

Staff Summary

Subject NYCT 2024 Budget and 2024-2027 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 18, 2023
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	TA Committee	12/18/23		X	
2	Finance Committee	12/18/23	X		
3	MTA Board	12/20/23	X		

Internal Approvals			
Order	Approval	Order	Approval
1	OMB		
2	Financial Liaison		
3	President		

Purpose

To secure MTA Board adoption of MTA New York City Transit's 2023 November Forecast, 2024 Final Proposed Budget, and the Four-Year Financial Plan for 2024-2027.

Discussion

The 2024 Final Proposed Budget, which is consistent with information presented to the Board in December 2023, provides funding to maintain New York City Transit's commitment to delivering safe, secure, and reliable transportation and first-class customer service. The NYCT projections do not include MTA consolidated below-the-line adjustments, including the estimated impacts of projected fare increases, which are presented as part of MTA consolidated materials.

MTA operating agencies have been engaged in an ambitious effort to identify innovative ways of conducting business more efficiently, reduce expenses and improve service to customers. During 2023, concrete initiatives have been identified to generate savings that lower NYCT outyear deficits by \$304 million for NYCT annually beginning in 2024. NYCT is working toward improving employee availability across all divisions, with efforts targeting critical job titles in the Division of Subways and Division of Buses to reduce positions and overtime related to backfilling shifts (\$341 million over the Plan period). In addition, overtime assignments will be strategically managed, ensuring compliance with timekeeping rules and reducing overtime hours in targeted functions (\$68 million). Additionally,

- The Division of Subways is addressing critical station and infrastructure cleaning previously handled via more costly third-party contracts (\$204 million); has adjusted the car equipment maintenance approach (\$203 million); is obtaining efficiencies in rail material acquisition (\$61 million); is implementing energy efficient initiatives throughout stations, yards and on subway cars (\$60 million); is reorganizing terminal station car cleaning assignments (\$25 million); and is lengthening crew tours for more efficient train operations staffing (\$8 million).
- The Division of Buses has identified changes to bus maintenance schedules utilizing predictive maintenance tools (\$35 million); and improved analysis of vehicle condition and performance to allow for better maintenance planning (\$25 million). Aligned with these operational efficiencies are the bus lane violation revenues and unscheduled bus operation overtime savings related to the Automated Bus Lane Enforcement (ABLE) measures through camera installation on additional buses and expanded enforcement, as permitted through the State 2023-24 Enacted Budget (\$80 million). Paratransit trip-booking improvements utilizing self-service functionality will create savings and provide a better Paratransit customer experience (\$16 million).

Key Initiatives

The 2024 Final Proposed Budget reflects key initiatives deemed essential to providing safe and reliable service to customers while ensuring assets remain in a state of good repair. Among the initiatives included are:

- Expansion of Automated Bus Lane Enforcement program to be equipped with ABLE equipment and expenses to include event processing fees, fines processing fees, software, and contract management costs. Estimated revenues from fines collected are expected to offset exceed the operating expenses.
- Expansion of Eagle Teams to provide fare validation and enforcement at various locations as recommended by the Fare Evasion Blue Ribbon Panel.
- Additional maintenance and 24x7 video data monitoring expenses related to gathering video evidence for NYCT tort cases and aim to reduce bus operator/customer injury litigations.
- Maintenance of communications network infrastructure to support the implementation of OMNY, NYCT's new fare payment platform.
- Maintenance of Communication Over Ethernet network that is to be used exclusively for transmission of real-time video streams to NYPD lateral sites. Also includes the maintenance of Perimeter Intrusion Detection System (PID) CCTV cameras installed throughout the system.
- Replace, as part of the Faster, Cleaner, Safer strategic plan, fluorescent lighting with LED in stations and subway cars to increase customer satisfaction and reduce maintenance and energy expenses.
- Outfit 1,188 Paratransit vehicles with an on-board vehicle surveillance camera system with real-time viewing and cloud video storage capabilities to promote safe vehicle operations and document accidents and customer satisfaction.
- Invest in resources needed to significantly improve maintenance processes to achieve fiscal and operational efficiencies.
- Add bus operators to comply with Federal Transit Administration (FTA) regulations.

2023 November Forecast-Baseline

Total Non-reimbursable revenues are projected at \$4,010.4 million, including \$3,348.4 million of farebox revenues. Total Non-reimbursable expenses are projected to be \$9,807.7 million, consisting of labor expenses of \$7,488.8 million and non-labor expenses of \$2,318.9 million. Non-cash depreciation expense is projected at \$2,199.0 million, GASB 75 other post-employment benefit expenses are projected at \$876.0 million, GABS 87 Lease adjustment expenses are projected at \$7.7 million, and GASB 68 pension expenses are projected as a credit of \$333.0 million. Projected Reimbursable expenses of \$1,229.1 million are fully offset by capital reimbursements. Total baseline full-time and full-time equivalent positions are 50,465 including 45,419 Non-reimbursable positions and 5,046 Reimbursable positions.

2024 Final Proposed Budget-Baseline

Total Non-reimbursable revenues are projected at \$4,449.3 million, including farebox revenues of \$3,688.1 million. Total Non-reimbursable expenses are projected to be \$9,946.8 million, consisting of labor expenses of \$7,630.7 million and non-labor expenses of \$2,316.1 million. Non-cash depreciation expense is projected at \$2,243.0 million, GASB 75 other post-employment benefit expenses are projected at \$885.0 million, GABS 87 Lease adjustment expenses are projected at \$7.7 million, and GASB 68 pension expenses are projected as a credit of \$333.0 million. Projected Reimbursable expenses of \$1,332.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 50,033 including 45,180 Non-reimbursable positions and 4,854 Reimbursable positions.

Impact on Funding

The 2023 November Forecast, the 2024 Final Proposed Budget and the Four-Year Financial Plan for 2024-2027, 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 2023 November Forecast, the 2024 Final Proposed Budget and the Four-Year Financial Plan for 2024-2027 for MTA New York City Transit and the related authorization to draw down Transit Adjudication Bureau (TAB) receipts and interest consistent with this Final Proposed Budget.