

Committee Meeting

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before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

"Testimony from the Department of Transportation and the New Jersey Transit Corporation on the report of proposed Transportation Trust Fund projects and financial plan submitted for the 1992-1993 fiscal year"

and

ASSEMBLY BILL NO. 1060

(Increases maximum permissible level of annual transportation construction program financing and deals with maintenance and other project costs)

LOCATION: Committee Room 10
Legislative Office Building
Trenton, New Jersey

DATE: March 19, 1992
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Alex DeCrose, Chairman
Assemblyman Frank Catania, Vice-Chairman
Assemblyman Fredrick P. Nickles
Assemblyman Ernest L. Oros
Assemblyman Jeff Warsh
Assemblyman Jerry Green



ALSO PRESENT:

Amy E. Melick
Office of Legislative Services
Aide, Assembly Transportation and
Communications Committee

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Committee Meeting

before

LEGISLATIVE TRANSPORTATION AND COMMUNICATIONS COMMITTEE

1968-1969, and the Department of Transportation and the
New Jersey Transit Corporation in the report of
the Legislative Transportation Study Board projects and
the plan submitted for the 1967-1968 fiscal year.

and

ASSEMBLY BILL NO. 1068

(Increase certain percentage level of annual transportation
construction program financing and deal with maintenance
and other project needs)

DATE: March 12, 1968
10:00 A.M.

LOCATION: Committee Room 12
Legislative Office Building
Trenton, New Jersey



MEMBERS OF COMMITTEE PRESENT

Assemblymen John Barlow, George
Bennett, Frank Casella, Victor
Cantale, Richard E. Mitchell,
Assemblymen Edward J. Gora,
Assemblyman Carl Herz,
Assemblyman Joseph Green

ALSO PRESENT:

Ray E. Selick
Office of Legislative Services
Legislative Assembly Transportation and
Communications Committee

New Jersey State Library

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Legislative Office Building, Trenton, New Jersey 08646



New Jersey State Legislature
ASSEMBLY TRANSPORTATION
AND COMMUNICATIONS COMMITTEE

LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

ALEX DECROCE
Chairman
FRANK CATANIA
Vice-Chairman
FREDRICK P. NICKLES
ERNEST L. OROS
JEFF WARSH
DAVID C. KRONICK
JERRY GREEN

NOTICE OF A COMMITTEE MEETING

Assemblyman Alex DeCroce announced today that the Assembly Transportation and Communications Committee will hold a committee meeting on the capital financing program of the State's transportation system on **Thursday, March 19, 1992 at 10:00 a.m. in Room 10, Legislative Office Building, Trenton.**

The committee will receive testimony from the Department of Transportation and the New Jersey Transit Corporation on the report of proposed Transportation Trust Fund projects and financial plan submitted for the 1992-1993 fiscal year.

In addition, the committee will receive testimony on, and may consider, the following bill:

A-1060 Collins/Warsh	Increases maximum permissible level of annual transportation construction program financing and deals with maintenance and other project costs.
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The public may address comments and questions to Amy E. Melick, Committee Aide, at (609) 984-7381. Persons wishing to testify should contact Kim Johnson, secretary, at (609) 984-7381. Those persons presenting written testimony should provide 15 copies to the committee on the day of the hearing.

Issued 3/10/92

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ASSEMBLY, No. 1060
STATE OF NEW JERSEY

INTRODUCED FEBRUARY 27, 1992

By Assemblymen COLLINS and WARSH

1 AN ACT concerning the financing of the State's transportation
2 system, amending P.L.1987, c.460, and amending and
3 supplementing P.L.1984, c.73.

4

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

7 1. Section 3 of P.L.1984, c.73 (C.27:1B-3) is amended to read
8 as follows:

9 3. The following words or terms as used in this act shall have
10 the following meaning unless a different meaning clearly appears
11 from the context:

12 a. "Act" means this New Jersey Transportation Trust Fund
13 Authority Act of 1984.

14 b. "Authority" means the New Jersey Transportation Trust
15 Fund Authority created by section 4 of this act.

16 c. "Bonds" means bonds issued by the authority pursuant to the
17 act.

18 d. "Commissioner" means the Commissioner of Transportation.

19 e. "Department" means the Department of Transportation.

20 f. "Federal aid highway" means any highway within the State
21 in connection with which the State receives payment or
22 reimbursement from the federal government under the terms of
23 Title 23, United States Code or any amendment, successor, or
24 replacement thereof, for the purposes contained in the act.

25 g. "Federal government" means the United States of America,
26 and any officer, department, board, commission, bureau, division,
27 corporation, agency or instrumentality thereof.

28 h. "New Jersey Expressway Authority" means the public
29 corporation created by section 4 of chapter 10 of the Laws of
30 New Jersey of 1962 as amended or its successor.

31 i. "New Jersey Highway Authority" means the public
32 corporation created by section 4 of chapter 16 of the Laws of
33 New Jersey of 1952 as amended or its successor.

34 j. "New Jersey Turnpike Authority" means the public
35 corporation created by section 3 of chapter 454 of the Laws of
36 New Jersey of 1948 as amended or its successor.

37 k. "Notes" means the notes issued by the authority pursuant to
38 the act.

39 l. "Public highways" means public roads, streets, expressways,
40 freeways, parkways, motorways and boulevards, including bridges,
41 tunnels, overpasses, underpasses, interchanges, rest areas,
42 express bus roadways, bus pullouts and turnarounds, park-ride
43 facilities, traffic circles, grade separations, traffic control

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.

1 financing requirements for the ensuing fiscal year, the
2 commissioner may include in a report an amount in excess of
3 \$365,000,000.00 exclusive of federal funds or in excess of
4 \$565,000,000 exclusive of federal funds in the [two] fiscal years
5 in which an additional appropriation is authorized; provided that
6 in no event shall that amount be an amount greater than 105% of
7 that \$365,000,000.00 or of that \$565,000,000 respectively.

8 In any fiscal year for which an amount exceeding
9 \$365,000,000.00 exclusive of federal funds or exceeding
10 \$565,000,000 exclusive of federal funds in the [two] fiscal years
11 in which an additional appropriation is authorized, was
12 appropriated pursuant to subsection b. of this section, the
13 commissioner shall report on or before March 1 of that fiscal
14 year for the ensuing fiscal year an amount for proposed projects
15 to be financed not greater than the maximum amount authorized
16 to be appropriated for that ensuing fiscal year pursuant to
17 subsection b. of this section.

18 b. Commencing with the fiscal year beginning on July 1, 1988
19 and for each of the next six fiscal years, the total amount
20 authorized to be appropriated from the revenues and other
21 nonfederal funds of the New Jersey Transportation Trust Fund
22 Authority for the projects listed in the appropriations act
23 pursuant to section 21 of P.L.1984, c.73 (C.27:1B-21), shall not
24 exceed \$365,000,000.00 exclusive of federal funds in any fiscal
25 year except that in the fiscal [year commencing July 1, 1990 and
26 the fiscal year commencing July 1, 1991] years in which an
27 additional appropriation is authorized the amount shall not
28 exceed \$565,000,000 exclusive of federal funds, except as
29 provided herein. If, in any fiscal year, a greater amount is
30 determined to be necessary to meet the financing requirements,
31 the amount appropriated may be in excess of \$365,000,000.00
32 exclusive of federal funds or in excess of \$565,000,000 exclusive
33 of federal funds in the [two] fiscal years in which an additional
34 appropriation is authorized; provided that: (1) in no event shall
35 there be appropriated an amount greater than 105% of that
36 \$365,000,000.00 or of that \$565,000,000 in any of the [two] fiscal
37 years in which an additional appropriation is authorized, and
38 provided further, that (2) if, pursuant to paragraph (1) of this
39 subsection, a greater fiscal year appropriation is authorized in
40 excess of \$365,000,000 for a fiscal year, the ensuing fiscal year
41 appropriation is to be reduced by the same amount that the
42 appropriation for that fiscal year exceeds \$365,000,000, except
43 that in the [two] fiscal years in which an additional appropriation
44 is authorized the appropriation for the ensuing fiscal year is to be
45 reduced by the amount the appropriation exceeds \$565,000,000.

46 c. (Deleted by amendment P.L.1991, c.40).

47 d. For the purposes of this section, "the [two] fiscal years in
48 which an additional appropriation is authorized" means the fiscal
49 years commencing July 1, 1990 and [July 1, 1991] thereafter.

50 e. The department shall develop procedures for the auditing of
51 expenditures made by the department and the New Jersey Transit
52 Corporation from funds appropriated [on and after the effective
53 date of P.L.1991, c.40] for transportation projects from the
54 revenues of the authority and shall cause an audit to be made of

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3

Increases maximum permissible level of annual transportation
construction program financing and deals with maintenance and
other project costs.

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mjz: 1-99

ASSEMBLYMAN ALEX DeCROCE (Chairman): Good morning, everyone. We are here today to discuss A-1060, which has been sponsored by Majority Leader Jack Collins and Assemblyman Jeff Warsh. But before we start, I would like to go on with a roll call, if you will, Amy.

MS. MELICK (Committee Aide): Assemblyman Green? (no response) Assemblyman Warsh?

ASSEMBLYMAN WARSH: Present.

MS. MELICK: Assemblyman Oros?

ASSEMBLYMAN OROS: Here.

MS. MELICK: Assemblyman Nickles?

ASSEMBLYMAN NICKLES: Here.

MS. MELICK: Assemblyman Catania?

ASSEMBLYMAN CATANIA: Here.

MS. MELICK: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: Yes. Thank you.

This bill permanently lifts the cap on the Transportation Trust Fund by \$200 million to a total of \$565 million in State funding annually. The increased cap will allow the Department of Transportation to continue the State's capital program at the expanded level, and will ensure a drawdown of all Federal dollars available to New Jersey and will help our people back to work. Frankly, I feel that is what it is all about.

We see the signs, "New Jersey Works," but it really doesn't work. We are going to try to do that. We are going to get it back to work, and we are going to try to do it in the proper manner.

This bill also limits maintenance, salary, and administrative expenses which are charged against capital funds in the Trust Fund. We will not be releasing this bill today. The Senate Transportation adopted amendments on Monday, and the Department offered additional mandatory language last yesterday afternoon. We will hear testimony on the bill, and will review

the proposed capital budget for Fiscal Year 1993 with the Department and New Jersey Transit. The program and the bill are directly related.

We will review the testimony, consider all amendments, and the Committee will vote on the bill within 10 days. At that time, I believe it probably will be released.

I would like to call on the Majority Leader, if he will, to come forward and give us some information on A-1060.

A S S E M B L Y M A N J A C K C O L L I N S: Thank you, Mr. Chairman. To you, and to the members of the Committee, and particularly to my co-prime sponsor, Assemblyman Jeff Warsh, I bid good morning. I am very, very pleased to come before you today as the sponsor, along with Assemblyman Warsh, of this very important piece of legislation.

As you said in your introductory remarks, this legislation is something that New Jersey needs. It is something that will lead to literally tens of thousands of jobs in the total package of our Trust Fund plan for this year, which I am sure Commissioner Downs will be addressing somewhat later this morning.

This legislation is something that allows us to do something that I don't only think is appropriate, but necessary with regard to the removal of the current cap on Trust Fund spending. I, for one, Mr. Chairman -- and I think there are others -- have concerns about just removing the cap forever and ever, but to look at it on a yearly basis, to allow the moneys to flow into the economy for jobs, and something that I think is so often overlooked in this plan we have for transportation in New Jersey. It is true that jobs are just so important to us, but something that sort of gets short shrift at times is the people who are traveling on these highways and byways that this particular legislation will allow to be developed, is something I don't think we should overlook. We are an

urbanized State, with more vehicles all the time. This will help the movement of people, as well as just creating jobs.

The Senate has moved their version out. I look at their plan, but have no strong opinion one way or the other of their amendments. There will be amendments brought forth here that your Committee, I am sure, in its wisdom, will overview and come to a decision on. I am the sponsor of this legislation with Assemblyman Warsh, but I sit before you today allowing the expertise of those who will testify, and particularly my co-sponsor, and the rest of the members of your Committee. I am very open to suggestions, ideas, and, most importantly, any decision that this Committee comes to.

I have -- if I may, on a personal note -- some aspects of what this will lead to in the Transportation Trust Fund plan. There are a couple of parts of that that I am a little concerned about. Before I will be able to say, "Well, this bill should be put into law; the whole plan should be put together," I would like to see some determinations on those, and we are working in those areas. But the concept behind this is absolutely solid. I look forward to seeing how the Committee will deal with this idea, and what changes you will make, if any. I assume, as you said, Mr. Chairman, that within 10 days, we will have a piece of legislation here that we can move on, and that we will be able to move to the floor, and that I will be able to stand and support vociferously.

Again, I thank you for the opportunity to be here. I really defer the sponsorship of this legislation to my able colleague, and your Committee member, Jeff Warsh.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Majority Leader.

Now I would like to call upon Assemblyman Warsh for his statement.

