

Committee Meeting

of

SENATE TRANSPORTATION COMMITTEE

SENATE BILL No. 2327

"Authorizes bonds for \$450 million for various cleanups and related water supply projects"

and

ASSEMBLY BILL No. 1674 (1R)

"Provides legislative authorization for certain projects of the Delaware River and Bay Authority"

974-90

H 255

1995v.2

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

DATE: November 9, 1995
10:00 a.m.

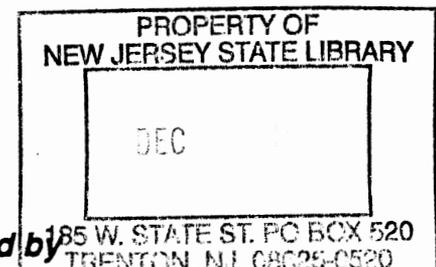
MEMBERS OF COMMITTEE PRESENT:

Senator C. William Haines, Chairman
Senator Andrew R. Ciesla, Vice-Chairman
Senator Gerald Cardinale
Senator John H. Adler
Senator Nicholas J. Sacco

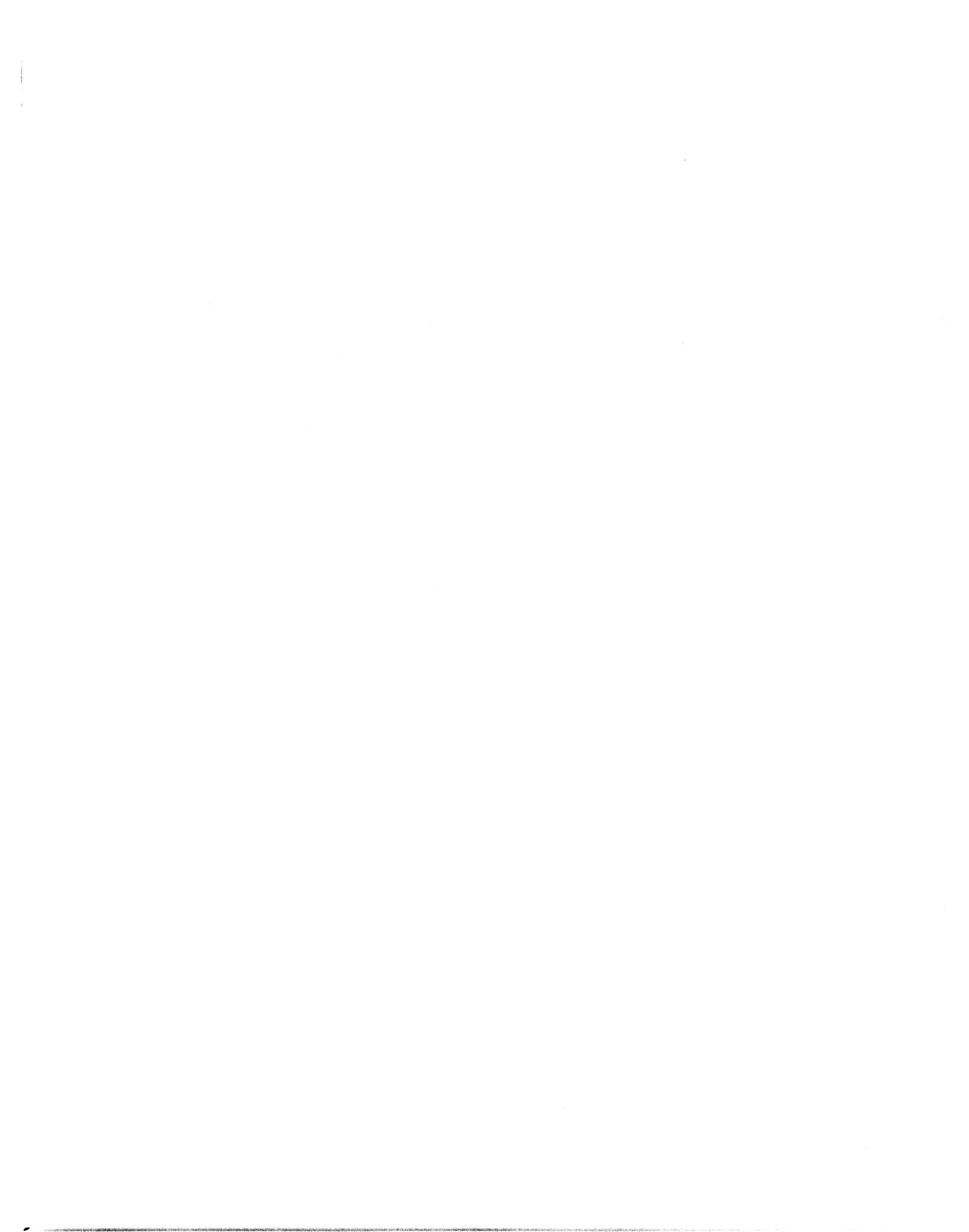


ALSO PRESENT:

Peter R. Manoogian
Office of Legislative Services
Aide, Senate Transportation Committee



Hearing Recorded and Transcribed by The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625



STATE OF NEW JERSEY

INTRODUCED OCTOBER 19, 1995

By Senators DiFRANCESCO, O'CONNOR, Haines,
Sacco, Lesniak, Bassano, Sinagra, McNamara,
LaRossa, Rice and Kenny

1 AN ACT authorizing the creation of a debt of the State of New
2 Jersey by issuance of bonds of the State in the ¹[sum]
3 aggregate principal amount¹ of ¹[\$450,000,000.00]
4 \$450,000,000¹ to provide moneys for the remediation of
5 hazardous discharge sites¹; ¹for the construction of potable
6 water treatment, replacement or supply projects when ¹public
7 or private¹ potable water ¹[is] supplies are¹ determined to be
8 contaminated¹; ¹for loans to upgrade underground storage
9 tanks and the remediation of any discharge therefrom¹; ¹for
10 the dredging of the Kill Van Kull¹; ¹for the construction of
11 subaqueous pits and a containment island ¹or islands¹ for the
12 disposal of dredged material ¹from the port area¹; providing
13 the ways and means to pay and discharge the principal and
14 interest thereof; providing for the submission of this act to the
15 people at ¹[the] a¹ general election; and making an
16 appropriation.

17
18 BE IT ENACTED *by the Senate and General Assembly of the*
19 *State of New Jersey:*

20 1. This act shall be known and may be cited as the
21 "Environmental Cleanup and Containment Bond Act of 1996."

22 2. The Legislature finds and declares that the improper,
23 irresponsible, and ¹[sometime] sometimes¹ illegal discharge of
24 hazardous substances presents a grave threat to the public health
25 and safety, and to the environment, that the dangers posed by
26 these discharges can be minimized only by prompt identification,
27 cleanup and removal of these hazardous discharges, that existing
28 funding sources are not adequate to finance these remediation
29 operations, and that it is therefore in the best interests of all
30 citizens of this State to provide a funding mechanism to finance
31 the prompt and efficient remediation of hazardous discharge sites.

32 The Legislature further finds and declares that discharges from
33 underground storage tanks pose a substantial threat to the
34 State's drinking water resources and ¹to¹ the public health and
35 safety. Persons owning underground storage tanks lack the
36 resources to upgrade their tanks in accordance with upcoming
37 federal and State deadlines, and to perform any necessary
38 cleanup required by a discharge from the tank. Therefore, it is in
39 the best interests of all the citizens of the State to provide loans
40 for the upgrade of underground storage tanks and the cleanup of
41 any discharge therefrom.

42 The Legislature further finds that the removal of sand, silt and
43 mud, also referred to as dredged material, from navigation

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
¹ Senate STR committee amendments adopted November 9, 1995.

1 channels and ship berths in the port area of New York City and
2 northern New Jersey must be performed on a regular basis to
3 ensure the continued economic viability of the shipping and trade
4 industry, which creates more than 200,000 direct and indirect
5 jobs, provides more than \$20 billion in regional economic benefits
6 and generates salaries and wages in excess of \$5 billion; that
7 while the economic importance of dredging is significant, it must
8 be recognized that dredged material is often contaminated with
9 harmful and dangerous substances; and that to continue to benefit
10 from the economic resource provided by an accessible port it is
11 therefore in the best interests of all citizens of this State to
12 provide a funding mechanism to finance the State's share of the
13 dredging of the Kill Van Kull, and the construction of subaqueous
14 pits and a containment island ¹or islands¹ to provide for the safe
15 disposal of dredged materials.

16 3. As used in this act, unless the context indicates a different
17 meaning or intent:

18 "Bonds" mean the bonds authorized to be issued, or issued,
19 under this act.

20 "Commission" means the New Jersey Commission on Capital
21 Budgeting and Planning.

22 ¹"Commissioner" means the Commissioner of Environmental
23 Protection.¹

24 "Construction" means, in addition to the usual meaning
25 thereof, acts of construction, reconstruction, improvement,
26 rehabilitation, relocation, demolition, renewal, repair,
27 replacement, extension, betterment, improvement, protection, or
28 consolidation or any combination thereof, of a containment island
29 or islands, and subaqueous pits for the disposal of dredged
30 materials, or of a public or private well, groundwater supply or
31 water supply facility, and includes the sealing of contaminated
32 wells and the closure of contaminated groundwater supplies.

33 "Containment island" means an upland or in-water confined
34 disposal facility which shall consist of an artificially constructed
35 island, a diked extension of an existing island, or a diked
36 extension of land located landward of the mean high water line of
37 tidal waters, and which is designated solely for the disposal of
38 dredged materials¹[.];¹

39 "Contamination" or ¹"contaminant" means any discharged
40 hazardous substance as defined pursuant to section 3 of P.L.1976,
41 c.141 (C.58:10-23.11b), hazardous waste as defined pursuant to
42 section 1 of P.L.1976, c.99 (C.13:1E-38), or pollutant as defined
43 pursuant to section 3 of P.L.1977, c.74 (C.58:10A-3); except that
44 sewage and sewage sludge shall not be considered as
45 contamination for the purposes of this act.

46 "Cost" means the expenses incurred in connection with: the
47 initiation, continuation, or completion of a remediation project at
48 hazardous discharge sites authorized by this act; the acquisition
49 by purchase, lease, or otherwise, and the construction of a water
50 supply treatment or replacement project or water supply facility
51 authorized by this act; the construction of a containment island
52 or islands, and subaqueous pits for the disposal of dredged
53 materials from the port region authorized by this act; the
54 dredging of the Kill Van Kull; the acquisition by purchase, lease,

1 or otherwise, and the development of any real or personal
2 property for use in connection with a project authorized by this
3 act, including any rights or interests therein, the execution of any
4 agreements and franchises deemed by the department to be
5 necessary or useful and convenient in connection with any project
6 authorized by this act: the procurement of engineering,
7 inspection, planning, legal, financial, or other professional
8 services, including the services of a bond ¹[register] registrar¹ or
9 an authenticating agent; the issuance of bonds, or any interest or
10 discount thereon; the administrative, organizational, operating or
11 other expenses incident to the financing, initiating, continuing,
12 completing, and placing into service of any project authorized by
13 this act, including the expense of salaries, supplies, equipment
14 and materials; the establishment of a reserve fund or funds for
15 working capital, operating, maintenance, or replacement
16 expenses and for the payment or security of principal or interest
17 on bonds, as the Director of the Division of Budget and
18 Accounting in the Department of the Treasury may determine;
19 and reimbursement to any fund of the State of moneys which may
20 have been transferred or advanced therefrom to any fund created
21 by this act, or any moneys which may have been expended
22 therefrom for, or in connection with, any project authorized by
23 this act.

24 "Department" means the Department of Environmental
25 Protection.

26 "Discharge" means an intentional or unintentional action or
27 omission resulting in the releasing, spilling, leaking, pumping,
28 pouring, emitting, emptying, or dumping of a contaminant onto
29 the land or into the waters of the State.

30 "Dredge or dredging" means the removal of sand, silt, mud, and
31 other materials from the bottom of a waterway in order to
32 deepen navigation channels and ship berths¹[;] ¹.

33 "Dredged material" means ¹[dredged]¹ material ¹removed by
34 dredging¹ that is, in the determination of the federal
35 Environmental Protection Agency, either unsuitable for ocean
36 disposal or suitable for ocean disposal only with capping¹[;] ¹.

37 "Government securities" means any bonds or other obligations
38 which as to principal and interest constitute direct obligations of,
39 or are unconditionally guaranteed by, the United States of
40 America, including obligations of any federal agency, to the
41 extent those obligations are unconditionally guaranteed by the
42 United States of America, and any certificates or any other
43 evidences of an ownership interest in those obligations of, or
44 unconditionally guaranteed by, the United States of America or in
45 specified portions which may consist of the principal of, or the
46 interest on, those obligations.

47 "Hazardous discharge site" means any location where
48 contaminants have been, are suspected to have been, or are
49 threatened to be discharged, and shall include the site at which
50 the discharge occurred, is suspected, or is threatened, and any
51 area to which the contamination has or may migrate.

52 "Port region" means the geographic area created by Article II
53 of the Compact of April 30, 1921, creating the bi-state agency,
54 now known as the Port Authority of New York and New Jersey,

1 and which is commonly referred to as the Port of New York
2 District¹[:]₁

3 "Project" means any work relating to the remediation of a
4 hazardous discharge site or the treatment or replacement of
5 contaminated public or private potable water supplies or the
6 construction of water supply facilities for the provision of
7 potable water or the construction of a containment island or
8 islands and subaqueous pits for the disposal of dredged material
9 from the port region, or the dredging of the Kill Van Kull.

10 "Remedial action" means those actions taken at a hazardous
11 discharge site, as may be required by the department, including
12 the removal, treatment, containment, transportation, securing, or
13 other engineering or treatment measures, whether of a
14 permanent nature or otherwise, designed to ensure that any
15 discharge at the hazardous discharge site is remediated in
16 compliance with the applicable remediation standards.

17 "Remediation" or "remediate" means all necessary actions to
18 investigate and clean up any known, suspected, or threatened
19 discharge of contaminants, including, as necessary, identifying
20 areas of concern and determining the presence of contaminants,
21 the collection and evaluation of data adequate to determine
22 whether or not discharged contaminants exist, determining the
23 nature and extent of any discharged contaminant and any
24 problems presented by a discharge, and the performance of a
25 remedial action.

26 "Subaqueous pit" means an excavated area within a waterway
27 used for the disposal of dredged material¹[:]₁

28 "Underground storage tank" means any one or combination of
29 tanks, including appurtenant pipes, lines, fixtures, and other
30 related equipment, used to contain an accumulation of hazardous
31 substances, the volume of which, including the volume of the
32 appurtenant pipes, lines, fixtures and other related equipment, is
33 10% or more below the ground¹[:]₁

34 "Upgrade" means the replacement of an underground storage
35 tank, the closure of an underground storage tank when another
36 tank exists at the facility, the installation of secondary
37 containment, monitoring systems, release detection systems,
38 corrosion protection, spill prevention, or overfill prevention
39 therefor, or any other necessary improvement to the tank in
40 order to meet the applicable federal and State standards¹[:]₁

41 "Water supply facilities" means the plants, structures,
42 interconnections between existing water supply systems,
43 machinery, equipment and other property, real, personal, and
44 mixed, constructed or operated, or to be constructed or operated,
45 for the purposes of augmenting the natural water resources of the
46 State and making available a supply of water for all uses, and any
47 and all appurtenances necessary, useful or convenient for making
48 available, collecting, impounding, storing, improving, treating and
49 filtering, or transmitting water.

50 4. The commissioner shall adopt, pursuant to the
51 "Administrative Procedure Act." P.L.1968, c.410 (C.52:14B-1 et
52 seq.), rules and regulations necessary to implement the provisions
53 of his act. The commissioner shall review and consider the
54 findings and recommendations of the commission in the

1 administration of the provisions of this act.

2 5. a. Bonds of the State of New Jersey are authorized to be
3 issued in the aggregate principal amount of \$150,000,000¹[,]¹ for
4 the purposes of financing the cost of completing or continuing a
5 phase of a remediation at a hazardous discharge site initiated by
6 the department prior to the ¹[effective]¹ date ¹of enactment¹ of
7 this act, the construction of water supply treatment or
8 replacement projects, including the construction of water supply
9 facilities, and providing State loans to finance the upgrades of
10 underground storage tanks and any remediation necessary due to
11 a discharge therefrom ¹[to be allocated as follows:];¹

12 ¹[(1)] b. Of the \$150,000,000 authorized pursuant to this
13 section,¹ \$75,000,000 shall be ¹allocated¹ for completing or
14 continuing a phase of a remediation at a hazardous discharge site
15 initiated by the department prior to the ¹[effective]¹ date ¹of
16 enactment¹ of this act, and the construction of water supply
17 treatment or replacement projects, including the construction of
18 water supply facilities, when potable water is determined by the
19 department to be contaminated or threatened by a discharge and
20 the department determines that an emergency exists. Moneys
21 available to the department for completing or continuing a phase
22 of a remediation at a hazardous discharge site initiated by the
23 department prior to the ¹[effective]¹ date ¹of enactment¹ of this
24 act may be used by the department for other hazardous discharge
25 site remediation activities if such moneys are not needed to
26 complete initiated work¹];¹

27 ¹[(2)] c. Of the \$150,000,000 authorized pursuant to this
28 section,¹ \$75,000,000 shall be ¹allocated¹ for State loans to
29 finance the upgrade of underground storage tanks and any
30 necessary remediation due to a discharge therefrom.

31 6. Bonds of the State of New Jersey are authorized to be
32 issued in the aggregate principal amount of \$200,000,000¹[,]¹ for
33 the purposes of financing the State's share of the cost of the
34 construction of subaqueous pits and a containment island or
35 islands for the disposal of dredged material from the port region
36 in accordance with all applicable State and federal laws, rules or
37 regulations.

38 7. Bonds of the State of New Jersey are authorized to be
39 issued in the aggregate principal amount of \$100,000,000¹[,]¹ for
40 the purposes of financing the State's share of the cost of
41 dredging the Kill Van Kull.

42 8. The bonds authorized under this act shall be serial bonds,
43 term bonds, or a combination thereof, and shall be known as
44 "Environmental Cleanup and Containment Bonds of 1996." These
45 bonds shall be issued from time to time as the issuing officials
46 herein named shall determine and may be issued in coupon form,
47 fully-registered form or book-entry form. The bonds may be
48 subject to redemption prior to maturity and shall mature and be
49 paid not later than 35 years from the respective dates of their
50 issuance.

51 9. The Governor, the State Treasurer and the Director of the
52 Division of Budget and Accounting in the Department of the
53 Treasury, or any two of these officials, herein referred to as "the
54 issuing officials," are authorized to carry out the provisions of

1 this act relating to the issuance of bonds, and shall determine all
2 matters in connection therewith, subject to the provisions of this
3 act. If an issuing official is absent from the State or incapable of
4 acting for any reason, the powers and duties of that issuing
5 official shall be exercised and performed by the person
6 authorized by law to act in an official capacity in the place of
7 that issuing official.

8 10. Bonds issued in accordance with the provisions of this act
9 shall be direct obligations of the State of New Jersey, and the
10 faith and credit of the State are pledged for the payment of the
11 interest and redemption premium thereon, if any, when due, and
12 for the payment of the principal thereof at maturity or earlier
13 redemption date. The principal of and interest on the bonds shall
14 be exempt from taxation by the State or by any county,
15 municipality or other taxing district of the State.

16 11. The bonds shall be signed in the name of the State by
17 means of the manual or facsimile signature of the Governor under
18 the Great Seal of the State, which seal may be by facsimile or by
19 way of any other form of reproduction on the bonds, and attested
20 by the manual or facsimile signature of the Secretary of State, or
21 an Assistant Secretary of State, and shall be countersigned by the
22 facsimile signature of the Director of the Division of Budget and
23 Accounting in the Department of the Treasury and may be
24 manually authenticated by an authenticating agent or bond
25 registrar, as the issuing officials shall determine. Interest
26 coupons, if any, attached to the bonds shall be signed by the
27 facsimile signature of the Director of the Division of Budget and
28 Accounting in the Department of the Treasury. The bonds may
29 be issued notwithstanding that an official signing them or whose
30 manual or facsimile signature appears on the bonds or coupons
31 has ceased to hold office at the time of issuance, or at the time
32 of the delivery of the bonds to the purchaser thereof.

33 12. a. The bonds shall recite that they are issued for the
34 purposes set forth in sections 5, 6 and 7 of this act, that they are
35 issued pursuant to this act, that this act was submitted to the
36 people of the State at the general election held in the month of
37 November, 1996, and that this act was approved by a majority of
38 the legally qualified voters of the State voting thereon at the
39 election. This recital shall be conclusive evidence of the
40 authority of the State to issue the bonds and their validity. Any
41 bonds containing this recital shall, in any suit, action or
42 proceeding involving their validity, be conclusively deemed to be
43 fully authorized by this act and to have been issued, sold,
44 executed and delivered in conformity herewith and with all other
45 provisions of law applicable hereto, and shall be incontestable for
46 any cause.

47 b. The bonds shall be issued in those denominations and in the
48 form or forms, whether coupon, fully-registered or book-entry,
49 and with or without provisions for the interchangeability thereof,
50 as may be determined by the issuing officials.

51 13. When the bonds are issued from time to time, the bonds of
52 each issue shall constitute a separate series to be designated by
53 the issuing officials. Each series of bonds shall bear such rate or

1 rates of interest as may be determined by the issuing officials,
2 which interest shall be payable semiannually; except that the
3 first and last interest periods may be longer or shorter, in order
4 that the intervening semiannual payments may be at convenient
5 dates.

6 14. The bonds shall be issued and sold at the price or prices
7 and under the terms, conditions and regulations as the issuing
8 officials may prescribe, after notice of the sale, published at
9 least once in at least three newspapers published in this State,
10 and at least once in a publication carrying municipal bond notices
11 and devoted primarily to financial news, published in this State or
12 in the city of New York, the first notice to appear at least five
13 days prior to the day of bidding. The notice of sale may contain a
14 provision to the effect that any bid in pursuance thereof may be
15 rejected. In the event of rejection or failure to receive any
16 acceptable bid, the issuing officials, at any time within 60 days
17 from the date of the advertised sale, may sell the bonds at a
18 private sale at such price or prices and under the terms and
19 conditions as the issuing officials may prescribe. The issuing
20 officials may sell all or part of the bonds of any series as issued
21 to any State fund or to the federal government or any agency
22 thereof, at a private sale, without advertisement.

23 15. Until permanent bonds are prepared, the issuing officials
24 may issue temporary bonds in a form and with those privileges as
25 to their registration and exchange for permanent bonds as may be
26 determined by the issuing officials.

