



MINUTES

NEW YORK STATE THRUWAY AUTHORITY

BOARD MEETING NO. 669

September 17, 2008

Minutes of a meeting of the New York State Thruway Authority, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York 12209.

The meeting began at 10:30 a.m.

There were present:

John L. Buono, Chairman
Erin M. Crotty, Vice-Chair
Frederick M. Howard, Board Member
Donna J. Luh, Board Member
Kevin J. Plunkett, Board Member
Brandon R. Sall, Board Member

Constituting a majority of the members of the Thruway Authority Board.

Mr. Conway was not present at this meeting and did not vote on any of the Items.

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Sharon O'Connor, General Counsel
Christopher Waite, Chief Engineer
John Bryan, Chief Financial Officer
Jill Warner, Secretary and Board Administrator
William Rinaldi, Division Director, Albany Division
Ramesh Mehta, Division Director, New York Division
Richard Garrabrant, Division Director, Syracuse Division

Thomas Pericak, Division Director, Buffalo Division
Kevin Allen, Acting Director, Audit and Management Services
John Barr, Director, Administrative Services
Donald Bell, Director, Operations and Maintenance
Carmella Mantello, Director of Canal Corporation
Betsy Graham, Acting Director, Office of Public Affairs
Captain Joe Flagler, Troop T
Daniel Gilbert, Chief of Staff
Kenneth Flood, Director, Office of Real Property Management
Richard Harris, Deputy Director, Office of Community Development & Land Management
Richard Matters, Thruway Real Estate Specialist 2
Wendy Allen, Deputy Chief of Staff
Joanne Riddett, Director, Information Technology
Sohel Ahmed, Assistant Division Bridge Engineer, New York Division
Deb Haslun, Director, Bureau of Labor Relations
Tom Fitzgerald, Director, Office of Human Resource Management
Harry Lennon, Senior Investigator, Audit and Management Services
Also in attendance:
Karl Diehl, NYN

Chairman Buono noted that he, Ms. Crotty, Mr. Howard, Ms. Luh, Mr. Plunkett and Mr. Sall had received and reviewed the Agenda submitted for consideration at this meeting and were prepared to act on each of the items.

The Chairman called the meeting to order.

Ms. Warner recorded the minutes as contained herein.

Public notice of the meeting had been given, Ms. Warner said.

Item 1 Ms. Warner (Appendix A)
Minutes of Meeting No. 668

On the motion of Mr. Plunkett, seconded by Ms. Crotty, without any objections, the Board approved the minutes of Meeting No. 668 held on July 16, 2008, which were made available to the Board Members as part of the Agenda.

Mr. Sall read the following statement: During the July Board meeting Mr. Plunkett recused himself from a discussion in Executive Session regarding the value of real property in the City of Rye where Mr. Plunkett acts as counsel to the City. Mr.



Plunkett is a partner with the firm of DelBello Donnellan Weingarten Wise and Wiederkehr, LLP. As I have stated previously, I am of counsel to that law firm. As of counsel, I do not share in the firm's profits for those matters I am not directly involved in. As I am not involved in the legal representation of the City of Rye and have no financial connection to the firm's representation of the City of Rye, it was not necessary for me to recuse myself from the Executive Session discussion.

I have discussed the issue of a potential conflict with the New York State Thruway Authority's Counsel and we have concluded that there was no conflict resulting from my participation in the Executive Session discussion.

Item 2 by Mr. Fleischer (Appendix B)
Report to Thruway Authority Board for Personal Service Contracts Up to \$150,000 for the Period April 1, 2008 through June 30, 2008

Mr. Fleischer submitted as Exhibit I a listing containing Personal Service Contracts up to \$150,000 for the period of April 1, 2008 through June 30, 2008.

After full discussion, on the motion of Mr. Howard, seconded by Ms. Crotty, without any objections, the Board accepted Mr. Fleischer's report.

Item 3 by Mr. Bryan (Appendix C)
Financial Reports– April, May and June 2008

Mr. Bryan explained that the tables and charts that he usually attaches to the Blue Books have been expanded to include additional information that he thinks will be helpful to the Board. The July figures are being finalized and will be sent to the Board next week, August figures will be available shortly after that. So the Authority is back on track with financial reporting after a short pause related to the implementation of the new Financial Management System and things are working quite well.

For the first half of the year, the Authority collected \$276 million in revenue, which was only \$850,000 higher than the level collected in the same period of 2007, representing an increase of only 0.3 percent. Had the Authority not implemented this cash rate adjustment in early 2008, revenues in the first 6 months of the year would have declined over the same period for 2007.

