

PUBLIC HEARING

before

SENATE TRANSPORTATION AND COMMUNICATIONS COMMITTEE

on

SENATE BILL 2701

(Designated the "South Jersey
Transportation Authority Act")

April 15, 1985
Camden County Transportation Complex
Lindenwold, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Walter Rand, Chairman
Senator S. Thomas Gagliano
Senator James R. Hurley

ALSO PRESENT:

Senator William L. Gormley
Assemblyman Thomas A. Pankok
and
Peter R. Manoogian
Office of Legislative Services
Aide, Senate Transportation and
Communications Committee

TABLE OF CONTENTS

	<u>Page</u>
John Finley Representing Freeholder John Rodano and Freeholder-Director Joseph Borregine	4
Joseph F. Wiseman Chairman of the Transportation Committee South Jersey Chamber of Commerce	6
James Usry Mayor of Atlantic City	12
Richard E. Squires County Executive of Atlantic County	18
Clyde D. Fear Executive Director New Jersey Expressway Authority	23
Frank Brady, Bond Counsel to the New Jersey Expressway Authority McCarter and English	33
E. Carlton Heeseler Vice President Shearson Lehman Brothers, Inc.	34
Dennis Keck Director of Highway Service New Jersey Department of Transportation	48
Elwood R. Jarmer, Chairman Atlantic City Urban Area Transportation Council	53
Dr. James A. Dunn, Jr. South Jersey Transit Advisory Committee	59
Joseph E. McCullough, Vice President of Marketing and Public Affairs South Jersey Gas Company	64
Daryl F. Todd Master Plan Advisory Committee	70

TABLE OF CONTENTS (continued)

	<u>Page</u>
General Alfred J. Cade, President Greater Atlantic City Chamber of Commerce and Member of Citizens Advisory Committee	74
Richard A. Walters, Chairman South Jersey Action Group	80
 APPENDIX	
Statistics submitted by New Jersey Expressway Authority	1x
Statement submitted by Dr. James A. Dunn, Jr.	5x
Report submitted by Office of Legislative Services Division of Budget and Program Review	12x
Cover letter and statement submitted by Joseph M. Del Balzo, Director Eastern Region, Federal Aviation Administration	18x
Letter submitted by Herbert I. Olarsch, Senior Attorney New Jersey Turnpike Authority	31x

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SENATE, No. 2701

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1985

By Senators RAND and COWAN

Referred to Committee on Transportation and Communications

AN ACT creating the South Jersey Transportation Authority as the successor to the New Jersey Expressway Authority, to acquire, construct, enlarge, maintain, improve, repair, operate and support expressway and transportation projects, including the Atlantic City Expressway, and repealing parts of the statutory law.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. This act shall be known and may be cited as the "South Jersey
2 Transportation Authority Act."

1 2. The Legislature finds and declares that:

2 a. It is the public policy of this State to foster the development
3 and improvement of a comprehensive, efficient, convenient, eco-
4 nomical, adequate, modern and safe transportation system to meet
5 the essential social and economic needs of the citizens of this State.

6 b. Rapid development in the South Jersey area, particularly the
7 intense development in the Camden-Atlantic City corridor and in
8 the Atlantic county area resulting from the development of the
9 casino industry in Atlantic City, has caused serious transportation
10 problems in South Jersey.

11 c. There are serious deficiencies in the transportation system
12 available to the residents, visitors and commuters within the
13 southern region of this State, consisting of the area encompassed
14 by the counties of Atlantic, Burlington, Camden, Cape May, Cum-
15 berland, Gloucester, Ocean and Salem.

16 d. In particular, residents, visitors and commuters in the region

17 do not have sufficient public transportation services available to
 18 them; the roads, bridges and other components of the transporta-
 19 tion system in the region are not adequate to handle the increased
 20 traffic into and through the region; and airports in the region are
 21 in need of stronger supervision and control.

22 e. It is in the public interest to restructure the New Jersey
 23 Expressway Authority and create a South Jersey Transportation
 24 Authority in order to alleviate the transportation problems in
 25 South Jersey, by acquiring, constructing, maintaining, improving,
 26 enlarging, repairing, operating, and supporting expressway and
 27 transportation projects and by providing a forum for coordinated
 28 regional planning.

1 3. The purposes of the South Jersey Transportation Authority
 2 shall be to:

3 a. Acquire, construct, maintain, improve, enlarge, repair, oper-
 4 ate and support expressway and transportation projects as pro-
 5 vided in this act; and

6 b. Assist in planning for the development of the transportation
 7 system in South Jersey in conjunction with federal, State, local and
 8 other public entities, as appropriate.

1 4. As used in this act, unless a different meaning clearly appears
 2 from the context:

3 a. "Atlantic City Expressway" means the Atlantic City Express-
 4 way constructed by the New Jersey Expressway Authority pur-
 5 suant to section 40 of P. L. 1962, c. 10 (C. 27:12C-40);

6 b. "Authority" means the South Jersey Transportation Authority
 7 created by this act;

8 c. "Bond" means any bond, and "note" means any note, of the
 9 authority authorized pursuant to the provisions of this act;

10 d. "Commissioner" means the Commissioner of the State De-
 11 partment of Transportation;

12 e. "County" means any county of the State;

13 f. "Department" means the Department of Transportation;

14 g. "Expressway project" or "highway project" means any ex-
 15 press highway, superhighway or motorway at such locations and
 16 between such termini as heretofore established by the New Jersey
 17 Expressway Authority or as herein established or as may here-
 18 after be established by law, and acquired or to be acquired or
 19 constructed or to be constructed under the provisions of this act
 20 by the authority, including the Atlantic City Expressway, over
 21 which abutters have no easements or rights of light, air or direct
 22 access by reason of the fact that their properties abut thereon, and
 23 shall include but not be limited to all bridges, parking facilities,

24 tunnels, overpasses, underpasses, interchanges, traffic circles, grade
25 separations, entrance plazas, approaches, toll houses, service areas,
26 stations and facilities, communications, facilities, administration,
27 storage and other buildings, and other structures related to the use
28 of the express highway, superhighway or motorway, intersecting
29 highways and bridges and feeder roads which the authority may
30 deem necessary or desirable for the operation of such project, to-
31 gether with all property, rights, easements and interests which
32 may be acquired by the authority for the construction or the op-
33 eration of such project;

34 h. "Feeder road" means any road which is necessary to create
35 or facilitate access to an expressway project;

36 i. "Governing body" means, in the case of a county other than
37 a county organized pursuant to the "Optional County Charter
38 Law," P. L. 1972, c. 154 (C. 40:41A-1 et seq.), the board of chosen
39 freeholders, or in the case of a county organized pursuant to the
40 "Optional County Charter Law," P. L. 1972, c. 154 (C. 40:41A-1
41 et seq.) in accordance with that act, or, in the case of a school
42 district, the board of education, or, in the case of a municipality or
43 any other governmental subdivision, the commission, council, board
44 or body, by whatever name it may be known, having charge of its
45 finances;

46 j. "Municipality" means any city, borough, village, town or
47 township of the State but not a county or a school district;

48 k. "Original authority" means the New Jersey Expressway Au-
49 thority created by P. L. 1962, c. 10 (C. 27:12C-4);

50 l. "Owner" means and includes any individuals, copartnership,
51 associations, private or municipal corporations, and counties, mu-
52 nicipalities or other governmental subdivisions of the State having
53 any title or interest in any property, rights, easements and interests
54 authorized to be acquired pursuant to this act;

55 m. "Project" means an expressway or transportation project;

56 n. "Public highway" means and shall include any public highway,
57 road or street in the State, whether maintained by the State or by
58 any county, municipality or other governmental subdivision;

59 o. "Real property" means lands within the State, above or be-
60 low water, and improvements thereof or thereon, or any riparian
61 or other rights or interests therein;

62 p. "South Jersey" means the area encompassing the counties of
63 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
64 Ocean and Salem; and

65 q. "Transportation project" means and refers to all modes of
66 transportation, including surface, aerial, water (including but not

67 limited to ocean, river and navigable stream) including the equip-
68 ment and facilities used in connection with these modes, and the
69 vehicles or means of conveyance or carriage used therewith. This
70 definition includes but is not limited to any area, place, building,
71 structure, equipment, materials, supplies or real property designed
72 to provide or used in providing rail, motorbus, paratransit, parking,
73 air or marine service (whether regular route, charter, passenger
74 or freight) or any two or more of these services, to the public, and
75 includes but is not limited to stations, shelters and terminals, air-
76 ports, heliports, docking and launching facilities, port facilities,
77 parking facilities, ramps, track connections, signal systems, power
78 systems, information and communication systems, roadbeds, transit
79 lines or rights of way, equipment storage and servicing facilities,
80 bridges, grade crossings, rail cars, locomotives, motorbus and other
81 motor vehicles, boats, ferries and other marine vehicles, aircraft,
82 maintenance and garage facilities, revenue handling equipment
83 and any other building, structure, equipment, materials, supplies
84 or real property employed or used in any other mode for trans-
85 porting people or goods, or the marketing of transportation ser-
86 vices.

87 Transportation project shall also encompass any of the planning
88 necessary to foster a comprehensive, efficient, convenient and eco-
89 nomical transportation system in South Jersey, and any planning
90 necessary for the execution of any transportation project.

1 5. There is hereby established in the State Department of Trans-
2 portation a public body corporate and politic, with corporate suc-
3 cession, to be known as the "South Jersey Transportation Author-
4 ity," as the successor to the New Jersey Expressway Authority
5 created by section 4 of P. L. 1962, c. 10 (C. 27:12C-4). For the
6 purpose of complying with the provisions of Article V, Section IV,
7 paragraph 1 of the New Jersey Constitution, the South Jersey
8 Transportation Authority is hereby allocated within the Depart-
9 ment of Transportation, but notwithstanding that allocation, the
10 authority shall be independent of any supervision or control by
11 the Department of Transportation or any board or officer thereof.
12 The South Jersey Transportation Authority, which shall be a
13 continuation of the New Jersey Expressway Authority, shall con-
14 stitute a political subdivision of the State established as an in-
15 strumentality exercising public and essential governmental func-
16 tions to provide for the public safety, convenience, benefit and
17 welfare, and the exercise by the authority of the powers conferred
18 by this act shall be deemed and held to be an essential governmental
19 function of the State.

1 6. a. The authority shall consist of the Commissioner of Trans-
2 portation, who shall be an ex officio voting member; and the Execu-
3 tive Director of the New Jersey Transit Corporation who shall be
4 an ex officio nonvoting member; and eight members who shall be
5 appointed by the Governor with the advice and consent of the
6 Senate, including two residents from Atlantic county, one of whom
7 shall be a representative of Atlantic City, two residents from Cam-
8 den county, one resident from Gloucester County and each of the
9 three remaining members to be appointed from the remaining
10 counties in South Jersey in the following rotating order: Burlington,
11 Cumberland, Ocean, Salem, and Cape May.

12 b. The members of the New Jersey Expressway Authority as of
13 the effective date of this act shall continue to serve until the end
14 of their terms and until their successors shall have been appointed
15 and qualified. As his current term expires, the appointed member
16 of the New Jersey Expressway Authority from Cape May county
17 shall be replaced by a member from the otherwise unrepresented
18 counties in accordance with the order previously specified in this
19 section. The terms of members appointed in accordance with this
20 section shall be three years.

21 c. The Commissioner of Transportation may designate a repre-
22 sentative from among the employees of the department to represent
23 him at meetings of the authority and such designee may lawfully
24 vote and otherwise act on behalf of the commissioner. The desig-
25 nation shall be made annually in writing delivered to the authority
26 and shall continue in effect until revoked or amended by written
27 notice delivered to the authority.

28 d. The executive Director of the New Jersey Transit Corporation
29 may designate a representative from among the employees of the
30 corporation to represent him at meetings of the authority and such
31 designee may act on behalf of the director. The designation shall
32 be made annually in writing delivered to the authority and shall
33 continue in effect until revoked or amended by written notice de-
34 livered to the authority.

1 7. a. Not more than four of the appointed members shall be
2 members of the same political party. Each such member shall have
3 been a qualified voter of the State for at least one year preceding
4 the appointment. Each member shall hold office for the term of
5 his appointment and until his successor shall have been appointed
6 and qualified. Any vacancy among the members shall be filled by
7 appointment only for the unexpired term but such appointment
8 shall not be made sooner than 15 days after the occurrence of such
9 vacancy. A person appointed to fill an unexpired term shall be a

10 resident of the same county as the member whose unexpired term
11 he is filling.

12 b. The authority, upon the first appointment of its members and
13 thereafter on or after May 1 in each year, shall annually elect from
14 among its members, including the ex officio voting member, a chair-
15 man and a vice-chairman who shall hold office until May 1 next
16 ensuing and until their respective successors shall have been ap-
17 pointed and qualified. The authority may also appoint and employ,
18 without regard to the provisions of Title 11, Civil Service, of the
19 Revised Statutes, a secretary, a treasurer, an executive director,
20 a general counsel and a chief engineer and such other consulting
21 engineers, special attorneys or counsel, accountants, construction,
22 legal and financial experts, and other agents and employees as it
23 may require, and it shall determine their qualifications, terms of
24 office, duties and compensation.

25 c. The powers of the authority shall be vested in the members
26 thereof in office from time to time, and a majority of its voting
27 members shall constitute a quorum at any meeting thereof. Action
28 may be taken and motions and resolutions adopted by the authority
29 at any meeting by a vote of a majority of the voting members, un-
30 less the bylaws of the authority shall require a larger number. No
31 vacancy in the membership of the board shall impair the right of
32 a quorum to exercise all the rights and perform all the duties of
33 the authority.

34 8. a. The members of the authority shall serve without compen-
35 sation, but the authority may reimburse its members for necessary
36 expenses incurred in the discharge of their duties.

37 b. No member of the governing body of a county shall be ap-
38 pointed as a member of the authority.

39 c. Any appointed member of the authority may be removed by
40 the Governor for incapacity, inefficiency, neglect of duty, miscon-
41 duct in office or other disqualifying cause but only after he shall
42 have been given a copy of the charges against him and, not sooner
43 than 10 days thereafter, been afforded opportunity for a hearing,
44 in person or by counsel, with respect to such charges.

1 9. a. All bondholders and other creditors of the original author-
2 ity and persons having claims against or contracts with the original
3 authority of any kind or character may enforce such debts, claims
4 and contracts against the authority as the successor to the original
5 authority in the same manner as they might have had against the
6 original authority, and the rights and remedies of such bondholders,
7 creditors and persons having claims or contracts shall not be lim-
8 ited or restricted in any manner by this act. All property, rights

9 and powers of the original authority are hereby vested in
10 and shall be exercised by the authority, subject, however, to all
11 pledges, covenants, agreements and trusts made or created by the
12 original authority, respectively. All debts, liabilities, obligations,
13 agreements and covenants of the original authority, except to the
14 extent otherwise specifically provided or established to the con-
15 trary in this act, are hereby imposed upon the authority. In con-
16 tinuing the functions and carrying out the contracts, obligations
17 and duties of the original authority, the authority is hereby au-
18 thorized to act in its own name or in the name of the original au-
19 thority as may be convenient or advisable under the circumstances
20 from time to time.

21 b. Any references to the original authority in any other law or
22 regulation shall be deemed to refer to and apply to the authority.

23 c. All regulations of the original authority shall continue to be
24 in effect as the regulations of the authority until amended, sup-
25 plemented or rescinded by the authority in accordance with law.

26 d. All employees of the original authority shall become employees
27 of the authority. Nothing in this act shall affect the civil service
28 status, if any, of those employees or their rights, privileges, obli-
29 gations or status with respect to any pension or retirement system.

30 e. The powers vested in the authority by this act shall be con-
31 strued as being in addition to and not in diminution of the powers
32 heretofore vested by law in the original authority.

1 10. a. In order to facilitate vehicular traffic and provide for the
2 construction of modern express highways embodying modern safety
3 devices including center divisions, adequate shoulder widths, long-
4 sight distances, limitations on access, multiple lanes in each direc-
5 tion and grade separations at all intersections with other highways
6 and railroads, the authority is hereby authorized and empowered
7 to acquire, construct, maintain, improve, enlarge, repair and oper-
8 ate expressway projects at the location or locations previously or
9 hereinafter established and at such other locations as shall here-
10 after be established by law;

11 b. The authority is also authorized and empowered to acquire,
12 construct, maintain, improve, enlarge, repair, operate and support
13 transportation projects within South Jersey;

14 c. In addition, the authority is authorized and empowered to
15 assist in planning for the development of the transportation sys-
16 tem in South Jersey, in conjunction with federal, State, local, and
17 other public entities, as appropriate.

1 11. The authority shall be a public body corporate and politic

2 and shall have perpetual succession and shall have the following
3 powers:

4 a. To adopt bylaws for the regulation of its affairs and the con-
5 duct of its business;

6 b. To adopt and have an official common seal and alter the same
7 at pleasure;

8 c. To maintain an office at such place or places within the State
9 as it may designate;

10 d. To sue and be sued;

11 e. To acquire, construct, maintain, improve, repair and operate
12 projects;

13 f. To construct, maintain, improve, repair and operate feeder
14 roads;

15 g. To issue bonds or notes of the authority for expressway and
16 transportation projects and to provide for the rights of the holders
17 thereof as provided in this act;

18 h. In the exercise of any of its powers to fix and revise from
19 time to time and charge and collect tolls or other charges for transit
20 over or use of any project acquired or constructed by it;

21 i. To establish rules and regulations for the use of any project;

22 j. To acquire, lease as lessee, hold and dispose of real and per-
23 sonal property or any interest therein, in the exercise of its powers
24 and the performance of its duties under this act;

25 k. To acquire in the name of the authority by purchase or other-
26 wise, on such terms and conditions and in such manner as it may
27 deem proper, or by the exercise of the power of eminent domain,
28 any land and other property which it may determine is reasonably
29 necessary for any project or for the relocation or reconstruction
30 of any public highway by the authority under the provisions of
31 this act or the construction of any feeder road which the au-
32 thority is or may be authorized to construct and any and all rights,
33 title and interest in such land and other property, including public
34 lands, parks, playgrounds, reservations, highways or parkways
35 owned by or in which any county, municipality or other govern-
36 mental subdivision of the State has any right, title or interest, or
37 parts thereof or rights therein, and any fee simple absolute or any
38 lesser interest in private property, and any fee simple absolute in,
39 easements upon, or the benefit of restrictions upon abutting prop-
40 erty to preserve and protect projects;

41 l. To locate and designate, and to establish, limit and control
42 such points of ingress to and egress from each project as may be
43 necessary or desirable in the judgment of the authority to insure
44 the proper operation and maintenance of such project; and to pro-

45 hibit entrance to such project from any point or points not so
46 designated;

47 m. Subject to the limitations of this act, to acquire, construct,
48 maintain, improve, repair or operate any public highway connect-
49 ing with any one or more projects which in the opinion of the
50 authority will increase the use of a project or projects, to take over
51 for maintenance, improvement, repair or operation any existing
52 public highway as a feeder road and to realign any such existing
53 public highway and build additional sections of road over new
54 alignment in connection with such existing public highway;

55 n. To receive and accept from any federal agency, subject to the
56 approval of the Governor, grants for or in aid of the acquisition
57 or construction of any project, and to receive and accept aid or
58 contributions from any other source, of either money, property,
59 labor or other things of value, to be held, used and applied only
60 for the purposes for which such grants and contributions may be
61 made;

62 o. Subject to the limitations of this act, to determine the location,
63 type and character of any project and all other matters in connec-
64 tion with the project;

65 p. Subject to the rights and security interests of the holders
66 from time to time of bonds or notes heretofore or hereafter issued
67 by the authority, to enter into contracts with the State or the De-
68 partment of Transportation or the New Jersey Transportation
69 Trust Fund Authority established by section 4 of the New Jersey
70 Transportation Trust Fund Authority Act of 1984, P. L. 1984,
71 c. 73 (C. 27:1B-1 et al.), providing for the payment from the rev-
72 enues of the authority to the State or to the New Jersey Trans-
73 portation Trust Fund Authority of the amount or amounts of rev-
74-75 enues that may be set forth in or determined in accordance with
76 the contracts, provided, that the payments shall be used solely for
77 financing highway and transportation projects in the counties of
78 Ocean, Burlington, Camden, Gloucester, Atlantic, Salem, Cumber-
79 land and Cape May, including the payment of principal and interest
80 on any bonds, notes or other obligations issued or entered into by
81 the New Jersey Transportation Trust Fund Authority, the pro-
82 ceeds of which shall be allocated by the New Jersey Transportation
83 Trust Fund Authority to highway and transportation projects
84 within the counties aforesaid; any contracts authorized pursuant
85 to this section may include conditions and covenants necessary and
86 desirable to facilitate the issuance and sale of bonds, notes and
87 other obligations of the New Jersey Transportation Trust Fund
88 Authority. Any agreements entered into between the Department

9 determined by the authority, for the construction, maintenance,
10 improvement, enlargement, repair and operation of expressway
11 projects.

12 b. The authority may establish such other operating divisions
13 as it deems necessary in the authority and under its jurisdiction
14 with the responsibility of the division to be determined by the au-
15 thority pursuant to this act. Upon the acquisition or operation by
16 the authority of a transportation project authorized in section 49
17 or section 50 of this act or upon the authority's entering into a
18 contract or agreement concerning airports or heliports provided
19 for in this subsection, there shall be established an operating di-
20 vision to be known as the "airport division" with responsibility
21 for the construction, enlargement, maintenance, improvement, re-
22 pair, operation and support of airports and heliports. The airport
23 division shall be headed by an executive director with knowledge
24 and experience in aviation or aeronautics. However, the authority
25 may enter into a contract or agreement providing for the construc-
26 tion, enlargement, maintenance, improvement, repair, operation or
27 support of airports and heliports by an entity other than the air-
28 port division or the authority. This entity shall be under the
29 ultimate supervision of the airport division, as determined by the
30 authority and in accordance with the contract or agreement, except
31 that in the case of the federal Aviation Administration, the airport
32 division shall have no supervisory powers.

33 c. Upon the establishment of the airport division, there shall be
34 established an advisory committee to be appointed by the Governor
35 with the advice and consent of the Senate. The committee shall
36 consist of county and municipal government representatives, rep-
37 resentatives of the United States Department of Transportation,
38 federal Aviation Administration or its successor, and concerned
39 citizens, in the number and for such term as may be fixed by the
40 authority, and shall advise the authority and the airport division
41 concerning airport and heliport matters. At least a majority of
42 the membership of the committee shall consist of residents of those
43 municipalities, including the city of Atlantic City, directly affected
44 by the operation of the airport or airports for which the airport
45 division has responsibility or ultimate supervision.

46 The federal Aviation Administration may designate one of its
47 representatives on this committee as a liaison to the authority and
48 the airport division concerning matters related to the Atlantic City
49 Regional Airport-Pomona, a transportation project herein autho-
50 rized and established.

51 d. The establishment and existence of these operating divisions

52 shall in no way diminish or impair the rights, duties, powers, re-
53 sponsibilities and obligations of the authority as provided in this
54 act.

1 15. The South Jersey Transportation Authority, in the exercise
2 of its authority to make and enter into contracts and agreements
3 necessary or incidental to the performance of its duties and the
4 execution of its powers, shall adopt standing operating rules and
5 procedures providing that, except as hereinafter provided, no con-
6 tract on behalf of the authority shall be entered into for the doing
7 of any work, or for the hiring of equipment or vehicles, where the
8 sum to be expended exceeds the sum of \$7,500.00 unless the au-
9 thority shall first publicly advertise for bids therefor, and shall
10 award the contract to the lowest responsible bidder; except that
11 this advertising shall not be required where the contract to be
12 entered into is one for the furnishing or performing services of a
13 professional nature or for the supplying of any product or the
14 rendering of any service by a public utility subject to the juris-
15 diction of the Board of Public Utilities of this State and tariffs
16 and schedules of the charges, made, charged, or exacted by the
17 public utility for any such products to be supplied or services to
18 be rendered are filed with the board.

19 This section shall not prevent the authority from having any
20 work done by its own employees, nor shall it apply to repairs, or
21 to the furnishing of materials, supplies or labor, or the hiring
22 of equipment or vehicles, when the safety or protection of its or
23 other public property or the public convenience require, or the
24 exigency of the authority's service will not admit of such advertise-
25 ment. In this case the authority shall, by resolution, passed by
26 the affirmative vote of a majority of its members, declare the
27 exigency or emergency to exist, and set forth in the resolution the
28 nature thereof and the approximate amount to be so expended.

1 16. Nothing contained in this act shall be construed to authorize
2 or empower the authority a. to vacate, close, connect with, adjust,
3 relocate, cross or otherwise physically affect any State highway
4 unless plans therefor shall have previously been delivered to the
5 commissioner and no objections to said plans shall have been made
6 by the commissioner within 21 days after such delivery, or b. to
7 acquire State property or any interest therein by the exercise of
8 the power of eminent domain, or c. to mortgage real property.

1 17. The authority shall not engage in the construction or opera-
2 tion of any facility or activity not directly related to the use of a
3 project except as may be specially authorized by law.

1 18. The authority may by resolution determine to combine two

2 or more projects described in the resolution, and the projects so
3 described shall thereafter constitute and be deemed to be one project
4 within the meaning and for all the purposes of this act.

1 19. The authority and its authorized agents and employees may
2 enter upon any lands, waters and premises other than State prop-
3 erty for the purpose of making surveys, soundings, drillings and
4 examinations as it may deem necessary or convenient for the pur-
5 poses of this act, and this entry shall not be deemed a trespass,
6 nor shall the entry for this purpose be deemed an entry under any
7 condemnation proceedings which may be then pending. The au-
8 thority shall make reimbursement for any actual damages resulting
9 to such lands, waters and premises as a result of such activities.

1 20. a. Subject to the limitations of this act, the authority shall
2 have power to construct and reconstruct traffic circles, interchanges
3 and grade separation at intersections of any project with public
4 highways and to change and adjust the lines and grades of the
5 public highways so as to accommodate the same to the design of
6 the project. The cost of construction and any damage incurred in
7 changing and adjusting the lines and grades of the public highways
8 shall be ascertained and, unless otherwise provided for, paid by
9 the authority as a part of the cost of the project.

10 b. Subject to the limitations of this act, if the authority shall
11 find it necessary in connection with any project to change the loca-
12 tion of any portion of any public highway, it shall cause the public
13 highway to be reconstructed at such location as the authority shall
14 deem most favorable and of substantially the same type and in as
15 good condition as the original public highway. The cost of the re-
16 construction and any damage incurred in changing the location of
17 any such highway shall be ascertained and, unless otherwise pro-
18 vided for, paid by the authority as a part of the cost of the project.

19 c. Any public highway affected by any project may be vacated
20 or relocated by the authority in the manner now provided by law
21 for the vacation or relocation of public roads and any damages
22 awarded on account thereof shall be ascertained and, unless other-
23 wise provided for, paid by the authority as a part of the cost of the
24 project.

1 21. In addition to the other powers conferred upon it by this act
2 or by any other law and not in limitation thereof, the authority, in
3 connection with construction or operation of any project, shall have
4 power to make reasonable regulations for the installation, construc-
5 tion, maintenance, repair, renewal, relocation and removal of tracks,
6 pipes, mains, conduits, cables, wires, towers, poles or any other
7 equipment and appliances (in this section called "works") of any

8 public utility as defined in R. S. 48:2-13, in, on, along, over or under
9 any project, public highway or real property, including public
10 lands or waters. Whenever in connection with construction or op-
11 eration of any project, the authority shall determine that it is
12 necessary that any such works, which now are or hereafter may be
13 located in, on, along, over or under any project, public highway
14 or real property, should be relocated in the project, public highway
15 or real property or should be removed therefrom, the public utility
16 owning or operating such works shall relocate or remove the same
17 in accordance with the order of the authority, provided, however,
18 that the cost and expenses of the relocation or removal, including
19 the cost of installing these works in a new location or new locations,
20 and the cost of any lands or any rights or interest in lands or any
21 other rights acquired to accomplish the relocation or removal, less
22 the cost of any lands or any rights or interests in lands or any
23 other rights of the public utility paid to the public utility in con-
24 nection with the relocation or removal of such works, shall be paid
25 by the authority and shall be included in the cost of the project.
26 In case of any relocation or removal of works as aforesaid, the
27 public utility owning or operating the same, its successors or as-
28 signs, may maintain and operate these works, with the necessary
29 appurtenances, in the new location or new locations for as long a
30 period, and upon the same terms and conditions, as it had the right
31 to maintain and operate the works in their former location.

32 In case of any relocation or removal of works, as aforesaid, the
33 authority shall own and maintain, repair and renew structures
34 within the rights of way of railroad companies carrying any proj-
35 ect or feeder road over railroads, and the authority shall bear the
36 cost of maintenance, repair and renewal of structures within the
37 rights of way of railroad companies carrying railroads over any
38 project or feeder road, but this provision shall not relieve any rail-
39 road company from responsibility for damage caused to any au-
40 thority or railroad structure by the operation of its railroad. Such
41 approaches, curbing, sidewalk paving, guard rails on approaches
42 and surface paving on projects or feeder roads as shall be within
43 the rights of way of a railroad company or companies shall be owned
44 and maintained, repaired and renewed by the authority; rails, pipes
45 and lines shall be owned and maintained, repaired and renewed
46 by the railroad company or companies.

1 22. If the authority, by resolution, determines that it is a rea-
2 sonable public necessity to acquire, for any expressway project,
3 lands owned by or under the control or jurisdiction of any county
4 park commission, it shall, within 10 days after its adoption of the

5 resolution, serve a copy of the resolution upon the park commission.
6 The park commission may within 20 days after service upon it
7 appeal from the determination of the authority to the Appellate
8 Division of the Superior Court, which shall hear and determine the
9 question of whether or not the taking of the land in question in
10 preference to some other route, is a reasonable public necessity,
11 and if the court shall determine that the taking is such a reasonable
12 public necessity, the authority may thereupon proceed therewith.

1 23. Before taking over any existing public highway as a feeder
2 road, the authority shall obtain the consent of any authorities then
3 exercising jurisdiction over the highway, which are hereby autho-
4 rized to give this consent by resolution of its governing body in the
5 case of any county or municipality or other governmental sub-
6 division or by any written instrument in any other case. Each
7 feeder road or section thereof acquired or constructed, or public
8 highway taken over from these authorities as a feeder road, in
9 connection with an expressway project by the authority shall for
10 all purposes of this act be deemed to constitute part of the project,
11 except that the authority may turn back to the authorities a. any
12 public highway taken over as a feeder road from the authorities
13 or b. any feeder road or section thereof constructed upon a new
14 alignment in substitution for the previous alignment of a public
15 highway so taken over unless 80% or more of the feeder road or
16 section is constructed upon a new alignment.

1 24. a. Upon the exercise of the power of eminent domain by the
2 authority, the compensation to be paid thereunder shall be ascer-
3 tained and paid in the manner provided in chapter 1 of Title 20 of
4 the Revised Statutes in so far as the provisions thereof are ap-
5 plicable and not inconsistent with the provisions contained in this
6 act. The authority may join in separate subdivisions in one petition
7 or complaint the descriptions of any number of tracts or parcels
8 of land or property to be condemned, and the names of any number
9 of owners and other parties who may have an interest therein and
10 all the land or property included in the petition or complaint may
11 be condemned in a single proceeding; except that separate awards
12 shall be made for each tract or parcel of land or property; and
13 provided that each of the tracts or parcels of land or property lies
14 wholly in or has a substantial part of its value lying wholly within
15 the same county.

16 b. Upon the filing by the authority of a complaint in any action
17 to fix the compensation to be paid for any property or at any time
18 thereafter, the authority may file with the clerk of the county in
19 which the property is located and also with the clerk of the Superior

20 Court a declaration of taking, signed by the authority, declaring
21 that possession of one or more of the tracts or parcels of land or
22 property described in the complaint is thereby being taken by and
23 for the use of the authority. The declaration of taking shall be
24 sufficient if it sets forth (1) a description of each tract or parcel
25 of land or property to be so taken sufficient for the identification
26 thereof to which there may or may not be attached a plan or map
27 thereof, (2) a statement of the estate or interest in the land or
28 property being taken, (3) a statement of the sum of money esti-
29 mated by the authority by resolution to be just compensation for
30 the taking of the estate or interest in each tract or parcel of land
31 or property described in the declaration, and (4) an allegation that,
32 in compliance with the provisions of this act, the authority has
33 established and is maintaining a trust fund as hereinafter provided.

34 c. Upon the filing by the authority of a declaration of taking of
35 property as provided in this act, the authority shall deposit with
36 the clerk of the Superior Court the amount of the estimated com-
37 pensation stated in the declaration. In addition to the deposits with
38 the clerk of the Superior Court, the authority at all times shall
39 maintain a fund on deposit with a bank or trust company doing
40 business in the State in an amount at least equal to the aggregate
41 amount deposited with the clerk of the Superior Court as estimated
42 compensation for all property described in declarations of taking
43 with respect to which the compensation has not been finally deter-
44 mined and paid to the persons entitled thereto or into court. The
45 fund shall consist of cash or securities readily convertible into cash
46 constituting legal investments for trust funds under the laws of
47 the State or may consist of all or some part of the proceeds of
48 bonds or notes of the authority held by any trustee for the holders
49 of the bonds or notes and available for payment for the land or
50 other property described in the declarations of taking. The fund
51 shall be held by or on behalf of the authority to secure and may be
52 applied to the payment of just compensation for the land or other
53 property described in such declarations of taking. The authority
54 shall be entitled to withdraw from said fund from time to time so
55 much as may then be in excess of the aggregate amount of the
56 estimated compensation for all land or other property described
57 in declarations of taking with respect to which the compensation
58 has not been finally determined and paid to the persons entitled
59 thereto or into court.

