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# *Committee Meeting*

of

## SENATE LEGISLATIVE OVERSIGHT COMMITTEE

*“The Committee will hear testimony on the merits of proposed Port Authority reform legislation and on priorities for inclusion in the Port Authority’s revision of its 10-year capital plan”*

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** September 24, 2015  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Senator Robert M. Gordon, Chair  
Senator Loretta Weinberg, Vice Chair  
Senator Paul A. Sarlo  
Senator Thomas H. Kean Jr.



**ALSO PRESENT:**

Patrick Brennan  
Philip M. Mersinger  
*Office of Legislative Services*  
*Committee Aides*

Mark Magyar  
*Senate Majority*  
*Committee Aide*

Frank Dominguez  
*Senate Republican*  
*Committee Aide*

***Meeting Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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ROBERT M. GORDON  
*Chairman*

LORETTA WEINBERG  
*Vice-Chair*

M. TERESA RUIZ  
PAUL A. SARLO  
THOMAS H. KEAN, JR.  
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## New Jersey State Legislature

SENATE LEGISLATIVE OVERSIGHT COMMITTEE  
STATE HOUSE ANNEX  
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### COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE

FROM: SENATOR ROBERT M. GORDON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - SEPTEMBER 24, 2015

*The public may address comments and questions to Jeffrey T. Climpson, Committee Aide, or make bill status and scheduling inquiries to Shirley Link, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideSLO@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**The Senate Legislative Oversight Committee will meet on Thursday, September 24, 2015 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

**The committee will hear testimony on proposed Port Authority of New York and New Jersey reform legislation and on priorities for inclusion in the Port Authority's revision of its 10-year capital plan.**

**Those wishing to testify should contact the Committee Secretary Shirley Link at (609) 847-3855 or OLSAideSLO@njleg.org by Wednesday, September 23, 2015.**

Issued 9/16/15

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## TABLE OF CONTENTS

	<u>Page</u>
Thomas K. Wright President Regional Plan Association	9
Gail Toth Executive Director New Jersey Motor Truck Association	43
Tim Evans Research Director New Jersey Future	55
Cathleen Lewis Director Public Affairs and Government Relations AAA of New Jersey	57
Detective Patrick McNerney President Port Authority Police Detectives Endowment Association, and Chair Port Authority Employees Labor Council	62
Sergeant Richard Hassmiller President Port Authority Sergeants Benevolent Association Inc.	64
<b>APPENDIX:</b>	
Testimony, plus attachments submitted by Gail Toth	1x
Testimony submitted by Tim Evans	7x

**TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>
Newspaper articles submitted by Research Staff Office of Legislative Services	9x
pnf: 1-69	

**SENATOR ROBERT M. GORDON (Chair):** Good morning, everyone.

The Committee will come to order.

Would you all please rise and join me in the pledge of allegiance? (all recite pledge)

Thank you.

Can I get a roll call, please?

MR. MERSINGER (Committee Aide): Senator Kyrillos. (no response)

Senator Kean.

SENATOR GORDON: Senator Kean is here.

MR. MERSINGER: Senator Sarlo. (no response)

Senator Ruiz. (no response)

Vice Chair Weinberg.

**SENATOR LORETTA WEINBERG (Vice Chair):** Here.

MR. MERSINGER: Chairman Gordon.

SENATOR GORDON: Here.

Good morning, everyone.

I'd like to welcome you all to the second in a series of Senate Legislative Oversight Committee hearings on Port Authority reform legislation, and on priorities for the Port Authority's revised 10-year capital plan.

Next month, two additional hearings will be scheduled in the evening in Bergen and Hudson counties so that we can hear from commuters.

Following our first hearing, we received great news on the transportation front when Governors Christie and Cuomo sent a letter to the Obama Administration offering to have the two states and the Port Authority provide 50 percent of the estimated \$20 billion cost of the Gateway tunnel project if the Federal government would come up with the other half. The Governors also designated the Port Authority to serve as lead agency for the Gateway project.

As an indication of the bipartisan support for the proposal, I am pleased to announce that the Senate will be voting this afternoon on a concurrent resolution backing the Gateway plan put forward by Governors Christie and Cuomo, and endorsing their designation of the Port Authority as the lead agency. That resolution is sponsored by Senate President Steve Sweeney and Senator Minority Leader Tom Kean, and cosponsored by the rest of us on the Senate Legislative Oversight Committee. It is an affirmation of the unity of the Senate on Gateway and the Port Authority's central role in trans-Hudson transportation projects.

It is increasingly likely that the Port Authority will be called upon to play the key role in the \$20 billion Gateway project, the plans that have been proposed for the Port Authority Bus Terminal, and the major renovations planned at LaGuardia and John F. Kennedy airports.

For that reason, it is imperative that we enact Port Authority reform legislation that addresses not only the structural and ethical issues, but also transportation, planning, and oversight of the billions in total dollars in Federal and State funds that will finance these projects.

But before we fix the tunnels, we need to fix the Port Authority.

What our legislation, S-3066, seeks to do more than anything else is to seek to ensure that the Port Authority can meet the transportation needs of the region professionally and efficiently, while providing an opportunity for elected officials, transportation experts, commuters, and the public to exercise proper oversight over an agency whose decision making, for too long, has been hidden from view.

Our proposal provides for legislative oversight by requiring senior Port Authority officials to testify before legislative committees, and it gives the two legislatures and the public an opportunity to provide meaningful comment on capital plan priorities before capital plans are adopted.

The legislation makes it clear that meeting the region's transportation needs is the Port Authority's chief mission, not economic development. The Governor's Special Panel was right to recommend that the Port Authority get out of the real estate business. And yet, the most recent four-year capital plan called for one-third -- that's one-third of the Port Authority's capital budget to be allocated to development of the World Trade Center, with no funding provided for new rail tunnels or a new Port Authority Bus Terminal.

The bill that Senator Weinberg, Assemblywoman Huttle, and I support provides for quarterly reports on the cost and progress of major capital projects, with independent monitoring of projects over \$500 million. We think it's important to know if a \$10 billion bus terminal is coming in on time and on budget.

The legislation requires an independent appraisal and advance notice of any real estate sale -- an important provision if the Port Authority

follows the Special Panel's advice to sell off up to \$8 billion in real estate. It gives the Port Authority Inspector General subpoena power and the right to compel witnesses to appear. And it gives each a voice in the Port Authority's planning process, by providing for the appointment of a Policy Liaison by each state's transportation commissioner to ensure that each state's legitimate transportation policy needs are properly considered.

These provisions represent our best effort at meaningful Port Authority reform, and we will be very interested in hearing the assessment of transportation experts, commuters, public officials, and other stakeholders on what makes sense and what doesn't, and how this legislation can be improved.

Our bill also includes the appointment of a professional CEO, and an enactment of extensive ethics and financial disclosure reforms that are also contained in the bill that passed the New York legislature and is sponsored in New Jersey by Senator Kean.

Once hearings are completed we hope to sit down with Governors Christie and Cuomo, with Senator Kean, our colleagues on both sides of the aisle in the Assembly, and with New York legislative leaders from both parties to agree on legislative language that meets the needs of the citizens we all represent.

We believe it is important to hold public hearings to give transportation experts, commuters, and the general public an opportunity to weigh in on the critical issues of Port Authority reform, because millions of New Jerseyans and New Yorkers rely on this agency to which they pay billions of dollars in bridge and tunnel tolls, rail and bus fares, airport fees, and cargo surcharges on consumer goods. We also believe it is important to



give the public the opportunity to let the Port Authority know what they think the Port Authority's priorities should be in the revised 10-year capital plan.

We will forward all testimony from these hearings directly to Port Authority officials for their consideration in developing the new plan.

I now would like to turn to other Committee members for any opening comments.

We'll begin with my Vice Chair, Senate Majority Leader Weinberg; and then my colleague, Senate Minority Leader Kean.

Senator Weinberg.

SENATOR WEINBERG: Thank you very much, Chairman Gordon.

You know, I think these hearings, on a bipartisan basis, have resulted in some very positive moves forward as we bring a spotlight to bear on the priorities that are going to be set at the Port Authority -- which we hope will include the tunnel and, certainly, the Bus Terminal; which I think the Port Authority might be discussing today.

SENATOR GORDON: Today, yes.

SENATOR WEINBERG: They changed their meetings from Wednesdays to Thursdays, which prevents some of us from attending. (laughter) And I'm not taking that personally; however--

So I think the Legislature, and certainly the Senate Legislative Oversight Committee, has played a very positive role in helping to bring people together in helping to keep the spotlight on the reform bill, as well as what the priorities are at the Port Authority. And the reform bill -- I think the most important aspect of it, that I think was missing from the New

York bill, is the requirement that the legislatures of both states have hearings, that the Port Authority come before them. And as this agency undertakes, literally, hundreds of billions of dollars worth of building priorities, that aspect becomes much more important. And writing it into the law is an extremely important step forward. There will be, 10 to 15 years from now -- as these building projects hopefully come near completion by then -- there will be different people sitting here and probably different people sitting out there; and to keep the continuity of having legislatures involved in what's going on -- I don't think the importance of that can be overstressed.

So thank you for continuing to provide the platform for all of us, and for the public to be involved as we move this bill forward.

SENATOR GORDON: Thank you, Majority Leader.

Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

It has been clear for many years that the Port Authority has needed reform. It has been clear since last December that a hybrid approach is necessary to accomplish that end -- the hybrid that focused, first and foremost, on the transparency and efficiencies on one front; the primary focus on transportation efforts on another. And also to make sure that the taxpayers and commuters throughout the region had faith that their hard-earned transportation dollars were being spent efficiently. That was something of which too many people did not have that certainty.

And that is why, since last December, I worked on a hybrid piece of legislation -- introduced that legislation, which was the framework

that New York used and then we are continuing to focus on at this juncture.

I think we are all, as New Jerseyans, very excited that, first and foremost, the Bus Terminal that's being discussed today -- yes, in our absence, on a bipartisan absence (laughter) -- is focused on a location that is one block away from the current terminal. That is good for New Jersey commuters. It means that the time to completion will be -- less expensive and in a shorter time period for New Jersey commuters. And that's a good thing, as opposed to some people who will try to get a bus terminal here in Secaucus Transfer and other places.

The fact that the tunnel is being identified and is going to the right endpoint, as opposed to the ARC tunnel that was first pointed in one direction, and then going to another direction by the time it was started -- the hole was started to be dug -- is good for New Jersey commuters.

I think it's very important that the Port Authority be removed as far as humanly possible from the partisan influences that have been exercised there for decades. And that is why my hope and my expectation is that we pass the hybrid piece of legislation. I've introduced one version -- 3048; my expectation is that the Senate will abide by tradition and use the lower number as the model for the hybrid legislation. I don't think the Chairman agrees with that, but I think the--

SENATOR GORDON: Actually--

SENATOR KEAN: As a framework. But, seriously, it's taken too long. The taxpayers and the commuters need certainty, and we should move with speed and alacrity to get this hybrid legislation done because the taxpayers and the commuters need that certainty, need the transparency;

and my hope is that we can move this more quickly. We've had an opportunity to do this long before now, and I think we can move very, very quickly.