Concession revenues, which are dependent on the level of fuel and food sales at the Authority's Travel Plazas, are also coming in lower than expected due to the impact of reduced traffic, and because many gas stations and food venues are closed as



Item 3 by Mr. Bryan (Appendix C)
Financial Reports– April, May and June 2008 (Continued)

new convenient stores, upgraded fuels facilities and new food venues are being introduced. Interest earnings are also down, as yields earned on Authority investments drop with declining market rates resulting from aggressive action by the Fed earlier this year.

In recognition of this, the Authority has implemented significant operating cost containment measures that are expected to generate more than \$9 million in operating savings this year – predominantly through strong hiring and discretionary spending controls as well as the elimination of a number of non-safety-related contracts and scheduled work.

As a result of all of these efforts, total operating expenses grew by a fraction of a percent over 2007 (after accounting for GASB OPEB accounting changes). For the first half of the year, Total Operating Expenses were \$196.4 million, which was only \$1.2 million or 0.6 percent over the level for the same period in 2007.

Finally, he stated that staff has finished constructing a revised financial plan for 2008, a proposed Budget for 2009 and a revised Multi-Year Financial Plan that take into account the economic and traffic trends the Authority has seen develop this year. Staff are taking a very conservative posture towards the Authority's future, one of continued and enhanced cost containment that staff believe will result in greater operational efficiency and the protection of the Authority's overall financial condition as well as provide funding to ensure we will continue to provide safe transportation services. These plans will be available for public review in early October and the plan is to bring them to the Board for final consideration at the November Board meeting.

Mr. Plunkett asked for clarification on the Operating Revenues on page three of the supplemental packet. He stated that the net toll revenue for passengers appears to be up 4 percent and asked if that was due primarily to ridership. Mr. Bryan responded that ridership for the first six months of 2008 is down one percent. The trend is equal between commercial and passenger traffic. It's a small change, one car out of 100. The revenues are up because of the Authority implementing a cash toll adjustment in January and the E-ZPass discount roll-back in June. The toll increase was worth over \$5 million in revenue but was actually less than anticipated due to the decreased ridership. Mr. Bryan stated that overall the Authority still has a strong financial position and that will be evident once the Board reviews the revised financial plan and sees the actions taken to offset the revenue shortage.



Item 3 by Mr. Bryan (Appendix C)
Financial Reports– April, May and June 2008 (Continued)

Mr. Howard questioned the I-84 expenses, stating that they appear to be down substantially for the year and he thought the winter had been an expensive one. Mr. Bell responded that part of it is how the figures are reported now and the amounts that are chargeable to the Department of Transportation (DOT) contract. The actual maintenance costs are the same but the cost of Troop T on I-84 is now paid for directly by the State Police rather than the Authority.

Ms. Crotty stated that, with regard to interest earnings, while the Authority is limited in the instruments used for investing she wondered if there were any other options available. Mr. Bryan responded that most of the Authority's money is invested on a short-term basis, the cash needs of the Authority require that investments have a 30-day, or less, maturity rate. The Fed reduced the Federal Funds Rate substantially this year over a period of four months that greatly reduced the amount of interest the Authority would typically earn on those short-term investments. Outside of expanding the Authority's pool of investments that can be made per the investment policy these are the options available at this time. Ms. O'Connor stated that the Authority is also limited by statute, the Authority can only invest in whatever the Comptroller can invest in. Last year the yields were 5 percent, which was more than the Authority anticipated, the opposite is true this year. The Authority is a victim of whatever happens in the market. Mr. Sall suggested that the Authority be cautious. A few conservative investments have gone bad recently and the Board doesn't want to put the Authority in a position where it's losing principal. Mr. Bryan concurred. Ms. Crotty asked if everything had to be put at 30-days. Mr. Bryan responded that some are daily, weekly, depending on the Authority's cash needs. The Authority generates most of its revenues in the summer and spends most of it in the winter so there are cash flow issues where you wouldn't want the Authority's money tied up for too long a period of time.

Following discussion regarding the financial condition of the Authority, on the motion of Ms. Crotty, seconded by Mr. Plunkett, without any objections, the Board accepted the Financial Report for the month of March 2008.