60 d. Upon the filing by the authority of a declaration of taking of
61 property as provided in this act and the depositing with the clerk
62 of the Superior Court of the amount of the estimated compensation

63 stated in said declaration, the authority, without other process or
64 proceedings, shall be entitled to the exclusive possession and use
65 of each tract of land or property described in the declaration and
66 may forthwith enter into and take possession of the land or prop-
67 erty, it being the intent of this provision that the action to fix com-
68 pensation to be paid or any other proceedings relating to the taking
69 of the land or interest therein or other property shall not delay
70 the taking of possession thereof and the use thereof by the authority
71 for the purpose or purposes for which the authority is authorized
72 by law to acquire or condemn the land or other property or interest
73 therein.

74 e. The authority shall cause notice of the filing of a declaration
75 of taking of property as provided in this act and of the making of
76 the deposit required by this act with respect thereto to be served
77 upon each party to the action to fix the compensation to be paid
78 who resides in the State, either personally or by leaving a copy
79 thereof at his residence if known, and upon each such party who
80 resides out of the State, by mailing a copy thereof to him at his
81 residence if known. In the event that the residence of any party
82 or the name of the party is unknown, the notice shall be published
83 at least once in a newspaper published or circulating in the county
84 or counties in which the property is located. This service, mailing
85 or publication shall be made within 30 days after filing the decla-
86 ration. Upon the application of any party in interest and after
87 notice to other parties in interest, including the authority, the
88 Superior Court may direct that the money deposited with the clerk
89 of the Superior Court or any part thereof be paid forthwith to the
90 person or persons entitled thereto for or on account of the just
91 compensation to be awarded in the action, provided that each such
92 person shall have filed with the clerk of the Superior Court a con-
93 sent in writing that, in the event the award in the said action shall
94 be less than the amount deposited, the court, after such notice as
95 the court prescribes and hearing, may determine his liability, if
96 any, for the return of the difference or any part thereof and enter
97 judgment therefor. If the amount of the award as finally determined
98 shall exceed the amount so deposited, the person or persons to whom
99 the award is payable shall be entitled to recover from the authority
100 the difference between the amount of the deposit and the amount
101 of the award, with interest at the rate of 6% per annum thereon
102 from the date of making the deposit. If the amount of the award
103 as so determined shall be less than the amount so deposited, the
104 clerk of the Superior Court shall return the difference between the
105 amount of the award and the deposit to the authority unless the

106 deposit or any part thereof shall have theretofore been distributed,
107 in which event the court, on application of the authority and notice
108 to all persons interested in the award and affording them an op-
109 portunity to be heard, shall enter judgment in favor of the authority
110 for the difference against the party or parties liable for the return
111 thereof.

112 f. The authority shall not abandon any condemnation proceeding
113 subsequent to the date upon which it has taken possession of the
114 land or property as provided in this act.

1 25. a. Each expressway project when constructed and opened to
2 traffic shall be maintained and kept in good condition and repair by
3 the authority. Each project and any part thereof shall be policed
4 and operated by such force of police, toll-takers, operating em-
5 ployees and other persons as the authority may employ or authorize.

6 b. Subject to the terms of any agreement by it with the holders
7 of bonds or notes, if the authority shall find that any part of an
8 expressway project is not suitable or sufficient as a highway to
9 carry mixed traffic, the authority shall have power to exclude from
10 that part any traffic other than passenger motor vehicles.

1 26. a. The authority shall have the power and is hereby autho-
2 rized from time to time to issue its bonds or notes for any of its
3 corporate purposes, including the payment, funding or refunding
4 of principal of or interest or redemption premiums on any bonds
5 or notes issued by it whether the bonds or notes or interest to be
6 funded or refunded have or have not become due.

7 b. Except as may be otherwise expressly provided by the au-
8 thority, every issue of bonds or notes shall be general obligations
9 payable out of any moneys or revenues of the authority, subject
10 only to any agreements with the holders of particular bonds or
11 notes pledging any particular moneys or revenues. The authority
12 may issue such types of bonds or notes as it may determine, in-
13 cluding (without limiting the generality of the foregoing) bonds
14 or notes on which the principal and interest are payable (1) ex-
15 clusively from the income and revenues of the project financed
16 with the proceeds of the bonds or notes; (2) exclusively from
17 the income and revenues of certain designated projects whether
18 or not they are financed in whole or in part with the proceeds of
19 the bonds or notes; or (3) from its revenues generally. Any bonds
20 or notes may be additionally secured by a pledge of any grant or
21 contributions from the federal government or any state or person
22 or a pledge of any moneys, income or revenues of the authority
23 from any source whatsoever.

24 c. Any provision of any law to the contrary notwithstanding.

25 any bond or note issued pursuant to this act shall be fully negotiable
26 within the meaning and for all purposes of the negotiable instru-
27 ments law of the State, and each holder or owner of such a bond
28 or note, or of any coupon appurtenant thereto, by accepting the
29 bond, note or coupon shall be conclusively deemed to have agreed
30 that the bond, note or coupon is and shall be fully negotiable within
31 the meaning and for all purposes of the negotiable instruments
32 law.

33 d. Bonds or notes of the authority shall be authorized by reso-
34 lution of the authority and may be issued in one or more series
35 and shall bear such date or dates, mature at such time or times not
36 exceeding 40 years from the date thereof, bear interest at a rate
37 or rates within such maximum rate as shall be determined by the
38 authority, be in such denomination or denominations, be in such
39 form either coupon or registered, carry such conversion or regis-
40 tration privileges, have such rank or priority, be executed in such
41 manner, be payable from such sources in such medium of payment
42 at such place or places within or without the State, and be subject
43 to such terms of redemption (with or without premium) as the
44 resolution or resolutions may provide.

45 e. Bonds or notes of the authority may be sold at public or
46 private sale at such price or prices as the authority shall determine.

47 f. No resolution or other action of the authority providing for
48 the issuance of bonds, refunding bonds or other obligations or for
49 the fixing, revising or adjusting of tolls for the use of any project
50 or parts or sections thereof shall be adopted or otherwise made
51 effective by the authority without the prior approval in writing
52 of the Governor and either the State Treasurer or the Comptroller
53 of the Treasury.

54 A true copy of the minutes of every meeting of the authority shall
55 be forthwith delivered by and under the certification of the secre-
56 tary thereof to the Governor and the Office of Legislative Services.
57 No action taken at the meeting by the authority shall have force
58 or effect until the earlier of 10 days, exclusive of Saturdays, Sun-
59 days and public holidays, after the copy of the minutes shall have
60 been so delivered, or the approval thereof by the Governor. If, in
61 the 10-day period, the Governor returns the copy of the minutes
62 with veto of any action taken by the authority or any member
63 thereof at the meeting except action to negotiate or execute a
64 collective negotiation agreement with a certified public employee
65 organization representing employees of the authority, the action
66 shall be null and of no effect. The veto shall also be concurrently
67 filed with the Office of Legislative Services. The minutes of any

68 meeting at which the authority proposes or approves its operating
69 or capital outlay budget shall include a copy of that budget.
70 the powers conferred by subsection f. herein, upon the Gov-
71 ernor, the State Treasurer and the Comptroller of the Treasury
72 shall be exercised with due regard for the rights of the holders
73 of bonds of the authority at any time outstanding, and nothing in,
74 or done pursuant to, this subsection shall in any way limit, restrict
75 or alter the obligation or powers of the authority or any representa-
76 tive or officer of the authority to carry out and perform in every
77 detail each and every covenant, agreement or contract at any time
78 made or entered into by or on behalf of the authority with respect
79 to its bonds or for the benefit, protection or security of the holders
80 thereof.

1 27. In any resolution of the authority authorizing or relating
2 to the issuance of any bonds or notes, the authority, in order to
3 secure the payment of the bonds or notes and in addition to its
4 other powers, shall have power by provisions therein which shall
5 constitute covenants by the authority and contracts with the holders
6 of the bonds or notes:

7 a. To pledge to any payment or purpose all or any part of its
8 tolls or revenues to which its right then exists or may thereafter
9 come into existence, and the moneys derived therefrom, and the
10 proceeds of any bonds or notes;

11 b. To covenant against pledging all or any part of its tolls or
12 revenues, or against mortgaging all or any part of its real or per-
13 sonal property then owned or thereafter acquired, or against per-
14 mitting or suffering any lien on the tolls, revenues or property;

15 c. To covenant with respect to limitations on any right to sell,
16 lease or otherwise dispose of any project or any part thereof or
17 any property of any kind;

18 d. To covenant as to any bonds and notes to be issued and the
19 limitations thereon and the terms and conditions thereof and as
20 to the custody, application and disposition of the proceeds thereof;

21 e. To covenant as to the issuance of additional bonds or notes
22 or as to limitations on the issuance of additional bonds or notes
23 and on the incurring of other debts by it;

24 f. To covenant as to the payment of the principal of or interest
25 on the bonds or notes, or any other obligations, as to the sources
26 and methods of the payment, as to the rank or priority of any
27 bonds, notes or obligations with respect to any lien or security or
28 as to the acceleration of the maturity of any such bonds, notes or
29 obligations;

30 g. To provide for the replacement of lost, stolen, destroyed or
31 mutilated bonds or notes;

32 h. To covenant against extending the time for the payment of
33 bonds or notes or interest thereon;

34 i. To covenant as to the redemption of bonds or notes and priv-
35 ileges of exchange thereof for other bonds or notes of the authority;

36 j. To covenant as to the rates of toll and other charges to be
37 established and charged, the amount to be raised each year or
38 other period of time by tolls or other revenues and as to the use
39 and disposition to be made thereof;

40 k. To covenant to create or authorize the creation of special funds
41 or moneys to be held in pledge or otherwise for construction, operat-
42 ing expenses, payment or redemption of bonds or notes, reserves
43 or other purposes and as to the use and disposition of the moneys
44 held in the funds;

45 l. To establish the procedure, if any, by which the terms of any
46 contract or covenant with or for the benefit of the holders of bonds
47 or notes may be amended or abrogated, the amount of bonds or
48 notes the holders of which must consent thereto, and the manner
49 in which the consent may be given;

50 m. To covenant as to the construction, improvement, operation
51 or maintenance of its real and personal property, the replacement
52 thereof, the insurance to be carried thereon, and the use and dis-
53 position of insurance moneys;

54 n. To provide for the rights and liabilities, powers and duties
55 arising upon the breach of any covenant, condition or obligation
56 and to prescribe the events of default and the terms and conditions
57 upon which any or all of the bonds, notes or other obligations of
58 the authority shall become or may be declared due and payable
59 before maturity and the terms and conditions upon which any decla-
60 ration and its consequences may be waived;

61 o. To vest in a trustee or trustees within or without the State
62 such property, rights, powers and duties in trust as the authority
63 may determine and to limit the rights, duties and powers of the
64 trustee;

65 p. To pay the costs or expenses incident to the enforcement of
66 the bonds or notes or of the provisions of the resolution or of any
67 covenant or agreement of the authority with the holders of its
68 bonds or notes;

69 q. To limit the powers of the authority to construct, acquire or
70 operate any structures, facilities or properties which may compete
71 or tend to compete with any of its projects;

72 r. To limit the rights of the holders of any bonds or notes to
73 enforce any pledge or covenant securing bonds or notes; and

74 s. To make covenants other than and in addition to the covenants
75 herein expressly authorized, of like or different character, and to
76 make such covenants to do or refrain from doing such acts and
77 things as may be necessary, or convenient and desirable, in order
78 to better secure bonds or notes or which, in the absolute discretion
79 of the authority, will tend to make bonds or notes more marketable,
80 notwithstanding that the covenants, acts or things may not be
81 enumerated herein.

1 28. Any pledge of tolls or other revenues or other moneys made
2 by the authority shall be valid and binding from the time when the
3 pledge is made; the tolls or other revenues or other moneys so
4 pledged and thereafter received by the authority shall immediately
5 be subject to the lien of such pledge without any physical delivery
6 thereof or further act, and the lien of any pledge shall be valid
7 and binding as against all parties having claims of any kind in
8 tort, contract or otherwise against the authority, irrespective of
9 whether the parties have notice thereof. Neither the resolution
10 nor any other instrument by which a pledge is created need be filed
11 or recorded except in the records of the authority.

1 29. Neither the members of the authority nor any person execut-
2 ing bonds or notes issued pursuant to this act shall be liable per-
3 sonally on the bonds or notes by reason of the issuance thereof.
4 Bonds and notes issued by the authority pursuant to this act shall
5 not be in any way a debt or liability of the State or any subdivision
6 thereof and shall not create or constitute any indebtedness, liability
7 or obligation of the State or any subdivision, except the authority
8 and any county which in accordance with this act shall have guar-
9 anteed payment of the principal of and interest on such bonds or
10 notes.

1 30. The authority shall have power to purchase bonds or notes
2 of the authority out of any funds available therefor. The authority
3 may hold, cancel or resell the bonds or notes subject to and in ac-
4 cordance with agreements with holders of its bonds and notes.

1 31. The authority is hereby authorized to fix, revise, charge and
2 collect tolls and charges for the use of each project and the different
3 parts or sections thereof, and to contract with any person, partner-
4 ship, association or corporation desiring the use of any part thereof,
5 including the right-of-way adjoining a paved portion, for operating
6 or placing thereon telephone, telegraph, electric light or power
7 lines, gas stations, garages, stores, hotels, or restaurants, or for
8 any other purpose, and to fix the terms, conditions, rents and rates

9 of charges for that use; provided, that a sufficient number of gas
10 stations may be authorized to be established in the service areas
11 along any project to permit reasonable competition by private busi-
12 ness in the public interest; and provided, further, that no toll shall
13 be charged for the passage of any ambulance, first-aid or emergency-
14 aid vehicle, vehicular fire-fighting apparatus, or other similar ve-
15 hicle, operated for the benefit of the public by the State or by any
16 county or municipality or charitable or nonprofit corporation or
17 organization, first-aid squad, emergency squad, or fire company of
18 this State; and provided, further, that no contract shall be required,
19 and no rent, fee or other charge of any kind shall be imposed, for
20 the use and occupation (other than for railroad, railway, express,
21 subway or autobus purposes) of the highway portion of any project
22 for the installation, construction, use, operation, maintenance, re-
23 pair, renewal, relocation or removal of tracks, pipes, mains, con-
24 duits, cables, wires, towers, poles or other equipment or appliances
25 in, on, along, over or under any such project by any public utility
26 as defined in section R. S. 27:7-1 which is subject to taxation pur-
27 suant to either P. L. 1940, c. 4 (C. 54:30A-16 et seq.) or P. L. 1940,
28 c. 5 (C. 54:30A-49 et seq.), or pursuant to any other law imposing
29 a tax for the privilege of using the public streets, highways, roads
30 or other public places in the State. Such tolls and charges shall be
31 so fixed and adjusted as to effectuate the purposes of this act in-
32 cluding assisting in the funding of transportation projects and the
33 establishment and maintenance of a South Jersey Transportation
34 Fund and in any event to carry out and perform the terms and
35 provisions of any contract with or for the benefit of holders of
36 bonds or notes. Such tolls and charges shall not be subject to super-
37 vision or regulation by any other commission, board, bureau or
38 agency of the State or subdivision of the State. The use and dis-
39 position of tolls, charges and revenues shall be subject to the pro-
40 visions of any resolution authorizing the issuance of the bonds or
41 notes.

1 32. The authority shall, whenever it desires to increase any exist-
2 ing toll or establish any new toll for the use of any project and the
3 different parts or sections thereof, hold a public hearing on the
4 proposed toll at least 45 days prior to the date on which the toll
5 is proposed to become effective.

1 33. The authority shall cause to be published notice of the hear-
2 ing at least 10 days prior to the hearing in at least 10 newspapers
3 with a daily circulation in this State.

1 34. All counties and municipalities and other governmental sub-
2 divisions, all authorities, and all public departments, agencies and

3 commissions of the State, notwithstanding any contrary provision
4 of law, are hereby authorized and empowered to lease, lend, grant
5 or convey to the authority at its request upon the terms and con-
6 ditions as the governing body or other proper authorities of the
7 counties, municipalities and governmental subdivisions, authorities
8 and departments, agencies or commissions of the State may deem
9 reasonable and fair and without the necessity for any advertise-
10 ment, order of court or other action or formality, other than the
11 authorizing resolution of the governing body of the county, munic-
12 ipality or subdivision concerned or the regular and formal action
13 of any other authority concerned, any real property or interest
14 therein which may be necessary or convenient to the effectuation
15 of the purposes of the authority, including public highways and
16 other real property already devoted to public use. At such time as
17 the authority shall undertake to construct any part of a project
18 and shall acquire any portion of a State highway route as part of
19 that project, the jurisdiction of the department over that portion
20 shall cease. No property of the State, other than riparian lands or
21 lands under water and similar lands or interests therein referred
22 to in Title 12, Commerce and Navigation, of the Revised Statutes,
23 as amended, shall be so granted, leased or conveyed to the authority
24 except upon payment to the State of such price therefor (if any)
25 as may be fixed by the State House Commission.

1 35. For the purpose of aiding the authority and cooperating in
2 the planning, undertaking, acquisition, construction or operation
3 of any project, any county or municipality may a. acquire real
4 property in its name for the project or for the widening of existing
5 roads, streets, parkways, avenues or highways or for new roads,
6 streets, parkways, avenues or highways to the project, or partly
7 for such purposes and partly for other county or municipal pur-
8 poses, by purchase or condemnation in the manner provided by law
9 for the acquisition of real property by the county or municipality,
10 b. furnish, dedicate, close, vacate, pave, install, grade, regrade, plan
11 or replan parks, streets, roads, roadways, alleys, sidewalks or other
12 public places as it may otherwise be empowered to do, and c. do
13 any and all things necessary or convenient to aid and cooperate in
14 the planning, undertaking, construction or operation of the project,
15 and cause services to be furnished to the authority of any character
16 which the county or municipality is otherwise empowered to fur-
17 nish, and to incur the entire expense thereof.

1 36. For the purpose of aiding the authority and cooperating in
2 the planning, undertaking, acquisition, construction or operation
3 of any project, any county by resolution of its governing body, or

4 any municipality by ordinance of its governing body, shall have
5 power from time to time and for such period and upon such terms,
6 with or without consideration, as may be provided by the resolution
7 or ordinance and accepted by the authority a. to appropriate moneys
8 for the purposes of the authority, and to loan or donate the money
9 to the authority in those installments and upon those terms as may
10 be agreed upon with the authority, b. to covenant and agree with
11 the authority to pay to or on the order of the authority annually
12 or at shorter intervals as a subsidy for the promotion of its pur-
13 poses not exceeding such sums of money as may be stated in the
14 resolution or ordinance or computed in accordance therewith, c.
15 upon authorization by it in accordance with law of the performance
16 of any act or thing which it is empowered by law to authorize and
17 perform and after appropriation of the moneys (if any) necessary
18 for the performance, to covenant and agree with the authority to
19 do and perform such act or thing as to the time, manner and other
20 details of its doing and performance, and d. to appropriate money
21 for all or any part of the cost of acquisition or construction of the
22 project, and, in accordance with the limitations and any exceptions
23 thereto and in the manner or mode of procedure prescribed by the
24 Local Bond Law to incur indebtedness, borrow money and issue its
25 negotiable bonds for the purpose of financing the project and ap-
26 propriation, and to pay the proceeds of the bonds to the authority.

1 37. For the purpose of aiding the authority in the planning,
2 undertaking, acquisition, construction or operation of any project,
3 any county may, pursuant to resolution duly adopted by its govern-
4 ing body after notice published and a hearing thereon held in the
5 manner provided with regard to county bond resolutions pursuant
6 to the Local Bond Law and with or without consideration and upon
7 those terms and conditions as may be agreed to by and between
8 the county and the authority, unconditionally guarantee the punct-
9 tual payment of the principal of and interest on any bonds or notes
10 of the authority. Any guarantee of bonds or notes of the authority
11 made pursuant to this section shall be evidenced by endorsement
12 thereof on the bonds or notes, executed in the name of the county
13 and on its behalf by such officer thereof as may be designated in
14 the resolution authorizing the guaranty, and that county shall there-
15 upon and thereafter be obligated to pay the principal of and in-
16 terest on the bonds or notes in the same manner and to the same
17 extent as in the case of bonds or notes issued by it. Any such guar-
18 anty of bonds or notes by the authority by a county may be made,
19 and any resolution authorizing the guaranty may be adopted in
20 the manner aforesaid, notwithstanding any debt or other limitations

21 including particularly any limitation under or pursuant to the Local
22 Bond Law, but the principal amount of bonds or notes so guaran-
23 teed, shall, after their issuance, be included in the gross debt of
24 that county for the purpose of determining the indebtedness of that
25 county under or pursuant to the Local Bond Law. The principal
26 amount of the bonds or notes so guaranteed and included in gross
27 debt shall be deducted and is hereby declared to be and to consti-
28 tute a deduction from such gross debt under and for all the pur-
29 poses of the Local Bond Law a. from and after the time of issuance
30 of the bonds or notes until the end of the fourth fiscal year begin-
31 ning next after the completion of acquisition or construction of
32 the project to be financed from the proceeds thereof and b. in any
33 annual debt statement filed pursuant to the Local Bond Law as of
34 the end of the fiscal year or any subsequent fiscal year unless the
35 county in that year shall have been required to make any payment
36 on account of the principal of or interest on such bonds or notes.

1 38. Every county or municipality which shall make any contract,
2 covenant or agreement with the authority pursuant to this act is
3 hereby authorized and directed to do and perform any and all acts
4 or things necessary or convenient and desirable, to carry out and
5 perform the same and to provide for the payment or discharge of
6 any obligation thereunder in the same manner as other obligations.
7 Any such contract, covenant or agreement, and any instrument
8 making or evidencing the same, may be pledged or assigned by the
9 authority to secure its bonds and thereafter may not be modified
10 except as provided by the terms of the instrument or by the terms
11 of the pledge or assignment.

1 39. If the department shall have incurred or paid any costs or
2 expenses with respect to an expressway project or with respect to
3 preliminary studies of the feasibility or location thereof, the com-
4 missioner may from time to time certify the amount thereof to the
5 authority. Immediately upon the first ensuing issuance by the au-
6 thority of any bonds or notes for financing the project, the amount
7 of the costs and expenses so certified by the commissioner shall be
8 reimbursed by the authority to the State from the proceeds of the
9 bonds or notes.

1 40. All property of the authority shall be exempt from levy and
2 sale by virtue of an execution and no execution or other judicial
3 process shall issue against the same nor shall any judgment against
4 the authority be a charge or lien upon its property; provided, that
5 nothing herein contained shall apply to or limit the rights of the
6 holder of any bonds or notes to pursue any remedy for the enforce-
7 ment of any pledge or lien given by the authority on its revenues
8 or other moneys.

1 **41. All projects and all other property of the authority are hereby**
2 **declared to be public property of a political subdivision of the State**
3 **and devoted to an essential public and governmental function and**
4 **purpose and shall be exempt from all taxes and special assessments**
5 **of the State or any subdivision thereof. All bonds or notes issued**
6 **pursuant to this act are hereby declared to be issued by a political**
7 **subdivision of this State and for an essential public and govern-**
8 **mental purpose and to be each a public instrumentality and the**
9 **bonds and notes, and the interest thereon and the income therefrom,**
10 **and all tolls, charges, funds, revenues, income and other moneys**
11 **pledged or available to pay or secure the payment of such bonds**
12 **or notes, or interest thereon, shall at all times be exempt from taxa-**
13 **tion except for transfer inheritance and estate taxes.**

1 **42. All banks, trust companies, savings banks, investment com-**
2 **panies and other persons carrying on a banking business are each**
3 **hereby authorized to give to the authority a good and sufficient**
4 **undertaking with such sureties as shall be approved by the author-**
5 **ity to the effect that the bank or banking institution as hereinbefore**
6 **described shall faithfully keep and pay over to the order of or upon**
7 **the warrant of the authority or its authorized agent all those funds**
8 **as may be deposited with it by the authority and agreed interest**
9 **thereon, at these times or upon these demands as may be agreed**
10 **with the authority or, in lieu of these sureties, deposit with the**
11 **authority or its authorized agent or any trustee therefor or for the**
12 **holders of any bonds or notes, as collateral, these securities as the**
13 **authority may approve. The deposits of the authority may be evi-**
14 **denced or secured by a depository collateral agreement in that**
15 **form and upon these terms and conditions as may be agreed upon**
16 **by the authority and that bank or banking institution.**

1 **43. Notwithstanding any restriction contained in any other law,**
2 **the State and all public officers, municipalities, counties, political**
3 **subdivisions and public bodies, and agencies thereof, all banks, trust**
4 **companies, savings banks and institutions, building and loan as-**
5 **sociations, savings and loan associations, investment companies,**
6 **and other persons carrying on a banking or investment business,**
7 **all insurance companies, insurance associations and other persons**
8 **carrying on an insurance business, and all executors, administra-**
9 **tors, guardans, trustees and other fiduciaries, may legally invest**
10 **any sinking funds, moneys or other funds belonging to them or**
11 **within their control in any bonds or notes issued pursuant to this**
12 **act, and these bonds and notes shall be authorized security for any**
13 **and all public deposits.**

1 **44. a. Except as otherwise provided in section 31 of this act, no**

2 vehicle shall be permitted to make use of any expressway project
3 except upon the payment of such tolls as may from time to time be
4 prescribed by the authority. It is hereby declared to be unlawful
5 for any person to refuse to pay, or to evade or to attempt to evade
6 the payment of such tolls.

7 b. No vehicle shall be operated on any project carelessly or reck-
8 lessly, or in disregard of the rights or safety of others, or without
9 due caution or prudence, or in a manner so as to endanger unreason-
10 ably or to be likely to endanger unreasonably persons or property, or
11 while the operator thereof is under the influence of intoxicating
12 liquors or any narcotic or habit-forming drug, nor shall any vehicle
13 be so constructed, equipped, lacking in equipment, loaded or oper-
14 ated in such a condition of disrepair as to endanger unreasonably
15 or to be likely to endanger unreasonably persons or property.

16 c. A person operating a vehicle on any project shall operate it
17 at a careful and prudent speed, having due regard to the rights
18 and safety of others and to the traffic, surface and width of the
19 highway, and any other conditions then existing; and no person
20 shall operate a vehicle on any project at such a speed as to en-
21 danger life, limb or property; except that it shall be prima facie
22 lawful for a driver of a vehicle to operate it at a speed not exceeding
23 a speed limit which is designated by the authority as a reasonable
24 and safe speed limit, when appropriate signs giving notice of that
25 speed limit are erected at the roadside or otherwise posted for the
26 information of operators of vehicles.

27 d. No person shall operate a vehicle on any project at such a
28 slow speed as to impede or block the normal and reasonable move-
29 ment of traffic except when reduced speed is necessary for safe
30 operation thereof

31 e. No person shall operate a vehicle on any project in violation
32 of any speed limit designated by regulation adopted by the au-
33 thority as hereinafter provided.

34 f. All persons operating vehicles upon any project must at all
35 times comply with any lawful order, signal or direction by voice
36 or hand of any police officer engaged in the direction of traffic upon
37 such project. When traffic on a project is controlled by traffic lights,
38 signs or by mechanical or electrical signals, those lights, signs and
39 signals shall be obeyed unless a police officer directs otherwise.

40 g. All persons operating vehicles upon any project, or seeking to
41 do so, must at all times comply with regulations, not inconsistent
42 with the other sections of this act, adopted by the authority con-
43 cerning types, weights and sizes of vehicles permitted to use the
44 project, and with regulations adopted by the authority for or pro-

45 hibiting the parking of vehicles, concerning the making of turns
46 and the use of particular traffic lanes, together with any and all
47 other regulations adopted by the authority to control traffic and
48 prohibit acts hazardous in their nature or tending to impede or block
49 the normal and reasonable flow of traffic upon the project; except
50 that prior to the adoption of any regulation for the control of
51 traffic on any such project, including the designation of any speed
52 limits, the authority shall investigate and consider the need for
53 and desirability of such regulation for the safety of persons and
54 property, including the authority's property, and the contribution
55 which any such regulation would make toward the efficient and safe
56 handling of traffic and use of the project, and shall determine that
57 the regulation is necessary or desirable to accomplish the purposes
58 or one or some of them, and that upon or prior to the effective date
59 of any such regulation and during its continuance, notice thereof
60 shall be given to the drivers of vehicles by appropriate signs
61 erected at the roadside or otherwise posted. The authority is hereby
62 authorized and empowered to make, adopt and promulgate regula-
63 tions referred to in this section in accordance with the provisions
64 hereof. Regulations adopted by the authority pursuant to the pro-
65 visions of this section shall in so far as practicable, having due
66 regard to the features of the project and the characteristics of
67 traffic thereon and except as to maximum or minimum speed limits,
68 be consistent with the provisions of Title 39 of the Revised Statutes
69 applicable to similar subjects. The authority shall have power to
70 amend, supplement or repeal any regulation adopted by it under
71 the provisions of this section. No regulation and no amendment
72 or supplement thereto or repealer thereof adopted by the authority
73 shall take effect until it is filed with the Secretary of State, by the
74 filing of a copy thereof certified by the secretary of the authority.

75 h. The operator of any vehicle upon a project involved in an
76 incident resulting in injury or death to any person or damage to
77 any property shall immediately stop the vehicle at the scene of the
78 incident, render such assistance as may be needed, and give his
79 name, address, and operator's license and motor vehicle registra-
80 tion number to the person injured and to any officer or witness of
81 the injury and shall make a report of the incident in accordance
82 with law.

83 i. No person shall transport in or upon any expressway project,
84 any dynamite, nitroglycerin, black powder, fire works, blasting caps
85 or other explosives, gasoline, alcohol, ether, liquid shellac, kerosene,
86 turpentine, formaldehyde or other inflammable or combustible
87 liquids, ammonium nitrate, sodium chlorate, wet hemp, powered

88 metallic magnesium, nitro-cellulose film, peroxides or other readily
89 inflammable solids or oxidizing materials, hydrochloric acid, sul-
90 furic acid, or other corrosive liquids, prussic acid, phosgene, arsenic,
91 carbolic acid, potassium cyanide, tear gas, lewisite or any other
92 poisonous substances, liquids or gases, or any compressed gas, or
93 any radioactive article, substance or material, at such time or place
94 or in such manner or condition as to endanger unreasonably or as
95 to be likely to endanger unreasonably persons or property.

96 j. If the violation of any provision of this section or the violation
97 of any regulation adopted by the authority under the provisions
98 of this section would have been a violation of law or ordinance if
99 committed on any public road, street or highway in the municipality
100 in which such violation occurred, it shall be tried and punished in
101 the same manner as if it had been committed in such municipality.

102 k. Notwithstanding the provisions of subsection j. of this sec-
103 tion, if, the violation of the provisions of subsection i. of this section
104 shall result in injury or death to a person or persons or damage
105 to property in excess of the value of \$5,000.00, such violation shall
106 constitute a high misdemeanor.

107 l. Except as provided in subparagraph j. or k. of this section,
108 any violation of any of the provisions of this section, including but
109 not limited to those regarding the payment of tolls, and any viola-
110 tion of any regulation adopted by the authority under the provi-
111 sions of this section shall be punishable by a fine not exceeding
112 \$200.00 or by imprisonment not exceeding 30 days or by both such
113 fine and imprisonment. Such a violation shall be tried in a sum-
114 mary way and shall be within the jurisdiction of and may be brought
115 in the Special Civil Part of the Law Division of the Superior Court
116 or any municipal court in the county where the offense was com-
117 mitted. Proceedings under this section may be instituted on any
118 day of the week, and the institution of the proceedings on a Sunday
119 or a holiday shall be no bar to the succesful prosecution thereof.
120 Any process served on a Sunday or a holiday shall be as valid as
121 if served on any other day of the week. When imposing any penalty
122 under the provisions of this paragraph the court having jurisdic-
123 tion shall be guided by the appropriate provisions of any statute
124 fixing uniform penalties for violation of provisions of the motor
125 vehicle and traffic laws contained in Title 39 of the Revised Statutes.

126 m. In any prosecution for violating a regulation of the authority
127 adopted pursuant to the provisions of this section copies of any
128 such regulation when authenticated under the seal of the authority
129 by its secretary or assistant secretary shall be evidence in like
130 manner and equal effect as the original.

131 n. No resolution or ordinance heretofore or hereafter adopted
 132 by the governing body of any county or municipality for the control
 133 and regulation of traffic shall be applicable to vehicles while upon
 134 any project operated by the authority.

135 o. In addition to any punishment or penalty provided by other
 136 paragraphs of this section, every registration certificate and every
 137 license certificate to drive motor vehicles may be suspended or re-
 138 voked and any person may be prohibited from obtaining a driver's
 139 license or a registration certificate and the reciprocity privileges
 140 of a nonresident may be suspended or revoked by the Director of
 141 the Division of Motor Vehicles for a violation of any of the pro-
 142 visions of this section, after due notice in writing of such proposed
 143 suspension, revocation or prohibition and the ground thereof, an
 144 otherwise in accordance with the powers, practice and procedure
 145 established by the provisions of Title 39 of the Revised Statutes
 146 applicable to such suspension, revocation or prohibition.

147 p. Except as otherwise provided by this section or by any regu-
 148 lation of the authority made in accordance with the provisions
 149 hereof, the requirements of Title 39 of the Revised Statutes ap-
 150 plicable to persons using, driving or operating vehicles on the public
 151 highways of this State and to vehicles so used, driven or operated
 152 shall be applicable to persons using, driving or operating vehicles
 153 on any expressway project and to vehicles so used, driven or op-
 154 erated.

1 45. On or before the last day of February in each year the au-
 2 thority shall make an annual report of its activities for the pre-
 3 ceding calendar year to the Governor and to the Legislature. Each
 4 such report shall set forth a complete operating and financial state-
 5 ment covering its operations during the year. The authority shall
 6 cause an audit of its books and accounts to be made at least once
 7 in each year by certified public accountants and the cost thereof
 8 may be treated as a part of the cost of construction or of operation
 9 of a project or projects, and a copy thereof shall be filed with the
 10 State Treasurer.

