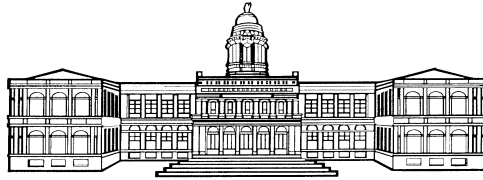


THE COUNCIL OF THE CITY OF NEW YORK
Finance Division



***Analysis of the
Calendar Year 2009 Budget
for the
Metropolitan Transportation Authority***

May 13, 2009

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Speaker

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Committee on Finance

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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 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.

BUDGET HIGHLIGHTS

As the nation’s economic outlook continues to falter, the Metropolitan Transportation Authority budget gaps have worsened. The Authority’s budget gap for Calendar Year 2009 is now \$1.4 billion compared to \$1.1 billion just a few months ago. Similarly, the budget gaps for Calendar Years 2010, 2011, and 2012 now stand at \$2.4 billion, \$2.6 billion, and \$3 billion, respectively, a reflection of the continued contraction in the region’s economy.

To help the Authority meet its present and future budget needs, last year the Governor appointed a 13-member commission, led by former MTA Chairperson, Dick Ravitch. The Commission was charged with the task of identifying new ways to help the MTA finance its operations. In December, the Commission announced its recommendations, which included a mobility tax on employer payrolls, tolls on the East River and Harlem River bridge crossings, and moderate fare and toll increases. However, the Commission’s recommendations required State authorization and, as a result, could not be implemented until voted on by the State Legislature.

Meanwhile, because the MTA is required to operate on a balanced budget, and because of the uncertainty of the State action on the Commission’s recommendations and a deepening financial crises, on March 25, 2009, the MTA Board voted to implement a 23-percent fare and toll hikes and service cuts system wide. This Board action, in addition to service cuts would elimination 1,100 positions and raises base subway and bus fares from \$2 to \$2.50, and monthly MetroCards from \$81 to \$103 beginning May 31, 2009. The Board action will also increase cash tolls on the Authority’s major bridge crossing from \$5 to \$6.50 beginning June 1, 2009.

On May 5, 2009, after months of stalled negotiations, the Governor and the State Legislature announced a consensus on a bill to rescue the MTA. The bill, which was signed into law by the Governor on May 7th, is expected to help the MTA stave off the majority of the proposed service cuts and implement only a moderate fare and toll increases.

When fully implemented, the Plan is expected to generate approximately \$1.8 billion annually for the MTA. Of that amount, \$1.5 billion will come from employer payroll tax and \$270 million will come from a combination of surcharges, fees and a five percent tax on car rentals. Also, the Plan would allow fare and toll increases of 7.5 percent in 2011 and 2013 and requires that approximately \$400 million from the employer payroll tax be set aside for capital needs. It is anticipated that the \$400 million will enable the MTA to finance up to \$6.5 billion in the 2010-2014 Capital Plan.

Lastly, in addition to the State rescue plan another source of funding that will impact the MTA's financial picture in the coming months is the American Recovery and Reinvestment Act (ARRA) - \$787 billion stimulus bill. Although the stimulus bill does not include operating funds for mass transit, it does provide relief by way of funding for construction projects. On May 7, 2009, Transportation Secretary Ray LaHood announced the appropriation of \$742.5 million in ARRA funds for transit projects for which the Federal Transit Administration has already entered into multi-year federal commitments or "full funding grant agreements", in nine states. The MTA will receive \$274.3 million, of which \$195.4 million is for the East Side Access project and \$78.9 million is for the Second Avenue Subway Project.

Any additional ARRA funding to the MTA for capital projects should help relieve pressure on its operating budget, specifically on its debt service payments and could help alleviate future service cuts and fare hikes.