27 ¹[16. The proceeds derived from the sale of bonds shall be paid
28 to the State Treasurer in a separate fund, which shall be known as
29 the "Environmental Cleanup and Containment Fund of 1996."
30 The proceeds of this fund shall be deposited in those depositories
31 as may be selected by the State Treasurer to the credit of the
32 fund.]¹

33 ¹16. The State Treasurer shall establish a fund to be known as
34 the "1996 Environmental Cleanup Fund," and the moneys therein
35 shall be held in those depositories as the State Treasurer may
36 select. The State Treasurer shall deposit into the fund all
37 proceeds from the sale of the bonds issued by the State under this
38 act for the remediation of hazardous discharge sites and the
39 construction of water supply treatment or replacement projects
40 as set forth in subsection b. of section 5 of this act. The moneys
41 in the fund are specifically dedicated and shall be applied to the
42 cost of the purposes set forth in subsection b. of section 5 of this
43 act. Moneys in the fund shall not be expended except in
44 accordance with appropriations from the fund made by law, but
45 bonds may be issued as herein provided, notwithstanding that the
46 Legislature shall not have then adopted an act making a specific
47 appropriation of any of the moneys. Any act appropriating
48 moneys from the "1996 Environmental Cleanup Fund" for the
49 purposes of subsection b. of section 5 of this act need not identify
50 the particular project or projects to be funded by the money.¹

51 ¹17. The State Treasurer shall establish a revolving, nonlapsing
52 fund to be known as the "1996 Underground Storage Tank Trust
53 Fund," and the moneys therein shall be held in those depositories

1 as the State Treasurer may select. The State Treasurer shall
2 deposit into the fund all proceeds from the sale of the bonds
3 issued by the State under this act for loans as set forth in
4 subsection c. of section 5 of this act. The moneys in the fund are
5 specifically dedicated and shall be applied to the cost of the
6 purposes set forth in subsection c. of section 5 of this act.
7 Moneys derived from the payment of principal and interest on the
8 loans authorized in subsection c. of section 5 of this act shall also
9 be held in the "1996 Underground Storage Tank Trust Fund."
10 Moneys in the fund shall not be expended except in accordance
11 with appropriations from the fund made by law, but bonds may be
12 issued as herein provided, notwithstanding that the Legislature
13 shall not have then adopted an act making a specific
14 appropriation of any of the moneys. Any act appropriating
15 moneys from the "1996 Underground Storage Tank Trust Fund"
16 for the purposes of subsection c. of section 5 of this act need not
17 identify the particular project or projects to be funded by the
18 money.¹

19 ¹18. The State Treasurer shall establish a fund to be known as
20 the "1996 Dredging and Containment Fund," and the moneys
21 therein shall be held in those depositories as the State Treasurer
22 may select. The State Treasurer shall deposit into the fund all
23 proceeds from the sale of the bonds issued by the State under this
24 act for the construction of subaqueous pits, a containment island
25 or islands, and dredging projects as set forth in sections 6 and 7
26 of this act. The moneys in the fund are specifically dedicated
27 and shall be applied to the cost of the purposes set forth in
28 sections 6 and 7 of this act. Moneys in the fund shall not be
29 expended except in accordance with appropriations from the fund
30 made by law, but bonds may be issued as herein provided,
31 notwithstanding that the Legislature shall not have then adopted
32 an act making a specific appropriation of any of the moneys. Any
33 act appropriating moneys from the "1996 Dredging and
34 Containment Fund" shall identify the projects to be funded by the
35 moneys.¹

36 ¹[17.] ¹19. ¹a. ¹[The moneys in the "Environmental Cleanup and
37 Containment Fund of 1996" are specifically dedicated and shall
38 be applied to the cost of the purposes set forth in sections 5, 6
39 and 7 of this act. However, no moneys in the fund shall be
40 expended for those purposes, except as otherwise authorized by
41 this act, without the specific appropriation thereof by the
42 Legislature, but bonds may be issued as herein provided,
43 notwithstanding that the Legislature shall not have then adopted
44 an act making a specific appropriation of any of the moneys.

45 b.]¹ At any time prior to the issuance and sale of bonds under
46 this act, the State Treasurer is authorized to transfer from any
47 available moneys in any fund of the treasury of the State to the
48 credit of the ¹["Environmental Cleanup and Containment Fund of
49 1996"] 1996 Environmental Cleanup Fund," the "1996
50 Underground Storage Tank Trust Fund," or the "1996 Dredging
51 and Containment Fund,"¹ those sums as the State Treasurer may
52 deem necessary. The sums so transferred shall be returned to the
53 same fund of the treasury of the State by the State Treasurer
54 from the proceeds of the sale of the first issue of bonds.

1 ¹[c.] b.¹ Pending their application to the purposes provided in
2 this act, the moneys in the ¹["Environmental Cleanup and
3 Containment Fund of 1996"] 1996 Environmental Cleanup Fund.
4 the "1996 Underground Storage Tank Trust Fund," and the "1996
5 Dredging and Containment Fund."¹ may be invested and
6 reinvested as are other trust funds in the custody of the State
7 Treasurer, in the manner provided by law. Net earnings received
8 from the investment or deposit of moneys in ¹[the
9 "Environmental Cleanup and Containment Fund of 1996"] these
10 funds¹ shall be ¹[paid into the General Fund] redeposited therein
11 and become part of the respective funds¹.

12 ¹[18.] 20.¹ If any coupon bond, coupon or registered bond is
13 lost, mutilated or destroyed, a new bond or coupon shall be
14 executed and delivered of like tenor, in substitution for the lost,
15 mutilated or destroyed bond or coupon, upon the owner furnishing
16 to the issuing officials evidence satisfactory to them of the loss,
17 mutilation or destruction of the bond or coupon, the ownership
18 thereof, and security, indemnity and reimbursement for expenses
19 connected therewith, as the issuing officials may require.

20 ¹[19.] 21.¹ The accrued interest, if any, received upon the sale
21 of the bonds shall be applied to the discharge of a like amount of
22 interest upon the bonds when due. Any expense incurred by the
23 issuing officials for advertising, engraving, printing, clerical,
24 authenticating, registering, legal or other services necessary to
25 carry out the duties imposed upon them by the provisions of this
26 act shall be paid from the proceeds of the sale of the bonds by
27 the State Treasurer, upon the warrant of the Director of the
28 Division of Budget and Accounting in the Department of the
29 Treasury, in the same manner as other obligations of the State
30 are paid.

31 ¹[20.] 22.¹ Bonds of each series issued hereunder shall mature,
32 including any sinking fund redemptions, not later than the 35th
33 year from the date of issue of that series, and in amounts as shall
34 be determined by the issuing officials. The issuing officials may
35 reserve to the State by appropriate provision in the bonds of any
36 series the power to redeem any of the bonds prior to maturity at
37 such price or prices and upon such terms and conditions as may be
38 provided in the bonds.

39 ¹[21.] 23.¹ Any bond or bonds issued hereunder, which are
40 subject to ¹refinancing pursuant to¹ the "Refunding Bond Act of
41 1985," P.L.1985, c.74 as amended by P.L.1992, c.182 (C.49:2B-1
42 et seq.), shall no longer be deemed to be outstanding, shall no
43 longer constitute a direct obligation of the State of New Jersey,
44 and the faith and credit of the State shall no longer be pledged to
45 the payment of the principal of, redemption premium, if any, and
46 interest on the bonds, and the bonds shall be secured solely by and
47 payable solely from moneys and government securities deposited
48 in trust with one or more trustees or escrow agents, which
49 trustees and escrow agents shall be trust companies or national or
50 state banks having powers of a trust company, located either
51 within or without the State, as provided herein, whenever there
52 shall be deposited in trust with the trustees or escrow agents, as
53 provided herein, either moneys or government securities,
54 including government securities issued or held in book-entry form

1 on the books of the Department of Treasury of the United States,
2 the principal of and interest on which when due will provide
3 money which, together with the moneys, if any, deposited with
4 the trustees or escrow agents at the same time, shall be
5 sufficient to pay when due the principal of, redemption premium,
6 if any, and interest due and to become due on the bonds on or
7 prior to the redemption date or maturity date thereof, as the
8 case may be; provided the government securities shall not be
9 subject to redemption prior to their maturity other than at the
10 option of the holder thereof. The State of New Jersey hereby
11 covenants with the holders of any bonds for which government
12 securities or moneys shall have been deposited in trust with the
13 trustees or escrow agents as provided in this section that, except
14 as otherwise provided in this section, neither the government
15 securities nor moneys so deposited with the trustees or escrow
16 agents shall be withdrawn or used by the State for any purpose
17 other than, and shall be held in trust for, the payment of the
18 principal of, redemption premium, if any, and interest to become
19 due on the bonds; provided that any cash received from the
20 principal or interest payments on the government securities
21 deposited with the trustees or escrow agents, to the extent the
22 cash will not be required at any time for that purpose, shall be
23 paid over to the State, as received by the trustees or escrow
24 agents, free and clear of any trust, lien, pledge or assignment
25 securing the bonds; and to the extent the cash will be required for
26 that purpose at a later date, shall, to the extent practicable and
27 legally permissible, be reinvested in government securities
28 maturing at times and in amounts sufficient to pay when due the
29 principal of, redemption premium, if any, and interest to become
30 due on the bonds on and prior to the redemption date or maturity
31 date thereof, as the case may be, and interest earned from the
32 reinvestments shall be paid over to the State, as received by the
33 trustees or escrow agents, free and clear of any trust, lien or
34 pledge securing the bonds. Notwithstanding anything to the
35 contrary contained herein: a. the trustees or escrow agents shall,
36 if so directed by the issuing officials, apply moneys on deposit
37 with the trustees or escrow agents pursuant to the provisions of
38 this section, and redeem or sell government securities so
39 deposited with the trustees or escrow agents, and apply the
40 proceeds thereof to (1) the purchase of the bonds which were
41 refinanced by the deposit with the trustees or escrow agents of
42 the moneys and government securities and immediately
43 thereafter cancel all bonds so purchased, or (2) the purchase of
44 different government securities; provided however, that the
45 moneys and government securities on deposit with the trustees or
46 escrow agents after the purchase and cancellation of the bonds or
47 the purchase of different government securities shall be
48 sufficient to pay when due the principal of, redemption premium,
49 if any, and interest on all other bonds in respect of which the
50 moneys and government securities were deposited with the
51 trustees or escrow agents on or prior to the redemption date or
52 maturity date thereof, as the case may be; and b. in the event
53 that on any date, as a result of any purchases and cancellations of
54 bonds or any purchases of different government securities, as

1 provided in this sentence, the total amount of moneys and
2 government securities remaining on deposit with the trustees or
3 escrow agents is in excess of the total amount which would have
4 been required to be deposited with the trustees or escrow agents
5 on that date in respect of the remaining bonds for which the
6 deposit was made in order to pay when due the principal of,
7 redemption premium, if any, and interest on the remaining bonds.
8 the trustees or escrow agents shall, if so directed by the issuing
9 officials, pay the amount of the excess to the State, free and
10 clear of any trust, lien, pledge or assignment securing the
11 refunding bonds.

12 ¹[22.] 24.¹ Refunding bonds issued pursuant to P.L.1985, c.74
13 as amended by P.L.1992, c.182 (C.49:2B-1 et seq.) may be
14 consolidated with bonds issued pursuant to ¹[section] sections¹ 5,
15 6 and 7 of this act or with bonds issued pursuant to any other act
16 for purposes of sale.

17 ¹[23.] 25.¹ To provide funds to meet the interest and principal
18 payment requirements for the bonds issued under this act and
19 outstanding, there is appropriated in the order following:

20 a. Revenue derived from the collection of taxes under the
21 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or
22 so much thereof as may be required; and

23 b. If, at any time, funds necessary to meet the interest,
24 redemption premium, if any, and principal payments on
25 outstanding bonds issued under this act are insufficient or not
26 available, there shall be assessed, levied and collected annually in
27 each of the municipalities of the counties of this State, a tax on
28 the real and personal property upon which municipal taxes are or
29 shall be assessed, levied and collected, sufficient to meet the
30 interest on all outstanding bonds issued hereunder and on the
31 bonds proposed to be issued under this act in the calendar year in
32 which the tax is to be raised and for the payment of bonds falling
33 due in the year following the year for which the tax is levied.
34 The tax shall be assessed, levied and collected in the same
35 manner and at the same time as other taxes upon real and
36 personal property. The governing body of each municipality shall
37 ¹[pay] cause to be paid¹ to the county treasurer of the county in
38 which the municipality is located, on or before December 15 in
39 each year, the amount of tax herein directed to be assessed and
40 levied, and the county treasurer shall pay the amount of the tax
41 to the State Treasurer on or before December 20 in each year.

42 If on or before December 31 in any year, the issuing officials,
43 by resolution, determine that there are moneys in the General
44 Fund beyond the needs of the State, sufficient to pay the
45 principal of bonds falling due and all interest and redemption
46 premium, if any, payable in the ensuing calendar year, the issuing
47 officials shall file the resolution in the office of the State
48 Treasurer, whereupon the State Treasurer shall transfer the
49 moneys to a separate fund to be designated by the State
50 Treasurer, and shall pay the principal, redemption premium, if
51 any, and interest out of that fund as the same shall become due
52 and payable, and the other sources of payment of the principal,
53 redemption premium, if any, and interest provided for in this
54 section shall not then be available, and the receipts for the year

1 from the tax specified in subsection a. of this section shall be
2 considered and treated as part of the General Fund, available for
3 general purposes.

4 ¹[24.] 26.¹ Should the State Treasurer, by December 31 of any
5 year, deem it necessary, because of the insufficiency of funds
6 collected from the sources of revenues as provided in this act, to
7 meet the interest and principal payments for the year after the
8 ensuing year, then the State Treasurer shall certify to the
9 Director of the Division of Budget and Accounting in the
10 Department of the Treasury the amount necessary to be raised by
11 taxation for those purposes, the same to be assessed, levied and
12 collected for and in the ensuing calendar year. The director
13 shall, on or before March 1 following, calculate the amount in
14 dollars to be assessed, levied and collected in each county as
15 herein set forth. This calculation shall be based upon the
16 corrected assessed valuation of each county for the year
17 preceding the year in which the tax is to be assessed, but the tax
18 shall be assessed, levied and collected upon the assessed valuation
19 of the year in which the tax is assessed and levied. The director
20 shall certify the amount to the county board of taxation and the
21 treasurer of each county. The county board of taxation shall
22 include the proper amount in the current tax levy of the several
23 taxing districts of the county in proportion to the ratables as
24 ascertained for the current year.

25 ¹[25.] 27.¹ For the purpose of complying with the provisions of
26 the State Constitution, this act shall be submitted to the people
27 at the general election to be held in the month of November,
28 1996. To inform the people of the contents of this act, it shall be
29 the duty of the Secretary of State, after this section takes
30 effect, and at least 60 days prior to the election, to cause this
31 act to be published at least once in one or more newspapers of
32 each county, if any newspapers be published therein and to notify
33 the clerk of each county of this State of the passage of this act;
34 and the clerks respectively, in accordance with the instructions
35 of the Secretary of State, shall have printed on each of the
36 ballots the following:

37 If you approve of the act entitled below, make a cross (X), plus
38 (+), or check (✓)

39 mark in the square opposite the word "Yes."

40 If you disapprove of the act entitled below, make a cross (X),
41 plus (+) or check (✓) mark in the square opposite the word "No."

42 If voting machines are used, a vote of "Yes" or "No" shall be
43 equivalent to these markings respectively.

ENVIRONMENTAL CLEANUP AND CONTAINMENT BOND ACT OF 1996

1
2
3
4
5 YES. ¹[Should] Shall¹ the "Environmental Cleanup
6 and Containment Bond Act of 1996," which
7 authorizes the State to issue bonds in the amount
8 of ¹[\$450 million; \$75 million] \$450,000,000¹ for
9 the purposes of financing the costs of
10 remediating hazardous discharge sites, including
11 constructing water supply, treatment, or
12 replacement projects when ¹public or private¹
13 potable water ¹[is] supplies are¹ determined by
14 the Department of Environmental Protection to
15 be contaminated or threatened by hazardous
16 discharges, and the department determines that
17 an emergency exists, ¹[\$75 million]¹ for providing
18 loans to upgrade underground storage tanks and
19 clean up any discharge therefrom, ¹[\$200
20 million]¹ for financing the State's share of the
21 costs of constructing subaqueous pits and a
22 containment island or islands for dredged
23 material from the port area, and ¹[\$100 million]¹
24 for financing the State's share of the cost of
25 dredging the Kill Van Kull¹[.]¹ and ¹[which
26 provides] providing¹ the ways and means to pay
27 the interest on the debt and also to pay and
28 discharge the principal thereof, be approved?
29

30
31 INTERPRETIVE STATEMENT

32
33 NO. ¹[Approval of this act would authorize the sale
34 of \$450,000,000.00 in bonds to fund
35 environmental cleanup and dredging projects. Of
36 this amount, \$75 million would be used to clean
37 up hazardous and construct water treatment,
38 replacement or supply projects, when potable
39 water is contaminated or threatened by a
40 hazardous discharge, and the Department of
41 Environmental Protection determines that an
42 emergency exists, \$75 million would be used to
43 provide loans to upgrade underground storage
44 tanks and clean up any discharge therefrom, \$200
45 million would be used to construct subaqueous
46 pits and a containment island for the disposal of
47 contaminated dredged material from the New
48 Jersey - New York port region, and \$100 million
49 would be used to dredge the Kill Van Kull] If
50 approved, the State would sell \$450 million in
51 State general obligation bonds. The moneys
52 received would be used to fund environmental
53 cleanup and dredging projects as follows: \$75
54 million to clean up hazardous discharge sites and
55 construct water treatment, replacement or
56 supply projects, when public or private potable
57 water supplies are contaminated or threatened by
58 a hazardous discharge, and when the Department
59 of Environmental Protection determines that an
60 emergency exists: \$75 million for loans to
61 upgrade storage tanks and clean up discharges;
62 \$200 million to construct subaqueous pits and a
63 containment island or islands for the disposal of
64 contaminated dredged material from the New
65 Jersey- New York port region; and \$100 million
66 to dredge the Kill Van Kull, a navigable
67 waterway separating Bayonne, Hudson County,
68 New Jersey and Staten Island, New York.¹
69

1 The fact and date of the approval or passage of this act, as the
2 case may be, may be inserted in the appropriate place after the
3 title in the ballot. No other requirements of law of any kind or
4 character as to notice or procedure, except as herein provided,
5 need be adhered to.

6 The votes cast for and against the approval of this act, by
7 ballot or voting machine, shall be counted and the result thereof
8 returned by the election officer, and a canvass of the election
9 had in the same manner as is provided for by law in the case of
10 the election of a Governor, and the approval or disapproval of
11 this act so determined shall be declared in the same manner as
12 the result of an election for a Governor, and if there is a majority
13 of all votes cast for and against it at the election in favor of the
14 approval of this act, then all the provisions of this act not made
15 effective theretofore shall take effect forthwith.

16 ¹[26.] 28.¹ There is appropriated the sum of \$5,000 to the
17 Department of State for expenses in connection with the
18 publication of notice pursuant to section ¹[25] 27¹ of this act.

19 ¹[27.] 29.¹ The commissioner shall submit to the State
20 Treasurer and the commission with the department's annual
21 budget request a plan for the expenditure of funds from the
22 ¹["Environmental Cleanup and Containment Fund of 1996"] 1996
23 Environmental Cleanup Fund," the "1996 Underground Storage
24 Tank Trust Fund," and the "1996 Dredging and Containment
25 Fund"¹ for the upcoming fiscal year. The plan shall include the
26 following information: a performance evaluation of the
27 expenditures made from the fund to date; a description of
28 programs planned during the upcoming fiscal year; a copy of the
29 regulations in force governing the operation of programs that are
30 financed, in part or in whole, by funds from the ¹["Environmental
31 Cleanup and Containment Fund of 1996"] 1996 Environmental
32 Cleanup Fund," the "1996 Underground Storage Tank Trust
33 Fund," and the "1996 Dredging and Containment Fund"¹; and an
34 estimate of expenditures for the upcoming fiscal year.

35 ¹[28.] 30.¹ Immediately following the submission to the
36 Legislature of the Governor's annual budget message, the
37 commissioner shall submit to the relevant standing committees of
38 the Legislature, as designated by the President of the Senate and
39 the Speaker of the General Assembly, and to the Joint Budget
40 Oversight Committee, or its successor, a copy of the plan called
41 for under section ¹[27] 29¹ of this act, together with such
42 changes therein as may have been required by the Governor's
43 budget message.

44 ¹[29.] 31.¹ Not less than 30 days prior to entering into any
45 contract, lease, obligation, or agreement to effectuate the
46 purposes of this act, the commissioner shall report to and consult
47 with the Joint Budget Oversight Committee, or its successor.
48 ¹Except as otherwise provided by this act, all appropriations from
49 the bond funds established by this act shall be by specific
50 allocation for each project, and any transfer of any funds so
51 appropriated shall require the approval by the Joint Budget
52 Oversight Committee or its successor.¹

53 ¹[30.] 32.¹ This section and sections ¹[25] 27¹ and ¹[26] 28¹ of
54 this act shall take effect immediately and the remainder of this
55 act shall take effect as and when provided in section ¹[25] 27¹.

1

2

3 Authorizes bonds for \$450 million for hazardous site cleanups,
4 related water supply projects, loans for underground storage tank
5 upgrades and cleanups, construction of subaqueous pits and
6 containment island for dredged material, and dredging projects.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

SENATE, No. 2327

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1995

The Senate Transportation Committee favorably reports Senate Bill No. 2327 with committee amendments.

This bill, as amended, would, upon approval of the voters of the State of New Jersey, authorize the State of New Jersey to issue up to \$450 million in general obligation bonds. Of this amount, \$75 million would be used for the purpose of investigating, cleaning up, and removing hazardous discharges, \$75 million would be used to provide loans for the upgrade of underground storage tanks and the cleanup for any discharge therefrom, \$200 million would be used to provide the State's share for the construction of subaqueous pits and a containment island or islands for the disposal of contaminated dredged materials from the Port of New York-New Jersey, and \$100 million would be used to provide the State's share for the dredging of the Kill Van Kull. The moneys designated for hazardous cleanups may also be used to construct potable water supply treatment or replacement projects, including the construction of water supply facilities, in those instances where a potable water supply has been contaminated or threatened and the Department of Environmental Protection determines that an emergency exists.

The bond fund monies dedicated toward hazardous discharge investigation and cleanup must first be used for those phases of hazardous discharge site remediations that have already been initiated by the department. If the bond monies are not needed for the initiated work, they may then be used for other hazardous discharge remedial activities which may include the initiation of new phases of work at sites already subject to some remedial activity or the performance of remedial activities at entirely new sites.

The cost of an authorized project includes those items necessary or useful to performing the authorized project as well as those professional and financial costs incurred in issuing the bonds. Other allowable costs include organizational, administrative, and other work and services, including salaries, supplies, equipment, and materials deemed necessary.

The bonds issued under the act will be repaid from the general fund of the State. The bonds may be issued for terms of up to 35 years and will be paid back over that time with that amount of interest as may be determined upon their sale. The bonds issued will be backed by the full faith and credit of the State of New Jersey.

The amendments approved by the committee make various technical and clarifying changes to the bill, including setting up three distinct funds for each of the three major purposes of the bill, namely the "1996 Environmental Cleanup Fund," the "1996 Underground Storage Tank Trust Fund," and the "1996 Dredging and Containment Fund," providing that in the case of the "1996 Dredging and Containment Fund" a list of projects is required in the act appropriating the bond fund monies, providing that bond fund monies may be expended for containment islands not merely a containment island, clarifying the language of the interpretive statement and making sundry technical corrections to the text of the bill. The amendments also provide that earnings received from the investment or deposit of moneys in the three bond funds are to be redeposited in the funds and not deposited in the general fund of the State.

[FIRST REPRINT]
ASSEMBLY, No. 1674

STATE OF NEW JERSEY

INTRODUCED MAY 2, 1994

By Assemblymen GIBSON and LoBIONDO

1 AN ACT concerning the Delaware River and Bay Authority and
2 authorizing certain projects.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. For the purposes of complying with the provisions of section
7 1 of P.L.1989, c.191 (C.32:11E-1.1) the Delaware River and Bay
8 Authority created pursuant to the "Delaware-New Jersey
9 Compact," enacted pursuant to 53 Laws of Delaware, Chapter
10 145 (17 Del. C. §1701 et seq.) and P.L.1961, c.66 (C.32:11E-1 et
11 seq.) with the consent of the Congress of the United States in
12 accordance with Pub.L.87-678 (1962), is authorized, pursuant to
13 the procedures set forth in section 1 of P.L.1989, c.191
14 (C.32:11E-1.1), to undertake a project to lease the property and
15 manage the operations of the Cape May County Airport/Industrial
16 Park, located in the Township of Lower, Cape May County, from
17 the County of Cape May, which shall be considered a project of
18 the authority as defined pursuant to Article II of the
19 "Delaware-New Jersey Compact," P.L.1961, c.66, as amended by
20 to P.L.1989, c.192 (C.32:11E-1 et seq.) ¹, which project shall
21 continue to maintain airport operations, as well as an industrial
22 park, in that location¹.

23 2. This act shall take effect immediately.

24

25

26

27

28 Provides legislative authorization for certain projects of the
29 Delaware River and Bay Authority.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
¹ Assembly ATC committee amendments adopted February 23, 1995.

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1674

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 23, 1995

The Assembly Transportation and Communications Committee favorably reports Assembly Bill No. 1674 with committee amendments.

