



Long Island Rail Road

Subject LIRR 2023 Budget & 2023-2026 Financial Plan Adoption
Department Office of the Chief Financial Officer
Department Head Name Kevin Willens, Chief Financial Officer
Department Head Signature
Project Manager Name David Keller

Date December 6, 2022
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR & LIRR Committee	12/19/22		X	
2	Finance Committee	12/19/22	X		
3	MTA Board	12/21/22	X		

Internal Approvals			
Order	Approval	Order	Approval
3	President		VP Svc Ping Tech & CPM
2	Financial Liaison		VP Mkt Dev & Public Affairs
	Sr. VP Operations		General Counsel
	VP Labor Relations	1	OMB

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval

Purpose

To secure MTA Board adoption of the MTA Long Island Rail Road's (LIRR) 2022 November Forecast, 2023 Final Proposed Budget, and the Four-Year Financial Plan for 2023 – 2026.

Discussion

The 2023 Final Proposed Budget, which is consistent with information presented to the Board in November 2022, provides funding to maintain the LIRR's commitment to delivering safe, secure, and reliable transportation and first-class customer service. The LIRR projections do not include the estimated Impacts of projected fare increases and MTA consolidated below-the-line adjustments, which are presented as part of MTA consolidated materials.

The 2023 Final Proposed Budget reflects key initiatives deemed essential to providing safe and reliable service to our customers while ensuring our assets remain in a state of good repair. The initiatives are as follows:

- **Grand Central Madison-** LIRR is scheduled to begin running service to Grand Central Madison (GCM) in late 2022/early 2023. Funding has been adjusted based on the latest estimates and most up-to-date information. Some notable examples include additional non-payroll funding for infrastructure maintenance and converting non-payroll to headcount for assets to be maintained in-house.
- **Security-** Funding was added to monitor security cameras at several additional locations to retrieve electronic data for video distribution to law enforcement agencies and LIRR Claims Department. In addition, funding was added for Fire Safety/Unarmed Guards at several new locations.
- **Penn Station Maintenance-** Additional assets/infrastructure need to be maintained/cleaned as a result of the Penn Station Rehabilitation Project. Additional costs include cleaning of approximately 20k SF of additional space, HVAC maintenance, canopy structure maintenance, glazing and facade repair/maintenance, LED screen maintenance, etc.
- **Maintenance Requirements for New Assets-** Significant increase in infrastructure in the areas of vertical equipment, fire systems, and HVAC that require inspection, preventive, and reactive maintenance to remain in compliance with local, state, and federal mandates.

2022 November Forecast - Baseline

The 2022 Non-Reimbursable November Forecast reflects revenues totaling \$482.6 million, including \$451.4 million in Farebox Revenue and \$31.2 million in Other Operating Revenue. Total Operating Expense projections of \$2,329.7 million consist of labor costs of \$1,254.2 million, non-labor costs of \$425.2 million and non-cash liability adjustments of \$650.3 million. Total Reimbursable expense projections of \$451.1 million are fully offset by capital reimbursements. Total end-of-year authorized positions are projected at 7,976 and include 6,849 Non-Reimbursable positions and 1,127 Reimbursable positions.

2023 Final Proposed Budget - Baseline

The 2023 Non-Reimbursable Final Proposed Budget reflects revenues totaling \$568.7 million. Farebox Revenue of \$540.7 million reflects ridership growth based on the midpoint of McKinsey's "best case" and "worst case" ridership recovery scenarios and includes the extension of fare promotion discounts. Other Operating Revenue of \$28.1 million largely reflects revenue from advertising and rental fees. Total Operating Expense projections of \$2,684.5 million consist of labor costs of \$1,457.4 million, non-labor costs of \$612.4 million and non-cash liability adjustments of \$614.8 million. Total Reimbursable expense projections of \$379.9 million are fully offset by capital reimbursements. Total end-of-year authorized positions are projected at 7,995 and include 6,910 Non-Reimbursable positions and 1,085 Reimbursable positions.

Impact on Funding

The 2022 November Forecast, 2023 Final Proposed Budget and the Four-Year Financial Plan for 2023 – 2026, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the 2022 November Forecast, the 2023 Final Proposed Budget and the Four-Year Financial Plan for 2023 – 2026 for the MTA Long Island Rail Road.

