

JOINT BUDGET HEARING
OF THE
ASSEMBLY WAYS AND MEANS COMMITTEE
AND THE
SENATE FINANCE COMMITTEE
ON THE
TRANSPORTATION BUDGET
FOR FISCAL YEAR 2014-2015

Held in Hearing Room B
Legislative Office Building
Albany, New York 12248

January 30, 2014

10:00 A.M.

BUDGET HEARING-TRANSPORTATION JANUARY 30, 2014

A P P E A R A N C E S:

ASSEMBLYMAN HERMAN D. FARRELL, JR., Chairman, New
York State Assembly Ways and Means Committee

SENATOR JOHN A. DEFRANCISCO, Chairman, New York State
Senate Finance Committee

ASSEMBLYMAN ROBERT C. OAKS, Ranking Minority Member,
New York State Assembly Ways and Means Committee

SENATOR LIZ KRUEGER, Ranking Minority Member, New York
State Senate Finance Committee

ASSEMBLYMAN DAVID F. GANTT, Chair, New York State
Assembly Transportation Committee

SENATOR MARTIN MALAVE DILAN, Ranking Minority Member,
New York State Senate Transportation Committee

ASSEMBLYMAN JAMES F. BRENNAN

ASSEMBLYMAN MICHAEL J. CUSICK

ASSEMBLYMAN MARCOS CRESPO

ASSEMBLYMAN SAMUEL D. ROBERTS

ASSEMBLYMAN DAVID BUCHWALD

ASSEMBLYMAN PHILLIP STECK

ASSEMBLYMAN MICHAEL G. DENDEKKER

ASSEMBLYMAN CARL E. HEASTIE

ASSEMBLYMAN RAYMOND W. WALTER

ASSEMBLYMAN CLIFFORD CROUCH

ASSEMBLYMAN STEVEN OTIS

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ASSEMBLYMAN JAMES SKOUFIS

SENATOR PATTY RITCHIE

SENATOR TIMOTHY KENNEDY

SENATOR DIANE J. SAVINO

SENATOR ELIZABETH LITTLE

ALSO APPEARING:

THOMAS PRENDERGAST, Chairman and CEO, Metropolitan
Transit Authority

JOAN MCDONALD, Commissioner, New York State Department of
Transportation

BARBARA FIALA, Commissioner, New York State Department of
Motor Vehicles

DAVID SAMPSON, Deputy Commissioner, New York State
Department of Motor Vehicles

THOMAS J. MADISON, JR., Executive Director, New York State
Thruway Authority and New York State Canal Corporation

CARM BASILE, President, New York Public Transit Association

SCOTT WIGGER, Executive Director, Railroads of New York

GUS MOGHRABI, Administrator, Transit Workers Union Local 100

NADINE LEMMON, Albany Legislative Advocate, Tri-State
Transportation Campaign

MARTIN ROBERTS, President, New York State Association of
Town Superintendents of Highways

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GARY HARVEY, New York State County Highway Superintendents
Association

JEREMY MARTELLE, Board Member, New York Aviation
Management Association

CHAIRMAN HERMAN D. FARRELL, JR.: Good morning. Today we begin with the fourth in a series of hearings conducted by the Joint Fiscal Committees of the Legislature regarding the Governor's proposed budget for fiscal year 2014-2015. The hearings are conducted pursuant to Article VII, Section 3 of the Constitution, and Article II, Sections 31 and 32(a) of the Legislative Law. Today the Assembly Ways and Means Committee and the Senate Finance Committee will hear testimony concerning the budget proposal for transportation.

I will now introduce members from the Assembly, and Senator DeFrancisco, Chairman of the Senate Finance Committee, will introduce members from the Senate. We have been joined by Assemblyman David Gantt, Assemblyman James Brennan, Assemblyman Michael Cusick, Assemblyman Marco Crespo, Assemblyman Sam Roberts, Assemblyman David Buchwald, Assemblyman Phil Steck, Assemblyman Michael DenDekker and Assemblyman Carl Heastie, and Assemblyman Oaks, who will give us his names.

ASSEMBLYMAN ROBERT C. OAKS: Yes. Actually, Assemblyman Ray Walter and Cliff Crouch.

CHAIRMAN JOHN A. DEFRANCISCO: From the Senate side, we have the Ranking Member of the Finance Committee, Senator Krueger, as well as the Ranking Member of the Transportation Committee, Marty Dilan, and Senator Patty Ritchie.

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We have imposed timelines as far as trying to get through the testimony in a timely fashion. Each questioner is given seven minutes. The speaker has got his time on the clock, but if a questioner wants to question some more, they just have to wait until the end so that everyone gets at least one shot. You can ask as many questions as you have the endurance to stay. Secondly, there's going to be a change in the order, and Assemblyman Farrell will tell you about that and then we can get started.

CHAIRMAN FARRELL: Yes. Thank you, Senator. We're going to begin with the Metropolitan Transportation Authority, Thomas Prendergast, Chairman/CEO. There was a problem in the family and he will be going first instead of second.

CHAIRMAN DEFRANCISCO: Mr. Prendergast, would you be upset if I mentioned the reason you're going out of order?

MR. THOMAS F. PRENDERGAST: No. That's fine.

CHAIRMAN DEFRANCISCO: His father passed away and we told him that he did not have to be here, but he wanted to be here. But I would request -- and he's leaving Albany as soon as he gets done. I would request that the legislators respect that, and if there's questions that could be asked individually of him or in writing later on, that would be very helpful. Thank you.

CHAIRMAN FARRELL: Thank you, Senator.

Good morning.

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MR. PRENDERGAST: The relationship between the MTA and the Legislature is a very important one, and that's why I felt it was essential that I be here today to be able to present testimony and ask questions.

CHAIRMAN FARRELL: We will try to respect your problem and make it as tight as possible.

MR. PRENDERGAST: Thank you.

Senator DeFrancisco, Assemblyman Farrell and members of the Senate and Assembly, good morning. Thank you for holding this hearing and inviting me to discuss the MTA's finances, its fiscal challenges and our plans to meet them. I'm joined today by Robert Foran, our Chief Financial Officer.

It's been seven months since you confirmed me as Chair and CEO of the MTA, and 2013 was a year of significant accomplishments for the organization and challenges as well. We spent nearly \$180 million and committed over \$750 million toward resiliency and repair contracts in the aftermath of Superstorm Sandy. We expect almost all of that money to be funded by the Federal Transit Administration. In fact, just last week we announced an \$886 million grant from the FTA to reimburse us for that Sandy-related work.

Ridership levels are at all-time highs. About four months ago, on one single day, October 24th, we carried 5.9 million people in the subway; we normally carry 5.4-. I'm not sure why we had another 500,000 people, but it shows you how people flock to the

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subway and the MTA network to use it for its transportation purposes. Metro-North's ridership, more than 83 million last year, has almost doubled since its founding in 1983. And the Long Island Railroad's ridership of more than 83 million, as well, make them the two most heavily-traveled transportation commuter rail networks in the country. We were able to put \$19 million back into service both to add and improve it, and we've added new technology like Bus Time, which uses GPS technology to let customers find out when the next bus will arrive on the route that they're there. They are being welcomed by our customers. Among other completed Capital Program projects in 2013, we finished the 96th Street Station structures for the first phase of our Second Avenue Subway, accepted 124 new M-8 commuter rail cars for Metro-North and replaced 700 buses with new state-of-the-art fuel-efficient buses.

Before I continue about those types of comments, I must tell you that last year was exceptionally challenging for us, especially at Metro-North in terms of the number of derailments, mechanical failures and other problems that befell that railroad. All of us at the MTA are heartbroken at what happened in terms of the impact we've had on human lives. Today and every day for a long, long time our thoughts and prayers are to those who were killed or injured in the tragic event on December 1st at Spuyten Duyvil. The best way we can put that into concern is to make sure that we analyze everything we do. Ten years of my career of 39 years has been in safety. I take that very importantly, and I make sure that across our

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entire organization my staff members do as well. We're going to take concrete steps to improve our operations and safety culture, and ensure that everyone who works at the MTA understands it's our first and utmost priority. We can talk more today about everything we're doing to ensure all of our operations are safe and reliable going forward and I'll answer any questions you have in that regard.

But first in regard, let's address our finances. We're pleased that, once again, we will see increased State aid from Governor Cuomo's Executive Budget. Total funding support appropriated to the MTA in 2014-15 is \$85 million higher than it was in the State's 2013-14 enacted budget, and last year we received \$176 million more from the State than we did in 2012. That means, in total, State aid for the MTA this year is projected to be more than \$260 million higher than what it was two years ago. In addition, the 2014 Budget and financial plan approved last month by our board presents a fully transparent look of our current and four-year financial outgoing. It strongly reaffirms our organization-wide commitment to cost cutting, and it shows that we've already cut nearly \$1 billion out of our annual operating budget of some \$13 billion. But, we're not finished.

I want to tell you just some of the things we're doing to make our organization more efficient and better managed: We've refinanced over \$6 billion of our long-term debt to capitalize on lower interest rates and we're using these savings to pay down more than a \$1 billion as a down payment for our next capital program. In fact, we've increased our annual "pay-as-you-go" funding by \$40 million a

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year on top of the \$80 million increase we originally anticipated in July, for a total of \$370 million a year to be used for our next capital program so that our ask of the Legislature for the remainder of the program is lower than what we had anticipated it to be. We're using greater-than-expected real estate revenue and unused general reserve funds, which is good news, but not certain to recur to pay down unfunded pension obligations. This will save us \$15 million a year for the next 20 years. And after Superstorm Sandy, we're thinking creatively about how to protect our network and save money at the same time. About six months ago, we secured \$200 million of insurance protection through the Capital Program to help pay repairs in the event of a storm similar to Sandy, and that insurance was provided through catastrophe bonds and our premiums are well below market rates that we received this year for traditional property coverage.

Overall, our latest financial plan increases our savings targets by \$50 million a year at the agency level, growing by an additional \$50 million annually to reach \$200 million by 2017. We will not stop those aggressive cost-cutting activities we need to do to cut out inefficiencies in our organization. New savings initiatives are being identified in the areas of prompt payment discounts, workers' comp, energy management, consolidations, purchasing, inventory and employee benefits; none of it related to safety and reliability. I want to underscore that. These are all areas where we can cut inefficiencies out of the organization. These initiatives are increasing our total

annual savings target to \$1.5 billion a year by 2015. Before I go on, I want to highlight two important points about these savings initiatives: They do not degrade our commitment to safety, reliability and state-of-good repair. Those will always and have always been our top priorities.

Next, I want to point out that all of this work is making a real difference for our customers in a few important ways. Thanks to the savings, the Plan projects a fare and toll increase of only 4 percent in 2015 and '17. We would like to have no fare increases, but at the end of the day, if money needs to be had in the form of revenue to support the costs of the system, we will have them. And historically and over the last few years, they've been in the range of 7.5 percent. But not only that, these savings have helped us put the dollars where everyone wants them -- more and better service. Earlier this year we announced \$19 million in service enhancements and improvements, which makes \$48 million of restored or new services over the past two years.

Another key element of our Plan is to address long-term costs like pensions, healthcare, paratransit and debt service, areas that for many years had been viewed as beyond our control. We are now accepting control responsibility for those as best we can. Every year from 2013 to 2017, our employee and healthcare costs are projected to rise more than 8 percent. Debt service is projected to increase by 7 percent a year, and even after we cut our paratransit costs by \$250 million per year through more aggressive management,

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they still rise some 9 percent per year for this critical service for the people of New York.

In total, we expect costs in these three areas alone -- healthcare, debt service and paratransit -- to increase 7.5 percent a year until 2017, at which time they will be \$1.5 billion a year higher than they are today. At the same time, the costs we can control are projected to increase just 1.5 percent a year from 2013 through '17, lower than the Consumer Price Index.

In short, our cost-cutting efforts have dramatically slowed increases to our discretionary costs, and we've accomplished this at a time when binding arbitration required our largest labor union to receive wage increases of 11 percent -- four, four and three from 2009 through 2011. Our Plan going forward assumes that each new labor contract will include three years of net zero wage increases, which means wage increases only if they can be offset by productivity improvements.

Senator DeFrancisco, Assemblyman Farrell and other members of the Committee, it would be difficult for me to overstate the adverse repercussions for both our customers and our region if we are not able to receive those three net zeros. To start, these expenses, including retroactive payments, would immediately rise by \$538 million and after that we've had to pay an extra \$300 million a year. This would be a terrible choice for our customers and our region. We would either need to raise fares in 2015 at twice the rate we plan or slash the 2015-19 Capital Program by some \$5.3 billion that would

come out of critical maintenance work and new equipment.

A labor settlement along the lines of the recommendation by the Presidential Emergency Board -- there's two agencies within the State that don't fall under the Taylor Law, they come under the Railway Labor Act, and that's Metro-North and Long Island Railroad, and there's a Presidential Emergency Board that has recommended raises at the end of their first hearing. The 2014 expenses, if we were to implement these recommendations, would cause retroactive payment increases and would immediately rise not \$538 million, as I said earlier, but by about \$750 million. Ongoing expenses would grow not by \$300 million, but by \$400 million a year. This would mean that absent other changes, we would have to increase fares by almost 12 percent or three times as much as we currently plan. As an alternative, if we didn't want to touch fares and if we cut the proposed Capital Program by \$6.5 billion in that pay-as-you-go capital, we would still need to raise fares in 2015 by 5.25 percent, which is more than we anticipate. It's important that we achieve a fair and reasonable settlement. Employees deserve raises. I do not want to deny that fact, but we need to do so in a way that balances our budget and make sure we don't put at risk other aspects of our financial plan.

Before Superstorm Sandy, the MTA's five-year Capital Program for 2010-14 was about \$24 billion. And today when you include Sandy and resiliency projects -- that's money coming to us by the Federal government -- on top of the money that we got at a State level, the program is about \$35 billion. That's a lot of money.

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But remember one thing: The size of the MTA asset is just short of \$1 trillion, \$965-. At your level, you understand how much money that is. There are times I doubt my staff does, so I say, *A billion is a thousand million and a trillion is a thousand billion.* And I emphasize that to them. This means our current Capital Program, even with the Sandy projects, represents a reinvestment back into the system of less than 4 percent of the system's total value over five years.

We have four overarching priorities for capital investments -- safety, security, reliability, service and system investments. Informed by these priorities, we then invest capital funds in all of the indispensable components, the unseen things that keep the system moving -- tracks, switches, pumps, line structures, things that people don't touch on their daily commute to work. These investments have sparked a truly remarkable revitalization for both our transit network and our region. And one of the reasons why our ridership is growing is because of the dependability of the system. As important as the Capital Program is today, in the near future it will be even more important because in addition to allowing us to maintain the reliability we've also worked so hard to achieve -- in addition to allowing us to make our network safer and more secure and beyond financing big transit projects like Second Avenue Subway and Long Island Railroad access to Grand Central, the Capital Program will allow us to fix and fortify the system to make sure that it is hardened for future storm events like Sandy. It's critical for an infrastructure over 100 years old.

I want to be clear. We still have years of work to do

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just to get back to where we were the day before Sandy, but the challenge is beyond that. We need to harden the system for those future events, go beyond that.

In September, we will present to our own Board the 2015-19 Capital Program and expect to submit that to the Capital Program Review Board on time on October 1st. We expect it to be roughly the same size as our current Capital Program. We will need your support, as you have always had for us, and there will be a dialogue getting to that point.

The bottom line is that the MTA must continue to renew, for the sake of the region's economy and daily life. Like all transit systems, public support of that system is necessary. Customers could never nor are they expected to be able to pay everything through fares and tolls. The MTA system is the very backbone of a \$1.4 trillion economy in the City of New York, second only to Tokyo worldwide. It allows New York City to have about four times the job and population density of the next largest U.S. city, and it allows us to bring millions of New Yorkers to everywhere they go -- to school, the doctor's office, the senior center, for tourist and leisure activities, and for a rapidly growing number of customers to jobs in the suburbs through "reverse commutes."

As both a former President of both the Long Island Railroad and New York City Transit and, now, evermore, as Chairman and CEO, I know we can never take subsidies for granted. We must husband those resources carefully. We need to earn every cent we get

and the reputation and credibility that comes with it, and we need to make sure that we satisfy our customers in everything we do. We need to earn and make sure at every opportunity that we demonstrate to the public and to you that our operation is as efficient and effective as possible.

Once again, thank you for inviting me today. I'm happy to answer any questions that you might have.

CHAIRMAN FARRELL: Thank you very much.

First to testify will be David Gantt, Chair of the Transportation Committee. Before him, I also want to mention that Steve Otis and Mr. Skou -- Assemblyman Skoufis -- I'll get it right -- have joined us.

MR. PRENDERGAST: Good morning.

CHAIRMAN FARRELL: David.

ASSEMBLYMAN DAVID F. GANTT: Chairman Farrell, I'll refer to Jim Brennan, who takes the MTA.

CHAIRMAN FARRELL: Jim.

CHAIRMAN DEFRANCISCO: Excuse me. We've been joined by Senators Kennedy, Savino and Little.

ASSEMBLYMAN JAMES F. BRENNAN: Thank you, Mr. Farrell. Mr. Prendergast, thank you for your testimony. Let me express my sympathy to you and your family on the passing of your father. I'll try to limit the questions so that we can proceed, but we'll ask a number of them.

First let me also acknowledge, I think your strong

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executive management skills as the CEO of the Authority -- I think you're doing a good job, a great job. But on to the questions.

The Executive recommends a sweep of \$40 million in dedicated tax revenue from the MTOA accounts. So, my question is, does the Executive Budget proposal match the level of State funding assumed in your financial plan?

MR. PRENDERGAST: I believe what we're getting in terms of funding is in excess of what our financial plan was, and it has been in the past two years. There had been discussions about sweeps and taking of money that have been allocated for certain things, but at the end of the day, the amount of money that we have received from the State has been in excess of what our plan called for.

ASSEMBLYMAN BRENNAN: Including the December plan approved by the Board?

MR. PRENDERGAST: Yes.

ASSEMBLYMAN BRENNAN: But, nonetheless, the \$40 million appears to be additional funds anticipated to take place within the dedicated amounts. Do you agree with the Executive's characterization of these funds as extra?

MR. PRENDERGAST: It's difficult for me to answer that question, and I don't want to avoid it. My role as Chairman and CEO is clearly to be the strongest advocate for those moneys we need from the State for revenues to support the operating budget and the capital budget. I've had four prior chairmen tell me the highest priority is the Capital Program, but also the funding. So, I focus my

efforts at identifying what's left after we identify our own revenue sources, what we do to squeeze out efficiencies and economies in the organization and what's left over, advocate for that money. I certainly know the dialogue and I appreciate the sensitivity toward locked boxes, but I also appreciate the issues that the Assembly and the Senate must face in terms of balancing budget across education, healthcare, transportation. So, I advocate for the needs of the organization. If those needs are met, I believe I've done my job.

ASSEMBLYMAN BRENNAN: Okay. The Executive has some Article VII legislation involving increasing toll evasion penalties and enforcement tools for the MTA. Do you have a projection for how much additional revenue the MTA might get from these proposals?

MR. PRENDERGAST: I'm sure we do. I don't know off the top of my head. I will tell you that we're working jointly, through Karen Rae's leadership, to work with the other transportation agencies in the State to make sure that we have a unified message on this front. I don't have that number off the top of my head, sir, but I'm sure we can provide it.

ASSEMBLYMAN BRENNAN: Okay. During our budget process, I hope you'll provide some additional information to us about that.

I'm going to go on to the Capital Program. Do you yet have a projection for the 2015-2019 Capital Program in terms of its cost?

MR. PRENDERGAST: No. I believe what I tried to reference in my testimony is where the program was last time, at about \$24 billion, and then you layer on top of that the additional money that we're getting from the Federal government for recovery and resiliency. So, that gets up to about \$35 billion. But, ballpark, we would probably figure in the range of \$27- to \$29 billion, but we're still in the process of identifying by those priorities -- safety, reliability, customer convenience -- what the size of the ask needs to be. But, historically speaking, from the time the first program was put in place in 1982 until now, the programs have been at least as large as the prior program and increased by the rate of inflation.

ASSEMBLYMAN BRENNAN: The State of New York has a statutory debt ceiling cap in relation to a limit on the amount of State-supported debt as a percentage of personal income in New York State that attempts to correspond growth and debt with growth and personal income. The Governor's budget this year contains bond issues for economic development and education, which, if enacted, would bring the State -- would bring increases in the debt ceiling permissible under this cap to zero in 2016 and '17, meaning the State would not be able to issue any bonds for the MTA or any other purpose. Does this concern you in terms of your needs for the Capital Plan for the future?

MR. PRENDERGAST: Yes, on a number of different levels. There isn't a transportation entity on the public sector side, infrastructure-wide, in the country that doesn't have this

challenge. We're getting to the point where -- especially in the Northeast where the assets are the oldest versus the Southwest where they're probably the newest in the country -- those limits, those caps are being reached. So, one of the most challenging effects that most of these agencies have is do they raise those limits? Do they seek other funding sources to be able to find other ways to generate revenue? Those are the challenges. So, in answer to your question does it concern me, yes. The way out of it is an engaged dialogue with respect to making sure that we identify the size of the ask for the capital funds we need to maintain the asset and, in some cases, expand upon it. But the first tranche is maintaining the asset in a state of good repair.

ASSEMBLYMAN BRENNAN: In relation to Hurricane Sandy, has service been fully restored after the damage caused by the storm? I mean in relation to all across the whole City and region; for instance, the Rockaways, things like this?

MR. PRENDERGAST: It was initially restored for the majority of the system except the Rockaways, which didn't happen until Memorial Day, May. Then it was restored. But then in -- I believe in August we had to take out the Montague Street Tube, so there was actually a point in time where the entire system was back in operation. That was a finite window of time. The Rockaways -- we had everything up except the Rockaways by December, and then the Rockaways were about on Memorial Day and then we took the Montague Street Tube out. That will be out of service for 14 months.

We were faced with the level of damage that occurred in that Tube. We had a choice of having an extended outage on weekends and nights for 41 months versus doing it all at once for 14 months. Based upon the other transportation alternatives, we opted for the 14 months and we're going to try to beat that. But as it stands as of today, the full system is running with the exception of the Montague Street Tube.

ASSEMBLYMAN BRENNAN: Okay. The Governor mentioned in his State of the State that he is prioritizing the Metro-North Railroad Penn Station Access Project, the project that would go through the East Bronx. Has funding been secured for this project? Do you anticipate State or Federal funding for this project?

MR. PRENDERGAST: Funding has not been fully secured. There are elements -- if you break the project down into its pieces and what it would do, it would enable Metro-North to be able to come over the Hell Gate Bridge, the same access that Amtrak uses off the corridor to come in through Harold Interlocking through the East River tubes into Penn Station, and it would follow that form. Parts of the funding have been identified as potential sources through Sandy resiliency funding and other sources may be part of the Capital Program. Order of magnitude costs \$1 billion. There's two important factors about it; one is the additional transportation functionality it provides, but from a resiliency perspective, right now the only means Metro-North has on all of its lines, with the exception of the West to Hudson, is access to Grand Central. There's a single point failure at the Harlem River lift bridge, and if we were to lose that, we couldn't

bring people into Manhattan. So, this project would provide for that resiliency. Order of magnitude costs about \$1.2 billion. Some of the projects have been identified through resiliency funding, and we need to go through the process of identifying the other sources of funds for the remainder. It cannot happen, it cannot happen until East Side Access for Long Island Railroad is complete because we have to provide that capacity. We can't put more trains in there than there are right now, and we're not going to solve one problem by creating another. So, it cannot happen, sir, until East Side Access is operational.

ASSEMBLYMAN BRENNAN: Would you comment on the status of the East Side Access project? At our hearing just a few weeks ago, there was extensive discussion of this in relation to whether or not there may be a delay beyond 2019 and things of that nature. Can you comment on the status of the project?

MR. PRENDERGAST: The last time the MTA publicly stated where that project was at was May of 2012. We stated the total project cost was, I believe, \$8.324 billion and a completion date of 2019. We knew later than that that those numbers weren't going to be available. We've done an in-depth analysis and brought the FTA in as well. We have a range of estimates about \$1 billion more than that up to maybe a \$1.5 billion more than that and a completion date of 2021 through 2024. We're going to manage to the lower dates and lower numbers.

ASSEMBLYMAN BRENNAN: Okay. Mr. Farrell

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has asked me to yield at this time. So, thank you.

CHAIRMAN FARRELL: You will get the second round.

ASSEMBLYMAN BRENNAN: Okay.

CHAIRMAN FARRELL: Senator.

CHAIRMAN DEFRANCISCO: Senator Krueger.

SENATOR LIZ KRUEGER: Hi.

MR. PRENDERGAST: Hello.

SENATOR KRUEGER: The Senate Democrats only have a few questions today from Marty Dilan. We're going to follow up in writing with your office out of respect for your need to get out of the City, and we just hope that you will get us back the answers --

MR. PRENDERGAST: Absolutely.

SENATOR KRUEGER: -- fairly quickly and we will make those available to the public. I'm very sorry for your loss.

MR. PRENDERGAST: Thank you.

SENATOR KRUEGER: Senator.

CHAIRMAN DEFRANCISCO: Senator Dilan.

SENATOR MARTIN MALAVE DILAN: Yes.

Thank you. And, again, you have my sympathies also. I surely understand your pain.

Basically, I just have one question and it's a follow-up to the question that the Assemblyman asked with respect to the MTOA sweep, which this year is \$40 million. It's double what it was last year. Although you indicate that there's an \$85 million increase in

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your operating funds, will this have any impact on customer service or how does it impact your overall budget?

MR. PRENDERGAST: No. It won't have an impact on customer service. As I said, the amount of money we got last year from the State, as well as this year, is in excess of what our financial plan was. It should not -- I don't believe it will impact customer service at all and I don't believe it will impact in terms of the -- when I say "fungibility," how we can use funds in different areas.

SENATOR DILAN: But in terms of the \$40 million, you have to make that up somewhere, so are you taking it out of your operating budget?

MR. PRENDERGAST: We didn't have that \$40 million in our budget in the first place, in the financial plan.

SENATOR DILAN: Okay. So, the word "sweep" would indicate that. But, as Senator Krueger indicated, our staff will be submitting the questions to you and we would hope that before the budget process is over that you can have those in writing so we can make it part of the record here.

MR. PRENDERGAST: Absolutely, sir.

SENATOR DILAN: I appreciate it. Thank you.

CHAIRMAN FARRELL: Assemblyman
DenDekker.

ASSEMBLYMAN MICHAEL G. DENDEKKER:
Thank you. Thank you very much, again, for being here. I'm sorry for your loss.

I just want to ask you about the ongoing contract negotiations. You mentioned 0-0-0 is what you're looking for. The question that I have is you project your budget years out. You already have identified what the increase in your debt service is going to be, what the increase in your healthcare is going to be, what the increase in some of the other costs that you have to maintain the system is going to be. The workers have those same issues. Their costs are going up and they're really in a deficit. Over the last three years, their costs are going up and they're not getting paid any more. So, it's not getting a raise, per se. They're making or taking home less money than they had before. They also don't have an operating and capital expense in their household. It's one check. So, when they need to buy a new car, they can't say, *Well, we would like to get some capital money to purchase a new vehicle.*

The other issue is why do we wait so long to negotiate these contracts? We know when they're going to expire. Why do we wait to a point that's two, three years back and then we have to talk about retro pay? Why didn't we just make an agreement early on to some sort of reasonable increase that could have offset some of their costs? Obviously, we've heard today from your testimony how productive the system is. You took in a half-a-million people more in one day and the system survived. That was also the workers, I would imagine, that operate that system that made that a reality. So, I'm just curious what your thoughts are on this.

MR. PRENDERGAST: Sure. It's more than a valid

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question. It's the most pertinent question today. When we say the budget is built on three net zeros, it's an accurate statement. It's been that way for about the last three or four years; actually since the Great Recession of 2009-2010. And it's not a statement we make lightly in terms of cavalierly or the pain that it imparts on the employees, because, certainly, employees you would like to be able to give a raise to, at a minimum, the cost of living raise.

Going back to the bargain that was achieved in 2009 and the payroll mobility tax, which has some dynamic to it, the fact that we're going to take some \$1 billion out of the organizational costs, we've taken some \$8- to \$900 billion out. It's going to rise to \$1.2 billion in recurring costs. We had a one-time fare increase of 10 percent, followed by two fare increases of 7.5 percent, so the customers have seen 25 percent. It's the issue of trying to spread the pain. It's a very difficult thing -- statement to make, and the employees don't like to hear it. And, also, in some cases, we weren't able to, as many other agencies were, to generate savings by shrinking the size of the footprint and laying off people to generate savings. We didn't want to, but we can't because we provide a service. So, the challenge we have is to find a way that we could have a fair sharing of those in a way that we could get beyond it. We believe there are work rule changes, archaic, time-tested and long-forgotten work rules where we could generate savings. They may only affect a portion of the work population, 5 to 10 percent of the work population. I don't want to get into the details here because we try not to negotiate in public

that we could generate savings to be able to pay for increases for all the employees. So, that's been part of the strategy.

With respect to how long it takes, early on there was a legal challenge by one of my predecessors to the 443 Arbitration decision and we lost that, but that cost some time. In terms of the Railway Labor Act and the process that you go through which is prescribed by Federal law, it's about 100 years old, we're in the middle of that with Long Island Railroad right now. The clock has started, the proverbial 270-day clock, at the end of which if we do not get a settlement, both parties have the right of self-help. That could mean including a strike, which is something we do not want to have happen. We know the impact on the economy and the people of New York. Hurricane Sandy demonstrated how much a lifeblood the system is.

So, it's frustrating for us who work in the area and try to deal with it. Difficult collective bargaining agreements are hammered out, figuratively, across the table, and that's what we need to do. It's receiving our highest attention right now because we do not want to have a strike, sir.

ASSEMBLYMAN DENDEKKER: Thank you. I appreciate your answer. I just hope that you please keep in mind that, again, their financial situation is decreasing on a regular basis.

Just to go back on the \$40 million sweep. If there was any way that the Legislature might be able to either restore or talk to the Governor and ask him not to sweep the \$40 million and let it remain with the MTA, would there be any guarantees that you would

be able to give us that the \$40 million would be used exclusively to restore previously cut services?

MR. PRENDERGAST: Well, given the governance structure of the MTA, I can't make that commitment because I need to have a board that votes and supports that. I don't mean that in a trite way, but that's one thing. Would we look at the issue of the need to restore services or add services is a priority? I can categorically tell you yes. There was an extensive dialogue when we put the budget to bed in December by a number of board members that feel we should designate a certain amount of money each year for service increases. After a very long and healthy discussion, public discussion, it was decided not to do that because we could get priorities other places. If I was here about a year ago talking about the finances of the MTA and if you would have told me that I would be sitting here today with the problems we have faced at Metro-North, I would say not likely, but that's where we're sitting right now. And the first priority I have to make sure is done is the safety and reliability priority.

