

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

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Chair, Committee on Transportation



Report on the Fiscal 2016 Preliminary Budget and the
Fiscal 2015 Preliminary Mayor's Management Report

Metropolitan Transportation Authority

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Metropolitan Transportation Authority (MTA)

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

Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County the ability to transition bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA’s calendar year 2014 financial plan excludes it from all budget forecasts (revenue, expenses, cash, subsidies, and headcount).

Governance/MTA Board

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

Financial Operations

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

MTA Financial Plan 2015-2018

MTA Consolidated Statement of Operations – Including MTA Bus Company

(\$ in millions)

	2013 Actual	2014 Final Forecast	2015 Final Proposed	2016 Projected	2017 Projected	2018 Projected
Operating Revenue						
Farebox	\$5,507	\$5,702	\$5,776	\$ 5,862	\$5,921	\$5,973
Toll Revenue	1,645	1,669	1,670	1,679	1,686	1,694
Other Revenue	754	674	689	665	695	720
Capital & Other Reimburse.	0	0	0	0	0	0
Total Operating Revenue	\$7,906	\$8,045	\$8,135	\$8,206	\$8,302	\$8,387
Operating Expenses						
Labor Expenses	7,997	8,529	8,550	8,800	9,057	9,342
Non-Labor Expenses	2,894	3,083	3,175	3,283	3,437	3,513
Other Expenses Adjustment	46	45	44	48	48	49
General Reserve	0	0	140	145	150	155
Total Operating Expenses Before Non-Cash Liability Adj.	\$10,937	\$11,657	\$11,909	\$12,276	\$12,692	\$13,059
Depreciation	2,174	2,292	2,411	2,473	2,662	2,720
Other Post-Employment Benefit	1,920	2,000	2,036	2,121	2,208	2,299
Environmental Remediation	14	7	5	5	5	5
Total Operating Expenses After Non-Cash Liability	\$15,045	\$15,956	\$16,361	\$16,875	\$17,567	\$18,083
Net Operating Deficit	(\$7,139)	(\$7,911)	(\$8,226)	(\$8,669)	(\$9,265)	(\$9,696)
Subsidies (Accrual Basis)	5,898	6,212	6,330	6,539	6,760	6,925
Debt Service	(2,299)	(2,264)	(2,482)	(2,590)	(2,772)	(2,936)
Deficit after Subsidies & Debt Service	(\$3,540)	(\$3,963)	(\$4,378)	(\$4,720)	(\$5,277)	(\$5,707)
Conversion to Cash						
Non-Cash Liability Adjs.	4,109	4,299	4,453	4,598	4,875	5,024
GASB Account	(86)	(49)	0	0	0	(10)
All Other	(396)	(228)	(389)	(142)	(285)	(320)
Cash Bal. Before Prior-Yr. Carryover	\$87	\$59	(\$314)	(\$264)	(\$687)	(\$1,013)
Policy & GAP Closing Actions/Adjs.	0	(221)	228	300	587	690
Prior Year Carryover	229	314	150	64	102	1
Net Cash Surplus/(Deficit)	\$314	\$150	\$64	\$102	\$1	(\$322)

Source: Metropolitan Transportation Authority

MTA Budget Overview

The Calendar Year 2015 Adopted Budget for the MTA includes a four-year financial plan for the years 2015 through 2018. The Authority issued a Preliminary Budget in July of 2014 for public review and comment before issuing a Final Budget in late November that was presented to the MTA Board for a vote on December 17, 2014.

The Adopted Plan (“the Plan”) includes recurring cost reductions but does not include budget driven service reductions. The Plan continues to maintain gap closing actions implemented by the Authority since 2010. In calendar year 2015, these gap closing actions are expected to produce an annualized recurring savings of \$1.2 billion that would grow to \$1.6 billion by Calendar Year (CY) 2018. The gap actions already identified include cuts in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers. To achieve the outyears projected recurring savings, the Adopted Budget anticipates additional individual Agencies reduction of \$40 million annually beginning in 2015. Also, to help fund the recent pattern settlements, the Plan includes a \$254 million drawdown from Other Post-Employment Benefits (OPEB) reserves, the suspension of contribution of approximately \$120 million annually into OPEB through calendar year 2017, \$80 million reduction to PAYGO capital contribution each year, and the elimination of planned supplemental pension contributions of approximately \$25 million annually.