1 46. Notwithstanding any inconsistent provisions of this act or
 2 any other law, the South Jersey Transportation Authority shall
 3 submit to the Governor, the Chairmen of the Appropriations Com-
 4 mittees of the Senate and General Assembly, and the Director of
 5 the Division of Budget and Accounting of the Department of the
 6 Treasury, the following reports:

7 a. Within 90 days after the end of each of its fiscal years, a
 8 complete and detailed report of (1) its operations and accomplish-
 9 ments during that year; (2) its receipts and disbursements, or

10 revenues and expenses, during that year in accordance with the
11 categories or classifications established by the authority for its
12 own operating and capital outlay purposes and in accordance with
13 such other categories and classifications as may be designated by
14 any of the persons enumerated in this section; (3) its assets and
15 liabilities at the end of that year, including the status of reserve,
16 depreciation, special or other funds and including the receipts and
17 payments of these funds; (4) a schedule of its bonds and notes
18 outstanding at the end of that year, together with a statement of
19 the amounts redeemed and incurred; (5) a listing of all contracts
20 exceeding \$100,000.00 entered into during that year;

21 b. Before the close of each of its fiscal years, a complete and
22 detailed report of its operating and capital construction budget,
23 in the form and detail established by the authority for its own
24 operating and capital outlay budget and in such form and detail
25 as may be designated by any of the persons enumerated in this
26 section for the next succeeding fiscal year, including its receipts
27 and disbursements, or revenues and expenses, for the prior fiscal
28 year and its estimated receipts and disbursements, or revenues and
29 expenses, for that year and for the succeeding fiscal year.

1 47. Any member, agent or employee of the authority who is
2 interested, either directly or indirectly, in any contract of another
3 with the authority or in the sale of any property, either real or
4 personal, to the authority shall be guilty of a misdemeanor.

1 48. a. The authority, pursuant to the provisions of this act, is
2 authorized to acquire, construct, maintain, improve, repair and
3 operate a project, which is hereby established and shall be known
4 as the "Atlantic City Expressway," consisting of a highway ex-
5 tending and located as follows: Beginning at a westerly terminus
6 in the township of Gloucester in the county of Camden at such con-
7 nection with the North-South Freeway as the authority may select
8 as the most feasible and practicable, and extending in a general
9 southeasterly direction and between the White Horse and Black
10 Horse Pikes thence, in various sections located in the township of
11 Gloucester, the township of Washington in the county of Gloucester
12 and the township of Monroe in the county of Gloucester or any of
13 them, to and through the township of Winslow in the county of
14 Camden, and thence through the town of Hammonton, township
15 of Hamilton, township of Egg Harbor, city of Pleasantville, and
16 again the township of Egg Harbor, and the city of Atlantic City,
17 all in the county of Atlantic, to an easterly terminus within the
18 city of Atlantic City, southeasterly of Beach Thorofare, at a con-
19 nection or connections with such public highway or highways or

20 other public facilities as may be determined by the authority to
21 be the most feasible and practicable or at a point in Cape May
22 County.

23 The authority is also authorized to acquire, construct, maintain,
24 improve, repair and operate a project which is hereby established
25 and shall be known as the "Cape May Expressway" consisting of
26 a highway connected with the "Atlantic City Expressway" at or
27 in the vicinity of Hammonton and extending in a general south-
28 easterly direction to a point at or in the vicinity of the Garden
29 State Parkway at Seaville, Cape May County.

30 b. The Department of Transportation shall undertake immedi-
31 ately a study of the engineering and financial feasibility of a project
32 supplementary to the project herein authorized which project shall
33 consist of constructing a spur or supplemental toll road which shall
34 proceed eastwardly from the general vicinity of the Delaware
35 Memorial Bridge and connect with the project herein authorized.

36 If such study shall demonstrate the feasibility of such a supple-
37 mental project, the authority is hereby authorized to acquire, con-
38 struct, maintain, improve, repair and operate that project subject
39 to and in conformity with the provisions of this act.

1 49. a. The authority is authorized to acquire, maintain, improve,
2 repair, operate and support a transportation project, which is
3 hereby established and shall be known as the "Atlantic City Re-
4 gional Airport-Pomona," consisting of the airport known as the
5 Atlantic City Airport, or a portion thereof, located in Egg Harbor,
6 Hamilton and Galloway townships, county of Atlantic. If the au-
7 thority deems it necessary or convenient, it may by resolution alter
8 the title of the project.

9 b. The authority is further authorized to enter into a contract
10 or agreement with the federal government, a county or municipal
11 government, including but not limited to the United States Depart-
12 ment of Transportation federal Aviation Administration, concern-
13 ing the acquisition, maintenance, improvement, repair, operation
14 or support of this project.

1 50. a. The authority is authorized to acquire, maintain, improve,
2 repair, operate and support a transportation project, which is
3 hereby established and shall be known as the "Atlantic City Air-
4 port-Bader Field," consisting of the airport known as the Atlantic
5 City Municipal Airport/Bader Field, located in the city of Atlantic
6 City, county of Atlantic. If the authority deems it necessary or
7 convenient, it may by resolution alter the title of the project.

8 b. The authority is further authorized to enter into a contract
9 or agreement with a county or municipal government, including

10 but not limited to the city of Atlantic City, concerning the acqui-
11 sition, maintenance, improvement, repair, operation or support of
12 this project.

1 51. In order that there shall be coordination between regional
2 and county transportation authorities in South Jersey the Atlantic
3 County Transportation Authority, created pursuant to P. L. 1980,
4 c. 44 (C. 40:35B-1 et seq.), shall consult with the South Jersey
5 Transportation Authority concerning transportation issues in the
6 Atlantic county region, and shall promptly deliver the minutes of
7 every meeting of the Atlantic County Transportation Authority
8 to the South Jersey Transportation Authority. However, no ap-
9 proval by the latter shall be required for the minutes of the At-
10 lantic County Transportation Authority to be effective.

1 52. The State of New Jersey does hereby pledge to and covenant
2 and agree with the holders of any bonds or notes issued pursuant
3 to authority of this act that the State will not limit or alter the
4 rights or powers hereby vested in the authority to acquire, con-
5 struct, maintain, improve, repair and operate any project, or to
6 perform and fulfill the terms of any agreement made with the
7 holders of the bonds or notes, or to fix, establish, charge and collect
8 such tolls or other charges as may be convenient or necessary to
9 produce sufficient revenues to meet all expenses of the authority
10 and fulfill the terms of any agreement made with the holders of
11 the bonds or notes, and that the State will not in any way impair
12 the rights or remedies of such holders or modify in any way the
13 exemptions from taxation provided for in this act, until the bonds
14 and notes, together with interest thereon, with interest on any
15 unpaid installments of interest, and all costs and expenses in con-
16 nection with any action or proceedings by or on behalf of such
17 holders, are fully met and discharged or provided for.

1 53. This act shall be construed liberally to effectuate the legisla-
2 tive intent and as complete and independent authority for the per-
3 formance of each and every act and thing herein authorized, and
4 the authority shall not constitute or be deemed to be a county or
5 municipality or agency or component of a county or municipality
6 for the purposes of any other law, and shall not be subject to regu-
7 lation as to its tolls or other charges by any officer, board, agency,
8 commission or other office of the State, except that within the mean-
9 ing and for all purposes of sections 2, 3, 4, 8, 9, and 11 to 25, inclu-
10 sive, of chapter 25 of Title 40, of the Revised Statutes, the authority
11 shall be deemed to constitute a board, agency, or department of a
12 county of which a resident is a member of the authority.

1 54. If any section, subsection, clause or provision of this act

2 shall be adjudged unconstitutional or to be ineffective in whole or
 3 in part, to the extent that the act is not adjudged unconstitutional
 4 or is not ineffective, it shall be valid and effective and no other
 5 section, subsection, clause or provision of this act shall on account
 6 thereof be deemed invalid or ineffective, and the inapplicability or
 7 invalidity of any section, subsection, clause or provision of this
 8 act in any one or more instances or under any one or more circum-
 9 stances shall not be taken to affect or prejudice in any way its
 10 applicability or validity in any other instance or under any other
 11 circumstance, and to this end the provisions of this act are declared
 12 to be severable.

1 55. The following are repealed:

2 P. L. 1962, c. 10 (C. 27:12C-1 et seq.)

3 P. L. 1968, c. 462 (C. 27:12C-11.1)

4 P. L. 1969, c. 196, section 2 (C. 27:12C-12.1)

5 P. L. 1970, c. 183 (C. 27:12C-38.1)

6 P. L. 1977, c. 360 (C. 27:12C-26.1 et seq.)

7 56. This act shall take effect immediately.

STATEMENT

This bill creates the South Jersey Transportation Authority as the successor to the New Jersey Expressway Authority, whose authorizing statutes are repealed. Rapid development in the South Jersey area, particularly the intense development in the Camden-Atlantic City corridor and in the Atlantic county area resulting from the development of the casino industry in South Jersey, has caused serious transportation problems in South Jersey. To deal with these problems the authority has the following purposes: to acquire, construct, maintain, improve, enlarge, repair, operate and support expressway projects, including the Atlantic City Expressway, and transportation projects. Transportation projects are broadly defined to encompass all modes of transportation, including rail and motorbus and aerial, as well as airports and heliports. Legislative approval would be required for any of these projects, however. The authority is also to assist in planning for the development of the transportation system in South Jersey, defined as the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem.

The authority's membership is to consist of the Commissioner of Transportation, as an ex officio voting member; the Executive Director of the New Jersey Transit Corporation, as an ex officio nonvoting member; and eight members appointed by the Governor

with the advice and consent of the Senate. Of the appointed members, two shall be residents of Atlantic county (one of whom shall be a representative of Atlantic City), two shall be residents of Camden county, and one shall be a resident of Gloucester county and the three additional members shall be from the remaining counties in South Jersey on a rotating basis.

The bill provides for the creation of two operating divisions: an expressway division and an airport division. The former division will have the responsibility for expressway projects while the latter division will have the responsibility for airports and heliports. The airport division is to be headed by an executive director with knowledge and experience in aviation or aeronautics. The airport division, as well as the authority, will have an advisory committee consisting in the majority of residents of those municipalities directly affected by the airports for which the division has responsibility.

The bill authorizes and establishes two transportation projects—the “Atlantic City Regional Airport—Pomona,” consisting of the airport known as the Atlantic City Airport, and “Atlantic City Airport—Bader Field,” consisting of the airport known as the Atlantic City Municipal Airport/Bader Field. The authority is empowered to alter the names of these projects. The bill provides for contracts and agreements concerning these two airports to be made between the authority and public or private entities, including the federal Aviation Administration and the city of Atlantic City. The bill also provides for the possibility of contracting for the operation of the airports by an entity other than the authority or the airport division.

Finally, the bill provides for the continuation of the rights, obligations and duties of the New Jersey Expressway Authority, as well as the continuation of employee rights and the rights of the bondholders, within the structure of the newly established authority. Many of the existing provisions of law applicable to the Expressway Authority are made applicable through reenactment, with modifications, to the South Jersey Transportation Authority. In general, sections 15 to 48 of this bill are reenactments of existing provisions.

SENATOR WALTER RAND (Chairman): Ladies and gentlemen, my name is Senator Walter Rand, and I am the Chairman of the Senate Transportation and Communications Committee. I would like to welcome you here this morning.

At this time, I would like to introduce the other two people who are here. There will be more people coming as the day goes on. We have invited Senators and Assemblymen from the southern part of the State; I am sure a few of them will be here. Fortunately, or unfortunately, the Assembly called a meeting for today, so some of those who wanted to attend won't be able to make it, but some of them will stop in on their way to Trenton. The other two members present are my Senate Staff Aide from Legislative Services, Peter Manoogian, and Pat Jones, who is my personal aide.

If you wish to speak today and have not notified our Staff Aide, Peter Manoogian, please do so after the opening remarks are concluded.

I hereby call this public hearing to order for the purpose of considering S-2701, which is entitled the "South Jersey Transportation Authority Act."

The bill provides for the creation of the South Jersey Transportation Authority as the successor to the New Jersey Expressway Authority. The new Authority would have the existing powers of the Expressway Authority, such as those dealing with the operation of the Atlantic City Expressway and with other Expressway projects, if the latter are authorized by the Legislature.

In addition, the Authority would have the power, if authorized, to acquire, construct, operate, and support transportation projects. The term "transportation project" is broadly defined to include all modes and facilities of ground and air transportation, including rail, bus, and airlines, as well as airports. Although the term is broadly defined to encompass all of these modes and facilities, it must be understood that the Authority will not be able to exercise any powers of acquisition, construction, operation, or support of transportation projects unless these projects are specifically authorized by the Legislature.

I should note that it may be necessary to amend Subsection B. of Section 10 of the bill to make this point more clear. In any event, as the bill is currently structured, only two transportation projects are specifically authorized; they are Bader Field and Pomona Airport.

Senator Gormley, we have a seat for you.

SENATOR GORMLEY: Thank you.

SENATOR RAND: We have just been joined by Senator Gormley from District 2, who represents Atlantic County.

SENATOR GORMLEY: Also Bader Field and Pomona.

SENATOR RAND: Also Bader Field and Pomona. (laughter) It is strange that he came in on those remarks.

The membership of the Authority is to consist of the Commissioner of Transportation as an ex officio voting member and the Executive Director of the New Jersey Transit Corporation as an ex officio non-voting member. The other eight members are to be appointed from various counties in South Jersey as follows: two from Camden County; two from Atlantic County, one of whom shall be a representative of Atlantic City; one from Gloucester County; and, the three additional members from the remaining counties in South Jersey on a rotating basis. The statement to the bill explains its rather lengthy provisions in some detail.

In general, the intent of the bill is to provide for a vehicle whereby the Authority would have the potential for acquiring or operating a variety of Expressway and transportation projects, including rail and air, as well as other surface modes, but could only acquire or operate those specific projects authorized by the Legislature.

We look forward to the comments and suggestions on this bill, which will be presented by the speakers here today.

Ladies and gentlemen, let me add just one more thing. I have had a lot of experience in the structure of bills, and no bill ever ends up the way it is initially started. The Transportation Trust Fund project, which we passed last year, was subject to compromise and give and take, and if the bill is corrected in philosophy, then certainly

the door is always open to amend it, to make it better, and to soothe some feelings. Certainly, we are in a negotiable frame of mind.

It is the same with the South Jersey Transportation Authority bill. This is not a closed door. This is not a bill that you must accept per se or that we are going to accept per se. I can assure you that if there are recommendations made that will strengthen and improve the bill, we are open to those types of amendments.

Senator Gormley, since I have introduced you, would you like to make some remarks?

SENATOR GORMLEY: I certainly appreciate you making me a temporary member of the Committee. Obviously, I am coming from a different perspective regarding the bill. I think the bill serves as a good vehicle to discuss transportation.

Obviously, I have some reservations, but, as Senator Rand mentioned, this is the legislative process. Whether it be this bill or other concepts or ideas addressing transportation needs in the region, I am more than happy to participate.

I won't go over my reservations because I don't think it is necessary at this point. I would rather hear from the speakers to get a dialogue. The bill, and also hearing from the Atlantic City Expressway, offers us the opportunity to look at the vehicle of the Expressway Authority as not necessarily an agency to take over or to be changed in form, but as a vehicle to assist other transportation needs or programs in the region. I don't necessarily think there is a need to change the make-up of the Board, but possibly on a permissive basis, it will allow the Authority to become involved in other projects.

Of course, one of the main questions I have is: How much money is available from the Expressway? You can expand all the powers in the world, but if they don't have money to do the expanded projects, then it is a nice bill with not much meat to it.

I would like to listen to the speakers, to get facts on the current Expressway, and to cross reference that with their future needs. It might not be this bill, which I do have reservations about, but by having an open line of communications such as Senator Rand is making possible today, we could very well wind up with something that will aid transportation in the region.

SENATOR RAND: I can assure you, we will not get into a debate here today with Senator Gormley versus Senator Rand. We are here today to listen to input from a lot of people.

At this time, I would like to introduce John Finley, who is representing Freeholder John Rodano from Camden County. John, good morning.

JOHN FINLEY: Senator Rand and members of the Senate Transportation and Communications Committee, on behalf of Freeholder-Director Joseph Borregine of Camden County and Freeholder John Rodano, who is Chairman of the Camden County Department of Public Works, I would like to welcome you to Camden County's Transportation Complex.

Our Public Works Complex is a perfect place to begin holding hearings on the future direction of transportation projects in southern New Jersey.

Transportation is an issue which is vital to the continued economic growth of southern New Jersey. Without attention being paid to the future, our roads, highways, and airports will not be able to sustain the projected growth.

This may mean the loss of jobs and tax revenues as businesses and people seek to locate in areas with greater transportation alternatives.

The unprecedented growth of the casino industry in Atlantic City has focused new attention on southern New Jersey's transportation problems. I am pleased to see that it is becoming an issue that is receiving public attention. The public and elected officials in Trenton must begin to recognize that southern New Jersey is vital to the economic base of New Jersey. If New Jersey is to grow and expand, southern New Jersey's transportation needs must be addressed.

I commend Senators Rand and Cowan for recognizing the importance of this issue. By introducing Senate Bill 2701, you have shown all of New Jersey that South Jersey is alive and well and moving forward.

The South Jersey Transportation Authority is an important first step to improving transportation alternatives. The climate of southern New Jersey is very different than it was when the New Jersey

Expressway Authority first became law in 1962. We are much more populated now. We have a booming tourist industry. A single Expressway is no longer the solution to our transportation needs.

Senate Bill 2701, in the development of a comprehensive South Jersey Transportation Authority, can better plan for our growth.

Thank you for scheduling this public hearing. I wish you luck as you begin the difficult process of making the South Jersey Transportation Authority a reality. Thank you very much.

SENATOR RAND: Thank you very much, Mr. Finley. On behalf of the Committee, let me express our thanks to you, to Freeholder Rodano, and to Freeholder Borregine for the use of this fine complex. We certainly appreciate your comments.

MR. FINLEY: You are very welcome.

SENATOR RAND: Thank you very much. Senator Gormley, let me ask you this: I know you are sitting on this side of the aisle, but do you want to testify today? I see you are listed here.

SENATOR GORMLEY: I prefer where I am right now. I would just like to ask questions as we go along.

SENATOR RAND: Fine. When you are ready to go over to that side, just let me know.

SENATOR GORMLEY: I have a microphone. It doesn't matter where it is, just so that I have a microphone. (laughter)

SENATOR RAND: Mr. Wiseman and Mr. Bradley from the South Jersey Chamber of Commerce? Good morning.

We have just been joined by Assemblyman Tom Pankok from District 3. He is a resident of Salem County, and I am sure he is very interested in this. Very frankly, he wants a west to east highway. Assemblyman Pankok, would you like to say anything? We would be very happy to have your comments. We have already started, but you are very welcome to make some comments.

ASSEMBLYMAN PANKOK: May I wait a few minutes?

SENATOR RAND: You certainly may.

ASSEMBLYMAN PANKOK: Thank you, Senator.

SENATOR RAND: We have also been joined by Madeline Rumowicz, who is with the Senate Majority staff. She has been assigned to the Transportation Committee; transportation is her field of expertise.

Go ahead, Mr. Wiseman.

JOSEPH F. WISEMAN: Good morning, Mr. Chairman and members of the Committee. My name is Joseph F. Wiseman, Chairman of the Transportation Committee of the South Jersey Chamber of Commerce and President of Taylor Wiseman & Taylor. Our organization represents over 775 businesses primarily located in southern New Jersey counties. We employ approximately 200,000 individuals. I respectfully submit the following statement relative to proposed Senate Bill 2701, the South Jersey Transportation Authority Act. The Chamber's position on the bill was developed by its Transportation Committee and officially adopted by its Board of Directors on April 10, 1985.

Regional transportation improvements have not kept pace with the development of casino gambling construction in Atlantic City. Senate Bill 2701 is an attempt to help correct this situation by expanding the jurisdiction of the New Jersey Expressway Authority to include all modes of transportation, including Expressway, rail, and airport projects. The Authority's membership would be expanded to include the Commissioner of Transportation, the Executive Director of the New Jersey Transit Corporation, and representatives of the eight southern New Jersey counties.

The bill provides for the creation of two operating divisions: an Expressway Division and an Airport Division. It also authorizes and establishes two airport transportation projects at Pomona and Bader Fields, and two Expressway projects -- the Cape May Expressway, which was included in the original law creating the Expressway Authority, and a toll road to run "from the general vicinity of the Delaware Memorial Bridge and connect with the project herein authorized," if such a route is determined to be feasible by a currently funded New Jersey Department of Transportation Study.

The South Jersey Chamber of Commerce supports the concept of expanding the jurisdiction of the existing Expressway Authority to finance and construct needed transportation projects within the South Jersey area.

However, we feel that certain parts of the bill should be modified, and the legislation should be more specific and address

improvements that could be accomplished in the foreseeable future. We recommend the following:

1) Delete reference to and authorization for "the Cape May Expressway," since service to this part of the State could more easily be provided by an extension of Route 55 from its present southern terminus in Cumberland County. The authorization for this route was part of the original legislation creating the Expressway Authority. At that time, it was a feasible alternative route to serve the southern shore region. Since that time, Route 55 was conceived and various sections are currently being designed, are under construction, or are already open.

As authorized by the original bill, this is what is known as the Cape May Expressway. It runs from the vicinity of Hammonton to Seaville. As I said, it was authorized under the original bill. Since that time, this section of Route 55 (referring to map) has been constructed. This portion is now under design and construction. We feel that to provide service from the Philadelphia/Camden area to lower Cape May, it would be more feasible to extend the Route 55 Freeway rather than construct the Cape May Expressway as outlined in the bill.

SENATOR GORMLEY: I'm curious. Do you feel that that would relieve a large portion of traffic on the Expressway?

MR. WISEMAN: People who would now come down the Expressway to the Parkway would probably use Route 55.

The second Expressway project should be designated to run from the vicinity of Exit 2 of the New Jersey Turnpike to the Atlantic City Expressway, rather than from the general vicinity of the Delaware Memorial Bridge. If a route roughly parallel to existing Route 322 were chosen, it would serve both the Delaware Memorial Bridge and the Commodore Barry Bridge, which will eventually be lined with the recently approved "Blue Route" at its easterly terminus in Pennsylvania. Here again, you say you want to run from the Delaware Memorial Bridge to Atlantic City, this would be a route roughly parallel to Route 40. While the bill does not state specifically where it would go, I would infer that that is where it meant it would go.

Our proposal would bring the traffic up the Turnpike to the vicinity of Exit 2, come over roughly parallel to Route 322, join with the Atlantic City Expressway, and then come south. I'll go into the reasons for that.

Not only will this provide better service to the region by connecting to both bridges, but it would also result in reduced environmental impact and construction costs compared to an alignment which would parallel existing Route 40.

If the Route 40 corridor were chosen, it would require about 47 miles of new construction. The Route 322 corridor would require 21 miles of new alignment and would only add approximately six miles to the total trip from the Delaware Memorial Bridge to Atlantic City when compared to the Route 40 corridor -- that is, 59 miles versus 65 miles for the total trip.

The disadvantage of the additional six minutes of travel time would more than offset the savings in construction costs and the additional service to southeastern Pennsylvania. It could then be connected to the Commodore Barry Bridge and eventually to the "Blue Route," which was recently approved in Pennsylvania. That would then tie you in to the Schuylkill Expressway and the Pennsylvania Turnpike.

By moving up to the vicinity of Exit 2 of the Turnpike, you not only provide the Delaware/Washington area with a good route, but you would also open up the southeastern Pennsylvania area for access to Atlantic City.

The Authority's Airport Division should be limited to the Pomona and Bader Field projects since they are the only airports that could be considered to have a regional impact at this time. We include Bader Field in this classification mainly because of its proximity to Pomona rather than its function, which is essentially that of a large municipal facility.

If Atlantic City is to reach its potential, it must be able to draw people from outside the limited range of travel provided by buses and cars. A first-class airport facility with a solid financial base and professional management would provide such a link with areas outside our own region.

The Authority should not be granted jurisdiction in rail projects. We feel that the New Jersey Transit Corporation should have primary responsibility for mass transit throughout the State. The new Authority should not be involved in a duplicity of effort in planning, operating, constructing, and maintaining a rail system which should be integrated with the statewide system and the Northeast Corridor. However, the Authority should be authorized to cooperate with New Jersey Transit by providing ancillary facilities in connection with improvements to the primary rail systems.

While we feel that alternative methods of convenient transportation are vital to the success of Atlantic City's businesses, we don't feel that another layer of possible jurisdictional conflicts should be added to rail transportation.

The Authority's jurisdiction should be limited to Expressway projects, including feeder routes, Pomona and Bader Field Airport projects, and limited participation in regional rail system improvements.

In line with the Chamber's long-standing policy, we suggest that all legislation should have specific goals and objectives. This would prevent ill-conceived interpretations from those responsible for implementation of the legislation after passage. In this regard, we find the definition of "transportation project" in Section 4Q to be entirely too broad, and we fear that the Authority's jurisdiction, as proposed, would infringe upon the rights and responsibilities of existing authorities and State agencies.

We thank the members of the Committee for allowing us to present our views and hope you will give them serious consideration in your future deliberations.

We will be happy to try to answer any questions the Committee may have.

SENATOR RAND: Thank you very much, Mr. Wiseman. Does anyone have any questions? Assemblyman Pankok?

ASSEMBLYMAN PANKOK: No, I do not have any, Senator.

SENATOR RAND: Senator Gormley?

SENATOR GORMLEY: Do you put a high priority on Route 55?

MR. WISEMAN: I give it a much higher priority than the Cape May Expressway, which is included in the bill.

SENATOR GORMLEY: Okay. The portion of Route 55 that is not yet completed -- the portion that is not even under planning -- how many miles is that? Is it 25 miles or 30 miles?

MR. WISEMAN: It is about 25 miles.

SENATOR GORMLEY: Twenty-five miles. Okay. Given the priority of Route 55-- You have the Route 55 concept; we have the linkage idea. It would be 65 miles, only six miles more. We have a current program under consideration, which is the third lane of the Expressway. How would you rate the three in priority? Which would you do first?

MR. WISEMAN: I'm not sure I have that straight. The third lane of the Expressway?

SENATOR GORMLEY: The third lane of the Expressway, Route 55, and the Turnpike link.

MR. WISEMAN: Okay.

SENATOR GORMLEY: All of which are major regional projects in South Jersey. Let's assume there is only a limited amount of money. Obviously, we would like to see everything done. How would you rate them in priority?

MR. WISEMAN: I think the third lane without a doubt.

SENATOR GORMLEY: The third lane?

MR. WISEMAN: Yes.

SENATOR GORMLEY: Why?

MR. WISEMAN: Because of the existing capacity problems that we have at the present time, particularly on weekends, when using the Expressway. I avoid the Expressway on weekends; I use the Black Horse Pike.

SENATOR GORMLEY: When you talk about the program and endorsing the concept of Pomona and Bader Field being included, are you talking more on a permissive basis so that an inter-governmental agreement could be worked out between the City of Atlantic City and the Expressway?

MR. WISEMAN: Well, I am kind of addressing what the bill says, and that is, the Authority would take it over and have the authority to run it. However, I would go along with a permissive basis to aid in improving it.

I am trying to say that we support bringing additional people into the region, other than those who can get here by car and bus.

SENATOR GORMLEY: I think we all agree with that. Thank you.

SENATOR RAND: If you will hold that map up for a second, Mr. Bradley, I have a couple of questions I would like to ask. (Mr. Bradley complies)

First, let me say that the extension of the southern part of Route 55, which was eliminated from the Department of Transportation's plan for the future, projects the reasons for eliminating it. It is because the cost is around \$150 million, and we don't have the official environmental impact as yet. It might be a major environmental impact and it may also be because of the utility of the road for two or three months.

In relation to that, let me also throw in another factor. In order to keep the entire flow of the Expressway, they are building a third lane. Instead of going westward, they are going to come eastward with the third lane. Of course, in my position, I support that because that is the moneymaker. If you don't have that particular moneymaker and that accessibility to the corridor, then you are going to take people off that road and send them to another road, unless they can get down there with some accessibility and speed.

If we were to spend \$100-some million, which the 20-mile extension will cost -- somewhere between \$145 million to \$150 million; that is the best projection we have at this moment -- and based upon the use of, at the most, three months, wouldn't you say that would rank a little bit lower on the priority list, as compared to a west to east route?

I am trying to show north to south and west to east. How would you prioritize that?

MR. WISEMAN: Well, I would agree with you. I want you to understand that I am trying to compare this construction (referring to map) with this construction, which is authorized by the bill.

SENATOR RAND: I understand.

MR. WISEMAN: That is the only reason we have it in there.

SENATOR RAND: Of course, there were suggestions that if we do the lower part of Route 55, it should be a toll road so that it doesn't impact on the Expressway by taking off a tremendous amount of traffic and bringing the traffic down Route 55 to escape paying tolls on the Expressway and the Garden State Parkway.

Okay. Thank you very much. We are most appreciative.

MR. WISEMAN: Thank you.

SENATOR RAND: I see that Mayor Usry is here. Mayor, good morning.

MAYOR JAMES USRY: Good morning, Senator.

SENATOR RAND: Are you ready, sir, or would you like to wait? We'll let you catch your breath -- whatever you would like. This is Mayor Usry, the Mayor of Atlantic City. Good morning.

MAYOR USRY: Good morning, Senator. Senator Rand, Senator Gormley, Assemblyman Pankok, and members of the Committee, thank you for the opportunity to be here today and to be able to comment on Senate Bill 2701, which would create the South Jersey Transportation Authority as the successor to the New Jersey Expressway Authority.

I appreciate the concern this Committee has for improving the transportation system in South Jersey. However, in my opinion, I do not believe that the legislative proposal before us today expedites solving our transportation problems. In particular, I am speaking about the section of the bill that would place Atlantic City's two airports -- Bader Field and Atlantic City International Airport at Pomona -- under a new regional authority. To take such action at this particular time would delay the improvements that are so needed at the two airports. There is no question that improvements at both airports are years overdue.

At this time, there is a cooperative process under way between the City government and the County government for a new airport

master plan under the cooperation and financial assistance of the Federal Aviation Administration. Ever since last summer, my Director of Transportation of Atlantic City and Atlantic County's Director of Regional Planning have been meeting as a working group in order to expedite the master plan process.

After a request for a proposal was circulated, a list of seven firms was developed. In March, these seven firms were asked to respond to a request for proposals. The deadline to respond is next week, April 26.

During the month of May, the proposals will be reviewed and ranked. Interviews will be held, and selection of a firm will be made by the middle of May. Execution of the contract will take place shortly thereafter, and work will start in the beginning of June.

In addition, an Airport Citizens Advisory Board has been formed. It consists of five Atlantic City residents who were appointed by me, five Atlantic County residents who were appointed by County Executive Squires, and one representative from the Federal Aviation Administration.

The City and the County are moving cooperatively to improve the airports.

To move forward with Senate Bill 2701 at this time would not be constructive. Rather, it would delay the movement and progress of the planning process that we are now in the middle of.

Gentlemen, I urge you not to move Senate Bill 2701. I think it would be detrimental to the progress that is being made in South Jersey at this particular time.

Thank you for the opportunity to make these statements.

SENATOR RAND: Thank you very much, Mayor Usry. May I just enter into a little dialogue? I certainly welcome your remarks, and I don't want to get into a debate with you, but this bill is certainly not late. It is just eight years late. The truth of the matter is, the bill should have been implemented in 1977 when I had the pleasure of voting for casino gambling, not based on casino gambling, which was not the purpose of my vote -- because if it had just been for casino gambling, it would not have gotten my vote -- but, based on the

revitalization of Atlantic City and the entire corridor in the South Jersey region.

When the infrastructure bill was conceived back in 1977, it was not initiated simply because the climate at that particular time was not very acceptable. I think we made a mistake in 1977. If I had my druthers, and I had to do it again -- I would be faced with what we did between 1977 and 1985 -- my vote would not be in the affirmative for casino gambling.

I was promised this type of bill, not only for transportation, but for water, environmental aspects, solid waste, and everything else. I believe the commitment that was made to us was not fulfilled in 1977, and it should have been. I think a lot of the problems we have today would have been solved during the last eight years.

I respectfully say that if we don't move in this particular area at this particular time in 1985, it will be many years before we revert to what we should have originally done in 1977.

MAYOR USRY: Senator, I humbly ask that I be given the opportunity to respond. (laughter) I stand before you as a person who is well-aware of unfulfilled promises. I am representative of those who also know what unfulfilled promises are.

I feel very, very strongly -- and I come here as a representative of the groups and people of Atlantic City -- that this particular bill, at this particular time, does not do what was promised the City of Atlantic City.

I certainly was not privy to some of the promises that were made to some other people. I don't know what those promises were, but I do know that those of us in Atlantic City feel very, very strongly about the specter of "big brother" -- I have to say it that way -- who, at this particular time, is reaching out to everything that is becoming productive in our City.

When we mention what should not have happened a few years ago-- We have accepted some of the blame, and our shoulders are broad enough to accept the responsibility of those things over which we have control. But, we should not be asked to bear the burden for the things

over which we do not have control, and did not have control over. Yes, you are right; much of what should have been done five, six, or seven years ago was not done.

I come to you as the Mayor of Atlantic City who has been in office only one year, and as a mayor who is attempting, along with the new Administration, to revitalize, or at least help in the revitalization process. We ask that you give us an opportunity to do that and not strip us of the little bit we have left. I humbly say that, not to you personally, sir, but to the intent and purposes of this bill, as we see them.

