

1 BEFORE THE NEW YORK STATE SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
2015-2016 EXECUTIVE BUDGET
5 ON TRANSPORTATION

6 -----

7

Hearing Room B
Legislative Office Building
Albany, New York

8

9

January 29, 2015
9:32 a.m.

10

11

12 PRESIDING:

13 Senator John A. DeFrancisco
Chair, Senate Finance Committee

14

15 Assemblyman Herman D. Farrell, Jr.
Chair, Assembly Ways & Means Committee

16 PRESENT:

17 Senator Liz Krueger
Senate Finance Committee (RM)

18

19 Assemblyman Robert Oaks
Assembly Ways & Means Committee (RM)

20

21 Assemblyman David Gantt
Chair, Assembly Committee on Transportation

22

23 Assemblyman James F. Brennan
Chair, Assembly Committee on Corporations,
Authorities & Commissions

24

Assemblyman Michael Cusick

24

1 2015-2016 Executive Budget
Transportation
2 1-29-15

3 PRESENT: (Continued)

4 Senator Diane Savino

5 Assemblyman James Skoufis

6 Assemblyman Clifford Crouch

7 Senator Timothy Kennedy

8 Assemblyman Steven Otis

9 Assemblyman Thomas J. Abinanti

10 Senator Martin Malave Dilan

11 Assemblyman Félix Ortiz

12 Senator Patricia A. Ritchie

13 Assemblyman David G. McDonough

14 Senator Marc Panepinto

15 Assemblyman Samuel D. Roberts

16 Assemblyman Erik Dilan

17 Senator Velmanette Montgomery

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1 CHAIRMAN FARRELL: Good morning.

2 Today we begin the second in a series
3 of hearings conducted by the joint fiscal
4 committees of the Legislature regarding the
5 Governor's proposed budget for the fiscal
6 year 2015-2016. The hearings are conducted
7 pursuant to Article 7, Section 3 of the
8 Constitution and Article 2, Sections 31 and
9 32A of the Legislative Law.

10 Today the Assembly Ways and Means
11 Committee and the Senate Finance Committees
12 will hear testimony concerning the budget
13 proposal for transportation.

14 I will now introduce members from the
15 Assembly that are with us: Assemblyman
16 Cusick, Assemblyman Skoufis, Assemblyman
17 Brennan, chair, and Assemblyman Oaks, who
18 will tell us his members.

19 ASSEMBLYMAN OAKS: Assemblyman
20 McDonough is with us as well.

21 CHAIRMAN FARRELL: And I also have
22 Assemblyman Otis with us.

23 Senator DeFrancisco?

24 CHAIRMAN DeFRANCISCO: And for the

1 Senate we have ranker Liz Krueger, Tim
2 Kennedy, and Diane Savino, all Senators.

3 CHAIRMAN FARRELL: The first person to
4 testify is Acting Executive Director Robert
5 Megna, New York State Thruway Authority and
6 Canal Corp.

7 Welcome, and good morning. Or is it
8 good morning and welcome?

9 ACTING EX. DIRECTOR MEGNA: Thank you,
10 Assemblyman -- Chairman.

11 Chairman DeFrancisco, Chairman
12 Farrell, and members of the Senate and
13 Assembly fiscal and Transportation
14 Committees, thank you for having me here
15 today. I am Bob Megna, acting executive
16 director of the New York State Thruway
17 Authority and the New York State Canal
18 Corporation.

19 This is, as you all know, a very
20 significant year for the Thruway Authority as
21 represented in the Executive Budget. The
22 Executive Budget proposes a capital
23 appropriation of nearly \$1.3 billion for the
24 Thruway Stabilization Program. We are

1 extremely grateful to the Governor for this
2 infusion of capital from the more than
3 \$5 billion in settlements with banks and
4 financial institutions that became available
5 this year.

6 Some of these funds will be used to
7 eliminate the need for a toll increase this
8 year. Some will be used to support capital
9 projects throughout the Thruway system. Of
10 course, a significant portion will be
11 invested in the New NY Bridge project, which
12 will help keep tolls at the Tappan Zee as low
13 as possible for as long as possible.

14 Design-build contractor Tappan Zee
15 Constructors, LLC, has now driven 77 percent
16 of the piles that make up the foundation of
17 this 100-year Hudson River crossing between
18 Westchester and Rockland counties. The first
19 vertical pier columns rose above the Hudson
20 in September 2014. The pile caps that will
21 support the iconic open towers of the new
22 twin-span bridge are also already in place.

23 In October, Governor Cuomo welcomed
24 the I Lift NY super crane to the project

1 site. One of the world's largest floating
2 cranes, I Lift NY is one of the keys to
3 helping save more than \$1 billion on the
4 project compared to early cost estimates, in
5 part by allowing large sections of the new
6 cable-stayed bridge to be prefabricated
7 off-site in a safer, more efficient manner
8 and brought in by barge.

9 The Executive Budget also proposes to
10 authorize the Thruway Authority and the
11 New York State Department of Transportation
12 to enter into agreements to provide mutual
13 aid through the sharing of employees,
14 services and resources when and where
15 appropriate, which will help us maximize
16 every opportunity for operational
17 efficiencies and cost savings.

18 As you know, our operations include
19 the state canal system, which spans 524 miles
20 and includes the Erie, Champlain, Oswego and
21 Cayuga-Seneca Canals. The canals and the
22 Erie Canalway bike and pedestrian trail are
23 increasingly popular recreational
24 destinations for New Yorkers and other

1 visitors. The canal system generates an
2 estimated \$380 million in annual tourism
3 spending, and commercial and residential
4 development along the canals is increasing.

5 The canals are also still used for
6 commercial shipping, and a 2014 report found
7 that the canal system supports over
8 \$6.2 billion annually in non-tourism economic
9 activity across the state by providing water
10 for local drinking water as well as
11 agricultural, industrial and power-generation
12 uses.

13 One final note, an important one: We
14 could not do any of what we do without our
15 employees across the state, and I want to
16 take this opportunity to acknowledge their
17 hard work, dedication and ongoing commitment
18 to the highest standards of safety and
19 reliability in every area of our operations.
20 I got to see that in my first few days on the
21 job, with the latest storm, how quickly,
22 effectively and efficiently they moved
23 equipment around the state to help with the
24 storm downstate.

1 Again, let me thank you for your time.
2 I'd be happy to respond to any of your
3 questions. And let me thank the chairmen for
4 accommodating my schedule today. I have a
5 board meeting, and they moved me first on the
6 list, and I want to thank them for that
7 convenience.

8 CHAIRMAN FARRELL: Thank you very
9 much.

10 To begin, Assemblyman Brennan, chair
11 of Corporations.

12 ASSEMBLYMAN BRENNAN: Thank you,
13 Mr. Farrell.

14 Good morning, Mr. Megna.

15 ACTING EX. DIRECTOR MEGNA: Good
16 morning.

17 ASSEMBLYMAN BRENNAN: I'm hoping
18 you're well.

19 ACTING EX. DIRECTOR MEGNA: Thank you.
20 Doing okay.

21 ASSEMBLYMAN BRENNAN: Good to see you
22 actually testifying.

23 Anyway, the Executive proposal, as you
24 just mentioned, includes \$1.285 billion for

1 Thruway Authority capital. Of this amount,
2 how much will be used for the replacement of
3 the Tappan Zee Bridge?

4 ACTING EX. DIRECTOR MEGNA: You know,
5 we're still working with folks who run the
6 numbers on, you know, what the most effective
7 use of financing for the bridge should be. I
8 would say at this point, you know, a big
9 chunk, a vast majority of the money will be
10 used for bridge financing. I don't have an
11 exact number to tell you today, but I think
12 the vast majority of that amount would be
13 dedicated to bridge financing.

14 ASSEMBLYMAN BRENNAN: Okay, that's
15 perfectly understandable.

16 How much will be used to prevent a
17 toll increase?

18 ACTING EX. DIRECTOR MEGNA: Well,
19 again, I think -- and I'm glad you asked that
20 question, because there's been a lot of
21 discussion about, or at least some
22 conversations I've had with folks that we
23 were going to use the remainder of the money
24 maybe for operating expenses to keep tolls

1 down.

2 I don't think that's our intention at
3 all. I think actually that would be a
4 mistake. The Thruway Authority has a
5 significant amount of capital expenditures on
6 an annual basis. So I think what we'd like
7 to do with what's not used for the bridge is
8 use that money for capital investment, repair
9 and maintenance on the rest of the system.

10 And we think a combination of doing
11 those capital investments in a smart way and
12 getting our budget under control, our
13 operating expenses under control separately,
14 will allow us to go through 2015 without a
15 toll increase. And I think that's what the
16 Governor has talked about, going through 2015
17 without a toll increase.

18 ASSEMBLYMAN BRENNAN: So at this time
19 you are saying that this \$1.285 billion will
20 be used for capital and will not be used to
21 subsidize the day-to-day operations of the
22 Thruway Authority in 2015. And into the
23 future?

24 ACTING EX. DIRECTOR MEGNA: You know,

1 my folks from my old job, Assemblyman, would
2 bang me over the head if I used one-time
3 money for operating expenses. And I think it
4 would be, you know, a bad use of those
5 resources.

6 I think we have, as I get more and
7 more into the Thruway Authority budget -- and
8 I'm not going to pretend, after a week, to be
9 an expert -- it's clear we have significant
10 annual capital expenses on the non-bridge
11 part of the Thruway that we will have plenty
12 of opportunity to invest this money to
13 improve the capital infrastructure of the
14 Thruway.

15 And so we do not want to subsidize
16 operating expenses with this money.

17 ASSEMBLYMAN BRENNAN: All right. And
18 that gets me to another point here.
19 According to the information I have, you have
20 a \$2.29 billion 2015-to-2019 capital program
21 without the Tappan Zee bridge. Do you
22 anticipate being able to handle that capital
23 program with respect to your current funding
24 situation?

1 ACTING EX. DIRECTOR MEGNA: Well, I
2 think -- it's another good question,
3 Assemblyman. I think one of the things I'm
4 looking at is what our capital outlays are
5 planned to be over time, how we can merge in
6 whatever we don't use on the bridge to
7 supplement that capital program, and how we
8 maybe can prioritize a little bit to save
9 money where it's possible on that capital
10 program. So I'm kind of right in the middle
11 of that process right now.

12 ASSEMBLYMAN BRENNAN: All right. Do
13 you have a a completion date for the
14 Tappan Zee Bridge?

15 ACTING EX. DIRECTOR MEGNA: Right now
16 we believe that we're on time, on budget, on
17 schedule. I couldn't give you the exact
18 dates. I'm sure I could get them to you.
19 But nothing has changed from the original
20 schedule.

21 Of course, this is, as you all know,
22 the largest infrastructure or one of the
23 largest public infrastructure projects in the
24 country. And so it is a challenge to keep it

1 on schedule, but we are determined to do
2 that. And as of today, you know, we're
3 pushing to remain on time, on budget.

4 ASSEMBLYMAN BRENNAN: There is
5 Article 7 legislation to increase toll
6 evasion penalties and other enforcement
7 mechanisms. Do you have a projection on how
8 much additional revenue that might make for
9 the Thruway Authority?

10 ACTING EX. DIRECTOR MEGNA: Again,
11 with the Thruway Authority I think the issue
12 is the Tappan Zee Bridge and construction
13 that's going to take place around the toll
14 plaza. And because of that construction, it
15 is possible that we're going to go to full
16 E-ZPass during that period of time because of
17 the construction.

18 And so one of the things that would be
19 good is if we could, you know, get that
20 Article 7 legislation passed --

21 ASSEMBLYMAN BRENNAN: I'm not
22 suggesting that it's a bad idea. In fact,
23 we've been trying to work with the
24 administration for several years on a

1 proposal, and we're -- you know, I think we
2 should try to get it done. But you don't
3 know how much money --

4 ACTING EX. DIRECTOR MEGNA: No, I can
5 get you an estimate. I think -- I don't want
6 to give an estimate for the off-Thruway part
7 of the system because I'm not exactly sure
8 what that is. But we'll get you that number,
9 Assemblyman.

10 ASSEMBLYMAN BRENNAN: All right.
11 Thank you.

12 CHAIRMAN FARRELL: Thank you.
13 Senator?

14 Oh, just one second. I've been joined
15 by Assemblyman Roberts and Assemblyman Ortiz.
16 And Assemblyman Gantt.

17 Yes, sir?

18 CHAIRMAN DeFRANCISCO: And we've been
19 joined by Senator Dilan.

20 And the next questioner would be
21 Senator Savino.

22 SENATOR SAVINO: Thank you. Thank
23 you, Senator DeFrancisco.

24 Good morning, Commissioner. It's good

1 to see you again. I actually got confused
2 when I walked in the room. I said, why is
3 Bob Megna here, completely forgetting your
4 new role at the Thruway Authority.

5 I'm going to be brief; I won't use the
6 whole seven minutes. I do want to pick up on
7 some of the questions that Assemblyman
8 Brennan made, because I am not a budgetary
9 expert. But I listened to your testimony and
10 I listened to the Governor's presentation
11 where he talked about using a portion of the
12 settlement from the bank settlements for the
13 Thruway Authority. And the language is, so
14 correct me if I'm misinterpreting this, "We
15 are grateful to the Governor for this
16 infusion of capital from the more than
17 \$5 billion in bank and financial settlements.
18 Some of these funds will be used to eliminate
19 the need for a toll increase."

20 Now, I heard you say and I was happy
21 to hear you say that that would be wrong to
22 take this one-time money and use it for
23 operational expenses, but I don't know how to
24 interpret it any other way than the way you

1 wrote it in your testimony. So exactly how
2 are we going to do that without taking this
3 one-time money and using it for operational
4 expenses?

5 ACTING EX. DIRECTOR MEGNA: Well, it's
6 a -- thank you, Senator. It's a good
7 question. And I think the testimony maybe is
8 a little confusing.

9 What I have learned so far in looking
10 at the Thruway Authority budget is that it's
11 a very, very capital-intensive budget. And
12 so I think it's perfectly clear that we can
13 use whatever money is not invested in the
14 bridge on capital improvements on the rest of
15 the system that will, to a certain extent,
16 lower our net need to go out to the market to
17 borrow money to do those kinds of
18 investments. That will save us money both in
19 the short run and in the long run.

20 But to keep tolls down, it's not going
21 to be just that. Those monies will be used
22 for capital, but we're also going to have to
23 look at the operating expenses of the Thruway
24 Authority, and we're going to have to try to

1 make some savings.

2 So again, our intention is that all
3 \$1.3 billion will be used for capital
4 purposes. Again, this is not a \$1.3 billion
5 check, as I understand it, that's going to be
6 written to the Thruway Authority. It's going
7 to be held off to the side by my former
8 workforce, and they are going to make that
9 money available for capital purposes, not for
10 subsidizing operating.

11 So I'm sorry for any confusion, but
12 we're not going to, you know, subsidize tolls
13 with capital money. We're going to use
14 capital money for capital purposes. That
15 will actually save us money, which will help
16 us keep tolls down, but we're still going to
17 have to make operating savings within the
18 Thruway Authority to make sure that's true.
19 And again, we're talking about 2015.

20 SENATOR SAVINO: Thank you for
21 clarifying that.

22 CHAIRMAN FARRELL: Thank you.

23 Assemblyman McDonough.

24 ASSEMBLYMAN McDONOUGH: No, no. Pass.

1 Not right now.

2 CHAIRMAN FARRELL: Assemblyman Oaks.

3 ASSEMBLYMAN OAKS: Thank you,
4 Mr. Megna.

5 A couple of things. I know you are on
6 short time, but I have a couple of questions
7 about the bridge and then a little bit about
8 the canal as well.

9 I know that there was an attempt
10 earlier on to get you some environmental
11 funding, whatever, that was rejected. At
12 that point it was said that there would be a
13 status of, you know, challenging that.

14 Just checking to see how we're doing
15 with that. Is that in place? Have we had a
16 reaction from that?

17 ACTING EX. DIRECTOR MEGNA: Well,
18 again, Assemblyman, thank you. I have talked
19 to folks about it. I don't pretend to have
20 all the details. We are challenging the
21 position that we can't use the EFC money for
22 that purpose. I think the EFC chair would be
23 better positioned to talk about the details
24 of that.

1 But again, we've always felt that that
2 was, based on what EFC recommended to us, a
3 proper use of those funds. And my
4 understanding is we continue to challenge the
5 fact that we cannot use those resources.

6 ASSEMBLYMAN OAKS: Thank you.

7 There is, in this year's Executive
8 Budget, some opportunity for some shared
9 services between DOT and the Thruway. Again,
10 knowing you're just recently on the job,
11 efforts toward that, both in the short term
12 and the long term, do you see those? And,
13 you know, are we -- are those opportunities
14 already being taken advantage of?

15 ACTING EX. DIRECTOR MEGNA: I mean, I
16 think I saw them a little bit just two days
17 ago. I think there was an effort even within
18 this latest storm to -- you know, DOT handles
19 a much larger and vaster road network than
20 the Thruway. And so when a major storm hits,
21 they have a lot of roads to plow and a lot of
22 things to do.

23 I think there's plenty of opportunity,
24 a lot of opportunity for us to share

1 resources in a better way to make sure that
2 we can efficiently operate in a storm
3 situation. But I think even beyond storm
4 situations, there's plenty of opportunities:
5 Engineering, IT, human resources. There are
6 plenty of areas where I think there is room
7 for efficiencies and savings if we could get
8 together a little bit better.

9 ASSEMBLYMAN OAKS: Next year,
10 hopefully, when we do this we can have a
11 greater discussion on that.

12 Moving to the canal, I know the trail
13 along the canal is something that we've made
14 great progress on over the last number of
15 years, but we're kind of at a standstill. Is
16 there anything in this budget that would work
17 toward the ultimate completion of that? And
18 do you know about where we are
19 percentage-wise of the trail, how many miles
20 out of the --

21 ACTING EX. DIRECTOR MEGNA:
22 Assemblyman, I'd have to get back to you on
23 the percentage.

24 I don't think there's anything

1 specifically on the canal. I have -- I know
2 Brian has -- and I know he's worked with you
3 and with all the members on the canal, and
4 he's a tremendous advocate for the canal
5 system -- has a lot of ideas of how we might
6 even bring in outside funding to help finish,
7 you know, the portions of the canal that
8 aren't -- you know, the byways and things
9 that aren't quite done yet. So I'm working
10 with him to try to educate myself on how we
11 might do that.

12 But I'll get back to you with the
13 exact percentage.

14 ASSEMBLYMAN OAKS: I think that and,
15 you know, working with -- you know, certainly
16 I would be and I'm sure others would be --
17 the last piece that was done in my district
18 had some, you know, local participation in
19 that and helped make that piece of the trail
20 happen.

21 I think looking for other
22 opportunities, certainly being creative, I
23 think that may -- if that is the way, you
24 know, hopefully we can be successful in doing

1 that. I look forward to working with you.

2 ACTING EX. DIRECTOR MEGNA: I think
3 with the canal you've hit it exactly right,
4 Assemblyman. We have to be very creative, I
5 think, and look for innovative opportunities
6 to take advantage of a wonderful system that
7 right now, you know, we're not taking
8 advantage of as much as we probably should.

9 ASSEMBLYMAN OAKS: Thank you.

10 CHAIRMAN FARRELL: Thank you.

11 Senator?

12 CHAIRMAN DeFRANCISCO: We've been
13 joined by Senator Marc Panepinto, a new
14 Senator, and Senator Montgomery is back.

15 ASSEMBLYMAN OAKS: We've also been
16 joined by Assemblyman Crouch.

17 CHAIRMAN FARRELL: And we've been
18 joined by Assemblyman Abinanti.

19 CHAIRMAN DeFRANCISCO: And the next
20 questioner will be Senator Kennedy.

21 SENATOR KENNEDY: Good morning.

22 ACTING EX. DIRECTOR MEGNA: Good
23 morning.

24 SENATOR KENNEDY: Congratulations on

1 your new position. We all know that your
2 budgetary expertise is essential these days
3 at the Thruway Authority, and we're very
4 happy to have you in your new position.

5 ACTING EX. DIRECTOR MEGNA: Thank you.

6 SENATOR KENNEDY: So back to your
7 point, I understand the proposal to use the
8 settlement funds this year to close the
9 deficit, prevent toll hikes for at least a
10 year. I know that there are a lot of folks,
11 residents and businesses alike, that are
12 thrilled to hear that the tolls will not be
13 increased this year.

14 What assurances do we have moving
15 forward that there won't be a toll hike in
16 outyears? What sort of formulas are you
17 looking at implementing?

18 ACTING EX. DIRECTOR MEGNA: Well,
19 again, Senator, that's what I'm trying to
20 actually work on now, which is how do you
21 best use this \$1.3 billion, how do we invest
22 in capital. One of the -- again, I know I'm
23 making the same point over and over, but I
24 think it's an important one. I think we can

1 control operating expenses, and I think I'm
2 going to spend a lot of time trying to do
3 that. Then the next question is what the
4 real question is on the Thruway all the
5 time -- how do you invest capital, how do you
6 maintain the road? It's the most-used
7 commercial roadway in the country. And that
8 means that a lot of trucks use it and a lot
9 of trucks wear it out. And so, you know, we
10 have a very, very large capital expenditure
11 every year.

12 So I'm going through that now. We're
13 trying to figure out the best way to allocate
14 that money to make sure the system is in good
15 shape but that we're also investing our
16 capital wisely and in the right places and
17 we're going out and borrowing money in the
18 right way. I think we've had some issues
19 with, you know, how we've gone to the market
20 in the past, and we're trying to rectify
21 those.

22 As we work through that process, I
23 think we'll see what our needs are in the
24 future. But again, I would hesitate to give

1 you a plan for tolls, you know, for future
2 years beyond 2015 because I couldn't give you
3 an educated answer to that. I would say I
4 think we can manage the system, given the
5 \$1.3 billion, pretty efficiently and
6 effectively without significant toll
7 increases over a period of time on the rest
8 of the Thruway. That doesn't mean no toll
9 increases, but I think it means that we can
10 minimize toll increases over the future.

11 But I'd like to get a chance to look
12 at the capital budget and the kind of
13 projects we have in place before I give you a
14 definitive answer to that.

15 SENATOR KENNEDY: All right. Thank
16 you.

17 I'm sure you're aware of the epic
18 snowstorm that we had this past November. It
19 was a historic snowfall, up to 7 feet or more
20 in Western New York. My district was
21 particularly hit very hard. The City of
22 Buffalo, the Town of Cheektowaga, the City of
23 Lackawanna. The Thruway, the 90 and the 190
24 traverse my district; they were shut down.

1 I believe that the Thruway Authority
2 has learned a lot over the years in fighting
3 these epic snowstorms out in Western
4 New York. I know Governor Cuomo hit the
5 ground out in our community for almost an
6 entire week straight. At every single level
7 we had government responding to the needs of
8 our community.

9 I'm curious to know what the Thruway
10 Authority learned from the experience, what
11 policies and procedures that you're looking
12 at and have looked at to implement future
13 responses to natural disasters out in our
14 community and anywhere else in New York
15 State.

16 ACTING EX. DIRECTOR MEGNA: No, it's a
17 great question. We've put a team together.
18 And as you know, we're trying to come up with
19 a set of recommendations based on what we
20 learned in that storm.

21 Again, one of the things we've done
22 already is accelerated getting GPS on all of
23 our plows, especially the ones in Western
24 New York, so we can see where they are all

1 the time and have real-time kind of
2 positioning so we don't fall into some of the
3 same traps that we fell into during that
4 storm.

5 So again, I don't want to kind of
6 prejudice, because this group is coming back
7 with recommendations based on what we learned
8 on that storm. But what we are trying to do
9 is work with local officials, work with --
10 because it wasn't just, you know, an issue
11 for us, it was an issue for the locals as
12 well. So we're trying to work with the
13 locals to know what they saw that we did
14 maybe not as efficiently or effectively as we
15 could, or how they could have helped us more
16 or we helped them in a little bit more in the
17 process.

18 SENATOR KENNEDY: So this is an
19 ongoing analysis?

20 ACTING EX. DIRECTOR MEGNA: Well, it
21 is, but I think we're going to get a set of
22 recommendations based on that. And when we
23 get those recommendations, I'll make them
24 available to you.

1 SENATOR KENNEDY: And do you have a
2 timeline on that?

3 ACTING EX. DIRECTOR MEGNA: I don't
4 have an exact date, but I'll get back to you.
5 But I think this is something that's
6 relatively, you know, short term. Soon.

7 SENATOR KENNEDY: Thank you.
8 Thank you, that's all.

9 CHAIRMAN FARRELL: Assemblyman Otis.

10 ASSEMBLYMAN OTIS: It's great to see
11 you. And I have to compliment the Governor
12 because if we're trying to solve a financial
13 problem at an important agency like the
14 Thruway Authority, how better to do it than
15 to have the budget director go solve the
16 problem.

17 I understand that you don't have all
18 the answers yet on what is going on. But do
19 you have any sense of how long in the making
20 the financial problems of the Thruway
21 Authority -- how long those problems have
22 been? Or is this something recent?

23 And to the extent that you're going
24 to, a few weeks or months from now, figure

1 all this out, would there be a mechanism to
2 share that information with this committee
3 rather, you know, on a timely basis then, so
4 that we know what the solutions are and what
5 the cause of the problems were? So I'll make
6 that offer.

7 Maybe you could share a little more
8 about where you are so far after a week and a
9 few days.

10 ACTING EX. DIRECTOR MEGNA: Not that
11 far, Assemblyman.

12 But I think what I have asked people
13 to do is we need to relook at our expense
14 budget, our operating budget. Almost all of
15 the members have mentioned that as part of
16 their questioning to me. We need to get our
17 operating expenses under better control. I
18 think we can do that. And I can do that
19 without jeopardizing safety or without
20 jeopardizing snowplowing. I think there's
21 some opportunities I've seen already for some
22 savings.

23 I think the other piece we need to
24 look at -- and again, I'm sounding like a

1 broken record -- is how we're investing our
2 capital, where we're investing our capital,
3 are we doing the right projects, are we doing
4 them at the right time, and are we doing them
5 in the right locations around the state. And
6 those are the kinds of things that the
7 Thruway Authority folks are presenting to me
8 now.

9 And this is a great workforce.
10 They're very good. The engineers are
11 fantastic. I'm very happy with the folks
12 that I've met at the Thruway Authority. So I
13 don't think it's a question of the workforce.
14 I think it's a question of focusing on the
15 right things and on the right priorities.
16 And I think we have plenty of opportunities
17 to get the finances of the Thruway Authority
18 under control.

19 ASSEMBLYMAN OTIS: Thank you very
20 much. Good luck.

21 CHAIRMAN DeFRANCISCO: Senator
22 Panepinto.

23 SENATOR PANEPINTO: Yes, over here.

24 Good morning.

1 ACTING EX. DIRECTOR MEGNA: Hello,
2 Senator.

3 SENATOR PANEPINTO: I wanted to follow
4 up on Senator Kennedy's question regarding
5 the Thruway Authority and the Snow-ember
6 event in Western New York. We had, you know,
7 hundreds of motorists stuck on the Thruway
8 for, you know, over 24 hours.

9 And I know you're doing a study and
10 interacting with local officials on this, but
11 it seems to me -- what were the processes in
12 place at the time which led to this situation
13 and may have led to you being in this job
14 right now? I mean, it seems to me that, you
15 know, we've had these occurrences before on
16 the New York State Thruway in the Buffalo
17 area. Snow is not new in upstate New York.
18 And to have, you know, people stuck on the
19 Thruway for 30 hours was -- it was
20 life-threatening, it was embarrassing.

21 So what procedures were in place at
22 the time of that event that didn't work?

23 ACTING EX. DIRECTOR MEGNA: Senator,
24 I'm actually going through that now and

1 trying to learn more about what happened in
2 November. I'm not going to sit here and make
3 excuses for it. I'm still trying to learn
4 what happened and what really went wrong.

5 There were issues, obviously, with the
6 weather forecast and how quickly the snow
7 hit, and I think it caught people off-guard,
8 from what I understand. And three hours of
9 being off-guard at 4 inches an hour or
10 8 inches an hour of snowfall really put them
11 behind the curve. And we really didn't know
12 where all the vehicles were. We really
13 didn't know, you know, how to mobilize to get
14 to areas we really needed to get to faster.
15 Those are all things this group is working
16 on.

17 Also, I don't think coordination with
18 the locals was very good or as good as it
19 could have been. And those are all things I
20 think we're going to emphasize that we have
21 to improve.

22 SENATOR PANEPINTO: Who's part of this
23 local working group that you've got right
24 now?

1 ACTING EX. DIRECTOR MEGNA: I'll get
2 you the names of the folks on it.

3 SENATOR PANEPINTO: Okay. And my
4 follow-up question is the canal system. I
5 realize you're new in the job. What are your
6 long-term thoughts on the viability of the
7 canal system, maintaining it as part of the
8 Thruway Authority?

9 ACTING EX. DIRECTOR MEGNA: Well,
10 that's a great question, Senator, and I think
11 it's one that requires some -- a significant
12 amend of exploration. You know, it's still a
13 significant commercial waterway within
14 New York State which, quite honestly, I
15 didn't realize how much commercial traffic
16 still goes across the canal system. And also
17 it is a significant recreational area.

18 I am in the process of going through
19 that with my staff right now. You know,
20 there is a significant subsidy that goes to
21 the canal system. I'm not sure, now putting
22 on the hat from my old job, where that
23 subsidy today could be better handled in
24 state government. I'm not sure there's a

1 good answer to that question.

2 What we have to do is improve the
3 viability of the system so we reduce the
4 subsidy. And then I think a lot of options
5 become available for, you know, the long-term
6 viability of the canal system.

7 SENATOR PANEPINTO: I mean, it's
8 certainly part of New York State history. I
9 mean, you know, we were the terminus of the
10 Erie Canal. And, you know, we need to have
11 that as part of our cultural history. But
12 we're subsidizing it right now to the tune of
13 \$85 million a year. What is the canal system
14 generating at this time?

15 ACTING EX. DIRECTOR MEGNA: I'll get
16 you the exact numbers, but not very much on
17 an annual basis.

18 Again, you know, you are talking about
19 a system that's old. You're talking about a
20 system that needs capital improvement but
21 still serves a significant, you know,
22 commercial sector. But again, the revenue
23 we're bringing in from that commercial sector
24 is not very significant. I'll get you the

1 exact numbers, but is not very significant.

2 So it is a significant subsidy. But
3 again, I don't know yet if we've taken full
4 advantage of the possible opportunities. And
5 again, Brian Stratton is a great advocate for
6 the system. I think he has some ideas for
7 how the system can be improved and generate
8 more revenue.

9 Is it possible to privatize a little
10 bit more of the system to get more
11 recreational activities or improve
12 recreational activities on the system? These
13 are all things that I'm looking at right now.

14 SENATOR PANEPINTO: Thank you.

15 CHAIRMAN FARRELL: Thank you.

16 I've been joined by Assemblyman Steck.

17 Next to testify, Assemblyman Abinanti.

18 ASSEMBLYMAN ABINANTI: Thank you,

19 Mr. Chairman.

20 Thank you for joining us this morning,
21 sir.

22 ACTING EX. DIRECTOR MEGNA: Thank you.

23 ASSEMBLYMAN ABINANTI: Let me start
24 off by saying I have a very great interest in

1 the Tappan Zee Bridge. I represent the
2 Westchester side. My Assembly office is the
3 building immediately next to the plaza, so I
4 get to see the construction progress every
5 day. And I was a county legislator for
6 almost 20 years, so I was at the first
7 planning meeting when the idea of replacing
8 the Tappan Zee Bridge was originated. And
9 I've been to so many meetings -- in fact, I
10 make an offer. I have a file cabinet full of
11 information. If you can't find something,
12 I'll be glad to share it with you.

13 I first of all applaud your attitude
14 and the way you're coming into this. And I
15 think that change in attitude is important
16 for the way the Thruway Authority is run.
17 And I'm hopeful that we will see some
18 improvements and some changes.

19 There's three points I'd like to
20 discuss with you. I kind of facetiously but
21 seriously said I'd be glad to share
22 information with you --

23 ACTING EX. DIRECTOR MEGNA: Sure.

24 ASSEMBLYMAN ABINANTI: -- but we're

1 finding it very difficult to have the Thruway
2 Authority share information with us. And I'm
3 hopeful that that can be changed. And I
4 would like to see some kind of an out.

5 There's been a very expensive outreach
6 to the community. The authority has hired
7 outside consultants, we have dog-and-pony
8 shows, but in fact the community doesn't feel
9 part of what's going on.

10 So I hope that the sharing of
11 information and the sharing of approach and
12 the sharing of planning takes hold. And I
13 would hope you'd be able to do something
14 about that. I'd be pleased to meet with
15 you -- but not just alone, I'd like to bring
16 the mayors of the communities around the
17 Tappan Zee Bridge to sit down with you and
18 let you gain from their experience as to
19 what's been happening on the ground. I guess
20 basically I'm talking about
21 community-friendly planning.

22 ACTING EX. DIRECTOR MEGNA: Sure, I'd
23 be happy to do that.

24 ASSEMBLYMAN ABINANTI: Okay. because

1 we have some very good mayors who have been
2 there for a long, long time and have done a
3 very good job with their communities, and now
4 everything is disrupted because of the
5 bridge. And it goes from having parking
6 facilities just pop up in their community,
7 traffic being rerouted, and also changes on
8 the river that are really not
9 boater-friendly.

10 So I'd like to continue that
11 conversation if we could.

12 ACTING EX. DIRECTOR MEGNA:

13 Absolutely.

14 ASSEMBLYMAN ABINANTI: Now, not to
15 beat a dead horse, but I would now like to go
16 to the question of tolls on the Tappan Zee
17 Bridge.

18 We have managed to glean some
19 information, and we have come to the
20 conclusion that over the years -- maybe not
21 recently, because of all of the work that's
22 going around on the Tappan Zee Bridge -- but
23 over the years the Tappan Zee Bridge has
24 subsidized the entire Thruway system. And so

1 we have proposed three different approaches
2 which we believe can keep the Tappan Zee
3 Bridge tolls perhaps \$2 more.

4 One is to separate the bridge into an
5 island account. Take all of the tolls from
6 the bridge and let it meet all of the
7 expenses of the bridge.

8 Number two is to take your newly
9 designed downstate region and make that an
10 island account, and take all of the tolls and
11 the revenues from the downstate region and
12 let it pay for all of the expenses downstate.

13 The third would be to take the present
14 formula -- not pile all of the costs on the
15 users of the Tappan Zee Bridge, but take the
16 present formula and spread it out over the
17 entire Thruway.

18 Any one of those, according to our
19 numbers, increases the tolls at the Tappan
20 Zee Bridge a minimal amount.

21 ACTING EX. DIRECTOR MEGNA: Well,
22 certainly I'd like to look at the analysis,
23 because that's what we're doing now,
24 especially with the infusion of the extra

1 money proposed in the Executive Budget by the
2 Governor.

3 I think one of the things we've been
4 reluctant, as I think all the members know,
5 to talk about the tolling policy is because,
6 again, the financing has been an open issue.
7 You know, we had the federal loan that had to
8 come through, we had the EFC issue that some
9 of the members have already raised, and then
10 we had the settlement money, which we didn't
11 expect.

12 I think as part of that process, we
13 have put together a pretty good team of
14 people not just within the Thruway but, you
15 know, a kind of multidisciplinary group
16 within government to kind of look at the toll
17 structure and how we might proceed.

18 So we'd love to look at the stuff that
19 you have and see how we could go forward.
20 But again, the intent was to, you know, build
21 a bridge with a significant infrastructure
22 cost but to do that in a way that we minimize
23 tolls. So that's certainly a priority for
24 us.

1 ASSEMBLYMAN ABINANTI: I appreciate
2 that. One of the concerns that I have is
3 your toll structure will shift traffic in
4 various directions. And if the toll is too
5 high, then we start to impact the next bridge
6 up --

7 ACTING EX. DIRECTOR MEGNA: Local
8 roads.

9 ASSEMBLYMAN ABINANTI: -- and the
10 local roads. And so again, that's a
11 community-friendly planning issue.

12 Just lastly, the last minute I have,
13 is several of us in the Assembly and the
14 Senate have put in legislation to impose
15 various types of discounts, like resident
16 discounts, et cetera. And I would hope that
17 you would consider that. Because this is a
18 national roadway, and frankly I believe that
19 the residents who suffer the inconvenience of
20 the traffic should get the benefit of a lower
21 toll, while those who are using this for
22 nationwide transport could bear the higher
23 cost.

24 ACTING EX. DIRECTOR MEGNA: Well, I

1 can assure you that we're looking -- all of
2 the plans that we're looking at, or some of
3 them, at least, would absolutely include that
4 factor.

5 ASSEMBLYMAN ABINANTI: The last thing,
6 back to the community-friendly planning, the
7 other thing is I would hope that your
8 planners would take a look at the impact on
9 local roads and exits of what it is that
10 you're doing at various times. Because we
11 have some very -- the next exits coming off
12 the Tappan Zee Bridge on the Westchester side
13 are really very small roads, and the traffic
14 is starting to back up on the exits and
15 impact the traffic on 287 coming off the
16 Tappan Zee Bridge, which defeats the whole
17 purpose of trying to move the traffic through
18 faster.

19 I look forward to further discussion
20 with you. Thank you for coming this morning.

21 ACTING EX. DIRECTOR MEGNA: Oh, it's a
22 pleasure to be here.

23 ASSEMBLYMAN ABINANTI: (Laughing.)
24 I'm sure.

1 ACTING EX. DIRECTOR MEGNA: No,
2 listen, I look forward to working with you on
3 it.

4 ASSEMBLYMAN ABINANTI: Very good.
5 Thank you.

6 CHAIRMAN FARRELL: Thank you.
7 Senator?

8 CHAIRMAN DeFRANCISCO: Senator
9 Krueger.

10 SENATOR KRUEGER: Good morning.
11 Congratulations on your new job. I feel like
12 I want to ask you about the 82 other sections
13 of the budget, not the New York State Thruway
14 Authority, because I figure you know the
15 answers to those sections also. But probably
16 someone will say I'm not allowed to do that.
17 But maybe after the hearing.

18 So obviously you've gotten a whole
19 series of questions around what did the
20 Governor mean when he said some of the
21 settlement money going to the Thruway
22 Authority might be used for avoiding toll
23 increases. And I'm not sure I'm satisfied
24 with the answer, but I'm not going to ask you

1 again. I'm going to take a different
2 approach to the same question.

3 So in 2014 the projected increase in
4 toll revenue needed for 2015 was higher than
5 you're saying in 2015 it will be. So you're
6 saying you don't need as much toll -- you
7 don't have as large a hole in toll revenue as
8 you thought you would be at a year ago.

9 What changed? You're talking about
10 efficiencies. I'm curious, where are you
11 making more money that your toll revenue
12 shortfall is not as big a deal as a year ago
13 your predecessor thought it was going to be?

14 ACTING EX. DIRECTOR MEGNA: Well, I
15 think several places. I think traffic did a
16 little bit better than we thought because the
17 economy is improving, so we did a little bit
18 better on toll revenue, but I think -- you
19 know, rolling in so the base is a little bit
20 higher.

21 But no, look, we still have some tough
22 decision-making to do. We still have a hole
23 on the operating side that we have to close.
24 And we're going to have to close that -- and

1 again, I'm assuring the committee members
2 that we're going to do that without using the
3 \$1.3 billion, because that's not the intent
4 of the \$1.3 billion. So we have to find some
5 operating efficiencies within the department.

6 We also have to operate our capital
7 budget more efficiently and more effectively.
8 It continues to grow over time, and that's
9 important because maintenance of the Thruway
10 and keeping it in good condition is obviously
11 important. It's a vital commercial artery.
12 But I don't know that we've been investing
13 our capital in the most efficient, most
14 effective way. I don't know that we've been
15 borrowing money in the most efficient and
16 most effective way. And I think there are
17 opportunities for us to improve our capital
18 structure and, within doing that,
19 significantly reducing our costs, which will
20 help us in 2015.

21 Again, as I mentioned to one of the
22 Senators before, I think, you know, on an
23 ongoing basis we have to then look at what we
24 think is possible, but to do something within

1 a reasonable, practical level that people
2 would support when people come back here next
3 year to talk about 2016 and people talk about
4 2017, that we have a rational plan that makes
5 sense given what we've invested.

6 I think we can get there without, you
7 know, significant increases in tolls beyond
8 2015.

9 SENATOR KRUEGER: And you said already
10 that much of what the Thruway Authority does
11 and is responsible for are capital needs, and
12 I agree.

13 So you've reached approximately
14 \$8 billion -- wait a second. The Thruway's
15 outstanding debt is projected to reach nearly
16 \$8 billion, roughly eight times its annual
17 revenues, including Tappan Zee Bridge. One,
18 how much more can you borrow within your own
19 limits, or how much are you expecting to
20 borrow? And two, what are your concerns
21 about further potential credit rating
22 downgrades?

23 ACTING EX. DIRECTOR MEGNA: Well, I
24 have concerns about both. I think we have

1 not done a great job of structuring our debt
2 at the Thruway Authority. And I think it --
3 and, Senator, it's a good question. It has,
4 I think, limited our ability to go to the
5 market. That's why I think we have to
6 carefully look at this \$1.3 billion and see
7 how we use it in a way that helps us improve
8 the capital structure of the Thruway
9 Authority so that we can start to go back to
10 the market a little bit more confidently to
11 borrow the money for the capital needs we do
12 have.

13 Then, quite honestly, I think we have
14 to have a more realistic capital structure.
15 We can't -- you know, again, I haven't been
16 there long enough to know, you know, what our
17 exact needs are on the capital side. What I
18 can tell you is I think we can be much more
19 efficient in our use of capital dollars and
20 still maintain and improve the Thruway
21 system.

