million from additional revenues generated by increased real-estate-related tax activity (MRT-2). It also captures NYCERS pension savings that are the result of legislative action that authorized a revaluation of New York City NYCERS costs. These non-recurring pension savings impact NYCT and B&T, and are estimated to be \$125 million in 2006 and \$27 million in 2007.

In addition, the July Plan continues the assumption that Agencies will deposit into the GASB fund over the Plan period Health & Welfare contributions by most represented employees² as anticipated in pattern bargaining. The estimated funds from this are \$29

² Metro-North will be making the GASB contribution; however, based on recent labor settlements, most of its employees will not be making Health & Welfare contributions.

million in 2006, \$56 million in 2007, \$63 million in 2008, \$67 million in 2009, \$70 million in 2010, and \$74 million in 2011. On a Plan-to-Plan basis, the change to these estimated cash contributions to the GASB fund are \$1 million or less in each year.

Contributions to the GASB Fund included in the July Plan total \$590 million.

The July Financial Plan will continue to reflect the pay-as-you-go obligation for OPEBs. However, future plans will reflect the OPEBs in two components: an accrued liability expense and a cash expenditure.

MTA CONSOLIDATED PENSIONS

MTA Consolidated Pensions July Financial Plan (\$ in millions)					
	2007	2008	2009	2010	2011
Accrual					
Non-Reimbursable	\$792	\$870	\$867	\$841	\$826
Reimbursable	42	46	44	43	44
Total Accrual	834	916	911	884	870
Cash	769	877	905	889	870

Agency (Total Accrual)	2007	2008	2009	2010	2011
Bridges & Tunnels	\$19	\$21	\$22	\$22	\$23
MTA Capital Construction Company	1	2	2	2	2
Long Island Bus	6	6	6	6	6
Long Island Rail Road	140	140	139	139	139
Metro-North Railroad	48	49	50	52	54
New York City Transit	586	655	647	617	599
MTA Bus Company	4	9	9	10	10
MTA Headquarters	22	26	27	28	28
Staten Island Railway	2	2	2	2	2
Subtotal Accrual	828	910	905	878	864
Less: Reduced Pension Liability Savings	(34)	(34)	(34)	(34)	(34)
Effect of 2006 Valuation	16	17	20	23	27
Reserve for 2007	24	23	20	17	13
Total Accrual	\$834	\$916	\$911	\$884	\$870
Total Cash	\$769	\$877	\$905	\$889	\$870

Year-to-Year Pension Changes

The non-reimbursable accrued pension expense increase from 2007 to 2008 is nearly \$80 million. This increase primarily reflects higher 2008 expenses for the NYCERS Plan resulting from a revised valuation. One-time savings were generated in the City's 2007 Fiscal Year that were deposited in a special Government Accounting Standards Board (GASB) fund. The 2007 to 2008 increase reflects both the reversal of the one-time savings and the continued amortization of the losses in the equities that resulted from the prior years' bear market. The NYCERS increase is consistent with the certification by the Chief Actuary of the New York City Pension Plans. Other MTA Pension plans change little between 2007 and 2008.

MTA pension changes from 2008 to 2011 are much less significant in large part because by that time all the NYCERS losses will have been amortized with the balance comprised of small adjustments throughout the pension plans. Decreases after 2008 are due to reductions in NYCERS and MaBSTOA expenses. NYCERS reductions are due to revised valuations. The MaBSTOA decreases are the result of assumed savings in projected amortization payments that are the result of funds transferred from the MTA to the plan in 2006. The assumed savings were adopted by NYCT in a previous financial plan. The other MTA pension plans change very little after 2008.

The differences between cash and accrual result from a number of factors. For the NYCERS Plan the accruals recognize liabilities sooner than the required cash payments consistent with the City Fiscal Year Plan. Recently enacted New York State legislation provided for a one-time cash benefit in 2004 by delaying a December payment until January for the NYSLRS plans. For 2007 to 2011 the differences between NYSLRS plan accrual and cash continue, but are far less significant. Additionally, B&T pension expenses are not included in the cash pension figure because B&T is not included in the MTA Consolidated cash figures (only the accruals).

Plan-to-Plan Pension Changes

July Financial Plan vs. February Financial Plan				
Favorable / (Unfavorable)				
(\$ in millions)				
	2007	2008	2009	2010
Accrual				
Non-Reimbursable	\$10	(\$29)	(\$27)	(\$2)
Reimbursable	0	0	2	3
Total Accrual	10	(29)	(25)	1
Cash	\$27	(\$18)	(\$25)	(\$9)

2007 non-reimbursable accrued pension expenses decrease from the February Plan. This favorable change is mainly due to revised MTA Bus assumptions that reduce pension expenses by \$8 million.

In 2008 and 2009 pension expenses increase by \$29 million and \$27 million, respectively. Increases at NYCT in 2008 and 2009 of approximately \$20 million each year are primarily due to changes in the NYCERS plan. The LIRR has increased pension expenses of \$7 million and \$8 million, respectively, due to higher expenses in both the MTA Defined Benefit Plan and the LIRR Pension Plans. Changes in other agencies' pension plans in 2008 and 2009 are less significant.

In 2010, MTA Consolidated Pension expenses change only slightly, reflecting small changes at individual agencies.

The Metro-North February Plan assumed that members of Metro-North's Defined Contribution Plan would all opt to join the MTA Defined Benefit Plan prior to 2008. However, following the conclusion of recent labor negotiations, not all employees will transfer to the Defined Benefit Plan. Therefore, Metro-North's July Plan assumes a certain number of employees will transfer into the MTA 401K Plan.

Reduction in Pension Liabilities

In 2006, \$450 million in surplus funds was authorized by the MTA Board to be transferred to reduce the unfunded liabilities of three MTA sponsored pension plans. By the time the funds were transferred in 2006 the actual amount was \$464 million due to the growth from interest earnings. The \$464 million was allocated as follows:

MTA Defined Benefit Plan (includes the LIRR Base Plan)	\$230 million
LIRR Additional Plan	134 million
MaBSTOA Plan	100 million
Total	\$464 million

By reducing the unfunded liabilities in 2006, the funded ratios, which are a measure of a plans solvency, have been improved. Additionally, the reduction in the unfunded liabilities will reduce estimated pension contributions by \$44 million per year beginning in 2007. The additional funds also provide additional resources which can be invested in alternative investments to help the systems attain the required actuarial interest rate of 8%.

Distribution of the Pension Reserve

Distribution of \$40 Million Reserve Fund for 2006 Valuations (\$ in millions)					
	2007	2008	2009	2010	2011
Reserve for Valuation	\$40	\$40	\$40	\$40	\$40
<u>Less: Effect of 2006 Valuation ¹</u>					
MNR	(\$1)	(\$3)	(\$4)	(\$5)	(\$6)
LIRR	(11)	(11)	(12)	(14)	(15)
MTA HQ	(2)	(1)	(1)	(1)	(2)
SIR	(3)	(3)	(3)	(3)	(4)
Total	(16)	(17)	(20)	(23)	(27)
Reserve for 2007	\$24	\$23	\$20	\$17	\$13
<i>Note: Does not include MTA Bus.</i>					

Recent draft valuations for the MTA Defined Benefit Plan provided by the MTA's actuary have resulted in expense projections that differ from those already assumed by agencies in the July Plan. Overall, these differences represent increases. The \$40 million reserve included in MTA HQ's February Plan has been reduced by the effect of

the 2006 Valuation³. The 2006 valuation of the MaBSTOA plan was incorporated by NYCT in a previous financial plan. The remaining reserve in the MTA HQ Plan is valued at \$24 million in 2007, \$23 million in 2008, \$20 million in 2009, \$17 million in 2010 and \$13 million in 2011. These reserves are expected to cover anticipated increases in 2007 valuations.