ASSEMBLYMAN WARSH: Thank you. Mr. Chairman, members of the Committee, and the public: For years, ever since the Transportation Trust Fund has been enacted, it has been funded

and it has been refunded and it has been refunded. How does this bill differ from previous attempts to refund is-- There are two major differences:

This bill prohibits Transportation Trust Funds being used for maintenance purposes and operating costs. This bill forces the State of New Jersey to follow Federal guidelines on salary and administrative costs. This is a significant change. The Chairman mentioned, and the Majority Leader mentioned, how important jobs are to the State of New Jersey. None of us lose track of that fact on a daily basis; how hurting the State of New Jersey is, how hurting the Northeast is, and, indeed, how serious a recession we are in on the national level.

Jobs are important, but what happens is-- I campaigned very hard that we would not tolerate business as usual. What the Department of Transportation is planning on doing, is continuing the business as usual policy that severely hurts the State of New Jersey, in that Transportation Trust Fund moneys are consistently used for maintenance purposes, for operating costs, and, most significantly, for salary and administrative costs. This has to stop. For every dollar that is diverted away from capital expenditures, we lose jobs, and it simply has to stop.

It affects jobs. It affects the economy. It affects the quality of life in this State, which is the most densely populated State in the nation; and, for a person from Middlesex County, it seems also the most densely populated county in the nation. This bill, since it makes those significant changes and differs from all Transportation Trust Fund bills before it, is a signal that this Committee, and this Assemblyman, will maintain an ongoing vigilance. I worked in the bureaucracy in the State of New Jersey, and I know what it is like when suddenly a department is called before a committee. I always likened it to gasoline being dropped on an anthill. Everyone

runs around like crazy, but they know that pretty soon it is going to be over and they can go back to business as usual.

This is a signal that that is not going to be the case. This Committee is going to maintain ongoing vigilance, whether it is a partnership -- and I hope that is the case -- or whether it is an oversight role, which is certainly our constitutional role here. That is something that is going to continue, and it is signaled by this bill.

I could go on forever, but it is important that we receive comments from the public. I look forward to hearing what the public has to say.

ASSEMBLYMAN DeCROCE: Thank you, Assemblyman Warsh.

At this time, I would like to call upon Commissioner Downs, if he would, to give his statement in support, I assume, of the bill.

C O M M I S S I O N E R T H O M A S M . D O W N S: Good morning, Mr. Chairman, and members of the Committee. It is a pleasure to appear before you this morning. I hope you all didn't have any trouble getting to work this morning. (referring to snowstorm).

ASSEMBLYMAN DeCROCE: Listen, I came the furthest, I think. It was four to six inches up my way, but I really didn't have a problem. I have to give you credit for that. You did a good job. We saved some money this year. I hope it is reflected in our budget.

COMMISSIONER DOWNS: If it does this again on Saturday, we have about done it for the year.

A couple of very quick comments; then I would be glad to answer any questions you may have about the details of their capital budget.

One of the things that came out of the Federal legislation was opportunities for the State of New Jersey. One of those opportunities is the ability to use soft match, the ability to claim as a credit the capital that is spent by the

toll authorities within the State, and, in effect, to be able to use those funds that would normally be used as match against Federal capital funds for 100% State projects. That allows us a tremendous amount of flexibility, and eliminates a lot of Federal regulations and controls. But without the use of that soft match provision, we would not have enough money to be able to match all of our Federal capital funds.

What the one trigger is for the ability in the law to use the soft match provision, is maintenance of effort. The Trust Fund has to spend, this year, the amount of money that is the average of the capital expenditures in the Trust Fund for the last three years. The Congress intended that no state would substitute this soft match provision for its own capital commitments to transportation. With soft match, we have enough capability of capturing all of our Federal funds. Without the lift on the cap, we would not have the ability to claim soft match, and we would not have the ability to match approximately \$230 million worth of Federal funds. That would be a significant loss for us, and I think means that what you are proposing to do makes economic sense, fiscal sense, and job sense, for the State of New Jersey.

The Majority Leader alluded to thousands and thousands of jobs that are created by this. We think we can defend the figure that this will directly and indirectly create approximately 43,000 jobs for the State in construction and construction-related industries. We think that speaks volumes about why this is the right time to be doing this, not only because we get a better plant -- we get better roads, we get better bridges, we get better transit systems, but because it solves an immediate problem.

One thing it also allows us to do -- and you see an increase in terms of the amount of money going into it -- is the money that it allows us to put into preventive maintenance. "An ounce of prevention is worth a pound of

cure," said Ben Franklin. In our case, a gallon of paint may be worth several hundred thousand dollars in terms of bridge reconstruction costs. Items like bridge painting, roadway maintenance, drainage maintenance save all of us -- the taxpayers and motorists -- hundreds of millions of dollars a year, if it is done at the right time. This is a large-scale increase in preventive maintenance envisioned in this budget.

Shirley DeLibero is here from the Transit side. She can talk about the details of the Transit capital program and what this does in terms of an expanded program, both from an operational standpoint, and also from a preventive maintenance and replacement standpoint.

One of the other things this allows us to do is to begin to attack congestion and spend more money on managing the systems. Computer-controlled traffic signal corridors, better traffic intersection design, installation of jug handles, better turn movements, better road sensing devices, and better signage, all allow us to better utilize the existing plant we have and make it much more effective. It is also a lot more cost-effective at times than trying to struggle through two decades worth of construction to build a couple of extra lanes on the road, when you can get immediate returns on a corridor off of major signalization projects. You will see large-scale percentage increases in systems management.

You will also see a large-scale increase in proposed Transit capital investment, because we think now is the time, with the State's mandate, to comply with the Federal Clean Air Act amendments over the next decade. Now is the time to be making investments in improving Transit capacity, bus and rail, and we think the projects we have laid out here in this capital budget will meet that test of being able to help us meet the Federal standards, without losing any additional Federal funds.

Another emphasis in this budget that is allowed by the lift on the cap is a focus on goods movement, something that we

have not done enough of in the State. There are approximately 600,000 jobs directly and indirectly related to the goods movement industries: trucking, warehousing, rails, harbors, airports. You will see several projects in here (referring to material to be appended) that are designed specifically to eliminate bottlenecks in freight movement, and we think that will be a growing area in terms of investments in the future.

One of the items that I have been pleased that we have had continuing staff discussion about -- and I want to thank the Committee for the opportunity of having staff-to-staff discussions on the technical side of this bill-- It has been very useful, I think, for both sides, and I hope we can come to some agreements about definition. The issue about maintenance-- I wish we had never called it "capital maintenance." First, it shows a term that people automatically envision in their minds as almost custodial services, janitorial services, and it is not. It is focused on major capital investments that extend plant life. It is an important part of any major system investment that you buy things like rail wheels, trucks for rail cars, switch gear, and you capitalize-- Almost every place that I know of capitalizes those kinds of investments in the major capital plant.

That is what capital maintenance is trying to get at. It does not envision the use of any capital funds for preventive maintenance, for things like oil filters, spark plugs, brakes. It does envision the use of those funds for things like major overall of Allison transmissions, diesel engines, and locomotive major components, which will extend the life of the part. Without it, and if you force that into the operating budget and the operating budget is badly constrained, you are faced with a choice about a premature replacement. If you have a useful life on a locomotive of 20 years and you can't do a major overall at 15 out of operating, you look at the possibility of capitalizing a replacement at 16 or 17

years. In other words, you buy an incentive to capitalize major equipment replacement when it may not be cost-effective.

Another thing is the assumption that in the budget, because we have capital costs for personnel on both sides -- on New Jersey Transit and on DOT -- that somehow that has become part of an expansion of the staffs at either institution. That is not true. The reduction in staff-- I think there have been almost 500 people reduced off of New Jersey Transit over the last two years. When I got to the Department of Transportation, there were approximately 5500 people in the Department. In all accounts, Federal support and local support, there are about 4500 now. That is a loss of about 1000 people. At the same time, our capital budget doubled.

We have done everything possible to limit the internal management costs of running this capital program. I do not know another state in the United States -- another state DOT -- that does not charge capital costs internally within its department for design or construction management. We have those costs in our budget because I think they are part of the ability to control the integrity of the capital program. Those services have to be performed. There are no managers in there. There are no bureaucrats in there. There are construction engineers, design engineers. There are construction managers and lab testing people.

Without them in there, we are going to have to contract outside for those services. That means contracting with the private sector for the design; contracting with the private sector for the construction; contracting with the private sector for construction management; and contracting with the private sector for closeout.

ASSEMBLYMAN DeCROCE: Why is that so bad?

COMMISSIONER DOWNS: There is no public accountability. I could not come back to you and say, "How did the job get messed up?" "Well, the contractor who was supposed

to be watching the contractor who was watching the contractor didn't do it. We fired the contractor." There is no public accountability. If you are going to hold the Department accountable for parts of this, for instance, control of the quality of materials, it has to be more than a bid bond to an inspector -- a private sector inspector.

It is not a debate about privatization. It is, I think, a debate about the integrity of the capital program and public accountability for it. I think if the government is going to spend \$1.5 billion in a given capital program year, the government has certain accountability about quality control and about the implementation of that capital program from the construction side. I think the public generally expects us to be accountable. I know you would. If a major project went bust, or if for some reason a contractor used improper materials, or there was a bad design flaw, you would want to hold the Department accountable. If there is no technical base in the Department-- This is a Department which is, to a large extent, based on its professional engineering capabilities to be able to make sure that plans are drawn properly, that construction is properly executed, and that it is closed out properly; that the public gets a dollar's worth of construction for a dollar's worth of taxes. Without the ability to charge internally for those kinds of services, they have to either be put in the General Fund -- and I understand there is no room for them in the General Fund -- or those people let go and those services hired in the private sector. That goes for both Transit and for DOT.

I am not saying we could not do that. I'm saying it would take a year-and-a-half to two to get that entire process cycled in. I'm saying, pushing this program against the wall right now with doubling it and then expecting to lose, say, 1000 people in design and construction management, would guarantee the program slamming to a halt until we got all of

those services picked up. Even then I am not convinced that we would have proper public accountability.

Ninety-two percent of our design is done by the private sector now. Our engineers inspect that design process and supervise that design process. About 40 percent of our construction management is done by the private sector. In other words, the inspectors who inspect contractors are themselves contractors, in about 40 percent of the cases. About 99.9 percent of all construction work done for the DOT is done by private contractor on a bid basis, so we are, in essence, now, a contract management organization. Without the ability to manage those contracts with some degree of integrity and some degree of timeliness, I don't feel comfortable promising that I could deliver this program.

There is not another state that I know of that is faced with this same dilemma about being able to support its capital program off of capital charges. We did a survey. Half the time when my staff called another DOT, they would laugh and say, "You've got to be kidding. Do you mean you are debating that as a legitimate capital charge against the capital program?" It is industry practice. The entire Federal Highway Administration costs, everything in it, every secretary, every clerk-typist, every file clerk, every driver, every bureaucrat, every administrator, every budget person, every finance person, is carried out of a capital charge to the Federal Transportation Trust Fund -- the Federal Highway Trust Fund. The same thing with the Federal Aviation Administration; the same thing with the Urban Mass Transit Administration.

We are not proposing anything like that. We keep our General Fund shrinking in our budget. In our General Fund Budget Proposal, it is proposed to go down more, another 100 people. We have only hired-- We lost almost 300 engineers through early retirement in the Department. We have hired back 100 civil engineer trainees to backfill those almost 300

people. That means we are going to be down 200 engineers, even with this capital proposal. We are not proposing to get fat. I think we are proposing that a detailed, specific audit about charges be submitted to you in defense of those. If they are disallowed, the Department and New Jersey Transit would have to eat those costs. We think we have a defensible part of that story to tell.

I am hopeful that, through staff negotiations over the next week or so, we can get-- Frankly, I agree that there has to be a definition. I think it has to be in the law. I think there has to be a definition of what capital maintenance charges are, and a definition of what they are not, in order to put behind us this kind of public and internal misconception about what capital charges can be used for. I think it is legitimate for this Legislature to define what is legitimate and not legitimate in terms of capital support costs, and I think you can do that in a way that demonstrates that that is cost-effective for the public.

I think we can come to a solution of this that does not jeopardize the execution of this capital program. I am very optimistic about having that be the outcome, both on the Transit side and on the DOT side.

The last comment I will make about definitions is, one of the things about-- If you pick a definition out of the combined, consolidated "Federal Register," that definition should not leave out parts of the "Federal Register" eligibility. At one point we were having some discussions about eligible costs. There is a miscellaneous chapter in the Federal regs about capital charge eligibility that was not there, and it would have precluded us from using capital charges for things like environmental mitigation, or legal fees in terms of titles, etc. We have, I think, an ability to define it very tightly, with a detailed audit follow-up that will preserve the integrity of the capital funding process.