SENATOR RAND: Mayor, my years in the Legislature have taught me that Atlantic City was never a reluctant and blushing bride. When it needed something, it came to the Legislature, and we very readily concurred with giving it anything it asked for, whether it was a luxury tax, money for Convention Hall, or whatever. I have never been in the Legislature, whether in the Assembly or the Senate, that we have refused.

What I simply said was, casino gambling doesn't reflect only on Atlantic City. It is not Atlantic City, United States; it is Atlantic City, New Jersey. And, Atlantic City, New Jersey is part of an overall region, whether it be Cumberland County, Salem County, Atlantic County, or Gloucester County. We feel that we ought to address--

We are not picking on Atlantic City -- quite the contrary. We don't want to rob you of Bader Field; we don't want to take away from you. We are not Robin Hood coming to take away that which belongs to Atlantic City. We are not asking for eminent domain to seize your property. What we are asking for is to implement a strategy which will be beneficial not only to Atlantic City, but to the rest of the region.

We are not in any way going to attempt to penalize you by saying, "Oh, you've got a \$1 million deal, or a multi-million-dollar deal. We, big brother, are going to take it." If big brother is good at certain times -- big brother has been awfully good to Atlantic City, and rightfully so -- then don't look too disparagingly at big brother today.

SENATOR GORMLEY: Excuse me.

MAYOR USRY: No, I'm sorry, Senator. I have to respond.

SENATOR RAND: Absolutely.

MAYOR USRY: I still have the floor. Sir, humbly again-- (laughter) No, I have to respond. We have been told that big brother has given, but big brother has taken away. I see no great benefit in big brother coming in and saying, "In this new Authority, we are going to give you two seats on an eight-member board." I don't see it. Big brother gives, but big brother taketh away also.

Much of what is being said now-- I am very pleased that I am not in the position of having to say, "I did this five or six years ago." I would not say it with pride because of what has happened to Atlantic City, notwithstanding what some people think.

We still have immense problems in Atlantic City, and those who initiated, originated, and concocted the format under which we operate now, I think, have some reason to look to see whether or not this was done as well as it could have been.

I must say to you, sir, we resent the statement that was made: "This has happened to the City of Atlantic City, and Atlantic City does not stand alone." No, we don't stand alone; Atlantic City has been the beneficiary to South Jersey in what has happened in recent years. Atlantic City has been the beneficiary to the suburban areas around Atlantic City in recent years.

The only thing we are asking is that we be allowed to grow as others have grown and that we be given the same degree of representation that is commensurate with what we put into the pot. That is all I ask, sir.

SENATOR RAND: Thank you very much, Mayor. Don't go away. I am sure there is another question.

We have been joined by Senator Hurley of District 1. Senator, would you like to make any remarks at this time?

SENATOR HURLEY: No.

SENATOR GORMLEY: He is ready to go back to Cape May. (laughter)

SENATOR HURLEY: Thank you. I am happy to join you.

SENATOR RAND: Assemblyman Pankok, is there anything you would like to ask the Mayor?

ASSEMBLYMAN PANKOK: No, not at this time.

SENATOR RAND: Okay. Senator Gormley?

SENATOR GORMLEY: Obviously, Senator Rand is a good friend. I disagree, though, with everything he has said so far.

SENATOR RAND: Except for the bus management plan.

SENATOR GORMLEY: Except for the bus management plan. I don't know about the deal that was struck in 1977. I wasn't in the Legislature at the time, and Jim was running the schools in Atlantic City. But, I'll tell you, if you wanted a regional environmental plan, we would have very easily extended the Pinelands map for 1979. Walter, as you did for my county, we would have put all of Camden in the Pinelands plan.

SENATOR RAND: You have a pretty good amount of it in there.

SENATOR GORMLEY: I think the Mayor's points are well-taken. Obviously, I am in agreement with him. I think we are dealing in Atlantic City and Atlantic County with problems that are-- I think you are right. There are problems that face certain states in terms of growth and concerns.

I think the recent accord that has been reached by the City and the County-- Coincidentally, this was very heavily praised by the FAA last Friday at the transportation issues meeting. This was unilaterally done by the FAA without any prompting from either of the two public corporations that entered into the agreement with the City and the County. They are very positive about the action that has been taken by the Mayor and the County Executive.

I think the Mayor brought up a very good point. They are not just lying still in the water. They have been able to reach an accord with the FAA.

Coincidentally, we can pass all the bills and agreements we want, but the bottom line is, the FAA is really going to have the last say over whatever plan is struck. That is how the City and the County have been working. I think they should be complimented on their recent progress.

SENATOR RAND: Senator Gormley, I would like to tell you that we are waiting for Mr. Del Balzo's written statement, which will be made a part of the record. I don't know if you were there the other day, but I listened to Mr. Del Balzo and I spoke with him afterwards to discuss the South Jersey Transportation Authority. I asked him if his remarks could be sent to us and made a matter of our record, and he said, "Positively." So, we have reached a point in this discussion where we will either accept Mr. Del Balzo's remarks as they relate to the Transportation Authority and this regionalization, or whether your remarks are in line with what he said.

I was just handed a note not to add any more, so I am going to close the discussion. We have a lot of others who wish to testify.

Newark Airport is not a municipal authority nor a county authority. It is a regional authority, and it is doing better than New York today.

SENATOR GORMLEY: That is right.

SENATOR RAND: I won't argue the point any further. It is a matter of philosophy, and each of us is entitled to his philosophy. The final decision will be made by the Legislature and the Governor of this State.

If the bill -- whatever it encompasses -- passes the Legislature with 41 votes and 21 votes, and it is signed by the Governor, that is the final decision.

Thank you very much, Mayor.

MAYOR USRY: Thank you, Senator Rand, Senator Hurley, Assemblyman Pankok, and Senator Gormley.

SENATOR RAND: Mr. Squires, the County Executive of Atlantic County? Good morning.

RICHARD E. SQUIRES: Good morning, Senators Rand, Hurley, Gormley, Assemblyman Pankok, and everyone else.

First of all, I would like to thank you for the invitation to come to Camden County to give my presentation on behalf of Senate Bill 2701. I also would like to preface my remarks by alerting this Committee to the fact that Mayor Jim Usry, who just left, has been in office, I believe, for 13 months, if you stretch a couple of days. I

have been in office for 16 months. With the combination of the two of us, we have tried to catch up on some things that were not being addressed heretofore as quickly as possible. Senator Rand, I think you made some statements regarding delays in getting some information to the Legislature. I feel that the atmosphere in Atlantic County is a lot different than has been envisioned in the past.

I am Richard E. Squires, Atlantic County Executive, and I am here today to present testimony on behalf of our County.

I strongly oppose Senate Bill 2701 and request that this measure be retained in Committee for further study.

As you know, casino gambling and related industries, along with our traditional attractions, present us with both a challenge and a great opportunity to guide the economic growth of our region. Part of this challenge is, as the bill suggests, to provide an adequate and well-maintained transportation system for our residents, as well as our visitors. However, the proposal outlined in S-2701 is not the answer.

I think a brief update of transportation in our County will shed some light on this.

We are making a great deal of progress on several fronts, the most important being the airports that serve Atlantic City and Atlantic County. We are the joint sponsors, along with Atlantic City, of an FAA-funded Airport Master Plan for Bader Field in Atlantic City and the Atlantic City Airport in Egg Harbor Township. We have already evaluated the qualifications of interested consultants and have chosen a few. The full proposals are due in less than two weeks, in fact, April 26, after which we will select a consultant and get the project under way.

I would also like to point out that the Master Plan will not only outline the areas for airport expansion and new development, but will recommend the best managerial, operational, and financial framework for such airport operations.

What the City and the County have achieved so far is important, and I think that the near future will be even more productive.

I also want to outline what we are attempting to accomplish on the Atlantic City to Philadelphia rail project. The City has been very cooperative from the start, and the County stepped in to take over the local funding role after the original Resorts deal fell through. Any delays or problems with this project will not be due to any inability on our part to join forces on the plan and move ahead. In fact, the New Jersey Expressway Authority has been participating in this project since it left the hands of the private sector some months ago.

The reason these points are important is that they show progress is being made with our transportation system. Imposing another level of government over transportation in South Jersey would be a mistake.

The proposed South Jersey Transportation Authority would actually be less responsive to the area's concerns. Representation spread over the eight-county area would make decision-making more difficult and time-consuming. Some of these areas, frankly, have little to do with the transportation needs of the Atlantic City area.

I am also not convinced that the proposed Authority would satisfy the Federal Aviation Administration's criteria for the future administration of the airports.

In a nutshell, decisions about the airports should be made by the areas affected by the growth in air travel to Atlantic City and Atlantic County. If not, the South Jersey Transportation Authority should operate all of South Jersey's air facilities.

Likewise, it may make sense to expand representation on the Expressway in the future if a connector to the Delaware Memorial Bridge is built. But for now, the Expressway should be run under the direction of the people and the areas it affects.

Senator Rand, thank you for providing me with the opportunity to present Atlantic County's position on this bill. I am looking forward to a productive relationship as you go forth with your bill.

SENATOR RAND: Mr. Squires, thank you very much. I just want to point out that this bill has not, in any way, been meant as a punitive measure against Atlantic County or Atlantic City. This

particular bill has been in the making for two and one-half years, even before Mayor Usry or you ran for office.

The Governor and John Sheridan asked me personally to hold this bill until the Transportation Trust Fund was put through. Two and one-half years ago, I withdrew the bill. In fact, there was a bill with a different connotation that passed the Senate and languished in the Assembly.

I want to make it clear that the bill itself is, in no way, directed against either the County or the City. It was directed-- You said that the Expressway should be concerned with the areas. Camden is very much concerned. The beginning of the road is through Camden County, and it goes into Gloucester County. Mr. Squires, it is not just a road to Atlantic City; it is a highway which benefits all of South Jersey. Eventually, there are going to be a lot of roads that tie in to the Expressway. That is the future of South Jersey, whether Cumberland County, Salem County, Camden County, Gloucester County, or Atlantic County.

We are telling you from day one that we are not looking for any antagonistic situations. We are looking to cooperate. We think it can generate more money than you can generate. We think it can generate more expertise.

We have been very careful with this bill. It is a bill that was conceived seven years ago -- not by me, but by an outstanding planner. I can understand your position, and I understand Mayor Usry's position. I have no problem with that, but I merely want to be very clear that where we are coming from is not in any way antagonistic or punitive against the City or the County.

MR. SQUIRES: Senator Rand, let me also say that earlier you made some remarks about casino gaming. Having lived in Atlantic County all of my life, and having seen what has occurred before and after -- also knowing that the State is the regulator of the casino gaming network -- we in Atlantic County government and the 23 municipalities, especially Atlantic City and the three roadways that you have to pass through to get to Atlantic City-- As you know, Atlantic City is a dead-end street. You have to turn around and return over the same

highways. It is not like other areas where you can continue on to get to another area.

We have always felt that the funding mechanism necessary for all of the transportation projects -- and any formula coming from the State -- has been late getting to Atlantic County. We have had a lot of wear and tear on our residential and commercial areas, as well as our taxpaying responsibilities in Atlantic County with the heavy influx that has taken place since 1978.

I am hoping that with an all-encompassing view and a review of what is going on in Atlantic County, through the efforts of your bill, you will also be able to get some input from the Atlantic County citizenry. I understand you plan to come back for another hearing at a later date. The citizenry would be better able to tell you what they have read into the positives and negatives of the casino industry.

We feel that an awful lot of money has come into the State coffers, and it has never really been properly formulated back into a pro rata position in the Atlantic City/Atlantic County area. The municipalities are suffering from the influx of additional police departments and highway repairs.

The transportation bill that was recently approved is a step in the right direction, but you have to remember that we have been suffering since the influx of the new industry.

SENATOR RAND: I agree. You certainly have received the sympathy of Senator Gormley. You have also received a sympathetic view from the members of our Committee. That is one of the reasons why the Transportation Trust Fund was pushed. We realized that if any southern county was neglected, certainly Atlantic County was. We hope that the money generated from the \$3.2 billion will certainly have some positive effect on Atlantic County. We believe it will.

Senator Gormley has been very supportive of the some of the projects in Atlantic County. We hope we will do our part to offset some of those negatives.

Are there any questions? Senator Hurley?

SENATOR HURLEY: No.

SENATOR RAND: Assemblyman Pankok?

ASSEMBLYMAN PANKOK: No.

SENATOR RAND: Senator Gormley?

SENATOR GORMLEY: Who is their planner?

SENATOR RAND: Don Linky. Would you like me to tell you the person who stopped it? I would be very happy to tell you. (laughter)

SENATOR GORMLEY: Go ahead.

SENATOR RAND: No, no, that is perfectly all right. (laughter) We'll let bygones be bygones.

Thank you very much, Mr. Squires.

MR. SQUIRES: Thank you.

SENATOR RAND: Clyde Fear, Executive Director of the New Jersey Expressway Authority?

CLYDE D. FEAR: Mr. Chairman and Senators, I have a prepared statement I would like to pass out.

SENATOR RAND: Okay. We have been joined by Senator Gagliano from Monmouth County. I want to welcome you to Camden County.

SENATOR GAGLIANO: Thank you.

SENATOR RAND: Senator Gagliano is a member of the Senate Transportation Committee. We are very happy to have you here this morning, Senator.

SENATOR GAGLIANO: I apologize for being late. The trip was much longer than I anticipated.

SENATOR RAND: If you would like to make some comments, you are very welcome to do so, or would you just like to listen?

SENATOR GAGLIANO: I have no comments.

MR. FEAR: Gentlemen, along with my statement are attachments of explanations, which I will go into during my comments.

My name is Clyde Fear. I am the Executive Director of the New Jersey Expressway Authority. Having been with the Authority since its inception in 1962, I may feel a bit prejudiced towards having the Expressway name lose its past recognition and track record of which we are so proud. I would like to speak for myself in the manner in which I interpret the overall intent of Senate Bill 2701. The Commissioners of the Expressway Authority have been supplied with copies of this bill, but have not taken a position, pro or con, concerning the issues.

The bill, as a whole, has many good aspects, and I am in favor of what I believe to be the purpose of the bill. However, there are a few areas of concern, such as appointments of Commissioners. I have attached an example on Page 4. I would like to stop just for a moment to discuss it.

The bill, which grants two Commissioners in Atlantic, two in Camden, one in Gloucester, and revolving three Commissioners over the remaining five counties, causes a problem. As demonstrated here, you make a statement in the bill that the Commissioners who are presently on the Authority will serve out their terms.

At the present time, we have a Commissioner from Cape May who has a three-year remaining term -- 1986, 1987, and 1988 -- so, he will have to finish his time. In the prepared schedule, Cape May would take three years, Burlington would take two years, and Cumberland would take one year. Then you must reverse the procedure because Ocean and Salem Counties must come in here.

Once a Commissioner's three-year period is up, that county would no longer be represented for a period of four years. My personal opinion is that there should be a representative from each county, which would expand the Board to 10 members rather than eight.

SENATOR RAND: Are you saying two from Atlantic County, two from Camden County, one permanent from Gloucester, and one permanent from the other five counties?

MR. FEAR: Correct.

SENATOR RAND: So, each one would have representation at all times.

MR. FEAR: Yes, at all times. As it is now, there would be period where counties would not be represented for a full term of four years. There would never be any reappointment of any Commissioner. If you get a good Commissioner in there, he would be out, and there would be no way of reappointing him.

SENATOR RAND: Are there any appointments from Cumberland at this time, Mr. Fear?

MR. FEAR: No, there are not.

SENATOR RAND: Are there any appointments from Salem County?

MR. FEAR: No, there are not.

ASSEMBLYMAN PANKOK: There have never been any from Salem County.

SENATOR GORMLEY: Are there two from Atlantic?

MR. FEAR: Yes.

SENATOR GORMLEY: Great. (laughter)

SENATOR RAND: Thank you.

MR. FEAR: That was just an explanation of how I perceived the appointment schedule.

Number two, since Cape May has always been represented by a Commissioner on the Authority, they are concerned at this time as to why they were excluded in the new bill. We have had good representation from Cape May since 1962.

SENATOR RAND: That was so we could give Senator Hurley a bargaining position.

MR. FEAR: Fine. (laughter) These are just points that I found as I was going over the bill.

Number three, electing an ex officio as Chairman could mean that a different individual might represent the Commissioner of Transportation at each meeting. This would be inefficient and not lending to the best interests of the Authority. I felt that if you were going to elect a Chairman, it should be one of the County Commissioners, rather than a State official.

Number four, a toll road authority cannot, by Federal law, receive grants to build highways. They can, however, use grants for airports and projects other than roadways where tolls are collected.

Number five, I read a portion of the bill that read the "original authority," rather than the word "authority."

Number six, on Page 9, Line 88, it reflects the termination of the present agreement with the Department of Transportation and enters into a new agreement with the Trust Fund Authority to be spent in the eight county areas only. I feel that perhaps this might shortchange South Jersey in the overall distribution of the Trust Fund, to which the three Authorities now contribute \$25 million a year.

SENATOR RAND: Let me ask you, Mr. Fear, you say that on Page 9, Line 88 we are terminating your agreement of \$2.5 million?

MR. FEAR: Yes.

SENATOR RAND: I don't think that was our intention. I want to get clarification on that.

MR. FEAR: Senator, the way I read it was that if this bill is implemented and an agreement could be reached with the Transportation Trust Authority, then the other contractual agreement we have with DOT would no longer be in existence.

SENATOR RAND: We will have to clarify that. It was never our intention to reduce the \$2.5 million contribution.

MR. FEAR: I'm sure.

SENATOR RAND: What we do have in mind-- I would like to ask you a question. Do you know what the term of the contract of the Turnpike is?

MR. FEAR: Yes, 20 years.

SENATOR RAND: And, what is the term of the Garden State Parkway?

MR. FEAR: Twenty years.

SENATOR RAND: How about the New Jersey Expressway?

MR. FEAR: Perpetuity.

SENATOR RAND: Fine. I want to make note of that. I believe we should amend that to receive the same treatment as any others. I want it to be made part of the record that the New Jersey Expressway should not be discriminated against. Certainly, they ought to be in the same position to have a 20-year agreement as the other major authorities.

MR. FEAR: Senator, I would like to add that the \$2.5 million contributed by the New Jersey Expressway Authority is a minimum contribution. Prior to any submission of our annual budget, it must be overlooked by the Department of Transportation and investigated regarding any surplus funds which may be beyond the \$2.5 million. We are committed to \$2.5 million as a minimal amount.

SENATOR RAND: The Turnpike and the Garden State Parkway are capped.

MR. FEAR: They have a standard commitment.

SENATOR RAND: They are capped at \$2.5 million.

MR. FEAR: No, the other two authorities, as I recall--

SENATOR RAND: Are they capped or are they contributions?

MR. FEAR: They have a cap. The Turnpike is \$12 million, and the Garden State Parkway is \$10.5 million.

SENATOR RAND: Which represents the 20 years.

MR. FEAR: Correct.

SENATOR RAND: Therefore, there is an automatic cap on the amount of money.

MR. FEAR: Yes. We do not have that.

SENATOR RAND: Thank you.

MR. FEAR: Getting back to my prepared statement, regarding Page 12, the Airport Operating Division should run smoothly with its own director and staff, provided cooperation and understanding is regulated and answerable to the Executive Director of the Highway Division. Perhaps the Airport Director should be titled "Deputy Executive Director" rather than Executive Director, which would dispel any conflict in the distribution of authority.

Regarding Page 11, Line 33, I do not agree with the appointment of an advisory committee to the Airport Division. That would probably create a bureaucracy of red tape and proliferation that would impair progress and result in costly delay.

On Page 33, Line 1, in acquiring Bader Field and Pomona Airports, the question arises as to market value to the City and how to raise the money for the outright purchase.

The last item for discussion is an attachment that you also have. It is a 10-year forecast that projects an annual 5% increase in revenues, as well as expenses.

Included in this report is the \$30 million bond amortization for the third eastbound lane scheduled for construction this year. There are no provisions for any future capital expenditures, such as a third lane westbound, which will be needed by 1990. Without an increase in tolls, the proposed Authority will be very limited in subsidizing projects other than the Expressway.

I have the 10-year forecast, which reflects (holds up forecast) if you will notice on the bottom, that in 1985-- This also includes the \$2.5 million which is dedicated and contracted for with DOT. In 1985, we would have a \$3.8 million excess of funds. In 1986,

that would diminish to \$1 million; therefore, as we progress across this sheet, we will not have any excess funds. It diminishes down to \$1.564 million per year. This does not include capital improvements for a third lane. On the second sheet, you will see the excess on the bottom line.

SENATOR RAND: This is based on a 5% increase each year?

MR. FEAR: Yes. This year, we have discovered that we are reaching a leveling off of traffic. We have had a double-digit increase since the casinos opened in 1978. This year, we haven't reached the double-digit figure. Of course, it may be a little early to predict if we will remain at 10% or 12% as it was last year, or if we will be down around 8%, which is what we predict.

SENATOR RAND: I remember reading Mr. Marino's comments in the newspaper. I don't remember which group he addressed, but he said in 1983, there was a 14% increase in visitors. Last year, I believe it dropped to 7.1%, if my figures are correct. Are you telling me that this is also reflected in your tolls?

MR. FEAR: Yes. We are looking for a leveling off of tolls. Perhaps if more casinos open, it may change. Of course, you have to take the percentage of increase on an expanded base the previous year. It doesn't reflect on the 1979 traffic; it reflects on the 1983/84/85 traffic. Actually, even though the percentage is growing, your base is growing each year. We see a leveling off because we have been in the double digits from day one, and reached a high of 17%. Last year, we were down to 12.4%, and we expect it to drop this year to around 8% or 9%.

SENATOR RAND: I'm trying to follow the trend as to what impact it will have on more casinos opening up -- whether you are going to have a limited market to be distributed over a wider area, or you are going to be able to entice more people to come in.

MR. FEAR: Well, I think the casinos should advertise to get them to come in. We want to be prepared for them when they do. We are at over capacity right now on our eastbound traffic on weekends in the summertime. We have what is called "condition E," which has been designated by traffic engineers. It is almost stop and go.

SENATOR RAND: By the way, when we created the Citizens Advisory Committee, it was a direct recommendation of the FAA. They are the ones who recommended the Citizens Advisory Committee. We have been in touch with them, and we merely followed their directions.

Gentlemen, are there any other questions? Senator Gagliano?

SENATOR GAGLIANO: Just one. Mr. Fear, regarding your disposition of net revenues in the 1985 column, the second column from the left, you indicate a deficit.

MR. FEAR: That is correct.

SENATOR GAGLIANO: Is that your current operating year?

MR. FEAR: Senator, the reason for that is, we had a new bond resolution. We refunded and defeased our bonds in December of 1983. The reason for this deficit is that we have to provide the \$2.5 million to the Department of Transportation. In the construction of the third lane, we have \$1.350 million to cover the first year of construction. We are required by the bond resolution to put 15% of our previous year's revenue into the Special Projects Fund. We didn't put the 15% in this year; we didn't have it. That is why there is a deficit.

If you make a comparison between the \$1.35 million for the interest and the deficit of \$1.33 million, we actually wouldn't have a deficit, but we would have to take a position of--

SENATOR GAGLIANO: In other words, you are setting that money aside, but you are not necessarily going to spend it all either.

MR. FEAR: That is correct. It wouldn't be spent until construction started, and then we would pay the interest on the bonds.

SENATOR GAGLIANO: Regarding your 1986 proposed increase in revenues, is that because you are raising tolls?

MR. FEAR: No, there is no anticipated raise in tolls.

SENATOR GAGLIANO: What happened to 1985's revenues?

MR. FEAR: I am trying to explain to you that we had to set aside \$1.35 million.

SENATOR GAGLIANO: No. You said that comes out of your net revenues.

MR. FEAR: Out of the net revenues; that is correct.

SENATOR GAGLIANO: Your gross is still okay.

MR. FEAR: That is correct.

SENATOR GAGLIANO: I understand. Thank you.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: No.

SENATOR RAND: Assemblyman Pankok?

ASSEMBLYMAN PANKOK: No.

SENATOR RAND: Senator Gormley?

SENATOR GORMLEY: On the sheet which reflects the disposition of net revenues, you show a deficit in 1985, but in 1986, you project between \$2.5 million and \$3 million in surplus.

MR. FEAR: Yes.

SENATOR GORMLEY: That would be the entire amount you would have available for additional bonding. I assume your bond counsel would want you to have some surplus.

MR. FEAR: This would mean that after we have filled all of our requirements insofar as the bond resolution is concerned, these would be excess funds.

SENATOR GORMLEY: That is what I am saying. The excess you have to do any additional projects--

MR. FEAR: Not exactly.

SENATOR GORMLEY: Not exactly?

MR. FEAR: In other words, capital improvements. We project that in five more years, we will need a westbound lane, the same as we need eastbound lane now. We do not have any money put aside for that.

SENATOR GORMLEY: You don't have any money put aside for that, so the surplus would have to be used for that.

MR. FEAR: If you want to designate it in that area, yes.

SENATOR GORMLEY: But, my point is, you haven't taken into consideration any of the projected projects within the body of this bill. You haven't included airport construction or anything like that.

MR. FEAR: No, no, absolutely not.

SENATOR GORMLEY: All you are dealing with is your capital improvement program.

MR. FEAR: Yes, as it affects the Expressway in its present condition.

SENATOR GORMLEY: I just want to make that clear. You are saying that this surplus is all that is left to do any additional projects, including any additional work on the Expressway.

MR. FEAR: That is, excluding the third lane eastbound.

SENATOR GORMLEY: You have that debt service covered.

MR. FEAR: That is correct.

SENATOR GORMLEY: I see that, but aside from that, the third lane only runs to the Parkway.

MR. FEAR: That is correct.

SENATOR GORMLEY: It doesn't include going into Atlantic City?

MR. FEAR: Not yet.

SENATOR GORMLEY: Not yet, okay. The bond will be for \$30 million. Is that correct?

MR. FEAR: Yes.

SENATOR GORMLEY: What are the projections for the additional amounts you could bond this year or next year? What are the projections of the dollar amounts you could come up with?

MR. FEAR: Well--

SENATOR GORMLEY: What additional bond capacity do you have?

MR. FEAR: I have to defer that to our investment bankers who are here. They are going to speak next. I think it would be more apropos for them to give you that number because they can be more accurate than I.

As you can see on this sheet, the surplus we are talking about would be the numbers -- if you went into projects over and above the third lane -- that you would have to use to amortize any additional bond.

SENATOR GORMLEY: That is exactly what we are saying. The surplus line is the entire surplus after all the costs.

MR. FEAR: That is correct.

SENATOR GORMLEY: Okay. Let's assume that something had to be done on an emergent basis; that would come out of the surplus.

MR. FEAR: No, we have that in the project reserve fund.

SENATOR GORMLEY: How much is in the project reserve fund?

MR. FEAR: At this time, it is supposed to be 15% of the previous year's revenues, but we were unable to fill it. It should be listed here.

SENATOR GORMLEY: Is it listed as one of the items from the net revenues?

MR. FEAR: Yes. There is not that much in it right now. It is a requirement by the bond resolution to have 15%, but we weren't able to put the 15% in this year.

SENATOR GORMLEY: Okay, but the point is, the only money that is available for projects to be bonded beyond the third eastbound lane is the money listed in surplus. You don't project any other moneys to retire bonds aside from that surplus?

MR. FEAR: No. In 1985's budget, I put in sufficient funds to build a four-way interchange in Pleasantville. We already have two lanes there, and we are planning a four-way interchange in order to feed the Marina area. That money is in the budget today.

SENATOR GORMLEY: Not getting into specific numbers, do you have the bond capacity to do an airport?

MR. FEAR: No, not at the present time without raising tolls in accordance with this.

SENATOR GORMLEY: Oh, okay.

MR. FEAR: With any sizeable project at all--

SENATOR GORMLEY: You would have to raise tolls.

MR. FEAR: (continuing) --could we amortize a new bond issue of any amount, because in 1994, our excess would be \$1.5 million. That would probably be the interest on a \$25 million or \$30 million bond.

SENATOR GORMLEY: So, you are almost "maxed" out on your bond capacity.

MR. FEAR: Just about.

SENATOR GORMLEY: Okay.

MR. FEAR: If we go into a third lane westbound in 1990, I don't think this will cover it.

SENATOR GORMLEY: So, you are short even if you go to a third lane westbound, let alone work beyond the toll plaza going into Atlantic City.

MR. FEAR: Well, that depends upon how large an issue that would have to be. That wouldn't be anywhere near as large as westbound.

SENATOR GORMLEY: Thank you.

SENATOR RAND: In your State payment agreement with the New Jersey Expressway Authority, isn't it specifically stated that the \$2.5 million will go to South Jersey projects?

MR. FEAR: Seven counties. Yes, it is spelled out in there.

SENATOR RAND: It is spelled out?

MR. FEAR: Yes.

SENATOR RAND: Absolutely and unequivocally?

MR. FEAR: Without a doubt.

SENATOR RAND: That is number one. Number two, we believe -- and, I don't know what your interpretation is -- that even though the original part of the bill that was taken out which stated that a regional authority in southern New Jersey would be eligible, an authority that we can create under this bill would still be eligible to receive State money.

MR. FEAR: Positively. Senator, I feel that we have been shortchanged for years, and they might use that as an excuse to shortchange us in the future. I think we are entitled to our share of the Transportation Trust Fund.

SENATOR RAND: I must be supportive of all the South Jersey legislators. They have been meticulously watchful that South Jersey is not getting shortchanged. I will say this: The other members, whether or not they come from North Jersey, are certainly very sympathetic to the viewpoint of the South Jersey legislators.

Thank you very much, Mr. Fear.

MR. FEAR: Thank you, gentlemen.

SENATOR RAND: Now we will hear from the representative of McCarter and English, bond counsel to the New Jersey Expressway Authority. After that we will hear from Mr. Carl Heeseler.

FRANK BRADY: Good morning, Senator.

SENATOR RAND: Will you please state your name?

MR. BRADY: Yes, my name is Frank Brady. I am with McCarter and English. We are representing the New Jersey Expressway Authority in the upcoming bond issue. I don't have a prepared statement for you, but I will be able to answer questions relating to the upcoming bond issue and the resolution.

SENATOR RAND: Senator Gormley?

SENATOR GORMLEY: If I may make a suggestion, the next speaker is from Shearson, and I think you may as well have both of them at the witness table at the same time because we are going to talk about the same bond issue. I would like to hear from the bond counsel, as well as the investment banking firm.

SENATOR RAND: Mr. Heeseler, are you going to give a testimony?

E. CARLTON HEESELER: Yes.

SENATOR RAND: Fine, let's hear from you.

SENATOR GORMLEY: Excellent, thank you.

MR. HEESELER: Mr. Chairman and Senators, my name is Carlton Heeseler. I am a Vice President of Shearson Lehman Brothers, Inc., 2 World Trade Center, New York. Our firm is the senior managing underwriter for the New Jersey Expressway Authority for the proposed revenue bond financing for the third lane project scheduled this year by the Authority.

I have studied Senate Bill 2701, known as the South Jersey Transportation Authority Act. In my opinion, the proposed Act provides adequate legal protection to the bondholders of the Authority's 1983 refunding revenue bonds and, if the Act is enacted into law subsequent to the Authority's issuance of approximately \$30 million of revenue bonds for the third lane project, it will provide those new bondholders similar protection.

Two provisions in the proposed Act could pose a potential problem to the rating agencies rating the Authority's bonds and to the holders of any outstanding bonds of the Authority.

1) Section 31 of the proposed Act authorizes the new Authority to fix, revise, charge, and collect tolls and charges. This section also mandates that such tolls and charges "shall" be so fixed

and adjusted as to effectuate the purposes of the Act "including assisting the funding of transportation projects and the establishment and maintenance of a South Jersey Transportation Fund."

2) Section 48b authorizes the Authority to acquire, construct, and operate a supplemental toll road to the vicinity of the Delaware Memorial Bridge, subject to the determination of financial feasibility by the Department of Transportation.

The lien of the Authority's outstanding and scheduled bonds on the net revenue flow of the Expressway system is established firmly by the authorizing bond resolutions. However, both bondholders and rating agencies look beyond the legal protection to any other factors which could have a significant impact on the Expressway traffic and revenues. The estimated bonding cost, including capitalized interest, reserves, and issuance costs, of an 18-mile extension from the Atlantic City Expressway to a connection with the New Jersey Turnpike near Exit 2 would be approximately \$100 million. Our figures differ slightly from yours, Senator Rand, but we are using this figure for the time being.

Based on projected traffic estimates made by the Authority, a toll rate on the 18-mile extension of more than three times the toll rate on the present Expressway would be required to provide minimum expenses and debt service. Conversely, an overall toll increase of approximately 30% would have to be imposed on the entire Expressway system in order to cover the deficits anticipated by adding \$100 million of parity debt, plus operating expenses, to a combined system. In addition, any forced toll increase imposed on the Authority to fund rail or airport project operating or debt service deficits would be detrimental to bondholder's interest and would seriously affect the rating of outstanding bonds.

A toll road is a competitive facility. It competes with free roads on the basis of the reasonableness of the toll rate charged for the speed and convenience offered. However, there is a point of diminishing returns beyond which the effect is reduced traffic and either no increase in revenues or a decrease in revenues.

It is our opinion that these two areas of possible State-enforced toll rate increases, potentially going beyond the point of diminishing returns, would have, if enacted in present form, a significantly detrimental effect on the ratings assigned to the Authority's bonds and could impair the security of the outstanding bondholders.

Thank you. I would be happy to answer any questions.

SENATOR RAND: Mr. Heeseler, I couldn't agree with you more about the tolls. I think what makes the Atlantic City Expressway so popular is the cheapness and the availability. They haven't raised their tolls since opening day.

Let me address two portions of your testimony. First of all, this Thursday when the Joint Appropriations Committee meets, we are prepared to discuss our view of how the rail to Atlantic City should be funded. We think we have come up with a newer suggestion, which will not impact on the Expressway at all.