In addition, the Plan continues the assumption of biennial fare and toll increases. As a result, a fare and toll increase of four percent (two percent annually) is projected for March 1, 2015 and 2017. The fare and toll increases are expected to yield additional revenues of \$248 million in 2015 and \$295 million in 2017.

To improve service quality and safety, the Plan includes additional investments of \$442 million for customer and employee safety programs such as improved work practices, additional training, more inspections and maintenance of the right-of-way; \$143 million in technology investments; \$172 million in service quality investments and platform service adjustments and \$133 million in operational and maintenance needs in continuation of the Authority’s efforts to respond to increased growth in ridership. The Plan also includes annual PAYGO capital contributions of \$290 million to support the 2015-2019 Capital Program beginning in 2015.

Taken in total, the 2015 Adopted Budget remains balanced, after adjustments for prior year balances, with an anticipated net cash surplus of \$64 million. For the outyears, the Plan anticipates an end-of-year cash balance of \$102 million in 2016, \$1 million in 2017 and a manageable deficit of \$322 million in 2018.

Lastly, despite an improved outlook for the MTA budget, significant risk remains. These risks include the impact of rising debt service costs due to increased borrowing, increasing pension and healthcare expenses, the depletion of non-recurring resources and the future impact of the Authority’s mega projects, as they come on line, on the expense budget in addition to obtaining approval for a fully funded 2015-2019 Capital Program. Because the funds for debt service come from current revenues, as debt service grows so too will the pressure on operating budget. If the 2015-2019 Capital Plan requires new borrowing, the MTA’s financial outlook could suffer. As of December 31, 2014, the MTA had outstanding debts of \$34.1 billion.

Issues / Highlights

Risk to the Financial Plan

The current Financial Plan is based on the assumption that the State budget actions will not impact any of the dedicated taxes collected on behalf of the Authority including the Payroll Mobility Tax, which remains fairly unpopular with certain constituents who have advocated for its repeal, should this tax be repealed its impact on the Authority's budget could be detrimental. In addition, the Authority's budget is highly sensitive to economic fluctuations given its dependence on dedicated taxes, toll revenues and borrowing. Presently interest rates have remained historically low. As the nation's economic activities continue to improve, any upward trend in interest rates would increase the Authority's debt service payments, which is currently projected to be \$2.5 billion or 17 percent of the Authority's expense budget in 2015, further increasing the size of the expense budget committed to debt service payments.

Payroll Mobility Tax (PMT)

In 2011, the Legislature approved and the Governor signed into law legislation that made significant changes to the Payroll Mobility Tax (PMT), eliminating or reducing the PMT for certain taxpayers including public and private schools, small employers and self-employed individuals with income below a certain threshold. The action at the time was projected to reduce PMT revenues by \$310 million annually. However, the legislation expressly provides that any reductions in transit aid attributable to these reductions "shall be offset through alternative sources that will be included in the state budget". The MTA's 2015 Adopted Financial Plan assumes that there will be no reduction in net revenue to the MTA resulting from the enacted legislation. However, future changes in the State's financial outlook could potentially impact this funding.

The 2015-2019 Capital Program

The MTA's proposed \$32 billion 2015-2019 Capital Program includes a \$15.2 billion funding gap. However, the State's Fiscal 2016 Executive Budget only recommends approximately \$1 billion for the MTA Capital Programs, including \$250 million for Penn Station Access to bring Metro-North's New Haven Line directly to Penn Station while adding four new stations in the Bronx. Given the size of the gap, if the funding issues are not fully resolved timely, it's likely that only a portion of the proposed Plan would be implemented.

Capital Program

Capital Budget Summary

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

Program Elements	Proposed
Core Capital Programs	
New York City Transit	\$17,122
Long Island Rail Road	3,120
Metro-North Railroad	2,553
MTA Bus	437
MTA Interagency	240
Core Subtotal	\$23,471
Network Expansion Projects	5,519
Total 2015-2019 CPRB Program	\$28,990
Bridges & Tunnels	3,056
Total 2015-2019 Capital program	\$32,046