So, I can understand the dialogue, but I don't know if it would be in the best interests of the Legislature or the MTA that we would absolutely earmark money for certain expenditures if the undesired consequences were at the expense of safety and reliability.

ASSEMBLYMAN DENDEKKER: I appreciate that. I just want to leave you off with this final thought, though. From the customer service point of view, there was a few years ago where financial situations were horrible and there were significant service

cuts to many communities, especially throughout Queens, in the bus service area. And then when we gave a mobility tax, increased your revenue stream more than you ever had lost before, yet not all the service was restored. In fact, I think approximately 50 percent of it --

MR. PRENDERGAST: About 50 percent has been restored.

ASSEMBLYMAN DENDEKKER: -- has only been restored. So, we gave you more money than you needed and we still didn't get the service back. So, from a customer point of view, we sit here and we go, *Well, why would we give them more money for it if we don't get our service back?*

MR. PRENDERGAST: Well, then the customers who have paid the 10 percent, 7.5 percent, 7.5 percent in fare increase -- we've taken \$8- to \$900 million out of the operating costs of the budget, going to wrap up to \$1.2 billion. There's an overall funding issue we've got to deal with, and that's what all those factors lead to.

ASSEMBLYMAN DENDEKKER: I'm just saying, it's the common person that sits at home and doesn't understand this.

MR. PRENDERGAST: I understand that. I do understand that, sir.

CHAIRMAN FARRELL: Thank you.

CHAIRMAN DEFRANCISCO: Senator Savino.

SENATOR DIANE J. SAVINO: Thank you, Senator DeFrancisco. Tom, my condolences. We really appreciate your coming here to address some of these questions. I want to thank you

for your cooperation with us, particularly on Staten Island and in South Brooklyn with bus restoration. When you're able to do it, you've been very responsive and very receptive and we do appreciate that.

So, I just have a couple of questions. Following up on Assemblyman DenDekker, I'm a little concerned, also, about the idea that the Transport Workers Union is just going to accept three zeros. Their history is generally not that cooperative when it comes to those kind of demands, so I'm concerned. Is there a backup plan? Because you're right. We do not and cannot handle a strike in New York City. Not another one. And since the passage of the Taylor Law, I don't think any other public-sector union in the City has struck except for the Transport Workers Union.

MR. PRENDERGAST: You're right. You're right on that. I guess where the most friction or most dialogue is occurring right now is the issue of how can we fund some of those raises. You know, you heard me. If you didn't, I'll state. The people we had to thank for Hurricane Sandy were the employees. All levels of employees -- management, supervisory, hourly, whatever. They worked tireless hours and thankless efforts to get the system up and restored. So, we want to acknowledge that and we want to give them a well-deserved raise, at least a cost of living. We have found places in the collective bargaining agreement where -- maybe I'll use the word "archaic" -- something that made sense as a work rule 20 or 30 years ago -- more so in the railroads, far more in the railroads -- where

it's arguable whether or not that that pay differential should occur in the first place. It isn't spread across the entire populous of the workforce, and there's a premium attached to it. If we cobbled those together, we could get, you know, a sizeable amount of raise that would be what we call a "net zero." It would be funded through economies in the organization. We do not have a unilateral right to take those from them. They have to be hammered out over a collective bargaining table, and that's the place where we think it needs to start. We've tried to balance the pain. The customers have paid that 10 percent, 7.5, 7.5percent. That's 25 we've taken out. The customer has also paid the price of the service cuts because they almost got the double-whammy. So, that's where the dialogue is occurring. And we would like to get to a point where we could actually have that dialogue and have that discussion. It will come to a head faster in the PEB process at the railroads because of the 270-day time clock. And we'll be as open as we can with that process without doing collective bargaining in the public.

SENATOR SAVINO: My only concern, of course, is that this debate doesn't become the workforce against the riders. That would be very unfortunate and unfair to both sides.

One or two other points: One of the things that I think fuels the antipathy of the workforce and supporters of the workforce is that when you look at the MTA's Capital Budget and you see these tremendous overruns like we've just seen on the East Side Access -- you know, in 2009 it was pegged to cost \$4.3 billion and

now we're projecting that it's going to go up to \$9.7 billion and extend this project to 2021 and, essentially, only to serve about 150,000 riders when there are whole sections of the City that are still waiting for expansion or real service. So, it makes it very hard to justify to the workers that you're asking them to continue to give up when we're just wasting money. And we may not be wasting it, but that becomes a sticking point for them.

MR. PRENDERGAST: First of all, we do need to do a better job of husbanding our resources and making sure we're not wasting any more and have inefficiencies. And a capital dollar is a capital dollar. We've got to stretch it as far as possible. And whatever criticism we receive on the management of East Side Access is understood and we need to deal with that.

The second point is capital dollars are not quite fungible with operating dollars and --

SENATOR SAVINO: We know that.

MR. PRENDERGAST: -- but we have to make sure the public and the workers know that and we will continue to do that. We also don't want to pit the riders against the workers in terms of a wage increase versus a fare or toll increase. And we're also extremely sensitive, as you know, with the issue of the elasticity to toll increases because that is far more elastic than even the fare increases are.

But the last point is that there are some people who just say, *Take it out of pay-as-you go capital. There isn't a problem there.* But then that decreases the amount of money we're bringing to

the table with our revenues and making a bigger ask on the State Legislature in terms of the size of the Capital Program. So, it's a long-winded discussion, trying to get a balance of how we're making sure all of those areas are being met.

SENATOR SAVINO: And one final point. A couple of years ago there was a raging debate up here about the previous mayor's proposal on congesting pricing; obviously, it didn't go anywhere. But, since then there have been some people who have really looked at this and studied it, and Sam Schwartz, the transportation expert, has come forward with a proposal of toll equity, essentially; a five-borough toll plan where we would toll the East River bridges, which would essentially bring down the cost on the MTA and TBTA bridges to a manageable level. Has the MTA or its board members -- have you examined Sam Schwartz's program? Is there any support for it? Any ideas? Do you think it might potentially work? Because we're on the verge now of looking at \$20 and \$25 tolls relatively soon. As you know, it's \$15 at your bridges now. It's an extraordinary amount of money.

MR. PRENDERGAST: Sam Schwartz, in his proposal, one of the main parts of it is he's done a big outreach. He's talked to a lot of the people who are the stakeholders and the people who would be affected by it. We've been part of that dialogue. So, if he says, *I propose this and how does it impact the MTA*, we would give him that information. I'm going to be silent in terms of whether or not that's the way to go. I think it's some of the dialogue here when

we're talking about the fact that the overall revenue issue has to be dealt with. You know, his proposal, as well as other proposals, are means of changing revenue streams and identifying new ones. If you take a look at what's happening in transportation across the country, those kinds of dialogues are happening in the San Franciscos, the Chicagos, the big cities that depend on public transportation, and it would be part of the dialogue. And it's a dialogue where the Legislature has to be involved, other key stakeholders have to be involved -- the MTA, the Governor's office -- because at the end of the day, we're all working for the same customers and constituents and how it impacts them. But it's, certainly a revenue strain; I'll say that.

SENATOR SAVINO: Thank you, Tom.

CHAIRMAN FARRELL: Thank you.

Assemblyman Cusick.

ASSEMBLYMAN MICHAEL J. CUSICK: Thank you, Mr. Chairman. My condolences, Tom, for your loss. And it's not planned that I go after Diane Savino, but I will -- you know what my questions are going to be, so --

MR. PRENDERGAST: Yes.

ASSEMBLYMAN CUSICK: I'll be quick.

On the toll increases that are scheduled for 2015-2017, the question I have -- and Diane brought it up before -- is has there been a study done on where tolls can be capped on increases? Because at the rate we're going, it does seem like at some point the Verrazano Bridge could be \$20 to \$25. My question is, have

we looked into capping the increases at any point? And has there ever been an economic impact study done for businesses that are in the region, particularly the \$15 toll bridges?

MR. PRENDERGAST: I don't know of any study anybody has done in terms of defining a cap, us or any other municipality in the country. There have been numerous studies done on the elasticity, and the elasticity is divined on for every dollar you increase the cost of something, the amount that you chase people away from the service. They find something else to do. And there's far more elasticity to tolls than there are to fares, and there's a whole host of reasons for that -- the size of the fare versus the toll, the dependency, one versus the other, etc. And we are aware of the fact we're reaching the limit of where people just say they're going to vote with their feet and not use the bridges and they'll do something else. So, that's the best way for me to answer the question. But we are aware of that sensitivity, and when the Board sets the -- when it entertains the discussion in terms of what the size of the next toll and fare increase is, the first step is make it as small as possible. Do whatever we can to get other revenue sources and squeeze economies out of the organization -- squeeze economies into the organization to make that number as small as possible. Then it's the issue of how do we do it through relationships of fares and tolls, recognizing that tolls are much more elastic than fares.

ASSEMBLYMAN CUSICK: Well, that segues into a question I have that you brought up. That is, do we have any

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numbers on the usage of the Verrazano Bridge or other bridges that the increase has gone up in the last year or so?

MR. PRENDERGAST: I'm sure we do, and we could provide that.

ASSEMBLYMAN CUSICK: Could I get that?

MR. PRENDERGAST: Yes, absolutely.

ASSEMBLYMAN CUSICK: It would be interesting. And, also, if we could also --

MR. PRENDERGAST: All the bridges. We can do it for all the bridges.

ASSEMBLYMAN CUSICK: I would love to compare that to the bridges that are free, also, to see what the usage of those bridges are compared to a \$15 now, possibly \$16, \$17 bridge in the Metropolitan area.

MR. PRENDERGAST: Sure. We certainly have the data for our bridges. We should be able to get the data from the New York City DOT for the free bridges. So, we'll try to get -- we'll get the first data for you for sure, and we'll do as best as we can to get the other, but I think we can get them both.

ASSEMBLYMAN CUSICK: And I wouldn't be me if I didn't make the request to ask you to freeze the increases on the tolls. You know, I have to make that request. As you know, you've been out there.

MR. PRENDERGAST: I lived out there for a while; I understand.

ASSEMBLYMAN CUSICK: Right. And you know how it's affecting our businesses on Staten Island and, quite frankly, in Brooklyn and other parts of the Metropolitan area. That's why I would be interested to see what the numbers are for the usage of the bridge, particularly with businesses.

I'm just going to segue into one other thing. I don't know if you would have the answers on this, but on Staten Island we've been working on the West Shore Rail Line to do a study. Has the MTA looked into anything on that?

MR. PRENDERGAST: We've done the North Shore study we committed to Borough President Molinaro. We've done that and completed that, and we've done the alternatives analysis and we have met already with a number of people. We can meet on that again. It had a derivative going down the West Shore, but there's a separate study that's being looked at and there's discussions ongoing but no money has been allocated for that study as yet.

ASSEMBLYMAN CUSICK: Okay. Because I'll give you a heads-up. In the budget process, I will be requesting -- the SIEDC is working with us to come up with a \$6 million study for the West Shore Rail Line, and I'll be working to see if we can get that.

MR. PRENDERGAST: Thank you.

ASSEMBLYMAN CUSICK: Thank you; thank you, Mr. Chairman.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN DEFRANCISCO: Yes. The Republican members will also submit questions to me and I will send you a question for response in writing. Thank you for being here and, quite frankly, thank you for your service. I mean, this has been a revolving chair over there since I've been here, and the fact that you're still excited about your position, still motivated and doing a great job, I think you should be congratulated for that.

MR. PRENDERGAST: I'll just say this to that, Senator: Somebody who I admire very greatly said to me when I was in the running for this job, he said, *Do you really want this job?* And I said, *Yes.* And he said, *Do you really, really want this job?* And I said, *Yes, yes.* He said, *No, no, no. Do you really, really, really want this job?* And I can honestly say yes. It's part of my blood. It's been in my career, and that is really why I felt it was important. We've got a tremendous relationship with the Legislature. I was here in 1982, and some \$90 billion later in terms of capital programs that came from the State Legislature, I saw the changes in the New York City and the MTA system, and I thank the Legislature for that. Thank you very much.

CHAIRMAN DEFRANCISCO: Thank you. Don't leave yet. The Assembly is still on line here.

MR. PRENDERGAST: I'm sorry.

CHAIRMAN DEFRANCISCO: That person that you respect greatly, was that me, by any chance? No? Okay.

(Laughter)

CHAIRMAN FARRELL: Assemblyman Otis.

ASSEMBLYMAN STEVEN OTIS: Thank you, Mr. Chairman, for coming. And, my condolences. I think it's testimony to what public service means to you, the fact that you're here when you really need to be someplace else. So, I'm going to keep my comments brief, but I want to reflect the concerns of the riders of the Metro-North system and, in particular, the New Haven Line. We really have a crisis right now on the New Haven Line in terms of reliability on an ongoing regular basis for months now. The comments that I'm hearing to reflect the crisis nature of this is that people are saying they're not taking the train, they're driving because they can't depend upon it. I've heard in the last two days two different individuals say that they are looking at moving to New York because they can't deal with the commute. These are anecdotal at one level, but systematic of a concern that people are feeling about just a system that used to be spot-on reliable and now isn't. I know there are a lot of things that go into it and I'm not going to ask you today, with your family circumstances, to go through all these things now. You can make some comments, but post-today what I would like to see in terms of -- from Metro-North and the MTA is some game plan for correcting this systemic problem, because this isn't just cold weather, although cold weather is blamed. We are sort of in cold weather a third of the year, every year. And it's not necessarily Sandy-related. It's just an endemic problem that has taken a system that was so on-time and now people can't depend upon it. I'm hearing it from my

constituents. You are a consummate professional in this business, and I have confidence that you can lead our way out of it, but we need your help and the help of everybody in the MTA and Metro-North system to correct that. This is really a dire situation.

So, again, my condolences. If you want to make any comments now, you can and then we will follow up.

MR. PRENDERGAST: Yes. I will make some and I'll provide more detail.

It is the number one challenge at the MTA right now for the railroad that was Best in Class in the industry, that received the Brunel Award. It was seen that way as recently as a year ago to where it stands today. You've heard the story about perception and reality. In this case, perception and reality are one in the same, and it's not good performance. Some of the good news is we don't have problems with the mechanical fleet and we don't have problems with train operations. We had the train accident, which was a very tragic one, but the problems seem to be confined. But, these are serious problems into the maintenance of the infrastructure. There's some management issues. There's some practice issues. We're working closely with the FRA on their Deep Dive to try to identify those. Before they even came in, we enlisted the support of others from the Transportation Test Center to get to the root cause of those.

We're making a change in leadership. While Howard Permut has been part of the success of that organization for over 31 years, it's time for a change. He even understands that. It's more than

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about people. It's about the organization and what needs to be done. We have to do what we have to do to restore the confidence and put the performance to where it was in terms of on-time performance, safety and reliability. We need to get all three, but if we can't get safety and reliability, we will not push the on-time performance until we get safety and reliability. But, we've got to get the on-time performance back to where it was, which was 98, 99 percent on all three lines east of the Hudson, which was second to no one in the United States.

ASSEMBLYMAN OTIS: Thank you very much. I appreciate it.

CHAIRMAN FARRELL: Thank you.

David Buchwald, Assemblyman.

ASSEMBLYMAN DAVID BUCHWALD: Thank you, Mr. Chairman. And my thanks to you as well, of course, Chairman Prendergast, for your testimony, especially in light of the circumstances. I offer my condolences to you and your family.

I want to begin by echoing the comments of my colleague, Assemblyman Otis, someone who represents a significant chunk of Metro-North territory. As you no doubt have already acknowledged and are aware, this past year was not a very good year for Metro-North; from the tragic events at Spuyten Duyvil to shutdowns of entire lines and, on occasion, the entire system and circumstances that probably can be characterized as avoidable. I particularly appreciate your comments last week on that very subject

and I appreciate the seriousness in which -- I know you're dedicated to correcting some of the things that have happened.

In light of that, I want to ask whether the Executive's budget proposal is different than what it would have been had Metro-North not experienced these changes over the past year? How have the experiences this past year informed what we see in front of us in the budget proposal?

MR. PRENDERGAST: They did inform it. I mean, the first incident was the tragic derailment and collision at Bridgeport and then we had the employee fatality, the first freight train derailment. That all started around Memorial Day, early in the summer, and that's when we're in the formulation stage for developing the next year's budget. So, it did inform the budget. I asked Howard Permut, and I'm assured there's money in the budget to be able to deal with those because some of those are transformational, cultural issues we need to spend on. So, that money is there. But I will also tell you, whenever in my -- the majority of my 39-year career has been spent at either New York City Transit, Long Island Railroad, the MTA, and we've never had an issue with money when it came to safety and reliability, and we will find whatever money it takes. If we find something that needs to have money at it, we will get at it. Positive train control, we've actually asked for the RRIF application for East Side Access to be modified and we want to get \$1.2 billion of money to be able to accelerate positive train control that would directly affect issues like the Spuyten Duyvil accident.

So, it did inform the budget. But, if new things are found, it will inform -- we won't wait for next year's budget. We will take the action now.

ASSEMBLYMAN BUCHWALD: I appreciate that. Obviously, it will also affect the upcoming Capital Plan, I'm sure, as well. I know a number of points you made touched on that, but I think it's actually both an operational concern and a capital concern. I hope and I am sure, given your statements, that it will remain at the forefront of planning for the railroad at MTA as a whole.

One thing that obviously affects the Capital Plan is the status of the insurance reimbursements you get from Superstorm Sandy. If you could just provide us an update on where that stands. As I understand it, it was expected to be about \$1 billion in insurance recoveries. Where does the MTA stand with regard to those?

MR. PRENDERGAST: In a general sense -- well, first of all, we'll give you a detailed response because I'm not up to date on all the details. I will tell you that as we were going back into the reinsurance market, we saw a number of things: We're getting less coverage at increased costs, which caused us to go into new ways of financing insurance. I believe it's the bond financing for insurance, and we've achieved some very attractive pricing. But, I will be able to give you a response in terms of how we're realizing those policies and how we're getting the money.

ASSEMBLYMAN BUCHWALD: I appreciate that. Obviously, this would be part of an ongoing dialogue, but I want to

keep my questions brief, particularly in light of the circumstances.

Thank you very much for being here.

CHAIRMAN FARRELL: Thank you.

Assemblyman Skoufis.

MR. JAMES SKOUFIS: Thank you, Mr. Chairman.

I'll echo my colleagues first in expressing my sympathies and thank you for being here.

I just had a couple of questions related to, actually, the West Side services. We, in Orange and Rockland Counties, often feel like we're the forgotten side of the MTA. You know, to give you an example, my local station is the Harriman Station. Between 4:00 p.m. and 4:00 a.m. there is exactly one train into New York City in 12 hours. You know, I think - and I'm not suggesting that services be cut in Westchester, but if there was one train between 4:00 p.m. and 4:00 a.m. in Westchester, there would be riots all over the county. You know, given either this budget or maybe not given the budget, are there any service improvements and additions on the West Side planned by the MTA? I know there are constraints with capacity into Penn Station and some other variables, but is there anything planned to improve services on the West Side and, specifically, add trains?

MR. PRENDERGAST: Yes. In each of the last two years -- I believe two years ago we had \$29 million in restorations and new services, last year \$18-. In the second one, I definitely remember some proposals for West to Hudson, and one of them was a mid-day train going back. The issue of the return on investment for PMT is

probably the most acute in Orange and Rockland counties in terms of the people saying, *You're hitting me for a fee here and a tax and I'm not seeing a return on that*, and we're very sensitive to that.

In the issue of that middle-of-the-day train back is important because there are times people can only work a half-day. They've got to go back for some reason, they've got to deal with an emergency or whatever, and if they're trapped by a transit schedule that says there's no return train until that p.m. rush hour, they don't vote to use public transit. So, that's one of the things we're considering, but there's others as well. But the issue of how can we provide an adequate level of service and then some to grow it and also start to approach this issue of the people feeling that they're paying more than what they're getting in return, yes, it is a priority and we look at it every year.

ASSEMBLYMAN SKOUFIS: Thank you. I'm glad to hear that.

A related question -- this is more long-term, but still very important both to me and my constituents. We've been clamoring for a one-seat ride into New York City for quite some time. Quite honestly, we probably should have had it by now if Governor Christie didn't put the kibosh on the ARC project. But, we have the Gateway project now and this is rumored to be providing a one-seat ride into New York City for us on the West Side. What is the MTA's anticipated involvement in the Gateway project? I know they're preserving right-of-ways now in Manhattan and possibly some other

places as well. You know, I know the MTA helped fund the Secaucus Junction given that it would positively help your ridership as well as New Jersey Transit in New Jersey. But, you know, this project, even though it's Amtrak-driven, would have a positive impact on your ridership as well. So, is there any anticipated help that you plan to send the Gateway project's way?

MR. PRENDERGAST: We're going to support Gateway. There are four beneficiaries of Gateway: New Jersey Transit, Amtrak, the MTA and both the Long Island Railroad and Metro-North at some point in time. Its limits are defined down on the corridor well south of Trenton, maybe Trenton or Princeton, all the way up to what we call "Shell Interlocking" in New Rochelle. The benefits east of the East River and into Penn Station, clearly, are directly related to us, a little bit less so west, although there's an example. There would need to be some kind of big loop track to be able to enable you to get from the West Shore services on to it; a very large dollar cost, range of cost \$1 billion. And there's a certain amount of trepidation we have in terms of making deals with New Jersey; you've alluded to them. Because, you know, you make a deal and then somebody backs away from the table and the deal comes undone. But, that's part of a dialogue. We are supportive of Gateway. There's a potential of getting Sandy resiliency funds for portions of Gateway, and we are aligned as best we can with Amtrak and the other stakeholders to do that, and would be one of the issues we would be looking at.

ASSEMBLYMAN SKOUFIS: Great. Thank you.

And, again, I encourage the one-seat ride and the loop at Secaucus. It would be a tremendous improvement to ridership and quality of life on our side of the river. Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Crespo to close.

ASSEMBLYMAN MARCOS CRESPO: Thank you, Mr. Chairman.

I, also, express my condolences to you and your family on your loss.

Several comments have been made regarding the labor discussions, and I just want to make a quick mention that I agree that that needs to move along. The men and women who make our system run deserve it, and I hope we can make a bigger effort to get there.

But I really want to thank you and take this opportunity -- I couldn't let this go without saying my thanks on behalf of myself, my district, the entire Bronx Delegation for the commitment to expand the East Side Access to bring in four Metro-North stations to communities that have been left behind for far too long, that have been denied access and opportunities for far too long. Currently, there was a number mentioned earlier about the potential ridership of those four lines, but I've got to say for folks in -- whether we're talking about Co-op City residents -- the largest Mitchell Lama in the entire country -- or whether you're talking about the residents of Hunts Point who

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continue to see the highest unemployment rates, I mean, that access and that opportunity and cutting their commute by more than half of what it would be today under current services is going to really bring about an impact and allow families to seek employment opportunities that are otherwise unavailable to them. I can't overstate enough the importance of that project to us, and I really want to thank you and the Governor for the commitment to moving that project along and to making those initial investments. I know it's going to take time.

As part of my question -- and this is something we could follow up on later -- is if -- it would be helpful to us if you could provide us a more in-depth layout of the timeline and the cost of this project and what it's going to take for us to get there. We want to be smart on the issue. We want to know how we can do our part to help along in the conversations and discussions and supporting that project and making it come to fruition as quickly as possible. So, I just wanted to take this opportunity to say that.

And, lastly, I want to share with you. I had two baby girls last year. I had a daughter born in January and one born in December. I've got my hands full at home. You can imagine the cost of living today between Pampers --

MR. PRENDERGAST: Calendar twins.

ASSEMBLYMAN CRESPO: -- yes, yes -- between Pampers, formula and all the other expenses. I really want my daughters to visit Uncle Cusick in Staten Island, but that Verrazano.... You know, I support their efforts to cap it. I really want them to grow

up knowing their Uncle Cusick. Thank you.

ASSEMBLYMAN CUSICK: I didn't put him up to that.

MR. PRENDERGAST: Let me just respond quickly on the Penn Station access for Metro-North. For those you that don't know, the original promise to Co-op City in that area was an extension off the Second Avenue Subway and it never came to fruition. Not only is there a great residential development there, there's great commercial development there. There's great commercial development on the West Side of Manhattan. Metro-North has probably some of the best reverse peak services in the country. It's a natural nexus to be able to take advantage of the \$10 billion asset of East Side Access, freeing up capacity and enabling that capacity to be used by Metro-North. It's the right thing to do. It's the regional thing to do. It's the thing that we need to collectively work together to do, and in some cases there is a lack of information or misinformation out there. And to your point, I'm making a commitment that we're going to go out to all of the legislative stakeholders that will be affected positively or possibly negatively, and make sure that that information is out there so an informed decision can be made, but we are committed to doing it.

ASSEMBLYMAN CRESPO: Thank you.

CHAIRMAN FARRELL: Thank you.

There's one question as you leave. I was going to talk to you about the elimination of tolls on the roads and the bridges. I

put a bill in right now relating to the Henry Hudson. I think you and I have to talk about that --

MR. PRENDERGAST: Okay.

CHAIRMAN FARRELL: -- because the direction you're going is wrong. The Thruway and other people, California, have found ways to get rid of tolls, but at the same time accept those who don't pay tolls; in other words, where you can pay money, cash. I would really like to see that. And, by the way, would you have them send me the bill? It's a year-and-a half now and they have not sent me a bill and I've been there five times now, through the Henry Hudson.

MR. PRENDERGAST: We're actually looking for it, but we will send you the bill, sir, seriously.

CHAIRMAN FARRELL: Yes, please. When they send it I'll be so senile I won't know what it's for.

(Laughter)

So, thank you, again, very much for coming today. I know how hard it must have been and I appreciate it and the members here appreciate it.

MR. PRENDERGAST: Yes. For those of you who have experienced it -- I'll just share this -- even though you know it's coming, there's a sense of loss you can't describe. The only two constants you have in life from the time you're born are your mother and your father, and when you lose one of them it's just troubling. Thank you very much.

CHAIRMAN FARRELL: Thank you.

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CHAIRMAN DEFRANCISCO: Thank you.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Joan McDonald,
Commissioner, New York State Department of Transportation.

Thank you for allowing us to make the switch.

COMMISSIONER JOAN MCDONALD: Good morning, Chairman DeFrancisco, Chairman Farrell, Chairman Gantt and members of the Legislature. Thank you for the opportunity this morning to discuss Governor Cuomo's Executive Budget as it pertains to the Department of Transportation for the 2014-2015 State fiscal year. I'm Joan McDonald, Commissioner of New York State DOT. I'm joined by Phillip Eng, my Executive Deputy Commissioner; Ron Epstein, my Chief Financial Officer; and Diane Lombardi, my Director of Government Relations.

The 2014-2015 Executive Budget makes significant new State investments to improve the transportation system, enhance our system's resiliency, create jobs and deliver historic levels of aid for transit systems. The Executive Budget includes more than \$3.4 billion in new capital program funding during State fiscal year 2014-2015. Of that amount, more than \$2.3 billion in new funding is provided to support the Department's highway and bridge program including more than \$1.7 billion in new construction funding for the repair, rehabilitation and replacement of critical State and local infrastructure, and approximately \$600 million in engineering, right-of-way and other program delivery support. The capital program provides \$438 million

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in additional funding for local highway and bridge projects under the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the local matching share of Federally-aided bridge projects under the Marchiselli program. In addition to DOT's capital program, the Budget provides \$4.8 billion in support for local transit systems. Of that amount, the MTA will receive more than \$3.4 billion, an increase of approximately \$85 million from 2013-2014, and other transit systems across the State will receive approximately \$462 million, an increase of \$8 million.

The Executive Budget supplements DOT's bus, truck and rail inspection programs. We perform more than 100,000 bus and truck roadside inspections, more than 150,000 comprehensive safety inspections of school buses, ambulettes and other large passenger vehicles. We also analyze and evaluate the condition of 3,500 miles of freight rail track annually. Increased support for these safety programs will remove vehicles from the roadways and railway operating with serious safety defects and enhance the safety of the traveling public.

Superstorm Sandy was the worst natural disaster to hit New York in decades, causing widespread devastation including the loss of life and catastrophic flooding that damaged homes, businesses and major transportation systems. While Sandy was the most damaging weather event to our State, there have been nine presidentially-declared disasters across New York within the past three years. From Long Island to Western New York, no area of the State has escaped the new normal of more frequent and more severe

extreme weather events.

On January 7th, Governor Cuomo, joined by Vice-President Biden, detailed a bold \$17 billion strategy to better protect New Yorkers from future extreme weather, including seeking \$486 million in Federal funds administered through DOT to replace or retrofit more than 100 scour critical and flood-prone bridges across the State. In addition to addressing bridges vulnerable to scour, the program will ensure critical ingress and egress for response and recovery efforts; integrate resiliency planning, protection and development approaches into our economic development decisions; and strengthen local communities.

Since coming into office, Governor Cuomo has made investments in infrastructure including significant new investments in transportation -- a cornerstone of the State's economic development blueprint. The NY Works Program is an example of the entrepreneurial model of government that is working for the people of New York. Through NY Works, DOT has accelerated hundreds of projects across the State, including repaving over 2,000 miles of roads and rehabilitating more than 110 bridges. To facilitate efficient infrastructure improvements, the Department has effectively employed alternative contract methods, namely Design-Build, Best Value and Pre-Qualification of Contractors. To achieve greater efficiency in the procurement process, DOT has also consolidated multiple projects under bundled regional contracts. In this short period of time, DOT has or is in the process of delivering 44 projects valued at

approximately \$1.1 billion. One good example that I might point out here is the replacement of the Hutchinson River Parkway bridge decks at Boston Post Road, one of 13 bridges in a Design-Build package. These decks, which carry 83,000 vehicles a day, were replaced in just five days.

The Department continues to look for innovative opportunities to partner with the transportation industry to better deliver public service. By utilizing these new construction techniques and materials, we are building better, safer and quicker. To ensure that our capital program is creating jobs and fostering economic development, I have directed the Department to accelerate the award of projects so that construction begins early each spring. We were missing almost half a construction season with the way we were awarding contracts before I implemented this measure this year. By accelerating the timing, we can take full advantage of the limited construction window in the Northeast. As a result, projects which would have been completed over two construction seasons are now delivered in one.