The only other comment that I would make is, I understand the need to annually sunset this from your standpoint. It makes capital planning and maintenance planning and operational planning incredibly difficult from both the Transit side and the DOT side. If there is a way to structure it so that there is a legislatively mandated audit review of those charges, and that that become part of the next year's review, rather than having the entire legislative authorization sunset, perhaps that is a different way of approaching this annual review, which I am more than comfortable with -- a full public audit review of those charges.

Thank you, Mr. Chairman. I am sorry for the length of my remarks.

ASSEMBLYMAN DeCROCE: Thank you. Mr. Majority Leader?

ASSEMBLYMAN COLLINS: Yes, Mr. Chairman. The comments the Commissioner made, particularly with regard to the determination of what those words, "capital project" -- how they fit in, is something that, really, staff and Assemblyman Warsh and I have talked about a number of times. Assemblyman Warsh, as I think you know, Mr. Chairman, has really just done yeoman work on where we are with this legislation, and so on, and I am sure he will carry our banner through the day.

But I will say this to the Commissioner: That determination is something that I, for one -- not to speak for you or the Committee members, Mr. Chairman -- am open to and am willing to discuss. Sponsor Warsh is also very attuned to that issue and where we may be going with it. I do understand. The only thing I would say -- and this is just a philosophical comment -- is, we constantly hear, one way or the other-- In this case it's, "In all the other states, this is how they do it. Why shouldn't New Jersey go along?" Then tomorrow -- and I am not saying you, Commissioner -- it's, "Well, New Jersey stands alone because we are the only one doing this right," whatever it is.

I do think there is an opportunity for dialogue. I know, from the time that sponsor Warsh and I have spent on this, that he is very aware of your interests -- we all here -- and his position. I hope that through this dialogue, Mr. Chairman, we will be able to continue and come to some agreement.

ASSEMBLYMAN DeCROCE: Thank you.

Commissioner, while you are here, why don't you comment on the Senate's concern with their amendments, and any amendments that may be forthcoming that you are aware of?

COMMISSIONER DOWNS: We had an extensive discussion about-- Instead of a discussion about definition, we had a discussion about cap. The debate then became one of, what would be an appropriate dollar amount to allow, rather than trying to struggle with the definition. We came to an agreement of 6 1/2 percent of the capital budget for capital support and capital maintenance as an agreed upon percentage of the overall capital budget. We had suggested that we be given -- particularly given the uncertainty about fringe costs in the budget -- some latitude and make it 7 percent of the overall budget, but the Committee held with its initial reaction of 6 1/2 percent. We are doing some analysis for them in terms of what we think may be some of the impact of that, but we have not completed it yet.

There was hardly any discussion about definition of any kind. As a matter of fact, the entire time I was before the Committee, the discussion did not come up in terms of definition. I think there is plenty of room now to tackle this issue on the definition side.

ASSEMBLYMAN DeCROCE: Thank you, Commissioner. You made statements pertaining to the audits. I would hope that the audits would be forthcoming on a more timely basis, if possible. And obviously, they should include a complete listing of the maintenance and charges made against the

Transportation Trust Fund. I would hope that would be included in those reports.

COMMISSIONER DOWNS: It will be. I hope to get a-- We are not all the way through the fiscal year, so it is going to be an incomplete for this current fiscal year, which is the first full year that we have had any experience in this area. We hope to have an audit that will cover, in detail, particularly the New Jersey Transit side, and show what kinds of controls have been established -- not only what charges, but what kinds of controls and what kinds of disallowances of charges have been imposed by the system itself.

So the answer is, I will get back to you, in a more timely fashion, audits, particularly the completed audit for this entire fiscal year.

ASSEMBLYMAN DeCROCE: Thank you. Does anyone on board have any questions for the Commissioner?

ASSEMBLYMAN NICKLES: No, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Assemblyman Oros?

ASSEMBLYMAN OROS: Only on the--

ASSEMBLYMAN DeCROCE: No, on this, this particular--

ASSEMBLYMAN OROS: On the bill? No.

ASSEMBLYMAN DeCROCE: Assemblyman Green? You are welcome this morning. A bad snowstorm out your way, too?

ASSEMBLYMAN GREEN: I called your house, and your wife told me you left at 7:30.

ASSEMBLYMAN DeCROCE: I heard that.

ASSEMBLYMAN COLLINS: Mr. Chairman, before you call your next witness, if I may, I am going to take leave of the Committee. My mentor, Assemblyman Warsh, is more than capable of carrying on for the rest of the day. I thank you for your courtesy, Mr. Chairman, and Committee members. Thank you.

ASSEMBLYMAN DeCROCE: Commissioner, we are going to take additional testimony on the bill right now for a few minutes, and then we will get back to you. Okay?

COMMISSIONER DOWNS: Okay, that would be fine. Good.

ASSEMBLYMAN DeCROCE: Thank you so much for coming.

Would anyone else like to testify on the bill? Jim Morford, is he here? I thought I saw him. (affirmative response from audience)

J A M E S C. M O R F O R D: Good morning, Mr. Chairman, and members of the Committee. Thank you for the opportunity to speak to you on this very important issue.

I am putting on my New Jersey SEED hat, if I might, for a few moments. I serve that organization as Secretary. Many of you may know that the New Jersey Society for Environmental and Economic Development is a business/labor coalition that has long advocated balanced economic growth in the State, and environmental sensitivity. We have been very much concerned with jobs and with the condition of our economy.

New Jersey SEED is convinced that the Legislature should move for a permanent cap lift of the Transportation Trust Fund at this time, rather than doing it in a piecemeal fashion over the next few years, as some have recommended. A strong infrastructure and building program is key to New Jersey's economic recovery. Indeed, public works projects are one of the few things that government can do to stimulate an economy which is in a downturn. By acting now, the Legislature can provide millions of dollars for highway, bridge, and mass transit projects over the next few years. Of course, this is in addition to the \$1.1 billion already earmarked under Trust Fund guidelines.

We agree with the Commissioner's assessment that the cap lift would generate an additional 43,000 new construction jobs over the next three years, and would also enable New Jersey to take advantage of all available Federal matching funds, as well as the very favorable bidding climate that exists right now.

Perhaps most important, we would be able to generate a quick turnaround on construction and maintenance projects that are now awaiting action across the State. New Jersey has a work force that is eager to get back on the job.

SEED agrees with those who want to make sure that Trust Fund moneys are allocated for needed projects, and are not used to cover excessive administrative expenses. But we agree that those administrative expenditures that relate directly to Trust Fund projects are, we believe, a legitimate utilization of these funds.

New Jersey SEED supports the Legislature's oversight authority on the projects to be funded by the cap lift. The Legislature would also have the final say on appropriating the funds, up to a total of the \$565 million a year, if the cap is lifted. Therefore, we respectfully urge the administration and the Legislature to quickly resolve any differences that may exist over this legislation, and to move the cap lift to reality.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you very much. Does anyone have any questions of Mr. Morford? Mr. Green?

ASSEMBLYMAN GREEN: No, thank you.

ASSEMBLYMAN DeCROCE: Mr. Warsh?

ASSEMBLYMAN WARSH: Has SEED taken a position on the ratio of highway projects to mass transit projects, as reflected in FY '93 capital programs?

MR. MORFORD: No, Assemblyman, we have not specifically addressed that.

ASSEMBLYMAN WARSH: Do you have any comments to make generally as to how you think the current status of New Jersey's mass transit availability is?

MR. MORFORD: We certainly have concerns about mass transit, particularly in light of the restrictions that seem to be hovering over us with respect to implementing the Federal

Clean Air Act. Indeed, in coming weeks, I think we will be able to address that more effectively with respect to implementing the Clean Air Act, and why we need to do more for mass transit. But at this point, I can't give you any specifics on it. We are researching it now.

ASSEMBLYMAN WARSH: Thank you.

ASSEMBLYMAN DeCROCE: Anyone else? (no response)
Thank you very much, Mr. Morford.

MR. MORFORD: Thank you very much, Mr. Chairman.

ASSEMBLYMAN DeCROCE: William Healy, New Jersey State Chamber of Commerce?

MR. MORFORD: Mr. Healy is my associate. He is at another committee. The State Chamber does also endorse the Trust Fund cap lift.

ASSEMBLYMAN DeCROCE: Okay. Thank you very much.

MR. MORFORD: Thank you.

ASSEMBLYMAN DeCROCE: Bernard Dziedzic, Local No. 472.

B E R N A R D D Z I E D Z I C: Thank you, Mr. Chairman. My name is Bernard Dziedzic. I am a Business Representative for Heavy Construction Laborers, Local No. 472. I am here also representing the New Jersey State Building and Construction Trades.

At the start, I would like to thank Majority Leader Collins and Assemblyman Warsh for this legislation. We are in complete support of this legislation. We feel that A-1060 could really benefit the State of New Jersey. All of our unions have a lot of people out of work. We feel this would help to jump start the economy and put people back to work, and we are very much in favor of it.

We also realize that now is the time to lift the cap. You could talk to anybody in engineering or in the Department of Transportation, and they would have to tell you that all of the estimates -- the engineering estimates -- are coming in below, you know, what their estimates are.

Now is the time to lift the cap. So, we are urging bipartisan support for this bill, and we hope to get it moving as soon as possible.

Thank you.

ASSEMBLYMAN DeCROCE: Thank you. Do you really believe that once we open the cap up entirely that those prices -- those estimates -- would stay down to what seems to be happening right now?

MR. DZIEDZIC: Well, you know, I don't have a perfect answer to that, but what I have to say is, I know there would be more people bidding; I know there would be more work coming out, and it would have to benefit everyone, in the long run.

ASSEMBLYMAN DeCROCE: Let's understand ourselves: We do want to get more people work. That is the benefit from this bill, frankly.

MR. DZIEDZIC: Right.

ASSEMBLYMAN DeCROCE: We just want to be assured that there are dollars down the road so we can keep you working; not only put you to work today, but tomorrow also.

Does anyone have a question? Mr. Green?

ASSEMBLYMAN GREEN: Other than putting people back to work, in what way do you feel this bill is going to do that much to help us?

MR. DZIEDZIC: Well, the more people we get back to work, we feel that is going to be the more money going into the economy of the State of New Jersey; and, basically, just to let our men and women make a decent living. You know, we have so many people out of work in all of the construction trades, that we feel this legislation has to help to put people back.

It has been proven-- Since 1984, when Transportation Trust Fund I was passed, you know, we have seen -- and that was under the last administration -- how many people were put back to work and how many projects were put up.

ASSEMBLYMAN GREEN: If I am correct, Mr. Chairman, this bill is more than just lifting the cap. There are other parts to this bill, am I correct? How do you feel about the other parts of this bill?

MR. DZIEDZIC: In relation to what? I'm sorry, Assemblyman. I don't know what--

ASSEMBLYMAN GREEN: In relation to taking away some of the jobs within administration and giving them to the companies.

MR. DZIEDZIC: Taking some jobs away from the administration?

ASSEMBLYMAN GREEN: In terms of-- It is my understanding, through staff, that this bill not only talks about the cap, but also talks in terms of -- if I am correct-- Assemblymen Warsh and Collins' concern is that the administration-- It would cut into their staff. Am I correct?

MR. DZIEDZIC: You know, like I said, I was involved, in 1984, Assemblyman, when this bill first went through. The intent -- the way I see the intent of the Transportation Trust Fund -- it was never, never put in there for salaries, for maintenance costs. It was there for capital improvements.

ASSEMBLYMAN DeCROCE: That's the whole thing. It does limit DOT salaries, but all of those dollars are supposed to go back into the work -- to put these people to work and get these ongoing infrastructure improvements done, frankly.

MR. DZIEDZIC: Just to say one other thing, Mr. Chairman: If some salaries, and if some maintenance costs have to be absorbed, that's one thing. But I would like to see some kind of a cap on spending there.

ASSEMBLYMAN DeCROCE: Thank you. Does anyone have a question? (no response) Thank you very much.

MR. DZIEDZIC: Thank you.

ASSEMBLYMAN DeCROCE: Sam Cunninghame, New Jersey Motor Truck Association -- Sam the Man.

S A M U E L L. C U N N I N G H A M E: Good morning.

ASSEMBLYMAN DeCROCE: Good morning.

MR. CUNNINGHAME: Thank you, Mr. Chairman. Mr. McDonough just gave me a Lifesaver.

We, as an Association, have felt very close to this Highway Trust Fund since 1984, and implementation in '85. We are one of the payers into this Fund.

ASSEMBLYMAN DeCROCE: You certainly are.

MR. CUNNINGHAME: And, as a payer, we have to rely on you folks to provide the oversight, which has been talked about here this morning by Assemblymen Warsh and Collins. So far, other than a few salaries we got a little upset about a couple of years back, we haven't really said anything. But again, we have to rely on you people to keep an eye on it for us, because if it suddenly runs out, we are going to be in here paying again.

So, with that in mind, I appreciate everything that has been done so far. Our industry appreciates it. We look forward to a conservative maintenance of the Trust Fund.

Thank you.

