



## Finance Division The Council of the City of New York

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Report to the Committees on Finance and Transportation  
on the Fiscal Year 2016 Executive Budget for the

### Metropolitan Transportation Authority

June 1, 2015

#### Executive Budget Summary

- The Calendar Year (CY) 2015 operating budget for the MTA is approximately \$14.5 billion and it includes approximately \$1 billion in City funds. The City's subsidies include \$45 million for the reduced student fare; \$14 million for the reduced fare for the elderly and the disabled; \$183 million for paratransit reimbursement; \$161 million to match State Operating Assistance; \$486 million for private bus subsidy; \$43 million for Staten Island Railway Operating Authority (SIRTOA); and \$93 million for the maintenance and operation of 36 Long Island Railroad and Metro North Railroad stations in the City.
- The Fiscal 2016 Executive Budget also includes a special allocation of \$1 million in CUNY's budget for Metro-Cards purchase.
- The Executive Budget includes \$133.2 million in Fiscal 2016 for the MTA's capital program.
- The MTA 2015 Adopted Budget includes recurring cost reductions, with no budget related service reductions, and includes a net cash surplus of \$47 million in Calendar Year 2015.
- The MTA Budget includes a four percent fare and toll increase that was implemented in March 2015, with another four percent fare and toll increase planned for March 2017.
- CY 2015 fare revenue is projected to be \$5.9 billion, a 4.1 percent increase over the CY 2014's total.
- For CY 2015, tax revenues dedicated for the MTA's use are projected to be \$6.3 billion, including \$1.9 billion in new State tax and fees, which includes \$1.3 billion from the Payroll Mobility Tax (PMT) and \$309 million from the State to replace funds from eliminating the PMT from school districts and small businesses.
- **2015-2019 Capital Plan.** The MTA's proposed \$32 billion 2015-2019 Capital Program includes a \$15.2 billion funding gap. However, the State's Fiscal 2015-2016 Budget includes

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.

- The Authority is investing more than \$1 billion realized from long-term debt refinancing as a down payment for the Capital Plan however, securing full funding for the Capital Plan remains an ongoing problem.
- The Fiscal 2016 Executive Budget includes \$657 million over the Plan period, the same amount as reflected in the MTA 2015-2019 Capital Program. However, the MTA is now seeking additional funding from the City including \$1 billion for the Second Avenue Subway and an increase from the City's current annual contribution of \$100 million to \$300 million, or \$1.5 billion over five years, to support the Authority's Capital Program.
- The MTA's budget 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 Adopted Budget includes cash reserves of \$140 million in 2015, \$145 million in 2016, \$150 million in 2017, and \$155 million in 2019, in addition to annual PAYGO capital contributions of \$290 million to support the 2015-2019 Capital Program beginning in 2015.
- 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 large projects, as they come on line in 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 the operating budget grow. If the 2015-2019 Capital Plan requires new borrowing, then consequently the MTA's financial outlook could suffer. As of December 31, 2014, the MTA had outstanding debts of \$34.1 billion.