MTA Bus reflects pension savings in its July Plan, but these savings are not reflective of the 2006 valuation. When collective bargaining and a defined hiring plan have been finalized MTA Bus's pension expenses will be reassessed.

TRACTION AND PROPULSION POWER

MTA has a Long-Term Agreement ("LTA") through 2017 with the New York Power Authority ("NYPA") to supply electricity within the City of New York and Westchester County. The LTA dedicates many of NYPA's assets to serve its New York City governmental customers including two power plants in New York City, dedicated transmission lines from upstate, and a purchase power agreement with Energy for below market nuclear energy. The above described assets limit the exposure of volatility in the energy markets but do not eliminate it completely. In that regard, the MTA, City of New York and other government customers have worked with NYPA to implement a hedge program, with customers responsible for marginal gains or losses due to market prices.

NYPA has provided a preliminary cost of service for 2008. Based on current energy prices and projections, NYPA estimates that costs will stay the same in 2008 compared to 2007. LIPA and CL&P also reported that they anticipate no increase in 2008 when compared to 2007.

For the years 2009 and 2010, based on projections from NYPA, agencies assumed a 10.0% energy cost increase per year. In terms of Con Edison's delivery charges, agencies assumed a 5.0% increase per year beginning in 2008 through 2010. Global Insight forecasts are applied in 2011.

The LIRR updated its usage based on current and historical performance in addition to the aforementioned rate increases. MNR's forecast also reflects current consumption trends as well as the incorporation of new train service initiatives in 2008. In years 2008-2010, MNR incorporated the net effect of the New Haven Line Equipment Replacement Plan, which adds \$3 million in 2009 and 2010.

Compared to the February Plan, expenses are slightly unfavorable in 2007 and 2008, but are considerably higher starting from 2009 primarily due to revisions in inflation projections and planned service enhancements.

³ In the July Plan MTA HQ currently includes the funds for the estimated effect of the 2006 valuations. As part of the calendarization of the 2007 Mid-Year Forecast, agency plans will include the additional funds as reflected on the table.

FUEL FOR BUSES AND TRAINS

Starting in 2006, MTA began using the New York Mercantile Exchange (NYMEX) to forecast future price changes for diesel fuel and natural gas instead of more general forecast models such as Global Insight. These forecasts now extend out 36 months for diesel and 60 months for natural gas.

On a year-to-year basis, agencies applied a projected annual rate of 5.9% in 2008, 5.1% in 2009, and 5.8% in 2010. Global Insight forecasts are applied in 2011. MNR also incorporated the cost for its service plan enhancements and the effect of locomotive retirements on the New Haven line in its projections.

Compared to the February Plan, expenses are favorable in 2007 by \$8 million, slightly unfavorable in 2008 by \$6 million, but grow considerably unfavorable from 2009 by \$23 million, primarily due to revisions in inflation projections and planned service enhancements.

INSURANCE

Year-to-year increases in Insurance expenses primarily are driven by a 10% per annum market-rate increase based on an assessment of market conditions made by MTA's Risk Management Department in consultation with its insurance advisors. In 2008, 2010 and 2011, the additional increase in Insurance expenses reflects the renewal of several multi-year policies, including All-Agency Environmental Liability, Travel Accident, Lead Abatement and Comprehensive Automotive Liability policies.

Compared to the February Plan, Insurance expenses are only slightly higher in the July Plan primarily due to the incorporation of a new policy by MTA Risk Management for Comprehensive Automotive Liability (Excess), which impacts the following agencies: LIRR, MNR, MTAHQ, SIRTOA and LI Bus.

The First Mutual Transportation Assurance Company (FMTAC) is incorporated into MTA consolidated financials. Increases in Insurance premiums paid by MTA Agencies to FMTAC are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

CLAIMS

For all agencies, Claims expenses are based on inflationary assumptions as well as historical performance. Claims expenses are higher in 2007 than 2008 primarily due to MTA Bus's expected volume of projected claims in 2007. These expenses stabilize from 2008 to 2011. On a year-to-year basis, NYCT's forecast includes an annual inflation rate of 2.5% in addition to historical performance.

On a plan-to-plan basis, FMTAC is favorable compared to the February Plan due to actuarial projections that resulted in favorable adjustments in 2007, as well as in

subsequent years of the Plan. MNR also made favorable adjustments in 2007 to reflect current trends, which recur in subsequent years.

PARATRANSIT SERVICE CONTRACTS

Expenses increase from \$229 million in 2007 to \$433 million in 2011 or 89.1% over the period. The annual percentage increase per year is 18.8% in 2008, 13.6% in 2009, 15.9% in 2010 and 20.9% in 2011. The primary driver of these expense increases is projected annual ridership growth of 15% and cost-per-trip inflation projections based upon current carrier contracts.

Paratransit costs decrease in 2007 from the February Plan by approximately \$0.1 million due to reduced projected costs for rehabilitation of Paratransit vehicles based on historical costs. There are increases of \$5.0 million in 2008, \$2.0 million in 2009 and \$2.0 million in 2010 from the February Plan primarily due to the requirement to cover the mobilization and oversight of additional service providers, expansion of the Automated Vehicle Locator (AVL) program and the enhancement of scheduling and reporting software.

MAINTENANCE AND OTHER OPERATING CONTRACTS

Expenses for Maintenance and Other Operating Contracts for all MTA Agencies are inflated by Global Insight's CPI-U forecasts in each year from 2008 through 2011.

In addition to these inflationary increases, NYCT includes the NYPA annual rate increase of 5.0% for the delivery of facility power for years 2008-2010 and energy increases of 10.0% in 2009-2010 for utilities. Global Insight inflation forecasts are applied in 2011.

The LIRR includes additional expenses for tree trimming in 2007 of \$3 million, but these expenses resume at normal levels in 2008. Moreover, the LIRR includes contract renewal increases and higher utility costs.

MNR includes increased expenses for equipment maintenance programs stemming from additional overhaul costs for locomotives. These costs are reduced in 2010 and 2011 with the completion of the West of Hudson locomotive overhaul program. Also included in 2008 are additional costs for security guards, a new provision for office space renovations and the elimination of car disposal costs. Rising West of Hudson subsidy payments related to contract cost escalations and increases in services are included in 2008-2011. These payments increase by approximately \$1 million in 2008 to \$3 million in 2011. 2009 includes costs to fully implement the Extraordinary Landmark Maintenance in Grand Central Terminal for floors and enhancements of customer and employee communication initiatives.

B&T's expenses are higher in 2008 than 2007 primarily due to the E-ZPass Customer Service Center (CSC) transition/start-up costs resulting from a new operating contract

that is expected to begin in the fall of 2007. In 2009, expenses are slightly lower than 2008 primarily due to the transition to a new operating contract for the E-ZPass CSC and lower bridge painting requirements. In 2010, expenses are higher than 2009 primarily due to higher bridge painting expenses, an increase in CSC costs with the onset of the E-ZPass tag replacement program, and higher E-ZPass credit card fees. In 2011, expenses increase because of bridge painting.

