

IV. Agency Gap Closing Programs

2006 Agency PEGs

The 2006 PEG Program is designed to achieve programmatic administrative and operational efficiencies without adversely impacting customer service, safety and security. In addition, it will produce recurring savings that will address future-year budget gaps and cover Agency spending requirements (discussed in previous section of this report).

The 2006 Program to Eliminate the Gap (PEG) includes savings of \$18 million in 2005, \$42 million in 2006, \$46 million in 2007, \$63 million in 2008 and \$73 million in 2009. Projected headcount reductions associated with these PEGs are one in 2005, 144 in 2006, 312 in 2007, 480 in 2008 and 493 in 2009. As mentioned earlier, these PEGs are in addition to the 2005 Peg program approved by the MTA Board in December of 2004 and included in the February 2005 Baseline.

Agencies were encouraged to start savings as soon as possible; therefore, some programs have begun in 2005 with savings of \$18 million. The LIRR is expected to generate approximately \$12 million per year starting in 2005 through the renegotiation of fees for the use of its right of way for power lines. NYCT will achieve approximately \$4.5 million in savings annually starting in 2005 as a result of management actions to achieve health & welfare savings.

NYCT's total PEG program is expected to save \$19.5 million in 2006, and when fully implemented in 2009, the Program will result in cost savings of \$43.7 million and a reduction of 432 positions. Administrative efficiencies of \$10.1 million and 23 position reductions carry through the plan period and include savings in new car acceptance support, human resources and circuit design staff. Various maintenance efficiencies will save another \$5.5 million annually. In 2007 and 2008, the NYCT PEG program will grow substantially. One Person Train Operations (OPTO) is scheduled to begin on the J line in the Fall of 2007, on the #7 line in December of 2007, on the M line (weekdays) in the Spring of 2008 and on the N line in the Fall of 2008.

The LIRR PEG program will achieve \$18 million in 2006 and annual savings approximating \$16 million, thereafter. The LIRR has three PEGs that will increase non-farebox revenue: additional parking fees at facilities under its control; placing the Babylon train station parking facility under the control of the Village of Babylon; and, additional revenue from lease fees for the use of its right-of-way that may generate as much as \$12 million per year. The additional parking fees are projected to generate an additional \$0.5 million in 2006, followed by \$1.0 million in subsequent years. The transfer of control of the Babylon station is expected to generate an additional \$0.1 million per year beginning in 2006.

Train crew staffing efficiencies brought about by significant reductions in the percentage of tickets sold on-board will result in a reduction of 14 positions. This will allow the LIRR the opportunity to redeploy those forces to support the additional proposed service in 2006.

MNR's PEG program will yield savings of \$1.4 million in 2006, and when fully implemented in 2009, will result in cost savings of \$6.5 million. MNR is proposing to purchase an additional 36 ticket vending machines which will be placed at strategic locations. The expansion of the TVM network is expected to reduce the need for on-board ticket sales, reducing the incidence of customer travel without a fare being collected. It is expected farebox revenue will increase by \$1.6 million in 2006, \$3.2 million in 2007, \$4.8 million in 2008, and \$6.0 million in 2009. Ridership levels are not expected to change as a result of this PEG. The additional TVMs will require additional support staff and maintenance contracts, which will be offset by a reduction in ticket agents. The net financial impact of this initiative is \$1.3 million in 2006, growing to \$5.3 million in 2009.

MNR has recently begun a process review that is expected to yield productivity savings by targeting various functions across departmental lines. This action is expected to achieve savings of \$250,000 in 2007, \$0.5 million in 2008 and \$1 million in 2009.

The B&T PEG program is comprised of administrative efficiencies in payroll, revenue management and accounts payable that will result in the reduction of five positions. This PEG will yield savings of \$0.3 million in 2006, and \$0.4 million in years 2007 and beyond.

MTAHQ is expected to achieve administrative savings of \$2.3 million in 2006 that will grow to \$4.3 million in 2009. Headcount reductions in Financial Management/Budget, General Counsel, and Policy in will result in seven fewer positions and annual savings approximating \$0.8 million. MTAHQ is also proposing to lower operating costs by achieving efficiencies in professional services, temporary services, office equipment, materials & supplies, and other non-personnel services areas. These actions will yield savings of approximately \$2 million annually. Overtime efficiencies in the Police Department will save roughly \$1 million each year.