## Metropolitan Transportation Authority Overview

### MTA Financial Plan 2015-2018

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

##### MTA Financial Summary

	2013	2014	2015	2016	2017	2018
Dollars in Thousands	Actual	Final Forecast	Final Proposed	Projected	Projected	Projected
Operating Revenue						
Farebox	\$5,507	\$5,702	\$5,936	\$6,070	\$6,130	\$6,184
Toll Revenue	1,645	1,669	1,716	1,738	1,745	1,754
Other Revenue	754	674	689	665	695	720
Capital & Other Reimburse.	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>\$7,906</b>	<b>\$8,045</b>	<b>\$8,341</b>	<b>\$8,473</b>	<b>\$8,570</b>	<b>\$8,658</b>
Operating Expenses						
Labor Expenses	7,997	8,545	8,619	8,870	9,130	9,417
Non-Labor Expenses	2,894	3,094	3,219	3,313	3,461	3,530
Other Expenses Adjustment	46	46	43	45	46	47
General Reserve	0	0	140	145	150	155
<b>Total Operating Expenses Before Non-Cash Liability Adj.</b>	<b>\$10,937</b>	<b>\$11,685</b>	<b>\$12,021</b>	<b>\$12,373</b>	<b>\$12,787</b>	<b>\$13,149</b>
Depreciation	2,174	2,292	2,411	2,473	2,662	2,720
Other Post-Employment Benefit	1,920	2,000	2,038	2,121	2,208	2,299
Environmental Remediation	14	7	5	5	5	5
<b>Total Operating Expenses After Non-Cash Liability</b>	<b>\$15,045</b>	<b>\$15,984</b>	<b>\$16,475</b>	<b>\$16,972</b>	<b>\$17,662</b>	<b>\$18,173</b>
<b>Net Operating Deficit</b>	<b>(47,139)</b>	<b>(\$7,939)</b>	<b>(\$8,134)</b>	<b>(\$8,499)</b>	<b>(\$9,092)</b>	<b>(\$9,515)</b>
Subsidies (Accrual Basis)	5,898	6,229	6,279	6,546	6,768	6,930
Debt Service	(2,299)	(2,264)	(2,482)	(2,590)	(2,772)	(2,936)
<b>Deficit after Subsidies &amp; Debt Service</b>	<b>(\$3,540)</b>	<b>(\$3,974)</b>	<b>(\$4,337)</b>	<b>(\$4,543)</b>	<b>(\$5,096)</b>	<b>(\$5,521)</b>
Conversion to Cash						
Non-Cash Liability Adjs.	4,108	4,299	4,454	4,599	4,875	5,024
GASB Account	(86)	(45)	0	0	0	(10)
All Other	(396)	(436)	(283)	(143)	(288)	(311)
<b>Cash Bal. Before Prior-Yr. Carryover</b>	<b>\$86</b>	<b>(\$156)</b>	<b>(\$166)</b>	<b>(\$87)</b>	<b>(\$509)</b>	<b>(\$818)</b>
Policy & GAP Closing Actions/Adjs.	0	0	56	142	418	503
Prior Year Carryover	229	314	157	47	102	10
<b>Net Cash Surplus/(Deficit)</b>	<b>\$315</b>	<b>\$158</b>	<b>\$47</b>	<b>\$102</b>	<b>\$11</b>	<b>(\$305)</b>

Source: Metropolitan Transportation Authority

\*Numbers may not total due to rounding

## Budget Balancing Actions

- The Calendar Year 2015 (CY) Adopted Budget includes gap closing actions that are expected to produce an annualized recurring savings of \$1 billion that grows to \$1.5 billion by Calendar Year 2017.
- The gap actions include cuts in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers. Also included in the Plan is the assumption of a labor agreement with three years of “net zero” wage growth and the implementation of biennial fare and toll increases.
- On March 22, 2015, the MTA implemented a new four percent fare and toll increase that is expected to yield annualized revenue of \$260 million in 2015. Another four percent fare and toll increase is planned for March 2017 and is expected to yield \$250 million in 2017.
- As a result of the above actions, the Calendar Year 2015 budget is balanced with a net cash surplus of \$47 million. For the outyears, the Plan reflects a net cash balance of \$102 million in 2016; \$11 million in 2017; and an end-of-year cash deficit of \$305 million in 2018. As in past years, the deficits are primarily attributed to increasing pension and healthcare costs and the depletion of non-recurring resources.

## Capital Program

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

Source: Metropolitan Transportation Authority

Numbers may not total due to rounding

## Background

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. However, because the Plan which totals \$32 billion included a \$15.2 billion funding gap it 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 reworking the Capital Plan and should be resubmitting it to the CPRB at some point this year.

The 2015-2019 proposed Capital Plan, in addition to the core programs, 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 96<sup>th</sup> Street and Second Avenue and 125<sup>th</sup> Street and 5<sup>th</sup> Avenue, and \$743 million for Penn Station Access to

bring Metro-North service into New York's Penn Station and to construct four new stations in the Bronx to serve Co-op City, Hunts Point, Morris Park, and Parkchester/Van Nest.

The State's Budget for Fiscal 2016 includes a new State contribution of \$750 million to support the MTA's Five-Year Capital Program. In addition, \$250 million is also included for Penn Station Access. This State's action only brings the 2015-2019 Capital Plan gap down to \$14.2 billion. In the absence of any additional commitments to the 2015-2019 Plan, beyond the current State Fiscal 2016 Budget amount, 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. 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)

	<b>Proposed 2015-2019</b>
Total 2015-2019 Program Costs	<b>\$32,040</b>
<b>Funding Currently Projected</b>	
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*	1,000
Federal New Starts	507
Private Developer Funded Improvements	200
Other MTA Sources	762
<b>Sub-total</b>	<b>\$13,814</b>
Bridge & Tunnels Bonds and PAYGO	3,056
<b>Total 2015-2019 Funds Available</b>	<b>\$17,870</b>
<b>Funding Gap</b>	<b>(\$14,176)</b>