SIR's expenses reflect the NYPA annual rate increase of 10.0% for facility power in 2009 and 2010. Included in the 2008 projection is an estimated \$11 million of one-time fleet improvement expenses that will be required to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014. LIB expenses also reflect increased costs for utilities as well as increased costs associated with new bus maintenance needs related to delayed bus replacements. MTAHQ expenses reflect increases in contracts for maintenance and repair work for MTAHQ facilities and expenses related to the Shared Services initiative.

MTA Bus's expenses include costs for bus and facility maintenance and repair work as well as environmental remediation. Examples include asphalt and roof repairs, fuel tank repairs, emergency electrical and plumbing work, and environmental remediation.

Compared with the February Plan, NYCT expenses are slightly favorable primarily due to inflation revisions in energy, 2 Broadway rental expenses, bus shop reductions, and reductions in other miscellaneous expenses.

MNR's expenses are slightly unfavorable for years 2008-2011 compared with the February Plan primarily due to additional overhaul costs for locomotives and increases in West of Hudson subsidy payments related to contract cost escalations and increases in services. The LIRR is unfavorable compared with the February Plan in 2009 and 2010 primarily due to the implementation of various information technology initiatives.

B&T is favorable in 2007 compared with the February Plan primarily due to the timing of start-up costs for the new E-ZPass Customer Service Center initially set to begin in 2006 but delayed until the fall of 2007. The favorable variance from the February Plan to July Plan in 2009 is primarily due to the phase-in of the E-ZPass Customer Service Center contract and lower bridge painting requirements as a result of several projects that are projected to be completed ahead of schedule.

Compared with the February Plan, MTAHQ is unfavorable by approximately \$16 million in each year of the Plan primarily due to a reclassification of expenses from Other Business Expenses and the inclusion of a new need related to the Shared Services initiative. MTA Bus expenses are unfavorable in 2007 by \$4.9 million on a plan-to-plan basis primarily due to a higher-than-expected level of vendor contract work as a result of staff shortages. In years 2008-2011, expenses are favorable compared to the February Plan and reflect lower usage of contractors to perform facility work. LI Bus is unfavorable by approximately \$1 million compared with the February Plan starting in

2008 due to increased expenses associated with service enhancements and maintenance and structural repairs on buses whose lifecycles were extended.

PROFESSIONAL SERVICE CONTRACTS

Increases in Professional Service Contracts for all agencies for 2008 through 2011 are inflated primarily by Global Insight's Regional CPI-U forecasts.

The LIRR growth of \$7 million from 2007 from 2008 is primarily associated with expenses related to various new Information Technology initiatives including Maximo, asset management software, as well as re-estimates of ongoing projects such as the crew scheduling construction system and Mail & Ride. 2009 – 2011 reflects changes in system initiative projects (change in need for outside consultants). NYCT's year-to-year increases were largely due to inflation and additional systems costs for SONET/ATM, the upgrade of a fiber optic network connecting 188 subway stations, and engineering consultant fees. MNR's increase in 2009 includes the restoration of a cost provision for general advertising fees and the restoration of MTA police service charges. B&T's expenses in 2008 are \$1.1 million higher than 2007 due to the inclusion of certain re-estimated services, miscellaneous consulting fees, and general engineering services and advertising. For MTAHQ, 2007 includes expenses for re-estimated services, and 2009-2011 reflects the conclusion of currently contacted services.

Overall increases from the February Plan are due primarily to NYCT's additional expenses for the SONET/ATM project and engineering consultant fees. This increase is partly offset by a re-estimate based on planned activities and changes in service contracts at the LIRR.

MATERIALS & SUPPLIES

All-Agency increases in Materials and Supplies for 2008 through 2011 are inflated primarily by Global Insight's Regional CPI-U forecasts.

Materials and Supplies costs increase \$41 million or 7.5% between 2007 and 2008 due to significant increases in maintenance requirements. The LIRR reflects an increase of \$35.8 million between 2007 and 2008 primarily due to equipment material needs associated with changes in the Life-Cycle Maintenance Program. NYCT non-reimbursable expenses are projected to increase by \$19.9 million in 2008 from 2007, primarily due to the timing of subway and bus scheduled maintenance programs. MTAHQ expense changes in 2007 of \$12.4 million result mainly from PeopleSoft licenses and a reclassification of expenses from Other Business Expenses. B&T expenses increase \$2.3 million in 2008 from 2007 primarily due to E-ZPass tag purchases and CPI-U adjustments. Increases in 2009 and 2011 are based on inflation. B&T expenses increase in years 2009 and 2010 by \$2.4 million and \$18.7 million due to the need to undertake a new E-ZPass tag replacement program.

Significant increases of \$45.5 million in 2008 from the February Plan result from NYCT's additional requirements for subway car maintenance (SMS); these increases are also recurring in 2009-2011. MNR expenses increased from the February Plan in 2008-2011 due to additional requirements for equipment improvement programs. The LIRR's expenses increase in 2008-2011 primarily due to a re-estimate of materials costs associated with Life-Cycle Maintenance. The extended use of older buses due to the delay in the procurement of replacement buses is having an adverse effect on material and parts at LIB, resulting in increases of \$1.3 million in 2007 and \$0.7 million in 2008. Increased service levels and wheelchair, CNG and climate control maintenance activities contribute to the increase of \$6.6 million in 2007 and \$1 million in 2008 at MTA Bus.

OTHER BUSINESS EXPENSES

Increases in Other Business Expenses in 2008-2011 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

The consolidated increase of \$7 million in 2008 from 2007 is driven by an increase in MTA Internal Subsidy of \$6.6 million, primarily for SIR. There is an increase of \$2.3 million at MNR primarily due to maintenance initiatives. The LIRR had increases of \$0.2 million from 2007 to 2008, which are in part due to credit/debit authorization fees (allowing debit and credit card sales at the ticket windows). NYCT shows a favorable year-to-year variance of \$3.3 million in 2008 due to overrun costs for the installation of emergency bars occurring in 2007. 2009-2011 reflect inflationary increases.

July Plan expenses changed compared with the February Plan in 2007 through 2010 by an increase of \$2 million in 2007, a decrease of \$2 million in 2008, a decrease of \$12 million in 2009 and a decrease of \$8 million in 2010. The significant decreases in 2009 and 2010 are due to a reclassification of expenses to Maintenance and Other Operating Contracts and Materials and Supplies at MTAHQ. The decreases are partially offset by increases at NYCT largely due to higher MVM Debit/Credit Card fees and out-of-system commission fees resulting from increased ridership.

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Positions (Headcount)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2008 - 2011
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency

Category	2006 Actuals	2007 Mid-Year Forecast	2008	2009	2010	2011
Baseline Total Positions	67,457	69,521	69,733	69,596	69,747	69,785
NYC Transit	47,696	48,582	48,551	48,345	48,348	48,368
Long Island Rail Road	6,303	6,582	6,705	6,717	6,700	6,701
Metro-North Railroad	5,856	6,057	6,112	6,167	6,332	6,349
Bridges & Tunnels	1,783	1,810	1,811	1,811	1,811	1,811
Headquarters	1,318	1,450	1,454	1,456	1,456	1,456
Long Island Bus	1,108	1,153	1,153	1,153	1,153	1,153
Staten Island Railway	270	286	286	286	286	286
Capital Construction Company	68	142	150	150	150	150
Bus Company	3,055	3,459	3,511	3,511	3,511	3,511
Non-Reimbursable	60,597	62,516	62,825	62,945	63,194	63,244
NYC Transit	42,255	43,160	43,360	43,397	43,488	43,520
Long Island Rail Road	5,582	5,856	5,869	5,895	5,888	5,889
Metro-North Railroad	5,311	5,451	5,503	5,558	5,723	5,740
Bridges & Tunnels	1,734	1,758	1,758	1,758	1,758	1,758
Headquarters	1,298	1,414	1,418	1,420	1,420	1,420
Long Island Bus	1,095	1,139	1,139	1,139	1,139	1,139
Staten Island Railway	267	283	283	283	283	283
Capital Construction Company	0	0	0	0	0	0
Bus Company	3,055	3,455	3,495	3,495	3,495	3,495
Reimbursable	6,860	7,005	6,908	6,651	6,553	6,541
NYC Transit	5,441	5,422	5,191	4,948	4,860	4,848
Long Island Rail Road	721	726	836	822	812	812
Metro-North Railroad	545	606	609	609	609	609
Bridges & Tunnels	49	52	53	53	53	53
Headquarters	20	36	36	36	36	36
Long Island Bus	13	14	14	14	14	14
Staten Island Railway	3	3	3	3	3	3
Capital Construction Company	68	142	150	150	150	150
Bus Company	0	4	16	16	16	16
Total Full-Time	67,120	69,188	69,404	69,267	69,418	69,456
NYC Transit	47,453	48,363	48,336	48,130	48,133	48,153
Long Island Rail Road	6,303	6,582	6,705	6,717	6,700	6,701
Metro-North Railroad	5,851	6,052	6,107	6,162	6,327	6,344
Bridges & Tunnels	1,783	1,810	1,811	1,811	1,811	1,811
Headquarters	1,318	1,450	1,454	1,456	1,456	1,456
Long Island Bus	1,019	1,044	1,044	1,044	1,044	1,044
Staten Island Railway	270	286	286	286	286	286
Capital Construction Company	68	142	150	150	150	150
Bus Company	3,055	3,459	3,511	3,511	3,511	3,511
Total Full-Time-Equivalents	337	333	329	329	329	329
NYC Transit	243	219	215	215	215	215
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0
Long Island Bus	89	109	109	109	109	109
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0
Bus Company	0	0	0	0	0	0

NOTE: Totals may not add due to rounding

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2008 - 2011
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Agency

Function	2006	2007	2008	2009	2010	2011
	Actuals	Mid-Year Forecast				
Administration	4,394	4,660	4,739	4,745	4,730	4,731
NYC Transit	2,295	2,318	2,329	2,330	2,320	2,320
Long Island Rail Road	620	672	685	688	683	684
Metro-North Railroad	549	537	550	550	550	550
Bridges & Tunnels	136	146	144	144	144	144
Headquarters	586	681	684	686	686	686
Long Island Bus	88	96	96	96	96	96
Staten Island Railway	29	31	31	31	31	31
Capital Construction Company	21	54	55	55	55	55
Bus Company	70	125	165	165	165	165
Operations	30,733	31,271	31,210	31,172	31,219	31,229
NYC Transit	23,036	23,272	23,178	23,128	23,109	23,102
Long Island Rail Road	1,992	2,049	2,068	2,068	2,068	2,068
Metro-North Railroad	1,943	1,989	2,003	2,015	2,081	2,098
Bridges & Tunnels	783	792	792	792	792	792
Headquarters	0	0	0	0	0	0
Long Island Bus	755	777	777	777	777	777
Staten Island Railway	90	94	94	94	94	94
Capital Construction Company	0	0	0	0	0	0
Bus Company	2,134	2,298	2,298	2,298	2,298	2,298
Maintenance	28,834	29,915	30,089	29,990	30,110	30,138
NYC Transit	20,331	20,902	20,961	20,803	20,836	20,864
Long Island Rail Road	3,610	3,768	3,852	3,868	3,856	3,856
Metro-North Railroad	3,257	3,416	3,444	3,487	3,586	3,586
Bridges & Tunnels	395	392	395	395	395	395
Headquarters	0	0	0	0	0	0
Long Island Bus	247	261	261	261	261	261
Staten Island Railway	151	161	161	161	161	161
Capital Construction Company	0	0	0	0	0	0
Bus Company	843	1,015	1,015	1,015	1,015	1,015
Engineering/Capital	1,875	2,017	2,043	2,036	2,036	2,036
NYC Transit	1,450	1,504	1,504	1,504	1,504	1,504
Long Island Rail Road	81	93	100	93	93	93
Metro-North Railroad	107	115	115	115	115	115
Bridges & Tunnels	174	190	190	190	190	190
Headquarters	0	0	0	0	0	0
Long Island Bus	15	16	16	16	16	16
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	47	88	95	95	95	95
Bus Company	1	11	23	23	23	23
Public Safety	1,621	1,658	1,652	1,653	1,652	1,651
NYC Transit	584	586	579	580	579	578
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0	0
Bridges & Tunnels	295	290	290	290	290	290
Headquarters	732	769	770	770	770	770
Long Island Bus	3	3	3	3	3	3
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0
Bus Company	7	10	10	10	10	10

NOTE: Totals may not add due to rounding

Metropolitan Transportation Authority
July Financial Plan 2008 - 2011
Baseline Total Full-time Positions and Full-time Equivalents by Function and Occupational Group

FUNCTION/OCCUPATIONAL GROUP	2006 Actuals	2007 Mid-Year Forecast	2008	2009	2010	2011
Administration						
Managers/Supervisors	1,585	1,701	1,716	1,715	1,713	1,713
Professional, Technical, Clerical	2,777	2,926	2,990	2,997	2,984	2,985
Operational Hourlies	32	33	33	33	33	33
Total Administration	4,394	4,660	4,739	4,745	4,730	4,731
Operations						
Managers/Supervisors	3,091	3,274	3,322	3,280	3,276	3,269
Professional, Technical, Clerical	1,192	1,274	1,286	1,281	1,292	1,292
Operational Hourlies	26,450	26,723	26,602	26,611	26,651	26,668
Total Operations	30,733	31,271	31,210	31,172	31,219	31,229
Maintenance						
Managers/Supervisors	4,590	4,729	4,772	4,771	4,767	4,761
Professional, Technical, Clerical	2,523	2,599	2,591	2,568	2,554	2,560
Operational Hourlies	21,721	22,587	22,726	22,651	22,789	22,817
Total Maintenance	28,834	29,915	30,089	29,990	30,110	30,138
Engineering/Capital						
Managers/Supervisors	458	502	516	510	510	510
Professional, Technical, Clerical	1,415	1,513	1,525	1,524	1,524	1,524
Operational Hourlies	2	2	2	2	2	2
Total Engineering/Capital	1,875	2,017	2,043	2,036	2,036	2,036
Public Safety						
Managers/Supervisors	151	160	159	156	155	155
Professional, Technical, Clerical	161	183	183	182	182	181
Operational Hourlies	1,309	1,315	1,310	1,315	1,315	1,315
Total Public Safety	1,621	1,658	1,652	1,653	1,652	1,651
Baseline Total Positions						
Managers/Supervisors	9,875	10,366	10,485	10,432	10,421	10,408
Professional, Technical, Clerical	8,068	8,495	8,575	8,552	8,536	8,542
Operational Hourlies	49,514	50,660	50,673	50,612	50,790	50,835
Baseline Total Positions	67,457	69,521	69,733	69,596	69,747	69,785

NOTE: Totals may not add due to rounding

POSITIONS (Headcount)

Year-to-Year (2008 vs 2007)

The MTA consolidated 2008 baseline reflects positions of 69,733, which are 212 more than 2007. Non-Reimbursable positions increase by 310 and Reimbursable positions decrease by 54. Positions increase by 124 at the LIRR, 55 at MNR, 52 at MTA Bus, 8 at MTA CC, 4 at MTA HQ and 1 at B&T, while positions decrease by 31 at NYCT.