SIR PEG savings of \$0.4 million in 2006 will grow to \$2.8 million in 2009. Maintenance efficiencies will yield \$0.1 million in 2006 and \$0.4 million annually thereafter. Operational efficiencies will be achieved with the commissioning of the new SIR Control Center, which will eliminate five positions and ultimately save almost \$0.4 million annually. The implementation of OPTO in 2008 will result in a reduction of 26 positions and savings approximating \$2 million per year.

2006 Agency PEGs - Positions

The 2006 Agency PEGs include headcount reductions of one in 2005, 155 in 2006, 323 in 2007, 491 in 2008 and 504 in 2009.

Agency PEGs are expected to result in position reductions at the end of 2009 of 443 at NYCT, 37 at SIR, 14 at LIRR, 7 at MTAHQ and 5 at B&T.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006-2009
Summary Agency Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
MTA-Wide										
NYC Transit	(4)	\$5.307	118	\$19.517	277	\$22.637	432	\$36.048	432	\$43.697
Long Island Rail Road	0	12.000	14	18.013	14	15.580	14	15.653	14	15.733
Metro-North Railroad	0	0.093	(2)	1.370	(2)	3.036	(2)	4.867	(2)	6.484
Bridges & Tunnels	0	0.000	3	0.269	5	0.396	5	0.396	5	0.396
MTA Headquarters	3	0.655	4	2.260	7	3.893	7	3.990	7	4.126
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	2	0.035	7	0.384	11	0.734	24	1.737	37	2.815
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Total MTA-Wide By Category	1	\$18.090	144	\$41.812	312	\$46.276	480	\$62.692	493	\$73.251
MTA-Wide by Category										
Administration:	(1)	\$5.462	30	\$12.651	35	\$14.799	36	\$15.231	36	\$15.869
Customer Convenience & Amenities:	0	0.093	13	3.779	13	5.155	13	6.804	13	7.996
Service:	0	0.000	22	3.245	181	5.975	335	19.304	335	26.953
Maintenance:	0	0.500	61	8.755	65	6.002	65	6.020	65	6.037
Revenue Enhancements:	0	12.000	0	12.604	0	13.104	0	13.104	0	13.104
Other :	2	0.035	18	0.779	18	1.241	31	2.228	44	3.292
Total MTA-Wide by Category	1	\$18.090	144	\$41.812	312	\$46.276	480	\$62.692	493	\$73.251

¹ Reflects the impact of amendments on full-time year-end positions.

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	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Administration:										
NYC Transit	(4)	\$4.807	23	\$10.122	23	\$10.156	24	\$10.238	24	\$10.238
Long Island Rail Road	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Metro-North Railroad	0	\$0.000	0	\$0.000	0	\$0.354	0	\$0.607	0	\$1.109
Bridges & Tunnels	0	\$0.000	3	\$0.269	5	\$0.396	5	\$0.396	5	\$0.396
MTA Headquarters	3	\$0.655	4	\$0.260	7	\$0.893	7	\$0.990	7	\$0.4126
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Administration	(1)	\$5.462	30	\$12.651	35	\$14.799	36	\$15.231	36	\$15.869
Customer Convenience & Amenities:										
NYC Transit	0	\$0.000	2	\$0.117	2	\$0.117	2	\$0.117	2	\$0.117
Long Island Rail Road	0	\$0.000	14	\$2.409	14	\$2.476	14	\$2.549	14	\$2.629
Metro-North Railroad	0	\$0.093	(3)	\$1.253	(3)	\$2.562	(3)	\$4.138	(3)	\$5.250
Bridges & Tunnels	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
MTA Headquarters	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Customer Convenience & Amenities	0	\$0.093	13	\$3.779	13	\$5.155	13	\$6.804	13	\$7.996
Service:										
NYC Transit	0	\$0.000	22	\$3.245	181	\$5.975	335	\$19.304	335	\$26.953
Long Island Rail Road	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Metro-North Railroad	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Bridges & Tunnels	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
MTA Headquarters	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Service	0	\$0.000	22	\$3.245	181	\$5.975	335	\$19.304	335	\$26.953