Chairman Buono asked for an explanation of the Authority's gas station audit by the Comptroller that was mentioned in the paper. Mr. Fleischer stated the Comptroller's Office announced that they were planning to expand their audit of the service areas to include the gas prices, stating that they had reports that indicated the prices are not in line with the contract. Mr. Fleischer stated that he called the Assistant Comptroller and sent a letter to his office requesting copies of those reports rather



Item 3 by Mr. Bryan (Appendix C)
Financial Reports– April, May and June 2008 (Continued)

than waiting for the results of the audit to show if there were stations in violation of the contract. The Comptroller's staff indicated verbally and in writing that there were no reports per se, that it was anecdotal, verbal information given to them. Mr. Fleischer then asked if there was information pertaining to a specific station that the Authority could keep an eye on. The Comptroller's office did not provide any specifics in response. Chairman Buono asked if there will still be an audit. Mr. Bell responded that the Comptroller's Office is already in the process of conducting the audit. Chairman Buono asked if there are still periodic checks of the stations in the vicinity of the Thruway. Mr. Bell responded that the gas station operators do surveys of the off-road locations used as the basis for their prices. If prices are rising rapidly they typically request to do it more frequently, but once or twice a week is generally the pattern. Once complete those surveys are sent to the Authority and the Division Service Area Representatives will go out and field check the prices to make sure the stations are submitting correct information. During the normal inspections they also check the price being charged versus the approved price. The prices submitted by the stations today are not approved to go into effect until tomorrow morning so there is a lag. Chairman Buono inquired if Authority staff conducted a survey to see if there was anything untoward going on with the prices. Mr. Bell responded that staff found nothing horrid, there were a few spots that were a penny off and they have been notified to make the correction. Chairman Buono and Mr. Plunkett stated that if you're coming from New Jersey and you stop to get gas there and then stop to get gas in New York you think you're getting gouged. Mr. Bryan stated that as a result of the lag, when prices are increasing gas is actually cheaper on the Thruway. Mr. Fleischer stated that gas on the Thruway was \$3.76 when he was returning from White Plains on Sunday and was \$3.81 in East Greenbush. Mr. Bell stated that the stations used in the survey are the ones drivers would use to get gas if they got off at that particular exit. The stations within interstate corridors are generally higher than ones 10, 15 or 20 miles off the highway. Mr. Howard stated that he thought Cathy Woodruff did a good job covering the story in the local paper, stating that she did a balanced job of reporting on the prices and explaining the way the lag works at Thruway stations.

Item 4 by Mr. Bryan (Appendix D)
Investment Transactions

Prior to requesting Board acceptance of the report Mr. Bryan stated that the Authority has an issue with Lehman Brothers, related to an interest rate swap on a State CHIPS Bond. Staff has been unofficially notified of Lehman's desire to terminate this transaction and the State will be responsible for providing the \$3.5 million



Item 4 by Mr. Bryan (Appendix D)
Investment Transactions (Continued)

settlement payment necessary to terminate the swap.

Following discussion regarding the purchase of authorized securities, repurchase agreements and certificates of deposit, on the motion of Mr. Howard, seconded by Mr. Plunkett, without any objections, the Board accepted the Authority's quarterly report on Investment Transactions.

Item 5 by Mr. Bryan (Appendix E)
Declaring Real Property Reference No. 546 Not Necessary for the Authority's Corporate Purposes; and Authorizing Its Sale to Sonya J. Wilson

Mr. Plunkett asked for clarification on the process for obtaining this property. Mr. Bryan explained that it is done by application with an internal review process and the Chief Engineer conducts a review as to whether or not the property can be surplused. Mr. Plunkett asked if by doing this the Authority is stating that the property is no longer needed for Thruway use, Mr. Bryan concurred.

Mr. Sall asked for details of the anti-flip provision in the contract. Mr. Bryan stated that it prevents Ms. Wilson from making a profit by selling the parcel, however, after three years she can sell it along with her remaining property.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Sall, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5696

**DECLARING REAL PROPERTY REFERENCE NO. 546
NOT NECESSARY FOR THE AUTHORITY'S
CORPORATE PURPOSES; AND AUTHORIZING ITS
SALE TO SONYA J. WILSON**

RESOLVED, that Real Property Reference No. 546 (hereinafter, "Subject Property"), delineated as Parcel No. 879 on Conveyance Map No. 740-C in Montgomery County in the Mohawk Section of the Thruway, is hereby declared unnecessary for the Authority's corporate purposes, and be it further



Item 5 by Mr. Bryan (Appendix E)

Declaring Real Property Reference No. 546 Not Necessary for the Authority's Corporate Purposes; and Authorizing Its Sale to Sonya J. Wilson (Continued)

RESOLVED, that the sale of the Subject Property to Sonya J. Wilson (hereinafter, "Applicant") via quit-claim deed for \$1,900 and on the other terms authorized during this meeting, including an anti-flip provision, be, and the same hereby is, approved, subject to such other terms as may be deemed by the Executive Director, the Chief Engineer, the Chief Financial Officer, and the General Counsel to be in the best interest of the Authority, and consistent with the terms and intent of the agenda item, and be it further