ASSEMBLYMAN DeCROCE: I think you will note that in Majority Leader Collins and Assemblyman Warsh's bill there is concern for your concerns, frankly. They have been addressed with regard to the maintenance area. Obviously, that is what this whole conversation seems to be about this morning.

MR. CUNNINGHAME: We have said publicly that we would like to have the legislators look at the cap each year to see if a release is needed, but not just willy-nilly take that cap and throw it away. We would be in trouble real quick.

Thank you.

ASSEMBLYMAN DeCROCE: We appreciate it. Does anyone have a question?

ASSEMBLYMAN NICKLES: No.

ASSEMBLYMAN GREEN: Mr. Chairman, I was late. What is the position of the Commissioner on this particular bill?

ASSEMBLYMAN DeCROCE: The Commissioner is in favor of it.

ASSEMBLYMAN GREEN: The Commissioner is in favor of this bill?

ASSEMBLYMAN DeCROCE: Yes. In fact, he would like to do a little more than just be in favor.

Erica Schiffman, New Jersey Alliance for Action?

ERICA SCHIFFMAN: Good morning.

ASSEMBLYMAN DeCROCE: Good morning.

MS. SCHIFFMAN: My name is Erica Schiffman. I am Assistant Vice-President of the New Jersey Alliance for Action. I am here today to urge support for legislative action to lift the cap on the Transportation Trust Fund.

The Alliance for Action is a nonprofit, nonpartisan, statewide coalition of approximately 500 business, labor, professional, academic, and governmental organizations. Our goal is to improve the quality of life in the State, through economic progress and the creation of jobs. We have been involved with the issue of transportation funding since our inception in 1974, and were a leader in the efforts that created the Transportation Trust Fund.

To fulfill the promise of the Trust Fund for New Jersey's economic well-being, we now strongly endorse lifting the cap. Obviously, we recognize there are a few differences between the Senate and Assembly bills and the legislation proposed by the administration. However, I believe there are no differences in our agreement that the key to getting out of the current recession is to put people back to work.

We urge a bipartisan solution to meet the common goal of moving New Jersey's economy ahead during these recessionary times. We urge the Committee not to put restraints on the Department of Transportation which will impair or hinder their

ability to get these transportation projects out to bid. We also urge the Department of Transportation to do everything possible to ensure that these projects will be awarded as quickly as possible, so that the work can commence as soon as possible.

Mr. Chairman, we are confident that all the remaining issues can be resolved, and that this legislative initiative will be passed and signed into law. It will be a major catalyst in getting our people back to work.

Thank you.

ASSEMBLYMAN DeCROCE: Thank you, Erica. Does anyone have any questions of Erica? Mr. Green?

ASSEMBLYMAN GREEN: No.

ASSEMBLYMAN DeCROCE: Thank you very much.

Bob Briant?

B O B B R I A N T, JR.: I have copies of my testimony, if I may leave them with somebody.

ASSEMBLYMAN DeCROCE: Sure. Bring them up. Bob represents UTCA. Do you want to tell us what UTCA is?

MR. BRIANT: Sure.

ASSEMBLYMAN DeCROCE: Speak into the mike, please.

MR. BRIANT: Good morning. I am Bob Briant, Jr., from the Utility and Transportation Contractors Association of New Jersey. Our organization numbers approximately 840 member firms that are active in the construction field. Our members complete the vast majority of the DOT construction projects in New Jersey.

Obviously, our organization supports this bill. As people have testified before me, right now we are in an economic slump. This is going to put many, many people to work. All the positive reasons for raising the cap, besides the \$200 million that we can bond for out of the capacity we are receiving from revenue-- We are also going to be able to match the \$263 million from the Federal program. That is about

a \$463 million plus that we see to the economy of New Jersey and, you know, the difference between people collecting Unemployment and working.

Rather than just read from my testimony, because we do support this measure, there have been a few points which have been made in discussions regarding points of view of actually lifting the cap permanently, or just annually, and some discussions regarding costs for administrative purposes and capital maintenance purposes of the bill.

I can tell you that our organization would like to see the cap permanently lifted; however, not willy-nilly. We would support a measure where annually the Legislature would review what the bonding capacity is, versus the relationship of the income that is brought in through the funds. That way you could kind of determine how much you could lift each year on an annual basis, rather than going through the process every year of lifting it.

Secondly, regarding the amounts of money that are used for the administration of the program, we feel there is a fine line there. You can't totally cut out funds so that you strip a Department to where it makes it very difficult to deliver a capital project -- a capital program for New Jersey. However, we realize that it is proper business management to scrutinize your labor costs and your administrative costs. In private industry, you know, we do that. We do that constantly. We think it is prudent of the Legislature to bring this up. We commend the Legislature for scrutinizing this area.

We would also like to point out that the Department has also made great strides in this area. They have cut their employees down. They have cut almost 900 people. The Department can probably back that up, and verify that. At the same time, they are delivering the highest capital program we have ever seen in the State of New Jersey at this time.

We also feel there are more things that can be done. I mean, it is an ongoing process. You always review how people administer a program, just as someone administers business personnel. We have many suggestions, and we do work with the Department on an ongoing basis. We make those suggestions to them.

Basically, that is how we feel about the issues that have been talked about today. As I mentioned, we do support lifting this cap. If there are any questions, we would be happy to answer them.

ASSEMBLYMAN DeCROCE: This bill does address some of your concerns, by virtue of the fact that -- something that you just mentioned a few minutes ago with regard to the cap. We hope that once this bill is released, it will satisfy everyone concerned by virtue of all the amendments that will be added to it. We hope then we will have a viable bill that the Governor will be willing to sign, and the Senate will concur with.

Thank you for your testimony. Does anyone have any questions?

ASSEMBLYMAN WARSH: I just have one question, so I can get a better understanding as to what your member firms are involved in. Are you also involved in the construction of mass transit?

MR. BRIANT: Yes, we are. I'm sorry. I didn't mean to cut you off with your question. Yes, our members do complete mass transit projects, the projects that are out to bid. There is certain work that is done by the maintenance crews of New Jersey Transit, but there are also portions that are out to bid, and our members do complete those. Yes, they do. A lot of track work, stations, switchings, things of that nature.

ASSEMBLYMAN WARSH: Thank you.

ASSEMBLYMAN DeCROCE: I'm sure the Department will think we are kind of a noodge because we are going to be on

their case on a lot of different points; with regard to audits and, of course, their financial plan, which will tell us whether or not the funds coming in will support the Trust Fund and we will be able to have an ongoing program annually.

MR. BRIANT: That is very prudent.

ASSEMBLYMAN DeCROCE: So that will be beneficial to you. This bill addresses all that.

MR. BRIANT: We commend the Legislature and this Committee for the work they are doing. We recognize the extent of scrutinization of management that you folks are providing, to the benefit of the taxpayers of our State, and we commend you for that.

ASSEMBLYMAN DeCROCE: Thank you.

Okay, Ellis Vieser? Is he here yet? (affirmative response from audience) Ellis is from the New Jersey Council on Job Opportunities.

E L L I S S. V I E S E R: Good morning, Mr. Chairman, and Committee members. My name is Ellis Vieser. I am Co-chairman of the Transportation Subcommittee of the New Jersey Council on Job Opportunities. Did the Committee get copies of my statement which were distributed? (no response)

For the record, let me explain what this is, what we are, and what our charge is. About 14 months ago, the Governor convened an economic summit and brought together about 300 people to focus in on what the economic needs were for the State of New Jersey. That committee was broken into about 10 committees -- subcommittees -- with some of the best brains in New Jersey, and a full report was submitted.

The condensation of that was that all of those recommendations were concluded into one report. We have been charged, recently by the Governor, through this New Jersey Council on Job Opportunities, to focus in on those recommendations. You have a list in front of you of the group that I am very fortunate to serve with, headed by former

Commissioner of Commerce, George Zoffinger. But the people here-- We had our first meeting about a week ago, and this is one of the first items that was on the docket; that is, the Transportation Trust Fund and the lifting of it.

This high level group of business, labor, and economic experts will advise the Governor directly on economic policy matters. We strongly, unanimously, favor lifting the cap on the Transportation Trust Fund, which was one of the main recommendations after a 14-month study of that major group which I referred to.

The reason is: In New Jersey, transportation is the key to our economy. Without a good, sound, and dependable transportation network, our ability to keep and attract new employers is threatened. By improving our transportation network, we improve our quality of life, boost our economy and worker productivity, and, more importantly, increase and create jobs. Putting people to work through the creation of jobs is the immediate benefit of this legislation, and I have heard that repeated here this morning many, many times, and we all agree with that.

Our friends in the building trade -- and Bernie Dzedzic previously testified here -- are currently experiencing double digit unemployment. When I say, "double digit," I am not just talking about 10 percent or 12 percent. We're talking about an unemployment rate in the building trades that is up, probably, to 30 percent or 35 percent. That is what we are looking down the throat of.

This is a twofold impact on our State economy -- this unemployment -- because these workers, when they are on the unemployment rolls, do not pay taxes nor do they buy durable goods. Their buying power is cut off. They collect Unemployment Benefits, which strains the State's Unemployment Compensation Fund, and I would like to reflect back on that.

Those of us who were around here and involved in these matters in '74, '75, and '76, in the recession at that time, what were we faced with? It was worse than it is now. We had to borrow money from the Federal government to pay Unemployment Compensation. We didn't have the money in the State of New Jersey to do that. We went into debt for \$600 million. I, personally, do not want to see that happen again. But if history plays itself back it could happen, if we stay in the depressed economy we are in at the present time. Putting people back to work removes those people from the unemployment rolls, and puts them in a position where they can pay taxes and buy other goods and services.

The other thing on that is the psychological effect. I have never had to experience, personally, being unemployed. I don't know how many people on the Committee -- Assemblymen and representatives here -- have had that experience. But, I'll tell you: I have talked to a number of people, and it is a very psychologically disastrous situation for the main wage earner -- the primary wage earner -- to come home and not have a paycheck, and have kids who are hungry, and not being able to meet his mortgage payments.

Nobody has to tell me, because in my other responsibilities, on a day-by-day basis, I get calls from some of these people who are losing their homes; who can't pay their mortgage rates. So my plea to you is, don't procrastinate. Resolve the differences immediately. The cap on the Transportation Trust Fund should be lifted. But, more importantly, we need a bipartisan compromise on the proposal pending before this Legislature, so that money can be put into the work immediately. If we simply pass the bill that lifts the cap, that does not allow us to get these projects out to bid. We will have failed, all of us.

So, let's get on with the task of putting people back to work. That is what the committee I represent is responsible

for directly to the Governor; but, more importantly, to the people of the State of New Jersey, and, most importantly, to those who are unemployed and going through the trying times we are faced with at the present moment.

I commend the Assembly members, and the Senate, for making this issue a top priority, and I thank you for giving me a chance to present the views of the committee I represent.

ASSEMBLYMAN DeCROCE: Thank you very much. Let me assure you that the capital program for FY '92 is in place. What we are talking about here today is FY '93, which starts July 1. We plan to make it available, so that everything will be ready to go come July 1, 1992 for 1993.

MR. VIESER: Thank you, Assemblyman DeCroce. I may add, my plea to you -- coming from a construction industry background myself -- is, let's not miss this construction season. The contractors and the labor unions have to go out to bid now. If you pass this and delay it, it is going to impact that very definitely. My personal plea to you is, do whatever has to be done, but let's get this resolved.

ASSEMBLYMAN DeCROCE: The bill will be done deliberatively, and it will be ready to be voted out of Committee within 10 days, frankly.

MR. VIESER: Thank you very much. I thank all of you for your hard work.

ASSEMBLYMAN DeCROCE: Would anyone like to question Mr. Vieser? (no response)

If not, I would like to close the testimony on the bill and take about a five-minute break before we-- I'm sorry?

A L B E R T P A P P: Is there a possibility to put in testimony?

ASSEMBLYMAN DeCROCE: Sure. I'm sorry. Your name, sir?

MR. PAPP: Albert Papp -- P-A-P-P.

Mr. Chairman and Committee: Thank you for availing me the opportunity to address a subject which is very, very close to the goals of the organizations that I represent. Let me introduce myself and the organizations I represent.

My name is Albert Papp, and I am Chairman of the Lackawanna Coalition; a Director of the New Jersey Association of Railroad Passengers; and, as of last Saturday, a Director of the National Association of Railroad Passengers.

I come here before you this morning to support Assembly Bill No. 1060, and also to allow the capitalized maintenance charges and expenses that Commissioner Downs has reported to you -- for those to be allowed. The reason these bills and the lifting of the cap have a great effect on our ridership is very, very simple. For the last 20 or 30 years, transit bus lines in the State of New Jersey have been on the downhill plunge. Since New Jersey Transit has been formed, we found a new spirit here in New Jersey, and we found an improvement of facilities. We want this improvement to continue.