Expense Budget Overview

The Calendar Year 2009 Adopted Budget for the MTA includes a four-year financial plan for the years 2009 through 2012. Due to lower than estimated State dedicated taxes and real estate taxes, the adopted plan, when compared to the July 2008 plan, reflects an increase in the deficit of \$38 million in 2008, going from \$345 million to \$383 million, and an increase of \$298 million in 2009, going from \$1.1 billion to \$1.4 billion. The budget deficits for 2010, 2011, and 2012 are estimated to be \$2.4 billion, \$2.6 billion, and \$3 billion respectively.

To close these gaps, the 2009 Adopted Budget includes gap closing actions totaling \$1.2 billion in calendar year 2009, growing to \$2.1 billion in 2010 and \$2.4 billion by 2012. However, because of the recent State action that would provide \$1.8 billion annually of additional funds to the Authority, the Financial Plan as presented is expected to change.

MTA Financial Plan 2009-2012

MTA Consolidated Statement of Operations – Including MTA Bus Company

(\$ in millions)

	2007 Actual	2008 Final Forecast	2009 Final Proposed	2010 Projected	2011 Projected	2012 Projected
Operating Revenue						
Farebox	\$3,995	\$4,246	\$4,229	\$4,252	\$4,319	\$4,390
Toll Revenue	1,251	1,273	1,264	1,264	1,268	1,275
Other Revenue	480	460	479	500	526	556
Capital & other Reimburse	0	0	0	0	0	0
Total Operating Revenue	\$5,726	\$5,979	\$5,971	\$6,016	\$6,113	\$6,221
Operating Expenses						
Labor Expenses	\$6,252	\$6,653	\$6,908	\$7,128	\$7,339	\$7,552
Non-Labor Expenses	2,320	2,676	2,971	3,099	3,228	3,391
Other Expenses Adjustment	(18)	(11)	(11)	(5)	(5)	(6)
General Reserve	0	0	75	75	75	75
Depreciation	1,687	1,755	1,905	2,015	2,082	2,144
Other Post Employment Benefit	1,291	1,313	1,379	1,436	1,495	1,556
Environmental Remediation	0	38	8	8	8	9
Total Operating Expenses	\$11,533	\$12,424	\$13,235	\$13,756	\$14,223	\$14,721
Net Operating Deficit	(\$5,807)	(\$6,445)	(\$7,263)	(\$7,739)	(\$8,110)	(\$8,500)
Subsidies	\$4,559	\$4,289	\$4,095	\$4,102	\$4,205	\$4,335
Debt Service	(1,712)	(1,504)	(1,474)	(1,912)	(2,050)	(2,266)
Deficit after Subsidies & Debt	(\$2,959)	(\$3,660)	(\$4,641)	(\$5,549)	(\$5,955)	(\$6,431)
Conversion to Cash						
Depreciation	\$1,687	\$1,755	\$1,905	\$2,015	\$2,082	\$2,144
OPEB	1,291	1,313	1,379	1,436	1,495	1,556
GASB Account	(71)	(57)	(60)	(63)	(66)	(69)
All Other	(389)	314	213	(4)	65	69
Environmental Remediation	0	38	8	8	8	9
Cash Bal. Before Prior-Yr. Carryover	(\$442)	(\$297)	(\$1,197)	(\$2,157)	(\$2,370)	(\$2,722)
Updated Forecast	\$0	(\$86)	(\$243)	(\$237)	(\$277)	(\$250)
Policy & GAP Closing Actions	0	155	1,238	2,063	2,193	2,364
Prior Year Carryover	937	495	268	65	0	0
Net Cash Surplus/(Deficit)	\$495	\$268	\$65	(\$266)	(\$454)	(\$608)

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 40,000 workers who are responsible for the operation and maintenance of 3,700 buses and 5,900 subway cars. Over 1.5 billion people ride the City's buses and subways each year.