RESOLVED, that the Executive Director, or his designee, be, and the same hereby is, authorized to execute an agreement for the sale of the Subject Property, along with all other documents necessary to consummate such sale, and be it further

RESOLVED, that such sale shall be conditioned upon the Applicant's payment of certain costs incidental to the sale of real property, including, but not limited to, the cost of the survey, and be it further

RESOLVED, that the recommendation regarding the environmental significance of this Board action (hereinafter, "Recommendation"), pursuant to the State Environmental Quality Review Act (hereinafter, "SEQRA"), be, and the same hereby is, approved, and be it further

RESOLVED, that the Chief Engineer, or his designee, be, and the same hereby is, authorized to execute the SEQRA Short Environmental Assessment Forms and Negative Declarations in accordance with the Recommendation, and to distribute any required documents on behalf of the Board relative to the implementation of this Board action, and be it further



Item 5 by Mr. Bryan (Appendix E)

Declaring Real Property Reference No. 546 Not Necessary for the Authority's Corporate Purposes; and Authorizing Its Sale to Sonya J. Wilson (Continued)

RESOLVED, that the Executive Director, the Chief Engineer, the Chief Financial Officer, and the General Counsel be, and the same hereby are, authorized to take all steps necessary to implement this Board action, and be it further

RESOLVED, that the Authority's Contracting Officer determined that the Subject Property may be sold by negotiation without public advertising because such disposal falls under Section 2897 (6) (c) (ii) of the Public Authorities Law, and Section IV. H. of the Thruway Real Property Management Policy, and that the sale of the Subject Property, on the terms recommended in the agenda item, complies with all other applicable provisions of law relating to the disposal of real property, including, Article 9, Title 5-A of the Public Authorities Law, and with the Thruway Real Property Management Policy, and be it further

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

Item 6 by Mr. Barr (Appendix F)

Authorization for the Executive Director to Execute a Collective Bargaining Agreement Between the Thruway Authority and Local 72, New York State Thruway Employees International Brotherhood of Teamsters

Ms. Crotty asked if this agreement would put the Authority in sync with the State's agreement with the Teamsters or if the Authority is still a year behind. Ms. Haslun, Director of the Bureau of Labor Relations, responded that the Authority is still a year behind. Ms. Crotty congratulated staff on a job well done.

Mr. Howard asked how many Unions the Authority negotiates with. Mr. Barr responded that there is a total of four units between the Thruway Authority and the Canal Corporation (Unit I Teamsters: represents toll collectors, maintenance and clerical employees; Unit II CSEA: represents Thruway supervisors, technical and professional employees; Unit III CSEA (different from Unit II): represents Canal



Item 6 by Mr. Barr (Appendix F)

Authorization for the Executive Director to Execute a Collective Bargaining Agreement Between the Thruway Authority and Local 72, New York State Thruway Employees International Brotherhood of Teamsters (Continued)

maintenance employees, lock operators, clerical employees; Unit V PEF: represents Canal professional, supervisory and technical Corporation employees).

Mr. Plunkett asked if the Authority was currently negotiating with CSEA. Ms. Haslun responded that the Authority has reached a tentative agreement for the Unit II supervisors and that is in the ratification process, as is the Unit V supervisors' agreement on the Canal side. The Authority is still in negotiation process with CSEA for the rank and file members of the Canal Corporation. Mr. Barr responded that there will be more agreements to come before the Board at a later date.

After full discussion, on the motion of Ms. Crotty, seconded by Mr. Plunkett, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5697

**AUTHORIZATION FOR THE EXECUTIVE DIRECTOR
TO EXECUTE A COLLECTIVE BARGAINING
AGREEMENT BETWEEN THE THRUWAY
AUTHORITY AND LOCAL 72, NEW YORK STATE
THRUWAY EMPLOYEES INTERNATIONAL
BROTHERHOOD OF TEAMSTERS**

RESOLVED, that the Executive Director be, and hereby is, authorized to execute an agreement between the Authority and Local 72, New York State Thruway Employees International Brotherhood of Teamsters (as representatives of employees in Negotiating Unit I) ("Agreement"), and be it further

RESOLVED, that such Agreement shall have a term of four years, beginning July 1, 2008 and ending June 30, 2012, and shall be on terms and conditions consistent with this item, and be it further

RESOLVED, that the Executive Director or his designee be, and hereby is, authorized to enter into Memoranda of Understanding or Settlement Agreements



Item 6 by Mr. Barr (Appendix F)