This amended bill provides legislative authorization and approval for the Delaware River and Bay Authority to lease the property of and operate the Cape May County Airport/Industrial Park in Lower Township, Cape May County.

Under the provisions of the "Delaware-New Jersey Compact," the Delaware River and Bay Authority is permitted to plan, finance, develop, construct, purchase, lease, maintain, improve and operate a "transportation or terminal facility" in Delaware or the New Jersey counties of Cape May, Cumberland, Gloucester and Salem "for the sound economic development" of that area. However, such a project cannot be undertaken by the authority without first holding a public hearing and having secured legislative authorization and approval of that project, or part thereof, pursuant to New Jersey law. This bill would provide for such authorization.

The committee amended the bill to require that the project authorized by this bill continue to maintain airport operations, as well as as an industrial park, in the location referred to in the bill. The purpose of the amendment is to ensure that the local general aviation airport will continue in operation.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1674

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1995

The Senate Transportation Committee favorably reports Assembly Bill No. 1674 (1R).

This bill provides legislative authorization and approval for the Delaware River and Bay Authority to lease the property of and operate the Cape May County Airport/Industrial Park in Lower Township, Cape May County.

Under the provisions of the "Delaware-New Jersey Compact," the Delaware River and Bay Authority is permitted to plan, finance, develop, construct, purchase, lease, maintain, improve and operate a "transportation or terminal facility" in Delaware or the New Jersey counties of Cape May, Cumberland, Gloucester and Salem "for the sound economic development" of that area. However, such a project cannot be undertaken by the authority without first holding a public hearing and having secured legislative authorization and approval of that project, or part thereof, pursuant to New Jersey law. This bill would provide for such authorization. The bill additionally requires that the project authorized by this bill continue to maintain airport operations, as well as as an industrial park, in the location referred to in the bill in order to ensure that the local general aviation airport will continue in operation.



C. WILLIAM HAINES
Chairman

ANDREW R. CIESLA
Vice-Chairman

GERALD CARDINALE
John H. Adler
NICHOLAS J. SACCO

New Jersey State Legislature

SENATE TRANSPORTATION COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NJ 08625-0068
(609) 984-7381

R E V I S E D

COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE
FROM: SENATOR C. WILLIAM HAINES, CHAIRMAN
SUBJECT: **COMMITTEE MEETING - November 9, 1995**

The public may address comments and questions to Peter R. Manoogian, Committee Aide, or make bill status and scheduling inquiries to Kim Johnson, secretary, at (609) 984-7381.

The Senate Transportation Committee will meet on **Thursday, November 9, 1995 at 10:00 AM in Committee Room 4* (1st Fl., Rm. 130), State House Annex, Trenton, NJ.**

The following bills will be considered:

S-2327 DiFrancesco /O' Connor	Authorizes bonds for \$450 million for hazardous site cleanups, related water supply projects, loans for underground storage tank upgrades and cleanups, construction of subaqueous pits and containment island for dredged material, and dredging projects.
A-1674 (1R) Gibson/LoBiondo	Provides legislative authorization for certain projects of the Delaware River and Bay Authority.

Issued 11/03/95

*Revised 11/6/95 (Committee Room Change)

Assistive listening devices available upon 24 hours prior notice
to the committee aide(s) listed above

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eem: 1-54

* * * * *

SENATOR WILLIAM C. HAINES (Chairman): We're going to get started with this meeting today. We've got a little bit of business to do before we get to the dredging issue. I think Assemblyman Gibson is here. Do you want to speak on your bill? That's the only bill we're going to hear, but we do have a quorum at this time. I'd ask first for Peter to call the roll.

MR. MANOOGIAN: (Committee Aide) Senator Adler. (no response)

Senator Sacco. (no response)

Senator Cardinale.

SENATOR CARDINALE: Here.

MR. MANOOGIAN: Senator Ciesla.

SENATOR CIESLA: Here.

MR. MANOOGIAN: Senator Haines.

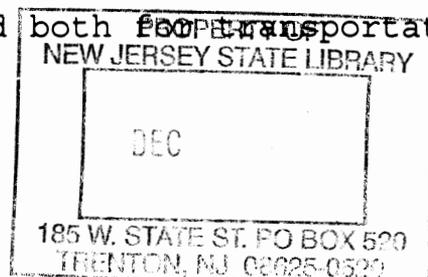
SENATOR HAINES: Here.

Assemblyman Gibson, the floor is yours.

A S S E M B L Y M A N J O H N C. G I B S O N: Thank you, Chairman and members of the Committee. Good morning.

This bill takes advantage of former legislation which permits certain authorities to undertake projects which would enhance transportation and also provide for economic opportunity, and that's what this bill does. It gives the Delaware River and Bay Authority permission to undertake a project by taking over the Cape May County Airport.

The county airport under the Board of Freeholders has limited potential, but under the Delaware River and Bay Authority that potential was increased both for transportation and as well as economic opportunity.



So other than that I'm available to answer questions. I appreciate you hearing the bill, and I hope you'll release it.

SENATOR HAINES: Do we have any questions from the Committee? (no response)

Do we have a motion?

SENATOR CARDINALE: Move the bill.

SENATOR CIESLA: Seconded.

SENATOR HAINES: Moved and seconded.

The roll call.

MR. MANOOGIAN: Senator Adler. (no response)

Senator Sacco. (no response)

Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. MANOOGIAN: Senator Ciesla.

SENATOR CIESLA: Yes.

MR. MANOOGIAN: Senator Haines.

SENATOR HAINES: Yes.

The bill is out of Committee.

ASSEMBLYMAN GIBSON: Thank you very much.

SENATOR HAINES: Do we have Senator DiFrancesco with us? (no response)

Is Senator O'Connor here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, he's at another meeting, Senator. He's at another meeting.

SENATOR HAINES: Is Commissioner Shinn here? (no response)

Okay. Sam Cunninghame. Sam.

I don't know what -- maybe we've got-- Does that work better? (referring to microphone) I assume--

S A M U E L L. C U N N I N G H A M E: Is this working now?

No.

SENATOR HAINES: I don't know, something is wrong here. Try it now, Sam.

MR. CUNNINGHAME: How's it now? That's better.

SENATOR HAINES: That's good.

MR. CUNNINGHAME: Senator, we appreciate you having this hearing today. You're going to hear from the experts at Port Newark about all the problems and the dire emergency that exists there. We kind of have a paradox because the containers will be moved by truck, but if the ships move to other ports it will be other truck operators, not the ones we represent here in New Jersey. So again, you're going to hear from the experts about the problem, and we appreciate this time this morning.

Thank you.

SENATOR HAINES: I thank you, Sam, for being to the point, and this is what we want to do this morning. We've had former testimony on this, and we'll have continuing testimony today, but I would hope that other speakers would do what you've done and not be redundant.

Thank you very much, Sam.

MR. CUNNINGHAME: Thank you.

SENATOR HAINES: Commissioner Shinn is next on the list. Bob?

C O M M I S S I O N E R R O B E R T C. S H I N N J R.: Thank you, Senator, and I'd like to thank you and the Committee for an opportunity to testify on the bill. You know, this issue of dredging is absolutely a critical one for the State of New

Jersey and to the environmental quality and public health and the economic vitality of this State.

Since the Department's mission is to integrate all of these issues, we're happy that you're addressing this critical issue and I congratulate the sponsors of the bill. The bipartisan support is, I believe, a testament to the importance of this issue. There are a number of policy considerations within the Bond Act that must be reviewed by the Department of Treasury. I understand this review is currently taking place. A review of this bill is ongoing within DEP, not only to look at the dredging aspect, but also to review the portion of the bill that addresses underground storage tanks and hazardous site mitigation.

The Department over the past year has spent a great deal of time working toward a solution to the dredging issue. We have assisted and participated on the Governor's Dredge Material Management Team and in a Dredge Material Management Forum which is part of the National Harbor Estuary Program. We created an internal task force to establish the policy and procedures that will guide DEP's criteria for permitting projects involving the use of the disposal and dredged material. Throughout this process we have seen and heard a number of proposals for innovative short-term solutions to the dredging issue. Some of these solutions have been implemented and some have yet to be implemented.

I would just encourage the Committee to-- Since the solutions are very -- I would just encourage some flexibility with utilization and money. We have projects arranged and scoped from subaqueous pits to bulkhead installation and

implementation at the MOTBY Site as a conceptual site. We have landfill remediation with dredge spoils. There are a lot of various projects that are under consideration, and I think the message that I want to bring to the Committee is that we need as much flexibility for implementation as possible.

Thank you very much.

SENATOR HAINES: Bob, why don't you come on up here. There may be some questions for you. In a former hearing, we heard from the Mayor of Bayonne, and he suggested that they straighten out the waterline there in Bayonne with new bulkheads and put a lot of this material behind those bulkheads. They would concrete over the top and make it recreational. He was almost pleading that we do this with some of this material. It seems to me, just as -- not somebody that is an expert in this thing as you are, but that we could put some of the more toxic material behind these bulkheads, and then maybe use some stuff that is pretty clean in other areas.

COMMISSIONER SHINN: Yes, I think the -- probably the best example of that concept is the MOTBY Site where we actually issued a permit for disposal of and then lining the inside of a newly installed bulkhead for backfill with dredged materials and then ultimately capping that process. So what you're describing is similar to the MOTBY application which we went through a full environmental assessment of and issued a permit and that concept is basically what's included in MOTBY. So it has been done. It's going through the process and successfully.

So you know, that MOTBY Site is under discussion relative to its future use. Bayonne is involved, and the Department has interest in working with Bayonne to a potential

joint use of the facility in the future. So those discussions are ongoing, and I think the concept is a very viable one.

SENATOR HAINES: Well, it sounded good, and, of course, I have no idea of what percentage of the volume they could use there, but it seemed like an area where we could get rid of some of the worst material, and if it's capped it's going to be there. It's better than it being in the water.

COMMISSIONER SHINN: I think one of the things that I tried to point out in my comments was that there is such a diverse array of solutions that are out there for consideration that when it comes time to implement some -- let's assume that MOTBY might be one of them in the future or another bulkheading operation similar to that -- we need flexibility within the legislation, and I can't lay out a list of areas that would need funding. I just think the Committee should look at the flexibility needs of implementing programs when they become viable, and we're able to issue permits for disposition of those materials.

SENATOR HAINES: Yes, I visited the Chevron plant up there which makes a lot of asphalt that's used in the State, and if for instance they were to move out of the State, and we had to truck in the asphalt we need for roads, the cost would be just astronomical. Of course, the pollution caused by additional trucks on the road and all the problems related with-- I can't imagine how much it would cost us.

COMMISSIONER SHINN: I think you made an excellent point. When you take a container ship out of the Port and you bring those goods in by truck, there are two impacts. The first obvious one is traffic congestion, but there is another

significant impact that deals with the Clean Air Act, and that's emissions from vehicles. That's very serious. Of course, the more congestion you have the more serious that emissions impact is. So I think that there is a lot of compelling reasons, not only economically, but environmentally, for keeping our ports viable. An excellent point.

SENATOR HAINES: Thanks, Bob. Do the other members of the Committee have any questions? (no response) No questions.

Thanks an awful lot, Bob.

COMMISSIONER SHINN: Thank you.

SENATOR HAINES: I think at this time we need to have the Port Authority's slide presentation. I hope that can be short.

You're just going to speak at this point, and again, I hope we can keep it short because we have an awful long list, and there's a lot of important information that we need.

L I L L I A N C. B O R R O N E: Thank you, Mr. Chairman.

I'm Lillian Borrone, I'm the Director of Port Commerce from the Port Authority. Mr. Chairman, I'd like to thank you and the Committee for giving us the opportunity to address a matter of critical importance to our State in the North Jersey/New York region. Chairperson Donavine had hoped to be here today, but the Commissioners are meeting today, and that schedule precluded her participation.

Mr. Chairman, I've written a statement that I'd like to submit for the record and offer a few highlights at this time.

The Committee is already quite sensitive to the key issues here because you've heard from us and from others in the

industry at a hearing in June. The businesses that are active in the Port, which create and sponsor international trade, pay taxes and generate thousands of direct and indirect jobs for our communities, and we directly benefit from tax revenues that are generated from those activities as well.

But the issues before us today are not just economic issues. Addressing the issue of dredge disposal is an environmental issue as well. If we seriously diminish or eventually lose the option of bringing millions or tons of cargo to our region by ship, it will mean, as Commissioner Shinn just indicated, that these goods that 17 million consumers require will travel here by some other means.

If those millions of tons of products don't come in and out of the region by ship, how are they likely to travel? Very simply, they'll come here by truck for the most part and some by rail causing, in our view, an adverse environmental impact on an area that already has significant air quality problems. These impacts will add to already difficult problems in infrastructure, increased congestion, and they will lead to increased cost to businesses and to each of us as citizens in our daily lives.

You'll recall that Governor Whitman's Dredge Material Management Team made a recommendation this early spring that we'd move forward on the development of subaqueous containment pits in Newark Bay. The Port Authority, the U.S. Army Corps of Engineers, and the New Jersey Department of Environmental Protection have initiated environmental and engineering feasibility studies. The Corps of Engineers has begun the Environmental Impact Statement. A public scoping session was

held earlier this year and a Request for Proposal for a consultant to do the work has been issued. While the scope of the project is decreased as today's Star-Ledger article indicates, giving contaminant levels in the initial project areas, this is a very important project.

Senate Bill No. 2327 is supportive of that effort, and more importantly, Senator DiFrancesco's proposal moves us forward from the recommendation of the Governor's team to address a major problem, that of finding funding mechanisms for long-term strategy. The proposal also takes a regional approach to the issue calling on all interests within the Harbor to play a role in developing strategy, and equally important, this proposal recognizes that this is not simply a port issue, it's an issue that is related to the State's future economic well-being.

Provisions of S-2327 address a problem not caused by the Port industry but a problem generated by over 100 years of industrial activity in the State of New Jersey. Industrial growth that helped to support past generations of New Jersey citizens but which unfortunately left us a legacy. That residue is now threatening the vitality of our present economy. The arteries of commerce that carry the life blood of our economy are literally being choked with the refuse of past generations.

Senate Bill No. 2327 calls for participation by the Federal government and the States of New Jersey and New York in recognizing and dealing in a constructive way with a regional problem. We're prepared to work with you and your State as the legislation moves forward, and we will be providing technical comments to Committee staff. What is clear is that there is an

immediate need for solutions, as well as an immediate need to develop a long-term strategy. It's important that the work begin today. We're pleased to support this legislation. Senator DiFrancesco has provided an opportunity for all of us to work together to collaborate on a strategy for the future. We're prepared to do that. We applaud the effort. We applaud the Committee's interest in moving New Jersey forward to save jobs and to promote the growth of a mighty economic engine.

Thank you, Senator.

SENATOR HAINES: Thank you very much.

One question I have for you, which is a question that has not been resolved, at least in my mind, how could you build world trade centers and not take care of the port? It seems to me that the biggest duty of your agency should be to dredge the Port. That's part of your name if nothing else.

MS. BORRONE: Senator, I believe that the Commissioners have agreed with you and have indicated that their focus is on the core missions of the Authority including and less specifically the Port. They have been working, as you see by the support that has been initiated, for the dredge subaqueous pit facilities and other initiatives to actually move forward to get this program done.

SENATOR HAINES: You want to see it done, but how much money are you going to put in it?

MS. BORRONE: Well, the Port Authority is prepared to make the judgment once we finally determine what the cost of the project is.

SENATOR HAINES: Fifty percent, 75 percent.

MS. BORRONE: I can't speak for the Commissioners in that determination, Senator. I can tell you that the Committee--

SENATOR HAINES: Will you get back to this Committee and let us know.

MS. BORRONE: I'd be happy to do that.

SENATOR HAINES: We want to see this done. There is no question about it. But I do think the Port Authority was created for -- one of the prime purposes of the Port Authority was to see that this Port is viable. Very frankly, I think you've let us down in letting the sludge build up into the ports so that it's 31-foot channels instead of 45 foot, which it should be.

MS. BORRONE: Well, Senator, I'd like to respectfully indicate to you that we haven't let you down in a sense that we've tried very hard in the last five years to move forward on various projects. But we've not been able to move some of that sediment because we have not met either Federal standards or, in some cases, been able to find solutions that together with the Federal government, the states in interest that we could agree on. But I'd be happy to report that--

SENATOR HAINES: But if we find a solution you'll support it financially?

MS. BORRONE: We certainly will.

SENATOR HAINES: Are there questions from other members of the Committee? (no response)

MS. BORRONE: Thank you, Senator

SENATOR HAINES: Thank you so much.

The next speaker will be Brian Maher, Maher Terminals.

M. B R I A N M A H E R: Good morning.

SENATOR HAINES: Good morning.

MR. MAHER: Good morning, Senators.

I have copies of my written statement here for the record.

I am Brian Maher, President of Maher Terminals. I very much appreciate the opportunity to express my views on the subject of dredging and especially Senate Bill No. 2327.

Maher Terminals is a marine terminal operator and stevedore with its primary place of business in Port Elizabeth, New Jersey. We operate terminals encompassing 500 acres and 8000 feet of berthing space. We service 26 steamship companies who collectively trade throughout the world. All the major companies we serve, as well as any economic forecast that I can find, predict significant increases in trade to and from the East Coast of the United States over the next 10 to 15 years. In order for the Port of New York/New Jersey to take advantage of this growth, it is necessary to accommodate the needs of the steamship companies that service the Port in a way that permits them to maximize their economies and efficiencies.

Many of the steamship companies that call the Port already have vessels requiring more than 40 feet of water or are ordering vessel that require more than 40 feet of water. The steamship industry is going through a massive restructuring that includes consolidations of companies and partnerships which will generate larger vessels and more concentrated cargo centers to handle those vessels. Our Port is strategically located to benefit from the increase of trade and the consolidation of those operations.

However, our window of opportunity is short, and if we don't convince the steamship trade that we will have a 45-foot channel, 45-foot berths, and a short-term and long-term plan for maintenance dredging, we will lose the window of opportunity and the Port will become a secondary feeder Port.

I am here today to endorse and support Senate Bill No. 2327 recently proposed by Senate President DiFrancesco. Currently, there is no long-term plan for dredging in New York/New Jersey Harbor or the disposal of dredged material. To the extent that there are alternatives under consideration, such as subaqueous pits and a containment island, no one has come to grips with the question of who will pay the extraordinary costs of these options. Senate Bill No. 2327 outlines a proposed framework and cost-sharing between the states and the Federal government.

All of the alternatives to ocean disposal are expensive in comparison to traditional methods. The cost to dredge and dispose in the ocean prior to 1993 was \$5 a cubic yard. The cost in 1993 and dispose in the ocean with a cap was \$35 a cubic yard. On an annualized basis, assuming about 4 million cubic yards of material, this represents an increase in excess of \$100 million per year. Even if we assume that all the material doesn't need to be contained and that efficiencies will be gained over time, it still appears that we are looking at an increase in cost of certainly \$50 million per year.

The steamship community, who has not caused the contamination, will not pay this cost, and the Port community cannot pay it. The contamination of the Harbor is a regional problem. The decisions to dispose of dredged materials in

contained facilities, whether by capping or digging pits or building containment islands, are political decisions that must be funded through general State and Federal revenues. Senate Bill No. 2327 recognizes this and provides a structure for the financing to build containment facilities and the deepening of the Kill Van Kull channel. The passage of this bill along with the required Federal legislation will be a tremendous step towards implementation of a long-term plan.

In the interest of time, Senator, I'd just like -- I have some more here in the written statement, but I'd just like to emphasize that I was here on June 22, and I testified to certain needs that are ongoing in the Port now and to the fact that the Port is currently losing business. I have attached to my statement some articles recently published in Canada which acknowledge the fact that the Port of Halifax is benefitting from the loss of business by our Port, because we can't dredge.

I also point out that we had a vessel aground in our berth two or three weeks ago, and I have included in the attachment a letter from Hapag-Lloyd to my company placing us on notice to that effect. We need a short-term plan. There is no short-term plan. The DiFrancesco bill certainly addresses the financing of the long-term plan, but we need a short-term plan now.

Thank you very much.

SENATOR HAINES: Thank you very much.

Are there any questions for this speaker? (no response) Do you have any questions over here? (no response) Any questions? (no response)

Okay. Thank you very much.

We'll have the Senate President -- will be next to present his bill.

P R E S I D E N T D O N A L D T . D I F R A N C E S C O :
Thank you, Mr. Chairman.

I'm sorry I'm late. I was with the Commissioner of Health talking about another issue.

I wanted to commend Brian, who just proceeded me, who really was the impetus on a driving force behind my getting more involved in this issue than I have been previously. While I've recognized that it's a very important issue, I perhaps thought that by now we would have resolved at least a short-term approach or the intermediate approach to dealing with our problems in the Port with regard to dredging.

Not really seeing much activity, much direction in that area, I thought I should become more involved, and thus my proposal. I think what I've asked you to look at -- and it's an idea, it's a proposal; I'm certainly welcomed to suggestions from any and all people -- I think this is probably as much an investment in New Jersey that we've ever considered in making in this kind of industry ever.

You know, in the eighteenth century when New Jersey was home to the third largest colonial port and since then, this maritime industry has provided our State with this enormous bounty of economic activity. The Ports of Newark and Elizabeth have carried on New Jersey's legacy as a great port State. It's a catalysts, as you probably heard, for \$20 billion in economic activity and 180,000 jobs each year.

This Bond Act that I proposed will, I believe, preserve and strengthen the value of our ports. It recognizes

the need for this State to make an investment in an industry that has provided so much prosperity for our State, albeit not much recognition and not much publicity. But the ports are not just an economic resource; it's basically together these ports are a gateway to international commerce.

If this gateway is removed, New Jersey would be virtually shut out of the world marketplace and would have to rely more so than they do today upon the trucking industry and the rail without the Port, which really cripples us. Repercussions we think would be felt well beyond the waterfront. Companies certainly would no longer have the easy access of importing and exporting via the Atlantic Ocean.

These companies would obviously relocate to viable ports like Halifax and Baltimore, and we think thousands of jobs would move with them. There is no question that this industry is expanding: these ships are getting larger; the shipping industry is not dwindling; it's expanding more than ever because it makes sense; and it's right to use the shipping industry in the field of commerce.

This plan calls for dredging the channels leading into the Newark Bay to 45 feet. The dredged materials would be placed in subaqueous pits dug on the floor of the bay, and while that may be controversial, and certainly, once again, this is a proposal, this is something we're laying out before the public to be scrutinized.

Once the pits are full, the containment area would be ready to accept the dredged materials well into the next century. The containment area is an artificial island with an outer perimeter of dikes and pilings that would be filled with

dredged materials. The island would keep the contaminants in the dredged silt away from the surrounding environment. This is nothing new. They're already doing this in other areas along the eastern seaboard.

These methods have proved effective and are environmentally safe. These methods will give technology time to devise a method to inexpensively and effectively cleanse the tons of silt that flow down the Hudson, the Hackensack, and Passaic Rivers and settles at the bottoms of these channels.

As it stands now, the Port is losing business because the main channel's natural 40-foot depth is already impassable for the most heavily laden ships. They must download at other ports before navigating the channels of the Kill Van Kull in the Newark Bay.

This proposal calls for digging 5 extra feet into the bedrock to make the ports more accessible than ever before. So that's why I stress the proposal will not only preserve the Port but strengthen its viability.

Dredging has always been necessary and until recent years has proceeded without a problem. Dredging has slowed because there are deep disagreements about what constitutes environmentally safe disposal of contaminated dredged materials. Because of the contamination, the Whitman administration has prohibited ocean dumping of the sediment leaving no place to dispose of the dredged materials. The pits in the containment area alleviate environmental concerns while allowing the dredging to continue.

We've experienced competition in other areas of our economy. We've seen the consequences of inactions as other

states took steps to attract business investment. Our ports are now experiencing the same type of competition as states such as Maryland, Virginia, and Connecticut had made the investment to make their ports more accessible. This Bond Act will allow New Jersey to stand up to that competition.