Source: Metropolitan Transportation Authority

Numbers may not total due to rounding

In September 2014, the MTA proposed a new 2015-2019 Capital Plan, Which was approved by the Authority's Board and submitted to the Capital Program Review Board (CPRB) on October 1, 2014. The Plan, which totals \$32 billion includes a \$15.2 billion funding gap and as a result, was vetoed by the CPRB without prejudice to allow the MTA more time to resolve issues relating to fully funding the Capital Plan. The MTA is likely reworking the Capital Plan and will be resubmitting it to the CPRB at some point before the end of the State's fiscal year. In addition to the core programs, the 2015-2019 proposed Plan also includes \$5.5 billion for network expansion projects, including \$2.6 billion to complete the East Side Access project, \$1.5 billion to begin phase 2 of the Second Avenue Subway line between 96th Street and Second Avenue and 125th Street and 5th Avenue, and \$743 million for Penn Station Access to bring Metro-North service into New York's Penn Station in addition to the construction of four new stations in the Bronx to serve Co-op City, Hunts Point, Morris Park, and Parkchester/Van Nest.

Although the Authority has not said how it intends to make-up the \$15.2 billion shortfall, it has indicated that assistance from its funding partners would be necessary. In the State Executive Budget, a new State contribution of \$750 million is proposed to help fund the MTA's five year Capital Program in addition to \$250 million for Penn Station Access. In the absence of any additional commitments to the 2015-2019 Plan, beyond the current State Fiscal 2016 Executive Budget proposed contribution of approximately \$1 billion and the City's Preliminary Budget proposed contribution of \$535 million in Fiscal 2015-2019, it is conceivable that only a portion of the Plan would be funded this year as was the case with the 2010-2014 Capital Program approved by the CPRB in 2010.

While uncertainty exists as to how best to fund the Authority's proposed 2015-2019 Capital Plan, it is conceivable that in the absence of additional State, Federal and City funding, the Authority could seek to close the gaps through a combination of service cuts, agency efficiencies and/or fare and toll increases, in addition to the four percent fare growth already in the budget for 2015 and 2017. The MTA has invested nearly \$100 billion over the past 30 years to bring the regional transit system to a state of good repairs; not fully funding the proposed plan

completely could erode the gains of the past and hinder desperately needed system-wide expansion and service enhancements.

For the New York City Transit (NYCT), the proposed 2015-2019 Capital Plan, when fully funded, would commit \$17.1 billion in core programs to maintain state of good repair. Of that amount approximately \$5.2 billion or 30 percent is allocated for subway cars, buses, and track replacement. More specifically, the Plan includes the purchase of 940 new subway cars, 1,391 new buses, 999 paratransit vehicles, and the replacement of 84 miles of track and 175 switches. The Plan also includes \$2.9 billion for the rehabilitation of passenger stations, among others. Signals and Communications constitute the single largest investment category proposed by the NYCT. The vetoed 2015-2019 Capital Plan includes \$3.2 billion for signal and communications. Until a new Capital Plan is approved, the MTA will continue to progress works in its current 2010-2014 Capital Plan.

MTA Proposed 2015-2019 Capital Program

Funding Sources (\$in millions)

	Proposed 2015-2019
Total 2015-2019 Program Costs	\$32,040
Funding Currently Projected	
Federal Formula	\$6,275
MTA Bonds	3,886
Pay-as-you-go Capital (PAYGO)	927
Asset Sales/Leases	600
City of New York Capital Funds	657
State Assistance	-
Federal New Starts	507
Private Developer Funded Improvements	200
Other MTA Sources	762
Sub-total	\$13,814
Bridge & Tunnels Bonds and PAYGO	3,056
Total 2015-2019 Funds Available	\$16,870
Funding Gap	(\$15,176)

New York City Transit (NYCT)

Mission Statement

The New York City Transit (NYCT), a subsidiary of the Metropolitan Transportation Authority (MTA), provides bus and subway service to New York City. The NYCT is responsible for providing safe, clean, and reliable public transportation services to all persons traveling within the City. The NYCT employs approximately 47,000 workers who are responsible for the operation and maintenance of 4,600 buses and 6,400 subway cars. Over 2.4 billion people ride the City's buses and subways each year.

