

Joanne Mahoney: Okay, thank you. Good morning. Don, can you hear us?

Don: I can hear you. Good morning, Chairman.

Joanne Mahoney: Good morning. Welcome to the December 19, 2019, meeting of the Thruway Authority Board of Directors in Albany. We have board members Robert Megna, Dr. Veras, and Heather Briccetti; and in Tarrytown, we have board member Don Rice. Today, we are going to start with the Finance Committee. Bob Megna is chair of the committee. Also serving on the committee is Don, Dr. Veras; and as Chair, I serve as the ex-officio, so Bob Megna, I will turn it over to you, please.

Robert Megna: (No sound). Approval of the minutes of the Finance Committee meeting number #54. May I have a motion to advance this item? All in favor?

All: Aye.

Robert Megna: Any opposed? I guess I should ask the most important question. Any comments on this? Any questions? If not, any opposed? The motion is approved. The next item is item number two, authorizing the executive director to proceed with necessary actions to implement toll rate adjustments. At this juncture, I would like to ask Chair Mahoney and Executive Director Driscoll if they would like to say a few words.

Joanne Mahoney: Thank you very much, Bob. As Chairperson of the Thruway's Board of Directors for the last five years and as a former county executive in an Upstate New York county, I know firsthand the importance of the Thruway for economic development, tourism, commerce and for all motorists traveling in New York State. As we look towards the future, our goal is to continue to keep tolls as low as possible for the traveling public. I am very proud of the work our team has done over the years to maintain tolls at their current levels, while providing one of the safest and most reliable superhighways in the country. I'd like to introduce our Executive Director, Matt Driscoll, to discuss the purpose of today's meeting. Matt?

Matt Driscoll: So, we are here today to present a proposal that adjusts toll rates on the bridge and other changes statewide for customers along the Thruway. Our Chief Fiscal Officer, Matt Howard, will run through the details, but first, I wanted to offer some context about how we arrived at this point. All along, we said that we were committed to keeping tolls low as possible across the Thruway system. That commitment is conceivable because of the hard work of our employees, who have maintained strong fiscal discipline over the past decade. As you know, tolls have not been adjusted on the Thruway since 2010. During that time, through strong fiscal oversight and by taking advantage of favorable market conditions to generate savings, we have been able to hold the line on tolls. In addition to that, tolls would not be frozen through 2020 without the Governor and the state legislatures' approval of the two billion dollar Thruway stabilization fund from bank settlement funds, and we thank them for that support. Over this past summer, I, along with some of you, participated in our Toll Advisory Panel to

listen to residents in Rockland and Westchester Counties about how any potential toll adjustments would impact them. They urged us to include commuter and resident discount programs, and they reminded us that the bridge is pivotal to the lower Hudson Valley economy. We heard them loud and clear and have used their opinions to help inform our proposal. We certainly agree that the critical role that the Thruway plays in the economy and in the region, and we understand that any actions we take can have tremendous impacts. It's exactly why we are committed to keeping tolls as low as possible. For example, and to highlight a few items, for New York E-ZPass customers, we are proposing increasing the toll rate for the bridge fifty cents annually over two years, from \$4.75 to \$5.75 in 2022. For commuters, who are our most frequent customers, we propose maintaining a discount program, which provides a forty percent discount from the New York E-ZPass rate. For Westchester and Rockland residents, we are proposing a new program with no toll increases to those that qualify. I think you will find this proposal fair and commensurate with nearby crossings. Now I will turn it over to Matt Howard, who can walk us through the details of the proposal. Matt?