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	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Maintenance:										
NYC Transit	0	\$500	58	\$5,499	58	\$5,499	58	\$5,499	58	\$5,499
Long Island Rail Road	0	\$0.000	0	\$3,000	0	\$0.000	0	\$0.000	0	\$0.000
Metro-North Railroad	0	\$0.000	1	\$,117	1	\$,120	1	\$,122	1	\$,125
Bridges & Tunnels	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
MTA Headquarters	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	0	\$0.000	2	\$,139	6	\$,383	6	\$,399	6	\$,413
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Maintenance	0	\$500	61	\$8,755	65	\$6,002	65	\$6,020	65	\$6,037
Revenue Enhancements:										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	\$12,000	0	\$12,604	0	\$13,104	0	\$13,104	0	\$13,104
Metro-North Railroad	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Bridges & Tunnels	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
MTA Headquarters	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Maintenance	0	\$12,000	0	\$12,604	0	\$13,104	0	\$13,104	0	\$13,104
Other :										
NYC Transit	0	\$0.000	13	\$,534	13	\$,890	13	\$,890	13	\$,890
Long Island Rail Road	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Metro-North Railroad	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Bridges & Tunnels	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
MTA Headquarters	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Bus	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Staten Island Railway	2	\$,035	5	\$,245	5	\$,351	18	\$1,338	31	\$2,402
Capital Construction Company	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Sub-Total Other	2	\$0,35	18	\$,779	18	\$1,241	31	\$2,228	44	\$3,292
Total Agency PEGS	1	\$18,090	144	\$41,812	312	\$46,276	480	\$62,692	493	\$73,251

¹ Reflects the impact of amendments on full-time year-end positions.

Post – 2006 Gap-Closing Actions

As part of the gap closing actions in the February Plan, farebox and toll revenue yields were slated to be increased by 5% in 2007, yielding \$240 million in 2007 and \$242 million in 2008. The July Plan estimates an additional \$1 million from the farebox and toll revenue yield increases for each year over estimates included in the February Plan; and the additional revenue from this gap closing action in 2009 will be \$244 million.

A subsequent 5% farebox and toll revenue yield increase in 2009 is proposed as a gap closing action in the July Plan. This action is estimated to yield an additional \$256 million in 2009.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions

Including the Impact of 2006 PEGs and 2007 and 2009 Fare and Toll Increases

		Financial Plan 2006-2009				
		2005	2006	2007	2008	2009
Toll Revenue						
Bridges & Tunnels	? Baseline	\$1,206.9	\$1,244.3	\$1,247.2	\$1,254.8	\$1,256.8
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Toll Increase ⁴	0.0	0.0	62.4	62.7	62.8
	? 2009 Toll Increase ⁴	0.0	0.0	0.0	0.0	66.0
		\$1,206.9	\$1,244.3	\$1,309.5	\$1,317.6	\$1,385.6
Fare Revenue						
Long Island Bus ¹	? Baseline	\$37.3	\$37.5	\$37.7	\$37.9	\$38.1
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	1.9	1.9	1.9
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	2.0
		\$37.3	\$37.5	\$39.6	\$39.8	\$42.0
Long Island Rail Road	? Baseline	\$436.8	\$445.9	\$454.2	\$460.5	\$468.7
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	22.7	23.0	23.4
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	24.6
		\$436.8	\$445.9	\$476.9	\$483.5	\$516.8
Metro-North Railroad ²	? Baseline	\$435.6	\$445.2	\$451.9	\$458.1	\$463.6
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare Increase ⁴	0.0	0.0	15.1	15.4	15.6
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	16.3
		\$435.6	\$446.8	\$470.2	\$478.2	\$501.4
New York City Transit ^{1,3}	? Baseline	\$2,689.0	\$2,740.1	\$2,771.7	\$2,796.4	\$2,798.0
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	138.6	139.8	139.9
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	146.9
		\$2,689.0	\$2,740.1	\$2,910.3	\$2,936.2	\$3,084.8
Staten Island Railway	? Baseline	\$3.5	\$3.5	\$3.9	\$3.9	\$4.0
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	0.2	0.2	0.2
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	0.2
		\$3.5	\$3.5	\$4.1	\$4.1	\$4.4
Total Farebox Revenue	? Baseline	\$3,602.2	\$3,672.3	\$3,719.4	\$3,756.8	\$3,772.4
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare Increase ⁴	0.0	0.0	178.5	180.3	181.0
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	190.0
		\$3,602.2	\$3,673.9	\$3,901.1	\$3,941.8	\$4,149.3
TOTAL FARE & TOLL REVENUE						
	? Baseline	\$4,809.1	\$4,916.6	\$4,966.6	\$5,011.6	\$5,029.2
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare/Toll Increase ⁴	0.0	0.0	240.9	243.0	243.8
	? 2009 Fare/Toll Increase ⁴	0.0	0.0	0.0	0.0	256.0
		\$4,809.1	\$4,918.2	\$5,210.6	\$5,259.4	\$5,535.0

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.

⁴ Assumes full-year implementation of fare and toll increases.