

Meeting No. 759
Item 4
Appendix D

TO: The Thruway Authority Board

DATE: September 18, 2023

FROM: David Malone
Acting Chief Financial Officer

SUBJECT: Approving Proposed Toll Rate Adjustments in Order to Provide Sufficient Net Revenue to Finance the Authority's Multi-Year Capital Program and to Comply with the General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines and to Meet the Requirements of 2 NYCRR Part 203, the Issuance of a Negative Declaration of Environmental Significance, and Any Other Action Necessary for Implementation of the Proposed Toll Rate Adjustment

By Resolution No. 6395, adopted at Meeting No. 756, held on December 5, 2022, the Authority Board authorized the Executive Director to take the necessary actions preparatory to a Thruway toll rate adjustment. The Resolution also declared that after the necessary actions had been taken the Executive Director would recommend to the Board for consideration a specific toll rate adjustment plan that would fund the Authority's Multi-Year Capital Program ("Capital Program") and to comply with the General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines and to meet the requirements of 2 NYCRR Part 203.

The necessary actions have been taken and the Authority has complied with the procedures set forth in Public Authorities Law Section 2804, Executive Law Section 101-a, the State Administrative Procedure Act ("SAPA"), and the State Environmental Quality Review Act ("SEQRA"). Specifically, following the Board Meeting on December 5, 2022, wherein the Authority Board directed the implementation of the required statutory and regulatory procedures preparatory to a toll rate adjustment, pursuant to Public Authorities Law Section 2804, the Stantec Report entitled, "New York State Thruway Authority Financial Requirements and Proposed Toll Adjustments" (the "Report") was filed with the necessary offices.

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Pursuant to SAPA Section 202, the Authority submitted to the Department of State a Notice of Proposed Rule Making concerning the toll adjustment for publication in the State Register on January 4, 2023. Required notices were also provided pursuant to Executive Law Section 101-a at the time of the filing in the State Register.

In accordance with SEQRA, Authority staff and its consultants undertook a comprehensive analysis of the potential environmental impact from the implementation of a proposed toll adjustment.

Public hearings required by Section 2804 of the Public Authorities Law were held on May 8, 2023 in Cheektowaga, May 9, 2023 in Syracuse, May 16, 2023 in West Nyack, May 22, 2023 in Glenmont and virtually on June 5, 2023. The necessary notices of said hearings were published in the State Register on April 19, 2023 and sent as required. Relevant materials, including the Report from Stantec, the Authority's independent traffic consultant, and the proposed toll schedule were made available for public review on the Authority's website or upon request. Public comments were considered until June 12, 2023 and assessed pursuant to SAPA. The Authority received comments starting in December 2022 and received comments both in support and in opposition to its proposed toll adjustment.

There were comments generally opposed to a toll increase as well as opposition specific to higher tolls and non-E-ZPass users and infrequent users of the Thruway as well as opposing higher tolls for non-NY E-ZPass holders. There were concerns raised about the impact of the proposed toll adjustment on the trucking and bus industries, vehicles transporting agricultural products and small businesses and the timing of the toll adjustment implementation during inflation and economic struggles. The comments from the construction industry generally supported the

increase and the need to address deteriorating infrastructure but some noted the revenues were not sufficient to support the infrastructure needs. There were comments received regarding pursuing uncollected tolls particularly from out of state users. There were no suggestions within the Authority's control that raised suitable alternatives to the toll adjustment. The proposed toll adjustment and related components are necessary and are critical in providing funding necessary for the Authority's financial obligations.

The *Assessment of Public Comments* is attached hereto as Exhibit I.

Environmental Assessment:

In accordance with the applicable provisions of the SEQRA and the regulations promulgated thereunder (6 NYCRR Part 617), the Authority and Stantec Consulting Services, Inc. (Stantec), the Authority's independent traffic engineer, have prepared a Full Environmental Assessment Form ("Assessment"), attached hereto as Exhibit II, and a comprehensive report titled "New York State Thruway Authority Environmental Assessment for Proposed Toll Modification" ("Environmental Report"), attached hereto as Exhibit III to examine the potential environmental significance of the toll adjustment. Based on the findings of the Assessment and Environmental Report, issuance of a Determination of Non-Significance (Negative Declaration) is recommended by the Authority's Chief Engineer. It is recommended that the Negative Declaration be approved by the Board and the Chief Engineer is authorized to execute and issue such.

Proposal:

In accordance with the recommendations of Stantec, and its report previously approved by the Board on December 5, 2022, Authority staff is recommending that the Board adopt the following toll adjustment proposal ("Toll Adjustments"):

Changes Applicable to Entire System

- Beginning on January 1, 2024, increase the current 30 percent Tolls by Mail rate differential (a toll rate 30 percent above the NY E-ZPass rate) to a 75 percent differential.
- Beginning on January 1, 2024, increase the current Non-NY E-ZPass toll rate differential from a 15 percent rate differential (a toll rate 15 percent above the NY E-ZPass rate for Non-NY E-ZPass tolls) to a 75 percent differential.