NYCT Financial Plan 2009-2012

(\$ in millions)

	2007 Actual	2008 Final Forecast	2009 Final Proposed	2010 Projected	2011 Projected	2012 Projected
Operating Revenue						
Farebox	\$2,855.4	\$3,030.4	\$3,010.1	\$3,026.7	\$3,072.2	\$3,121.3
Other Revenue	303.9	295.2	308.3	325.2	346.2	370.8
Capital & Other Reimbursements	829.3	875.2	894.6	870.1	847.9	861.1
Total Operating Revenue	\$3,988.5	\$4,200.8	\$4,213.0	\$4,222.0	\$4,266.3	\$4,353.2
Operating Expenses						
Labor Expenses	\$4,884.8	\$5,241.7	\$5,422.4	\$5,550.8	\$5,660.1	\$5,797.4
Non-Labor Expenses	1,341.9	1,550.3	1,717.8	1,832.6	1,935.0	2,057.8
Other Expenses Adjustment		0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$6,226.7	\$6,792.0	\$7,140.2	\$7,383.4	\$7,595.1	\$7,855.2
Depreciation	\$1,061.1	\$1,109.3	\$1,185.2	\$1,266.5	\$1,321.5	\$1,376.5
Other Post Employment Benefit	991.3	1,009.5	1,055.4	1,098.9	1,144.8	1,191.6
Environmental Remediation	0.0	18.0	0.0	0.0	0.0	0.0
Total Operating Expenses	\$8,279.2	\$8,928.8	\$9,380.8	\$9,748.8	\$10,061.4	\$10,423.3
Net Operating Deficit/(Deficit)	(\$4,290.6)	(\$4,728.0)	(\$5,167.8)	(\$5,526.7)	(\$5,795.1)	(\$6,070.2)
Projected Subsidies	\$2,716.0	\$2,708.5	\$2,459.7	\$2,367.5	\$2,404.8	\$2,469.8
Program to Eliminate the Gap	0.0	9.9	61.0	121.5	188.5	237.9
Deficit after Projected Subsidies	(\$1,574.6)	(\$2,009.6)	(\$2,647.1)	(\$3,037.7)	(\$3,201.8)	(\$3,362.5)
Conversion to Cash						
Depreciation, OPEB & ER	\$2,052.4	\$2,136.8	\$2,240.6	\$2,365.4	\$2,466.3	\$2,568.1
Net Cash Surplus/(Deficit) 2	\$477.8	\$127.2	(\$406.5)	(\$672.3)	(\$735.5)	(\$794.4)

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 \$7.1 billion for Calendar Year (CY) 2009. Of that amount, \$5.4 billion is for labor costs and \$1.7 billion is for non-labor expenses. In addition, the Adopted Budget contains non-cash depreciation expenses of \$1.2 billion and other post-employment benefit expenses of \$1 billion. The budget includes funding for 49,544 positions, of which 5,431 are reimbursable and 44,113 are non-reimbursable. Reimbursable positions are those positions generally paid with capital funds.
- **Operating Revenue / Expense Projections.** For CY 2009, the NYCT operating revenues are projected to be \$3.3 billion, which are largely farebox revenues of \$3 billion and fare reimbursements

of \$104 million. Also included in operating revenues are other operating revenues of \$111 million and paratransit reimbursements of \$94 million. These funds will support the NYCT's proposed non-reimbursable expenditures of \$6.2 billion, excluding depreciation and other post employment benefits, in 2009.

- **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). Combined, the revenue from these accounts is projected to be \$2 billion in CY 2009, which is \$179 million less than the CY 2008 amount of approximately \$2.2 billion. Urban Account consist of two separate taxes - a Mortgage Recording Tax (MRT) and a Real Property Transfer Tax (RPTT) imposed on NYC commercial real property transactions of more than \$500,000. Current forecasts project a 34.9 percent decrease for commercial MRT receipts and a 26.9 percent decrease for RPTT in 2009 due to continued weakness in the real estate market.
- **The City's Contribution.** For CY 2009, the City's contribution, excluding capital commitments, to the NYCT's budget is expected to be approximately \$617 million. It is comprised of the following: \$45 million for the school fare subsidy; \$14 million for the elderly and disabled subsidy; \$61 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$259 million for private bus subsidy; and \$80 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 \$107 million in CY 2009, which includes \$69.5 million from City reimbursements.
- **State Subsidies.** For CY 2009, the State's subsidy to the NYCT's budget is expected to be \$203 million. Of this amount, \$45 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 \$2 billion expected in 2009.