I have been a resident of this State all my life, except for four years that I served as an officer in the United States Air Force in the Pacific, and recently for 11 months, when I was reactivated for Desert Shield/Desert Storm. Over most of those periods of my life I have ridden New Jersey Transit, many of its predecessor lines, the Delaware, Lackawanna, and Western; Conrail; and Public Service Coordinated Transport. I got here this morning by New Jersey Transit, and I can assure you that everything ran on time. The bus line from Maplewood, New Jersey down to Newark this morning ran very well, despite the ice and snow, which seemed to be quite a lot greater than you have had here in Trenton. The train from Newark to Trenton ran on time, and I got here at the appointed hour, at least according to the schedule.

One of the things we have watched over the last 30 or 40 years is an infrastructure improvement in highways in our State. We have a very, very well renown New Jersey Turnpike and the Garden State Parkway. Interstate 78 is now finished; Interstate 278 will soon be finished. But unfortunately, we have not seen the infrastructure improvement in transit that we have seen in the highway mode. For one of the first times in the period of a generation, we can know see on the horizon infrastructure improvements to transit.

All right. The passage of what is known as the Intermodal Surface Transportation and Efficiency Act, signed by President Bush in 1991, for the first time allows some flexibility at both the State level and the Federal level, where funds can be shifted from highways into mass transit. We are a little bit disappointed right now that President Bush, in his appropriations area, has not appropriated more money, as was originally -- as was in the original authorization.

There are a few items I would like to share with you this morning with regard to the lifting of the cap. One is, we are continuing to be disturbed by many conflicting and uncoordinated trends in Federal and State governments. Federal policy has now dictated that reduced air pollution and increased mobility remain national goals. And, as most of you know, the entire State of New Jersey is a severe nonattainment area with regard to ozone, and many counties, as well as several municipalities, are nonattainment with regard to carbon monoxide.

We feel that the Clean Air Act, especially Project Clean Air here in New Jersey, is going to be a key driver in the future transportation policy of this State. We have made a turn right now with ISTEA, and the lifting of this cap will free funds so that these transit projects can, indeed, be moved forward in an expeditious and, as the Assemblyman mentioned, deliberative fashion.

So, we support the raising of the cap, and also of the allowance of these capitalized maintenance expenditures. If you have any questions, I would be happy to take them at this point.

Thank you.

ASSEMBLYMAN DeCROCE: I am concerned when you tell me you would like to see more in the area of rail, because you haven't seen improvements. I think the Department, over the years, has done a magnificent job in electrification, modernization, maintenance. I think it has done a great job, frankly. I give them a lot of credit for that. And they are running on time. In fact, the Executive Director smiled when you said that. (laughter)

MR. PAPP: Assemblyman, I certainly agree with you. One of the reasons the Lackawanna Coalition was formed -- and our members are funded by the counties and municipalities through which its Morris and Essex lines pass through-- One of the things we were formed for was to make sure that the electrification did, indeed, get completed in an expeditious manner. As one example -- and there are several others -- we negotiated with then Executive Director Jerry Premo to have more of the construction done in the evening hours, to avoid disruptive peak and off-peak service. This, indeed, was done. I remember many times going up to the Maplewood station at one and two in the morning and seeing those crews out there stringing the new catenary. Indeed, that was done. But on the other hand, there are things like the Lackawanna cutoff, which our organization believes was instrumental in getting put on the State Right-of-Way Preservation Map. This cutoff was purchased from Conrail by a builder approximately three or four years ago. It is a key link in possible mass transit service in the future to western New Jersey. It is things of this nature that we are concerned about.

Other examples: Continued coordination at Hoboken, which is the New Jersey Transit key focus, if you will, in northern New Jersey. We were instrumental, we hope, at least with our resolutions, in getting ferry service restored between Hoboken and the World Trade Center. Also, the reverse Kearny connection, now known as "The Waterfront Connection," which will allow trains direct access to Hoboken from places as diverse as Raritan, Westfield, Deal, Bayhead, etc. So, continuing connections are near and dear to our hearts. The chief one, of course, which is now well on its way, is the Kearny connection, which will allow trains from the Morris and Essex division direct access to Penn Station. This will save commuters time, in that they will not have to get off the train at Hoboken if they are going uptown and transfer to PATH. It now increases commuter's time by at least 20 to 30 minutes.

So, these improvements are key to reducing congestion, reducing air pollution, and basically trying to maintain, hopefully, a good life-style here in the State of New Jersey. These are the projects we want to see pushed ahead. Certainly the projects that have been done, have been done very well. We would just like to see the momentum continue onward.

ASSEMBLYMAN DeCROCE: Then you agree that you do see improvement in the area of rail transportation in the State of New Jersey?

MR. PAPP: There has been no question.

ASSEMBLYMAN DeCROCE: Obviously, there is an ongoing program of modernization. If you stick around today, you will hear a lot more about it in this program right here. The Commissioner certainly addressed it.

MR. PAPP: Are there any other questions? (no response) Thank you.

ASSEMBLYMAN DeCROCE: Thank you. Anyone else? (affirmative response from audience) The last one, and then we are going to take a break. Good morning.

L I N D A S P A L I N S K I: Good morning, Mr. Chairman, and members of the Committee. My name is Linda Spalinski. I am the Executive Director of the New Jersey Association of Counties.

I just want to note very briefly for the record that the Association of Counties enthusiastically supports the proposal to lift the cap on the Trust Fund. This will allow us to move forward with some very important county projects, as well as creating jobs and being a significant boost to the economy.

I would also note our concern that the Department of Transportation be given the necessary tools to do the job, specifically the necessary financial tools to do the job. I know you have heard some arguments along those lines, and I would ask the Committee to please be receptive to those arguments in the 10-day period that lies ahead of us.

Thank you very much.

ASSEMBLYMAN DeCROCE: I don't think we have said that they shouldn't have the tools. I think our question is the funding of those tools, where it comes from. Okay? I was there, where you are now. Thank you. Anyone? (no response)

We are going to take a five-minute break. Then we are going to ask the Commissioner and the Executive Director to come back and tell us about their interest in next year's plan. Thank you.

(RECESS)

AFTER RECESS:

ASSEMBLYMAN DeCROCE: If we could get going again, please? We still have a quorum in effect here, as far as the Committee is concerned.

I would like to now call upon the Commissioner and the Executive Director. If they would come forward and discuss the capital plan with us for FY '93, we would appreciate it.

Before you start, Commissioner, just let me say that, certainly as one who -- and I am sure there are others in this room as well -- but as one who had to travel from northern New Jersey this morning to Trenton, it was kind of rough, certainly in the Morris/Somerset area. But fortunately, the roadways were reasonably clear and traffic moved pretty well. As we heard this morning, rails were on time, so that is commendable. I want to say that your Department really does do a great job, in my opinion.

ASSEMBLYMAN NICKLES: Mr. Chairman, if I may echo those sentiments? I came from South Jersey, and not only did the Department of Transportation clear all the highways, but the farmlands and the woods and everything else were perfectly clear also. (laughter)

COMMISSIONER DOWNS: We'll claim it; we'll claim it.

Mr. Chairman, we have lost a lot of maintenance people. It means that a lot of dedicated staff people worked very hard all through the night. I would like to take credit for it, but the about 700 or 800 dedicated Department employees who hit the road last night early and stayed at it until this morning, did that. On their behalf, I thank you for the compliment.

ASSEMBLYMAN DeCROCE: Thank you. The program is up to you, Commissioner.

COMMISSIONER DOWNS: Mr. Chairman, I think you all have a copy of the proposed capital budget. It not only lists projects by project number, with a map of each of the project areas, but it-- The handout that I was speaking of earlier lists some broad categorical changes as well, in terms of capital budget. I would only hit a couple of them again. I missed one that I think is very significant, and that is that

there is a proposal for \$100 million worth of local aid in this, far beyond the statutory requirement of \$65 million in local aid, which I think helps solve some local jurisdiction problems.

There is a \$285 million allocation within the capital budget itself for preservation of the existing plant, which is about a 100 percent increase over the previous year budget in terms of preservation of the existing plant. The major increase, both in terms of percentage and dollars in the budget is systems operation. As I said earlier, there are major projects now for signalization, to try to immediately attack some of the issues around congestion.

There are major transit investments in Fiscal Year '92. The capital budget was \$172 million; this year's budget proposes Federal transit funding of \$331 million, and a total transit funding for New Jersey for all sources shows '92 at 444 and '93 at 580.

One of the things that I think would probably make some sense would be to try to answer questions about either the direction or specific kinds of issues or problems within the capital budget which you, Mr. Chairman, might have, or individual Committee members might have, either on the transit capital budget or on the DOT capital budget.

So, with that-- If Shirley would like to say anything additional--

S H I R L E Y A. D e L I B E R O: Just one of the things I would like to-- As you notice in the '93 budget, there is the capital maintenance part of the budget. What I would like to say is, we are in the process -- and we have, naturally, the capital maintenance in the '92-- One of the things we have done, and one of the disciplines we had put on ourselves with the approval of the cap lift lost time, was that no components or any facilities -- we could use that money on, unless it proved that that particular component or that facility had a useful three-year life.

We have done a six-months audit that you will have, probably, within the next few days, which shows that of all the components and of all the facilities and everything we have used the capital maintenance on, that there were certain things that were disallowed through the audit process. I just received the completed audit the night before last, so I have not had a chance to really go through each item, but there are things that the auditor had-- I believe it is \$444,000 that they ended up with after they went through item by item which was disallowed, and we had to put back in the operating.

I just wanted to assure you that we are only using those moneys for those things that were allowed when the law was written.

ASSEMBLYMAN DeCROCE: Could you be more specific on the specific items with regard to capital maintenance?

MS. DeLIBERO: Sure. Let me give you some of the things we used them on. With the audit report will come a list of all of the things. For instance, on the rail side, we used this money for the F-40 traction motors on our locomotives; the GP-40 traction motors that we overhauled. All the power assemblies that we have used on our locomotives-- We used money for that. The alternators on the vehicles. On the Arrow cars, we did gear assemblies and overhauled gear assemblies. We used that. On the Arrow, we did some main transformers. We have done traction motors on the Arrows.

We have done air conditioner units on our panagraph units we have overhauled; on motor alternator sets; on the couplers on the locomotives that we have used that on; the air brakes; the reactors on our locomotives. Then on our maintenance of way, we would have used it for track reconstruction; rail station major repairs; structural repairs to undergrades, overheads, and to movable bridges. We have used it for that.

We have used it on culvert replacements. We have used it on different electrical traction assemblies and wayside powers and outlets. This is all on the rail side. There was \$39.9 million that we used on the rail side, and \$23.2 on the bus side for the whole year. We are about halfway through that now, with the six-month-- We spent about \$25 million. The schedule should have had us about -- I believe about \$27 million. So we are about \$2 million below, but there are some things that are cyclical that we are doing now.

For instance, we are doing major overhauling on AC units for the summertime, so that hasn't come down the pike yet to be charged yet. So all of that will be in the following six months. So when you see my six-months, even though it will be \$2 million, probably, less than a six-month allocated amount would be, by the end of the year we will be on target for the total 55.

Some of the things we have done on the bus side are: engines, cylinder heads, blowers. We have done generators. We have done engine governors. We have done turbochargers. We have done fuel pumps. We have done injectors. We have done our fan drives. We have done all of our major heating and air-conditioning units. We have done all of our drive trains, our steering assemblies, and our starter assemblies on the bus side. We have done major motors, blower motors, and condensers. We have done our electrical systems on our alternators and generators, and we have done our gear work and our communications systems.

So, on the bus side, the bus has been less on the facility side and more on the component side and the overhauling of the components, where on the rail side it is some of each.

ASSEMBLYMAN DeCROCE: See, these things you mentioned today are some of the concerns we, as a Committee, have. That is why we would like to have copies of that information, so

that we can resolve these problems within the next several days in order to get an effective bill out.

MS. DeLIBERO: With my audit report will come all of the components where this is eligible. There is also a list of all the things we cannot use it on. Like, anything we do, our preventive maintenance we do on a daily basis of our bus system and rail system-- Every 5000 and 10,000 miles on our bus system, we do a preventive maintenance and we do oil filter changes, and like that. All of those are not allowed. You will see, when I give you my audit report, that on the rail side, on one of the units -- and that is what I was looking at last night-- One of the units that will not be around for three years-- There were certain things done on that, and that was disallowed by the auditor, because it didn't fall within that three years. That will be very visible on the audit report. We will send all that to you.

ASSEMBLYMAN DeCROCE: How soon?

MS. DeLIBERO: You should have that within the next-- The Commissioner is going to get it today, and you should have it within two days, three days.

ASSEMBLYMAN DeCROCE: Two days? Monday?

MS. DeLIBERO: What's today?

COMMISSIONER DOWNS: Today is Thursday.

MS. DeLIBERO: Today is Thursday. So, Monday.

ASSEMBLYMAN DeCROCE: You're on. (laughter) Okay.