The airport is also a separate situation, which would not impact on the highway. In fact, we are seriously considering amending the sequestering of the highway express lines in a separate account so that there is no interference.

I would like to remind you, as we reminded the Executive Director, that we have a commitment of \$2.5 million from the State that will go directly to South Jersey. Some of the projects we are speaking about directly affect the counties involved, especially Salem, Cumberland, and the extreme southern counties.

We are in legal discussion now, and have not given up the possibility that there are other funds we could draw down that the State has an obligation to give us. We don't want to impair the rights of any of the bondholders, nor cause a point of diminishing returns as far as getting customers is concerned.

The purpose of this particular act, in my opinion, is not to build free roads, but rather to build some toll roads in the future, if possible, so that there would be more input into the Expressway coffers. That is one of the purposes which you touched on, rather than forcing the State to build highways that they don't want to build,

which they feel would be economically unfeasible, such as the southern extension of Route 55.

MR. HEESELER: I might mention, Senator Rand, that I was involved with the original refunding of the bonds that were issued late in 1983 by the Expressway Authority. I was also involved with the two rating agencies, Moody's and Standard and Poors, at that time. One of their big comments was the potential -- at that point in time, it was just a potential -- for a no-cap, unlimited drain on the Expressway revenues by the Department of Transportation.

The way it has come out, it is not a cap of \$2.5 million, but the rating agencies are reasonably satisfied with it.

Any additional imposition of something beyond that point which may come about as a result of other transportation projects -- airport or otherwise -- could be very, very detrimental in their opinion.

SENATOR RAND: Senator Gormley, I know you are waiting to ask some questions.

SENATOR GORMLEY: Beyond the \$30 million, is there any additional bond capacity?

MR. HEESELER: Very little. I think Clyde spelled it out quite succinctly that in anticipation of a possible third lane westbound in 1990, depending upon the cost, there is barely enough overage to support that particular project.

SENATOR GORMLEY: Obviously, you couldn't give me an exact number. You are talking \$30 million. How much? Let's assume a Triple A rating.

MR. HEESELER: Well, the Triple A rating does not exist. The outstanding bonds are rated Single A. If the Authority wanted to -- I have recommended this -- go to the municipal bond insurance companies and buy bond insurance, then, fine, they could get a Triple A rating. But, the present outstanding bonds -- the prior lane bonds -- are Single A. I am giving an opinion now, but my guess would be that if the current \$30 million issue came in for an A-rating without insurance, it would probably be about one-half a notch lower. In other words, an A-minus, Standard and Poors.

SENATOR RAND: Well, at the same rate that you are projecting to sell the \$30 million, let's assume--

MR. HEESELER: Okay. If we buy the insurance policy, we get the Triple A rating.

SENATOR GORMLEY: It is a constant. Just as you are going to handle the \$30 million, what additional bond capacity does the Expressway have?

MR. HEESELER: Possibly between \$10 million and \$20 million.

SENATOR GAGLIANO: Over what period of time? Is it the entire period of time that Mr. Fear's report indicated -- until 1994?

MR. HEESELER: That is based upon my knowledge of the excess of surplus. Incidentally, Senator, that is with no surplus whatsoever; I am talking about one-time coverage. In other words, it would leave no surplus.

SENATOR GORMLEY: In other words, you are saying that there might be an additional bond capacity of \$10 million to \$20 million, but you are not sure of that.

MR. HEESELER: That is correct.

SENATOR GORMLEY: I can understand why; it is because we didn't ask you to do a work-up on it.

MR. HEESELER: That is based on the surplus figures on the sheet you have in front of you. I have seen and studied them.

SENATOR GORMLEY: But, you are saying that based on a review the status of tolls on the road, and unless there is a toll increase, the Expressway Authority could not get into building or constructing an airport.

MR. HEESELER: That is correct. That is absolutely correct.

SENATOR GORMLEY: All right. Are you familiar with the Port Authority?

MR. HEESELER: Of course.

SENATOR GORMLEY: You have dealt with the Port Authority. I am curious to know this. When the Port Authority got into the airport business, not this year-- It is a big success because the year it makes money, everyone is a genius. When they started 15 or 20 years ago--

MR. HEESELER: Newark?

SENATOR GORMLEY: New York.

MR. HEESELER: The Port of New York Authority has been in the business since the beginning.

SENATOR GORMLEY: Okay, but were they--

MR. HEESELER: Since 1921.

SENATOR GORMLEY: Okay, but let's take Newark. How long has the Newark lease been in business?

MR. HEESELER: There has been an airport there for a long, long time. The new terminal, etc. has been there for at least 10 years.

SENATOR GORMLEY: Okay. Recently it has been making money, but there were "drought" years.

MR. HEESELER: That is correct.

SENATOR GORMLEY: Those drought years have to be supported by the other sources of income for the Port Authority. Is that correct?

MR. HEESELER: Correct.

SENATOR GORMLEY: You are saying that the Expressway Authority does not have the capacity right now to do an airport.

MR. HEESELER: No, for the simple reason that the difference in scale is something along the order of 20 times. The Port of New York Authority, with the bridges, tunnels, etc., -- I don't remember their figures -- has gross revenues of probably 10 times what the Expressway has.

SENATOR GORMLEY: The reason that worked when it was initiated was because the money was available from the alternate funding streams to pay for the airport. You are saying that in this particular case, the money is not available, given the current toll rate structure.

MR. HEESELER: Correct.

SENATOR GORMLEY: Thank you.

MR. HEESELER: Did I answer your question, Senator? I'm not sure I answered your question before about the term.

SENATOR GAGLIANO: Yes. As was in Mr. Fear's statement, through 1994, there is no additional bonding capacity. That is basically the next 10 years. You said \$10 million to \$20 million.

MR. HEESELER: The point is that you have some surplus in the bottom line.

SENATOR GAGLIANO: Yes, but it starts to drop off.

MR. HEESELER: Yes, and it starts to drop off. This is why I was very fuzzy on the amount. In any projection for debt service, you have to take the smallest figure on it, which is -- I don't remember what it is.

SENATOR GAGLIANO: It is \$1.5 million.

MR. HEESELER: Okay, \$1.5 million. So, what can you fund with \$1.5 million when you have \$10 in million bonds? If that projection would stay flat and level thereafter for the next 20 years, yes, then you could do it. But, if it continues to go down year after year with no toll increase to the year 2000, or something like that, and you only have a half a million dollars, you couldn't bond even \$10 million. Do you see my point?

SENATOR GAGLIANO: Yes.

SENATOR RAND: Mr. Heeseler, were the old bonds "A?"

MR. HEESELER: The outstanding prior lien refunding bonds that we issued in December, 1983 are rated Single A by both agencies. That is correct.

SENATOR RAND: What was the rating of the old bonds?

MR. HEESELER: Moody's was Triple A-Plus, or something like that.

SENATOR RAND: So, you received a better rate on the refinancing.

MR. HEESELER: We did get an increase at that time; that is correct.

SENATOR RAND: Okay. The A-Minus, which is for the third lane--

MR. HEESELER: That is my guess, my opinion.

SENATOR RAND: That is your opinion. Is that because there is no insurance? Is that the reason?

MR. HEESELER: No, no. If there was no insurance and the bonds were rated by the agencies themselves-- The point is that these new bonds are junior lien bonds.

SENATOR RAND: Against the refinancing.

MR. HEESELER: Against the outstanding bonds that are prior lien. These are junior lien bonds. In my opinion, I think the rating agencies would look at these new bonds as junior lien bonds at half a notch lower.

SENATOR RAND: Would it pay to get insurance then to rate them to an "A?"

MR. HEESELER: Yes, I have already recommended this to Mr. Fear to get the Triple A.

SENATOR RAND: To a Triple A?

MR. HEESELER: That is correct. If you buy the insurance policy -- it is a one-shot premium that you pay with the insurance of the bond -- you automatically get a Triple A rating from both agencies.

SENATOR RAND: So, the differential between an A-Minus and a Triple A, minus the payment on the one-time insurance premium, is the amount you could recover.

MR. HEESELER: Correct. You save money; there is a difference in interest rates.

SENATOR RAND: Thank you very much. Gentlemen, anyone else? Thank you very much.

SENATOR GAGLIANO: I don't have anything else. I know that -- and I defer to the South Jersey legislators on this issue since I am from central New Jersey -- based on what I heard so far, Mr. Chairman, the basic purpose for the proposal to create the new authority is to take over one or both airports and to possibly do a \$100 million extension for which we would charge tolls, but that doesn't seem to be financially feasible at this point.

I heard what you said, that there may be other moneys coming from other areas of South Jersey that would have to flow here because of agreements made with the Legislature and various Executive members of the Governor's office. But, other parts of South Jersey may want projects that are near and dear to them, and it may not be that they would want to put their money into this.

So, the bottom-line question I am asking is, how are we going to afford this? If we raise tolls, I would like to know about the issue of diminishing returns, and whether or not they would have a net adverse impact on the operation of the Expressway.

SENATOR RAND: Senator Gagliano, I have learned just by one bill, which took us four months to pass, that there is no less imagination needed to constructing financial deals as is needed to do certain things in this State. The Transportation Trust Fund certainly is an imaginary and bold approach. Before you came in, we talked about a 16-mile connection between Exit 2 of the Turnpike and the Atlantic City Expressway.

You know, there is the old expression, "There is more than one way to skin a cat." You can take the 14 miles of it and have Federal participation, take the other two miles and tie it into the Expressway, and then have a toll right there.

We haven't really begun to use our imagination as to what we can do if we want to do something for the betterment of South Jersey. You have that in your county. No, it is not in your county.

SENATOR GAGLIANO: No, it is never in our county.

SENATOR RAND: No, that is true. (laughter) Who has it on the Parkway? Is that Middlesex? (laughter)

The freeway between the two portions on the Expressway that is free and clear--

SENATOR GAGLIANO: That is all Union County.

SENATOR RAND: Is that all Union County?

SENATOR GAGLIANO: It is partially Middlesex too.

SENATOR GORMLEY: I think the point is that if there are other funding mechanisms, fine, but it won't be the Expressway Authority providing the funding.

MR. HEESELER: All of it.

SENATOR RAND: That is right. We didn't say all of it.

MR. HEESELER: If there were some capital grants made from whatever source -- Federal, State, or otherwise -- for what I call the "southwest extension," yes, of course, the Authority could do it, but within the confines of their current situation.

SENATOR GORMLEY: But, anyone can apply for a grant. The unique charisma to the Expressway Authority, quite honestly, is the toll money. We can say, "This agency has expertise, or whatever," but anyone can go out and hire an airport manager. The peculiar charisma

to the Expressway Authority is the tolls. If we can't use the tolls to do the airport, then the main nexus for having the bill is not there.

SENATOR RAND: Well, I would certainly--

SENATOR GAGLIANO: I apologize-- Excuse me. I apologize for being late, but there is FAA money for the acquisition of airports, or, there has been in the past. God knows what it will be.

SENATOR RAND: Let me make it very clear, Senator Gagliano, because you are probably reviewing the bill now. The intent of the bill is not just primarily for the money; the statement of the bill itself, which is very self-explanatory, believes that we ought to have a coordinated and philosophical approach to an overall expertise and an overall raising of money so it benefits the entire region.

If we were to construct this bill just because we could realize its value from the tolls, that would be a very poor reason. The bill certainly has much more fluidity and input than just getting a couple of million dollars out of it.

We can get the money any time we want it through the prior agreement for the \$2.5 million because it can flow through the State Treasurer. The law that was originally written allowed all of the surplus, whatever it might be, to be capped through the State Treasurer. Am I wrong about that, sir?

MR. HEESELER: You are correct.

SENATOR RAND: Thank you very much, gentlemen.

SENATOR GORMLEY: Wait. Excuse me. Time out. We talked about a \$30 million bond issue. After the \$30 million bond issue, unless you go for a toll increase--

MR. HEESELER: May I interrupt for just a second?

SENATOR GORMLEY: I would just like to-- Go ahead.

MR. HEESELER: I was going to say that after the \$30 million bond issue this year, if the Authority wants to build a third lane westbound in 1990 -- I am making a flat statement -- I think they would be hard put to have the bonding capacity without raising tolls somewhat -- slightly, whatever, I don't know the figure. That is my point.

SENATOR GORMLEY: What I am saying to you is that given the \$30 million bond issue for the eastbound lane, after the \$30 million

bond issue, if we said we would like to build an airport next year, you can't do it.

MR. HEESELER: Forget it.

SENATOR GORMLEY: Thank you. That is the point, given the current capacity. Therefore, the only way to do the airport with the Expressway money is to scrap the third lane, if you are setting priorities. You have to pick one or the other; you couldn't do both.

MR. HEESELER: Obviously.

SENATOR GORMLEY: Thank you.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: I have one question. In all fairness, all of your comments have been based upon the tolls from existing projects as a source of revenue. In other words, you are not assuming there are tolls or fees charged for any other services within the context of this new bill.

MR. HEESELER: Oh, I see what you mean, Senator.

SENATOR HURLEY: I want to be perfectly fair to--

MR. HEESELER: You are talking about revenues from airports and other facilities.

SENATOR HURLEY: Yes.

SENATOR GORMLEY: I am quite sure of that; however, I sort of left it unsaid for the simple reason that I think most people believe that most airport facilities today are not necessarily self-supporting from the standpoint of their capital debt. They may support their operating expenses.

SENATOR GAGLIANO: Have you examined the Port Authority's consolidated statements?

MR. HEESELER: Not recently, Senator.

SENATOR GAGLIANO: It appears to me -- and, I sound as if I am on both sides, but I am really trying to figure out what is going on here -- that many of the airport projects do make money, that is LaGuardia and Kennedy. But, of course, they are established, and they bring in a tremendous amount of money.

MR. HEESELER: I can't answer the question for the simple reason that the statement to the Port Authority, with respect to the

amount of annual debt service they pay on all their debts, is so combined and mixed up.

SENATOR GAGLIANO: I know it is consolidated. It is difficult to break it out.

MR. HEESELER: There is no way to break it out for airports alone.

SENATOR GORMLEY: You have everyone confused.

MR. HEESELER: What I basically said to Senator Hurley is, yes, they are probably paying their operating expenses. They are probably making more than their operating expenses, but I doubt that they are contributing 100% to the capital costs of those airports. I can get the answer for you.

SENATOR GAGLIANO: What is the situation with respect to Federal grants for airports now? Do you know?

MR. HEESELER: I really don't know.

SENATOR GORMLEY: There is a Federal Transportation Trust Fund that is available for runways. Apparently that Trust Fund for runways -- this is not for terminals -- could potentially be available. It is not for building terminals; that is my understanding.

SENATOR RAND: I would only have to quote Mr. Del Balzo. He told me there is an infinite source from which to get money. He was the Federal Aviation person who spoke at the South Jersey Economic Council.

SENATOR GORMLEY: Then we don't need the Expressway.

SENATOR HURLEY: Mr. Chairman, may I ask one question?

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: From your remarks, there is a possibility that this new entity could substantiate its operating expenses, but it would have to get its capital expenditures from some other source, if it were to exist.

MR. HEESELER: Exactly. I am saying, yes, assuming the new Airport Division of the Expressway under the new authority, etc. took over, purchased, and acquired the two existing airports with management improvements, terminal improvements, etc., the revenues might go up to support the actual operations of those airports. Where are they going

to get the money? If it is an FAA grant, fine. But I don't think the Expressway, as it is now constituted, or would be constituted under this new act, has the bonding capacity to even acquire the airports in the first place, much less to make the necessary improvements.

SENATOR HURLEY: I just want to make it clear to me and everyone else that you are speaking as a consultant to the New Jersey Expressway Authority. You are not trying to use conjecture to assume what this new entity is going to do.

MR. HEESELER: No, no, I have no idea. Basically I am looking at it not as a consultant, but as the underwriter to the Expressway Authority who is looking at their financial capabilities at this point.

SENATOR HURLEY: Mr. Chairman, is there someone here today who is going to speak about the projection of what the airport may do?

SENATOR RAND: Well, we have-- Let's see. I'm looking to see if we have anyone from the--

SENATOR GORMLEY: If I may--

SENATOR HURLEY: Unless you have someone who is going to at least be willing to stand up and say, "This is what we project the airport to be"--

SENATOR RAND: We have a representative here from the New Jersey Department of Transportation, but I don't know if he will touch on that. He is the Director of Highway Services. We are hoping that before the next meeting, we will hear from the airport representatives.

Senator Hurley?

SENATOR HURLEY: I would think that someone among the proponents would be here with some kind of documentation saying, "If this legislative body takes this action, then you could expect these things to happen." So far today I haven't heard that. I would suggest that at our next hearing -- if not today, then certainly at our next hearing -- we will have someone who is going to project that.

SENATOR RAND: We will seek to get that, Senator Hurley. Assemblyman Pankok?

ASSEMBLYMAN PANKOK: We are in session today at two o'clock, so I am going to have to leave in a few minutes, but, we in Salem

County are very much interested in a tie-in of the Delaware Memorial Bridge to somehow alleviate the traffic situation that is very evident during the summer months with people headed for the shore areas of New Jersey. If you look at your New Jersey map, we are interested in a direct route or a Y-type tie-in of the Commodore Barry Bridge and the Delaware Memorial Bridge to either Route 55 or to the Expressway. The Expressway would be the most accessible, and probably the most economically stable route for New Jersey. We are very much interested in that, and we are very concerned about it.

Congressman Hughes is now in the process of conducting a study of the impact of the traffic with a parallel of Route 40.

If you look at the map and the tie-in from the Delaware Memorial Bridge and the Commodore Barry Bridge to the Expressway, it is certainly something to consider.

Mr. Chairman, I appreciate your inviting me here today to listen to testimony. I have to leave now to go to Trenton.

SENATOR RAND: Thank you very much, Assemblyman Pankok.

SENATOR GAGLIANO: I have one other thought, Mr. Chairman, on the issue of the capital needs for the acquisition of and improvement of airports. Your comment before about money being available seems to tie in with what we have heard in Monmouth County. We have been off again, on again, about trying to acquire Monmouth County Airport, which is held in private hands. We have heard various statements -- I have never tried to confirm them -- that there is up to 90% money available under FAA-sponsored grants.

It would seem to me that one of several ways in which you might want to consider doing something with this legislation, or in skimming a cat, the possibility could exist that there would be a triggering mechanism in the legislation. If they -- whether it be DOT or some State organization -- had the funding available, and let's say it was in the amount of 90%, then this type of thing could go forward in terms of the legislation, which would provide for the operation of airports by the Expressway Authority. In that way, we would know we will have the money, and they can proceed. If that could happen, there would no drain on the bonding situation.

SENATOR RAND: We will certainly consider that type of amendatory language, Senator Gagliano, but there is one more thing. It was never our intention to physically seize the property if an agreement couldn't be worked out. We did not preclude the possibility of lease, rental, or some type of agreement with Atlantic City -- whatever the return -- without them carrying the load. This is the type of agreement we had hoped to work out.

SENATOR GAGLIANO: Well, the basic intent is to improve the airport.

SENATOR RAND: That is exactly it.

SENATOR GAGLIANO: That would provide for more transportation by air. It would seem to me if the FAA grant was lined up, confirmed, and written in stone, so to speak, that could somehow trigger the operation of this legislation. It would help. I have to defer to the South Jersey representatives, but it is something that might be considered.

SENATOR GORMLEY: Well, it is 118 acres in the Atlantic City limits. I would say it is at least a half a million dollars per acre. I have an appraisal, so it is a \$60 million grant.

SENATOR RAND: It might not be necessary to have Bader Field if you have Pomona. We don't know. Until we have a thorough study, no one will know. Maybe Atlantic City would be better off selling Bader Field. There is no problem with that.

The gentleman from the FAA seemed to feel that Pomona could be developed into a magnificent, first-class facility. Not only as far as the facility is concerned, but from Federal input and technical information, it could be one of the outstanding airports on the East Coast.

Gentlemen, thank you very much.

MR. HEESELER: Thank you.

SENATOR RAND: Dennis Keck, Director of Highway Service, New Jersey DOT, please? Good morning.

DENNIS KECK: Good morning.

SENATOR RAND: I guess it is still morning.

MR. KECK: Senator Rand, Senator Hurley, Senator Gagliano, and Senator Gormley -- I'm new at this -- good morning. My name is Dennis Keck. I am the Director of the Office of Highway Services at the New Jersey Department of Transportation, and I am here representing the Department. The Department **certainly appreciates** this opportunity to comment on Senate Bill 2701.

As my title indicates, I am involved with highway policy issues, and I am not an expert on airport matters. My testimony will touch on that briefly.

The staff of our Department has reviewed with interest the proposed bill which would essentially replace the New Jersey Expressway Authority with a new South Jersey Transportation Authority. The new authority would be established with broad-based powers to acquire, control, maintain, improve, enlarge, repair, and operate transportation for both existing and new facilities in the eight South Jersey counties.

The Department of Transportation understands that the basic intent of this legislation is to improve transportation in the South Jersey region and to provide a mechanism for other improvements. In particular, the planned and efficient development of the Atlantic City airports that would allow these facilities to meet their full potential is needed, and we believe would be beneficial to the area.

However, some major questions and points of concern need to be answered and clarified. Of major concern is that the bill, in its present form, is so broadly based and defined that it is difficult to determine the exact powers of the authority.

The Department believes that a more finite definition of the highway and transportation facilities which would come under the jurisdiction of this authority, and the role and function of the authority in transportation matters need to be more clearly identified.

The following questions highlight our concerns:

1) Section 20 of the bill empowers the proposed authority to construct and reconstruct highways and interchanges. What roads and highways, new or existing, are contemplated under this section? What

would be the estimated cost of establishing this new road system for South Jersey? Does this take into consideration the Department of Transportation's existing plans for South Jersey?

2) Section 11, Paragraphs P and Q, sets up a relationship with the New Jersey Transportation Trust Fund Authority and provides for a separate South Jersey Transportation Fund. The bill explains the purpose for which tolls may be charged by the new South Jersey Authority for the funding of transportation activities and to establish and maintain a separate South Jersey Trust Fund. However, at least \$2.5 million annually in Expressway toll revenues have already been pledged to the New Jersey Transportation Trust Fund and in the bond resolution of the authority. Where will the additional revenues be generated to establish the South Jersey Transportation Fund? Is this a diversion of the annual State payment? If so, we have grave reservations.

3) How will the regional planning of the authority be coordinated with the State and other planning authorities in the region, such as the Delaware Valley Regional Planning Commission and the Atlantic County Transportation Authority, and who will be responsible for the development of future plans for the South Jersey region? We believe that a single agency should be responsible for State transportation planning.

4) How does the proposed South Jersey Transportation Authority affect the numerous jurisdictional responsibilities of other transportation authorities and commissions in South Jersey mandated to operate, maintain, and construct certain facilities, such as, in addition to the Expressway Authority, the New Jersey Turnpike Authority, the New Jersey Highway Authority, the Delaware River Port Authority, the Delaware River and Bay Authority, the Atlantic County Transportation Authority, and the New Jersey Transit Authority, and others?

5) Section 25, Paragraph B, appears to allow the authority to exclude trucks from any part of an Expressway project. Who will be responsible to provide other facilities for trucks if needed?

6) No mention is made in the bill regarding the requirements of Federal law with respect to Federal funds for transportation purposes.

In summary, Senator, the New Jersey Department of Transportation feels that the bill, in its present form, provides such broad-based powers that, in effect, it creates a separate Department of Transportation for South Jersey. The New Jersey Department of Transportation is concerned that these powers could erode the central authority of the Department, acting under the Governor and the Legislature, to deal with transportation problems on a statewide basis. We believe that a more finite definition of the functions and responsibilities of this proposed authority needs to be determined before a definite position can be taken.

I would like to take this opportunity on behalf of the New Jersey Department of Transportation to personally thank you, Senator Rand, and the other members of the Assembly and Senate Transportation Committees for all of your untiring efforts to constantly improve transportation in New Jersey. I know that those who have been involved with transportation issues at all levels of government certainly applaud your efforts.

Thank you.

SENATOR RAND: Thank you very much, Mr. Keck. We are delighted that you have problems because, very frankly, we feel that it is time for us to begin a dialogue which we initiated two and one-half years ago. It was sort of put on the back burner and left there as it became evident that the development of the Transportation Trust Fund was important to the entire State. We put this aside, and we have requested input from the Department.

I must tell you very candidly, even though the Department is a great friend of ours -- we certainly have great admiration for Mr. Sheridan and the entire Department -- we have had little input into the structure of the bill. It had to be done by our staff without much input from DOT's staff.

The questions you brought up are very logical and very good. We hope you will join with us in solving some of the problems that are

being created. We have a long way to go before this bill is finally structured. We think we are on the right track; we have been told we are on the right track. It has even been implied that we should go ahead, but we really haven't gotten the input that we desire. We hope you are opening the door. Maybe you're not; maybe you are just opening it a little bit, and then you are going to close it. I understand your comments to mean that you welcome the idea of sitting and discussing this to see if we can structure a bill that will be advantageous to South Jersey, to the Atlantic County area, and to the whole State.

MR. KECK: I agree.

SENATOR RAND: Senator Gagliano?

SENATOR GAGLIANO: After that, I have no questions.

(laughter)

SENATOR RAND: Senator Gormley?

SENATOR GORMLEY: There are a lot of questions to be answered; I agree.

SENATOR RAND: Are there any other questions? For the record, who would represent the Airport Division in the Department?

MR. KECK: The Director of our Division of Aeronautics is Arlene Feldman, and she would represent the Airport Division. I don't think she is here today.

SENATOR GAGLIANO: She is a very sharp young lady.

SENATOR RAND: I would imagine that if we requested her to appear, the Department would have no objection.

MR. KECK: I would imagine so. I can't speak for the Commissioner on that, but I'm sure--

SENATOR RAND: I asked that publicly because we would like to invite her, and I would hope that the response would be a positive one, sir.

MR. KECK: Okay.

SENATOR GAGLIANO: Mr. Chairman, specifically with respect to what grants might be available to assist--

SENATOR RAND: I must tell you that I think the lady is very bright, and I think she is in the position to offer all of the information we are seeking. If not, we'll go to all lengths to get that information, Senator Gagliano.

Mr. Keck, thank you very much for appearing before us today.

MR. KECK: Thank you.

SENATOR RAND: Mr. Jarmer, Chairman of the Atlantic City Urban Area Transportation Council? Good afternoon.

ELWOOD R. JARMER: I was hoping to say "good morning," but it is now afternoon.

I see we have lost my Senator from Cape May County, but I'll speak to him later. Senator Rand, Senator Gormley, and Senator Gagliano, my name is Woody Jarmer, and I am wearing two hats here today. First, I am representing the Atlantic City Urban Area Transportation Council, and secondly, I'll put on my Cape May County hat.

Before I read my statement, I would like to comment on Senator Gagliano's earlier comments regarding where Monmouth County is. I was born and raised in Sea Girt, and as a kid, I always thought that that was as far south as you could go in New Jersey.

SENATOR GAGLIANO: That is what I think our problem is.
(laughter)

MR. JARMER: The Atlantic City Urban Area Transportation Council is the MPO [the Metropolitan Planning Organization] for the Atlantic City area, which encompasses most of Atlantic County, Ocean City, and Upper Township in Cape May County.

We view with more than passing interest the proposal to form yet another agency to deal with transportation issues in our area. Certainly the issues outlined in S-2701 need to be addressed, especially those dealing with the Atlantic City area. However, we seriously question delegating of responsibility for transportation planning and project implementation in the Atlantic City area to an agency covering all of South Jersey.

The following points need clarification and explanation before our Council could support such legislation:

1) Trust Fund: The specific purposes and project prioritization of the South Jersey Transportation Trust Fund.

2) Transit: The specific role or roles of the authority in transit operations.

3) Funding of projects. The prospect of diluting resources for critical projects by spreading such limited resources over the all of South Jersey.

4) Institutional/jurisdictional. The potential overlapping jurisdictional problems of such an authority with the numerous existing transportation agencies. Such agencies include the various MPOs -- excuse the alphabet soup here. There are several MPOs in the Salem area. There is one in Cumberland County; there is the Delaware River area; and there is also ACUATC. Also there is NJ Transit, NJ DOT, ACTA, the Turnpike, and the Parkway. I believe the gentlemen who testified earlier mentioned a number of these agencies.

I appreciate being able to present these comments on behalf of the Atlantic City Urban Area Transportation Council.

We prioritize approximately \$1 million a year worth of projects in the Atlantic City area for transportation. Of course, that is peanuts compared to some of the things that are on the drawing boards. We also get into some of the more expensive projects.

Let me just make a few comments on behalf of the Board of Freeholders of Cape May County. They have much the same concerns that I expressed as Chairman of ACUATC. Secondly, I would like to reiterate Mr. Fear's recommendation that each county should be permanently represented. If it is truly a South Jersey Transportation Authority, we ought to have someone from each county on that Authority.

Finally, regarding the highway issue, I believe Tony Marino very nicely mentioned Cape May County about six times during his testimony. On Friday, he reminded me of how many times he mentioned Cape May County. A good bit of the traveling in South Jersey is going to Cape May County. The issue of whether or not Route 55 should be extended is a heavy issue. There is going to be an environmental study done. I question where that could be put without having environmental problems.

I am working with New Jersey DOT to get rid of the two traffic lights on the Garden State Parkway. If we can do that, we may not need Route 55. If we can put overpasses over the Parkway-- There is a second section of the Parkway in Cape May County that is run by DOT.

SENATOR RAND: That is at a low level.

MR. JARMER: Right now, when you come off the black macadam, you come to two traffic lights. It is a like a local intersection.

SENATOR GAGLIANO: If you are from North Jersey and you want to make a quick dollar on a bet in a barroom, just bet that there are stop lights on the Garden State Parkway. People will say, "No, there aren't," and you can say, "Do you want to bet a dollar?" Then you'll win a dollar.

MR. JARMER: There are a number of transportation issues in South Jersey that we need to address. I applaud your efforts to focus on them. As a county representative and a member of ACUATC, if I can work with you in the restructuring of this bill, I would be pleased to do so.

SENATOR RAND: Mr. Jarmer, thank you very much. I hope you will speak with Senator Hurley about those two lights.

MR. JARMER: I certainly will.

SENATOR RAND: That is number one. Number two, I certainly have great sympathy when you talk about representation. We will look at your representation much more closely before we release the bill. Number three, I want to tell you that we have no intention of getting involved in a competitive situation with the Atlantic County Transportation Authority, nor with any of the local people. That was not our intention from day one.

Our intention is to help them and to cooperate with them in any manner whatsoever, but we don't intend to go inside Atlantic City and tell them what to do. That was never our intention from day one.

We would like to cooperate in a manner which would be desirable, equitable, logical, and right for everyone. We are not in an adversarial position to anyone.

It is very interesting to note that not one person has mentioned here today that North Jersey gets \$75 million worth of rail subsidies, and South Jersey doesn't get a nickel. I am continually amazed that we neglect to mention that. That has been going on for years. When was the last time they had the Atlantic City Railroad going into Haddonfield -- three or four years ago?

UNIDENTIFIED PERSON FROM AUDIENCE: It was in July, 1982.

SENATOR RAND: It was in July, 1982, and they subsidized it to the tune of \$2.25 million. When they stopped that, they took the \$2.25 million and diverted it elsewhere. Not one nickel of \$75 million comes to South Jersey. I think that is tragic when we have rail beds out there surrounding real estate that is worth millions of dollars, and all we have are weeds growing over them. The entire rail structure of South Jersey is totally bankrupt.

MR. JARMER: I couldn't agree more. I had to testify before New Jersey Transit a couple of months ago when they were about to do away with the last public transit possibility for lower Cape May County to the Philadelphia area. If you will recall, they did away with the train, and they said they were going to give us a bus. Two months ago they said, "Now we are going to do away with the bus." I think we have turned that around in the right direction. I worked with Senator Hurley on that one too. I agree with you.

SENATOR RAND: Gentlemen, are there any questions for Mr. Jarmer?

SENATOR GAGLIANO: In response to what you said, I don't understand why the rail transportation proposal to Atlantic City is not going forward. I have lost track of that one. Pardon the pun.

SENATOR GORMLEY: Let me update you on that. In a bipartisan manner-- There was \$30 million which has now been deferred. We are trying to get a supplement to the 1985 Fiscal Year Appropriations bill -- the year end supplemental in the 1985 budget -- to put the \$30 million back. There has been an agreement struck for approximately a \$95 million package between the Atlantic County Improvement Authority and New Jersey Transit, of which \$21 million would be provided by the Atlantic County Transportation Authority for the purchase of land at the base of the Atlantic City Expressway so that a terminal convention center could be constructed.

In addition to that, the State has made a commitment of \$45 million, approximately half coming from State funds and the other half coming from allotted UMTA funds, for mass transportation. Also, Commissioner Sheridan has made a commitment for 11 commuter runs a day, once we are able to get the \$30 million.

We met as late as last week, and we have finalized -- we haven't signed yet -- the agreement between the Atlantic County Transportation Authority and New Jersey Transit. That agreement will serve as collateral to show that we have put all the money together for the Federal match. So, it has been progressing. The holdup has been the \$30 million which has been deferred from the budget, and everyone, in a bipartisan manner, is working to get that \$30 million back.

SENATOR RAND: All except Senator Rand. I do not believe that the \$30 million should come from the General Treasury. We passed the biggest package ever in the history of this State, which was \$3.2 billion. Never in the history of this State have we appropriated that much money. There are ways of getting money out of that which should not cost the taxpayers of this State an additional penny. We will reveal on Thursday how we can get the \$30 million out of that particular fund, which is there and which is already committed, without asking for \$30 million from the General Fund of the taxpayers.

So, there are ways. There are imaginative ways of getting money without going to the taxpayer every moment and saying, "Get it up here; put it up here."

SENATOR GAGLIANO: Well, Mr. Chairman, the bottom line--

SENATOR GORMLEY: If you tell us today, we'll change the agreement and do it today.