For those who think the cost is too high imagine if some of your major highways were closed down. How do you think that would effect the interstate commerce we now enjoy. How many companies would move out of New Jersey to neighboring states with accessible highways. If the channels in the Newark Bay and Kill Van Kull are not deepened soon, the shipping companies will surely leave and soon companies who depend on the access to transatlantic shipping will follow.

A \$20 billion economic catalyst will slowly suffocate on the tons of sediment that flow into it. This gateway will wither away. We can't afford to let that happen. We think this proposal is a fiscally practical and environmentally acceptable means to save the port industry and get us in the right direction. I ask you to support this proposal, and certainly I appreciate and would hope for your input and your criticism as well.

Thank you very much.

SENATOR HAINES: Mr. President, I think it's maybe one of the most important things that we can do in this session. We've had previous hearings on this subject, and it seems to be terribly, terribly important for the commerce in North Jersey. I visited the Chevron plant there where they make asphalt. And you could imagine if they left and we had to import all the asphalt that we needed to fix our highways from other states.

This is the kind of thing that we can't let happen. I think this is a very, very important bill.

One of the previous speakers before you got here was from the Port Authority, and my question to her was, "Shouldn't the Port Authority put more money into this thing?" I think this is something that we could pursue as time goes on. But I think your bill is a step in the right direction.

SENATOR DiFRANCESCO: Well, they are selling the Vista Hotel. They could take the money from the Vista Hotel sale and put it into the dredging.

SENATOR HAINES: Absolutely.

Do we have questions from other members? (no response)

SENATOR DiFRANCESCO: Thank you very much.

SENATOR HAINES: Senator Adler has a question.

SENATOR DiFRANCESCO: Senator Adler, I'm sorry.

SENATOR ADLER: Mr. President, first of all, you might not be aware of this, this is my first meeting of the Transportation Committee.

SENATOR DiFRANCESCO: Oh, I'm not aware.

SENATOR ADLER: I'm delighted that in my first meeting we're considering a bill of this magnitude, of this significance.

SENATOR DiFRANCESCO: I don't know that I've been in this room for this kind of meeting either.

SENATOR ADLER: Well, let me welcome you to the Transportation Committee then.

SENATOR DiFRANCESCO: This is quite a room. This beats the basement.

SENATOR ADLER: One of the reasons that I wanted to serve in this Committee so much was my understanding of the importance of transportation in terms of our entire economy of the State, and I think your bill, the proposed bond, would really go a long way towards strengthening our economy for many, many years to come. I commend you for it.

I have a regional concern and forgive me for being parochial. I have some concerns that are representing South Jersey section of our State. While I understand most of this money will go to North Jersey for the New York harbor and it will mostly effect the North Jersey portion of our State's economy, I have some concern about whether or not any moneys will go towards South Jersey and towards the rest of the State? May be you could speak to that a little bit.

SENATOR DiFRANCESCO: Well, it's certainly, with respect to this particular Bond Act, this is concentrated on dredging in the Newark Bay and the surrounding of the Ports of Elizabeth and Newark and dealing with that situation. Obviously it affects Hudson and Union and those counties more directly because obviously the jobs are closer than if you lived in Camden. While it can be treated as a regional problem, it has a tremendous impact on the State generally, not only with respect to tax revenues but jobs. That's why, I think, it's in the State's interest as a whole to do this. Just as it is in the State's interest to preserve the tourism industry along the coast and pump money into the shoreline.

It's also in the State's interest to preserve what economic activity we have in the Camden area, for example. I truly am concerned about that, too, and I would not hesitate to

address the needs of other parts of the State where those needs exist. If there were similar needs, for example, we would encompass those in this proposal. We would want to be comprehensive in our approach to the dredging issue, to the environmental issues involved, and if there is a need, we certainly would want to address it I think comprehensively.

So while this bill only deals presumably with the Newark Bay and Elizabeth Port/Newark Port, we would be welcomed to whatever ideas you may have with regard to problems of port areas in South Jersey.

SENATOR ADLER: Well, I'll tell you, while it's not a current need, within a couple of years the port areas both of Salem and of Camden are going to need some dredging. Whether it's in this Bond Act or thereafter in a couple of years we should consider allocating some moneys to meet the needs again for the entire State's economy, and I respect the philosophy articulated about how this helps the whole State.

SENATOR DiFRANCESCO: Well, maybe it's something we should address in this proposal. Bear in mind that from what I've gathered, the Port Authority has to be a major player in this whole issue of New York and New Jersey, which will obviously then involved the Port Authority in the South Jersey area. But also the Federal government has to certainly bring in the lion's share of the cost of any of this, because they have specific moneys for these kinds of problems and their share is certainly -- must be a lot greater than our share, because of the tremendous affect on the whole New York/New Jersey Metropolitan Area that this would have if the Port was closed.

It is a Federal problem of major scale, and we would expect large participation from the Federal government. This is truly dealing with our share. So I do appreciate that, and you should say that to this group, because I assume that these problems are not unique for ports anywhere.

You know, we saw -- as I said, they built a containment island in Baltimore and I think in Norfolk. So everybody is experiencing the same kinds of problems, and we should be dealing comprehensively in New Jersey with ours, I think.

SENATOR ADLER: Great.

Thank you.

SENATOR DiFRANCESCO: Thank you, John.

SENATOR HAINES: One other thing, Senator, that was brought out in the previous hearing from the folks in Bayonne. They felt the shoreline could be straightened out in their area and, rather than building an island, that most of the toxic material in the dredging could be put behind new pilings there in the Bayonne area. They would eventually cover it with concrete and use it as a recreation area, and they think it would be a real asset to their community.

SENATOR DiFRANCESCO: Golf course or--

SENATOR HAINES: I don't know, I don't know, but you know what I'm saying, I hope the bill is flexible enough.

SENATOR DiFRANCESCO: I think that Commissioner Shinn as you all know, has done a lot of work--

SENATOR HAINES: Right.

SENATOR DiFRANCESCO: --and put a lot of time into this area. He did talk to me about that concept. They're

apparently working hard at coming up with a proposal along those lines, as well as other proposals, to deal with this problem. So I'm confident in his department's ability to deal with this problem. I have heard about that proposal and that certainly sounds exciting also.

SENATOR HAINES: There had been some other legislators that have commented to me about the need for dredging in Salem and some other ports in the Delaware River, and I hope the bill will be flexible enough to reflect some of the work as Senator Adler has suggested.

SENATOR DiFRANCESCO: Okay.

Senator Ciesla has a boat, I think he needs some dredging right near his home that he wanted included in this bill. (laughter)

SENATOR CIESLA: That's in the bill. (laughter) It's in there don't worry.

SENATOR DiFRANCESCO: Thank you.

SENATOR HAINES: Thank you very much.

Along that same line, I'm going to ask Assemblywoman Martha Bark. Is she still here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Mr. Chairman, she's not going to testify this morning.

SENATOR HAINES: Will she be back?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, she went to another meeting.

SENATOR HAINES: Do you want to speak for her?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, we're fine.

Thank you.

SENATOR HAINES: All right.

The next speaker then will be James Reardon, Senior Vice President, Global Terminal.

Do we have a James Reardon here?

UNIDENTIFIED SPEAKER FROM OF AUDIENCE: Senator, Mr. Reardon couldn't be here this morning. We have someone from his company.

SENATOR HAINES: Okay. He ran aground.

Kathy Mak, will you come forward then?

I hope really from now on that we will not read presentations, that you will just summarize them because we have a lot of speakers, and I hate to be redundant. This is too important to be redundant.

Kathy.

K A T H Y M A K: Good morning.

My name is Kathy Mak, I'm Vice President of Development and Systems for Global Terminal. Global Terminal is at the end of Port Jersey Channel. It is between Jersey City and Bayonne. In the bill that was submitted by Senator DiFrancesco, we all heard earlier that it doesn't cover Port Jersey Channel.

In fact, this channel provides many job opportunities to residents in cities like Bayonne and Jersey City. Particularly, we all understand that with the closing of MOT, if we don't dredge the channel, Port Jersey Channel, it will create tremendous problems -- unemployment problems -- to the area.

The Port Jersey Channel itself currently is less than 35 feet. We have vessels calling Global Terminal, over 300 calls a year, many of them are only midsize vessels. From time to time, because of the depth of the channel, we have to wait

for high tide, and from time to time, complaints from steamship companies and (indiscernible) companies because of the unsafety of the channel they have to wait for high tide and waste their time.

The bill as it's presented in this current mode will take business away from Global Terminal and will hurt the economic stability of the region. I have collected signatures, petitions from over 900 people who are concerned about the safety of the channel and the economic stability of the region. I'd like to present those petitions.

I also have made a copy of the sounding chart of Port Jersey Channel showing how poor the Kerney is. I'd like to present the same as well. Here the -- those concerned we have them sign our petition. We urge immediate attention be given to Port Jersey Channel to dredge it to make it 40 feet to be the same way as those in Port Newark and Port Elizabeth. We also urge the Senator and the Committee here to include Port Jersey Channel be a part of the bill.

Thank you.

SENATOR HAINES: Thank you very much.

Any questions? (no response)

Thank you very much.

MS. MAK: Shall I present the petition and the sounding chart to you, sir?

SENATOR HAINES: What's that?

MS. MAK: Shall I present to you the petitions?

SENATOR HAINES: Yes, we would like to have the petitions. I thank you very much. Yes.

The next one is Captain Thomas Larson. Captain?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Captain Larson is not available this morning, Senator.

SENATOR HAINES: He's not available? Okay.

I'd like to have John Holtz come forward. John.

I've been speaking on your behalf, do you have anything else to say? (laughter)

J O H N F. H O L T Z: Thanks, Senator.

I'm John Holtz, Associate Director of the New Jersey Petroleum Council, with me is Tom Lambert of the Chevron Refinery up in Perth Amboy.

Thanks for the opportunity to speak this morning. Thanks, again, for your continuing interest in the dredging issue, this being your second major hearing on this.

Senator Haines, I'd like to especially thank you for your personal efforts and taking the time to go up and visit Tom's refinery and some of the other facilities up along the Harbor to see firsthand what the problem is.

Of course, we're grateful to Senator DiFrancesco for providing the clout of the Senate President behind this issue with his bill. We enthusiastically support what his bill is aimed to do. It will be a substantial investment in the future of our Harbor -- an investment that is sure to pay dividends to New Jersey in terms of business, jobs, and environmental protection.

However, I must emphasize for the Committee that for all its merits, Senate Bill No. 2327 does not fix the current situation caused by the blockade on dredging in the Harbor.

This legislation is about tomorrow's dredging needs. It does not clear up yesterday's long, overdue backlog.

The New York Harbor, encompassing the Newark Bay, the Kill Van Kull, the Arthur Kill, and the Hackensack River, is the busiest oil handling Port in the nation. It's literally the hub for petroleum product distribution, not only for New Jersey, but for the entire Northeastern United States.

Right now, there are at least 10 oil-handling facilities that are waiting the dredge. Some like Tom's facility have been on bureaucratic hold for more than six years. Several haven't even applied because of the futility of the process.

Collectively, these facilities pay a total of \$19.6 million annually in taxes to support local government in Middlesex, Union, Essex, and Hudson counties. The payroll for these facilities amounts to more than \$64 million, and the effected refinery and terminals pump over \$86 million each year into the local economy through goods and services they buy.

The dredging stoppage has escalated annual operating cost at these facilities ranging anywhere from \$.5 million dollars up to \$3 million. Such increased cost are ultimately borne by the region's consumers in the price of such things as gasoline and home heating oil, as Senator Haines has pointed out. Higher operating cost also undermine the competitiveness of these facilities making it harder to keep this segment of New Jersey open for business.

There are also environmental protection considerations. Because of extremely shallow berths, there has been an overall increase in marine vessel traffic in the Harbor because it, frankly, takes more trips to move the same amount of product. I know that you've heard a lot about lightering.

That's the process of off-loading from larger vessels to smaller vessels. That soared to more than 900 million gallons a year just because of the dredging problem.

The Transportation Committee today needs to understand that just approving Senate Bill No. 2327 will not make the problem go away. While we're grateful for this action, we don't want you to be surprised when you hear from us again soon about the dredging stoppage.

Members of the Committee, Senator Haines, we could literally measure this crisis with a ruler. Berths that need 36 feet are silted to 20 feet.

Again, I'd like to thank Senator DiFrancesco for having the foresight to prepare for the future. But unless we take care of the existing backlog soon, there may not be much need to finance future long-term dredging disposal projects. Competing East Coast harbors like Baltimore and Norfolk are going to be getting more and more of our business, and you've heard from other people to that effect.

Very quickly, before I let Tom tell you a little bit about what's going on at the Chevron Refinery or answer your questions, I have to make one quick comment about another aspect of Senate Bill No. 2327, just for your consideration, as it moves through the Legislature.

As you know, the bill also talks about underground storage tank funding. The deadline for the underground storage owners to comply with the required improvements and upgrades is 1998.

Our Petroleum Council members have done an enormous amount of work to meet that deadline and be ahead of the

deadline. We don't want to see this bill, which is going to require a voter referendum next year and ultimately issuing the bonds, become an instrument for some underground storage tank owners to wait until the very last minute to comply with the law.

With that, I'd like to let Tom say a few words about what's happening at the Chevron Refinery.

SENATOR HAINES: Sure, Tom.

T O M L A M B E R T: Hi, my name is Tom Lambert. I work at the Chevron Refinery in Perth Amboy, New Jersey.

Our project is approximately 70,000 cubic yards of materials. We employ, as you know, Senator, approximately 70 Chevron employees and approximately another 70 contract employees. We're the largest tax contributor to the City of Perth Amboy.

Currently, because we can't dredge, it's costing our facility between \$2 million and \$3 million a year, and that also transfers into bringing approximately between 8 and 10 tankers filled with crude oil a year.

You know, asphalt is priced as a commodity, and because it's priced as a commodity this translates into, for our facility, about \$2 to \$3 per ton. At the cost of asphalt at approximately \$100 a ton, this represents 2 percent to 3 percent additional cost on the products that we sell, and that transfers directly to the cost of the State as we are, I believe, one of two or three major producers of asphalt in the State.

That's all I have.

MR. HOLTZ: Senator Haines, we've included with our statement some more detailed information in terms of dollar figures and volumes, and we appreciate your time today.

Thanks.

SENATOR HAINES: That's great.

Senator Adler, do you have any questions?

SENATOR ADLER: No, I don't.

SENATOR HAINES: Any questions?

SENATOR ADLER: No, I don't.

SENATOR HAINES: Thank you very much.

MR. HOLTZ: Thank you, too.

SENATOR ADLER: Bill, Bill, I've been here about a half an hour, and I'm number two on the Committee already. This is great.

SENATOR HAINES: Well, that happens. We've got the other two-- They're spies on-- (indiscernible) (laughter)

SENATOR ADLER: Well, I see him there.

SENATOR HAINES: Art Maurice. Arthur?

A R T H U R M A U R I C E: Good morning, members. I'm here on behalf of the New Jersey Business and Industry Association. We strongly support the legislation, Senator, but we feel that we must add, as have several other speakers, the fact that we need a short-term solution now. That we fear that in three years there may not be a port there. We're anxious at how to help with that solution for this, what we feel, is the number one economic development issue facing the State.

Thank you.

SENATOR HAINES: Arthur, do you think that maybe the Port of New York and New Jersey could put some money into it on

a short-term basis to get this thing started, so that we wouldn't have to wait for the bond issue?

MR. MAURICE: I think absolutely so. In fact, there is language in Section 3 of the legislation which would allow for the bond proceeds that it be used to repay any loans of State moneys, for example. I know that's not what you were speaking of, Senator, but we could get started now with some spending.

SENATOR HAINES: Thank you very much.

Are there questions? (no response)

Okay. The next speaker will be Bob Murphy. Is Bob Murphy here? (no response)

Okay. Is the Chamber of Commerce here? (no response)

How about Gerald Owens?

MR. MANOOGIAN: I think the Chamber is here.

SENATOR HAINES: Oh, the Chamber is here.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes.

SENATOR HAINES: Oh, okay.

I thought you were. I didn't see them.

J A M E S F. L E O N A R D: Thank you, Senator. I've submitted copies of my testimony. I just want to highlight a couple of things. I appreciate the opportunity to be here. I'm Jim Leonard, Vice President of Government Relations for the State Chamber. I'm here testifying on behalf of not only our business members, but also the small and regional local Chambers of Commerce that make up our Chamber network.

Few New Jerseyans are aware of the volume of businesses conducted in the Port, which was demonstrated by a recent survey that the Chamber of Commerce conducted last month.

The statistics for the port are staggering and speak volumes as to why we need to dredge the Port.

The Chamber is consistently -- the Chamber has been consistent in its resolve to work with government to determine long-term solutions to the problem that threatens the economic viability of our State. That specifically being the dredging issue.

While we applaud the steps taken to provide short-term remedies to intermediate problems, the fact is that business expansion, attraction, and retention are dependant on the ability to anticipate the future. For those in the maritime industries, this means the assurance that there will be places to dispose of dredged materials so that their berths and channels which are their lifelines remain safe and navigable. If we are serious about courting investment in our State and remaining one of the top three ports in the nation, we must take action quickly.

I want to take the opportunity to applaud Senator DiFrancesco and members of the Committee for hearing this today. We are in full support of Senate Bill No. 2327 and want to offer our ongoing and continuing support in this area.

Thank you.

SENATOR HAINES: I'd like to ask you, if you have any solution to getting the thing started ahead of the passage of this bond issue?

MR. LEONARD: Well, I think the comment that you made before when Art Maurice was up here was a suggestion that needs to be thought about, and that is putting moneys, particularly the moneys from the Port Authority, to start the process.

The difficulty is, if you look at the economics involved, taking the sediment to Utah, for example, has a cost. Taking the sediment and moving on to the land has a cost, and there is also people on both sides of the issues that would argue one way or the other. In order to proceed on a short-term basis something has to be done.

Unfortunately, I'm not here to offer a total solution but just to ask that something actually happens in the short-term as well.

SENATOR HAINES: Thank you very much.

Do the other Senators have questions? (no response)

Thanks a lot.

Okay. The next speaker is Gerald Owens. Is he here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, Senator.

SENATOR HAINES: Okay.

How about Tom Adamski? Tom?

T O M A D A M S K I: Good morning, Mr. Chairman. Good morning, Senators.

I had the privilege of being here once before in June, and what I'd like to bring out now, very briefly is that in June, if you were to draw an analogy, we said that there was a caution at that point in time. We're now in November. I suggest to you that there is a red light blinking, and there is one of those annoying noises that tells you that there is a major problem.

I've listened to the other speakers previous to me indicate that everybody seems to be for a short-term solution, but every time the short-term solution is proposed, it seems that it can't go anywhere. Whether the Port Authority has the

money, doesn't have the money, if there is any money, or whatever the case may be, there seems to be stumbling blocks.

Last week-- I represent the truck community in the Port Newark, Port Elizabeth, greater part of the New York area. Last week, Hapag-Lloyd, who is one of the major players, elected not to call because they don't want to lighten the vessels in New York with any more New England cargo and wants to bring that cargo through Halifax. That roughly it ends up equating to probably 700 moves a week. Those are 700 jobs that the truckers are not going to experience anymore.

Once that happens it's almost impossible to get it back. But what's even more perplexing is we have 160,000 jobs. If we are to allow these jobs, can we afford 40,000 jobs to be lost this year? And who, maybe in this city, can come up with some sort of an industry to replace those 40,000 jobs? I don't think they're there. Next year can we afford another 40,000?

Our unemployment rate is a little higher than the national average as it stands right now. But even as we look at this further, Governor Pataki and Mayor Guiliani, in their infinite wisdom, were able to take \$13 million, for whatever reason to take the spoils out of Holland Hook and send them to wherever in Utah. Now, are we could suggest that they are unintelligent, or are they visionaries?

I think they recognize the value of what we have said before that there is a location here, and I think the location ends up being a magnet as opposed to us having 160,000 jobs in jeopardy. I suggest to you that some sort of a short-term plausible solution that the Governor -- I know in her infinite wisdom, made commitments to an environmentalist, but I've sat

and listened to where we have drawn the analogy that if one of the trade towers, as you alluded to before, were to be filled, the dioxin extracted will amount to a shot glass.

I've listened to Congressman Menendez suggest to me that the spoils that would -- the sediment that was drawn out of the Port in New York is 1 hundred million -- rather 1 million times cleaner than the remediated superfund sites. This provides to me an enigma. I can't understand how we can't do a short-term solution to either enhance the Port or at least provide the Port with the dredging that's necessary and still sit here and say that we want this to be a part of the State of New Jersey.

Thank you.

SENATOR HAINES: Thank you very much.

I think you've said it all.

Are there any questions here? (no response)

No questions, okay.

Greg Storey. Is Greg Storey here?

G R E G O R Y D. S T O R E Y: Mr. Chairman, Senators, good morning. Thanks for the opportunity to speak here on this bill. I have copies of my prepared statement here. I'm going to be very brief.

My name is Gregory D. Storey, I'm Vice President of Corporate Relations of the New York Shipping Association, the Port employers of New York and New Jersey. Our 73 member companies are the shipping lines, marine terminal operators, and other maritime businesses that employ longshore labor in the Port.

For the record, we wholeheartedly support Senate Bill No. 2327. In and of itself, it's a prudent, far-sighted proposal to help ensure the survival of New Jersey's gateway to global markets by addressing its long-term needs.

The bill recognizes that the Port is critical to the future of New Jersey and acknowledges that a commitment by New Jersey is critical to the future of the Port.

However, as you've heard from a number of other speakers today, while I strongly urge approval of S-2327, I must point out to you that it does not deal with the immediate crisis that faces us.

As you've heard, dredging in the Port is virtually ground to a halt because of the inability to dispose of the dredged material. We're losing cargo to other ports, which are growing at rates double and triple our own. We're going to lose even more as long as this continues.

All of this is a result of political gridlock that has left the Port and the State without a short-term or a long-term plan to deal with the disposal of dredged materials.

Senators, our Port is being placed at great risk along with you, me, and the citizens of New Jersey. The issue must be addressed and addressed very quickly.

In conclusion, the shipping industry supports and applauds Senate Bill No. 2327 as a solid proposal for the future. I just hope that our Port will still be around when we get to that future.

Thank you.

SENATOR HAINES: Thank you very much.

Are there questions? (no response)

Okay. Cindy Zipf.

C I N D Y Z I P F: Good morning. I thank you for the opportunity to testify on this initiative by Senate President DiFrancesco.

Clean Ocean Action will submit formal comments to you as we review the legislation more carefully. But we'd like to make some general comments, and that is, first of all, we are delighted and welcome the initiative of the Senate President to focus on the need for long-term alternatives, also to provide a source of funding for those.

Clean Ocean Action has been long involved in trying to identify alternatives to open ocean disposal of contaminated sediments. To that end, we have participated in numerous, numerous Federal and bistate regional efforts to try to come up with a list of alternatives and all of those have failed. It wasn't until Governor Whitman stood up and took a strong position on this issue and said, "We will find alternatives," and established the Dredge Material Management Team, along with Assemblyman Steve Corodemus as Chair, have we really come up with a long-term, sort of holistic approach to dealing with contaminated sediments.

One of the primary issues in the Dredge Material Management Plan, as we move forward on some of these broad holistic approaches to dealing with contaminated sediments, is the need for funding. So the Bond Act to provide a source of funding is truly needed.

There are some things that I would like to address. I understand that Commissioner Shinn also addressed some of these issues for the need of flexibility in implementing some of

these alternatives. Notably absent from the discussion is decontamination technologies. I'd like to point out to you that a program that is currently ongoing right now to develop decontamination technologies will be providing some initial results on 23 different technologies in January of 1996. So, in a few short months, we'll have an understanding of whether or not these 23 technologies that showed the most hope will provide an answer for contaminated sediments.

So decontamination is not a pie in the sky, "Star Wars" type of alternative. It is a real time alternative, and we need to provide sources for funding to implement those technologies.

In addition, upland containment alternatives are also available, and I share all of the earlier speakers on the need to find alternatives for near term, very near term, and upland disposal options are also a viable answer for that. Again, we need some flexibility in the Bond Act to provide for those.