Thank you, Mr. Chairman.

SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: Thank you, Mr. Chairman.

And also I want to echo Senator Weinberg's concerns. Thank you for shedding light on the work of the Port Authority and the need for them to refocus back on its mission of moving people back and forth between New York and New Jersey, and getting them through our airports safely and to other destinations around the world.

I just want to say briefly: I know there's always -- there are all kinds of ongoing proceedings and investigations of how Port Authority money is being used for other projects. But we all know one project that is well in the purview of the Port Authority is this Bus Terminal. And I wholeheartedly endorse building a new terminal nearby in lieu of reconstructing the existing. It will expedite construction, it will be economically more feasible, and, at the end of the day, it will also have less impact on the commuters as they can continue to use the existing one while the new one is being built.

So new construction is always better than rehab, right? So when you're thinking about doing your kitchen -- right? -- new construction is always better than rehab.

SENATOR WEINBERG: I mean, what do you do? You tear down your house instead? (laughter)

SENATOR SARLO: So--

SENATOR KEAN: In the end, you end up tearing down your house when you try to redo the kitchen. It's always mission creep.

SENATOR SARLO: You end up tearing your house down anyway. (laughter)

SENATOR KEAN: It's always mission creep.

SENATOR WEINBERG: I'm not sure that analogy holds. (laughter)

SENATOR SARLO: From a small -- from that small analogy to a larger, I will heartily endorse. And I urge the Commissioners to move forward on a new Bus Terminal and get beyond the rehab.

SENATOR GORDON: Thank you, Senator Sarlo.

We're going to begin hearing from our witnesses.

Our first witness is someone who is extraordinarily knowledgeable about transportation issues in the New York region. He is Tom Wright, the President of the Regional Plan Association. Mr. Wright has been working very closely with the Port Authority; I know he was very involved in the trans-Hudson meetings that were held last May. And also I believe he has been working with the Port Authority on the PATH extension to Newark Airport, so he may be able to share some views on that as well.

We welcome you, Mr. Wright.

**T H O M A S K. W R I G H T:** Thank you, Senator Gordon, and thank you to the Committee.

I have some prepared remarks that I thought I would deliver, but then I'd be happy to answer questions on a boarder set of issues. I limited my remarks mostly to the reform legislation efforts.

Good morning. My name is Tom Wright; I'm the President of Regional Planning Association, an 86-year-old research, planning, and advocacy organization that prepares long-range strategic plans for the tri-state New York, New Jersey, and Connecticut metropolitan region.

And again, thank you for this opportunity to testify on the important legislation concerning the Port Authority of New York and New Jersey.

In the 20th century, public authorities were created to plan, finance, and build the massive infrastructure projects that our modern metropolitan regions needed to grow and prosper. From the Port of Los Angeles to the Tennessee Valley Authority, to the Triborough Bridge and Tunnel Authority -- they provided the capital, they assembled the land, and they implemented ambitious projects that provided us with seaports and airports, electricity and flood control, highways, bridges, and tunnels, and commercial and residential development.

To provide these critical investments, these entities were invested with several capabilities unique in the public sector. Each of these capabilities was necessary to carry out their ambitious goals.

First, they could borrow money from capital markets and not have it count against a city or state's debt limit since their finances were off budget. The interest they paid on these debts was very low, because it was tripled tax exempt from Federal, State, and municipal taxes, and because the underlying assets that would repay the bonds -- the bridges, tunnels, airports, etc. -- were considered extremely safe investments.

Secondly, they could assemble land for redevelopment either by purchasing property or, in the event of holdouts, using eminent domain to

condemn and acquire land. And as state entities exempt from municipal zoning and land use controls, they had a much freer rein to utilize the land as they wanted.

And finally, they were governed by independent boards -- appointed by governors, mayors, legislators or other political leaders -- but having terms that explicitly went beyond the current term of the elected leaders who had appointed them, so that they would have a measure of independence from political interference -- providing governance without politics, in the memorable description by Professor Jameson Doig.

So that was the critical basis for these institutions: ready access to cheap capital, control over land and assets, and political independence.

For much of the last century, the Port Authority of New York and New Jersey stood among the greatest of these institutions. Originally conceived to expand and coordinate commerce across the Hudson River, over 80 years it expanded it to new business lines, such as constructing bridges and tunnels across the Hudson River, managing a unified regional airport system, and famously building commercial office space in lower Manhattan, and acquiring and maintaining a bistate subway system.

Among the great metropolitan institutions in the world, the Port Authority was exemplary for its sheer size and its ability to get things done: managing the largest cargo port on the eastern seaboard, operating three major airports that move more than 100 million passengers every year, maintaining that subway system and, of course, helping rebuild the World Trade Center after the attacks of 9/11.

In recent decades, the Port Authority's focus on infrastructure and commerce drifted. It began investing in pet projects on either side of

the Hudson River, and it neglected its key assets. Its leadership structure became fragmented, with each state claiming certain staff positions rather than a unified team. And it became more beholden to politicians, rather than setting priorities based on unbiased analysis and research.

Everyone here is familiar with the even-sadder, more recent history of the Port Authority -- and I want to especially thank the members of this panel, and the reporters, and the civil servants who uncovered the scheme to close the lanes to the George Washington Bridge in September, 2013. By exposing this gross misuse of public assets, you exposed systematic corruption and a comingling of personal and political exploitation that might have been limited to a small circle of individuals, but had enormous repercussions for the 23 million people who live and work in this metropolitan region.

I think it's important to note that despite the efforts of a small group to undermine and pervert the Port Authority, the vast majority of the staff are exemplary public servants, and it has benefited from some outstanding leadership in its recent executive directors and most of its chairmen. Some people say that as long as good people are appointed to these positions, the Authority should be fine. I would counter that even during the years that recent abuses were happening, the Port Authority had exemplary people in many key positions, but that was not enough to prevent illegal activity from happening. So clearly, more reform is needed.

The task before this Committee today is to help establish new rules governing the Port Authority which will ensure that these abuses never happen again. There are two bills which propose a variety of oversight mechanisms, from subpoena power to mandatory appearances of senior



leadership before legislative committees. And I will say that working with my Board and advisors I know that there are many, many different opinions on many of these elements.

In terms of the specific policies, my first recommendation to this Committee would be to not jeopardize the reform efforts. As you know, to have standing over future Port Authority functions, any bill will need to be adopted by both the New Jersey and the New York state legislatures, either by veto-proof majorities or in a form that is acceptable to both Governors.

As someone who works on both sides of the Hudson River, I want to warn this Committee about the complications of getting things done in Albany, where, candidly, earlier this year the leaders of both houses -- the Democratic Assembly Majority Leader and the Republican Senate President -- have been arrested on Federal corruption charges. The new leadership seems to be finally moving past these scandals, but the legislature isn't even scheduled to meet again until January.

A bill has been passed in New York that accomplishes many of the shared goals of this Committee, and I would strongly urge this body to consider that.

I would also point the Committee to the Special Panel Report released last December which addresses many of the concerns about the agency. More than any other single recommendation, I believe that restoring the position and integrity of a strong CEO who reports to the Board of the Port Authority -- not to either Governor -- is the most important single reform that can be undertaken.

In looking at and comparing the two bills before the Committee, I agree with many of the elements of the Bill proposed by Senators Gordon and Weinberg -- including, especially, subpoena power and requesting that senior leadership of the Port Authority appear before the legislative committees as necessary.

In other areas, such as requiring legislative approval before the Port Authority can create a subsidiary corporation, I would not agree with this Bill; and I would worry about the effort to place a senior transportation official from each state within the Agency. This seems to me to perpetuate that mistake we made of having politicized positions within the Agency.

I'd be happy to answer any specific questions about the Port Authority and its role in the region, but again I will conclude with a caution. The recommendations which came out of the Port Authority Special Committee are substantial, and your key priority should be to help reestablish a professional and independent leadership structure within the Port Authority with appropriate oversight, transparency, and clarity on its activities.

Thank you very much.

SENATOR GORDON: Thank you very much, Mr. Wright.

I appreciate those comments very much.

I'd like to ask about the -- I'd like to respond to your comments about the two policy liaisons.

MR. WRIGHT: Yes.

SENATOR GORDON: And I want to make very clear that that idea certainly hasn't been enshrined in any way. I'm open to other mechanisms.

The idea behind that was that there needed to be-- the Governors are going to maintain their ability to veto minutes.

MR. WRIGHT: Right.

SENATOR GORDON: Presumably, they're going to go appoint -- there are going to be six people from each state sitting on the Board of Commissioners, who are very capable people with concerns about protecting their state's interests and also thinking about the needs of the region -- which should be paramount.

But there was a concern that at the critical level at which policies are developed -- long before they get to the Board of Commissioners -- at that level within the depths of the bureaucracy, when priorities are discussed for the capital budget about the proposals that are going to get sent upstairs to the Board of Commissioners, that there be some parity of influence from the two states. And one idea that had been suggested was to have a senior policy person -- and we envision someone at the Assistant Commissioner level -- being assigned from each state who would be authorized to have access to any-- They would be State employees, embedded in the Port Authority organization; and because we have learned some lessons from recent events, they would be people with no authority over the personnel of the Port Authority, but who could be sitting in those meetings and saying, "Wait a minute; this project is a good one, but our major concern is the Port Authority Bus Terminal."

MR. WRIGHT: Sure.

SENATOR GORDON: And the Governor is just intent on having that done. You know, we're looking for some mechanism to allow

that kind of conversation to occur. And if there's another idea, or if you think it's really not all that necessary, we certainly value your views.

MR. WRIGHT: Sure. I'll start by saying I agree with the need to make sure that there's always parity, and that the needs of both states are considered early on in the process. And I further agree with you, having seen the complex activities within the Port Authority, how key staff who've worked there a long time-- In fact, I would even go as far as saying that sometimes the official structure doesn't actually describe the influence or interaction within that very, very complex Agency.

My concern would be that those positions would essentially become, kind of, endorsed political operations. I mean, I imagine there would be more turnover probably of those individuals than you would have, say, among the key professional senior staff within the Port Authority. And each time the new person arrived, there would become a kind of tension between-- How is the rest of the Agency going to treat that person? What kind of influence and capability are they going to have? And who are they representing?

My experience has been that both states have always had -- despite all of the way they've placed people within the Port Authority, there is still, also, within the Governor's Office here, a head of Authorities Unit, and a similar structure in New York in Albany. And I would argue that that's a better place; that having a person who part of their job description, after all, is really to recommend to the Governor whether to approve or veto the minutes of the Port Authority Board.

I know that that's late in the process, when considerations get to governors; but I still think I would argue-- And again, part of my concern

is, that having kind of overtly politicized positions, that represent just one state or the other within the Agency, inserts that kind of thinking deep at an agency which needs to be thinking more comprehensively about the whole region, and the health of the region and both states together.