22 To your other question, we are going
23 to have -- and again, we're going to have
24 issues with the rating because of past

1 borrowing practices. And I believe, given
2 the 1.3, given our ability to control
3 operating expenses which I think we have,
4 given our ability, I hope, to restructure our
5 capital spending, we will be able to maintain
6 the rating. But it is not going to be easy.
7 And I think a lot of it is just, quite
8 honestly, bad prior practice.

9 SENATOR KRUEGER: The Governor in May
10 announced the Authority and the State
11 Department of Transportation would collocate
12 to a new transportation resource center to be
13 built on the site of the current Thruway
14 headquarters in Albany. Are you going
15 forward with this plan? How does it help you
16 with your goals for efficiencies and saving
17 money at the Thruway Authority?

18 ACTING EX. DIRECTOR MEGNA: It's a
19 great question. And it's one of the first
20 things that I've gotten involved in. They're
21 going through an RFP process now to
22 determine, you know, the kind of scope and
23 scale of the building. It's a good project
24 if there are synergies in the future that

1 save us money. It's a bad project if there
2 aren't. I'm not there yet on whether it's a
3 good or a bad project from that point of
4 view.

5 We are continuing to do it because we
6 think that there is the possibility of
7 significant synergies. Why should the
8 engineers for the Thruway Authority and DOT
9 be in separate buildings? Why shouldn't they
10 be working side by side? Why shouldn't the
11 guys that are planning snow removal in
12 Buffalo, like the questions we've had today,
13 be sitting right next to each other talking
14 about where those resources are and how they
15 could be used more effectively?

16 If we can do that, this building makes
17 a lot of sense and will save the state money
18 over time. And that's what we're looking at
19 right now.

20 SENATOR KRUEGER: I'm out of time.
21 Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Assemblyman McDonough.

24 ASSEMBLYMAN McDONOUGH: Thank you,

1 Chairman.

2 And good morning again.

3 One point that was just briefly
4 mentioned just now, and something in your
5 testimony about shared services. And I think
6 that the shared services will absolutely
7 definitely increase efficiency, but cost
8 reduction could help remediate the need for
9 higher toll increases on the Tappan Zee
10 Bridge.

11 My concern is, will that be one of
12 your early priorities, to look at the shared
13 services? It's proven in the past with other
14 agencies and in private industry that the
15 shared services can save a tremendous amount
16 of money.

17 ACTING EX. DIRECTOR MEGNA: Well, it
18 will be, by definition, given Senator
19 Krueger's question. One of the first things
20 on our plate is the building. And the
21 question is if the building provides a real,
22 real opportunity for shared services. It
23 includes opportunities for shared services on
24 engineering, on human resources, on IT, on

1 all of the things that the private sector and
2 what we've tried to do in government would
3 provide significant savings.

4 So I think the building is a real
5 opportunity for that, but we have to make
6 sure that we're going to lock those savings
7 in. Because we don't want to invest
8 significant money in infrastructure that we
9 could be using to fix roadways and keep tolls
10 down unless we really think we're going to
11 get the efficiencies. I do think those
12 efficiencies are possible, and this is a
13 project that could be very helpful.

14 But even before that, there are things
15 we can do. The Executive Budget proposes
16 that we look for opportunities for those
17 kinds of shared services now, right away.
18 And I think those opportunities exist.
19 Again, one of the things I've learned in a
20 very short amount of the time, many of the
21 chief staff people that work at the Thruway
22 Authority have DOT experience. Many of the
23 DOT people have Thruway experience. The fact
24 that we're not kind of taking advantage of

1 that to share services and figure out to do
2 things jointly, is really a missed
3 opportunity.

4 ASSEMBLYMAN McDONOUGH: Well, while
5 the commonality of some of the people, as you
6 just mentioned, who have dual experience and
7 stuff like that, working together, you said a
8 moment ago -- but in the long run, the shared
9 services would reduce the need for that
10 number of employees; right?

11 ACTING EX. DIRECTOR MEGNA: Correct.
12 Absolutely.

13 ASSEMBLYMAN McDONOUGH: It's attrition
14 and --

15 ACTING EX. DIRECTOR MEGNA: And beyond
16 that, it allows us to focus on things that we
17 really do want to do, like not only keeping
18 tolls down, but having enough snowplow
19 drivers and having enough snowplows. And,
20 you know, the other pieces of investing in
21 capital. So it's not just saving money, it's
22 then reinvesting that in the kinds of things
23 that make sense.

24 ASSEMBLYMAN McDONOUGH: Well, I think

1 your background as budget director will
2 probably help, and I hope that becomes a
3 priority. So thank you very much.

4 Thank you, Chairman.

5 CHAIRMAN DeFRANCISCO: I have a few
6 questions, just to put this capital operating
7 cost issue to bed.

8 You've said several times you intend
9 to use whatever money comes out of the budget
10 process for capital only. Would it be
11 appropriate, so there's no further
12 misunderstanding, in the 30-day amendments
13 for the Governor to say that specifically?
14 Because it doesn't say that now.

15 ACTING EX. DIRECTOR MEGNA: You know,
16 Senator, I'll go back and look at the
17 language from my old job. I think we were
18 trying to be pretty clear that, you know,
19 this money was for capital purposes, not for
20 operating purposes. I'll go back and talk to
21 them about that.

22 CHAIRMAN DeFRANCISCO: But how for
23 capital purposes does it affect the operating
24 budget, if it's money that --

1 ACTING EX. DIRECTOR MEGNA: Well,
2 capital purposes -- you know, again, there's
3 the thing with something like the Thruway,
4 because a significant part of the Thruway's
5 budget is, you know, ongoing capital.

6 I will go back and talk to folks. It
7 is not --

8 CHAIRMAN DeFRANCISCO: All right,
9 just to --

10 ACTING EX. DIRECTOR MEGNA: -- our
11 intent to spend --

12 CHAIRMAN DeFRANCISCO: Okay --

13 ACTING EX. DIRECTOR MEGNA: -- to use
14 the \$1.3 billion to subsidize operating
15 within the Thruway Authority.

16 CHAIRMAN DeFRANCISCO: Okay. Number
17 two, you mentioned that the canal part of the
18 Thruway Authority is in dire need of, I
19 forgot the exact words, of capital as well.

20 And if you do get this type of money,
21 I would strongly urge you to consider using
22 some of it for the tourism that we are
23 generating in upstate New York through the
24 canal part of the Thruway Authority. Because

1 you did say it generates \$380 million or
2 something like that in tourism income.

3 And that will help me come to a point
4 where I can realize that we have -- I
5 advocate for it, but I want to realize the
6 fact that this \$5.4 billion -- that's been
7 spent six times now, I think, and we're only
8 in the second hearing -- but that that money
9 is distributed equitably upstate, downstate
10 or regionally. So that would be a way to
11 help your Thruway Authority and also assuage
12 the fears of some of these people like me.

13 The other thing, the Governor had said
14 when the Tappan Zee Bridge was starting, that
15 he was going to appoint a committee that was
16 going to come up with a financial plan,
17 et cetera, et cetera. Well, there's no
18 committee as yet that I know of, and it keeps
19 going up. Is it the Thruway Authority, since
20 the Thruway is building this, is it their
21 responsibility to provide a financial plan,
22 as opposed to the Governor?

23 ACTING EX. DIRECTOR MEGNA: Well,
24 Senator, we are going to have to provide a

1 financial plan for the bridge and the rest of
2 the Thruway. And we do that on an ongoing
3 basis.

4 I think what the Governor has said and
5 I think what Thruway has said in the past and
6 has been true over the past six to eight
7 months, is -- what we've tried to do is say,
8 look, we don't want to get too specific about
9 a tolling plan until we know all the possible
10 financing sources, until we had nailed down
11 the federal piece, the EFC piece that I think
12 we all know about, and then the settlement
13 funds, which kind of thankfully was manna
14 from heaven, which a piece of that could be
15 invested in this very important
16 infrastructure project.

17 I think as all of those pieces fall in
18 place, we'll be able to come forward with a
19 financial plan that I think will make sense
20 to everybody.

21 CHAIRMAN DeFRANCISCO: Well, somehow I
22 think you as budget director, if I came in
23 and said part of the Senate budget should be
24 a plan to build a new section to the LOB,

1 I've got a feeling you'd say "How are you
2 going to finance it?" before you said yes.
3 Is that fair to say?

4 ACTING EX. DIRECTOR MEGNA: It might
5 cross my mind, Senator.

6 CHAIRMAN DeFRANCISCO: All right. So
7 now let me see if this might cross your mind
8 as well. So now we're well into the project,
9 it would seem to me that now that you're
10 chairman of the Thruway Authority, at least
11 acting chairman, it would be a perfect time
12 to try to say as of this point, this is how
13 we're going to finance it.

14 Things change, obviously, on any
15 project. But --

16 ACTING EX. DIRECTOR MEGNA: No, and I
17 think -- no, Senator, it's a good question.
18 And I think now that we have the
19 settlement --

20 CHAIRMAN DeFRANCISCO: Excuse me one
21 minute.

22 ACTING EX. DIRECTOR MEGNA: Sure.

23 CHAIRMAN DeFRANCISCO: You've
24 complimented many people on a good question.

1 Let's assume my questions are good, so you
2 don't have to say it.

3 (Laughter.)

4 ACTING EX. DIRECTOR MEGNA: I'm always
5 happy to answer good questions from all of
6 the Senators and Assembly people.

7 Of course we need to provide a
8 financial plan on the bridge. We again are
9 working through what the implications of the
10 \$1.3 billion will be on what our options
11 are -- how much should be allocated to the
12 bridge; once that's allocated to the bridge,
13 what effect would that have on the total
14 financial package and what effect would that
15 have on the rest of the Thruway.

16 I think as we get to that point and I
17 have a chance to go through that with the
18 folks and the outside folks that are looking
19 at that, and the impacts that that will have,
20 you know, we can get back to you with what we
21 think the impact will be.

22 But I think we're closer to being to
23 that point once we know how this 1.3 gets
24 allocated.

1 CHAIRMAN DeFRANCISCO: Thank you.

2 CHAIRMAN FARRELL: Thank you.

3 To close, Assemblyman Brennan.

4 ASSEMBLYMAN BRENNAN: Yes, thank you,
5 Mr. Farrell.

6 And forgive me for coming back a
7 second time.

8 ACTING EX. DIRECTOR MEGNA: That's
9 okay.

10 CHAIRMAN FARRELL: No.

11 (Laughter.)

12 ASSEMBLYMAN BRENNAN: This is more of
13 an admonition. Up until we gave the Thruway
14 Authority the \$85 million a couple of years
15 ago to avoid a toll hike by picking up the
16 expense of the State Police, the Thruway
17 Authority had been self-funded the whole 60
18 years. And that's been great for the
19 taxpayers and the people of the State of New
20 York.

21 And you've indicated that the
22 \$1.3 billion is not just for the Tappan Zee,
23 it's also for other ongoing capital projects
24 so that you don't have to borrow the money

1 and then pay interest on that debt, and that
2 extra cost is certainly a factor in why toll
3 increases might otherwise be needed. And so
4 that's -- you know, that's what's happening.

5 And so now that the Thruway Authority
6 is going to start getting lots of money from
7 the General Fund, I think it's very important
8 for you to provide the Legislature with as
9 much detail about these plans as possible.
10 And certainly I don't suggest that the
11 Thruway Authority is suddenly becoming a ward
12 of the state. And I don't -- and, you know,
13 we write taxpayer checks to the MTA for
14 billions, so subsidizing operations of public
15 authorities is something that has been known
16 to happen. And I don't object.

17 But I think it's very important for us
18 to start getting into details of how the
19 Thruway Authority is going to spend this
20 money and what the impact on the tolls is
21 going to be going forward, because we may be
22 providing substantial financial assistance to
23 the Thruway Authority from the General Fund
24 for some years. And I think it's important

1 to kind of change what kind of information is
2 being made available.

3 ACTING EX. DIRECTOR MEGNA: I'm not
4 going to say good question, Assemblyman.

5 (Laughter.)

6 ACTING EX. DIRECTOR MEGNA: That, in
7 my old job, and I know for all of you, was a
8 very hard decision to make about providing
9 General Fund assistance to a public authority
10 and the Thruway. So I absolutely understand
11 that and, you know, hope we can work to
12 provide the kind of information you want,
13 because that was a significant move by the
14 state to provide, you know, funding to the
15 Thruway.

16 And I think the Thruway needs to show
17 that we're being as efficient, effective,
18 budgetarily conscious, using the \$1.3 billion
19 in the most efficient, effective way so that
20 you feel you're not wasting your money.

21 ASSEMBLYMAN BRENNAN: Thank you.

22 CHAIRMAN FARRELL: One question, and
23 then close.

24 Did you say that you're going to do

1 the E-ZPass or something with the toll on the
2 Tappan Zee Bridge?

3 ACTING EX. DIRECTOR MEGNA: I
4 probably -- I'm sorry.

5 CHAIRMAN FARRELL: No, and does that
6 mean you're not -- are you going to do what
7 the MTA has done, which is they're going to
8 mail you a letter if you run through it and
9 you don't have E-ZPass, like I don't do?

10 ACTING EX. DIRECTOR MEGNA: I don't
11 want to talk too much about stuff that I'm
12 just getting briefed on. But my
13 understanding is that there may be
14 construction issues with the toll plaza that
15 might lead to a period of time where they
16 have just kind of an E-ZPass process.

17 CHAIRMAN FARRELL: And only E-ZPass.

18 ACTING EX. DIRECTOR MEGNA: Yes.

19 CHAIRMAN FARRELL: And if you don't
20 have E-ZPass, you're going to mail it to
21 them?

22 ACTING EX. DIRECTOR MEGNA: I think
23 that's the case.

24 Now, again, I need to -- and I

1 understand -- when I heard about this, I
2 said, "Well, I understand from my former life
3 that this is going to raise some issues with
4 folks that we need to be able to talk to them
5 about." So I'm still trying to work through
6 that.

7 CHAIRMAN FARRELL: Yeah. Yeah,
8 because on the entrance to the Thruway when
9 you go toll portion, the way you have it set
10 up there is perfect. You know, you go around
11 and then you -- those of us that don't use
12 E-ZPass, and I want them to follow me, not
13 make it easy, you can go through and pick up
14 a ticket.

15 ACTING EX. DIRECTOR MEGNA: Yes.

16 CHAIRMAN FARRELL: All right, thank
17 you very much. Appreciate it.

18 CHAIRMAN DeFRANCISCO: Thank you very
19 much.

20 ACTING EX. DIRECTOR MEGNA: No, thank
21 you all.

22 CHAIRMAN FARRELL: Have a good day.

23 ACTING EX. DIRECTOR MEGNA: You too.

24 CHAIRMAN FARRELL: Joan McDonald,

1 commissioner, New York State Department of
2 Transportation.

3 I want to thank the commissioner for
4 allowing us to put Robert first, because he
5 had an important appointment he had to go to
6 in another 10 minutes.

7 CHAIRMAN DeFRANCISCO: We've been
8 joined by Senator Ritchie.

9 COMMISSIONER McDONALD: Are we ready?

10 CHAIRMAN DeFRANCISCO: Yes, whenever
11 you're ready.

12 COMMISSIONER McDONALD: Okay.

13 Chairman DeFrancisco, Chairman Farrell,
14 Chairman Gantt, members of the legislative
15 fiscal and Transportation Committees, thank
16 you for this opportunity to discuss Governor
17 Cuomo's Executive Budget for 2015-2016 as it
18 pertains to the Department of Transportation.
19 I'm Joan McDonald, the Commissioner of DOT.

20 One of the primary functions of state
21 government is to ensure the safety of its
22 residents. Each and every day, DOT and our
23 8,200 employees play an integral role in
24 assuring the safety of the traveling public,

1 from bridge inspections to traffic signal
2 maintenance to winter snow and ice control.
3 Snow and ice control is one of the more
4 challenging aspects due to the
5 unpredictability and volatility of weather
6 patterns.

7 Following on the heels of several
8 years of extreme weather events, this winter
9 season started early with the November lake
10 effect snowstorm in Western New York. That
11 storm resulted in the largest winter
12 deployment of personnel and equipment in the
13 department's history. At its peak, nearly
14 1,000 DOT staff and more than 600 pieces of
15 heavy equipment were mobilized from as far
16 away as Long Island to assist impacted towns,
17 counties and cities with the response and
18 recovery efforts.

19 Earlier this week, a winter storm and
20 blizzard inundated parts of Long Island with
21 more than two feet of snow. In preparation
22 for this major event, the department deployed
23 approximately 300 pieces of heavy equipment
24 and more than 580 staff from regions outside

1 the impacted areas.

2 To enhance DOT's capacity to respond
3 to these extreme weather events, the Budget
4 provides \$50 million for versatile emergency
5 vehicles, including additional snowplows.
6 This funding will also support equipping the
7 department's existing snow and ice control
8 fleet with a state-of-the-art GPS system that
9 will track assets in real time and aid with
10 emergency deployments.

11 Last week, Governor Cuomo detailed a
12 six-point infrastructure plan that outlines
13 his vision to strengthen and modernize
14 New York's infrastructure. The plan
15 recognizes that the demands of the
16 21st-century economy require that New York
17 State not only renew its investments in
18 transportation systems, but that we need to
19 build better, faster and stronger to compete.

20 The Executive Budget makes new state
21 investments to improve the transportation
22 system, enhance the system's resiliency,
23 create jobs, and deliver operating aid for
24 transit systems. The Executive Budget

1 includes more than \$3.5 billion in new
2 capital program funding during state fiscal
3 year 2015-16. Of that amount, more than
4 \$2.5 billion in new funding is provided to
5 support the department's highway and bridge
6 program.

7 Building upon the Governor's support
8 for sustained investment in roads and
9 bridges, DOT's budget utilizes the first
10 \$150 million of a new \$750 million five-year
11 bridge initiative. This initiative will
12 strategically accelerate the rehabilitation,
13 reconstruction or replacement of more than
14 100 bridges statewide serving critical
15 freight, agriculture and commerce corridors.

16 DOT's budget also provides
17 \$438 million in additional funding for local
18 highway and bridge projects under the
19 Consolidated Highway Improvement Program,
20 CHIPS; \$39.7 million for the local matching
21 share of federally aided projects under the
22 Marchiselli program; and more than
23 \$4.9 billion to support the operation of
24 local transit systems.

1 Prior to the enactment of the
2 Infrastructure Investment Act of 2011, DOT
3 delivered all of its construction projects
4 through a traditional design-bid-build
5 process. By combining the design and
6 construction phases of a project into one
7 design-build contract, project delivery is
8 faster and more efficient and project
9 benefits are delivered to the public sooner.

10 Since being signed into law in 2011,
11 DOT has awarded 10 design-build contracts
12 valued in excess of \$811 million, including
13 the department's largest ever single
14 contract, the \$550 million Kosciuszko Bridge.
15 These projects are underway throughout the
16 state, and the results are overwhelmingly
17 positive. Projects are being delivered
18 sooner, on-budget, and jobs are being
19 created.

20 In addition to these 10 contracts,
21 there are currently 13 more under
22 procurement, totaling an additional
23 \$290 million. The act's benefits are clear,
24 and design-build authority should be made

1 permanent.

2 After a series of tragic accidents in
3 Quebec, North Dakota, and Alabama
4 demonstrated the volatile nature of crude
5 oil, New York State DOT, New York State DEC
6 and the Department of Homeland Security
7 worked with Governor Cuomo to push the
8 federal government for closer regulation of
9 the crude oil transportation industry. To
10 better prepare the state, Executive Order 125
11 was issued, which directed a crude oil
12 interagency workgroup to comprehensively
13 assess emergency response preparedness,
14 implement aggressive enforcement and
15 inspection initiatives, and work with partner
16 railroads to coordinate preparedness
17 activities.

18 During calendar year 2014, DOT
19 inspectors and their federal partners have
20 conducted an aggressive, targeted track and
21 railcar inspection program. During the
22 course of the year, we have inspected 7,368
23 railcars and 2,659 miles of track. We've
24 uncovered and required corrective action for

1 840 defects, and we've issued 12 hazardous
2 materials violations. The defects that we
3 have found prove that efforts to increase
4 inspections are working to identify the
5 problems and help reduce the risk of
6 transporting crude oil in New York State.

7 In closing, the investments being made
8 in the state's transportation system will
9 move New York forward so that it will meet
10 the demands of the 21st-century economy.

11 Thank you very much for having me
12 testify, and I'm happy to answer any
13 questions that you might have.

14 CHAIRMAN FARRELL: Thank you very
15 much.

16 First to question, Assemblyman Gantt,
17 chairman of the Transportation Committee.

18 ASSEMBLYMAN GANTT: Thank you very
19 much, Chairman Farrell.

20 I welcome you here this morning,
21 Commissioner. You know you and I have had a
22 lot of fun all summer talking about whether
23 or not you will give me the authority to
24 recommend to you, on the rail station in

1 Rochester, whether a pillar should go and the
2 rod should be stuck in. So I don't want you
3 to forget that deal, and I don't want anybody
4 to think we have some secret, because we
5 don't.

6 COMMISSIONER McDONALD: Right.

7 ASSEMBLYMAN GANTT: I want to make
8 sure that station is built correctly as when
9 I was a kid.

10 But given that, I'm concerned really
11 about deficient roads and bridges, as we have
12 for some time now had our roads and bridges
13 very deficient in this state. Can you tell
14 me whether or not we've improved on the
15 condition of the bridges and roads in this
16 state? And when can we expect that we will
17 have that done or make some improvement
18 thereof?

19 COMMISSIONER McDONALD: Yes. First of
20 all, we do have some great projects that we
21 saw in Rochester this year, between the
22 Rochester station, which is one of our
23 design-build contracts moving forward. So
24 we're very excited about that.

1 But as it regards the condition of our
2 assets overall, New York State is responsible
3 for the oversight of 16,000 state and local
4 bridges. Approximately -- we've held
5 constant on good and excellent, and year over
6 year, approximately 66 percent of them are
7 either good or excellent.

8 What we instituted back in 2011, when
9 I became commissioner, was a very rigorous
10 capital planning asset management process so
11 that we would make sure that those bridges
12 that are good and excellent don't slip into
13 fair and poor, and then address the fair with
14 lower-cost treatments. So we are continuing
15 to make those investments and will continue
16 to do so.

17 ASSEMBLYMAN GANTT: So we are making
18 improvements over the last few years?

19 COMMISSIONER McDONALD: Yes, we are.

20 ASSEMBLYMAN GANTT: There's no
21 slippage.

22 COMMISSIONER McDONALD: There's no
23 slippage. Absolutely not.

24 ASSEMBLYMAN GANTT: Okay. You and I

1 have had conversations, or at least your
2 staff and I have had conversations about a
3 subject that's important to me, and that's
4 summer youth jobs. We had a particular one
5 at Edison Tech there in Rochester, where
6 those young people learned how to build
7 houses and {unintelligible} to provide for
8 the capital investments that they had.

9 We seem to have lost that. Even
10 though in a conversation that the Assembly
11 and the Board of Regents had sometime, and I
12 informed them that there are some young
13 people who will never go to college.
14 However, if we can prepare those young people
15 with jobs such as BOCES -- but unfortunately,
16 Rochester doesn't have a BOCES. And somehow,
17 somewhere, we need to find some money to try
18 and do that.

19 Can you tell me where we are with that
20 particular investment in young people?

21 COMMISSIONER McDONALD: I'm not
22 exactly sure where that contract is, but I'll
23 be happy to get back to you.

24 But I couldn't agree with you more

1 that as the workforce ages, investments in
2 our future workforce, both on the engineering
3 side and the technical side in construction
4 and construction inspection, is more
5 critical.

6 So I'm happy to continue to partner
7 with you, and I will --

8 ASSEMBLYMAN GANTT: I'm sure that the
9 Regents will be glad to have you invest some
10 of that money so that they could do some of
11 the kinds of things that some of us think is
12 necessary in order for young people,
13 particularly in urban areas, to make it.

14 COMMISSIONER McDONALD: Exactly.

15 ASSEMBLYMAN GANTT: Okay. Your
16 position on design-build is one -- even
17 though you agreed to give me the pieces on
18 the train station there, you know you and I
19 don't necessarily agree on design-build.
20 It's a position that I've had over the years,
21 and hopefully we can continue to talk about
22 that because I don't think it's something
23 that's good for taxpayers of this great state
24 of ours.

1 The other concern I have is the one
2 about fifty-fifty in terms of engineers
3 inside and outside. And I would like to know
4 where we are with that particular part of the
5 program.

6 COMMISSIONER McDONALD: Sure. We
7 don't set an actual target for in-house
8 resources versus consulting engineers for our
9 designing --

10 ASSEMBLYMAN GANTT: You don't set a
11 target.

12 COMMISSIONER McDONALD: We don't set a
13 target. But it equates --

14 ASSEMBLYMAN GANTT: You know that we
15 have, over the years, asked that that be set.

16 COMMISSIONER McDONALD: Right, I do
17 know that. But it equates to approximately a
18 fifty-fifty split, about half in-house and
19 half through consultant services.

20 ASSEMBLYMAN GANTT: Do we fulfill
21 that, or do we not? Because my understanding
22 from particularly the union officials from
23 your shop is that we do not fulfill that.

24 COMMISSIONER McDONALD: No, we fulfill

1 it. And I'm happy to get the exact trend
2 analysis to you.

3 ASSEMBLYMAN GANTT: I would like to
4 know that, and if you could get it to the
5 rest of these persons who sit here.

6 Now, the Governor has agreed that he
7 was giving Buffalo a billion dollars. My
8 question is, how much of that is coming out
9 of your shop?

10 COMMISSIONER McDONALD: It's the
11 additional --

12 ASSEMBLYMAN GANTT: The billion
13 dollars that the Governor has agreed that he
14 will give to Buffalo. Does that include the
15 roads and bridges there?

16 COMMISSIONER McDONALD: Oh, I don't
17 think -- the additional billion, the Buffalo
18 Billion you're talking about?

19 ASSEMBLYMAN GANTT: Yes.

20 COMMISSIONER McDONALD: That does not
21 include the roads and bridges.

22 ASSEMBLYMAN GANTT: So how much are
23 you giving the Buffalo area?

24 COMMISSIONER McDONALD: I don't have

1 that number in front of me, but we'll get
2 that number for you.

3 ASSEMBLYMAN GANTT: Can you get that
4 for me?

5 COMMISSIONER McDONALD: Yup.

6 ASSEMBLYMAN GANTT: And plus the other
7 regions included, so I can have some
8 reference points.

9 COMMISSIONER McDONALD: For Rochester
10 as you move forward?

11 ASSEMBLYMAN GANTT: Rochester, Hudson
12 Valley and --

13 COMMISSIONER McDONALD: Yeah. Happy
14 to do that.

15 ASSEMBLYMAN GANTT: Because I'd just
16 like to know how much of that -- because as
17 you know, most of us in this state today are
18 straining.

19 I guess the CHIPS is going to be the
20 same, Marchiselli is going to be the same.
21 Is that correct?

22 COMMISSIONER McDONALD: CHIPS and
23 Marchiselli are the same level that they were
24 last year, correct.

1 ASSEMBLYMAN GANTT: When are we going
2 to have another five-year program? You know,
3 two years ago we did a two-year program. I
4 don't see us doing a program this year. When
5 are we going to do a five-year program again?
6 Or are we planning on doing a five-year
7 program?

8 COMMISSIONER McDONALD: We're happy to
9 continue those discussions, through our
10 budget division, with the legislative -- Ways
11 and Means and Senate Finance Committees as
12 far as a five-year program. And of course it
13 has to be done in the confines of the fiscal
14 picture. So we're happy to continue that.

15 We continue to plan our projects right
16 now within the funding envelope that we have,
17 and invest those funds very wisely.

18 ASSEMBLYMAN GANTT: High-speed rail,
19 could you tell us where that is?

20 COMMISSIONER McDONALD: Yes. We
21 completed the public hearings after the draft
22 environmental impact statement. Those took
23 place last spring, and we're collecting all
24 the comments, working with the Federal

1 Railway Administration. Of course the
2 investments to institute high-speed rail in
3 New York State range from \$5 billion to
4 \$16 billion, so the funding envelope for
5 high-speed rail is a tough one.

6 But we continue to make strong
7 investments through President Obama's
8 high-speed rail initiative. We have close to
9 \$200 million worth of projects underway,
10 including the Rochester station, including
11 some additional track work between Albany and
12 Schenectady and some signaling work. But
13 it's going to -- depending on which --

14 ASSEMBLYMAN GANTT: Is it Rochester,
15 Commissioner? That's outside of Rochester,
16 isn't it, more like Batavia? I just don't
17 want these people in this room to think
18 you're doing me any special favors.

19 COMMISSIONER McDONALD: No, I would --

20 ASSEMBLYMAN GANTT: I don't think
21 Rochester is involved in that deal --

22 COMMISSIONER McDONALD: I would never
23 do that.

24 ASSEMBLYMAN GANTT: -- according to

1 information I have.

2 COMMISSIONER McDONALD: Yes.

3 ASSEMBLYMAN GANTT: Okay. But I think
4 that's somewhere else and not necessarily in
5 the Rochester area. It's nearer to Buffalo.
6 Is that correct?

7 COMMISSIONER McDONALD: That the
8 high-speed --

9 ASSEMBLYMAN GANTT: The high-speed
10 piece that people keep talking about
11 Rochester is not a Rochester project.

12 COMMISSIONER McDONALD: No, it's part
13 of the high-speed rail initiative. The
14 Rochester station --

15 ASSEMBLYMAN GANTT: Which is nearer to
16 Batavia than it is to Rochester.

17 COMMISSIONER McDONALD: It is. It is.
18 And the Depew Station is part of that also.

19 ASSEMBLYMAN GANTT: I just want to
20 make sure we're on the same wavelength.

21 COMMISSIONER McDONALD: We are on the
22 same wavelength.

23 ASSEMBLYMAN GANTT: Commissioner, let
24 me -- first of all, thank you for answering

1 these few questions I have. I may come back
2 with some others as we sit here. But thank
3 you for doing a great job for us.

4 COMMISSIONER McDONALD: Thank you.

5 ASSEMBLYMAN GANTT: And hopefully we
6 can get a piece of Rochester for high-speed
7 rail, because we could use the jobs.

8 COMMISSIONER McDONALD: Thank you.

9 ASSEMBLYMAN GANTT: Thank you very
10 much.

11 CHAIRMAN FARRELL: Senator?

12 CHAIRMAN DeFRANCISCO: Senator
13 Ritchie.

14 SENATOR RITCHIE: Commissioner,
15 welcome. I just have a couple of questions.

16 First, I would like to say that your
17 DOT staff in the counties that I represent
18 really do a phenomenal job clearing the
19 roads. And as you know, that on any given
20 day we could have a foot to, you know,
21 10 feet of snow. So that is a real issue,
22 especially on 81.

23 So as we go forward, we've had
24 conversations between myself and your office

1 back and forth about possible closure gates
2 on 81. The issue that last year we had over
3 a hundred vehicles that were stranded in the
4 Village of Adams that couldn't make their way
5 out, 200 people who had to stay in a fire
6 department and some homes there in the
7 village.

8 And so I guess I would just like you
9 to give me maybe your views on why you think
10 the closure gates -- not on every entrance to
11 81, but in that small area that gets the lake
12 effect snow -- wouldn't be beneficial.

13 COMMISSIONER McDONALD: Sure. Thank
14 you, first of all, for your compliments about
15 the DOT staff. Because yes, that part of the
16 state does get hit pretty hard on a regular
17 basis.

18 What we've used in the last few storms
19 on the I-81 corridor and on the parallel
20 Route 11 corridor is, first and foremost, we
21 reduced the speed limit. And we have found
22 that that has had very beneficial results to
23 tractor-trailers, because what happens
24 sometimes is there's one incident, one

1 jackknife, and it can cause delays and
2 pileups for extended miles. So I think that
3 that is one of the tools that we've started
4 to use much more regularly, and that seems to
5 be working pretty well.

6 As far as the gates, I haven't seen
7 the data on kind of where we would put them,
8 but I'm happy to sit down with you and do a
9 field visit and take a look at where that
10 might be beneficial.

11 SENATOR RITCHIE: Okay, that's great.

12 Another issue that we're having in the
13 district is with the storm sewer and the
14 catch basins. And I understand, in response
15 from your letter, that prior to 1971 that the
16 state doesn't maintain those.

17 But I guess I would like to hear your
18 views again on the fact that in two of these
19 municipalities right now that have this
20 problem, it's going to be a huge cost. And
21 it's on the state highway in the village
22 itself, and on Route 37, which of course is a
23 main highway through St. Lawrence and
24 Jefferson County.

1 So it's kind of hard for me to go back
2 to my constituents and tell them that the
3 state shouldn't be responsible when they're
4 not allowed to dig on a state highway but
5 they are responsible for the cost for the
6 storm sewers.

7 COMMISSIONER McDONALD: That's a -- I
8 think what we've discovered through these
9 many major weather events, whether it's
10 Sandy, Irene, Lee, the winter storms, is just
11 how, I guess for lack of a better word,
12 discombobulated some of the laws and
13 regulations are as to who does what between
14 the state and municipalities across the
15 state.

16 So I think what we should be doing,
17 and we're doing it in a big way under the
18 Governor's Renew New York initiative, is take
19 a look at those. And where it doesn't make
20 sense for the state to do something and the
21 locality should do it, or vice versa, we need
22 to be open to that. And through our
23 municipal assistance agreements, we can
24 figure out a way to make some of those things

1 work.

2 So I'm happy to continue that
3 conversation with you also and our folks in
4 Region 7 about those catch basins.

5 SENATOR RITCHIE: And I certainly
6 appreciate you're willing to look at that,
7 because it is something that's going to be a
8 major cost to some of these small
9 municipalities that they don't have the
10 resources for.

11 And then the last issue, of course, is
12 the Town of Orleans salt issue. And I would
13 just like to say, for the record, that we're
14 getting closer. We just have a small gap
15 now, and appreciate Diane has been involved.
16 And as we move forward, we're pretty close to
17 getting that water contamination problem
18 solved. And would hope that you would
19 continue to help us find our way to a
20 solution.

21 COMMISSIONER McDONALD: Yes. Yes,
22 I've been briefed on that issue also. So
23 yeah, I know that that's been a long road,
24 but we're almost there.

1 SENATOR RITCHIE: Right. Thank you.

2 COMMISSIONER McDONALD: You're
3 welcome.

4 CHAIRMAN FARRELL: Thank you.
5 Assemblyman McDonough.

6 ASSEMBLYMAN McDONOUGH: Thank you,
7 Chairman.

8 And good morning, Commissioner. Good
9 to see you again.

10 COMMISSIONER McDONALD: Good to see
11 you.

12 ASSEMBLYMAN McDONOUGH: A couple of
13 things.

14 You talked in your testimony about the
15 bridge repair and stuff like that. You're
16 scheduled in the first year to do a hundred
17 bridges, I think you said, right?

18 COMMISSIONER McDONALD: Correct.

19 ASSEMBLYMAN McDONOUGH: How are they
20 selected? Are they selected by those that
21 are in the worst condition, or are they
22 selected geographically or --

23 COMMISSIONER McDONALD: You know, when
24 I mentioned the 16,000 bridges that are in

1 the state, that includes both state and local
2 system. And what we do is we have our bridge
3 inspection programs and our condition ratings
4 that we do every two years.

5 And then when we look at -- so we have
6 our core program, and we keep moving that
7 along. And then when additional revenue
8 sources become available, we look at what the
9 type of revenue it is and what bridges fit
10 best.

11 For the hundred bridges that we're
12 talking about in the additional funding, we
13 have identified corridors that are freight
14 corridors, agriculture corridors, and
15 commerce corridors, and the bridges on those
16 routes. But we would absolutely also look at
17 current condition and what would need to be
18 invested to make those bridges more
19 resilient.

20 ASSEMBLYMAN McDONOUGH: And there's
21 some local share of investment in that repair
22 work, right, depending on the bridge and --

23 COMMISSIONER McDONALD: Depending on
24 the bridge, it would be either 100 percent

1 state -- if it's a state bridge, it would be
2 our responsibility. If it's a local bridge,
3 it would be a shared responsibility.

4 ASSEMBLYMAN McDONOUGH: But the
5 inspection process is done by the state to
6 make sure, right, on all of them, whether
7 it's local or --

8 COMMISSIONER McDONALD: Correct.
9 Correct. On all the bridges, yes.

10 ASSEMBLYMAN McDONOUGH: Okay. And as
11 I understand it from previous years, that
12 there's a rating system of bridges, and I
13 think it's 1 through 7, is it?

14 COMMISSIONER McDONALD: One through 7.

15 ASSEMBLYMAN McDONOUGH: And you said
16 before that 66 percent of the bridges are
17 considered acceptable or --

18 COMMISSIONER McDONALD: Are considered
19 good or excellent.

20 ASSEMBLYMAN McDONOUGH: Okay. If you
21 could say good or excellent on the scale of 1
22 to 7, where would "good" become? Would it be
23 4 or more?

24 COMMISSIONER McDONALD: Five.

1 ASSEMBLYMAN McDONOUGH: Five?

2 COMMISSIONER McDONALD: Five.

3 ASSEMBLYMAN McDONOUGH: Okay. And as
4 I understand it, 3.5 is where it begins to go
5 down?

6 COMMISSIONER McDONALD: Three and a
7 half is that tipping point, yes.

8 ASSEMBLYMAN McDONOUGH: Okay. And
9 then worse than that is unacceptable.

10 COMMISSIONER McDONALD: Yes.

11 ASSEMBLYMAN McDONOUGH: So you would
12 actually cease the operation of a bridge if
13 one was that?

14 COMMISSIONER McDONALD: We -- a bridge
15 that is in poor condition does not
16 necessarily mean it is unsafe. When we
17 inspect bridges, if it is unsafe, what we do
18 is we either load-post for lower weights, or
19 in extreme situations, we would shut it down
20 and then do what we call emergency bridge
21 repairs. But -- and that's how we do it.

22 ASSEMBLYMAN McDONOUGH: Okay, thank
23 you. In previous testimony by Bob Megna,
24 who's now just getting into the job, I asked

1 the question would he make the
2 shared-services thing a priority, because I
3 think it would create early-on savings which
4 could be very significant. You'll be working
5 on that with that department. Is that going
6 to be a priority with you, an early priority?

7 COMMISSIONER McDONALD: Absolutely.
8 Absolutely.

9 ASSEMBLYMAN McDONOUGH: Okay. I think
10 we could save money there right off the bat
11 that would help other things.

12 Something in the Executive Budget
13 concerned me, and it was the statement -- and
14 I just want to read what we wrote -- that DOT
15 would be authorized to collect a new \$100 fee
16 from for-profit passenger carriers to pay for
17 the safety inspections of privately operated
18 for-profit passenger carriers.

19 Now, let's define a for-profit
20 passenger carrier. In Nassau County, as
21 you're aware, back in 2012 they initiated a
22 public/private partnership with Veolia
23 Transdev, which is now called the NICE Bus
24 system. And they are a private company, and

1 they're a for-profit company, but they're
2 under contract to a governmental authority.

3 Would this \$100 fee apply to them?

4 COMMISSIONER McDONALD: No, it would
5 not. I didn't think so; I just wanted to
6 confirm. It would not.

7 ASSEMBLYMAN McDONOUGH: That's good
8 news, because that will save some money.

9 And also, the whole downstate
10 transportation budget is flat. There's no
11 increase, not even a 2 percent increase, in
12 most of the downstate operating systems.

13 COMMISSIONER McDONALD: In the public
14 transit, right.

15 ASSEMBLYMAN McDONOUGH: Right, public
16 transit, right.

17 COMMISSIONER McDONALD: It is flat.
18 And as you know, the public transit systems
19 in the downstate region -- putting the MTA
20 aside for a minute. But in, you know,
21 Westchester, Rockland and on the Island,
22 they're covered by both some General Fund
23 state dollars and also by various taxes and
24 fees.

1 So they are flat. But it is -- the
2 state contribution is flat.

3 ASSEMBLYMAN McDONOUGH: Well, it
4 looks -- if it remains that way through the
5 budget negotiations, it looks like it's a
6 definite thing for a fare increase,
7 especially in Long Island and Nassau County,
8 where I am. And that fare increase could be
9 very significant, because that bus service
10 serves middle- and lower-income people
11 mostly, it would have a tremendous impact on
12 them. And they service over 100,000
13 passengers per day.

14 So 25 cents doesn't sound like much,
15 but you add it up and it is. So I'm hopeful
16 that we can get that aid increased to
17 eliminate that.

18 I know there's going to be a rate
19 increase on MTA. It's the sharing of that
20 that's still under discussion of what the
21 Long Island bus service would get.

22 COMMISSIONER McDONALD: It will be
23 under budget discussions, sure.

24 ASSEMBLYMAN McDONOUGH: Okay. Thank

1 you, Commissioner. Thank you very much.

2 COMMISSIONER McDONALD: Thank you.

3 CHAIRMAN FARRELL: Senator?

4 CHAIRMAN DeFRANCISCO: Senator Dilan.

5 SENATOR DILAN: Yes, thank you very
6 much.

7 Hi, Commissioner.

8 COMMISSIONER McDONALD: Good morning,
9 Senator.

10 SENATOR DILAN: I have questions with
11 respect to -- can you enlighten us a little
12 bit about the capital plan? As you know, we
13 have to come up with a new five-year plan
14 both for DOT and for the MTA. If you can
15 give us some highlights of what you
16 anticipate in that plan. And -- well, I have
17 other questions; first, answer that one.

18 COMMISSIONER McDONALD: Sure. As I
19 mentioned earlier, you know, we work within
20 the confines of the annual appropriation, and
21 we do approximately \$2.3 billion every year.
22 And that includes the construction of
23 \$1.8 billion plus associated costs for
24 engineering, inspection, any right of way,

1 environmental issues that need to be
2 addressed.

3 And that has traditionally been what
4 DOT's program has been. We are adhering to
5 the parameters of the MOU that was signed
6 between the Legislature and the Governor as
7 part of the 2013-2014 budget. And we
8 continue to look forward to assessing what
9 those needs are and moving the program
10 forward.