The LIRR's increase is made up of 110 Reimbursable positions and 14 Non-Reimbursable positions. Positions increased in Maintenance (+84), Operations (+19), Administration (+13) and Engineering/Capital (+7). The major projects driving the Reimbursable increase include East Side Access, Queens and Hall Interlocking In-Tie Switch replacement, signal projects (including Wayside Event Recorders and Babylon Branch Improvements), Vanderbilt Yard Overbuild (new Nets arena development), and the Annual Track Program. Non-Reimbursable increases are primarily due to Engineering maintenance needs and emergency responder training positions.

MNR's increase is made up of 52 Non-Reimbursable and 2 Reimbursable positions. Positions increase in Maintenance (+28), Operations (+14) and Administration (+13). Position increases include; additional maintenance staff for Grand Central Terminal landmark programs, positions to support security plan initiatives, and positions to support new train service.

MTA Bus' increase is made up of 40 Non-Reimbursable and 12 Reimbursable positions. Positions increase in Administration (+40) and Engineering (+12). The 40 position increase in Non-Reimbursable positions are to provide administrative and other support.

Year-to-Year (2009 – 2011)

Total forecasted position levels increase by 52 from the end of 2008 to the end of 2011. Positions decrease by 138 in 2009 and increase by 151 in 2010 and 38 in 2011. Agencies with the largest position changes at the end of the three-year period are MNR with an increase of 237 and NYCT with a decrease of 183.

MNR's increase is made up entirely of Non-Reimbursable positions. Positions increase in Maintenance (+142) and Operations (+95). Increases result from position requirements for the New Haven equipment maintenance complex, increased coach cleaning, Grand Central Station (GCT) security program initiatives, GCT Fire Brigade staffing, new train service support, a quality control staff in the operations division, and the establishment of a five-year maintenance/inspection gang for M7 cars.

NYCT's decrease is made up of a decrease of 343 Reimbursable positions and an increase of 160 Non-Reimbursable positions. Position reductions are primarily due to the completion of various projects including tunnel lighting, the Automated Train Supervision (ATS)-A project, the Scheduled Maintenance System (SMS) work on SIR

train cars, the R62A door operator pin replacement project, and warranty work on R160 Phase 1 cars. Other reductions include reductions in the TWU Apprentice program and reductions in RTO field staff management through increased span of control.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2008 - 2011
Year to Year Changes for Positions by Function and Agency
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents

Function	2007	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009	2011	Change 2011-2010
Baseline Total Positions	69,521	69,733	(212)	69,596	138	69,747	(151)	69,785	(38)
NYC Transit	48,582	48,551	31	48,345	206	48,348	(3)	48,368	(20)
Long Island Rail Road	6,582	6,705	(124)	6,717	(12)	6,700	17	6,701	(1)
Metro-North Railroad	6,057	6,112	(55)	6,167	(55)	6,332	(165)	6,349	(17)
Bridges & Tunnels	1,810	1,811	(1)	1,811	0	1,811	0	1,811	0
Headquarters	1,450	1,454	(4)	1,456	(2)	1,456	0	1,456	0
Long Island Bus	1,153	1,153	0	1,153	0	1,153	0	1,153	0
Staten Island Railway	286	286	0	286	0	286	0	286	0
Capital Construction Company	142	150	(8)	150	0	150	0	150	0
Bus Company	3,459	3,511	(52)	3,511	0	3,511	0	3,511	0
Non-Reimbursable	62,516	62,825	(310)	62,945	(120)	63,194	(249)	63,244	(50)
NYC Transit	43,160	43,360	(200)	43,397	(37)	43,488	(91)	43,520	(32)
Long Island Rail Road	5,856	5,869	(14)	5,895	(26)	5,888	7	5,889	(1)
Metro-North Railroad	5,451	5,503	(52)	5,558	(55)	5,723	(165)	5,740	(17)
Bridges & Tunnels	1,758	1,758	0	1,758	0	1,758	0	1,758	0
Headquarters	1,414	1,418	(4)	1,420	(2)	1,420	0	1,420	0
Long Island Bus	1,139	1,139	0	1,139	0	1,139	0	1,139	0
Staten Island Railway	283	283	0	283	0	283	0	283	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Bus Company	3,455	3,495	(40)	3,495	0	3,495	0	3,495	0
Reimbursable	7,005	6,908	97	6,651	257	6,553	98	6,541	12
NYC Transit	5,422	5,191	231	4,948	243	4,860	88	4,848	12
Long Island Rail Road	726	836	(110)	822	14	812	10	812	0
Metro-North Railroad	606	609	(3)	609	0	609	0	609	0
Bridges & Tunnels	52	53	(1)	53	0	53	0	53	0
Headquarters	36	36	0	36	0	36	0	36	0
Long Island Bus	14	14	0	14	0	14	0	14	0
Staten Island Railway	3	3	0	3	0	3	0	3	0
Capital Construction Company	142	150	(8)	150	0	150	0	150	0
Bus Company	4	16	(12)	16	0	16	0	16	0
Total Full-Time	69,188	69,404	(217)	69,267	138	69,418	(151)	69,456	(38)
NYC Transit	48,363	48,336	27	48,130	206	48,133	(3)	48,153	(20)
Long Island Rail Road	6,582	6,705	(124)	6,717	(12)	6,700	17	6,701	(1)
Metro-North Railroad	6,052	6,107	(55)	6,162	(55)	6,327	(165)	6,344	(17)
Bridges & Tunnels	1,810	1,811	(1)	1,811	0	1,811	0	1,811	0
Headquarters	1,450	1,454	(4)	1,456	(2)	1,456	0	1,456	0
Long Island Bus	1,044	1,044	0	1,044	0	1,044	0	1,044	0
Staten Island Railway	286	286	0	286	0	286	0	286	0
Capital Construction Company	142	150	(8)	150	0	150	0	150	0
Bus Company	3,459	3,511	(52)	3,511	0	3,511	0	3,511	0
Total Full-Time-Equivalents	333	329	4	329	0	329	0	329	0
NYC Transit	219	215	4	215	0	215	0	215	0
Long Island Rail Road	0	0	0	0	0	0	0	0	0
Metro-North Railroad	5	5	0	5	0	5	0	5	0
Bridges & Tunnels	0	0	0	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0	0	0	0
Long Island Bus	109	109	0	109	0	109	0	109	0
Staten Island Railway	0	0	0	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Bus Company	0	0	0	0	0	0	0	0	0