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.

The MTABC currently operates approximately 1,300 buses owned by the City, of which 283 are hybrid-electric buses and 431 are low-sulfur diesel. Since 2005, the MTABC has added approximately 583 new buses into service.

The proposed Calendar Year 2009 budget, the fourth comprehensive budget for the MTABC, reflects the restoration of overall headcount to pre-transition levels and a readjustment of non-operating positions to address the needs of the MTABC.

MTA Bus Financial Plan 2009-2012

(\$ in millions)

	2007 Actual	2008 Final Forecast	2009 Final Proposed	2010 Projected	2011 Projected	2012 Projected
Operating Revenue						
Farebox	\$139.8	\$153.8	\$153.0	\$153.6	\$155.0	\$156.6
Other Revenue	21.9	23.0	23.0	23.0	23.0	23.0
Capital & Other Reimbursemt-	0.0	0.0	32.4	23.8	23.0	23.5
Total Operating Revenue	\$161.7	\$176.8	\$208.4	\$200.5	\$201.1	\$203.1
Operating Expenses						
Labor Expenses	\$297.7	\$324.7	\$339.9	\$348.6	\$358.7	\$369.1
Non-Labor Expenses	119.8	141.1	167.6	154.5	155.4	161.2
Other Expenses Adjustment		0	0	0	0	0
Operating Expenses Before Depreciation & GASB Adjs. 1	\$417.5	\$465.8	\$507.6	\$503.1	\$514.2	\$530.3
Depreciation	\$29.9	\$29.5	\$37.1	\$40.2	\$42.2	\$42.2
Other Post Employment Benef	45.7	45.4	51.7	53.6	55.5	57.8
Total Operating Expenses	\$493.1	\$540.7	\$596.4	\$596.9	\$611.9	\$630.3
Net Operating Surplus/(Deficit)	(\$331.4)	(\$363.9)	(\$387.9)	(\$396.4)	(\$410.8)	(\$427.2)
Program to Eliminate the Gap	\$0	\$2.6	\$6.5	\$11.2	\$17.2	\$22.8
Deficit after GAP Actions	(\$331.4)	(\$361.3)	(\$381.4)	(\$385.1)	(\$393.6)	(\$404.4)
Conversion to Cash						
Depreciation & OPEB	\$75.6	\$74.9	\$88.8	\$93.8	\$97.7	\$100.0
Net Cash Surplus/(Deficit) 2	(\$255.8)	(\$286.4)	(\$292.6)	(\$291.3)	(\$295.9)	(\$304.4)

Source: Metropolitan Transportation Authority

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

- **Operating Revenue / Expense Projections.** For CY 2009, the MTABC operating revenue is projected to be \$157 million, which is largely farebox revenue of \$153 million and other operating revenue of \$23 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$507.6 million for CY 2009. These expenses include \$339.9 million in labor costs and \$167.6 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$37.1 million and \$51.7 million respectively.

The Capital Plan

The MTA's current capital plan will end in December 2009 when the new capital program for 2010-2014 will begin. The 2010-2014 Capital Plan is expected to have a funding gap of at least \$15 billion. However, because of the new State's funding bill that would provide an additional \$1.8 billion annually to the MTA, the 2010-2014 Capital Plan funding gap should be less than originally anticipated. The new State funding bill sets aside \$400 million annually for debt service costs. This amounts to approximately \$6.5 billion worth of capital projects over the life of the four-year plan. The State action would shrink the anticipated funding gap for the 2010-2014 Plan to \$8.3 billion.

The Authority's Capital Program for 2005-2009, although in its last year, continues to present significant budgetary problems. This is due in part to the proliferation of construction projects in the region which increased demand, not only for construction materials and equipment, but for qualified labor. These unanticipated events, in conjunction with construction management inefficiencies, have resulted in severe construction cost over-runs. These cost over-runs are evidenced in the Authority's recently amended 2005 – 2009 Capital Plan which recognized more than \$1 billion in project cost increases. These cost over-runs, if not contained or managed effectively, could put the Authority's future capital plans in peril.