In addition, we'd like to discuss an opportunity for the users to also fund some of these alternatives. The taxpayers should not necessarily pay for all of the cost of these alternatives, but the users as well.

In addition, a large amount of the money is for the deepening of Kill Van Kull. While we're not going to debate whether or not the Kill Van Kull needs to be deepened at this particular time, what we would like to discuss in the Bond Act is what relationship the deepening of that channel area has to environmental cleanup and containment needs.

The Kill Van Kull was just recently deepened to 40 to 42 feet. Much of it was bedrock, which they blasted out of the

channel and then disposed of it at the Mud Dump Site. This was clean material, it was not contaminated material. So there may not be a need for environmental cleanup costs for the deepening of the Kill Van Kull, nor for the containment of that material. That material may be able to be disposed of at the Mud Dump Site.

Again, I want to just reflect on some of the timing issues of concern with the Bond Act in terms of the short-term answers that we need. The Bond Act would not go to the ballot before November of next year. The subaqueous burrow pits in Newark Bay are due to be on-line in September. So we are rapidly moving ahead on alternatives, and we need a funding mechanism to support both the short-term and the long-term needs.

I'm also concerned about the commitment of Federal dollars to the project and the New York dollars to the project. The amounts of money from the Federal contribution are staggering, and we're going to need to address that issue and make sure that we don't delay any implementation that New Jersey can do but while waiting for a Federal contribution of that size.

In conclusion, I just want to again share Clean Ocean Action's delight and enthusiasm for the interest and dedication that the Senate is putting forth on the dredging material, disposal dilemma, as we like to call it. We look forward to working with the Senate and Senate President to make sure that we can both meet the dredging needs of the Port and protect the marine environment.

Thank you.

SENATOR HAINES: Yes, I understand at previous hearings that we've had that the Dump Site has some contaminated material that is exposed out there. Would you be against -- you say you're against ocean dumping, but would you be against dumping clean material in the Dump Site to cover-up some of the contaminated material that's out there?

MS. ZIPF: Thank you for asking me that question, Mr. Chairman, because I think our position has been -- has not been clearly reported. Clean Ocean Action is not opposed to dumping of clean material out at the Mud Dump Site, we never have been. We are, in fact, looking for clean material to dispose of out there because of the spread of contamination and the historic dumping that has gone on out there. So not only do we not disagree with the ocean disposal of clean material, but we think that we may need to encourage the disposal of clean material.

So while I'm talking about the Kill Van Kull material being disposed of, that was clean material. We didn't argue against that. It was interesting to note though that the Army Corps of Engineers who says that they monitor the Mud Dump Site carefully and that they monitor it to the point where they know exactly where they dump, how much they dump, and there is no threat to the marine environment--

They dumped so much of the Kill Van Kull project, the bedrock, the rocky material, that their own ship ran aground on it. They came within 12 feet of the ocean surface. They created a mountain of muck some 40 to 50 feet high. So we have also concerns about the Army Corps of Engineers and their "monitoring" and caretaking of the Mud Dump Site. But we're not opposed to ocean dumping of clean material.

SENATOR HAINES: Okay. That's good.

In conversation with Commissioner Shinn here earlier, I brought up the suggestion that the Bayonne people had of strengthening -- of straightening out their shoreline with piling and then disposing of contaminated material behind this piling, and then capping it with concrete. This was suggested by some of the folks from Bayonne. Would you be against that?

MS. ZIPF: I would be very interested in looking at the proposal. Is this on the Military Terminal Site or on the other side?

SENATOR HAINES: Gee, it's -- which side is it?

It's the side towards the Harbor.

MS. ZIPF: Up towards New York?

SENATOR HAINES: No, no, the other side.

MS. ZIPF: Towards the Newark Bay?

SENATOR HAINES: Towards Newark, yes.

MS. ZIPF: Towards the Newark Bay.

I'd be interested in looking at that.

SENATOR HAINES: As I remember, now, I saw charts in June, and gosh, you know, I'm not real familiar with this whole thing, but it looked to me like it was on the west side of Bayonne.

MS. ZIPF: Okay. We would be very interested in looking at that and reviewing that. But Bayonne offers a very exciting opportunity on the Hudson River side with the closure of the MOTBY Military Terminals. MOTBY is a stone's throw away from a 50-foot Hudson River channel which provides a wonderful opportunity for a deep water facility without the need -- the tremendous dredging needs that occur in the other harbor. So it

does offer-- Bayonne offers a lot of exciting opportunities for the Port to move ahead into the next vessel depth, which is apparently 45 feet to 50 feet deep. The Hudson Channel -- the Hudson River is at 50 feet now. So to the extent that we can do some court planning, which is also a part of the bond, and think about where New Jersey could put deep water facilities to reduce cost and maximize opportunities, Bayonne offers another optimal opportunity.

SENATOR HAINES: Bayonne seems to be enthusiastic about that so that's why I bring it up. They said it would help them tremendously.

Thank you very much.

Are there other questions? Senator? (no response)

MS. ZIPF: Thank you.

SENATOR HAINES: Is Tom Daly here? Tom F. Daly.

T H O M A S F. D A L Y, ESQ.: Good morning, Senator.

SENATOR HAINES: Here again, I'd like you to condense it if you can because we're short of time.

MR. DALY: I shall be very brief. I just heard about this last night. I did not prepare any written remarks, so if I start to ramble, I invite you to get the hook out after five minutes.

I am the Commissioner of Pilotage, State of New Jersey. I also have been a professor of maritime law at Rutgers University and practice law with the firm of McCarter & English for some 30 years now. I am a member of the Marine Resource Council and affiliated with Reliance for Action. I've been deeply interested in the pilotage and dredging issues as they interrelate.

With me here today are two pilots who are amongst the finest in the world's pilotage community -- Sand Hook pilots -- who will address you on the safety aspects of dredging.

The short and sweet of it is that the hydronomic effects of shallow water greatly influence the behavior of the ship. It makes it more difficult to handle and control. So we have a consequence called "the unintended effect," if you will, of not dredging, and that is that we have heightened the difficulty of handling ships in the harbor by not dredging, which by and of itself could create environmental problems.

I have taken a tour of virtually every Port from Nova Scotia to Miami on the Eastern Coast of the North American Continent. I shall tell you that we have lots of competition out there. They would love to get our business. We are losing market share. There are those who said that the case has not been made by the industry that the Port is in jeopardy. I suggest that quite the contrary is true. Although we've had a 6 percent increase in Port business, we are losing market share.

The Port of Norfolk is going to be our point of competition. It has 50-foot channels today. It is prepared to go deeper. It has a wonderful transportation infrastructure of trains and trucks. They have made overtures two prime candidates or tenants of the Port Authority. Sea-Land and Maersk both have expressed interest in consolidating operations there. So if we don't build it, they're not going to come to us, they're going to go elsewhere.

Senator Adler asked a question -- sorry he left the room -- about the benefits to South Jersey on this particular legislation. It will benefit, because if we can solve our

problem up here, it will become a model for the southern part of the State. They're going to run out of dredge containment island space within the next couple of years. There is also a collateral benefit in the form of the pollution issue that Commissioner Shinn addressed. Trucks will come if the ships don't. Each container represents one truck.

The greatest producer of dioxin is the combustion engine, and if we have to replace the ships to bring a million containers into our Port every year with trucks that are going to journeying up the New Jersey Turnpike from point south, South Jersey and the rest of the State's air quality is going to suffer immeasurably.

We are on the threshold of the 20th century, the global village of trading. New York has got a marvelous opportunity with the Port of New Jersey -- a great opportunity to seize the moment. NAFTA has opened up the South American trade. The EC is on-line and well. Eastern Europe has opened. We are ideally situated on the North American trade route to service this new global village of trade.

New Jersey's job market will be so much enhanced because of our ability to produce goods and ship them overseas, and let us not let this opportunity past. New York did. Those of you who are old enough to recall that the Port of New York, the Island of Manhattan, was a citadel of shipping in the late '50s and early '60s. Something happened in 1960 and New Jersey seized the moment. It was containerization, it positioned us like never before to become a premier port. I'm not talking about New York, I'm talking about New Jersey. The containerization was available here because we made provisions.

We had the space. We built the piers. We built the barracks, the cranes, and the ships did come.

Today, we have the third busiest container port in the world. The ships are not going to come unless we get down to deeper draft. Hong Kong is talking already about 85-foot drafts, Singapore, the same. I've mentioned Norfolk is down to 50 and they're going to go deeper. The ships are getting what they call "panamac" size, 4000 to 5000 container ships. They will be in use by the industry. They will come -- they will not come here unless we get this problem solved.

One quick point, let me talk about the "O" word. The word that does not get addressed, and that is ocean disposition. It is a problem. It's an issue that is driving the situation that we have today. I am increasingly convinced that the issue of whether or not the dredged spoils really constitute a threat to the ocean environment has been mainly driven by junk or bad science.

I would suggest that some of the moneys being used or generated or available from the State be devoted to establishing a task force of expert scientists to study that issue. Is there a risk? We know, from past experience, that junk science in the hands of self-proclaimed environmentalists has terrified the public about ocean disposition, and public officials have to be responsive to public concerns and we have been, but I ask that we examine once again the science.

There was an article published in The Wall Street Journal over the summer, "The Emperor Has No Clothes." It was peer review study of the EPA position on dioxin. It found that the EPA was absolutely wrong about the hazards of dioxin. You

have not seen that study published yet. You have not heard about it because it is -- it does not have any avenue of release. The EPA is embarrassed by it and quite correctly so. This is an example of the bad science driving the issue. Is it bad, is it good? Let's find out, and if it's bad science, let's educate the public and make the elected officials job easier.

I would suggest to you that the quick and short solution to the problem that we face today is ocean disposition of certainly class II material. Interesting to note, last week a (indiscernible) study developed and studied the 150-mile Dutch dump site, sewage disposal. You recall, that found that there has been no adverse affects on the deep ocean from the disposition of our sewage slug out there in the years past. That's science at work. We've taken a look at this. We do know that upland disposal of sewage has created problems in terms of crop contamination, again, an unintended consequence.

In closing, I will say that I am deeply concerned that we're going to lose market share here. The greatest environmental threat is the loss of a job. The loss of a job engenders breakups of families, single-parent homes, people that can't cope financially. Studies show increase in suicide rates. That is an environmental issue of great magnitude.

If we do not do something about this dredging issue tomorrow, more jobs, other than the 700 just alluded to, are going down the pike, and we are going to have a major economic problem on our hands. I would recommend to each of you for some reading Supreme Court Justice Byers' recent book called "Closing the Circle," a thoughtful thought about this economic environmental quandary we find ourselves in.

Thank you very much, Senator.

SENATOR HAINES: Yes, I just want to make a comment. I've been involved in this junk science myself, because I raise apples. Meryl Streep made herself to be--

MR. DALY: Yes, "the appler."

SENATOR HAINES: --the expert on science -- on apples with a product known as alar.

She destroyed the apple industry pretty much. There were many farmer in Pennsylvania and so forth that were in areas that could grow nothing else but apples because the apples do very well on the tops of hills where there is not too much soil and you can't grow vegetables and other things there.

Many farmers who grew apples fortunately have other crops. But many farmers who grew apples only lost farms that have been in their families for hundreds of years. Because the consumption of apples dropped substantially after Meryl Streep got on the radio and TV and said that they were poisonous. There was no basis for that junk science that came out at the time.

I can't comment on what you're saying because I don't know enough about the material in this dredging to say whether it's safe or not in the ocean. But I think sometimes people come to conclusions that may or may not be realistic, and certainly we need more research in this field.

To me, many other areas in the world have utilized offshore dumping, but they've gone out beyond the continental shelf and that kind of thing. Maybe some of the material could be cleaned up and taken out behind the continental shelf. This is something not for me as Chairman of this Committee or a

member of the Legislature to decide. I think it's up to the DEP to make these decisions. But you're right, sometimes junk science prevails, and it's a darn shame when things come out that are not -- don't have any real basis as a scientific fact, and the public gets a hold of them and there is almost a panic. That's what happened in the apple industry: There was a panic. People wouldn't--

Some schools banned apples. Mothers wouldn't feed their children apples or applesauce. It was all totally junk science.

MR. DALY: If I may, one minute.

SENATOR HAINES: I hate to get off the subject, but it--

MR. DALY: Well, you're right, that's the issue, and I don't know the answers either. I have seen reports, the EPA study that suggests that the docks and threat have been greatly overstated. We have great scientific resources in this State between Rutgers, Princeton, the Institute in Hoboken.

I would strongly urge that some moneys be set aside to start a task force of blue-ribbon scientists readily available to the State, perhaps under the hospices of the Department of Environmental Protection, to do an immediate study of this issue and see whether or not, in fact, that problems are as stated or have been overstated. Perhaps, some money could be set aside. I think if the word gets out and it's probably publicized, if the results are as I suspect they will be, your task of dealing with the disposition problem is going to be a lot easier from both a practical and political point of view. Because if the

people understand, you will be given the green light as elected officials to go ahead and do what's right.

I've tried cases for over 30 years, and I must tell you I have great faith in the jury system. Once they understand the facts, with a few exceptions, they reach the right conclusion. The jury is our public, they should be given the right facts.

Thank you, Senators.

SENATOR HAINES: Thank you so much.

I'm going to ask if there is a motion to vote this bill out at this particular time.

Is there a motion?

MR. MANOOGIAN: With the amendments.

SENATOR HAINES: With the amendments.

SENATOR CIESLA: So moved as amended.

Senator Adler, second it.

SENATOR ADLER: I was going to, but he didn't look at me.

SENATOR HAINES: The amendments really add to the flexibility of the bill. They don't change the basic character of the bill, so that the public knows what we're doing.

Is there a second to the move?

SENATOR ADLER: Seconded.

SENATOR HAINES: It's been moved and seconded.

We'd like a roll call.

MR. MANOOGIAN: Senator Adler.

SENATOR ADLER: I'm going to tell you, I have some concerns about this bill. I'm going to vote yes. I'm hoping,

as this goes through other committees and before it reaches the Senate floor, that some of those concerns are addressed.

First of all, I share the concern of some of the folks that this does not address the short-term problem that the harbor and the North Jersey economy is facing. I mention North Jersey because one of my other concerns is there are not dollars already earmarked for South Jersey. I hope, as we go through the process, the concerns that I know the Chairman of the Committee shares with me can be addressed and we can see that some of the moneys at some point go to meet the long-term needs of our ports in Southern New Jersey.

I have some concern that there is no distinction at this time with regard to leaking storage tanks for home heating tanks, oil tanks, and commercial tank farms. I would like to see that we address the needs of residential tanks unless -- or not even at all the commercial tank farms.

I have some concern and I heard other witnesses address the concern that we're counting on commitments of \$150 million each from the State of New York and from the Port Authority of New York/New Jersey. At this point, those are unconfirmed expectations, and I hope we can get the confirmation on that. New York and the Port Authority have to share the burden with the taxpayers of New Jersey.

I think one other entity that should have to share the burden is industry. I think there should be some consideration of user fees or tipping fees or something, so the taxpayers aren't alone in meeting the burden.

Certainly, we, as taxpayers have some real interest in this, but I think industry has a particular interest in this

because, as we heard from the witnesses today, the industry will suffer and businesses will close. I think it's fair to ask businesses to share the responsibility, not to bear it solely, but to share the responsibility with our taxpayers. So having stated those concerns, I nonetheless vote yes.

SENATOR HAINES: Thank you, Senator.

MR. MANOOGIAN: Senator Sacco has indicated that he will vote in the affirmative.

Senator Cardinale has indicated he would vote in the affirmative.

Senator Ciesla.

SENATOR CIESLA: Mr. Chairman, I want to be supporting this bill as well, but I would like to echo some of the comments made by Senator Adler and, perhaps, amplify that I want to ensure that as this process moves -- this bill moves through the process that provides for maximum flexibility of any alternative that may be acceptable to the scientific community.

My experience in this area is, all too often, our own regulations, and, perhaps, maybe some of the additional scrutiny that we place upon this matter is shortsighted and perhaps, draws conclusions that are not necessarily warranted by the scientific sediments.

Here we have a situation that is not only impacting upon the economy of the entire Northeast region and more particularly New Jersey, but we also have vested interest of the private industry.

I would like to see private industry in this matter to be able to step up to the plate, suggest alternatives that would be acceptable to the scientific community and be implemented and

be funded by the funds that ultimately will be available through this Bond Act.

We need to move, this is something that is incredibly important to the State of New Jersey. It's going to have ripple effects for the entire Northeast. The testimony that was given here by members of the business community, I think, understates the importance of the Port to New Jersey. We have actors -- economic actors -- in this immediate area that are just looking to steal the business away, and unless we act very quickly in order to do something, and that something I think is going to have to be enhanced by a partnership from the private sector that has a vested interest, we're certainly going to lose the moment that was spoken about today.

So with that, Mr. Chairman, I vote wholeheartedly yes, and I encourage that the future committees consider ways of making this as flexible as possible.

MR. MANOOGIAN: Senator Haines.

SENATOR HAINES: Yes, I have the same concern as the other two members of this Committee, particularly Senator Adler. I think I've had several requests from problems that are apparent in the Delaware River. I think we have a State as Ben Franklin said, "It's like a barrel with two faucets."

We have two rivers that we're very concerned about, and we need to take into the concern of both rivers. So that I think that's a factor. I would not have suggested that we let this out of Committee if it weren't for the fact that we're reaching the end of the year. We have to move on this so that we can get it passed by the Legislature before the year is finished. That's why I'm also voting for it.

If we had the time, I would have liked to have had an all day hearing on this because we have several other speaker that are coming up. There have been several suggestions here that I think are pertinent to the question.

One of our former speakers suggested upland disposal. I'd like to hear about that as a farmer, because it seems to me and they've done this in some other areas of the world where they take the top soil off and they take maybe a foot of subsoil off. Then they pump this material in, and then they put the subsoil back and the topsoil on. There is no harm to anything. Of course, this has to be done in an area where you have a very high water table. In other words, quite a distance above the water table.

I think this bill leaves itself open to a lot of flexibility and that's the way it should be. But I also think we need to look at the short-term solution here, and our Committee will continue on this thing even after the new year starts in terms of trying to get some of these short-term solutions solved. Because I think we have got to look at this thing and work at it immediately and not wait for beyond the end of the year.

I think the folks that have spoken here have been very positive. Everybody has been positive. I think it has been a good hearing. Beyond the vote, if somebody feels they wish to talk or would like to talk to some of the members, we will be available.

I would warn you, though, that we have a very important meeting that all of us have to go to shortly. So we don't have much time left, and I will vote yes.

Thank you.

Senator Sacco is back. Would you like to make a comment?

SENATOR SACCO: No, no, thank you.

SENATOR HAINES: Is there anybody else who wishes to speak at this time? (no response)

If not I'll call the meeting adjourned.

Thank you so much for coming.

(MEETING CONCLUDED)

APPENDIX

Statement by
Lillian C. Borrone
Director, Port Commerce Department
The Port Authority of New York and New Jersey
before the
New Jersey State Senate Transportation Committee
November 9, 1995

Thank you, Mr. Chairman for this opportunity to address you on a matter of great importance to our state and region. Earlier this year, you and your committee heard from Port Authority staff and a variety of members of the maritime industry, many of whom are here again today, about the importance of finding solutions to the dredging crisis facing our port. The quick response by Senator DiFrancesco, Senator O'Connor, you Mr. Chairman, and this committee is to be commended. I am pleased to have this opportunity to talk to you about where we are in addressing the dredged material disposal issue in our harbor, about the State of New Jersey's role in this effort and how Senator DiFrancesco's proposal is a positive step towards long-term solutions.

This committee is already sensitive to the key issues at stake here. Given the fact that our harbor is naturally only 18 feet deep, dredging is absolutely necessary to provide adequate depths for the new, modern container ships that require up to 45 feet of water. The stakes couldn't be higher. Over 166,500 jobs depend on the activity at the port, generating \$6.2 billion in wages and contributing \$500 million in state and local taxes. It is clear that our port is a vital part of the State of New Jersey's and the entire region's economy. We are talking about the future economic viability of the region and unless something is done, that viability is in grave peril.

The businesses created and supported by international trade pay taxes and generate thousands of direct and indirect jobs for our citizens.

Addressing the issue of dredged disposal is not only an economic issue. It's an environmental issue as well. To lose the option of bringing the millions of tons of cargo to our region by ship would mean that those goods that are sought by 17 million regional consumers would have to travel here by some other means. Think of it, if those millions of tons of products do not come into and out of our region by ship, how will they travel. Either they will not come here, which will be an economic catastrophe, or they will move predominantly by truck and some by rail causing an adverse environmental impact on our area that already has air quality problems. The impacts on our air quality would be significant and negative, in addition to the impacts on our infrastructure and our quality of life with increased congestion and increased costs.

The State of New Jersey has taken several steps toward providing possible solutions to this growing issue. First, Governor Whitman took the bold step last year of appointing a Dredged Material Management Team to develop short-term solutions. That team recommended the construction of new subaqueous pits in Newark Bay. It was an important and necessary first step that recognized how essential the port is to the region. The Port Authority, the U.S. Army Corps of Engineers and the New Jersey Department of Environmental Protection have initiated the environmental and engineering feasibility studies on this project. The Corps of Engineers has begun its Environmental Impact Statement. A public scoping session was held earlier this year and a Request for Proposal for a consultant to begin that work has been issued.

Senator DiFrancesco's proposal is consistent with all of these efforts. But more importantly, his proposal moves us forward from the recommendations of the Governor's team to address a major problem, that of finding a funding mechanism for implementing the long-term strategy. He also takes a regional approach to the issue, calling on all of the players within our harbor, the federal government, the Port Authority, the State of New Jersey and the State of New York to play a role in developing a strategy. Most importantly, it is a recognition that this is not simply a port issue. It is an issue related to the future economic well being of New Jersey. This proposal addresses a problem not caused by the port industry but rather is a product of over 100 years of industrialization in New Jersey. The industrial growth that helped to support past generations of New Jersey citizens left, as a legacy, the residue of that industrialization which is now threatening the viability of our present economy. The arteries of commerce that carry the life blood of our economy are literally being choked with the refuse of past generations.

The Port Authority has, perhaps more than any other agency in the region, long recognized the importance of dredging to both maintain existing depths and to deepen channels and berths to accommodate the larger vessels calling on modern ports. We have already committed huge amounts of public resources entrusted to us to help protect the economy of the region by sponsoring dredging projects. Having contributed approximately \$100 million to the earlier Kill Van Kull and Newark Bay channels deepening projects which brought channel depth to 40 feet, the Port Authority is presently studying, with the Corps of Engineers, the further deepening of these channels to 45 feet.

The Senator's proposal also calls for participation by federal, state and others. Again, this is a recognition of the regional nature of the problem. The State of New Jersey's response to Senator DiFrancesco's proposal is in the hands of leaders like you, other members of the State Legislature, the Governor and, ultimately, the voters of the State. We are prepared to work with you as the legislation moves forward.

What should be clear is the need for an immediate solution as well as a long-term strategy. We, the legislators duly elected by the voters and the public officials appointed by the Executive Branch would be remiss in our responsibilities to the public we serve were we not to take action such as that proposed here. The participation of the State of New Jersey in the solution is critical. This region's immediate competitors in Maryland and Virginia have the benefit of containment facilities already in place and those ports are heavily subsidized by its state government. This significantly affects our port cost competitiveness. And make no mistake that our business is truly being affected by this issue. I have provided you with copies of a recent editorial which ran in a Halifax, Canada newspaper, which boasted that they were being successful in attracting service from the Port of New York and New Jersey due in part to steamship lines' concerns about sufficient depths in our harbor. You also have been provided a copy of a Journal of Commerce story which states that Hapag-Lloyd, one of the major shipping lines which calls on the Port, will stop its New York-New Jersey feeder service to Boston and replace it with a Halifax to Boston service, again, due to concerns over our ability to address this critical issue of dredging..

Senator DiFrancesco has provided an opportunity for this committee, the legislature and all of us with an interest in the future of our State and region to consider the long-term needs of this basic infrastructure requirement. I applaud your initiative. New Jersey is stepping forward to save jobs and to promote the growth of a mighty economic engine.