I also think that a lot of the people who have worked at that Agency in senior positions over the last 10 and 15 years have wanted to work for both sides of the river but have found themselves in a structure where it was hard to do that; because you had to align with one side or the other, politically. Because if you were seen as, kind of, operating on the behest of both sides, you would essentially find yourself without any political support or friendship.

SENATOR GORDON: Okay. You know, in our-- We had envisioned that these liaison roles would be filled by transportation professionals, not someone who just had some -- was a political operative. And, of course, I'm not so naïve to think that that position can't be morphed.

You mentioned the role of the Authorities Unit.

MR. WRIGHT: Sure.

SENATOR GORDON: Currently, as I understand it, the Director of the Authorities Unit -- and I'm not sure how many -- whether there is much staff in that Unit--

MR. WRIGHT: No, not-- Probably not sufficient.

SENATOR GORDON: --beyond the Director. That individual has to cover a good number of Authorities -- the Delaware River Port Authority and the Turnpike Authority.

MR. WRIGHT: Sure.

SENATOR GORDON: One thought that occurs to me is having someone within that Unit -- let's say a Deputy Director -- just focused on the Port Authority. Now--

MR. WRIGHT: I think that would be a--

SENATOR GORDON: --that, of course, is a position within the Governor's Office, and I don't know how much authority the Legislature has to shape the organization chart of the Governor's Office. But this is one thought that occurred to me.

MR. WRIGHT: I think that that would probably be a stronger structure. Those Authorities Units-- And in New York, there are well over 100 of these authorities, so it's -- they have a similar challenge. I think the staffing and kind of leadership there is really critical. And having a full-time person within the Governor's Office working on and thinking about the Port Authority makes enormous sense, and would be-- But I would just-- And to be clear, I think honest people can disagree about many of these recommendations. But mine would be to try, when in doubt, to error on the side of depoliticizing the staff within the Port Authority.

SENATOR GORDON: Let me ask another question.

It's been suggested to me that one way of establishing that parity of influence I was talking about was to really try to achieve that at the Board level and subcommittee level.

MR. WRIGHT: Right.

SENATOR GORDON: And we have a structure now in which the Chairman and the Vice Chairman have been from each state. There is a concern, certainly in the short term, from some of us who might be a little parochial, that if you have a New Yorker as the new CEO and a New Yorker

as the First Chair that, at least for a couple of years, New Jersey might not have the influence that it should.

The suggestion was made that the operations subcommittee of the Board -- which, as it was explained to me, is a very influential subcommittee within the Board structure -- might be a place to have some rotation. So that if the Chair is from New York, the Chair of the Operations Subcommittee will be from New Jersey, and things would rotate.

MR. WRIGHT: Yes.

SENATOR GORDON: Does that idea have any merit, or a number of other ideas?

MR. WRIGHT: I think it does. Obviously, the transition to a new structure is going to be critical to the long-term trajectory of the Port Authority. And finding-- And, by the way, I will say-- I mean, I think the existing Executive Director has handled himself in an extraordinary manner during this difficult time. But whoever the people are, the structure of this with a strong, independent CEO, is going to be critical. And how the Board is able, with this new rotating Chair, Vice Chair situation, to kind of move forward is going to be critical.

I think that perhaps identifying other key subcommittee chairmanships and kind of defining the rotation on those, too, makes an enormous amount of sense.

Can I say, with the independence of the Board, one of the early issues that we'd identified -- and I have to admit, I can't remember where it ended up on this -- is the elimination of holdover appoints. Holdover appointments are a travesty because it allows governors to undermine that

independence of appointees. People need to be appointed for full terms on these boards so that they have the right to stay there and do what they think is the right thing to do. And I know that that's been addressed in some of these pieces, but I would strongly urge in favor of getting rid of those.

SENATOR GORDON: Okay.

Let me turn to other members of the Committee.

Senator Weinberg.

SENATOR WEINBERG: Yes, thank you.

I have to base how I feel about all of this based on my experience with the Port Authority over the last number of years.

By the way, I respectfully disagree. I don't think that there were any heroes in the drama that took place in September of 2013. From the very top, all the way -- at least among senior leadership; I shouldn't say all the way down -- but certainly among senior leadership at the Port Authority, because every single one of them, from Commissioners to the Executive Director, had opportunities to move ahead to find out what really went on there. And none of them chose to rise to that responsibility. So I respectfully disagree on that point.

And based on the fact that the Gateway tunnel and the Bus Terminal were not included in the Port Authority's original plan-- The two most -- I believe that we all agree -- the two most important capital expenditures, plans for the future of the Port Authority were somehow left out. New Jersey gets six commissioners sitting there.

MR. WRIGHT: Yes.



SENATOR WEINBERG: You know, all of whom are appointed by the Governor, with advice and consent of the Senate -- those of us sitting up here. So I don't understand how this could possibly happen when this Port Authority is supposed to be run by very experienced, right-thinking individuals.

So given the fact that we know that the Governors of both states -- whoever they are in the future -- should be kept apprised as these policies are developed, so that they can hopefully step in to protect the interests of the region, as well as the residents of each of the two states, what would you suggest that we do to make sure that happens? The current system obviously is not working, hasn't worked, and even these last number of months -- remember, we don't have this bifurcated Executive Director/Deputy Executive Director.

MR. WRIGHT: Sure.

SENATOR WEINBERG: It doesn't exist--

MR. WRIGHT: Right now.

SENATOR WEINBERG: --because that position is vacant, or has been eliminated. So if you could--

MR. WRIGHT: Well, first let me say I agree with you completely on the need to be addressing the Gateway and Bus Terminal issues. And I would say that I think the Port Authority has been moving in that direction -- perhaps not as swiftly as everyone would urge.

For four years after the termination of ARC -- which I think was a terrible mistake -- virtually nothing was happening. And I would say that new leadership at the Port Authority deserves some of the credit -- and

Commissioners at the Port Authority -- for elevating these issues and helping get them to come along.

It's not as fast as it needs to be; and the Port Authority obviously won't be able to-- I mean, the Federal role in this is going to have to be very, very substantial.

Your question, I guess, was, what could we do -- what could this body do to try and make sure that this continues moving forward. I think that the legislation that Senator Gordon mentioned earlier this morning is appropriate, and kind of making it very clear that the Port Authority has a role in this, and potentially even a kind of central one, with the staffing and other things.

But putting together a project like the Gateway, which-- I've been working for 20 years on trying to get new trans-Hudson commuter rail capacity. I collected petitions at train stations in the rain at 6 o'clock in the morning to try and prevent the decision--

SENATOR WEINBERG: I'm experienced with those endeavors. (laughter)

MR. WRIGHT: Yes, so I--

SENATOR KEAN: Ditto.

SENATOR GORDON: We should find a district for you. (laughter)

SENATOR KEAN: Don't stop on the way off the train -- in the train. Getting on is good.

MR. WRIGHT: So I couldn't agree more with the urgency for that.

But also to recognize that it's going to be -- getting anything of this scale moving requires lots of partners and very complicated moving parts.

Again, I want to say I think that the recent leadership -- especially where we've gotten on Gateway -- is because there have been people within the Port Authority and at the leadership who have been quietly pushing this and building support, within and without the Agency. And we've come quite far.

SENATOR GORDON: Is there a-- It just seems so obvious that a new Bus Terminal is necessary, as well as a new trans-Hudson tunnel.

Is there a flaw in the capital planning process that is getting in the way? I'm wondering whether we need to institutionalize public hearings just so that if there's this crying need for something that the public can be heard.

MR. WRIGHT: Right. Actually, public hearings -- I'm not a huge fan of them just in that we've seen how they can be-- Going back to the days of Robert Moses, we've known that they don't always influence the outcomes of decisions. And yet, they are an outlet, an important voice for the public to at least raise issues. And on the other side of the river, the MTA has to have public hearings on its capital plan, and I think that that would be something to think about.

I don't think that that necessarily needs to be done through legislation. The leadership of the Port Authority should be willing to see that.

The two projects -- at the risk of-- I'll say, right now, I consider the Gateway project to be the highest priority in the entire country, and for

the region for sure, because we will lose the existing tunnels that we have -- quite possibly before we're able to get the new ones even moving with all haste. And we will certainly experience worse disruptions than we have so far.

Also, Amtrak I think has carried the ball for the last five years in creating plans. They haven't answered all of the questions, they haven't figured everything out. But we have some -- we have a very clear consensus of how to move forward.

I'm still waiting to get briefed by the Port Authority and other planners on the Port Authority Bus Terminal plans. And I understand that they say in a few weeks or months they'll be ready to start sharing their thinking about that. I do worry that the Bus Terminal -- while we need to replace what we have there, there is going to be enormous growth of more people wanting to come across the river on a daily basis. And whether or not the Bus Terminal plan should be built to handle that increased growth, or whether we want to try and find a broader range of options and more ways to connect New Jersey residents to New York City jobs -- might be desirable.

I'm in the dark on this right now because we haven't gotten -- because we haven't been able to see yet, really, what they're thinking about at the Port Authority. But I am concerned that they should be considering a full range of options, including separating commuter and inner city travel; looking for more options to bring people by other modes; looking for more destinations, considering how New Jersey residents can get to jobs on the east side of Manhattan where many of them are still vested. And I think that the plans for the Port Authority Bus Terminal are not as far along yet

as the Gateway plans are, and that this is a kind of a pivotal moment to try and figure out what's going to be in the long-term interest of those commuters over the next two, three generations.

SENATOR GORDON: Senator Kean.

SENATOR KEAN: Thank you.

Thank you, Tom, for your very insightful comments.

You stated in your opening comments that New York, on a unanimous basis, has passed the piece of legislation through both chambers, right?

MR. WRIGHT: Yes.

SENATOR KEAN: It's all ready to go to Governor Cuomo's desk.

MR. WRIGHT: Yes.

SENATOR KEAN: It is built on the chassis that even the *New York Times* acknowledges is the right one -- in that chassis, I would argue was a New Jersey chassis, first developed in March. And it's important that we get this done -- as I said in my opening statement -- very, very quickly.

I share your concern regarding that *minister without portfolio* position, because for 20 years and longer, it has caused a great deal of consternation -- because the Port Authority, when Governors get together, can do good things. PATH was created because the WTC was being built. The ferries were implemented by a New Jersey Governor at the exact same time because a New York priority was happening. And while those were not on the original Port Authority plans, there is a functional basis -- not only in the new and improved infrastructure that we've been arguing for since not only December, but also encapsulated in legislation all the way

back in March -- but you have to have that streamlined infrastructure, first and foremost, for accountability, efficiency. And I agree that that -- we need to get that done, via legislation, immediately.

But the second thing is, the role of the Commissioners and simple communication between the Governors makes the best possible sense for infrastructure priorities. I have a great deal of concern regarding the concept that six New Jerseyans can be outpunched by six New Yorkers--

SENATOR WEINBERG: Oh, really?

