New York State Department of Transportation  
Metropolitan Transportation Authority Metro-North Railroad  
New York State Thruway Authority  

Meeting Minutes  

Finance Stakeholders’ Advisory Working Group (SAWG)  
Meeting #2  

July 22, 2009
Meeting Title: Finance Stakeholders’ Advisory Working Group (SAWG)

Meeting Purpose: Exchange of information

Location/Date: Greenburgh Town Hall
July 22, 2009 6:00 p.m.

Attendees:

- Chris Crane: Office of Westchester County Legislator Tom Abinanti
- Darcy Casteleiro: Office of N.Y. State Assemblywoman Ellen Jaffee
- Thom Kleiner: Supervisor, Town of Orangetown
- Barton Lee: NSARP
- Linda Levine: Office of N.Y. State Assemblyman Adam Bradley
- Jon Marshall
- Jack McLaughlin: East Irvington Civic Association
- Walter Kristlibas: Office of Rockland County Legislator Harriet Cornell
- Taylor Palmer: Office of U.S. Representative Nita Lowey
- Martin Robins: Consultant to the Rockland County Legislator Cornell
- T.J. Rogers: Office of N.Y. State Assemblyman Richard Hall
- Sy Schulman
- Mammen Samuel
- Mary Jane Shimsky: Office of N.Y. State Assemblyman Richard Brodsky
- Arthur Winoker
- Cheryl Winter-Lewy: Westchester County Planning Board

Project Team

- Chris Gatchell: FHWA
- Fred Werner: FHWA
- Michael Anderson: NYSDOT
- Raoul Desy: NYSDOT
- Yvette Hinds: NYSDOT
- Susan Kugler: NYSDOT
- Joe Pasanello: MTA MNR
- Angel Medina: NYSTA
- Sandra Vasco: AECOM
- Paul Plotczyk: WSA
- Rita Campon: Parsons
- George Paschalis: HSH
Paul Plotczyk, a facilitator with Work Systems Associates, welcomed the attendees, outlined expectations for the meeting and introduced Michael Anderson (NYSDOT), director of the Tappan Zee Bridge/I-287 Corridor Project.

Mr. Anderson welcomed the attendees and noted the project’s state and federal partners in attendance, including Angel Medina (NYSTA), Joe Pasanello (MTA MNR), and Chris Gatchell (FHWA-NY Division). Mr. Anderson introduced the evening’s speaker, Mr. Fred Werner (FHWA) of the Office of Innovative Program Delivery (OIPD).

Aided by a slide presentation (see attached), Mr. Werner provided an overview of the OIPD’s role in federally sponsored projects and reviewed a number of innovative financing concepts and options available to the project team.

The following questions and comments were made:

Q: What is the range of federal grant dollars likely to be available to the project team?
A: Anywhere from zero to 100%, depending in large part on the level of congressional support.

C: In many instances (e.g., the George Washington Bridge), the revenues derived from tolls are not limited to the costs associated with construction, operation and maintenance of that particular project, but are used to support other projects.

A: The revenues derived from tolls have long since paid for the George Washington Bridge. Similarly, the Tappan Zee Bridge takes in more money than it costs to operate. Excess funds are used for other Thruway maintenance and retirement of debt service. Currently, the Thruway is heavily dependent on the revenue generated by the bridge.

C: When the public approves a bond, they are generally not aware that monies are going to be diverted for other projects. The public is being fooled.

C: There is no such thing as a ‘JFK airport bond,’ or a ‘Lincoln Tunnel bond’; they are all Port Authority bonds.

Q: When the interstate system was first created, tolls were not allowed. Does this still apply today?
A: Currently, tolls are generally prohibited unless they were grandfathered in or unless FHWA makes a specific exemption. This rule is subject to change with each new authorization of the transportation bill.

Q: What is the federal role in the approval process? Which offices are involved?
A: The FHWA Division office in Albany is the conduit to various FHWA offices. The OIPD provides technical assistance to these offices as they evaluate the project.

Q: Were tolls being considered on Interstate 80 in Pennsylvania?
A: This project was being considered for an exemption through a pilot program. Ultimately, the project did not go forward.

Q: When the private sector is involved, will the cost of a project automatically be higher?
A: Foreign experience shows that the private sector typically can deliver a project at a lower cost than the public sector (20% lower, including the profit margin).

Q: Are there specific situations where the savings have been greater or less than 20%?
A: A report issued by the University of Melbourne in 1997 evaluated 40 projects—20 private sector, 20 public sector. The report found that, on average, the private sector provided cost savings and faster project delivery.