One of the most significant risks moving forward remains the continued uncertainty of future Federal funding for highways, bridges and transit. Federal aid comprises more than 40 percent of DOT's capital program. Based on current spending and trends nationwide, the U.S. Department of Transportation estimates that the Highway Account of the Highway Trust Fund will encounter a shortfall by August of 2014 and that the Mass Transit Account will

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encounter a similar shortfall before the end of the fiscal year on October 1st. Simply put, absent any action by Congress to address the solvency of the Highway Trust Fund, virtually all Federal Highway Trust Fund revenues will be spent to pay for prior year obligations, leaving little cash available to support new Federal funding commitments. Considering the magnitude of this situation and the potential impacts for New York, DOT will continue to work with our State's Congressional delegation to address this issue in Washington.

Last year, for the first time, DOT's MWBE utilization exceeded the Governor's 20 percent goal. We did this not only by ensuring that the MWBE goals were properly established for our contracts, but also by working with our industry partners to achieve success. We continue to improve participation by minority- and women-owned businesses on State contracts. Since Governor Cuomo announced his 20 percent goal in 2011, DOT has aggressively acted to meet this target. We have reviewed our business practices, ensured that procurements not only have the appropriate contract goals, but we encourage certified Disadvantaged Business Enterprises (DBEs) to seek dual certification as MWBEs. Many of these contracts are part of the Governor's NY Works Program that include a number of projects that have provided tremendous opportunities for our minority-, women-owned and disadvantaged businesses.

It is through the combined efforts of our prime contractors and prime consultants working together with DOT that has made the difference. DOT has encouraged these vendors to look

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harder for opportunities on each job and they have responded. We are fostering a culture of holding contractors accountable for making good-faith efforts to continue to utilize MWBE firms throughout the life of their contracts.

While we still have challenges ahead, DOT continues to build on success. In the three years since I have been Commissioner, DOT has worked hard to play a central role in the State's economic recovery and expansion, empower ingenuity innovation and demonstrate the impact an effective and responsive government agency can have on the lives of its residents. I am thankful for the dedication and the hard work of the men and women of DOT, and I greatly appreciate Governor Cuomo's leadership.

Thank you for your time, and I'm happy to respond to any questions you may have.

CHAIRMAN FARRELL: First to question, Chairman David Gantt.

CHAIRMAN DAVID GANTT: Yes, thank you. Thanks, Chairman Farrell. I'm very interested in the one thing you just talked about, and that's the MWBE participation. I heard you say there's a 20 percent factor. The question I have is, did we reach that?

COMMISSIONER MCDONALD: Yes. Our attainment last year was 23 percent and we did it in a number of ways. On State-funded projects we set targets at 20 percent and higher and the construction community met those targets. We continue to have workshops between our prime contractors and consultants and the

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MWBE firms to encourage those partnerships early on. We did meet that goal.

CHAIRMAN GANTT: Okay, because my information says that we have not met the goals and there are number of people who are my constituents who've been consistently complaining to me that we have not met those goals. So, that's what I ask the question.

COMMISSIONER MCDONALD: I will get you the details.

COMMISSIONER GANTT: I would be glad to have those. Thank you very much. I have several other questions I would like to ask and I will make it as quick as possible.

The Executive is proposing to make the 2011 Design-Build contract authorization permanent. In previous years, the Executive proposed the implementation of public-private partnerships and the first question I have is whether or not we saved any -- were there any revenue saved on those particular projects or whether or not we're barking up the wrong tree?

COMMISSIONER MCDONALD: The legislation which authorized Design-Build and Best Value, we have awarded approximately six contracts that have been completed to date, six to date throughout the State. We have realized savings on each one of those; a quick calculation in my head, approximately \$40 million. I will get you the details of those individual projects so you can see them.

CHAIRMAN GANTT: I would love to see those. This year we have a letting level of \$1.73 billion, and in the past I've questioned past commissioners on the fact that it's the way we calculate how we get to the \$1.73 billion because under the Pataki Administration those projects that may have not gotten let in the past election, they would then say, *Well, we're going to \$1.73-*, and then they would include those projects from the past year. The question I have for you is whether or not we're doing the same things under this Administration?

COMMISSIONER MCDONALD: We are not. As I mentioned in my testimony, one of the things that, as you said, I discovered when I got to the Department is that we were letting contracts in the fourth quarter of the fiscal year, partly for budget reasons, but partly because that had been the cycle. And we were missing an entire construction season because if you award a contract in March, by the time the contractor gets mobilized, you could miss two months. So, as I said in my testimony, we have made a huge effort to get those contracts awarded by the middle of February of each year. It's taken some time to get there, but this year we're doing it so that those contracts get awarded, so that the contractors and the men and women who work for the contractors can go to work as soon after April 1st is possible. There are some contracts that just lag because of right-of-way acquisitions and certain other things, but it's a much higher percentage that get awarded.

CHAIRMAN GANTT: I'm not so concerned about

the lag -- I am concerned about the lag, I shouldn't say that -- as much as I want to make sure that we save \$1.73- for this fiscal year and that we're actually letting contracts of that --

COMMISSIONER MCDONALD: Yes, we are.

CHAIRMAN GANTT: -- and then adding on the other portion.

COMMISSIONER MCDONALD: No. We're not doing that.

CHAIRMAN GANTT: Okay, fine.

In 2012, 6 percent of the highway lane miles were rated in good or excellent condition, and I think 50.4 percent of the bridge decks were in the same area. I've always had the question for the Commissioner, or whomever it is, are we making the condition of our bridges and roads better or are we standing at the same level? We used to put out a graph each year, and one year I pointed that out to the Commissioner and we haven't seen the graph since. So, my question to you is whether or not we're moving in the right direction in terms of our roads and bridges because nobody wants to see another Exit 28 in this State; at least, I hope.

COMMISSIONER MCDONALD: Yes. Let me start, first and foremost, that all of our bridges are safe. We have over 17,000 bridges and pavement miles and we are making investments that curtail the rate of deterioration. I will get you the condition ratings of both our pavement and our bridges that we update on a regular basis.

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CHAIRMAN GANTT: Okay. And MAP-21 is the new transportation program. That's a program you and I've talked about over the last few years. I guess we have a two-year agreement on that.

Now, they have some new conditions on their MAP moneys, as I understand it, being given to support a bicycle and pedestrian program. Quite often we hear from constituents that we aren't doing enough of that. I don't know what's happening anyplace else right now, but at least in Rochester and Monroe County, I see that we're doing those kinds of things. Is that something that we're doing across the State or are other people slacking off?

COMMISSIONER MCDONALD: Yes. The MAP-21 that was enacted in June of 2012 did make some changes to how Federal funding programs for bicycles and pedestrians are administered. They collapsed many of them, but just two weeks ago the Governor announced \$67 million in bicycle and pedestrian projects across the State and we will continue to integrate bicycle and pedestrian improvements into our roadway and bridge projects, and we're going to continue to do that across the State.

CHAIRMAN GANTT: Now, that was a two-year program. Where are we at in terms of the new program? Do you know? The Federal program?

COMMISSIONER MCDONALD: The Federal Highway is still in the process of finishing those regulations and how to collapse them, but that is something that we're monitoring very

closely.

CHAIRMAN GANTT: Is there something that we might be able to -- I always offer my help to you. You never take advantage of it, but that's fine, too. But, are we doing something to try and help them along so that the Northeast does not get misused in the process because I know it's always -- we are here with the MTA and all of that. I know over the past years that we've always had a problem trying to get people out in the west, in the middle west, to understand that it's important that transit receives a fair share of those dollars, and I'm not so sure where we are or whether or not we're working together with others to make those kinds of thing happen this year.

COMMISSIONER MCDONALD: We absolutely are. Just prior to the enactment of MAP-21, several states wanted to drop the mass transit account from the Highway Trust Fund, and New York and our Congressional delegation led the way to ensure that it remained as part of the Highway Trust Fund. New York leads the way in making investments in mass transit, more than 47 other states combined, and we will continue to lead the way and lead that charge for both roads and bridges and mass transit and bicycle and pedestrian improvements, which are a critical part of our network. But, you know, as Tom said and as I said, the Federal account is going to run out of money in August and the issues of paying for transportation overall is an issue that every state is grappling with right now.

CHAIRMAN GANTT: And the question I have for you is whether or not we're telling the public, in general, because I

know quite often I have these discussions with many of the people who come to my office and we talk about transportation and where we're going and how we're going to get there, and I'm always saying to them that I think money is short. I don't think any of us have any money today, whether it be the Feds or anywhere else. But, the question I have is whether or not we're informing individuals across this State that we have a real problem. Because from your comments and the previous person's comments, it seems as if we have a real problem. I don't want to be the one who always has to carry the message, but I think the message has to be carried so people don't get the wrong impression that we have money and we're going to fund projects when, in fact, we can't afford to fund them. I think somebody needs to say that.

COMMISSIONER MCDONALD: And I think it's a combination of things. I will echo, again, what Tom said, that the discussion about what funding sources are paid for transportation is a bigger dialogue. It's between the Legislature, the Congress, the Governor and the President. Our primary obligation is to make sure that we take those dollars and invest them efficiently, which is why procurement methods like Design-Build, allowing us to bundle 13 bridges to realize savings that we can then plug into another project, are critically important as we move things forward. We look at low-cost treatments to extend the useful life of our pavements and extend the useful life of our bridges, and we aren't doing the same massive infrastructure investment that we've done in the past. It's

making smart asset management investments.

CHAIRMAN GANTT: Chairman Farrell, let me just simply say to the Commissioner, thank you very much for coming today. I do have some other questions, but I think you and I will get an opportunity to talk about those. Thank you for doing the work that you've done so far.

COMMISSIONER MCDONALD: Thank you.

CHAIRMAN GANTT: Thank you, Chairman Farrell.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN DEFRANCISCO: Senator Ritchie, please.

SENATOR PATTY RITCHIE: Commissioner, I have just a couple of questions for you. The Governor included in his budget a feasibility study for I-98. Can you tell me what the study will encompass, what the timetable is and who is actually going to do the study?

COMMISSIONER MCDONALD: Yes. The Governor's budget includes between \$2.5- and \$3.5 million to take a relook at the corridor that runs along the northern part of the State and in Canada, which, as you know, is experiencing a renaissance in economic activity. So, what we're going to do is take a look at the earlier studies, the 2002 and 2006 studies, see some of the -- look at some of the suggestions that have been made for various interchange

improvements, look at some of the traffic and make a decision as to what investments would be good investments to make. That will include a fatal flaw analysis; that's some of the issues that were raised in the past studies. And we want to do it very quickly, so we are in the process right now of developing that scope and we will put it out to a quick bid for a consultant to come on board and do that analysis for us.

SENATOR RITCHIE: There has been some confusion as to whether it's going to be a comprehensive study or just a Canton-Potsdam bypass. Can you maybe clarify that?

COMMISSIONER MCDONALD: We haven't made that final decision, but I'm happy to have a further discussion with you and the elected officials from that part of the State to make sure we do it the correct way.

SENATOR RITCHIE: In Oswego County, I had written the Department a couple if times on some roads that were in need of repair and the DOT inspector agreed. One of them is Route 3 in the City of Fulton. That was in 2011 and it's still not slated. I understand that you have fiscal restraints, but State Route 69 in the Town of Parish originally was scheduled for 2004, backed up to 2013, and now it's expected to start in 2020 and be completed in 2022. So, considering we have no mass transit in the three counties that I represent, I'm just wondering how do you classify which projects take precedence over the other ones?

COMMISSIONER MCDONALD: Well, what we do

is we take a step back and we look at our infrastructure in totality and we look at the condition of our State road system, condition of our bridges and look at the best treatments to make in a priority area. We look at vehicles, the total number of vehicles, look at the condition of the road and make those investments accordingly. I will go back and take a look at these routes that you've mentioned to see if there's any way to accelerate them, but we have to hit those that are in the worst condition to make sure that they don't deteriorate any further.

SENATOR RITCHIE: Okay. And can you tell me if the Department has a line item for environmental remediation?

COMMISSIONER MCDONALD: We don't have a line item for remediation. If there's a remediation that's required as part of a contract, it would be either included in that individual contract or the support item -- that's right-of-way, engineering and environmental issues.

SENATOR RITCHIE: As I am sure you're aware, we have the issue in Alex Bay that's continued for a few years with the salt problem. So, I would hope that your Department would continue to work with me to make sure that we get some kind of completion to the ongoing problem with the water contamination there.

COMMISSIONER MCDONALD: Yes. We will do that.

SENATOR RITCHIE: Okay. And just one final question. Yesterday the Governor came out with an Executive Order on rail safety. This is something I know that has been important here

in Albany, but it's something that my district also has had problems with over the last few months. The Village of Canton, because CSX had upgraded its tracks, was increasing the speed through the village. It's a college town, and there's been several accidents. So, I'm asking if you would be willing to support the Governor -- our request asking the Governor to maybe broaden that scope and look at all rail safety across the State, including the rural areas.

COMMISSIONER MCDONALD: I don't believe the Executive Order was exclusive geographically, but we'll take a look at that. As you mentioned, the Governor believes the priority is safety of our rail and he's added additional money to the budget for us to have five additional inspectors to do the work that we need to do and we will do that in coordination with DEC and Homeland Security.

SENATOR RITCHIE: I would just be remiss in not closing with a thank you to your DOT workers. The three counties that I represent have had massive snowfall this year. I-81 was closed for a while. The snowplows were out in really inclement weather, doing the best job that was humanly possible. We just want to make sure that I say thank you to your workers for being out on the roads when it's dangerous and doing the best job possible. Many times when I tell my colleagues that we have feet of snow versus inches of snow, it's hard to imagine. But, they really do an amazing job of clearing the roads and keeping them safe, so please thank your workers:

COMMISSIONER MCDONALD: I appreciate that,

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and you're absolutely right. They do a fantastic job. Thank you.

SENATOR RITCHIE: Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Walter.

ASSEMBLYMAN RAYMOND W. WALTER:

Thank you, Chairman; thank you, Commissioner. I appreciate you being here. I also want to thank you very much for your investment and good work in the Village of Williamsville's "Picture Main Street" project. It's going great. Your Western office with Darrell Kaminski and the whole crew have been right there from the start, working with the Village to get this really important project moving. So, thank you.

Now to the bad part. Regarding funding equity for the Transit Authority, the NFTA continues to be short-changed. This past July, the Federal Transit Administration issued a Financial Condition and Capability report -- hopefully you had a chance to see that -- but some of the things that they said in the report, "The NFTA does not have the financial capacity to sustain existing services, is unlikely to meet its state of good repair needs over the next five years and lacks the financial capacity to complete the light rail vehicle project as currently scheduled." But they also said, quote, "The NFTA has managed its operations effectively and efficiently, but has been hampered by zero growth in the revenue sources used to provide operating assistance." What are we doing to improve the financial assistance going to the NFTA?

COMMISSIONER MCDONALD: Thank you for

that question. We are in conversations right now with the Federal Transit Administration and NFTA on that report. NFTA will see an increase of \$600,000 from the State in the Governor's proposed budget. As you heard from Chairman Prendergast, the challenges of transit systems across the State are there and we will continue to work with NFTA to make those changes that need to happen. But we think the \$600,000 that the Governor has included in his budget is a significant increase.

ASSEMBLYMAN WALTER: Well, it's quite short of that 5 percent increase that they were looking for, but it's not just a matter of investment in transit in general, it's a matter of fairness. And just to kind of give you an idea of what we're talking about, in the NFTA they get \$1.56 per trip and \$3.34 per rider mile in State support as compared to Rochester, which is \$1.77 and \$4.50; Albany, which is \$2.11 and \$3.51; and Syracuse, which is \$2.20 per trip and \$5.76 per rider mile. And one of the most egregious examples of the unfairness is \$52 million that goes to Westchester County bus system where they have virtually the same amount of buses as the NFTA and no light rail system which the NFTA operates, yet only \$45 million to the NFTA. Can you justify those discrepancies?

COMMISSIONER MCDONALD: I'm not going to do that right now, but I'm happy to sit down with you separately and walk through the individual transit authorities across the State and walk you through where some of those differences are.

ASSEMBLYMAN WALTER: Thank you. I

appreciate that.

CHAIRMAN FARRELL: Thank you.

Senator.

SENATOR DEFRANCISCO: The Ranking Member of the Transportation Committee of the Senate, Marty Dilan.

SENATOR DILAN: Thank you very much, Mr. Chairman. Good morning, Commissioner. I just want to follow up and review some of the responses you gave to Assemblyman Gantt with respect to the private partnership. I think you responded that you had six programs or six contracts on the list and that you have saved \$40 million. Has there been any project that has been completed of those six?

COMMISSIONER MCDONALD: First of all, I need to clarify. They are not public-private partnerships. We do not have the statutory authority to enter into public-private partnerships. These are six Design-Build projects that have been completed and are substantially complete, and right now the savings are approximately \$40 million over what the original project estimates were.

SENATOR DILAN: Okay. Where I was going with that was have we realized any time savings?

COMMISSIONER MCDONALD: Significant time savings. First of all, many of these projects weren't scheduled to be done until the 2014, '15 and '16 construction period. With the Governor's NY Works Program we accelerated them into 2012 and 2013. We bundled 42 projects, 42 bridge projects, into three contracts

which allowed the contractors to really plan how they did the work and really save two construction seasons. So, there have been significant time savings as well as budget savings.

SENATOR DILAN: Okay, thank you. Between, I believe, 2009-2010 there was a lot of discussion with respect to high-speed rail. President Obama, at that time, had talked about investing billions of dollars, and I believe that New York State did receive some funds and I think they received additional funds afterwards. There has been very little discussion lately about high-speed rail, so I have three questions with respect to that. The first one is the environmental impact study for high-speed rail and alternatives on the Empire Corridor was due on June 12th. Has that been completed or released yet?

COMMISSIONER MCDONALD: We're in the process right now of finalizing that draft environmental impact statement with the Federal Railway Administration and it will be released very soon.

SENATOR DILAN: A law was chaptered in October of 2010, creating the High-Speed Rail Planning Board. Did this board ever convene? Did it ever produce a report on high-speed rail?

COMMISSIONER MCDONALD: The High-Speed Rail Planning Board has not met under my tenure. I don't believe all of the members have been appointed.

SENATOR DILAN: Do you know what is preventing it from moving forward?

COMMISSIONER MCDONALD: Just as I said, that all of the members haven't been appointed, but I'm happy to check into it and follow up with you.

SENATOR DILAN: You'll get back to us?

COMMISSIONER MCDONALD: Yes.

SENATOR DILAN: Thank you. And, finally, you chaired the Northeast Corridor Advisory Commission until June 1st of last year. What progress has been made in implementing Amtrak's Northeast Corridor Master Plan?

COMMISSIONER MCDONALD: Legislation that was passed by the Congress back in 2008 or 2009 required the states to come up with a consolidated way and a uniform way for allocating costs for Amtrak, both on inner-city passenger rail and on the Northeast Corridor, on the high-speed rail corridor. New York State, like 18 other states, implemented its agreement with Amtrak on Section 209 back in September. We did that. That is for inner-city passenger rail from Albany up to -- from New York to Albany to Buffalo. The Northeast Corridor Commission, which runs from Washington, D.C. to Boston, is in the process right now of looking at the numbers and how to allocate costs among the states for improvements for high-speed rail in that corridor, and we've made a lot of progress.

SENATOR DILAN: Is there any communication with CSX or anyone with respect to high-speed rail in New York State? Is there a real effort or is it even possible to get it done here in

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New York State?

COMMISSIONER MCDONALD: A couple of points. We actually have a very strong agreement with CSX and Amtrak and New York State DOT for the corridor on the Hudson Line from Poughkeepsie up through Schenectady, where the State and Amtrak and CSX are going to be investing close to \$200 million in signal improvements, additional track between Albany and Schenectady. So, that is a very good relationship. In the corridor from Albany to Niagara Falls, CSX owns most of that right-of-way and they carry more than 100 freight trains a day. We need to work through with them on how to make sure that the compatibility between any Amtrak service high-speed rail doesn't negate the benefits of the freight traffic on that railroad.

SENATOR DILAN: Thank you very much, Mr. Chairman; Commissioner, thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman DenDekker.

ASSEMBLYMAN DENDEKKER: Thank you, Commissioner. I appreciate you being here and testifying today.

So, my question is, in the past five years, DOT's workforce has been reduced by over 13 percent. Ten years prior to that, it also decreased already 10 percent. So, in the past 15 years your workforce is down approximately 23 percent. That's almost a quarter of your entire workforce. Under your own testimony today you just talked about the new norm -- the new storms, the new hazards that we

face. One would think that in light of these new hazards that we're facing that we would be increasing our workforce to be better positioned to respond to those new types of hazards that we're facing. So, I have a real worry about the impact on road and bridge infrastructure maintenance, snow removal and salt spreading during the winter storms that we face. How do you address those concerns?

COMMISSIONER MCDONALD: DOT's workforce is 8,400 strong and, from my perspective, they are one of the best workforces in the State of New York. We have gone through some challenging weather events, and what we do is we demobilize and mobilize people from different parts of the State to assist. For example, on January 2nd and 3rd when we had a Statewide event, we looked at our entire workforce and we were still able to send 20 snow plows and 60 people from other parts of the State to assist on Long Island. Likewise, last summer when the Mohawk Valley was experiencing its heavy flooding, we sent close to 200 people and a couple hundred pieces of equipment from Long Island to the Hudson Valley and Western New York to assist there. So, we are doing just fine with the resources that we have and DOT employees continue to step up to the plate. I need to put a plug in for the equipment maintainers who do a fabulous job of making sure that the equipment is in top shape. But, we're doing very, very well with the resources that we have.

ASSEMBLYMAN DENDEKKER: But, again, let's just talk in the past five years; a 13 percent decrease in your

workforce. I know you're moving people around to a point that you're surviving and making the cut, but why are we decreasing the workforce so significantly in such a short period of time?

COMMISSIONER MCDONALD: I don't think we're just surviving. I think we are being smarter and more innovative and doing just what every other government agency and private company is doing. We are using our workforce smarter and better, and we are doing just fine with the employees that we have.

ASSEMBLYMAN DENDEKKER: I'll have no further questions other than just to say you were at almost 11,000 employees 15 years ago and now you're down to 8,400 employees. In the past, like I said, four years or four-and-a-half years, you've decreased the workforce by 13 percent. I'm very concerned about this. I think the agency should look to recoup its workforce and hire more workers to be able to respond to these types of disasters. Constantly shifting employees from one end of the State to another end of the State to try to compensate may work in some instances, but there are going to be events that are going to happen that are going to require -- or prevent those people from being able to be moved, and I think we're going to, in a matter of time, get caught short-handed and I don't think we should be managing our agencies under those circumstances, or our workforce that way.

SENATOR DEFRANCISCO: Thank you.

Senator Little.

SENATOR ELIZABETH LITTLE: Thank you.

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Thank you, Commissioner, for being here. Thank you, also, for being accessible and responsive to the many needs that I've had in my district with the two regional directors from Watertown as well as Albany. We've gotten a lot done replacing roads, widening roads and doing all kinds of good things. So, thank you very much.

You mentioned in your talk that you are seeking the \$486 million of Federal Sandy funds for these bridges. Could you estimate what your chances are? I know about 13 of them were scheduled in my district.

COMMISSIONER MCDONALD: We have been getting a very positive response from the Federal government. We are seeking funds from both HUD and FEMA to deal with these hundreds of what we call "scour critical bridges." We are moving ahead with the design so that when we get the Federal funds -- not IF we get the Federal funds -- we're ready to put the contracts out on the street.

SENATOR LITTLE: And that would be this season, do you think, this building season?

COMMISSIONER MCDONALD: If the Federal funds come through, we will get most of them out this season. And like we did with other bridges, we would bundle them geographically.

SENATOR LITTLE: You mentioned the bundling, and I have spoken to you about it. I would hope this time that we don't bundle quite as large bundles. You know, you end up with one big winner with a lot of projects. It would be better to bundle them in smaller bundles, if you would, please.

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The second thing is on the CHIPS funding, which very important to local governments. It is flat, but we know that their expenses are not flat. And the other thing I would like to point out is the need for more CHIPS money, particularly this year. In my area, when you have temperatures below zero, 22, 35 below zero -- you know, it was below zero last night and I'm not that far north, in Glens Falls -- and then the amount of water that we have, runoff and water and lakes and mountains and all that -- we have a tremendous amount of road buckling. And pothole season, which usually starts in March, has started in January in our area and I think that our local government is going to be really stretched if we can't find some kind of extra money to help them out with this CHIPS program.

And, third, a project that I've been working on for a number of years. It's actually an Upstate/Downstate project to put bicycles on the Amtrak line, where people could come out of New York City and put their bike on the train and get off in the Hudson Valley, in the Capital District. And, you know, certainly, Saratoga and my area are just tremendous places to get off and ride, all the way to Montreal. So, I started this about four years ago. It seemed like such a simple project -- put a baggage car on each end of the Amtrak train -- and it's become very complicated. But the last thing I heard was that because the run north in the State of New York is less than 500 miles, that New York State has to provide the funding for this. I know that you have scheduled \$54 million for Amtrak, passenger and freight rail, and I would hope that someplace in that \$54 million we could

work on getting this -- you know, and if you even tried it for a year, I think it would be extremely successful. I have one bicycle race in Cambridge, and they have several thousand bikers who come and 60 percent of them are from New York City. So, this would be really a boon to tourism in our area as well as helping people in New York City get north. So, if that's possible, I would love to have you look at that.

COMMISSIONER MCDONALD: I will take a look into that and have a conversation with Amtrak.

I do also want to emphasize that across the State, pothole season has hit sooner than it normally does and we have been repairing potholes across the State already, in addition to our local governments. That is going to be a stress on some of our budgets.

SENATOR LITTLE: Okay. And I thank you very much for your efforts.

COMMISSIONER MCDONALD: Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Brennan.

ASSEMBLYMAN BRENNAN: Good afternoon -- whoops, it's still "good morning." Pardon me, Commissioner McDonald. It's good to see you.

Are there any proposals for public-private partnerships in this budget?

COMMISSIONER MCDONALD: As far as I know, no. The Governor's budget includes an Article VII bill to make

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Design-Build permanent and extend it to local governments, but it does not include public-private partnerships.

ASSEMBLYMAN BRENNAN: No particular proposals?

COMMISSIONER MCDONALD: No.

ASSEMBLYMAN BRENNAN: Okay.

On to the Dedicated Highway and Bridge Trust Fund.

I take note of an increase in General Fund support to the Dedicated Highway and Bridge Trust Fund from \$401.9 million to \$673 million, almost a \$270 million increase. Can you explain that?

COMMISSIONER MCDONALD: Yes. That's to cover debt service of prior bond issues.

ASSEMBLYMAN BRENNAN: Well, I take note, if you'll accept subject to check, that the debt service increase this year is going up by \$60 million. So, that would only account for \$60- out of \$270 million.

COMMISSIONER MCDONALD: I will get you some of those details so we can sit down and show you where the money comes in and the money goes out for that debt service.

ASSEMBLYMAN BRENNAN: No, I understand. Okay. And, obviously, as the debt service continues to grow in relation to this Fund, the available cash for road construction will continue to decline. Do you have any proposals yet to address that problem?

COMMISSIONER MCDONALD: We do not have

any at this time.

ASSEMBLYMAN BRENNAN: And on to another problem. The sweep of MTA MTOA dedicated funds, dedicated taxes, is \$40 million this year, but the financial plan indicates a continued \$20 million sweep for several additional years. Isn't DOT and the Executive mindful of the fact that the MTA has to fund a -- I think Mr. Prendergast testified to a \$27- to \$29 billion capital plan just beginning next year? Wouldn't that continued sweep further limit their options in relation to funding their plan?

COMMISSIONER MCDONALD: I actually defer to my colleague, Mr. Prendergast, who was here before me.

ASSEMBLYMAN BRENNAN: To express his concern about that?

COMMISSIONER MCDONALD: You know, I think as both he said and I said in my testimony, the challenges of paying for transportation are real, and it is going to take a collaborative effort of the Congress to see where that funding comes from -- and the Legislature, the Governor -- as we both look at our next five-year plans, which begin next year.

ASSEMBLYMAN BRENNAN: Okay. Thank you.

CHAIRMAN FARRELL: Thank you.

SENATOR DEFRANCISCO: Senator Kennedy.

SENATOR TIMOTHY KENNEDY: Thank you, Commissioner. It's good to see you. I want to continue with questions regarding the NFTA. Instead of reiterating all the statistics that have

already been brought up, I do want to note some troubling trends that we're finding. When you take into account the vehicle miles, ridership, the NFTA remains underfunded by about \$8 million when compared to its counterparts across the State, which the NFTA Board of Directors have recognized as basic fairness to be funded at that level. Now, obviously we recognize that any increase is better than where we were before, but we're not where we need to be. With an \$8 million funding gap and \$600,000, we obviously have to do better than that. Can you just comment again on what the NFTA is doing in regard to making sure that this basic fairness is seen in Western New York? When you take into account the 6.5 million riders in 2011 on the Metro rail that are not even considered when the State Transit Operating Assistance Formula is considered, I think that I would like to hear your comments on that and what we can do to make it better.

COMMISSIONER MCDONALD: I'm happy to sit down with you. I haven't taken a look lately at the details in NFTA's budget, the revenue impacts, what they've done. I know they have been making huge efforts to cut down on their operating costs. I haven't done a really close look at their ridership and revenue and unfair impacts, but I'm happy to do that and then sit down with you and Assemblyman Walter and walk through some of those issues.

SENATOR KENNEDY: Well, certainly, time is of the essence. If we can have your commitment, maybe in the next couple of weeks while this budget process plays out, if we can recognize that these numbers and these statistics that are troubling and

trending in a way that we don't need them to be trending, that we can right-size that number and make the sharing more equitable, that would certainly be appreciated and unquestionably bump that number up.

COMMISSIONER MCDONALD: I'm happy to commit to take a look at the numbers and sit down and have that dialogue with you.

SENATOR KENNEDY: Great. Do you believe that the State should consider creating a separate funding source for Upstate transportation authorities with light rail or subway systems?

COMMISSIONER MCDONALD: You know, I think in today's world, the creation of more special revenue funds is not really the way to go. I think it's much better to stay exactly where we are, but I do think as we grapple with these funding issues overall on both the capital investment side and the operating subsidy side, everything should be on the table.

SENATOR KENNEDY: Thank you.

As far as the NFTA capital funds go, the NFTA has decided to refurbish its rail fleet, as you know, saving them \$65 million, this rail fleet that was from the 1980s. Instead of completely changing it over, they have decided to refurbish it. With that said, the NFTA requires an additional \$11 million to fully complete the project over the next several years, while the \$3 million in capital funding released last year helps to fund these kind of important needs. No additional capital funds have been slated to the NFTA this year. I

wanted to talk a little bit about the Dedicated Mass Transportation Trust Fund, where there's nearly \$80 million in capital funding through there that's yet to be released. As a result of not distributing these funds for the capital projects, you know, there's the potential for agencies like the NFTA and other Upstate agencies, in particular, to potentially have to cut funds, to cut routes that could potentially prevent people from going to work and going to school. It will have undoubtedly, if that happens, a detrimental impact on Western New York and the economy and, in particular, the district that I represent. So, I just want to know if the State will be providing a capital funding allocation to the NFTA this year for its capital needs in that regard.