Authorization for the Executive Director to Execute a Collective Bargaining Agreement Between the Thruway Authority and Local 72, New York State Thruway Employees International Brotherhood of Teamsters (Continued)

with representatives of Local 72 to clarify or otherwise settle questions or disputes regarding the interpretation and application of the Agreement, and be it further

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

Item 7 by Ms. Riddett (Appendix G)

Amending the Authorization for the Executive Director or his Designee to Execute an Agreement with the New York State Department of Transportation (NYSDOT), as Approved by Resolution No. 5526 at Meeting No. 651, to Authorize the Allocation of American Association of State Highway Transportation Officials (AASHTO) Service Units to NYSDOT for Reimbursement of the Authority's Share of the Transportation Management Software Project Costs and to Obtain the Computer Engineers Estimate System (CEES) Software from NYSDOT

Mr. Howard inquired if the Computer Engineers Estimate System (CEES) covers construction administration as well and if so, will the resident engineers at DOT who float back and forth on the Thruway become less familiar with the Authority's system? Mr. Waite agreed that it was probable if DOT exclusively uses Site Manager instead of CEES in the future. Mr. Howard asked if the Authority will ever convert to Site Manager. Ms. Riddett indicated that staff would most likely re-analyze the situation in a few years, once DOT updates the Site Manager software. At this time, not only is the software more complex than anticipated but its use would require more staff in the field for the Authority at a higher cost.

After full discussion, on the motion of Mr. Howard, seconded by Mr. Sall, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5698

AMENDING THE AUTHORIZATION FOR THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE AN AGREEMENT WITH THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION (NYSDOT), AS APPROVED BY RESOLUTION NO. 5526 AT MEETING NO. 651, AND TO AUTHORIZE THE



Item 7 by Ms. Riddett (Appendix G)

Amending the Authorization for the Executive Director or his Designee to Execute an Agreement with the New York State Department of Transportation (NYSDOT), as Approved by Resolution No. 5526 at Meeting No. 651, to Authorize the Allocation of American Association of State Highway Transportation Officials (AASHTO) Service Units to NYSDOT for Reimbursement of the Authority's Share of the Transportation Management Software Project Costs and to Obtain the Computer Engineers Estimate System (CEES) Software from NYSDOT (Continued)

ALLOCATION OF AMERICAN ASSOCIATION OF STATE HIGHWAY TRANSPORTATION OFFICIALS (AASHTO) SERVICE UNITS TO NYSDOT FOR REIMBURSEMENT OF THE AUTHORITY'S SHARE OF THE TRANSPORTATION MANAGEMENT SOFTWARE PROJECT COSTS AND TO OBTAIN THE COMPUTER ENGINEERS ESTIMATE SYSTEM (CEES) SOFTWARE FROM NYSDOT

RESOLVED, that at Meeting No. 651, held on July 6, 2006, the Board adopted Resolution No. 5526 which authorized the Executive Director or his designee to execute an Agreement with the New York State Department of Transportation (NYSDOT) to jointly implement and share implementation costs for Transport, and be it further

RESOLVED, that the Executive Director or his designee be, and hereby is, authorized to execute an agreement with the NYSDOT to allocate \$467,000 in AASHTO service units to NYSDOT for the estimated costs related to the Transportation Management Software project to date and to obtain the CEES software from NYSDOT, and be it further

RESOLVED, that the overall cost of the Transportation Management Software project is reduced from \$3,600,000 to \$2,967,000, and be it further

RESOLVED, that the Executive Director, or his designee, shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreement, manage and administer the agreement, amend



Item 7 by Ms. Riddett (Appendix G)

Amending the Authorization for the Executive Director or his Designee to Execute an Agreement with the New York State Department of Transportation (NYSDOT), as Approved by Resolution No. 5526 at Meeting No. 651, to Authorize the Allocation of American Association of State Highway Transportation Officials (AASHTO) Service Units to NYSDOT for Reimbursement of the Authority's Share of the Transportation Management Software Project Costs and to Obtain the Computer Engineers Estimate System (CEES) Software from NYSDOT (Continued)

the provisions of the agreement consistent with the terms of this item and other Board authorizations, and suspend or terminate the agreement in the best interests of the Authority, and be it further

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

Item 8 by Mr. Bell (Appendix H)

Authorizing the Executive Director to Execute an Agreement with the City of Syracuse to Establish E-ZPass Plus[®] Services at the Syracuse Hancock International Airport Parking Facilities

Ms. Crotty inquired if the Authority will always collect the fee even if the tag used belongs to another agency. Mr. Bell responded affirmatively.