SENATOR GORDON: You said it.

SENATOR KEAN: --sitting on an evenly placed board. Then you need to -- have a thumb on the scale by this pretend professional transportation planner. I mean, the thought process that equal numbers -- so matter what you have to get to, one New Jerseyan has to cross over, or one New Yorker has to cross over. And then the Governors, through their authorities units and other things-- I mean, that's the safeguard; I mean, that's the safeguard that ensures that you are truly looking at the broader regional transportation infrastructure interests -- not the one with the streamlined infrastructure professionalism, going forward, as opposed to something that warps that efficiency.

So I would agree with you that the efficiency and the transparency are very, very important.

The question I have for you -- and I think that when you were brought up, you talked about, as an expert on some of the -- the PATH extensions.

MR. WRIGHT: Sure.

SENATOR KEAN: So if I may, can you talk to me about the PATH extension, and is that \$1.7 billion a good idea or a bad idea?

MR. WRIGHT: Sure, I'd be happy to.

Before I do, I will say that-- Look, I think that the role of oversight-- The critical relationship within the structure of the Port Authority, as proposed, is going to be between the Chair and the Vice Chair; and especially on a two-year rotating basis, anything worth doing at the Port Authority takes probably longer than two years. And so there's going to have to be-- Really what's being established here is more of a Co-Chair position. And those two people are going to have to be able to work together and represent the interests of both their states. And I think that that's going to be the kind of central relationship.

I do think-- I mean, if I there was one piece that's not in the New York bill that I would be pushing for, it would be legislative -- it would be testifying to the legislature. Because I think that transparency, that sunshine is really important; and that is the most appropriate role, rather than actually getting into the planning and other things. But providing transparency and shining a light on the activities of the Port Authority is really the appropriate role of a legislative oversight body. And I would kind of put that aside.

Thank you for asking about the PATH; I had a feeling that this might come up. But I know it has been criticized in this and other forums.

I'll wind back, actually, to the weeks and days after 9/11. In lower Manhattan there was talk back then about trying to address the underlying causes and concerns to the economy of downtown New York. And there were business and real estate interests in New York City

suggesting that an important thing for the commercial real estate in lower Manhattan -- which, I would say, the residents of New Jersey have a large, vested interest in, since we own half of over 10 million square feet in downtown -- is to provide access to one of the region's airports; that modern, central business districts all have that, and our region lacks it -- both from Midtown and lower Manhattan.

And there was a proposal to try and bring the Long Island Rail Road through a subway tunnel to a stub-end terminal downtown.

RPA is a regional organization; and that's because, frankly, on the other side of the river they can be parochial and think of their airports as LaGuardia and Kennedy, and not consider Newark. We look at the regional airport system as being one of the great strengths of this region. It provides resiliency, redundancy, it works well together. And the growth of the entire system should be our priority, rather than one terminal, one airport over another.

And then, obviously, the best way to provide transit access to the lower Manhattan CBD would be to look west, not east, and to extend the PATH system out to Newark Airport. I want to raise that, because just to be clear -- that we have been on this position for over a decade before, let's say, recent other incriminating things have come to light. And we were unpopular in the lower Manhattan business community for opposing the Long Island Rail Road scheme.

Part of our thinking with that also was that extending the PATH-- The PATH system provides -- is a critical piece of infrastructure to the regional trans-Hudson system. And for all the mistakes that have been made over the past couple of years, the investment in the PATH by the Port



Authority to upgrade the signals and the platforms, and create more capacity in that system has been very beneficial to all of the region. The growth that's happening in Jersey City and Hudson County would not be possible without the capacity of that system; the lower Manhattan business community relies on it; and in particular, in the post-Sandy world and the brittleness of the Northeast Corridor, we may be relying on that system even more in the short-term and mid-term future than we do now. And so anything that invests in, and expands, and improves the capacity of the PATH system is a good thing.

In particular, I think downtown Newark does not benefit from PATH the way that it could. Because the Newark stop -- it cannot handle all of the trains that could come to it. The reason why you can't get a one-seat ride from 34th Street and Herald Square to downtown Newark, and instead you have to transfer at Journal Square, is because Newark was not built to handle those trains. And so Newark doesn't get the benefit of the connectivity to the regional economy that it should out of this.

So we have looked at the PATH extension not just as solving that original issue, which is to provide the lower Manhattan Central Business District with a transit connection to one of the great airports of this region -- which I think is substantial; but also, I think that extending the PATH out to the Newark Air Train, providing a parking facility there which would be intermodal and allow people to transfer, providing a station that people can access-- Because the existing Air Train station is essentially a virtual station -- it has barbed wire around it; it is a transit connection in the middle of one of the poorest communities in the northwest that nobody in that community can access because of the way it was financed and

planned with the passenger facility charge. But extending PATH out to the Dayton neighborhood and providing a one-seat ride for people living there to jobs in downtown Newark and Jersey City, and to lower Manhattan and to midtown Manhattan, would be, I think, transformative for that community; I think providing an opportunity for people to drive there. Probably every morning there a couple of thousand people who drive on the McCarter Highway -- Routes 1 and 9 -- to park their car around Newark Penn Station and jump on the PATH to get to lower Manhattan. They don't do anything good for Newark; they take up road capacity and congestion. If we could get those people to, instead, park somewhere two miles further out we would free up more capacity, and I think make commercial office space in Newark more profitable and prosperous.

And finally, I think that Newark Airport is one of the economic growth engines of the entire region. It currently gets something like 35 million annual passengers a year. Growth in air travel for this region is going to be robust. We think that over the next 25 years that could easily go up to 50 million -- only if we have two things: one is capacity in the system itself, which will be runway capacity and new air traffic control systems; and two, access to the airport. And I don't think you'll be able to get more people really driving in and out of Newark, and so improved transit connections are important.

So there are a lot of reasons why I think the PATH system is better than it has been kind of talked about in many ways.

My final thing -- just to close on this, and I'd be happy to answer more questions -- is currently the PATH is in the Port Authority capital plan and is being studied by engineers to come up with better cost

estimates, better ridership estimates, to figure out whether that transfer at Journal Square could be eliminated, to see what kind of headways could be generated on the PATH with a better terminus out at that airport. I would encourage the completion of that study to see just what will come out of that before anybody would jump to conclusions about canceling that project.

SENATOR KEAN: So if I may--

MR. WRIGHT: Sure.

SENATOR KEAN: You've been advocating for this position for a decade.

MR. WRIGHT: Over.

SENATOR KEAN: Over a decade. This is an issue that has been developed over time that spans the last decade at the Agency. I mean, these are conversations that have been going on for a long, long period of time in a professional capacity.

MR. WRIGHT: Sure, yes.

SENATOR KEAN: Okay, because I agree that that seems to make imminent sense. And as an individual whose district not only is-- It used to be Essex as well, but Union, Somerset, and Morris counties, as well as that region -- that makes a lot of different sense. It has ripple effects for everything from one-seat rides for a lot of different people, economic growth throughout that region -- especially through Newark. And the concept that you would stop something that is -- I think the number is \$1.7 billion of development on-- To me, if you're talking about equal focus on priority projects for New York and New Jersey, to say, "Let's give back \$1.7 billion," to me, makes no imminent sense at all.

So I understand where the economic development components -- as you said. So I think that that does have extraordinary opportunities for Newark; but also the surrounding communities, in a very real and significant way; as well as for Newark Airport, to make that even a much more robust regional growth entity. That's number one.

Number two-- But that was never done in opposition, or instead of the Gateway tunnel or the Bus Terminal. I mean, I think one of the things that we need to clarify here is that-- And listen, I've been dealing with the Port Authority since I was a staffer on the Hill, working on dredging issues with Lily and the Birdie--

MR. WRIGHT: I remember those.

SENATOR KEAN: --when then-Congressman Menendez and then-Congressman Franks were trying to make sure that boats going around the Statue of Liberty weren't running aground; much less the broader economic growth. So we've been working on the Port Authority issues for a long, long period of time in different capacities.

But the Gateway tunnel and the Bus Terminal-- I mean, the conversation, over time, has always been that Amtrak was going to take a leadership role. And we can argue whether ARC started out as a good idea and then ended up at a dead end, at the wrong terminus, on a dead end capacity; as opposed to -- because LIRR parochial influences did change its terminus, so it did not go for a one-seat ride throughout the region. And that's all well-documented by Cuomo.

MR. WRIGHT: We can discuss that.

SENATOR KEAN: So *a)* ARC started out well; ended up strangely; now you're having a better solution. But everybody thought that

the Gateway tunnel was going to have Federal funding as its primacy. And everybody understood that the Bus Terminal at the Port Authority was going to be part of the plan, going forward. So these issues, if I may, of the extension aren't done *instead* of the Bus Terminal or the rail tunnel; they're *in addition* to those. Isn't that accurate?

MR. WRIGHT: That would be what I would maintain too. They're on completely different timelines, they serve different ridership, and we have to be able to do it all. I mean, I would just say-- And I work in a world where sometimes we have to make tough choices. People will say the Port Authority Bus Terminal is a higher priority than the PATH extension. The Bus Terminal would obviously serve a much larger number of people. It also will cost at least 10 times more, and take much, much longer to do. And my concern would be that if we were to drop good projects -- like the PATH extension, or other capital investments that need to be made in this region that can be made in a decade or less -- if we were to sacrifice all of those for Gateway and the Bus Terminal, we would be holding up our own economic growth. I think we have to do it all. We're going to have to find new sources of revenues to finance Gateway, and Federal contributions. We're going to need-- The Port Authority Bus Terminal is going to be an enormous lift that's going to require private capital, and Federal, and State, and local funds too. And even the PATH extension, I would say, with the kind of ridership that we're anticipating and a surcharge on it, it could well be that a quarter to a third of the funding necessary for the PATH terminal is self-financing -- and this is what we'll know more of when the HNTB study is done. But realize that a \$5

surcharge on tickets for people riding the PATH to the airport could generate substantial funding that can be bonded.

SENATOR KEAN: Yes, I was going to say, especially if it was bonded out.

MR. WRIGHT: Right.

SENATOR KEAN: And if I may, *a)* we need to move this quickly. And I have grave concerns that many of these concerns that could threaten financing and everything else, over time, and certainly for both the Bus Terminal, or all three -- the Terminal, extension, as well as the tunnel--

Through the Chairman, there has been a lot of talk over the years of public-private partnerships.

MR. WRIGHT: Sure.

SENATOR KEAN: And we've had some modest public-private partnerships. Not now, but can you get to the Chairman, and hopefully then to the rest of us -- what models of public-private partnerships work best? Does the Virginia model, does the Spain model? I mean, there are--

MR. WRIGHT: Yes.

SENATOR KEAN: There are a host of different models. And to the extent the one that gets transparency, certainty, and money upfront--

MR. WRIGHT: I would be happy to share some of our thoughts. I mean, public-private partnerships -- if they're looked at as a financing mechanism solely, they're probably a failure. Because, again, there's no cheaper money than public authority money.