Changes Not Applicable to Governor Mario M. Cuomo Bridge

- On January 1, 2024, and January 1, 2027, increases NY E-ZPass toll rates by 5% across the System with the exception of the Governor Mario M. Cuomo Bridge.

Changes Specific to the Governor Mario M. Cuomo Bridge

- Beginning on January 1, 2024, and continuing through January 1, 2027, provides annual 50 cent increases to the NY E-ZPass passenger toll rate. This would increase the rate to \$7.75 as of January 1, 2027.
- Increases commercial toll rates in proportion to the NY E-ZPass passenger rate increases.
- Maintains the Commuter Discount of 40% off the NY E-ZPass passenger rate.
- Increases the Resident Discount Program from 17% to 20% off the NY E-ZPass rate that is applicable to qualified Westchester and Rockland residents with class 2L passenger vehicles, a NY E-ZPass account and who opt into the plan and provide proof of residency.

Continuation of Toll Practices

The Authority will continue the following practices implemented as of January 1, 2021:

- Impose a \$2 Administrative Surcharge on Tolls by Mail Bills for non-E-ZPass statements to support the administrative costs associated with processing transactions through the

Tolls by Mail program and to incentivize more customers to sign up for an E-ZPass account.

- Image Tolls Policy: All transactions that are processed through a license plate image review pay the Tolls by Mail toll rate. Customers who have an E-ZPass account yet their toll transaction must be processed via the Tolls by Mail process (ex. due to failure to mount the E-ZPass transponder properly and a toll transaction is processed through a license plate image review under the Tolls by Mail process) are charged the Tolls by Mail toll rate to account for the higher administrative cost incurred for processing the transaction.

The proposed regulations implementing these Toll Adjustments are attached hereto as Exhibit IV.

Authority staff presented this item to the Finance Committee at its September 18, 2023 meeting, and the Committee recommended that Authority staff present this item to the full Board at its September 18, 2023 meeting.

RECOMMENDATION:

It is recommended that the Board adopt the following resolution:

RESOLUTION NO. _____

APPROVING PROPOSED TOLL RATE ADJUSTMENTS IN ORDER TO PROVIDE SUFFICIENT NET REVENUE TO FINANCE THE AUTHORITY'S MULTI-YEAR CAPITAL PROGRAM AND TO COMPLY WITH THE GENERAL REVENUE BOND RESOLUTION, THE AUTHORITY'S FISCAL MANAGEMENT GUIDELINES AND TO MEET THE REQUIREMENTS OF 2 NYCRR PART 203, ISSUANCE OF A NEGATIVE DECLARATION OF ENVIRONMENTAL SIGNIFICANCE, AND ANY OTHER ACTION NECESSARY FOR IMPLEMENTATION OF THE PROPOSED TOLL RATE ADJUSTMENT

RESOLVED, in accordance with the provision of Resolution No. 6395 adopted at Meeting No. 756 held on December 5, 2022, the staff of the Authority has undertaken preparatory actions in relation to establishing a toll rate adjustment and that such actions conform with the Authority's General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines, 2 NYCRR Part 203 and the applicable statutory procedures outlined in the Public Authorities Law and the State Environmental Quality Review Act, and be it further

RESOLVED, that in accordance with the applicable provisions of the State Environmental Quality Review Act ("SEQRA") and the regulations promulgated thereunder (6 NYCRR Part 617), as the SEQRA Lead Agency, for this action, the Authority has prepared a Full Environmental Assessment Form, attached hereto as Exhibit II and made a part hereof, and has undertaken a full environmental assessment to examine the environmental significance of the proposed toll adjustment, and be it further

RESOLVED, that the Board approves the Negative Declaration of Environmental Significance attached hereto as Exhibit II and made a part hereof and approves the execution and issuance of such Negative Declaration of Environmental

Significance by the Chief Engineer in accordance with the provisions of 6 NYCRR Part 617, and be it further

RESOLVED, that the Board approves and adopts the specific toll adjustment proposal as detailed in this agenda item, and Exhibit IV attached hereto and made a part hereof, such toll adjustment proposal being necessary to fund the Authority's Multi-Year Capital Plan and to meet the requirements of the Authority's General Revenue Bond Resolution, the Authority's Fiscal Management Guidelines and 2 NYCRR Part 203 and hereby authorizes the Executive Director, or his designee, to take all actions necessary to amend the rules and regulations of the Authority and to implement the toll adjustment proposal in accordance with this agenda item, and be it further

RESOLVED, that the Board authorizes the Interim Executive Director, or his designee, to take any other action deemed necessary to accomplish the implementation of the toll adjustment proposal authorized herein, and be it further

RESOLVED, that this resolution be incorporated in full in the minutes of this meeting.



Acting Chief Financial Officer



Interim Executive Director