After full discussion, on the motion of Ms. Luh, seconded by Mr. Plunkett, without any objections, the Board adopted the following resolution:

RESOLUTION NO. 5699

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH THE CITY OF SYRACUSE TO ESTABLISH E-ZPASS PLUS SERVICES AT THE SYRACUSE HANCOCK INTERNATIONAL AIRPORT PARKING FACILITIES

RESOLVED, that the Executive Director be, and he hereby is, authorized to execute an Agreement with the City of Syracuse to establish E-ZPass Plus services at the Syracuse Hancock International Airport parking facilities, upon such terms and conditions as are consistent with this item, and upon such other terms and conditions as the



Item 8 by Mr. Bell (Appendix H)

Authorizing the Executive Director to Execute an Agreement with the City of Syracuse to Establish E-ZPass Plus[®] Services at the Syracuse Hancock International Airport Parking Facilities (Continued)

Executive Director, in consultation with the General Counsel, determines to be in the best interests of the Authority, and be it further

RESOLVED, that the Executive Director be, and he hereby is, authorized to execute changes to such Agreement, which the Executive Director, in consultation with the General Counsel, determines to be necessary or convenient to effectuate the purposes of the Agreement without materially altering the terms thereof and to be in the best interests of the Authority, and be it further

RESOLVED, that the Executive Director be, and he hereby is, authorized to execute any additional agreements with the City of Syracuse which the Executive Director, in consultation with the General Counsel, determines to be necessary or convenient to effectuate any aspect of the underlying Agreement and to be in the best interests of the Authority, and be it further

RESOLVED, that the Executive Director shall have the authority to exercise all powers reserved to the Authority under the provisions of the Agreement, manage and administer the Agreement, amend the provisions of the Agreement consistent with the terms of this item and other Board authorizations and suspend or terminate the Agreement in the best interests of the Authority, and be it further

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



Item 9 by Mr. Bell (Appendix I)

Authorizing the Executive Director to Execute an Agreement with the New York State Department of Transportation (“DOT”) for the Maintenance and Operation of Interstate 84 (“I-84”) on Behalf of DOT and Authorizing an Amendment to the Thruway Rules and Regulations in Relation to Removing References to I-84

Mr. Plunkett inquired as to when the Authority took over responsibility for I-84. Mr. Bell responded that occurred in 1992. Mr. Plunkett stated that he recalled approximately a year ago the Board turned I-84 back over to DOT. Mr. Bell concurred stating that in 2006 the Authority gave control of I-84 back to DOT as part of a year-long process. Ms. O’Conor explained that while DOT took back control of I-84 they have hired the Authority to maintain it under a statutorily authorized contract. Returning I-84 to DOT was the financial trade-off for removing the tolls in Buffalo. Under the bond resolution the Authority had to reduce operating expenses by an amount equal to or greater than the amount of toll revenue lost by removing those barriers. At that time, the charges incurred by the Authority for maintenance and operation of I-84 were very similar to the tolls collected at the barriers in Buffalo. DOT has hired the Authority to maintain I-84 and is fully responsible for reimbursing the Authority’s costs. Mr. Sall inquired as to how the costs are calculated, are there specific staff that service only I-84. Mr. Bell responded that the Authority has two maintenance sections that work solely on I-84. If facilities or traffic staff members work on I-84 the costs are calculated by the Authority and billed to DOT. State Police on I-84 is a separate contract that is run through Troop T but paid for by the Division of State Police.

Mr. Howard asked if in the case of the worst possible winter is it possible that the Authority will run out of funding on this contract in the middle of a snowstorm. Mr. Bell responded that is not a possibility, even with a severe winter the cash flow would not become an issue until August and after the next State budget has passed.

Mr. Howard then asked if the Authority is still issuing the special hauling permits for I-84. Mr. Bell responded that DOT has taken that task over as of the first week of August 2008, it was supposed to have taken effect in April but took longer than expected.

Ms. Crotty stated that she had some concerns with the finances of this contract. She asked if the state appropriated \$11.5 million last year and \$11 million this year, how close did the Authority come to spending the \$11.5 million. Mr. Bryan responded that the Authority is very close to having reached that cap and that DOT is paying the Authority very promptly. Ms. Crotty then asked who the champion of this appropriation is in the budget process. Mr. Fleischer responded that the Senate felt



Item 9 by Mr. Bell (Appendix I)

Authorizing the Executive Director to Execute an Agreement with the New York State Department of Transportation (“DOT”) for the Maintenance and Operation of Interstate 84 (“I-84”) on Behalf of DOT and Authorizing an Amendment to the Thruway Rules and Regulations in Relation to Removing References to I-84 (Continued)

that the level of service on I-84 had been greater since the Authority took over in 1992 and the desire was for it to stay at that level. The administration agreed and funded it through the Executive budget. The Authority provides a cost estimate to DOT who in turn requests the funding through their budget process. Mr. Bryan stated that this year the Authority informed DOT the budget would be \$12.9 million in order to maintain and operate I-84, including the cost of equipment. The appropriation was insufficient to include equipment so another year will go by with no upgrades to the outdated equipment now used on I-84.