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Accrual Statement of Operations By Category
(\$ in millions)

	Actual 2021	November Forecast 2022	Final Proposed Budget 2023	2024	2025	2026
<u>Non-Reimbursable</u>						
Operating Revenue						
Farebox Revenue	\$295.755	\$451.398	\$540.661	\$577.547	\$603.136	\$627.002
Other Operating Revenue	649.714	31.224	28.058	28.661	28.551	28.830
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenues	\$945.468	\$482.622	\$568.719	\$606.208	\$631.687	\$655.832
Operating Expense						
<u>Labor:</u>						
Payroll	\$550.059	\$614.726	\$703.580	\$720.358	\$734.661	\$752.722
Overtime	123.130	151.395	165.926	154.879	166.403	171.447
Health and Welfare	111.430	131.319	161.552	171.092	181.635	192.177
OPEB Current Payments	61.153	73.414	87.822	93.196	98.895	104.938
Pension	180.194	156.711	190.193	187.406	190.478	190.475
Other Fringe Benefits	142.843	167.452	179.114	183.323	187.852	192.946
Reimbursable Overhead	(40.238)	(40.769)	(30.830)	(35.337)	(36.132)	(37.843)
Total Labor Expenses	\$1,128.571	\$1,254.248	\$1,457.357	\$1,474.917	\$1,523.794	\$1,566.861
<u>Non-Labor:</u>						
Electric Power	\$80.487	\$103.664	\$127.307	\$124.854	\$125.573	\$126.710
Fuel	20.434	36.903	32.545	28.901	27.531	27.895
Insurance	18.403	21.834	25.728	30.321	35.866	42.605
Claims	7.283	4.682	4.755	4.851	4.937	4.937
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	80.209	81.644	127.903	121.529	119.067	118.547
Professional Services Contracts	34.076	40.619	50.659	45.952	43.056	43.692
Materials and Supplies	99.455	119.792	222.580	268.716	278.905	264.919
Other Business Expenses	13.111	16.042	20.894	20.824	29.386	29.944
Total Non-Labor Expenses	\$353.457	\$425.182	\$612.372	\$645.949	\$664.319	\$659.249
<u>Other Expense Adjustments:</u>						
Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses Before Depreciation and GASB Adjs.	\$1,482.028	\$1,679.429	\$2,069.728	\$2,120.866	\$2,188.113	\$2,226.110
Depreciation	\$458.588	\$472.622	\$443.558	\$447.993	\$452.473	\$456.997
OPEB Liability Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
GASB 75 OPEB Expense Adjustment	122.928	180.000	183.600	187.272	191.017	194.838
GASB 68 Pension Expense Adjustment	(6.813)	(4.350)	(14.350)	(64.190)	(30.690)	(59.010)
Environmental Remediation	1.071	2.000	2.000	2.000	2.000	2.000
Total Expenses	\$2,057.802	\$2,329.702	\$2,684.536	\$2,693.941	\$2,802.913	\$2,820.935
Net Surplus/(Deficit)	(\$1,112.334)	(\$1,847.080)	(\$2,115.817)	(\$2,087.733)	(\$2,171.226)	(\$2,165.103)
Cash Conversion Adjustments						
Depreciation	\$458.588	\$472.622	\$443.558	\$447.993	\$452.473	\$456.997
Operating/Capital	(8.467)	(8.277)	(25.075)	(11.748)	(9.036)	(15.355)
Other Cash Adjustments	(55.890)	273.626	177.090	130.063	163.029	143.027
Total Cash Conversion Adjustments	\$394.231	\$737.972	\$595.573	\$566.309	\$606.466	\$584.668
Net Cash Surplus/(Deficit)	(\$718.102)	(\$1,109.109)	(\$1,520.244)	(\$1,521.424)	(\$1,564.760)	(\$1,580.434)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Accrual Statement of Operations By Category
(\$ in millions)