COMMISSIONER MCDONALD: What we provide is the 10 percent match for funding, so we'll be happy to sit down with those specifics also.

SENATOR KENNEDY: Changing the subject to a different subject. Following the disaster last year in Quebec -- and it's been brought up already -- there was an increased focus on rail safety, not just in New York State but nationwide. I wanted to ask you about the Executive Order that the Governor issued yesterday on safety protocol and disaster preparedness related to crude oil shipped by rail, and I want to commend the Governor on doing just that.

In December, DOT 111 train carrying crude oil derailed in my district, just yards from family homes in the Town of Cheektowaga. Can you just shed some light on the scope of the review and any issues that you can expect this review to explore?

COMMISSIONER MCDONALD: Yes. I've got a copy of the Executive Order right here with me and, you know, as you're saying, the Governor places a high priority on rail safety and this transport of crude oil and other flammable components. So, he has directed the Department of Homeland Security, the Department of Environmental Conservation and DOT to very quickly take a look at what some of the shortcomings are and to work with our Federal partners. As you may be aware, Secretary Foxx, the U.S. DOT Secretary, met with both the Class 1 freight railroads and also the producers because this is an issue not only in New York State but across the country. But, the Governor has placed a high priority on our three agencies working together to identify what some of those issues are so that we are taking a proactive approach in concert with the Federal government.

SENATOR KENNEDY: Thank you. What resources can the State provide to communities located along railroads to ensure emergency preparedness, should another train derailment take place? As you know, Western New York and, again, in particular, my district represents a major rail interchange in our community, as well as internationally and we have communities that are built right along the rail system. Can you comment on that, please?

COMMISSIONER MCDONALD: Sure. While most of my discussion today when I talked about the nine presidentially-declared events have to deal with weather-related

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events, the Governor has placed a very high emphasis on emergency response, not just weather-related, but all emergency response. In his proposal to create a SUNY-CUNY College of Emergency Preparedness, he recognizes that citizens across this State need to be prepared for any event, and that is exactly what we're doing.

SENATOR KENNEDY: And I have one last question with the Executive Budget proposal, on a separate note. Making the Design-Build permanent and expanding it into counties and municipalities over 50,000, what measures are being taken to ensure Upstate contractors and local residents are getting the work?

COMMISSIONER MCDONALD: We've had a very healthy dialogue with all of our contractor's associations. In fact, just at the end of last week we announced our first Design-Build contract in Western New York that went to a local contractor. We share lessons learned. We have modified our policies and procedures to make sure that there are ample opportunities for all of our contractors across the State to participate for those projects we move forward.

SENATOR KENNEDY: And I commend you on that process. Projects are moving along quicker. People are going to work, and it's had a positive impact on our economy. Thank you.

CHAIRMAN FARRELL: Thank you, Senator.

Assemblyman Crespo.

ASSEMBLYMAN CRESPO: Thank you, Commissioner. How are you?

COMMISSIONER MCDONALD: Good. How are

you?

ASSEMBLYMAN CRESPO: Good. A couple of things I wanted to touch base with you on. Let me start by -- one of the last conversations that we had with Bronx Borough President Rubin Diaz, Jr. was regarding the discussions to create crosswalks across the Sheridan Expressway, connecting the growing community of West Farms in that section of the Bronx to Starlight Park, a tremendous project that took considerable time to complete but that now is available to the community. I just want to know if there's been any update. I know we have received word through some of the staff that the new Administration in the City of New York is pretty content with that project and it believes it to be something that should move forward. I just want to know if you have been able to touch base with the new Administration on moving that along, and where are we with the required deed certification in order to allow that to move forward?

COMMISSIONER MCDONALD: I haven't had a specific conversation with the new New York City DOT Commissioner, Polly Trottenberg. I think her first day was Monday of this week. We traded some e-mails after she was announced. I did have this on my list of agenda items, so we are going to take that proposal up very quickly, as I committed to both you and the Borough President.

ASSEMBLYMAN CRESPO: It's great to hear that.

Another project very close is the phase two of the Greenway, the Bronx River Greenway project. Have we made any

headway in discussions with Amtrak in order to move that along? So, the first part of the question is the conversations with Amtrak about the liability issue, and the second piece to that is the moneys that had been allocated in prior budgets that were swept up and are going to be needed in order to complete that and really bring about the potential that that project brings.

COMMISSIONER MCDONALD: We have not met with Amtrak and the City on this project lately, but we did have several conversations at the end of 2013 about the two Greenway projects. I think, as you're aware, New York State DOT has invested close to \$30 million and we've seen great benefit to the first phase of the Greenway. Now we just need to figure out, between the City and Amtrak, the phasing of the construction and how to fund it. I am committed to making that conversation happen and try to move that project along.

ASSEMBLYMAN CRESPO: I remain committed to working with you on that and I know that several of my colleagues in surrounding areas, as well. It's a project that's great. It's going to bring about a lot of opportunity and economic development and tourism and things and visits to the neighborhood.

And, lastly, but a very important issue is -- and you heard me earlier, I mentioned my appreciation for the Governor's commitment and the MTA's commitment to expand Metro-North access to the East Bronx. That's part of a bigger picture of addressing the very serious needs of the South Bronx, the Hunts Point

community, in particular, which I represent. And just to kind of paint a picture here, I mean, we have a -- it's a very distinct community. We have some of the highest unemployment. We have the highest asthma rates per capita. We still have very limited service in terms of mass transit and other opportunities, but we also -- and we're surrounded by highways, but, yet, there are serious issues with access and connections that make it work for the people who live in the community. We're home to the largest food distribution center in the country, but, yet, the surrounding community is still considered a food desert. These are some of the things that I mention, and I don't mention proudly. I think those are the things that I have a responsibility to help change in my efforts here in Albany. I know many of my colleagues feel the same way, whether it's on the City or Federal level to do what we can to change things along. And I'm very excited about the commitment that the Governor has made to look at investments that bring about economic development first and foremost, that improve the quality of life for people in communities. We've seen that commitment in, for example, the first round of the Regional Economic Councils where the majority of that money that went to the City allocation went to help keep that food distribution center in the South Bronx. That was something that we were extremely grateful for. We've also seen it now with this project to bring Metro-North stations, one of which would come to Hunts Point. However, over the last 20 years or so -- and you have been involved in some of those conversations, both in this role and prior roles, more so

than I have -- but you know about the greater conversation about the Bruckner-Sheridan Interchange and how to best serve the community. Tying that into your comments about post-Sandy recovery and the fact that that food distribution center sits on a floodplain, yet it has no direct access to highways, those 15,000 trucks that come in and out of that community are traveling through local roads in order to get to and from the food distribution center and then to the region where they serve two-thirds of the food supply for the region. So, it's imperative that we move along with projects that are going to create not just the vitality of the economic development that happens and create more jobs here, but also improve the quality of life and really save the next generation of residents of Hunts Point from all those respiratory ailments. And we can do that if we move forward with a project that has been pending, and that's the ramps, the proposed ramps off the Bruckner, with direct access to the industrial zone at Oak Point. I know you're familiar with that, and I know that in the past there was an EIS that was in the way that was abruptly ended by the State a couple of years back and they were looking at the feasibility of that project, the cost of that project. It was the one part of the greater conversation that everyone agreed with -- the business community, the environmental groups, the residents, the government at every level. We all agreed that those ramps need to happen in order to fully realize the potential for the neighborhood and to make all those other investments work. So, I think we're missing a tremendous opportunity. I was disappointed that in this budget we weren't putting

resources into an EIS to look at the feasibility of those ramps and move that project along. That could be done in a couple of ways. I know some of the groups projected it to cost \$10 million for the study. If you piggy-back off of the City study it could cost even less. Or, if you just simply reopened the old EIS and add a few updated information we could probably get to it at an even lower cost. But, the point is we need to move forward. I would like to know if any effort can be made to include something in this budget or to move that project along pretty soon.

COMMISSIONER MCDONALD: We'll be happy to go back and take a look at it. We did terminate the EIS, as you said, but terminating doesn't mean that we can't relook at it. And, as you recognize, we have many competing needs. I am very familiar with the Hunts Point area in my past experience and also strongly support the Metro-North stations. We will go back and take a look at whether there's anything we can do regarding the ramps, specifically, as opposed to the overall project.

ASSEMBLYMAN CRESPO: I just want to finish by reiterating the importance of this, both as it relates to the economic development needs of the neighborhood and to save our kids from another generation of respiratory ailments and asthma and other things. Also, as part of the Sandy recovery conversation. I mean, I think this project speaks to all of that very directly, and on behalf of my constituents, I just want to reiterate the sense of urgency to move this along, and hopefully we can do that in this budget.

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SENATOR DEFRANCISCO: Senator Savino.

CHAIRMAN FARRELL: Thank you.

SENATOR SAVINO: Thank you; thank you, Commissioner. Just to reiterate what Assemblyman DenDekker said, my concern, also, is about the size of the workforce. I'm happy to hear that they're 8,400 strong, but we know they're 8,400 young. I know that -- I have been concerned for a while about what we call "succession planning" in the State workforce. Our workforce is aging and we're not replacing them. That being said, another point about local contractors. Yes, you're doing much better on hiring local contractors but not enough to make sure that those local contractors hire local residents of the State. As you know, on the Staten Island Expressway project, the contractor is a New York City-based contractor but the majority of the workforce are coming from New Jersey and Pennsylvania. So, that's my editorial comment.

I want to switch, though, to a couple of projects. I'm not going to mention the Staten Island Expressway because I know my Assembly colleague, Mike Cusick, is going to talk about the Staten Island Expressway. I want to talk about the rest of the fate of that road, which is I-278, which connects most of us through the City of New York. So, on the other side of the Verrazano Bridge, we're still in the midst of that massive reconstruction project there on the Gowanus, which takes us into the BQE. Where are we in terms of completion of that project? Before it has to restart again, obviously?

COMMISSIONER MCDONALD: We are almost

100 percent complete with the Gowanus. I think we have one more contract left to let in 2015, and then we will be done with the Gowanus.

SENATOR SAVINO: Well, that's good news. A couple of years ago, before the economic collapse, there was also a proposal that DOT -- you were putting out a RFP for the replacement of the Kosciuszko Bridge because -- again, anything that happens in Senator Dilan's district eventually winds up at my doorstep on the other side of the Verrazano Bridge. The amount of traffic that's coming across that span, now exacerbated by, you know -- I guess gentrification is a good thing. So, Williamsburg and Greenpoint are very hot properties now, but it's creating tremendous backups back up onto I-278 from the Metropolitan Avenue exit. Are we at the point now where we're discussing again replacing the Kosciuszko or improving it?

COMMISSIONER MCDONALD: We are actually right now in the middle of the procurement phase of bringing a Design-Build contractor on to do the first phase and the demolition of the Kosciuszko Bridge, and because we're in the middle of that, I cannot give out any other information.

SENATOR SAVINO: That's fine, just to know that it's in the process. And that brings me to a third point. I think it was three or four years ago, there was the beginning of the first big project on the Staten Island Expressway. But we ran into a problem where we had New York City DOT doing work on one side of the Verrazano

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Bridge, the MTA was doing something on the Bridge and removing toll booths, and then the State DOT was doing work on the Brooklyn side of the Bridge, creating absolute gridlock across South Brooklyn and Staten Island. So, we were pushing very heavily for the idea of a transportation coordinator. And then, you know, things got a little bit better and then, of course, the economy tanked and some of the projects got put off, but we know that there's going to be a tremendous number of projects going forward. You have a new City DOT Commissioner, your Department and the MTA is going to begin the process of redecking the Verrazano Bridge shortly after the Staten Island Expressway project is done. So, what I'm hoping to hear is that there will be coordination between the City, State and Federal agencies so that we don't -- we can't create more road in a relatively short period of time, so we have to find a way to do the work so that it has the least disruption on the people who live along the roadway.

COMMISSIONER MCDONALD: You're absolutely correct. And you forgot to mention -- or maybe you did mention -- the Port Authority and the Goethals Bridge.

SENATOR SAVINO: Oh, yes. And the Bayonne Bridge and the Outerbridge.

COMMISSIONER MCDONALD: So, there is great coordination between the MTA, the Port Authority, New York State DOT. There was great coordination with the former City DOT. And, like I said, Polly started on Monday and we will have continued coordination on all of these projects because we do want to improve

the traffic flow through the Borough of Staten Island and southern Brooklyn.

SENATOR SAVINO: Yes, because if not, we drive Charlie O'Shea crazy, who, by the way, is doing a great job keeping us apprised.

Just two more quick points and then I'm done. A couple of years ago we had a discussion about the HOV lane on the new Staten Island Expressway. The previous one was only two-plus. We had requested that the new one be three-plus, and we're also requesting that it be open 24 hours a day as opposed to just during rush hour. So, we hope that that commitment is still there.

COMMISSIONER MCDONALD: It will be three-plus once all the construction is complete. I don't know if it's 24 hours, but we can absolutely take a look at that.

SENATOR SAVINO: We would really appreciate that.

And the final point is, because of all of the work that's going to be happening across the State, one of the things that I remain very concerned about, and a piece of legislation that I have passed more than once in the Senate, is on the Work Zone Safety Act. I really need the support of State DOT to help that bill get finally out of the Assembly. The Work Zone Safety bill that was passed in 2005, while it was a step in the right direction, has not really addressed the number of workers who are at risk, and drivers, quite frankly, who are at risk. So, we need to increase the penalties and we need to create the

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crime of vehicular homicide in a work zone, and I really would appreciate your support in helping to get that bill finally out of the Assembly.

COMMISSIONER MCDONALD: I'll take a look at the legislation and I'll reach out to you and we can discuss.

SENATOR SAVINO: Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Cusick.

ASSEMBLYMAN CUSICK: Thank you, Mr. Chairman. Thank you, Commissioner, for being here today. As the Senator mentioned, she basically gave my whole questioning. So, I'll just ask -- first, I would like to start off by thanking you and your staff, particularly your regional office, for the work that you did the last -- about two weeks ago with the pothole situation on the Staten Island Expressway and the emergency work that you did. I did not mind being stuck on the Goethals Bridge for a half-hour coming home from Albany that day because I knew exactly what was going on. So, I want to thank you for that.

The question I have on the Expressway is do we have a timeline on when the end date or close to the end date is for the construction? I know our constituents and our residents on Staten Island appreciate all the work, and seeing it develop into what it is now has been great so far. But, I think people are wearing thin and they would like to know when the project would be coming to an end.

COMMISSIONER MCDONALD: The Verrazano --

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the Staten Island Expressway from the Verrazano to Clove Road will be completed in the Spring of this year. And the bus HOV extension, which is in progress right now, to Victory Boulevard, will be completed in early 2015, which is when the three-plus HOV lane will take over.

ASSEMBLYMAN CUSICK: So, the projected time for the entire project is 2015?

COMMISSIONER MCDONALD: Early 2015, correct.

ASSEMBLYMAN CUSICK: Okay, great.

One other topic I wanted to talk about was the State DOT has control over the West Shore Expressway on Staten Island, and I mentioned to Tom Prendergast about the West Shore Rail Line and the study that we would like to have done. I don't know what agency would have the duty of doing that, but I know myself and the senators from Staten Island will be asking for some funding to look into the feasibility of a study for the West Shore Rail Line. So, we would love to have the support of State DOT in working on getting a study done.

COMMISSIONER MCDONALD: I'll be happy to talk to Tom about it and we'll continue to keep you apprised.

ASSEMBLYMAN CUSICK: Great. Thank you; thank you, Commissioner. Thank you, Mr. Chair.

CHAIRMAN DEFRANCISCO: Senator Krueger.

SENATOR KRUEGER: Thank you very much. The

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Tappan Zee Bridge, or New NY Bridge, how much do we have -- I'm sorry. How much revenue do we have for the full cost of the capital rebuild and what are we short?

COMMISSIONER MCDONALD: I would hate to punt, but that's under the jurisdiction of the Thruway Authority and Tom Madison, and I believe he's expected to testify after me. So, I'll defer that question to him.

SENATOR KRUEGER: A full capital plan proposal is due when for State DOT?

COMMISSIONER MCDONALD: Our current five-year capital program of \$17 billion expires on April 1st of 2015. We are in our last year. So, the MTA's capital plan is a calendar year, ours is the fiscal year. So, at the end of this calendar year you will be getting -- early next fiscal year you'll be getting DOT's five-year capital plan.

SENATOR KRUEGER: So, the MTA said that they expected theirs to be available around October. Is that a reasonable estimate for when yours also would be provided?

COMMISSIONER MCDONALD: Ours will most likely be a little bit later because, like I said, ours runs on the fiscal year and theirs run on the calendar year. So, I expect ours to be late 2014, early 2015, to coincide with the next fiscal year budget.

SENATOR KRUEGER: Thank you.

ASSEMBLYMAN OAKS: Assemblyman
Buchwald.

ASSEMBLYMAN BUCHWALD: Thank you very much. And my thanks to you, Commissioner. I know that you've -- I guess you've set a very careful balance because there are so many transportation priorities. I'm a big believer that our transportation infrastructure is at the heart of economic development for our State and that's, I'm sure, why you hear from my colleagues across the State on the variety of concerns that they have.

I want to first just begin by thanking you on a topic that we've discussed previously, which is making sure that the public has access to the information that DOT has. I've noted that the New York State Highway Bridge Data as of December 31, 2013 is already on the DOT website, and I want to commend you for that and any other initiatives that you do to make sure people understand the priority of projects that are put forth in New York State and, in particular, who they can turn to when they see a problem. I appreciate the work both your office and your regional offices do in being accessible, not just us who are legislators, but also to members of the public when they have concerns or questions.

Although you're welcome to comment on that broader transparency point, I had a question regarding the decision-making process when it comes to the funding of various transit agencies across our State. I wasn't planning to specifically defend Westchester County, but given that it was addressed, the disparity between different systems, you know, I was surprised that Westchester County was particularly pointed to. As I understand it, Westchester County's

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B-line bus system has received in the past years approximately \$10 million less each year than the largely equivalent Nassau County bus system and the disparities continue in the Executive's budget proposal. I recognize that that's despite the fact that more passengers travel on our system, and I'm sure that my colleagues from the Niagara Frontier Transportation Authority's region have their own sets of metrics that they use to calculate disparities. I don't begrudge them in the slightest, because I think it's important for all of us to advocate on behalf of our various constituencies. So, I'm not going directly ask why there's a disparity between Westchester and Nassau, which seem to be very comparable systems -- although you're certainly welcome to explain that -- but what I will ask is the broader transparency point which is, can you discuss what the metrics are that are used to determine transit allocations in New York State, whether it's the number of passengers, passenger miles, the current fare that passengers are paying, obviously to the extent that more fare revenue is being raised locally. That sometimes is an argument for a greater State match in recognition of that. But, I've certainly highlighted a couple of things, but I think if you can give a more comprehensive explanation, that would be very helpful.

COMMISSIONER MCDONALD: Each of the transit authorities across the State -- putting the MTA aside for a minute -- has their own operating authority, their own board. It goes through their process. They submit their plan to State DOT and we take a look. The overriding issue is the discrepancy between the

revenue that the fares create and the operating costs, and we try to, through the Operating Assistance Fund, plug that hole. But, it is really up to the individual operating authorities, whether it's NFTA, RGRTA, the B-line, to make those tough decisions on how their systems operate.

ASSEMBLYMAN BUCHWALD: So, if I could just follow up because there's one thing that is a little bit confusing about that answer. To the extent that a transit agency is successful in being able to increase ridership and be able to improve its service and serve more parts of its territory, things like that, is that transit agency, in some sense, punished by the fact that it might have less of a gap between what it's able to raise? So, if you can just clarify that aspect.

COMMISSIONER MCDONALD: No. We don't look at it that way at all. Again, we take the information that we get from the individual authority boards and take care of the deficit to the extent that we can.

ASSEMBLYMAN BUCHWALD: But to the extent that there might be a different deficit because good planning has been put in place and so forth, is that alone the right metric to be looking at?

COMMISSIONER MCDONALD: No. We really don't do a system-by-system comparison because each one of them is different. Each one of them sets their individual fares, and then we provide the funding that we provide through the formula.

ASSEMBLYMAN BUCHWALD: I appreciate the responses and, again, commend you and your colleagues in the

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Department for trying to at least shed light not just on the state of funding, but, just as importantly, the state of our infrastructure in the Empire State. Thank you very much.

CHAIRMAN DEFRANCISCO: Thank you,
Commissioner.

Just a couple of questions. First of all, mass transit Upstate, there's been some discussion about it and there is a disparity. Part of the problem, I see it as there's different funding sources for each of the systems and it's like comparing apples to oranges. And so, I guess what I'm looking for guidance from you -- and I'm sure we'll hear from people today who will give you additional guidance -- but to try to figure out what system would work to provide -- you know, how do we adjust how it's financed in order to make sure there's a sufficient amount of money to keep mass transit Upstate going? The subway hasn't gotten to Syracuse yet, so I think we've got to have something to get our people around in public transportation.

Secondly -- so, anything you can share with me would be helpful. The existing capital plan, are projects being let out according to the time schedule that you've prepared for existing capital projects?

COMMISSIONER MCDONALD: Yes, they are.

CHAIRMAN DEFRANCISCO: Okay. Could you give me a list of those? Maybe there are only a few that have not been let out in time, if there is any. I just want to get kind of a scorecard.

COMMISSIONER MCDONALD: Sure. What we

do is I get a monthly update. We do -- our lettings are traditionally every other Thursday. As I said, it's a fluid letting process. Our goal is to get all of the contracts let by the end of February so that the contractors can hit the ground running on April 1st, the middle of April, when the construction season really starts. So, the bulk of our lettings, looking back over this last fiscal year, were in the second and third quarters. But, I will be happy to get you a list of kind of where they all are.

CHAIRMAN DEFRANCISCO: Okay, great. And the study for the Canton-Potsdam Bypass in the North Country, how is that going to be paid for?

COMMISSIONER MCDONALD: We will pay for it out of our existing capital program dollars.

CHAIRMAN DEFRANCISCO: Okay.

Lastly, your favorite topic in Central New York, Route 81. There has been a lot of discussion, a lot of meetings, a lot of input from the community. And you know the position of virtually every legislator in Syracuse because we sent you a letter, and that is, whatever their solution is, you can't eliminate the interstate through Syracuse, cutting off the south and the north and, in fact, with 690 cutting off east and west. The Mayor had sent you a letter recently saying that there's little information as to what's going on. What I would like to know, really, is what is the timeline on this and, secondly, who is going to make the final decision after you get all of this input?

COMMISSIONER MCDONALD: Thank you, Senator. As you know, we've had -- as you said, we've had several meetings on this project, and it's not an easy project. It's not an easy challenge. There are the transportation issues because I-81 is an interstate. It connects from Pennsylvania all the way up to the Canadian border, but it also runs right down the middle of Syracuse, that two-mile stretch that we're addressing right now. But it's also a community issue and what impacts are the various alternatives having on the community. We completed a study which was done last July, and we looked at three alternatives: Keeping the viaduct but bringing it up to standard; having an at-grade boulevard; and having a tunnel as the interstate. That served as the basis for what we kicked off in November, the environmental review process. I know that you and several others have weighed in on what you believe is the option. The NEPA process, which is the Federal environmental process, whatever we do, we will be spending Federal dollars, whether it remains a viaduct, whether it's a boulevard or a tunnel, we have to follow the Federal NEPA process. We just concluded the public comment period on the 17th of January. I'm looking at those comments right now and we will be coming back out to the public in March with the results of some more detailed traffic analysis, primarily to address the issue that you raised, which is can the other networks sustain the traffic if it is not an elevated structure. And that we'll be bringing out in March and then we will quickly go through the NEPA process, which is about an 18-month process.

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CHAIRMAN DEFRANCISCO: Eighteen months?

COMMISSIONER MCDONALD: It's about an 18-month process. We try to compress it and we're doing everything that we can to compress it, but a lot of it will depend on, you know, as we've talked about before, is there consensus around one of the alternatives.

CHAIRMAN DEFRANCISCO: Okay. And who makes the final decision?

COMMISSIONER MCDONALD: The final decision, the record of decision is done by the Federal government, Federal Highway, in consultation with New York State DOT.

CHAIRMAN DEFRANCISCO: So, the Federal Transportation Administration? Are you saying the Feds are going to make the ultimate decision?

COMMISSIONER MCDONALD: They issue what is called a "Record of Decision," which will say this is the project that's scheduled to move forward and then it will go into design and construction.

CHAIRMAN DEFRANCISCO: So, the State can provide input, but they're not going to make the final decision?

COMMISSIONER MCDONALD: We are partners in that decision.

CHAIRMAN DEFRANCISCO: All right. So, it's a joint decision between who from the State and the Federal government?

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COMMISSIONER MCDONALD: The State, it's the Department of Transportation.

CHAIRMAN DEFRANCISCO: All right. So, it's you or, obviously, the Governor and someone from the Federal Transportation -- what's it, Authority? Federal Transportation --

COMMISSIONER MCDONALD: It's the Federal Highway Administration.

CHAIRMAN DEFRANCISCO: The Highway Administration.

COMMISSIONER MCDONALD: But, again, it's with all the input from the communities and such, elected officials, businesses, etc.

CHAIRMAN DEFRANCISCO: So, realistically we're talking a couple years off now.

COMMISSIONER MCDONALD: For construction to start we, you know --

CHAIRMAN DEFRANCISCO: No, for a decision to be made.

COMMISSIONER MCDONALD: Eighteen months is a year-and-a half.

CHAIRMAN DEFRANCISCO: Okay. And since I'm the last one, I'll go over a little. It's my second time. But with respect to -- you said the three choices are a boulevard, a viaduct, a raised viaduct, or a tunnel. I think there's another choice, really, and that is a depressed highway with bridges over it. I wouldn't think it

would be as expensive as a tunnel. We have that system on the northern part of the City of Syracuse already, and the world has not come to an end and the neighborhoods have not crumbled. So, I think that should be seriously considered as possibly a less costly way to do it.

COMMISSIONER MCDONALD: Which is kind of a hybrid of the structure and the boulevard.

CHAIRMAN DEFRANCISCO: Right. And my guess is, if it can be designed, you will have a lot of support from the many different people. That's just my experience in listening and talking to people. So, I would appreciate that being given serious consideration.

COMMISSIONER MCDONALD: And I appreciate your input because it does require some good constructive dialogue.

CHAIRMAN DEFRANCISCO: Right. And the number of people, both Republican and Democratic legislators, that signed that letter -- and I can get more from the north and the south and the east and the west -- they know their communities. And to get anybody, this whole group to agree on anything is absolutely amazing. So, that's why I would think that this is a solution that you really should seriously consider.

COMMISSIONER MCDONALD: And to the timetable of getting to the record of decision, if we can winnow it -- the sooner we winnow it down and get to that, the faster we can move it because the other alternatives drop off the table.

CHAIRMAN DEFRANCISCO: And the last thing -- I just thought about it. I met with the new Chancellor -- actually, before he was actually the new Chancellor -- and this is not saying anything out of the scope, but he said one of the big issues that he hears most about is Route 81 as he goes throughout the community. I asked him what his position was on it because there's clearly a perception out there that this is strongly University-driven. He said he has not made up his mind, he has really not considered it yet, and I suggested very strongly that he look at all of the issues because maybe he could be part of some hybrid solution and everybody goes their merry way, north and south on 81 for decades to come. Thank you.

COMMISSIONER MCDONALD: Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Oaks.

ASSEMBLYMAN OAKS: Thank you, Commissioner. It's interesting today. I know there's been a bit of discussion on transportation authorities, and we all have our own concerns. Dave McDonough, the Ranker on Transportation, wasn't able to be with us today. He's a Nassau person and, obviously, that was something key on his mind as well. So, I just wanted to share that.

In the list of the bridges that came out for -- that would provide some support or changes or replacement with some of the Hurricane Sandy Recovery Fund, that list is out there. Obviously, different people have different perspectives depending on where they

came from. The criteria around that, how were they determined to make that list or ones that didn't?

COMMISSIONER MCDONALD: The engineers at DOT looked at the universe of bridges that have been affected by scour -- which are bridges over water -- where the extent of the water, the speed of the water has deteriorated, some of those -- or has the potential to deteriorate. So, this is -- we looked at those bridges that were most what we call "scour critical" and how we could rebuild them in a way that would make them more resilient. So, that was the criteria that we used. I must reiterate that all of these bridges are safe, but when we look at things differently now, whether it be Sandy, Irene, Lee, just the normal changes in weather, we're looking at resiliency and how we can -- when it comes time to rebuild these bridges, we can make them more resilient.

ASSEMBLYMAN OAKS: And the final selection. Obviously, you did that so within criteria process and then the final selection was made how?

COMMISSIONER MCDONALD: The way we do our capital planning process is the engineers take a look at the bridges -- it comes up through the Executive Committee, which is myself, Phil Eng, the Chief Bridge Engineer, and Executive Deputy Rod Sechrist, our Assistant Commissioner for Maintenance, and we take a look at the bridges and these were the top 100 that needed to be addressed.

ASSEMBLYMAN OAKS: Thank you, Commissioner. One of the things in the budget proposal I see is the

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CHIPS and Marchiselli funds going on budget. Could you just give thoughts around how that's going to be beneficial to the local municipalities just in their financial planning?

COMMISSIONER MCDONALD: Yes. We work very closely with the county highway superintendents and the municipalities across this State, and one of the areas that we are working with them on is MAP-21 hurt them with Federal formula funding, and we know that CHIPS and Marchiselli is a good way to help fund some of those shortfalls that they were getting before in the Federal funds and it will be put to good use by all the local governments.

ASSEMBLYMAN OAKS: Thank you, Commissioner.

CHAIRMAN FARRELL: Thank you.
Assemblyman Gantt to close.

ASSEMBLYMAN GANTT: Thank you, Commissioner. I'm going to put in my beg now for that which I think is important to at least Rochester and Monroe County. As you know, we've had several meetings around Kendrick Road or 390, and the question is -- because we keep getting different information. Sometimes we get information saying that all five phases are there and then other times we get information that says it isn't there. The question to you is, and to the Governor or whomever is, are there five phases there or are they not there? And if they are there, when are we going to be able to finish that? As you know, the University of

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Rochester, with its new construction over there, is doing something and Costco is coming in. So, it's important to that community, given Kodak is now gone and Xerox is struggling, that we get this project off and going as quickly as possible.