SENATOR GAGLIANO: The bottom line as to why I asked the question was, you seemed critical of the fact that we have rail systems and we are spending \$75 million in substantial subsidies in the northern part of New Jersey. I don't like to refer to it as North Jersey, but this is carrying 70,000 to 100,000 people a day to their jobs. In all fairness, I think we should recognize that and not just say it is some kind of a giveaway.

SENATOR RAND: I didn't mean that.

SENATOR GAGLIANO: The southern portion has to get its act together. I hope I can get out of this building.

I think you have to get your act together and carry people to work via a railroad. I don't think it is fair to say that we or those in the northern portion are getting something that maybe we shouldn't

get. We are carrying people to work, and a lot of them -- probably 100,000 people.

SENATOR GORMLEY: As a matter of fact, when the initial rail proposal came about a couple of years ago, the amount of commuter service involved -- which is a real key, as we all believe -- only provided for two to four commuter runs a day. The most recent proposals are much more viable commuter programs because there are 11 a day. Two to four runs are really not providing a meaningful commuter service.

SENATOR RAND: Enough service.

SENATOR GORMLEY: But now it is up to 11 a day with the current proposal.

SENATOR RAND: I am told that the Atlantic City rail line can carry 500,000 passengers a year. I don't know if my figures are correct, but that was the projection. It is my contention that New Jersey Transit always had the ability to fund the \$30 million. They still have the ability to fund the \$30 million under a certain formula. There are ways which we can get that.

SENATOR GAGLIANO: Yes, I would say, do it any way you can.

SENATOR RAND: Absolutely.

SENATOR GAGLIANO: I don't think anyone in North Jersey would say to this area, especially realizing the impact of buses on our roads, "nay" to a reasonable way of creating rail transportation again in this area. I am just saying, get your act together and do it.

SENATOR RAND: Senator Gagliano, one time we had a rail line running into Ocean County, down into Cape May County, and one time we had a rail line running down from Camden to Woodbury, Pitman, and all along there.

SENATOR GAGLIANO: Well, the first railroad ran right through my district at one time.

SENATOR RAND: We have been bankrupt as far as rail service and freight service are concerned. Mr. Jarvis, Thank you very, very much.

MR. JARMER: Thank you.

SENATOR RAND: Is Mayor Tardity here? (not present) Dr. James Dunn from Rutgers? Good afternoon, doctor. How are you?

DR. JAMES A DUNN, JR. Mr. Chairman and members of the Committee, thank you very much for the invitation to speak here this morning.

I am afraid that with the last exchange, you just stole some of my thunder because I am here representing the South Jersey Transit Advisory Committee, which is charged with giving advice to the Board of Directors of New Jersey Transit Corporation on the operation of public transit in the South Jersey region. As you may know, it is composed of members who are appointed by the Governor and confirmed by the Senate, and it has always operated on a nonpartisan basis, with concerns simply for a good transportation policy.

As we considered S-2701, we certainly agreed with all of the language in the beginning of the bill which talked about the intense development in the Atlantic City corridor. In particular, residents, visitors, and commuters in the region do not have sufficient public transportation services available to them. We share the feeling that it is high time that these problems were addressed and action taken to make the needed investments in improving our vital transportation infrastructure.

However, the Advisory Committee believes that S-2701, as presently drafted, has one great loophole in it; namely, it does not directly address the issue of restoration of rail service to Atlantic City. Clearly, most of the testimony that was given earlier was indicative of the fact that this is kind of a highway/airport bill.

I won't go into any detailed history of the various plans and efforts that have gone forward in the last three years to put together a package to fund the restoration of rail service to Atlantic City. From our perspective, it seems that the primary priority of the State in the various negotiations -- I think it was open and admirable -- was to avoid committing taxpayers' dollars to match the \$30 million. Of course, the State solicited private-sector development funds. It considered a number of proposals from private companies and found them all wanton for a variety of reasons. Then it entered into negotiations first with Resorts International Casino and then with the Atlantic County Improvement Authority for the purpose -- which in many respects is admirable -- of avoiding having to spend budgetary resources, taxpayers' dollars, for the matching funds.

However, the negotiating for private-sector involvement led to a loss of time. As you know, the \$30 million that came in from the Federal government is, I think, in pretty strong jeopardy, given the Administration's budget crisis. They have reallocated that and, in fact, they want to cut out Amtrak subsidies completely.

Does this mean the demise of the rail line? I hope it doesn't. I am encouraged by some of the remarks Senator Rand made earlier. Our Committee has recommended to the Board of Directors of New Jersey Transit, in this period of financial uncertainty -- with the \$30 million perhaps in great jeopardy -- that the various concerned State and other authorities continue to plan for the restoration of local rail service from Woodcrest and/or Lindenwold to Atlantic City. At the New Jersey Transit Board of Directors' meeting in February, I delivered a formal resolution from our Committee to this effect. I pointed out that there are important practical benefits to restoring local service first.

The Woodcrest to Atlantic City portion of the line is the cheapest part to restore. It is also the least populated portion of the line, and people along the route were used to having passenger trains pass by less than three years ago.

It would ensure that the development of the convention center site in Atlantic City was connected to rail transportation. By acting decisively to restore local service, the State and its transportation authorities will be able to demonstrate to the people of South Jersey that they are committed to providing the region with the same high quality rail service that already exists in the northern part of the State.

I found it somewhat ironic several weeks after the news broke that the Federal government was withdrawing the \$30 million grant, or had recommended withdrawing the \$30 million grant, that I had received the news in the mail from New Jersey Transit that the \$30 million grant for electrification of a line from Matawan to Long Branch had been received for North Jersey. That is fine; I don't begrudge them that. I appreciate Senator Gagliano's remarks too.

However, somehow the same sense of urgency was not present when it came to getting the \$30 million grant for the Atlantic City line. As we looked at this bill, we thought it was important to say to the members of the Committee, that either through the mechanism of this bill, or through some other mechanism, which I am please to learn you have in the works--

SENATOR RAND: I am going to announce it here because Legislative Services has just analyzed it for us. We are now privy publicly to their comments.

DR. DUNN: That is fine. If the entire project from Philadelphia to Atlantic City can be done, that is wonderful. If not, in the interim while we are waiting to get the money for the entire project, we strongly recommend that the local portion of the project go forward so we don't lose the momentum, the investments, and the interest in the public, which has been aroused by this project.

Thank you very much, Senator.

SENATOR RAND: You are welcome, Dr. Dunn. I am not going to quote the whole thing, but the comments by Legislative Services are going to be made part of the record. Let me just read a portion of it.

"Early in March, Federal Budget Director Stockman said, 'New Jersey Transit should use formula-based mass transit funds to pay for the project.' Assuming that UMTA Federal funds will be cut to 70% of costs, and if Amtrak will still provide its originally conceived service, the cost could be reapportioned as follows..."

The plan we have today costs the Atlantic County Improvement Authority \$21 million, plus it costs the FRA [Federal Railroad Administration] \$30 million. It also costs the Urban Mass Transit Administration \$15 million, and \$25 million from New Jersey Transit. That is a total of \$91 million.

It is recommended by them that that is not the way to go. They recommend, under the circumstances today, if we can't draw down that \$30 million, Atlantic County Improvement Authority - \$21 million; Federal Railroad Administration -- the deferred, which will still be deferred, and accepting that point-- They suggest that we go to urban mass transit for \$65 million. New Jersey's commitment is reduced from

\$25 million to \$5 million. This gives us a total of \$91 million. The report states, "The State share would be reduced because the UMTA formula's share of 70% is still better than the Amtrak's share of 56%. The disadvantage is that \$40 million of UMTA funds would have to be diverted from other planned projects."

We understand that. We are saying that with the \$3.2 billion that the Department says they will do in four years, but this is not going to happen-- We know that because they have already given us a deferred list which they have carried over from 1984/85. We already have \$10 million worth of requests -- the initial requests -- that they were not able to complete. To transfer to 1985/86, we know there will be a list transferred from 1985 to 1986, etc., etc. The compactness of the four-year program will probably be stretched out to somewhere around six or seven years because it physically cannot be done under the compression.

Therefore, if that is the case and with a reduction coming in the funds, why not let the mass transit area, which is \$1.2 billion, be elongated a bit or stretched out a little bit?

No one is saying that they have to complete everything in four years. It is not going to happen anyway. If it is five, why not six? If it is six, why not seven?

We believe under this policy, if the \$30 million is not gathered, then the taxpayers of this State can be better served by using this formula than by putting the \$30 million on the taxpayers' backs. That is the recommendation that is going to be given this Thursday, and that is the recommendation we are going to seek.

SENATOR GAGLIANO: Is that the Joint Appropriations Committee?

SENATOR RAND: Yes.

DR. DUNN: Senator, I'm sure we would all very much like to see the final plan when it comes out. It certainly sounds no more complicated or worse than some of the other plans that have been developed in conjunction with this.

SENATOR RAND: We are asking to go back to the source, which we originally did, under mass transit subsidies.

DR. DUNN: I would like to end with a general comment. We very strongly support the necessity to develop this rail corridor. We are concerned that delay, which has been damaging in the past, not be extended too far into the future. Unless you actually get into these kinds of projects and get commitments-- As they say in Washington, "Unless you have a hole in the ground, your project is liable to disappear over night," with the kind of budget cutting that is currently going on.

I can't react to the details of the program, although I am very, very interested in it. I hope we can move forward on this.

SENATOR RAND: The analyst who worked on this is someone who has worked for 12 years on mass transit and DOT. That is his field of expertise. He has been pretty much on target.

DR. DUNN: Good. It is important not to fold our tents and allow all of the prior planning to die because of the loss of the \$30 million Federal grant. We are in agreement with you on that.

SENATOR RAND: I couldn't agree with you more. Senator Gormley?

SENATOR GORMLEY: Obviously, I agree with you. I appreciate your endorsement of the convention center rail project, which I think is indicative that Atlantic County and Atlantic City came up with a concept that not only benefited Atlantic City and Atlantic County, but benefited the entire region.

DR. DUNN: It has a regional implication.

SENATOR GORMLEY: And, if you'll remember, at the time that the Resorts negotiations fell through and Atlantic County came up with this suggestion, it, quite honestly, saved the project. There would not have been a project if this concept had not been developed by Atlantic County.

I appreciate your endorsement. The project is moving along, and negotiations are moving along as if the \$30 million was there. We are betwixed and between. You don't want to waive that \$30 million because once David Stockman hears that there is something else, he may say, "Oh, fine. You've got that, so we'll go on to something else."

I don't think that DOT is going to say that, no matter what, because they are in the midst of negotiations. When you are in the midst of what is going on on the Federal level, it is a problem.

Senator Lautenberg, Congressman Hughes, the Governor's office, DOT, and John Sheridan are all working together in a bipartisan manner to restore the money. Senator Lautenberg is working quite diligently on the supplemental.

SENATOR RAND: So is Congressman Florio.

DR. DUNN: Yes.

SENATOR RAND: It was his initial appropriation that got the \$30 million.

Dr. Dunn, thank you very much.

DR. DUNN: Thank you.

SENATOR RAND: Mr. McCullough, Vice President of Public Relations and Marketing, South Jersey Gas Company? Good afternoon.

JOSEPH E. McCULLOUGH: Good afternoon everyone. My name is Joe McCullough. I am Vice President of Marketing and Public Affairs for South Jersey Gas Company.

Thank you for the opportunity to speak before your Committee regarding Senate Bill 2701. My remarks today are not only indicative of the gas company's position, but, in a broader sense, of those of South Jersey Industries, our parent company.

Mr. William F. Ryan, President and Chief Officer of South Jersey Industries, has long been interested in the transportation issues facing our State and has participated as a private-sector member on the Governor's Toll Road Authority, the Coalition to Support Transportation, and the Atlantic County Improvement Authority.

I would like to begin my testimony today by explaining the diversified make-up of South Jersey Industries. South Jersey Industries is the parent company of South Jersey Gas Company, and Energy and Minerals, Inc. South Jersey Gas Company is a public utility serving natural gas to 163,000 customers throughout southern New Jersey. Energy and Minerals, Inc. is comprised of four separate companies including The Morie Company, Delaware Valley Industrial Gases, South Jersey Fuel Company, and South Jersey Exploration Company.

South Jersey Industries employs approximately 658 people in our New Jersey offices. Our corporate headquarters is located in the heart of South Jersey in Folsom, Atlantic County. To the east is Atlantic City, with 10 operating casinos, numerous housing developments, and related growth. To the west are hi-tech businesses and suburban growth emanating from Philadelphia, and to the south are major manufacturers and farming communities.

Today we are addressing an issue which literally affects all directions and all issues in making the South Jersey region attractive to economic and social development. Transportation is one of the most vital factors to the economy of South Jersey; it is a key in determining the location of new industries, the retention of existing business, and the attraction of commuters and tourists.

The advent of casino gambling has brought to light the serious deficiencies of transportation in the South Jersey region and the urgent need to address its inadequacies. I stress "region" because residents, visitors, and commuters in all of South Jersey suffer from insufficient public transportation and a deteriorating infrastructure.

Because of deficiencies in mass transit and alternate modes of transportation, South Jersey has become dependent almost exclusively upon road transit. The need to supplement the current transportation network with rail and air service to Atlantic City is becoming more crucial as time passes. The roads in South Jersey have become heavily congested with cars and buses traveling to Atlantic City. There is a lack of parking in the City and problems of pollution from emissions. The area can no longer afford to suffer the consequences and expense of total dependence on one mode of transportation. South Jersey needs an integrated and regional approach to transportation.

I come before you today in support of S-2701, a bill which creates the South Jersey Transportation Authority. We are supporting the bill because we believe that a separate authority is necessary to effectively plan and implement transportation projects which would benefit the entire southern New Jersey region. The tremendous growth in the Atlantic City area has impacted upon all of South Jersey. The influx of activity surrounding the casinos has caused a drastic change

in the region's transportation patterns and needs. As a matter of public policy, a regional approach to transportation will foster an efficient system to the social and economic needs of citizens, tourists, and businesses.

A regional authority acting as an umbrella organization would be responsible for the necessary planning, coordination, and allocation of resources to facilitate the achievement of specific objectives throughout the region.

There are several reasons why a regional authority will be beneficial:

1) Since New Jersey has already been divided into seven corridors by the New Jersey Transportation Plan, which was prepared in 1981, and was based on similar land uses, trip-making patterns, and transportation facilities and problems, it is logical to segregate the two corridors encompassing most of South Jersey and solving their problems simultaneously.

2) A regional authority can more easily deal with transportation problems than an organization having jurisdiction over a more limited area.

3) Financial resources are more flexible and bountiful for a regional authority. For instance, a regional authority would be eligible to receive regular funding for projects under the recently approved State payments agreements, as well as being empowered to issue bonds and make use of toll revenues from the Atlantic City Expressway.

4) Finally, the concept has worked extremely well in the past through the auspices of the Meadowlands Development Commission and the New York/New Jersey Port Authority.

Besides providing tourists, residents, and commuters with an efficient, safe, and convenient transportation network, the creation of the South Jersey Transportation Authority will spur development and enhance the economy of South Jersey. The establishment of a reliable transportation system is an essential element to attracting and keeping business and industry in South Jersey. Projects planned by the Authority will create a number of jobs for construction and off-site construction-related jobs. Furthermore, businesses could operate more

efficiently and move their products more readily, while commuters could reach workplaces more quickly and conveniently.

The South Jersey Transportation Authority could also fill funding gaps for projects abandoned by the State or Federal governments. The loss of \$30 million in Federal moneys for the Philadelphia-Atlantic City rail line could be resolved by the Authority.

Under the provision of S-2701, moneys from excess Expressway revenues could be parlayed into millions of dollars worth of long-term bond financing for projects. These projects will not only make additional services available to residents and tourists, but also will be part of the larger picture of an integrated, streamlined transportation network. Such a network would attract businesses, visitors, and investors to South Jersey.

The attraction of tourists and investors to South Jersey has made the expansion of the two existing airports in Atlantic City a necessity. Growth in the area will be stymied unless visitors and investors can be better accommodated. An independent authority such as the South Jersey Transportation Authority is needed to break a logjam that has impeded the development of the Bader Field and Pomona facilities. There is no question that political sidestepping is a reality in which all governmental decisions are made. But, such sidestepping has hindered decision-making and has prevented the implementation of any south management plan towards stabilizing the transportation network. The South Jersey Transportation Authority can separate political decisions from governmental decisions to make this "experiment" in urban redevelopment work.

As a member of the business community in South Jersey, we are committed to improving the quality of life in the area. We believe that a sound transportation system and a politically independent authority to oversee this system are imperative to the continued growth of South Jersey.

A viable, well-rounded transportation network which addresses the needs of residents, businesses, commuters, and tourists through the eight-county South Jersey region will assure the economic well-being of our area.

I thank you for your time and consideration, and I urge the Committee to approve S-2701.

SENATOR RAND: Mr. McCullough, thank you very much. On a personal note, I thank you for such a supportive statement.

To clarify, we heard that this is a new authority. Someone remarked before, "Why are we creating a new authority?" We had two ways to go in the infancy of this bill. We could have gone with a separate authority, leaving the Expressway Authority outside the picture. We didn't want to create another authority, so we said, "What better way is there to go than with a successfully run operation and merely substituting an overall umbrella, rather than creating another authority?" That is the way we chose to go. We thought it made more sense, and we thought it was a more logical and easier method than creating another organization to do the very things we could have encompassed with the Atlantic City Expressway.

There may be some other questions, but on a personal note, I thank you for your supportive statement.

Senator Gormley?

SENATOR GORMLEY: The statement was drafted before we found that it didn't have the bond capacity.

SENATOR RAND: We disagree with you on that, Senator Gormley.

SENATOR GORMLEY: Okay, fine. Why wouldn't you use the Atlantic County Improvement Authority? Why would you need a new agency to do the bonding, because they are allowed to do transportation projects?

MR. McCULLOUGH: I think what you have to look at, Senator Gormley, is the position we are coming from. All right? South Jersey Industries is a South Jersey company, not just an Atlantic County company. We are looking at the interests of the total area, not just the County.

SENATOR GORMLEY: So, you are saying there should be a merger of the counties.

MR. McCULLOUGH: We are saying there should be an umbrella organization which would coordinate and integrate the requirements from local resources -- local people.

SENATOR GORMLEY: It seems to me that the only resource is coming from Atlantic County, with 10 other counties being able to have a say in what is going on. That is about it.

SENATOR RAND: Senator Gagliano?

SENATOR GAGLIANO: Why don't we put them all together and make one umbrella authority if we can't agree? I don't know if that makes any sense. Take the Expressway Authority and the Atlantic County Improvement Authority and somehow put them together. Does that make any sense? I don't know; I am not from South Jersey.

All we ever have at every one of our hearings-- You know, Mr. Chairman, we have had hearings before, and I have been on the Transportation Committee seven and one-half years. We have been dealing with the problems coming from the casinos and the transportation problems arising from those casinos.

SENATOR RAND: Thank you, Senator Gagliano. In our desire to make sure that we were not stepping on anyone's toes, we are not starting from an infancy stage or a birth. We are starting when the infant is crawling, so to speak. We tried to be very zealous in our attitude so that we didn't step on anyone's toes in Atlantic County and Atlantic City. We were meticulous in allowing the Atlantic County Transportation Authority to do those very things which were created.

We thought we would have a merging, rather than have an imposition. I didn't want to interfere with their operation.

Yes, if we were starting at day one, we would have probably had the liberty and the freedom to do a lot of innovative things, which might have been the right way to go. In my opinion, it would have been the right way to go, but hindsight is better than foresight. Be that as it may, we certainly, in no way, want to impugn the Atlantic County Transportation Authority, nor any local authority.

Thank you very much, Mr. McCullough.

MR. McCULLOUGH: Thank you.

SENATOR RAND: Mr. Cade and Mr. Todd?

SENATOR GORMLEY: Daryl Todd is a member of the new committee that has been formed -- five people appointed by Atlantic County, five

by Atlantic City, and by the FAA. Mr. Todd is one of the County representatives. Al Cade, who just stepped outside, is the President of the Atlantic City Chamber of Commerce. They are currently reviewing nominees to review a master plan for the airport. I am curious to know if they have any comments regarding the progress that has been made in recent weeks.

DARYL F. TODD, Senator Rand, Senator Gagliano, Senator Gormley, and staff, I am a recently appointed member of the Master Plan Advisory Committee, which is a citizens' group that probably comes within the definition that you have within your bill as a citizens' advisory committee to the airport.

In the proposed bill, you comment that there will be an advisory committee made up of representatives of the affected communities. In fact, the Mayor of Atlantic City and the County Executive of Atlantic County have put together an advisory board of those citizens to work with the master plan consultants for the airports to review the request for proposal, and to come up with citizen input from Atlantic County and Atlantic City.

It is no secret to anyone that there have been jurisdictional problems within my own county -- within Atlantic County -- in which Atlantic City and Atlantic County have not been fully cooperative over the years. If we go back in history, there has been an attitude that Atlantic County should stay out of Atlantic City's problems.

I am happy to say, as a resident of Atlantic County, that there is now a committee made up of citizens, and those citizens are meeting. Our next meeting is scheduled for next Monday, April 22. We will be reviewing on a citizen level, with input from people throughout Atlantic County, not only the master plan concept for the airports, but how, in fact, the political problem -- that is, the organization of a framework for the operating the airports within Atlantic County -- can be taken care of.

There are some laudable points of the bill that are under discussion today. Certainly, a regional approach to planning is something that has come a long way in New Jersey and in the entire country.

I would think if we didn't have a problem in Atlantic County -- that is, if the airports were running well, if the capital improvements had been done, if the runways were laid out the way they should be laid out, and if we had attracted carriers that would, in effect, compete with Philadelphia -- then we probably wouldn't be here discussing this bill today. In spite of the fact that we have had some discussion of rail, and in spite of the fact that we have had some discussion of railroad interconnections with the Expressway, I think the tail is really the major part of the dog. That is, the division that deals with airports is probably the reason for the creation of a lot of this.

I say to my children, "If you are having difficulty, resolve your problems before I resolve them for you." I think this bill is too late in some respects and too early in others. It is too early in the respect that right now, there is a viable process for trying to work out the air transportation problems within Atlantic County and how that will impact on all of South Jersey. This bill probably should be put on hold until the State and South Jersey see if Atlantic County and Atlantic City are able to put their squabbles in the past and come up with a system for managing the airports that is profitable to Atlantic City, Atlantic County, and the entire South Jersey region.

While I think that the overall purposes expressed in the bill are admirable, I, as one who now has an opportunity to advise with respect to the air issues in particular, say that an overall network within a broader base can sometimes mean it is only more difficult to get something on an agenda to be resolved.

Right now, in Atlantic County, number one on the agenda with respect to Atlantic City and Atlantic County is solving the airport issue. In fact, the master plan review has been set up to take no more than six months, with the selection of the master plan consultant in mid-May or June. During this six-month period, we feel that by the beginning of the legislative session in 1986, you will see whether or not Atlantic County and Atlantic City have been able to work cooperatively together to solve that problem on a regional basis. If you go beyond Atlantic City and tie in Atlantic County, then you are initially working with a regional level of government.

Thank you.

SENATOR RAND: Mr. Todd, thank you very much. I want to tell you that the bill was never conceived just for the purpose of taking over the airports. The bill has a history, as I said before, going back six or seven years. The bill was originally conceived as an overall package in the sense of a Meadowlands/Hackensack development, with the same parameters, for the Atlantic County region, for the corridor, and for the South Jersey region.

I found out a couple of things in my brief tenure of 10 years. Progress is never too late, no matter when it gets implemented. Number two, you have to start somewhere. I predict that if we don't begin to attack our problems -- I don't just mean transportation, but also solid waste, infrastructure, water, and sewer -- the impact on Atlantic City predominantly is going to be severe.

Whoever is sitting here 10 years from now will be looking at the same problems that exist today, with maybe a little more progress. That is not directed in an incriminating manner towards any persons or individuals running government or towards the good wishes and good will of all of those who want to see a better situation. The practical matter of politics forces those types of decisions to be made. As Senator Gagliano said, unless you do it in an overall manner, without the jurisdictional fights, without everyone encroaching upon others' turf--

I didn't bring up the problems of Atlantic City with Atlantic County today. I know history very well. That is not my business, nor is it my intention to air anyone's problems -- any municipalities or any county. I am here to move in an area that benefits the South Jersey region, as well as the State. I have said before, it is not Atlantic City, New Jersey. It is Atlantic City, New Jersey which is part of this great State. What is good for them is good for us, and what is good for us is good for the rest of the State.

You can't look at it with a singular objective. A wide divergence of views, we think, is the proper way to solve those problems.

Only the Legislature -- and, I may not win -- of 21 Senators and 41 Assemblymen, plus the signature of the Governor, will carry this through. Otherwise, we will have had an exercise, and we will have to postpone this to a later date.

MR. TODD: If I may respond, Senator, my major concern is that sometimes when you go to a larger organization, it means that the meetings get longer and the agenda gets longer. Sometimes you have more difficulty getting something on the agenda to be resolved.

I am suggesting that if you look at the history of the Atlantic County Transportation Authority, which was conceived in all good will with a very broad mandate, it initially had to fight for its very survival to achieve a funding source.

SENATOR RAND: Which we gave to them, by the way.

MR. TODD: Well, it had to fight within Atlantic City.

SENATOR RAND: It was Senator Gormley's bill which gave them the \$150,000-- How much was it?

SENATOR GORMLEY: A dollar a bus.

SENATOR RAND: A dollar a bus. What do you have, 300,000 trips?

SENATOR GORMLEY: A lot of buses.

MR. TODD: I understand that was part of it, but I think what we are looking at is, even though the Atlantic County Transportation Authority, by its mandate from the Legislature, had the power to start to deal with the air issue, it found that there were only 24 hours in a day, and it only had so many volunteer person hours.

What happened within Atlantic County is, very simply, in terms of long-range planning, we had to put that on the shelf in order to take care of the immediate problem of where to park the buses. What do you do with respect to getting a funding source for them?

I am suggesting that we are now in a position in Atlantic County where we have the two local levels of government cooperating in conjunction with the FAA. The three of them are trying to put something together which, within six months, will probably bear fruit.

SENATOR RAND: Thank you very much.

MR. TODD: Thank you.

SENATOR RAND: Mr. Cade? Good afternoon, sir.

GENERAL ALFRED J. CADE, Good afternoon, Mr. Chairman, ladies and gentlemen. I did not have the privilege of hearing what my colleague, Mr. Todd, had to say, but I know him. We work together.

I come to this table as a member of the Citizens Advisory Committee that was recently appointed by both Mayor Usry from the City and Mr. Squires from the County. I am a resident of Atlantic County, but as my wife likes to say, "I live in Atlantic City; I only sleep in Atlantic County." (laughter) I have been working and living in Atlantic City for almost seven years. I came to the City as part of the original management team to create a hotel/casino development -- the Caesar's Atlantic City property, as we know it today.

We have been very interested in solutions to the transportation problems of the region. Some of the statistics that have been given to you today regarding marketing projections and traffic projections on the Expressway have a great deal to do with what is happening in our industry right now.

You will note that the data being published indicates that there is a "flattening out" of the market growth in our business. We tend to believe that a part of that -- a large part of that -- is the transportation system and the difficulties that it has.

We recognize that the same transportation that permits us to deliver customers to Atlantic City exists today that existed eight years ago. We also recognize something which I don't think has been pointed out today, and I would like to take advantage of the opportunity to do so. It has to do with how you move around the City once you get there. Someone pointed out that Atlantic City is a destination. You have to come there and then go back out again. It is not a pass-through situation.

It seems to me that at the same time that we are addressing, as government and private business, the delivery system capability -- the infrastructure for delivering customers into that area of the State -- we must also be addressing how those vehicles or customers move once they get there.

That leads me to a point I feel compelled to mention. For the first five or six years that we operated there, we saw no evidence

of local municipalities or jurisdictions really getting together to solve these very, very complex problems. We see it now.

When I was asked to serve on the committee, I was thrilled to do so because we get to talk to the right folks in order to deal with the problems. I guess what I am trying to communicate to you, sir, is that in my opinion, and I am speaking for myself as a member of the Citizens Advisory Committee at the moment, I would hate to see any legislation created which would delay the efforts that have already been initiated between the Atlantic City government, the Atlantic County government, and the Federal Aviation Agency. I worry that this legislation would tend to do that with reference to the Airport Construction Management Study development.

I don't have the feeling of comfort in terms of getting something done through this legislation that I get from the scenario that has been articulated to you by both the Mayor and the County Executive regarding the airport system and development.

Let nothing that I have said, however, suggest to you that I am not for regional transportation coordination and planning. I happen to believe that is necessary, and I happen to believe that it takes a long, long time. The kinds of highway extensions and hookups that you are talking about take years.

I am familiar with the planning and with the efforts of Congressmen Hughes and Florio in this regard, and I applaud all of them with regard to the comprehensive needs we have -- rail, air, and vehicular.

I have to kind of appeal to you not to frustrate the effort that is going on now because it is refreshing for us. It is the first time we have seen it, and we feel it has the best chance of success, given the kinds of milestones and timetables that we are experiencing.

In a nutshell, sir, we are waiting for something to get on, and we think, for the first time, we see that light at the end of the tunnel.

I have nothing further; I am extemporizing, if you will. I would be very happy to answer whatever questions you may have of me.

SENATOR RAND: Mr. Cade, thank you very much for your remarks. They are more of the positive remarks that I have heard as far as the cooperation between the County and the City is concerned. We would do nothing to derail that.

Quite frankly, from my position, we have to start somewhere. We are seven years late at the gate, so to speak, and unless we start now, we are just not going to address them. The gentlemen sitting there, Assemblyman Pankok, has problems in Salem County from the Delaware Memorial Bridge, and Senator Hurley, has some problems in the Cape May/Cumberland area. We have to get started, and if we seem to be diametrically opposed to Atlantic City and Atlantic County, it is not so. That is not our intention.

If anything, our intention regarding this bill is to get an outstanding aeronautical man to head the Division of Aeronautics. We hope to get the best there is, the very best, free from any political influence -- someone appointed by the Governor. I leave it to him to get an outstanding aeronautical man. I don't think that is devisiveness.

SENATOR GAGLIANO: Do you mean as part of DOT?

SENATOR RAND: No, as part of this package. I don't think that is devisiveness. If anything, I think we are sadly, sadly too little, and yes, we are too late -- not too late, but we are late. I genuinely believe that and I genuinely feel that; otherwise, I would not move the bill. I felt that way under the Transportation Trust Fund bill when I had many of my own party at that particular time say to me, "You are crazy." But, I happened to believe in it, and I believed it was the right thing to do. We moved forward with it, and today, I believe it was the correct step. I also believe this is the correct step.

GENERAL CADE: I have two experiences to bring to the table, Mr. Chairman. One has to do with my current occupation as a member of under a casino organization. I have over seven years experience operating some very, very broad authority-type legislation -- the Casino Control Act.

I must tell you, the comments made earlier today with reference to the nonspecificity or the broadness of this act also concerns me. That is one of the things that I hope you take a good, hard look at. We don't need authorities with unlimited powers or unspecified powers because it creates the kinds of situations which we have experienced over the last eight years with the Casino Control Act.

My second concern, which was my first experience, is a military one. I spent 25-1/2 years in the United States Army. Whenever we had an objective to achieve, we did not reorganize the United States Army or the United States Navy or the United States Air Force. We organized for combat by taking known and established institutions that have a track record for success in accomplishing the part of the mission that we wanted to accomplish. We would organize ourselves, specifically taking advantage of the institutions that were already there.

We didn't have the problem that I think we have in Atlantic City. We didn't have the proper folks not cooperating. That was the trick. We could put the Navy, the Army, and the Air Force together to accomplish a mission without creating some new organization called the "purple suit."

I believe we can do this in South Jersey, and I think we are beginning to see ourselves doing this by putting together the established institutions that know each other, that know the problems, and that are finally willing to sit down and work together. I guess that is the thrust of my comments about not frustrating this cooperative effort that has been initiated between the two municipalities most vitally concerned with airports.

Thank you very much.

SENATOR GAGLIANO: I just have one or two questions. Will this committee that has been put together, General, also deal with rail?

GENERAL CADE: No, sir.

SENATOR GAGLIANO: This is strictly a committee for airports?

GENERAL CADE: Yes, sir.

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GENERAL CADE: No, sir.

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GENERAL CADE: Yes, sir.

SENATOR GAGLIANO: I have to share your frustration, although I have just vicariously been involved with it. I guess it was at least three years ago that we appeared in Atlantic City and were very concerned about bus trips and what they were doing to the neighborhoods.

We have made some progress, but I don't think we have made enough. I think it is a matter of people getting together and working out their problems locally, if they can.

My suggestion is -- and, I am sure Senator Gormley has thought about it -- that maybe there should be another committee which could get the rail interests together, if there isn't one already.

SENATOR GORMLEY: You have to understand that what has happened on the rail line is a star for Atlantic County, because one of the major problems of this whole question goes to the issue of hotel rooms. If you have hotel rooms, you can support the airport. If you have hotel rooms, you can support the convention center. General Cade is in the midst of this problem because it is the "chicken and egg" argument of what comes first.

What has happened with the convention center is, new cooperation has come together and it has been a home run. We have found a convention center site, and at the same time, we have provided \$21 million for the train service.

That is the first major breakthrough of the City, the County, and everyone coming together. Lo and behold, we not only solved our siting of the convention center -- which believe me, when you talk about a problem, we had it floating in the ocean; we had it orbiting; we had unbelievable ideas -- but, we took the ground cost, found a cheaper site for the ground, used the money for the ground cost, and now we are using it in exchange for the rail terminal and the rail service. That was the first step.

The mutual respect that was developed in that process is now going through on the airport issue.