	Actual 2021	November Forecast 2022	Final Proposed Budget 2023	2024	2025	2026
<u>Non-Reimbursable / Reimbursable</u>						
Operating Revenue						
Farebox Revenue	\$295.755	\$451.398	\$540.661	\$577.547	\$603.136	\$627.002
Other Operating Revenue	649.714	31.224	28.058	28.661	28.551	28.830
Capital and Other Reimbursements	438.200	451.120	379.913	380.150	382.826	394.834
Total Revenues	\$1,383.668	\$933.742	\$948.632	\$986.357	\$1,014.513	\$1,050.666
Operating Expense						
<u>Labor:</u>						
Payroll	\$696.525	\$759.717	\$830.942	\$857.106	\$872.979	\$892.260
Overtime	175.006	206.584	211.482	194.145	206.467	212.312
Health and Welfare	145.891	168.743	190.583	201.309	212.238	223.102
OPEB Current Payments	61.153	73.414	87.822	93.196	98.895	104.938
Pension	221.280	223.150	237.361	236.501	240.201	240.721
Other Fringe Benefits	180.250	206.002	208.801	214.223	219.147	224.570
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$1,480.104	\$1,637.611	\$1,766.991	\$1,796.479	\$1,849.928	\$1,897.903
<u>Non-Labor:</u>						
Electric Power	\$80.840	\$104.027	\$127.667	\$125.214	\$125.933	\$127.070
Fuel	20.434	36.903	32.545	28.901	27.531	27.895
Insurance	24.620	28.842	33.447	38.823	44.516	51.311
Claims	7.283	4.682	4.755	4.851	4.937	4.937
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	101.999	102.708	141.865	135.731	133.398	133.008
Professional Services Contracts	41.372	43.340	51.369	46.680	43.801	44.455
Materials and Supplies	149.987	155.701	269.707	303.094	311.086	303.991
Other Business Expenses	13.589	16.735	21.297	21.243	29.810	30.373
Total Non-Labor Expenses	\$440.124	\$492.938	\$682.650	\$704.536	\$721.011	\$723.041
<u>Other Expense Adjustments:</u>						
Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses Before Depreciation and GASB Adjs.	\$1,920.228	\$2,130.549	\$2,449.641	\$2,501.015	\$2,570.939	\$2,620.944
Depreciation	\$458.588	\$472.622	\$443.558	\$447.993	\$452.473	\$456.997
OPEB Liability Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
GASB 75 OPEB Expense Adjustment	122.928	180.000	183.600	187.272	191.017	194.838
GASB 68 Pension Expense Adjustment	(6.813)	(4.350)	(14.350)	(64.190)	(30.690)	(59.010)
Environmental Remediation	1.071	2.000	2.000	2.000	2.000	2.000
Total Expenses	\$2,496.002	\$2,780.822	\$3,064.449	\$3,074.091	\$3,185.739	\$3,215.769
Net Surplus/(Deficit)	(\$1,112.334)	(\$1,847.080)	(\$2,115.817)	(\$2,087.733)	(\$2,171.226)	(\$2,165.103)
Cash Conversion Adjustments						
Depreciation	\$458.588	\$472.622	\$443.558	\$447.993	\$452.473	\$456.997
Operating/Capital	(8.467)	(8.277)	(25.075)	(11.748)	(9.036)	(15.355)
Other Cash Adjustments	(55.890)	273.626	177.090	130.063	163.029	143.027
Total Cash Conversion Adjustments	\$394.231	\$737.972	\$595.573	\$566.309	\$606.466	\$584.668
Net Cash Surplus/(Deficit)	(\$718.102)	(\$1,109.109)	(\$1,520.244)	(\$1,521.424)	(\$1,564.760)	(\$1,580.434)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Cash Receipts and Expenditures
(\$ in millions)

