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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 29, 2000

Mr. Louis R. Tomson
Chairman
New York State Thruway Authority
200 Southern Boulevard
Albany, New York 12209

Re: Report 2000-F-26

Dear Mr. Tomson:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution, we have reviewed the actions taken by officials of the New York State Thruway Authority as of September 14, 2000, to implement the recommendations included in our prior audit report, *Tappan Zee Corridor Congestion Relief Initiative* (Report 98-S-58) issued July 2, 1999. Our prior audit focused on the implementation of efforts to reduce overall traffic congestion in the Tappan Zee Corridor, and to discourage commercial traffic on the Tappan Zee Bridge especially during rush hours.

Background

The New York State Thruway Authority (Authority) was established in 1950 as an independent public corporation to build, operate, and maintain a superhighway across New York State. The 641-mile New York State Thruway (Thruway as it is commonly known) is the largest toll highway system in the United States, with 61 toll collection stations, including interchanges, bridges and toll barriers. The Authority collected a total of \$402.6 million in toll revenue during the 12-month period ended June 30, 2000.

The Tappan Zee Corridor (Corridor) is the 15-mile section of the Thruway between Suffern in Rockland County and Elmsford in Westchester County which includes the Spring Valley Toll Barrier (Barrier) and the Tappan Zee Bridge (Bridge). The Corridor is the most heavily traveled section of the Thruway, carrying as many as 125,000 vehicles per day. The Authority implemented the Tappan Zee Congestion Relief Initiative (Initiative) on July 15, 1997 to reduce overall congestion in the Corridor, and to discourage commercial traffic on the Bridge, especially during rush hours. The Initiative eliminated the southbound Barrier entirely to allow all traffic to continue to travel at highway speeds, and maintained the northbound Barrier for commercial vehicles only.

The Initiative also raised Bridge and Barrier tolls for certain vehicles and for certain travel times (congestion pricing), and allows commercial customers to pay lower rates during non-rush hours if they use E-ZPass, an electronic toll collection system designed to reduce traffic congestion at toll collection stations.

A major portion of the Authority's capital funding is provided through the sale of revenue bonds. The Authority is required by the terms of these bonds to maintain its net revenue at a certain level. The Initiative was designed to achieve a regional revenue-neutral effect on the net revenue requirement so that, when fully implemented, it would have no adverse effect on the amount of Authority net revenue. With the implementation of the new Corridor toll structure, Corridor gross toll revenue in the three years of the Post-Initiative Period was \$4.5 million higher for the year ended June 30, 1998, \$6.0 million higher for the year ended June 30, 1999, and \$9.1 million higher for the year ended June 30, 2000 than in the Pre-Initiative Period for the year ended June 30, 1997. Gross toll revenue for the entire Thruway in the Post-Initiative Period also rose by \$60.6 million reaching \$402.6 million for the year ended June 30, 2000. Corridor revenue represented 19.5 percent of total Thruway revenue of \$342.0 million in the Pre-Initiative Period for the year ended June 30, 1997, while corridor revenue in the Post-Initiative Period represented 18.8 percent of total revenue of \$402.6 million in the most recent year ended June 30, 2000.

Summary Conclusions

In our prior audit, we found that the Initiative had achieved a revenue-neutral effect on the Authority's net revenue requirement and has virtually eliminated congestion at the Spring Valley Toll Barrier. However, overall Bridge traffic had increased slightly and, although commercial Bridge traffic has decreased overall, it has increased slightly during rush hours. We recommended that the Authority expand commercial E-ZPass marketing efforts in the Corridor and develop a system to measure and monitor congestion, such as traffic delays at tollbooths.

Our follow-up review found that since the prior report was issued, the Initiative continues to yield a revenue-neutral effect on Authority net revenues even though the ratio of Corridor gross revenue to Authority gross toll revenues declined by seven-tenths of a percent from 19.5 percent to 18.8 for the years ended June 30, 1997 and June 30, 2000. Overall, the Thruway has experienced an increase in traffic volume including a growth in commercial traffic through the Corridor, but the Initiative has effectively changed traffic patterns between peak and non-peak travel hours. According to Authority officials, without the Initiative, commercial traffic in the current economy would be even higher than at present.

Summary of Status of Prior Audit Recommendations

Of the two recommendations in the prior report, one was implemented and one was partially implemented.

Follow-up Observations

Recommendation 1

Expand commercial E-ZPass marketing efforts in the Corridor. Inform commercial drivers about congestion/incentive pricing at the Barrier and the Bridge, and encourage them to travel during non-peak hours.

Status - Implemented

Agency Action - The Authority developed a three-year Marketing Plan, published January 1, 1999, that focuses on the expanded use of E-ZPass by the commercial trucking industry. Authority officials stated they actively pursue commercial trucking firms to encourage them to sign-up for the E-ZPass Commercial Charge Account program by attending trucking industry trade shows and by visiting individual trucking firms. As a result, the percentage of commercial traffic at the Bridge using E-ZPass has risen from 44 percent in 1998 to 57 percent through the end of July 2000. According to Authority officials, there were 4,784 commercial accounts and 58,091 E-ZPass tags in January 1998. In June 2000, the Authority reports 9,409 commercial accounts and 127,668 tags. Stated another way, since our audit there has been close to a two-fold increase in the number of commercial accounts and the number of E-Z Pass tags has more than doubled. Also, the Authority's analysis of daily traffic indicates that the percentage of commercial traffic to total traffic drops considerably during peak hours (7:00 a.m. to 9:00 a.m.) when congestion price rates are in effect. Currently, in New York State, only the Tappan Zee Bridge connecting Westchester and Rockland Counties has a congestion pricing toll structure where motorists who drive when traffic is less congested pay a reduced toll. A consultant, Resource Systems Group, Inc., conducted a study of the use of pricing to relieve congestion in the Corridor with Wilbur Smith Associates and Howard/Stein-Hudson Associates, Inc., dated August 1999, entitled *Tappan Zee Bridge Congestion Relief Pricing Study: Benefits and Impacts*. The study concluded that the changes in pricing structure could alter driver behavior, but Authority action on the report and further changes are on-hold pending further study of broader issues relative to the Corridor including replacement of the Tappan Zee Bridge. The study provided the research necessary to understand the impact of different pricing scenarios on alternative modes of transportation and alternative route selections.

Recommendation 2

Develop a system to measure and monitor congestion such as traffic delays at toll booths. Analyze the available traffic data to maintain awareness of peak hour travel trends.

Status - Partially Implemented

Agency Action - The Authority continues to use traffic statistics, visual observations and direct feedback from on-site toll plaza staff to monitor and analyze traffic trends. Since the audit, the Authority has upgraded its exiting traffic and revenue statistics system so it can provide hourly traffic flow data and make it easier to do comparisons by tollbooth and by toll barrier. More automated approaches to this process will be incorporated in the Authority's overall traffic management program that will be part of the implementation of the proposed Traffic Operation Center located at the Authority's New York Division headquarters in Tarrytown, N.Y. According to Authority officials, the Executive Director has accepted the project proposals and has recommended submission of the proposals for funding to the Authority's governing board for approval. Accordingly, the Authority is hopeful that next year's budget will include funding for the actual development of an automated Traffic Management System necessary for the operation of the Traffic Operation Center.

The major contributor to this report is Gerald Tysiak.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank Authority management and staff for the courtesies and cooperation they extended to us during this review.

Very truly yours,

Carmen Maldonado
Audit Director

cc: Anthony Chillemi
Charles Conaway