08/20/09 Finance SAWG

What we will explore tonight and at 09/10/09 meeting:

“What is the smartest way to pay for this Project?”

(We do not have that answer yet.)
Prioritized “Wish List”

1) Somebody else should pay for it
   - Federal Aid – special earmark
   - Tax over a broad area  
     (all NYS, parts of NJ or CT…?)

2) Users of the bridge / corridor / transit
   - Especially those passing through

3) More needed? Who pays what and how?

Tonight’s Outline

Define topics - tonight vs. 9/10 SAWG

Current funding of transportation services

How this project may fit into or augment that plan

There are no obvious “answers” –
we are looking together at possibilities
Two Part Discussion

From FHWA presentation at Finance SAWG #2 on 07/22/09

Project Delivery Framework

Revenue Tools

Project Delivery

REVENUE

FINANCE

PROCUREMENT

Two Parts (another way)

1) Where will the $ come from?  ➞ TONIGHT

2) What could limit need for $?  ➞ NEXT SAWG
   - Aside from construction costs, minimize cost to finance or procure what is necessary
   - Long term commitment of revenues:
     • Operations & maintenance, paying off debt, etc.

3) How do we balance policy, finance and common sense?  (BOTH SESSIONS)
How have transportation services been paid for?
- Tolls - aka “User fees”
- Non-Toll Revenue Sources

Are there new opportunities?
- Private sector investors (PPP’s)? **Not a revenue**
  (they are a financing vehicle requiring repayment)

Key questions to consider:
- Who pays and when do they start paying?
- How reliable is the revenue projection?

What Are We Paying For?
- An extensive statewide transportation system of fixed structures, people moving equipment, and services
- Successfully supported by a mix of dedicated taxes, fees and tolls
- Federal Aid comes from Federal Gas Tax; fully committed thru annual State transportation budgets
- Federal Programs being reauthorized
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“Base Budgets” & TZB

- MTA and NYS DOT programs require additional revenues (State, Federal, local, regional) to maintain same level of services for next five years
- TZB/I 287 Project is essentially a third major program
- To utilize any existing budget plan (NYS DOT, MTA, TA) to fund a portion of the Project cost would reduce planned investments in existing system

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NYS Highway Infrastructure

- 9,800 Local/Authority Bridges
- 7,600 State bridges

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

Plus Long Island Railroad
and NYC Subways

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ANNUAL TRANSPORTATION SPENDING IN NYS
- BY OPERATOR
$25.8 billion

<table>
<thead>
<tr>
<th>Operator</th>
<th>Spending</th>
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<tbody>
<tr>
<td>DOT</td>
<td>$3.9</td>
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<tr>
<td>DMV</td>
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<tr>
<td>Border Authorities</td>
<td>$0.04</td>
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<tr>
<td>Port Authority of NY &amp; NJ</td>
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<tr>
<td>Thruway (inc Canals)</td>
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<td>Non-MTA Transit</td>
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<tr>
<td>MTA</td>
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</table>

Based on most recent year completed, current year or proposed
ANNUAL TRANSPORTATION FUNDING IN NYS
- SOURCES
$25.8 billion

State General Fund, $0.1
GO Bonds, $0.2
Fares/Tolls/User Fees, $12.0
State Dedicated Funds, $5.4
Federal, $2.8
Other Revenue, $0.7
Local Govt Funds, $4.0

Based on most recent year completed, current year or proposed 2007.

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Questions?

Any questions about how existing transportation services are paid for?

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Future Possibilities

• Take a closer look at non-tolling possibilities

• And work through ways of looking at tolling options

Possibilities - “Who should pay”?

<table>
<thead>
<tr>
<th>Residents</th>
<th>Out-of-State Drivers</th>
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<tbody>
<tr>
<td>Cars</td>
<td>Trucks &amp; Commercial</td>
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<tr>
<td>State/Federal Taxes &amp; Fees</td>
<td>Regional Taxes &amp; Fees</td>
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<tr>
<td>System Users (Direct)</td>
<td>System Beneficiaries (Indirect)</td>
</tr>
<tr>
<td>Transportation Related Taxes</td>
<td>Other – Real Property, Mortgages, Income Tax</td>
</tr>
</tbody>
</table>
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Dedicated Taxes Statewide

Petroleum Business Tax
Gas Tax, Diesel Tax
Motor Vehicle Fees
Highway Use Tax
Auto Rental Tax

Paid by:
- In-State/Out of State
- Mainly transportation users
- Cars and Trucks/Commercial

Funds Highway & Transit services

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Existing Tax District

- “MCTD District”
- 12 County:
  - NYC (5), Nassau, Suffolk, Westchester, Putnam, Rockland, Dutchess, Orange
- I-287 Corridor – same as MCTD or not?
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Regional & Local Support

- Funds Transit Services only

**Subsidies - Connecticut & NYC**
- District Sales & Use Tax
- “Urban Tax” (Mortgage Recording Taxes + Real Estate Transfer Taxes in NYC)
- Mortgage Recording Tax – “MRT 1 & MRT 2”
- Corporation Franchise Taxes (Corporations, Banks, Insurance)
- Mobility Tax (Payroll)
- Taxi Cab Surcharge
- Auto Rental Surcharge
- DMV Surcharges

**Paid by:**
- In-State/Out of State
- Direct & Indirect beneficiaries of the transportation system
  
*Enacted June 2010*

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Traditional Options (aside from tolling)

Additional State or Regional Taxes?

- Increments to existing taxes on a statewide or regional basis?
- Form a new regional Transportation district – like twelve county MCTD?
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Possible Taxes/Fees

- Tax Increment Financing Districts (relies on growth in property value)
- Special Assessments (Property Tax)
- Personal Income Tax/Commuter PIT
- Parking Fees (encouraging use of transit)
- Transit Oriented Development ($'s related to commercial growth)

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Innovative Ideas

- Private investors in public transportation
  - PPP's ... a wide range of options
    Many complex concerns to address
  - Provides up front financial resources
    For long term return on investment
- A financing approach (not a revenue source)
  To be discussed at next SAWG
Questions? Comments?

Any questions or comments about being smart in supporting the Project through statewide and regional taxes and fees?

“User fees”

- Transit = fares
- Highway = tolls

- Different geographic considerations
- Transit is all local travel / commuters
Tolling (Bridge/Highways)

Obvious initial questions to consider:

– Who will be using the bridge/corridor?
– Who pays and how much?
  • Rates for cars, trucks, commuters, etc.
– How reliable is the projected revenue?
  • How will higher tolls influence travel patterns?
Next Tolling Questions

Use congestion pricing? (lower "off peak" rates)

“HOT lanes?” (Pay a premium for uncongested lanes)

When would new tolls start?
   When bridge opens? Before construction?

How will tolls change over time?
   Assume what for 99 yrs?
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Tappan Zee Bridge/I-287 Corridor

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System Tolling

- Combined revenues, combined infrastructure
- Problems on one part can disrupt system
- Relieves pressure points (of tolling bridge alone)
- Consistency in policy

- How do you define the limits?
- What about currently un-tolled highways in that system?
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Major Roadways in the Region

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Questions? Comments?

Any questions or comments about being smart in supporting the Project through tolling?
• Thursday 9/10 6pm
  Palisades Center Mall, Central Nyack

• Exploring how to minimize need for $
  – Financing mechanisms
  – Procurement techniques