	Actual 2021	November Forecast 2022	Final Proposed Budget 2023	2024	2025	2026
Cash Receipts and Expenditures						
Receipts						
Farebox Revenue	\$299.220	\$455.133	\$552.027	\$589.069	\$614.658	\$638.524
Other Operating Revenue	545.660	124.014	21.029	21.501	21.250	21.388
Capital and Other Reimbursements	429.524	442.375	354.355	367.905	373.285	378.964
Total Receipts	\$1,274.403	\$1,021.521	\$927.411	\$978.474	\$1,009.193	\$1,038.876
Expenditures						
Labor:						
Payroll	\$719.632	\$765.919	\$825.518	\$851.556	\$867.300	\$886.449
Overtime	164.049	210.615	211.482	194.145	206.467	212.312
Health and Welfare	147.835	158.321	190.583	201.309	212.238	223.102
OPEB Current Payments	56.448	70.098	87.822	93.196	98.895	104.938
Pension	217.167	224.150	237.361	236.501	240.201	240.721
Other Fringe Benefits	248.291	223.682	207.801	213.223	218.147	223.570
Contribution to GASB Fund	0.000	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$1,553.421	\$1,652.786	\$1,760.567	\$1,789.930	\$1,843.249	\$1,891.092
Non-Labor:						
Electric Power	\$79.996	\$104.027	\$127.667	\$125.214	\$125.933	\$127.070
Fuel	19.163	36.903	32.545	28.901	27.531	27.895
Insurance	18.393	25.623	32.935	38.284	45.078	50.702
Claims	4.455	1.852	1.867	1.888	1.929	1.929
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	102.056	112.698	141.865	135.731	133.398	133.008
Professional Services Contracts	31.370	36.401	38.369	33.680	30.801	31.455
Materials and Supplies	165.643	133.336	276.448	310.720	321.865	311.274
Other Business Expenses	13.898	19.441	24.026	24.030	32.648	33.364
Total Non-Labor Expenditures	\$434.973	\$470.281	\$675.722	\$698.447	\$719.182	\$716.697
Other Expenditure Adjustments:						
Other	\$4.111	\$7.563	\$11.366	\$11.522	\$11.522	\$11.522
Total Other Expense Adjustments	\$4.111	\$7.563	\$11.366	\$11.522	\$11.522	\$11.522
Total Expenditures	\$1,992.506	\$2,130.630	\$2,447.655	\$2,499.899	\$2,573.953	\$2,619.311
Net Cash Balance	(\$718.102)	(\$1,109.109)	(\$1,520.244)	(\$1,521.424)	(\$1,564.760)	(\$1,580.434)
Cash Timing and Availability Adjustment	(39.165)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Net Cash Balance after Cash Timing & Availability Adj	(\$757.268)	(\$1,109.109)	(\$1,520.244)	(\$1,521.424)	(\$1,564.760)	(\$1,580.434)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	Actual 2021	November Forecast 2022	Final Proposed Budget 2023	2024	2025	2026
Cash Flow Adjustments						
Receipts						
Farebox Revenue	\$3.465	\$3.735	\$11.366	\$11.522	\$11.522	\$11.522
Other Operating Revenue	(\$104.054)	\$92.790	(\$7.029)	(\$7.161)	(\$7.301)	(\$7.442)
Capital and Other Reimbursements	(8.676)	(8.745)	(25.558)	(12.245)	(9.541)	(15.870)
Total Receipts	(\$109.265)	\$87.780	(\$21.221)	(\$7.883)	(\$5.320)	(\$11.790)
Expenditures						
Labor:						
Payroll	(\$23.107)	(\$6.202)	\$5.424	\$5.550	\$5.679	\$5.812
Overtime	10.957	(4.031)	0.000	0.000	0.000	0.000
Health and Welfare	(1.944)	10.422	0.000	0.000	0.000	0.000
OPEB Current Payments	4.704	3.316	0.000	0.000	0.000	0.000
Pension	4.113	(1.000)	0.000	0.000	0.000	0.000
Other Fringe Benefits	(68.041)	(17.680)	1.000	1.000	1.000	1.000
Contribution to GASB Fund	0.000	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$73.318)	(\$15.175)	\$6.424	\$6.550	\$6.679	\$6.812
Non-Labor:						
Electric Power	\$0.844	\$0.000	0.000	\$0.000	\$0.000	\$0.000
Fuel	1.271	0.000	0.000	0.000	0.000	0.000
Insurance	6.227	3.218	0.511	0.538	(0.563)	0.610
Claims	2.828	2.831	2.887	2.963	3.008	3.008
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.057)	(9.990)	0.000	0.000	0.000	0.000
Professional Services Contracts	10.003	6.939	13.000	13.000	13.000	13.000
Materials and Supplies	(15.656)	22.365	(6.741)	(7.626)	(10.779)	(7.283)
Other Business Expenses	(0.310)	(2.706)	(2.729)	(2.787)	(2.838)	(2.991)
Total Non-Labor Expenditures	\$5.151	\$22.657	\$6.928	\$6.089	\$1.828	\$6.344
Other Expenditure Adjustments:						
Other Expense Adjustments	(\$4.111)	(\$7.563)	(\$11.366)	(\$11.522)	(\$11.522)	(\$11.522)
Total Other Expenditure Adjustments	(\$4.111)	(\$7.563)	(\$11.366)	(\$11.522)	(\$11.522)	(\$11.522)
Total Expenditures	(\$72.277)	(\$0.080)	\$1.986	\$1.116	(\$3.014)	\$1.634
Total Cash Conversion Adjustments before Depreciation	(\$181.543)	\$87.699	(\$19.235)	(\$6.767)	(\$8.334)	(\$10.156)
Depreciation	\$458.588	\$472.622	\$443.558	\$447.993	\$452.473	\$456.997
OPEB Liability Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
GASB 75 OPEB Expense Adjustment	122.928	180.000	183.600	187.272	191.017	194.838
GASB 68 Pension Expense Adjustment	(6.813)	(4.350)	(14.350)	(64.190)	(30.690)	(59.010)
Environmental Remediation	1.071	2.000	2.000	2.000	2.000	2.000
Cash Timing and Availability Adjustment	(39.165)	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$355.066	\$737.972	\$595.573	\$566.309	\$606.466	\$584.668