Mr. Sall asked if DOT were to decide to terminate the maintenance contract would the Authority be stuck with any new equipment that had been purchased. Mr. Bryan and Mr. Bell responded that under the terms of the contract any new equipment purchased would be paid for by DOT and would become DOT’s property when the Authority leaves. Mr. Bell said that it would be a stretch to go another winter past the 2008 season without investing in new equipment. Mr. Sall inquired as to the specific equipment needed at this time. Mr. Bell responded that this season the Authority plans to lease three front-end loaders, but the seven ton tandem snowplows also need to be replaced.

Mr. Plunkett asked if the amount of personnel allocated to I-84 has any impact on the maintenance of the mainline. Mr. Bell responded that there’s separate staff for I-84 and the Thruway. In 1992 the Authority hired additional staff designated solely to I-84. Mr. Plunkett inquired if the Authority no longer maintained I-84 would those employees be hired by DOT. Mr. Bell responded that, based on discussions with DOT two years ago, under civil service law the Authority employees would move en masse to DOT under a transfer of function. Ms. Crotty stated that it was her understanding that at that time the Authority employees did not want to transfer to DOT*. Mr. Bell concurred.

After full discussion, on the motion of Mr. Plunkett, seconded by Mr. Howard, without any objections, the Board adopted the following resolution:

* Sentence correction: the word “not” has been included



Item 9 by Mr. Bell (Appendix I)

Authorizing the Executive Director to Execute an Agreement with the New York State Department of Transportation (“DOT”) for the Maintenance and Operation of Interstate 84 (“I-84”) on Behalf of DOT and Authorizing an Amendment to the Thruway Rules and Regulations in Relation to Removing References to I-84 (Continued)

RESOLUTION NO. 5700

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION (“DOT”) FOR THE MAINTENANCE AND OPERATION OF INTERSTATE 84 (“I-84”) ON BEHALF OF DOT AND AUTHORIZING AN AMENDMENT TO THE THRUWAY RULES AND REGULATIONS IN RELATION TO REMOVING REFERENCES TO I-84

RESOLVED, that the Executive Director be, and hereby is, authorized to execute an agreement with DOT for the maintenance and operation of I-84 in substantially the same form and under the same terms and conditions as the draft agreement attached hereto as Exhibit B and made a part hereof, and be it further

RESOLVED, that the Executive Director, or his designee, shall have the authority to exercise all powers reserved to the Authority under the provisions of the agreement, manage and administer the agreement, amend the provisions of the agreement consistent with the terms of this item and other Board authorizations and suspend or terminate the agreements in the best interests of the Authority, and be it further

RESOLVED, that the Board approves the proposed amendments to the Authority’s rules and regulations as presented in Exhibit D attached hereto and authorizes the Executive Director, or his designee, to take all actions necessary for adoption of such amendments in accordance with the State Administrative Procedure Act, Executive



Order #20 and any other applicable statutes, policies and procedures, and be it further

Item 9 by Mr. Bell (Appendix I)

Authorizing the Executive Director to Execute an Agreement with the New York State Department of Transportation (“DOT”) for the Maintenance and Operation of Interstate 84 (“I-84”) on Behalf of DOT and Authorizing an Amendment to the Thruway Rules and Regulations in Relation to Removing References to I-84 (Continued)

RESOLVED, that the Executive Director is authorized to make modifications to such amendments as he deems appropriate in response to any comments that may be made during the adoption process conducted in accordance with the State Administrative Procedure Act, Executive Order #20 and any other applicable statutes, policies and procedures, and be it further

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

Item 10 by Mr. Waite (Appendix J)

Report on the Capital Program

Mr. Waite reported that the Authority has let 17 projects through August 20th, with a combined low bid amount of \$227.8 million, which is within 2 percent of the Engineers’ Estimate total of \$230.8 million. The Authority received favorable bids for the Syracuse Division highway reconstruction project, the third largest contract ever let by the Authority. Further, the low bid for the re-let South Grand Island deck replacement project was \$3.1 million over the estimate. Staff previously put funding aside to cover overbids (due to asphalt/steel price increases) on this and other contracts. As a result, the Capital Program will not need to be adjusted for this overbid. Staff expects to let another 26 projects in 2008 with a value of \$103.1 million. Combined with what has been let to date, the expected 2008 letting total is \$331 million. Eight projects that were approved to be let in 2008, have now been delayed to 2009 and beyond.