Thank you!

Monday, October 23, 1995

EDITORIAL

New York's loss is our gain

IN 1996, SOME 4,000 containers will be missing from the docks at the Port of New York — but they'll all turn up in Halifax.

Hapag-Lloyd (America) Inc. announced last week, much to the delight of Halifax Port Corporation officials, plans to transfer its New York-based New England feeder service to Halifax.

The Dec. 1 launch will be a homecoming of sorts. Hapag-Lloyd ran its New England feeder service out of Halifax for 14 years on the Yankee Clipper before switching to a barge service out of New York in October 1983.

The move reflects an increased commitment to the Port of Halifax by Hapag-Lloyd, whose ships stopped calling in Halifax in 1991 as the port went through a dramatic downturn in business. Although the carrier continued to ship cargo through Halifax via a slot charter agreement with ACL, it was not until last year that Hapag-Lloyd ships returned to Halifax with the PAX service. PAX, owned by Hapag-Lloyd, Neptune Orient and NYK Line, boosted port cargo by about 15 per cent annually.

Much of the credit for the return of the feeder service must go to SPM Container Line, an extension of St. Pierre Ro-Ro Service. Initiated last spring out of Halifax, the common carrier feeder service to Boston has been a tremendous success. It has already increased its frequency of calls, and, as a condition of its new agreement with Hapag-Lloyd, will be adding a call in Portland, Me.

Timothy Collins, vice-president of Area East for Hapag Lloyd (America), said in an interview from New Jersey that while the service currently carries 4,000 containers per year, an increase is expected because the feeder will be able to connect with more freight arriving in Halifax. "There were some connections we were unable to make on the feeder in New York ... we had been trucking it to New York."

Changes in worldwide shipping routes, primarily through the AEX service, and the fact that Hapag-Lloyd would not have to run the feeder itself, determined that "it makes economic and commercial sense to make a switch," said Mr. Collins.

He also said that the draft problem in the comparatively shallow New York harbour has been causing problems for carriers; Hapag-Lloyd has recently experienced delays as frequently as once a week out of New York. "Certainly they have serious problems in New York and it's a big issue. The port community is up in arms because things are not moving as fast as they should be."

The loss to New York is clearly a gain for Halifax, which will see an increase in jobs and economic activity as a result of the transfer. Port Corp. president David Bellefontaine says the port has also seen an increase of 300 per cent so far this year in traffic destined for the Midwest, attributed primarily to the opening of the Sarnia tunnel that accommodates double-stacked rail cars.

After struggling through a few tough years in the early 1990s, it appears that 1995 will be a banner season for the port. Since it generates 6,985 jobs in the region and creates \$300 million in annual direct spending, this is good news for the entire province.

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Hapag-Lloyd to Restart Halifax-Boston Feeder

By MICHAEL S. LELYVELD

Journal of Commerce Staff

BOSTON — Hapag-Lloyd (America) Inc. said last week that it plans to re-establish its regular weekly feeder service to Boston from Halifax, Nova Scotia through Portland, Maine, on Dec. 1, replacing a Boston barge service from New York.

The container service operated by Halifax-based SPM Container Line will run on the same route as the familiar Yankee Clipper, which served Boston for 15 years until 1994.

Since then, Hapag-Lloyd cargo has reached Boston by a weekly Columbia Coastal Transport Inc. barge from New York. SPM also recently began sailing to Boston from Halifax with a small container vessel, the Christina C.

Tim Collins, a Hapag-Lloyd vice president, said that the use of a larger vessel from Halifax on the old route to replace both services now

makes sense for several reasons. A worldwide realignment of the line's routes encourages the use of Halifax, Mr. Collins said.

"All the services we have that call the East Coast call Halifax," he said. Draft restrictions in New York and high costs also make the route switch a logical choice because the shift of New England cargo will lighten loads in New York.

David Bellefontaine, president of Halifax Port Corp., hailed the move to restore the port as Hapag-Lloyd's load center for New England cargo. Mr. Bellefontaine said the service would benefit from a savings of some \$30 per container as a result of a port incentive to build feeder business.

Halifax expects that the move will have a "significant economic impact" on the port and benefits for labor, Mr. Bellefontaine said, adding that the route change demonstrates the port's ability to compete with New York.

STATEMENT OF M. BRIAN MAHER, PRESIDENT
MAHER TERMINALS, INC,
TO THE
SENATE TRANSPORTATION COMMITTEE

I am Brian Maher, President of Maher Terminals. I appreciate the opportunity to express my views on the subject of dredging, dredged disposal and Senate Bill 2327.

Maher Terminals is a marine terminal operator and stevedore with its primary place of business in Port Elizabeth, New Jersey. We operate terminals encompassing 500 acres and 8,000 feet of berthing space. We service 26 steamship companies who collectively trade throughout the world. All the major steamship companies we serve, as well as any economic forecast that I can find, predict significant increases in trade to and from the East Coast of the United States over the next ten to fifteen years. In order for the Port of New York/New Jersey to take advantage of this growth in trade it is necessary to accommodate the needs of the steamship companies that service the Port in a way that permits them to maximize their economies and efficiencies.

Many of the steamship companies that call the Port already have vessels requiring more than 40 feet of water, or are ordering vessels that require more than 40 feet of water. The steamship industry is going through a massive restructuring that includes consolidations of steamship companies and partnerships which will generate larger vessels and more concentrated cargo centers to handle those vessels. Our Port is strategically located to benefit from the increase of trade and the consolidation of those steamship operations. However, our window of opportunity is short and if we don't convince the steamship trade that we will have a 45 foot channel, 45 foot berths and a short-term and long-term plan for maintenance dredging, we will lose the window of opportunity and the Port will become a secondary feeder port.

I am here today to endorse and support Senate Bill 2327 recently proposed by Senate President Donald DiFrancesco. Currently there is no long-term plan for dredging the New York/New Jersey harbor or the disposal of dredged material. To the extent that there are alternatives under consideration, such as subaqueous pits and a containment island, no one has come to grips with the question of who will pay the extraordinary costs of these options. Senate Bill 2327 outlines a proposed framework and cost-sharing between the states and the federal government.

8x

All of the alternatives to ocean disposal are expensive in comparison to traditional methods. For example, the cost to dredge and dispose in the ocean prior to 1993 was approximately \$5 per cubic yard. The cost in 1993 to dredge and dispose in the ocean with a cap was \$35 per cubic yard - on an annualized basis assuming a volume of 4 million cubic yards, this represents an increase in excess of \$100 million dollars per year. Even if we assume that all of the material doesn't need to be contained and that efficiencies will be gained over time, it still appears that we are looking at an increase in cost of certainly \$50 million dollars per year. The steamship community, who have not caused the contamination, will not pay this cost, and the Port community cannot pay it. The contamination of the harbor is a regional problem. The decisions to dispose of dredged materials in contained facilities, whether by capping or digging pits or building containment islands, are political decisions that must be funded through general state and federal revenues. Senate Bill 2327 recognizes this and provides a structure for the financing to build containment facilities and the deepening of the Kill Van Kull channel. The passage of this Bill, along with the required federal legislation will be a tremendous step towards implementation of a long-term plan.

On June 22nd I testified before a joint session of the Senate Transportation Committee and the Assembly Transportation and Communications Committee. At that time I spoke about the loss of business that the Port and my company were experiencing to the Port of Halifax as a result of the inability of steamship companies to bring fully loaded vessels into the Port of New York/New Jersey due to shallow depth. Since then there has been public and private speculation that this loss of business is not real or significant. Attached to this statement are some recent articles published in Canada which acknowledge that in fact Halifax has been enjoying diversions of business from the Port of New York/New Jersey. My company is currently losing approximately 20,000 containers per year as a result of this diversion.

I also testified at that time that Maher Terminals needed to dredge a berth to 45 feet in order to accommodate our existing customers. To date this project has not moved forward because the cost of disposal of the dredged material is indeterminate and can range anywhere from \$75,000 to over a million dollars depending upon what method is used for ultimate disposal.

As further evidence of the immediacy of the crisis, I have attached to my statement a letter from Hapag-Lloyd, one of our customers, placing us on notice that on October 25th their vessel, the "BONN EXPRESS", was aground in our berth.

9x

Notwithstanding the fact that the Port is losing business, that vessels are unable to carry full loads in and out and are in daily danger of grounding, there is still no short-term plan for dredging and dredged disposal.

Since the June 22nd hearing there has been little, if any, real progress made on either a short-term dredge plan or a medium-term dredge plan. In fact, the borrow pits which were recommended by the Dredged Materials Management Team at best will now provide 3 million cubic yards of capacity as opposed to what was anticipated back in June of 14 million cubic yards of capacity. In any event, the pits are two to three years away.

Senate Bill 2327 is an important and positive step towards finding a solution to funding a long-term plan. We must not, however, lose sight of the severe crisis which currently exists and is threatening the commercial viability of the Port and the safety of the vessels that call there. It is essential that we have a short-term plan for dredging and dredged disposal and we need it now.

November 9, 1995

10X

Hapag-Lloyd revives Halifax base for New England feeder cargo

By PATRICK J. McMANUS

HALIFAX - Hapag-Lloyd is sending more business back to Halifax. Starting in December, the New Jersey-based shipper will re-establish the port as its "load centre" for New England cargo.

Patricia McDermott, Halifax Port Corporation's Vice-President, Marketing, calls the announcement great news. "We've always worked to help establish Halifax as a load centre port."

Hapag-Lloyd will use SPM Container Line to feed cargo to New England on a weekly basis. This coincides with SPM's new weekly service to call Portland, Maine. The vessel will load at Halifax every Wednesday, discharge and load in Boston on Fridays, Portland on Saturdays, and discharge in Halifax on Sundays.

With extra work at both Halifax container terminals, and improved weekly frequency for SPM customers, Ms. McDermott says "everybody wins."

Currently, SPM uses the "Christine C" - a 142-TEU container vessel - but Hapag-Lloyd officials say a new vessel with double the capacity will be brought into service.

It was just last fall that Hapag-Lloyd discontinued its Yankee Clipper feeder service in Halifax in favour of a barge operation via New York. Now Hapag officials say the barge service wasn't as cost effective as originally hoped.

Now, with the economies right, says company spokesman Timothy Collins, Halifax stands ahead of the competition.

Mr. Collins admits the line has on-going problems with New York's draft restrictions. Last spring, environmental concerns stalled the \$350 million dredging program. Public concerns were raised over the proposed offshore disposal of dioxin-polluted soil from the harbour floor.

As well, shippers doubt the Port of New York and New Jersey Authority's ability to dredge and maintain a 45-foot access channel. For years ocean carriers have repeatedly complained of New York's berth silting problems, on top of the

high costs of dredging to 45 feet.

Although the U.S. Army Corps of Engineers plans to open and maintain the access channel, Mr. Collins says that solution can't come soon enough for Hapag-Lloyd. Halifax, the world's second largest natural harbour with no siltation problem, became the obvious choice.

More important was SPM Containers' existing service. Started last December, SPM quickly attracted overseas carriers seeking competitive access to New England markets. Compared to New York, Halifax offers improved transit times of international containers by at least five days.

Mr. Collins says Hapag-Lloyd likely wouldn't have come back had not SPM already been on the field.

But after leaving altogether in 1990, Hapag has slowly returned to the port, where it did business for more than 25 years. Five years ago, it pulled out as too many half-empty vessels plied the oceans, and the world shipping industry underwent a thorough restructuring.

Shipping conferences became the new standard as lines attempted to cut back on too many ships chasing too little cargo. Last November, Hapag-Lloyd returned to the port at the head of a new consortium. Along with Nippon Yusen Kaisha (NYK) and Neptune Orient Line (NOL), the line launched a joint Pacific-Atlantic Express (PAX) between Asia, North America and Europe.

HPC President and Chief Executive Officer David Bellefontaine says the Hapag-SPM deal is the key to "re-establishing Halifax as a base for New England traffic."

The agreement was further helped by the corporation's incentive for feeder business, amounting to a saving of about \$30 per container. The incentive also applies to the rapidly-expanding U.S. Midwest traffic, which jumped 300 per cent so far this year over last.

Furthermore, Mr. Bellefontaine says the recent Hapag decision "will have a significant economic impact and will benefit the port's labour force."



Editor's message

Readers of *Canadian Shipping* may have noticed a new feature, **WORLD BRIEFS**, in our issue of October 23. As part of the plan to broaden the scope of coverage, this feature will be appearing regularly from now on.

Having been in the editor's chair for a month, I also want to mention other steps being taken to strengthen the editorial content of *Canadian Shipping*.

Thanks to line input from our production team, a new, more appealing format has been created for industry profiles throughout the year.

Though the emphasis will be on prominent and rising figures in the marine industry, we will also be looking at achievers in other segments of the transportation industry. We are particularly pleased to begin in our next issue with Barry Olsen of

Marink Canada. On the drawing board for the near future is what will be an important new feature, **WORLD TRADE FOCUS**. On a timely basis, we will zero in on a specific Canadian trading relationship. It will cover purely bilateral relationships such as Canada-Mexico and Canada-China, or sometimes take on a wider regional dimension such as Canada-Latin America. This feature will encompass analysis of political and economic trends as well as comments from carriers, exporters, importers, freight forwarders, and traffic managers.

Other wise, *Canadian Shipping* intends to stay on top of news events of special interest to Canada's shipping/marine industry.

Views from readers would be highly welcome.

Leo Ryan, Editor

11X

Monday, October 23, 1995

HALIFAX
THE MAIL STAR C1

EDITORIAL

New York's loss is our gain

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Hapag-Lloyd (America) Inc. • 399 Hoes Lane • Piscataway, NJ 08854

Hapag-Lloyd (America) Inc.

Ulrich Kranich

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Piscataway, New Jersey 08854

Telephone: (908) 885-6107
Telefax: (908) 885-3742

November 01, 1995

Mr. Don McBeth
Senior Vice President
MAHER TERMINALS, INC.
Journal Square Plaza
Jersey City, N. J. 07306

RE: DEPTH AT MAHER TERMINALS BERTH 66

Dear Don,

The Master of the "Bonn Express" has reported that his vessel, which was docked at NYC on October 25th was sitting on the bottom, approximately one hour before low water in the afternoon, i.e. 1430 hours. At this time, the ship went 2 feet off the Pier and listed to port. At the time of the incident, the vessel's draft was as follows:

Fwd 32'10" Aft: 35'01"

The ship was at Berth 66 with the stern at the 3140 feet mark.

The ship's crew sounded the depth (at arms length) from the face of the pier. It was recorded as 32'02".
This depth is insufficient.

There seems to be a continuous build-up of material at the berth and the further away the maintenance dredging schedule is pushed back, the higher the risk factor.
We require immediate action.

We understand that the maintenance dredging operation at the berths has been pushed back from July 1995 and the latest information we have indicates January 1996.

As a user of your facility, we have repeatedly shown our concern on the depth alongside the berths. We cannot expose our vessels to any risk.

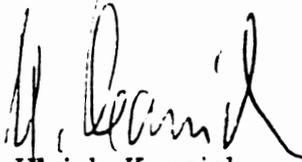
November 01, 1995
Page 2

Mr. D. McBeth, Maher Terminals, Inc.

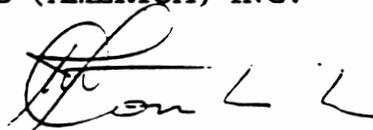
We trust that immediate steps will be taken to expedite the maintenance dredging and further, to deepen the berths, as discussed between us, to provide safer berths to our vessels and use them to their full capability.

Very truly yours,

HAPAG-LLOYD (AMERICA) INC.



Ulrich Kranich
Senior Vice President
Corporate Operations



Capt. Frederick R. Coutinho
Director
Corporate Marine Operations

UK/FC:epb

cc: Mr. M. Brian Maher
President
Maher Terminals, Inc.

Mrs. Lillian Borrone
Director Port Department
The Port Authority of NY and NJ
One World Trade Center
New York, N. Y. 10048-0682

14X

GLOBAL TERMINAL & CONTAINER SERVICES, INC.

	<u>1995</u>
Acreage	106
Berth Depth	40 ft.
Channel Depth	34 ft.
Gates	19
Vessel Calls	300*
Daily Gate Transaction	1,200
Containers Handled Annually	170,000*
Employees, Workers	600+
Major Users	8

***projected**

+ full time and part time included

15X

NEW JERSEY

N.Y.C. PASSENGER SHIP TERMINALS

LINCOLN TUNNEL

MANHATTAN

HOLLAND TUNNEL

WORLD TRADE CENTER TOWERS

PORT NEWARK/ELIZABETH MARINE TERMINAL

AUTO MARINE TERMINAL

BROOKLYN MARINE TERMINAL

STATUE OF LIBERTY

RED HOOK CONTAINER TERMINAL

GLOBAL MARINE TERMINAL

SOUTH BROOKLYN MARINE TERMINAL

MILITARY MARINE TERMINAL

BAYONNE BRIDGE

BROOKLYN

HOWARD HOOK MARINE TERMINAL

HEMPHARROWS

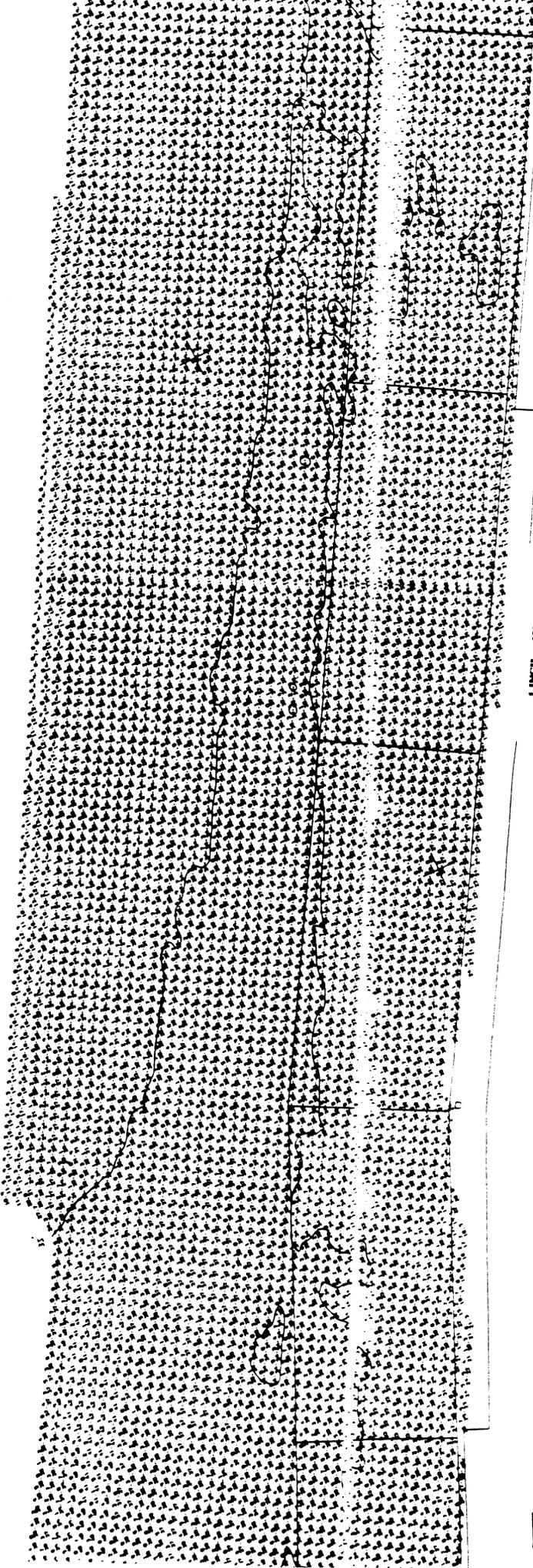
VERRAZANO-NARROWS BRIDGE

STATEN ISLAND

16X



FORT JERSEY CHANNEL.



1 INCH = 100 FEET
MARCH 1995

18X

NEW JERSEY PETROLEUM COUNCIL

statement on

SENATE BILL 2327

SENATE TRANSPORTATION COMMITTEE

November 9, 1995

**John F. Holtz
Associate Director**

19X

I'm John Holtz, Associate Director of the New Jersey Petroleum Council. With me is Tom Lambert of the Chevron refinery in Perth Amboy.

Thank you for the opportunity to comment this morning on Senate Bill 2327.

We also thank the Committee for your continuing attention to this critical marine transportation issue. In particular I wish to acknowledge your efforts, Mr. Chairman, for taking time to personally visit Tom's refinery and other facilities in order to see and hear first-hand the dire impact of the dredging stalemate on New Jersey businesses.

We are especially grateful to Senator DiFrancesco for providing the clout of the Senate President to this issue. We enthusiastically support what Senator DiFrancesco is attempting to accomplish with this substantial funding legislation. It represents a major investment in the future of our Harbor. An investment that is sure to pay future dividends to New Jersey in terms of business, jobs and environmental protection.

However, I must emphasize for the Committee that for all its merit, S-2327 does not fix the current, urgent situation in the Harbor caused by the blockade on dredging.

This legislation is about tomorrow's dredging needs. It does not clear up yesterday's long overdue dredging backlog.

The New York Harbor, encompassing the ports along Newark Bay, the Kill, Van Kull, Arthur Kill, and Hackensack River, is the busiest oil handling port in the nation. This Harbor is literally the hub of petroleum product distribution for New Jersey and the entire Northeast.

Right now there are at least ten oil handling facilities that are waiting to dredge. Some, like Tom's facility, have been on bureaucratic hold for as long as six years. Several more haven't even applied because of the futility of the process.

Collectively these facilities pay a total of \$19.6 million annually in taxes to support local government in Middlesex, Union, Essex and Hudson Counties.

The payroll of these facilities amounts to \$64 million. Additionally, the affected refineries and terminals pump over \$86 million per year into the local economy through area businesses for goods and services.

20X

The dredging stoppage has escalated annual operating costs at the individual facilities ranging from half a million dollars at the low end to a high of close to \$3 million. Such increased costs are ultimately borne by the region's consumers in the price of such things as gasoline and home heating oil. Higher operating costs also undermine the competitiveness of these facilities, making it harder to keep this segment of New Jersey "open for business."

There are also environmental protection considerations. Because of extremely shallow berths, there has been an overall increase in marine vessel traffic in the Harbor because it takes more trips to move the same volume of product. And lightering - - the process of offloading oil from larger vessels to smaller vessels - - has soared to 900 million gallons a year.

The Transportation Committee needs to understand that approving S-2327 today will not make the problem go away. And while we are grateful for this action, we don't want you to be surprised when you hear from us again soon about the dredging stoppage.

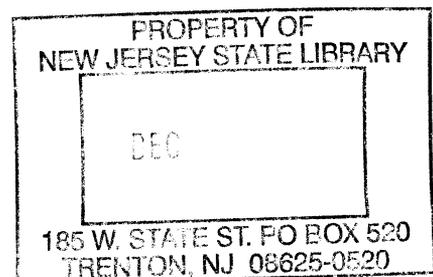
Members of the Committee, we can literally measure this crisis with a ruler - - berths that need 36 feet are silted to 20 feet.

Again, thank you Senator DiFrancesco for having the foresight to prepare for the future. But unless we take care of the existing backlog soon, there may not be much need to finance future long-term dredging disposal needs in New York Harbor. Competing East Coast harbors, notably Baltimore and Norfolk, are quickly gaining on us as their annual growth rates are much greater than ours. We may expect to see our business lost to other harbors because we continue to delay providing a safe harbor at reduced costs.

Before Tom tells you about the dredging problems at the Chevron refinery, I need to make one quick comment about the underground storage tank component of S-2327.

As you know, the deadline for UST owners to comply with required improvements and upgrades is 1998. Our Petroleum Council member companies have done an enormous amount of work to meet the requirements well in advance of the extended deadline. We don't think that this bill, with a voter referendum a year from now and the ultimate issuance of bonds, should be an instrument for UST owners to wait until the last minute to comply with the law.

Thank you.