11 SENATOR DILAN: And what do you
12 anticipate the costs or -- or the dollar
13 amount?

14 COMMISSIONER McDONALD: We -- you
15 know, our capital program is about -- like I
16 said, it's about \$2.3 billion a year. And
17 that's what we've been -- that's the
18 assumption that we've been working under,
19 because we know how important it is to stay
20 within the Governor's 2 percent cap.

21 We take advantage of additional
22 funding that becomes available. We received
23 an additional \$1.3 billion as part of the
24 Governor's NY Works initiative in the 2012

1 budget. All of that \$1.2 billion has been
2 committed. We also are taking advantage of
3 the FEMA money that's available. We've got
4 \$518 million there that we're investing in
5 bridges.

6 So my perspective is we continue to
7 look for those resources that don't put an
8 additional burden on the taxpayers of the
9 State of New York and make wise investments
10 with those dollars that we have.

11 SENATOR DILAN: Well, as you know, the
12 MTA came out with its capital plan, and I
13 believe it was about \$32 billion for five
14 years.

15 COMMISSIONER McDONALD: Correct.

16 SENATOR DILAN: And you vetoed it as a
17 member of the MTA Review Board. Why?

18 COMMISSIONER McDONALD: Yes, I am the
19 chair of the MTA Capital Program Review
20 Board. They have a statutory requirement to
21 submit a five-year plan to the board, and we
22 are reviewing that right now.

23 SENATOR DILAN: But why did you vote
24 against it, or why did you veto it?

1 COMMISSIONER McDONALD: We vetoed it
2 without prejudice because we needed more time
3 to take a look at -- because the statute says
4 we must take an action within a very limited
5 time period. And we made the decision, the
6 members of the review board, to deny it
7 without prejudice so that we could continue
8 to look at the needs and look at the various
9 ways of funding it.

10 SENATOR DILAN: Another subject. In
11 terms of the \$50 million for new plows, I
12 believe, GPS, are those replacements of
13 existing plows? Or will new staff be hired
14 for that?

15 COMMISSIONER McDONALD: That would be
16 beyond our normal replacements.

17 It would be -- you know, as I was
18 explaining in my testimony, depending on
19 where a storm hits -- if it hits Buffalo, for
20 example, it takes -- if we need to redeploy
21 resources, both equipment and people, from
22 Long Island, it takes approximately 12 hours
23 to drive a heavy plow across the State of New
24 York.

1 So the plan would be to purchase some
2 additional equipment and have them
3 strategically located across the state so
4 that the equipment could quickly get to the
5 event and then we could more easily transport
6 people to man that equipment. So that is the
7 plan.

8 SENATOR DILAN: But is it replacement
9 or --

10 COMMISSIONER McDONALD: No, it is not
11 replacement, it is beyond -- we will --

12 SENATOR DILAN: So therefore you need
13 new staff for it?

14 COMMISSIONER McDONALD: No, what we
15 would do is, like I said, when -- they would
16 be strategically located across the state.
17 So that rather than deploying equipment from
18 Long Island to Buffalo, we would just
19 transport some of the operators for that
20 particular event, because the equipment would
21 be there.

22 SENATOR DILAN: All right, thank you.
23 Thank you, Commissioner.

24 CHAIRMAN FARRELL: Thank you.

1 Just one minute, Commissioner.

2 New York State Department of Motor
3 Vehicles, Executive Deputy Commissioner David
4 Sampson, are you in the room?

5 (No response.)

6 CHAIRMAN FARRELL: Okay. He hasn't
7 turned in his papers yet.

8 ASSEMBLYMAN BRENNAN: Maybe he's been
9 appointed to something else.

10 (Laughter.)

11 CHAIRMAN FARRELL: Assemblyman Cusick.

12 ASSEMBLYMAN CUSICK: Thank you. Thank
13 you, Mr. Chair.

14 Commissioner, it's always great to see
15 you. Thanks for being here.

16 I just want to start off also by
17 saying I want to thank you, your staff, both
18 up here in Albany and the regional staff down
19 in New York City are great and they're always
20 accessible for myself and my colleagues. And
21 I just want to get that on record because I
22 know --

23 COMMISSIONER McDONALD: Thank you.

24 ASSEMBLYMAN CUSICK: -- I know staff

1 isn't always recognized.

2 I have what might come off as a
3 selfish question, but I'm just kind of sick
4 of hearing my colleagues ask me what's going
5 on with the Staten Island Expressway. So I
6 just want to see if you could give me an
7 update, so I can answer my colleagues who
8 travel down from Albany and go through
9 Staten Island to get home, what the timeline
10 is on that project.

11 COMMISSIONER McDONALD: Sure. The HOV
12 bus lane will be three-plus, 24/7, from
13 Victory Boulevard to the Verrazano Bridge
14 upon completion of the SIE construction,
15 which is on schedule for December 2015.

16 And it's currently two-plus during
17 peak hours. And we have been coordinating
18 all of our efforts with the MTA and their
19 project on the Verrazano approaches.

20 ASSEMBLYMAN CUSICK: Okay.

21 COMMISSIONER McDONALD: December 2015,
22 we'll both be there for the ribbon cutting,
23 how's that?

24 ASSEMBLYMAN CUSICK: Yes. Yes,

1 December '15.

2 COMMISSIONER McDONALD: And we'll let
3 Senator Savino come too.

4 ASSEMBLYMAN CUSICK: Yeah. Well, I'm
5 sure she'll be there.

6 COMMISSIONER McDONALD: Yup.

7 ASSEMBLYMAN CUSICK: Commissioner, I
8 want to also ask, in your testimony you had
9 mentioned some of the funding that's in the
10 budget for transportation. And there was
11 \$4.9 billion to support the operation of
12 local transit. I was wondering, how does
13 that break down and how are those local
14 transit projects chosen by DOT?

15 COMMISSIONER McDONALD: The majority
16 of the funding in the budget is for the MTA.
17 But approximately -- there's approximately
18 \$180.7 million for upstate transit systems,
19 \$290.4 million for the downstate suburban
20 transit systems, and \$4.482 billion for the
21 MTA.

22 And following up on some of the prior
23 questions, the local revenue sources are
24 different depending on where you are.

1 Downstate imposes revenues and fees,
2 including a supplemental sales tax, corporate
3 franchise tax and insurance and bank tax
4 surcharge.

5 All of the upstate transit systems,
6 it's the petroleum business tax which
7 primarily funds them.

8 ASSEMBLYMAN CUSICK: Now, with the
9 money that goes to the MTA, does the MTA have
10 to provide to State DOT what they're going to
11 allocate that money for before they get the
12 money from State DOT?

13 COMMISSIONER McDONALD: Through the
14 STOA fund, the State Transportation Operating
15 Assistance fund. Yes, they do.

16 ASSEMBLYMAN CUSICK: Okay. And just
17 one more question. Last budget hearing last
18 year, I had mentioned the West Shore Rail
19 Line.

20 COMMISSIONER McDONALD: Yes.

21 ASSEMBLYMAN CUSICK: And I see you
22 smiling, which I'm going to take as a good
23 thing.

24 But I had asked last year for the

1 consideration of a \$5 million study. And I
2 know that this will be a combination between
3 the State DOT and probably the MTA, but it
4 will be on the West Shore, whether it's going
5 to be a rail line right now or, for now, a
6 bus rapid transit until we get to the point
7 that we're ready for rail.

8 Could you tell me, is there any
9 progress on -- or possibly, that's why I was
10 asking about the local money, if we could get
11 a study done this year?

12 COMMISSIONER McDONALD: I don't know
13 the answer to that, but I'm happy to look
14 into that, the West Shore.

15 ASSEMBLYMAN CUSICK: Okay. And I'll
16 be calling on it.

17 COMMISSIONER McDONALD: And I know
18 there are a lot of right-of-way issues, so
19 that's what complicates it.

20 ASSEMBLYMAN CUSICK: Yes. Yes. And
21 we're in talks with your folks now on that,
22 yes.

23 Okay, thank you. Thank you,
24 Commissioner. Thank you, Mr. Chair.

1 COMMISSIONER McDONALD: Thank you,
2 Assemblyman.

3 CHAIRMAN DeFRANCISCO: Senator
4 Kennedy.

5 SENATOR KENNEDY: Good morning,
6 Commissioner.

7 COMMISSIONER McDONALD: Good morning,
8 Senator.

9 SENATOR KENNEDY: First of all, let me
10 start by thanking you for your efforts on
11 behalf of the DOT and the state, in November.
12 I know you were on the ground out in
13 Western New York.

14 COMMISSIONER McDONALD: Yes, I was
15 there for nine days. Nine days, yup.

16 SENATOR KENNEDY: Thank you very much.

17 COMMISSIONER McDONALD: You're
18 welcome.

19 SENATOR KENNEDY: So I want to switch
20 gears from the MTA out to Western New York,
21 the NFTA. The NFTA, as we know -- we've been
22 talking about this for a number of years --
23 they receive less State Transit Operating
24 Assistance per passenger trip or revenue mile

1 than other major upstate agencies, despite
2 the fact that we have the light rail, which I
3 want to get into some of those issues as
4 well.

5 And last year we had an increase of
6 about \$1.3 million. We were very pleased
7 with that. But according to the NFTA's own
8 numbers, they remain underfunded by about
9 \$8 million when looking at the formula and
10 taking into the account the light rail
11 system, with 6.5 million riders, that is not
12 weighed in on the formula.

13 And so it really puts this financial
14 strain on the NFTA that we would like to
15 rectify so in future years we don't have to
16 continue to come back having this same
17 discussion about being underfunded.

18 So what can we do differently this
19 upcoming year in this budget for the NFTA,
20 for those individuals, the families that
21 utilize this service to get to and from work,
22 to go through the community? How can we
23 recalibrate these outdated and what some
24 would consider, including myself, these

1 unfair formulas for determining that funding?
2 And should we consider a separate funding
3 source for the upstate agencies that are
4 providing public transportation?

5 COMMISSIONER McDONALD: Well, I think
6 any discussion should start with the analysis
7 of like you're saying, you know, what are the
8 ridership projections, what are the fare
9 structures, what are the existing revenues --
10 as I mentioned, the upstate systems are
11 funded primarily through the petroleum
12 business tax -- and are there other ways to
13 fund it, other additional ways to ensure
14 efficiencies.

15 And I think the whole -- the whole --
16 like you said, the whole formula should be
17 looked at. And we're happy to participate in
18 that discussion with you.

19 SENATOR KENNEDY: So can we count on
20 the DOT, then, helping to drive this forward,
21 driving the formula change forward? Because
22 I think it's critical to the future of the
23 NFTA.

24 COMMISSIONER McDONALD: Well, I think

1 the answer to that is we're willing to
2 work -- again, within the confines of the
3 Governor's budget -- discuss with the Budget
4 Division and the appropriate legislative
5 fiscal staff on different opportunities, and
6 we're happy to take the lead and work with
7 DOB on that.

8 SENATOR KENNEDY: That's great. Thank
9 you.

10 I want to stick with the NFTA. I want
11 to talk about the capital improvements that
12 are necessary. The NFTA, the light rail
13 system built in 1984 -- so over 30 years
14 ago -- this system is in dire need of
15 improvement and substantial investment, I
16 know you're aware of this, just to hit a
17 level of functioning that taxpayers can be
18 proud of.

19 You know, upgrades to the light rail
20 infrastructure are necessary, overhead power,
21 underground and aboveground track
22 improvements, escalator rebuild projects,
23 completing the light car rebuild -- I could
24 keep going on. The bottom line is we're

1 looking at about \$50 million or more from
2 estimates, I'm told, from the NFTA of capital
3 funding specifically just to upgrade the
4 system to a level, again, that it can
5 function appropriately.

6 Is there a multiyear state funding
7 appropriation for capital that we can look at
8 similar to the MTA, a capital program, a
9 five-year long-term outlook where we can
10 count on funding coming in for capital?
11 Again, so we don't extend this where we're
12 playing roulette with the entire system.

13 COMMISSIONER McDONALD: That is --
14 that is the premise behind any capital
15 budget, is you have some type of two-year,
16 three-year, five-year certainty so that you
17 can plan accordingly and make those
18 investments accordingly.

19 So I don't know how -- specifically
20 how the NFTA does their capital planning and
21 budgeting. But again, happy to make that
22 part of the discussion when we look at the
23 overall financial situation.

24 SENATOR KENNEDY: Great. And again on

1 the NFTA, the NY Works program put funding
2 forward. Will some of that money be released
3 for NFTA projects funding?

4 COMMISSIONER McDONALD: I've been
5 advised that there's \$5 million in this
6 year's budget for that specifically. So
7 we'll take a look at that.

8 SENATOR KENNEDY: Excellent.

9 On another note, back to design-build,
10 I have a question regarding the Article 7
11 language. With the Executive Budget proposal
12 making the design-build permanent, expanding
13 it to all state agencies and authorities,
14 including SUNY and CUNY, what measures are
15 being taken to ensure that the upstate
16 contractors, local residents, are getting the
17 work?

18 COMMISSIONER McDONALD: You know,
19 it's -- as I mentioned in my testimony, we
20 have awarded 10 contracts. We have
21 13 underway. We have been seeing much more
22 participation by the upstate contractors in
23 the work that we're doing in the upstate
24 regions.

1 I know when the legislation was first
2 enacted, there was some concern that all of
3 the work would go to outside-of-the-state
4 contractors, and that has not been the case,
5 particularly in the upstate work.

6 So I'm happy to provide you a list of
7 what those contracts are and who the
8 contractors are that both participated in the
9 process and were successful in getting the
10 work.

11 SENATOR KENNEDY: And I have one more
12 question, just turning to the Skyway out in
13 Western New York. It may not be the question
14 you think is coming. This has to do with the
15 on-ramps and off-ramps, the gates.

16 COMMISSIONER McDONALD: The gates,
17 yes.

18 SENATOR KENNEDY: First of all, thank
19 you for your assistance, and the DOT, in
20 helping us to begin the process of putting in
21 gates that -- you know, it's simple, a
22 solution -- where Buffalo police officers
23 would actually have to be taken off of the
24 streets otherwise, during inclement weather,

1 when the Skyway is closed, to prevent cars
2 from gaining access to that Skyway.

3 And we would like to just continue
4 that process of implementing these gates.
5 I'd like to know what your thoughts are on it
6 and if the DOT can be counted on to continue
7 this implementation of these gates where we
8 can put the police officers back on the
9 streets, back into the neighborhoods where
10 they belong and the taxpayers deserve them to
11 be.

12 COMMISSIONER McDONALD: Yes. You
13 know, each storm that we have, we learn more
14 lessons. And, you know, the Governor has
15 made it clear that when these events happen,
16 we're one state. It's not the City of
17 New York, it's not Erie County, it's not the
18 City of Buffalo. It hit the Buffalo region,
19 and how do we best address the needs at the
20 time.

21 And gates are something that we have
22 utilized on the Skyway. The Thruway utilizes
23 them; I had the discussion with Senator
24 Ritchie. So that will continue to be

1 something that we discuss. Because when we
2 assess, it's where are the resources, both
3 equipment and personnel, best utilized. And
4 in some instances it's gates, in some
5 instances it's the National Guard, depending
6 on what we want to do with each individual
7 event. But we'll keep that Skyway discussion
8 going.

9 SENATOR KENNEDY: I look forward to
10 working with you on that project. Thank you,
11 Commissioner.

12 COMMISSIONER McDONALD: Good. Thank
13 you.

14 CHAIRMAN FARRELL: Thank you.

15 We've been joined by Assemblyman
16 Dilan.

17 And next is Assemblyman Ortiz.

18 ASSEMBLYMAN ORTIZ: Thank you,
19 Mr. Chairman.

20 Good morning, Commissioner. I have a
21 few questions, and one of them has to do with
22 the -- as you know, with the expansion of the
23 Panama Canal and the New York Port Authority
24 and New Jersey. The port and rail volumes at

1 the Port Authority of New York and New Jersey
2 are up by 5 percent over the last year, and
3 the rail freight traffic nationwide is up
4 4.5 percent over 2013, the highest values
5 since 2007.

6 As a result of this, we will see the
7 distribution of product from across the
8 country coming to increase cargo through the
9 Port of New York and through the highways and
10 so on and so forth. My question to you is,
11 New York has begun to prepare itself and to
12 develop a plan as a result of what is
13 happening with the Panama Canal?

14 COMMISSIONER McDONALD: We work very
15 closely with the Port Authority, who as you
16 know controls the ports in the downstate
17 area. But we make investments in our
18 facilities to complement their investments,
19 to make sure that our freight traffic,
20 particularly for those goods that are
21 manufactured not only in New York State but
22 manufactured throughout the country, come in
23 and out as expeditiously as we can.

24 And making those investments in ports,

1 the Governor's budget includes a \$65 million
2 port initiative for the upstate regions --
3 Ogdensburg, Albany and Oswego -- because that
4 is vital to making sure goods from the
5 downstate region come upstate, and vice
6 versa. And we will continue to do that.

7 ASSEMBLYMAN ORTIZ: I have introduced
8 a bill to address some of this and to be
9 helpful a little bit on these matters. I
10 would like for you and your staff probably to
11 look at it and give me some feedback on the
12 bill.

13 COMMISSIONER McDONALD: Absolutely.
14 Absolutely.

15 ASSEMBLYMAN ORTIZ: The second
16 question is, as you probably know, some of
17 the legislators sitting here from New York
18 City, we represent the BQE. And the BQE,
19 when you {unintelligible} the first thing at
20 5:30 in the morning, it says to don't take
21 the BQE, go through local streets, because
22 it's always jammed. And, you know, we've
23 been having this problem for many, many
24 years. It's not a problem that is going to

1 be solved overnight.

2 But one of the issues here is that we
3 have a lot of construction going on. And to
4 some extent I will say, you know, we thank
5 your staff to some extent because when we
6 call, sometimes they've been responsive.

7 But the bottom line is that we have
8 community boards in New York City, we have
9 59 community boards. We have community
10 boards that the BQE crosses by. It's
11 Community Board 10, Community Board 7,
12 Community Board 6. And this goes from Bay
13 Ridge, Sunset Park and through Park Slope.
14 And I represent those communities, and the
15 BQE mainly is in the heart of my district.

16 So therefore, I would like to know,
17 you know, do you have any update about the
18 BQE, what is happening with the BQE, number
19 one, reconstruction.

20 And number two, I would like to
21 propose to you personally that I would like
22 to have a town hall meeting with you folks, I
23 mean if you can be present. But the
24 community board has been very active reaching

1 out to the commissioner's office, and we
2 haven't gotten nowhere, the opposite of my
3 colleague from Staten Island. And it's been
4 months, it's not just a phone call for one
5 day.

6 So I will be very happy that if we can
7 call a town hall meeting to include the
8 community boards in my community as well as
9 to give them a real update of what has
10 happened with the Gowanus, what has happened
11 with the BQE, what is happening also as a
12 result that you have so many repairs under
13 that BQE. And these contractors leave
14 everything behind. I have a bunch of
15 pictures that I took on a Sunday and a
16 Saturday because they leave everything out
17 all over the place.

18 Again, you folks have been very
19 responsive, to some extent, by calling the
20 contractor. One day I happened to be there
21 before Christmas because they could not --
22 nobody can come out to clean up the whole
23 thing. So I have my staff coming over with
24 myself to do it, which is very unresponsive.

1 So, you know, the first question is
2 about the update on the Gowanus. Second,
3 hopefully we can follow up to have a town
4 hall meeting. And number three, to have a
5 better oversight about these contractors who
6 think they can do whatever they want, they
7 don't have to listen to nobody, and they
8 continue to leave everything behind without
9 picking all the garbage that they leave at
10 the end of the day.

11 COMMISSIONER McDONALD: Well, I'll
12 start with your last one first, because
13 the -- if the contractors are leaving the
14 worksite in a way that is not acceptable,
15 there are penalties that we can impose. And
16 that is not acceptable. So we are happy to
17 follow up on that one specifically.

18 Number two, happy to participate in a
19 meeting with the various community boards on
20 both the BQE and the Gowanus. The Gowanus
21 is -- its last contract is going to be
22 awarded shortly, and then all of the work on
23 the Gowanus will be complete. So if you look
24 at the Staten Island Expressway across the

1 Verrazano, the Gowanus right to the BBT, that
2 work will be complete from the state
3 standpoint.

4 It's primarily replacement work on the
5 Gowanus, replacing the deck. But that will
6 be -- the last project will be started this
7 year, and then the network will be completed
8 and the three-plus bus lane will be in effect
9 during the commuting hours.

10 But I'm happy to come and give an
11 update on the BQE and more specifics on the
12 Gowanus.

13 ASSEMBLYMAN ORTIZ: I will follow up,
14 Commissioner. Thank you.

15 COMMISSIONER McDONALD: Okay.

16 ASSEMBLYMAN ORTIZ: Thank you,
17 Mr. Chairman.

18 CHAIRMAN DeFRANCISCO: Senator Savino,
19 please.

20 SENATOR SAVINO: Thank you,
21 Mr. Chairman.

22 Thank you, Commissioner McDonald.

23 And following up on the extension of
24 the work, I'm not going to ask you to

1 reiterate the answers you gave to Assemblyman
2 Cusick and Assemblyman Ortiz on the two main
3 road areas of the Gowanus and the Staten
4 Island Expressway.

5 First I want to say thank you. On the
6 Staten Island Expressway, your department
7 really has done amazing work, and your staff
8 down there has been great. You know, Charlie
9 has been amazing in keeping us up-to-date.
10 And I just want to say thank you for that.

11 Also, a couple of years ago
12 Assemblyman Cusick and I raised the issue
13 with you about creating the idea of a
14 transportation czar, someone who would
15 oversee and coordinate projects. It was
16 rejected by the administration, but what has
17 happened -- and I will be the first to say,
18 there has been coordination between your
19 agency with City DOT so we don't have a
20 situation where you have you working above,
21 City DOT shutting down the roads underneath
22 and just crippling the region. So for that,
23 again, I want to say thank you. Thank you.

24 On the Gowanus Expressway, though,

1 it's interesting, I think it's a project that
2 started before I was born and it will
3 probably not be completed until after I am
4 long gone and dead. It is a perpetual
5 project. And the only concern I have about
6 this project is we seem to be just patching
7 it. You know, and that's what we've been
8 doing for a very long time.

9 But unlike the Staten Island
10 Expressway project, we're not adding capacity
11 on the Gowanus. So what I see, no matter
12 what happens -- and I'm sure Assemblyman
13 Ortiz can agree with me, and anybody else
14 from Brooklyn -- Senator Dilan, Senator
15 Montgomery -- we're just going to have the
16 same bottlenecks. You may have a smoother
17 surface, but we're not going to move the
18 traffic any further.

19 And I would hope that if we're going
20 to continue to invest tremendous amounts of
21 money in the BQE that we look at the
22 possibility of expansion in some way, shape
23 or form. Otherwise, an 11-mile -- it's
24 11 miles from my house at the foot of the

1 Verrazano Bridge to the Battery Tunnel. It's
2 all of 11 miles -- actually, through the
3 Battery Tunnel it's 11 miles. Depending on
4 the time of day, it can take me eight minutes
5 or it can take me two hours.

6 So if we don't address capacity and
7 just continue to patch the roadway, we're not
8 going to improve the transit flow through the
9 area and we're going to continue to cripple
10 local streets and roads.

11 COMMISSIONER McDONALD: And I know
12 that roadway network very well. I don't
13 disagree with you. And we're happy to
14 continue that capacity discussion. We do
15 believe that when all the work is completed
16 in Staten Island and on the Gowanus, that the
17 three-plus HOV lane will improve.

18 But, you know, congestion is good and
19 bad. Congestion means that the economy is
20 moving and things are moving, and that's a
21 heavy truck route. But we do -- we're happy
22 to continue that discussion and share the
23 numbers from the HOV lane once it -- HOV
24 three-plus. We believe that will improve

1 traffic flow.

2 SENATOR SAVINO: With that, though,
3 comes enforcement.

4 COMMISSIONER McDONALD: Absolutely.
5 Absolutely.

6 SENATOR SAVINO: Right now there is no
7 enforcement in the HOV lane. People use
8 it -- you can see it, you know, any day,
9 there are single riders going down the HOV
10 lane. They get down to the Battery Tunnel
11 and nobody even stops them there.

12 So that's got to be part and parcel of
13 it. Otherwise, we're just creating an
14 express lane for people who are willing to
15 violate the law.

16 COMMISSIONER McDONALD: To abuse it,
17 exactly. And you mentioned the coordination
18 between State DOT and City DOT. And for that
19 piece of it, we have to bring NYPD Traffic
20 Enforcement into the mix.

21 SENATOR SAVINO: There's another
22 project that's been proposed for a different
23 section of Brooklyn, the Ocean Parkway,
24 redesign of Ocean Parkway. Do you have an

1 update of where they are? They made the
2 proposal recently to the community board,
3 talking about changing the flow of traffic on
4 Ocean Parkway and where people can turn.
5 It's going to disrupt, in some ways, where,
6 you know, people are not even going to be
7 able to turn off their own street, they're
8 going to have to go three blocks out of their
9 way.

10 So I'm just wondering if you have an
11 update. If you don't, if you could get that
12 to me, I'd appreciate that.

13 COMMISSIONER McDONALD: I don't have
14 it in front of me, and I will get it to you
15 right away.

16 SENATOR SAVINO: And finally, on
17 design-build, back to the issue of
18 design-build.

19 Last year when we were trying to
20 extend design-build, we broke down over the
21 threshold of the projects. There was a
22 dispute as to whether \$5 million downstate
23 and \$15 million upstate or whatever the
24 thresholds were would trigger a PLA. I

1 noticed in the Governor's language, though,
2 they've completely walked away from that
3 idea. It's design-build, making it
4 permanent, and I believe there's a discussion
5 of if a project is \$50 million or more, it
6 would require a PLA study. What exactly is
7 your understanding of what that means?

8 COMMISSIONER McDONALD: Yes. Any
9 project that is \$50 million or greater would
10 require a due diligence study and then
11 identify what the potential savings are from
12 a project labor agreement. And if the
13 savings are there, include a project labor
14 agreement as part of the design-build
15 contract.

16 SENATOR SAVINO: So what if the
17 project was \$49 million? We wouldn't even
18 examine it?

19 COMMISSIONER McDONALD: It sets the
20 threshold in the statute. It doesn't mean
21 that we can't do it anyway if it's around
22 that price range. There's nothing that
23 prohibits DOT or any other agency from doing
24 that. It just sets the threshold in statute

1 that it must be done.

2 SENATOR SAVINO: Would the work be
3 postponed until after the analysis was done
4 as to whether or not a PLA would provide
5 savings?

6 COMMISSIONER McDONALD: No. I mean,
7 we did a due diligence study, for example,
8 for the Gowanus. And we did that as we were
9 moving the project through the procurement
10 process. We didn't slow anything down for
11 that.

12 SENATOR SAVINO: Maybe I'm
13 misunderstanding this, but is it possible we
14 could do all of these projects without a
15 project labor agreement?

16 COMMISSIONER McDONALD: Without a
17 project labor agreement? We could.

18 SENATOR SAVINO: Well, that would be
19 distressing, I would think. I would think --

20 COMMISSIONER McDONALD: But I think
21 the due diligence study, you know, labor
22 comes to the table, the Contractors
23 Association comes to the table and says what
24 are the ways that we could generate savings,

1 generate time. And if it saves money,
2 that -- you know, as Bob Megna was saying,
3 you save money on one project, you reinvest
4 it into another project.

5 SENATOR SAVINO: Well, project labor
6 agreements provide disruption protection.

7 COMMISSIONER McDONALD: Yes, they do.

8 SENATOR SAVINO: I'm a bigger fan of
9 that than I am of the idea of the open shop,
10 where you may have a union contractor -- you
11 know, part union, part not union. That's
12 much more disruptive to a job.

13 And I would think that we would be
14 looking to utilize PLAs whenever we possibly
15 can. It's good for the employer, it's good
16 for the state, it's good for the contractor,
17 it's good for the taxpayer.

18 Thank you.

19 CHAIRMAN FARRELL: Thank you.

20 Assemblyman Skoufis.

21 ASSEMBLYMAN SKOUFIS: Thank you,

22 Chair.

23 And thank you, Commissioner. It's
24 good to see you again.

1 COMMISSIONER McDONALD: Good to see
2 you.

3 ASSEMBLYMAN SKOUFIS: And like many of
4 my colleagues, I want to first thank your
5 staff. Region 8, Lower Hudson Valley,
6 they've always been very responsive, and they
7 do a great job.

8 I want to ask one sort of general
9 question before I get to my more specific
10 local question. You know, I've seen, over
11 the past couple of years I've been in office,
12 certainly, you know, you've got the budget
13 and everything is appropriated for DOT in the
14 state budget, but then there are sort of
15 these ad hoc announcements throughout the
16 year of different appropriations for various
17 projects throughout the state.

18 You know, last year I just pulled up
19 on my phone, for instance, \$100 million to a
20 large stretch of Long Island to repave there.
21 And, you know, so there are these
22 announcements all over the place.

23 And I guess my question is, can you
24 walk me through the evolution of how these

1 announcements are made? Which projects are
2 decided on? Do they bubble up completely
3 from staff? You know, do you get a call from
4 the Governor's office and get direction from
5 his staff? Who makes the ultimate decision?
6 You know, do you sign off on them? Can you
7 walk me through that sort of decision?

8 COMMISSIONER McDONALD: Sure.

9 When you look at our capital program,
10 by necessity it has to be fluid. And you
11 mentioned the additional money for
12 Long Island when we did some additional
13 paving projects, we also did additional
14 paving projects throughout the state.

15 Last winter was particularly harsh,
16 and we saw what the winter did to the
17 pavement. And so when we -- we have regular
18 capital program meetings, and we're always
19 looking at the timetable of contract
20 lettings. And we reallocated some of the
21 funds within our existing program, projects
22 that weren't going to get awarded, and made
23 the decision to do the additional paving
24 projects both on Long Island and across the

1 state. So that's --

2 ASSEMBLYMAN SKOUFIS: And who
3 specifically is "we"? You know, are you
4 involved in those --

5 COMMISSIONER McDONALD: Oh, of course.
6 We, the department, primarily. We take input
7 from state elected officials, input from the
8 localities, input from various advocates,
9 whether it's AAA, Tri-State, others, where
10 the needs are. And that's how we assess our
11 investment decisions.

12 And like I said, it has to be fluid so
13 that we can address any of these issues that
14 come up. And just a capital program, by its
15 nature, projects sometimes slip -- an
16 unforeseen utility issue, for example, comes
17 up and a project that we thought was going to
18 happen in 2015 slips to 2016.

19 ASSEMBLYMAN SKOUFIS: Okay, thank you.

20 And so I guess, you know, that directs
21 me to my more specific question. And if you
22 remember our conversation last year, you
23 probably are anticipating what I'm going to
24 ask. The Exit 131 interchange --

1 COMMISSIONER McDONALD: Yes.

2 ASSEMBLYMAN SKOUFIS: -- in front of
3 Woodbury Common, it was -- Phase 1 was
4 supposed to start in 2013. It was delayed,
5 as you well know, until, at least as of now,
6 2017 at the earliest. I believe it's the
7 most important project in the Hudson Valley
8 west of the Hudson. You know, perhaps you
9 can share your insight on whether you agree
10 with that, first.

11 But my concern continues from last
12 year. My first question, has there been any
13 progress in trying to secure the funding for
14 that project?

15 COMMISSIONER McDONALD: It is still
16 scheduled for 2017. And, you know, it is one
17 of the projects that I am going to discuss
18 with Bob Megna because it's right at the
19 juxtaposition of Route 17 and the Thruway,
20 right there. Woodbury Common is doing a
21 major expansion of their development. And
22 we've had discussions with the developer and
23 the local governments regarding various ways
24 to fund it in addition to state dollars.

1 So we will continue that discussion.
2 But right now, it is still on target for
3 2017.

4 ASSEMBLYMAN SKOUFIS: And are there
5 any discussions about accelerating the
6 project in light of the casino that's been
7 sited in Sullivan County up the road? You
8 know, again, one of the -- you know, sort of
9 the concerns are accumulating at this point.
10 You know, we're going to be seeing thousands
11 of additional cars moving through that
12 interchange because of the casino daily,
13 millions probably annually as a result of the
14 casino. And it's already a bottleneck even
15 without the casino there, largely because of
16 Woodbury Common.

17 So is there any discussion right now
18 about accelerating and beginning Phase 1
19 prior to 2017?

20 COMMISSIONER McDONALD: There is not.
21 But we will be happy to sit down with the
22 selected developers and see what additional
23 traffic -- we actually, as part of the input
24 into the selection process, DOT looked at the

1 individual traffic models. I'm not sure
2 quite sure how far east that Sullivan County
3 traffic analysis went, but we'll take a look
4 at it and see if it bears changing the
5 schedule.

6 ASSEMBLYMAN SKOUFIS: Would you agree
7 with the assessment that it is one of the --
8 I'm sure, you know, you're not going to sort
9 of off-the-cuff rank projects, but would this
10 be at the top of your list as far as
11 Hudson Valley capital projects go?

12 COMMISSIONER McDONALD: I'm not going
13 to -- at the risk of offending some of your
14 colleagues in other parts of the state, I'm
15 not going to address it.

16 It is an important project, but I
17 don't think it makes a lot of sense to say
18 the top one, the top two, the top three.

19 ASSEMBLYMAN SKOUFIS: You know, I just
20 hope -- you know, my first more general
21 question, it jibes with what I'm asking now.
22 And I hope that during these conversations
23 that DOT has, as you described, this does
24 become part of the conversation accelerating

1 that date. You know, Phase 1, \$30 million,
2 you know, in the grand scheme of a, I think
3 you said, \$2.3 billion capital budget, works
4 out to about 1 percent of your capital
5 budget, Phase 1. You know, I happen to think
6 this is an important enough project where
7 it's worth considering accelerating.

8 So I appreciate any further
9 conversations we can have to that effect.
10 Thank you.

11 COMMISSIONER McDONALD: We can do
12 that.

13 CHAIRMAN FARRELL: Thank you.

14 CHAIRMAN DeFRANCISCO: Senator
15 Panepinto.

16 SENATOR PANEPINTO: Good morning.

17 COMMISSIONER McDONALD: Good morning
18 Senator.

19 SENATOR PANEPINTO: First of all, I
20 wanted to thank you for the DOT's help in
21 upstate New York. I've spoken to the
22 supervisors of the towns that are affected in
23 my district, and they're very complimentary
24 of all the work that the DOT did in removing

1 that, you know, 7 feet of snow from the
2 southern part of the district. So we really
3 do appreciate that.

4 My question is on -- there's Region 5
5 funding issues, and there's great concern in
6 Western New York amongst the contractors and
7 the building trades unions that I've
8 discussed that there was an error in the
9 formula-based allocation in state capital aid
10 of about \$167 million a few years ago. Do
11 you know how that's been handled or if it's
12 been resolved, that funding issue for
13 Region 5?

14 COMMISSIONER McDONALD: What we have
15 been adhering to is the MOU which was signed
16 by the legislative leaders and the executive
17 branch in 2013-2014. And that MOU is what
18 has been guiding our capital program
19 investments for the last two years. It's an
20 MOU which outlines those projects across the
21 state, and that's what we adhere to.

22 SENATOR PANEPINTO: So there's been no
23 real investigation on that miscalculation,
24 then?

1 COMMISSIONER McDONALD: No.

2 SENATOR PANEPINTO: Okay. Let me ask
3 you, just changing gears a little bit, does
4 the capital program that's laid out in the
5 Governor's budget, does it contain any
6 dedicated funding for bicycle or pedestrian
7 capital projects?

8 COMMISSIONER McDONALD: It doesn't
9 contain dedicated. But I just want to -- I
10 don't want to quote the wrong number, so I
11 want to get the correct number here.

12 Under the Governor's direction, State
13 DOT, since January 2013, has invested more
14 than \$160 million in funding to support
15 bicycle and pedestrian-related projects:
16 October 2014, \$70 million; January of 2014,
17 \$67 million; and January 2013, \$26.5 million.

18 We have been very aggressively making
19 investments in bicycle and pedestrian
20 projects across the state.

21 SENATOR PANEPINTO: And I'm not
22 questioning your historical commitment to it.
23 My question is in this budget allocation, is
24 any of that money earmarked for bicycle or

1 pedestrian --

2 COMMISSIONER McDONALD: Not going
3 forward. And this wasn't earmarked either.
4 This was part of, as I was saying, the fluid
5 budget discussions and capitalizing on
6 federal dollars that we received and putting
7 them together and putting it out on the
8 street.

9 SENATOR PANEPINTO: So I guess what
10 you're saying is we're going to rely on your
11 historical commitment moving forward.

12 COMMISSIONER McDONALD: Yes.

13 SENATOR PANEPINTO: Okay.

14 A question regarding sort of the DOT
15 specifically from a manpower or a people
16 power standpoint. The Professional Employees
17 Federation observes that the state has lost
18 850 engineering jobs since 2000 in the DOT.
19 How has this loss of engineering work been
20 covered in the last 14 years?

21 COMMISSIONER McDONALD: Well, in any
22 state department and in any agency and in any
23 organization, there's a churn. And as people
24 retire, we rehire.

1 Before 2010 there were -- you know,
2 through the Great Recession there were hiring
3 freezes. We have been filling positions.
4 You weren't here last year, but for the first
5 time in five years, Civil Service conducted
6 the Junior Engineering exam, which has
7 brought new talent to our agency. And we
8 continue to attract engineering positions,
9 architects. And we meet the demands of the
10 department and the needs that we have to.

11 SENATOR PANEPINTO: Do you know what
12 the allocation for outside consulting
13 services and engineering services has been in
14 the last 10 years to replace these static
15 engineering costs that used to be performed
16 by, you know, state employees?

17 COMMISSIONER McDONALD: We don't do an
18 assessment of replacement. What we have is
19 approximately -- and this has been pretty
20 long-standing -- is approximately 50 percent
21 of our engineering work is done by in-house
22 forces and approximately 50 percent is done
23 by consultants.

24 SENATOR PANEPINTO: And what's the

1 benefit to the state in that? I mean, aren't
2 we paying more for outside engineering costs
3 than we would be for having engineers
4 in-house?

5 COMMISSIONER McDONALD: We have not
6 seen an increase in our capital project and
7 capital program delivery as a result of that.

8 SENATOR PANEPINTO: And what's the
9 plan going forward? I mean, are we going to
10 continue to let engineers fall by the wayside
11 through attrition, or are you going to expand
12 the existing engineer workforce that the DOT
13 has?

14 COMMISSIONER McDONALD: We absolutely
15 are not going to let them fall by the
16 wayside. As I said, it's very important that
17 we continue to hire and to have a robust
18 workforce to meet the demands of our program.

19 SENATOR PANEPINTO: Do you know what
20 your planned, you know, people power is for
21 this year as compared to, you know, 10 years
22 ago?

23 COMMISSIONER McDONALD: DOT has
24 approximately 8,200 employees. And I think

1 that is the right number.

2 SENATOR PANEPINTO: How many have you
3 lost in the last 10 years?

4 COMMISSIONER McDONALD: I can't give
5 you that number. I can check and get back to
6 you.

7 SENATOR PANEPINTO: Thank you.

8 COMMISSIONER McDONALD: Yup.

9 CHAIRMAN FARRELL: Thank you.
10 Assemblyman Abinanti.

11 ASSEMBLYMAN ABINANTI: Thank you,
12 Mr. Chairman.

13 Thank you for joining us,
14 Commissioner.

15 First let me start with a general
16 comment. I know several years ago you and I
17 met, I guess, when we were both coming into
18 office. And my experience from local
19 government formed the basis for my comment to
20 you that DOT was a department that everybody
21 loved to hate.

22 I will compliment you that I think
23 you've done a lot of work to change that
24 image.

1 COMMISSIONER McDONALD: Thank you.

2 ASSEMBLYMAN ABINANTI: I find your
3 office very responsive and cooperative.
4 Doesn't mean we get the stuff done, but at
5 least we're working together. And I think
6 that's a good first step.

7 There are three items I'd like to
8 cover quickly. First, capital budget
9 projects. I wasn't here when you started
10 because I was out checking my facts, but I'm
11 understanding that our staff has not yet
12 gotten the project list. And would it be
13 possible to get that project list as soon as
14 possible so that we can take a look at what's
15 on there?

16 COMMISSIONER McDONALD: Sure. Yup,
17 we'll make sure you have it.

18 ASSEMBLYMAN ABINANTI: One of the
19 things we've been cooperating on, as you
20 know, is the 9A bypass in Elmsford --

21 COMMISSIONER McDONALD: Exactly.

22 ASSEMBLYMAN ABINANTI: -- and I wanted
23 to see if it was on that list. But we don't
24 have the list to see if it's there.

1 COMMISSIONER McDONALD: And we have
2 been making great strides in that project,
3 and it's a real cooperation. So we'll get
4 you that list.

5 ASSEMBLYMAN ABINANTI: Okay, thank
6 you. You can't tell me if it's on there or
7 not, can you?

8 COMMISSIONER McDONALD: I don't know
9 off the top of my head, and I don't want to
10 give you misinformation.

11 ASSEMBLYMAN ABINANTI: I thought that
12 would be your answer.

13 COMMISSIONER McDONALD: But we'll get
14 you the list right away.

15 ASSEMBLYMAN ABINANTI: But if our
16 staff could get the list, that would be
17 helpful.

18 COMMISSIONER McDONALD: Yes. Yes.

19 ASSEMBLYMAN ABINANTI: The second
20 thing is again something that we've been
21 working together on but we don't seem to have
22 come to a final solution. And that is
23 sometimes in environmental impacts in a
24 neighboring area intersect with roadway

1 right-of-ways.

2 We have the situation with the Saw
3 Mill River Parkway that goes from one end of
4 Westchester to the other end of Westchester,
5 running along the Saw Mill River, obviously,
6 and the Saw Mill River just constantly
7 floods. It's not the fault of DOT, it's not
8 the fault of DEC that it floods, but I do
9 think we need some effort to resolve it.