SENATOR KEAN: Yes.

MR. WRIGHT: But if they're instituted in a way -- and we've seen this around the world; less so nationally, but around the world. If

they're put in place in a way that allows the private sector to take some of the risk and to perhaps deliver a better project than the public sector could, then they can make sense. And I would be happy to share some examples. We've looked especially at operations of transit authorities around the world and have seen the way they do these things. And we think that there can be real merit to that approach.

But it's not a replacement financing tool. What it has to be is--  
SENATOR KEAN: It's an adjunct.

MR. WRIGHT: --a delivery mechanism.

SENATOR KEAN: Okay, thank you.

I move my bill, Mr. Chairman.

SENATOR GORDON: Just to follow up on some of things that you said.

Actually, shortly after our last hearing I heard from a retired Port Authority person who mentioned that the extension to Newark had been a subject of analysis for a long, long time. And this person corroborates what you said -- that this was viewed as another trans-Hudson route; one that is relatively time-efficient and relatively cost-effective, compared to building tunnels.

One question I have is, has there been an analysis of the mix of ridership on that line; I believe it's something like 7,000 a day. But whatever the number is--

MR. WRIGHT: Sure.

SENATOR GORDON: -- to what extent are they New Yorkers coming west, as opposed to Newark residents or Jersey City residents going east?

MR. WRIGHT: Sure.

A couple of years ago, we did some more intense research on this for the Downtown Alliance and the business community. We saw a potential-- I think we were projecting something like 12,000 riders a day, so more than-- And you're talking about-- Again, I wouldn't, though-- I would urge caution on any numbers I would put out, because I think that better numbers will be available within a few months.

Among that ridership-- While the bulk of it would be folks coming-- I mean, in fact, with the elimination of the transfer from Herald Square you could also capture riders from the Upper East Side of Manhattan, not just downtown. And we estimated that as many as, perhaps, 20 percent of people who worked at the airport could start using that. And one of the other constituencies for this system would be people who currently ride buses to get to jobs at the airport who could switch to a much better subway ride, essentially.

I can't give you, off the top of my head, though-- And the numbers-- I mean, the research we did was several years old, so I would be hesitant to, kind of, share that. I think that that's the kind of question that you should be asking when the current study is done. But I do think that-- And it would be highly dependent on the design and planning of that station. If that station has a convenient park-and-ride, for instance, that will allow people living in northern New Jersey in the catchment area, that's kind of closer in than people who take the commuter rail-- Many of the people who currently park in downtown Newark to ride the PATH could find it superior to park out at a new facility and just ride the PATH an extra



two miles. And again, I think that would open up portions of downtown Newark to redevelopment and really be beneficial.

I think another big piece of the ridership of this will be -- and again, they won't actually ride that two-mile section. But if we are able to build that section and do a better terminus, and have shorter headways, and get more trains running per hour on the PATH system, Jersey City will use up all of that capacity. What are there, 25,000 units in the pipeline in Jersey City? And I think they depend on that.

SENATOR GORDON: And just one other question, then I will allow my colleagues to jump in.

Talking about the PATH capacity: My understanding is that at least the portion serving Hoboken is at capacity or close to capacity now.

MR. WRIGHT: Right.

SENATOR GORDON: I've heard from elected officials in Hoboken who see a good number of projects -- apartment projects coming online shortly. They tell me that they have reached out or had conversations with Port Authority officials about the need to increase capacity to accommodate this population growth, and having their concerns fall on deaf ears -- which has given some credence to our concerns about parity of influence.

MR. WRIGHT: Sure.

SENATOR GORDON: What are the opportunities for expanding capacity for the existing PATH system?

MR. WRIGHT: As I understand it -- and I want to be clear, I'm not a, kind of -- there are better experts on this -- but the PATH system, essentially, the kind of-- The piece of it from Jersey City to lower

Manhattan, and the piece of it from Hoboken up through the West Village and to Herald Square -- there are real differences in terms of the alignments at the tunnels, the track, platforms, and the capacity there; and that taking old historic stations and trying to build larger platforms to extend them from 8- to 10-car train sets is enormously expensive.

That said, I think we ought to be thinking about the PATH beyond just this one project. PATH cannot be a vestigial piece of the transit infrastructure of this region. Part of the problem PATH has is that, in its current structure at the Port Authority, it is the only subway system in the nation that gets no Federal funding. And if it was to get a similar portion of Federal support for its operations that every other transit system in the nation gets, we would be having a completely different conversation about the capacity, and the growth, and the connectivity of the PATH system.

And so I think that -- I know that the Port Authority has not been-- While it's been kind of pursuing expansion on certain parts of the system, it hasn't been looking at others probably as aggressively as it should. And I think long-term we need to be looking to, kind of, fully integrate PATH. PATH and, of course, the Hudson-Bergen Light Rail all need to create better connectivity and expand their capacity.

I'll say that at RPA we look at the entire tri-state region, and we see the potential for another 4 million residents and 2 million jobs over the next 25 years. That's about twice what the MPOs in this region have projected as their official targets and estimates for economic growth. They essentially took the potential growth and they halved it because they don't see there being capacity in our infrastructure system or our housing markets

to provide for the growth that we could have. And so if we invest in this infrastructure as a growth, people will come.

SENATOR GORDON: Okay.

Senator Weinberg.

SENATOR WEINBERG: Yes. First of all, to talk about some of the earlier remarks that my colleague on the other side of the aisle, Senator Kean, mentioned.

We have had six New Jersey Commissioners sitting here, all through the years, and all through the recent years. Nobody, to my knowledge, mentioned anything -- until we got new leadership there -- mentioned anything about the words *Bus Terminal*. It was the grassroots, almost, uprising -- which I was privileged, in a way, to help provide a venue for them. But it was the part of those 240,000 people who go in and out of that Bus Terminal on a daily basis who came forth and pointed out to those Commissioners that the ceilings were leaking, that the place was overheated in the summer and freezing in the winter, that the bathrooms were filthy and shouldn't be used by anybody in the public. And it was only after those citizens came forth that the Port Authority found -- what I commonly call *in the couch* -- \$90 million to do a little scotch taping of the Port Authority Bus Terminal.

So I have no trust in the kind of structure that is built into it, and the people who were appointed there as Commissioners. They sat there through all of this. And, to this day, I haven't heard too many public comments about anything that went on, or why this Bus Terminal was allowed to fall into the kind of disrepair that it was allowed to fall into, and how it never, somehow, got mentioned. Maybe there were long-range plans.

But it surely never made it into the capital plan, and certainly was not a topic of conversation. This is one of the few cases where you can show that, actually, grassroots support made a real change -- and it did. It was the constituents we represent who helped do that.

So I don't think it's a question -- at least, for me it's not a question -- of the PATH extension being any less worthy of a project. It's how this Port Authority can address all of those issues -- if, in fact, it can -- or priorities have to be set. Because I would say, as I watched the World Trade Center -- and we heard, what was the statistic you gave? One-third of the capital budget was devoted to the World Trade Center. And everybody understands the emotional issues around that. But, as I said, there are 240,000 people whose quality of life -- quality of life every single day has been impacted by the neglect of the 12 -- then 12 Commissioners on the Port Authority.

So I think that, certainly under Chairman Degnan, we have seen a new sense of -- a more positive environment there. And I would say that it was really because of Chairman Degnan that we got all of those senior people at the Port Authority to actually come and listen to our constituents.

So I don't trust the top-appointed officials, because I haven't seen anything that would warrant us to have trust in either the Commissioners, who were there prior to John Degnan, and Commissioner Laufenberg -- who sat there through this whole thing.

So I'm sorry to-- But I really felt that I had to say that; Mr. Wright, you don't have to comment it. I appreciate your professionalism and your input into how we address all of these issues together.

Thank you.

MR. WRIGHT: I'll just say I think your outrage is justified. I mean, I don't disagree with that at all. And I think that, fortunately, now the Port Authority is focusing on that critical issue.

SENATOR KEAN: And if I may, since I guess the comment was directed towards me, Madam Majority Leader--

SENATOR WEINBERG: Well, not towards you; no.

SENATOR KEAN: --the issue is -- on the issue of-- What I was talking about was the actual new building of a Bus Terminal, not a rehab of the Bus Terminal. And I think that, again, through you, to what Tom was talking about, was the fact that grassroots are important; my commuters commute, too, by bus just as frequently as do yours. Which is why the importance of making sure the Bus Terminal is in New York, a block away, as opposed to New Jersey -- two-seat rides for everybody, three-seat rides for everybody. And that grassroots effort would be, I think, better figured out by the streamlined structure that we've been trying to advocate -- to have that transparency and responsiveness to the commuters, whether it's that rehab-- We've all been in that terminal for many, many years and understand the disrepair. And my hope is that the new structure, that I think we all have parallel focus on -- just needs to get constructed and done.

SENATOR GORDON: Those structural changes are in both bills.

SENATOR KEAN: Yes, those structural changes are imperative. But that's a separate issue than the rebuild financing for the new terminal, and a new tunnel, and the PATH extension.

SENATOR WEINBERG: Yes, I agree; and I know, Senator Kean. I didn't mean to direct comments towards you in a negative manner.

It's just that at least four of the New Jersey Commissioners are the same ones who have been there for quite a bit of time. So I don't want to fall into the pattern of, "Yes, well, they're going to be able to represent New Jersey's interests," because they haven't thus far.

SENATOR GORDON: Which is why I think we need some other mechanism -- like legislative oversight -- which would act much like a commuter's forum in Teaneck or Englewood, which had the same effect of giving us an opportunity to just focus attention and channel public ire -- at least through their legislative representatives -- to get the message across to the senior leadership of the Port Authority of, "What's going on here? They're telling us that the ceilings are leaking at the Port Authority Bus Terminal. Why isn't this in your capital plan?" And I think when you do something like that, and you have the press reinforcing these issues, policy can change.

MR. WRIGHT: Right. I mean, I would say -- it was referred to earlier -- in May, we cohosted a forum with the Port Authority to talk about the Gateway project. And I would commend Chairman Degnan for being the person who asked me, "How do we put this issue back on the table?" And I said, given that we had been persona non grata with certain folks at the Port Authority in the prior regime, I said, "If you cohost a forum with RPA, people will pay attention." And it worked out exactly that way. And I would commend him and the leadership there for having been willing to do that.

SENATOR GORDON: Any other questions; because I know we have some other witnesses who have been very patient.

SENATOR SARLO: Yes, we have to move it along.

SENATOR GORDON: Yes.

Mr. Wright, thank you very much. This has been extraordinarily helpful. I'm sure we will be turning to you in the future as we try to shape these policies and advance this legislation. Thank you for your--

MR. WRIGHT: Thank you for the opportunity to talk to this panel.

SENATOR GORDON: Thank you.