21X

NEW JERSEY PETROLEUM COUNCIL

A DIVISION OF THE AMERICAN PETROLEUM INSTITUTE

150 WEST STATE STREET TRENTON, NEW JERSEY 08608
TELEPHONE (609) 392-0800 DEXPHONE (609) 392-0775**SUMMARY OF POTENTIAL ECONOMIC AND ENVIRONMENTAL IMPACTS OF
CONTINUED DREDGING DELAYS ON PETROLEUM FACILITIES IN THE NY HARBOR****Overview**

The New York Harbor, which includes the Ports of New Jersey and New York, is the busiest oil handling port in the nation, accounting for 12 percent of U.S. marine oil shipments. The refineries and oil terminals surrounding the Harbor in New Jersey and New York serve as the hub for petroleum product distribution in the entire Northeast.

An average of 30 billion gallons of petroleum products are transported annually within or through the Harbor. This includes an average of 1,700 inbound vessels carrying crude oil and petroleum products from foreign and domestic sources. These movements break down on an average annual basis to 14 billion gallons inbound, 9 billion gallons outbound, and 7 billion gallons in redistribution movements within the Harbor. Oil types include crude, gasoline, diesel fuel, heating oil, industrial fuel, jet fuel, asphalt, petrochemical feedstocks, and miscellaneous petroleum products.

As a result of this activity, the petroleum industry is a major contributor to the regional economy of the New York Harbor. However, continuing delays to dredging projects at oil company facilities in the ports of New Jersey and New York slow operations, raise costs, and threaten the economic viability of these facilities. Further, the lack of dredging necessitates additional handling of petroleum products in Harbor waterways through increased lightering activities and marine vessel traffic.

In order to more accurately measure the potential economic impact and environmental considerations associated with dredging delays, preliminary data was collected from petroleum facilities awaiting permits to begin dredging operations. Ten of the 12 affected oil companies responded to the survey.

Economic Impact

Collectively, the 10 facilities pay a total of \$19,613,139 annually in taxes to support local government in Middlesex, Union and Hudson Counties, N.J., and Staten Island, N.Y.

The 10 facilities directly employ 1,463 people. The payroll of these facilities amounts to \$64,114,475. Additionally, the facilities pump over \$86 million per year into the local economy through area businesses for goods and services.

The delay in dredging has added annual operating costs to these facilities ranging from \$500,000 at the low end to a high of \$3,000,000. Such increased costs are ultimately borne by the region's consumers in the price of petroleum products such as gasoline and heating oil. Higher operating costs also undermine the competitiveness of these facilities.

Environmental Considerations

Because of shallow berths at the facilities where dredging has been delayed, there has been an overall increase in marine vessel traffic ranging from 8 to 36 barges and ships per facility per year. Several facilities reported increases in lightering activity from 20 percent to as much as 75 percent, totalling 913,920,000 gallons per year.

In conclusion, the continued delay in dredging at petroleum industry facilities poses a significant threat to the economic health of the New York Harbor region as well as energy supply and price stability, potentially affects the livelihood of hundreds of oil company employees, \$64 million in wages, \$19 million in local government revenues, and more than \$86 million in local business.

CONTACT:

John F. Holtz
Associate Director
609-392-0800

**TOP 10 U.S. OIL PORTS
AVERAGE ANNUAL GALLONS TRANSPORTED**

RANK	PORT	GALLONS
1	New York Harbor, NY/NJ	28,253,000,000
2	Houston, TX	8,584,800,000
3	New Orleans, LA	6,409,200,000
4	Corpus Christi, TX	5,762,400,000
5	Port Arthur, TX	5,145,000,000
6	San Francisco, CA	4,674,600,000
7	Boston, MA	4,498,200,000
8	Delaware Bay/River	4,116,000,000
9	Port Everglades, FL	3,175,200,000
10	Tampa, FL	2,557,800,000

24x

DREDGING TIMELINE
CHEVRON U.S.A. PRODUCTS COMPANY
PERTH AMBOY REFINERY

December 1989	Chevron conducts testing for our dredging permit application because existing permit expiring 3/3/91. Used existing test protocol.
January 1990	Dames and Moore files application with the Army Corp of Engineers for a new Chevron dredging permit. Time limit for this application is three years.
October, 1990	Chevron completes additional tests for the dredging application required by the Army Corp of Engineers. The results are below existing limits and are forwarded to the Army Corp of Engineers.
January, 1991	Dames and Moore contacted Army Corp of Engineers urging action on the permit. Prior to this time, permits had been approved in 3 months.
January-February 1991	Maintenance dredging of Perth Amboy Refinery barge berths completed under existing permit expiring 3/3/91.
1992 - 1993	Dames and Moore stays in ongoing contact with Army Corp of Engineers about Chevron's permit application. No action.
1992	EPA developing new testing standards for dredging for the Army Corp of Engineers. The Army Corp holds up Chevron's permit waiting for the new EPA testing standards and testing protocol.
December, 1992	EPA standards for New York Harbor sets new class levels for dredging soils based on anthipod test. Class 1 - clean material. Dredged material can be disposed in off shore pits. Class 2 - Material can be disposed in off shore pits but must be capped with at least three feet of sand. Class 3 - Material can not be disposed off shore.
December, 1993	Chevron receives letter from Army Corp of Engineers informing us that our dredging permit application submitted in 1990 was now three years old. Chevron must now complete dioxin testing and comply with new 1992 permit requirements.
1994	Chevron representative meets twice with Army Corp of Engineers to discuss permit and testing status.
January, 1995	Chevron submits new drawings, depth soundings and new estimated quantity of material to be dredged to the Army Corp of Engineers.
Spring, 1995	Chevron representative meets with Army Corp of Engineers to review permit status.
July, 1995	Chevron receives information from the Army Corp of Engineers identifying locations to sample material for required tests.
current	Chevron currently preparing sampling plan and protocol to submit to Army Corp of Engineers.
??	If accepted, Army Corp of Engineers will grant approval for Chevron to conduct

25x

sampling.

??

Chevron will conduct sampling, **obtain test results and submit to Army Corp of Engineers. If these are within limits, a federal dredging permit should be issued.**

??

Chevron will then submit applications to **state of New Jersey** for additional permits.



New Jersey Chamber of Commerce

Statement on S-2327 (DiFrancesco)

Before the Senate Transportation Committee

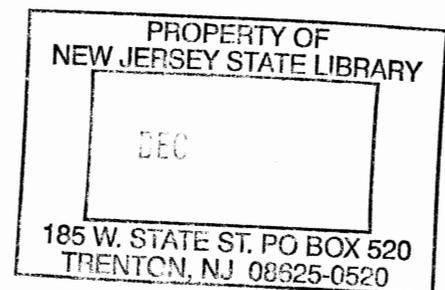
November 9, 1995

Presented by:

James F. Leonard

Vice President

Government Relations



Good morning Chairman Haines and members of the Committee. I am Jim Leonard, Vice President of Government Relations for the New Jersey State Chamber of Commerce. On behalf of the business members of the Chamber and the regional chambers of commerce that make up our Chamber network, I thank you for this chance to speak to you today.

Few New Jerseyans are aware of the volume of business conducted at our port, as was demonstrated by the results of a survey conducted by the Chamber last month. In fact, the statistics on the Port are staggering and speak volumes for why we need to dredge: The Port of New York and New Jersey was the nation's leading seaport for 175 years and is still one of America's three largest. It provides same day access to goods for more than 17 million consumers, and next day access to more than 80 million consumers in the Midwest and Eastern Canada. The Port is a tremendous asset to our state, contributing over \$20 billion a year to the regional economy and providing 180,000 jobs. In the Port of New York and New Jersey, where at least 5 million cubic yards of sediment must be dredged each year, we face an immediate need for disposal solutions that match the quality of sediments.

The State Chamber has been consistent in its resolve to work with government to determine long-term solutions to the problem that threatens the economic viability of our state -- the disposal of dredge materials. While we applaud the steps taken to provide short-term remedies to immediate problems, the fact is that business expansion, attraction and retention are dependent on the ability to anticipate the future. For those in the maritime industries, this means the assurance that there will be places to dispose of dredge materials so that their berths and the channels that are their lifelines remain safe and navigable. If we are serious about courting investment in our state and remaining one of the three

largest ports in the nation, we need to take action quickly.

The Environmental Cleanup and Containment Bond Act tackles the dredging crisis head on and strikes a balance between economic development and environmental concerns. This is the first serious plan which addresses the dredging crisis and encourages continued economic activity in our Port.

Containment islands and subaqueous pits have long been recognized as viable dredged material disposal options. The concern, however, is how the costs associated with construction could be borne. S-2327 proposes a solution that will protect and enhance New Jersey's role as a leader in international trade, while securing the jobs of tens of thousands of Garden State residents.

I want to take this opportunity to thank Senate President DiFrancesco for providing a viable and practical solution to the dredging crisis in our port, and offer our on-going support for this initiative.

NEW YORK SHIPPING ASSOCIATION, INC.
New York/New Jersey Port Employers & Ocean Carriers

2 WORLD TRADE CENTER
20TH FLOOR
NEW YORK, N.Y. 10048-0075
(212) 323-6600

ONE EVERTRUST PLAZA
3RD FLOOR
JERSEY CITY, NJ 07302
(201) 332-8909

Statement of
NEW YORK SHIPPING ASSOCIATION, INC.
(NEW YORK/NEW JERSEY PORT EMPLOYERS & OCEAN CARRIERS)

to the

NEW JERSEY SENATE TRANSPORTATION COMMITTEE

November 9, 1995

Mr. Chairman, Senators, good morning. Thank you for the opportunity to speak on Senate Bill 2327.

My name is Gregory D. Storey, and I am vice president of corporate relations of the New York Shipping Association, the Port employers of New York and New Jersey. Our 73 member companies are the shipping lines, marine terminal operators and other maritime businesses that employ labor in the bi-state Port.

We are deeply disturbed at the dredging crisis and the imminent threat it poses to the Port and the State. I'll speak to that more fully in a moment.

But, for the record, we wholeheartedly support Senate Bill 2327. In and of itself, it is a prudent, far-sighted proposal to help ensure the survival of New Jersey's gateway to global markets by addressing its long-term needs.

30X

S-2327 recognizes that the Port is critical to the future of New Jersey, and acknowledges that a commitment by New Jersey is critical to the future of the Port.

The bill makes a commitment that New Jersey will share -- with the federal government and with the State of New York -- the heavy financial burden that is required to fund essential long-term Port dredging, and to dispose of the mud that this dredging will produce.

It's a wise and responsible measure.

The Port is this region's physical link to international trade. Millions of tons of consumer goods enter the region through it. Millions of tons of exports cross its docks on their way to other countries.

The Port is responsible for 167,000 jobs. It has a highly positive impact on jobs in many other sectors, too: the New Jersey retail industry; New Jersey manufacturers who sell their goods overseas, or hope to; and New Jersey's tourism industry, which depends heavily on New Jersey residents for business.

In order to have a port, dredging must be done on a regular basis. To be able to dredge, however, you must have a way to dispose of the harbor mud that is dredged up. Some of this mud bears pollution from past days when it was not unusual for manufacturers and the government alike to exhibit little or no concern for the environment. Most of that pollution is in minute traces, and the risk, if any, is highly arguable. However, right or wrong, that has an impact on dredging and dredged-material disposal. It makes it highly controversial -- and expensive.

31X

That's why this bill is important. It makes a definitive commitment to deal with the almost overwhelming financial burden in addressing dredged-material disposal on a long-term basis.

However, while I strongly urge approval of S-2327, I must point out to you that it does not deal with the immediate crisis with which we are faced.

Dredging in the Port has virtually ground to a halt because of the inability to dispose of the dredged material. Our berths and channels are silting up. They are not being maintained at their authorized depth, much less deepened to handle the new generation of ships that are about to be put into service.

We are losing cargo to other ports, which are growing at rates double and triple our own. We are going to lose even more as long as this crisis continues.

All this is a result of political gridlock that has left the Port and the State without a short-term or long-term plan to deal with the disposal of dredged materials.

Senators, our Port is being placed at great risk, along with you, me and the citizens of New Jersey. This issue must be addressed, and addressed quickly.

The shipping industry supports and applauds S-2327 as a solid proposal for the future. I just hope that our Port will still be around to share in that future.

Thank you.

###

32X

Testimony: S-2327 - Bayway Refining Company - November 9, 1995

Good morning, Chairman Haines and distinguished members of the Transportation Committee. I am Michael C. Karlovich, Director of Community Relations for Bayway Refining Company in Linden, New Jersey. Bayway Refining Company, which I will refer to as "BRC," is a subsidiary of Tosco Corporation, one of the largest independent oil refiners and marketers in the United States, is a Fortune '500' company listed on the New York Stock Exchange. Chairman Haines, thank you for affording me an opportunity to express Bayway Refining Company's opinion on S-2327 today.

By way of background, all of the crude oil and other feedstocks that we refine daily (12.6 million gallons) are transported to Linden in oil tankers or barges. In 1994, more than 200 tankers called at Bayway, representing approximately 4.5% of the ships arriving in the Port of New York and New Jersey that year. In addition, almost 1,400 barges were loaded and/or unloaded at Bayway in 1994. Vessel traffic for 1995 will be higher than 1994, which was a record year for us.

With this high shipping volume, we are interested in every aspect of dredging in the port, including those issues specifically addressed by S-2327. This legislation attempts to resolve the mid- to long- term dredge disposal needs of the port by constructing "borrow pits" (mid-term) and a containment island (long-term), as recommended by the governor's Dredged Materials Management Team. With the permitting process for the subaqueous borrow pits well underway, one of the most pressing needs is a funding mechanism for constructing, operating, and closing the borrow pits.

This legislation provides an opportunity for the citizens of the State to vote on a referendum that would enable the state to issue bonds to fund the borrow pits and the containment island, both high volume repositories for dredged materials. A referendum would be a sound approach to funding port projects, as the citizens of New Jersey would have an opportunity to shape public policy.

There is precedent - a number of other states are working hard to keep their ports open by funding dredging projects through similar methods. The best nearby example is Maryland, which has a containment island in the port of Baltimore. As many of you will recall, the port of Baltimore was dying and a broad-based coalition has revitalized it, not only as a center of commerce, but also as a tourist mecca.

The New Jersey side of the Port of New York receives approximately 80% of vessel traffic in the harbor because of its intermodal connections - rail and highway access. In the region, importing and exporting accounts for approximately \$20 million in commerce, about 167,000 direct and indirect jobs, and provides us with a wide array of domestic and imported raw materials, and intermediate and finished products.

Despite the fact that tonnage in the harbor was actually up in 1994 - specifically because the federal channels and certain berths were dredged in 1993 and 1994 - our ports are increasingly in direct competition for vessels with other East Coast facilities, from Halifax, Nova Scotia to Fort Lauderdale, Florida. In fact, more ships are being diverted from our New Jersey to these other ports, if only to unload part of their cargo to lighten the ship before coming here. We really cannot afford to lose our port because it is silting in, either in the harbor itself, or the approaches to it.

Unfortunately, dredging hasn't caught on as an issue - disposing mud is not a sexy topic. The public isn't aware of the issue - our ports are almost invisible to the average citizen. However, the only people who shouldn't be concerned about the current impasse over dredging are those who don't eat or drink, use a motorized vehicle, or wear clothes.

Dredging at Bayway

Because of the natural flow of silt into the harbor, everyone with a facility here needs to dredge on a continuing, maintenance basis - no one can wait while alternatives are studied into the next century. BRC has been fortunate to have been able to dredge twice in the past two years - once in November, 1993 and again in July, 1995. We have developed innovative methods through which we have been permitted to temporarily store dredged materials upland and "leveled" the bottom of our tanker berths.

In 1993, we spent approximately approximately \$1.4 million to dredge 12,000 cubic yards of silt from the berths at our barge piers, going from 19' to the 25' design depth (see attachment). If we could have went directly to the Mud Hole to dispose of the material, we would have spent approximately \$250,000, between five and six times less than we actually spent. In addition, dredging enabled us to fully load smaller barges and use larger barges, cutting down on our transportation costs and further minimizing the environmental risks associated with connecting and disconnecting vessels.

In 1995, we removed approximately 5,000 cubic yards from the berths at our tanker docks and "leveled" another 5,000 cubic yards in situ - essentially smoothing out the bottom. Because of this work, we we will save about \$1.5 million per year until we need to dredge the tanker docks again (between three to five years):

- BRC> Page 3 -

- ♦ \$800,000 as a result of cutting down on transportation costs because ships can come in with larger loads;
- ♦ \$700,00 as a result of lightering less often;
- ♦ in addition, by bringing in more tonnage per vessel, we reduce the environmental risk associated with connecting and disconnecting vessels

Although we benefit from disposal sediment upland, the extra costs incurred put us at a competitive disadvantage to refineries in other parts of the country that are able to dredge without going upland. Having borrow pits and a containment island would level the playing field with our competition in other ports.

Summary

S-2327 funds mid- (borrow pits) and long-term (containment island) solutions, disregarding short-term needs. We hope that, with a funding mechanism for these facilities in place, the Whitman Administration will endorse the short-term strategy of allowing Category II materials to be disposed of in the Mud Hole off Sandy Hook, the historic, federally-designated disposal site, until the borrow pits are built and planning for the containment island is underway. This would reduce dredging costs in the future.

We also suggest that the language of the legislation be amended to reflect that fact that "some dredged material is contaminated," not "most" of it. Nor, to our knowledge, is their scientific evidence that the concentrations of contaminants found in the sediment are "harmful," or "dangerous," as described in the language. There are, however, minute, trace levels of contaminants present in the harbor ecosystem - moving with the currents, tides, vessels, storms, etc. These contaminants would be better managed if disposed of and capped in the ocean for the near-term.

The crux of the problem is that there is a perception of danger and harm, not fact; the record should reflect the reality. Of note: dredged sediment meets all criteria for industrial fill on land - we should be able to dispose of and cap it in the ocean.

In summary, we support S-2327 because it will provide BRC with a future means of disposing dredged materials that does not involve upland storage, with its added costs. The legislation also provides for deepening the Kill Van Kull, which is an access route for tankers coming to the refinery. On a more "macro" scale, this legislation, if enacted, and the resulting bond issue, if approved, will make the port viable again, slowing or stopping the inevitable clogging of our waterways, and ultimately, our economy.

Thank you very much for providing BRC with an opportunity to testify today. I would be glad to answer any questions regarding my testimony.

COMPARISON: DREDGING SCENARIOS

LAND MANAGEMENT OPTIONS

Parameters	Option 1 - Estimate		Option 2 - Estimate		Actual	
	Action	Cost	Action	Cost	Action	Cost
Lined storage area			Lined storage area		Lined storage area	
Open bucket			Enclosed bucket		Enclosed bucket	
Free water return			Treat water return		Treat water return	
					Silt curtain	
Storage Area	Site prep:	\$80,000	Site prep:	\$80,000	Site prep:	\$93,000
			Sump:	\$20,000	Sump:	\$20,000
	Install liner:	\$150,000	Install liner:	\$150,000	* Install liner:	\$108,000
	Other:	\$3,000	Other:	\$3,000	Other:	\$3,000
			Water treat:	\$30,000	Water treat:	\$10,000
Dredging-Related	Dredging:	\$385,000	Dredging:	\$385,000	Dredging:	\$545,000
			Enclosed bucket:	\$60,000	Enclosed bucket:	incl. above
					Silt Curtain:	\$25,000
Testing	1Q92:	\$250,000	1Q92:	\$250,000	1Q92:	\$250,000
	September '93:	\$11,800	September '93:	\$11,800	September '93:	\$11,800
	October '93:	\$26,000	October '93:	\$26,000	October '93:	\$26,000
	November '93:	<u>\$40,000</u>	November '93:	<u>\$40,000</u>	November '93:	\$40,000
					Monitoring:	<u>\$86,000</u>
	Subtotal:	\$945,800	Subtotal:	\$1,055,800	Subtotal:	\$1,217,800
	Contingency:	<u>\$125,000</u>	Contingency:	<u>\$125,000</u>	Contingency:	see note
	Total:	\$1,070,800	Total:	\$1,180,800	* Total:	\$1,217,800

36X

* Note: does not include expenditure of \$70,000 to \$200,000 for impervious cap

COUNTY OF UNION *new jersey*

ADMINISTRATION BUILDING • ELIZABETH, NEW JERSEY 07207

(908) 527-4200



Office of the County Manager

BOARD OF CHOSEN FREEHOLDERS

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COUNTY MANAGER

TO: SENATE COMMITTEE ON TRANSPORTATION

FROM: MAURO CHECCHIO, DIRECTOR
UNION COUNTY OFFICE OF POLICY AND PLANNING
PRESIDENT, UNION COUNTY ALLIANCE

SUBJECT: SUPPORTING TESTIMONY FOR S2327 AUTHORIZING
THE CREATION OF DEBT THROUGH A \$450 MILLION
DOLLAR BOND ACT ENTITLED: "THE ENVIRONMENTAL
CLEANUP AND CONTAINMENT ACT BOND" TO BE ON
THE BALLOT IN 1996 TO PAY FOR MAJOR PORT
IMPROVEMENT PROJECTS.

On behalf of Union County Government and its Board of Chosen Freeholders and the Union County Alliance, I would like to submit the attached testimony which is essentially the same as was presented to the joint meeting of the New Jersey Assembly and the Senate Transportation Committees addressing the problem of port dredging.

Also attached is a Freeholder Resolution dated October 26, 1995, immediately after the newspaper publicity describing Senator DiFrancesco's Bond Act.

Also attached are two excellent letters addressing the urgency of an immediate temporary solution to dredged silt disposal of uncontaminated material, while

we pursue the midterm and long-term solutions which the Senator's Bond Act will provide for.

I have asked Michael Karlovich of Bayway Refinery to submit this testimony on behalf of the Union County Alliance, because he is also a member of the Union County Alliance Dredging Solution Committee, and the Alliance's Transportation and Infrastructure Committee.

We applaud the Governor's initiatives described in the attached letters, but they do not address our port survival and viability today. As has been stated in the Governor's own plan for New Jersey Economic Recovery, "The first step in economic recovery is to retain what is in place." Nowhere could this basic and sound premise be more applicable than in this world class port in Union County, Port Newark/Elizabeth.

Mauro Checchio
Union County Alliance
Union County Office of
Policy and Planning

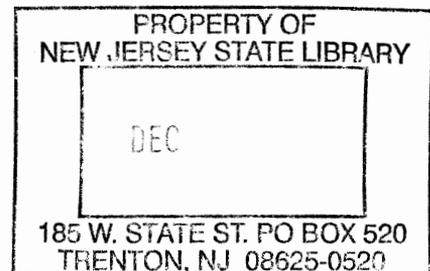
MC/vrs

11/9/95

Joint Meeting
of the
New Jersey Assembly & Senate
Transportation Committees

held on
June 22, 1995

TESTIMONY
of the
Union County Alliance



39X

**Good Morning – My name is Mauro Checchio - I'm the Director
of Policy & Planning for Union County and the
Chairman of the Union County Alliance
Transportation and Infrastructure Committee.**

*I NOW SERVE AS PRESIDENT OF
THE UNION COUNTY ALLIANCE.*

**I appreciate the opportunity to speak at this morning's
meeting of the Joint Assembly & Senate Transportation
Committees.**

First -

**I want you to know that I'm here with two key leaders
of the Union County Alliance:**

**The chairman of the Union County Central Labor
Council – Ed Zarnock.**

**And – a top level representative of an industry that
would be devastate by a shut-down of our Port –
Mike Karlovich.**

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This Group -- who I am very proud to represent -- wanted me to remind everyone about the Alliance:

Who we are, and why we were formed.

Who we are: in a word -- is that

We're an action coalition of every major sector in Union County.

You should know that the Union County Alliance is non-partisan.

Senators Donald DiFrancesco and Ray Lesniak serve as Co-Chairs of our Blue Ribbon Committee.

And we've worked closely with Congressmen Bob Franks and Bob Menendez in the fight to keep the Port "open to commerce".

We're all part of a united effort to turn Union County around.

All of us agree -- that Union County desperately needs a vigorous program of economic revitalization and renewal.

And we have incredibly exciting prospects for massive redevelopment -- reported in the press -- which is tied to the Port area.

Nevertheless, like New Jersey, Union County still remains in deep trouble.