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Ridership (Utilization) and Revenue
(in millions)

	Actual	November	Final			
	2021	Forecast	Proposed	2024	2025	2026
		2022	Budget			
			2023			

RIDERSHIP

<i>Total Commutation</i>	9.716	23.342	33.753	38.735	40.038	41.423
<i>Total Non-Commutation</i>	25.321	28.978	28.408	31.368	32.949	34.409
Total Ridership	35.037	52.320	62.160	70.103	72.987	75.832

FAREBOX REVENUE

Baseline Total Farebox Revenue	\$295.755	\$451.398	\$540.661	\$577.547	\$603.136	\$627.002
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MTA LONG ISLAND RAIL ROAD
November Financial Plan 2023 - 2026
Total Positions by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION / OCCUPATIONAL GROUP	Actual 2021	November Forecast 2022	Final Proposed Budget 2023	2024	2025	2026
Administration						
Managers/Supervisors	230	269	260	260	260	260
Professional/Technical/Clerical	159	200	200	197	197	197
Operational Hourlies	22	23	23	23	23	23
Total Administration Headcount	411	492	483	480	480	480
Operations						
Managers/Supervisors	313	369	364	361	358	357
Professional/Technical/Clerical	99	126	126	126	126	126
Operational Hourlies	2,171	2,382	2,319	2,310	2,310	2,310
Total Operations Headcount	2,583	2,877	2,809	2,797	2,794	2,793
Maintenance						
Managers/Supervisors	774	904	944	885	896	900
Professional/Technical/Clerical	231	287	279	305	306	301
Operational Hourlies	3,042	3,195	3,272	3,444	3,492	3,534
Total Maintenance Headcount	4,047	4,386	4,495	4,634	4,694	4,735
Engineering / Capital						
Managers/Supervisors	124	154	141	141	141	141
Professional/Technical/Clerical	42	67	67	67	67	67
Operational Hourlies	0	0	0	0	0	0
Total Engineering Headcount	166	221	208	208	208	208
Public Safety						
Managers/Supervisors	0	0	0	0	0	0
Professional/Technical/Clerical	0	0	0	0	0	0
Operational Hourlies	0	0	0	0	0	0
Total Public Safety Headcount	0	0	0	0	0	0
Total Positions						
Managers/Supervisors	1,441	1,696	1,709	1,647	1,655	1,658
Professional/Technical/ Clerical	531	680	672	695	696	691
Operational Hourlies	5,235	5,600	5,614	5,777	5,825	5,867
Total Positions	7,207	7,976	7,995	8,119	8,176	8,216