Let me just say, Commissioner, I went over this program in-depth. The concerns I have with your program-- I think it is a great program, frankly. It addresses an awful lot that has to be done in our State. Obviously, although I am somewhat parochial myself, I am also interested in the completion of highways and the work being done around the State of New Jersey. I am concerned with areas such as Route 20 -- Route 33 and Route 9 down in the Monmouth area. These highways go on and on, but they have to be completed. Again, it is a

road to nowhere, similar to Eisenhower Parkway in Morris County and Essex County.

I don't see planning for those particular jobs. I don't know that they are going to be planned. I don't know why they are not going to be planned. But, you know, years ago the Department, in their wisdom at that time, thought these roads were absolutely necessary. Now all of a sudden, there is brand-new thinking on the part of the bureaucrats in Trenton here, that maybe we don't need those roads any longer. Frankly, I would like to know why we don't get a lot of these roads that have been started, and, frankly, don't end at the proposed endings where they were originally planned--

You know, DEP being what it is, we understand that -- another animal in State government -- but the fact of the matter is, these proposals were made with their knowledge years ago, and I don't see why they should be curtailed today.

COMMISSIONER DOWNS: A good question. I am asked a lot about where certain projects go, or why there is a road to nowhere. A number of roads were mapped in the '50s and '60s, with an expectation of an ability to fund them over, say, a decade period of time. During that decade, several things happened. The Federal National Environmental Act was passed in the '70s. It was amended twice, more stringently each time. Federal wetlands requirements, Federal historic preservation requirements, now Federal Clean Air Act requirements mean that in almost every case, even in the use of 100 percent State funds, we have to comply with some of those Federal requirements. If we use Federal money, we have to meet all of those Federal requirements.

For instance, when they had a provision about no net loss on wetlands, if you took an acre of wetlands, you had to, in many cases, replace it with two acres of wetlands. The creation of an acre of wetlands can cost anywhere from \$300,000 to \$600,000 an acre. So, if you take one acre of wetlands, you

get a \$1.2 million cost for that, in addition to the cost of the land.

What it has meant over the years, with every decade bringing at least four major revisions in Federal requirements on the environmental side, is that certain projects escalate beyond the cost of the State, even with a large amount of State moneys to pay for them. When we started the debate over the route and location of 287, it was in the late '50s. I'm sure you remember it.

ASSEMBLYMAN DeCROCE: Yeah, I do.

COMMISSIONER DOWNS: It appeared on the map. It was going to be built, and everybody was excited about the possibility of the route that would bypass all of the New York congestion and allow New Jersey residents access to New York and Connecticut and Boston without going through New York City.

That project was decided and authorized in, like, 1959. We will finish it in 1994, only after the Federal government decided that because of the environmental cost, they would make it a 100 percent Federal project. It went from a project that was initially estimated to cost about \$100 million to one that will cost us, by completion, \$850 million, making it the most expensive roadway we will have ever built in this State.

That is one example of the fact that now a major road segment can take us 20 years to get from agreement on planning and design money to construction. That is not unusual for a new route construction within the State. We try every way possible to shortcut that by double tracking things like engineering and environmental work. We put as much money up front as we possibly can into the design phase, so that we solve as many of those problems as we can. But, frankly, we run into problems at certain points along the way where you have to say, "We can't afford a quarter-of-a-million-dollar

road segment that goes three miles." If there are other alternatives--

Even if we decide that we can do it, it will be 20 years before we get through all of the rest of the processes that allow us to get to construction, and it is time to make investments in improvements that can be seen in the next year or two or three: signalization jobs, minor widenings, better intersections, better Park n' Ride, better high occupancy vehicles; better transit facilities as well, that will solve some of those immediate concerns.

I share your frustration about the inability of the Department and New Jersey Transit, at times, to come to commitments that are long-term major capital expansion commitments. I think we have to make investments now that another generation will see, not unlike 287; not unlike the final upgrades on 295; not unlike the Trenton Complex, which took 24 years to get to construction. I think we have to make investments like that.

This budget proposes \$200 million worth of design and project development, the largest commitment that the Department has ever recommended for starting projects through the design process. Our cupboard is almost bare, in terms of plans that we can pull off the shelf and go to advertising, because of the fact that we have had two years now of major capital pushes. With the cap lift, now we have a very large increase in investment on the Federal side. Unless we recharge that pipeline, or as I said to Senator Haines, unless we plant peach trees now, there won't be any peaches in six years, or seven years, when it comes harvest time.

We are making those investments. I think there are four pages worth of design projects that we list out. Those are our investment in our future. We have to start making those now.

ASSEMBLYMAN DeCROCE: That's fine. You talk about a \$200 million investment in our future with regard to design and engineering, but we want to be assured that we are going to have the money to complete these projects later on. That is the problem now, that I see. We have spent so much money in the State of New Jersey over the last 25 or 30 years trying to design all of these projects, and then, for one reason or another, whether it is Federal hindrance or whatever it may be, we have programs where highways stop, or maybe you have problems with rails because of certain -- like the Lackawanna cutoff, or whatever it may be.

People don't understand that. All they know is that you designed -- not you, but we -- a highway that was going to go from "X" to "Y," and all of a sudden it stopped in the middle, and it never met those areas. Frankly, it has happened in many areas of the State of New Jersey. That is our concern. That is why we want to be assured with this bill that these projects that are going to be on design, are going to be completed one day.

COMMISSIONER DOWNS: For instance, the Eisenhower. You mentioned that as an example. We were told by the Federal government that in order to continue to fund even design work, we had to declare its buildability. In other words, we had to commit to its construction. In other words, we had to certify that this was a doable project. We had two alternate--

It came down in the end to two alternate rounds: One was buildable because it was on high ground and not in wetlands, but it took a significant number of houses. The other alternative was in the wetlands. The preferred alternative from the local community standpoint was, take the wetlands. The wetlands cost got to be extraordinary because of the amount of wetlands to be taken, and at that point the choice became, do we spend that much money for that segment, or do we put it into immediate projects that can go? A tough

decision. I don't like making those kinds of decisions because, in essence, it means writing off a lot of staff design time, a lot of professional staff who spent 10 years trying to make that project come to fruition. It is disheartening for them, but it is a reality that the rules have changed for all of us.

In the process of trying to build more and more increasing-- In trying to build segments that were increasingly expensive, we sacrificed some of our preventive maintenance. We didn't do everything we should have, and you probably can name roads that are in this capital budget that have been let go to hell.

ASSEMBLYMAN DeCROCE: True.

COMMISSIONER DOWNS: Bad geometrics, bad pavement, bad drainage, where we have not done what we should have done. The Federal Highway Administration is 58 percent of the State mileage, and the State is deficient of highway mileage. Their statistics, not ours. It is basically because of not upgrading and maintaining existing plant.

We now have the capability of spending the kind of money we should be on painting our bridges. If we had been painting our bridges for the last 30 years, we would not have 300 bridges that need to be replaced as quickly as possible. We can get to those kinds of investments, but we can't have it all. Right now I think it makes sense to focus on quick turnaround. Get out the money projects that preserve the existing environment and have a prospect, over the next couple of years, of improving the way some of those roads work for people who are already using them.

I would like to get to another generation of new capital investment. I think it makes sense that if we are going to capitalize on areas of strength, like our goods movement capabilities, including air freight, if we are going to capitalize on tourism and visitor business in this State, we

need to make those capacity investments. If we are going to straighten out those missing links--

It drives me nuts that roads go no place, or you are driving on a road and you can't make two turn movements, so you have to go seven miles out of the way. I would love to make those kinds of investments work. Some of them are very expensive. You will see them in the design sections to straighten out those missing links -- or missing movements in the system. That is quick gain. That is the kind of thing that I think we can invest in right now. Our long-term commitment is in that \$200 million worth of design. I hope there will be the money there. The Feds say there will be, but then, I have heard that before as well. I have even occasionally said it.

ASSEMBLYMAN DeCROCE: Route 33 seems to be a very strong concern amongst the Freeholders in Monmouth County. Apparently there is a lot of congestion in the area of 33, 79, and there is another highway -- Route 9, I guess. I saw that in the program last night there was something. I don't recall exactly whether it was for 30 -- Route 33. I think it is design, frankly, but I don't know if it is that particular area or not.

My point is, this again is one of those highways that was proposed to be completed by a certain time. And here we are, year after year-- Regardless of what we do, the resident on the street does not know what is happening with those dollars. They see work being done on the Parkway, let's say, or on the Turnpike, and they are thinking that their State dollars are being spent there, rather than completing a problem right in their backyard.

COMMISSIONER DOWNS: Kenny, if you would-- I would like to ask Kenny Afferton to come up for a minute, if he could. As you know, Kenny is Assistant Commissioner for Design and Right-of-Way.

A S S T. C O M M. K E N N E T H C. A F F E R T O N: We had carried--

ASSEMBLYMAN DeCROCE: You have to speak into the mike.

ASSISTANT COMMISSIONER AFFERTON: I'm sorry. We had carried the design phase -- the early preliminary design phase -- for the next freeway section of 33 forward, but then there was concern with regard to some environmental issues. It was stopped; it was revisited. I will tell you, a concern I think we would have now, as the Department, is that the Clean Air Act may very well preclude us from going forward because of the fact that it is, indeed, a freeway improvement, a new facility. It would have to be looked at in terms of not just the issue of reducing congestion on the existing 33, but the issue of the overall effect on air quality in the State. It would have to be looked at in terms of what things we could build into it to provide for HOV facilities, that type of utilization.

We have not, indeed, looked at that as being a potential at this point. We could look at it, but we have not. There is a 33 design in here, but that is at the other end. That is not the freeway section from Freehold that you are concerned about. We started it. We stopped it because of environmental concerns. We have not gone further now, mainly because of the concern of Clean Air Act impacts.

ASSEMBLYMAN DeCROCE: Does your area of responsibility address that to the people in charge in those areas, so they are aware why the delays and why, maybe, less funding is being put into those projects, or why they are being curtailed?

ASSISTANT COMMISSIONER AFFERTON: Well, there is a tipping process, a tech process. Those two activities, indeed, relate to dealing with the locals in terms of their concern. That concern has been there. We know it has been there. There have been discussions. We are essentially in a hold situation now because of the environmental issues, and the possibility,

we feel, that the Clean Air Act will preclude us from going forward, unless there is some way we can build in HOV type facilities. I don't think they would work that well at that point. We don't have the type of long-term commutation on 33 that HOV works well with.

ASSEMBLYMAN DeCROCE: Okay. Before you leave, Ken, the Commissioner mentioned that Route 287, though it was started many, many years ago, should be completed in 1994.

ASSISTANT COMMISSIONER AFFERTON: Correct.

ASSEMBLYMAN DeCROCE: That is an area that is very dear to my heart, certainly in my area. I can't understand why from Route 23 to Montville, that thing can't be paved and opened up. I can't believe that when you have a highway there that is ready to be completed -- it is just a matter of putting blacktop down; the bridges are done, the staging is done-- It would save an awful lot of horrendous traffic from those local municipalities.

I can't understand why we can't, in that particular area-- I understand that there is an awful lot of construction going on there, going right on to Mahwah. But that area is pretty much done, other than the one large detention basin. I think that if that detention basin were underway, you would have no problem with the local municipalities as far as them having that particular highway completed so they could get that traffic the hell off their roads.

ASSISTANT COMMISSIONER AFFERTON: The paving contract will be started this spring. He is going to be going with-- It is going to be concrete, not blacktop.

ASSEMBLYMAN DeCROCE: Concrete is fine. I like it.

ASSISTANT COMMISSIONER AFFERTON: In any case, he will be going with an experimental paving operation which we believe can accelerate the whole paving effort considerably, maybe reducing the paving operation by about one-third the time we anticipated.

Right now, you are aware that the municipality does not want us-- One of the municipalities does not want us to open that roadway up, nor construct a pavement, until that third basin is finished. That third basin--

ASSEMBLYMAN DeCROCE: No, that is not necessarily-- I think you can get around that. I think they understand the problems of traffic in their immediate area. I think that if you showed them an effort on the part of the Department to begin construction on that particular detention basin -- and that is the one up at Pequannock -- I don't think you would have a problem. I think you could go on with your paving and certainly open that roadway.

ASSISTANT COMMISSIONER AFFERTON: Mr. Chairman, the beginning of that construction involves the taking of one very large farm. The farm owner does not appear to be interested in giving us his property at the fair market negotiated value that we have identified. That process may, indeed, go into condemnation. The owning of property is a constitutional right that we give considerable consideration to.

If the right-of-way becomes available sooner, we would be able to get that project out sooner. Right now that is scheduled to go out this coming -- or, not this coming, but next spring. We will have the right-of-way by that time. If it comes sooner, we will get the basin out sooner. We will look again-- I told you this last year when we discussed the capital budget, that we will look again when the pavement is ready, to see if we can open it up.

ASSEMBLYMAN DeCROCE: Listen, that is not good enough. You can condemn. You can take that property, and you can begin to do the work. You can put the money aside with the courts.