The Authority expects to borrow approximately \$9.3 billion or 44 percent of the \$21.1 billion to complete all of the projects which comprise the 2005-2009 Capital Plan. The debt service on these bonds is projected to grow from \$116 million in 2008 to over \$600 million by 2015. Combined with past capital plans, the total debt service will grow from \$1.5 billion in 2009 to \$1.9 billion in 2010, and will reach \$2.3 billion by 2012.

With the State rescue bill providing only partial funding of \$6.5 billion to support the Authority's 2010-2014 Capital Plan, it is conceivable that in the absence of additional federal, State and City funding, the Authority will continue to seek to close its operating budget gaps through a combination of service cuts, agency efficiencies and fare and toll increases.

Summary New York City Capital Budget for NYCT

The New York City Executive 2010 Capital Commitment Plan includes \$432.6 million in Fiscal 2009-2013 for the Transit Authority in City and Non-City funds. This represents less than one percent of the City's total \$47.1 billion Executive Plan for Fiscal 2009-2013. The agency's Executive Commitment Plan for Fiscal 2009-2013 is 7.8 percent less than the \$469.2 million January Commitment Plan, a decrease of \$36.6 million.

Over the past five years, the Transit Authority has committed on average 78.8 percent of its annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2009 Capital Plan will be rolled into Fiscal 2010, thus greatly increasing the size of the Fiscal 2009-2013 Capital Plan. Since the January Plan,

the Capital Commitment Plan for Fiscal 2009 has increased from \$202.4 million to \$202.8 million, an increase of \$450,000 or less than one percent.

Currently, NYCT's appropriations total \$266.1 million in City funds for Fiscal 2009. These appropriations will finance the NYCT's \$138.9 million city-funded Fiscal 2009 capital commitment program. The agency has nearly two times more funding than it needs to meet its entire capital commitment program for the current fiscal year. Projects funded in the Plan for Fiscal 2009 include the reconstruction of pedestrian underpass at Atlantic and Flatbush for \$4 million, track and rail reconstruction projects for \$35 million, and \$28.9 million for bus purchases.

Agency NYCT Capital Commitment Plan, 2009-2013

Millions of dollars

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	TOTAL
January Plan						
City	\$138,512	\$72,000	\$59,831	\$55,181	\$79,848	\$405,372
Non-City	63857	0	0	0	0	\$63,857
Total	\$202,369	\$72,000	\$59,831	\$55,181	\$79,848	\$469,229
Executive Plan						
City	\$138,962	\$61,900	\$52,382	\$49,127	\$66,394	\$368,765
Non-City	63857	0	0	0	0	63,857
Total	\$202,819	\$61,900	\$52,382	\$49,127	\$66,394	\$432,622
Difference						
City	\$450	(\$10,100)	(\$7,449)	(\$6,054)	(\$13,454)	(\$36,607)
Non-City	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$450	(\$10,100)	(\$7,449)	(\$6,054)	(\$13,454)	(\$36,607)
Percent Chng.	0.22%	-14.03%	-12.45%	-10.97%	-16.85%	-7.80%

Executive Ten Year Capital Strategy

In January the Mayor announced his intention to reduce the City's capital plan by 30 percent. The objective of the capital cut is to reduce the amount of debt service as a percentage of total revenues. The 30 percent reduction in the Ten-Year Capital Plan Fiscal 2010 – Fiscal 2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The capital cut would eliminate nearly \$7 billion worth of planned commitments from the current Plan.

For the NYCT's, the Fiscal 2010-2019 Executive Ten-Year Capital Strategy totals \$601.2 million, a decrease of \$106.3 million compared to the January Plan amount of \$707.5 million. Of that amount, \$350 million will be committed to track work, \$247.6 million to various transit improvement project, and \$3.6 million to the Staten Island Rapid Transit Authority (SIRTOA).

