

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
OPERATIONS, ACCOMPLISHMENTS AND PROJECTS UNDERTAKEN
YEAR ENDED 12/31/14**

The mission of the New York State Bridge Authority is to maintain and operate the vehicle crossings of the Hudson River entrusted to its jurisdiction for the economic and social benefit of the people of the State. The Authority will maintain the vehicular bridges and related infrastructure in good condition for the benefit of the travelling public, provide for long-term financial stability of the Authority, and do so at the lowest cost consistent with long term safety and stability. The Authority will provide for accountability and transparency in its operations.

In 2014, as in previous years, the Authority continued to meet this mission as it operated six superstructures, with a replacement value over \$1.7 billion, together with their ancillary facilities, at one of the lowest tolls anywhere. In fact, since it came into existence 82 years ago, the Authority has raised tolls only three times in its history. In January 2012, the most recent toll schedule revision, the Authority's toll schedule included its basic cash \$1.50 and \$1.25 E-ZPass for round trip tolls that are both still lower than that charged for the first crossing in 1933.

In terms of maintaining the bridge system, which averages 74 years of age, there is a need for constant monitoring and care. Given the proper maintenance, these spans have an indefinite lifetime. To that end, the Bridge Authority's capital improvement program is driven by annual bridge inspections conducted by independent engineers. Each year three vehicular bridges receive in-depth detailed biennial inspections that meet or exceed the criteria of both federal and state mandatory bridge inspection programs. The inspectors also do a thorough, but less intensive, inspection of the other three vehicular bridges to review the maintenance work done since the last biennial inspection and to identify changing conditions that may require an immediate response.

In 2013, after a bidding process, the Authority awarded the contract and work commenced on the construction project to re-deck the South Span of the Newburgh-Beacon Bridge. The project, utilizing a previously negotiated project labor agreement, is the largest project of its kind in the history of the Authority. In 2014 construction on this project continued with \$45.9 million expended for the year. The Authority also completed a concurrent 2 year project to paint a portion of the North Span of the Newburgh-Beacon Bridge. Both of these projects support the Authority's goal of maintaining its vehicular bridges proactively to allow for an indefinite useful life.

The Authority enhanced its toll collection system capability to improve automatic vehicle classification. The improvement allows the Authority to accurately classify vehicles which pass through E-ZPass lanes. E-ZPass tags are encoded with a default tag classification that in some instances does not match the actual vehicle. The Authority has generated approximately \$0.4 million in revenues through its ability to correctly classify these transactions.

The Authority settled a contract with CSEA Local 1000, the Authority's only collective bargaining unit. The Authority had been without a contract since 2012. The Authority

negotiated a five year contract that responsibly manages labor costs in a challenging economic environment.

The Authority continues to develop opportunities to generate revenues beyond toll collection to supplement those revenues. The Authority built a fiber optic line across the Mid-Hudson Bridge and has leased additional fibers. The Authority had already built fiber capacity and covered its cost through leasing in 2012. It is still looking to utilize existing capacity at Mid-Hudson Bridge to lease several more fibers within the existing line and is expecting to utilize fibers for its own usage as well. Additionally, the Authority is evaluating opportunities on its other facilities. While this program is not large enough to avoid increasing tolls, this type of program has helped supplement reductions in revenue associated with economic cycles.

The Authority began the direct sales of E-ZPass in full service toll lanes in 2013 at each of the toll plazas. The additional convenience of buying a tag at the booth has been very successful with the Authority selling almost eighteen thousand tags since inception. While by itself it is difficult to evaluate the incremental E-ZPass utilization attributable to this initiative, the Authority continues to see increased E-ZPass utilization throughout 2014 with overall utilization of 68.8% for the full year.

Major bridge project expenses in 2014 included, as noted above, approximately \$46 million expended of an overall \$101 million project to re-deck the South Span of the Newburgh-Beacon Bridge. In addition, the Authority materially completed a two year project for \$21 million to paint a portion of the North Span of the Newburgh-Beacon Bridge.

In 2014, Standard & Poor's affirmed the AA- long term rating on the Authority's outstanding general revenue bonds with a stable outlook. Moody's Investors Service in 2014 assigned an Aa3 rating to the Series 2012 General Revenue Bonds and affirmed the rating for the Aa3 parity bond rating with a stable outlook.