NYCT Financial Plan 2015-2018 February Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2013 Actual	2014 Final Forecast	2015 Adopted Budget	2016 Projected	2017 Projected	2018 Projected
Operating Revenue						
Farebox	\$4,052	\$4,184	\$4,230	\$4,295	\$4,333	\$4,370
Other Revenue	514	428	453	440	466	487
Capital & Other Reimbursement.	965	1,010	1,001	978	951	938
Total Operating Revenue	\$5,531	\$5,622	\$5,684	\$5,713	\$5,749	\$5,795
Operating Expenses						
Labor Expenses	\$6,222	\$6,426	\$6,579	\$6,747	\$6,898	\$7,061
Non-Labor Expenses	1,805	1,902	1,860	1,951	2,037	2,122
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$8,027	\$8,328	\$8,439	\$8,698	\$8,935	\$9,183
Depreciation	\$1,421	\$1,544	\$1,638	\$1,688	\$1,863	\$1,913
Other Post Employment Benefit.	1,554	1,604	1,616	1,681	1,748	1,818
Environmental Remediation	24	0	0	0	0	0
Total Operating Expenses	\$11,026	\$11,476	\$11,693	\$12,067	\$12,546	\$12,914
Net Operating Deficit/(Deficit)	(\$5,495)	(\$5,854)	(\$6,009)	(\$6,354)	(\$6,797)	(\$7,119)
Gross Subsidies (Cash Basis)	\$3,643	\$4,157	\$3,688	\$3,976	\$4,004	\$4,091
Deficit after Projected Subsidies	(\$1,852)	(\$1,697)	(\$2,320)	(\$2,378)	(\$2,793)	(\$3,028)
Conversion to Cash						
Depreciation, OPEB & ER	\$2,999	\$3,148	\$3,254	\$3,369	\$3,611	\$3,731
Net Cash Surplus/(Deficit) 2	\$1,147	\$1,451	\$934	\$991	\$818	\$703

Source: Metropolitan Transportation Authority

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

- **Budget.** As approved by the MTA Board of Directors, the NYCT Operating Budget (reimbursable and non-reimbursable) before depreciation and other post-employment benefit is approximately \$8.4 billion for Calendar Year (CY) 2015. Of that amount, approximately \$6.6 billion is for labor costs and \$1.9 billion is for non-labor expenses. In

addition, the Adopted Budget contains non-cash depreciation expenses of \$1.6 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$1.6 billion. The budget funds 47,457 positions, of which 4,899 are reimbursable and 42,558 are non-reimbursable. Reimbursable positions are those positions generally paid with capital funds.

- **Operating Revenue / Expense Projections.** The NYCT projects \$5.7 billion in operating revenues for calendar year 2015, which is primarily derived from farebox revenues of \$4.2 billion, capital and other reimbursements of \$1 billion and other revenues of \$453 million. These funds will support the NYCT's proposed reimbursable and non-reimbursable expenditures of \$8.4 billion, excluding depreciation and other post-employment benefits, in 2015.
- **Transit Tax Revenue.** The NYCT is funded, in part, with tax revenues from the Metropolitan Mass Transportation Operating Assistance Account (Metro Account), Petroleum Business Tax (PBT), Mortgage Recording Tax, and the Urban Mass Transportation Operating Account (Urban Account). The revenues from these accounts are projected to total \$2.28 billion in 2015, which is \$61.9 million less than the 2014 amount of \$2.34 billion (it was \$2.1 billion in 2008 its highest point before the economic crisis). The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT) imposed on New York City commercial real property transactions of more than \$500,000.
- **Payroll Mobility Tax and MTA Aid.** The Payroll Mobility Tax (PMT) and the MTA Aid are a set of new taxes, fees and surcharges enacted by the State in 2009 (Chapter 25 of the Laws of 2009) for the benefit of the MTA. The State law was recently amended to exclude employers with payroll expenses of less than \$312,500 per quarter per calendar year and certain eligible education institutions. For the NYCT, subsidies related to PMT and MTA Aid is projected to be \$1.35 billion in Calendar Year 2015, slightly lower than the \$1.4 billion in 2014. In 2012, the State Legislature passed a law granting the City authorization to establish a "Hail accessible inter-borough licenses" (HAIL licenses) for livery cabs to provide hail services in certain underserved areas of the City. After overcoming legal challenges, the law was implemented during the second half of 2013, and is anticipated to result in increased MTA Aid revenue for the Authority as the City phases in the additional vehicles.
- **The City's Contribution.** For calendar year 2015, the City's contribution, excluding capital commitments, is approximately \$917 million. For calendar year 2015, estimated City subsidies include the following: \$45 million for the school fare subsidy; \$14 million for the elderly and disabled subsidy; \$183 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$387 million for private bus subsidy; \$37 million City subsidy for SIRTOA and \$93 million for the maintenance and operation of Long Island Railroad and Metro North Railroad stations in the City.
- **Paratransit.** Pursuant to an agreement between the City and the MTA, the NYCT assumed operating responsibility for all paratransit services required under the Americans with Disability Act of 1990. The City reimburses the NYCT for thirty-three percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be \$195 million in CY 2014, which includes \$128 million from City reimbursements.