As I said, on the rail line, I don't think you will find a local county coming up with the \$21 million match for rail service. That is unique. Admittedly, we were slow on the uptake, but that one

project alone, as was brought out -- I appreciate that -- kept the project on track. It was very innovative.

It is at the point now where you can look at our problems, but you can also look at the City of Philadelphia. They talked about a similar convention center rail project. If anything, the project we are now moving along with -- and, it is moving along well -- is moving the Philadelphia project further and further from reality because of what we are putting together.

Regarding the rail issue, I think we can honestly be applauded because we have taken one issue and used it to solve another. I think you are going to find that with the airport issue. I think it is going to move along very quickly. You have quality people at the table.

To be quite honest, this bill is a great impetus in getting a solution. For that alone, I have to compliment you.

GENERAL CADE: May I make one other comment, sir, regarding your point?

SENATOR RAND: Even though it is left-handed. (laughter)

GENERAL CADE: You are dealing with a chicken-and-egg problem of, do you develop a major airport system before the airlines become interested, or do you develop additional hotel inventory before the market becomes expanded? Do you do all of these things? Which should you do first?

I think the first thing you have to do is, you have to become believable. The private sector has to believe you; it has to believe local government; it has to believe State government. You don't become believable by doing another study or by setting up another authority. You become believable by getting it on -- by getting this action moving. I guess that is where I am coming from.

I was committed when I joined the Civilian Advisory Panel to do everything I could to keep it moving. That is really my main concern with this bill.

SENATOR RAND: Mr. Cade, do you wish to express any opinion on the Meadowlands/Hackensack Commission?

GENERAL CADE: No, sir, I have no knowledge of that Commission.

SENATOR RAND: Are you familiar with it?

GENERAL CADE: No, sir, I am not. I know it exists, but I do not have any idea how it got where it is.

SENATOR RAND: There are 18 municipalities. Very frankly, I must say that if there was any way it could have gotten down here when the casinos were inaugurated back in 1977--

GENERAL CADE: I have to take your word for that, sir, because I don't know.

SENATOR RAND: (continuing) --believe me, we would have been much further ahead.

SENATOR GORMLEY: But, now we have Republicans on all levels down there.

SENATOR RAND: I think that is a great fear. (laughter)
Mr. Walters?

RICHARD A. WALTERS: It is bipartisan support. (laughter)

SENATOR RAND: I can assure you, we will have three votes for this bill. I guarantee that.

Good afternoon, Mr. Walters.

MR. WALTERS: Good afternoon, Mr. Chairman and members of the Committee. I am very pleased to be here. This is the third bill and the fourth proposal for a South Jersey Transportation Authority that I have given testimony on.

I feel just as I did in the beginning -- that it is a good idea. In fact, I feel very positive about all authorities which are carefully set up, with their functions well-defined, and with their boards well-constituted.

In this bill, I think there is one thing which is included that I would like eliminated, and there is one thing which is missing that I would like added.

First, I think it would be wise to put a consumer-user advocate on the board -- a person who has no political affiliations, no electorates to face, and no company loyalty to restrict what he says or does. Some corporations and other public bodies have done this with considerable success. With a board as small as is indicated in the bill, one person could certainly bring up matters of consumer and

public interest to make sure that communication to the public is carried out well. I don't think more than that is required.

I also don't feel that it is a good idea at this time to put specific projects in the text of the bill. I feel that a paragraph could be written into the bill which would call for types of projects and classifications of projects, which, of course, would give the geographic extent of the authority's interest without listing specific projects. In my opinion, that would lead to debating of the projects instead of debating the key issue which is, should there be a South Jersey Transportation Authority?

Just as has happened here already, we have people talking about certain projects being worthwhile or not worthwhile. I feel that this could jeopardize the passage of the bill and lead to a lot of unnecessary wrangling, which would delay passage of the bill.

I think it is important to say that the authorities that have been operating in South Jersey in the past, for the most part, have done a fine job. One of the reasons they have been able to do this is because of the speed with which an authority can get going on a project. It can get the money now, within three, four, or five months, from investors and can operate with user's funds and pay off the indebtedness with the user's funds as well. This means that it is less likely to be controversial in the minds of the public at large, especially the non-using public, and the users -- the ones who are benefiting directly from the project and the service -- are the ones who pay the bill.

An example of that is the case of the Atlantic City Expressway Authority. When the Board and Clyde Fear decided that the casinos would need parking facilities at the end of the Expressway, they built them. It was all done within a few months. It was not necessary to go through the political process to get that done. As a result, a lot of the turmoil that would have resulted from all these cars coming directly into the City was avoided at an early stage. Timing was very important in a case like this.

When they found that buses were coming from New York and were using the stretch of the Expressway between the Garden State Parkway

and Atlantic City, they built an additional lane to the Parkway. This, again, was not delayed. Now they are adding lanes across the rest of the Expressway, and this is being done before there is a crushing need, which is what we normally have to have to get things done in the political process because of the enormous backlog of public projects.

I feel that one of the chief reasons for considering this particular bill, in contrast to the earlier versions which were not passed, is that we have a different State government than we had before. Going back into the 1950s, when we were the 48th State in tax spending out of 48 states, our State government was called a farm government. At the present time, we have a vastly different State government and a vastly different Department of Transportation as you, more than anyone, know.

With the New Jersey Transit Corporation doing the superb that it is doing, I think it is important to mention to those who have not heard, it was voted the number one improved major public transit facility in the United States last year by the national organization that deals with public transportation. It has been superbly run, and thanks to you and the Assembly Committee, it has been getting the funding necessary to continue its improvement.

This makes it less necessary than before to consider public transportation, in all of its forms, as a part of the South Jersey Transportation Authority. We also have a far different New Jersey DOT in terms of what it can now do with the Transportation Trust Fund. It also has an excellent staff throughout the State.

It behooves us to look at this bill in the light of the State government that we have, the functions that can be performed, and perhaps should be performed, by State government. It can separate those that an authority can do better and much faster. One thing that an authority can do, I believe, is to jump in and do a project which the State wholeheartedly approves of and would like to do itself, if it had the money today to do it. The authority can get the money from investors, put it into the project, get it built, and carry it on a pay-as-you-go basis until the State is in a position to take it over with State funds. The investors could be paid off at that time.

The flexibility this gives to projects, especially in South Jersey where we have needed so many things for so long, makes the South Jersey Transportation Authority, in my opinion, a very good idea. I must say that I am not speaking for the members of the South Jersey Transportation Action Group, of which I am chairman, because we haven't had time to meet regarding this subject. Because of the attitude of the other members from business, labor, academia, and other occupations in South Jersey, I feel they wouldn't take issue with the key points I have made here.

I am also a member of Dr. Dunn's committee, but I haven't cleared these statements with his committee either.

I appreciate the opportunity to speak to you and I am open to questions.

SENATOR RAND: Thank you very much, Mr. Walters. Senator Gormley?

SENATOR GORMLEY: No, thank you.

SENATOR RAND: Senator Gagliano?

SENATOR GAGLIANO: It crossed my mind as you were testifying -- and I don't know if Senator Rand will agree with me -- that New Jersey Transit, overall, has the statutory jurisdiction, authority, and power to do everything that this bill would do.

MR. WALTERS: In public transportation?

SENATOR GAGLIANO: In terms of public transportation because it has jurisdiction over airports. Unfortunately, we are trying to find a funding source, so Senator Rand has come up with this proposal.

SENATOR GORMLEY: But, New Jersey Transit can apply for grants.

SENATOR GAGLIANO: Absolutely.

SENATOR GORMLEY: So, they have that ability to provide without question. They do that with the buses all the time.

SENATOR GAGLIANO: Now they don't want them. It is just unfortunate that it has to get to this point, and it is obviously out of a certain amount of frustration that they are not addressing some of the problems that they might have addressed.

SENATOR RAND: DOT has a Division of Aeronautics under them, and, certainly, they haven't addressed--

SENATOR GAGLIANO: The DOT has a Division of Aeronautics? You're right.

SENATOR GORMLEY: They had someone working on it. I think Arlene Feldman is as familiar with the Pomona situation as any local resident, and she has been most concerned and most supportive. Just so you know, they have been monitoring it quite closely. Arlene has been attempting -- and I would be the last one to say there hasn't been political chaos over the last six or seven years in Atlantic City -- and has been willing to meet at any time to try to be a peacemaker. I think she should be complimented for the effort she has extended.

SENATOR RAND: Mr. Walters, thank you very much. Is there anyone else who would like to testify before we conclude this hearing? (negative response) Does anyone wish to make any remarks before we conclude? Senator Gagliano, do you have anything to say?

SENATOR GAGLIANO: No, I have nothing further. Mr. Chairman, I appreciate the opportunity to be here. There are answers that I'm sure you will come up with, and there are many ways of handling this. I want to work with you on this because I think there is a vast amount of room for improvement. The transportation system that is needed, which comes about directly as a result of the casinos in Atlantic City, is just not in place. We all agree with that, and we have to find the answers. Maybe this bill will make other people move more quickly. Maybe the bill itself will do the job; I'm not sure yet.

I understand we are going to have another hearing on this subject.

SENATOR RAND: Yes, we are going to have another one. Senator Gagliano, thank you very much.

Senator Gormley?

SENATOR GORMLEY: I think everyone has one common goal. General Cade mentioned reality, and we have come a lot closer to reality of the whole rail project. Designating a plan for an airport will cause-- The projection between 1989 and 1995 of the construction of the convention center alone is \$1 billion. If you multiply that factor with the designation of an airport, which would coincide with the rooms in the convention center, that is even a greater multiplier of money coming into the region.

I think we all have a common goal. Just so everyone is quite clear, there is no better advocate for transportation for South Jersey than Senator Rand. We have disagreements on occasion, but I certainly appreciate the fact that he let me sit here with the Committee today. I appreciate his efforts on behalf of Atlantic City, especially with the legislation. I think what he has done today, just with the introduction of the bill-- Whether I agree or disagree is incidental compared to the focus that he is giving to the issue, which will cause the impetus in one form or the other to get the job done. That is really what Senator Rand is all about -- getting the job done. For that, I sincerely want to applaud him.

SENATOR RAND: Thank you very much, Senator Gormley. I would like to thank Assemblyman Pankok and Senator Hurley, even though they left. I would also like to thank my three aides: Madeline Rumowicz, Peter Manoogian, and Pat Jones.

I would like to thank everyone for coming here. The purpose of this particular bill -- again, let me emphasize -- is not to have a narrow vision of the Atlantic City Expressway or the Authority. It is regional in scope. It has the interests of South Jersey at heart, and we are not just concerned with the Atlantic City part, although that is an integral part of the overall bill. We are concerned about the problems that face Salem County, Cumberland County, Cape May County, and Camden County. We are concerned about furthering and upgrading the transportation system of this network, which is vital to the development of South Jersey.

I thank everyone for attending.

(HEARING CONCLUDED)

APPENDIX

APPENDIX



NEW JERSEY EXPRESSWAY AUTHORITY

PRINCIPAL AND INTEREST PAYMENTS

3rd LANE BONDS

	Total Payment	Interest	Principal	Balance
1986	\$ 3,290,000	\$ 2,700,000	\$ 590,000	\$30,000,000 29,410,000
1987	3,291,900	2,646,900	645,000	28,765,000
1988	3,293,850	2,588,850	705,000	28,060,000
1989	3,295,400	2,525,400	770,000	27,290,000
1990	3,291,100	2,456,100	835,000	26,455,000
1991	3,295,950	2,380,950	915,000	25,540,000
1992	3,293,600	2,298,600	995,000	24,545,000
1993	3,289,050	2,209,050	1,080,000	23,465,000
1994	3,286,850	2,111,850	1,175,000	22,290,000
1995	3,286,100	2,006,100	1,280,000	21,010,000
1996	3,285,900	1,890,900	1,395,000	19,615,000
1997	3,285,350	1,765,350	1,520,000	18,095,000
1998	3,278,550	1,628,550	1,650,000	16,445,000
1999	3,275,050	1,480,050	1,795,000	14,650,000
2000	3,273,500	1,318,500	1,955,000	12,695,000
2001	3,267,550	1,142,550	2,125,000	10,570,000
2002	3,266,300	951,300	2,315,000	8,255,000
2003	3,262,950	742,950	2,520,000	5,735,000
2004	3,261,150	516,150	2,745,000	2,990,000
2005	3,259,100	269,100	2,990,000	-0-
	<u>\$65,629,200</u>	<u>\$35,629,200</u>	<u>\$30,000,000</u>	<u>\$ -0-</u>

NEW JERSEY EXPRESSWAY AUTHORITY
REVENUE AND EXPENSE PROJECTIONS

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
REVENUES:											
Tolls	\$18,394,014	19,500,000	20,475,000	21,395,000	22,250,000	22,915,000	23,370,000	23,830,000	24,310,000	24,550,000	25,000,000
Concessions	841,058	625,000	625,000	635,000	645,000	655,000	665,000	675,000	685,000	695,000	705,000
Miscellaneous	76,504	50,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Investment Income	978,900	950,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Intercept Parking Lot	1,552,527	1,550,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000
TOTAL REVENUES	\$21,843,003	22,675,000	23,500,000	24,430,000	25,295,000	25,970,000	26,435,000	26,905,000	27,395,000	27,645,000	28,105,000
EXPENSES:											
Executive Dept.	\$ 528,968	667,263	700,626	735,660	772,443	811,065	851,618	894,198	938,908	985,853	1,030,000
Maintenance Dept.	3,137,531	3,881,998	4,076,100	4,279,900	4,493,895	4,718,590	4,954,520	5,202,246	5,462,358	5,735,476	6,022,000
Finance Dept.	600,296	826,172	867,480	910,850	956,392	1,004,212	1,054,422	1,107,143	1,162,500	1,220,625	1,281,656
Operations Dept:											
Administrative	307,785	363,663	381,846	400,940	420,987	442,036	464,137	487,344	511,711	537,297	563,143
Toll Collection	2,121,948	2,429,534	2,551,000	2,678,550	2,812,478	2,953,102	3,100,757	3,255,795	3,418,585	3,589,514	3,768,990
State Police	1,488,462	2,121,725	2,227,811	2,339,200	2,456,160	2,578,968	2,707,916	2,843,312	2,985,478	3,134,752	3,291,400
Patron Services	49,773	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,567
Toll Equip. Repair	273,193	586,061	615,364	646,130	678,436	712,358	747,976	785,375	824,644	865,876	909,100
Parking Project	439,412	542,404	569,524	598,000	627,900	659,295	692,260	726,873	763,217	801,378	841,000
Contributions to Maintenance Res. Fund	817,384	3,883,371	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL EXPENSES	\$ 9,764,752	15,352,191	13,042,251	13,644,355	14,276,572	14,940,401	15,637,420	16,369,291	17,137,756	17,944,644	18,791,677
NET REVENUES	\$12,078,251	7,322,809	10,457,749	10,785,645	11,018,428	11,029,599	10,797,850	10,535,709	10,257,244	9,700,356	9,313,323

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3X

NEW JERSEY EXPRESSWAY AUTHORITY

DISPOSITION OF NET REVENUES

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
NET REVENUES	\$12,078,251	7,322,809	10,457,749	10,785,645	11,018,428	11,029,599	10,797,850	10,535,709	10,257,244	9,700,356	9,111,111
LESS:											
Spec. Proj. Reserve Requirement	\$ 654,910	2,528,097	124,800	123,750	139,500	129,750	101,250	69,750	70,500	73,500	73,500
Interest on Refunding Bonds	1,418,671	1,623,328	1,600,253	1,574,003	1,543,628	1,509,915	1,472,315	1,430,905	1,385,125	1,334,385	1,279,671
Prin. Payment on Refunding Bonds	335,000	355,000	375,000	405,000	435,000	470,000	505,000	545,000	590,000	645,000	700,000
State Payments	1,250,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Interest on 3rd Lane Bonds		1,350,000	2,673,450	2,617,875	2,557,125	2,490,750	2,418,525	2,339,775	2,253,825	2,160,450	2,064,125
Prin. on 3rd Lane Bonds			590,000	645,000	705,000	770,000	835,000	915,000	915,000	1,080,000	1,155,000
General Reserve Fund	8,419,670										
	\$12,078,251	8,356,425	7,863,503	7,865,628	7,880,253	7,870,415	7,832,090	7,800,430	7,794,450	7,792,335	7,792,335
Surplus or (Deficit)	\$ -0-	(1,033,616)	2,594,246	2,920,017	3,138,175	3,159,184	2,965,760	2,735,279	2,462,794	1,907,021	1,318,776

SENATE BILL #2701

PUBLIC HEARING

APRIL 15, 1985

REVOLVING THREE (3) YEAR SCHEDULE - FIVE (5) COUNTIES.

CAPE MAY	86	87	88
BURLINGTON	86	87	
CUMBERLAND	86		
OCEAN	87	88	89
SALEM	88	89	90
CAPE MAY	89	90	91
BURLINGTON	90	91	92
CUMBERLAND	91	92	93
OCEAN	92	93	94
SALEM	93	94	95
CAPE MAY	94	95	96

The present Commissioner from Cape May County, his term does not expire until May 1, 1988,

The revolving schedule has an adverse effect as you will note: Cumberland from original appointment to re-appointment five (5) years, Cape May six (6) consecutive years until 1991.

STATEMENT OF DR. JAMES A. DUNN, JR. BEFORE THE N.J. SENATE
TRANSPORTATION AND COMMUNICATIONS COMMITTEE HEARING ON
S. 2701. APRIL 15, 1985, LINDENWOLD, N.J.

My name is James Dunn, and I am Chairman of the South Jersey Transit Advisory Committee. The S.J.T.A.C. is charged with giving advice to the Board of Directors of New Jersey Transit Corporation on the operation of public transit in the South Jersey region. It is composed of members who are appointed by the governor and confirmed by the Senate and has always operated on a non-partisan basis.

I am pleased to have the chance to speak to the Committee today on S. 2701 which would create a South Jersey Transportation Authority to "Assist in planning for the development of the transportation system in South Jersey in conjunction with federal, State, local and other public entities, as appropriate." My Advisory Committee completely supports this general goal of the bill. It fully agrees with the bill's statement that "the intense development in the Camden-Atlantic City Corridor ... resulting from the development of the casino industry in Atlantic City, has caused serious transportation problems in South Jersey." And we agree with the bill's finding that: "In particular, residents, visitors and commuters in the region do not have sufficient public transportation services available to them..." We share the feeling that it is high time that these problems were addressed and action taken to make the needed investments in improving our vital transportation infrastructure.

However, the Advisory Committee believes that S 2701 as presently drafted has one great loophole in it; namely, it does not directly address the issue of restoration of rail service to Atlantic City. This is a very important infrastructural issue which should not be left out of any new transportation authority's mandate. As you know, various plans for restoring rail service between Philadelphia and Atlantic City have been under consideration for over three years. The State Department of Transportation first asked for proposals from private sector companies to operate the line. It received a number of such proposals but rejected them for various reasons. Then federal legislation was passed which would have provided \$30 million for rail service via Amtrak, provided the state could come up with approximately \$20 million in matching funds. The state sought to avoid having to commit taxpayers' money by negotiating with Resorts International Casino to provide the matching share in the form of a terminal built into a new Resorts Casino Hotel on the site of the old rail terminal. When that deal fell through, the state began negotiating with the Atlantic County Improvement Authority for a terminal to be built in conjunction with a new convention center and non-casino hotel.

While all this negotiating to avoid committing state budgetary funds was going on, time was running out. As we all know, the Reagan administration has cut the \$30 million from its budget, reallocated the funds, and requested that all subsidies to Amtrak be ended. Thus, despite the undoubtedly sincere efforts of state officials and New Jersey's Congressmen and Senators, there is a high probability that the \$30 million and the interest of Amtrak in the line are lost for the immediate future.

Does this mean the demise of the rail line? It probably does if the state sticks by its policy of refusing, in practical terms, to commit state budgetary funds to the project. This is where the proposed South Jersey Transportation Authority could play a very important role in promoting the development of rail service in this congested corridor. Assuming that the \$30 million will not be restored to the federal budget this year, the S. J. Transit Advisory Committee believes it is crucial to continue to plan for and to begin to implement local rail service from Woodcrest to Atlantic City. We have formally presented the N. J. Transit Board of Directors with a resolution calling on them to go forward with the local service in such a way that Amtrak could be brought back on board if and when the federal budget permitted. (See attached resolution)

There are important and practical benefits to restoring local service first. The Woodcrest to Atlantic City portion of the line is the cheapest part to restore and could probably be done for under \$10 million. It is also the less densely populated part of the line and the people along the route were used to having passenger trains pass by less than three years ago. It would ensure that the development of the convention center site in Atlantic City was connected to rail transportation. And by acting decisively to restore local service the state and its transportation authorities will be able to demonstrate to the people of South Jersey that they are committed to providing the region with the same high quality rail service that it already exists in the north. Too often have South Jersey residents been dismayed to see the great bulk of public transportation investments go north of the Raritan. We found it bitterly ironic, for instance, just weeks after the news broke about the likely loss of the \$30 federal grant for the Atlantic

City line, to learn that N.J. Transit was proudly announcing that it had received a \$30 million federal grant to electrify a 16 mile stretch of railroad on the North Jersey Coast Line between Matawan and Long Branch. Somehow the state did not have the same difficulty finding and committing matching funds for this North Jersey rail project that it did for the Atlantic City line.

The N.J. Transit Board has been politely non-committal about what it will do if and when the \$30 million is finally cut. So has the Department of Transportation. Our fear is that the rail line project could simply be dropped or delayed to such an extent that all of the planning of the past two years will be wasted, casino and convention center development will proceed with no links to rail planning, and the option to restore rail service could be effectively closed once and for all. We believe that would be a tragedy for the transportation system of South Jersey. And we hope that the Senate Committee on Transportation and Commerce and the entire South Jersey legislative delegation, and far sighted legislators in North Jersey will take steps to see that this does not happen. We urge you to take the opportunity provided by the present bill to revise the bill's language to give the South Jersey Transportation Authority specific authorization to commit funds to the restoration of rail service to Atlantic City and to act as a catalyst for this long overdue project. Thank you.

RESOLUTION
ON THE RESTORATION OF RAIL SERVICE TO ATLANTIC CITY

WHEREAS, the South Jersey Transit Advisory Committee has consistently supported the restoration of service on the rail line between Philadelphia and Atlantic City, and

WHEREAS, the Committee has especially urged that high quality local service between points in South Jersey and Atlantic City be an important part of the restoration of service along the line, and

WHEREAS, a great deal of planning has been done over the past two years by New Jersey Transit with a view to implementing local service along with the Philadelphia to Atlantic City Amtrak service, and

WHEREAS, the federal government's budgetary process has created serious uncertainties about whether the \$30 million appropriation for the start up of Amtrak service will be available in fiscal years 1985 or 1986, and

WHEREAS, it is important to South Jersey and vital to Atlantic City that planning for and progress toward restoring rail service not be interrupted, causing long delays and greatly increased costs,

NOW THEREFORE BE IT RESOLVED, that this committee urges the Board of Directors of New Jersey Transit Corporation to direct that planning for local service continue and that service from Lindenwold or Woodcrest to Atlantic City actually be restored with all deliberate speed, and

BE IT FURTHER RESOLVED, that this committee urges the Board of Directors to continue negotiations with Amtrak and other appropriate agencies so that when the present federal budgetary uncertainties are cleared up Amtrak will be able to rejoin the partnership, with appropriate federal funds, and the full Philadelphia to Atlantic City rail service can then be brought into operation.

copy of the file

NJT drivers among best dressed



NJT DRIVER Earl Nelson models uniform.

By WAYNE PARRY
Journal Correspondent

Ralph Kramden would have been proud.

The loveable, loud-mouthed bus driver portrayed by Jackie Gleason on the classic television show, "The Honeymooners," trudged off to work for the Gotham Bus Co. each day clad in his drab gray uniform.

Bus driver apparel has come a long way since then. Although Ralph was voted safest bus driver on one episode, he was never voted best-dressed.

That distinction now belongs to the men behind the wheel of NJ Transit buses, who were recently cited by the National Association of Uniform Manufacturers and Distributors for the "attractive apparel" they don each day.

NJ Transit received an honorable mention award in the association's 1985 Image of the Year national competition.

The award claimed a bus driver's appearance "is a visible and important part of providing high quality public transportation."

"We are pleased by this recognition of our bus operator apparel program and are proud to be honored by a national organization of the uniform industry," said George Heinle, vice president and general manager of NJ Transit's bus operations.

"Professional and business-like attire for our operators enhances our objective of providing our riding public with the best, safest, most comfortable and reliable bus service," he said.

"We also believe it instills pride and a positive image among our operators," Heinle said.

Electric line given OK to Long Branch

By JAY JOHNSTON
and ROBIN GOLDSTEIN
Press Staff Writers

NJ TRANSIT yesterday got "the big OK" — in the form of a \$30.3 million federal grant — to electrify a 16-mile stretch of railroad between Matawan and Long Branch.

At almost the same time, Republican Gov. Kean and Rep. James J. Howard, D-N.J., announced that the grant, from the Urban Mass Transportation Administration, had been approved by Transportation Secretary Elizabeth H. Dole.

"The (North Jersey) Coast Line has been experiencing an increase in ridership, and this will serve as another attraction for people to ride the trains," said John P. Sheridan, state transportation commissioner.

NJ Transit now will begin acquiring property near the intersection of Morris and Third avenues in Long Branch to make way for a new rail station in the city.

Construction of the project could begin as early as the fall, with a targeted completion date of late 1987 or early 1988, said Anthony L. Grazioso, NJ Transit spokesman.

When completed, the North Jersey Coast Line will be electrified from Long Branch to New York. But the prospects for extending electrification south to Asbury Park remain unclear.

Jérôme C. Premo, NJ Transit executive director, said electrification will affect 80 percent of the line's ridership. He said the speed and comfort of electrified trains will be brought about at a minimum of cost.

Electrified trains are quieter, faster and more economical, Premo said. The rail line will save an estimated \$2 million a year in operating costs once

the project is completed, he said.

"This is the big OK that we've been looking for for several years," said Howard, who learned of the decision to release the electrification money during a meeting in his office yesterday afternoon with Ralph Stanley, who heads UMTA.

Stanley's agency, along with all mass transit and highway systems, falls under the jurisdiction of the House

*"... this will
serve as
another
attraction for
people to ride
the trains."*

— John P. Sheridan

Public Works and Transportation Committee, which Howard chairs.

Long Branch officials, who have pinned part of their hopes for revitalization of the city on electrification, said they are elated with the decision.

"There's no question but that this is going to have a positive impact on the redevelopment," Mayor Philip D. Huhn said. "It (electrification) was another piece of the redevelopment puzzle."

But the decision to award the grant does not affect the appeal to extend

electrification the six miles south from Long Branch to Asbury Park.

"We're still going to work to bring electrification south to Asbury Park," Howard said.

The future of the long-planned Matawan-to-Long Branch electrification project had been clouded by the large cuts in mass transit aid proposed in President Reagan's fiscal 1986 budget.

However, the electrification money released yesterday, about half the total cost of the project, is coming from the fiscal 1984 federal budget, a Howard aide said.

Once the federal government has sunk this \$30.3 million into electrification, it can be expected to come up with the remaining \$27 million, the aide said.

The state will contribute 20 percent of the estimated \$57 million cost of electrifying the line.

The state's contribution is included in the UMTA grant.

NJ Transit officials will begin applying for more federal money, with an eye toward getting additional funding by June, the end of the company's fiscal year, spokesman Grazioso said.

The prospects for electrification from Long Branch to Asbury Park, where federal funds are paying for a new transportation center, are less certain.

Howard has made it clear to UMTA's Stanley that he still considers the link to Asbury Park a high priority, the congressman's aide said.

The last federal grant to the North Jersey Coast Line was in 1982, when the state received \$29.8 million for signal and communication work from South Amboy to the Bay Head terminus.

That work had to be done before electrification could proceed, but it was not directly related to the electrification project.

The UMTA announcement ends several years of negotiations over who would fund the project, and for how much.

In October, Stanley announced that UMTA would grant the rail line \$18 million for the project. Less than a month later, the government held up the money, saying an engineering consultant would look at NJ Transit's plans to try to cut costs.

As a result of that study, Premo said NJ Transit will save between \$2 million and \$3 million by closing off a portion of Morris Avenue.

OFFICE OF LEGISLATIVE SERVICES
DIVISION OF BUDGET AND PROGRAM REVIEW

BACKGROUND PAPER

Increased Legislative Control of Transit Capital Funds

ORGANIZATION OR PROGRAM : DEPARTMENT OF TRANSPORTATION

Budget Page(s)..... : D-332; F-17; I-15, 16; J-12

<u>Funding (\$000)</u>	<u>Adj. Approp FY 1985</u>	<u>Recom. FY 1986</u>	<u>% Change</u>
I. Program Display			
A. Current Budget Display			
Public Transportation projects	\$29,000	\$50,000	72.4(3)
<hr/>			
B. <u>Alternative Budget Display</u>			
IMPROVEMENT TYPE			
Major Rail Construction	\$1,300	\$8,920	
Rail Operations Support Facilities	4,130	7,740	
Rail Support Vehicles & Equipment	215	400	
Rail Rolling Stock	6,113	8,330	
Rail Passenger Facilities	919	2,350	
Bus Operations Support Facilities	14,606	13,670	
Bus Support Vehicles & Equipment	0	1,370	
Bus Rolling Stock	898	5,980	
Bus Passenger Facilities	817	870	
Project Development Studies	<u>0</u>	<u>940</u>	
Total	\$29,998(1)	\$50,570(2)	

- (1) Extracts of NJ Transit Board minutes January 29, 1985.
(2) Extracts of NJ Transit Board minutes February 20, 1985.
(3) More apparent than real. Increase required because available residual funds anticipated to be completely obligated by end of FY 1985.

Increased Legislative Control of Transit Capital Funds (cont'd)

The alternative display provides more substantial information regarding the level of funding for various bus and rail capital programs. This form of display would parallel the highway capital program format.

The suggested alternative display provides the breakout by improvement type used in the New Jersey Transportation Plan, December, 1984. This greater degree of specificity is required by the Transportation Trust fund legislation. However, prior to the NJ Transit Board actions referenced under the alternative display, no breakout had been made available, even though Chairman Rand of the Senate Transportation and Communication Committee requested a detailed transit construction program for FY 1985 in September 1984. This breakout was developed at this time to permit its incorporation into the DOT comprehensive transportation submission which Governor Kean is to present to the Legislature by April 1, 1985.

The total programs from the referenced NJ Transit minutes show \$229 million for FY 1984, \$308 million (potentially \$350 million) for FY 1985 and \$235 million for FY 1986. As this preliminary FY 1986 budget will require adjustment and a revised budget will be presented for NJ Transit Board approval in October, 1985, the suggested alternative State budget display will provide a degree of control over significant changes that may be made by requiring fund transfer actions by the Subcommittee on Transfers. This is not currently required for movement of funds within the single line classification.

Such an appropriation breakout would be important in FY 1986 because the federal Administration's proposed spending cuts for mass transit will dramatically impact NJ TRANSIT programs. If these proposed cuts, totalling almost \$100 million, become reality, NJ TRANSIT must reassess the preliminary Fiscal Year 1986 and seven-year programs and review any proposed changes in detail with the Board. Moreover, since this transit program follows no formalized criteria, flexibility exists to meet legislative considerations. The transit staff stated, "NJ TRANSIT's Fiscal Year 1986 and seven-year Capital Programs were developed by measuring the effectiveness of projects suggested by the Rail and Bus subsidiaries against such factors as reducing operating costs, renewing the infrastructure, enhancing employee and passenger safety, and completing ongoing projects."

Increased Legislative Control of Transit Capital Funds (cont'd)

The extent to which program funding changes (and their constituent projects) take place are readily contrasted by the Short-Range Transportation Plan of December, 1984 and the individual referenced plans for FY 1985 and FY 1986. Whereas, the former listed programs totalling \$900 million, the latter program now exceeds \$1.1 billion. While the totals for the FY 1986 programs are approximately \$230 million each, major shifts have been proposed among the improvement type disaggregation. A \$19 million reduction in Rail Operation track rehabilitation and a \$20 million reduction in Bus Operations monitoring systems are to offset a \$10 million increase for Major Rail Construction (North Jersey Coastline and Atlantic City Line), a \$15 million increase for electrified Rail Rolling Stock and a \$16 million increase for new Bus Rolling Stock. Hence, the program may not be unduly affected should the JAC reallocate program funds.

<u>Funding (\$000)</u>	<u>Recomm. FY 1986</u>	<u>Alternative FY 1986</u>
II. <u>Alternative Funding Scheme</u>		
IMPROVEMENT TYPE		
Major Rail Construction	\$8,920	\$11,320*
Rail Operations Support Facilities	7,740	7,740
Rail Support Vehicles & Equipment	400	400
Rail Rolling Stock	8,330	5,930*
Rail Passenger Facilities	2,350	2,350
Bus Operations Support Facilities	13,670	13,670
Bus Support Vehicles & Equipment	1,370	1,370
Bus Rolling Stock	5,980	5,980
Bus Passenger Facilities	870	870
Project Development Studies	<u>940</u>	<u>940</u>
Total	\$50,570	\$50,570

*Language could be added specifying the projects to be altered. Also, NJ Transit should be queried as to the work to be accomplished in view of its need to carry forward \$30 million of federal funds into FY 1985, for which no program expenditures were made by the end of February, 1985.

For example, more funds might be shifted to the Atlantic City Rail line in the event the Federal government continues to withhold its \$30 million original commitment. The NJ Transit Capital Program calls for \$2.6 million of Trust Funds to be used for the Atlantic City Rail line as part of the \$8.9 million to be allocated to Major Rail Construction in FY 1986.