\*Amount announced in the State Budget

Numbers may not total due to rounding

## New York City Transit (NYCT)

### Mission Statement

The New York City Transit Authority (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)**

<b>Non-Reimbursable and Reimbursable</b>	<b>2013 Actual</b>	<b>2014 Final Forecast</b>	<b>2015 Adopted Budget</b>	<b>2016 Projected</b>	<b>2017 Projected</b>	<b>2018 Projected</b>
Operating Revenue						
Farebox	\$4,052	\$4,184	\$4,354	\$4,456	\$4,495	\$4,534
Other Revenue	514	428	453	440	466	487
Capital & Other Reimbursement.	965	1,010	980	955	929	915
<b>Total Operating Revenue</b>	<b>\$5,531</b>	<b>\$5,622</b>	<b>\$5,787</b>	<b>\$5,851</b>	<b>\$5,890</b>	<b>\$5,936</b>
Operating Expenses						
Labor Expenses	\$6,222	\$6,438	\$6,552	\$6,714	\$6,865	\$7,027
Non-Labor Expenses	1,805	1,904	1,813	1,898	1,989	2,072
Other Expenses Adjustments	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$8,027</b>	<b>\$8,342</b>	<b>\$8,365</b>	<b>\$8,612</b>	<b>\$8,854</b>	<b>\$9,099</b>
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
<b>Total Operating Expenses</b>	<b>\$11,026</b>	<b>\$11,490</b>	<b>\$11,619</b>	<b>\$11,981</b>	<b>\$12,465</b>	<b>\$12,830</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$5,495)</b>	<b>(\$5,868)</b>	<b>(\$5,832)</b>	<b>(\$6,130)</b>	<b>(\$6,575)</b>	<b>(\$6,894)</b>
Gross Subsidies (Cash Basis)	\$3,643	\$4,141	\$3,757	\$4,011	\$4,040	\$4,127
<b>Deficit after Projected Subsidies</b>	<b>(\$1,852)</b>	<b>(\$1,727)</b>	<b>(\$2,075)</b>	<b>(\$2,119)</b>	<b>(\$2,535)</b>	<b>(\$2,767)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$2,999	\$3,148	\$3,254	\$3,369	\$3,611	\$3,731
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$1,147</b>	<b>\$1,421</b>	<b>\$1,179</b>	<b>\$1,250</b>	<b>\$1,076</b>	<b>\$964</b>

Source: Metropolitan Transportation Authority

Note: 1- Excludes Debt Service, 2 - Excludes Prior Year Balance &amp; 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 \$1.8 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 47,310 positions, of which 4,853 are reimbursable and 42,457 are non-reimbursable. Reimbursable positions are those positions generally paid with capital funds.
- **Operating Revenue / Expense Projections.** The NYCT projects \$5.8 billion in operating revenues for calendar year 2015, which is primarily derived from farebox revenues of \$4.4 billion, capital and other reimbursements of \$979.6 million 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 \$2.2 billion in 2015, which is \$135 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 \$1.36 billion in Calendar Year 2015, slightly higher than the \$1.35 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, would be approximately \$1 billion. 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; \$161 million to match State Operating Assistance; \$486 million for private bus subsidy; \$43 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 33 percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be approximately \$200 million in CY 2015, which includes \$183 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 \$3.6 billion that is expected in 2015.

## 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)

<b>Non-Reimbursable and Reimbursable</b>	<b>2013 Actual</b>	<b>2014 Final Forecast</b>	<b>2015 Adopted Budget</b>	<b>2016 Projected</b>	<b>2017 Projected</b>	<b>2018 Projected</b>
Operating Revenue						
Farebox	\$199.2	\$202.7	\$209.4	\$212.3	\$212.6	\$213.6
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
<b>Total Operating Revenue</b>	<b>\$231.8</b>	<b>\$228.6</b>	<b>\$241.9</b>	<b>\$238.7</b>	<b>\$239.2</b>	<b>\$240.6</b>
Operating Expenses						
Labor Expenses	\$448.8	\$462.8	\$469.3	\$488.9	\$503.1	\$514.5
Non-Labor Expenses	138.1	144.9	168.3	175.6	207.9	161.3
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$586.9</b>	<b>\$607.7</b>	<b>\$637.6</b>	<b>\$664.5</b>	<b>\$711.0</b>	<b>\$675.8</b>
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
<b>Total Operating Expenses</b>	<b>\$737.7</b>	<b>\$750.1</b>	<b>\$780.0</b>	<b>\$806.9</b>	<b>\$854.0</b>	<b>\$819.6</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$505.9)</b>	<b>(\$521.5)</b>	<b>(\$538.1)</b>	<b>(\$568.2)</b>	<b>(\$614.8)</b>	<b>(\$579.0)</b>
Gross Subsidies (Cash Basis)	\$307.5	\$425.4	\$485.9	\$406.1	\$438.8	\$443.3
<b>Deficit after Projected Subsidies</b>	<b>(\$198.4)</b>	<b>(\$96.1)</b>	<b>(\$52.2)</b>	<b>(\$162.1)</b>	<b>(\$176.0)</b>	<b>(\$135.7)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$151	\$142	\$142	\$142	\$143	\$144
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$48)</b>	<b>\$46</b>	<b>\$90</b>	<b>(\$20)</b>	<b>(\$33)</b>	<b>\$8</b>