Matt Howard: Thank you, Director. This board item would authorize us to begin the formal public toll adjustment process and includes a report from our independent traffic engineer making recommendations and draft regulations that would be submitted as part of the public rule-making process that would progress over the course of the next year. Going forward, this formal process will include public hearings and ample opportunities for the public to comment on the proposed changes, and at the end of that process, recommendations will be coming back to the board for final approval. This represents the start. I would like to start with just a quick review of the current state of the Thruway. The Thruway is a 570 mile system that is comprised of 2,840 lane miles. In 2018, 266.4 million toll transactions produced 736.5 million in toll revenues. Currently the E-ZPass uses make up a vast majority of our customers; 77 percent of our system-wide transactions are E-ZPass uses. On the bridge, it is even higher; it is 87 percent of the transactions on the Governor Mario Cuomo Bridge are E-ZPass. Sixteen percent of the transactions on the bridge are from out-of-state E-ZPass users, and 20 percent of the traffic on the bridge are in the commuter discount program. As we previously discussed, and as the Director said, 2020 will mark roughly the tenth year since the last toll increase took effect. So how have we managed to do that? You know, as he said, fiscal discipline since the last increase. On an overall basis, our growth rate over the period has averaged 1.2 percent annually. Since 2010, the Thruway has reduced its workforce by 513 budgeted positions. That is 19 percent from where we were at in 2010, and as was mentioned, in 2015 and 2016, the State of New York provided significant capital investment in the system that supported the construction of the bridge and many projects across the system as a whole. Slide four; over that time, we have continued to invest in the system, including 6.6 billion in capital spending over that period. It allowed us to open the Mario M. Cuomo Bridge to traffic on both spans. It has allowed us to begin the process of implementing statewide cashless tolling. We have been able to replace or rehabilitate 116 bridges across the system in that time. We have resurfaced roughly 2,000 lane miles during that period and invested 141 million in vehicle and equipment replacement and additions. With all of those investments, we

have been and are continuing to build the Thruway of the future. Slide six; the benefits of cashless tolling; so with the implementation across the system that will occur next year, we are fundamentally changing how we collect tolls, both physically, as well as from the system's perspective. It is going to result in replacing cash collection with a toll by mail process, and it will also have positive impacts, including safer travel, reduced congestion, and lower emissions due to reduced idling. With all of those changes over ten years, I guess the question is now is the time to begin consideration of an adjustment process, so with both spans of the bridge open and system-wide implementation of cashless tolling in 2020, now is the time to begin consideration of an adjustment process, and in doing so, it will allow us to confirm with the Thruway Authority's pledge to keep tolls frozen through 2020. Operationally, it will allow us to adjust to reflect the fact that by the end of next year, the system will be converting to cashless tolling. It will allow us to responsibly meet our future operational and capital needs and support our debt service obligations while ensuring that we continue to provide a reliable system and service to our patrons. Slide eight; before I walk through the specific items of the component, it is important to note that I think that over the last ten years, there has been some speculation on what the toll rates were going to be on the bridge. We have seen estimates that have ranged from early estimates of roughly \$14.00 to then roughly \$10.00, and more recently, \$8.00. So while that has been going on, we have been doing everything we could to limit the impact that any future adjustments would have on toll payers. This now leads us to the proposed components that the Director outlined. The first, just to reiterate, tolls will continue to remain frozen through 2020. The New York E-ZPass rate for the bridge would see an increase in 2021 and 2022 of fifty cents per year, bringing the current rate from \$4.75 to \$5.75 by 2022. Frequent users of the bridge will continue to be offered the lowest toll rates and it will reflect an enhanced commuter discount program. Right now, it is 37 percent of the New York E-ZPass rate. That would go to 40 percent in 2021. There is a new resident discount program for Westchester and Rockland residents that will result in tolls for those customers remaining at the current level of \$4.75. For commercial, the standard E-ZPass rates for 2H through 4H will see increases similar to passenger rates, while the larger, there will be larger increases for the classes 5H through 7H. They will see an increase that is 20 percent higher than the standard passenger rates for E-ZPass, and that would bring the commercial rates on the bridge closer in line, but still significantly less than the rates that are currently in effect at other major crossings in the metropolitan New York area. Further, there are additional system-wide adjustments being proposed to support the conversion to cashless tolling, and the report recommends beginning on January 21st, the following changes. Again, no changes at the tolls in 2020. For New York E-ZPass holders, outside of the bridge, there would be no change in tolls. Again, if you have an E-ZPass, outside of the bridge, your tolls won't change. The recommendation also includes incentivizing E-ZPass usage, so beginning in 2021, when there is no longer a cash rate, the proposal would establish a thirty percent rate differential for tolls by mail rates. Effectively, the tolls by mail rate would be thirty percent higher than the base New York E-ZPass rate. This is a policy that other states that have converted to cashless tolling have implemented, and this conforms with that. Fourth, in 2021, there will be an established non-New York E-ZPass rate, where