At this point, I would like to bring up a panel that will consist of Gail Toth, the Executive Director of the New Jersey Motor Truck Carriers Association (*sic*); and Tim Evans, from New Jersey Future. Cathleen Lewis was to be part of this, but she had to just jump out for a meeting, but will be coming back to provide some testimony.

So if we could hear from Gail Toth and Tim Evans.

Please proceed.

**G A I L T O T H:** Good morning. I'm Gail Toth; I'm the Executive Director of the New Jersey Motor Truck Association. We represent the trucking industry in the great State of New Jersey. We are an agency -- our organization has been around for 101 years.

And a little footnote to history: We were the first people to pursue the Lincoln Tunnel, because we used to have our trucks falling off the barges that would cross over to New York (laughter). And we helped design the original Helix, which was prior to 53-footers.

But that being said, on behalf of the New Jersey Motor Truck Association and our members, we'd like to express our sincere appreciation to Senators Gordon and Weinberg, and this Committee, for your efforts to provide for much-needed relief and changes at the Port Authority of New York and New Jersey. We strongly support S-3066, which will help bring that oversight and reform to an Agency that has an enormous economic impact on the public and the businesses that must use their facilities.

The trucking industry has no problems with paying for infrastructures that we use. We do, however, take issue when our toll dollars are diverted or misused.

The trucking industry is the largest toll payer at the Port Authority's bridges and tunnels. For example, currently, an average five-axle tractor-trailer crossing during peak hours -- which is our primary drive time to service our customers -- is charged \$80 with E-ZPass; \$95 cash.

This December 6, 2015, the tolls will rise again. If you have E-ZPass, it will cost you \$90; if you have cash, it's \$105. Now, that's a five-axle -- a combination five-axle tractor-trailer. There are larger vehicles that go over there; if you have six axles, you pay even more. I did provide, in my comments, a copy of the tolls and how they have progressed over the years. And there are over 7 million trucks that traverse across those bridges.

I have many members who have hundreds of trucks each day; very large payers of -- contributors to the Port Authority.

We really do support what you're trying to do. We did have some suggestions, based on our relationships in the past at the Port Authority; things that we've seen. First and foremost, we really do believe-- And this is not just for the Port Authority, so I hope you're going to get a



really great model designed here and use it for all the rest of the bistate toll agencies that New Jersey deals with. Because we are pricing ourselves out of the market from a freight perspective; not to mention what it's costing the consumers. They don't have tolls like we have anywhere else in the -- probably, the world, but definitely not in the United States.

I think it would be very prudent to have someone representing trucking interests -- people who are users and the toll payers; our commuter friends who have -- we have no choice. We're going over these facilities, and other people are making decisions on the investment of the dollars that we've contributed.

You know, it's supposed to be about moving people and freight, but the people and the freight don't have any representation. We do have representation -- as you can see the makeup of the board, you have a lot of real estate investors, bankers, union officials; but you have no one-- People who have never seen a building -- builders as well -- they've never seen a project they didn't like. And granted, that's--

SENATOR GORDON: If I could just interject something. I actually am thinking about doing a bill that would require any Commissioner to take mass transit every day -- ideally, a bus (laughter) -- so that they have some experience with--

MS. TOTH: That would even be better.

But anyway, that is something that we really think is important -- that the people who are put in the position of paying the freight, if you will, should have some kind of say in the process.

In the roles and responsibilities: This is just an amendment to what you already have in your bill -- that those who make a base salary of

\$150,000 or more -- we would like to see public job descriptions with skills and knowledge requirements; and we would hope and expect that those people who are hired for those positions have those skills and knowledge.

Also, in particular, we do believe that the leadership of the Port Authority should be people who understand the industry, the business. It just can't be people who know nothing; they have to have transportation backgrounds. This is probably the largest in the whole country of an organization that deals with this stuff, and you just can't have people who don't know about infrastructure, about transportation. It's very critical, from our perspective, because then those people would be -- I think we would have a far more effective Port Authority.

We really need to clarify clearly in the compact -- and this also goes to extend to other compacts, bi-state agencies in the state -- and that is, we need to have very clear wording as to what we should be paying for and what we shouldn't be. There should not be economic, regional, State pet projects that get forced upon the Port Authority, because they already have a compelling agenda of taking care of the bistate crossings that we already have in place -- and many of them in disrepair. And I will focus on that in a moment. But we really need to have that clarified in the compact so they can't go back and put it in, or do it when things get better -- if they ever do get better.

In terms of meetings: The Port Authority has most of its meetings in the City of New York, and I've gone to a couple of them. I had to pay a toll too, which I highly resented. (laughter) And we actually went to park, and we couldn't find any parking, and that was very expensive as

well. And it ended up taking my entire day to get there just to attend a Board meeting to be heard for 30 minutes.

We believe that considering all of the-- If you really take a close look -- and I'm not trying to say it's a 50-50 split, because it's not. But we do believe that 50 percent of the meetings should be held in New Jersey; that the Board has to make it easier and accessible for the people in New Jersey who rely on the Port Authority and pay the Port Authority. If you look in terms of who is the Port Authority, the makeup of the Port Authority is customers. They are the people from New Jersey; the Port is the Port Authority. It's all in New Jersey, for the most part -- all the freight comes into Elizabeth and Newark; that's where the jobs are generated.

SENATOR WEINBERG: If I can interrupt for one moment.

In terms of the meetings: I did bring this up at the last Port Authority meeting that I managed to make my way to -- after driving to a certain spot, parking, taking the PATH, walking, doing everything-- It's not an easy trip--

MS. TOTH: No, it's not.

SENATOR WEINBERG: --for we New Jerseyans; I did bring it up. They were having meetings in New Jersey before they moved back into the World Trade Center.

MS. TOTH: They did, because they have facilities here.

SENATOR WEINBERG: And the Chairman said he would take it under advisement. So I agree with you.

MS. TOTH: Well, I think being--

SENATOR WEINBERG: It's about as far as you can get away from New Jersey and still be in the bi-state area.

MS. TOTH: Yes, it created some issues for us, because we couldn't be at events that were really important to us; we just couldn't fit it in the schedule. You couldn't take an entire day for it. I think it's only fair. We have-- Actually, we were talking earlier about the largest airport on the East Coast in terms of people moving. But we also have the largest amount of freight moving in and out of Newark Airport as well. So we-- Geographically, we're very blessed. But we would like to see 50 percent of those meetings here.

Cost-containment. We think that that is really critical to take in and reduce all expenses as much as necessary. And I think we should really look into, down the road, that the Port Authority should relocate its headquarters in New Jersey. I think it would be a lot cheaper than being in the City. After they sell the World Trade Center, they're going to have to have a place to go.

On toll increases: Since toll increases can have an enormous impact on the public and businesses, it should not be an easy process. Hearings for the public regarding rate increases do not allow for any conversation or discussion. Hearings are merely an opportunity for the public to get before a microphone -- and a few Port Authority members who don't stare or give you eye contact, to state their opinion -- and there is no discussion. So as Senator Weinberg was saying a little bit earlier, I think that we should have hearings where there could be interaction.

But again, to adjust the amendment to what your Bill has proposed, we would like to propose that before any first meetings are held in regards to toll increases -- that instead of just a 72-hour window for the public to get access to the documentation, we think it should be 10 working

business days prior to any release. I think we should be given the time to really go through what it is that they're claiming they need; and 3 days is just not enough. We would like to have more notice.

Also, I don't know how popular this would be, but I think some of you have all touched on it in some way, so we'll throw in our support for it. And it was something that we had -- that we didn't pre-talk about. We think that before there are any final votes at the Port Authority on major issues and changes, that if there's going to be a toll increase as a result of those things, that they should have to go before both the New York and the New Jersey state legislators -- maybe create a Committee, have a special hearing, invite the public, and let the Port Authority explain and prove that they need to have that particular rate increase.

A lot of these rate increases have been done in the back door, thrown at us, and said, "Go find a place to give your position at a hearing," which you can't even find. It didn't really matter, because the decision was already made. As the payers, we're the customers. It's all nice that you have the infrastructure, but we use it; and we don't mind paying for it. But I do mind when it starts getting crazy.

In all the years-- And this is not exclusive to the Port Authority, but they were probably pretty good at it, and we've all talked about it. The only reason why we have to struggle so much for the infrastructure we really need is because they took their eye off the ball. We've been spending money everywhere but where it's supposed to be.

A good example: I'm not going to use the Port Authority, because this is a really good example, though. The Delaware River Port Authority -- same thing. They spent all this economic development money.

They put football fields together, soccer fields, museums, sent the symphony to Africa on some kind engagement that had nothing to do with tolls. The people who work very hard to pay those tolls -- they didn't get to go to any free football games, or soccer games, and they didn't care. They wanted the bridge that they were crossing to be well-maintained. And then, all of a sudden, the bridge needs to be maintained. And we're told, "We have to double your tolls, because we don't have any money to pay to paint the bridge." This is insane, and this is what's been going on

So now when we come here and we're looking at things, we're really disturbed by some of the trends. Because we're always being told, "Well, you know, that was then, we're going to correct it; we shouldn't have done it, but we need that toll increase." Every toll increase this last decade has been the exact same thing at every bistate agency. Nobody is watching what these people are doing at any of these agencies.

We had a lawsuit -- the New Jersey Motor Truck Association, the Pennsylvania Motor Truck Association, and the American Trucking Association sued the Delaware Joint Toll Bridge Commission for doubling their tolls on trucks for no reason. And we technically won. But the Federal judge said, "You know, I'm really sorry, but I have no relief. There is no relief provided for you." And as that is a lesson, we would like to make sure-- Because the Federal law does say in our compact that all of our rates must be "just and reasonable rates," we would like to have, in that compact, to also say that there is some sort of mechanism of relief for the toll payers forced to pay tolls that may not be correct or proper.

And lastly, this leads me into the future projects. And I am probably one of the only people in here who you are not going to want to

hear from, but I do have to say our position. Any future projects must take into consideration the current financial obligation of the Port Authority and the existing infrastructures that they're responsible for maintaining, upgrading, replacing if necessary -- that's what we're being tolled for. You know, I've always said, with the amount of money that the trucking industry has contributed to the GW Bridge, it could be gold-plated. We could go through a truck wash, and we'd be able to get a Keurig coffee on our way through for the amount of money we have donated.

So when existing future projects are taken into consideration -- there are a lot of them being talked about today -- we need to remind ourselves, in whatever decisions are made, that the existing infrastructure that we're paying for must be maintained and not neglected, so that 10 years from now we have to do another 100 percent toll increase.

We are very concerned about the Gateway tunnel -- that I certainly can't use -- and I know that the argument, "Well, you'll get more people off the highway." Well, we're already paying a lot of money; we have paid a lot of money. And once again, as noted, just because an agency has gone out of control -- like many of them have; it's not just the Port Authority, it's all these bi-state little fiefdoms they've created -- have gone off and done their thing, they look good, and make people feel happy. There's almost \$1 billion of regional stuff still left in that capital plan. And I can't tell you, as difficult as it is to say-- When they first started out it was going to be \$5 billion to rebuild the World Trade Center -- which, to this day, I still don't understand why we have it. But it's way beyond \$5 billion. And quite frankly, for those who have to pay this and work hard for this, how do you think people think and feel when they find that they have

the most state-of-the-art elevator at the World Trade Center, with pictures? It must have cost millions of dollars. As wonderful and as great as that is, when you're using other people's money you should have a fiduciary responsibility. And it seems like there's a lot of money overspent. Yes, it's nice to have it; but when I guess it's not yours it's easy to spend.