10 Your department has valiantly, every
11 few years, come out and repaved the road,
12 tried to raise the road to try to keep it
13 above flood level, but we all admit that's a
14 temporary solution. I have to believe that
15 this is a problem my colleagues have in other
16 parts of the state. Is there any way to set
17 up some kind of a program to work with DEC
18 and the other departments to evaluate where
19 environmental work, combined with DOT work,
20 could resolve these problems once and for
21 all?

22 COMMISSIONER McDONALD: You know, I
23 don't have any of the specifics, but DOT has
24 been working very closely with DEC on these

1 issues, and it really came to the forefront
2 after Irene and Lee and then even further
3 after Sandy, when we've seen, you know --
4 when a roadway floods or a bridge is washed
5 out due to water, it's generally not the
6 bridge's fault, it's the water.

7 ASSEMBLYMAN ABINANTI: It's the
8 waterway.

9 COMMISSIONER McDONALD: And many
10 programs have been announced where DEC is
11 shoring up those waterways, and it's all done
12 very, very closely with us. We're doing a
13 lot of work in the Mohawk Valley. I don't
14 know if we've had a specific conversation
15 with them about the Saw Mill, but I know that
16 that is --

17 ASSEMBLYMAN ABINANTI: Can we put that
18 on the list?

19 COMMISSIONER McDONALD: I will put
20 that on the list.

21 ASSEMBLYMAN ABINANTI: And I would
22 really like to see, perhaps on a statewide
23 basis -- I don't know if you set up a joint
24 task force between the two of you or

1 something, because we're spending a lot of
2 money repairing roadways and we could be
3 using that money in just fixing the
4 environment in the first place.

5 In the Saw Mill River situation, I'm
6 understanding from the Army Corps of
7 Engineers that they've already done a study,
8 they're willing to do another study, they're
9 willing to put money in to fix it if we could
10 only get the state and local match. And the
11 locals say they'll put some money into it but
12 they don't have enough to really do the
13 match, so they need the state input. And
14 from what I'm understanding from DEC, there's
15 no money in their budget for this. And I'm
16 not hearing anything from you that says
17 there's money in your budget for this.

18 So how to we get everybody together,
19 rather than having you come out every five
20 years and spend money on raising the road and
21 not solving the problem? Because all that
22 does is funnel the water further downstream,
23 and people downstream are now underwater.

24 COMMISSIONER McDONALD: And like I

1 said, we have -- you know, in those areas
2 that were affected by Irene, Lee and Sandy,
3 we've had some great success. But that's not
4 a statewide, that's very --

5 ASSEMBLYMAN ABINANTI: That's an
6 emergency response.

7 COMMISSIONER McDONALD: Right,
8 that's -- no, it's also -- it's recovery, but
9 it's also making investments in long-term
10 resiliency. And, you know, we did it on Long
11 Island with Ocean Parkway, we've done it in
12 some of the Mohawk Valley areas. I need to
13 look at the Saw Mill specifically to see what
14 we can do there.

15 ASSEMBLYMAN ABINANTI: Right. It has
16 a major impact. I mean, part of Elmsford is
17 underwater every time there's a major rain.
18 It's not just the size of Sandy --

19 COMMISSIONER McDONALD: Agreed.

20 ASSEMBLYMAN ABINANTI: So I would
21 appreciate it if we could set up some kind of
22 a formal structure so that we're not just
23 doing an ad hoc process.

24 COMMISSIONER McDONALD: Okay.

1 ASSEMBLYMAN ABINANTI: The last thing
2 is I'd like to pick up on what the Senator
3 asked you about, which was the balance of
4 engineering in and out. I would just ask
5 that perhaps your department take a serious
6 look, a study, on which is the more efficient
7 way to do it. We went through this when I
8 was on the Westchester Board of Legislators
9 and there was a move to go to outside
10 consultants. And for a period of time, we
11 diminished our engineering staff and did go
12 to outside consultants. And eventually we
13 reversed that because we realized it was
14 costing us more. Even with the benefits and
15 all of the other things that you have for
16 public employees, we were actually better off
17 having the expertise in-house and keeping it
18 in-house rather than going to the outside.

19 So I would ask that your department do
20 a serious study of that to see if, in the
21 long run, it's not better to keep the
22 expertise in-house.

23 COMMISSIONER McDONALD: Okay.

24 ASSEMBLYMAN ABINANTI: Thank you.

1 CHAIRMAN FARRELL: Senator?

2 CHAIRMAN DeFRANCISCO: Yes. Senator
3 Montgomery.

4 SENATOR MONTGOMERY: Thank you.
5 Good afternoon.

6 COMMISSIONER McDONALD: Good
7 afternoon, almost.

8 SENATOR MONTGOMERY: Commissioner,
9 thank you for your patience.

10 I just want to comment and ask a
11 question on the other part of the BQE that
12 Senator Savino and Assemblyman Ortiz
13 mentioned, and that is I see in your report
14 to us that you have -- one of your largest
15 bridge projects is the Kosciuszko. Are you
16 talking about our --

17 COMMISSIONER McDONALD: That is the
18 Kosciuszko, yes.

19 SENATOR MONTGOMERY: I just want to
20 make sure I'm asking you --

21 COMMISSIONER McDONALD: Yes.

22 SENATOR MONTGOMERY: So that being the
23 case, obviously the Kosciuszko Bridge is
24 extremely critical to traffic moving

1 between -- from wherever south of it -- I'm
2 always confused about direction over there,
3 but into Manhattan, into Queens --

4 COMMISSIONER McDONALD: Long Island.
5 Brooklyn, Queens, Long Island, yes.

6 SENATOR MONTGOMERY: -- Long Island,
7 exactly. And it poses an extreme bottleneck
8 problem, always. There's always a traffic
9 jam there.

10 I'm just wondering, one, where are you
11 with that bridge? And also just sort of
12 related to an update on where it is, how
13 that's planned to relieve some of that
14 bottleneck. And also what is your MWBE
15 target, and how close are you to reaching it?

16 COMMISSIONER McDONALD: The project,
17 the contract was awarded in August. It is a
18 joint venture. It's a design-build contract.
19 It is a joint venture of New York firms --
20 Skanska, ECCO III. And it is well underway,
21 construction has begun. You will start to
22 see much more aggressive construction as we
23 get into the spring.

24 The goal of the project is to do two

1 things, primarily. Number one, the -- if you
2 know the current bridge well, the steep grade
3 creates fender benders, which oftentimes
4 leads to the congestion because there are no
5 shoulders for a disabled vehicle to come off
6 the road.

7 So the new bridge will have wider
8 lanes, it will have shoulders. So it will
9 relieve that congestion between Brooklyn and
10 Queens. The grade will be less steep but it
11 will still accommodate, hopefully, a lot of
12 vessel traffic on Newtown Creek. And one of
13 the other issues is the weave to get onto the
14 LIE once you get in Queens, and that will be
15 straightened out as well.

16 So we are very proud of that project,
17 we are excited about it. It straddles
18 Brooklyn and Queens. And I don't know the
19 community boards, but they have been actively
20 involved in the planning of that project and
21 are part of the stakeholders committee during
22 the construction of that project.

23 And there will be additional park
24 facilities that will be built. There will be

1 a bicycle/pedestrian lane on the bridge. And
2 it is a signature project for the department.

3 SENATOR MONTGOMERY: And the MWBE?

4 COMMISSIONER McDONALD: I don't know
5 what that number is off the top of my head.
6 And we'll get it to you. But the contracting
7 team is very committed to meeting or
8 exceeding the goal. We have monthly
9 partnering meetings, and they are very
10 aggressively pursuing the MWBE portion.

11 SENATOR MONTGOMERY: Great. Thank
12 you.

13 COMMISSIONER McDONALD: You're
14 welcome.

15 CHAIRMAN FARRELL: Assemblyman
16 Brennan.

17 ASSEMBLYMAN BRENNAN: Commissioner
18 McDonald, hello.

19 COMMISSIONER McDONALD: Hello,
20 Assemblyman.

21 ASSEMBLYMAN BRENNAN: I want to talk
22 about upstate and downstate non-MTA mass
23 transit systems.

24 So they're not happy with the budget

1 proposal, the -- those systems.

2 COMMISSIONER McDONALD: I think
3 they're scheduled to testify a little later
4 today.

5 ASSEMBLYMAN BRENNAN: Yes, they will
6 probably express that point of view in a
7 moment.

8 So the upstate transit systems get no
9 operating aid increase and no new capital
10 funding, although there was some from last
11 year which was rolled over. And the
12 downstate non-MTA systems get no new
13 operating aid, and then they get this
14 peculiar \$17 million additional funds for
15 capital, which they have to spend on capital.

16 So last year the upstate systems were
17 expressing the concern that because their
18 source of funding is the petroleum business
19 tax, which has been flat or declining for a
20 number of years for various reasons, that
21 they were asking the Legislature and the
22 Governor and the department to come up with a
23 change in formula to assist them. And then
24 we didn't do that other than to add this

1 General Fund amount and then set that cost of
2 living from this account from the General
3 Fund starting at \$3 million. So the extra
4 cost of living adjustment for this year is
5 70,000 bucks.

6 You know, so these systems -- a lot of
7 poor people ride these buses in the urban and
8 suburban areas, college students. Their
9 costs of service continue to rise. Their
10 ridership in many cases is actually rising.
11 There are more people using these bus
12 systems.

13 So why can't you propose some kind of
14 policy to assist these transit systems? You
15 know, why isn't there any proposal to help
16 these systems out? I mean, okay, yes, you're
17 going to give them some more capital. But,
18 you know, they need capital, they need
19 operating aid increases. The problems were
20 discussed extensively last year. And there's
21 nothing.

22 COMMISSIONER McDONALD: You raise a
23 very good point with the increase in
24 ridership. You know, what demographic

1 trends are showing is that as urban centers,
2 whether they're the City of New York, the
3 City of Rochester, Syracuse --

4 ASSEMBLYMAN BRENNAN: The Buffalo
5 Billion, yes. Mm-hmm, right.

6 COMMISSIONER McDONALD: -- or smaller
7 cities such as Ithaca and others, people want
8 to have the choice of transit. And I don't
9 disagree with you that we haven't taken a
10 fresh look at how we look at our transit
11 systems, particularly in these areas where
12 ridership is growing and what the right mix
13 is.

14 But it's a complicated issue because
15 there's fair policy, there's operating costs,
16 there's investment decisions in the capital.
17 And it's not an -- there's not an easy
18 solution.

19 I don't have the answer. I think it
20 does need to be part of a broader discussion
21 because as population grows, which we hope it
22 does, and as people choose to take transit,
23 which we hope it does, we can't use, you
24 know, the formula literally and figuratively

1 from the 1970s. It's time to take a fresh
2 look at all of that. And we have not done
3 it, but are happy to put it on the agenda.

4 ASSEMBLYMAN BRENNAN: Thank you.

5 CHAIRMAN FARRELL: Thank you.

6 Senator?

7 CHAIRMAN DeFRANCISCO: Senator
8 Krueger.

9 SENATOR KRUEGER: Thank you,
10 Commissioner.

11 A lot of the questions you've gotten
12 for quite a while now seem to be specific to
13 individual projects. And I don't have those
14 kinds of questions. I'm not going to ask the
15 question I've asked you in the past, tell me
16 what the projects you plan on funding in this
17 year's budget are, because you always tell me
18 "We don't know yet." So just shake your
19 head. We don't know yet, so you can't tell
20 me the projects for your capital master list
21 going forward?

22 COMMISSIONER McDONALD: We have our
23 list going forward because we're starting to
24 put projects out on the street.

1 SENATOR KRUEGER: Okay, so can you get
2 us a list of your projects going forward?

3 COMMISSIONER McDONALD: We can. We
4 can.

5 SENATOR KRUEGER: Thank you.

6 We're ending the 2010-2014 capital
7 program. Can you get me a list of all the
8 projects funded through that capital plan and
9 what status they're at? So whether they are
10 completed, whether they are continuing.

11 COMMISSIONER McDONALD: Yes, we can.

12 SENATOR KRUEGER: Will you need money
13 from the going-forward capital plan to
14 complete projects that are underway from your
15 2010-2014 plan?

16 COMMISSIONER McDONALD: All of the
17 projects that were in that plan, except for
18 some that as I mentioned, sometimes projects
19 get deferred if we substituted -- all of
20 those projects have been funded and have been
21 advancing through the process, either through
22 construction or about to be let by March 31st
23 of this year.

24 Just as every year, you know, we have

1 a one-year capital appropriation. But we
2 can't wait till April 1st, because that's
3 really the start of the construction season,
4 so we get the projects teed up and ready to
5 go.

6 But all of the projects that were
7 included, assuming there was no reason that
8 was outside of our control for it to be
9 delayed, are in process.

10 SENATOR KRUEGER: So that's 2010
11 through 2014. Are there still projects from
12 the 2005-2009 plan in process uncompleted?

13 COMMISSIONER McDONALD: I don't know
14 the answer to that. But we will look and
15 find out.

16 SENATOR KRUEGER: Great. And the
17 reason I'm asking is because obviously
18 capital projects don't get done on a 12-month
19 period, so trying to hold things up in a
20 budget year versus a continuing story of what
21 is or is not on a list, what is or is not in
22 a process --

23 COMMISSIONER McDONALD: Right.

24 SENATOR KRUEGER: -- or even what

1 might have actually got done and we didn't
2 know it -- that's why all three of those will
3 be valuable to look at together.

4 COMMISSIONER McDONALD: Yes.

5 SENATOR KRUEGER: And in that context,
6 because it's always very hard to figure out
7 where there are funding gaps and where there
8 aren't when it comes to capital because it
9 doesn't match up with one-year periods, are
10 we transferring money from General Fund to
11 fill shortfalls in the Dedicated Highway and
12 Bridge Trust Fund, or are we doing the
13 reverse? What's happening there?

14 COMMISSIONER McDONALD: I believe each
15 year in the last two or three years there has
16 been a General Fund transfer. Because as
17 vehicles have become more efficient, the
18 dedicated fund has not been as robust. But
19 money from the dedicated fund has not gone to
20 the General Fund. And we will get you the
21 specifics of those also.

22 SENATOR KRUEGER: And does Dedicated
23 Highway and Bridge Trust Fund money -- you
24 just said it doesn't go to the General Fund.

1 Does it go to pay for things besides highways
2 or bridges, such as DMV, or has that stopped?

3 COMMISSIONER McDONALD: They have a
4 portion of the dedicated fund. But again, I
5 don't want to give you the specific
6 breakdowns incorrectly. But we'll get you
7 that.

8 SENATOR KRUEGER: Those are my
9 questions. Thank you very much for your
10 help.

11 CHAIRMAN FARRELL: Thank you very
12 much.

13 Assemblyman Gantt, to close on this
14 side.

15 ASSEMBLYMAN GANTT: Thank you very
16 much, Commissioner.

17 COMMISSIONER McDONALD: Thank you.

18 ASSEMBLYMAN GANTT: I was going to ask
19 all these personal questions, but I thought I
20 better let everybody else get their stuff in
21 before I did.

22 One, as you know on -- was it Monday
23 night we had the nor'easter?

24 COMMISSIONER McDONALD: We did.

1 ASSEMBLYMAN GANTT: Based on that, my
2 CEO of my local bus company, RGRTA, could not
3 stay, he had to get back home to make sure
4 that people could get to work the following
5 morning, and to school. So he did exactly
6 that, and he told me to ask certain questions
7 for him.

8 COMMISSIONER McDONALD: Okay.

9 ASSEMBLYMAN GANTT: So I'm asking
10 those questions, and I assume those questions
11 are also for me. And that is that they
12 need -- as Jim Brennan discussed earlier,
13 quite often we get answers. He was going to
14 be here to ask them himself, but we get those
15 questions from them.

16 And so I've been asked to ask a direct
17 question, and that's whether or not you guys
18 can afford to come up with \$6 million of
19 operating expenses that he needs. You don't
20 have to give an answer now. The guy right
21 back there, I know that guy is going to send
22 me -- you're going to give me the answer. So
23 I expect that answer soon. And I will tell
24 my CEO that you have it coming. So I expect

1 that I will have it by Monday, and I can tell
2 him on my way back down here to Albany.

3 The other thing I have, and you and I
4 have agreed that we have a right to disagree
5 over this design-build stuff.

6 COMMISSIONER McDONALD: Mm-hmm.

7 ASSEMBLYMAN GANTT: I'd like to know
8 exactly how many contractors we have under
9 contract to do this stuff and how many we
10 have across the state. I mean, because it
11 just boggles me that we would even be over
12 that way. So if I could get that from --
13 you're going to do that again? Lookit,
14 you're writing already. So you're going to
15 send it to me.

16 Sam Roberts was -- oh, he's here now.
17 But I have a list of stuff because I have to
18 go through the same thing, Commissioner. And
19 the issue is whether or not -- where we are
20 with I-81. Because every time my friends
21 come over to my house from Syracuse, they ask
22 the same darn question: When are you going
23 to get I-81 solved? So to make sure, they're
24 probably going to look at this over the news

1 that you're going to tell us when we're going
2 to get I-81 solved. So, Sam, I may get beat
3 up. If I get beat up, Sam has to protect me.

4 COMMISSIONER McDONALD: The I-81
5 project is an exciting project. We are in
6 the final stages of what's called the public
7 scoping process. We are adhering -- because
8 we will use some portion of federal funds on
9 whichever alternative is selected, we are
10 adhering to NEPA, the National Environmental
11 Protection Act. We work very closely with
12 our partners at Federal Highway.

13 The public scoping process requires us
14 to have an aggressive public input. That
15 public input process closed on September 2nd
16 of 2014. We received over a thousand
17 comments. Response to those comments are
18 being finalized right now. And we expect
19 very soon to release the final public scoping
20 document.

21 There were 17 alternatives that were
22 proposed, plus some additional ones that came
23 in through that public comment period. We
24 are narrowing those down. And then we will

1 get into the full-scale environmental review
2 process to look at things such as
3 construction, impact on the environment,
4 environmental justice.

5 One of the things that -- the
6 connectivity is a big issue for this project
7 because it is an interstate, so that's
8 something that we have to very carefully
9 consider. And we're also working closely
10 with the city and the county and the
11 surrounding counties so that it fits into
12 their land-use plans, et cetera.

13 ASSEMBLYMAN GANTT: Commissioner, I
14 hate to say to you, to your face, I don't
15 believe you. And I say that only -- and
16 nobody get excited about that. The only
17 reason I say that is every time I see those
18 darn people from Syracuse, they ask me the
19 same question: What's being done about I-81?

20 Now, I don't understand how you got
21 this big beautiful thing out in front of me
22 now and you're explaining to me what you've
23 done and how you're going to do it, and I
24 keep getting the same thing from the public

1 officials. Not Sam, but from those public
2 officials from Syracuse.

3 So please, get -- whatever information
4 it is, please get it to them for me so I can
5 stop having to answer questions I can't
6 answer. Okay, if you'd just do me that
7 little favor on this, I'll thank you forever.

8 COMMISSIONER McDONALD: Okay, I will
9 do that.

10 ASSEMBLYMAN GANTT: And the last
11 comment I have is in terms of the surplus.
12 Is it \$5 billion that the Governor has in his
13 pocket?

14 COMMISSIONER McDONALD: I ...

15 ASSEMBLYMAN GANTT: You can't answer
16 that.

17 COMMISSIONER McDONALD: I can't answer
18 that.

19 ASSEMBLYMAN GANTT: I thought you
20 couldn't.

21 COMMISSIONER McDONALD: I can't answer
22 that.

23 ASSEMBLYMAN GANTT: That's why I sent
24 him and my speaker, Sheldon Silver, a letter

1 saying I don't know, since we missed out on
2 the money from before, why we aren't putting
3 money into transportation. Could you by any
4 chance get that answer for me, why we're not
5 putting that additional --

6 COMMISSIONER McDONALD: I will convey
7 it to the new budget director, Mary Beth
8 Labate.

9 ASSEMBLYMAN GANTT: Okay. And you
10 will have him send it to me?

11 COMMISSIONER McDONALD: Yes, I'll have
12 Ron make sure that happens.

13 ASSEMBLYMAN GANTT: He's going to send
14 it to me?

15 COMMISSIONER McDONALD: Yup.

16 ASSEMBLYMAN GANTT: Ron -- what's your
17 last name?

18 COMMISSIONER McDONALD: Epstein.

19 ASSEMBLYMAN GANTT: Epstein?

20 COMMISSIONER McDONALD: Yup. He's
21 my --

22 ASSEMBLYMAN GANTT: I expect to see
23 this on Monday.

24 COMMISSIONER McDONALD: We'll make

1 sure you have it on Monday.

2 ASSEMBLYMAN GANTT: Thanks very much,
3 Commissioner. He smiles, so that means he's
4 going to send it to me on Monday.

5 COMMISSIONER McDONALD: Okay.

6 ASSEMBLYMAN GANTT: Thank you again on
7 our -- at least my behalf. Thanks very much
8 for coming in and making your comments.

9 COMMISSIONER McDONALD: Thank you.

10 ASSEMBLYMAN GANTT: And thank you for
11 doing the good job that you do on behalf of
12 all of us in the state.

13 CHAIRMAN FARRELL: Senator?

14 CHAIRMAN DeFRANCISCO: Commissioner.
15 You know I'm one of those darn legislators.
16 And, you know, we've been going around and
17 around on this project for a long time. And
18 it's important to Syracuse. Just so
19 Assemblyman Gantt knows what we're talking
20 about, it's an interstate, 81, going through
21 the center of the city. And the question is
22 how that's going to be redone, because it's
23 either got to come down or be fixed. And
24 it's a huge, huge issue.

1 So when is your next report coming
2 out, that I thought was supposed to be
3 January of 2015, that would outline the final
4 list of possibilities and which you'll
5 investigate further?

6 COMMISSIONER McDONALD: It will be
7 done this quarter, first quarter of 2015.
8 There were some issues we've had to work
9 through with Federal Highway on the
10 connectivity side.

11 CHAIRMAN DeFRANCISCO: This quarter.
12 Didn't you at one time say January? Or am I
13 dreaming?

14 COMMISSIONER McDONALD: I don't know
15 if I said January at one point. Maybe I did.

16 CHAIRMAN DeFRANCISCO: All right. In
17 any event, whenever it comes out, the process
18 from there is that the final recommendations
19 that you have, or the final conclusions you
20 have, there will be a much more in-depth
21 study as to the feasibility of each and
22 what's the recommendation.

23 COMMISSIONER McDONALD: Correct.

24 CHAIRMAN DeFRANCISCO: All right. You

1 mentioned you have some issues with the
2 federal people. How much have the -- since
3 you've got to get money from the feds,
4 because we probably won't have a big
5 settlement for some time now --

6 COMMISSIONER McDONALD: We need that
7 big bank settlement in 2017 to start
8 construction.

9 CHAIRMAN DeFRANCISCO: Okay. But if
10 we don't get it, you need substantial federal
11 money.

12 COMMISSIONER McDONALD: We do.

13 CHAIRMAN DeFRANCISCO: Okay. Have you
14 been dealing with the federal legislators
15 that represent the area that this goes over?

16 COMMISSIONER McDONALD: I've had
17 conversations with the new Congressman,
18 Congressman Katko. I've had -- we've had
19 discussions and meetings with Senator Schumer
20 on the project. You know, Congressman Hanna
21 is on the T&I committee. We have not talked
22 specifically about this project of late, but
23 he has been a strong advocate and a good
24 partner on transportation funding.

1 So I think between Congressman Hanna
2 and Congressman Katko, we have two strong
3 advocates who are both on the T&I committee.

4 CHAIRMAN DeFRANCISCO: Okay. And so
5 obviously -- probably anybody you talk to has
6 a different idea as to how this should be
7 done; that's part of the problem. But
8 wouldn't it be important that in order to get
9 federal funding, that those individuals weigh
10 in on what they think would be best, which
11 would be the best -- it may not be the ideal
12 solution for anybody, but it would be the
13 best chance of getting substantial funding,
14 which is absolutely necessary. Is that a
15 fair statement?

16 COMMISSIONER McDONALD: Yes. Yes.

17 CHAIRMAN DeFRANCISCO: Okay. And you
18 intend to do that --

19 COMMISSIONER McDONALD: On an ongoing
20 basis, yup.

21 CHAIRMAN DeFRANCISCO: Okay. All
22 right. Now, with respect to -- and I won't
23 get into the specifics because it's too
24 boring for anybody to listen to. But I want

1 to get into some more general issues with
2 respect to the budget.

3 COMMISSIONER McDONALD: Okay.

4 CHAIRMAN DeFRANCISCO: How much new
5 capital money -- from whatever part of the
6 budget, it doesn't matter -- total new
7 capital money from the Governor's budget?
8 Approximately.

9 COMMISSIONER McDONALD: Okay. Our
10 capital budget, all in, is approximately
11 3.5 billion. And on top of that, there is
12 the proposed \$750 million, of which
13 \$150 million will be this year. Which is we
14 are proposing to do a hundred bridges in
15 those key corridors. There's an additional
16 \$60 million for ports. And that's basically
17 what the capital budget is for State DOT.

18 CHAIRMAN DeFRANCISCO: Okay. And
19 obviously your backlog is probably in the
20 billions, is that fair to say, as far as
21 things that have to be done?

22 COMMISSIONER McDONALD: We have a
23 large backlog, and we keep chipping away at
24 it.

1 CHAIRMAN DeFRANCISCO: Okay. Now,
2 with respect to that, do you know if any of
3 that money that's being directed, additional
4 money being directed to DOT comes from this
5 bank settlement?

6 COMMISSIONER McDONALD: We -- the
7 \$750 million is from additional bond cap
8 within the capital program. The \$60 million
9 for the ports is from the settlement. And
10 those are the two pieces that come directly
11 to DOT.

12 CHAIRMAN DeFRANCISCO: From the
13 settlement.

14 COMMISSIONER McDONALD: Right.

15 CHAIRMAN DeFRANCISCO: 750 plus 60.

16 COMMISSIONER McDONALD: No, the 750 is
17 not the settlement, it's additional bond cap.

18 CHAIRMAN DeFRANCISCO: All right. But
19 as far as directly from the fund, the
20 settlement, you expect \$60 million if the
21 budget passes as proposed?

22 COMMISSIONER McDONALD: Correct.

23 CHAIRMAN DeFRANCISCO: All right. I
24 happen to be someone who believes strongly

1 that this should be used for infrastructure,
2 infrastructure, infrastructure. You say
3 you're doing a hundred bridges right now.
4 And how much are you dedicating money for it?
5 How much will that cost, the hundred bridges?

6 COMMISSIONER McDONALD: Well, that --
7 the hundred bridges will be paid for out of
8 the \$750 million in bond cap.

9 CHAIRMAN DeFRANCISCO: Oh, I see.

10 COMMISSIONER McDONALD: Yeah. Yeah.
11 And that's in addition to our core program.
12 That's in addition to the 115 bridges that
13 we're doing from FEMA. And some of the
14 additional, you know, work that we're doing.

15 CHAIRMAN DeFRANCISCO: Don't you think
16 it would be a great idea to take -- since the
17 Thruway Authority is getting over a billion
18 dollars for one project -- one project --
19 don't you think it would be a good idea for
20 regional balance to take another billion
21 dollars from that fund and chip away at
22 your -- do it per capita as far as the number
23 of people in the area, you kind of divide it
24 up by population, and chip away quicker at

1 your list? Wouldn't that be a great idea?

2 COMMISSIONER McDONALD: I leave that
3 up to all of you as part of the budget
4 negotiations.

5 SENATOR DeFRANCISCO: But you're
6 guiding us, as the Commissioner of
7 Transportation. I just think it would be a
8 terrific idea. Would you mind if I propose
9 that as we go through?

10 COMMISSIONER McDONALD: I think that
11 you have to propose what you want to propose.

12 CHAIRMAN DeFRANCISCO: Okay. But you
13 would not -- you would accept the money if it
14 happened.

15 (Laughter.)

16 COMMISSIONER McDONALD: Oh, that's a
17 tough one.

18 CHAIRMAN DeFRANCISCO: All right.
19 okay. I mean, if you don't say yes to that,
20 then -- all right. But seriously, that I
21 think is a good use of the money.

22 In any event, do you have a five-year
23 capital spending plan right now in existence?

24 COMMISSIONER McDONALD: We look at

1 various different alternatives. And right
2 now we have a program that fits into the
3 Governor's proposed budget.

4 CHAIRMAN DeFRANCISCO: Do you have a
5 five-year capital spending plan in existence
6 right now?

7 COMMISSIONER McDONALD: Our five-year
8 capital spending plan assumes the
9 \$2.3 billion in each year.

10 SENATOR DeFRANCISCO: So you have a
11 written plan in existence right now?

12 COMMISSIONER McDONALD: We do.

13 CHAIRMAN DeFRANCISCO: And is that
14 available to the public?

15 COMMISSIONER McDONALD: I think we can
16 make it available. You know, we're
17 fine-tuning it, but I'm sure we can get that
18 to you.

19 CHAIRMAN DeFRANCISCO: How long would
20 that take? And I guess you might probably
21 know why I'm asking that.

22 COMMISSIONER McDONALD: I do know why
23 you're asking. I will go back to the office
24 and check and we will get back to you

1 quickly.

2 CHAIRMAN DeFRANCISCO: All right,
3 thank you. Now I guess my time is up. And
4 Senator Dilan has another question. Oh, wait
5 a minute, I'm sorry --

6 SENATOR DILAN: But if I can follow up
7 on his question, what is the amount of your
8 five-year capital plan?

9 COMMISSIONER McDONALD: Our -- what we
10 plan for is what's in the five-year Executive
11 Budget, which is --

12 SENATOR DILAN: I want a dollar
13 amount.

14 COMMISSIONER McDONALD: Which is
15 basically just --

16 SENATOR DILAN: A dollar amount,
17 please.

18 COMMISSIONER McDONALD: Which is
19 approximately --

20 SENATOR DILAN: A dollar amount.

21 COMMISSIONER McDONALD: --
22 \$2.3 billion a year.

23 SENATOR DILAN: For five years? Okay.

24 COMMISSIONER McDONALD: For each year,

1 yes.

2 SENATOR DILAN: For each year. Okay,
3 I just have two points. I wanted to follow
4 up again on the Capital Review Board, because
5 I don't know that your answer was sufficient
6 previously.

7 I know that when the MTA came out with
8 its capital plan, you actually have 90 days
9 to review it. And I think you rejected it
10 immediately. And I still want to know how
11 can you reject it without reviewing it?

12 COMMISSIONER McDONALD: Because we
13 didn't think 90 days was sufficient. And
14 that's why we disapproved it without
15 prejudice.

16 SENATOR DILAN: But that means you did
17 not review it.

18 COMMISSIONER McDONALD: We -- we -- at
19 the time we decided, in consultation with the
20 other members of the Capital Program Review
21 Board, that --

22 SENATOR DILAN: Well I think you did
23 not consult with --

24 COMMISSIONER McDONALD: -- 90 days --

1 SENATOR DILAN: -- members, you
2 rejected on your own.

3 COMMISSIONER McDONALD: No, I did not.
4 I rejected it --

5 SENATOR DILAN: You have a veto vote.
6 I'm on the Capital Review Board also, but
7 just one member rejecting it --

8 COMMISSIONER McDONALD: One member can
9 reject it.

10 SENATOR DILAN: Yeah. So -- but I
11 think you rejected it probably before even it
12 came out, I believe.

13 COMMISSIONER McDONALD: No, I did not
14 reject it before it came out. I rejected it
15 shortly after it came out because we did not
16 believe that 90 days was sufficient time to
17 assess --

18 SENATOR DILAN: But you had 90 days to
19 review it, and you did not exercise that, you
20 rejected it immediately. And I don't know
21 what basis you had to do that. I mean, there
22 is a gap in that plan, I agree with you on
23 that.

24 COMMISSIONER McDONALD: There's a huge

1 gap. And we did not believe that 90 days --
2 I did not believe that 90 days was sufficient
3 to make that assessment. And that's why I
4 rejected it without prejudice.

5 SENATOR DILAN: Well, I just feel that
6 someone who makes a decision like the one you
7 made has to be held accountable for it, and I
8 think that you owe the public --

9 COMMISSIONER McDONALD: I don't
10 disagree with that. And I've given you my
11 reason. I did not think the 90 days was
12 sufficient.

13 SENATOR DILAN: An accountability I
14 don't think acceptable, but that's your
15 opinion.

16 COMMISSIONER McDONALD: Yup.

17 SENATOR DILAN: But secondly, we'll
18 move on. In this year's Opportunity Agenda,
19 it's proposed shared resources between your
20 department and the New York State Thruway
21 Authority. Can you elaborate on that for us
22 and let us know what that's about?

23 And secondly, I would like to know
24 what employee protections are within that,

1 since two different agencies are involved.
2 One is a state agency, and one is an
3 authority.

4 COMMISSIONER McDONALD: Sure. We've
5 just begun the discussion. You know, as you
6 know, there's a new acting executive director
7 of the Thruway Authority. And we just think
8 it makes sense that between our pool of
9 engineers, his pool of engineers, that we can
10 share design services.

11 We have not looked at the employee
12 protection issues yet, but we will make sure
13 that as we look at shared services, that is a
14 factor that we look at. But it just makes a
15 lot of sense that we've got a lot of
16 engineering expertise between our two
17 agencies, we've got a lot of architecture
18 expertise between our two agencies, that
19 folks have the opportunity to work on
20 different projects and make that happen.

21 SENATOR DILAN: Do we anticipate any
22 savings as a result of this?

23 COMMISSIONER McDONALD: We have not
24 quantified those yet.

1 SENATOR DILAN: So what are the
2 benefits?

3 COMMISSIONER McDONALD: The benefits
4 are -- I think a lot of the benefits are
5 directly to the employees. They get the
6 opportunity to work on different projects
7 that if they were just working on, say, a
8 Thruway project, they might not.

9 And we believe there will be a
10 savings, and when they're quantified, we're
11 happy to share them with you.

12 SENATOR DILAN: Thank you,
13 Commissioner.

14 COMMISSIONER McDONALD: You're
15 welcome.

16 CHAIRMAN FARRELL: Thank you.
17 Assemblyman Oaks.

18 ASSEMBLYMAN OAKS: Thank you,
19 Commissioner.

20 I just wanted to go back to the
21 five-year bridge plan, or the 150 that would
22 be targeted for a hundred bridges. Have
23 those bridges been selected? Do we know how
24 many of those will be state bridges, how many

1 local bridges?

2 COMMISSIONER McDONALD: I don't know
3 off the top of my head what the breakdown is
4 across the state.

5 ASSEMBLYMAN OAKS: Or what percentage
6 of the dollars will go --

7 COMMISSIONER McDONALD: Again, if I
8 give a percentage, then if it's not
9 correct -- I don't want to do that. But as
10 they become final, we'll share them with you.

11 ASSEMBLYMAN OAKS: But clearly we're
12 going to be ahead of where we would have been
13 if we weren't doing that.

14 COMMISSIONER McDONALD: If we weren't
15 doing those hundred bridges, absolutely.

16 ASSEMBLYMAN OAKS: Chairman
17 DeFrancisco spoke some about, you know, how
18 we focus the dollars and -- both for this and
19 the others. I do think that the CHIPS
20 formula has been one that has driven dollars,
21 you know, across the state. And certainly
22 last year with the winter recovery money,
23 doing that along those lines, I think that
24 was a smart decision. I might -- you know, I

1 would check off -- you can get my support,
2 Senator DeFrancisco, for that.

3 And hopefully budget negotiations
4 might lead us to driving whether it's some
5 additional dollars -- you know, we see local
6 governments pressured, obviously, by the tax
7 cap and others. And for many especially
8 small communities, those dollars, highway
9 dollars, make a large portion of especially
10 small community budgets. And certainly
11 anything we can do along these lines are
12 helpful.

13 COMMISSIONER McDONALD: Yes, and
14 that's why we don't just use vehicle counts
15 when we factor in. And these corridors,
16 whether they're agriculture, freight,
17 commerce, they may not have necessarily the
18 highest traffic volumes, but they're an
19 important economic consideration for that
20 community.

21 ASSEMBLYMAN OAKS: Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Senator?

24 CHAIRMAN DeFRANCISCO: I'm going to

1 close with a few more questions on a
2 different topic.

3 Assemblyman Brennan had talked about
4 upstate transit. And do you know the numbers
5 as far as comparing it to downstate transit
6 dollars by the State of New York?

7 COMMISSIONER McDONALD: I don't have
8 it broken down in front of me by upstate
9 transit system. The total number for the
10 upstate transit systems -- which is Albany,
11 Utica and Syracuse, which are combined, is
12 \$180.7 million. And I'll get you the
13 breakdown by locality.

14 CHAIRMAN DeFRANCISCO: I don't need
15 the breakdown, but do you have an idea how
16 much new money for operating expenses the
17 upstate transit got in this budget?

18 COMMISSIONER McDONALD: That is, I
19 believe, flat.

20 CHAIRMAN DeFRANCISCO: Flat. So
21 nothing was provided.

22 COMMISSIONER McDONALD: Nothing
23 additional.

24 CHAIRMAN DeFRANCISCO: Now, how about

1 in capital assistance?

2 COMMISSIONER McDONALD: Downstate got
3 capital, upstate did not.

4 CHAIRMAN DeFRANCISCO: So operating,
5 upstate got nada. Capital, upstate got nada;
6 correct? Now tell me what downstate got in
7 operating and capital.

8 COMMISSIONER McDONALD: Downstate,
9 operating, the downstate suburban transit
10 systems got \$290.4 million. And \$17 million
11 capital.

12 He's got a good stage whisper, doesn't
13 he?

14 CHAIRMAN DeFRANCISCO: No, he's good,
15 I've been watching. He's got good
16 information.

17 So did you present a budget to the
18 Governor before he made his overall budget?

19 COMMISSIONER McDONALD: We submit our
20 budget through the Budget Division.

21 CHAIRMAN DeFRANCISCO: Okay. And my
22 question is when you submitted a budget --
23 I'm not going to ask you what you asked for
24 or whatever -- did you consider this

1 disparity as something that might be --
2 something that should be addressed?

3 COMMISSIONER McDONALD: Well, we live
4 within the overall 2 percent cap. And so we
5 all have to make some hard decisions. As
6 I've said on, you know, a couple of occasions
7 when we talked about NFTA, we talked about
8 upstate transit aid overall, I'm happy to
9 continue the conversation about what the
10 formula should be, but my budget lives within
11 the 2 percent cap.

12 CHAIRMAN DeFRANCISCO: I understand
13 that. But zero operating, zero capital
14 upstate. And then the increase that you just
15 mentioned.

16 So I think Assemblyman Brennan hit it
17 right on the head. What's needed, and we
18 tried to do it last year, is a new formula.
19 Because the formula isn't driving what it
20 used to drive to upstate, and they're getting
21 deeper and deeper and deeper in the hole.

22 The only one I know clearly about is
23 Centro in Syracuse. They're going to start
24 cutting routes, and we're going to hear that.

1 That's a preview to the upstate transit
2 making their presentation in a little while.

3 So I just wanted to bring it out on
4 the table. And if you enter into -- or are
5 asked your opinion or are getting involved,
6 the key is another formula so that each year
7 we don't go deeper and deeper in the hole.

8 I don't deny downstate their needs.
9 But zero is not good when there's increases
10 downstate.

11 COMMISSIONER McDONALD: And as I said
12 in response to Assemblyman Brennan, and I'll
13 reiterate, a 1970s formula doesn't work in
14 2015. And we do have to address it.

15 CHAIRMAN DeFRANCISCO: And if you
16 could come up with one, that would be
17 terrific.

18 (Laughter.)

19 COMMISSIONER McDONALD: I will do my
20 best.

21 CHAIRMAN DeFRANCISCO: All right,
22 great.

23 ASSEMBLYMAN GANTT: Would you also, as
24 you start to talk about that, talk with the

1 RGRTA?

2 COMMISSIONER McDONALD: Absolutely.

3 Yeah, it's all of the upstate transit
4 systems.

5 ASSEMBLYMAN GANTT: Who seems to have
6 a system -- who seems to have a system that
7 works much better than anybody else's in this
8 state.

9 COMMISSIONER McDONALD: Yup. And I
10 think that's part of it, best practices.

11 ASSEMBLYMAN GANTT: The level is a
12 dollar a trip. So I think that makes a whole
13 lot of sense. Rather than having a system
14 that we simply ask that you give us more
15 money. I think efficiency should also count.

16 CHAIRMAN FARRELL: Thank you very
17 much.

18 (Cross-talk.)

19 CHAIRMAN DeFRANCISCO: We --
20 Syracuse -- no, no, I've got to respond.
21 Syracuse charges or Centro charges a dollar
22 per ride as well.

23 But number two, if Rochester is in
24 such great shape, maybe you can send your

1 money over to the other transit.

2 (Laughter.)

3 COMMISSIONER McDONALD: I will leave
4 that to the two of you.

5 ASSEMBLYMAN GANTT: Senator, you don't
6 want to start one with me. Okay, you'd
7 better not start that.

8 CHAIRMAN FARRELL: Thank you very
9 much.

10 COMMISSIONER McDONALD: Thank you.

11 SENATOR DILAN: And, Commissioner, I
12 think you're doing a great job, I really do.

13 COMMISSIONER McDONALD: Thank you,
14 Senator.

15 SENATOR DILAN: And I want to thank
16 Senator Montgomery for bringing up the
17 Kosciuszko Bridge.

18 COMMISSIONER McDONALD: Thank you.

19 CHAIRMAN FARRELL: We will now do the
20 11 o'clock person. New York State Department
21 of Motor Vehicles, J. David Sampson,
22 executive deputy commissioner.

23 Good afternoon.

24 EXEC. DEP. COMMISSIONER SAMPSON: Good

1 afternoon.

