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Guest Editorial No. 1

A rare glimpse into the bloated and self-serving Thruway Authority

by Carl P. Paladino¹

March 2, 2007

Employees of the New York State Thruway Authority receive the following generous compensation package:²

1. Fringe benefits total 36.75% of their salary.
2. Every employee with five years of tenure gets a free EZ Pass for life for their private vehicle.
3. Certain board members get an authority vehicle for no apparent reason.
4. Executive Director Michael R. Fleischer and senior staff members also get vehicles some of which are probably justified.

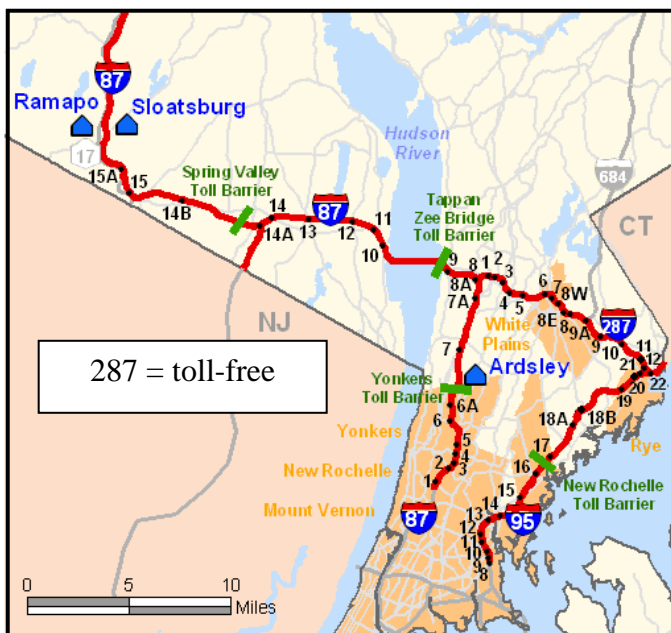
¹ The author is an attorney and president of Ellicott Development Company, preserver of the great Buffalo landmark, Ellicott Square Building. He was the plaintiff in a lawsuit filed against the New York State Thruway Authority whose settlement resulted in the end of tolls on the Niagara section of the Thruway. The views expressed are his own and not necessarily those of Free New York, Inc.

² *Source:* my Freedom of Information request. For the underlying materials, see <http://nogitolls.com/Foil.html>

5. Tollbooth managers received about \$68,000 per year and toll takers receive about \$20 per hour. When the Niagara Section tollbooths were closed, the Authority announced that no permanent toll collectors would be laid-off. That is interesting. Where did they put them? Sounds like efficient cost management.
6. Benefits include a very liberal health insurance plan, vision care, dental insurance, free EZ Pass, 401k, long-term care insurance, flexible spending accounts and life insurance.
7. Senior executive compensation ranges from \$115,000 for a network affairs acting director to Mr. Fleischer's \$164,000.
8. All employees get a tuition assistance program that pays 90% of the tuition in advance. Employees can take up to 15 credit hours per semester.
9. Employees get 12 holidays each year, four of which are floating and can be used anytime.
10. The vacation leave policy allows, after seven years, 13.5 days of vacation. They can cash in 10 of those days.
11. After five years, employees get 12 sick days. 12!
12. Employees get additional sick days at half pay.
13. Employees get five personal leave days each year.

As of the end of May, 2006, the Niagara section tollbooths took in \$6,025,537, an increase of 30% from the prior year due primarily to a 50% increase in tolls (the rate increase elsewhere in the state was only 15%). At that rate, the Authority was set to take in over \$14 million in 2006 from the Niagara section. In 2005, they had taken in over \$11 million.

After Judge Joseph R. Glownia denied from the bench the Authority's motion to dismiss our lawsuit, the Thruway Authority and our ever vigilant politicians concocted the story that it was necessary to replace \$14 million in revenue to be lost if they shut down the Niagara section tollbooths. The revenue in 2005 had only been \$11 million. The financial statements do not reflect the operating expenses for the Niagara section



tollbooths, which we estimate at \$6 million per year. Why did they need \$14 million instead of \$6 million?

State Senator Dale Volker argued that it was necessary to get permission of the bondholders and then delve into the pork slush fund of the New York State Senate to come up with the money to reimburse the Authority. That was also fabricated nonsense staged to make him look like a hero.

The bondholders lent money while subject to the 1968 Niagara Section Toll Removal Act. Bond counsel was presumably paid huge fees to research and render an opinion on the risks to bondholders. Apparently, their research was flawed.

The bondholders had absolutely no right to veto the closing of the Niagara section tollbooths. They were never asked nor was it necessary to ask them. Their only relief is to sue bond counsel.

However, I am sure that the bondholders really don't care. The May, 2006 Authority financial statement shows revenues to date of \$228 million. It lists \$128 million in ill-defined operating expenses; \$18 million in operating costs for the

Erie Canal and \$5 million for interstate 84. (Note that 84, together with I-287 had been "sold" to the Authority with a special provision that no tolls be charged on those routes. This means that WNY drivers were subsidizing drivers in the Albany/NYC corridor.)

After interest earned and interest paid on capital debt, actual cash flow for only five months was \$43 million!

Erie County should sue to collect the \$100 million in tolls illegally collected since 1996 and deposit them in a fund to be used for tax relief and suing the State on other issues where Western New Yorkers are treated like second class citizens.

