

New Cost Savings for the Thruway Authority

Presented by Thomas Madison
Executive Director of the NYS Thruway Authority



An Historic Day for the Thruway Authority

Charting a New Path Forward

- **Doing things differently**
- **Putting the Authority's fiscal house in order**
- **Saving money and building big again**

At today's Board Meeting the Thruway Authority will vote on a 2013 budget averting a toll increase and approve a contract for the new New York bridge

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New Measures to Reform Thruway Finances

- This year, Governor Cuomo requested that the Thruway Authority conduct an independent audit of the Authority's fiscal condition and operating practices
- Navigant Consultants found the Authority pursued decades of financial practices that were risky, reckless, and lacked transparency.
- Without action, the Thruway Authority's 'High A' credit rating would have been downgraded, leading to higher borrowing costs and higher tolls for customers

New Measures for Fiscal Reform

- Governor Cuomo asked the Thruway Authority to consider all possible fiscal reforms
- We reopened our books, reviewed the Navigant report, and found more savings, reforms, and opportunities to improve Thruway operations

New Measures to Prevent Toll Hike

- After working with Governor Cuomo and his administration to find additional cost saving measures and permanent reforms, today I will present the Thruway Board of Directors with a new cost saving plan that does not include any toll hike.

New Measures for Fiscal Reform

- **Thruway Authority has begun to implement plans to eliminate poor fiscal practices, make transformative operational changes, and generate long-term cost savings.**
- **The plan:**
 - Cutting \$25 million in operating costs in 2012 – with more than \$130 million in fiscal reforms planned in next 3 years
 - Eliminating \$900 million in risky short-term debt

New Measures for Fiscal Reform

- From 2011-2013, 361 positions will be eliminated, shrinking the Authority's workforce by 6%
- Significant reductions in discretionary expenses such as travel and overtime
- M/C managers' salaries frozen
- Thruway Authority will work with the Cuomo Administration and the SAGE Commission on further savings consolidations and Service Sharing opportunities

New Measures for Fiscal Reform

The Plan also includes:

- Implementing comprehensive operational reforms, including streamlining measures, better asset management and service sharing
- Authority ending annual reimbursement for NYS Police expenses, in place since 1954
- The Thruway and the State will find new opportunities for shared services
- Proposed 2013 operating budget is 21% below 2012

Continue Cost-Cutting and Consolidation

Ongoing efforts:

- Reduce vehicle and equipment purchases and fleet size
- Bring Authority employee benefit plans in line with NYS
- Consolidate management functions w/in Authority
- Bulk energy buying to reduce power costs
- Enhanced energy efficiency of facilities and vehicles
- Improved Real Property dispositions
- Explore joint management options for Canal Corporation

A New Day at the Thruway Authority

- All of these transformative actions will cut costs by hundreds of millions of dollars, prevent the proposed 45 percent toll hike, and at the same time, allow the Authority to build bigger and better than ever.
- Today, the Authority will take another historic action:



Bridge Options

Proposal 1



Proposal Price:
\$3.142 Billion

Proposal 2



Proposal Price:
\$3.990 Billion

Proposal 3



Proposal Price:
\$4.059 Billion

Bridge Options

Proposal 1

- **Proposal Price:** \$3.142 Billion
- **Construction Time:** 5 Years, 2.5 Months
- **Dredging:** Approx. 951,000 Cubic Yards
- **Mass Transit Ready**

Proposal 2

- **Proposal Price:** \$3.990 Billion
- **Construction Time:** 5 Years, 11.5 Months
- **Dredging:** Approx. 1.8 Million Cubic Yards
- **Mass Transit Ready**

Proposal 3

- **Proposal Price:** \$4.059 Billion
- **Construction Time:** 5 Years, 11 Months
- **Dredging:** Approx. 1.55 Million Cubic Yards
- **Mass Transit Ready with extra costs**

The Construction Process

Benefits

- Will create tens of thousands of jobs
- Buy American contract provision
- Design-Build makes contractor - not taxpayers - responsible for cost overruns and delays
- Project Labor Agreement provides hundreds of millions in savings

Minimizing Community Impact

- Online 24-hour real time video, noise and air quality monitoring of construction
- Minimizing pile driving by using vibration techniques to reduce noise
- Implementing state-of-the-art controls to prevent dust and emissions
- Transporting materials by barge to reduce traffic

Transforming Dysfunction to Construction

- **After the State first announced plans for a new bridge in 1999 there were 11 years of dysfunction**
 - ✗ Spent \$88 million taxpayer dollars
 - ✗ 430 meetings
 - ✗ 150 concepts
 - ✗ Never made it past the planning phase
- **Under Governor Cuomo, this project moved from dysfunction to construction:**
 - ✓ New Plan Fast-Tracked: October 2011
 - ✓ Design-Build Law Signed: December 2011
 - ✓ DEIS Published: January 2012
 - ✓ Project Labor Agreement Reached: June 2012
 - ✓ Bridge proposals submitted: July 2012
 - ✓ FEIS Approved: September 2012
 - ✓ Selection Committee Created: September 2012
 - ✓ Public Preview of 3 bridge designs and prices: December 2012
 - ✓ Thruway Board Makes Final Selection: Today