- **State Subsidies.** For CY 2015, the State's subsidy to the NYCT's budget is expected to be \$187.9 million. Of this amount, \$29.9 million is for school fare reimbursement and \$158 million is to match City operating assistance. This funding does not include State dedicated tax revenues of more than \$3.1 billion expected in 2014.

The MTA Bus Company (MTABC)

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

MTA Bus Financial Plan 2015-2018

(\$ in millions)

Non-Reimbursable and Reimbursable	2013 Actual	2014 Final Forecast	2015 Adopted Budget	2016 Projected	2017 Projected	2018 Projected
Operating Revenue						
Farebox	\$199.2	\$202.7	\$205.0	\$206.6	\$206.9	\$207.9
Other Revenue	26.2	20.2	26.7	20.6	20.9	21.3
Capital & Other Reimbursement.	6.4	5.7	5.7	5.8	5.6	5.7
Total Operating Revenue	\$231.8	\$228.6	\$237.4	\$233.0	\$233.5	\$235.0
Operating Expenses						
Labor Expenses	\$448.8	\$462.1	\$469.6	\$489.2	\$503.1	\$514.7
Non-Labor Expenses	138.1	144.5	164.4	173.1	205.9	159.8
Operating Expenses Before Depreciation, OPEB & ER 1	\$586.9	\$606.6	\$634.0	\$662.3	\$708.9	\$674.6
Depreciation	\$48.9	\$42.2	\$42.2	\$42.2	\$42.9	\$43.7
Other Post Employment Benefit.	100.2	100.2	100.2	100.2	100.2	100.2
Environmental Remediation	1.7	0	0	0	0	0
Total Operating Expenses	\$737.7	\$749.0	\$776.4	\$804.7	\$852.0	\$818.4
Net Operating Deficit/(Deficit)	(\$505.9)	(\$520.4)	(\$539.0)	(\$571.7)	(\$618.5)	(\$583.4)
Gross Subsidies (Cash Basis)	\$307.5	\$430.1	\$485.4	\$403.3	\$442.5	\$447.4
Deficit after Projected Subsidies	(\$198.4)	(\$90.3)	(\$53.6)	(\$168.4)	(\$176.0)	(\$136.0)
Conversion to Cash						
Depreciation, OPEB & ER	\$151	\$142	\$142	\$142	\$143	\$144
Net Cash Surplus/(Deficit) 2	(\$48)	\$52	\$89	(\$26)	(\$33)	\$8

Source: Metropolitan Transportation Authority

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

- **Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2015 is projected to be \$237.4 million, which includes farebox revenue of \$205 million, Capital and

other reimbursement of \$5.7 million, and other operating revenue of \$26.7 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$634 million for CY 2015. These expenses include \$469.6 million in labor costs and \$164.4 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42.2 million and \$100.2 million respectively.

MTA Staten Island Railway (SIR)

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

MTA Staten Island Railway (SIR) Financial Plan 2015-2018

(\$ in millions)

Non-Reimbursable and Reimbursable	2013 Actual	2014 Final Forecast	2015 Adopted Budget	2016 Projected	2017 Projected	2018 Projected
Operating Revenue						
Farebox	\$5.5	\$5.9	\$6.0	\$6.1	\$6.2	\$6.3
Other Revenue	4.3	2.5	4.2	2.4	2.4	2.4
Capital & Other Reimbursement.	4.1	5.2	5.2	3.4	1.7	1.7
Total Operating Revenue	13.8	13.6	15.4	11.9	10.3	10.4
Operating Expenses						
Labor Expenses	\$36.5	\$38.7	\$36.7	\$36.4	\$36.2	\$37.1
Non-Labor Expenses	10.4	11.7	20.0	28.6	11.8	12.3
Other Expense Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$46.9	\$50.3	\$56.7	\$65.0	\$48.0	\$49.4
Depreciation	\$8.1	\$8.3	\$8.3	\$8.3	\$8.3	\$8.3
Other Post Employment Benefit.	1.4	2.3	2.3	2.3	2.3	2.3
Environmental Remediation	0	0	0	0	0	0
Total Operating Expenses	\$56.4	\$60.9	\$67.3	\$75.6	\$58.6	\$60.0
Net Operating Deficit/(Deficit)	(\$43)	(\$47)	(\$52)	(\$64)	(\$48)	(\$50)
Gross Subsidies (Cash Basis)	\$35.3	\$28.8	\$40.9	\$42.0	\$54.4	\$40.1
Deficit after Projected Subsidies	(\$7)	(\$19)	(\$11)	(\$22)	\$6	(\$10)
Conversion to Cash						
Depreciation, OPEB & ER	\$9.5	\$10.6	\$10.6	\$10.6	\$10.6	\$10.6
Net Cash Surplus/(Deficit) 2	\$2.2	(\$8.0)	(\$0.4)	(\$11.0)	\$16.6	\$1.0