COMMISSIONER MCDONALD: All five phases are there. The Kendrick Road is complete. It was a Design-Build project. For the bridge rehab and the interchange ramp, there's a second phase, the 390 interchange improvements. They're in the procurement process right now. I don't know if that brings us two or three, but all five phases are in our program and will be completed.

ASSEMBLYMAN GANTT: And do you have any idea when that's going to be complete?

COMMISSIONER MCDONALD: I only have those two phases with me, but I will very quickly get you the other remaining pieces.

ASSEMBLYMAN GANTT: I would appreciate it, because the University is concerned and so are a number of other community people.

Thank you, Mr. Chairman.

CHAIRMAN FARRELL: Thank you.

Mr. Skoufis to close.

ASSEMBLYMAN SKOUFIS: Thank you, Mr. Chairman, and thank you, Commissioner. I first want to thank your Region 8 staff. They're on my speed dial and they've been helpful on a number of local issues.

I want to first talk about a local project that certainly has a regional impact, and that is the Exit 131 project which, as you probably know, is the interchange upgrade for Routes 17, 32 and the 87 area in front of Woodbury Common. You know, this isn't just a constituent concern. I actually happen to live in Woodbury, so I live in the mayhem that is that interchange basically every day. I guess my first question is do you see this project as a regional or a Statewide priority project at the DOT?

COMMISSIONER MCDONALD: I think this project is a critical project, both from an economic development standpoint and a transportation standpoint. We've had many conversations with the developers at Woodbury Common and also with the town and the county, in trying to figure out a way that we can advance some improvements at that interchange to relieve the congestion. It's congested to get to Woodbury Common. It's a primary thoroughfare to the Catskills, and with the casino issues that are coming up, the casino sitings, we need to take a look, a hard look at that interchange again.

ASSEMBLYMAN SKOUFIS: And not just the casinos, but also the --

COMMISSIONER MCDONALD: The tourism.

ASSEMBLYMAN SKOUFIS: -- \$170 million expansion that Woodbury Common is currently undergoing.

COMMISSIONER MCDONALD: Exactly.

ASSEMBLYMAN SKOUFIS: So, I'm glad to hear

that. I was on the town board, so I was part of some of those discussions. You know, early last year I requested a meeting with you to discuss this project. I didn't hear back, so I would love to follow up at some point after this to advocate for my next point, which is the concern that this project was supposed to start last year and it was postponed until 2017 at the earliest, who knows, even later than that, possibly. Given the, as even you said, the critical nature of this project, why was this postponed for four-plus years?

COMMISSIONER MCDONALD: It was postponed because right now we don't have the funding in place to do everything that we want, and the focus is on asset management and getting our infrastructure to a state of good repair. We are continuing to look at ways that we can make investments in transportation that benefit sustainability and economic development, and we continue to look for ways that we can fund this project.

ASSEMBLYMAN SKOUFIS: That was my understanding as well. I just wanted to confirm that funding was the issue. You know, it's become very frustrating for not just Woodbury, but also many of the other surrounding communities that use that interchange. And you brought up earlier in your testimony and last week \$67 million for sidewalks and bike paths and we can't find money for this critical interchange. You know, as you can imagine, that becomes very frustrating to see for my constituents and myself. So, I do hope that you really do revisit this and make every effort to find the funding. My understanding is that this is a phase project, so

possibly even to find funding for the first phase of the project to get it started as soon as possible, given the circumstances. And, again, I would be happy to work with you and speak with whoever we might need to speak with in the Executive Chamber or whoever else.

My second, unrelated, question is a continuation of Mr. DenDekker's comments from earlier about the workforce reduction at DOT. You mentioned that, I guess, as needed, you've been moving employees and equipment from one area of the State to the other to cover what might be manpower shortfalls or whatever it might be. What is the scope and frequency of that happening?

COMMISSIONER MCDONALD: During my tenure, we first moved resources in response to Irene and Lee. We have moved resources in response to Sandy. We have moved resources in response to Nemo, in response to the Mohawk Valley flooding, and everybody at DOT, we're always reassessing what the workforce needs are and we continue to be respondent to all of those events.

ASSEMBLYMAN SKOUFIS: Okay. So, it's fair to say that it's happened multiple times per year in the last few years?

COMMISSIONER MCDONALD: It has happened multiple times, and I believe it is a very efficient use of our workforce and I am proud when they go to different parts of the State on behalf of their fellow citizens.

ASSEMBLYMAN SKOUFIS: And, again, I thank your employees for the hard work that they do. There's no overstating

that. When that happens, what is the associated cost to move all that equipment and manpower? You know, are there hotel stays? I imagine that there are many associated costs with moving what I would imagine is a sizeable workforce from one area of the State to the other.

COMMISSIONER MCDONALD: It is really a logistics marvel. We have people -- each one of our regions has what we call an "Incident Command Response Team," and people take on responsibilities. For example, in Long Island, the Long Island folks make sure that there are hotel rooms. We make sure, in conversations with both the Thruway Authority and the MTA, that there is passage on the roads and bridges for our people and equipment. It's very well-planned and very well-executed.

ASSEMBLYMAN SKOUFIS: Has there been any recent cost-benefit analysis, for example, moving the workforce multiple times per year for these storms versus hiring more employees in the regions that they are moved to?

COMMISSIONER MCDONALD: We haven't done any recently, no.

ASSEMBLYMAN SKOUFIS: Okay. Perhaps that's something to also revisit. Thank you.

CHAIRMAN FARRELL: Thank you very much.

By the way, how is my bridge going?

COMMISSIONER MCDONALD: Your bridge is going very, very well. And along with Assemblyman Crespo's, it's at

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the top of the list of items that I'm going to discuss with the new City DOT Commissioner.

CHAIRMAN FARRELL: Have you got to Amtrak yet?

COMMISSIONER MCDONALD: Yes. We're discussing it with them, too.

CHAIRMAN FARRELL: Okay, because that was the problem, and the Arts Council --

COMMISSIONER MCDONALD: The Historic Preservation and Arts Council. We'll make it happen.

CHAIRMAN FARRELL: Thank you very much.

CHAIRMAN DEFRANCISCO: Thank you.

CHAIRMAN FARRELL: Barbara Fiala, Commissioner, New York State Department of Motor Vehicles, 11:00 a.m.

CHAIRMAN DEFRANCISCO: Whenever you're ready.

COMMISSIONER BARBARA FIALA: Thank you. Good afternoon. Thank you, Chairperson DeFrancisco, Chairperson Farrell. I --

CHAIRMAN DEFRANCISCO: If you could move it up.

(Microphone adjusted)

COMMISSIONER FIALA: Okay. Can you hear me?

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CHAIRMAN FARRELL: No.

CHAIRMAN DEFRANCISCO: Could you move it closer to you?

COMMISSIONER FIALA: Okay. I've never been accused of being quiet.

(Microphone adjusted)

There it is. Now, we've got it.

CHAIRMAN DEFRANCISCO: Now, we've got you.

COMMISSIONER FIALA: Thank you.

Good afternoon, again. Thank you, Chairperson DeFrancisco, Chairperson Farrell, Chairperson Gantt and other members of the Legislature for inviting me here today. I am Barbara Fiala, the Commissioner of the Department of Motor Vehicles. I am pleased to have the opportunity to address you and answer any questions you may have regarding the Department of Motor Vehicle Fiscal Year 2014 and '15 Executive Budget as it applies to our agency.

Governor's Cuomo's Executive Budget plan allows DMV to build on the progress made over the past three years. It provides \$318 million for DMV, which will enable us to continue our efforts to improve overall customer service, promote traffic safety and protect consumers.

For the year 2014-15, revenue collections from all transactions are projected to collect -- or total -- more than \$1.7 billion. We will perform more than 28 million transactions, including

over five million internet transactions, many completed through MyDMV, DMV's personalized web portal.

Over the past three years, DMV has continued our efforts to make New York State's roadways among the safest in the nation. In 2013, new laws to address distracted driving have resulted in over 207,000 tickets issued for cell phone violations, and over 55 tickets issued for texting while driving. In addition to implementing legislation that imposes tougher penalties on distracted driving, the Department has promulgated regulations establishing stringent review standards for those whose licenses have been revoked for multiple alcohol- or drug-related driving convictions. DMV has also imposed ignition interlock device requirements for those drivers being re-licensed who had multiple chemical test refusals or alcohol- and/or drug-related driving convictions on their driving history.

DMV has also focused upon improving customer service by modernizing our computer systems, other technologies, and providing increased options for customers to complete transactions online. We also developed an online and in-office automated process for voter registration, making it easier and more convenient for the citizens of this State to register to vote.

The Department of Motor Vehicles' website receives more than 14 million hits per year. To improve our service, DMV will soon be launching a new, modern, dynamic and easy-to-use website that would also allow access via mobile devices including smart phones and tablets, helping to eliminate the need for hundreds of

thousands of office visits and calls each year.

In conjunction with the new website, we have implemented a Vision Registry that partners with more than a thousand pharmacies, grocery chains, American Automobile Association outlets, local opticians and other private-sector businesses. The Vision Registry also allows the mandatory vision screening to be performed outside of the DMV office and have the results posted to the motorist's license record in realtime, giving customers the convenience of performing a license renewal transaction online rather than to visit an office.

In addition, the Department's new web-based systems, our transitional office operations, are being made more customer-friendly. New queuing systems have now been installed in all State-issuing offices to more efficiently manage customer flow. This new system also allows customers to go online to make reservations and then show up at a scheduled time, eliminating prolonged wait times for our customers. The reservation system is now available in all 27 State-operated DMV offices.

We have also installed 24 kiosks in our Downstate offices, including one which is available outside normal DMV business hours in the Atlantic Center -- the Atlantic Center Mall in Brooklyn. Currently, our kiosks enable customers to renew or replace their driver's license or vehicle registration, order driver's license abstracts, change their address and register to vote. To date, more than 155,000 transactions have been processed at our kiosks. In the

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coming fiscal year, we will be adding additional kiosk transactions.

DMV has also piloted expanded office hours and Saturday hours during the past year. Based upon the success of the expanded-hour pilot, DMV will continue to offer expanded office hours in three offices -- Yonkers, Herald Square and Massapequa -- from 8:00 a.m. to 6:00 p.m., Monday through Friday.

A cornerstone of our customer service initiatives is our customer service training program. This program will result in a comprehensive training curriculum utilizing best practices from the private sector that will be integrated in all DMV functions. This training began in September of 2013 and will continue to evolve and result in continuous training for all employees to keep premier customer service a primary focus in the DMV.

The DMV is also partnering with the Department of Environmental Conservation and Office of Parks, Recreation and Historic Preservation to issue Adventure licenses so that New Yorkers will be able to carry a single document that shows proof of their driving privileges and recreational and sporting licenses, permits and certificates.

To better prepare New York to cope with emergencies, DMV is also partnering with the Department of Homeland Security and the Department of Corrections and Community Supervision to issue Emergency Management plates to clearly identify first responders and other emergency personnel.

Through the Governor's Traffic and Safety

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Committee, DMV will continue its outstanding traffic safety initiatives that have made New York roadways among the safest in the nation. DMV will receive more than \$39 million in Federal funds. In addition, we will continue activities designed to crack down on impaired driving, the enforcement of laws against texting and cell phone use, as well as continuing to promote seatbelt and car seat use. As a part of this Executive Budget proposed, announced last week, the Governor has proposed tough new legislation on these issues, which would increase sanctions imposed against drivers who pose the greatest highway safety risks -- recidivist drunk drivers and young people who continue to text while driving.

Moving forward, DMV will continue to be innovative, striving to redesign and realign our procedures to maintain a high level of customer service. We remain strongly committed to our core mission to serve the citizens of New York.

Once again, I thank you for this opportunity and welcome any questions as it might pertain to DMV and our plans to serve the people of New York.

CHAIRMAN FARRELL: Thank you very much.
Mr. DenDekker.

ASSEMBLYMAN DENDEKKER: Thank you, Commissioner. As you know, DMV is one of my favorite State agencies, and I appreciate all of the new innovative projects you've been working on. Like the last agency, though, I need to talk to you about workforce reductions; 21 percent in the past five years, and 35

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percent of your workforce has been cut in the past 15 years. I know a lot of it is technology-based. By coming up with new ways for people being able to do things online, there's less people going actually into the DMV office, and that at least seems to be handling some of it. Are you concerned about these significant cuts in the workforce, though?

COMMISSIONER FIALA: Well, we've been able to -- you've hit it when you said "technology." I think DMV has been really strong in looking at technology. Our kiosks, queuing system, expanded hours, it's all part of our plan to -- smartphone use -- and technology has been a key to address this. We have a very committed workforce, and the goal is to reduce wait time, and with our answering machine -- with our call center improvement, our goal is to be able to do 80 percent within five minutes. So, it is technology-driven. We are making progress, a lot of progress in the wait time. That is very important and is something that we continuously look at.

ASSEMBLYMAN DENDEKKER: I understand that. In this budget, again, it's calling for another decrease in your full-time employees, I believe 10, as well as significant decreases in the operational aspects of funding for your agency. Sixteen percent of your funding is going to be cut in the Operations section. How are you going to make up these shortfalls? You're losing more workers again, and now you're also going to lose more operating money.

COMMISSIONER FIALA: We -- as I said, we've looked at every aspect of our operation, and a committed workforce, and the wait time has decreased, so we have really utilized what we

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have to the best -- cross-training is what we've done, so if there's a shortage in one area, we can make it up in the other. But it's really all about trying to get people that don't want to come in the office to be able to use the computer, more transactions on the computer, and we look to even do it further. The kiosks have been a great help. I was in a Downstate office two days ago, and it's very, very popular. So, certainly, our goal is to make sure that our customers are taken care of in a timely manner, and we look at every aspect of our department and how we can expedite that and use technology to our advantage.

ASSEMBLYMAN DENDEKKER: I agree, and you're doing a great job. What concerns me is that we're going to have a loss of diminishing returns. We're going to reach a point where we are going to start to see increases. And I don't want that, because the Department, since I was a child, has made a complete turnaround. The wait times, like you say, are great, the kiosk is great, the online stuff that you have is working fantastically. I just don't want to see the continuous decreasing of the workforce to a point where it's going to be a completely automated system and there will be no people to talk to anymore.

The other thing I wanted to talk to you about is the Clean Pass program.

COMMISSIONER FIALA: I'm sorry?

ASSEMBLYMAN DENDEKKER: Clean Pass, which is the stickers that we put on cars that are efficient to drive in HOV lanes. It's through your agency that we get these stickers. What

you're supposed to do is, if you have a car that qualifies, you send us four stickers, and we're to put two of them on the right rear of the car, one on the bumper and one on the side of the bumper, and then the same on the front. This then allows that vehicle to ride in an HOV lane because it's so fuel-efficient. I think that's a great program. It encourages more people to have fuel-efficient cars. I love that because I have two hybrids. What I do not like about the program, and that's what I want to discuss with you, is the idea of having the stickers. The average cost of the car right now is somewhere in the vicinity of \$20- to \$25- or \$30,000, and we don't have chrome bumpers anymore, we have painted bumpers. So, to affix these stickers on four different portions of a bumper, two on the front and two in the back, is a problem because it's going to actually damage the vehicle. Especially if you have a leased vehicle and you're going to return it, because the next person that wants to buy the car maybe doesn't want to buy it with these stickers all over it. My advice to you would be, as you're coming out with a first responder license plate, come out with a license plate for a vehicle that is fuel efficient, that, therefore, wouldn't need to have the stickers, and it could still be able to ride in the HOV lane. I can understand that you do have issues with transferring plates from one vehicle to another, so if we need to help you on a legislative basis, maybe we could put something in that if you apply for that particular plate, you cannot transfer it to another vehicle unless it meets the criteria to be able to be transferred. Something to think about --

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COMMISSIONER FIALA: Okay.

ASSEMBLYMAN DENDEKKER: -- because there are a lot of vehicles that are qualified to get these stickers, Clean Pass stickers, but the owners of the vehicles don't want to affix them all over their vehicles.

COMMISSIONER FIALA: Thank you. We certainly will look at that.

ASSEMBLYMAN DENDEKKER: Thank you very much.

COMMISSIONER FIALA: Thank you.

CHAIRMAN FARRELL: Senator --

ASSEMBLYMAN DENDEKKER: Once again, I appreciate everything you're doing with DMV.

CHAIRMAN DEFRANCISCO: Thank you. I'm really concerned about that last proposal because the sticker person would lose his job if they got rid of the stickers.

(Laughter)

CHAIRMAN FARRELL: See, you're getting rid of people again.

CHAIRMAN DEFRANCISCO: Now, I just want to make a comment. I think you're doing a phenomenal job. To make -- just about every group that comes in here is looking for more money to get their job done. You're able to keep absorbing these cuts because you're being innovative, you're acting efficiently, and you're giving people what they want -- online service. And the wait lines are totally

different than they've ever been. You've done a really terrific job; such a terrific job, I thought you were originally from Onondaga County, not Broome County.

(Laughter)

I also got my new license. Not only does it have a --

it got rid of my high school photograph that was on here, but it has all kinds of valuable information in one place -- the veteran information, the fact that I'm an organ donor, and the like. This is a valuable piece of -- a valuable item that I keep in my wallet that could -- that saves a lot of time and effort for people, and it gives information that people should know if there's an accident or whatever. So, it's an excellent, excellent system you've got, and you're doing a wonderful job.

COMMISSIONER FIALA: Thank you, Senator.

CHAIRMAN FARRELL: Thank you.

Assemblyman Gantt.

ASSEMBLYMAN GANTT: Thank you; thank you very much, Commissioner, for giving us your time today. I think I'll start out with the easy question. Can you tell me when the Department will be putting a State facility in the City of Rochester?

COMMISSIONER FIALA: Oh, the facility in Rochester.

ASSEMBLYMAN GANTT: Yes.

COMMISSIONER FIALA: The question?

ASSEMBLYMAN GANTT: That's the question.

COMMISSIONER FIALA: You know, that was

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before my time, and I really don't have a lot of history pertaining to that.

ASSEMBLYMAN GANTT: Well, let me just give you a history. The people in my district have to go to a suburban town and many of them don't have cars at the time, and in many cases it would take them three to four hours, plus a bus ride. So, you're talking about probably a six-hour thing when, in fact, if it was even in the City where 60,000 people come from the suburbs every day and take care of their own stuff -- and we used to have one there in the center of the City -- it can be done in less than an hour.

COMMISSIONER FIALA: Assemblyman, I understand and I know that you and I have had this conversation. I am willing to continue to look at it, put it together as far as how big the office -- I don't have a lot of history as far as the size, the cost, the demographics, or even why it was closed. It was --

ASSEMBLYMAN GANTT: I can tell you why it was closed. It was strictly political. That one was closed, and Johnson's was closed on Long Island. They kept mine closed and they reopened Johnson's. So, I'm really bothered by it and have been for years. And we've put in monies each year, okay, to try and get a station that was opened up in the City of Rochester so the people in my district can get service.

COMMISSIONER FIALA: Assemblyman, I can tell you under this Administration, no office is looked at to be closed. We are not intending to close any, and I can certainly -- and I will continue

to look at that. I will try to get more educated, not as to why it happened, but what it would be -- what would be involved to alleviate some of the concerns you have about your constituency traveling so far, whether or not it's a mobile unit. I certainly can't make promises, but --

ASSEMBLYMAN GANTT: No, they --

COMMISSIONER FIALA: -- I promise to --

ASSEMBLYMAN GANTT: They claim to have mobile units, but you know what? Who knows where they are and when they're there. Okay? I just -- I have a real problem. I mean, I say this every year to the commissioners, okay? And I intend to keep harping on it. I don't intend to go away, okay? In order to be satisfied, I expect that something ought to be opened up in the City of Rochester so the people I represent can get service.

The other thing is, the PIRP legislation that we're now talking about, where the -- you usually have to go to a class in order to get the point reduction.

COMMISSIONER FIALA: Oh, yes.

ASSEMBLYMAN GANTT: You guys have an Article VII in this year that we're going to be able to do that by the end of that. I had a guy just call my office yesterday, raising hell with both my staff and myself about why are we doing that. Can you tell us why we're doing that now rather than having done it before?

COMMISSIONER FIALA: About the point reduction where --

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ASSEMBLYMAN GANTT: No, no. The internet versus classroom, I think it is. I think that's the issue.

DEPUTY COMMISSIONER DAVID SAMPSON: He's asking about the internet, the I-PIRP --

COMMISSIONER FIALA: Oh, the -- yeah, that's what I thought.

That contract is to expire. We were very, very successful with it. We've taken polls after -- you know, you -- you educate the people, they like it, they like the convenience of it. We found it to be very, very successful, and we would like to renew that and to continue that effort.

ASSEMBLYMAN GANTT: You aren't concerned about fraud at all?

COMMISSIONER FIALA: No.

ASSEMBLYMAN GANTT: No, you aren't.

COMMISSIONER FIALA: No.

ASSEMBLYMAN GANTT: So, we're going to be okay there.

COMMISSIONER FIALA: Thank you.

ASSEMBLYMAN GANTT: So, I can tell the gentleman that we're going to be okay?

COMMISSIONER FIALA: Thank you.

ASSEMBLYMAN GANTT: Okay. You have another Article VII piece of legislation to suspend the driver's license of those who may owe taxes of \$10,000 or above. Has this been

implemented?

COMMISSIONER FIALA: The echos in here, I apologize.

DEPUTY COMMISSIONER SAMPSON: The Article VII from last year to suspend the license if you owe more than \$10,000 in taxes --

COMMISSIONER FIALA: Okay. That was passed in last year's budget. If they owed more than \$10,000 in taxes, their license is taken away.

ASSEMBLYMAN GANTT: Their license is taken away?

COMMISSIONER FIALA: Yes.

ASSEMBLYMAN GANTT: How many licenses have we taken away?

COMMISSIONER FIALA: I don't have that figure, but I'll be certainly glad to get them.

ASSEMBLYMAN GANTT: Could you get that to me?

COMMISSIONER FIALA: I will gladly get it for you.

ASSEMBLYMAN GANTT: The next thing is --

COMMISSIONER FIALA: It is meant to be a deterrent.

ASSEMBLYMAN GANTT: Yeah -- well, yeah. Let me just say one thing from my standpoint --

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COMMISSIONER FIALA: And it is a -- there is a --

ASSEMBLYMAN GANTT: You take away their license, and today in many cases a person needs a license in order to go to work so he can possibly pay the State. So, I'm not so sure that you're benefiting by that. I would like to see what your analyses are, given that.

COMMISSIONER FIALA: I would like to show that to you. And that's why the threshold was set at \$10,000, because, you know, it's -- it takes a while to get to that number, so... But, I'll be glad to get that figure for you.

ASSEMBLYMAN GANTT: Well, I -- okay. I would be glad to see that.

The Executive's proposal reduced the appropriation by almost \$32 million, or 9 percent. What impact does this have on your operations?

COMMISSIONER FIALA: Well, the reduction, a lot of it has to do with personnel being transferred into a different division, the IT division, and through attrition we've been earmarked to lose ten full-time employees. And, again, as Assembly DenDekker said, it is through technology, the continuous of technology, and looking at how we can combine some tasks, how we can do it more efficiently, and we're able to meet that challenge.

ASSEMBLYMAN GANTT: But we aren't doing it by giving to the counties that which we should have, are we?

COMMISSIONER FIALA: You're never going to

give up, are you?

(Laughter)

ASSEMBLYMAN GANTT: No, I'm not. If you lived in my neighborhood and represented the people who I represent, you would understand. So, no, I will not give up.

COMMISSIONER FIALA: I understand.

ASSEMBLYMAN GANTT: Okay. And I understand what's giving on. And they're not getting service. Okay?

The Executive mentioned in the State of the State a new Adventure license. Can you elaborate on that?

COMMISSIONER FIALA: On what? The Adventure license?

ASSEMBLYMAN GANTT: Yes.

COMMISSIONER FIALA: They will be issued shortly; I believe February 3rd. And what it is, if you have a lifetime hunting, fishing, park pass, you can opt to have an icon put on your license. Okay? It's purely volunteer. And you -- the whole object is so that you don't have to have several different documents. You have one document, that would be your license with these various icons on it. Again, it's an opt-in, it's volunteer. We would -- you can do it either with the Department of Motor Vehicles, or DEC and Parks can also give the information to the Department of Motor Vehicles and you can -- it can be done that way.

ASSEMBLYMAN GANTT: How do you get a lifetime fishing license? Can somebody help me?

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COMMISSIONER FIALA: Lifetime fishing, I can only tell you --

ASSEMBLYMAN GANTT: Yeah, I get a fishing license, but I have to go get it every year.

COMMISSIONER FIALA: We've worked with DEC and the Parks so I --

ASSEMBLYMAN GANTT: Yeah, I always got one -- same way with hunting?

COMMISSIONER FIALA: (Addressing Deputy Commissioner Sampson) We do have lifetime, right? Lifetime fishing --

DEPUTY COMMISSIONER SAMPSON: It's on the DEC website.

COMMISSIONER FIALA: It's on DEC website.

ASSEMBLYMAN GANTT: And what's the cost of that?

COMMISSIONER FIALA: Oh, I don't know the cost. I could gladly get you the information.

ASSEMBLYMAN GANTT: Thank you. I'll find that out from --

COMMISSIONER FIALA: The cost would be -- actually, if they want to come into the Department to modify their license, there would be an administrative cost or a -- to change your license, a processing fee of \$12.50. But that -- if they want to do it before the renewal of their license --

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ASSEMBLYMAN GANTT: Okay. I would like to get some information on that.

COMMISSIONER FIALA: We're glad to send it to you.

ASSEMBLYMAN GANTT: Yeah. Okay.

Thanks, Mr. Chairman.

CHAIRMAN FARRELL: Thank you.

Senator.

SENATOR KRUEGER: Good afternoon. There were other questions about some concerns about staffing levels and different --

COMMISSIONER FIALA: I'm sorry?

SENATOR KRUEGER: There were other questions that got into some of the staffing level concerns and different locations. Somebody has reported to me that the timeline for receiving a new title in the mail is up to two months if you do it by mail, but only five to seven days if you go online or visit. Why would a mail system take up to two months?

COMMISSIONER FIALA: I'm not aware that it has taken two months. I certainly didn't get the statistics back, but I have not received a complaint.

SENATOR KRUEGER: Do you track that kind of data, that the average time -- the gentleman didn't --

COMMISSIONER FIALA: I'm sorry?

SENATOR KRUEGER: I was asking if the agency

tracks the data --

COMMISSIONER FIALA: Yes.

SENATOR KRUEGER: -- on the timeliness and the average time for different --

COMMISSIONER FIALA: Right.

SENATOR KRUEGER: -- functions.

COMMISSIONER FIALA: Yes.

SENATOR KRUEGER: Yes, so perhaps you could get that to us. That would be helpful.

And shifting gears, the reason we have all of these systems in place is to assure that we've got safe drivers, not doing harm on our roads. How are we doing? Compared to other states, how does New York State stack up when it evaluates the number of accidents or arrests or violations per capita, I guess?

COMMISSIONER FIALA: New York is -- has one of the safest roadways in the nation. I would be glad to give you -- I don't have all the statistics with me, but I would be glad to give you that. And, you know, it is -- the Governor's Traffic Safety Committee continuously looks at ways through education, reinforcing that, you know -- or stricter laws and proper training. There's a lot in the high schools -- you know, you try to get them when they first get their license. So, we have had very good successes. It goes -- as far as our safety, our more stringent DWI laws and texting and driving has certainly -- is going to help in that aspect. It's about keeping our roads safe. We do good, but we need to do better. And that's what it's all

about, are roadways safe.

SENATOR KRUEGER: And, certainly, DWI issues take up, it seems, a disproportionate amount of time of legislators who are constantly submitting new and different bills. Are we, in fact, seeing a reduction in DWI incidents?

COMMISSIONER FIALA: Again, let me give you -- I can give you the statistics. We do have 2013, which is the -- or 2012 statistics. Let me see. I don't have them. (Addressing Deputy Commissioner Sampson) Do you have them?

DEPUTY COMMISSIONER SAMPSON: 2011 is the last year that we have.

COMMISSIONER FIALA: Oh, 2011.

2011 is the last year we have. By the time we get the data, it -- there's a lag on it. We will be able to see -- the true picture will be what the decline is when the new laws went into effect. And, again, we can give you -- I can give you year-by-year up to 2013. I'll be glad to send that to you.

SENATOR KRUEGER: Okay. I appreciate it. And you mentioned the Governor's efforts to ensure no distracted driving and the problems with texting. And there have been some laws already passed. I'm wondering whether the Department has looked into an issue that is, I think, about to be a problem for us, the concept of what they are calling "Google Glasses," where you're actually having hands-free, on your eye, in glasses, the equivalent of a computer screen. I actually feel that you should not be able to drive

with that device somehow attached to your head or in your glasses.

I'm wondering whether the Department has looked into this issue at all yet for itself.

COMMISSIONER FIALA: We haven't as of yet, but certainly will.

SENATOR KRUEGER: I would urge you to, because I think that -- there is some debate about whether a specific law we amended might include that or not. I don't think it does. I think that as technology keeps evolving, and it can be amazing and allow us to do amazing things, given what we do seem to know about the dangers of being on the phone; texting, having other things take your mind and your eyes off the road, the concept that you would actually have a, quote, unquote, "smart" device right there in your glasses -- where, you know, part of your brain and part of your vision was directed to that as opposed to looking, you know, out the front window and through your mirrors -- should be a concern to us. So, I would urge the Department to look into that and to advise us.

COMMISSIONER FIALA: It certainly is an issue and is something that the Traffic Safety Committee looks at, reviews, analyzes. And, again, I'm sorry I don't have all of those figures with me, but I can give you the statistics. And not only is it just our Department, but we recently met with the dealers and car dealers and -- new car dealers, and there is also dialogue on how -- how to educate people not to -- what we can tell them, so texting and driving is really more serious than the drinking and driving. So, the philosophy is,

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hopefully if we get them young and, you know, you'll have the legislation under 21, if they're texting and driving the -- so, it's a big part of their culture, our young people, and we've got to educate them that, you know, this is serious and very dangerous.

SENATOR KRUEGER: Thank you.

COMMISSIONER FIALA: Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Walter.

ASSEMBLYMAN WALTER: Thank you, Chairman; thank you, Commissioner. Last year there was a lot of controversy regarding the bid for the new licenses and, you know, that we didn't go with the lowest bidder because the bidder we actually went with was able to produce a license that had superior security technology in it in order to avoid, you know, fraudulent IDs and whatnot. Wouldn't it make sense, that being the case, and with eight years in between renewing your license, that we require a new photograph every eight years instead of -- what's the current time? I think it's 20 or something?