Increased Legislative Control of Transit Capital Funds (cont'd)

Not only would this allow for an extension of the AMTRAK Northeast Corridor services to Atlantic City and provide commuter rail service to Casino employees unable to live in the costly environs, it could provide rail service from the Philadelphia airport to Atlantic City. Considering that the airport to 30th Street, 10 mile rail segment is to begin operation at a capital cost of \$105 million, the estimated \$91.5 million cost for the 62 mile service for the remainder of the route seems a reasonable price to pay to relieve Atlantic City traffic congestion.

Early in March, federal Budget Director Stockman said NJ Transit should use formula-based mass transit funds to pay for the project. Assuming that the UMTA federal funds will be cut to 70 percent of costs and that AMTRAK will still provide its originally conceived service, the costs could be reapportioned, as follows:

(\$ million)	<u>Jan 85 Plan</u>	<u>March 85 Suggestion</u>
Atlantic County Improvement Authority	\$21	\$21
Federal Railroad Administration	30	--
Urban Mass Transportation Administration	15	65
NJ Transit	<u>25</u>	<u>5</u>
Total	\$91	\$91

The State share would be reduced because the UMTA formula share at 70 percent is still better than the AMTRAK share at 56 percent. The disadvantage is that \$40 million of UMTA funds would have to be diverted from other planned projects. The suggested alternative funding scheme would totally fund this project in FY 1986 and, therefore, increase Major Rail Construction by \$2.4 million to \$11.32 million. A corresponding reduction is suggested from electrical Rail Rolling Stock, since it was introduced into the program recently. (Refer to pages 15 and 16 of staff report, "Analysis of the Fiscal Year 1986 General Fund Capital Construction Recommended Budget", for additional perspective.)

Increased Legislative Control of Transit Capital Funds (cont'd)

III. Other Funding Source Display

In order to understand the NJ Transit Capital Budget, all of its sources of funds need to be displayed. Nothing is currently shown for "Federal Funds" or "All Other Funds," (pg. D-332). Also, Trust fund expenditures can't be viewed in isolation from prior bond and Transpac funds. As residual funds from these prior sources should be expended by the end of FY 1985, the JAC might seek a full recapitulation of projects including matching funds. The May, 1979 report, The 1968 Bond Issue: Where the money has been spent, provided an incomplete summary on the use of those funds. At that time, the most drastic change revealed was the shift of \$75 million originally earmarked for rail grade crossing eliminations to purchase buses. The DOT could now update that report and issue another on the use of 1979 Bond and Transpac funds, particularly as the mandated quarterly "Report to the Legislature on the 1979 Transportation Rehabilitation and Improvement Fund" provides little quantitative information on the Public Transportation component.



US Department
of Transportation
**Federal Aviation
Administration**

Training Center

4000 ...
Washington, D.C.

April 12, 1985

The Honorable Walter Rand
514 Cooper Street
Camden, New Jersey 08102

Dear Senator Rand:

I am enclosing a copy of Mr. Del Balzo's speech per your request.

If we can be of further help, please don't hesitate to call.

Sincerely,

Robert M. Hubbard
Special Assistant to the Director

Enclosure



Edward Warren ... American Airline Association

172

West
125 exec jets
100 companies

21

REMARKS BY JOSEPH M. DEL BALZO,
DIRECTOR, EASTERN REGION
FEDERAL AVIATION ADMINISTRATION

BEFORE THE
SOUTHERN NEW JERSEY DEVELOPMENT COUNCIL
RAM'S HEAD INN, ABSECON, NEW JERSEY
APRIL 12, 1985, 9:45 A.M.

IT IS A PLEASURE TO BE HERE AND ADDRESS THIS DISTINGUISHED GROUP ONCE AGAIN. WHENEVER I COME TO SOUTH JERSEY IT IS A SPECIAL OCCASION FOR ME.

WHAT MAKES IT SO?

IT IS MORE THAN HAVING SPENT MANY HAPPY YEARS WORKING AND LIVING HERE, AS YOU MAY KNOW. THE REASON IS THE SENSE I HAVE OF GREAT POTENTIAL--A DREAM OF WHAT CAN AND SHOULD BE--IN TERMS OF THE AREA'S ECONOMIC GROWTH, DEVELOPMENT AND PROSPERITY, AND THE ROLE AVIATION CAN PLAY IN THAT DREAM. *I want to share that dream with you today but I will also preach a little, cajole a little and offer a lot of help*

IT IS A DREAM THAT NOT EVERY AREA IN THE COUNTRY CAN HAVE.

IT IS A DREAM THAT NOT THAT MANY CAN FULLY REALIZE.

IT IS A DREAM NONE SHOULD LET GO SOUR.

2 Fed \$
5M into Bader
1M into ACV

184

2/95

TODAY, I STAND BEFORE YOU WITH ALL THREE OF THESE PERSONAL ASSESSMENTS ON THE STATE OF SOUTHERN NEW JERSEY'S "DREAM."

SOME SIMPLE FIGURES TELL THE STORY OF WHAT THE DREAM COULD BE. IN NEW JERSEY, AVIATION CONTRIBUTED SOME \$2 BILLION TO THE STATE'S ECONOMY IN 1983. THERE WERE 4 MILLION VISITORS BY AIR AND THEY SPENT ABOUT \$1 BILLION.

WHAT WAS THE ECONOMIC IMPACT OF AVIATION IN SOUTHERN NEW JERSEY? HERE ARE SOME ESTIMATES WE HAVE: \$200 MILLION WAS CONTRIBUTED TO THE ECONOMY BY 500,000 AIR TRAVELERS, WHO SPENT ABOUT \$170 MILLION.

50 - 100 fts/hr capacity - 200 fts/yr conv.

AND WHERE CAN THIS LEAD? A STUDY WE DID NOT LONG AGO FOR SOUTHERN NEW JERSEY ESTIMATES THESE LEVELS CAN GROW BY MORE THAN FIVE-FOLD IN TEN YEARS. THAT WOULD BE IN THE ORDER OF \$850 MILLION IN VISITOR SPENDING GENERATED BY AIR TRAVEL.

That's only one part ... an airport can also spur industrial development ... West City ... 125 based area aircraft ... 100 Fortune 500 co. industrial plants ... warehouses ... residential areas. Cash

WHY ISN'T THE DREAM BEING REALIZED AS FAST AS MANY EXPECTED?

THOSE WHO BUILT THEIR HOPES ON THE ECONOMIC REBIRTH OF THIS AREA INITIALLY FELT THAT AVIATION HAD A SMALL ROLE TO PLAY. THIS WAS BECAUSE THE MARKET FOR CASINO PATRONS WAS VIEWED AS MAINLY WITHIN A 150 MILE RADIUS OF ATLANTIC CITY. SO, THE AIR TRAVEL MARKET STARTED OFF BEING NEGLECTED.

THE CLOSE-IN SURFACE TRANSPORTATION MARKET NOW, HOWEVER, LOOKS LIKE IT HAS BEEN TAPPED. FOR CONTINUED GROWTH, A BROADENING OF THE MARKET SEEMS NECESSARY.

FURTHERMORE, CASINO GROWTH HAS SLOWED AND MOST ARE MAKING LESS MONEY THAN A YEAR AGO.

AS BUSINESS WEEK MAGAZINE REPORTED RECENTLY, CASINO REVENUES ROSE BY 10 PERCENT TO A RECORD \$1.95 BILLION LAST YEAR. BUT THIS INCREASE OCCURRED WITH A NEW CASINO TO SHARE THE REVENUES--AND THE 10 PERCENT GROWTH IS A FAR CRY FROM THE 63 PERCENT COMPOUNDED REVENUE GROWTH ATLANTIC CITY CLAIMED IN ITS FIRST FIVE YEARS OF GAMBLING.

FURTHERMORE, VISITOR TRAFFIC IN 1984 INCREASED BY ONLY 7.6 PERCENT, COMPARED WITH A 13.3 PERCENT GAIN IN 1983, ACCORDING TO BUSINESS WEEK.

A COUPLE OF YEARS AGO WE ALL WERE OPTIMISTIC ABOUT VISITOR PROJECTIONS FOR THE ATLANTIC CITY AREA. YOU MAY RECALL THAT A MAJOR STUDY WE DID PROJECTED ABOUT A DOUBLING IN THE GROWTH OF AIR TRAVELERS TO 1.4 MILLION THIS YEAR AND ALMOST 5 MILLION TEN YEARS DOWN THE ROAD. WE STILL BELIEVE THAT WILL ULTIMATELY MATERIALIZE.

30x

4/19

ANALYSTS SAY TWO OF THE MAJOR REASONS FOR THE SLOWDOWN ARE: A LACK OF HOTEL ROOMS AND POOR AVIATION SERVICE AND FACILITIES. (OTHER REASONS ARE THE APPEARANCE OF THE NON-CASINO DOWNTOWN ATLANTIC CITY AREA AND A NEED TO REVITALIZE THE CONVENTION BUSINESS).

WITH REGARD TO HOTEL ROOMS AND AIR TRAVEL, THE TWO GO HAND-IN-HAND. ATLANTIC CITY IS NOT DRAWING PEOPLE OUTSIDE OF THE 150-MILE MARKETPLACE. IT'S GETTING THE TRAFFIC "OVER THE ROAD" FROM CARS, AND BUSES. THESE PEOPLE ARE DAY-TRIPPERS AND THEY DON'T NEED HOTEL ROOMS.

PEOPLE EXPRESS AIRLINES STARTED SERVICE AT THE ATLANTIC CITY AIRPORT AND THEN HAD TO CANCEL IT. WHY? THERE WERE INSUFFICIENT HOTEL ROOMS TO MEET DEMAND. *Business Week 3/18 pointed out refuse to fly to ACY until there are at least 1000 rooms ... number won't be reached till at least 1986.*

ON TOP OF THIS, PUBLIC FACILITIES AT THE ATLANTIC CITY MUNICIPAL AIRPORT TERMINAL AT POMONA, SUCH AS PARKING, LEAVE VERY MUCH TO BE DESIRED. FOR THIS REASON AND OTHERS, AIRLINES WERE NOT REALLY ENCOURAGED TO OPERATE OUT OF ATLANTIC CITY. WHAT WAS NEEDED WAS A PERIOD OF NURTURING AIRLINE OPERATIONS TO ENSURE THAT THEY TAKE HOLD.

THIS IS IN PART WHY THE DREAM IS NOT BEING FULLY REALIZED. SOMETIMES I WONDER IF THE DREAM MAY NOT HAVE GONE SOUR, THERE MAY HAVE BEEN THE OPPORTUNITY--PERHAPS PASSED UP--OF ATLANTIC CITY BECOMING AN AIRLINE HUB WITH ROUTES OR SPOKES STRETCHING

21x

5/195

OUT TO OTHER PARTS OF THE NATION. IT COULD BE SIMILAR TO HUBS
LIKE NEWARK AND BALTIMORE WHICH HAVE MUSHROOMED AS PART OF
AIRLINE EXPANSION IN THIS ERA OF AIRLINE DEREGULATION. NYA
at Dulles

FINANCIAL WORLD MAGAZINE SUMMED UP THE SITUATION OVER A
YEAR AGO THIS WAY:

"IF ATLANTIC CITY IS TO BECOME A MAJOR CONVENTION DESTIN-
ATION, IT ALSO WILL NEED A VIABLE COMMERCIAL AIRPORT. ATLANTIC
CITY INTERNATIONAL AIR TERMINAL, LOCATED ABOUT 15 MILES FROM THE
BOARDWALK, FITS THE BILL. (BUT) IT IS IN POOR PHYSICAL SHAPE
AND NEEDS HEAVY RENOVATION...

"THE POTENTIAL OF ATLANTIC CITY AS A MAJOR AIR-LINK WILL
GENERATE DRAMATIC INCREASES IN VISITORS," THE MAGAZINE SAYS,
QUOTING THE INVESTMENT HOUSE OF BEAR STEARNS. "IT WILL HELP
SMOOTH OUT ATLANTIC CITY'S SEASONALITY AND ASSURE A LONGER
LENGTH OF STAY PER VISITOR."

I AM ENCOURAGED THAT WITH THE NEW CONVENTION CENTER THAT IS
PLANNED WILL COME NEW NON-CASINO HOTELS. THIS WILL ENABLE
TRAVEL AGENTS NATIONWIDE TO BOOK THREE TO FOUR-DAY AIR CHARTERS
INTO ATLANTIC CITY. WHEN SUFFICIENT CHARTERS DEVELOP, SCHEDULED
AIR SERVICE WILL REALLY BEGIN. I BELIEVE SUCH DEVELOPMENTS ALSO
WILL TRIGGER A SECOND WAVE OF ATLANTIC CITY DEVELOPMENT.

THE MAIN POINT I AM MAKING IS THAT AIR TRAVEL, THE REBIRTH
OF CONVENTION ACTIVITY, NON-CASINO DEVELOPMENT AND CONTINUED

6/195

GROWTH OF ATLANTIC CITY ARE ALL TIED TOGETHER. NONE OF THE KEY INGREDIENTS CAN BE NEGLECTED WITHOUT ECONOMIC CONSEQUENCES.

THERE IS STILL THE OPPORTUNITY FOR SOUTHERN JERSEY TO CAPTURE ITS DREAM.

HOW? FIRST, OF COURSE, THERE IS THE NEED FOR MORE HOTEL ROOMS AND REVITALIZATION OF THE CONVENTION BUSINESS. I'M NOT AN EXPERT ON EITHER, BUT I CAN TELL YOU WHAT IT TAKES TO HAVE A STRONG AVIATION SYSTEM. THE FOUNDATION IS MODERN, WELL-RUN AIRPORTS. AT THE SAME TIME, A STRONG MARKETING PROGRAM IS NEEDED TO SELL THE AIRPORTS TO THE AIRLINE COMMUNITY AND THE FLYING PUBLIC AS WELL.

*→ what does it take ... 4 pieces
/ ascent*

AT THE HEART OF A WELL-RUN AIRPORT IS GOOD AIRPORT DEVELOPMENT, ADMINISTRATION AND MANAGEMENT OF BOTH BADER FIELD AND THE ATLANTIC CITY AIRPORT IN EGG HARBOR TOWNSHIP NEAR POMONA. AS YOU KNOW, THE FORMER IS OWNED AND OPERATED BY ATLANTIC CITY; THE LATER IS OWNED AND OPERATED BY THE FAA TECHNICAL CENTER, EXCEPT FOR THE MUNICIPAL PASSENGER TERMINAL THERE, WHICH IS RUN BY ATLANTIC CITY.

WE WANT SOUND AND BALANCED MANAGEMENT AT THESE TWO FACILITIES. GONE ARE THE PRE-CASINO DAYS WHEN EACH AIRPORT COULD DO ITS OWN THING WITHOUT SERIOUS REPERCUSSIONS. NOW, BOTH ARE CLOSELY LINKED IN A SYSTEM OF AIR TRAVEL TO THIS AREA.

ALTHOUGH THE FEDERAL AVIATION ADMINISTRATION IS NOT IN THE BUSINESS OF MAKING AIRPORT MANAGEMENT RECOMMENDATIONS, WE DO FAVOR MANAGEMENT BY AN AUTHORITY OR SOME SUCH MECHANISM THAT HAS THESE FEATURES:

- POLITICAL STABILITY.
- INDEPENDENT DECISION-MAKING.
- FINANCIAL INDEPENDENCE.
- ABILITY TO ACT AS SPONSOR OF FEDERAL GRANTS.
- CAPABILITY OF DEALING EFFECTIVELY WITH AREA-WIDE TRANSPORTATION NEEDS.
- ABILITY TO ENSURE CONTINUATION OF THE RESEARCH AND DEVELOPMENT MISSION OF THE FAA TECHNICAL CENTER.
- RELATIVE FREEDOM FROM JURISDICTIONAL PROBLEMS.

IT IS DIFFICULT FOR US TO ENVISION A BODY MADE UP OF ONE POLITICAL ENTITY THAT CAN ADMINISTER AND OWN AN AIRPORT, LIKE THE ONE AT POMONA, BECAUSE IT IS SURROUNDED BY FOUR DIFFERENT MUNICIPALITIES. THIS IS A VERY IMPORTANT CONSIDERATION IN DEALING EFFECTIVELY WITH FUTURE PUBLIC CONCERNS AND SURROUNDING LAND-USE COMPATIBILITY AS CIVIL AVIATION ACTIVITY GROWS.

24x

8/19E

IT IS EQUALLY DIFFICULT FOR US TO SEE HOW A CITY ORGANIZATION ALONE CAN ADMINISTER AN AIRPORT NOT IN THE CITY, BUT IN SUCH A MULTI-JURISDICTIONAL LOCATION. I'M NOT SAYING FOR A MOMENT THAT THE CITY SHOULDN'T HAVE A ROLE, BUT IT SHOULD BE ONE BALANCED AGAINST THE ROLES OF OTHER JURISDICTIONS THAT HAVE A STAKE IN THE AIRPORTS.

WHILE WE'RE ATTRACTED TO THE REGIONAL AUTHORITY CONCEPT, TO BE SURE, THERE MAY BE OTHER MECHANISMS, TOO. WE DON'T NECESSARILY HAVE A PRECONCEIVED NOTION. IF SOMEONE CAN DEMONSTRATE A MECHANISM THAT CAN MEET OUR CONCERNS, WE COULD SUPPORT IT.

I AM PLEASED TO REPORT THAT AN IMPORTANT STEP HAS BEEN TAKEN IN THIS GENERAL DIRECTION. WE HAVE SUCCEEDED IN BRINGING TOGETHER TOWARD A COMMON GOAL THE THREE MAIN PARTIES INVOLVED WITH THE AIRPORTS IN THIS AREA: THE CITY, ATLANTIC COUNTY AND THE FEDERAL GOVERNMENT. ALL ARE IN AGREEMENT THAT BOTH BADER AND THE POMONA AIRPORTS ARE IN NEED OF COMMON PROFESSIONAL ADMINISTRATION AND MANAGEMENT, AND TO BEGIN THIS WITH THE IDENTIFICATION OF REQUIREMENTS THROUGH INITIATION OF A MASTER PLAN COVERING BOTH FACILITIES.

AS A RESULT, FAA, THE COUNTY AND THE CITY HAVE DEVELOPED A JOINT STATEMENT OF THE WORK REQUIRED TO PROVIDE FOR SUCH A MASTER PLAN FOR BOTH AIRPORTS. THE PLAN ALSO WILL RECOMMEND A MANAGEMENT SCHEME TO BEST IMPLEMENT THE PLAN AND THEREBY SERVE THE NEEDS OF THE AIRPORTS AND THE COMMUNITY.

I WISH TO TAKE THIS OPPORTUNITY TO PRAISE OFFICIALS OF THE CITY AND THE COUNTY FOR HAVING THE FORESIGHT AND COMMITMENT TO ENTER INTO THIS JOINT UNDERTAKING. TO THEIR CREDIT, THEY CHOSE TO SEEK OUTSIDE PROFESSIONAL AND INDEPENDENT EXPERTS TO COME UP WITH THE BEST POSSIBLE PROPOSAL.

OBVIOUSLY, FAA FULLY ENDORSES THIS EFFORT. WE PLEDGE FULL SUPPORT. IN FACT, WE ARE PREPARED TO FUND 90 PERCENT OF THE STUDY AS NECESSARY. WE EXPECT THE MASTER PLAN TO BE COMPLETED WITHIN A YEAR.

→ EACH OF THE PARTICIPANTS IN THE STUDY HAS PREPARED A COMPREHENSIVE LIST OF CONCERNS THAT WILL BE ADDRESSED BY THE MASTER PLAN. UNLESS THESE IMPORTANT ISSUES ARE DEALT WITH, LITTLE PLANNING PROGRESS IS POSSIBLE. LET ME SUMMARIZE SOME OF THESE CONCERNS:

FROM THE FAA'S STANDPOINT THESE INCLUDE IN ADDITION TO PRESERVING THE TECHNICAL CENTER'S ROLE:

- MAINTAINING THE NATIONAL DEFENSE MISSION OF THE NEW JERSEY NATIONAL GUARD AT POMONA AIRPORT.
- PROVIDING PROPER MANAGEMENT OF CIVIL AVIATION ACTIVITIES INSULATED FROM POLITICAL CHANGES.

- MAINTAINING THE PROPER ZONING CONTROL IN THE COMMUNITIES SURROUNDING THE AIRPORT TO TAKE INTO ACCOUNT FUTURE DEVELOPMENT PLANS.
- PROVIDING PROPER GROUND TRANSPORTATION.

ATLANTIC COUNTY'S CONCERNS INVOLVE:

- THE IMPACT OF AIRPORT EXPANSION AND DEVELOPMENT ON ADJACENT COMMUNITIES.
- THE ROLE OF THE MUNICIPAL AIRPORT AT HAMMONTON.
- INTEGRATION WITH ROADWAYS AND WITH BUS AND RAIL SERVICE.
- ANCILLARY DEVELOPMENT BENEFITS TO COMMUNITY AND USERS IN TERMS OF INDUSTRIAL DEVELOPMENT, EMPLOYMENT, TAX REVENUES, ETC.
- FINANCIAL AND INSTITUTIONAL STABILITY, INDEPENDENCE AND RESPONSIBILITIES OF ANY AIRPORT AUTHORITY.

AS FOR ATLANTIC CITY, ITS SPECIAL INTERESTS INCLUDE:

- SAFETY CONSIDERATIONS IN OPERATING BADER FIELD.

- ADEQUACY TO GROUND TRANSPORTATION SYSTEMS.
- IMPACT ON NON-CASINO HOTEL DEVELOPMENT.
- STATE AND FEDERAL FUNDING AVAILABILITY FOR PROJECTED CAPITAL IMPROVEMENT PROJECTS.
- IMPACT OF INCREASED TRAFFIC ON ATLANTIC CITY AND SURROUNDING COMMUNITIES.

NOW THAT YOU ARE UP-TO-DATE ON WHERE WE STAND TODAY ON THE AIRPORT SITUATION, LET ME TURN FOR A MOMENT TO ONE ADDITIONAL CONCERN. IT HAS TO DO WITH THE RAPID GROWTH OF HELICOPTER LANDING AREAS IN ATLANTIC CITY.

FAA TAKES THE POSITION THAT BADER FIELD SHOULD ACCOMMODATE SHORT-HAUL AIRCRAFT AND HELICOPTERS TO THE FULLEST, SAFEST, EXTENT POSSIBLE. BEYOND THAT, PASSENGER-CARRYING HELICOPTERS SHOULD BE LANDING ONLY AT A FEW, WELL-PLACED PUBLIC USE HELIPORTS. ANY OTHER PUBLIC USE HELICOPTER LANDING AREAS SHOULD BE ONLY FOR LIMITED USE ONLY.

THE FAA WILL CONTINUE TO WORK CLOSELY WITH THE NEW JERSEY DEPARTMENT OF TRANSPORTATION AND WE ALSO EXPECT THE CONTINUED COOPERATION FROM AVIATION SYSTEM USERS.

12/195

I KNOW THIS HELICOPTER ISSUE IS OF PARTICULAR CONCERN TO ATLANTIC CITY AND YOU CAN BE ASSURED THAT IT WILL BE ADDRESSED IN THE FORTHCOMING MASTER PLAN.

IN CLOSING, I WANT TO REEMPHASIZE THE IMPORTANCE OF AVIATION TO YOUR AREA AND THE NECESSITY TO PREPARE FOR ITS FUTURE GROWTH. ALTHOUGH THERE'S BEEN A TEMPORARY SLOWDOWN IN VISITORS, AS I MENTIONED EARLIER, THERE STILL HAS BEEN GROWTH IN ACTIVITY AT BADER FIELD.

Don't wait. The dream is not the impossible dream - ... It can be made a reality.

~~THE PASSENGER COUNT LAST YEAR ROSE TO 163,000 FROM 136,000 THE YEAR BEFORE FOR AN INCREASE OF SOME 20 PERCENT. THIS ONLY REAFFIRMS OUR BELIEF IN THE IMPORTANCE OF THIS "INNER-CITY" AIRPORT.~~

~~WE FIRMLY BELIEVE THAT THIS AIRPORT SHOULD BE MAINTAINED AS A SHORT-HAUL PASSENGER FACILITY WITH THE POMONA AIRPORT SERVING MEDIUM AND LONG-RANGE NEEDS. BOTH ARE AN INTEGRAL PART OF THE U.S. SYSTEM OF AIRPORTS WHICH HAS CONTRIBUTED SO MUCH TO A NATIONAL AIR TRANSPORTATION SYSTEM THAT CARRIES MORE THAN 325 MILLION PASSENGERS ANNUALLY AND IS SECOND TO NONE IN THE WORLD.~~

~~I PROBABLY NEEDN'T TELL YOU MORE ABOUT THE ECONOMICS OF AIRPORTS AND THEIR CONTRIBUTIONS TO A COMMUNITY. MOST OF YOU ARE BUSINESSMEN AND KNOW A GREAT DEAL ABOUT THIS FROM FIRST-HAND EXPERIENCE, BUT I FEEL THIS INFORMATION IS SO IMPORTANT THAT IT BEARS EXPANDING UPON A LITTLE FURTHER.~~

TO BEGIN WITH, BOTH BADER AND THE POMONA AIRPORTS SHOULD BE VIEWED AS ECONOMIC RATHER THAN FINANCIAL ASSETS. LET ME GIVE YOU SOME ADDITIONAL QUICK FIGURES TO SHOW THEIR ECONOMIC POWER.

ON AN ANNUAL BASIS, EMPLOYEE SALARIES CAME TO ALMOST \$6 MILLION. CONSTRUCTION EXPENDITURES HAVE BEEN \$8 MILLION OVER THE PAST 5 YEARS WITH AN ADDITIONAL ANTICIPATED OUTLAY OF \$8-10 MILLION OVER THE NEXT FIVE YEARS.

NO SMALL FIGURES, TO BE SURE. AND ONES THAT WILL BE GROWING IN THE FUTURE AS AIRPORT ACTIVITY EXPANDS.

THERE'S AN IMPORTANT MESSAGE IN THESE NUMBERS FOR SOUTHERN JERSEY AND THEIR ECONOMIC MAGNITUDE.

I LOOK FORWARD TO WORKING WITH THE COUNTY, THE CITY AND THE STATE TO MAKING ATLANTIC CITY AND SOUTH JERSEY THE PREMIER AREA IN THE FIELD OF AVIATION. WORKING TOGETHER WE CAN DO IT. I ALSO LOOK FORWARD TO THE CONTRIBUTIONS EACH AND EVERYONE HERE CAN MAKE TOWARD THIS WORTHY GOAL.

THANK YOU.



NEW JERSEY TURNPIKE AUTHORITY

(201, 247-6500

NEW BRUNSWICK, N J 08903

July 30, 1982

John W. Wopat III, Esquire
Assistant Counsel to the Governor
State House
Trenton, New Jersey 08625

Dear John:

Re: Senate Bill No. 157

Senate Bill No. 157 would authorize the New Jersey Turnpike Authority to undertake the construction of Cross-South Jersey Spur from Turnpike Interchange No. 1 at Deepwater, Salem County, to the Garden State Parkway in Cape May County. The project is subject to economic and environmental feasibility studies. Such a project would be a financial disaster to the Turnpike Authority.

To analyze the financial feasibility of this project, we must use current average cost per mile for a four-lane divided highway of \$4,000,000, \$3,500,000 per interchange and \$1,500,000 per bridge. Growth projections of 2% per year over 40 years must also be considered.

A project of 56 miles with 20 bridges and 3 interchanges, such as this bill would authorize, would bring the total construction cost to approximately \$270,000,000.

Project Length: 56 miles of 4-lane divided highway
Number of Bridges: 20
Number of Interchanges: 3
56 x \$4m + 20 x \$1.5m + 3 x \$3.5m = \$264.5m; plus
growth projects = \$270m

Annual costs of maintaining and repairing must also be considered to appreciate the enormous investment such a project would entail.

Annual Costs

Debt Service: 40-year bonds @ 10% interest for \$270,000,000 =
\$270m x 0.10226 = \$27,610,000

Maintenance: 1/4 of present Turnpike Budget of \$21,800,000
for normal maintenance = \$5,450,000

Major Maintenance: i.e., resurfacing, bridge repairs, painting,
etc. by Capital Budget = \$1,000,000

Toll Collection: (3 proposed interchanges) Toll Collection
annual budget - \$23,300,000 for 26 existing
interchanges = \$2,690,000

Operations/Policing/Administration: \$1,000,000

The total annual cost for this proposed project would be \$37,750,000.

Annual Income

Using the southern Turnpike per mile toll rate of
1.7 cents, it is assumed the average toll from Deepwater to
an interchange at Vineland would be 60 cents per vehicle and
40 cents from Vineland to the Parkway in Cape May County.

Analyzing existing traffic on Routes 40, 47, 49,
50, 77 and 83, the Traffic Engineer has recommended assigning
19,000 vehicles per day to the Deepwater to Vineland section
and 12,000 vehicles per day from Vineland to the east. Growth
factors of 1% from 1984 to 1993, 2% from 1994 to 2013 and
4% from 2014 to 2023 for the 40-year bond life were recommended.
This equates to 2% compound growth for 40 years and year
2023 traffic would be 22,020 vehicles per day to Vineland
and 14,680 vehicles per day east of Vineland.

The annual income in 2023 would therefore be:

(22,020 x \$0.60 = 14,680 x \$0.40) x 365 = \$6,965,660,
or to round off, \$7,000,000.

With our annual costs established at \$37,750,000,
even in the year 2023, there will be a \$30,750,000 shortfall
to the Authority, which would have to be offset by some other
means. In 1984, the income would only be \$4,800,000, a \$33,000,000
shortfall. A toll increase would be imperative to satisfy

John W. Kopat III, Esq.
Re: Senate Bill No. 157
July 30, 1962
Page 3

To satisfy annual costs from this project alone, would require a full 56-mile toll of \$5.40, or 9.6 cents per mile. This is a self-defeating, excessive toll rate of 4.3 times higher than the Atlantic City Expressway's \$1.25 toll, a possible alternative for Atlantic City-bound patrons. Therefore, a toll increase on the existing Turnpike would be required to cover the \$30,000,000 annual deficit, unless some other means of funding is developed.

To embark on an Environmental Impact Statement, which would cost \$450,000, without some semblance of financial feasibility, would be a waste of money from the Authority's point of view and would violate our responsibility to our Bondholders. The Environmental Impact Statement should not be undertaken until the need, through engineering and traffic-engineering studies, can be determined.

The route location is to be determined with the Commissioner of Transportation and Highway Authority approvals. In addition, the Commissioner of Environmental Protection will control the Impact Statement for the route locations proposed. This project would cross wetlands in Cape May County, the Belieplaine State Forest near Woodbine and traverse several fish and wildlife management areas in Cumberland County.

The Authority, if this Bill passes, would be put in the position of consultant subject to the dictates of three other state agencies, each having the power to veto or force a redraft of the Environmental Impact Statement by changing the route. These factors would make it impossible to develop an impartial study necessary for the tests of a Turnpike project as required in our Bond Covenants.

If this Bill is passed, our present Bondholders will be adversely affected. This Bill would cause violations of Covenants and assurances afforded to our Bondholders by the Turnpike Authority through our contract with the Bondholders and also by the State of New Jersey. In our existing Bondholder contract, it is stated that the Authority shall not incur Operating Expenses in any year in excess of the reasonable and necessary amount thereof. (B711); and the Authority shall, at all times, operate or cause to be operated the Turnpike System properly and in a sound and economical manner. (B712(2)). To undertake this proposed project would be a direct violation of these Covenants. Also, by law, the State of New Jersey owes a duty to Turnpike Bondholders. N.J.S.A. 27:23-7 states, in pertinent part:

331

John W. Wopat III, Esq.
Re: Senate Bill No. 157
July 30, 1982
Page 4

"The State of New Jersey does pledge and agree with the holders of the bonds issued pursuant to Authority contained in this act, [the Turnpike Authority's Enabling Statute] that the State will not...in any way impair the rights or remedies of the holders of such bonds until, the bonds, together with interest thereon, are fully paid and discharged."
(Comment added).

Thus, if this Bill is passed, New Jersey would be violating this statutory agreement with our Bondholders because the economic disaster which would result from this proposed project would be a violation of the rights of our Bondholders, the right to compensation for their bonds.

The passage of this Bill may also raise a constitutional question. The relationship between the Turnpike Authority and the Bondholders is contractual and the Bill may be violative of the constitutional proscription against the impairment of contracts. Article 1, §10 cl. 1 of the Constitution states, in pertinent part:

"No State shall...pass any...Law impairing the Obligation of Contracts..."

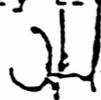
The leading New Jersey case on bondholder rights is Fidelity Union Trust Co. v. N.J. Highway Authority, 426 A. 2d 488, 85 N.J. 277 (1981). In that case, the Supreme Court of New Jersey ruled that the delegation of the right to veto toll adjustments to the Governor and either the State Treasurer or the Comptroller of the Treasury did not violate the contract clause. The Court ruled in this matter because the modification was an organizational one and did not touch upon the financial obligation owed to the bondholders. N.J.S.A. Const. Art. 1, par. 10; Art. 4 §7, par. 3; U.S.C.A. Const. Art. 1, §10, cl. 1. The delegation was not directly related to the financial integrity of the bonds. When the financial security of bondholders is in question, the Courts seem to indicate that greater protection be afforded.

In conclusion, I would just like to restate that Senate Bill No. 157, in its present form, is financially inadequate and quite restrictive upon this Authority, and therefore, I am opposed to the passage of such legislation. Members of the Authority would welcome the opportunity to further discuss

John W. Wopat III, Esq.
Re: Senate Bill No. 157
July 30, 1982
Page 5

this matter with you and other members of the Governor's Counsel's Office. Please accept my appreciation for your attention to this letter and to the matter of concern to the Authority I have expressed herein.

Very truly yours,



Herbert I. Olarsch
Senior Attorney

CC: Hon. Joseph A. Sullivan
Mr. William J. Flanagan
David Samson, Esquire