there will be a differential above the New York E-ZPass rate of fifteen percent. And finally, beginning in 2021, a two dollar administrative surcharge would be applied to each monthly toll by mail billing statement. And again, please note that these components are system wide; bridge, rest of the system, and the changes are very consistent with what other states that have implemented cashless tolling have administered. But the key point to all of this is get E-ZPass, and your tolls outside of the bridge will be unchanged. Slide ten; this provides a more detailed schedule of the passenger rate changes on the bridge, going from left to right, you see the commuter E-ZPass rates; the current rate is three dollars. In 2021 – 2022, those figures would go up by roughly forty-five cents in 2022, to have that 40 percent discount off of the base New York E-ZPass rate, which is, you see, the third column, going from \$4.75 to \$5.75 for the standard New York E-ZPass rate. In between that, you see the impact of the new resident E-ZPass program for Rockland and Westchester residents who are infrequent users of the bridge who might not want to sign up for a commuter plan. This option will allow them to sign up for the resident program and have their rates continue at the current level that they are at. In addition to that, we see the out-of-state E-ZPass rate, that is a fifteen percent differential above the base New York E-ZPass rate, and likewise, the toll by mail rate that has a differential of thirty percent above the base New York E-ZPass rate that is consistent with the implementation that we are doing statewide. The next slide; basically provides the distribution of passenger traffic on the bridge and how different users will benefit from the program that we have here, and it is really important to note that under the plan, 45 percent of the traffic on the bridge will be receiving either the commuter or the resident, the new resident discount program, so 45 percent of the traffic on the bridge under this plan will be paying the lower, will be paying less than \$5.75 in 2022. When you incorporate the discount that our standard rate, New York E-ZPass rate customers receive, basically 74 percent of the traffic on the bridge in 2022 will be paying at a rate that is \$5.75 or less. The next slide places where these changes would put the bridge in comparison to other crossings in the region and in the northeast, and I think this shows that even after the implementation of this plan, the bridge will continue to be an economic crossing in the northeast. In fact, even at \$5.75, the bridge toll rates would be below the current rates at the Port Authority bridges, as well as many of the major MTA bridges. And then the next slide is a system-wide look at the tolls per mile on the Thruway system, as a whole, and I think, you know, it becomes apparent that we see that even with this plan, we started at a place where, it is hard to see it here, but the Thruway Authority is the, is currently at the second to last one on the bottom in terms of the lowest cost per mile in the region. It is going to slightly uptick due to some of the changes associated with the cashless tolling in relation to the differentials, but still, it is basically at the bottom tier of what other systems that are similar charge on a per-mile basis.

Matt Driscoll: And that, Matt, assumes that those systems don't make any changes over the next four years.

Matt Howard: Exactly. There are no assumed increases in any of those figures, only the projection for the Thruway.

Dr. Veras: Which one is the one on top, do you know?

Matt Howard: Oh, I think that is the Chicago Skyway. And honestly, that concludes the materials that I had to present, and if anyone has any questions or comments, I definitely would be willing to answer any questions.

Robert Megna: I don't know if the Chair has any further comments, but I certainly want to, I have been associated with the Thruway now through all of the conversations of ten-dollar increases in the tolls, seven-dollar increases in the tolls, \$58.00 increases in the tolls, all through this past decade period that we have lived through while the bridge was being constructed. Because of that, and I think Matt's presentation here really hit all of the salient points because I think because of the efforts of the Thruway to control costs, which have been dramatic, because of the Governor and the legislatures' ability to make contributions to the Thruway program, we are sitting in a place where we are talking about modest and needed increases, and so I appreciate the presentation, and I think it was really very good. Thank you.

Male: For a moment, can we go back to the slides that show the relative tolls on the bridge and the relative tolls for the Thruway as a whole compared to other New York crossings and then other national toll roads? Looking at it here, you can't really read the names. I think it would be useful to just go every fourth or fifth name for folks who might be watching it remotely. It is a really helpful perspective that we are running the system very efficiently.

Matt Howard: So if we start, you know, I guess the good news is I would have passed my eye exam because the one on the top that was asked, it is the Chicago Skyway. As we go down, there are a couple in Virginia that are the Dulles Greenway and Pocahontas Parkway. Further down, we see the Delaware Turnpike, I95 in Delaware. As we go down the chart, we have the Boston Extension of the Mass Turnpike, the Dulles Toll Road is underneath that, and the Triangle Expressway in North Carolina. Further down, you see the New Jersey Turnpike north of exit 9. The Pennsylvania Turnpike is after that. You see the Illinois Tollway further on down, and then there are a number of additional systems, including the Blue Star Turnpike in New Hampshire, the Ohio Turnpike, the Indiana Toll Road, and the Western Turnpike for the Massachusetts Turnpike. That is basically all the systems, as you read down the list and until you get to what we are basically recommending to take effect by 2021.