COMMISSIONER FIALA: (Addressing Deputy Commissioner Sampson) I can't hear him.

DEPUTY COMMISSIONER SAMPSON: He's asking --

COMMISSIONER FIALA: Okay. I'm sorry.

ASSEMBLYMAN WALTER: That's okay.

COMMISSIONER FIALA: The echoes in here --

ASSEMBLYMAN WALTER: Sure.

COMMISSIONER FIALA: -- and when you're so close to the misc. So, I was asking him, I apologize.

The new photo on the license for the -- when they renew, we found that it's, you know, if they want to and they want to come in and have it, fine. But it hasn't seemed -- it has not been an issue. People want to keep them. It also enables them not to have to come into the office every time. And that, you know, it is their -- an option for them.

ASSEMBLYMAN WALTER: Well, I mean, I think from a security standpoint, I mean, every eight years isn't an unreasonable time to have to come in to renew the license. I mean, eight years ago I was 30 pounds lighter and had no gray hair. So, I mean, I look much differently than I did eight years ago. So, just from a -- if we're so concerned about security on these licenses that we are spending millions of dollars more than we could have on producing them, I think that would be a logical requirement, to have people renew their license and get a new picture every eight years.

COMMISSIONER FIALA: Yeah. And it would be costly, also, to try to establish that. But we can, you know, look at -- look at the options. We have not heard complaints from law enforcement, who would be the ones that, you know, would stop to identify who it is. We have not heard a lot of complaints about that. Many, many people want to change their photos. You know, I'm not going to tell you what I looked like eight or ten years ago, but always

the same color hair, though, that never changes.

(Laughter)

So, you know, I hear what you're saying. It's not the first time I've heard of it. But we will be certainly -- you know, law enforcement -- again, I'm going to repeat myself, law enforcement has not proven that it is an issue for them. But it's not the first time I've heard that.

ASSEMBLYMAN WALTER: Sure. To take off on what Assemblyman Gantt said regarding the Adventure license, there's nothing in the budget regarding that. There's no language in the Article VII bill or anything to implement that. Is that being done administratively?

COMMISSIONER FIALA: What's that?

ASSEMBLYMAN WALTER: The Adventure license. To enact that --

COMMISSIONER FIALA: Oh, the Adventure license.

ASSEMBLYMAN WALTER: -- is that being done administratively?

COMMISSIONER FIALA: If, you know, if they want to, there's no charge at the time for renewal, okay? And, again, it's for life -- people that have lifetime licenses --

ASSEMBLYMAN WALTER: Sure. Let me just interrupt you --

COMMISSIONER FIALA: -- if they want to come

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in --

ASSEMBLYMAN WALTER: I understand what it is. I'm just saying, the change in the law to do that, to create that on the license, there's nothing in the budget enacting it.

COMMISSIONER FIALA: Yeah --

ASSEMBLYMAN WALTER: Is it being done just from --

COMMISSIONER FIALA: It's cost neutral.

ASSEMBLYMAN WALTER: -- an administrative perspective? Internal --

COMMISSIONER FIALA: Yeah. It's cost neutral.

ASSEMBLYMAN WALTER: Okay. Well, you're assuming that only budgetary items wind up in the budget. That is not the case, unfortunately. Thank you.

CHAIRMAN FARRELL: Okay.

Assemblyman Brennan -- no, I'm sorry.
Assemblyman Oaks.

ASSEMBLYMAN OAKS: Thank you, Mr.
Chairman.

Commissioner, we've heard today about a number of the initiatives on the computer side and being able to be more accessible to people, and a lot of those things being welcomed around. But I also, in my history, similar to yours as a -- time spent as a local county clerk, serve as agents of Motor Vehicles, and I know both impacting State offices and the local offices, there have been some

recent problems almost on a daily basis of some outages in the system. You know, not being responsive through the full day, and so that's caused some waits and whatever. Could you just tell me where we are with trying to address that?

COMMISSIONER FIALA: Sure. First of all, we've met with the County Clerks this week, and that was an issue that they brought up. And when their computers are down, ours are also. We're very concerned that we're able to address it in a timely manner. I know there was a period of time, due to upgrades, that it was more prevalent than the last couple of weeks. We look at it, we monitor it, we analyze it. And, certainly, I feel that we've made steps to improve that. I have not seen a lot of down time in the last couple of weeks, but we do continuously monitor. Because when their offices are down -- and I certainly understand, as a former county clerk, I know that you do not want to be in an office when your constituency is waiting or being sent away. And we -- but also, that's true for our State offices also. And there's a lot of upgrades going on. The big issue is to be able to look at why the outage occurred, analyze it and make sure that that doesn't happen again. But there was a small -- you are right, there was the period of time where it seemed to be more prevalent than what is happening now.

ASSEMBLYMAN OAKS: Okay. So, from the Legislature's standpoint, or this budget standpoint, there really aren't items to address that. Hopefully, within the --

COMMISSIONER FIALA: No.

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ASSEMBLYMAN OAKS: -- your support and IT support that that will be addressed and --

COMMISSIONER FIALA: No, it's not at all staff -- staff-related.

ASSEMBLYMAN OAKS: We also heard Senator DeFrancisco -- or he showed us his license, and talking about the changes in that, and I think that most people are welcoming those. I've seen the learner permit, that that's gone on, and I think that will be a lot better for some of the security issues, as teens might try to sometimes use those inappropriately. But, he mentioned that it says he's a veteran on his. I know we've passed the opportunity that now people can have that, those who are veterans have that on. But those that aren't in the queue for getting their new license this year, it might be five years out, it might be seven years out, those people have the ability to come to our office -- or to the offices to get those renewed, but right now they would have to pay a standard upgrade fee, as any of us would. Are we -- I know there's some legislation that's been written that would waive that. Do you have the ability, if that goes through, or if we give some direction in the budget -- you know, or even the Governor administratively, so that we might -- the purpose of doing that, we might honor that? And it's a short-term thing. It isn't going to be long-term, because those -- you know, ultimately, it will just be a part of the normal renewal process.

COMMISSIONER FIALA: That fee is \$12.50 and that is done by statute. And if you -- if this Body removes that,

certainly, we will comply. The Commissioner does not have the authority to waive that fee.

ASSEMBLYMAN OAKS: Thank you,
Commissioner.

SENATOR KRUEGER: There are no other senators.

Any other Assembly?

ASSEMBLYMAN OAKS: Mr. Brennan.

CHAIRMAN FARRELL: Mr. Brennan.

ASSEMBLYMAN BRENNAN: Commissioner Fiala, nice to see you. The number of people who die in automobile accidents in the United States and in New York have dropped dramatically over the past number of years, which is great. Does the Department ever try to do any analytical work and publish it, that attributes explanations to different factors in relation to the reductions in deaths? Like Senator Krueger was asking about drunk driving, and more people wearing seatbelts, more elderly people driving less frequently, you know, or things like that? You know, all the different factors, do you try to analyze what's going on?

(Sidebar comment from Mr. Gantt)

Mr. Gantt says he doesn't want -- I don't want him to drive.

(Laughter)

COMMISSIONER FIALA: You know, the Governor's Traffic Safety Committee, it's an issue that, you know, they are looking at.

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ASSEMBLYMAN BRENNAN: All right. And one more question. You mentioned that New York has one of the safest --

COMMISSIONER FIALA: Right.

ASSEMBLYMAN BRENNAN: -- levels of accident deaths in the nation. But New York City, you know, has, I think, a death rate that is one-third or less of the national rate. Do you have any information on how the rest of the State compares to the nation, which might be more similar to driving patterns across the rest of the country?

COMMISSIONER FIALA: Certainly, right here in front of me, I don't, but we could -- I can look at that and get it back to you.

ASSEMBLYMAN BRENNAN: Okay. Thank you.

SENATOR KRUEGER: Any other Assembly?

I think we're done with questions, Commissioner. We're just double-checking on the Assembly side.

CHAIRMAN FARRELL: Yes, Mr. Brennan, I think, that's it.

ASSEMBLYMAN OAKS: He's all set.

COMMISSIONER FIALA: All right. Well, thank very much.

CHAIRMAN FARRELL: Thank you all very much.

COMMISSIONER FIALA: Thank you.

SENATOR KRUEGER: And our next testifier is Thomas Madison of the New York State Thruway Authority and

Canal Corporation.

Good afternoon, Mr. Madison.

MR. THOMAS MADISON: Good afternoon. I'm going to begin, Chairman?

SENATOR KRUEGER: Please.

MR. MADISON: Chairman DeFrancisco, Chairman Farrell, Chairman Gantt, Members of the Senate and Assembly Joint Fiscal Committees, thank you very much for inviting me to be here today. My name is Tom Madison and I'm the Executive Director of the New York State Thruway Authority and New York State Canal Corporation.

Before I begin my formal statement, I just wanted to mention that today marks another historic day on the New NY Bridge project to replace the Tappan Zee. Just this morning, the I Lift New York super crane arrived in New York Harbor, after passing through the Panama Canal on its 6,000 mile journey from San Francisco Bay. This amazing piece of equipment, which is one of the reasons that this project will be moving along on time and on budget, is among the world's largest floating cranes. It has a boom that is actually larger, longer than a football field, and it has the capacity to lift 1,900 tons, which is the equivalent of lifting 12 Statutes of Liberty at the same time. The super crane, which is owned by our Design-Build contractor, will be used to set huge modular sections of the new bridge into place, and also used for the demolition process on the existing bridge, again, saving us time and money on the project. So, another

milestone, and it just happened hours ago, so I wanted to bring it to your attention.

Chairmen, transportation infrastructure plays a vital role in everyone's lives every single day, and maintaining a modern coordinated system is at the very heart of New York's economic competitiveness and our ability to create jobs. That's why after years of deferring needed investment in our aging transportation system, it's exciting to see real progress through the intelligent, strategic investments that are recommended in Governor Cuomo's 2014-2015 Executive Budget. The Governor's spending plan includes \$3.4 billion to support transportation projects, including \$225 million for accelerated road and bridge projects, and hundreds of millions more to support local transportation needs. We're grateful for the Governor's strong leadership and substantial fiscal support for transportation infrastructure programs.

It's important to note, appropriately, the Thruway will only receive a very small amount of the State Budget funding because we are supported almost entirely by user tolls and revenues. The revenues that we collect at the Thruway provide us with the necessary funding to safely and reliably operate and maintain our roadways, bridges, interchanges, commuter and commercial parking areas, service plazas and other facilities. These revenues also support hundreds of millions of dollars in capital investments and improvements in our system each year.

The Thruway Authority is committed to delivering

high levels of safety and reliability; those levels that we are known for, and that our patrons and customers deserve. We remain focused on streamlining every aspect of our organization and continuing to improve operations, reduce costs and enhance customer service.

In recent years, the Thruway Authority and Canal Corporation have implemented significant cost containment initiatives to add value for our customers. By the end of 2014, the Thruway and Canals will have reduced operating costs by 30 percent, in part due to the approval by the Legislature and the Governor of a new law that will permanently relieve us from the cost of policing our roadway, and certain other operating expenses.

We've also looked internally to identify savings and efficiencies. For example, we are extending the useful life of our vehicles and equipment; we've reorganized our field divisions; we're flattening our management structure; improving internal and external coordination; and modernizing our operations generally. We're also increasing the use of shared services and procurement services with the State Department of Transportation and with other State agencies and authorities to improve our service delivery and to save money. In addition, we're modernizing our capital asset management system, and we've recently implemented a new project selection process that helps us deliver our capital program, and it also helps us to identify projects in different and more strategic data-driven ways to ensure that every capital dollar that we spend is invested wisely on our 570-mile superhighway and 524-mile canal system.

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Another way that we're reducing costs is through green energy programs. For example, in Western New York, new wind power facilities are helping to reduce regional energy costs by nearly a third. New LED lighting throughout our entire system will reduce electric costs by an estimated 20 percent, while improving visibility and enhancing patron safety. And we're working with the New York Power Authority to participate in New York's Statewide "electric vehicle charging" program, and we will be bringing some of those charging stations online in the coming year.

Our operational improvements support and enhance the Thruway's ability to respond to accidents, emergencies and extreme weather events. Motorist safety remains our top priority, with 2012 and 2013 being the safest years in the history of the Thruway Authority. In 2012 alone, more than 345 million vehicles traveled 8.5 billion miles on the Thruway system. Despite that huge volume, our highway fatality rate was one-fifth the national average, and we continue to look for ways to improve that record. For example, after seeing an increase in the number of wrong-way vehicle incidents on the Thruway, our own engineers, in-house, developed a new, first-in-the-nation Doppler-radar enhanced LED Wrong Way sign program. These new signs will redirect wrong-way drivers before they actually enter the roadway, and we're certain that this will enhance our safety metrics even further.

The Thruway Authority and Canal Corporation have a robust \$1.5 billion multi-year capital construction program that

invests in our highways, bridges and our canal infrastructure across the entire system. Our projects are carefully selected using that new asset management protocol that I described, to ensure that we have a Statewide balance of projects, that we're improving safety and reliability for our patrons, and that we're also improving the resiliency of our system. Again, these capital improvements are almost entirely funded by the direct investment of our patron toll dollars.

This year, we continue with the largest single new construction project in the history of the Thruway Authority, the \$3.9 billion New NY Bridge to replace the Tappan Zee. This project is the State's most ambitious single infrastructure project and one of the largest construction projects that are currently under way in North America. Equipment mobilization, a test piling program and other pre-construction activities concluded in October of last year when we commenced permanent construction on the project. A consortium of the world's foremost bridge design and construction experts are currently working alongside our own owner's team of State employees and consultants to establish a new model for the way that we deliver major projects in New York. We are all working toward the common goal of building a world-class project on time and on budget.

In December, the Thruway Authority secured a \$1.6 billion long-term, low-interest loan to support the project from the United States Department of Transportation. This is the largest such loan in the history of U.S. DOT, and it's fully \$700 million greater than the next largest loan. Thruway bonds will provide much of the

remaining funds for the project, and we continue to look at ways to minimize the impact of the project on our toll payers.

Thanks to the leadership of Governor Cuomo and the efforts of the State Legislature, New York's Design-Build Law has already helped us realize extraordinary cost savings on this New NY Bridge project. I'm pleased to note that the legislation would become permanent under Governor Cuomo's budget proposal this year. The Design-Build, Best Value procurement process expedited environmental reviews, a project labor agreement and other innovative project delivery features helped us secure a \$3.9 billion price tag for the design and construction of the new bridge. This is far less than the initial \$5.4 billion that was estimated by the Federal government.

When completed, the New NY Bridge will dramatically improve a vital local and regional transportation link. It will mean less congestion for motorists, with eight traffic lanes, four emergency lanes, state-of-the-art traffic monitoring systems, and enhanced express bus service from the day that it opens. The new bridge will be designed and constructed to be mass transit-ready, and the new crossing will accommodate bus rapid transit, light rail, or even heavy commuter rail. The twin-span bridge will also include a shared-use bicycle and pedestrian pathway.

The Thruway Authority shares the goals of other transportation agencies in New York State -- putting drivers first by focusing on the needs of our customers, operating as efficiently as we can, and continually striving to improve the safety and the reliability

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of our system. Thanks to the great efforts of our dedicated workforce at the Thruway and Canal Corporation, I'm proud to say that we are achieving those goals.

Thank you, again, for the opportunity to testify, and I'm happy to answer your questions.

CHAIRMAN FARRELL: Thank you very much.

First to question, Assemblyman Brennan.

ASSEMBLYMAN BRENNAN: Thank you, Mr. Chairman.

Welcome, Mr. Madison. Let me commend the Thruway Authority and you for all the hard work that you do, you and your employees, and for the great asset of the New York State Thruway Authority.

MR. MADISON: Thank you, Assemblyman.

ASSEMBLYMAN BRENNAN: You talked a little bit about the Tappan Zee Bridge project. Can you tell us how the remainder of the project will be funded other than this Federal loan?

MR. MADISON: The entire project, the \$3.9 billion for design and construction, is going to be funded by tolls at the bridge. So, the intent is to pay for the entire construction of the project with any incremental increase over today's toll rate at the Tappan Zee Bridge and whatever the future toll rates may be.

ASSEMBLYMAN BRENNAN: You mean the tolls will support the debt service for bonds issued --

MR. MADISON: Correct.

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ASSEMBLYMAN BRENNAN: -- for the project?

MR. MADISON: That's correct.

ASSEMBLYMAN BRENNAN: What is the timetable for the bridge project?

MR. MADISON: It's a five-year project. We're already fully one year into the project, because part of the consideration was the mobilization -- I mentioned that we actually began permanent construction in October, but the contractor team began to mobilize its equipment and personnel onto the project site and to begin to do some preliminary testing and other temporary works last spring and summer.

ASSEMBLYMAN BRENNAN: You say that specific revenue from just this bridge will be the repayment source for the bonds and loans for the project?

MR. MADISON: That's correct, Assemblyman. That's the intent. And we recently, just at the very end of last year, closed on a New NY Bridge bond transaction. It was the first credit of its type, it's a new category of debt for the Thruway Authority. It's a junior debt category. We sold \$1.6 billion in New NY Bridge bonds, and that's supporting the funding for the project through 2014.

ASSEMBLYMAN BRENNAN: Isn't it true that the Thruway Authority debt service is averaged in its costs across all of your operations, rather than by a particular geographic segment?

MR. MADISON: You mean our toll revenues, Assemblyman?

ASSEMBLYMAN BRENNAN: Yes. In other words, your --

MR. MADISON: That's correct.

ASSEMBLYMAN BRENNAN: -- your debt service, which is paid for by toll revenues, is apportioned across the entire Thruway system, rather than allocated in one part of the State, attributable to one particular project?

MR. MADISON: That's correct.

ASSEMBLYMAN BRENNAN: Okay. So, what is the justification for a special, presumably very large toll hike just for this bridge?

MR. MADISON: Well, the bridge certainly has a positive impact on traffic and on economic development, not just in lower New York, but all across New York and throughout the Northeastern region. We will continue to maintain our -- our debt is a system-wide credit; however, from an accounting standpoint, we can identify the usage at the Tappan Zee Bridge structure and feel that, you know, the best approach is to identify programs at and around the bridge that will -- that will pay for the structure. Again, above the current cash rate of \$5.00, anything additional would be dedicated to the bridge.

ASSEMBLYMAN BRENNAN: I'm sure you're familiar with the fact that both the Port Authority and the TBTA provide discounts to Staten Island residents in relation to their use of those bridges. Are you considering any discounts for people who live

within the immediate area and may need to travel repeatedly back and forth across the new bridge?

MR. MADISON: We already have in place various commuter discount programs for all of our customers, but at the Tappan Zee Bridge currently, one of the things that we're in the process of doing right now is impaneling a Toll and Financing Task Force. Governor Cuomo asked the Authority and its board to work on identifying the right composition of individuals and stakeholders in the region that can help us identify other measures that could potentially give relief to local commuters in Rockland and Westchester. That Toll and Financing Task Force will also look to identify other funding sources. There may be additional Federal funding programs out there that we have not yet taken advantage of, so we'll be looking at that. We'll be looking at other potential State resources to help us offset the toll-- the toll-backed general revenue bonds.

ASSEMBLYMAN BRENNAN: Other than the Tappan Zee Bridge project, what are your other significant capital projects upcoming that are proposed in the budget?

MR. MADISON: We have a, as I mentioned, a \$1.5 billion multi-year capital construction program. It's certainly nothing that compares to the size and scope of the Tappan Zee. I can give you that breakdown now, or I can send you that information.

ASSEMBLYMAN BRENNAN: Why don't you just share that with us shortly --

MR. MADISON: Okay.

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ASSEMBLYMAN BRENNAN: -- if you don't mind.

MR. MADISON: Sure. I would be happy to.

ASSEMBLYMAN BRENNAN: Okay. Moving on to the Canal Corporation, what's the current status of Canal capital projects in the 2005-2011 plan and the new plan?

MR. MADISON: Again, I could give you a very specific breakdown of all the projects. I can tell you that, generally, the lion's share of projects that we've been investing in on the Canal side of our operation have been because of some of the major storm damage --

ASSEMBLYMAN BRENNAN: Right.

MR. MADISON: -- that the Canalway has sustained since 2011-2012 with Irene and Lee. So, just those two storms alone created a need to spend about \$100 million in capital construction to keep our canal system navigable. Now, about 75 percent of that will be refunded by the Federal government through the Federal Emergency Management Administration. So, we're still working through some of the projects that impacted the Canal from those storms. The Canal was, thankfully, not impacted by Superstorm Sandy. The Thruway sustained only a couple of million dollars in damage, so we were very fortunate. But there's -- that's the principal projects that are under way at the Canal.

ASSEMBLYMAN BRENNAN: You mentioned that you have some wind energy projects in Western New York. Is the

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Authority analyzing the potential for wind and solar energy along the -- operate along the Thruway properties and Canal properties?

MR. MADISON: Well, we haven't evaluated the potential for wind power across the entire system, but in Western New York, there -- this predates me, the history, but we can certainly get this for you, Assemblyman. But, there will be five large wind turbines installed. The first one just came online within the last couple of weeks. Once fully implemented, that program will save hundreds of thousands of dollars in the Western New York division alone, cut our energy costs there by about 30 percent. And I touched on some of the other green programs that we're doing, including vehicle charging stations across our system, the installation of LED lighting, which is much more efficient and will save us hundreds of thousands of dollars annually.

ASSEMBLYMAN BRENNAN: Thank you.

MR. MADISON: Thank you.

CHAIRMAN DEFRANCISCO: Senator Krueger.

SENATOR KRUEGER: Good afternoon,
Commissioner.

MR. MADISON: Good afternoon.

SENATOR KRUEGER: I think my questions follow up on Assemblymember Brennan's about the financing and the Tappan Zee Bridge. So, do you have a statutory bond cap? And are you anywhere near it?

MR. MADISON: No, we do not.

SENATOR KRUEGER: So, there's nothing preventing you from going to the markets and continue to borrow?

MR. MADISON: That's correct. And we anticipate, Senator, that we will continue to borrow for this project. That \$1.6 billion was used to refund about \$700 million that we had outstanding in shorter-term bond anticipation notes. The balance of that will -- has been and will continue to be used for the construction process.

SENATOR KRUEGER: And I think the numbers show that by 2017 the Thruway's outstanding debt is projected to reach nearly \$8 billion, which is roughly eight times your annual revenue. I'm including \$4 billion for the Tappan Zee. You have the ability to continue to go to the market. Do you have any reason to be concerned about your credit rating with these kinds of debt projections in relationship to revenue?

MR. MADISON: No. Presently, we're very pleased that we have maintained an A-level credit rating with both Standard & Poor's and Moody's. You know, that A rating, combined with the removal of the negative outlook by both of those credit agencies, we think, demonstrated a very strong degree of confidence in the Thruway Authority generally as a credit, but particularly in this New NY Bridge junior indebtedness category that I mentioned to Assemblyman Brennan. And so, just for example, we had the \$1.6 billion to offer in December, and we were oversubscribed in requests by more than \$5 billion in interest in those credits. So, we think that the credit agencies are confident in our project.

SENATOR KRUEGER: And just to clarify it -- I'm sure this question was asked, but I wasn't quite sure I heard the answer right. So, the payback on the bond or the debt for the Tappan Zee will be specifically from the fees of the Tappan Zee, not the entire Thruway Authority? Was that a --

MR. MADISON: That's correct.

SENATOR KRUEGER: -- correct answer?

And has anybody projected an estimate of what that cost will be?

MR. MADISON: Well, the anticipated cost of design and construction is approximately \$3.9 billion. Now, we know for sure, because we did a Design-Build, Best Value process and have a fixed price on the actual contract for the design and construction, that's \$3.142 billion. And so, the additional amount taking us up to \$3.9- is our own owner's oversight cost. As I mentioned, we have a team of our own employees -- actually, a cross-denominational team. We have DOT folks that have joined us that have expertise in project delivery in a large scale, and also Design-Build. So, some of those other costs reaching up to the \$3.9- for design and construction are from our --

SENATOR KRUEGER: Right.

MR. MADISON: -- our oversight group.

SENATOR KRUEGER: And, in fact, I attempted to ask DOT some questions and they assured me you were the one to ask Tappan Zee questions of.

So, at this point do you have any projected per-trip

cost for the people who will be using the new bridge?

MR. MADISON: We do not. We -- you know, this is part of the task of the Toll and Financing Task Force that will be impaneled soon to look at, again, other sources of potential revenues from the Federal government, from State entities, but also to look at commuter discount programs to, you know, have a better understanding and refine specifically what the -- what the toll and revenue needs will be at the structure.

SENATOR KRUEGER: I'm jumping to the Article VII bill. It involves some legislation that would increase enforcement powers to the Authority for toll collecting. Could you tell me a little bit about what this new Authority power would be and why you need it?

MR. MADISON: This is the enforcement -- the toll enforcement legislation?

SENATOR KRUEGER: Yes.

MR. MADISON: Well, it's very important not just for the Thruway Authority, but for our sister agencies -- the New York Bridge Authority, MTA and Port Authority -- and we've been working very closely with them for the past couple of years to develop this draft legislation. And the reason that it's important is, as we look at improvements in technology, that -- all of the systems and agencies that I just mentioned, but, of course, particularly on the Thruway -- there are opportunities to implement technologies that will allow our customers to move at highway speeds. And in order to ensure that we

capture all of the revenue, we need to have enhanced enforcement techniques to be able to go back when someone doesn't have an E-ZPass transponder, for example, but goes through an all-electronic tolling facility, we need to be able to have recourse to capture that revenue.

SENATOR KRUEGER: And do you have an estimate of how much new revenue you'll generate from this?

MR. MADISON: No, I don't. I do not have that.

SENATOR KRUEGER: Do you have a projection of how much you don't collect now because you don't have those powers?

MR. MADISON: I do. We have those numbers, Senator. We -- the Thruway Authority collects 99.7 percent of its revenues currently. So, we do a pretty good job. Those that we don't collect at the point of sale, so to speak, we go through a revenue collection process. But having these new enforcement tools, particularly to be able to work in collaboration with the Department of Motor Vehicles, which we don't currently have, to put a stop on registrations for persistent scofflaws -- what we have found is that there are certain, you know, commercial users or other large users of our system that fall into a persistent category of scofflaw. So, if we have the ability to tie back to those, we're confident that we can certainly close that .3 percent gap. And prepare for the future technology advancements.

SENATOR KRUEGER: And is the Thruway

Authority responsible for the franchised rest stops along the Thruway?

MR. MADISON: We -- that's a public-private partnership, so to speak, that predates me and actually goes back to the early 1990s. These are very long-term contracts. We have three different operators that have a mix of offerings at our 27 different service plaza facilities. And part of the contractual arrangement we have with them is they made the initial capital investments to build the facilities. They pay us rental charges and we also get concession revenues from those facilities each year. So, that's over and above, of course, what our toll revenues would be.

SENATOR KRUEGER: But you can't make them have healthier food or clean up better?

MR. MADISON: I'm sorry, can't make them have --

SENATOR KRUEGER: You can't make them offer healthier food options or be cleaner?

MR. MADISON: Well, I -- I don't know as we can compel them, but we have very good relationships with each of the three operators, and they've been working collaboratively with us. For example, with Governor Cuomo's Taste NY initiative, we're starting to put a New York-product-only kiosks in stores in some of our facilities. And they've demonstrated flexibility, so we could probably identify -- you don't -- you don't like the Roy Rogers burgers?

(Laughter)

SENATOR KRUEGER: I wasn't going to name any specific chain.

(Laughter)

And some of them are better. But my time's up, so I'm going to get hollered at, so --

MR. MADISON: Thank you, Senator.

SENATOR KRUEGER: Thank you very much.

CHAIRMAN DEFRANCISCO: They're horrible.

(Laughter)

At least they were five years ago when I tried them.

(Laughter)

MR. MADISON: Well, Chairman, I spend so much time on the Thruway, that I, you know, I practically live on them. So, I think they're delicious.

(Laughter)

CHAIRMAN DEFRANCISCO: That proves my point.

(Laughter)

CHAIRMAN FARRELL: Assemblyman Walter.

ASSEMBLYMAN WALTER: Thank you, Chairman. Last year, Assembly Minority Leader Brian Kolb introduced -- sponsored, and I cosponsored, a bill that would wrap the DOT -- wrap the Thruway Authority into the DOT while maintaining the Thruway Authority in name only in order to -- until the bonds were paid off. Can you give me a cogent reason why we still need a Thruway Authority?

MR. MADISON: Well, I can only tell you that it was

wisdom of the Legislature that decided to maintain the Thruway Authority and to maintain the toll financing relationship and structure back in 1992 when the projected initial bonds were refunded and paid. I think that we have developed a very complementary role with the New York State Department of Transportation. You heard some of it from the Commissioner today, in the way that we respond to incidents and manage weather events and other things. We're working more collaboratively on delivering capital projects, and we're cross-pollinating, again, our expertise to try and strengthen not just the DOT or the Thruway independently, but the family of transportation agencies to be able to better deliver projects. You know, I think that the Thruway maintains a very important function. I think it would be an extraordinarily expensive undertaking to defease the bonds or -- I don't recall exactly the language in Leader Kolb's legislation. But, I think we do a pretty good job with respect to providing a service -- a premium service, really, for our customers, for our toll payers, both in terms of reliability and the safety of our system.

ASSEMBLYMAN WALTER: In Western New York we've -- over the last year or so, we've had several meetings with Thruway Authority officials regarding the inadequacy of the Williamsville toll barrier.

MR. MADISON: Yes.

ASSEMBLYMAN WALTER: You know, for almost 20 years it's been -- the removal of that toll barrier has been studied and discussed and talked about, but it remains a financial

burden, it remains an environmental burden, it remains a quality of life burden for people in my district and people in Western New York in general. There were several proposals to make some significant changes to the way that the barrier operated. Where are we at with those proposals?

MR. MADISON: We are -- we're in the process of implementing those proposals, Assemblyman. And, you know, some of the initial thinking on addressing the Williamsville toll barrier issue, the projects escalated into the \$100-plus million range. And we made a decision in concert with folks from your Conference, as well as some of the Senate members that were here earlier today, your local government leaders and other stakeholders in the area, to understand what the problems are and try and address the specific issues and problems in a more cost-effective way because we -- we just thought that the solution of building a brand-new toll barrier and moving it really didn't adequately address the concerns. And it certainly was a financial issue for the Authority. So, we're in the process -- in fact, one of the elements of this plan, this, about a \$6.5 million plan, is in four different segments. The first one has already been completed. We're planning, and it's in our capital program in 2014 to address -- and I can get into specifics or provide them for you later, but by the end of 2015 we believe that we will have been able to address, through these four projects, about 90 percent of the congestion issues at and around the toll barrier.