2 CHAIRMAN FARRELL: We were looking for
3 you earlier this morning.

4 EXEC. DEP. COMMISSIONER SAMPSON: I'm
5 sorry if I held you up.

6 CHAIRMAN FARRELL: No, you didn't, we
7 were just getting nervous.

8 EXEC. DEP. COMMISSIONER SAMPSON:
9 Would you like me to begin, sir?

10 CHAIRMAN FARRELL: Yes, begin.

11 EXEC. DEP. COMMISSIONER SAMPSON:
12 Thank you.

13 Good afternoon. Thank you,
14 Chairperson DeFrancisco, Chairperson Farrell,
15 and other members of the Legislature for
16 inviting me here today. I am J. David
17 Sampson, the executive deputy commissioner of
18 the Department of Motor Vehicles. I am
19 pleased to have the opportunity to address
20 you and answer any questions you may have
21 regarding the fiscal year 2015-2016 Executive
22 Budget as it applies to our agency.

23 Governor Cuomo's Executive Budget plan
24 allows DMV to continue to build upon the

1 innovations and efficiencies achieved over
2 the past four years. It provides
3 \$325 million for DMV, which will enable us to
4 continue our efforts to improve overall
5 customer service, promote traffic safety and
6 protect consumers.

7 For fiscal year 2015-2016, revenue
8 collections from all transactions are
9 projected to total more than \$1.7 billion.
10 We will perform more than 28 million
11 transactions, including over 5.5 million
12 Internet transactions, many completed through
13 MyDMV, DMV's personalized web portal.

14 The Executive Budget includes
15 legislation to amend the Vehicle and Traffic
16 Law to facilitate New York State's compliance
17 with federal requirements relating to the
18 issuance of commercial learner's permits and
19 the disqualification of commercial driver's
20 licenses and commercial learner's permits.

21 In addition, the budget includes
22 legislation to amend the Vehicle and Traffic
23 Law to allow an overweight vehicle permit
24 issued by DOT to serve as sufficient

1 documentation without having to also receive
2 an updated registration from DMV, as is
3 currently required.

4 Through the Governor's Traffic Safety
5 Committee, DMV will continue its outstanding
6 traffic safety initiatives that have made
7 New York's roadways among the safest in the
8 nation. DMV distributes approximately \$30
9 million in federal funding annually to
10 support traffic safety initiatives, including
11 enforcement efforts by state and local law
12 enforcement agencies to combat drunk driving
13 and distracted driving as well as other
14 dangerous driving behaviors.

15 Over the past two years, DMV has been
16 involved in an agency-wide Customer Service
17 Initiative, which consisted of 10 separate
18 projects that added new technologies,
19 upgraded equipment, and instituted best
20 practices in customer service in our call
21 center and 27 state-operated DMV offices.
22 One of the principal goals of the Customer
23 Service Initiative was to decrease average
24 office wait times from 60 minutes in 2013 to

1 30 minutes. I am pleased to report that we
2 were successful in doing so and that in 2014,
3 the average office wait time in
4 state-operated DMV offices was reduced to
5 25 minutes.

6 Several of the projects in the
7 Customer Service Initiative were designed to
8 meet the requests of our customers that we
9 offer more online transactions and become
10 more efficient in our offices. Here are some
11 examples of the projects that we have now
12 successfully implemented:

13 A new modern, dynamic, and easy-to-use
14 website that is also optimized for use on
15 mobile devices, including smartphones and
16 tablets. DMV's website now receives more
17 than 28 million site visits per year and
18 5.5 million transactions, a 10 percent
19 increase over its prior usage.

20 Twenty-five self-service kiosks in 19
21 of our state-operated DMV offices enable
22 customers to perform many transactions that
23 previously could only be conducted by a DMV
24 employee. Customers are now performing more

1 than 2,000 transactions per day at kiosks
2 located in state DMV offices.

3 A new office queuing system that
4 includes an option for customers to make
5 online reservations for a day and time that
6 is convenient for them. Our reservation
7 system has proven very popular, with more
8 than 350,000 reservations made since
9 April 2014.

10 A new call center technology to
11 improve services to our phone customers.
12 This new solution routes calls more
13 efficiently, enabling us to answer nearly
14 4.5 million calls annually and reduce on-hold
15 wait times. A call-back option allows
16 customers to leave a name and number, and
17 receive a call back to avoid waiting on hold.

18 Improved internal processing of other
19 operations, including applications for new
20 auto dealers, inspection station or repair
21 shop licenses, and applying for a title or
22 driver permit. On average, as a result of
23 these projects, we were able to reduce our
24 processing time by 53 percent.

1 In total, these projects have also
2 helped us move closer to achieving another
3 long-term goal, with 50 percent of our
4 customers using self-service alternatives,
5 including the web, mail and kiosks, to
6 perform their transaction. This budget will
7 allow DMV to continue to build upon the
8 innovations and efficiencies achieved over
9 the past four years.

10 Once again, thank you for this
11 opportunity to speak with you today. I
12 welcome any questions you might have about
13 DMV and our plans for serving the people of
14 New York.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 Assemblyman Gantt.

18 ASSEMBLYMAN GANTT: I've just got one
19 question I'd like to ask, and that's an issue
20 over commercial driver's licenses by, I
21 believe, the hearing-impaired.

22 EXEC. DEP. COMMISSIONER SAMPSON: I'm
23 not familiar. If you could tell me more,
24 Assemblyman.

1 ASSEMBLYMAN GANTT: You're not
2 familiar with it? Well, they are, they send
3 a ton of information to my office concerning
4 hearing-impaired people receiving commercial
5 driver's license. You have no information
6 about that?

7 EXEC. DEP. COMMISSIONER SAMPSON: I'm
8 not familiar with that correspondence, but I
9 will be glad to look at that and get back to
10 you, Assemblyman.

11 ASSEMBLYMAN GANTT: Well, we'll make
12 sure Anthony Orfey {ph} from my office will
13 get you that information, and you can get us
14 an answer for it. Because I'd like to have
15 an answer, or at least your thoughts on that.

16 EXEC. DEP. COMMISSIONER SAMPSON: Yes,
17 we will certainly do that.

18 ASSEMBLYMAN GANTT: Okay? Thank you
19 very much.

20 CHAIRMAN FARRELL: Senator?

21 SENATOR KRUEGER: Thank you.

22 Senator Marty Dilan.

23 SENATOR DILAN: Yes, Commissioner,
24 I've always been trying to figure out this

1 issue between DMV and the Bridge and Highway
2 Trust Fund. Every year it comes out that the
3 trust fund is subsidizing DMV. I believe in
4 this year's budget we're talking about
5 \$200 million.

6 However, I would like to know from
7 you -- your agency is a revenue-producing
8 agency, I think to the tune of maybe
9 \$1.7 billion a year that goes towards the
10 General Fund. So can you explain the
11 relationship between your agency and that
12 trust fund?

13 EXEC. DEP. COMMISSIONER SAMPSON: Yes,
14 I'll be glad to, Senator.

15 As I understand it, of the
16 \$1.7 billion in revenue that DMV will
17 generate, \$800 million of that will go to the
18 Dedicated Highway/Bridge/Traffic Fund. The
19 General Fund will receive approximately
20 \$211 million, and the remainder of that
21 \$1.7 billion goes to various other sources.

22 SENATOR DILAN: I just bring this up
23 because, you know, every year we have a
24 debate on the Senate floor where the bridge

1 fund is funding your agency, and I just got a
2 little confused, considering that your agency
3 is a revenue-producing agency.

4 And I just wanted to clarify that for
5 the record. Thank you.

6 EXEC. DEP. COMMISSIONER SAMPSON:

7 You're welcome.

8 CHAIRMAN FARRELL: Mr. McDonough.

9 ASSEMBLYMAN McDONOUGH: Thank you.

10 How are you, and welcome, welcome
11 today. Thank you for being here.

12 A little different question. DMV
13 still provides the Motor Voter registration
14 service?

15 EXEC. DEP. COMMISSIONER SAMPSON:

16 That's correct, sir.

17 ASSEMBLYMAN McDONOUGH: And what does
18 an applicant have to show at that point? I
19 mean, to get a driver's license is one thing.
20 But in order to register to vote through DMV,
21 what does that person have to show DMV?

22 EXEC. DEP. COMMISSIONER SAMPSON: It
23 is a part of the application for a license.

24 It is also part of the application when you

1 renew your license that you can check off if
2 you are interested in registering to vote.

3 ASSEMBLYMAN McDONOUGH: That's right.
4 I've seen that, and it says "Are you a
5 citizen of the United States?" And you say
6 yes, but there's no proof that that person is
7 a citizen. There's no passport, as I
8 understand it, or birth certificate or
9 anything like that.

10 So once somebody goes to get a
11 driver's license and they say "I am a citizen
12 of the United States" on that form, then they
13 say, okay, they will register you to vote.
14 Am I correct?

15 EXEC. DEP. COMMISSIONER SAMPSON: Yes.
16 When they are coming to get an original
17 license? I'm confused by your question, sir.

18 ASSEMBLYMAN McDONOUGH: Well, they
19 come to get a license and they show, I think,
20 a Social Security card or something like
21 that. Right?

22 EXEC. DEP. COMMISSIONER SAMPSON: Yes,
23 they have to show six points of
24 identification to establish --

1 ASSEMBLYMAN McDONOUGH: I don't think
2 anybody shows actual proof of United States
3 citizenship.

4 EXEC. DEP. COMMISSIONER SAMPSON: It
5 will show proof through their birth
6 certificate, which is also required at the
7 time that they apply for a license. They
8 have to prove that as well.

9 ASSEMBLYMAN McDONOUGH: Oh, I wasn't
10 aware. The birth certificate is required?

11 EXEC. DEP. COMMISSIONER SAMPSON: Yes.

12 ASSEMBLYMAN McDONOUGH: Okay. So that
13 would be checking also to see where they were
14 born, if they are a citizen too.

15 EXEC. DEP. COMMISSIONER SAMPSON:
16 Correct.

17 ASSEMBLYMAN McDONOUGH: Okay. Then I
18 might be misinformed. Thank you very much.

19 EXEC. DEP. COMMISSIONER SAMPSON:
20 You're welcome.

21 CHAIRMAN FARRELL: Senator?

22 SENATOR KRUEGER: Thank you. Good
23 afternoon.

24 EXEC. DEP. COMMISSIONER SAMPSON: Good

1 afternoon, Senator.

2 SENATOR KRUEGER: Now, you talked
3 about your improvements in your technology
4 and your modernization. But we occasionally
5 hear complaints about the customer service
6 hotline having particularly long wait times
7 for customers. Do you evaluate that? Do you
8 have any data you can share with us?

9 EXEC. DEP. COMMISSIONER SAMPSON: We
10 do. And, Senator, that was one reason we
11 were very anxious to put in our new call
12 center technology to replace the old
13 switching operations that we had. Because we
14 had no way to know how many people were
15 getting frozen out of calling in or being
16 left on hold.

17 And now as we implement this new
18 system, it gives us the ability not only to
19 handle more calls, as I mentioned, but it
20 will also give us the ability to monitor the
21 wait times more accurately. And it also
22 provides people with the option, if they
23 don't want to remain on hold, you can simply
24 leave us your name and your telephone number.

1 And it's programmed that it will call you
2 back immediately as soon as one of our
3 operators is available, and then you can
4 complete your call that way.

5 SENATOR KRUEGER: And that whole
6 system is now up and running?

7 EXEC. DEP. COMMISSIONER SAMPSON: Yes,
8 it is.

9 SENATOR KRUEGER: So have you been
10 able to track whether you've seen
11 improvements from the beginning of the
12 exercise through today?

13 EXEC. DEP. COMMISSIONER SAMPSON: We
14 are seeing improvements. The total system
15 went into effect in December, so we're still
16 gathering some of the metrics on that at this
17 point. But our initial results show that our
18 wait times are developing closer to our goal.
19 So far, much better downstate than upstate,
20 but we're hoping to improve both as the
21 months proceed.

22 SENATOR KRUEGER: And that's for the
23 phone system. Are you also improving access
24 via the Internet for people to be able to do

1 certain transactions via Internet rather than
2 having to come into offices or through the
3 mail?

4 EXEC. DEP. COMMISSIONER SAMPSON: Yes.
5 We are continuing to expand our use of the
6 Internet for transactions as we are able to.

7 And that is one other reason that
8 we've also installed the kiosks in our
9 offices, because many of the Internet
10 transactions can be performed on the kiosk.
11 And for those individuals that don't have
12 ready access to a computer, they can come
13 into a DMV office and, instead of waiting in
14 line for one of our motor vehicle
15 representatives, they can quickly go to a
16 kiosk, complete their transaction and leave.

17 SENATOR KRUEGER: You project 46 --
18 we're losing 46 more full-time positions this
19 year, I think, in the budget. So those
20 positions are no longer needed because why?

21 EXEC. DEP. COMMISSIONER SAMPSON:
22 Primarily as a result of the new technologies
23 that we've been able to implement over the
24 last four years, and of course the other

1 projects that we have performed internally to
2 become more efficient and innovative in how
3 we handle things.

4 So as employees leave the agency, we
5 can continue to offer the same level of
6 service because the technology allows us to.

7 SENATOR KRUEGER: So these are
8 attrition, you're not replacing people, as
9 opposed to laying off?

10 EXEC. DEP. COMMISSIONER SAMPSON: No,
11 we are not laying off anyone. This is solely
12 through attrition.

13 SENATOR KRUEGER: And so this loss of
14 46 jobs are more in the direct-service arena
15 of DMV rather than the management of DMV?

16 EXEC. DEP. COMMISSIONER SAMPSON:
17 Well, through attrition we can't necessarily
18 dictate where that will occur. But by and
19 large, most of the technology improvements
20 have taken place in our offices' operations.
21 So in that area, we are able to handle more
22 attritions, and then we can allocate the
23 employees that we have to the offices that
24 need them more effectively as we monitor

1 things such as office wait times.

2 SENATOR KRUEGER: I'm embarrassed
3 because it could be a year, it could be three
4 years; my brain doesn't keep track. The DMV
5 had started a pilot of some longer hours on
6 weekdays to allow working people to be able
7 to get to the DMV after work. How has that
8 program gone, and how many places do you have
9 that now?

10 EXEC. DEP. COMMISSIONER SAMPSON: We
11 have continued the expanded office program in
12 three offices since the pilot ended. And
13 those offices are open from 8:00 in the
14 morning till 6 o'clock at night. And what we
15 have done is to continue that because
16 customers found that very convenient,
17 especially between the hours of 4:00 and 6:00
18 when we otherwise would have been closed.

19 SENATOR KRUEGER: If it's been
20 successful, why don't you do it in more than
21 just three offices?

22 EXEC. DEP. COMMISSIONER SAMPSON: Then
23 it comes down to managing our budget and what
24 we're able to do. And what we tried to

1 select were offices located in each of the
2 localities -- for example, in Yonkers, and
3 Massapequa is the other, so that we're
4 hitting areas outside the City of New York as
5 well, so that people have a location they can
6 go to if they want to go to an office after
7 hours.

8 And the volumes of customers have been
9 at a comfortable level that we don't see an
10 indication that there is a huge pent-up
11 demand that we expand that to additional
12 offices at this time.

13 SENATOR KRUEGER: So where is the
14 third? You said Yonkers, Massapequa --

15 EXEC. DEP. COMMISSIONER SAMPSON: In
16 our Midtown office.

17 SENATOR KRUEGER: Thank you.

18 EXEC. DEP. COMMISSIONER SAMPSON:
19 Thank you.

20 CHAIRMAN FARRELL: Thank you.
21 Assemblyman Ortiz.

22 ASSEMBLYMAN ORTIZ: Thank you,
23 Mr. Chairman.

24 Thank you, Commissioner, and good

1 afternoon.

2 My first question has to do with the
3 Lauren's Law -- you know, the organ donor
4 law. And my question is very simple. It's
5 about how that law has been implemented and
6 how it also has been promoted to make sure
7 that people know that they have the option to
8 register to donate their organs.

9 EXEC. DEP. COMMISSIONER SAMPSON:

10 Well, like the voter registration that I
11 mentioned earlier, on the original license
12 application as well the license renewal
13 application, there is also the check-off area
14 for someone if they wish to be an organ
15 donor. And as a result of Lauren's Law, that
16 was expanded to specifically ask them if they
17 wished to do so.

18 And it's my understanding, through
19 statistics provided to us by the Department
20 of Health, that 90 percent of people who do
21 sign up to be organ donors, 90 percent do so
22 through a DMV. So we feel that we have a
23 very large role in helping to promote that,
24 and we do the best that we can within our

1 offices to do so.

2 And we partner with our county clerks,
3 who operate DMV offices in 51 counties, that
4 they similarly do what they can to help
5 promote organ donation when people come into
6 their offices.

7 ASSEMBLYMAN ORTIZ: Do you also
8 partner with the legislators? Like, for
9 example, if you have information that we can
10 have in our offices to promote it as well?

11 EXEC. DEP. COMMISSIONER SAMPSON: I'm
12 sorry, I didn't hear the question.

13 ASSEMBLYMAN ORTIZ: Do you also have a
14 partnership with the Legislature, the members
15 of the Legislature, where we can get
16 information from your office to make sure
17 that it may be able to be on our website or
18 we can have information? And also my
19 question goes about in what language do you
20 have the information available about organ
21 donors? It's just in English or is --

22 EXEC. DEP. COMMISSIONER SAMPSON: My
23 understanding is we have it in both English
24 and Spanish. And we would be glad to provide

1 you with the documents that we use in our
2 offices so that you can also help promote
3 this.

4 ASSEMBLYMAN ORTIZ: Thank you very
5 much.

6 And my second question and my last
7 question is, as you probably know, there's a
8 trend throughout the country and different
9 states are beginning to pass -- to allow
10 non-citizens to have driver's licenses. The
11 Department of Motor Vehicles, is it going to
12 be prepared in order to issue this kind of
13 licensing for noncitizens?

14 EXEC. DEP. COMMISSIONER SAMPSON:
15 Licenses for undocumented immigrants is not a
16 part of the Governor's budget proposal. We
17 are aware that in the Legislature there are
18 proposals, and we are certainly willing to
19 sit down and discuss those at the appropriate
20 time.

21 ASSEMBLYMAN ORTIZ: Thank you very
22 much, Commissioner.

23 CHAIRMAN FARRELL: Thank you.
24 Senator?

1 CHAIRMAN DeFRANCISCO: I just
2 wanted -- I have no questions. Your
3 testimony was fine. I just want to tell you,
4 you have a tough act to follow. Barbara did
5 wonderful work over at the DMV, all the
6 innovations, all the customer service
7 capabilities, the efficiencies. We have
8 virtually no calls to the office about
9 complaints about the DMV, which was the
10 opposite before her term. She did a
11 wonderful job with the customer in mind, and
12 I'm sure you'll do just as well. I'm waiting
13 for your first innovation.

14 EXEC. DEP. COMMISSIONER SAMPSON:
15 Thank you, Senator. She provided great
16 leadership to our agency.

17 CHAIRMAN FARRELL: Thank you.
18 Assemblyman McDonough.

19 ASSEMBLYMAN McDONOUGH: Thank you very
20 much.

21 One additional question. This is not
22 a budgetary question, but it's something I
23 advertise through my media communications.
24 How successful do you find the organ donor

1 program going with the driver's license
2 registration? You know, you can check there
3 each time you renew. Do you know, offhand?

4 EXEC. DEP. COMMISSIONER SAMPSON:
5 Well, what we hear from the organ donation
6 groups is that it has proven to be very
7 successful, and they assist us in ways to
8 help promote it and market it. So far it's
9 working very well.

10 ASSEMBLYMAN McDONOUGH: Okay. Thank
11 you.

12 CHAIRMAN FARRELL: Any further?

13 Thank you very much.

14 EXEC. DEP. COMMISSIONER SAMPSON:
15 Thank you.

16 CHAIRMAN FARRELL: Thomas Prendergast,
17 chairman and CEO, Metropolitan Transportation
18 Authority. That's the 11:30.

19 Good morning -- no, good afternoon.

20 MTA CHAIRMAN PRENDERGAST: Good
21 afternoon, sirs.

22 Senator DeFrancisco, Assemblyman
23 Farrell, and members of the Senate and
24 Assembly, good afternoon. Thank you for

1 holding this hearing and inviting me to
2 discuss the MTA's finances.

3 Last week, as you know, Governor Cuomo
4 released the state's 2015-2016 Executive
5 Budget, and we're pleased that once again
6 we'll see increased state aid. Total funding
7 to the MTA increased by almost \$141 million
8 over the state's 2014-2015 enacted budget.
9 This increase includes an almost \$37 million
10 boost to our operating budget, and more than
11 \$104 million being transferred to the MTA
12 capital program. It also provides more than
13 \$1 billion in new funding for the 2015-2019
14 capital program.

15 In addition, the MTA's 2015 budget and
16 financial plan, approved by our board last
17 month, presents a fully transparent view of
18 our current and four-year financial outlook.
19 It strongly reaffirms our organization-wide
20 commitment to cost-cutting, and it shows that
21 we've already cut more than a billion dollars
22 out of our annual operating budget. But
23 we're not finished.

24 And I want to tell you just some of

1 the ways the MTA became more efficient and
2 better-managed than ever before in 2014.

3 By incorporating modern strategies for
4 office space, we were able to move our entire
5 headquarters to 2 Broadway in Lower
6 Manhattan. Through this move, we will
7 monetize our former headquarters at 341, 345,
8 and 347 Madison Avenue, generating hundreds
9 of millions of dollars for our capital
10 program.

11 We issued \$479 million of refunding
12 bonds and completed associated restructurings
13 of existing escrows, for a total savings of
14 approximately \$110 million.

15 And we successfully concluded labor
16 settlements with most of our represented
17 workforce. Thanks to our cost-cutting
18 efforts, we were able to fund these
19 settlements without additional fare and toll
20 increases or service reductions.

21 New savings initiatives are being
22 identified in the areas of prompt payment
23 discounts, worker's compensation, energy
24 management, consolidations, purchasing,

1 inventory, and employee benefits. These
2 initiatives are increasing our total annual
3 savings target to \$1.6 billion a year by
4 2018. And the savings we've realized have
5 improved our operations in three critically
6 important ways. These are the most
7 aggressive cost-cutting activities in MTA's
8 history.

9 Firstly, without these savings, we
10 would not have been able to reduce projected
11 fare and toll increases from the about
12 7.5 percent every other year to about 4
13 percent every other year, or roughly
14 2 percent per year.

15 Second, these savings have allowed us
16 to add \$157 million back into service and
17 service quality enhancements since 2012.

18 And third, they've helped us put
19 \$290 million a year into a pay-as-you-go
20 account, beginning this year, that could
21 generate up to \$5.4 billion for the 2015-2019
22 capital program. That's a lot of money, but
23 we're still well short of our extensive
24 capital needs.

1 Before I discuss that, though, I want
2 to tell you about a few important cost-saving
3 and efficiency initiatives. One I'm
4 particularly proud of working with is the
5 undertaking with our partners in the
6 construction industry to not only reduce
7 costs but to make it easier to do business
8 with the MTA, because we know that lower
9 costs will be passed on to us and to the
10 public at large.

11 Asset management is another area we're
12 tackling head-on. Through a system we call
13 Enterprise Asset Management, we will better
14 understand the value and useful life of our
15 assets and get as much of that useful life
16 out of them as possible.

17 And for a system that has a combined
18 value of almost \$1 trillion in assets, better
19 asset management has the potential to quietly
20 revolutionize the way we do business, saving
21 us hundreds of millions of dollars and making
22 sure that we can pass off these in terms
23 better processes, technologies, and training.
24 These savings can then be put right back into

1 our system through strategic initiatives and
2 the MTA's indispensable capital program.

3 This program, as you all know, is a
4 series of five-year investments through which
5 we regularly maintain and improve our entire
6 network. It started in 1982, and today, more
7 than 30 years and \$100 billion later, the
8 capital program has given our nearly
9 9 million daily customers a system they can
10 depend on, while delivering real value to
11 millions more.

12 This program revitalized our transit
13 system and our region, enabling improvements
14 that have brought customers back to our
15 system in droves. Today's ridership is at
16 all-time highs. Before October 2013, we had
17 never recorded 6 million daily subway riders
18 on the system. Last year, we exceeded that
19 number five times in September, seven times
20 in October, and nine times in December. In
21 October 2014, total monthly subway ridership
22 was the highest it's been in the entire
23 history of the system.

24 Metro-North's ridership of more than

1 83 million has almost doubled since its
2 founding in 1983. And the Long Island Rail
3 Road's ridership of another more than
4 83 million as well make them the two most
5 heavily traveled commuter railroads in the
6 nation.

7 We're looking closely at where our
8 ridership growth is coming from. Until
9 recently, it was mostly from reverse
10 commutes, travel between suburban
11 destinations, and during off-peak hours,
12 evenings and weekends. Today we're seeing
13 ridership growth in all of those areas as
14 well as during peak hours.

15 We're seeing more and more customers
16 who need to wait two, three, even four trains
17 before they can board during rush hour. This
18 means our network is almost stretched to
19 capacity, trains are more crowded than ever,
20 and commutes are more difficult. A minor
21 delay on one train at rush hour can have a
22 massive ripple effect, leading to
23 overcrowding on the platform, doors being
24 held open at every station, and

1 ever-increasing delays for the trains that
2 follow. If that happens on a regular basis,
3 the impact would be severe for millions of
4 riders, their employers, and our region's
5 economy.

6 These ridership trends show no signs
7 of abating in the foreseeable future. And
8 with the future in mind, Governor Cuomo asked
9 that I convene a panel of experts to inform
10 the development of our next capital program,
11 especially with respect to two important
12 areas, one with respect to global climate
13 change and the other with respect to changing
14 demographics.

15 This Transportation Reinvention
16 Commission stated some very simple truths in
17 their report. More than 2 million additional
18 people are expected to live in the MTA region
19 by 2040, a million in New York City and
20 million outside of New York City in the
21 region.

22 The MTA needs to adapt to fundamental
23 demographic shifts that lead to new and
24 evolving expectations, service needs, and

1 accessibility requirements for those who use
2 our system who are somewhat disabled. The
3 current system is simply not fully equipped
4 to meet any of these changing needs.

5 Additionally, the Urban Land Institute
6 and the Permanent Citizens Advisory Committee
7 to the MTA are working on another report that
8 examines the intrinsic connection between a
9 healthy transit system and a healthy, vibrant
10 economy. Early drafts of their efforts
11 included the fact that since 1982, the MTA
12 capital program has transformed the region's
13 public transportation system into a crucial
14 economic asset, helping New York achieve a
15 global economic preeminence that few could
16 have imagined during the economic crises of
17 the 1970s.

18 Investments in the MTA have generated
19 economic benefits for communities across all
20 of New York State, with major vendors opening
21 plants to both fulfill the transportation
22 needs locally and across North America.
23 Indeed, capital program investments create
24 hundreds of thousands of jobs throughout

1 New York State. According to the New York
2 Building Congress, the MTA alone accounts for
3 about 25 percent of New York City's
4 construction industry in some years.

5 But the program's impact reaches far
6 beyond downstate. It has a profound effect
7 on economic development in every corner of
8 the Empire State.

9 Capital program investments are
10 powerful job creators, but they can't create
11 jobs, can't power our economy, can't keep
12 New York globally competitive, and can't keep
13 our transit system safe and reliable if we
14 don't make them.

15 This past fall, the MTA submitted a
16 capital program to address our extensive
17 needs. That plan was vetoed without
18 prejudice by the Capital Plan Review Board.
19 One concern shared by all parties is funding.
20 We have identified half of the money needed
21 to fund this plan, and discussions on this
22 topic are critical. We need to bring all
23 parties to the table -- those are our
24 federal, state, local partners as well as

1 stakeholders who benefit from the system.
2 All have a stake in ensuring that New York's
3 economic engine continues at full strength.

4 The State of New York has one economy,
5 and the MTA's 12-county regional
6 transportation system is one we must never
7 take for granted. We move nearly 9 million
8 people a day, enabling a \$1.4 trillion
9 economy, second in the world only to Tokyo.

10 Our network's expansiveness gives
11 people options, makes a huge pool of
12 employees available to New York businesses,
13 and allows our region to comfortably
14 accommodate millions more people. It makes
15 it possible for people to live wherever they
16 want within our region, regardless of where
17 they work. It allows employees to bring home
18 paychecks that support local schools and
19 other services, creating jobs wherever they
20 live. It enables and supports job
21 development across our entire region, giving
22 employers a system that their own employees
23 can count on.

24 Every major world city -- London,

1 Paris, Hong Kong, and others -- is making
2 significant investments in transit to improve
3 the quality of life for their residents and
4 to maintain their status as a global
5 financial and business center. New York
6 needs to do the same, because the past is not
7 prologue. We must continue to invest.

8 Chairman DeFrancisco and Farrell, we
9 appreciate the support you've given the MTA
10 in the past and your continuing support, and
11 we look forward to working with you regarding
12 funding for our capital program. It's that
13 important to us and that important to you as
14 representatives of the great State of
15 New York.

16 Thank you for taking the time to hear
17 from me today, and now I'm happy to answer
18 any questions that you may have.

19 CHAIRMAN FARRELL: Thank you very
20 much.

21 To begin with, Assemblyman Ortiz.

22 ASSEMBLYMAN ORTIZ: Thank you,
23 Mr. Chairman.

24 Good afternoon, Mr. Chairman. Thank

1 you for being here with us. And first of
2 all, I would like to really thank your team,
3 you know, for the work that you guys have
4 done on reconstructing 9th Avenue and Smith
5 Street, as well as the partial restoration of
6 B37.

7 I represent the areas of Red Hook,
8 Sunset Park and a piece of Bay Ridge and Park
9 Slope and Carroll Gardens. So as a result of
10 the partial restoration, you know, I'm going
11 to ask you that we hope that we can get a
12 full restoration for B37. And as well as,
13 you know, you mentioned something very
14 interesting in your speech about job
15 creation, business developments in areas.

16 So we do have an area that is booming
17 very quick, and it's called Red Hook, in
18 Brooklyn. This area really has only two
19 buses that go through Red Hook. It's the
20 B67, if I'm not mistaken, and also B61 and
21 B57. And we need to make sure that while the
22 Governor is talking about enhancement and
23 more development and more extensions about
24 the trains and more mobility, that we will

1 not forget the people of Red Hook, especially
2 that community is moving very fast. We do
3 need more transportation and transportation
4 that can be more reliable. We need people to
5 make sure that they can move from the back of
6 Red Hook through to West Smith Street and
7 9th.

8 If we can have at least some kind of
9 transportation that is express for the people
10 in that particular site where they can stop
11 in one area and go directly and keep the
12 other two buses running, that will be very
13 helpful for the people of Red Hook. Because
14 right now we have a lot of people that are --
15 I've been on 9th Street and Smith, and I've
16 been standing right there and I can see how
17 many people normally go and have to walk all
18 the way to the back to work, and also I see
19 how many people are coming out of Red Hook to
20 work in the city.

21 So if some consideration to that can
22 be taken, I would appreciate it.

23 The other thing I would like to add is
24 Carroll Gardens, Union Avenue -- Union Street

1 in Carroll Gardens. We did cut the B75.
2 That B75 used to go from New York City Tech
3 all the way to Red Hook. That was a very
4 good road to take because the people in
5 Carroll Gardens could go to Fairway. So now
6 they don't have access to Fairway.

7 And we have a lot of seniors. I will
8 tell you that I knocked on a lot of doors
9 this summer, and I saw a lot of seniors that
10 were requesting, more than middle-aged
11 people, that this bus get restored. So if
12 something to that extent can be taken into
13 consideration also, I would appreciate it.

14 And the B77 that was Fifth Avenue all
15 the way to Red Hook, that cross-section was
16 so helpful for the people that have to go to
17 Methodist Hospital. So, you know, this kind
18 of accessibility is very critical, not just
19 for the folks in Red Hook, Carroll Gardens,
20 Park Slope, as well as hopefully the station
21 to Atlantic Avenue for the B37 for the people
22 of Bay Ridge.

23 So if any of these items can be taken
24 into consideration, we would really

1 appreciate it as we continue to have the
2 budget negotiation and we continue to expand
3 and enhance from JFK/LaGuardia down to the
4 city, you know, this is -- we're talking
5 about economics, we're talking about impact,
6 we're talking about job creation, and we're
7 talking about mobility of children going to a
8 school. So this is a community that I hope
9 can be taken into consideration to be looked
10 at it very close that they can have the means
11 and the medium of transportation that they
12 need in order to commute.

13 Thank you.

14 MTA CHAIRMAN PRENDERGAST: We will do
15 that. I can tell you that after we came out
16 of the dire situation we were in in 2009-2010
17 where we cut a lot of service and we started
18 to come back financially, we've looked at
19 every point at the half-point in the year
20 with respect to how are we looking from a
21 budget standpoint and where can we either add
22 back service that we cut or more importantly,
23 in some cases, add new service.

24 With the changing demographics in

1 New York City, it's essential we do that. If
2 we're going to see a million more people in
3 the city, we need to work closely with the
4 city in terms of where that commercial and
5 where the residential development occur so
6 that we can have a transportation system that
7 can service that community, and hopefully do
8 it in a coordinated way so that we don't have
9 to build a lot of new facilities.

10 But certainly Red Hook and a lot of
11 the areas along the water in Brooklyn and in
12 Queens are areas that are focus areas for us,
13 and we'll make sure we do that.

14 ASSEMBLYMAN ORTIZ: And I'm looking
15 forward to continue working with you. You
16 have a great team and they've been very
17 helpful to me and my office, so I hope that
18 we can continue to keep that together.

19 MTA CHAIRMAN PRENDERGAST: Thank you.

20 ASSEMBLYMAN ORTIZ: Thank you.

21 Thank you, Mr. Chairman.

22 CHAIRMAN FARRELL: Thank you.

23 Senator?

24 CHAIRMAN DeFRANCISCO: Senator Dilan.

1 SENATOR DILAN: Hi, how are you.

2 MTA CHAIRMAN PRENDERGAST: Good
3 afternoon.

4 SENATOR DILAN: I'm not going to ask
5 you to as to why you shut down the subways;
6 that's the subject of another hearing.

7 CHAIRMAN FARRELL: Your microphone
8 isn't on.

9 (off-the-record discussion.)

10 SENATOR DILAN: I said I was not going
11 to ask you as to why you shut down the
12 subways; that's the subject of another
13 hearing. But I wanted to talk to you about
14 the capital -- your capital plan which was
15 rejected by the Capital Review Board and the
16 15-plus-billion-dollar gap there.

17 But I also want to know as to the
18 sweeps, the first \$20 million -- \$30 million
19 last year, and I believe another \$20 million
20 this year -- and what impact that would have
21 on your bonding authority in the future.

22 MTA CHAIRMAN PRENDERGAST: In terms of
23 the sweeps and the detail level, I can't
24 answer it. My chief financial officer, maybe

1 he can. But we have seen an increased level
2 of funding each year based upon what we
3 expected to get from the state. And by and
4 large, we have not had any issues with
5 respect to our ability to use the funding
6 that we have to be able to get done what we
7 need to get done.

8 The capital program is a separate
9 story. But in terms of the annual
10 appropriations and the money we get from the
11 state and from the Executive Budget, we've
12 been able to work within those.

13 SENATOR DILAN: Now, I believe in the
14 proposed budget there is money for Penn
15 access, I believe \$750 million. And that, I
16 believe, goes along with the East Side
17 Access. And East Side Access is not believed
18 to be completed till 2023. So why is there a
19 need to put the \$750 million in the five-year
20 capital plan this time around if it's not
21 within range?

22 MTA CHAIRMAN PRENDERGAST: The
23 principle for Penn access for Metro-North
24 would involve creating four stations in the

1 southeast Bronx that do not exist now. It's
2 an area of the city that there have been
3 promises made for decades with respect to an
4 extension off the 2nd Avenue subway that has
5 yet to be built. And the process of
6 environmental review, design and construction
7 are such that, you know, 2023 is eight years
8 away. That's about a general time frame to
9 be able to get there. So from a
10 standpoint --

11 SENATOR DILAN: So my whole point is,
12 why do we need to put \$750 million into our
13 five-year plan now when we don't have to?

14 MTA CHAIRMAN PRENDERGAST: Because if
15 it's eight years, it would -- if we rolled it
16 over into the next plan, we wouldn't be able
17 to have it ready at the time East Side Access
18 would enable the new --

19 SENATOR DILAN: So we'll just have the
20 money sitting there?

21 MTA CHAIRMAN PRENDERGAST: Pardon me?

22 SENATOR DILAN: We'll have the money
23 sitting there for five years for no reason?

24 MTA CHAIRMAN PRENDERGAST: No, we

1 would be -- we would be doing -- going past
2 environmental review, doing design and doing
3 construction. So, you know, those monies
4 would be expended probably in the latter
5 parts of the five-year program. But to be
6 ready to have them done so that when East
7 Side Access gets done and those slots at
8 Penn Station get open, we can provide that
9 service.

10 SENATOR DILAN: Thank you.

11 CHAIRMAN FARRELL: Assemblyman
12 Brennan.

13 ASSEMBLYMAN BRENNAN: Thank you,
14 Mr. Farrell.

15 Welcome, Mr. Prendergast.

16 The MTA is one of the most
17 extraordinary transit operations in the
18 world, I'm sure. And the economic vitality
19 of the downstate metropolitan area, which
20 appears to be increasing, you know, is
21 directly linked to the ability of the transit
22 system to move millions and millions of
23 people around. So that agency is pretty
24 important.

1 And let's get into the capital plan.

2 And I know that many issues associated with
3 the operating budget intertwine with
4 ultimately how much money is available to the
5 capital plan, and vice versa, you know.

6 So when you submitted the \$32 billion
7 proposal in October, you had identified
8 \$17 billion where you had identified funds of
9 that amount available to cover that part of
10 the \$32 billion, with a -- leaving a
11 \$15 billion shortfall; is that correct?

12 MTA CHAIRMAN PRENDERGAST: That's
13 about -- yeah, that's correct.

14 ASSEMBLYMAN BRENNAN: And so the plan
15 was vetoed. The Governor called it bloated.
16 But I would assume that when you made a
17 decision that \$32 billion was the amount or
18 the cost of the assets that the agency needed
19 to continue delivering adequate service and
20 complete the expansion projects, you were not
21 deliberately inflating those costs; correct?

22 MTA CHAIRMAN PRENDERGAST: No. We
23 were not.

24 ASSEMBLYMAN BRENNAN: All right. So

1 you didn't view it that way.

2 So the Governor has provided a billion
3 dollars in this budget to get you \$1 billion
4 towards the \$15 billion shortfall that the
5 MTA had identified in October. Have you
6 identified additional efficiencies in
7 acquiring these assets such that you think
8 you could acquire these assets for
9 \$31 billion or \$30 billion or anything to
10 that effect?

11 MTA CHAIRMAN PRENDERGAST: In my
12 testimony I referred to an enterprise asset
13 management system. Large organizations that
14 we compare ourselves to, especially on the
15 rail side of the organization, Class 1
16 railroads, where they don't go to some other
17 party to get money for their capital program,
18 they generate their own money -- so from
19 their standpoint, they're incentivized to
20 make sure that they're getting as much useful
21 life out of the assets that they have.

22 If you have -- cars usually go 35, 40
23 years. If you retire that car and replace
24 it, as much as people would like it and it

1 may have higher reliability, but it still has
2 three or four years of useful life, one could
3 say that you're wasting an asset and you're
4 having to spend money.

5 So the idea with enterprise asset
6 management is after 30 years of having a
7 capital program where we're trying to
8 determine how much useful life is left, we
9 start to apply the science of that technology
10 and that application to our system.

11 So in answer to your question, yes.
12 And we're much better than we were five
13 capital programs ago. But when you start
14 coming to the Legislature and you start
15 coming to the Executive and you start talking
16 about \$30 billion -- I was born and raised in
17 Illinois, and my senator was Dirksen. You
18 remember the phrase "a million here, a
19 million there, sooner or later you're talking
20 real money"?

21 ASSEMBLYMAN BRENNAN: -- real money,
22 yes.

23 MTA CHAIRMAN PRENDERGAST: So we have
24 an obligation to make sure that we're

1 squeezing as much useful life out of the
2 asset without crossing the line of affecting
3 safety and reliability.

4 ASSEMBLYMAN BRENNAN: So you're taking
5 a look at the life cycle of the system, the
6 various -- the subway and rail and so on and
7 seeing if there's any potential savings
8 there.

9 MTA CHAIRMAN PRENDERGAST: Yes. Yes.
10 That's correct.

11 ASSEMBLYMAN BRENNAN: Okay. There's
12 been a lot of discussion about real estate
13 value capture as a potential source of
14 funding, meaning that -- so, for instance,
15 the Hudson Yards Infrastructure Corporation
16 issued bonds based on prospective real estate
17 development in the far west side of
18 Manhattan. Or there's this East Midtown
19 zoning proposal where there's possibly many
20 new large residential or commercial
21 buildings -- or even just general growth in
22 real estate value.

23 Do you have a proposal? Or is the MTA
24 working on a proposal, perhaps in

1 consultation with the City of New York and
2 the Governor's office, to enable us to review
3 something that could provide additional
4 funding for the MTA?

5 MTA CHAIRMAN PRENDERGAST: We
6 certainly have a proven -- a way of doing
7 that. That was 7 West, and that's how it was
8 funded for the extension of the No. 7 Line.

9 The Transportation and Reinvention
10 Commission, which were 24 international
11 experts, both from the United States and
12 around the world, looked to see what other
13 funding sources were available for these
14 types of transportation systems and, under
15 the heading of value capture, where an
16 investment is being made in a transit system
17 that will increase the value of real estate
18 around that asset, sharing some of that
19 uptick.

20 So, you know, certainly the
21 Transportation Reinvention Commission
22 identified it as one of the areas to look at,
23 because it's not just one that we think could
24 bear fruit here, it's been proven other

1 places. And there was a focus from a
2 standpoint of that's one of the areas that we
3 would have a dialogue started if we needed to
4 look for new funding sources.