Source: Metropolitan Transportation Authority

- Operating Revenue/Expense Projections.** The SIR's operating revenue for CY 2015 is projected to be \$15.4 million, which includes farebox revenue of \$6 million, Capital and other reimbursement of \$5.2 million, and other operating revenue of \$4.2 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$56.7 million for CY 2015. These expenses include \$36.7 million in labor costs and \$20 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$8.3 million and \$2.3 million respectively.

Capital Program

Capital Budget Summary (City's Contribution)

The New York City subway system operates on more than 660 miles of track in over 238 directional route-miles serving the boroughs of Manhattan, the Bronx, Queens, and Brooklyn. The Staten Island Railway (SIR) operates a 14-mile rapid transit line linking 22 communities and the Staten Island-Manhattan Ferry service. The Authority's bus system, including the MTA Bus, serves all five boroughs. On the average, the combined transit (6,400 subway cars) and bus systems (5,700 buses) transport over 2.4 billion riders annually.

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

NYCTA 2015-2018 Capital Commitment Plan					
<i>Dollars in Thousands</i>					
	FY15	FY16	FY17	FY18	Total
Adopted Plan	\$375,262	\$40,000	\$40,000	\$40,000	\$495,262
Preliminary Plan	\$375,262	\$40,000	\$40,000	\$40,000	\$495,262
Change	\$0	\$0	\$0	\$0	\$0
Percentage Change	0%	0%	0%	0%	0%

Preliminary 2016 Capital Commitment Plan					
<i>Dollars in thousands</i>					
	2015	2016	2017	2018	2015-2018
MTA Bus (MT)	\$49,040	\$0	\$0	\$0	\$49,040
Staten Island Rail (ST)	5,600	0	0	0	\$5,600
New York City Transit (T)	320,622	40,000	40,000	40,000	\$440,622
TOTAL	\$375,262	\$40,000	\$40,000	\$40,000	\$495,262

The Preliminary 2016 Capital Commitment Plan includes \$495.3 million in Fiscal 2015-2018 for the New York City Transit (NYCT) including City and Non-City funds. This represents approximately 1.1 percent of the City's total \$44.7 billion Preliminary Plan for Fiscal 2015-2018. The agency's Preliminary Commitment Plan for Fiscal 2015-2018 remains unchanged from the Adopted Commitment Plan.

The majority of the capital projects span multiple fiscal years as such, it is common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2014, the Authority committed \$35 million or 11.3 percent of its \$310 million annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2015 Capital Plan will be rolled into Fiscal 2016, thus increasing the size of the Fiscal 2016-2019 Capital Plan. The MTA proposed 2015-2019 Capital Plan includes approximately \$657 million that would be funded with proceeds of City general obligation bonds.

Preliminary Ten-Year Capital Strategy

NYCT FY2016-2025 Preliminary Ten-Year Capital Strategy											
<i>Dollars in Thousands</i>											
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Other Various Transit Projects	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$6,320	\$7,684	\$54,004
Track Work	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	350,000
Total	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$41,320	\$42,684	\$404,004

The proposed MTA 2015-2019 Capital Program includes funding for the NYCT for subway station rehabilitations, subway signals improvement, communications, track maintenance, replacement of train cars and buses, and facility and equipment upgrades at MTABC depots. In the Preliminary Ten-Year Plan, the City will contribute \$404 million to the Transit Authority. Of that amount, \$350 million will be committed to track work and \$54 million to various NYCT subway and bus project.

Over the past 30 years, the MTA has committed over \$50 billion to fund the NYCT Capital Program. As discussed earlier, the proposed MTA 2015-2019 Capital Program totals \$32 billion, of which \$17.1 billion would be invested in the NYCT core system.