ASSEMBLYMAN WALTER: One of the proposals

that I've recommended, and Senator Ranzenhofer has also recommended, is the elimination of the toll between Exit 49 and 50 for the commuters who use that area of the Thruway, whether it be at least for E-ZPass customers or everyone in general. We put that proposal forth almost a year ago, I think. Has there been any discussion of that?

MR. MADISON: The discussions are ongoing, and where we're at as I sit here today, is trying to look at the impacts of a commuter discount program in the region. You know, we -- I don't have the numbers with me today. We didn't identify exactly what the revenue implications were for complete removal of the tolls, but we're looking at different configurations of a potential toll reduction for commuters, in concert with some of these changes that I referenced in the Williamsville area.

ASSEMBLYMAN WALTER: If we could move that forward and keep us posted on what the financial impact would be once you have those final numbers, I would appreciate it.

MR. MADISON: Sure.

ASSEMBLYMAN WALTER: You know, if somebody were magically transported from 1960 to today on the Thruway, they really wouldn't notice much difference. It really is an antiquated system. What have you studied as far as, whether it be high-speed tolls, payments through, perhaps, mobile phone, yearly or weekly passes, plate readers, you name it? I mean, what proposals are there out there and what's your timeframe for implementing them?

MR. MADISON: Well, we're examining all of those -- all of the things that you just mentioned. For example, the all-electronic tolling opportunity is really dependent upon getting this enforcement legislation, because about 30 percent of our revenues could potentially leak. That 99.7 percent figure could potentially be reduced significantly. And that's just the numbers related to the folks that have E-ZPass today. So, we need that enforcement mechanism so that we'll have the ability in the future to do things like video license plate capture, and end up getting the revenue from customers in a more convenient, technological way. I think there have been significant improvements since the Thruway came online in the mid-1950s, and, you know, we continue to look to make additional improvements.

ASSEMBLYMAN WALTER: What do other states do? Because it doesn't seem to be a problem elsewhere in the country.

MR. MADISON: With respect to what, Assemblyman?

ASSEMBLYMAN WALTER: High speed, you know, exits, and, you know, collecting tolls --

MR. MADISON: Yes.

ASSEMBLYMAN WALTER: -- in that manner.

MR. MADISON: Well, you know, certainly, other states, even some of our neighboring states have those types of systems in place. But, again, it's very contingent on our ability to continue to have a high collection ratio. And with 30 percent of

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people that use our system that do not use E-ZPass today, we need to have that enforcement mechanism in place in order to move to that next technological step.

ASSEMBLYMAN WALTER: What about even a low-tech option, like automatic ticket dispensers like they've had in New Jersey for as long as I can remember?

MR. MADISON: Yes, these are all things that we've looked at. I'm not sure what you mean exactly by the "automatic ticket dispenser."

ASSEMBLYMAN WALTER: Well, you drive up to a kiosk, it puts out a ticket. There's no person there to hand it out. I mean, how much money could we save that way?

MR. MADISON: Well, you know, again, our emphasis is really to go -- going in the other direction, to not -- you know, to try and have our motorists not stop, whenever that's possible. That's why we have these higher-speed E-ZPass lanes. You know, I think that's a more efficient way to keep throughput and move traffic along the system. What you're describing would work well in very low-volume areas or interchanges, but when you get to a spot like the Tappan Zee that sees 140,000 cars crossing it each day, that would really, you know, limit our flexibility.

ASSEMBLYMAN WALTER: My time is up, but I can come back later.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN DEFRANCISCO: Thanks. Just a couple of quick questions. You talked a little bit about the financing of the Tappan Zee Bridge. Is there a -- has there been prepared, and do you have a financing plan for the Tappan Zee Bridge?

MR. MADISON: We do not have a complete financing plan for the bridge, Senator. What we have, and what I was mentioning earlier, is the intent to impanel this Toll and Financing Task Force that will help us identify -- and there's a lot of components that will ultimately be in a final financing plan, including the potential for other revenue streams, other funding sources, and the potential to look at commuter discounts.

CHAIRMAN DEFRANCISCO: So, a \$3.-something billion project is going on, and you're just estimating that possibly the tolls will cover the financing, but there's no plan. And you're going to -- there's going to be a group that's going to come together to try to figure out a plan after the fact? Is that what you're saying?

MR. MADISON: Well, we know what our construction costs are, we know what our construction contract is. It's a fixed price. We have a good idea where we do not want to exceed that \$3.9 billion threshold for our design and construction cost, so we know and can project what our revenue needs are, going out over the course of the next several years. What we need to do, with the assistance of this Toll and Revenue Task Force, is to refine specifically what that -- what that plan of project finance will look like, what the toll levels will need to be at the bridge, taking into

consideration all of those other factors.

CHAIRMAN DEFRANCISCO: Yes, but all I'm saying -- and I know it's not you individually, but it just seems to me that you're basing a major project on tolls, and then you're impaneling after it starts, and after taking -- getting a, I think, \$1.6 billion Federal loan, what the tolls are likely to be. I would think you would need to know that to determine if that would cover the debt service. So, there's nothing in writing -- I know you're generally talking about what your concept is that's going to happen. Is that in writing anywhere as considered to be the plan?

MR. MADISON: Our revenue needs are articulated in our 2014 budget going forward, I think, the next three years, Senator. So, there's a budget that includes what our revenues will require in order to continue funding the project. And we know we have, by virtue of that fixed price contract, a not-to-exceed amount that we will pay each year to the Design-Build consortium. And we know what our -- generally what our revenue needs will be to fund this project and the rest of our capital program going forward.

CHAIRMAN DEFRANCISCO: All right. And then let's -- when is this group likely to start their study and issue a report or some kind of guidance?

MR. MADISON: Well, we were hoping to have those appointments made by now, but we're in the process of identifying the right mix of stakeholders and local --

CHAIRMAN DEFRANCISCO: Once they're

appointed, what timeframe would there be for a likely report as to their findings?

MR. MADISON: We haven't determined that yet, Chairman.

CHAIRMAN DEFRANCISCO: So, in other words, we can go on indefinitely and not have a financial plan?

MR. MADISON: Well, at this time we've not impaneled the group yet and we haven't identified a time horizon for their work, but I wouldn't think that it will go on indefinitely.

CHAIRMAN DEFRANCISCO: Okay. Let me ask you -- probably the bottom line, is what I'm trying to get at. Let's suppose, whenever they start, whenever they're appointed, they come up with some numbers that show there is no way the tolls are going to cover the debt service. Do you stop building the bridge? Do you continue building the bridge? Or how do you get the additional money you'll need to build the bridge?

MR. MADISON: We have a -- we have a plan to assume additional debt for the project over the next several years. We have, again, an idea of what our revenue needs are going forward. We demonstrated our revenue needs over a much longer time horizon while working with the Federal government to negotiate the terms of that long-term, low-interest loan. So -- and as part of that -- actually, as part of our debt issuance, separate from the loan, and then as part of securing the \$1.6 billion Federal loan, we had to go through a very detailed traffic and revenue study, and that's been completed and had

to be submitted. So, the revenue projections are based on real, you know, traffic data and that's where we're going.

CHAIRMAN DEFRANCISCO: So, you don't anticipate that the tolls that you've estimated -- you don't anticipate that they would not be sufficient for the bond?

MR. MADISON: That's correct.

CHAIRMAN DEFRANCISCO: Okay. And is there a backup plan in case they are not sufficient?

MR. MADISON: They will be sufficient.

CHAIRMAN DEFRANCISCO: Okay. You heard it here.

Now, beginning -- where I'm really driving at, there was a proposal last year to increase the tolls.

MR. MADISON: Right.

CHAIRMAN DEFRANCISCO: And there was an allocation in last year's budget, I think \$86 million?

MR. MADISON: Yes.

CHAIRMAN DEFRANCISCO: So the tolls couldn't be increased. And that's in this year as well, correct?

MR. MADISON: Correct.

CHAIRMAN DEFRANCISCO: So, are we safe to say that tolls -- that we won't hear a discussion about toll increases at least this year and next, or in this fiscal year?

MR. MADISON: That's correct, Senator.

CHAIRMAN DEFRANCISCO: Okay. Thank you.

MR. MADISON: Thank you.

CHAIRMAN FARRELL: Thank you.

Next, Assemblyman Otis.

ASSEMBLYMAN OTIS: Good Morning, Director.

Nice to see you.

MR. MADISON: Hello there.

ASSEMBLYMAN OTIS: I'm over here. You know, I want to congratulate you and DOT and the Governor for being able to get the Tappan Zee Bridge project approved in an amazing timetable, and that now the work has begun. We can't reflect enough on what an amazing accomplishment that was for people in our area of the State. That was, for 15 years, nothing happening, and now the bridge is on its way.

MR. MADISON: Thank you.

ASSEMBLYMAN OTIS: So, congratulations --

MR. MADISON: Thank you, Assemblyman.

ASSEMBLYMAN OTIS: -- and thank you for your important role in that. One of the -- it's been alluded to previously, the State picking up for the Thruway Authority the cost of the State Police --

MR. MADISON: Right.

ASSEMBLYMAN OTIS: -- that monitor the Thruway. Has that change in funding changed the deployment and service levels of State Police coverage on the Thruway?

MR. MADISON: It has not. And thank you for the

question, Assemblyman, because, you know, since the beginning of the Thruway Authority, we've had an extraordinary partnership with the New York State Police. Strangely, by virtue of this financial relationship, which we're very appreciative to the Legislature and the Governor for, that relationship has only become stronger. You know, we've reviewed it as purely a financial transaction. We have an agreement with the State Police, between myself and the Superintendent, and the level of service to our customers has really only improved, as evidenced by the safety record that we've seen over the last couple of years. As you know, that change in statute in the Public Authorities Law that required us to reimburse for Troop T expenses, that was unique to the entire State Police troop -- or all of the troops, because we were the only ones that were responsible for that payment. So, there's still some things that we do, but operationally -- I mean, financially, that the Thruway provides the State Police. But, operationally, it has been seamless. We still maintain the State Police vehicles and outfit them and provide fuel and work in close collaboration through our Emergency Services Units to keep our roads safe.

ASSEMBLYMAN OTIS: That's great. That's good to hear. I represent the area of the I-95 corridor in Westchester County, and one of the sort of safety issues that comes up that I'll share with you is the, obviously, tremendous truck traffic in that corridor. The problem of interstate truck traffic is, basically, speeding, inappropriately being in the left-hand lane. And so to the extent that

you can re-convey that to the State Police in terms of their enforcement efforts in that corridor, that would be great.

Also, a question on the New Rochelle tolls. And I have driven many times through the Williamsville tolls. And sort of similar questions in terms of, right there now we have four lanes that are E-ZPass lanes at 20 miles-an-hour. Is there -- what's the status of planning to move us to something more like what we have at Spring Valley, where people using E-ZPass can go at -- maintain regular highway speed to go through there and reduce some of that slowing down?

MR. MADISON: I'll have to look into that for you, Assemblyman. I don't believe we have a plan of that sort for New Rochelle at the present time, but I'll take a look at that and see.

ASSEMBLYMAN OTIS: That would be great. That's something that would help, traffic- and air quality-wise down there.

You have-- there's now going to be a new repaving project for I-95 that's, I think, beginning shortly. One other thing -- and if you don't have this here, that's fine -- is the Last Mile project, which has been postponed a few times. That's between the intersection of 287 and the Connecticut border. It's still sort of on hold, and so if you could get back to me on what we think --

MR. MADISON: Sure.

ASSEMBLYMAN OTIS: -- some future timetable for doing that Last Mile would be.

And a general compliment to the Thruway Authority, as compared to when you drive in other states, one thing that New York State does, DOT as well, is make a major effort of keeping as many travel lanes open during construction, during repaving. A lot of states seem to miss that at transportation design school. So I'm sure that's going to be the case with the I-95 repaving. But that's sort of standard operating procedure in New York, and that's something that is very important to keep the traffic flowing. So, thank you for everything that you do for the State and the Thruway Authority. I appreciate it.

MR. MADISON: Thank you, Assemblyman.

CHAIRMAN FARRELL: Thank you.

Assemblyman Oaks.

ASSEMBLYMAN OAKS: Thank you, Chairman.

I represent a district that runs east to west, and it has around 40 to 50 miles of the Canal running through it. I would just like to make a -- or have a quick question on that. For a number of the communities along there, there's some limbo -- some of the properties around or along the Canal are kind of in limbo. Many are leased, and sometimes the enforcement, zoning enforcement, whatever, becomes a bit of a challenge. I've had some conversations with Director Stratton and his staff. And I know, actually, within my district, there's a possible demonstration opportunity -- we have a town that they're -- the Town of Aurelius is expanding their sewer services, an opportunity to expand along some of the area of the Canal that would

protect the waterway. Also, that would allow the opportunity to -- actually, the Town buying that land, the State raising some resources because of it, ultimately reselling it to homeowners, and raising local tax dollars. So, win on the environment, win for the State, win for the localities. I think that's something, if we were successful there, that could be -- something that could be tried in other areas. And so, I know there's some timeliness along with that, so I would encourage both looking at it seriously now, because the community is moving ahead and needing to make some decisions. But I think any time we can work together, I know there is high-priced Canal property and we had put some restrictions on how deals --

MR. MADISON: Right.

ASSEMBLYMAN OTIS: -- can be made, but at the same time there's many areas that don't fit that, and I think long-term it would be both taking a burden off the State and impacting localities. So, I would just encourage you and ask you to focus on that.

We've talked a bit about -- jumping to the Thruway, we've --

MR. MADISON: Could I just remark quickly --

ASSEMBLYMAN OTIS: Sure.

MR. MADISON: -- Assemblyman?

I appreciate the comment very much. And what we've been trying to do is, the Thruway and Canal Corporation haven't had the best record over the arc of time of disposing of unneeded properties. So, we've really taken a strong effort to pull together some

dispirit parcels to make them more attractive for private development to encourage and stimulate economic development along the entire Canal system. Director Brian Stratton has done an outstanding job of forging those relationships all the way across our system. We have a couple of big projects currently underway; one in the Chairman's -- Chairman DeFrancisco's district; the Syracuse Inner Harbor is finally moving and advancing. That's a \$350 million development project that's utilizing Canal properties. We're working on making the Utica Inner Harbor more attractive, and we've done some private development partnering out in Western New York and the Rochester area. So, we will continue to look for those kinds of opportunities with municipalities and with private developers.

ASSEMBLYMAN OAKS: And I do think there's both the development opportunities, as you mentioned, in the Senator's district, but also there's lots of areas in between that are probably not likely for private development. But we already have different types of properties in different conditions, and there's -- again, localities have -- aren't sure how much they have enforcement opportunity, and so we have things that are unsightly, whatever, that aren't really being addressed. So, again, I think that's something that would be great to work on, possibly, together.

We've talked some about the bridge, and I appreciate your answers and responses on that, and how we're going to fund it. I also want to talk just a little bit overall about the financing. I know once the Thruway had an A+ rating from Standard & Poor's; today, it's

an A, I believe. And I'm aware that they did a report and said they expect it to remain at A because they -- long-term, because they anticipate some increase in tolls and whatever. I know we went through that proposal in reaction to that. Where do we stand with toll increases? We've talked about the bridge and that happening --

MR. MADISON: Right.

ASSEMBLYMAN OAKS: -- but what about the rest of the system?

MR. MADISON: Well, what we've said, and we've said this publically, Assemblyman, based on our analysis of revenue needs in the shorter time horizon, we've said that there's not a need, this year, to increase tolls on the system or at the Tappan Zee Bridge structure. So, for 2014, we don't intend to have any sort of toll adjustment.

ASSEMBLYMAN OAKS: In the midst of that, I also -- I know there's a limit or a ratio of the debt coverage that can't go below a certain amount, \$1.2-, I believe, and we're getting closer to that because we've done a lot of borrowing in the past. Is there a plan to get that ratio bumped up so we might move back to A+ and have more favorable borrowing when we do that?

MR. MADISON: Yes, apart from that \$1.2- requirement, our Board, actually as a matter of policy, requires a much -- a much more conservative debt service coverage ratio, and so our target is to maintain the Board level of debt service coverage ratio, which we're currently doing.

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ASSEMBLYMAN OAKS: So, we have some distance between that \$1.2-?

MR. MADISON: That's correct. But it's not our intent to use that distance.

ASSEMBLYMAN OAKS: Do you have any sense at what point we could get our S&P rating, you know, back to an A+? Or what that would take?

MR. MADISON: I think -- well, my sense is, in having had many meetings with the rating agencies, both generally for our system debt, but also for the project, the Tappan Zee project, that there's a high level of confidence by the rating agencies in the project and in our system as a credit. We've got a long history of our traffic revenues and our traffic throughput and we have very good information on what the future will hold. I think that there's a good possibility that we will see that -- we've already seen the negative outlook removed and I think we'll see our ratings remain in the A category or potentially be enhanced once we're able to fully articulate a plan of finance for the Tappan Zee Bridge project.

ASSEMBLYMAN OAKS: Thank you.

CHAIRMAN FARRELL: Thank you.

Mr. Walters to close -- never mind.

CHAIRMAN DEFRANCISCO: Okay. Could I just say something, just to be clear? I asked you all those questions because I really want to know the financing structure, because somehow this always results in increased fares -- in increased tolls or

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fares or whatever -- on the Thruway, increased tolls, which will, in my mind, ultimately be translated throughout the system. And the problems we had with the latest proposed increase were -- I think the criticism was well taken of those who would cause more traffic to avoid the State of New York. You and your office and the head of the Canal Authority have been fabulous. Everything we've asked for help with, you have done it. And I know that you are not making the decisions on financing of the Thruway. That's at the highest level. I just wanted to make sure you understood that, and the people that are watching this understood that. You're doing a wonderful job, and you've helped us many, many times.

MR. MADISON: Thank you.

CHAIRMAN DEFRANCISCO: Thank you.

MR. MADISON: Thank you, Mr. Chairman.

CHAIRMAN FARRELL: Thank you very much.

MR. MADISON: Thank you, Chairman.

CHAIRMAN FARRELL: Next is the 12:00 o'clock witness, The New York Public Transit Association, Carm Basile and Bill Carpenter.

CHAIRMAN DEFRANCISCO: Whenever you're ready.

CHAIRMAN FARRELL: Announce your name, please.

MR. CARM BASILE: Carm Basile.

Thank you, Chairman Farrell and Chairman

DeFrancisco, for giving the New York Public Transit Association the opportunity to comment on Governor Cuomo's Executive Budget for 2014-2015. As Chairman Farrell said, my name is Carm Basile. I'm the Chief Executive Officer for the Capital District Transportation Authority here in Albany. I'm joined by my friend and colleague, Bill Carpenter, the Chief Executive at RGRTA in Rochester.

CDTA provides services throughout the Capital Region with close to 60,000 boardings each work day. I also serve as President of the New York Public Transit Association, which represents public transit agencies and suppliers throughout the State. Our transit system supports the State's economy and we improve the quality of life in our communities by providing safe and reliable mobility. Transit systems connect businesses. We help to expand the labor pool and we support economic development across the State. We're also a major employer, with over 75,000 people on our payrolls.

New York State residents are increasingly reliant on transit service, as evident by the steady growth in ridership we have seen over the last few years. Our ridership at CDTA has grown by nearly 25 percent in the past three years, and there are similar growth rates in Buffalo, Rochester, Syracuse and New York City.

COMMISSIONER DEFRANCISCO: Excuse me.
May I interrupt you?

MR. BASILE: Yes, sir.

COMMISSIONER DEFRANCISCO: I'm looking at the single page, single-spaced long speech as well. Mr. Carpenter, I

assume you have one as well. Whatever you want to do is fine with me, but it would seem to me that several of the legislators set the table for you guys to explain what has to be done because you're not properly funded. You don't have to tell us how needed public transportation is in Upstate New York. I think everybody will agree with that. Isn't the main issue -- like we've all questioned everybody about and questioned the Commissioner of Transportation about -- isn't the real issue how are we going to fund this at a level where you can truly have sufficient funds to deliver the services that you need?

MR. BASILE: Senator, thanks for cutting to the chase.

COMMISSIONER DEFRANCISCO: Okay. If you both want to address that, get to the point and, believe me, your remarks will be much better received.

MR. BASILE: Well, firstly, we thank the Governor for our 2 percent increase in the Downstate systems and the 1.35 percent increase in the Upstate systems, but as the Senator said, it's not enough. Upstate, especially, we've seen no growth in the last three years. We have phenomenal growth in ridership, phenomenal receptivity to our systems. The structural model that funds transit throughout the State has been the same for 30 years, and it just doesn't work. The Upstate mechanisms are not strong enough. The economy is not strong enough to fund those systems. We're actually working against ourselves. The more riders we put on transit, the less revenue we receive from things like the Petroleum Business Tax. So, we have

to rethink it. We have to work together to find a solution. There has been great receptivity by many of you to rolling up our collective sleeves and finding something that works. NYPTA has floated several ideas. I think there are several ways to address this issue, but as the Senator says, I think let's close the book on single-spaced speeches about how great we are; we all know that and we all appreciate that. But it's time to fix it, especially Upstate where we're just not generating enough revenue in our funding sources to save the day.

MR. WILLIAM CARPENTER: Bill Carpenter, CEO for RGRTA and the Chair for the Legislative Committee for NYPTA.

For the last number of years, RGRTA has testified separately from NYPTA. I joined my peer, my friend, Carm Basile, and the NYPTA members because the successful business model that RGRTA has put in place allowing us to be fiscally-sustainable is not providing the kind of support for the economic development of our community and strong public transit funding that reflects a growth of the economy so that we can grow hand-and-glove with our community. Support of that growth is what NYPTA is here and what RGRTA is here to support, and that's finding funding mechanisms that are not stagnant but reflect growth in the economy. When that grows, public transit funding grows so that as the demand increases, we're able to match that demand and better serve our communities.

CHAIRMAN FARRELL: Questions?

COMMISSIONER DEFRANCISCO: If I might, what I would also like to hear and I think others do, what is your

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proposed solution? What are the additional funding streams or what are the options?

MR. BASILE: We're proposing to swap out, to move things like the Petroleum Business Tax to the General Fund and to look at something like -- look at the sales tax. A small portion of the sales tax could provide growth and predictability in our funding streams, in a nutshell.

CHAIRMAN FARRELL: David Gantt.

ASSEMBLYMAN GANTT: Are you suggesting that you should get a piece of the county sales tax or the State sales tax?

MR. BASILE: State sales tax.

ASSEMBLYMAN GANTT: So, the Governor should give you part of his sales tax?

MR. BASILE: It's a swap-out. We would take all of our funding, the various funding sources, various taxing mechanisms, and move those to the General Fund and move --

ASSEMBLYMAN GANTT: Have you talked to the Governor about that?

MR. BASILE: We've talked to the Governor's office.

ASSEMBLYMAN GANTT: And did the Governor say ok?

MR. BASILE: Well, that's the problem, Assemblyman. No one has said okay.

ASSEMBLYMAN GANTT: I know that's the problem. I have probably a couple of other questions. You have not

testified with NYPTA lately. Why the change this year?

MR. CARPENTER: What I've seen of the Upstate NYPTA members is they've moved. My partner here, Carm Basile, has some very innovative ways to partner with businesses, just like RGRTA has done for years. We're seeing Syracuse and Buffalo more and more look for those destinations that directly benefit from public transportation and having them pay their fair share. But in the market, jobs are moving to Webster, they're moving to the outskirts of Henrietta. They're moving to the Rochester Technology Park and Gates. We're being asked to stretch our public lines to serve good jobs for those who are transit-dependent at a level that does not make it competitive for those businesses to highly subsidize. When it's just an extension of a route, it makes sense. When it requires a brand-new route, it doesn't make sense for those businesses and I'm left with the situation of either determining not to serve those customers who could get good jobs or take lines away from other good-paying jobs, other parts of the community. What's needed is as those jobs increase, public funding and the customer fares, that partnership that's been around to be able to extend those lines to those jobs.

ASSEMBLYMAN GANTT: Let me ask a couple of questions, one of each of you. What's your cost per ride?

MR. BASILE: \$1.50, sir.

ASSEMBLYMAN GANTT: How much?

MR. BASILE: \$1.50.

ASSEMBLYMAN GANTT: What's your cost per

ride?

MR. CARPENTER: \$1.00.

ASSEMBLYMAN GANTT: Why is there this discrepancy between the two of you?

MR. CARPENTER: Each public authority has developed their own business model. I think Upstate we have some at \$1.00, RGRTA, some at \$1.50, some at \$2. When you get to the daily rate, they're very comparable. When you get to the monthly rate, they're very comparable. In Rochester, when you get on the bus you pay \$1.00. In Syracuse, you get on the bus you pay \$2 and you get a transfer to the next bus. So, a person who needs one ride pays less in Rochester and a person who pays two rides pays the same in Rochester and Syracuse. In Rochester, we get much more of our share from the business destinations, and what we're finding as we continue to grow that portion of our market, but we're not able to meet all the demand for jobs at the outskirts of our community where call centers -- where light manufacturing jobs are being located. Those are very expensive for us to build, and that's what we're here today to get across.

ASSEMBLYMAN GANTT: But you can do it for \$1.

MR. CARPENTER: We can do it for \$1.

MR. BASILE: But in actuality, as my friend said, ours is a flat fare, \$1.50. It doesn't change. There are different fares in Rochester, different fares in different parts of the State. It depends

on how you look at it. We're pretty close.

ASSEMBLYMAN GANTT: Well, you're not close in my mind. If his is \$1 and yours is \$1.50 and Syracuse is \$2. There's a big difference there. So, I would like to know the reason why there's this big difference.

MR. BASILE: I think you're really deep into the fare structure. We would be glad to sit down and talk to you about the difference in what people pay, but the average fare, I think, is what you want to look at, and our average fares are not that much different.

MR. CARPENTER: So, just to echo that, the all-day pass in Rochester is \$3 and I believe the all-day pass in Syracuse is \$3.50. So, to get on the bus it's a big difference for one ride. To ride it all day, not that different. To ride it all month it's not that different.

MR. BASILE: I think the bottom line, though, is in all of our communities Upstate you're seeing tremendous ridership growth. We have slightly different business models. We have slightly different fare structures, as you point out, Assemblyman, but we're seeing phenomenal growth. My problem here in Albany is I don't have the resources to match demand. We have routes that are overcrowded. We just don't have the resources to respond. So, after a while, you attract new riders to your system, but because you can't provide them with a comfortable ride, a seat, eventually they're going to leave. They're going to find another way because this, after all, is still a car community, a car-based community. So, what we're asking for is resources to meet the demand. People want the service. They

like the service. They want to use more.

CHAIRMAN FARRELL: Mr. Brennan.

ASSEMBLYMAN BRENNAN: Thank you. I listened to your response to Senator DeFrancisco's question about how you would change the funding stream for the Upstate transit systems and I think we would like to work carefully with you on that. As you know, the MTA is linked to the sales tax in the metropolitan area as well as corporate income tax, so it's linked to growth in the economy. And the Petroleum Business Tax, I think the automobile efficiency goals, 40 miles a gallon by 2025 or whatever it is, is going to result in a flattening, if not a reduction, in gasoline consumption in the United States and, presumably, in New York over the long-term. And so, that will mean that you would be permanently flat if the gas tax is your basic funding source. So, it's a critical issue for funding your system and making your systems attractive to the public and so I think it's important for the Legislature to work carefully with you on this.

MR. BASILE: I appreciate your continued support, Assemblyman.

MR. CARPENTER: Thank you, Assemblyman.

CHAIRMAN FARRELL: Senator.

CHAIRMAN DEFRANCISCO: Excellent summary, excellent. From a New York City colleague, excellent, excellent.

Can you just get me what your estimates are of what you're getting now from the Petroleum Business Tax and other sources and to show what you would be giving back in order to share in the

growth in sales tax?

MR. BASILE: You'll have it tomorrow.

CHAIRMAN DEFRANCISCO: Okay. I won't be here tomorrow, but thank you.

MR. BASILE: How about Monday?

CHAIRMAN FARRELL: Thank you.

CHAIRMAN DEFRANCISCO: Senator Krueger has one more thing.

SENATOR KRUEGER: It's an addendum to Senator DeFrancisco's request. I also suggest you take a look in the New York State Tax Expenditure Report and look at petroleum tax exemptions and potentially make an argument for closing some of those loopholes and committing that money to mass transit in Upstate New York, because I have serious questions about why we are giving tax exemptions for the use of petroleum. Every loophole, so-to-speak, is one less dollar you potentially can draw from on your existing lines.

MR. BASILE: We'll do that Senator. Thank you.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Thank you very much.

Scott Wigger, Executive Director, Railroads of New York. Good afternoon.

MR. SCOTT WIGGER: Good afternoon. My name is Scott Wigger. I'm the Executive Director of Railroads of New York. I want to thank you for the opportunity to testify here today. In the interest of time, I'll just summarize my written testimony for you

there.

CHAIRMAN DEFRANCISCO: Excellent idea.

MR. WIGGER: RONY represents the freight rail industry here in New York State. It's comprised of four Class I railroads and 33 short line and regional railroads. Through the New York State Rail Network we connect to the nation's 140,000-mile rail network, which access to gives many of New York's industrial, manufacturing, agricultural customers a significant competitive advantage over other industries that lack access to this rail network.

In the Governor's budget proposal, we support the funding levels that are in there, which include the \$10 million that's proposed for freight rail projects and the \$25 million proposed for a mix of rail, aviation and mass transit projects. In last year's budget, if you recall, with thanks to you in the Legislature and the Governor's office and DOT, we were able to reestablish the Freight Rail Infrastructure Capital Program within the budget. It was funded with \$20 million and it led to 14 essential rail projects getting selected for funding. This was especially important for us because in the previous three fiscal years, all Statewide rail funding went towards -- exclusively towards passenger and high-speed rail projects, leaving freight rail with no Statewide capital funding for the first time in many years. This is especially important for our State's smaller railroads, the Class IIs and Class IIIs, or the short line and regional railroads. Many of these are railroads that were spun off many years ago from the Class I operations because they were either unprofitable or in need of

heavy capital repair. So, these operators are especially in need of State funding to get their projects done.

Now just for a perspective, as I mentioned before, in the 2009 New York State Rail Plan that DOT completed, they identified needs of about \$375 million per year over a five-year period, the investment needed in the State's freight rail infrastructure. Now, we realize in the context of the State budget that's definitely a high, lofty number, but this year we do wish to build on the success of last year's program and we would like to request \$30 million in funding this year for the Statewide Freight Rail Capital Program.

For your reference, attached to the back of the written testimony you'll see there is a list of just sample shovel-ready projects that our members have identified. There's about \$53 million worth of projects identified, and without State assistance, none of them would be able to get underway.