5 ASSEMBLYMAN BRENNAN: All right. Now,
6 one thing that I would like to ask the agency
7 to do to help us help you in these next
8 couple of months is -- so I know that in this
9 \$17 billion you are proposing to borrow some
10 additional money backed by the fare, backed
11 by your revenues. And that may lead you to
12 reach your existing bonding cap. Is that
13 correct?

14 MTA CHAIRMAN PRENDERGAST: Yes.

15 ASSEMBLYMAN BRENNAN: Okay. And so I
16 know that the Legislature would have to
17 increase the bonding cap if you were to
18 borrow more, at least down the road. But
19 could you provide an analysis to us of what
20 it would mean for the fare and for the system
21 if you were to borrow certain sums of money
22 beyond what you're currently proposing?

23 Because -- and the reason I'm asking
24 for it is because when it becomes clear that

1 you're borrowing even more money, the impact
2 on the fare becomes ever greater, so that
3 instead of 4 percent every two years increase
4 in the fare, which is the current model --
5 which is certainly better than 7.5 percent
6 every two years -- if we see -- well, if you
7 have to borrow more money than you're
8 currently planning to do, we're going to have
9 to go back to 7.5 percent or 10 percent every
10 two years or some other problem like that
11 that's going to make mass transit very
12 difficult to afford for the ordinary person,
13 you know, it gives us more information about
14 the necessity of finding additional sources
15 of funds for you.

16 MTA CHAIRMAN PRENDERGAST: We can do
17 that.

18 I do think one of the things that
19 needs to be part of the dialogue is the size
20 of the ask. The MTA board has approved a
21 plan at that size. I think if we're coming
22 to you and you have questions as to do you
23 really need that much money, we have to start
24 the dialogue do we really need that much

1 money.

2 We believe we do; that's why the board
3 approved it. But that provides the framed
4 discussion in terms of what that gap is and
5 how you need to find ways to fill that gap.
6 So we can do that. We can give you that
7 information. But I think in a vacuum without
8 that other dialogue going on in terms of
9 what's the size of the ask -- because you've
10 got competing priorities, I assume, across
11 your entire spectrum. There's got to be some
12 dialogue at that level, you know.

13 Because we firmly believe that in
14 terms of renew, enhance and expand, that's
15 the size of the ask, but we need to get
16 concurrence before we get into detailed
17 discussion on what that gap is.

18 ASSEMBLYMAN BRENNAN: All right. So
19 going back to the operating budget for just a
20 sec, your operating aid increases by a
21 minimal amount in the budget. It was
22 \$9 million enacted budget to enacted budget,
23 and you said \$37 million, which is related to
24 your forecasts and so on. And then the other

1 100-and-some million dollars is now to go to
2 capital, meaning a very tiny operating aid
3 increase.

4 How does the MTA view those sources?
5 Does this put a crimp in your continued
6 capacities to fund your operations and the
7 capital plan? Or do you think this is
8 manageable?

9 MTA CHAIRMAN PRENDERGAST: It's
10 manageable. The primary pressure right now
11 is the capital program.

12 ASSEMBLYMAN BRENNAN: Okay. Let me
13 ask you this. Do you think that when you
14 look at all of the options out there in
15 relation to currently available state funding
16 and your revenues, that a new revenue
17 source -- whether we call it a tax or not --
18 is essential to enable the MTA to move
19 forward?

20 MTA CHAIRMAN PRENDERGAST: In my
21 testimony I refer to three areas that we have
22 to go to talk to, three plus one. It's our
23 federal partners, it's our state partners,
24 it's our city partners. For a whole host of

1 reasons, on a prorated basis we're never
2 going to get the exact amount of money that
3 we think we should get from the federal
4 government. That's part of another process.
5 And the dialogue and the pressure needs to be
6 on all of those fronts as well as other
7 stakeholders -- real estate development --
8 because they all share in a healthy MTA
9 network and they all need to be able to take
10 part in dealing with the funding.

11 ASSEMBLYMAN BRENNAN: Okay, thank you.

12 CHAIRMAN DeFRANCISCO: Senator
13 Krueger.

14 SENATOR KRUEGER: Thank you very much.
15 Good afternoon, Commissioner. You're
16 not leaving; right?

17 MTA CHAIRMAN PRENDERGAST: I'm not
18 what?

19 SENATOR KRUEGER: You're not leaving
20 your job?

21 MTA CHAIRMAN PRENDERGAST: Unless you
22 know something I don't know.

23 (Laughter.)

24 SENATOR KRUEGER: No, no, you promised

1 you weren't leaving when we confirmed you --

2 MTA CHAIRMAN PRENDERGAST: No, no, no,
3 I enjoy it.

4 SENATOR KRUEGER: -- but there's a
5 rapid turnover, and I just wanted to make
6 sure.

7 MTA CHAIRMAN PRENDERGAST: I enjoy it.

8 UNIDENTIFIED SPEAKER: Make him an
9 offer.

10 (Laughter.)

11 MTA CHAIRMAN PRENDERGAST: I enjoy my
12 job.

13 SENATOR KRUEGER: You told us you were
14 going to stay, so I'm glad to see that you
15 are. Because we went through the top of MTA
16 too quickly too frequently.

17 Second Avenue subway, scheduled to
18 complete on time, December 2016. True?

19 MTA CHAIRMAN PRENDERGAST: Yes.

20 SENATOR KRUEGER: Phase 2, 2nd Avenue
21 subway, in your five-year capital plan?

22 MTA CHAIRMAN PRENDERGAST: It's in the
23 proposed five-year plan.

24 SENATOR KRUEGER: Going north or

1 south?

2 MTA CHAIRMAN PRENDERGAST: North.

3 SENATOR KRUEGER: What's the estimate
4 of that cost?

5 MTA CHAIRMAN PRENDERGAST: I should
6 know off the top of my head. One-point-five
7 billion? One-point-five billion.

8 SENATOR KRUEGER: One-point-five
9 billion?

10 MTA CHAIRMAN PRENDERGAST: Yes.

11 SENATOR KRUEGER: How many years,
12 estimated?

13 MTA CHAIRMAN PRENDERGAST: I don't
14 know.

15 Do you know? (Conferring with staff.)
16 Five years for the first phase of
17 Phase 2.

18 SENATOR KRUEGER: Okay, thank you.

19 Lexington Avenue timing upgrade so you
20 can move more trains on the tracks, where is
21 that?

22 MTA CHAIRMAN PRENDERGAST: I believe
23 that's underway right now. Those are
24 signaling improvements. And then there's

1 also proposals with the Midtown East rezoning
2 to make improvements at Grand Central that
3 would benefit dwell time at the station, so
4 that would improve too. Because right now
5 the maximum load point is 42nd Street --
6 although in our lifetime it may become
7 14th Street, because the city is changing and
8 you know that.

9 But those are high-level initiatives.
10 That's the most heavily traveled line in the
11 country. We actually schedule more trains
12 than you would normally schedule because of
13 the volume of customers. So additional dwell
14 time at stations in 10- and 15-second
15 increments make all the difference in the
16 world.

17 So that's one of the highest priority
18 areas for us to be able to do things to
19 improve the flow of trains. Five hundred
20 thousand people a day use that line.

21 SENATOR KRUEGER: You and I know that
22 that's all my district, so I'm very aware of
23 these issues.

24 MTA CHAIRMAN PRENDERGAST: Yes.

1 SENATOR KRUEGER: Bus camera lanes.
2 I've been having many I think very helpful
3 meetings with New York City Transit on bus
4 issues. Still desperate for faster bus
5 service, more buses on our lines.

6 But the bus camera pilot was a hope
7 that with the ability to give out tickets to
8 those who were parking and double-parking in
9 your bus stops and the bus lanes. Has there
10 been any kind of evaluation? And do you want
11 to expand that?

12 MTA CHAIRMAN PRENDERGAST: There was a
13 focus on it a few years ago. I honestly
14 don't know the latest status on that.

15 SENATOR KRUEGER: Okay. If you could
16 get back to me with that.

17 MTA CHAIRMAN PRENDERGAST: Yes.

18 SENATOR KRUEGER: Thank you.

19 It's not in the Governor's budget, but
20 it's announced that the MTA and the Port
21 Authority will do a train-to-the-plane model,
22 I guess, monorail from Willets Point to
23 LaGuardia, with an estimated \$450 million
24 cost. Are you expected to pick up some or

1 all of that cost? And if, so how much?

2 MTA CHAIRMAN PRENDERGAST: At a speech
3 that the Governor gave to the Association of
4 Better New York last Tuesday, he talked about
5 infrastructure improvements that needed to be
6 made and the intrinsic relationship between
7 transportation infrastructure improvements
8 and the need to support New York City and the
9 economy.

10 And there were a number of things that
11 lined up with things in our capital
12 program -- communications-based train
13 control, replacing of the bus fleet. But the
14 one you're talking about is a rail connection
15 from one part or two parts of our network to
16 LaGuardia.

17 We do have a rail connection now from
18 both Jamaica and Howard Beach to JFK, so the
19 idea is to replicate functionally that
20 connection.

21 This is something that's been studied
22 probably 30 years. There have been a number
23 of different proposals. It's exceptionally
24 environmentally sensitive. Some of the

1 proposals -- the one that we're looking at
2 right now is from the area of where the
3 World's Fair is at Mets-Willets Point in
4 between the Long Island Railroad station
5 there and the No. 7 Line, and then go
6 slightly west and up the median of the
7 Grand Central Parkway and then access
8 LaGuardia Airport. Not with a monorail,
9 though. It would be more likely the
10 technology that was used at AirTrain in
11 Jamaica.

12 SENATOR KRUEGER: And that would
13 connect with the -- it would be the 7 Line
14 connecting into --

15 MTA CHAIRMAN PRENDERGAST: Two
16 different -- the No. 7 Line would connect
17 there as well as the Port Washington Line on
18 the Long Island Railroad.

19 SENATOR KRUEGER: So for the 7 Line,
20 it's one of our older and narrower subway
21 lines. It's not particularly conducive to
22 dragging your luggage on and off, at least in
23 the Manhattan section.

24 Do you have an estimate of how many

1 people are actually going to use this new
2 line if it's built?

3 MTA CHAIRMAN PRENDERGAST: There are a
4 number of different reasons why you build a
5 connector to the airport. You build a
6 connector to the airport for the employees
7 that work there, you build a connector to the
8 airport for the business travelers, you build
9 a connector to the airport for other
10 passengers.

11 For the ones that are the most
12 successful, they try to attack the -- not
13 attack, they try to deal with the issue of
14 the employees at the airport as well as
15 business travelers. But certainly we would
16 have to do studies with respect to, you know,
17 what market we're trying to get and what
18 market we think we could attract.

19 I will tell you that the AirTrain
20 expectations for Jamaica have been exceeded.
21 But that's a different model, different
22 issue. But that would be one of the issues
23 that we would have to cover off to make sure
24 that we're building and designing to a budget

1 that makes sense.

2 SENATOR KRUEGER: How many miles would
3 this line be, plus or minus?

4 MTA CHAIRMAN PRENDERGAST: It's a
5 little over a mile and a half. It's not that
6 great a distance. It's relatively short. If
7 you didn't have any highway impediments, I
8 think, Senator, you could almost walk it
9 right from that distance. But, but, you've
10 got highway impediments and you've got all
11 kinds of things.

12 SENATOR KRUEGER: Right. Right.
13 Right. I've actually never seen an MTA
14 proposal for a new rail line that would only
15 cost a half a billion dollars. I know to all
16 of us here a half a billion dollars is a lot
17 of money. But in subway building, train
18 building, that's actually not.

19 Do you actually think that's a
20 reasonable cost estimate?

21 MTA CHAIRMAN PRENDERGAST: That's
22 probably the low end of the range. I mean,
23 the range of costs is probably from half a
24 billion to a billion.

1 I worked at a system, SkyTrain in
2 Vancouver, where the unit costs are lower for
3 a variety of different reasons. But
4 certainly one of the things I think we need
5 to do is make sure we do the analysis you're
6 talking about in terms of what market we're
7 expecting to attract.

8 And then two things. It's a project
9 that is ideally suited for design-build, and
10 there's some economies of scale there. It's
11 also a project where you do what you call
12 design to budget and you try to put a
13 constraint on -- not to affect safety and
14 reliability, but put a constraint on so you
15 don't over-design and you get what you want
16 functionally without paying more for it.

17 SENATOR KRUEGER: You've moved out of
18 the building on Madison Avenue.

19 MTA CHAIRMAN PRENDERGAST: Yes.

20 SENATOR KRUEGER: Is that for sale?

21 MTA CHAIRMAN PRENDERGAST: Yes. It's
22 part of an RFP. 341, 345, 347 Madison --
23 it's the half-block between Vanderbilt and
24 44th and 45th facing Madison. And we're

1 looking at proposals to see what we can get
2 in terms of maximum real estate value.
3 Whatever we get out of that, we'll put into
4 the capital program.

5 SENATOR KRUEGER: My time is up.
6 Maybe I'll come back to you. Thank you.

7 CHAIRMAN FARRELL: Thank you.
8 Assemblyman Cusick.

9 ASSEMBLYMAN CUSICK: Thank you,
10 Mr. Farrell.

11 Chairman, good to see you.

12 I have a couple of questions. The
13 last toll increases, toll and fare increases,
14 you had mentioned in your testimony it was
15 4 percent rather than 7 percent, is that --
16 did I hear that correctly?

17 MTA CHAIRMAN PRENDERGAST: Prior to
18 this fare and toll increase, they were in the
19 range of 7.5 percent. Sometime last year,
20 due to a variety of different factors --
21 concerned legislators like yourself, the
22 Governor's commitment to no more than a
23 2 percent increase in the state budget, and
24 other factors -- we made a decision that we

1 were going to limit fare and toll increases
2 to the range of 2 percent, you know, a year.
3 And that was a major departure from the 7.5.

4 ASSEMBLYMAN CUSICK: Is there a plan
5 to have any increases in the near future?

6 MTA CHAIRMAN PRENDERGAST: I'm not
7 exactly sure when this happened, but it was
8 part of the whole issue of the transparency
9 of the MTA budget. We committed to have a
10 four-year financial plan. That financial
11 plan is first looked at in November of a
12 given year, then it is approved in December
13 by the board, and then in July of the
14 following year we take a look at it. So we
15 look out projected every four years.

16 And the last -- we always have, you
17 know, every two years on the table a fare and
18 toll increase depending upon what the
19 finances require.

20 ASSEMBLYMAN CUSICK: So there would be
21 a possible increase in 2017, then?

22 MTA CHAIRMAN PRENDERGAST: Yes.

23 ASSEMBLYMAN CUSICK: But we don't know
24 any specifics on that, on how much or --

1 MTA CHAIRMAN PRENDERGAST: I think
2 we're still committed to living within the
3 4 percent. But if we're doing better, it
4 could be less than that.

5 ASSEMBLYMAN CUSICK: And with fare and
6 toll increases -- I think I've brought this
7 up before -- are there any economic impact
8 studies done when the decision is made to
9 make a toll or fare increase?

10 MTA CHAIRMAN PRENDERGAST: We're
11 required by statute to do a number of
12 different things. We have to do what they
13 call a disparate analysis in terms of impacts
14 on different levels of the economic strata.
15 We have to do some environmental reviews in
16 terms of what impact toll increases have.
17 They're different for tolls than they are for
18 fare increases, but they're all driving
19 toward the same thing in terms of what are
20 the impacts on the economy and on people.
21 And those are analyses that are required for
22 every fare and toll increase.

23 ASSEMBLYMAN CUSICK: Are those
24 analyses made public? Like I've never seen

1 any.

2 MTA CHAIRMAN PRENDERGAST: We can make
3 them public. There's nothing we don't have
4 that's -- so if you want them, we can give
5 you those.

6 ASSEMBLYMAN CUSICK: That would be
7 great. I'd like to see the latest.

8 MTA CHAIRMAN PRENDERGAST: Sure.

9 ASSEMBLYMAN CUSICK: Also, the
10 question I get a lot on Staten Island is
11 "Where does my toll money go?" Is there
12 something you can tell me today, or maybe
13 your staff, as to when someone pays the toll,
14 where that money then goes? You know,
15 there's so many versions of where it goes --
16 that money goes to pay for other MTA projects
17 or -- but I'd like to be able to tell my
18 constituents, you know, specifically where
19 their money goes on this.

20 MTA CHAIRMAN PRENDERGAST: We can do
21 that. In a general sense, we have a number
22 of different revenue streams: Petroleum
23 business tax, payroll mobility tax, fare
24 revenue, toll revenue. They all come in and

1 then they're distributed out by the MTA.

2 So what you might see is a dollar
3 coming in from one source from one locale
4 here and then going out disbursed. So in the
5 case of bridge tolls, their excess, what used
6 to be called TBTA revenues -- and there is a
7 formula that's established in terms of how
8 that money gets distributed. It's a formula
9 that's been around for decades. The first
10 \$24 million I believe goes to New York City
11 Transit, and then the rest gets disbursed
12 50 percent between the commuter rails and
13 New York City Transit. But we can show you
14 all that.

15 ASSEMBLYMAN CUSICK: Okay. I'd like
16 to follow up on that.

17 MTA CHAIRMAN PRENDERGAST: Sure.

18 ASSEMBLYMAN CUSICK: To change topics
19 for a second also, the North Shore BRT, could
20 you give me an update on what's happening
21 there or what's not happening there?

22 MTA CHAIRMAN PRENDERGAST: The North
23 Shore BRT, we've gone through the processes
24 of the initial environmental reviews. The

1 preferred alternative that was selected was a
2 busway. And preferred alternative doesn't
3 mean preferred alternative by a vote, it's
4 the formal process that the FTA requires us
5 to go through.

6 And it did not make the list in terms
7 of what was in the capital program. But a
8 number of people, including one of our board
9 members, have expressed concerns about that.
10 And in former discussions on the capital
11 program, there's a discussion whether it
12 should be in or not be in.

13 The order of magnitude cost I think is
14 a little less than half a billion dollars.
15 Staten Island has some unique challenges that
16 we must address. It is the fastest-growing
17 part of New York City. When I lived there, I
18 think it was a little over 300,000 or
19 350,000. It's approaching 500,000.

20 So whether it's the busway or whether
21 it's just even taking a look at how the bus
22 is laid out for a local express bus network,
23 we need to really take a good look at that.
24 Because it's going to be critical to Staten

1 Island's further development.

2 ASSEMBLYMAN CUSICK: Right. And I
3 know my colleagues are pushing already for
4 the need for the BRT, and I wanted to be on
5 record on that.

6 I also brought up with the State DOT
7 commissioner earlier the West Shore Rail,
8 which I know is not fully MTA. But I think
9 in the long run we'll need a partnership:
10 MTA, DOT, possibly Port Authority. And we
11 realize that rail may not happen immediately,
12 but in the meantime what we'd like to do is
13 to study that corridor on the West Shore
14 Expressway, that West Shore area. If it says
15 that we cannot at this time go forward with
16 light rail, some sort of BRT may also be
17 fitting in that spot.

18 So we're requesting this budget
19 process to have a study done. And we
20 estimate the study would be about \$5 million.
21 And I would ask that the MTA work in
22 partnership with the legislators and State
23 DOT in seeing if we can get something done in
24 this budget.

1 MTA CHAIRMAN PRENDERGAST: I think
2 that's been communicated to us already. I've
3 had some very limited discussions with Pat
4 Foye, the executive director of the Port
5 Authority, because they would be -- if the
6 alignment would go over the Bayonne Bridge
7 into New Jersey, they may be the more likely
8 lead agency than us. But we'll work with
9 them in either case.

10 ASSEMBLYMAN CUSICK: Right. And I
11 think we already have buses that go over the
12 Bayonne.

13 MTA CHAIRMAN PRENDERGAST: Yes. We
14 have buses that go into New Jersey for sure.

15 ASSEMBLYMAN CUSICK: Right. Right.
16 Well, thank you.

17 Thank you, Mr. Chairman. Thank you.

18 CHAIRMAN DeFRANCISCO: Senator Savino.

19 SENATOR SAVINO: Thank you,
20 Mr. Chairman.

21 Good to see you, Tom.

22 The beauty of going after Assemblyman
23 Cusick means I don't have to reiterate all of
24 the questions that he already asked you,

1 because you've answered them. As you know,
2 he and I are of like mind on issues of tolls
3 and the Verrazano Bridge and BRT on the North
4 Shore. I also understand that my other
5 colleague, Assemblyman Ortiz, already
6 addressed the issue of the B37 bus, and let
7 me just echo my support for his position on
8 that.

9 I want to ask you about something that
10 happened just this week and kind of get your
11 opinion. You know, I've lived in this city
12 my entire life, a little more than a half a
13 century now -- just slightly over a half a
14 century. In my entire life I have never seen
15 the New York City subway system shut down for
16 weather, except for Hurricane Sandy.

17 And so the question that I have for
18 you is not just what went into the decision
19 to shut down the Iron Horse, but what can our
20 constituents expect in the future? As you
21 pointed out in your testimony, there are
22 parts of the city that are growing now in
23 areas that we never anticipated. And some of
24 those areas are already not served

1 particularly well by the MTA because of
2 historical investments. You know, so the
3 communities I represent, not just Staten
4 Island but South Brooklyn, areas like Coney
5 Island, it already takes 90 minutes to get
6 home from Midtown Manhattan on the train.

7 You shut down the subway to Coney
8 Island, how do these people get home? You
9 shut down the subway to, you know, Southeast
10 Queens, how do people get home? And in the
11 111 years that the system was running, we
12 never had to shut it down for snow before.
13 And I can remember massive blizzards in the
14 City of New York. I remember the Blizzard of
15 '78. I remember '96. I mean, I can tick
16 them all off -- I'm that old now, I can
17 remember them. And never did we shut down
18 the system.

19 Shutting down service to certain areas
20 makes sense. I get that. You know, you
21 don't want to send trains out to the
22 Rockaways in the middle of a blizzard. But
23 the entire system? Was it necessary? And
24 what can our constituents expect from the

1 next storm? Should they assume that they're
2 going to stay at work or not go to work?
3 What can we say to them?

4 MTA CHAIRMAN PRENDERGAST: We have
5 shut it down twice formally, Irene and Sandy.
6 Those are the two. And Irene, it just -- it
7 actually hit further upstate New York.

8 The decision to close the New York
9 City subway system is not one that we take
10 lightly. We have been faced with a number of
11 serious weather events in an ever-increasing
12 amount. We have had cases where we have
13 stranded trains. We had a stranded train on
14 December 26, 2010, where 300 or 400 people
15 were on a train for 12 hours. They boarded a
16 train at Howard Beach, it went a couple of
17 thousand feet, it stopped.

18 The outside portions of our system are
19 extremely exposed to bad-weather events. We
20 had a stranded train up at Southeast on the
21 Metro-North network and one at Wyandanch on
22 the Long Island Railroad network, and we had
23 people either with medical conditions or
24 women who were nursing, and we were really

1 anxious about the position we put them in.
2 Once we put somebody on a train, we are
3 responsible for them and we are accountable
4 for making sure that they're safe and secure.

5 With respect to going back into
6 long-time history, it's hard to know whether
7 or not -- whether the -- the system was never
8 formally shut down. With the exception of a
9 couple of blackouts, and we were totally
10 stopped.

11 SENATOR SAVINO: I remember that too.

12 MTA CHAIRMAN PRENDERGAST: But we need
13 to move forward from a standpoint of where we
14 stand today.

15 The events of December 26, 2011, were
16 very informative of us. I remember that
17 night clearly, I was president of the Transit
18 Authority, Carmen Bianco was the senior vice
19 president, and inside a period of about
20 45 minutes to an hour, the system was running
21 well and it all went south fast.
22 Thirty-seven trains stranded, 400 buses stuck
23 on New York City streets.

24 And we went through a paradigm shift,

1 because not only did we expose people to
2 dangerous conditions, when the snow stopped,
3 you couldn't clear tracks, you couldn't plow
4 streets until you got those vehicles removed.

5 This particular storm was one in which
6 we were faced with some very daunting
7 challenges based upon the weather
8 predictions. First they said 18 to 24 inches
9 of snow for New York City, and they upgraded
10 it to 24 to 36. And they said rate of
11 snowfall after 11 or 12 p.m. would be two to
12 four inches per hour, and wind gusts of over
13 50 miles an hour. That identifies a blizzard
14 in snow terminology. That's where the
15 potential for trains becoming stranded and
16 trapped occur very fast.

17 We knew we were going to go into what
18 we call a Plan 4, where we lay up equipment
19 underground. And what that does is it fills
20 up all the express tracks. It starts to
21 limit our ability to move trains throughout
22 the system. And then, if something were to
23 happen outdoors, we need to move equipment
24 from one borough to another, we need tracks

1 to be cleared to do that.

2 And we were looking at something that
3 was going to come into the system around
4 11 o'clock. A lot of people were telling
5 people: If you need to come into work
6 Monday, come in early, go home early. We
7 said we'll accommodate you for sure until
8 8 o'clock, and then we made a decision that
9 you better get off the system by 11 o'clock.
10 It was not a decision we took lightly.

11 Long Island is still digging out
12 today, because the storm tracked further east
13 but they got the full 36 inches. And they're
14 just now finishing up digging out.

15 So we were presented with something
16 that put us in the position where we did not
17 want to take risks, especially at that hour,
18 and a lot of people were left.

19 Now, there's always someone that will
20 be stranded. Because if you get off work at
21 11:30 or 12:00 on a Monday night and the
22 system is shut down, that person can't get
23 home. But to take them partway home and then
24 strand them, that may even be worse than if

1 they stay where they're at where we know for
2 sure we can take them through to their final
3 destination.

4 We're going to review this. We're
5 going to take a look at it from the
6 standpoint of is there anything we could have
7 done better. But that was the
8 decision-making process.

9 SENATOR SAVINO: Well, let me just say
10 I don't dispute the information that you were
11 all operating under. You know, we watched
12 the news up here too. We were, you know,
13 given apocalyptic declarations from the
14 National Weather Service that, you know, we
15 should all get good with God, that we were on
16 our way out. So I don't doubt the
17 information you were given.

18 The only question I have is, this has
19 happened before in the past and it never, you
20 know, precipitated an entire system closure.
21 And so I think what I'm really asking is, is
22 this something that we should expect
23 regularly going forward, that when you have,
24 you know, reports of dangerous weather

1 patterns, that this is going to be a new
2 paradigm for the MTA that you will shut the
3 system down?

4 MTA CHAIRMAN PRENDERGAST: That's a
5 very good question, because we're asking
6 ourselves that question. You take a look
7 across the United States in terms of
8 highways -- I mean, for those of you that
9 remember some of the bad snowstorms in '78, I
10 lived in the Midwest; people died on
11 interstates because they didn't close
12 interstates.

13 And so if people are inconvenienced,
14 and we really take that into consideration
15 when we do that, that's far better, though,
16 than talking about somebody dying in a
17 vehicle or being stranded somewhere and
18 having a problem.

19 But it's a -- I can tell you that
20 we're going to evaluate, because we take the
21 issue of shutting the system down very
22 seriously. And at a minimum, we need to try
23 to improve the weather forecasting
24 techniques, see what we can do to keep

1 elements of the system operating, and give
2 people as much as advance notice as possible.

3 SENATOR SAVINO: I think that would be
4 the most important thing. Because you're
5 talking about resocializing the way people
6 think about transportation in New York City.
7 There's one thing that we always believed
8 that we could count on, is that the subway
9 will run no matter what, unlike other systems
10 that have a normal shutdown time.

11 So if this is going to become the new
12 normal in the MTA, I think it's going to be
13 very difficult to translate that to the
14 ridership who believe that the trains run no
15 matter what. And they'll wind up being
16 stranded somewhere.

17 MTA CHAIRMAN PRENDERGAST: And you're
18 absolutely right. And even the decision to
19 close the streets -- and there was a number
20 of states, New Jersey Transit shut down
21 earlier than we did. Boston did; they had
22 to. The State of Connecticut had total
23 closures. And so -- and I honestly think
24 those were the right decisions. But we

1 shouldn't take them lightly, we should
2 message them much better, and we have to
3 constantly evaluate is there a way we can do
4 it better.

5 SENATOR SAVINO: Thank you. I'm out
6 of time, but ...

7 CHAIRMAN FARRELL: Thank you.

8 Mr. McDonough.

9 ASSEMBLYMAN McDONOUGH: Thank you.

10 And welcome, Chairman, good to see you
11 again.

12 MTA CHAIRMAN PRENDERGAST: Good to see
13 you.

14 ASSEMBLYMAN McDONOUGH: I was going to
15 ask that question about shutting down. I
16 think that I would add to what you said, that
17 I think if it was an error, it was erred on
18 the side of caution. The weather forecast
19 was very, very bad. And, you know, I know in
20 Nassau County we didn't get what they had
21 predicted. Suffolk, as you said, is still
22 digging out. But when you mention the fact
23 of people being stranded on a train for hours
24 and hours and hours, it's a tough call.

1 Anyway, I had just two other things,
2 if I could ask you. East Side Access, what's
3 the status of that?

4 MTA CHAIRMAN PRENDERGAST: East Side
5 Access is scheduled to be completed in 2023.
6 The construction contracts, we're in the
7 last -- we're already awarding the last
8 construction contracts. The major tunneling
9 work is done, and digging. It was really a
10 mining project. We moved a lot of
11 underground --

12 ASSEMBLYMAN McDONOUGH: I've been down
13 there. I went down there a couple of years
14 ago.

15 MTA CHAIRMAN PRENDERGAST: We're now
16 in the process of doing the shells,
17 completing the shells, building out the
18 stations and the terminal underneath
19 Grand Central.

20 ASSEMBLYMAN McDONOUGH: It's a city
21 down there.

22 MTA CHAIRMAN PRENDERGAST: Yes, it's
23 phenomenal.

24 ASSEMBLYMAN McDONOUGH: Okay, so

1 that's -- you said 2020?

2 MTA CHAIRMAN PRENDERGAST: 2023.

3 ASSEMBLYMAN McDONOUGH: 2023, okay,

4 And the other thing about the

5 Metro-North and Long Island Railroad in

6 Penn Station, about the amount of space that

7 Long Island Railroad may lose when you start

8 bringing in more Metro-North.

9 MTA CHAIRMAN PRENDERGAST: Well, right

10 now Long Island Railroad doesn't have a

11 terminal. They have got terminals at

12 Atlantic Avenue, Long Island City for some

13 diesel trains, but mostly Penn Station. And

14 they have 37 slots into Penn Station.

15 When East Side Access gets built at

16 Grand Central, I think they originally start

17 with about 18 or 20 trains, but they'll ramp

18 up to 24 trains per hour.

19 ASSEMBLYMAN McDONOUGH: Long Island

20 Railroad?

21 MTA CHAIRMAN PRENDERGAST: Long Island

22 Railroad, to their terminal at Grand Central.

23 They won't need all 37 slots. So the

24 initial proposal for Penn Station access for

1 Metro-North is eight slots. But it can't
2 possibly happen until East Side Access is
3 operational.

4 ASSEMBLYMAN McDONOUGH: Which will
5 come first, Metro-North or East Side Access?

6 MTA CHAIRMAN PRENDERGAST: No, no,
7 East Side Access has to be completed first
8 before Metro-North goes into Penn Station.

9 ASSEMBLYMAN McDONOUGH: Oh, okay.

10 MTA CHAIRMAN PRENDERGAST: We can't --
11 right now we've got 10 pounds of grain in a
12 five-pound bag. We can't be adding more
13 trains to that. So -- because we're sharing
14 those 21 tracks at Penn Station with
15 New Jersey Transit and Amtrak.

16 So the first thing that has to be done
17 is Long Island Railroad starting to operate
18 into Grand Central before we can even bring
19 Metro-North trains into Penn Station.

20 ASSEMBLYMAN McDONOUGH: Is there going
21 to be more revitalization of the Penn Station
22 location?

23 MTA CHAIRMAN PRENDERGAST: There are
24 proposals that are out there by a number of

1 the real estate developers that have interest
2 in that area. And yes, there are. And
3 especially in concert with Hudson Yards
4 Development.

5 ASSEMBLYMAN McDONOUGH: Okay. Thank
6 you very much.

7 CHAIRMAN FARRELL: Thank you.
8 Senator?

9 CHAIRMAN DeFRANCISCO: Senator Krueger
10 for another round.

11 SENATOR KRUEGER: Thank you.

12 So we've been discussing what happens
13 with new lines coming between Long Island to
14 New York City, then up through the west to
15 Metro-North in the future. So I keep also --
16 and I know it's not MTA directly, but's all
17 interrelated.

18 So there's these two new tunnels that
19 are going to be dug between New Jersey and
20 New York under the Hudson. How does that
21 impact your system, if they ever get done?
22 And with the governor of New Jersey, I don't
23 know what that means.

24 MTA CHAIRMAN PRENDERGAST: The largest

1 transportation complex in our country is Penn
2 Station. Between Amtrak, New Jersey Transit
3 and Long Island Railroad, the number of
4 customers is by far -- and train moves are by
5 far the most.

6 The original plans when the
7 Pennsylvania Railroad built Penn Station --
8 Conquering Gotham, if you've read the book --
9 were four tunnels under what they called the
10 North River or Hudson River, four tunnels
11 under the East River. For a whole host of
12 reasons, they never built the other two
13 tunnels. That's the choke point for the
14 system.

15 If they can build -- not only do they
16 need it for additional capacity reasons, but
17 they're going to have to take some of those
18 tunnels out of service to do rehabilitation
19 and repair. So under a project that has been
20 referred to as Gateway, there are a whole
21 host of infrastructure improvements along the
22 Northeast Corridor, but primarily the central
23 piece are two new tunnels under the Hudson
24 River, and provide additional capacity at

1 Penn Station or in that area in terms of
2 track capacity.

3 SENATOR KRUEGER: How are those
4 different than the ARC tunnel that he
5 rejected?

6 MTA CHAIRMAN PRENDERGAST: They're
7 different in the sense that they have
8 different alignments and different issues,
9 but functionally are the same.

10 SENATOR KRUEGER: And so the MTA will
11 have no responsibility for any of the costs
12 of the tunnel, but then those trains will
13 come into Penn Station where everybody will
14 interconnect with your system. Is that fair?

15 MTA CHAIRMAN PRENDERGAST: If you take
16 the Gateway Project that I talked about in
17 its entirety, there's some things we will
18 have no interest in and no responsibility
19 for, there's others that we will have some
20 interest in and some responsibility for.
21 Especially when it comes to if we're going to
22 now have two tenants there, Long Island
23 Railroad and Metro-North. So we may have
24 some investments, but not for anything that

1 we're not getting utility from.

2 However, the west-of-Hudson service
3 for Metro-North that comes down, and it will
4 want to access and they're going to have to
5 build a loop in Secaucus to access the
6 Northeast Corridor -- if we want to provide a
7 one-seat ride for the west-of-Hudson
8 customers, and there's a lot of pressure to
9 do that, we would have to pay part of that
10 cost.

11 SENATOR KRUEGER: Then recently there
12 was an announcement that was made and then
13 pulled back that PATH trains between New York
14 and New Jersey were going to stop certain
15 times of the night. And I think they changed
16 their mind and are not stopping them.

17 But what kind of impact would that
18 have had? Because every time I've ever taken
19 the PATH train to New Jersey, I've just
20 gotten on a subway on the New York City side.

21 MTA CHAIRMAN PRENDERGAST: Well, on
22 the New York City side it would have meant
23 that people would have come to our element of
24 the system. But crossing the Hudson, it

1 would have impacted NJ Transit or Amtrak.

2 But from what I understand, they
3 withdrew their proposal.

4 SENATOR KRUEGER: And you don't think
5 that's coming back?

6 MTA CHAIRMAN PRENDERGAST: I'm not
7 sure where it's at.

8 SENATOR KRUEGER: Okay. Several years
9 ago, because of Sandy -- it's not that long
10 ago, it feels longer -- you got a large lump
11 sum of money from the federal government to
12 both fix things that went wrong and
13 strengthen your system going forward.

14 Where are you in the status of the
15 various assignments with the --

16 MTA CHAIRMAN PRENDERGAST: Well, money
17 was identified, over \$10 billion, to deal
18 with resiliency issues and recovery issues.

19 SENATOR KRUEGER: You meant billion,
20 right?

21 MTA CHAIRMAN PRENDERGAST: Pardon me?

22 SENATOR KRUEGER: You said "million,"
23 but you meant "billion."

24 MTA CHAIRMAN PRENDERGAST: Billion.

1 Billion, I'm sorry. Ten to \$13 billion.

2 But we've got \$1.7 billion committed
3 and \$453 million spent, but we've got another
4 \$2.7 billion to be committed by the end of
5 this year.

6 Any of these processes that you have
7 to go through -- I'm not complaining about
8 it -- where you have to go through a process
9 that's going to be audited, because there was
10 a heavy level of audit oversight for this --
11 have been in place. But work is well
12 underway.

13 The replacement of the Montague Street
14 Tube, for example, outer-face replacement of
15 the tunnel bench walls, was done with that
16 money. The Cranberry Street Tube and the
17 Rutgers Street Tube are underway right now.
18 Then it will be Clark and Joralemon, and the
19 last one will be Canarsie.

20 And we can't do all the work at one
21 time anyway because we can't take that many
22 tubes out of service. And we took Montague
23 out for 14 months; Cranberry and Rutgers will
24 be weekend closures to minimize impact on

1 customers.

2 SENATOR KRUEGER: And those continuing
3 projects, do they intersect with the
4 five-year plan that you submitted to us?

5 MTA CHAIRMAN PRENDERGAST: Yes. I
6 mean, what we want to make sure is that we're
7 getting maximum value for not only the
8 expenditures we're making but the outages we
9 need to take to do the work. So we don't
10 want to do work one year for resiliency and
11 come back two years for a state of good
12 repair and impact. So we're trying to align
13 that work to get as much of it done as
14 possible.

15 And in some cases we're even adding to
16 our own scope of work to deal with
17 resiliency. Within our own capital program,
18 if we're going to do a state of good repair,
19 and we know for a fact -- the example I use
20 is we call them submarine cables, but they're
21 not like a submarine boat cable, it's a
22 submarine cable that goes underwater. All of
23 our under-river tubes now will be spec'd with
24 a submarine cable standard. Because we have

1 every reason to believe at some point in time
2 in the life of that tunnel it's going to be
3 flooded. So we make those kind of
4 expenditures.

5 But there's a high level of
6 coordination between our own capital program
7 work and the resiliency and the recovery work
8 that we're doing.

9 SENATOR KRUEGER: Thank you very much,
10 Commissioner.

11 CHAIRMAN FARRELL: Thank you.

12 Mr. Otis.

13 ASSEMBLYMAN OTIS: Thank you,
14 Mr. Chairman.

15 And thank you, Mr. Chairman. Glad to
16 see you here.

17 I want to comment in relation to
18 Metro-North and especially the New Haven
19 Line, but all the lines. And this has now
20 been going on with the Metro-North line for a
21 couple of years, where the level of service
22 is so unsatisfactory that especially
23 rush-hour commuters, the morale is terrible
24 because the consistency of service is such

1 that so many trains do not have enough seats,
2 so many trains are basically late every
3 single day during the rush hour.

4 So on the seat issue, I'm just
5 interested in -- and you probably do not have
6 this with you. But if we could get a
7 comparison of the number of seats on the
8 three different Metro-North lines, the number
9 of cars and seats that we have related to the
10 number of monthly ticket subscribers or what
11 your estimates are. Because it's not true on
12 the Harlem and Hudson Lines, from what I'm
13 hearing from people, in terms of the lack of
14 capacity issues, where it is a constant on
15 the New Haven Line.

16 There also have been news reports that
17 on the New Haven Line there are cars that are
18 available that aren't being used. That may
19 or may not be true, but it's been in the
20 press.

21 So if you could comment first, and
22 then I had some other Metro-North issues.
23 But if you could comment first just on the
24 capacity issue and the number of seats on

1 that New Haven Line. Because -- and I
2 represent a lot of the New Haven Line
3 stations, so I hear about this often. And as
4 I say, this has been going on for a couple of
5 years. Couldn't we have fixed some of this
6 by now, is sort of the question that's out
7 there.

8 MTA CHAIRMAN PRENDERGAST: Metro-North
9 went from the railroad that was best in class
10 in the country to a different place. And the
11 stark occurrences of a number of incidents in
12 terms of derailments and loss of life
13 actually focused us to make sure that we get
14 safety and reliability right before we have
15 an over-focus on on-time performance.

16 The line that was probably the most
17 heavily affected, and still is affected, is
18 the New Haven Line. As the performance of
19 the system degraded and the on-time
20 performance was dropping, a number of things
21 happened. We're not going to force an
22 on-time performance number until we're sure
23 of the safety and reliability issues. And
24 you've heard that dialogue.

1 But what will happen in terms of the
2 selection of trains, as the running times
3 take longer -- because there are slow-speed
4 orders and we're doing work -- people will
5 start to select to take earlier trains
6 because they want to get to their destination
7 at the same time. But if they can't get that
8 on the train that they're normally riding,
9 they'll move up an interval. So you have to
10 constantly watch if there's changing
11 ridership patterns.

12 What I'd like to do is, you know, I'll
13 offer the services of have you come in or
14 we'll come to your office and we'll lay out
15 what's going on in terms of ridership, what's
16 going on in terms of performance. And it
17 cannot only talk about ridership and on-time
18 performance, but also talk about reliability
19 of the new fleet that we've got in there.

20 There's -- certainly the focus that
21 Joe Giulietti, the president of the railroad,
22 has is to get it back to where it was.
23 There's no doubt about that. But not at the
24 expense of safety and reliability. And we're

1 taking it a step at a time. And we need to
2 get it back to where it was.

3 ASSEMBLYMAN OTIS: Well, in terms
4 of -- and I understand the dynamic in terms
5 of safety and on-time. And one of the things
6 that was done, the schedule's been adjusted
7 slightly in some circumstances to allow, in a
8 sense, more time for trains. But even with
9 the adjusted schedule, we have a lot of
10 trains that aren't making their marks even on
11 an extended schedule.

