

State windfall may curb toll hike

News Date:

10/17/2015

Outlet:

Rochester Democrat and Chronicle

Contact:

By Thomas C. Zambito

Cuomo would not be the first governor to tip-toe his way around the hot-button issue of tolls. His predecessors, wary of angering commuters, all refused to back congestion pricing, a move transportation experts said would ease the daily miles-long backups that snake along the bridge approaches at rush hour.

In an unlikely twist, Tappan Zee Bridge drivers may owe a big thank you to banks accused of wrongdoing in the nation's fiscal crisis for saving them from what could have been a hefty toll hike on the span in the coming years.

Earlier this year, the state Thruway Authority modified its own budget and announced that it would divert some \$750 million in bank settlement money to the \$4 billion bridge replacement project. Tucked deep in the new budget is a sizable recalculation in just how much toll revenue the Thruway will need by 2018, when both four-lane spans are expected to open to traffic, a Journal News analysis shows.

Thruway officials estimated that, instead of the \$990 million they said they would need in December, they'd need just \$689 million by 2018, thanks in large part to cost cutting and an infusion of cash from New York's share of the bank settlement negotiated by the U.S. Justice Department, state figures show.

The \$1.9 billion budget, approved in May, identified some \$66 million in spending cuts and reduced debt service costs.

The bank settlement money meant the Thruway did not have to issue bonds this year, state officials say. The \$300 million reduction in needed revenues by 2018, coupled with plunging gas prices, could translate to a lower-than-expected toll at least for the next few years and provide some political cover for Gov. Andrew Cuomo, whose commitment to proving New York can still build big things propelled the project, according to economists and political observers.

Down from \$11?

Three years ago, transportation economist Charles Komanoff, who has made a study of the bridge financing plan, predicted that the toll for a new bridge would come in around \$11 or more. He now thinks it will be considerably less but is reluctant to pin down a precise figure until more details of the financing plan come out.

"He's a lucky guy," Komanoff said of Cuomo. "The financial-settlement money plowed into the Thruway Authority will enable him to reduce the amount of debt from building the bridge. And the plunge in gas prices is going to bump up the volume of cars on the Tappan Zee. Both changes

shrink the toll hike."

Some 138,000 cars cross the Tappan Zee every day, contributing nearly 20 percent of the Thruway's annual toll revenue. As of the end of August, traffic totals on the bridge were up 1 percent over the same period last year, from 16,736,326 to 16,929,776, Thruway figures show.

Just how high will the toll go and when will it go up? And will it increase incrementally in the coming years?

"TBD," a Thruway Authority spokeswoman wrote in response to a Journal News query about when the state anticipates revealing what the new toll will be.

Efforts by a new Thruway management team to "take the blade to the fat" is a signal that officials are committed to cutting costs and keeping tolls low, said Ken Girardin, a policy analyst for the Empire Center for Public Policy. But, Girardin said, he's still not convinced they can pull it off because their future budget projections factor in deficits.

"They're going to try their darndest but, at this point, they're projecting deficits within two years," he said.

State officials have acknowledged that a toll hike will be needed to repay bonds the Thruway Authority issued to aid in its financing. All they will say is that tolls won't be raised this year on the bridge or across the Thruway, and there are no plans to increase tolls across the Thruway to pay for the bridge.

Much is on the line for the region's economy, as well as the political fortunes of a governor who pushed a bridge project that bogged down in cost concerns during prior administrations.

"The Tappan Zee Bridge is the lifeblood of our community," said state Sen. David Carlucci, D-New City. "We were born out of the TZB." A higher toll could affect the economies of Westchester and Rockland counties and the residents whose daily lives are intertwined with a bridge that, when it opened in 1955, transformed a region, turning Rockland from a farming community to a bustling New York City suburb whose population has more than tripled since 1950 to approximately 330,000.

At \$5 per round trip, less with an E-ZPass discount, the toll for the Tappan Zee Bridge is still a relative bargain compared to the \$14 hit drivers take to cross the Hudson 20 miles to the south at the George Washington Bridge.

But a toll that's too high might force some to think twice about that drive from Pearl River to catch a movie in Tarrytown, or that trip from White Plains to catch a Rockland Boulders game.

In August 2012, the governor vowed to create a task force that would offer suggestions to keep the toll low and investigate other financing sources for the bridge. That hasn't happened yet.

The task force's work has been put on hold while the state tries to come up with financing

alternatives.

It's been a predictable, don't-show-your-cards strategy from a second-generation governor who knows his way around the political poker table, observers say. And tolls, like taxes, have a way of turning the public against you very quickly, they add.

"A toll is in your face every day," said Philip Plotch, the author of "Politics Across the Hudson," a critical look at the Cuomo administration's effort to build a replacement for the aging bridge. "Every single day drivers are going to see it."