Capital Budget Issues

2005-2009 MTA Capital Program

The Capital Program Review Board (CPRB) approved a \$21.1 billion 2005-2009 capital program in July of 2005 and subsequently, an updated version in March of 2006. The latest amendment to the 2005-2009 Capital Program was approved by the CPRB on November 7, 2008. The amendment reflects current

impacts of regional construction market conditions and the Authority's new priorities since the March, 2006 amendment. The amendment brings overall funding for the 2005-2009 Program to \$23.7 billion, an increase of \$1.1 billion in funding of which, \$1 billion is federally approved Full Funding Grant Agreement (FFGA) for Second Avenue Subway (\$764 million) and East Side Access (\$267 million). Overall, the amended Plan includes major program increases of \$2.3 billion offset by major program deferrals of \$2.4 billion. Deferred programs include 19 station rehabilitation projects, bus radio project, Jamaica Depot, and Staten Island track project.

The MTA began its first Capital Program in 1982 to rescue the system from total collapse. Since then, the MTA has committed more than \$46 billion on the system to maintain a state of good repair and replacement, with emphasis on service and a well maintained fleet. The MTA is expected to submit the next Capital Program to the CPRB by October 2009. Until then, the Authority will continue to progress its capital work programs within the scope of the 2005-2009 Capital Program.

CAPITAL BUDGET SUMMARY

2005-2009 MTA Capital Program Amendment (\$ in millions)

	MTA Board Approved Plan	November 08 Amendment	Variance
Core Capital Programs			
New York City Transit	\$11,219.5	\$11,154.3	(\$65.2)
Long Island Rail	2,169.9	2,206.6	36.7
Metro-North Rail Road	1,375.5	1,410.0	34.5
CPRB Core Subtotal	\$14,764.9	\$14,770.9	\$6.0
Security Program	495.0	495.0	0.0
Interagency	155.4	198.3	42.9
Core & Security Subtotal	\$15,415.3	\$15,464.2	\$48.9
ESA/SAS/JFK Link	3,730.0	4,798.9	1,068.9
Total 2005-2009 CPRB Program	\$19,145.3	\$20,263.1	\$1,117.8
City #7 Line Extension	2,100.0	2,100.0	0.0
Bridges and Tunnels	1,1202.1	1,209.1	7.0
MTA Bus	138.2	144.5	6.3
TOTAL	\$22,585.6	\$23,716.7	\$1,131.1

Source: Metropolitan Transportation Authority

New York City Transit

For the NYCT, the proposed amended 2005-2009 Capital Plan would commit \$11.1 billion in core programs, a decrease of \$65.2 million from the \$11.2 billion approved by the CPRB in December 2006. These funds would provide for the purchase of 1,025 state-of-the-art new subway cars, 1,357 low-

emission buses, 1,387 paratransit vehicles and the rehabilitation of the Kings Highway and Newkirk stations in Brooklyn among others.

For the New York City Transit, new additions in the latest amended Capital Program include \$200 million for additional B Division subway cars, \$33 million for accessibility program increases, \$91 million for flood control and \$47 million for PA/Screens at 44 dark stations. Additionally, the amended Plan makes accommodation for project costs overruns. The costs overruns include \$340 million for rehabilitation work at 23 stations, \$164 million for B Division subway cars, \$98 million for signals and communications work, and \$220 million for the Clara Hale Depot project.