Source: Metropolitan Transportation Authority

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

- **Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2015 is projected to be \$241.9 million, which includes farebox revenue of \$209 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 is \$637.6 million for CY 2015. These expenses include \$469.3 million in labor costs and \$168.3 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	\$6.3	\$6.5	\$6.5	\$6.6
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
<b>Total Operating Revenue</b>	<b>13.8</b>	<b>13.6</b>	<b>15.6</b>	<b>12.3</b>	<b>10.6</b>	<b>10.7</b>
Operating Expenses						
Labor Expenses	\$36.5	\$39.0	\$38.9	\$37.4	\$37.0	\$37.8
Non-Labor Expenses	10.4	11.9	21.6	28.8	11.8	12.3
Other Expense Adjustments	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$46.9</b>	<b>\$50.9</b>	<b>\$60.5</b>	<b>\$66.2</b>	<b>\$48.8</b>	<b>\$50.1</b>
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
<b>Total Operating Expenses</b>	<b>\$56.4</b>	<b>\$61.5</b>	<b>\$71.1</b>	<b>\$76.8</b>	<b>\$59.4</b>	<b>\$60.7</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$43)</b>	<b>(\$48)</b>	<b>(\$55)</b>	<b>(\$64)</b>	<b>(\$49)</b>	<b>(\$50)</b>
Gross Subsidies (Cash Basis)	\$35.3	\$28.8	\$39.4	\$47.7	\$55.3	\$40.6
<b>Deficit after Projected Subsidies</b>	<b>(\$7)</b>	<b>(\$19)</b>	<b>(\$16)</b>	<b>(\$17)</b>	<b>\$6</b>	<b>(\$9)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$9.5	\$10.6	\$10.6	\$10.6	\$10.6	\$10.6
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$2.2</b>	<b>(\$8.5)</b>	<b>(\$5.5)</b>	<b>(\$6.2)</b>	<b>\$17.1</b>	<b>\$1.2</b>

Source: Metropolitan Transportation Authority

- **Operating Revenue/Expense Projections.** The SIR's operating revenue for CY 2015 is projected to be \$15.6 million, which includes farebox revenue of \$6.3 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 \$60.5 million for CY 2015. These expenses include \$38.9 million in labor

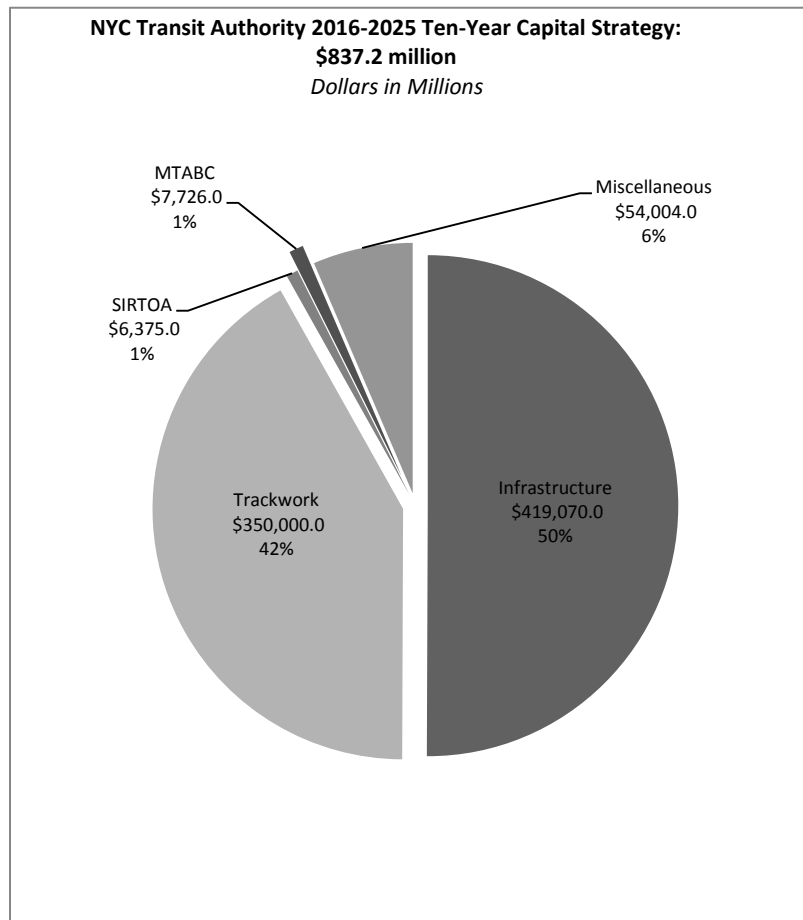
costs and \$21.6 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$8.3 million and \$2.3 million respectively.