Over the past several years, the industrial heart of the Union County economy has been hemorrhaging steadily, with substantial losses in auto assembly, oil refining, petroleum products, and other industries. Job losses have truly devastated our economy.

Between 1981 and 1991, Union County lost almost 40 percent of the jobs in its higher paying manufacturing sector. Since 1991 Union County has continued to lead all other counties for job losses in New Jersey.

These jobs must be replaced, but it is no secret that a major negative working against industry and job creation is a regulatory environment characterized by bureaucratic rigidity and an inability to come to grips with the needs of an increasingly competitive -- and global-marketplace.

You should know that the Union County Alliance has been in the forefront of the battle to restore New Jersey's competitive position. We have worked very closely with the members of our legislative delegation to fashion strategies that address the needs of the working people and businesses of Union County and the State.

We know that the demands of the marketplace will not permit us the luxury of perpetuating the bureaucratic habits of a bygone era. We have learned that short-sighted and arbitrary regulation neither protects the environment nor promotes economic growth.

We have learned that allowing our vital harbors to be filled with silt because of an irrational moratorium on dredging will serve only to close the channels of commerce and eliminate 200,000 additional jobs in our region. We must not allow that to occur.

Right now -- because of the Port -- Union County and New Jersey are extremely well-positioned to participate in the global economy. We have tremendous assets. We have an incredible location. We're at the heart of an incredible transportation network.

But an economic renaissance requires that we use our assets wisely. With our port and transportation resources, New Jersey is the Gateway State for the entire Eastern Seaboard. The Port is truly the Gateway to New Jersey's participation in the global economy.

I can't emphasize too strongly -- that the linchpin of our future is the Port.

That's why the ability of New Jersey business to respond to an increasingly competitive environment must not be hampered by a shut-down of the Port.

Certainly, no one can rationally argue that environmental protection is not of paramount importance to our citizens. The Union County Alliance -- and all the groups represented by our coalition -- recognize that efforts to improve our environment are crucial to balanced growth and to our quality of life.

But we must also recognize that our region faces increasing regional, national, and global competition. Other States and other regions are aggressively courting firms with incentives for locating business by providing a business-friendly environment. Regulatory agencies in other regions, recognizing the importance of working with business -- not against it -- are altering traditional regulatory approaches to bring the benefits of business investment and job creation to their citizens.

But bureaucratic indifference to the economic needs of our region has dulled our competitive edge and has led to a crippling of our business and industrial base.

A study recently commissioned by the Union County Alliance and produced by Dr. James Hughes of Rutgers University identifies the magnitude of our industrial decline. Dr. Hughes is arguably the State's foremost economist dealing with New Jersey economic development issues. His study identifies, as nothing else, the magnitude of loss to Union County during recent years.

His study concludes -- and I would be happy to share his study with you -- that a key strategy for our region -- must be the modernization of a "commerce-friendly" infrastructure.

Above all, for us, that means the Port of New York and New Jersey.

I know everyone in this room is aware of the damage to our regional economy that would result from a shut-down of the Port.

200,000 JOBS! LOST!

**If one worker supports himself and three people -- that's a direct impact on
800,000 people.**

**And if one worker supports only two people -- that's a direct impact on
600,000 people.**

**We should be thinking long and hard about what these numbers mean against
an aggregate New Jersey population of 7 million people.**

Putting huge numbers of people on welfare -- is an environmental disaster!

Homelessness is an environmental disaster!

Drug addiction and alcoholism and spouse abuse --

(resulting from job loss) --

these are environmental disasters!

Governor Whitman has said that "New Jersey is open for business."

And we applaud the Governor for her initiatives to boost business and encourage economic growth.

But -- we want the Governor to know --

and we want President Clinton to know --

that the Gateway to World Trade cannot be shut down --

or we will not be open for business.

In closing – let me say this:

We support the good efforts of the EPA, the Army Corps of Engineers, and the DEP to search for long term solutions.

Burrow pits and containment islands may be excellent suggestions.

We applaud the efforts of Steve Corodemus and the Corodemus Commission.

We also agree – that there should be no ocean disposal of dredged materials that fail to meet the criteria of sound science and "real world" risk assessment.

But we must act now - to establish reasonable standards for ocean disposal of dredged materials.

We cannot shut the Port – while we wait almost a decade for

"hoped for"

"wished for"

"desired solutions"

Our bottom line is the following:

We will not let 1/2 million people of Union County down.

We will not let the 7 million people of New Jersey down.

We will work with every group that we need to:

the Port Authority

Labor

Environmentalists

the Statewide Alliance

We will again go to court.

**The working people of Union County and the State cannot afford
the wrong signal on this issue.**

We have a great opportunity before us to do what is right.

Let us do exactly that.

THANK YOU.



THE UNION COUNTY ALLIANCE

A COALITION FOR ACTION

April 10, 1995

The Honorable Christine Todd-Whitman
Governor of New Jersey
CN-001
State House
Trenton, NJ 08625

Dear Governor Whitman:

On behalf of the *Union County Alliance*, we urge your immediate reconsideration of the moratorium imposed on the dredging of our State's vital seaport. New Jersey cannot remain "open for business" if the channels of commerce are constricted and our ability to participate in the global economy is shut down.

As you know, the *Union County Alliance* is a bi-partisan coalition of our area's top leaders dedicated to the survival and recovery of Union county. Our coalition is co-chaired by Senators Donald DiFrancesco and Ray Lesniak and includes every major sector and organization in Union County -- business and industry, organized labor, government, and civic and academic institutions.

Our legislative delegation, the Union County Board of Chosen Freeholders, the Union County Economic Development Corporation, the Union County Chamber of Commerce, the County's Central Labor Council, the colleges, the United Way, banks, utilities, pharmaceutical companies, business and industry -- all are a part of a united effort to turn Union County around.

Port Newark-Elizabeth is a critical element in our region's long range plan to reverse almost two decades of very deleterious economic trends. The safe ocean disposal of relocated harbor silt is essential to keeping the port open and preserving 180,000 jobs in our region.

Between 1982 and 1992, Union County lost almost 40 percent of its jobs in the higher paying manufacturing sector. Our employment base must be renewed and our long range strategic planning is designed to produce that result. According to Dr. James Hughes, Dean of the School of Planning and Public Policy at Rutgers University, our region must focus on its key assets - namely its location, and unparalleled transportation infrastructure. The port is our preeminent resource - for commerce, trade, economic development, and participation in the global economy.

However, the port is already turning away business as a result of the failure to keep port channels and berths deep enough to receive world-class shipping vessels. Boston, Halifax, and Charleston are getting business that New Jersey is losing.

P.O. Box 44
Union, New Jersey
07085
(908) 527-2944

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** TOTAL PAGE.002 **

April 10, 1995
The Honorable Christine Todd Whitman
Governor of New Jersey

Page 2.

Clearly, the quality of life for all who live and work in Central and Northern Jersey (as well as the economy of the shore areas of our State) depend on a vibrant port and the jobs and revenues it generates.

We are asking for immediate action to keep our port open. Long and mid-term strategies are essential for the future. But unless we act now to ensure the safe disposal of harbor silt, we fear that the long term future of the port and our region's economy will suffer irreparable harm.

Again, we ask that you give your immediate and favorable consideration to a matter of vital concern to the people whose livelihood depends on the health of our region's economy.

Sincerely yours,


Henry Ross
President

51X



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April 5, 1995

The Honorable Christine Todd Whitman
Governor of New Jersey
CN-001
State House
Trenton, NJ 08625

To: HANK ROSS
From: Tom Wakeman
Pages: 3

Dear Governor Whitman:

The direction that the dredging issue is taking in both the States of New York and New Jersey compels me to go on record with you about my concerns that recent events and current political policy are pushing the Port ever closer to economic disaster.

The frenzied attempt by the State and City of New York to open Howland Hook at all costs and yet without disposal of dredged material in New York State waters or on New York State land threatens not only the viability of Howland Hook but more importantly the continued viability of Port Newark and Port Elizabeth.

The fact that political pressure has forced the Port Authority to consider upland disposal alternatives that are as much as twenty-five times more costly (\$100+ per cubic yard) than traditional methods of disposal is an indication of just how out of control this issue is. It is inconceivable that the City of New York is willing to pay fourteen and a half million dollars for this project while it is attempting to deal with its serious fiscal and budgetary problems. Nevertheless, if the upland disposal goes forward it will set a very dangerous precedent for the harbor in general and places at greater risk the continued maintenance of deep water in Newark and Elizabeth. On the other hand, if and when the political pressures in the State of Connecticut prevent the transport of dredged material to the upland site, the circle of idiocy will be complete. The project will be stalled, the environmentalists will have another victory and the businesses and workers who depend on deep water channels and berths will have suffered a major setback in their efforts to keep the harbor open.

Your initiative with the Dredged Materials Management Team, of which I was a member, is a very positive step forward. However, Newark borrow pits are a minimum of two to three years away and a containment island is possibly five to ten years in

PORT OF NEW YORK AND NEW JERSEY

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MAHER

April 5, 1995
The Honorable Christine Todd Whitman
Governor of New Jersey

Page 2.

the future. In the meantime, the port must continue to dredge and the port users must be confident that the Port Authority and the State will insure that there will be sites for disposal of dredged material. Your position prohibiting ocean disposal of anything other than Category I material places the port in crisis. The environmentalists' unrealistic opposition to the use of existing sand pits throughout the harbor, even when it is coupled with the use of geo-textile bags and proper capping, removes any alternatives that industry might find in the short term. Very soon we will find ourselves following the same lunatic path as the State of New York in pursuing alternatives that are outrageously expensive in order to politically pacify the myriad groups of environmental and civic associations who equate dredged material containing trace amounts of contaminants with 'sludge'.

I recently read that Maersk Line, one of the large users of the Port, is unable to dredge 12,000 cubic yards of material because of your prohibition on ocean dumping. My own company is suffering a loss of business because some of our major customers, such as Hapag-Lloyd, NYK Line and Neptune Orient Line, have begun discharging cargo in Halifax in order to lighten the vessel before it comes to the Port of New York/New Jersey. The Journal of Commerce today reported that the first trains are rolling through the St. Clair Tunnel connecting Sarnia, Ontario and Port Huron, Michigan this week. This tunnel improves the competitive position of Halifax versus Port of New York/New Jersey for U.S. Mid-west cargo to and from Europe. It is important that you understand that the damage to the Port's reputation as a major deep water port and the resulting loss of commercial activity is already occurring.

By our support of the recommendation of the Dredged Materials Management Team the Port interests reluctantly accepted the idea that the continued disposal of dredged material in the ocean other than Category I is politically unacceptable, notwithstanding the fact that the disposal of Category II in the ocean is legally permissible. Our support of the recommendation of the Dredged Materials Management Team should not, however, preclude the Port from continuing to dredge and dispose of the material by legally permissible methods while the recommendations of the Team are implemented.

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April 8, 1995
The Honorable Christine Todd Whitman
Governor of New Jersey

Page 3.

I urge you to reconsider your position on ocean disposal in the interests of the Port, its customers, and most importantly the thousands of people who depend on a viable Port operation for their livelihood.

Very truly yours,



M. Brian Maher
President

MMB/mt

cc: Hon. Steven J. Corodanus

cc: Lillian C. Liburd
James A. Cape
John Bowers
Albert Corodanus

54X

10/26/95

WHEREAS, Senate President Donald DiFrancesco (R-Union) has announced that he will introduce legislation to place a \$450 million dollar Bond Act entitled The Environmental Cleanup and Containment Act Bond on the ballot in 1996, to pay for major Port improvement projects; and

WHEREAS, the Union County Board of Chosen Freeholders acknowledges that the issue of dredging Port Newark - Elizabeth is vital to the economical survival of the Port; and

WHEREAS, \$300 million dollars of the Bond issue will be directly allocated to Port improvement projects; and

WHEREAS, \$50 million dollars of the Bond issue would be allocated towards the construction of underwater pits in which to entomb contaminated silt and mud; and

WHEREAS, \$50 million will be invested in improving land facilities in the Port area; and

WHEREAS, \$100 million dollars will be dedicated to deepen access channels in Newark Bay and the Kill Van Kull to 45 feet; and

WHEREAS, the Port Newark - Elizabeth complex is responsible for over 167,000 jobs; and

WHEREAS, said proposal will adopt a long term dredging policy for the Port and will ensure the economic vitality of the Newark - Elizabeth Port area and be environmental safe; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Chosen Freeholders of the County of Union endorses and supports the action of Senate President Donald DiFrancesco in sponsoring the Port Newark - Elizabeth Bond Act.

NO SUFFICIENCY OF FUNDS REQUIRED

Donald DiFrancesco
 10-26-95

RECORD OF VOTE															
FREEHOLDER	Aye	Nay	Abs	Pass	Res.	Sec	NP	FREEHOLDER	Aye	Nay	Abs	Pass	Res.	Sec	NP
ERTL	X				X			STENDER	X				X		
KELLY	X				X			SULLIVAN	X				X	X	
KURZ	X				X			FORCE VICE-CHAIRMAN	X				(X)		
THR	X				X			DI GIOVANNI CHAIRMAN	X				X		
MCLEOD	X				X										

APPROVED AS TO FORM

 COUNTY ATTORNEY

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Union on the date above mentioned.
 _____ Clerk

ALLIANCE for ACTION INC.

P.O. Box 6438 • Raritan Plaza II • Edison, New Jersey 08818-6438
FAX (908) 225-4694 • (908) 225-1180

TESTIMONY

OF

ERICA D. FERRY
VICE PRESIDENT
NEW JERSEY ALLIANCE FOR ACTION

ON

SENATE BILL 2327

BEFORE

THE SENATE TRANSPORTATION COMMITTEE

ON

THURSDAY, NOVEMBER 9, 1995

AT

ROOM 4, STATE HOUSE ANNEX
TRENTON, NJ

56X

I am Erica Ferry, Vice President of the New Jersey Alliance for Action.

The Alliance for Action was founded in 1974 and is a nonpartisan statewide coalition of over 500 business, industry, labor, professional, academic and governmental organizations. Our commitment is to economic progress, the creation of jobs and balanced, responsible protection of the environment.

The Alliance for Action supports Senate Bill 2327. The issues that it addresses, dredging and environmental cleanup projects, are vitally important to New Jersey's economy, environment and quality of life.

The Alliance for Action has a long standing involvement with port and dredging issues.

The Alliance for Action formed the Maritime Resources Council in 1993 to bring together the constituencies affected by the lack of dredging. We are still concerned that the short-term solution to the dredge disposal dilemma --- we define short-term as 1 year or less --- is still not at hand.

Our ports and channels are the highways of the water, equal in importance to major roads like the New Jersey Turnpike. The lack of dredging at Port Newark and Elizabeth is analogous to not regularly maintaining our highways and mass transit systems.

Senator DiFrancesco's bill S-2327 is a very positive step in the right direction because it recognizes the importance of the long-term viability of the port region.

We want to recommend to the Committee that the bill should be broadened to encompass all users of the port facilities including terminal operators and private operators such as those located along the Port Jersey Channel. All of these are significant contributors to New Jersey's economy.

Equally important is the environmental cleanup component of S-2327. Last June the Alliance for Action convened a meeting of 100 of our members in an attempt to secure placement of a bond issue on the ballot to recapitalize the environmental cleanup fund to meet our state's needs. We are pleased to see Senator DiFrancesco included this in his bill because of the obvious environmental benefits and the jobs that will be created.

We urge that you support this bill.

Thank you.

#

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GATX TERMINALS CORPORATION

78 LAFAYETTE STREET
CARTERET, NJ 07008-3513
908-541-5161
FAX 908-541-4363

TESTIMONY OF GLENN SANDOR
OF
GATX TERMINALS CORPORATION
CARTERET, NEW JERSEY

GATX TERMINALS CORPORATION has been a strong supporter for securing State interest and funding of Maritime dredging projects. As one of the largest bulk storage terminals located in Carteret, New Jersey along the Arthur Kill, we commend Senator Donald DiFrancesco and the State Legislative body for fully recognizing the importance of the New Jersey channels.

One area that I feel needs additional consideration is the dredging of the Arthur Kill Channel to a depth of 40 feet.

Over the past 8 years, GATX Terminals Corporation, along with other companies, State and local officials, have sought Federal funding for the dredging of the Arthur Kill Extension Project to Carteret, New Jersey. During this period, we have obtained the support of Congressman Menendez and Senator Frank Lautenberg. As a matter of fact, this project was included in part of the Corps of Engineers Civil Works budgets and the Energy and Water Development Appropriation Bills. With the future dilemma of all dredging projects, the Federal funding of this project may not have been re-submitted in 1996.

At this time, GATX Terminals Corporation strongly requests that the current Senate Bill 2327 include funding for the dredging of the Arthur Kill Extension to Carteret and also include dredging of the entire Arthur Kill to Perth Amboy.

As a matter of interest, bulk liquid terminals along the Arthur Kill are equally important to the economic prosperity of the State of New Jersey as the containerized vessels on the Kill van Kull. GATX, along with other NJILTA terminals, interconnect with and provide chemical and petroleum products to many businesses in New Jersey, New York and the entire Northeast.

In summary, we strongly support Senator DiFrancesco's Senate Bill 2327 with the proviso that dredging continue southward along the Arthur Kill Extension to Carteret and if possible, to Perth Amboy. Our current draft of 35' does not allow for the full loading of liquid cargo ships destined for our dock facilities. Deeper channels would streamline operations, realize considerable transportation cost savings and provide safer navigation for our large ocean-going vessels.

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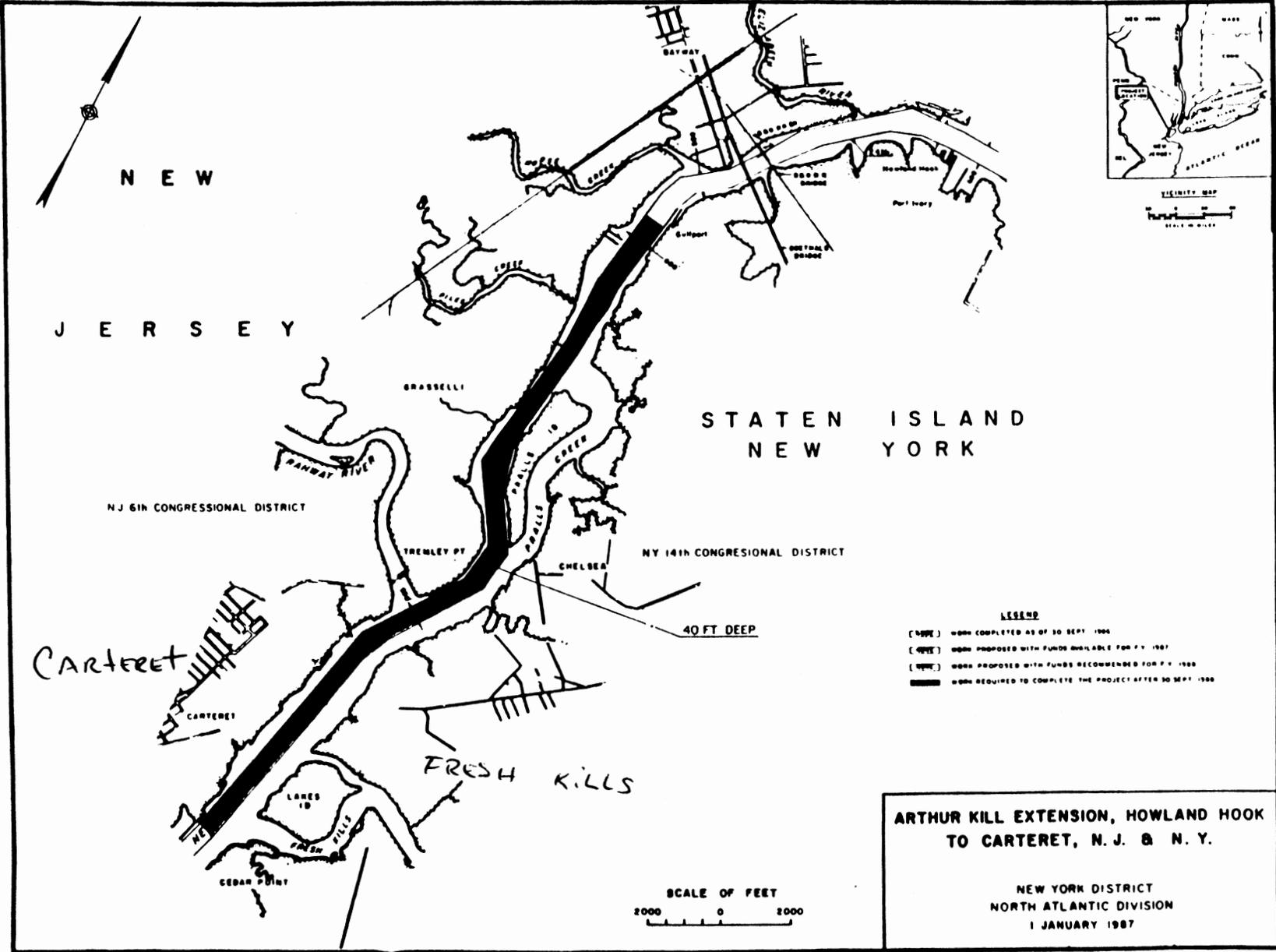
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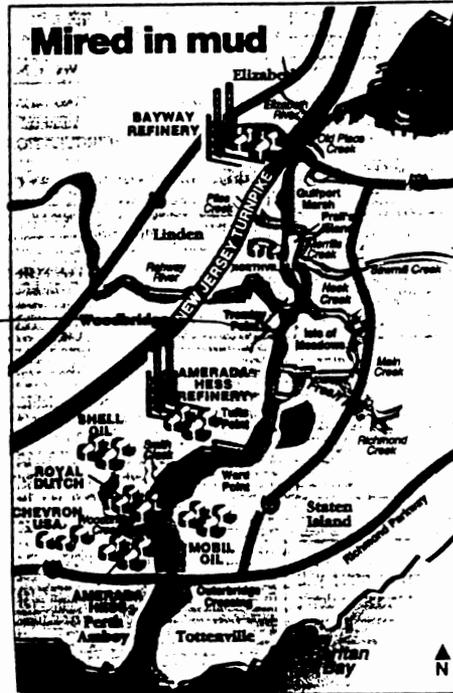
Page 2
Testimony of Glenn Sandor (Cont'd.)

I am requesting an opportunity to further explain the need for the dredging of the Arthur Kill Extension to Carteret with you or any member of your staff at your convenience. I thank you for this opportunity and fully endorse your assistance in solving the State of New Jersey's dredging crisis.

GSS:ejm

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Muck kills ports, but no one can dig it

By **WISAM ALI**
BUSINESS WRITER

Every year, 4,500 container ships carrying \$62 billion in consumer goods and cargo dock at the ports of Elizabeth and Newark.

The port is the region's economic lifeline, generating 200,000 jobs and \$6 billion annually in wages and salaries.

But industry is pacing the floor.

Newark Bay and its main arteries, the Arthur Kill and Kill Van Kull, are choking on their own sediment, and as the mud builds, the commerce and jobs vital to New Jersey are threatened.

"We're at a turning point," said Frank Caggiano, deputy director of port commerce for the Port Authority of New York and New Jersey. The authority oversees nearly 50 percent of the container ship terminals at the two states' ports.

"You don't bleed to death in a minute," Caggiano said. "It's a slow process, and that's exactly what's happening here."

There is a solution — dredging — but it's expensive. And new environmental laws de-

(New York Harbor is not going to die in an explosion. New York Harbor will go out with a whimper. It will choke on its own mud, and little by little, all the business will peel away like rust.)

Jack Tavoraro
CHIEF OF OPERATIONS, ARMY CORPS OF ENGINEERS

signed to protect the bays, estuaries and ocean are limiting sediment-disposal methods and driving up the cost.

A measure to place a \$450 million bond issue on the November 1996 ballot to fund further dredging in Newark Bay and its branches is before the state Legislature. The plan would ask the federal government to chip in \$1 billion. But many wonder if such help would be too little, too late.

"New York Harbor is not going to die in an

Please see **Ports**, page **A4**

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