MTA-NYCT 2005-2009 Capital Program by Investment Category

(\$ in millions)

	MTA Board Approved Plan	November 08 Amendment	Variance
Subway Cars	\$1,804.6	\$2,179.3	\$374.7
Buses	846.7	928.4	81.7
Passenger Stations	1,664.9	1,746.5	81.6
Tracks	1,156.2	1,189.8	33.6
Line Equipment	940.5	528.8	(411.6)
Line Structures	606.6	706.4	99.8
Signals & Communications	1,736.7	1,834.4	99.7
Power	499.2	469.1	(30.2)
Shops	306.0	45.2	(260.8)
Yards	264.1	257.8	(6.3)
Depots	591.2	517.0	(74.2)
Service Vehicles	118.9	114.4	(4.5)
Miscellaneous	598.7	577.7	(21.1)
Staten Island Railway	85.1	59.7	(25.4)
NYCT TOTAL	\$11,219.5	\$11,154.3	(\$65.2)

Source: Metropolitan Transportation Authority

Expansion Projects

- Number 7 Line Extension.** The Plan will invest \$2.1 billion in the Number 7 Line Westside extension over five years. This project will extend the Number 7 line west from Times Square and then south along 11th Avenue, and will include a new station at 34th Street and 11th Avenue. Design work is funded through the City's capital budget; however, all construction for the Number Seven Line extension is being funded by the City through the Hudson Yard Infrastructure Development Corporation (HYDC). The funding arrangement calls for the project to be paid for, in part, with revenues from the Hudson Yard Development district and with revenues appropriated from the City's general revenue funds. In November 2007, the MTA Board approved the initial tunneling contract for the No. 7 line extension at a cost of \$1.14 billion. Tunneling for the 7,100 foot-long has started and will continue through March, 2010. Barring any construction delays and cost overruns, full service is expected to commence on the extended line by December, 2013.

- **SAS/ESA/JFK Expansion.** The amended 2005-2009 Capital Plan contains funding of only \$4.8 billion for the Second Avenue Subway (SAS), the East Side Access (ESA), and JFK rail link projects, even though the Board estimated the need for these projects to be \$7.9 billion. According to the MTA, adjustments to each of these budgets will be made when additional federal funding becomes available. The MTA is poised to receive federal stimulus funding of \$195.4 million for the ESA and \$78.9 million for the SAS, according to an announcement by US Transportation Secretary, Ray LaHood, on May 7, 2009.

The Second Avenue Subway project, which is now underway, includes a two-track line along Second Avenue starting from 125th Street to Lower Manhattan. The project includes a connection from Second Avenue through the 63rd Street tunnel to existing tracks for service to West Midtown and Brooklyn, when completed the new line will include 16 new ADA accessible stations. Including this amendment, funds totaling \$3 billion have now been allocated in the MTA's 2000-2004 and 2005-2009 Capital Program for the Second Avenue Subway project.

Recently, some businesses and the Mayor have complained that the ongoing construction of the Second Avenue Subway is adversely affecting businesses located in that vicinity. However, it is not clear what relief, if any, the City or the MTA intends to provide for the affected business.

- **Security Program.** The security program budget and program objectives remain unchanged at \$495 million, except for proposed change in funding source. The original Plan approved by the CPRB assumed full federal funding for the security program. However, in the amended Plan, due to the transfer of \$1.4 million of operating funds to support Phase II capital security initiatives, the federal assumption for Phase II initiatives is reduced by the same amount. As of December 2008, the MTA has secured a total of \$6.1 million in Federal Security funding.

Status of MTA 2005-2009 Capital Program Funding thru December 2008
(\$ in millions)

MTA Wide (excludes B&T)	2005-2009 Approved Plan	Funding Receipts thru Dec-2008
Federal formula & Flexible Funds	\$5,251.5	\$4,075.0
Federal New Start	3,286.2	678.5
Federal Security	352.3	6.1
Federal Other	2.0	2.0
City of New York	407.3	266.3
NYC #7 Line Extension Funds	2,100.0	366.9
NYC Match for Buses	27.6	0.0
Operating to Capital	32.1	10.8
Asset Sales/Carryover & Program Income	1,091.8	513.0
LaGuardia Airport – Board Approved	69.7	0.0
LaGuardia Airport – New Initiatives	134.8	0.0
State Transportation Bond Act	1,450.0	124.4
MTA Bonds	3,162.2	526.6
Bonds from New Sources	5,100.0	587.3
Other	40.1	5.4
TOTAL	\$22,507.6	\$7,162.2

Source: Metropolitan Transportation Authority