ASSISTANT COMMISSIONER AFFERTON: Mr. Chairman--

ASSEMBLYMAN DeCROCE: Right, Counselor? (no response)

ASSISTANT COMMISSIONER AFFERTON: --I will tell you that there are some bills we have been trying to introduce, and we will probably try again during this session, that will provide for a better definition of negotiations. At the present time, the court is interpreting the fair negotiations with regard to right-of-way procurement in a vein that is slowing down our ability to even get the condemnation.

We can, indeed, use condemnation, but we can't get there until we have satisfied the courts with regard to fair negotiations. We are beginning that process now with regard to that farm. We will proceed if, indeed, we are unable to reach an agreeable settlement, into condemnation. But that condemnation does not -- unfortunately, does not happen overnight.

ASSEMBLYMAN DeCROCE: Okay. Well, I will get back to you on that. I am not going to prolong this whole thing. I know the Committee has questions of you. I would like to open it up to the members of the Committee, starting with Assemblyman Warsh.

ASSEMBLYMAN WARSH: Thank you, Mr. Chairman. With respect to the big picture, it is a big program. I think it is a very impressive program, but I have one very large concern: I think there is an enormous disproportion between highway spending and mass transit spending.

I am not critical of New Jersey Transit's operations. I use New Jersey Transit whenever I can. I have used it for enough years to know how much it has improved. However, it just does not do enough. I can't get to the Meadowlands by mass transit. I can't get to the airport by mass transit. The fact that we are the most densely populated State in the nation, and we can't get to a major sports and entertainment facility, or to a major airport by rail-- The fact that it is -- what is it, maybe, less than 10 miles away from major rail connections and a major corridor is unconscionably bad.

planning. I understand that it is something you have inherited. Believe me, I know it is not something that you will disagree with me on.

That I do not see addressed. With 21 cities around North America currently constructing light rail systems, New Jersey is still sticking with an overwhelmingly highway based system. I think in a world that is getting smaller and smaller, this is certainly impacting on our international competitive posture.

I read in The New York Times, Commissioner Downs, where you stated last Friday: "We can no longer build our way out of traffic congestion." Well, we can't build our way out of traffic congestion with new highways, that's for sure, because experience has shown, when you build a new highway, you allow for quicker transportation -- quicker transit in the beginning, but pretty soon it invites more and more cars. All you are really going to have-- If you wait 10 years, you are going to have the exact same situation.

Life on the Route 1 Corridor, which Assemblyman Oros and I share in Middlesex County-- I read articles a few years ago that within 10 years, it will take as long to get from Newark to Trenton via the Route 1 Corridor as it did by horse and buggy in the 1800s. That is an outrage. I don't know what we are going to be able to do about that.

I don't have to tell you about the enormous amount of commerce -- about the Fortune 100 companies, never mind the 500 companies, that have chosen to reside in New Jersey on the Trenton Corridor. I also don't have to tell you how important the transit infrastructure is to a corporation that is considering moving to New Jersey, or increasingly, to a corporation that is considering leaving New Jersey to go somewhere else.

These are concerns I have. Believe me, I love my car. I was born and raised in New Jersey, and I am going to

stay here forever. I love New Jersey's highways. But we are not doing it with highways. I understand that we need to put our men and women back to work, and I believe that this program will provide 43,000 jobs. I asked during the break a few of the people who testified, "How much positive transfer is there from highway construction to mass transit construction?" This is not only a job fair bill. This is -- I was under the impression -- a transportation bill that will seek to ease what is certainly one of the most congested states in the nation, in terms of its vehicular travel.

The problem I have with this is, how are we addressing the Clean Air Act? How are we possibly going to meet that merely by what are minor improvements to an overburdened highway system?

COMMISSIONER DOWNS: Well, first, the Chairman was just asking me about the perception that we are abandoning capacity expansion in the State as a concern, and your question raises, why are we spending so much on highway capacity expansion? The truth lies somewhere in between.

There is a graph on page 9 of this that shows what has happened since '91 in terms of capacity investment by highway -- this one on page 9. It shows that this program -- this \$1.5 billion program -- has \$133 million for capacity expansion. That is 22 percent of what we spent in '91. It is a reflection of the fact that we can't afford some of that new capacity, but it is also a reflection of what is on page 8, and that is-- You raised the issue about managing Route 1, for instance the Trenton Corridor, on the road side, and better interfacing with things like Park n' Ride facilities, better signalization, better corridor management. You can see what has happened: an 800 percent increase since '89 in what we have put into systems management -- what we call "magic systems" -- the management active control systems on highway systems.

The other thing is, when I first looked at the Trust Fund, ratio of capital from highways to transit was about-- I would guess it was about 66 percent highways and about 33 percent transit. It is about one to one now in terms of how this current capital budget breaks out on proposed capital expenditure. I agree there has to be a better balance between highway construction and transit construction. There has to be a better use of the flexibility that is provided in the new Federal legislation about the use of highway funds for transit. You also have to remember that we had only had 60 days, about, of this new Federal legislation, before we had to submit a capital budget. It did not allow for a lot of in-depth analysis between transit and highways about trade-offs between projects and funding sources.

I think you will find that New Jersey is the most aggressive State in the United States about addressing that kind of balance in this new bill. You will find that New Jersey is probably the most aggressive State in the United States about funding its share of the transit capital costs -- of any state in the United States -- out of its Trust Fund. It can be better. It is not a perfect plan, I will be the first to admit, and it is going to take a lot of work between both transit and highways and working with local officials -- county and municipal and borough officials -- about what they think their systems' needs are, and then what we can do to solve those problems, both short term and long term.

It is not a perfect plan, I will be the first to admit. It has a ways to go. Next year you will see a much better capital plan that better utilizes the new authorities that are given to us by the Federal government.

MS. DeLIBERO: In the '93 budget -- the capital budget -- there is over \$169 million of the total program that is going to be targeted for the urban core projects. That is the construction of the Kearny connection that we talked about, the

Secaucus transfer. That will also allow us to start doing preliminary engineering on the Newark/Elizabeth airport link, and will allow us to do preliminary engineering on the Hudson Waterfront Transportation System.

So there is over \$169 million that will be taken out of the Trust Fund to do those things, as well as the Federal funding we will be getting for these projects.

ASSEMBLYMAN WARSH: My understanding is that estimates run as high as -- the average estimates -- \$15 million a mile for rail. Is that about right?

MS. DeLIBERO: Is that new, or reconstruction?

ASSEMBLYMAN WARSH: My understanding is that it is new construction.

COMMISSIONER DOWNS: Light rail?

ASSEMBLYMAN WARSH: Light rail.

MS. DeLIBERO: Rick Richmond, Assistant Executive Director for Engineering and Construction.

G E O R G E U. R I C H M O N D: It is very difficult when we use those kinds of numbers, because it is extremely site-specific, but it could be. There are systems that have been built for less, and some for a lot more. So it really is tough to generalize.

MS. DeLIBERO: I just came from Dallas, where we put together a light rail system. I can tell you, it depends on whether you are at grade or you are going subterranean and the whole environment. That could be high in some areas and low in some others. It depends on what you are building and where you are building it.

COMMISSIONER DOWNS: For instance, though, the light rail commitment we think we are going to be making-- The first one is probably going to be an aggressive commitment to the Hudson Waterfront rail connection that will tie all of the PATH New Jersey Transit station stops on the waterfront to a north/south connector along the waterfront. That will both

provide mobility for the people who live there, but it will also encourage development and make that a much more attractive place for business to come into New Jersey. That, I think, is our next substantial increase in rail mileage. It will be light rail. It will probably be, I hope, a model about how a light rail project can be developed in the United States.

I was trying to remember what the cost was in terms of light rail. In effect, the Blue Line in Los Angeles was, if I remember rightly, like, \$55 million a mile. That was their cost, but that is Los Angeles. It varies all over the place, but our commitment in New Jersey is that light rail is an important part of the State's future.

As Ken was pointing out, we have a lot of problems with compliance with Clean Air coming our way, and we have to think of those kinds of investments as part of the solution for the future, not simply the kind of answers that we used to have about capacity expansion on our road network.

ASSEMBLYMAN WARSH: I am just hopeful that the Department realizes that once the Clean Air amendments take effect in New Jersey and everyone is paying a lot more for their gas, they are going to be able to drive their cars a lot less than they want to, and they are going to be paying a lot more money for new cars. They don't know that yet. Once they find that out, I think the demand for mass transit in New Jersey, historically a very automobile-dependent State, is going to go from zero to 100 miles an hour. I hope you are ahead of that curve, being professionals -- the well-respected professionals that you are. I think that demand is going to--

MS. DeLIBERO: We have already started working with the local TMAs. In my operating budget for this year, the \$67 million I will be asking for -- higher than last year's subsidy -- includes \$5 million for this very service; to add some service which we do not now have, so that when we go out to employers, that will certainly have to be looking at reducing

their commuter miles, and we have some kind of alternative service, whether it be car pools or van pools. We don't see that we will be doing everything, but at least we will be able to also provide some feeder service to those areas which we do not go to today.

COMMISSIONER DOWNS: Also, they do not focus yet on the fact that there is one additional cost for all of us in noncompliance with Clean Air; that is, the loss of-- We could lose as much as \$400 million from Federal transportation funds -- capital funds -- a year, for every year of noncompliance. That would rip the heart out of most of our ability to make capital investments.

ASSEMBLYMAN WARSH: That's the big picture. Now the small picture, as we discussed earlier, a key feature of the bill that I share with Majority Leader Collins. It has to do with salaries and administrative expenses.

Can you indicate to the Committee what the total amount allocated in the FY '93 budget is for program implementation?

COMMISSIONER DOWNS: On the DOT side -- and I will let Shirley talk to the Transit side -- there is approximately-- In the existing year capital budget, there is about 40 -- and I apologize for not having the exact figure-- There is about \$41 million, \$42 million in a lump sum category, which applies to both current and previously authorized capital projects for their management.

There is another-- I apologize because I do not have the exact numbers, but I will give them to you approximately. There is another \$12 million, \$13 million, \$14 million combined between cost charges to individual projects that were previously authorized, and bond issue projects like the Bridge Bond Act, which authorized us to charge, I believe, 8 percent of the capital for internal costs, like rights-of-way and design for those projects.

The total on the DOT side is approximately 53, 54, depending-- I should have the number more exact. It is approximate--

ASSEMBLYMAN DeCROCE: We will get your audit by Monday.

COMMISSIONER DOWNS: --because some of it will vary on when we spend some of those funds on previously authorized projects. But it is approximately, I would guess, \$53 million on the DOT side. I will let Shirley speak to the Transit side.

MS. DeLIBERO: On the capital implementation, this year it was \$2.5 million on the Transit side. Next year it will be \$5 million on the capital implementation side.

The other thing that we charge-- You will see when you get my audit, on the capital maintenance, we charge-- It is a total of \$32 million that is for salaries and wages and fringes. We only charge to those folks who are actually doing the work. So, if they are doing the overhauling of a specific component, that is charged to that. But our capital implementation number is \$5 million.

ASSEMBLYMAN DeCROCE: That's this year's program, or next year's program?

MS. DeLIBERO: Ninety-three is \$5 million; last year was \$2.5 million. We have more programs this year, so we have increased it to \$5 million.

ASSEMBLYMAN DeCROCE: Okay.

COMMISSIONER DOWNS: One of the differences between transit and highways is, the transit industry is more traditionally an internally making organization-- They make a lot of their own products internally. They have track construction crews which do capital construction internally within New Jersey Transit, that have come to New Jersey Transit when they absorbed the old Pennsy operations of Conrail and several other railroads. They make a lot of their heavy engine maintenance reconstruction components themselves at their own shops and yards.

It is, I think, a result of the fact that the railroad industry, in large part, is unique. There are not a lot of large vendors for the equipment. There are not a lot of big suppliers of parts and services. It is a relatively small industry, but it is an industrial operation and it takes some specialized crafts and guilds to do the work. They traditionally do a lot more internally. That means that part of their capital costs are internal capital costs. For instance, if we do 99 percent of our construction by contract-- I don't know how much of your track construction is-- Most of your track construction is done inside.

MS. DeLIBERO: New service goes outside, but any rehabilitation of existing service is done inside.

I would just like to add to what Tom has said. Each time we go out to-- Even when we do a piece of track inside, we put the discipline on looking at what it would cost us to do it outside versus what it would cost us to do it inside. Then we make the determination on whether that work should be farmed out, or whether we should do it. So each piece we do, we look at that. We do a lot of it inside, especially on some of the old locomotives we have, because there is not a market out there to do that kind of work.

ASSEMBLYMAN DeCROCE: Any more questions, Assemblyman Warsh?

ASSEMBLYMAN WARSH: I just have a few more questions, Mr. Chairman.

What criteria do you use for assigning salary and administrative costs to the Trust Fund?

COMMISSIONER DOWNS: On the DOT side, we use Federal aid eligibility criteria. You have to be directly billable for an eligible cost. Those eligible costs are generally the costs that the Federal Highway Administration uses for charges. None of my salary, none of an Assistant Commissioner's salary, none of the administrative folks in the process are chargeable to

that. You have to be chargeable and auditable by hour to a contract number that is under design or under construction or under closeout. In other words, it has to be a legitimate auditable charge for a legitimate authorized function, against a specific capital contract.