It's also important to keep the program structured as it is currently, how you established it in last year's budget, with New York State DOT being responsible for the scoring and not going through the Regional Council process. That's because, just like many other infrastructure projects, they can't be appreciated on a local level like that as they have benefits that occur throughout the whole network. And DOT, just like with highway projects and rail, it's network in nature so they need to take a more holistic view of everything. It was ideal for us; other states do it the same way, too, such as Pennsylvania, which operates about a \$30 million program

annual for freight rail.

While rail service is typically not the reason a new factory is built or a distribution center is expanded, access to rail service can often be the reason a specific site is selected. In addition, improving and expanding freight rail service can open up new land for development. Most recently, in September of last year, the Lackawanna Rail Relocation project was completed. This is in Erie County. It's one of the largest brownfield sites in Upstate New York. Basically, DOT provided them with \$4.4 million and it involved installing two miles of track and removing other tracks that hindered access to the site. And what happened was this opened up this land for -- about 300 acres of land for new development and investment. This is a key site in this part of the State, as not only is it one of the only sites in Erie County zoned for heavy industry, it also provides access to the Port of Buffalo, to the I-90 corridor, to local international bridge crossings and it also has direct rail connections with all four of the State's Class I railroads.

In addition to the economic benefits, freight rail provides the environmental benefits when you compare it to truck transportation for goods; they are definitely significant. It results in less pollution, less congestion on the State's roadways and tremendous fuel efficiency. For example, we can move a ton of freight 500 miles on one gallon of fuel. And that same rail plan that I cited before, they kind of just put a bow on it. If you were to take a 1 percent shift in goods and shift it from trucks to freight rail, it would save about 111

million gallons of fuel each year and really reduce greenhouse gases by 1.2 million tons.

So, in conclusion, we certainly appreciate all the work done with the Legislature, the Governor's office, DOT. This funding is very important for our members, especially the smaller railroads, as I mentioned before. We would like to continue to build on it and expand it, and I thank you for your time and any questions you may have.

CHAIRMAN FARRELL: Thank you very much.
Senator.

SENATOR KRUEGER: I do have one question. I don't know if you were here earlier, but it's been quite a discussion between yesterday and today, the concerns about safety in training crude oil from various ports throughout the State. I'm wondering whether your organization has a position or that somehow your requests are strengthened by our need to be doing something to protect ourselves from the risks of transporting oil and having it explode because of the wrong rail cars and we don't have the right systems in place.

MR. WIGGER: Sure, absolutely. Many of these capital investments go towards, essentially, hardening the system, bringing it up to a state-of-good repair. You know, as Commissioner McDonald noted before, on the Federal level the railroad industry has been working with their partners, U.S. DOT, the FRA, Homeland Security. They're in the process of reviewing all this. As far as the

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Governor's Executive Order, RONY and all of its members, we are ready, willing and able to support all those agencies in any way that we can with this, even if it's just serving as an information source for them as they do their analysis and prepare their report.

Freight rail still remains one of, if not the, safest ways to transport freight. Stats have shown it's safer than trucking, air and water freight. According to U.S. DOT, 2012 was our safest year on record, and over the past 30 years our accident rates have just been substantially and steadily declining. Our industry makes billions of dollars in capital investments in their system every single year in their system to bring it up to a state-of-good repair and make sure it's in a safe operating condition. At the same time, these funds definitely go to help improve the safety of our system in addition to promoting economic development efforts.

SENATOR KRUEGER: I don't want my question to have been misunderstood. I am supportive of rail freight and of your proposal. I was thinking that, perhaps, because of the heightened concern about making sure that we have a rail system that doesn't have derailments, particularly when it comes to the risks of certain kinds of freight, that that might be a stronger argument to at least prioritize some of the very large lists of projects that you have here. Perhaps you can piggy-back -- if that's a rail term -- piggy-back the arguments that you're making today on why we need to strengthen our rail system, particularly to ensure we have the infrastructure we need and we don't face derailments because we failed to do what we needed to

do.

MR. WIGGER: Of course, absolutely.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Thank you.

Gus Moghrabi, TWU Local 100, 12:20. Good

afternoon.

MR. GUS MOGHRABI: Good afternoon, Chairman Farrell, Senators, Assemblymembers. I want to thank you for this opportunity to address a very important issue of basic fairness for all school bus drivers who transport our nation's most precious cargo -- our children -- safely to and from school every day. My name is Gus Moghrabi, and I'm a representative of the School Bus Division for Transport Workers Union Local 100 in Westchester. I represent 2,000 school bus drivers who provide services to more than 50 public and private schools in Westchester and surrounding counties. My members work for six private companies contracted to provide school bus services for elementary through high school students.

I'm testifying here today on behalf of thousands of school bus drivers who work for privately-owned companies under contract to public school districts. Specifically, I'm asking this Committee to introduce and enact Assembly Bill No. A.7269, Senate Bill No. S.4317-A that was first introduced as an amendment to Education Law in 2011. We earlier submitted written testimony to the Education Committee for their considerations because we were unable to secure a speaking slot at the Education hearing. I'm before the

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Transportation Committee not only because this needed legislation directly relates to transport workers, because we wish to bring to public light a terrible disparity between school bus drivers working for private companies as opposed to those employed by public school districts. This unequal treatment concerns due process and disciplinary actions. The drivers employed by the school districts enjoy just cause, whereas, privately-employed drivers do not.

I have been a school bus driver since 2005. School bus drivers are required to adhere to Federal, State and school district regulations in performance of their jobs. There are two distinct categories of drivers: First, there are the drivers who work directly for the school district that operate their own service; second, there are private school bus drivers who work for privately-owned companies and contracted by the school district to operate the service. Even though both public and school bus drivers and private school bus drivers must adhere to the same Federal, State and district rules in the performance of their jobs, the job protections afforded to bus drivers depend on the employer they work for. Even though we do the same job as the bus drivers who work directly for the school districts, the private bus drivers adhere to different rules and disciplinary procedures. For example, the Federal Sleep Apnea Law that will soon be in effect will apply to private bus drivers but will not apply to district bus drivers. Annual and medical exam certifications are mandatory for private bus drivers, but not for district bus drivers.

But, I'm here to specifically address a patently unjust

and unequal situation regarding the handling of disciplinary actions against private versus public drivers. Public school bus drivers have "just cause" protection; private school bus drivers do not. District bus drivers faced with discipline are afforded a hearing and defined appeals process in which they and their union representatives can argue their case. However, in the case of the private bus drivers, even though we have an appeals process with the company that directly employs us, the district has the authority to overrule our employer's process and disqualify a driver with no just cause or due process whatsoever.

What types of events can lead to that disqualification? Here's a few actual examples: In the Greenburgh School District, one of my fellow workers, while transporting children between schools, dropped off some of the children in the school, at one of the schools. The principal came out and told him to turn the bus off and wait for the teachers to come out. The bus driver informed the principal that he could not do that because he still had children on the bus and it was too cold to turn the bus off. The driver informed the principal that, per company policy, she needed to contact the company office and make an official request. The principal's response to the bus driver was, *You will never work in this district anymore.* That principal proceeded to contact the superintendent and had the bus driver disqualified. We do not know what the official cause or reason she gave to the superintendent to justify this disqualification. The particular bus driver lost his job. This particular bus driver lost his job even though

he was following the strict guidelines and rules of his job. He certainly did not deserve this unfair treatment. There was no just cause hearing for this worker, no ability to appeal this principal's unwarranted and arbitrary treatment.

Also in Greenburgh, a driver was disqualified for following regulations for correctly refusing to drop off a child at an unscheduled stop. The parents of this particular child were angry that the drop-off site -- set by the district, not the driver -- was at a designated corner and not in front of their home. They demanded he stop in front of their home; he correctly refused. The district disqualified the bus driver. This was a valued, experienced driver, but simple parent complaints over an issue that the district should have handled caused this driver his job, and the company an outstanding employee.

This unprotected status of private school bus drivers is a serious problem. In the area I cover, one or two bus drivers will be unfairly disqualified weekly. This is not only a miscarriage of justice for the affected workers, it is disruptive and costly for the company as well.

Private bus drivers are doubly vulnerable to unfair labor practices by the companies who hired them. The private company managers who do not want to follow proper protocol in dismissing a driver from employment often hide behind the tactic of asking someone in the district to disqualify a driver for no just cause. Again, the driver will have no venue to defend or plead their case.

I'm not here to defend school bus drivers from all wrongdoing. There are mistakes made and, in some cases, discipline is warranted. We fully understand that school bus drivers must be held to the highest possible standards of conduct. I simply ask that since the rules are already in place between the driver and the company, that they apply equally to all school bus drivers, whether they are hired by the company or directly by the school district.

We hope that the Education Committee will introduce Assembly Bill No. A.7269, Senate Bill No. S.4317-A. It will equally balance the rights of all school bus drivers, whether they work for the district or for a private company.

Thank you for your time and consideration in this matter, and I'm available for any questions you may have.

CHAIRMAN FARRELL: Thank you very much.
Senator.

COMMISSIONER DEFRANCISCO: Senator
Savino.

SENATOR SAVINO: Thank you, Senator DeFrancisco. Thank you, Mr. Moghrabi, for your testimony. I want to get some clarification. These bus drivers who work for the school district buses, they are civil servants so, therefore, they're covered by State Civil Service Law, correct?

MR. MOGHRABI: Correct.

SENATOR SAVINO: And as a result of that, they have due process rights that are built into -- I'm assuming they're

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covered by Section 75, but maybe -- yes?

MR. MOGHRABI: Yes. They are afforded that due process, correct.

SENATOR SAVINO: So, the non-civil servant bus drivers that you represent belong to Local 100 but they work for a private bus company that's contracted to the school district, correct?

MR. MOGHRABI: Correct.

SENATOR SAVINO: So, they don't have the force of law. They have the force of contract, correct?

MR. MOGHRABI: Correct.

SENATOR SAVINO: So, are those contracts governed by the NLRB as opposed to PERB?

MR. MOGHRABI: They are covered by NLRB. The issue that we have, Senator, over here is that the district overrules this whole contract. So, even though we have a contract with the company, the districts still have the right to go on to (inaudible) somebody without going through any process.

SENATOR SAVINO: Well, where would you normally take your contract disputes on your private-sector contracts? You would take them to the National Labor Relations Board, wouldn't you?

MR. MOGHRABI: Actually, within the contract itself we have like a grievance process where we have a first step, second step hearing and then we may go to arbitration. If we don't have a contract with the company, we may go to NLRB, but usually

we go through, like, arbitration processes.

SENATOR SAVINO: But you have grievance arbitration but you don't have disciplinary rights, though? Is that what you're saying? You can grieve violations of the contract, not necessarily terminations or disciplinaries?

MR. MOGHRABI: Yes. We can do that.

SENATOR SAVINO: Oh, you can?

MR. MOGHRABI: Yes. We can do that.

SENATOR SAVINO: So, you have grievance arbitration in your contract, but you want these employees to be considered covered by Section 75, to be given the same due process rights that the school district bus drivers are.

MR. MOGHRABI: Correct.

SENATOR SAVINO: Hmm. I'm not sure how we would that, but I will review the bill. I'm sure -- it was in the Civil Service Committee in 2011. I don't know if it's been reintroduced, but I think maybe we can meet afterwards. I previously chaired the Civil Service Committee. I know a little bit about Civil Service Law, and I chair the Labor Committee now, so I would welcome you to come in and sit down and talk and see if it's a possibility. I'm not sure how, but I'm certainly willing to sit and meet with you.

MR. MOGHRABI: I appreciate that, Senator. Thank you.

SENATOR SAVINO: Thank you.

CHAIRMAN FARRELL: Thank you very much.

MR. MOGHRABI: Thank you.

CHAIRMAN FARRELL: Nadine Lemmon, Albany
Legislative Advocate, Tri-State Transportation Campaign.

MS. NADINE LEMMON: I'm the Albany
Legislative Advocate for Tri-State Transportation Campaign, a very
cumbersome title, I agree. But thank you, Chairman DeFrancisco and
Chairman Farrell and members of the Senate and Assembly
Transportation Committees for giving Tri-State the opportunity to
submit testimony today. We are a non-profit policy and advocacy
organization working for a more sustainable transportation system.

Let me start by thanking you for your questions on
the Tappan Zee Bridge. They were fantastic. Many of the questions
that we have also had, and I hope that the dialogue continues on that.
We'd also like to thank you in reference to this diversion of funds in
the Executive Budget. Thank you for your questions there as well.
Assemblyman Brennan, Senator Krueger and Assemblyman
DenDekker were all so on top of that.

We were very pleased with the unanimous support of
the lock box bill last year and, obviously, disappointed by the
Governor's veto of that bill. And we're very disappointed by the
doubling-down on diversions that have appeared in the Governor's
Executive Budget. The Governor's proposal is going to be taking
funds, transit funds that pay for day-to-day operations, service and
maintenance and diverting them to the State's General Debt Fund.
With this action, Governor Cuomo reneges on an agreement the State

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made with the MTA in 2002 in which the State agreed to pay this debt. This reversal of policy, which first occurred last year with a diversion, is not only planned for this year again, but for 2015, 2016 and beyond. The total outstanding debt for these service contract bonds, \$350 million. Let me put that number in perspective for you

because I know you were asking about the impact that that could have on transit riders. In the MTA's November Financial Plan it says that the projected fare and toll increases in 2015 and 2017 at 7.5 percent would yield \$500 million. So, with this diversion we're talking about \$350 million and if you were not to have this diversion you could potentially reduce that fare hike. We ask you to take a strong stand this year and uphold the policy that protects dedicated transit funds. Reverse Governor Cuomo's proposed diversion and reject the proposed future diversions of dedicated transit funds.

And in the cut-to-the-chase philosophy, I won't read my total testimony here. I would say that my organization supports NYTPA's proposal to swap the Petroleum Business Tax for the sales tax but, you know, I like the suggestion as well to look at other revenue sources.

We are also concerned about the parity issues in the distribution of STOA funding. I know there was some discussion about how much the NFTA is receiving in comparison to Westchester, and we would also compare Westchester to Nassau County. They have similar daily ridership and, yet, Nassau County is getting \$10 million more this year in STOA funding. These funds, these

additional funds, whether they're 1 percent, 2 percent, 5 percent, do have significant impact. Last year with your efforts to bring in \$5 million extra in funding for Nassau's NICE transit system and \$2 million extra for Suffolk's Transit System, they were able to restore previously cut service and add an unprecedented level of Sunday service to ten of its routes. But 2 percent and, you know, 1.5 percent is simply not even enough to keep up with their inflation costs.

The dedicated funding for pedestrian and bicycling infrastructure is something that has not been talked about today, so I will talk a little further on that. I respectfully disagree with Commissioner Fiala's statement that New York has one of the safest road systems in the nation. When you look at the fatality rate for pedestrians and bicyclists, we actually come dead last. Twenty-seven percent of the people dying on our roads are pedestrians and bicyclists. If you're looking in the Downstate region, 50 percent of the people dying on the roads are pedestrians and bicyclists. At the moment, we spend maybe two pennies on one dollar of our transportation dollars protecting these vulnerable users.

The adoption of the Complete Streets Law in 2011 has developed significant momentum for pedestrian and bicycle projects at the local level in our State. Communities across New York are eager to invest in pedestrian and bicycle projects, knowing that these projects improve their community's quality of life, promote a healthier population, revitalize downtowns, increase real estate values and business activity, provide more equitable and affordable

transportation choices, and reduce air pollution. Unfortunately, recent reductions in funding on both the State and Federal level have greatly reduced the ability of communities to realize their goals. The MAP-21 cut funding by 30 percent, or about \$12 million, a year. And

NYSDOT has a new Preservation First policy that categorically excludes new pedestrian and bicycling infrastructure from 80 percent of the spending that they're doing in the State. In our opinion, that policy is not in alignment with either the spirit or the letter of the law that was passed in 2011.

What we need now is a reliable, dedicated source of funding that can function very like the planned reserve fund established in last year's State budget for transit capital projects, or a few years ago there was a State program for funding local bridges. So, again, we need to set aside funding to help protect the most vulnerable users of our roads.

Concerning the Sheridan Expressway, I can't improve on what Assemblyman Crespo said earlier today, and I appreciate the questions that you made to the Commissioner. I would just add that the construction of the ramps on the Sheridan Expressway ties into other economic development proposals for the area, including the restoration of the Hunts Point Metro-North station as part of Governor Cuomo's Penn Access proposal. The State's \$50 million contribution to Hunts Point Terminal Produce Market's redevelopment and New York City's recent seven-year lease renewal with Hunts Point Terminal Produce Market. So, a significant investment in this area,

but without the EIS starting now, it definitely cuts the ability to proceed with this project. We request that NYSDOT put \$3 million in funds to commence the Environmental Impact Statement. Even though the proposal is \$10 million, this would at least be able to get us started this year. This project has received Federal and national attention and should progress, but cannot do so without this initial EIS.

Concerning the Bronx River Greenway, the reclamation of the Bronx River and the resurgence of community life along the river is a success story in which we all take pride. New York State has played a crucial role in this success, from stopping polluters to designating an award-winning section of the Bronx River Greenway in the South Bronx, Starlight Park, which you had also mentioned. The next step is to complete phase two of Starlight Park, the last remaining unfunded link in the Bronx River Greenway. The project costs \$35.6 million according to NYSDOT's estimates. New York City has committed \$12 million and has accepted the responsibility for project coordination at the suggestion of NYSDOT and the Department of Interior. We now ask that New York State make an equal commitment of \$12 million to join us in seeking another \$12 million from the Federal and other potential sources to close this critical South Bronx gap in the Bronx River Greenway. And we thank you for your past support.

I would also like to add that we do also support the Article VII legislation for the toll enforcement for the MTA and the

Thruway. It would really help bring in some needed additional revenues.

So, thank you for your time.

CHAIRMAN FARRELL: Thank you. One thing.

MS. LEMMON: Yes.

CHAIRMAN FARRELL: Since Mr. Bloomberg is taking away a whole street and giving it to bicycle riders, are you going to keep track of the amount of people that are being hit by the bicycle -- how many bicycle riders are hit by cars and how many bicycle riders hit pedestrians?

MS. LEMMON: Yes. I think that New York City DOT is keeping track of that information. I can't cite those statistics for you, but I could get them for you. It's my understanding that the interaction between bikes and pedestrians has not gone up in any significant amount.

CHAIRMAN FARRELL: It frightens the heck out of me with young kids and quiet bicycles. We may have to make their bicycles make a noise --

MS. LEMMON: Right.

CHAIRMAN FARRELL: -- because you never hear it until it hits you or until you hear an obscenity coming from the mouth of the driver.

MS. LEMMON: The interesting thing is the more bike traffic there is out there, the safer it is for everyone because everyone starts to slow down.

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CHAIRMAN FARRELL: But, if you hear it. Most bicycles are quiet. They don't make noise. A car makes noise, so you hear it before it hits you.

MS. LEMMON: Right.

CHAIRMAN FARRELL: Thank you very much.

MS. LEMMON: Thank you.

CHAIRMAN DEFRANCISCO: Excuse me.

Senator Savino.

SENATOR SAVINO: More a comment than questions. First, I appreciate your testimony and your advocacy on behalf of the Transportation Campaign, but I noticed there's a big chunk of the Downstate region that doesn't have any recognition in your testimony, and that would be the County of Richmond, which has on average the highest -- longest commute in the nation; on average, more than 90 minutes a day, with multiple ways to get there. People leave their home, drive to a park and ride, get on a bus, take the bus to the ferry, get off the ferry, take the subway. So, what happens is people wind up getting in their car and staying in their car and then, of course, paying the highest tolls in the nation. In addition, the City DOT has not done anything to expand bicycle access on Staten Island. In fact, when City Bike was introduced, we were not even included in it. So, you can't bring a bike over the bridge, you can't bring a bike on the Staten Island Ferry and there's really very little biking. So, I would hope that after the budget is done, we could get you to come out to Staten Island and take a look at it because we really need all the help

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we can get in advocating for the Tri-State Transportation Campaign.
Thank you.

MS. LEMMON: Sure. My pleasure.

COMMISSIONER. FARRELL: Thank you.

Gary Harvey, Green County Superintendent, New

York State County Highway and Superintendents Associations. Also, Martin Roberts, President of the New York State Association of Town Superintendents of Highways.

COMMISSIONER DEFRANCISCO: You're not looking for more CHIPS funding, are you?

MR. MARTIN ROBERTS: How did you guess?

Good afternoon, Chairman DeFrancisco, Chairman Farrell, members of the Joint Legislative Committee. I'm Martin Roberts, President of New York State Association of Town Superintendents of Highways and the Town of Reading Highway Superintendent. With me is Joe Amico, Town of Gates Highway Superintendent and Executive Board Member. Representing the New York State County Highway Superintendents is Gary Harvey, Greene County. We appreciate this occasion to submit testimony for your consideration as you review the 2014-2015 Executive Budget.

Rather than reading our entire testimony, we thought it would be best to highlight some of our more important points. I would like to begin by expressing our appreciation for the support that the Legislature has provided in the past by restoring local funding during budget negotiations. We are supportive of the Governor's

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Executive Budget proposal which includes a three-way agreed upon level of funding for CHIPS at \$437.8 million and then Marchiselli at \$39.7 million. This funding is distributed by formula to each municipality in the State, so when you increase CHIPS you help every local government in the State to fund important road and bridge projects. Additionally, our Association supports the directive included in last year's Message of Understanding that the DOT develop and submit a new five-year capital transportation plan.

Before the enactment of the 2013-2014 budget, State funding had been frozen for five consecutive budgets at \$363.1 million for CHIPS and \$39.7 million for Marchiselli. There is a consensus among highway professionals throughout the State that this level of funding for the transportation system over this long period had had severe consequences. Unfortunately, rising costs and dwindling funding from other sources means we are losing the preservation battle. Today, even with the recent CHIPS increase, we treat only a fraction of the road mileage we did just a few years ago. Despite well-timed and targeted preventative maintenance treatments, the aging condition of many of our locally-owned transportation assets are beyond preservation and in need of much more costly rehabilitation and construction.

Estimates by the State Comptroller, DOT and independent studies show that a large number of road mileage is deteriorating and many bridges in the State are rated structurally deficient and functionally obsolete. Thirty-two percent of the bridges

are deficient and 40 percent of road pavements are rated at fair or poor condition and getting worse. The State Comptroller estimates there will be \$89 billion in unmet local infrastructure needs over the next 20 years, with much of this shortfall on the already deteriorating local transportation system. Our own analysis indicates an annual funding gap of \$1.3 billion -- annual funding gap of \$1.3 billion for the local system alone.

The two-year Federal transportation aid allocation to New York, MAP-21, is, as feared, primarily directed to the major systems -- interstates, principal arterials and expressways -- and away from the locally-owned roads and bridges, and even directed away from many State roads and bridges. This new focus on major highway systems has resulted in what we estimate has been as much as 40 percent less in Federal dollars available for local projects. Our associations are working closely with DOT officials to urge Federal officials to modify MAP-21 during the reauthorization process to ensure more flexibility for the State to direct this Federal funding to where it is needed most.

With the State-owned system benefitting from the previous \$1 billion accelerated bridge and pavement program -- credited with improving or replacing more than 100 bridges and repairing 2,000 miles worth of roads among other public works projects -- the announcement by the Governor that the State will seek \$486 million in Federal storm recovery dollars to replace or repair 104 older State-owned bridges at risk due to the increased flooding, and

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the State's advantage over the local system due to the NHS focus of MAP-21 and the Governor's proposal of \$155 million in NY Works devoted to the State system, we are requesting similar attention be given to our local needs, particularly for critical bridge and culvert work. We urge you to consider a multi-year bridge and culvert program directed towards the local system.

The Executive and Legislature needs to once again make CHIPS a cash-based, pay-as-you-go program. Drivers on local roads contribute nearly half the gas taxes collected in this State. We suggest examining how existing motor vehicle fuel taxes and fees are currently being distributed and consideration of a more equitable distribution. Forty-eight percent of the vehicle and miles traveled in New York are on local roads, yet less than 12 percent of the taxes and fees paid to the State by these drivers are going back to maintaining local roads. In addition, there is currently a State sales tax on motor fuel that generates \$480 million annually, none of which is dedicated to transportation. We support legislation to deposit a portion of these revenues into the Dedicated Highway and Bridge Trust Fund to be used to maintain local roads and bridges.

There are several bond act proposals being advanced: The Governor has called for a \$2 billion bond act for education technology; environmental organizations for a \$5 billion Clean Water/Clean Air/Green Jobs Act; and a bill introduced in the Assembly proposes a \$4.5 billion Transportation Infrastructure Bond Act that authorizes the Legislature to set aside a portion of the bond

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proceeds for local transportation projects. If there is, indeed, an ultimate agreement on a bond act, we urge that such a bond include all infrastructure needs including for local transportation projects:

We support the Executive's budget proposal to extend the piggy-backing and shared purchasing until 2020. Extending these provisions allows us to reduce some of the administrative costs associated with procurement. We also support having additional tools available for us to result in cost reduction and, therefore, recommend legislative approval.

We are also concerned about the timing of Statewide commodity contracts with OGS. The construction season in New York is very short, and certain contracts need to be in place when we need it the most. Recently, many contracts that have been critical to localities have been late, such as last fall's State salt contract.

The 2014-2015 Executive Budget proposes a pilot program to allow certain counties, towns, cities and villages to utilize Design-Build contracting for public infrastructure projects. We support having an additional tool available for us that may result in cost reductions and, therefore, recommend Legislature approval.

In conclusion, the New York State County Highway Superintendents Association and the New York State Association of Town Superintendents of Highway urge the Legislature to seek ways in which to make available more State funding and resources that adequately reflect the critical needs of local roads and bridges. We look forward to our continuing dialogue with the Governor's Office,

confirmed the importance of the aviation system in the State.

Commissioner McDonald asserted: "Continued strategic investments in New York State's aviation industry will help rebuild the economy by attracting and retaining businesses that depend on aviation for shipping and receiving goods, while also providing business and recreational travelers with safe, fast and reliable service."

As I mentioned, tremendous gains were made in addressing some critical infrastructure needs of airports in the current budget. That budget allocated \$10 million for aviation, with a portion being used to match Federal funding through the Airport Improvement Program, also known as AIP. The remaining funds were allocated to a program based on direct competitive grants to airports for critical economic and business development projects. This new funding helps offset the loss of more than \$15 million annually for aviation capital grants under the previously-funded New York State Transportation Bond Act's AIR '99 program that was funded in the 2009-2010 State budget. The AIR '99 program has provided valuable financial assistance for vital infrastructure at airports across New York. This funding, including repair of existing facilities, new infrastructure such as water and sewer connections, and critical safety enhancements. The loss of this program essentially reduced State funding for these types of projects to zero.

The Executive Budget includes a \$4 million annual appropriation for State matching funds for projects funded by the Federal Airport Improvement Program. The Executive Budget does

not increase the funding for the AIP program but, instead, uses part of the \$10 million capital appropriation mentioned earlier to plug the funding gaps. While this protects losing Federal aviation funding, it reduces the funding available by 20 to 30 percent for important New York airport development projects and the State Airport Capital Improvement Program.

NYAMA requests that AIP be fully funded as a separate line item at \$8 million so that the full \$10 million of capital is available for airport development projects throughout the State.

Based on analysis of Federal Aviation Administration approved capital plans, the State Department of Transportation has estimated the total needs for the 20-year period between 2010 and 2030 to be \$4.3 billion. This investment will be necessary to preserve the system and allow airports to grow passenger, cargo and general aviation services. On average, the State funding level of \$20- to \$30 million per year is what's required to maintain aviation service and preserve the core programs. Considering aviation contributes \$4.5 billion in State and local tax revenue annually, it seems reasonable that airports see a portion of this revenue go back into the aviation system in the form of State-assisted economic and business capital development projects at airports.

The importance of airports in New York as economic engines and transportation resources is evident and NYAMA is, therefore, urging the Legislature to work with the Governor to establish a significant, reliable and permanent aviation funding

program.

The aviation industry is particularly interested in several initiatives the Governor is advancing to promote economic growth and job creation through a number of State and government private-sector partnerships. The Governor's START-UP NY Global initiative, designed to link START-UP NY and the Regional Economic Development Council initiatives to attract international investment and jobs to Upstate New York would no doubt require significant role by many Upstate airports. Global marketing and export strategies will need to consider and include the availability and reliability of air service and general aviation assets, which New York has an abundance of.

The Governor's NY Works agenda focuses on aggressive business development efforts that are seeking to revitalize the State's economy. With a focus on aiding business owners, retaining and creating employment opportunities and investing in higher education, the aviation industry will support New Yorkers in getting back to work. The aviation industry is a key partner in supporting these through the employment of nearly 400,000 related workers. We urge the Legislature to support these worthy initiatives and support a strong role for airports and the aviation industry in these efforts.

A key initiative NYAMA is pursuing is the Aviation Jobs Act, which has passed the Senate several years and is prime-sponsored in the Assembly by Assemblywoman Donna Lupardo,

along with a significant number of bipartisan cosponsors. The Aviation Jobs Act seeks to reform the sales tax treatment of general aviation in New York. In 2004, NYAMA successfully advocated for the sales relief tax for the maintenance and repair of general aviation aircraft. Data from the New York Tax Department indicates that the exemption has been a tremendous success, resulting in the expansion of aviation maintenance and repair businesses which result in more jobs and increase tax revenues for the State. To further this point, the FAA data reveals an increase of 23 such repair entities and the creation of 686 new aviation-related permanent jobs in New York State since the enactment of this tax reform. In the aforementioned economic study, DOT found that direct revenue impacts have been found to provide up to five on-airport jobs and approximately \$1 million in annual economic activity. There is a direct correlation between job creation and the aviation industry.

It is our goal to replicate the past successes via the Aviation Jobs Act to extend the job stimulus effect to include the purchase of aircraft. This tax law change is important for two critical reasons: The savings that can be realized across State borders has drawn businesses and based aircraft away from New York State, along with the associated jobs and related business activity connected to the aircraft. New York must enact the Aviation Jobs Act to reverse this economically-destructive situation where we are exporting income and job-producing aviation assets to neighboring states.

NYAMA and its members across New York State

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strongly support your efforts to ensure that the State pursues policies that are pro-growth and pro-job creation in these tough fiscal times. NYAMA has suggested today several policy changes to do just that. Our Board and members stand ready to assist you and respond to any questions or requests for additional information you may have.

Thank you very much for your time today.

CHAIRMAN FARRELL: Thank you very much.

Any questions?

MR. MARTELLE: Thank you.

CHAIRMAN FARRELL: Barring none, we are adjourned.

(Whereupon at 3:40 p.m., the budget hearing on Transportation was concluded.)