NOTE: Totals may not add due to rounding

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2008 - 2011
Year to Year Changes for Positions by Function and Agency
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2007	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009	2011	Change 2011-2010
Administration	4,660	4,739	(79)	4,745	(6)	4,730	15	4,731	(1)
NYC Transit	2,318	2,329	(11)	2,330	(1)	2,320	10	2,320	0
Long Island Rail Road	672	685	(13)	688	(3)	683	5	684	(1)
Metro-North Railroad	537	550	(13)	550	0	550	0	550	0
Bridges & Tunnels	146	144	2	144	0	144	0	144	0
Headquarters	681	684	(3)	686	(2)	686	0	686	0
Long Island Bus	96	96	0	96	0	96	0	96	0
Staten Island Railway	31	31	0	31	0	31	0	31	0
Capital Construction Company	54	55	(1)	55	0	55	0	55	0
Bus Company	125	165	(40)	165	0	165	0	165	0
Operations	31,271	31,210	61	31,172	38	31,219	(47)	31,229	(10)
NYC Transit	23,272	23,178	94	23,128	50	23,109	19	23,102	7
Long Island Rail Road	2,049	2,068	(19)	2,068	0	2,068	0	2,068	0
Metro-North Railroad	1,989	2,003	(14)	2,015	(12)	2,081	(66)	2,098	(17)
Bridges & Tunnels	792	792	0	792	0	792	0	792	0
Headquarters	0	0	0	0	0	0	0	0	0
Long Island Bus	777	777	0	777	0	777	0	777	0
Staten Island Railway	94	94	0	94	0	94	0	94	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Bus Company	2,298	2,298	0	2,298	0	2,298	0	2,298	0
Maintenance	29,915	30,089	(174)	29,990	99	30,110	(120)	30,138	(28)
NYC Transit	20,902	20,961	(59)	20,803	158	20,836	(33)	20,864	(28)
Long Island Rail Road	3,768	3,852	(84)	3,868	(16)	3,856	12	3,856	0
Metro-North Railroad	3,416	3,444	(28)	3,487	(43)	3,586	(99)	3,586	0
Bridges & Tunnels	392	395	(3)	395	0	395	0	395	0
Headquarters	0	0	0	0	0	0	0	0	0
Long Island Bus	261	261	0	261	0	261	0	261	0
Staten Island Railway	161	161	0	161	0	161	0	161	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Bus Company	1,015	1,015	0	1,015	0	1,015	0	1,015	0
Engineering/Capital	2,017	2,043	(26)	2,036	7	2,036	(0)	2,036	0
NYC Transit	1,504	1,504	0	1,504	0	1,504	0	1,504	0
Long Island Rail Road	93	100	(7)	93	7	93	0	93	0
Metro-North Railroad	115	115	0	115	0	115	0	115	0
Bridges & Tunnels	190	190	0	190	0	190	0	190	0
Headquarters	0	0	0	0	0	0	0	0	0
Long Island Bus	16	16	0	16	0	16	0	16	0
Staten Island Railway	0	0	0	0	0	0	0	0	0
Capital Construction Company	88	95	(7)	95	0	95	0	95	0
Bus Company	11	23	(12)	23	0	23	0	23	0
Public Safety	1,658	1,652	6	1,653	(1)	1,652	1	1,651	1
NYC Transit	586	579	7	580	(1)	579	1	578	1
Long Island Rail Road	0	0	0	0	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0	0	0	0	0
Bridges & Tunnels	290	290	0	290	0	290	0	290	0
Headquarters	769	770	(1)	770	0	770	0	770	0
Long Island Bus	3	3	0	3	0	3	0	3	0
Staten Island Railway	0	0	0	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Bus Company	10	10	0	10	0	10	0	10	0

NOTE: Totals may not add due to rounding

Metropolitan Transportation Authority
July Financial Plan 2008 - 2011
Year to Year Changes for Positions by Function and Occupational Group
Baseline Total Full-time Positions and Full-time Equivalents

FUNCTION/OCCUPATIONAL GROUP	2007	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009	2011	Change 2011-2010
Administration									
Managers/Supervisors	1,701	1,716	(15)	1,715	1	1,713	2	1,713	-
Professional, Technical, Clerical	2,926	2,990	(64)	2,997	(7)	2,984	13	2,985	(1)
Operational Hourlies	33	33	-	33	-	33	-	33	-
Total Administration	4,660	4,739	(79)	4,745	(6)	4,730	15	4,731	(1)
Operations									
Managers/Supervisors	3,274	3,322	(48)	3,280	42	3,276	4	3,269	7
Professional, Technical, Clerical	1,274	1,286	(12)	1,281	5	1,292	(11)	1,292	-
Operational Hourlies	26,723	26,602	121	26,611	(9)	26,651	(40)	26,668	(17)
Total Operations	31,271	31,210	61	31,172	38	31,219	(47)	31,229	(10)
Maintenance									
Managers/Supervisors	4,729	4,772	(43)	4,771	1	4,767	4	4,761	6
Professional, Technical, Clerical	2,599	2,591	8	2,568	23	2,554	14	2,560	(6)
Operational Hourlies	22,587	22,726	(140)	22,651	75	22,789	(138)	22,817	(28)
Total Maintenance	29,915	30,089	(174)	29,990	99	30,110	(120)	30,138	(28)
Engineering/Capital									
Managers/Supervisors	502	516	(14)	510	7	510	(0)	510	-
Professional, Technical, Clerical	1,513	1,525	(12)	1,524	1	1,524	-	1,524	-
Operational Hourlies	2	2	-	2	-	2	-	2	-
Total Engineering/Capital	2,017	2,043	(26)	2,036	7	2,036	(0)	2,036	-
Public Safety									
Managers/Supervisors	160	159	1	156	3	155	1	155	-
Professional, Technical, Clerical	183	183	-	182	1	182	-	181	1
Operational Hourlies	1,315	1,310	5	1,315	(5)	1,315	-	1,315	-
Total Public Safety	1,658	1,652	6	1,653	(1)	1,652	1	1,651	1
Baseline Total Positions									
Managers/Supervisors	10,366	10,485	(119)	10,432	54	10,421	11	10,408	13
Professional, Technical, Clerical	8,495	8,575	(80)	8,552	23	8,536	16	8,542	(6)
Operational Hourlies	50,660	50,673	(14)	50,612	61	50,790	(178)	50,835	(45)
Baseline Total Positions	69,521	69,733	(212)	69,596	138	69,747	(151)	69,785	(38)

NOTE: Totals may not add due to rounding

POSITIONS (Headcount)

Plan-to-Plan (2007) Mid-Year Forecast

MTA consolidated baseline positions of 69,521 are 564 higher than the 2007 Adopted Budget. Non-Reimbursable positions are forecast to increase by 419 and Reimbursable positions to increase by 145. Total positions increase by 374 at NYCT, 141 at MTA Bus, 25 at the LIRR, 17 at MTA HQ, 5 at MNR, 4 at LIB, 3 at B&T and 3 at SIR, while positions decrease by 8 at MTA CC. Position increases in Maintenance (+264), Operations (+263), Administration (+39) and Public Safety (+15), are slightly offset by reductions in Engineering (-17).

NYCT's increase is comprised of 209 Non-Reimbursable and 165 Reimbursable positions. Positions increase in Maintenance (+254), Operations (+103), Public Safety (+9) and Administration (+8). Most of the Non-Reimbursable increase is made up of 93 positions to support the Grand Avenue Depot ramp-up in the fourth Quarter. Another 44 positions will be needed for new safety and security requirements including subway emergency response teams. Finally, an additional 29 Bus Operators will be needed as a result of new picks. The Reimbursable increase is made up primarily of 65 positions for increased track work, 30 positions for fire intrusion/alarm systems maintenance, and 32 positions for miscellaneous labor re-estimates.

MTA Bus' increase is made up of increases of 153 Non-Reimbursable positions and decreases of 12 Reimbursable positions. Non-Reimbursable positions increase in Operations (primarily Bus Operators) as a result of service expansion initiatives, while Reimbursable positions decrease in the area of Engineering.

The LIRR's increase is made up of increases of 32 Non-Reimbursable positions and decreases of 7 Reimbursable positions. Positions increase in Operations (+9), Administration (+6), Maintenance (+6) and Engineering (+4). Drivers of this increase include craft trainees, IT initiatives, gap mitigation efforts and East Side Access.