## NYCTA Capital Program

### Ten-Year Capital Strategy

The Ten-Year Capital Strategy (the Strategy) is created every other year, as prescribed by the City's Charter, and represents the Administration's priorities for maintaining the City's core infrastructure, moving the City's infrastructure towards a state of good repair and meeting legal mandates. The Strategy is broken out into unique Ten-Year Plan Categories for each City agency which describe the different types of work being done. The Strategy also plays a key role in establishing the planned capital commitments for the City's five-year Executive Capital Commitment Plan, which is a subset of this long term strategic document.

The Ten-Year Capital Strategy released by the Mayor on May 7, 2015 totals \$83.8 billion (all funds) an increase of \$16.1 billion or 23.8 percent from the Preliminary Ten-Year Capital Strategy total of \$67.7 billion. NYCT's Ten-Year Capital Strategy for Fiscal 2016-2025 totals approximately \$837.2 million, of which \$833.3 million is City funds. The majority of the planned commitments, totaling approximately \$760 million, are earmarked for infrastructure and track work categories.



#### NYCTA's Ten-Year Capital Strategy

Dollars in Thousands	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Infrastructure	\$84,170	\$83,725	\$83,725	\$83,725	\$83,725	\$0	\$0	\$0	\$0	\$0	\$419,070
Trackwork	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	350,000
SIRTOA	1,275	1,275	1,275	1,275	1,275	0	0	0	0	0	6,375
Miscellaneous	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,320	7,684	54,004
MTABC	7,726	0	0	0	0	0	0	0	0	0	7,726
<b>Total</b>	<b>\$133,171</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$41,320</b>	<b>\$42,684</b>	<b>\$837,175</b>

Source: Office of Management and Budget Executive Ten-Year Capital Strategy Fiscal 2016-2025

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 Fiscal 2016 Executive Budget Ten-Year Strategy the City will contribute \$837.2 million to the Transit Authority, an increase of \$433 million when compared to the Fiscal 2016 Preliminary Ten-Year Strategy. Of the \$837.2 million, \$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.

## Capital Commitment Plan

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.

<b>NYCTA's 2015-2019 Capital Commitment Plan</b>						
<i>Dollars in Thousands</i>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
<b>Preliminary Plan</b>	\$375,262	\$40,000	\$40,000	\$40,000	\$40,000	<b>\$535,262</b>
<b>Executive Plan</b>	375,012	133,172	125,000	125,000	125,000	<b>883,184</b>
<b>Change</b>	(250)	93,172	85,000	85,000	85,000	<b>347,922</b>
<b>Percentage Change</b>	0%	233%	213%	213%	213%	<b>65%</b>

Source: OMB Fiscal 2016 Executive Capital Commitment Plan

The Fiscal 2016 Executive Budget Capital Commitment Plan includes approximately \$883.2 million in Fiscal 2015-2019 for the New York City Transit Authority (including City and Non-City funds). This represents approximately 1.5 percent of the City's total \$57.4 billion Executive Plan for Fiscal 2015-2019. The agency's Executive Commitment Plan for Fiscal 2015-2019 is 65 percent greater than the \$535.3 million scheduled in the Preliminary Commitment Plan, an increase of \$347.9 million.

The majority of capital projects span multiple fiscal years, and it is, therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2014, NYCT committed \$35 million or 11.3 percent of its annual capital plan of \$310 million from the City. Therefore, it is assumed that a significant portion of the agency's Fiscal 2015 Capital Plan will be rolled into Fiscal 2016, increasing the size of the Fiscal 2015-2019 Capital Plan as reflected in the chart above.