

**NEW YORK STATE BRIDGE AUTHORITY
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW
OPERATIONS, ACCOMPLISHMENTS AND PROJECTS UNDERTAKEN
YEAR ENDED 12/31/11**

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 2011, the Authority continued to meet this mission as it operated six superstructures, with a replacement value over \$1.4 billion, together with their ancillary facilities, at one of the lowest tolls anywhere. In fact, since it came into existence 79 years ago, the Authority has raised tolls only twice in its history. Its basic \$1.00 round trip toll that will rise to \$1.25 for E-ZPass patrons in January 2012 will still be lower than that charged for the first crossing in 1933.

In terms of maintaining the bridge system, which now includes the Walkway Over The Hudson (WOTH), average 71 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 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 bridges to review the maintenance work done since the last biennial inspection and to identify changing conditions that may require an immediate response.

In December 2011, the Authority received approval from the Commissioner of the New York State Department of Transportation to implement a toll increase. This increase will provide the required revenue to allow the Authority to Bond in 2012 to finance \$100 million of its \$160 million capital program. The remaining funds will be spent on a pay-go basis from toll revenues. The Authority receives no funds from the state or federal governments to finance operations.

The Authority restructured its operations in 2010 utilizing the 2010 Retirement incentive. 20 employees utilized the retirement incentive by year end 2010. The majority of those positions were not replaced resulting in a reduction in salary costs year over year of \$0.6 million, or 5.5%. The Authority continues to pursue other initiatives in terms of automation and enhanced process efficiencies.

Also in December 2011, the Authority took advantage of extremely low interest rates to refinance its 2002 series bonds. The Authority refunded the outstanding balance of the 2002 series and issued the 2011 series which resulted in a net present value savings over five years of \$3.3 million dollars. The 2011 series will mature on January 1, 2017, the same as the 2002 series it refunded.

The Authority recognized there are opportunities to generate revenues beyond toll collection to supplement revenues. The Authority began advertising at its facilities. In 2011, the Authority generated \$0.1 million in revenue through the use of advertising on toll plazas and gate arms. The Authority expects to expand this program to generate more revenues as the concept is fully developed. Another initiative was to build a fiber optic line across the Mid-Hudson Bridge. The Authority has signed a lease for 10 years that will generate \$0.5 million for use of that fiber optic line. The Authority has the capacity to lease several more fibers within the existing line and is expecting to utilize fibers for its own usage as well. While neither program is large enough to avoid increasing tolls, these programs have helped supplement reductions in revenue associated with economic cycles.

Major bridge project expenses in 2011 included \$9.4 million of an \$18.0 million project to paint a portion of the North Span of the Newburgh-Beacon Bridge, \$1.3 million of \$2.2 million of inspection and construction work to the Walkway Over The Hudson, \$3.3 million of the \$4.6 million security enhancements at all facilities from a Federal Grant, and \$0.3 million of a \$0.8 million main cable inspection project at the Mid-Hudson Bridge.

In addition to our vehicular bridges, on December 21, 2010 the Authority accepted ownership of the WOTH. The WOTH is a 123 year-old railroad bridge converted into a linear state park. This is a pedestrian only structure which produces no toll revenues. The New York State Office of Parks, Recreation, and Historic Preservation is responsible for Walkway operations and the maintenance of the deck, and the Authority is responsible for the maintenance of the structure. Capital expenditures related to the WOTH during 2011 totaled \$1.7 million.

In 2011, Standard & Poor's affirmed the Authority's AA- rating and stable outlook on its outstanding bonds. Moody's Investors Service downgraded the Authority's Aa2 rating to Aa3, similar to the Standard & Poor's rating citing declining debt service ratios, projected debt levels for future capital projects, and the addition of the Walkway Over The Hudson.