Q: Is it possible to build the replacement bridge now without all the other pieces in place? Finance as you go, as opposed to trying to fund everything now?
A: The project team intends to follow that very suggestion. Phased financing is the industry norm. If public entities issue debt that they don’t need, there are serious federal repercussions.

Q: In Georgia, how was funding secured for the current expansion of Interstate 95?
A: An aggressive congressional delegation secured grant funding.

Q: Earlier in the project study, High-Occupancy Toll (HOT) lanes were proposed. If they are still in the proposal, would they require federal approval to be implemented?
A: Our traffic forecasts are based upon HOT operation. It’s already a toll-facility, so we don’t think additional approval will be necessary.

Q: There is $4 toll charge for driving a relatively short distance of the Delaware Turnpike (Interstate 95). Was/is that toll subject to approval of the federal government?
A: Because an answer was not immediately available, this item was placed in the “parking lot” and will be addressed at the next Finance SAWG.

C: It remains the driver’s choice as to whether or not to use the toll road.
A: Some proposals consider relief to low-income people using tax credits.
C: Massachusetts provides a tax credit to economically disadvantaged people.

C: The NYS Thruway was largely built prior to the Interstate system being authorized by Congress. Senator Moynihan retroactively secured billions of federal dollars for monies spent by the state.

Q: How far along does a project have to be to be able to apply for Transportation Infrastructure Finance and Innovation Act (TIFIA) funds?
A: When the project is about to obtain a Record of Decision (ROD), that is the time to apply.
Q: How much TIFIA money has been made available annually?
A: On average, 1—1 ½ billion dollars each year. Up to 33% of project costs can be TIFIA financed. 10% of loan is set aside to cover credit.

Q: Is the 33% of project costs eligible for TIFIA financing available over one year, or over the course of a few years?
A: Typically the project would follow a payout schedule over the course of a few years.

Q: To what extent do the federal agencies have jurisdiction over private funding?
A: Our role is evolving. Generally speaking, if there’s one federal dollar, we have the right, obligation and duty to be involved.

Q: What is the revenue stream being looked at for the Richmond Airport Connector?
A: The Richmond Airport Connector is a toll project.

Q: To what extent do the federal agencies have jurisdiction over private funding?
A: Our role is evolving. Generally speaking, if there’s one federal dollar, we have the right, obligation and duty to be involved.

Q: Could you get different kinds of federal funding at the same time?
A: Yes.

Q: Mass transit typically operates at a deficit. Where is the revenue coming from?
A: Some options include general state revenue, a Rental Car Facility (RCF) charge, and joint development.

Q: In regards to the United Kingdom’s findings that some risks are handled better by the public sector, are there any studies that we can review?
A: Several. They can be found at: http://www.fhwa.dot.gov/PPP/.

Q: Have you looked at P3s [public-private partnerships] in operation in the United States? Is there a consensus on how successful they are and their impact to social equity in projects such as the Chicago Skyway and Indiana Toll Road?
A: The U.S. Government Accountability Office (GAO) studied the Chicago Skyway and Indiana Toll Road and concluded that both facilities are being maintained to a higher standard now, largely because of the specificity and complexity of the contracts.

C: The company operating the Indiana Toll Road is struggling as a result of the recession.
A: Traffic and revenue are down across the country, except for Texas. If traffic is lower than projections, problems may arise; however, there are provisions to deal with this. For example, if the private sector company is unable to comply with its contract, then ownership and control of the facility would revert to Indiana.
Q: I have a conceptual problem to the application of P3s to this particular project. As it stands, the bridge and highway is part of the Thruway and Interstate system. The proposed train route adds another layer of complexity. Is it really feasible to introduce yet another party into these operations?

A: Similar partnerships have succeeded in Europe, and across national boundaries. It is challenging, but it can be done. In regards to the Corridor Project, if there is opposition from any of the state agencies involved, then there is less likelihood of success.

C: The proposed parking facilities can only hold a finite number of cars. Ridership forecasts might not hold up. Regarding the idea of ‘phasing in’ mass transit: plans to ‘phase in’ rail on the George Washington Bridge never materialized.

C: The group needs to look at how privatization can reduce the cost of this project, and how these savings can be assured.

Q: What about Design-Build as an intermediate step? Is this something that OIPD talks about, or is it well-accepted in this country?

A: Design-build is commonly accepted and not viewed as cutting-edge.

C: It may be necessary to consider Design-Build for this project or even DBOM (Design-Build-Operate-Maintain).

A: Design-Build will be one of the procurement methods under consideration.

The meeting ended at 8:15p.m.