12 But let me stick with the capacity
13 issue first. And I would assume that you
14 have an ability to switch how many trains you
15 have -- you know, if you get a trend that
16 more passengers are hitting an earlier train,
17 you can make some adjustments. But do we
18 have just a hardware capacity issue as well,
19 where we just have that? Are we short on
20 cars on the New Haven Line compared to the
21 number of riders, as compared to the other
22 two lines?

23 MTA CHAIRMAN PRENDERGAST: No, I don't
24 believe so. But I would defer the discussion

1 and I'll take it back and we'll set up a
2 meeting with you.

3 There's an intrinsic relationship
4 between the number of cars you run per train,
5 per scheduled train, and the adherence to
6 time schedule. Because the more you fall out
7 of time schedule and people start jumping
8 trains, you're getting higher loads on one
9 train than another. So what you really need
10 to do from a good railroad performance
11 standpoint is get the schedule right, adhere
12 to the schedule.

13 There's certainly enough cars in the
14 fleet to handle the ridership we have. But
15 there may be crowding on one train versus
16 another train. And it's just another example
17 of when you lose that edge, it's hard to get
18 it back.

19 ASSEMBLYMAN OTIS: One of the things
20 that has been brought up by Metro-North in
21 past years is some of this problem is related
22 to the unwillingness of Connecticut to spend
23 money either on track work or on equipment in
24 past years. But, you know, what's the time

1 frame to remedy that situation? Because, you
2 know, we're just on an extended trend here
3 that has to be addressed.

4 So these are the questions people are
5 asking me, and the level of frustration is
6 high. And I'd just say in my lifetime, the
7 New Haven Line performance is pretty much as
8 bad as it's ever been. And what you said is
9 true, it used to be the best line, probably
10 one of the best lines in the country.

11 So what's the timeline to remedy some
12 of these things?

13 MTA CHAIRMAN PRENDERGAST: The
14 timeline is to try to get back as soon as
15 possible. That's the timeline, there are
16 timelines associated with the track work that
17 needs to get done.

18 And while I will say that there are
19 some impacts that could affect the schedule
20 with respect to projects that Connecticut
21 needs to get done, we've got enough issues
22 that we need to control before I'll start
23 laying the blame on them, seriously.

24 ASSEMBLYMAN OTIS: Then lastly, there

1 was another incident at Grand Central today,
2 a derailment. And we've had, specifically in
3 the Metro-North system, a lot of these, some
4 of them tragic loss-of-life situations.

5 Could you talk a little about how
6 we're going to end the pattern of having
7 these incidents? Because a pretty clean
8 record up till the last couple of years, and
9 it's sort of hard to explain. But what is
10 being done to remedy that and deal with the
11 safety issue beyond slowing the trains down a
12 little, which is one of things you're doing.
13 But there are equipment and infrastructure
14 issues. I assume some of this is in the
15 capital plan.

16 MTA CHAIRMAN PRENDERGAST: That's
17 correct. I mean, it's the basic
18 bread-and-butter of state of good repair.
19 You have to do track maintenance, you have to
20 reinvest in the track maintenance and the
21 physical asset. It's cars, it's tracks, it's
22 signals, and that's where it needs to go.
23 And it's not rocket scientry {sic}, it's
24 focusing on those issues.

1 ASSEMBLYMAN OTIS: So my time, I
2 think, is up. But I'd just say I would like
3 to get a car ridership capacity comparison --

4 MTA CHAIRMAN PRENDERGAST: Sure.

5 ASSEMBLYMAN OTIS: -- between the
6 three Metro-North lines, and look forward to
7 meeting with your folks on this step.

8 Thank you.

9 CHAIRMAN DeFRANCISCO: I think I'm
10 last for the Senate. I only have -- oh, did
11 you sign up here? I didn't know that. Oh,
12 I'm sorry, go ahead.

13 Senator Montgomery.

14 SENATOR MONTGOMERY: Thank you,
15 Mr. Chairman.

16 How are you, Chairman Prendergast?

17 MTA CHAIRMAN PRENDERGAST: Hello.

18 SENATOR MONTGOMERY: There are a
19 couple of things that I just wanted to raise
20 with you. I'm looking at your -- and I've
21 been watching you. So even though I wasn't
22 here, I saw your statement. And I wanted to
23 refer to a couple of things that you had
24 said.

1 double buses. It just seems to be so crazy
2 to have them running through some parts of my
3 district that are relatively small, narrow,
4 residential streets, brownstone neighborhoods
5 and so on.

6 But more consistent service, it seems
7 to me, is better than having these long wait
8 times between services, and then they come
9 with a double bus that is really not as
10 functional. So I'm hopeful that we can talk
11 to you more specifically about our needs.
12 And I don't know how that happens, how that
13 works, and would you suggest ways in which I
14 could be hopeful.

15 MTA CHAIRMAN PRENDERGAST: Lois
16 Tandler, from our government affairs group,
17 can reach out to you and we can have a
18 dialogue.

19 SENATOR MONTGOMERY: Yes.

20 MTA CHAIRMAN PRENDERGAST: We are
21 seeing changing demographics. More and more
22 of the people that are entering the workforce
23 and graduating school are waiting longer to
24 buy a car. They're becoming more dependent

1 on transit. We can show you pictures of our
2 system that you would think would be in the
3 afternoon; it's really 2 o'clock in the
4 morning.

5 They're equally dispersed in some
6 cases, in some neighborhoods, between bus and
7 subway. And we need to be able to do as much
8 as we can to be able to respond to that need.

9 Especially if we're going to see
10 another 200,000 housing units in the city, we
11 need to make sure we coordinate with the city
12 in terms of where they go so that we don't
13 have to build a brand-new transportation
14 system, we can just build upon the one that
15 we have right now.

16 SENATOR MONTGOMERY: Exactly, yes.

17 And let me also thank you for
18 restoring the B37. Very critical. But it
19 only goes to the arena. So I'm just
20 wondering, what do we need to do to get that
21 bus back to being transportation that links
22 downtown with all the neighborhoods that it
23 goes through? Because right now it doesn't
24 really quite do the job.

1 MTA CHAIRMAN PRENDERGAST: I know
2 they're still looking at it, and I'll defer
3 to Carmen Bianco with New York City Transit.

4 But it was very clear that while you
5 and others were appreciative of the
6 restoration to where it got, there's still a
7 need on the parts of people saying it needs
8 to go back downtown.

9 SENATOR MONTGOMERY: So we would
10 appreciate your continuing to look at that.

11 MTA CHAIRMAN PRENDERGAST: We'll look
12 at it, sure.

13 SENATOR MONTGOMERY: Thank you.

14 CHAIRMAN DeFRANCISCO: Assemblyman
15 Abinanti.

16 ASSEMBLYMAN ABINANTI: Thank you,
17 Mr. Chairman.

18 And thank you, Mr. Chairman, for
19 joining us today.

20 I think there was a second derailment
21 today, I was just trying to find it, in the
22 Bronx or something, one of the work trains
23 also went off the tracks. Am I correct about
24 that?

1 MTA CHAIRMAN PRENDERGAST: In
2 Metro-North it was White Plains. It was one
3 wheel.

4 ASSEMBLYMAN ABINANTI: Okay. So
5 that's not good for -- we got through the
6 storm and then we're having --

7 MTA CHAIRMAN PRENDERGAST: No, not
8 good.

9 ASSEMBLYMAN ABINANTI: Okay. I'd like
10 to talk a little bit about Metro-North. I've
11 been using the term "community-friendly
12 planning." And I'm a little concerned that
13 the communities along Metro-North are not in
14 as much contact with your office as we could
15 have. I know you were kind enough to meet
16 with the Assemblymembers and the Senators
17 from the region. I would really like us to
18 meet with some of the mayors as well.

19 I mean, one plan -- I'm reading in the
20 Governor's budget a proposal to put a parking
21 garage, allegedly to support Metro-North, in
22 Sleepy Hollow. Are you familiar with that
23 proposal?

24 MTA CHAIRMAN PRENDERGAST: I'm not

1 familiar with that one.

2 There are a number of different places
3 where we're doing parking garages for our
4 commuters but we're also doing it for transit
5 or rented development. But I'm not familiar
6 with that one. That's just --

7 ASSEMBLYMAN ABINANTI: I'd like to
8 talk about that, because it's nowhere near
9 Metro-North. It's halfway between two
10 stations, and I'm trying to figure out how
11 this is going to be helpful --

12 MTA CHAIRMAN PRENDERGAST: I'll get
13 somebody in contact with your office.

14 ASSEMBLYMAN ABINANTI: Maybe it's part
15 of an economic development plan, because
16 there's other development going into that
17 area. But it's -- and neither mayor,
18 Tarrytown nor Sleepy Hollow, knows anything
19 about it. So if we could have some
20 conversations about that, that might be
21 helpful.

22 MTA CHAIRMAN PRENDERGAST: Sure.

23 ASSEMBLYMAN ABINANTI: I'm not quite
24 sure whether to support it or oppose it,

1 they need to be studied and they need to be
2 looked at in terms of what do they provide in
3 terms of benefit and total ride time for the
4 people and the impact on the communities that
5 would be affected.

6 ASSEMBLYMAN ABINANTI: When do you
7 expect you'll make some conclusions on this?
8 Because we're trying to push this bus rapid
9 transit. We would like to see something in
10 place by the time the bridge is completed.
11 And I think you're an integral part of this.

12 MTA CHAIRMAN PRENDERGAST: Yes. And
13 I'm not even sure who would have the lead on
14 it. It may be us, but I don't know at this
15 time. I can't answer the question for you.
16 But I will get back to you on that.

17 But I know it's been looked at, I know
18 those are the alternatives that have been
19 looked at, but I'd have to refresh myself in
20 terms of where it stands today.

21 ASSEMBLYMAN ABINANTI: My
22 understanding is that one of the motivations
23 for your previous support of the Tarrytown
24 destination was you had some excess capacity

1 on the Hudson River Line. And I was
2 wondering if there was any progress on the
3 discussions to fill that excess capacity by
4 going further north. Right now I think you
5 end in Poughkeepsie. And there's been some
6 discussion of maybe going a little bit
7 further up the line. Is there any progress
8 on those discussions?

9 MTA CHAIRMAN PRENDERGAST: That's been
10 looked at a number of times over 10 years.
11 Once again, I don't know where that is at.

12 And there are a number of different
13 factors with respect to the BRT in terms of
14 where you bring it. And it's not just the
15 issue of where there's capacity, but where
16 you have a decent travel time for the people
17 that are coming over the bridge. There's a
18 number of different factors.

19 ASSEMBLYMAN ABINANTI: Right. But I'd
20 also like to continue the conversations about
21 going further north, because I think there
22 are people who can be served -- it's not my
23 district, but I still think it's -- for the
24 health of the line and bringing more riders

1 in, we could go a little bit further north.
2 Because I hear complaints from up further
3 north that people don't want to have to jump
4 on Amtrak to get to Manhattan. And there's a
5 lot of economic development going on up
6 there.

7 So if there's some way we could be
8 supportive of your extending the line, please
9 let us know.

10 MTA CHAIRMAN PRENDERGAST: Okay.

11 ASSEMBLYMAN ABINANTI: Thank you.

12 MTA CHAIRMAN PRENDERGAST: Thank you.

13 CHAIRMAN FARRELL: Thank you.

14 Assemblyman Skoufis.

15 ASSEMBLYMAN SKOUFIS: Thank you,

16 Mr. Chairman.

17 Thank you. Good to see you.

18 MTA CHAIRMAN PRENDERGAST: Good to see
19 you.

20 ASSEMBLYMAN SKOUFIS: And I first want
21 to thank you again, commend you and your
22 staff. You've been both very thoughtful and
23 engaging whenever I've reached out and
24 discussed the Orange and Rockland County

1 issues that we have in the MTA.

2 I want to ask you -- and I don't
3 expect you to know exact numbers off the top
4 of your head. But do you, ballpark, have an
5 idea of what the proposed capital
6 expenditures are for the different divisions
7 in MTA in the 2015-2019 capital plan?

8 So when I say divisions I mean, you
9 know, west of Hudson, east of Hudson, LIRR,
10 New York City. Do you know what the proposed
11 expenditures were in each of those divisions
12 in the capital program?

13 MTA CHAIRMAN PRENDERGAST: I believe I
14 know them at the agency level. I don't know
15 if I know them in terms of --

16 ASSEMBLYMAN SKOUFIS: And not
17 systemwide improvements, either. I mean, you
18 know, improvements specific to each of those.

19 MTA CHAIRMAN PRENDERGAST: No, I'll
20 have to get those for you. I'll have to get
21 those for you.

22 ASSEMBLYMAN SKOUFIS: Okay. I don't
23 have the New York City piece of it, but I
24 have some estimates here, some rough

1 calculations. LIRR, about \$3.12 billion --
2 and maybe you can, you know, say if this
3 sounds about right -- \$3.12 billion for
4 Long Island in capital improvements in the
5 proposed plan. East of the Hudson,
6 \$1.04 billion in capital improvements. And
7 west of Hudson, Orange and Rockland counties,
8 \$70 million.

9 And, you know, again, those aren't
10 systemwide improvements, those are
11 improvements specific to each of those areas
12 in the MTA.

13 You know, I guess, first, do those
14 sound about right? And if so, are those
15 numbers concerning? Obviously, we have less
16 ridership in Orange and Rockland counties.
17 And by any measure, you know, we should have
18 less capital improvements compared to Long
19 Island, where you have many, many, many times
20 more riders into and out of New York City,
21 commuters especially.

22 But given the area's potential for
23 growth, I think most people agree that Orange
24 and Rockland has the largest potential for

1 growth if we make the proper improvements.
2 But even that aside, you know, probably on a
3 per-capita basis or per-rider basis, whatever
4 you want to say, those numbers seem pretty
5 astounding for Orange and Rockland counties.
6 Do you agree with that?

7 MTA CHAIRMAN PRENDERGAST: First of
8 all, the numbers don't quite sound right.
9 But we'll get you the right numbers. And so
10 I'll have the conversation from what I think
11 the right numbers are.

12 ASSEMBLYMAN SKOUFIS: Sure.

13 MTA CHAIRMAN PRENDERGAST: When the
14 MTA tries to decide what the next capital
15 program is going to be, there's a number of
16 factors that come into consideration, the
17 first of which is state of good repair for
18 the assets that exist in the system. It's
19 the primary priority that we've got. We've
20 got to protect that which we own and have it
21 available for the future generation. So
22 that's the first thing.

23 Size of asset, a trillion dollars,
24 dealing with the majority of the assets of

1 New York City Transit by far.

2 And then, you know, while they're
3 carrying around the same number of customers
4 between Long Island and Metro-North, I'm not
5 so sure the actual size of the asset is about
6 the same in terms of unit, of track mile, of
7 stations and things of that nature.

8 And then we try to -- it is not an
9 exact science, but we parcel it out based on
10 that. There's also factors associated with
11 once you get outside the state of good repair
12 into enhance, improve the level and quality
13 of service, there are other factors that come
14 into play -- some of the things you say,
15 where rider growth potential may exist.

16 And at the end of that process is how
17 we decide how we're going to -- what the size
18 to the program is going to be, what the
19 proposal is that we put on the table, and how
20 we apportion it out in a general sense.

21 And it's always, you know, a
22 combination of puts and takes, from the
23 standpoint of where we're putting our
24 investments and where we're making our money.

1 ASSEMBLYMAN SKOUFIS: Okay. Yeah, if
2 you wouldn't mind, or your staff at some
3 point -- you know, no immediate rush, but
4 when you can, see if you can break down those
5 proposed expenditures per division.

6 MTA CHAIRMAN PRENDERGAST: Sure.

7 ASSEMBLYMAN SKOUFIS: That would be
8 helpful.

9 You know, I've spoken with you
10 directly about this, improvements in the
11 capital program, Midway Yard along the
12 Port Jervis Line, double tracks in Orange and
13 Rockland counties in various areas. You
14 know, I'm hopeful that we can continue those
15 discussions. I know negotiations are ongoing
16 through the budget. And I'm hopeful that we
17 can get some of those items in there and take
18 advantage of that potential growth that I
19 spoke about.

20 The other issue I want to mention and
21 bring up, which I have also spoken with you
22 about, but I want to see if there's been any
23 movement or progress, and that is a loop at
24 Secaucus Junction to create a one-seat ride

1 for west-of-Hudson riders. It is, I guess
2 sort of informally, part of Amtrak's Gateway
3 Project.

4 The concern that I have and that I
5 know other area legislators have is that the
6 loop portion of the Gateway Project is
7 basically the very last thing in the project.
8 You know, the tunnels are built, everything
9 else is done, and then we look at doing this
10 loop.

11 And, you know, there's some
12 frustration that if this actually happens at
13 all, that this will happen in 2015, 2016,
14 2017, and that's when we might finally get a
15 one-seat ride into New York City. I know
16 there are logistical issues with tunnel
17 capacity. Have there been any conversations
18 between the MTA and New Jersey Transit, all
19 the stakeholders, to see if we can do
20 something a little sooner than the end of
21 Gateway.

22 MTA CHAIRMAN PRENDERGAST: The only
23 conversations that have occurred so far to
24 date is the issue of how we get Gateway

1 launched and how we get all the support we
2 need at the federal, states and local levels
3 for the funding of Gateway.

4 It's order of magnitude \$15 billion.
5 So it's a challenge. And the real stumbling
6 block is the two additional tunnels that were
7 discussed earlier, and some infrastructure
8 improvements at two bridges, Portal and Dock
9 on the other side of -- and that's their
10 liability, not ours.

11 But it's just part of the dialogue.
12 But the critical mass is getting that first
13 thing done, the two tunnels under the Hudson
14 River.

15 ASSEMBLYMAN SKOUFIS: So you don't
16 think it's possible to do one --

17 MTA CHAIRMAN PRENDERGAST: Well, we
18 could have a dialogue. But, I mean, that's
19 the first -- we have to get critical mass on
20 that issue first and get funding for that
21 first.

22 ASSEMBLYMAN SKOUFIS: Okay, thank you.

23 CHAIRMAN FARRELL: Thank you.

24 Assemblyman Brennan to close.

1 ASSEMBLYMAN BRENNAN: Yes, just a
2 couple of updates on status reports on some
3 items that haven't been mentioned. The
4 federal RRIF loan for the \$3 billion for the
5 prior capital loan, what's the status of
6 that?

7 MTA CHAIRMAN PRENDERGAST: For the
8 PTC? The RRIF loan for PTC, positive train
9 control?

10 ASSEMBLYMAN BRENNAN: No, no. The
11 RRIF loan for the prior capital plan. There
12 was a \$3 billion --

13 MTA CHAIRMAN PRENDERGAST: Well, that
14 was primarily for East Side Access. We've
15 tabled that to pursue the PTC for Metro-North
16 and Long Island Railroad.

17 ASSEMBLYMAN BRENNAN: So you do not
18 anticipate that the RRIF loan --

19 MTA CHAIRMAN PRENDERGAST: It's been
20 tabled. And we're really focused on getting
21 the billion-dollar RRIF loan, approximately
22 billion-dollar RRIF loan for the positive
23 train control for Metro-North and Long
24 Island.

1 ASSEMBLYMAN BRENNAN: Okay. All
2 right. And then the No. 7 Line expansion,
3 what is the status of that?

4 MTA CHAIRMAN PRENDERGAST: Oh, it's --
5 we expect it to be done, you know, this year,
6 in the first half of this year, and
7 operational.

8 ASSEMBLYMAN BRENNAN: Nearly complete?

9 MTA CHAIRMAN PRENDERGAST: Yes.

10 ASSEMBLYMAN BRENNAN: Okay. All
11 right, thank you.

12 MTA CHAIRMAN PRENDERGAST: Thank you.

13 CHAIRMAN FARRELL: Senator?

14 CHAIRMAN DeFRANCISCO: I just have a
15 comment.

16 Thank you for taking this job.

17 (Laughter.)

18 CHAIRMAN DeFRANCISCO: I have been
19 here for I don't know how many years with so
20 many different chairmen. You are clear,
21 you're precise, you're knowledgeable, you
22 don't run around questions. And I know you
23 do a wonderful, wonderful job from what I've
24 heard.

1 I just have one request.

2 MTA CHAIRMAN PRENDERGAST: Sure.

3 CHAIRMAN DeFRANCISCO: That
4 mile-and-a-half train to the plane in
5 LaGuardia is \$500 million to a billion or
6 somewhere along that line, \$500 million being
7 at the low end.

8 From the experts that I've talked to,
9 it's not necessary. How about giving it to
10 upstate transportation that are going to
11 speak next, so that they have something to
12 look forward to?

13 (Laughter.)

14 CHAIRMAN DeFRANCISCO: Okay, thank you
15 very much.

16 MTA CHAIRMAN PRENDERGAST: Thank you,
17 sir.

18 CHAIRMAN FARRELL: Thank you.

19 MTA CHAIRMAN PRENDERGAST: Thank you
20 very much.

21 CHAIRMAN FARRELL: Next, the
22 12 o'clock person, Frank Kobliski, New York
23 Public Transit Association.

24 CHAIRMAN DeFRANCISCO: Whenever you're

1 ready.

2 CHAIRMAN FARRELL: Good afternoon.

3 MR. KOBLISKI: Good afternoon. Thank
4 you, Chairman DeFrancisco, Chairman Farrell,
5 and members of the Senate and the Assembly,
6 for allowing me to testify today. I'm Frank
7 Kobliski. I'm the executive director of the
8 Central New York --

9 CHAIRMAN DeFRANCISCO: Move that mic
10 up.

11 MR. KOBLISKI: Yes, sir. How's this?
12 Any better?

13 CHAIRMAN DeFRANCISCO: Great.

14 MR. KOBLISKI: I'm the executive
15 director of the Central New York Regional
16 Transportation Authority. And I'm here today
17 to represent the citizens of four central
18 New York counties and six cities who take
19 12 million rides on our buses each year.

20 I've also been asked, in the interests
21 of the committee's time, to be, for want of a
22 better phrase, a poster child for the
23 New York Public Transit Association member
24 systems from Long Island to Niagara.

1 I'll get right to the point. There
2 are three principal sources of revenue which
3 together constitute over 60 percent of CNYRTA
4 annual income and over which we have no
5 control whatsoever. These are the New York
6 State Operating Assistance, STOA -- which
7 you've heard spoken of earlier today -- a
8 one-quarter percent of the mortgage-recording
9 tax levied in each member county of the
10 transit authority and, as designated by the
11 state, certain funds are required to come
12 from each CNYRTA member county as a match for
13 portions of STOA.

14 Over the past six years those revenue
15 streams in the aggregate have grown, on
16 average, one-half of 1 percent per year
17 collectively. Despite substantial growth in
18 costs of many large-ticket expenditure
19 categories such as healthcare, bus parts, a
20 high demand for use of mandated paratransit
21 services, the authority has managed to keep
22 its annual budget increase to an average of
23 2.2 percent over that six-year period.

24 So in order to sustain our operations

1 with stagnant funding, we have among other
2 things, cut services and staff, raised fares
3 and the fees for sponsored services, reduced
4 employee healthcare and retirement benefits,
5 converted an unacceptably high level of our
6 federal capital funds into operating funds,
7 and have spent down authority cash reserves
8 along with a host of other significant
9 actions.

10 We expect to make it through the end
11 of the current fiscal year, this March 31st,
12 by the skin of our teeth. Largely, through
13 the aforementioned actions and a couple of
14 one-shot infusions, as of April 1 we will hit
15 the wall. If there is no change to our
16 revenue stream, we will have no choice but to
17 initiate drastic cuts in service, especially
18 but not exclusively in Syracuse and Onandaga
19 County.

20 This means, among other things, the
21 elimination of all scheduled service and
22 paratransit services for persons with
23 disabilities at the following time frames:
24 Sundays and holidays all day; weekdays after

1 9 p.m.; and Saturdays after 7 p.m. Further,
2 in the City of Utica, the elimination of a
3 significant number of bus trips, along with
4 the elimination of certain services in our
5 Oswego and Cayuga County operations. This
6 means a serious impact on the economic and
7 personal lives of Central New Yorkers and the
8 disenfranchisement of many citizens.

9 Over the years, with guidance and
10 suggestion from various sources, we as a
11 statewide industry have suggested ways in
12 which the structural shortcomings of transit
13 funding may be addressed. Bluntly speaking,
14 nothing has taken hold, and we are now out of
15 options other than seriously reducing
16 services to our communities. Such reductions
17 run contrary to our sole purpose and mission
18 and cause serious harm to our mutual
19 consituencies and to our local economic
20 conditions.

21 Unfortunately, the 2015-2016 Executive
22 Budget proposes no growth in operating
23 assistance for upstate and downstate transit
24 systems alike to help us deal with deficits.

1 The New York Public Transit Association
2 recommends an increase in state operating
3 assistance to upstate transit systems of
4 \$25 million in the new budget to make up for
5 flat funding since 2009, and an increase to
6 downstate suburban systems of \$17.4 million.

7 The current structure of state funding
8 created 30 years ago cannot sustain the
9 transit services necessary to grow the
10 upstate economy. A real long-term fix to
11 upstate transit operating assistance is
12 sorely needed. There is also a lack of
13 transit capital investment in the
14 Executive Budget. Despite a state budget
15 windfall of \$5.4 billion, the
16 Executive Budget does not propose any new
17 capital funding for upstate transit.

18 As a sidebar, we in the non-MTA
19 service areas are grateful to the Senate and
20 the Assembly for their planned distribution
21 of certain capital funds from unspent bond
22 act monies. Certainly that will help. We
23 also call for development of a statewide plan
24 to fund the five-year infrastructure needs of

1 the MTA and all other transit systems.

2 Transit is, after all, infrastructure.

3 I'm leaving with you today, in
4 addition to copies of my remarks, a six-year
5 chart which includes the details of the
6 CNYRTA's funding numbers to which I have just
7 referred for illustrative purposes so you can
8 see what we're talking about in terms of the
9 stagnant funding situation.

10 I want to thank you all for this
11 opportunity to discuss this critical
12 condition of public transit, and I'd be happy
13 to take any questions.

14 CHAIRMAN FARRELL: Thank you very
15 much.

16 Any questions? Thank you.

17 CHAIRMAN DeFRANCISCO: I'm not going
18 to ask you questions, very quickly, because
19 it's late and I've got a bet on when we're
20 going to be done tonight.

21 You have heard all the dialogue that
22 was going on, and what -- for at least one
23 person from upstate, I really believe we've
24 got to change the formula, like we tried to

1 do last year. If you can give me the
2 components that we talked about last year
3 that never got in the budget -- that's the
4 formula for operating aid -- and be more
5 regionally balanced in how we approach this
6 on the capital end as well.

7 MR. KOBLISKI: Yes, sir, Senator.

8 CHAIRMAN DeFRANCISCO: So there's a
9 lot of people that feel that way, and I hope
10 we can get something done.

11 MR. KOBLISKI: I certainly hope so,
12 and we do appreciate your attention to our
13 situation.

14 CHAIRMAN DeFRANCISCO: Thank you very
15 much.

16 CHAIRMAN FARRELL: Thank you.

17 Yes?

18 ASSEMBLYMAN BRENNAN: Just on the same
19 subject. Last year you submitted a proposal
20 to us, and it didn't get accepted. But would
21 you resubmit it? I don't know if it will
22 be -- just to make sure we're studying it and
23 it's in the mix. Okay?

24 MR. KOBLISKI: Certainly. And over

1 the years we've had other proposals too,
2 whether it's mortgage-recording tax or
3 long-lines tax --

4 ASSEMBLYMAN BRENNAN: Throw them all
5 on the table, okay?

6 MR. KOBLISKI: I'd be happy to. Thank
7 you, folks.

8 CHAIRMAN FARRELL: Thank you very
9 much.

10 Scott Wigger, executive director,
11 Railroads of New York.

12 Good afternoon.

13 MR. WIGGER: Good afternoon. My name
14 is Scott Wigger. I'm executive director for
15 Railroads of New York. I represent the
16 Freight Rail Association here in New York
17 State. And in the interests of time, I'll
18 just try and summarize my written remarks
19 there for you guys.

20 Thanks for the opportunity to testify
21 here today. RONY represents four Class 1
22 railroads here in the state -- CSX, Canadian
23 National, Canadian Pacific, and Norfolk
24 Southern -- and 33 short-line and regional

1 railroads in the state. We employ
2 approximately 3,700 individuals between our
3 member railroads combined.

4 We also represent a number of
5 rail-related businesses such as surveyors,
6 engineers, material suppliers and industrial
7 development agencies.

8 With respect to the Governor's budget
9 proposal, RONY wishes to express our support
10 for the \$10 million that is included for
11 freight-rail infrastructure projects and the
12 separate \$10 million that's included for a
13 mix of freight rail, passenger rail and port
14 infrastructure projects.

15 If this funding is included, it will
16 represent the third straight year that this
17 essential freight-rail program has been
18 funded after having gone the previous three
19 years without receiving any funding. In the
20 past two years, this has resulted in
21 26 important freight-rail projects being
22 selected for funding. So on behalf of the
23 membership, I wish to express our thanks to
24 the Governor and Legislature for funding this

1 essential program.

2 Going forward, we would like to
3 express our request to fund this program at a
4 level of \$50 million for the year. This will
5 help enhance the rail network and bring it to
6 a state of good repair. It will help
7 statewide economic development efforts by
8 helping to connect our customers with major
9 U.S. and Canadian markets all across the
10 continent, but it also helps attract new
11 businesses to New York State who are looking
12 for rail access as a condition of locating
13 their facilities.

14 Put in perspective, according to the
15 2009 NYSDOT Rail Plan, they identified a need
16 of \$1.9 billion over a five-year period in
17 needs of the rail system, which breaks down
18 to about \$375 million per year. And over
19 half of those identified needs relate solely
20 to bringing the existing rail system into a
21 state of good repair.

22 As you'll see attached to my written
23 testimony there, we also did a survey of our
24 members internally, looking for shovel-ready

1 freight rail projects that are ready to go
2 but need state funding in order to commence.
3 As you'll see in the attached chart, there
4 are 61 projects listed totaling over
5 \$160 million worth of projects. So just to
6 illustrate the need that is there.

7 In addition, we request that New York
8 State DOT be primarily responsible for
9 scoring these projects, and not the Regional
10 Economic Development Councils, in that
11 infrastructure projects are unique from most
12 economic development projects, especially
13 with freight-rail projects. The benefits of
14 any one project are usually realized across
15 the entire system, not necessarily in one
16 particular region. It's not like building a
17 factory, where it will result in X number of
18 direct jobs being created. Instead, any sort
19 of job creation and retention figures are
20 often realized by our customers throughout
21 the system.

22 In addition to that, we also wish to
23 express our support for the two other
24 infrastructure-related economic development

1 proposals contained in the Governor's budget.
2 That's the \$1.5 billion upstate
3 revitalization account, and the \$115 million
4 general infrastructure fund. We agree with
5 the position that settlement funds are best
6 spent on infrastructure capital projects, and
7 we'd like to request, of course, that
8 freight-rail projects be eligible for this
9 funding -- and also that New York State DOT
10 be the main entity responsible for scoring
11 the infrastructure projects as mentioned
12 before.

13 Our members have a very strong
14 commitment to safety. Freight-rail
15 transportation is safer than truck
16 transportation by all accounts. As a result,
17 federal law requires that railroads transport
18 certain hazardous materials, and not trucks,
19 to keep them off the roads. And key stats
20 have shown an incredible safety -- a number
21 of improvements across the board recently.
22 For example, since 2000 the rate of train
23 accidents has dropped 42 percent overall.

24 In addition to all these economic and

1 safety benefits, freight rail also provides
2 environmental benefits when compared to
3 transporting freight by truck. As compared
4 to trucks, freight-rail transportation
5 results in less pollution, less fuel
6 consumption and less roadway congestion,
7 which also helps ease the wear and tear on
8 the roads caused by trucks.

9 Overall, just to kind of put that in
10 perspective, according again to the DOT's
11 2009 rail plan, a 1 percent shift in goods
12 from truck to rail would save approximately
13 111 million gallons of fuel annually and
14 reduce greenhouse gas emissions by
15 1.2 million tons.

16 Thank you again for the opportunity to
17 testify today, and I'd be happy to answer any
18 questions you may have.

19 CHAIRMAN FARRELL: Any questions?

20 Thank you very much.

21 MR. WIGGER: Thank you.

22 CHAIRMAN FARRELL: Nadine Lemmon,
23 policy coordinator, Tri-State Transportation
24 Campaign.

1 And the next person is William Bonds,
2 Empire Safety Council. Are you here?

3 MR. BONDS: Yes.

4 CHAIRMAN FARRELL: All right. I just
5 wanted to make sure you're close. Thank you.

6 MS. LEMMON: Thank you, Chairman
7 DeFrancisco, Chairman Farrell, and members of
8 the Senate Finance and Assembly Ways and
9 Means Committee for giving Tri-State the
10 opportunity to present testimony.

11 My name is Nadine Lemmon, and I am the
12 New York and federal policy coordinator for
13 TSTC, a non-profit policy and advocacy
14 organization working for a more sustainable
15 transportation system. I'd like to address
16 statewide transit needs, the Thruway
17 Authority's budget, and NYSDOT's capital
18 plan.

19 Concerning statewide transit operating
20 and capital needs, we urge you to assure that
21 the needs of our transit systems, upstate and
22 down, are met. The Executive Budget falls
23 far short of that goal. Most importantly,
24 the Governor's budget fails to fully fund the

1 five-year capital plans for the MTA, nor for
2 the suburban and upstate transit systems.

3 Ahead of the release of the Executive
4 Budget, these systems identified \$33 billion
5 in capital needs over the next five years.
6 Roughly half of the \$33 billion has
7 identified revenue sources. Across the
8 state, transit systems are dependent on the
9 state to fill the gap.

10 For the MTA, the Executive Budget
11 proposes using \$400 million of the bank
12 settlement funds for transit infrastructure.
13 There is an additional \$750 million General
14 Fund transfer to the MTA for capital. And in
15 an unprecedented and troubling move, the
16 budget takes \$121.5 million of dedicated
17 operating revenues from the MMTOA account and
18 repurposes those funds for capital
19 expenditures at a time that the suburban and
20 county bus systems could use that money to
21 avoid service cuts.

22 The final sleight of hand in this
23 shell game is yet another diversion of
24 dedicated funds to pay off state debt, this

1 time \$20 million from operating, and a
2 promise to repeat those diversions through
3 2019.

4 All totaled, this leaves a gap of
5 roughly \$14 billion in unfunded capital needs
6 over five years, about \$3 billion annually
7 for the MTA, and \$141 million taken from the
8 operating fund that should be going to
9 downstate operating needs.

10 For upstate systems, the picture is
11 equally bleak: \$5 million from the NY Works
12 fund will go to matching federal dollars for
13 upstate capital needs, leaving a \$95 million
14 annual gap in their capital plan. The State
15 Transportation Operating Assistance, STOA, is
16 flat, as it has been discussed, despite
17 increasing costs and despite rising
18 ridership.

19 Since 2009, they have increased their
20 use of capital funds to fill operating gaps
21 by 45 percent, a fiscally shaky move that
22 essentially destabilizes their future. We
23 support the structural reforms that have been
24 discussed earlier today.

1 And in place of addressing the nuts
2 and bolts of our transportation
3 infrastructure, the Executive Budget
4 allocates \$450 million to an AirTrain to
5 LaGuardia, a proposal that is not included in
6 the \$33 billion capital plan for the MTA.
7 This is a shortsighted proposal that siphons
8 money away from critical transit needs today
9 without having made the time-savings case
10 that this investment is warranted.

11 A new bus service launched in the
12 spring of 2014 has increased the transit
13 trips to LaGuardia by 20 percent. The price
14 of this service will likely be much less than
15 AirTrain service.

16 At a minimum, we propose that this
17 AirTrain money be used for transit capital
18 programs, upstate and down. We request that
19 the Legislature stop the diversion of MTA
20 operating funds, both the new proposed
21 \$121 million used for capital and the
22 \$20 million used for state debt, and find a
23 way to fully fund capital and operating needs
24 across the state.

1 Additionally, while expanded capacity
2 for Metro-North is big news, progress to
3 jump-start development opportunities around
4 the four Bronx stations is undermined by the
5 fact that the Governor's definition of
6 transit-oriented development in the suburbs
7 appears to be limited to vertical parking
8 only. While the Governor does acknowledge
9 that vertical parking structures free up land
10 for mixed-use development, he fails to note
11 the indisputable fact that providing parking
12 encourages driving, thus negating the value
13 of development near transit.

14 We encourage the Legislature to make
15 sure these funds are used for true, equitable
16 and affordable TOD. And a good example is in
17 our Connecticut neighbor and the TOD funding
18 programs that they've done over in
19 Connecticut.

20 Concerning the Thruway Authority and
21 the New NY bridge, as you have noted today in
22 your questions, we still do not have a
23 financial plan for this bridge. The lack of
24 disclosure about how this bridge will be paid

1 for, and how high the tolls will need to be
2 to cover the costs, is a severe impediment to
3 any kind of public policy discussion about
4 the bridge.

5 The budget takes \$1.3 billion of the
6 bank settlement funds for the New York State
7 Thruway Authority and uses it to help
8 subsidize drivers' toll costs for one year.
9 What happens after that year?

10 Also noticeably absent are capital
11 funds for the seven new bus routes proposed
12 in the Mass Transit Task Force
13 recommendations for the New NY Bridge,
14 despite the promise that this bridge will
15 launch in 2018, which falls within the
16 five-year capital plan window. The budget
17 documents state that federal funds are being
18 sought, but no matching state dollars are
19 provided in the budget.

20 We ask that the Legislature assure
21 that capital funds are included in the
22 transit capital plan for this crucial bus
23 service, and for the suburban counties on
24 both sides of the bridge. Additionally, we

1 feel it is imperative that the Legislature
2 secure the public disclosure of the financial
3 plan before the budget deal is reached this
4 year.

5 Concerning NYSDOT and local roads, the
6 MTA has a statutory date on which they must
7 release their five-year capital plan; NYSDOT
8 does not. With the last two-year capital
9 plan, not even key transportation staff
10 within the Legislature saw the 50-page
11 memorandum of understanding before it was
12 signed. We call on the Legislature to
13 establish a more open budgeting process for
14 NYSDOT's operating and capital budgets,
15 including an established date for releasing
16 the project list and the budget.

17 We have concerns about the proposed
18 \$150 million for state and local bridges. It
19 is not clear who will be selecting the
20 projects that will be tackled, and it is not
21 clear whether these dollars will be spent on
22 the highest-need projects in the state.
23 Additionally, local town and county highway
24 superintendents need the flexibility to use

1 this additional funding for roads, culverts,
2 pedestrian and bicycling infrastructure.

3 In addition to the \$150 million
4 proposed for bridges, we ask that the
5 Legislature assure that there is dedicated
6 funding for pedestrian and bicycling
7 infrastructure. Twenty million annually, for
8 2015 and beyond, would be a solid investment
9 in the vibrancy of our local roads and
10 downtowns.

11 Finally, I'd like to read a paragraph
12 of testimony that has been submitted to you
13 from the Southern Bronx Watershed Alliance
14 concerning the construction of direct highway
15 access to the Hunts Point peninsula:

16 "This project can be a gamechanger for
17 hundreds of thousands of residents and
18 hundreds of businesses in the area and region
19 as well as serve as a turning point on the
20 path to a better, healthier and more
21 economically vital future for residents and
22 businesses of the South Bronx. This is a
23 crucial moment for all parties involved and
24 the solutions are clear. Specifically,

1 \$5 million are needed to perform the
2 environmental analysis that is necessary to
3 take the next step in making these
4 recommendations a reality. This would be a
5 good use of the settlement funds to support
6 economic development in the Bronx. The
7 businesses of the Hunts Point Food
8 Distribution Center and throughout the
9 Hunts Point peninsula have been waiting for
10 decades to get direct highway access; the
11 South Bronx community has been suffering
12 under unhealthy and dangerous conditions just
13 as long. Consensus has been achieved on the
14 solution, and the time is now for New York
15 State to address this issue."

16 Thank you.

17 CHAIRMAN FARRELL: Thank you.

18 Questions?

19 ASSEMBLYMAN BRENNAN: Thank you. Good
20 job.

21 CHAIRMAN FARRELL: Thank you.

22 Next is William Bonds, and then after
23 that will be Russ Page and Tracy Eldridge.
24 Are they here? Come on down.

1 MR. BONDS: Good afternoon. May I
2 begin?

3 Thank you, Chairman Farrell and the
4 members. Empire Safety Council is a
5 New York-based defensive driving course
6 sponsor. We've been in business for over
7 20 years, we have 800 active instructors,
8 classroom instructors in New York State, and
9 have trained approximately 120,000 students
10 in the Defensive Driving Program last year
11 alone.

12 Empire conducts both classroom and
13 online defensive driving courses, although a
14 very small percentage of online. I am here
15 today to speak to you about the
16 administration of the online or the Internet
17 Point/Insurance Reduction Programs.

18 Empire is all about highway safety and
19 improving the skills of New York drivers.
20 That is why we are so concerned about the
21 administration of the Internet
22 Point/Insurance Reduction Program in this
23 state. The effectiveness of these programs
24 are supposed to be evaluated by a statistical

1 analysis of driver improvement. New York's
2 analysis of the Internet Point/Insurance
3 Reduction Programs is flawed and its
4 evaluations scientifically worthless.

5 The effectiveness study of the
6 Internet Point/Insurance Reduction pilot
7 conducted in December of 2013 -- that's a
8 five-year pilot program which sunset last
9 year -- has been continued for an extra year,
10 and now I see it's in the budget for one more
11 year.

12 It should be dropped from the budget.
13 There is no legislative approval for it. In
14 fact, it is outrageous that the Department of
15 Motor Vehicles is renewing the Internet
16 Point/Insurance Reduction Program based on
17 fraudulent and flawed studies, coupled with
18 failed user identity validation measures that
19 allow anyone to take the Internet course for
20 someone else just by using a telephone.