MTA HQ's increase is made up entirely of 17 Non-Reimbursable positions. Positions increase in Administration (+16) and Public Safety (+1). Human Resources positions increase by (+7) as a result of the implementation of the Defined Benefit Pension system, increased MTA Police recruitment efforts and increases in Deferred Compensation enrollment. Additional position increases of (+4) and (+3) are due to the conversion of Permanent Citizens Action Committee (PCAC) consulting positions to full-time MTA employees, and additional Real Estate and Facilities Management responsibilities brought about by MTA Bus and mega-projects like the Second Avenue Subway, respectively.

Plan-to-Plan (2008) Preliminary Budget

Baseline positions are increasing by 858 compared with the February Plan. Non-Reimbursable positions increase by 614 and Reimbursable positions increase by 245. Positions increase by 555 at NYCT, 193 at MTA Bus, 86 at the LIRR, 21 at MTA HQ, 4 at B&T, 4 at LIB and 3 at SIR, while positions decrease by 8 at MNR.

NYCT's increase is composed of 357 Non-Reimbursable and 198 Reimbursable positions. Positions increase in Maintenance (+368), Operations (+154), Administration (+29) and Public Safety (+4). Non-Reimbursable position increases are mostly due to increased maintenance requirements and subways fleet maintenance (+146), new safety and security requirements including subway emergency response teams (+97), a one-year delay in implementation of ATS (Automated Train Supervision) (+79), and re-estimated Bus Operator needs based on new picks (+29). Reimbursable position increases are primarily for increased track work (+65), miscellaneous labor re-estimates (+52), and SIR fleet maintenance support requirements (+46).

MTA Bus' increase is made up entirely of 193 Non-Reimbursable positions. Positions increase as a result of service expansion and 40 positions to provide administrative and other support.

The LIRR's increase is made up of 51 Non-Reimbursable and 36 Reimbursable positions. Positions increase in Operations (+28), Maintenance (+26), Administration (+20) and Engineering (+12). Non-Reimbursable position increases include train service trainees and various IT initiatives, while most of the Reimbursable position growth is composed of 28 positions for the Queens and Hall Interlocking In-Tie Switch replacement project.

MTA HQ's increase is made up entirely of 21 Non-Reimbursable positions. Positions increase in Administration (+19) and Public Safety (+2). Human Resources and Public Safety positions increase by (+9) as a result of implementation of the Defined Benefit Pension system, increased MTA Police staffing/recruitment, and increases in Deferred Compensation enrollment. Additional position increases are due to the conversion of Permanent Citizens Advisory Committee (PCAC) consulting positions to full-time MTA employees (+4), and additional Real Estate and Facilities Management responsibilities brought about by MTA Bus and mega-projects like the Second Avenue Subway (+4).

Plan-to-Plan (2009 – 2011)

When compared with the February Plan, positions are higher in each of the out-years: by 723 in 2009, 1,239 in 2010, and 1,013 in 2011. Positions increase in 2009 at NYCT (+400), MTA Bus (+193), the LIRR (+110), MTA HQ (+23), B&T (+4), LIB (+4) and SIR (+3), while decreasing at MNR (-14).

Most of the Plan-to-Plan increases over the period are due to the expansion of service and maintenance programs. NYCT's increase in 2009 and the out-years reflects

increased maintenance requirements including subways fleet maintenance, new safety and security requirements including subway emergency response teams, additional Bus Operator requirements based on new picks, increased track work requirements and miscellaneous labor re-estimates. MTA Bus' positions increase in 2009 and the out-years as a result of service expansion and 40 positions to provide administrative and other support. The LIRR's increase in 2009 and the out-years is primarily due to more train service trainees and various IT initiatives, while most of the Reimbursable position growth is composed of 28 positions for the Queens and Hall Interlocking In-Tie Switch replacement project.

July Financial Plan 2008 - 2011
Baseline Change Between Plans 2007 February Financial Plan vs. 2007 July Financial Plan
Full-Time Positions and Full Time Equivalents by Agency

Favorable/(Unfavorable) Variance

Category	2007	2008	2009	2010	2011
Baseline Total Positions	(564)	(858)	(723)	(1,239)	(1,013)
NYC Transit	(374)	(555)	(400)	(796)	(563)
Long Island Rail Road	(25)	(86)	(110)	(95)	(95)
Metro-North Railroad	(5)	8	14	(121)	(128)
Bridges & Tunnels	(3)	(4)	(4)	(4)	(4)
Headquarters	(17)	(21)	(23)	(23)	(23)
Long Island Bus	(4)	(4)	(4)	(4)	(4)
Staten Island Railway	(3)	(3)	(3)	(3)	(3)
Capital Construction Company	8	0	(0)	(0)	(0)
Bus Company	(141)	(193)	(193)	(193)	(193)
Non-Reimbursable	(419)	(614)	(539)	(1,072)	(847)
NYC Transit	(209)	(357)	(261)	(666)	(435)
Long Island Rail Road	(32)	(51)	(76)	(69)	(68)
Metro-North Railroad	(1)	15	21	(114)	(121)
Bridges & Tunnels	0	0	0	0	0
Headquarters	(17)	(21)	(23)	(23)	(23)
Long Island Bus	(4)	(4)	(4)	(4)	(4)
Staten Island Railway	(3)	(3)	(3)	(3)	(3)
Capital Construction Company	0	0	0	0	0
Bus Company	(153)	(193)	(193)	(193)	(193)
Reimbursable	(145)	(245)	(185)	(167)	(166)
NYC Transit	(165)	(198)	(139)	(130)	(128)
Long Island Rail Road	7	(36)	(35)	(26)	(27)
Metro-North Railroad	(4)	(7)	(7)	(7)	(7)
Bridges & Tunnels	(3)	(4)	(4)	(4)	(4)
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	8	0	0	0	0
Bus Company	12	0	0	0	0
Total Full-Time	(553)	(844)	(709)	(1,224)	(999)
NYC Transit	(363)	(541)	(386)	(781)	(549)
Long Island Rail Road	(25)	(86)	(110)	(95)	(95)
Metro-North Railroad	(5)	8	14	(121)	(128)
Bridges & Tunnels	(3)	(4)	(4)	(4)	(4)
Headquarters	(17)	(21)	(23)	(23)	(23)
Long Island Bus	(4)	(4)	(4)	(4)	(4)
Staten Island Railway	(3)	(3)	(3)	(3)	(3)
Capital Construction Company	8	0	0	0	0
Bus Company	(141)	(193)	(193)	(193)	(193)
Total Full-Time-Equivalents	(11)	(14)	(14)	(15)	(14)
NYC Transit	(11)	(14)	(14)	(15)	(14)
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0

NOTE: Totals may not add due to rounding

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2008 - 2011

Baseline Change Between Plans 2007 February Financial Plan vs. 2007 July Financial Plan
Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency

Favorable/(Unfavorable) Variance

Function	2007	2008	2009	2010	2011
Administration	(39)	(128)	(77)	(76)	(73)
NYC Transit	(8)	(29)	27	24	28
Long Island Rail Road	(6)	(20)	(23)	(19)	(20)
Metro-North Railroad	(4)	(16)	(16)	(16)	(16)
Bridges & Tunnels	(3)	(1)	(1)	(1)	(1)
Headquarters	(16)	(19)	(21)	(21)	(21)
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	(2)	(3)	(3)	(3)	(3)
Bus Company	0	(40)	(40)	(40)	(40)
Operations	(263)	(320)	(232)	(263)	(278)
NYC Transit	(103)	(154)	(101)	(93)	(91)
Long Island Rail Road	(9)	(28)	(28)	(28)	(28)
Metro-North Railroad	1	14	49	10	(7)
Bridges & Tunnels	5	5	5	5	5
Headquarters	0	0	0	0	0
Long Island Bus	(4)	(4)	(4)	(4)	(4)
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	(153)	(153)	(153)	(153)	(153)
Maintenance	(264)	(389)	(393)	(878)	(641)
NYC Transit	(254)	(368)	(327)	(728)	(502)
Long Island Rail Road	(6)	(26)	(42)	(30)	(29)
Metro-North Railroad	(1)	11	(18)	(114)	(104)
Bridges & Tunnels	0	(3)	(3)	(3)	(3)
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	(3)	(3)	(3)	(3)	(3)
Capital Construction Company	0	0	0	0	0
Bus Company	0	(0)	(0)	(0)	(0)
Engineering/Capital	17	(11)	(16)	(16)	(16)
NYC Transit	0	0	0	0	0
Long Island Rail Road	(4)	(12)	(18)	(18)	(18)
Metro-North Railroad	(1)	(1)	(1)	(1)	(1)
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	10	3	3	3	3
Bus Company	12	0	0	0	0
Public Safety	(15)	(11)	(6)	(6)	(5)
NYC Transit	(9)	(4)	1	1	2
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	(5)	(5)	(5)	(5)	(5)
Headquarters	(1)	(2)	(2)	(2)	(2)
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0

NOTE: Totals may not add due to rounding

Metropolitan Transportation Authority
July Financial Plan 2008 - 2011
Baseline Change Between Plans 2007 February Financial Plan vs. 2007 July Financial Plan
Full-time Positions and Full-time Equivalents by Occupational Group and Agency

Favorable/(Unfavorable) Variance					
FUNCTION/OCCUPATIONAL GROUP	2007	2008	2009	2010	2011
Administration					
Managers/Supervisors	(13)	(36)	(25)	(27)	(27)
Professional, Technical, Clerical	(46)	(112)	(97)	(85)	(86)
Operational Hourlies	20	20	45	36	40
Total Administration	(39)	(128)	(77)	(76)	(73)
Operations					
Managers/Supervisors	(47)	(102)	(85)	(83)	(82)
Professional, Technical, Clerical	(54)	(63)	(61)	(72)	(72)
Operational Hourlies	(162)	(155)	(86)	(108)	(124)
Total Operations	(263)	(320)	(232)	(263)	(278)
Maintenance					
Managers/Supervisors	(12)	(81)	(93)	(137)	(123)
Professional, Technical, Clerical	(9)	2	(5)	(5)	(14)
Operational Hourlies	(242)	(310)	(295)	(736)	(505)
Total Maintenance	(264)	(389)	(393)	(878)	(641)
Engineering/Capital					
Managers/Supervisors	1	(16)	(19)	(19)	(19)
Professional, Technical, Clerical	15	6	3	3	3
Operational Hourlies	-	-	-	-	-
Total Engineering/Capital	17	(11)	(16)	(16)	(16)
Public Safety					
Managers/Supervisors	(9)	(9)	(9)	(9)	(9)
Professional, Technical, Clerical	(12)	(13)	(13)	(13)	(12)
Operational Hourlies	6	11	16	16	16
Total Public Safety	(15)	(11)	(6)	(6)	(5)
Baseline Total Positions					
Managers/Supervisors	(80)	(244)	(230)	(274)	(259)
Professional, Technical, Clerical	(106)	(180)	(173)	(172)	(181)
Operational Hourlies	(378)	(434)	(320)	(792)	(573)
Baseline Total Positions	(564)	(858)	(723)	1,239	(1,013)

NOTE: Totals may not add due to rounding

Status of 2007 Agency PEGs and Policy Actions

Status of 2007 Agency PEGs and Policy Actions

2007 PEG Program — The February Plan baseline included 2007 Program to Eliminate the GAP (PEG) savings of \$40 million and 228 positions in 2007. Savings remain virtually flat over the Financial Plan period, with dollar savings in 2011 of \$39 million and 230 positions. In the July Plan, the value of these PEGs is reduced each year by \$0.3 million and 2 positions in 2007 and by \$0.6 million in 2008. The LIRR has reduced PEG savings in one year (2007) by \$0.3 million. B&T's PEG savings are reduced in 2007 by \$0.03 million and 2 positions and by \$0.05 million in 2008. Lastly, PEG savings for SIR are reduced in 2008 only (\$0.5 million) due to a one-year delay in implementing fare collection at the Tomkinsville station.

The 2007 February Plan incorporated Policy Actions adopted by the MTA Board in December, 2006.

Downsizing – The February Plan included \$81.0 million of MRT-2 funds in 2007 to cover downsizing. It was expected that major cost reductions would require significant headcount reductions. Since it is unlikely that the savings could be achieved solely through attrition, the Plan had set aside the expected one-time separation costs. The July Plan policy actions assume a restoration of the \$81.0 million in 2007, and shift the need to downsize to 2009 and 2010 (\$40.5 million in each year).

Anti-Graffiti Campaign – Since the removal of graffiti from the subway fleet, vandalism of subway car windows has increased significantly. Vandalism involves scratching and carving of window glass with sharp instruments and applying acid etching compounds to it. Currently, Mylar vandal shields (single-ply) are used on new R142, R142A and R143 fleets. However, this has resulted in incomplete coverage of the subway car fleet and the frequent need to replace single-ply Mylar on the new cars and glass on the remaining cars. The Scratch-Free window program, between 2007 and 2009, will provide replacement of all scratched subway car window glass and installation of four-ply Mylar on the R44 through R68A fleets, and installation of four-ply Mylar on the R142, R142A and R143 fleets. By 2009, all subway car window glass on the fleets will be scratch-free. The estimated cost of the program, which has been incorporated into the NYCT baseline, remains unchanged from the February Plan (\$5.2 million for 2007, \$3.4 million for 2008, \$5.0 million for 2009, and \$5.7 million for 2010).

Service Marketing Campaign - The MTA Board approved an allotment of \$5.0 million from MRT-2 funds to be spent in 2007, that was originally set aside in the February Plan and carried over to the July Plan, to support a marketing campaign that would target Commuter Railroad and NYCT services in order to increase usage. These funds, to be allocated by the Executive Director, are to be used for designated routes/services that have the potential to be better utilized and therefore make better use of current capacity.

Enhanced Security Training – The July Plan makes no change to the February Plan's allocation of \$25.0 million over four years, beginning in 2007 (\$6.2 million in equal

installments), for enhanced security training for NYCT, Metro-North, and LIRR's operating personnel. The MTA has undertaken this initiative on the recommendations of Kroll Associates, the security consulting firm that the MTA engaged to review the agencies' safety/security training curriculum, and has sought and received the approval of the MTA Board.

Station Painting Program - NYCT had not had a regular program to paint subway stations in many years which has resulted in many stations suffering from peeling, faded and dirty paint. The February 2007 Plan established a program to paint all 468 stations over the next ten years. To reach this goal, a dedicated program funded by the operating budget was developed to supplement station painting incorporated in the workscope of capital projects. The operating budget painting program is targeting an average of 35 stations annually at an estimated cost of \$8.8 million annually that will grow with inflation. Over the ten-year period, 350 stations will be painted through the operating budget program, with the remaining 118 stations (about 12 per year) done as part of the Capital Program. It should be noted that a portion of the 2007 funding will be rescheduled to 2008. This amount will be included and fully addressed in the November Plan.