Political hot potato

Cuomo would not be the first governor to tip-toe his way around the hot-button issue of tolls. His predecessors, wary of angering commuters, all refused to back congestion pricing, a move transportation experts said would ease the daily miles-long backups that snake along the bridge approaches at rush hour.

"The idea of raising peak-period tolls on the Tappan Zee Bridge was discussed in every governor's office from Mario Cuomo to Andrew Cuomo, but none of them were ready to implement congestion pricing (except for commercial vehicles) or eliminate the Tappan Zee Bridge commuter discount," Plotch writes in his book.

In 2012, when one of the governor's top aides suggested at a public meeting that the toll could go as high as \$14, the governor shot it down.

"At the end of the day, we have to make tolls affordable," Cuomo said then.

The project was pitched at a time when the state's unemployment rate was hovering around 8 percent and the call for new jobs - backed by labor unions at sometimes raucous town hall meetings - drowned out the discussion about tolls.

Reality of finances

Toll increases remain the only viable way to raise enough revenue to repay the bonds the Thruway Authority floated to finance the largest infrastructure project in North America. But just how will the governor define affordable?

A low-interest \$1.6 billion federal loan secured in 2013, and the bank settlement money, "will help us meet Gov. Cuomo's mandate to keep tolls as low as possible on the new bridge," said Thruway Authority Executive Director Bob Megna.

Under the terms of the federal loan, the Thruway Authority won't begin paying back the \$1.6 billion it owes until 2023, five years after the bridge opens. As of July, the state Thruway Authority, which operates the Tappan Zee, has paid out \$1.58 billion to the bridge's developer, Tappan Zee Contractors, a Thruway spokeswoman said.

Lawmakers say they are frustrated by the lack of information coming out of the governor's office on the toll-hike issue. They say they'd like a chance to weigh in on a range of issues, such as discounts for Rockland and Westchester drivers.

But political observers say Cuomo would not be doing himself any favors by broaching the subject now.

"He doesn't have to create an issue when he doesn't have to," said Gerald Benjamin, a political science professor at SUNY New Paltz. "No politician wants to create a burden without a benefit. And he doesn't know what the burden is going to be yet. He wants the discussion to be focused on 'Look at this magnificent bridge. Everyone said New York couldn't build big things and look what he did.'"

Cuomo's critics say the strategy does a disservice to the people who will be fronting the money for the bridge.

"It's totally a political strategy," said Veronica Vanterpool, executive director of the Tri-State Transportation Campaign, a watchdog group. "They really don't want to deal with the backlash. The governor is playing politics with the taxpayers."

A misstep on the toll issue could damage his political prospects, said Jeanne Zaino, an author and political science professor at Iona College in New Rochelle.

"In the end, if the cost is enormous, he could find himself with a frustrated citizenry on his hands," Zaino said.

Commuter discounts likely

Carlucci, in anticipation of a higher toll, has proposed a four-pronged plan that would help the state go after toll cheats, create discounts for local commuters and tax credits for others.

Cuomo has already expressed support for a "resident discount" similar to a program for Staten Island residents who use the Verrazano-Narrows Bridge.

"There ought to be a local preference, a significant discount," said state Assemblyman Tom Abinanti, D-Mount Pleasant. "The downstate region has been subsidizing the cost of the entire Thruway for years."

Any effort to try to spread the cost of bridge construction across the Thruway system is likely to run into opposition from upstate drivers and groups representing truckers.

"There are all kinds of rumors out there and one of them is that," said Kendra Hems, president of the New York State Motor Truck Association. "As an industry, from day one, we've always seen the need to rebuild the bridge but the fact that it moved forward without a financial plan has been a concern of ours."

Cuomo's future

Cuomo is likely to enlist the support of local lawmakers by pushing for a discount for residents of Westchester and Rockland, Zaino said.

"He's astute enough and politically knowledgeable that he would find a way to lessen the hit they might take," she said.

Cuomo won't be up for re-election until 2018. Winning a third term would be a rare feat that would place him in the same company as his father. But the beginning of the election cycle for that bid would start some 30 months from now, long after the first span opens to traffic. And the federal loan will come due long after that.

"I think it's going to be a real timing issue. If he runs for a third term and the (toll) number comes out close to election he may have some trouble," Zaino said. "Infrastructure will be one of his calling cards as he goes forward and anything that taints that record is going to be a problem for him."

Cuomo would not be the first governor to tip-toe his way around the hot-button issue of tolls. His predecessors, wary of angering commuters, all refused to back congestion pricing, a move transportation experts said would ease the daily miles-long backups that snake along the bridge approaches at rush hour.