21 They've dropped the requirements for
22 biometrics. They also dropped the
23 requirements for testing. You take an
24 Internet course, you don't even have to pass

1 a test. Talk about low student involvement.

2 These effectiveness studies are titled
3 and represented as being conducted by the
4 Institute for Traffic Safety Management and
5 Research at the University at Albany, by
6 contract. I have a copy of the study right
7 here. I have never in my life seen a
8 research document, a scientific research
9 document, without an author's name. This
10 study is written by a ghostwriter in the
11 Department of Motor Vehicles for some
12 perverse incentives. Because this study --
13 this program, Internet program, brings in
14 approximately \$2 million to the state budget.

15 As I said, it was a pilot program.
16 It's supposed to be passed by the
17 Legislature. The only legs that this program
18 has is that it's slipped into this budget
19 process. That's the only thing holding it
20 up. It should be discontinued immediately
21 until this program can be studied by
22 verifiable research.

23 Further, in a letter to ESC in a
24 response to a FOIL appeal, the vice

1 chancellor for policy and chief of staff for
2 FOIL appeals at SUNY wrote: "This evaluation
3 was conducted by the NYS Department of Motor
4 Vehicles, not the University of Albany."

5 Now, this research document, which
6 I'll leave for the chairman, says that it's
7 conducted by the Institute for Traffic Safety
8 Research at the University of Albany, and it
9 was not. And it was done under a contract
10 number, C000784, for which the university
11 received \$51,000 of state funds and never did
12 a single thing. They denied doing this
13 study, but they took the money anyway.

14 We've asked the State Comptroller to
15 investigate that, and we have a meeting
16 coming up with the State Comptroller
17 hopefully soon. But again, tragically, these
18 studies by deceptive authors are knowingly
19 using invalid methods to perpetuate and
20 promote a state-sponsored program being held
21 out to the public as improving their driving
22 skills and justifying insurance and point
23 reduction benefits, when in fact there is no
24 credible evidence that that is the case.

1 You know, take a defensive driving
2 course and you get a 10 percent discount. If
3 you took it online, somebody else might have
4 taken that course for you, but you still get
5 the discount -- even though online courses
6 are not effective.

7 So who pays for that? Everybody else
8 that has insurance pays for that. And I
9 think that's unfair to everybody else who has
10 to buy insurance. It's also unfair to
11 insurance companies, to say the least.

12 In light of the irregularities
13 involved in the New York State Department of
14 Motor Vehicles and the Institute for Traffic
15 Safety Management-contracted research, I'm
16 urging that the language be included in the
17 budget to suspend the Internet Point/
18 Insurance Reduction Program as was proposed
19 by the legislation introduced last session by
20 Senator Ruben Diaz and Assemblyman Marcus
21 Crespo.

22 A legislative review should be
23 conducted so that it can be verified as to
24 whether or not the work New York State DMV

1 had contracted was actually conducted. And I
2 can tell you, gentlemen -- Senator Savino
3 also -- that it was not. They did no work,
4 they received \$51,000 in state funds, and I
5 think you should be outraged by that.

6 So I'm asking that this be dropped
7 from the budget immediately and let the
8 legislative process -- the way the program
9 was designed, during the five years the pilot
10 program was supposed to be studied by
11 verifiable research, then the Legislature
12 decides whether it's continued. Well, it's
13 been continued past the five years, six
14 years, and now going in to the seventh year.
15 It must be stopped.

16 Thank you for your attention to this
17 critical public safety matter, and I think
18 that this program -- the classroom program is
19 good public policy, obviously. The overall
20 effectiveness of the classroom program is
21 18.7 percent of people who take and complete
22 the course have fewer accidents and almost
23 60 percent reduction in recidivism in repeat
24 traffic offenses. So that program works, and

1 I'm not here about that.

2 I'm here in the most kindly way
3 regarding the Internet Point Insurance
4 Reduction Program. It does not teach. And
5 driver safety is the point, and that is the
6 point.

7 CHAIRMAN FARRELL: Thank you very
8 much, Mr. Bonds.

9 MR. BONDS: Questions?

10 CHAIRMAN FARRELL: Any questions?

11 CHAIRMAN DeFRANCISCO: Senator Savino.

12 SENATOR SAVINO: Thank you.

13 Thank you, Mr. Bonds, for your
14 testimony. As you were sitting here, I
15 reached into my pocketbook because I just
16 recently took one of the courses online. I
17 had a 10 percent on my GEICO policy that
18 expired at the end of the year; they sent me
19 a notice in the mail and said, Your
20 10 percent insurance discount is set to
21 expire, and you can -- they gave me a list of
22 Internet online testing companies and that I
23 could get a discount on the course itself, as
24 a GEICO member, and they recommended them.

1 So I took the test -- it's quite
2 tedious, actually -- online. Because, you
3 know, there's -- time has to elapse in
4 between the questions so that you don't skip
5 through --

6 MR. BONDS: You watch television.
7 Eat.

8 SENATOR SAVINO: -- and there's this
9 constant -- you know, you have to set up this
10 whole identification process, and then every
11 so many questions it stops and they ask you
12 to dial a number and then you have to call in
13 and verify that you are who the person is.

14 But as a consumer, if I received that
15 from my insurance company with a list of
16 potential defensive driving courses that I
17 could take both in person or on the Internet,
18 should we question whether or not those are
19 good programs? Or should we assume that they
20 are?

21 Is there a place where a consumer
22 could find -- because not everyone has five
23 hours to go to a class. They want to sit in
24 their home and take it because you can take

1 it over several days if you do it online.

2 How would you direct people to do that?

3 MR. BONDS: Let me see if I can answer
4 that. I might be giving you some bad news.

5 It's my understanding from Assemblyman
6 Gantt's office that the Senate does not allow
7 their members or employees to take the online
8 course.

9 SENATOR SAVINO: What -- in the
10 Senate, but not at home. What you do in your
11 own house is your own business.

12 MR. BONDS: Okay. That's fair.

13 So is there a place where consumers
14 can look?

15 SENATOR SAVINO: Yeah, how would I
16 know?

17 MR. BONDS: It's up to this budget
18 committee right now. What was supposed to
19 happen is you had a five-year pilot program,
20 it was supposed to be studied by verifiable
21 research, and then whoever was opposed to it
22 or for it, the Legislature could continue it
23 as a permanent law if they wanted, but there
24 would be verifiable research.

1 What we've got now is the only thing
2 that's making this thing stand on its own
3 legs is this budget process. That the
4 Governor has put the Internet Point/Insurance
5 Reduction Program into the budget. That's
6 the only thing that gives this thing legs.

7 It's not effective, it doesn't work,
8 anybody -- did you use the telephone as the
9 user identity validation, Senator?

10 SENATOR SAVINO: Uh-huh.

11 MR. BONDS: Yes? You could have
12 handed that off to anybody else and said,
13 "Here, finish the course for me." Give them
14 a couple of passwords and validation -- so,
15 you know, I'm asking you today what's
16 happened here is, you know, we had an
17 Internet pilot program that was supposed to
18 have biometric measures for user identity
19 validation -- all been eliminated. Now it's
20 a telephone. That only lasted a few months,
21 all right?

22 In this study you have DMV telling you
23 in this budget process, in this document,
24 that they're still using biometric validation

1 measures. They aren't. Every single
2 company -- by the way, it's an out-of-state
3 company, companies. They're all using the
4 telephone, which is not a biometric, anybody
5 can hand it off.

6 And talk about jobs. We have
7 800 active instructors right now in New York
8 State. They tell me they're losing students,
9 their class sizes are going down, they're
10 losing jobs, they're losing incomes. These
11 are dedicated people, and we're losing jobs
12 in New York State for companies who use their
13 lobbyists to come here and eliminate the
14 crucial part of this program to have any
15 benefit to any of the drivers, and it's just
16 terrible what's happening.

17 SENATOR SAVINO: I got it. Now I
18 understand.

19 MR. BONDS: So there is no place for
20 the consumer. If any consumer is listening,
21 if you want to get a benefit from a driver
22 safety education, take a classroom course.

23 But what I'm saying to you is please
24 eliminate this program.

1 SENATOR SAVINO: Thank you.

2 CHAIRMAN DeFRANCISCO: Thank you very
3 much.

4 MR. BONDS: Thank you.

5 CHAIRMAN FARRELL: Thank you very
6 much.

7 Next is Russ Page and Tracy Eldridge.

8 And then after that will be Michael
9 Giardino, and then will be Denise Richardson,
10 James Meerdink, and Adam Prizio. Would you
11 come down? If you're up there, come down,
12 it'll make it easier to do it.

13 Good afternoon.

14 MR. PAGE: Good afternoon. Good
15 afternoon, Chairman DeFrancisco, Chairman
16 Farrell, and members of the joint legislative
17 committee. I am Russ Page, president of the
18 New York State Association of Town
19 Superintendents of Highways and Town of
20 Leicester highway superintendent. With me
21 representing the New York State County
22 Highway Superintendents Association is First
23 Vice President Tracy Eldridge, the Hamilton
24 County highway superintendent.

1 We appreciate this opportunity to
2 submit testimony for your consideration as
3 you review the 2015-2016 Executive Budget.

4 We'd like to begin by sincerely
5 thanking you, the members of the Legislature,
6 for your unwavering support of local roads
7 and bridges. As you know, our collective
8 membership is responsible for ensuring the
9 safe operation of 87 percent of the state's
10 public roads, half of its bridges, and
11 plowing not only our huge system but over a
12 quarter of the New York State Department of
13 Transportation's roads. Every time there is
14 a winter weather event, the hardworking men
15 and women on our local crews ensure
16 New York's drivers get to and from work,
17 homes, schools, hospitals and other
18 destinations safely.

19 With all due respect to our DOT
20 colleagues, it was surprising to see the
21 Executive Budget include a \$50 million
22 appropriation for the agency to purchase
23 additional snowplows, since they are
24 responsible for plowing only a fraction of

1 the state's public roads.

2 Simultaneously, the Executive Budget
3 eliminates last year's \$40 million
4 appropriation of winter recovery funds, which
5 are distributed through the CHIPs formula and
6 which can be used by municipalities to
7 purchase their own required snow control
8 equipment.

9 Our association members were extremely
10 optimistic when nearly all of our state's
11 leaders spoke in support of allocating the
12 majority of the \$5 billion that the state
13 received in foreign bank settlement funds to
14 infrastructure. We were discouraged to see
15 that the budget proposal allocates the bulk
16 of this funding to one region, the MTA and
17 the Thruway Authority, and to read the
18 Governor's quote that "Infrastructure today
19 is less about roads and bridges, in my
20 opinion, and it's more about broadband."

21 It is very disappointing to see that
22 funding for programs that provide vital state
23 aid to local highway departments to maintain
24 these roads and bridges are held essentially

1 flat over the next five years in the
2 Executive Budget.

3 Working with you to guarantee the next
4 five-year highway and bridge capital program
5 truly meets the needs of our state's
6 residents is our top priority. We believe it
7 is essential that parity between the
8 Metropolitan Transportation Authority and DOT
9 capital programs once again be restored.

10 The Dedicated Highway and Bridge Trust
11 Fund was created by Governor Mario Cuomo and
12 the Legislature in 1991. Then, in 1993, the
13 Mass Transit Trust Fund was created. To help
14 fund the latter, they agreed that 34 percent
15 of the petroleum business tax paid by drivers
16 statewide would go to the MTA. To garner the
17 support of upstate legislators, it was agreed
18 that there would be ongoing parity between
19 the DOT and MTA capital programs.

20 Over the next two decades, until 2010,
21 the transit and highway capital programs'
22 funding levels were virtually identical. In
23 2009, DOT Commissioner Stan Gee requested a
24 \$25.8 billion five-year capital program and

1 the MTA submitted a \$25.9 billion capital
2 program. Ultimately, the MTA adopted a
3 \$23.8 billion program and the DOT an
4 \$18.6 billion program. The DOT's 2010-2014
5 program received over \$5 billion less than
6 the MTA.

7 Last fall, the MTA submitted its
8 proposed \$28.9 billion program for the
9 upcoming five-year program for 2015 to 2020,
10 but we haven't yet seen any capital need
11 request from the DOT, and this causes us some
12 concern.

13 In November of 2013, we conducted our
14 own needs study of the local transportation
15 system. The analysis determined that, on
16 average, local governments excluding New York
17 City should be spending \$2.32 billion
18 annually on their highways and bridges.
19 Currently these municipalities spend about
20 \$1 billion annually on these facilities,
21 leaving an annual shortfall of \$1.32 billion.

22 The New York State Comptroller's
23 studies indicate that a large number of road
24 mileage is deteriorating and many bridges in

1 the state are rated structurally deficient or
2 functionally obsolete. According to a 2014
3 Comptroller's report, 34 percent of bridges
4 are deficient and 48 percent of road
5 pavements are rated fair or poor and getting
6 worse. The Comptroller estimates that there
7 will be \$89 billion in unmet local
8 infrastructure needs over the next 20 years,
9 with much of this shortfall on the already
10 deteriorating local transportation system.

11 Our associations recently formed a
12 task force to assess these studies and to
13 formulate our funding request. We are
14 realistic that closing a \$1.32 billion annual
15 funding gap all at once would be impossible.
16 Therefore, we are urging your support to
17 fund, at a minimum, CHIPS at \$617 million and
18 Marchiselli at \$39.7 million per year for the
19 next five years. This translates into a
20 \$900 million increase over the five-year
21 period and will help us begin to address some
22 of the more critical needs of the local
23 systems.

24 This request recognizes that, even

1 with the higher CHIPS levels that we propose,
2 there remains an overwhelming number of local
3 roads, bridges and culverts that require
4 substantial rehabilitation, reconstruction or
5 full replacement that local governments
6 simply cannot finance themselves.

7 That is why we also urge the
8 establishment of a multiyear \$500 million
9 state aid to local road, bridge and culvert
10 program, again utilizing the CHIPS
11 distribution formula, to assure that all
12 New York's municipalities can fund vital
13 road, bridge and culvert projects based on
14 local need.

15 The 2015-2016 Executive Budget
16 includes a \$750 million five-year state local
17 bridge program, \$150 million per year, that
18 is supposed to repair 100 bridges over that
19 time period. There has been no list
20 calculated of which bridges are targeted, nor
21 are the members of our associations included
22 in the determination.

23 Instead of what's proposed, we request
24 about 67 percent of this funding, about

1 \$500 million, be reallocated by the
2 Legislature to fully fund our proposed state
3 aid to local road, bridge and culvert
4 program. The state can use the remainder --
5 along with other resources available to it,
6 including substantial federal funding -- for
7 state-owned bridge needs.

8 We'd like to reform the way that
9 transportation is funded. The Executive and
10 Legislature need to once again make CHIPS a
11 cash-based, pay-as-you-go program. Drivers
12 on local roads contribute nearly half of the
13 gas taxes collected in this state.
14 Unfortunately, CHIPS only receives a small
15 fraction of these revenues.

16 In addition, a General Fund transfer
17 of about \$726 million to the Dedicated
18 Highway and Bridge Trust Fund will be needed
19 to keep the fund balanced again for this
20 upcoming fiscal year.

21 We suggest examining how existing
22 motor vehicle taxes and fees are currently
23 being distributed. Forty-eight percent of
24 the vehicle miles traveled in New York are on

1 local roads, yet less than 12 percent of the
2 taxes and fees paid to the state by these
3 drivers go back to maintaining local roads.

4 With the poor condition of both local
5 and state roads and bridges, we believe it is
6 time to consider establishing a more
7 equitable distribution of the gas taxes and
8 motorist fees, one that recognizes the role
9 the local system plays in generating these
10 revenues.

11 In addition, there is currently a
12 state sales tax on motor fuels that generates
13 \$480 million annually, none of which is
14 dedicated to transportation. We support
15 legislation to deposit a portion of these
16 revenues into the Dedicated Highway and
17 Bridge Trust Fund, to be used to maintain
18 local roads and bridges.

19 In previous years, even in tough
20 economic times, the Legislature has responded
21 to the dire conditions of the state's
22 transportation systems and augmented CHIPS
23 and other local transportation funding. We
24 are now urging similar support in the next

1 five-year transportation capital plan with a
2 significant increase in the levels for the
3 CHIPS program to help extend the life of our
4 assets and maintain our vast system.

5 Our associations and the mutual
6 constituencies and communities we serve
7 appreciate the support of our state elected
8 officials who partner with us to ensure we
9 all get the job done when it comes to
10 providing the public with a safe and
11 functional statewide transportation system,
12 one that supports jobs and economic growth
13 for our communities. We look forward to
14 working with you and your legislative
15 colleagues to seek ways to make more state
16 funding and resources available that more
17 closely reflect the critical needs of our
18 local roads and bridges.

19 Thank you very much.

20 CHAIRMAN FARRELL: Thank you.

21 Mr. Oaks?

22 ASSEMBLYMAN OAKS: Yes, thank you for
23 your presentation.

24 And I don't know how much you listened

1 to earlier, but obviously questions went to
2 the commissioner about, for instance, the
3 \$150 million toward bridges -- how much of
4 them are local, how many of those are going
5 to be state. There's a lot of things up in
6 the air. Senator DeFrancisco's sense that we
7 ought to be taking some more money and
8 spreading it across upstate for
9 transportation -- I think those things -- and
10 getting your particular and specific
11 information about where some of the resources
12 come from, I think is helpful as we get ready
13 to have this budget negotiated.

14 So thank you for the perspective and
15 for the work that you represent across the
16 state for the county and town highways.

17 MR. PAGE: And thank you for the help
18 you guys have given us.

19 CHAIRMAN FARRELL: Mr. Brennan.

20 ASSEMBLYMAN BRENNAN: I just want to
21 thank both of you for sitting there listening
22 for some long period of time, and to let you
23 know I'm a Brooklyn guy, but I do think that
24 the bonding of the CHIPS program is getting

1 more and more untenable as a policy, you
2 know, because it's going to result in the
3 Dedicated Highway and Bridge Trust Fund
4 running out of money pretty soon. So it's
5 just getting stupider and stupider for us to
6 keep doing that, and we must address the
7 local road and bridge system.

8 My mother lives on the east end of
9 Long Island, and she's involved in the
10 campaign for highway superintendent on a
11 regular basis, so I know about your
12 operations.

13 MR. PAGE: Thank you.

14 CHAIRMAN FARRELL: Thank you, Senator.

15 CHAIRMAN DeFRANCISCO: Thank you.

16 You were here during the
17 commissioner's testimony?

18 MR. PAGE: Some of it, yes.

19 CHAIRMAN DeFRANCISCO: Okay. Well, I
20 kind of outlined my position, and we'll see
21 what we can do to do what's right.

22 MR. PAGE: We appreciate that very
23 much, Senator.

24 CHAIRMAN DeFRANCISCO: Okay.

1 CHAIRMAN FARRELL: Thank you.

2 Michael Giardino, president, New York
3 Aviation Management Association.

4 After that will be Denise Richardson.

5 MR. GIARDINO: Good afternoon.

6 Thank you, Chairman DeFrancisco,
7 Chairman Farrell and other members of the
8 committees. I am Michael Giardino, president
9 of the New York Aviation Management
10 Association, NYAMA, and director of aviation
11 for the Greater Rochester International
12 Airport. NYAMA appreciates this opportunity
13 to testify on the Executive Budget as it
14 relates to airports.

15 NYAMA represents over 13,000 members
16 and affiliate members, 120 commercial service
17 and general aviation airports, fixed based
18 operators, consultants, engineers and other
19 aviation industries and professionals who
20 believe that serious economic development
21 efforts at the state and regional level
22 necessitates strong public investment in our
23 aviation assets and facilities.

24 Airports are economic engines fueling

1 growth in the communities they serve.
2 According to a 2010 study by the State
3 Department of Transportation, the aviation
4 industry contributes over \$50 billion in
5 annual economic activity in New York State,
6 and almost 400,000 state residents work in
7 aviation or aviation-related industries.

8 The economic benefits of New York
9 State airports are impressive. As a whole,
10 aviation generates \$18 billion in payroll and
11 \$4.5 billion in state and local tax revenue
12 annually. However, the efficacy of this
13 powerful economic engine and its benefits to
14 New York's citizens is threatened by a
15 critical lack of infrastructure investment,
16 competition from other states, and sluggish
17 state and national economies.

18 The study, "New York State Economic
19 Impacts of Aviation," advocated funding
20 critical aviation-related projects. NYSDOT
21 Commissioner Joan McDonald stated at the
22 time: "Continued strategic investments in
23 New York State's aviation industry will help
24 rebuild the economy by attracting and

1 retaining businesses that depend on aviation
2 for shipping and receiving goods, while also
3 providing business and recreational travelers
4 with safe, fast and reliable Service."

5 Ironically, this study was released
6 just as the five-year New York State
7 Transportation Bond Act came to an end and,
8 with it, the end of a state-funded capital
9 program for airports for the following three
10 years. It was only in this most recent
11 two-year capital plan, with your support, the
12 Legislature was able to restore funds, about
13 \$17 million total for investment through a
14 two-year airport capital program. However,
15 you need to be aware that this small level of
16 funding is shared among 90 public use
17 airports across the state.

18 While this funding level in the
19 current two-year plan has provided some
20 valuable financial assistance for vital
21 infrastructure at airports across New York --
22 funding aircraft hangars, repair of existing
23 facilities, safety enhancements and other
24 important projects -- it represents about

1 half of what the bond act had traditionally
2 funded per year and did nothing to address
3 the three years of zero funding for airports
4 from 2010 to 2013. In fact, this spending
5 level represents nearly 0.2 percent of the
6 total two-year transportation capital plan
7 just ending.

8 On October 20th, Governor Cuomo hosted
9 Vice President Biden at an event to unveil a
10 comprehensive plan to modernize and
11 revitalize LaGuardia, John F. Kennedy
12 International, Republic and Stewart
13 International Airports, bringing them up to
14 21st-century standards for service, access
15 and amenities. The plan includes a massive
16 investment in these downstate airports.

17 At the event, the Governor was quoted
18 as saying, "The number one job of government
19 is to promote economic growth and prosperity,
20 and one of the best ways to drive commerce is
21 by investing in infrastructure that connects
22 New York with local, national and
23 international markets."

24 NYAMA couldn't agree more. We also

1 believe other airports in the state should be
2 considered for targeted investments as has
3 been proposed for the downstate sponsored
4 airports. In fact, according to a
5 proclamation issued by the Governor last year
6 promoting aviation, it was declared that the
7 State of New York has a significant interest
8 in the continued vitality of general aviation
9 and community airports and that business
10 aviation is a critical tool for companies in
11 New York to improve efficiency, save money,
12 and open up opportunities for rural areas not
13 served by commercial aviation, thereby
14 bringing new business, investment and jobs to
15 all areas of the state.

16 As you are aware, many upstate
17 airports are constantly seeking to preserve
18 access to commercial service and connections
19 to major cities. Over the last ten years,
20 these smaller airports have seen their
21 enplanements or passenger boardings
22 decreasing at a slow, but relatively constant
23 rate. General aviation airports that do not
24 have scheduled airline service play a key

1 role in regional business and rely even more
2 upon state funding for revenue-producing
3 projects like hangars and fuel farms. Many
4 of these aviation facilities face a daily
5 struggle just to continue.

6 The financial needs of New York's
7 airports are well documented. Based on
8 analysis of FAA-approved documents such as
9 airport capital improvement Plans, airport
10 master plans and airport layout plans, the
11 New York State Department of Transportation
12 has estimated that the state will need
13 \$4.3 billion to support its aviation goals
14 for the 20-year period between 2010 and 2030,
15 an average of \$215 million per year. This
16 investment is necessary to properly maintain
17 the system and allow airports to attract
18 passenger, cargo, and general aviation
19 services, thus supporting the Governor's
20 economic development goals.

21 Although federal Airport Improvement
22 Program grants help, they average a total of
23 less than \$100 million per year and are
24 limited to certain types of projects, with a

1 large allocation traditionally going to the
2 two Port Authority of New York and New Jersey
3 airports. Ultimately, this leaves us with an
4 enormous funding shortfall for airport
5 development needs statewide.

6 For example, last year there was a
7 total of \$33.3 million in funding
8 applications filed for airport projects, but
9 only \$8 million awarded under the Airport
10 Capital Improvement Program. This helps to
11 demonstrate the huge gap between what is
12 needed for airport development projects and
13 what is ultimately available through the
14 state budget.

15 Lawmakers and the public can
16 scrutinize these state-grant supported
17 projects, as the awards are routinely
18 publicized through the Governor's office or
19 in many instances reported by the local
20 media. I know you'll agree that NYAMA member
21 airports do a good job of maximizing the
22 benefits of these state investments to the
23 traveling public and to the communities they
24 serve.

1 Consequently, in order to meet the
2 ongoing critical needs of airport
3 infrastructure improvement and development,
4 and to address these growing needs going
5 forward, NYAMA is seeking Airport Capital
6 Improvement Program funding of \$200 million
7 over the next five years, as well as a fully
8 funded State AIP program at \$8 million a year
9 to match the available federal funding under
10 the FAA Airport Improvement Program. We
11 believe the magnitude of the projected state
12 budget surplus heading into the next fiscal
13 year will help make this level of funding
14 possible.

15 NYAMA is aware of the difficulties and
16 challenges state transportation policymakers
17 face in trying to develop a new, re-occurring
18 aviation financial assistance program at a
19 time when all transportation systems are
20 under stress from age, heavy use and deferred
21 maintenance. Similarly, much of the airport
22 infrastructure remains or is becoming
23 ill-suited to spur economic activity.

24 The cost of addressing the growing

1 needs of transportation systems is great, but
2 will only increase if we delay action.

3 New York State must invest now for effective
4 aviation infrastructure programs or face much
5 higher, perhaps prohibitive, prices later
6 when decay has made the challenges far worse.

7 In conclusion, NYAMA and its members
8 across New York State support your efforts to
9 ensure that the state pursues policies that
10 are pro-growth and pro-job creation in these
11 tough fiscal times. Strong state investment
12 in our airports is one of these strategies.

13 We look forward to continuing to
14 working with you and other state elected
15 officials to insure that the next five-year
16 capital plan establishes appropriate levels
17 of funding for a robust and permanent airport
18 capital program and a fully-funded AIP
19 program.

20 Together, we can enhance our airports
21 and aviation assets in ways that will create
22 new jobs, increase economic development and
23 improve airport services so that all regions
24 of New York can compete effectively with

1 other states for business aviation and
2 scheduled commercial services for the benefit
3 of all New Yorks citizens.

4 Thank you.

5 CHAIRMAN FARRELL: Thank you very
6 much. Thank you.

7 Next, Denise Richardson, executive
8 director, General Contractors Association of
9 New York.

10 Good afternoon.

11 MS. RICHARDSON: Good afternoon.

12 Thank you for the opportunity to
13 comment today.

14 You have in front of you a report that
15 the GCA put out earlier this year about the
16 state of infrastructure both within New York
17 City as well as in the state, and I think the
18 title is self-explanatory. The other
19 speakers have all amply outlined the state's
20 needs so I am going to, in the interests of
21 time and your patience, truncate my testimony
22 significantly.

23 Thank you for the opportunity to
24 testify today about the MTA and DOT capital

1 plans. I am Denise Richardson, executive
2 director of the General Contractors
3 Association of New York. The GCA represents
4 the state's unionized heavy civil and public
5 works infrastructure contractors.

6 Our 275 members employ over 20,000
7 unionized craft and professional workers that
8 are the core of our state's middle class.
9 These workers hail from all over the state
10 and virtually every county in New York. They
11 earn an average annual wage of \$87,000 plus
12 benefits, and generate an estimated
13 \$553 million in state income taxes alone.

14 The state's economy is critical to the
15 construction industry, the construction
16 industry which is supported in large measure
17 by the MTA and DOT capital plans. It's also
18 an integral part of the state's economy and
19 the construction industry, and something that
20 is not often given due process in terms of
21 its vital role in the state's overall
22 economic development.

23 And I would like to touch on one thing
24 that has not been mentioned today, that

1 historically New York's transportation
2 network has benefited from federal funding in
3 both the NYSDOT and the MTA capital programs
4 that are currently up for discussion assume
5 the same continued level of federal funding.

6 However, the MTA has relied on its
7 federal funding to pay for nearly one-third
8 of the capital program, and approximately
9 half of NYSDOT's program has been federally
10 funded in previous years. But the existing
11 federal transportation bill expired in 2013,
12 and the current extension expires in May. It
13 is well known that the federal gas tax is no
14 longer sufficient to fund the nation's
15 transportation needs, and there is no
16 consensus in Congress on a future bill. It is
17 now February, almost, and the bill expires in
18 May.

19 This means that New York must take a
20 new look at our transportation needs and take
21 the steps to fund our own program. We cannot
22 cede our economic future to the whims of
23 Congress, and it unlikely that we will have a
24 new federal transportation bill this year.

1 New York must enact a fully funded
2 five-year capital program for both NYSDOT and
3 the MTA. The two systems work in tandem, not
4 in opposition, and truly are the fiber that
5 knits the state's diverse economy into the
6 whole. The state's economic future and
7 competitive advantage depend on a robust mass
8 transit as well as road and bridge funded
9 program.

10 Our recommendations include funding
11 and approving the fully funded five-year
12 capital program for both the MTA, NYSDOT, as
13 well as the Thruway Authority. And the
14 programs need to be sufficient to address the
15 critical infrastructure needs. The proposed
16 \$750 million in additional state investments
17 for the MTA and the DOT capital plans over
18 five years, or basically \$150 million per
19 year, is insufficient to meet capital needs.

20 Second, we urge that the diversion of
21 dedicated MTA taxes and fees for state debt
22 payment obligations on service contract bonds
23 that were used to support prior capital
24 programs be stopped. It is no longer

1 appropriate for the state to take dedicated
2 funding and divert it to other commitments
3 that it had previously made to fund the
4 payback of those bonds.

5 Finally, we urge the increase of
6 revenues dedicated to transportation
7 infrastructure investments. In 2014,
8 fifteen states passed measures that increased
9 revenues for transportation investments, and
10 an additional 13 states are now considering
11 transportation funding legislation. New York
12 needs to be one of them.

13 Thank you.

14 CHAIRMAN FARRELL: Thank you very
15 much.

16 James Meerdink, project coordinator,
17 Parks and Trails New York.

18 MR. MEERDINK: Thank you for the
19 opportunity to speak on behalf of New York's
20 bicyclists and walkers, and in support of the
21 infrastructure that supports their active
22 transportation choices.

23 You have my full testimony, but I'll
24 summarize in the interests of time. I'm

1 James Meerdink, project coordinator at
2 Parks and Trails New York. For 30 years,
3 Parks and Trails New York has been the
4 leading advocate for parks and trails
5 throughout the state.

6 In 2013, we joined the New York
7 Bicycling Coalition, Tri-State Transportation
8 Campaign and other bicycle-pedestrian
9 advocates to form New Yorkers for Active
10 Transportation, a coalition dedicated to
11 securing equitable funding for non-motorized
12 transportation options. Today I will be
13 speaking on behalf of this coalition, whose
14 partners have reviewed these remarks.

15 For more than two decades, federal
16 transportation bills have provided New York
17 communities with the funds to build bicycle
18 and pedestrian paths, sidewalks, bike lanes,
19 and other infrastructure that encourages
20 persons of all ages and abilities to engage
21 in bicycling and walking. However, the
22 future of this federal funding is uncertain
23 as Congress considers reauthorization of the
24 current federal transportation bill, MAP-21,

1 this spring.

2 MAP-21 represented a 30 percent
3 reduction in funding for bicycle and
4 pedestrian programs compared to the previous
5 federal transportation bill. Moreover, we
6 may not see any dedicated funding for these
7 projects in the next federal transportation
8 bill. All of this comes at a time when we
9 hear from local officials across the state
10 that they are eager to build infrastructure
11 that supports bicycling and walking in their
12 communities.

13 Presently bicycle, pedestrian, and
14 trail projects represent less than 2 percent
15 of New York's transportation funding. With
16 demand higher than ever, New York should be
17 increasing the level of funding for these
18 projects. We ask that pedestrian and bicycle
19 infrastructure projects receive a continuous,
20 dedicated funding of \$20 million annually, in
21 fiscal year 2015-2016 and beyond. This
22 amount will return funding levels to those
23 enjoyed in New York before the federal
24 government's 30 percent decrease.

1 estimate that it results in \$253 million in
2 related sales and supports over 3,000 jobs.

3 With 280 miles now open to the public,
4 the Erie Canalway Trail is more than
5 78 percent complete and on its way to
6 becoming a premier tourist destination for
7 cyclists and other outdoor enthusiasts, as
8 well as the longest trail of its kind in the
9 nation. It is our goal to have the remaining
10 80 miles of trail under construction or in
11 design by the bicentennial of the start of
12 construction of the Erie Canal in 2017.

13 I'd like to just share a few
14 statistics with you today. Trails, bike
15 paths and walkable, bikeable communities are
16 key assets in helping the state and
17 localities attract tax-paying businesses and
18 a high-quality workforce. In the new
19 New York, trails and walkable, bikeable
20 communities are what companies and young
21 professionals are seeking when deciding to
22 relocate. Of those millennials that we all
23 want to attract and retain, two-thirds seek
24 walkable places and town centers, even if

1 on the Legislature to establish a more open
2 budgeting process for NYSDOT's operating and
3 capital budgets. The Metropolitan
4 Transportation Authority has a statutory date
5 on which they must release their five-year
6 capital plan. NYSDOT should have a similar
7 requirement in order to ensure ample time for
8 full consideration of their plan.

9 Finally, to support New York's
10 expanding role as a leader in bicycle-related
11 tourism, we urge the Legislature to support
12 roll-on bicycle service on all Amtrak
13 passenger trains. Many cyclists wish to
14 cycle one way and take the train back to
15 their starting location. Unfortunately,
16 despite the fact that bicycles are allowed on
17 trains in other parts of the country, Amtrak
18 prohibits bikes from being rolled onto all
19 but one of its passenger lines.

20 In closing, active transportation is
21 an essential element of the state's historic
22 commitment to a transportation system that
23 prioritizes safety of users, economic
24 development, and accessibility for all

1 New Yorkers. This commitment must be matched
2 by funding that enables local communities to
3 build and maintain road, sidewalk and trail
4 networks that support quality of life for
5 residents regardless of the ebb and flow of
6 federal transportation dollars. Demand for
7 this infrastructure has never been greater.

8 On behalf of the New Yorkers for
9 Active Transportation Coalition, which
10 includes the New York Bicycling Coalition and
11 Tri-State Transportation Campaign, we look
12 forward to working with the Legislature and
13 the state's transportation agencies to
14 improve the effectiveness and safety of our
15 shared transportation system.

16 Thank you.

17 CHAIRMAN FARRELL: Thank you.

18 Adam Prizio, manager of government
19 affairs, Center for Disabilities Rights.

20 MR. PRIZIO: Thank you. In the
21 interests of time, I will be brief. You have
22 my full comments.

23 Thank you to the joint committee for
24 this opportunity to speak. My name is Adam

1 Prizio. I am the manager of government
2 Affairs at the Center for Disability Rights.

3 The Center for Disability Rights is a
4 disability-led, not-for-profit organization
5 in Rochester, New York. We advocate for the
6 full integration, independence, and civil
7 rights of people with disabilities, and we
8 provide services to assist people in
9 exercising those rights in the context of an
10 independent living framework.

11 The State of the State contained
12 important transportation infrastructure
13 projects and improvements. My organization
14 and the disability community, I think,
15 generally tend to favor these sorts of
16 improvements because and to the extent that
17 they include modernization and accessibility
18 features as required under the ADA Title 2.

19 So the four new stations in the Bronx,
20 the AirTrain to LaGuardia, the expansion of
21 Penn Station -- to the extent that these
22 things will enable people with disabilities
23 to more fully participate in the community,
24 we think they're good ideas, because

1 transportation is a key component of people
2 living in the community.

3 More and more people with disabilities
4 are coming out of nursing facilities and
5 moving into the community and becoming
6 integrated into home and community living.
7 Transportation is an important part of this
8 because if we can't get to the store, if we
9 can't get to our healthcare provider's
10 office, we can't live. We're back at the
11 institution.

12 If we can't get to work, if we can't
13 get to parks or the sports arena or to a
14 family or friend's health, then we're not
15 participating in the community, we're being
16 denied by inaccessible transportation the
17 opportunity to participate in the community.

18 I want to bring to the attention of
19 the committee two policies that are taking
20 shape elsewhere in the state. First, the
21 Olmstead Plan -- which is a product of the
22 Governor's Olmstead Commission -- to improve
23 community-living opportunities for people
24 with disabilities.

1 The Olmstead Plan calls for the
2 Department of Health to transition 10 percent
3 of the population of long-term nursing
4 facilities into the community over five
5 years. Which is approximately 1,800 people
6 per year that will be coming into the
7 community and will need more-accessible
8 transportation.

9 This is a statewide effort. So it's
10 not just in the city, it's across the state.
11 If people can't live in the community,
12 they'll go back to the institution, in
13 violation of both their civil rights and at
14 more expense to the state.

15 The second policy I want to talk about
16 is Community First Choice, which the state is
17 expected to implement this year. Community
18 First Choice provides for additional funding
19 for home- and community-based supports.

20 My organization conducted a fiscal
21 analysis, and we believe that between
22 \$299 million and \$439 million per year can be
23 brought into the state Medicaid budget
24 through Community First Choice, depending on

1 how many people are able to successfully
2 transition out of institutions and live in
3 home and community settings.

4 So not only is this a civil rights
5 issue, but it's an issue for the fiscal
6 health of the state. And if accessible
7 transition is an obstacle to people being
8 able to live in the communities, it's a
9 problem for the state's fiscal health as well
10 as a civil rights issue.

11 So in this context, I would point out
12 to the committee that accessibility is not
13 mentioned anywhere in the transportation
14 budget, and neither is disability. And I
15 would urge the committee to take steps to
16 make accessibility a priority in this budget
17 procedure.

18 It's nearly 25 years since the passage
19 of the Americans With Disabilities Act, and
20 there are still gaps in transportation.
21 There are still gaps -- people with
22 disabilities are still stuck in their homes
23 or, if they're able get out, they use
24 paratransit, which in most parts of certainly

1 upstate is not responsive.

2 It's not uncommon in Rochester,
3 New York, for a person to be on hold for
4 45 minutes to schedule a paratransit ride.
5 And paratransit operators have an incentive
6 to minimize the number of rides that they
7 offer, because the fiscal incentives are
8 against them. It costs between \$35 and
9 \$45 per trip, and they receive a fare of \$2.
10 So when paratransit is available, people will
11 often only be able to get a ride that's, say,
12 two or three hours before their doctor's
13 appointment. So you're talking about a
14 three-or-four-hour window of idleness simply
15 to go to the doctor.

16 Not in the transportation budget, but
17 worthy of the joint committee's attention,
18 there are two initiatives in the health
19 budget. The Ohmstead Mobility Pilot Project
20 is a Department of Health project to improve
21 community living outcomes by involving --

22 CHAIRMAN DeFRANCISCO: Are you
23 scheduled to appear before the Health
24 Committee?

1 MR. PRIZIO: Yes.

2 SENATOR DeFRANCISCO: We don't have to
3 hear it twice. Why don't you wait until that
4 time comes.

5 MR. PRIZIO: Thank you, sir.

6 CHAIRMAN DeFRANCISCO: Okay.

7 MR. PRIZIO: People with disabilities
8 are coming into the community in greater and
9 greater numbers. And as we get here, it's
10 important not to let a lack of accessible
11 transportation hold us back.

12 Finally, I heard earlier today that
13 funding for upstate transportation systems
14 may cause those systems to leave people with
15 disabilities without paratransit access
16 during Sundays and holidays. And this means
17 that people with disabilities will not be
18 able to visit their families for Sunday
19 dinner, will not be able to be with their
20 families on holidays. And in a budget this
21 size, frankly, that strikes me as indecent,
22 and I encourage the committee to do something
23 about that.

24 Thank you for your time, I'm happy to

1 answer any questions.

2 CHAIRMAN DeFRANCISCO: Thank you.

3 How long has your organization been in
4 existence?

5 MR. PRIZIO: My organization's been
6 around for 25 years this year.

7 CHAIRMAN DeFRANCISCO: And has it
8 always had the same name, Center for
9 Disabilities Rights?

10 MR. PRIZIO: That's my belief.

11 CHAIRMAN DeFRANCISCO: Okay. The only
12 reason I'm asking, I don't think disabilities
13 have rights. People with disabilities may
14 have rights. Does that distinction make any
15 sense?

16 (No response.)

17 CHAIRMAN DeFRANCISCO: That's all. That's
18 enough. We've all had a long day, that's how I
19 get off.

20 CHAIRMAN FARRELL: A couple of
21 questions? We'll close, and you can go talk
22 to him.

23 ASSEMBLYMAN ABINANTI: I'd like to get
24 it on the record.

1 CHAIRMAN FARRELL: I have to get it on
2 the record?

3 ASSEMBLYMAN ABINANTI: No, no, just
4 very brief, very brief.

5 Just a couple of quick questions. Is
6 there anything in this budget that makes life
7 better for people with special needs from a
8 money point of view?

9 MR. PRIZIO: In the transportation
10 budget?

11 ASSEMBLYMAN ABINANTI: Yup.

12 MR. PRIZIO: I mean, only to the
13 extent that the capital improvement projects
14 improve accessibility.

15 ASSEMBLYMAN ABINANTI: Okay. But
16 there is nothing directed towards the needs
17 of people with special needs in this budget?

18 MR. PRIZIO: Not that we've seen.

19 ASSEMBLYMAN ABINANTI: That's it.

20 Thank you. Thank you, Mr. Chairman.

21 CHAIRMAN FARRELL: That's it?

22 ASSEMBLYMAN ABINANTI: That's it.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 MR. PRIZIO: Thank you, sir.

2 CHAIRMAN FARRELL: We are closed down
3 until Monday morning at 9:30.

4 (Whereupon, at 3:47 p.m., the budget
5 hearing concluded.)

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