Don Rice: What I think is noteworthy about that is the ones that are above us are in ordinate magnitude above us; three, four, five times; whereas the ones that are below us are sort of the same. Maybe they differ visually.

Heather Briccetti: Matt, I wanted to just, I wanted to say I think the outcome is certainly far better than what anyone anticipated, certainly. I am relatively new to the board, and my expectation was that the increases would be significantly higher. The area of

greatest interest for me, other than my experience in sitting through the hearings, is the commercial rates, and while the commercial rates do appear to be increasing faster than the residential and commuter rates; can you just in raw dollars give a comparison of what the crossing cost would be for the bridge, versus say the GW? Because that was a big point that came up in conversation when I was sitting in the hearings at Rockland County.

Matt Howard: So, we have estimates on that. So, under the proposal, the standard 5H, which is the most common commercial truck that we have, we proposed increasing it to \$55.77 by 2022. The comparable number for the George Washington is \$90.00. This is the standard New York E-ZPass rate. So effectively what we are saying is there are increases for those commercial rates that are bringing the Governor, you know, Mario Cuomo Bridge rates closer aligned with the GW, but they are still significantly less than the rates that they have. It is basically like 38 percent less than what you see at the GW, and we are seeing it in our traffic estimates, where we have commercial traffic that understand that it is an economical crossing, and this actually, basically will try to bring the rates, not all the way, because I think we benefit from being economical, but closer to the comparable that we see on the other major crossings in the metropolitan area.

Heather Briccetti: Thank you.

Robert Megna: Any further discussion?

Dr. Veras: I'd like to add that basically what the above indicated, the combination of cost reductions and the contributions of the legislature and Governor Cuomo have been essential in basically softening the potential blow that this could have for the infrastructure to be paid without, to basically ensure that the Thruway is there for the next hundred years, and basically that requires investment. Basically the new revenues combined with the asset management program means we basically improve things. That is important.

Robert Megna: Any further conversation? If not, then if concussion is concluded, may I have a motion to advance the item?

Male: Motion.

Robert Megna: Second, from Don? All in favor?

All: Aye.

Robert Megna: Any opposed? The motion is approved. Any other business for the Finance Committee? If not, I would recommend adjournment. And with no further business, may I have a motion to adjourn today's Finance Committee meeting?

Male: So moved.

Robert Megna: We are adjourned.

Joanne Mahoney: Okay, thank you very much, and I would like call to order the full board meeting of the Thruway Authority. The scheduled meeting has been dually noticed, as required by the open meeting law. May I have a motion to enter into the board meeting, please?

Robert Megna: So moved.

Male: Second.

Joanne Mahoney: All in favor?

All: Aye.

Joanne Mahoney: We are now in the full meeting of the board, and the first order of business is the public comment period for speakers interested in addressing items on today's agenda. Kathy, has anyone signed up for this portion of the public comment period?

Kathy: No, they have not.

Joanne Mahoney: Okay, that will conclude the public comment period on today's agenda. And the agenda indicates that we are going to have a consent agenda for the items on today's board meeting. I was going to separate them, but I noted during the Finance Committee that all five members had an opportunity to weigh in on Matt Howard's presentation, so unless there is an objection by a show of hands, I will just stick with today's agenda. Okay, do you want me to?

Robert Megna: Oh, no, I thought you wanted us to show support.

Joanne Mahoney: Unless there is an objection, I am just going to stick with the agenda. Okay, so the next order of business is approval of the consent, and you will see there are two items on the consent agenda; one are the minutes of the last Thruway Authority Board Meeting, and two is the discussion that we just had as a full board with the Finance Committee. So is there a motion to approve consent agenda items number one and two, please?

Male: So moved.

Male: Second.

Joanne Mahoney: Any discussion? All in favor?

All: Aye.

Joanne Mahoney: Any opposition? Hearing none, the two items are approved, and that does conclude the formal agenda for the December 19, 2019, board meeting, which brings us into the general public comment period. Kathy, has anyone signed up to speak on this part of our agenda?

Kathy: No, they have not.

Joanne Mahoney: Alright, is there any other business that anyone wants to bring for the board today? Hearing none, can I have a motion to adjourn today's meeting?

Female: So moved.

Male: Second.

Joanne Mahoney: All in favor?

All: Aye.

Joanne Mahoney: We are adjourned. Happy holidays, we will see everyone back here on January 27, 2020, starting at eleven a.m. Thank you.

All: Thank you.