Due to the significant increase in fuel, steel and asphalt prices staff has set-aside \$5 million for these increases. While the Authority has yet to be impacted by all of the increases expected from ongoing construction contracts, staff believes the total will be approximately \$5.5 million. The 2008 cash flow is expected to be approximately \$395 million (down from the original \$496 million). Even though annual letting targets are



being adjusted, the 2005-2011 Capital Program funding level for infrastructure will remain at \$2.1 billion.

Item 10 by Mr. Waite (Appendix J)
Report on the Capital Program (Continued)

It has been necessary to adjust the 2005-2011 Capital Program by approximately \$250 million based upon recent and expected increases in prices of key commodities. The \$250 million adjustment is in addition to the \$300 million adjustment that was made in September 2007. As a result rehabilitated/resurfaced center lane miles have been reduced from 500 CL miles in August 2005 to 490 CL miles in August 2008. Bridge replacements/rehabilitations have been reduced from 96 in August 2005 to 74 in August 2008. Seventeen bridges that were going to be replaced/rehabilitated were deferred/deleted out of the 2005-2011 Capital Program based upon the bridges' condition. New truck parking spaces have been reduced from 595 in August 2005 to 38 in August 2008. All future truck parking expansion projects were deferred in order to maintain funding for the mainline resurfacing projects. New noise barrier locations have been reduced from 11 in August 2005 to 0 in August 2008. All of the remaining Highway Speed E-ZPass projects (including Williamsville and Yonkers) have been deferred beyond 2011. However, despite these changes staff are maintaining the highway and bridges in good condition with a high level of service.

Mr. Plunkett asked if the Board can expect to see another reduction as a result of inflation in 2009. Mr. Waite responded that they shouldn't, the hope is that the \$250 million set aside will cover the future costs of inflation. Mr. Fleischer stated that if the inflation does not occur it would allow more projects to be moved forward to reach the \$2.1 billion letting level established in 2005.

Mr. Howard commended Mr. Waite and his staff on the quality of the report. He inquired if it would be possible to accelerate projects scheduled for 2011 to 2009 to avoid the expected inflation or if there is a cash flow issue. Mr. Bryan agreed that it is a cash flow issue and that due to the anticipated bond sales it prohibits the Authority from bulking up in 2009 stating that the lettings have to be reconciled with the cash flow.

Ms. Crotty questioned if reducing the number of bridges being rehabilitated or replaced would have any impact on the deficiency rating. Mr. Waite responded that it has very little effect on the deficiency ratings, when bridges are flagged it is typically due to work needed on a pedestal or baring and staff can go in and replace or repair it without a contract. Most of the projects originally planned for repair were due to aging decks and leaking joints but there are treatments, or band-aids, that can be used to keep the bridges safe and stretch the life of the bridges by a few additional years.



Item 10 by Mr. Waite (Appendix J)
Report on the Capital Program (Continued)

Following discussion regarding the 2005-2011 Capital Program and the 2008 Contracts Program, on the motion of Mr. Howard, seconded by Mr. Sall, without any objections, the Board accepted the Authority's report (2008-2) on the Capital Program.

Other Business

Mr. Fleischer reported that the toll/mobility study was in the process of being printed and would be distributed within a week to ten days to the local metropolitan planning organizations to begin a broader discussion of how to change the Thruway look forward in terms of toll locations, free urban areas and maximizing highway speed E-ZPass. Mr. Howard requested that the Board also receive copies of the report. Ms. Crotty questioned when the Board would have the opportunity to discuss the report, stating that she still has issues from the initial presentation Stantec gave to the Board on this issue, specifically related to not charging on stretches of the road in urban corridors, stating that that is a significant departure from the fiscal policy of the Authority. Mr. Fleischer responded that the Board can have that discussion at any time stating that some of the options involve a fiscal discussion while some involve a public policy discussion and any changes have to meet the bond covenants to not reduce the Authority's fiscal strength. Another issue for discussion is whether or not the Authority should continue to collect cash. Mr. Plunkett stated that the advantage to cash is there isn't a collection issue as with E-ZPass where the Authority is dealing with credit cards and violators.

Mr. Howard requested a list of the Authority's Unions and who they represent.

Adjournment

There being no further business to come before the Board, on the motion of Ms. Crotty, seconded by Mr. Howard, without any objections, the meeting was adjourned.

Jill B. Warner
Secretary