I think there has to be a recognition. I am not saying that we don't need a Gateway tunnel; I don't know about the Bus Terminal. Those are facilities that have always been under the Port Authority, and they have not been maintained. And that's why the GW is now going through all its changes, we have to replace the Goethals -- these are important things, but these are things we've paid our dues for. Now, when you start going beyond that, we have to really look and take into consideration-- Because I am very, honestly frank: We cannot handle another toll increase. We cannot pay-- And it is crazy to be paying \$105. I have guys who have 100 trucks a day crossing that bridge at \$105 a pop. It doesn't stop.

And we have been told that that toll increase was to encapsulate that capital plan. Now, that didn't include a Bus Terminal, and it didn't include the Gateway rail tunnel. So I'm sitting back here saying, "Oh, my God, what are we going to do?"

I would suggest that some people take some time to go to Staten Island and ask them what happened when they raised these tolls. Because the shippers that moved containers into Howland Hook Marine Terminal said, "Uh-uh; we're not paying." And they moved to Newark, and they moved their freight over to Newark or Elizabeth. But I'll tell you now, we already have enough problems at the Port; you want to add some more expense to the Port? We have another toll increase-- You know, it starts



looking like Virginia, Savannah, Baltimore -- even some competition to South Jersey looks a lot more attractive. We've already seen our customer base erode; we can't do this.

So what I would suggest would be that we do need to get rid of the World Trade Center. It is just sucking out the life of the commuters and the toll payers on the bridges and tunnels in this area.

We do have-- And there was a study that was released this past December by ATRI; it's a transportation group that identifies the nation's worst bottlenecks. The worst bottleneck in the United States right now -- it surpassed Chicago -- is located in Fort Lee on Interstate 95 at State Road 4 -- the merge into Manhattan's George Washington Bridge.

SENATOR WEINBERG: I'm quite familiar with it.

MS. TOTH: Which, by the way, we pay \$105 for; we cannot use the lower level. So we're always in congestion. So when things happen at the Bridge, we don't know the difference because we're always sitting in it. And it's always a delay, even at the premium rate that we pay.

SENATOR WEINBERG: I bet they did a traffic study there.  
(laughter)

MS. TOTH: And one thing that I left off, that I will just throw out there, is that when the Port Authority--

SENATOR GORDON: Maybe we should do a traffic study?  
(laughter)

MS. TOTH: Yes, please. It's actually already been done and paid for, so-- (laughter) And we know what happens if it does happen. We should really make some plans to -- if that's the worst bottleneck in the

United States, I think that's something that has been identified and should be addressed.

You know, we're willing to work with whatever has to be worked with. We just want people to recognize and remember: There are people paying these bills. And it's an isolated group. That tunnel will benefit a lot of other players and a lot of other entities. They should have some contribution. Yes, we may see some reduction in traffic on the Turnpike; I doubt it. And keep in mind, on the Turnpike -- we had an enormous increase, that included the ARC tunnel that doesn't exist, in tolls on the Turnpike. So now we're going from a Turnpike that has very extreme rates to a Port Authority facility that has extreme rates. You know, you could be taking one shipment and moving it through New Jersey and pay \$300 to \$400 in tolls before you get to the destination, which could be just 50 miles away or less. So it's a problem

So we commend you; we commend you for trying to rein in the crazy people who are out of control at these bi-state agencies. I hope you do it to all of the bi-state agencies -- not just the Port Authority, but that is who we are addressing right now. We just really cannot afford it; we just can't afford it. And it's going to hurt -- it has already hurt our region; we don't want to put the final nail in the coffin.

Thank you very much, and thank you so much for addressing this issue.

SENATOR GORDON: Thank you, Ms. Toth.

You know, I think I understand why the Port Authority has been loath to have public hearings. (laughter)

MS. TOTH: We've had a lot of meetings. They "yes" you to death -- they "yes" you to death; they don't want to know.

SENATOR GORDON: Because every once in a while someone shows up and tells them what the real world is like.

In one of the most -- I think one of the most critical points that you raise is the risk that New Jersey is just going to become non-competitive as a place to do business. In another life, I had a textile manufacturing plant. And I remember the day when I learned it was easier, if not cheaper, to ship something to Cleveland than to Long Island City. You know, in this era, it's relatively easy just to move your goods through Charleston, or Philadelphia, or Norfolk. And the Port of New York is just so important to our regional economy. We're, I think, at great risk of seeing it decline if we don't get these costs under control.

I want to move the process along.

Mr. Evans.

**T I M E V A N S:** My name is Tim Evans; I am the Research Director at New Jersey Future. We are a land use -- nonprofit, nonpartisan, land use policy organization. I thank you for the opportunity to comment this morning.

I'm really just going to comment on one aspect of the Bill, which is to express New Jersey Future's support for the prioritization of both the Gateway tunnel and the Port Authority Bus Terminal in the Port Authority's capital plan; and to support the idea of designating the Port Authority as the lead agency on the Gateway tunnel.

One of New Jersey Future's core issues is the interaction between transportation and land use. And specifically, one of the things we

have long supported is transit-oriented development -- which is concentrating walkable, mixed-use development around transit facilities. We support this, both as a way of diverting travel off of the region's road network and as an economic development tool for towns that are fortunate enough to have a transit station within their borders.

And the problem is, if you want to support transit-oriented development, you have to make sure that the capacity is there to absorb the new riders. Otherwise, it's false advertising to the town to say, "Hey, you should be promoting transit-oriented development; but, guess what? We don't have the space for your new residents to sit on the train or the bus."

Now, given that-- And we're fortunate now, in the last few years, to have economic and demographic forces now pointing in the direction of encouraging more of this kind of development. And we want to be able to capitalize on it. So if we don't have the capacity to absorb these new transit riders, New Jersey is going to lose out on these economic and demographic trends.

Now, given that both the buses and the trains going under the Hudson or across the Hudson are currently operating at capacity, and given that more than 70 percent of New Jersey residents who work in Manhattan ride Transit to work-- Now, this figure goes back to something I got from NJ Transit more than a decade ago; my bet is it's even higher than 70 percent now. If you don't expand the capacity, people who are thinking about taking jobs in New York and living in New Jersey are going to do one of two things: They are either going to decide it's not worth it, and not take that job, in which case both states are losing out; or they're going to

get in their car and drive -- which you don't want to have even more cars on the regional road network.

So for that reason, we support prioritizing both the expansion of the Bus Terminal and the Gateway tunnel to accommodate new riders. And given that the Port Authority is explicitly -- its expressed purview is bistate projects, it seems like a natural entity to take the lead on the Gateway tunnel. So New Jersey Future also supports that aspect of the Bill.

And that's really all we are able to comment on.

SENATOR GORDON: Thank you very much, Mr. Evans.

You allude to a comment I made at the last hearing -- which is that if we're concerned about driving people out of the state, it's not going to be just high costs and taxes that do it, but what I called *inhumane commutes*. We already have the longest commuting times in the country, according to census data. And if people just find that they need to spend three hours a day getting 15 miles back-and-forth to Manhattan and don't get to see their kids, they're just going to take a job in Austin or some other place, or in Manhattan -- and New Jersey's economy is going to suffer.

Cathleen Lewis is back with us, from AAA. So I want to give her an opportunity to make a presentation.

CATHLEEN LEWIS: Thank you.

My apologies; I was having a separate meeting on the other transportation funding problems we have.

So--

SENATOR GORDON: I can't imagine what those are.  
(laughter)

MS. LEWIS: One at a time -- or, perhaps, both in this session; we'll see.

You know, I couldn't agree more with many of the comments that were made while I was sitting listening -- particularly from the Chairman and other members of the Committee. There are too many large projects that need to be fixed for us to sit idly by and allow the abuse and mismanagement that has gone on. So I commend the Committee for working on those pieces.

You know, I think that part of what we need to do as we talk about what the priorities of the Port Authority need to be, moving forward, is that we need to remember that the very first priority is that toll payers need to have confidence that their money is getting to the right place. And the very best way to do that is to make sure that those tolls that are being paid go back into investment in our roadways and our infrastructure.

One of the big concerns that obviously AAA, and this panel, and many others have had is that much of the money that the Port Authority takes in has gone to real estate investment and to projects outside of the jurisdiction of the Port Authority. I think that as we talk about these critical projects, the first thing to remember is that if we were to divest ourselves of some of those real estate investments, and if we were to re-dedicate the tolls back to those transportation infrastructure investments, we would have, at the very least, a good-sized down payment on the projects we need to be focusing on.

We can look at the original capital plan; but the original capital plan -- about 40 percent of it that runs through 2018 is embroiled in either litigation or investigation; it's outside of the core mission. So we would

suggest that the very first thing that the Port Authority needs to do is look and re-invest itself in its core mission -- which is to move motorists, and commuters, and goods through the transportation network and the core of this region.

So with that said, what are some of the projects that we need to look at?

Well, many of the actual transportation projects that are in the capital plan have been in the capital plan for almost 20 years. We have to restring every single cable on the George Washington Bridge. If we had been doing it as routine maintenance, we'd be looking at a couple of cables every year, we'd have a safer structure in the first place. But it's something that we need to do, moving forward. And hopefully, as we talk about what a capital plan needs to be, we can move some of what should have been maintenance, but has now become capital, back to the maintenance side, moving forward.

It's hard to prioritize -- when it comes to the roads, tunnels, and bridges -- as to what becomes the biggest priority, quite frankly, because they've been left to rot for so long. We have so much infrastructure that is beyond its useful life, that is functionally obsolete that the very first thing we need to do is reinvest those toll dollars back into those roads, and bridges, and tunnels; and to make sure that they are safe, and that they are helping to alleviate some of the congestion that we have. We know that delaying these projects makes them large; it makes the construction time longer, it makes it harder to drive through, it makes it slower to drive through. We need to get back on track.

Then there are two projects that should be part of the capital plan, that are not. Four years ago, part of what was going to be the Port Authority's core mission when it came to the capital plan was a project called the *ARC* tunnel. We no longer have an *ARC* tunnel; we have a Gateway tunnel, and we don't have a lot of plans on it yet. But if we're going to talk about what the priorities of the Port Authority need to be, moving forward, a rail tunnel that alleviates congestion on our roadways-- Because make no mistake about it: If rail service between New Jersey and New York was simpler, if there were less delays, people would leave their cars and move back to rail.

The other piece that is not on the capital plan right now, but is a priority here, is the Port Authority Bus Terminal. The current terminal is beyond capacity and, at the very best, an unsavory destination for folks to go to. I will tell you, when I used to use the Port Authority Bus terminal, I was in college -- that was longer ago than I care to admit -- and it wasn't a fun place to go then. It hasn't gotten much better.

We need to make sure that bus travel is reliable, enjoyable, and affordable. It needs to be an alternative to your car and to rail in order to actually serve the commuters in all of New Jersey, as opposed to just those few who live on rail lines. We need to go back to finding ways to invest in those, and creating a Port Authority Bus Terminal that actually provides commuters with that reliable, enjoyable commute has to be a priority.

And then lastly, one of the things I don't think we've talked much about when it comes to the Port Authority today is airports. I know there was some talk about them a couple of testimonials ago; I think that one of the things that the Port Authority needs to do -- many of the capital



plans talk about investments in new terminals. Those will help; they'll bring more gates, it will make it a more enjoyable experience. But we also need to make sure that the capital plan focuses on safety first. Our runways oftentimes have the same sorts of potholes that our roads do. We need to make sure that those are fixed first; and we also need to find ways, within the capital plan, to invest in technologies that will help move planes through our airspace quicker. Our roadways -- we talk about them all the time; the most congested in the country. Our airways look much the same, and we're using technology that is 40 years old, at its best. There is better technology if we can invest in it.

So I think that what we need to do, more than talking about the capital plan that was proposed by the Port Authority, is to talk about what needs to be done and isn't included in the capital plan -- because the largest projects are not there.

And what we need to do when we talk about a new capital plan is ensure that the Port Authority, when creating this, does it in an open, transparent way that includes several public hearings to allow for input.

SENATOR GORDON: Thank you very much. That was very helpful. I found it interesting that AAA would be endorsing more investments in rail and air travel; but I think that only gives credibility to your testimony.

Are there any questions, colleagues? (no response)

Thank you all very much. That was very helpful.

And now I'd like to call three individuals who have been very patient. Representing the police benevolent associations -- and there are several groups that represent the Port Authority police -- we're going to hear

from three today. Detective Patrick McNerney, the President of the Port Authority PBA Detectives Association (*sic*); Sergeant Rich Hassmiller, President of the Port Authority PBA Sergeants Association; and Lieutenant Jeffrey Baumbach, President, Port Authority PBA Lieutenants Association.

There is also another organization that represents, I believe, the rank-and-file members. I've had the benefit of meeting with these organizations, some months ago, that had an opportunity to review our legislation and have provided some very important information to us about what was inserted into this legislation when no one was looking, I believe.

And so, gentlemen, I'd like to hear your testimony.

**D E T E C T I V E P A T R I C K M c N E R N E Y:** Okay. Good afternoon, Senators, staffers, and all in attendance.

My name is Patrick McNerney, and I am the current President of the Port Authority Detectives Endowment Association. That is the union for the Port Authority detectives. I also have the privilege of being the Chairman of the Port Authority Employees Labor Council. That's a consortium consisting of all the Port Authority union presidents.

Today I speak on behalf of the Port Authority Employees Labor Council. That consists of over 4,000 union members who work for the Port Authority.

First off, I want to say thank you for this hearing; because, as you just mentioned, New York got their legislation done in one week -- one week, which is pretty incredible. I'm pretty sure if they would have had hearings like this, it would not have happened. We were taken by dismay; it was a right hook. When we met with representatives in New York, they

were floored too. So we, first off, thank you for having this so we can come out and express how we feel.

On September 10, 2015, I sat here, in this room, and I listened as six respected and esteemed individuals in transportation and organizational structure addressed you. The individuals spoke of the following: equilibrium, a capital plan focus for the Port Authority, better leadership for the employees to do their mission, infrastructure repairs, and transparency. All these items, I do believe, were the reason this legislation was drafted.

The reason we are here today is to address one section of this legislation that goes beyond the objectives of that bill and the goals. It is the section in there addressing the inspector general and the employees. This section goes around all of the unionized employees contracts and eliminates our contractual protections for all Port Authority employees -- unionized employees.

It does not allow a Port Authority unionized employee to have the contractual protections that we all have today. If the inspector general called for an investigation, we would be without this protection.

These rights that we are here fighting for today have always been bargained and negotiated in the forum of the negotiating table. This venue for passing legislation and putting it in is not the venue for this to have the change.

This piece of legislation was not in the legislation that passed this house and the Assembly -- or the Assembly and Senate in New York -- that both Governors vetoed. Remember -- it wasn't there, and then, all of a sudden, it appeared.

We at the Port Authority and the employees who are unionized know more than ever the problems that have to be corrected. But we plead for you to please not make these changes on our backs and strip our contracts of these hard-fought rights.

Thank you for the time.

**SERGEANT RICHARD HASSMILLER:** Good afternoon. I started out with good morning, but now it's good afternoon. (laughter) My name is Rich Hassmiller; I represent 180 sergeants in the Sergeants Benevolent Association.

As my colleague just stated, the legislation, or the section of it that we're concerned with, is a very specific part of the IG's powers that he has been given -- the section that pertains to the IG reinforcing some stuff they already have and that they already do. But at the end of it, there was a sentence that was added: It said, "To the extent that any portion of the paragraph is inconsistent with any current contractual obligations of the Port Authority, this paragraph shall not be applicable to those obligations."

That would be fine if it stopped there. But it continues with 10 more words: "Until the earliest expiration of those terms under the contracts."

Now, this contractual right that we have is all based on long-standing and long-negotiated rights. It doesn't have anything to do with criminal investigations; we're talking about administrative investigations -- stuff that all the unions have been dealing with for decades, and they all have procedures and rights that each individual has, accordingly. To just remove it with those 10 words is unfathomable. Why would we negotiate over the years, on the give-and-take of a negotiation table, to just have them

taken away with 10 words in legislation that -- this legislation wasn't designed for this purpose in the first place.

Some of the things the Bill doesn't address, in that section with the Inspector General's rights, are what are the employee's or officer's procedural due rights. It doesn't identify or address issues such as the right to record the appearance, the right to representation by union representation and/or legal representation; it doesn't speak to which forum you could challenge the validity of a subpoena if it's felt to be overreached; it doesn't give any indication of what your Fifth Amendment right is -- because, as we know, were not talking a criminal case here, we're talking about administrative hearings.

We believe that this is important -- to have these rights in the contracts, because it will continue to aid the Port Authority to attract well-respected and high-quality officers, rather than simply serve as a stepping stone to other agencies. People come into this agency and they see how strict and harsh the discipline is here; and because we've lost all the contractual protection, they're not going to want to stay around. They'll use it as a stepping stone to move on.

Any changes to our terms and conditions of employment should be obtained through the give-and-take at the negotiation table. If someone in the Port Authority felt that this was that important that they contacted someone on the New York side to put this in there, then they should be willing to negotiate it at the table. It's all give-and-take; that's all we're asking for. If it was that important to them they should come to us, and we can always negotiate.

There must some designated judicial oversight of all these powers and duties that the Inspector General is given, because we wouldn't want the influence of politics or other considerations to influence them and possibly lead to the evils in that office that this bill is trying to eliminate. So that should be a consideration too.

Basically, in the end, we've heard countless groups speak here. We've heard them say why they want it passed; seems like we've heard more of them say why we want it to not be passed until the concerns are addressed. Various groups have put very good points forward on why things need to be added, or changed, or removed; but the whole point is they all have found something that needs to be addressed in here. To simply pass the bill as is -- so we have matching legislation to New York to bind the Port Authority to something -- doesn't make sense, because we know if it's passed as is, the urgency to fix anything will kind of go to the wayside.

Now is the time to fix it the way New Jersey wants the bill to be presented, and then you can put the ball back in New York's court. I heard Senator Gordon mention at the last hearing something in New York called the *Chapter Amendment*. If the individuals on this Committee are successful in changing the portions of the bill that you all feel important to New York, then all they have to do is introduce Chapter Amendments and then the governor can pass it. They don't have to go through the whole process all over again.

So simply passing the bill to get something done, when you know, full well, that it's only 80 to 90 percent there, doesn't make any sense when you can take the time to put the corrections in the bill that you

want, pass it, let the Governor of New Jersey sign it, and then put the ball back in New York's court and say, "We've made it better. We're not saying you were wrong, you had a good start. But we made it better, and now it's your turn. Now, make some changes on your side, and then you pass it." And then I think New York and New Jersey could have better cooperation on how the Port Authority is run in the future.

That's all I have.

SENATOR GORDON: Thank you very much.

I understand that Lieutenant Baumbach is not going to be testifying today, but we appreciate his presence here.

I want to thank everyone from the various units of the PBA sharing this information with us. It is becoming obvious that these changes were literally made in the dark of night. I had a conversation with some of my New York partners last week who were in the room negotiating, and they didn't know this language had been added. I had been led to believe that Governor Cuomo's people didn't know that this language had been added -- which suggests that, perhaps, someone from the Port Authority had something to do with this.

In any case, it is -- that language -- it's in the bill that emerged from the New York process. Those who I have spoken to share my concerns -- our concerns about how these changes were made and what their potential impact is on the police officers who have negotiated these contracts over the years. And I think we're all in agreement that changes need to be made, and we're certainly going to do everything we can to fix this error that has been made.

Any other comments or questions from the Committee?

SENATOR WEINBERG: I would just like to add: Thank you for bringing this forth. I think you had meetings with both Senator Gordon and I as we discussed this in further depth. And it just proves how--

SENATOR GORDON: How this is done.

SENATOR WEINBERG: --that bill was rushed, kind of without hearings, without an attempt to get more input. And although we agree with a lot of it, it needs some changes; and that's what I think we're going to try to do.

So thank you.

SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: I have a quick question; and I have a lot of confidence and support in all the locals at the Port Authority police.

What do most of the men and women in your ranks -- is it split, 50-50, New York-New Jersey residents? I'm just -- this is kind of an aside; it's not really -- it has nothing to do with the reform legislation. (laughter) I don't want you to think this has anything to do with the reform legislation. It's just for my own--

SENATOR GORDON: Ninety percent live in Wood-Ridge. (laughter)

SERGEANT HASSMILLER: I would say it's probably a 45-45 split, with 10 percent who live in Pennsylvania. (laughter) Some people just like to live out in the hills, you know; it's either New York state or Pennsylvania. But it's probably as evenly split as you can imagine.

SENATOR SARLO: Thank you.

DETECTIVE McNERNEY: Thank you.



SENATOR GORDON: I think that takes us through our list of witnesses.

I want to thank everyone for their testimony today. This process will continue next month. As I said, we'll have hearings in the evening in North Jersey -- I believe in Bergen County and Hudson County -- so that we have an opportunity to hear from the commuters and others.

And I'm told that we will be hearing from Mr. Degnan -- Chairman Degnan and Executive Director Foye, as well, at some point. I don't believe the dates have been locked in at this point.

With that, I will close the hearing. And thank you all for your attendance.

Thank you.

**(MEETING CONCLUDED)**