Shirley, do you want to--

MS. DeLIBERO: Ours is basically the same, as we touch the same as you do. I think the difference is, as I mentioned, on the capital maintenance side-- There is clearly no overhead or anything charged to that, just direct costs.

ASSEMBLYMAN WARSH: I just have one last question. Obviously, as the Chair indicated, we have statewide concerns, and then we also have constituents.

COMMISSIONER DOWNS: All politics is local. I understand that.

ASSEMBLYMAN WARSH: My concern is that there is an inordinate amount of the word "various" in here, so it is very difficult to figure out, for instance, betterments, limits, minor betterments, funding, State and county variances. So it is difficult for myself, as a legislator, to figure out, well, where is this going? Is it possible for that to be broken down, either now or in the future, as to where that is going?

COMMISSIONER DOWNS: Yes. We have traditionally submitted that as a line item that simply-- On betterments, for instance, it says "various," but we then-- Because of the lateness of the decision about the size of the betterments project, and because of some of the increased flexibility in the Federal legislation, we did not get, at the same time as we were submitting the budget, the listing of all of those projects for you, for information purposes. We have about completed breaking that out.

MS. DeLIBERO: I believe in your district we will be doing some resurfacing on Route 26.

COMMISSIONER DOWNS: For instance, but we have listings--

ASSEMBLYMAN WARSH: Well, I just picked out--

COMMISSIONER DOWNS: Where it says, "various," we will have for you complete listings--

ASSEMBLYMAN DeCROCE: A breakout?

COMMISSIONER DOWNS: Breakdowns, where we are proposing those "various"--

ASSISTANT COMMISSIONER AFFERTON: (speaking off mike) But not all items, or some items, like local aid-- There is a process by which we pick jobs which does not occur in this at all.

COMMISSIONER DOWNS: So, on the \$100 million local aid, for instance-- A substantial portion of that goes through an engineer panel review of, in a sense -- in essence, county engineers who sit as a peer review process on proposals.

ASSEMBLYMAN WARSH: When can we expect that breakdown?

COMMISSIONER DOWNS: The \$100 million?

ASSEMBLYMAN WARSH: No, I am talking about the breakdown of every item that is listed--

COMMISSIONER DOWNS: We've got, I think, most of it done. The various on betterments?

MS. DeLIBERO: Yes.

ASSEMBLYMAN WARSH: And we will have that today?

ASSEMBLYMAN DeCROCE: I think he is asking for more than just betterments, though. I think it is asking for all various items.

ASSEMBLYMAN WARSH: Yes. I just picked out betterments because--

COMMISSIONER DOWNS: Well, betterments is the largest, single item in the budget that is listed. Some of them, we won't have necessarily, like line striping.

ASSEMBLYMAN WARSH: Actually, it is some of the smaller ones. There are some for \$65 million, \$35 million, \$10 million, all listed as "various."

ASSISTANT COMMISSIONER AFFERTON: The \$55 million item is for local aid.

ASSEMBLYMAN WARSH: Okay.

ASSISTANT COMMISSIONER AFFERTON: We won't make that decision until we get all the applications in, and so forth.

ASSEMBLYMAN WARSH: Because, you know, myself, as I am sure other members of the Committee-- You know, we poured over this thing. Then you kind of lay it over your own mind as to disasters in your own particular district. I don't see many of the things that I would like to see addressed in the 18th Legislative District, as well as, you know, throughout-- I travel all over the State, and I--

ASSEMBLYMAN DeCROCE: And yet they might be there--

ASSEMBLYMAN WARSH: That's right, but I don't know.

ASSEMBLYMAN DeCROCE: --listed under "various."

COMMISSIONER DOWNS: Not only under "betterments," but under "local aid." Part of the process that we try and make work is that we depend a lot on the county engineers to tell us about what they rank as a priority within their county, and then we try to fund those in the rank order that they give them to us. Part of it you will see in the \$100 million worth of local aid. The other you will see-- We do have a breakout, because I guessed that there would be some questions about it, particularly from the members of the Committee. On the betterment side, for the members of the Committee, we will have back a completed -- a better list for the overall betterments side, as well. Some of the smaller ones, like traffic lighting, or upgrading on roadway lighting, or some of the striping, where we capitalize putting down thermoplast -- permanent markings -- we won't have, because they have not gone through all of that statewide analysis about the best places to put the stuff down. But those are relatively minor categories. The big ones we will be able to break out for you.

ASSEMBLYMAN WARSH: Is that an ongoing process when the county engineer provides you with priority projects, or are they expected to do it at certain intervals?

COMMISSIONER DOWNS: They do it annually. This is an annual cycle. We have been doing it this way for how many years, Ken?

ASSISTANT COMMISSIONER AFFERTON: Since the Trust Fund has been in place.

COMMISSIONER DOWNS: Ten years, probably even before that.

ASSEMBLYMAN WARSH: So, they are in the process of providing you with that now?

COMMISSIONER DOWNS: An annual cycle. We do a reminder call.

ASSISTANT COMMISSIONER AFFERTON: (speaking off mike)
A solicitation letter goes out and asks for projects at the municipal level and at the county level, against which the funding is identified here, and is addressed. The list -- which typically winds up being about three times the size of the moneys available -- requests statewide -- winds up being reviewed by a review team made up of county interviews on county projects, municipal engineers on municipal projects, and there is a selection process of criteria evaluators to get the most urgent and most beneficial projects picked. Then they wind up being--

ASSEMBLYMAN WARSH: So, that has already been done and included in here. Is that what you're telling me?

COMMISSIONER DOWNS: No, no. This \$100 million will be--

ASSEMBLYMAN WARSH: Oh, you're just talking about out of the \$100 million. Okay.

COMMISSIONER DOWNS: --spent that way, right.

ASSEMBLYMAN WARSH: Okay. So that process is--

ASSISTANT COMMISSIONER AFFERTON: For '92, it has been completed.

COMMISSIONER DOWNS: Right.

ASSISTANT COMMISSIONER AFFERTON: Letters have gone out; projects have been picked. But for '93, the process begins in the fall.

COMMISSIONER DOWNS: Right.

MS. DeLIBERO: And ours is a little more difficult. Where it is specific on certain transit things, they are listed in here by county. But, like, track work that is going to go through several counties, that is where our "various" is. Vehicles that we purchase that are going to go throughout the system would be very difficult to identify by county, but those we could have, we did.

ASSEMBLYMAN WARSH: So those county and municipal solicitation letters are about to go out?

ASSISTANT COMMISSIONER AFFERTON: They go out in the fall--

COMMISSIONER DOWNS: After the adoption of the budget.

UNIDENTIFIED MEMBER OF DOT STAFF: No, no, they go out in the spring.

COMMISSIONER DOWNS: After the budget, though.

ASSISTANT COMMISSIONER AFFERTON: There are two processes. There is a process of soliciting projects. There is a process of providing funding for projects that have been solicited. The letters that go out and provide for funding-- Those letters have gone out. They go out the beginning of the year, end of the year. That is the period of time--

ASSEMBLYMAN WARSH: For FY '93?

ASSISTANT COMMISSIONER AFFERTON: For '92.

ASSEMBLYMAN WARSH: For '92.

ASSISTANT COMMISSIONER AFFERTON: The '93 won't be beginning-- As soon as the budget is passed in June, we will start the process. There will be a solicitation that goes out

requesting projects. The review committees will meet in the fall and begin to select the projects from the solicitation.

ASSEMBLYMAN DeCROCE: Ken, why don't you move your chair up to the table, because you are not going to be recorded, and I would like you recorded, frankly. Move your whole table over, I don't care.

Assemblyman Oros, do you have some questions?

ASSEMBLYMAN WARSH: May I ask one last question, just a request? Just so that the Committee members are kept informed about that, can we receive copies of those solicitation letters when they go out?

ASSISTANT COMMISSIONER AFFERTON: The solicitation letter, I have just been advised, actually goes out now, and says: "Get ready for your projects. Start to identify them." The review process will begin in the fall. All the letters will start to come in. They will be evaluated. Each project will be evaluated, and then the group will begin to review them -- the county engineers' group.

If you would like copies of the letters, we can provide you with copies of the letters.

ASSEMBLYMAN WARSH: Thank you.

ASSEMBLYMAN NICKLES: I can assure you that Atlantic County already has its list done, because it is a yearly thing. As a Freeholder there, I have already reviewed it and we have ours selected for the next year. So, it is nothing new. It is done on a yearly basis. As part of a tickler file in my home county, it is already done. We have already selected the projects to be submitted for next year.

ASSISTANT COMMISSIONER AFFERTON: I will tell you, those projects are great projects, in that in most instances they are ready to go as soon as we provide the approval. They have already been designed. The money is only for construction, so they are ready to go. They are outstanding projects in terms of getting people work.

ASSEMBLYMAN DeCROCE: Assemblyman Oros?

ASSEMBLYMAN OROS: Thank you, Mr. Chairman. You are right in my field here, local aid. You have answered most of the questions that I had after going through your reports. But I would like to make a statement, really. It pertains to another regional issue, but I don't think it is even regional.

You talk about the Parkway and you talk about Route 1. The traffic that that carries is for the entire State. You have the Parkway coming down, and you need a ramp to get off onto the northbound to the south. That would be a ramp to go northbound on Route 1. This piece of property here is unbelievable. I would just like to cite a couple of examples:

If you could go on either side of the Parkway, just a short distance, there is a Gill Lane; there is a Ford Avenue. The accidents there are innumerable, and there have been fatalities. Okay? This idea has been kicked around for years and years, and we just keep getting pushed off. The people up there are upset for several reasons. I will just cite you one:

Along come Nordstrom, in the Menlo Park Mall, if you want to take the time that they have been horsing around with this thing, since 1986, I think, and it is now scheduled for completion in 1996 -- if it ever gets there -- to do something about that intersection-- If you compare that overpass that was put in that Menlo Park Mall, that was the blink of an eye. They put that thing in there so quickly that the people said, "What's going on?" even though they paid for it. That is beside the point. This is still ramps, still bridges, and it still pertains to Route 1. The people in my area are tremendously upset about just that factor, you know, regardless of whether it was paid by the Mall or not.

The other thing I just want to bring out to you is, I don't know how you decide all these issues; I really don't -- fatalities, accidents, traffic. I don't know. But, let's talk about one other thing:

There are about 10 major restaurants. Now, I am talking about in about a one-mile stretch. Let's take the Parkway, a half a mile north and a half a mile south, of the Parkway only. All right? You have about 10 major restaurants, including, like, Chi-chi's, Bennigan's, and what have you -- Red Lobster, and all that. You name them; they're all there. There are about five state-of-the-art gas stations, that are high volume. Okay? I went up and counted these things. I don't live too far from there. You have two or three dozen stores, and you have two major shopping centers: The Woodbridge Mall and the Menlo Park Mall.

Just think of what that generates in sales tax, not only just sales tax, but gasoline tax. I would like to hazard a guess. I would say this: The sales tax that you get off of those -- in that one-mile stretch, would pay for that ramp in one year. If you just think about that. And here we are being pushed back, pushed back, pushed back. If you want to avoid those sections, you have to go about a mile to two miles out of your way.

What we are asking for, very simply, is, please, update this. Bring it up to 1993. Put it up in there. This has been pushed around since 1980--something, you know? As I say, there have been several fatalities there, if you want to go by that. There have been many, many accidents. I have the accident reports. These malls are advertising, "Come from North Jersey. Come from Staten Island," and they're killing us. But as I say, think about that sales tax. Maybe that would be something that you people could address and find out, and that would pay for that Ford Avenue intersection upgrade, as well as the ramp coming off of the Parkway and going north. Please!

Thank you.

ASSISTANT COMMISSIONER AFFERTON: Mr. Oros, I will ask Christine Johnson, Assistant Commissioner for Policy and Planning, to respond to that. Go ahead, Chris.

A S S T. C O M M. C H R I S T I N E M. J O H N S O N:
You sent me a problem statement on this, Assemblyman, which I appreciated. In point of fact, this project is included in this capital program. It is in for right-of-way. We anticipate that we will be able to segment this project out, so that it can advance easily to construction, as opposed to some of the other pieces of the project which may have some problems.

I think we've got good news for you.

ASSEMBLYMAN OROS: You've got what?

ASSISTANT COMMISSIONER JOHNSON: Good news for you.

ASSEMBLYMAN OROS: When do you think it will be completed? You know, I have to say, you're dealing with a bunch of people who stood there and watched an overpass go up, ramps go up on Route 1, like I say. In relationship to the time we are going to wait, that was a blink of an eye. And here we are waiting 10 years, and I can't go back and tell them anything, really.

ASSISTANT COMMISSIONER JOHNSON: Did you want me to respond to that?

ASSISTANT COMMISSIONER AFFERTON: You give me the hard one. First, the overpass in Menlo Park-- That went quickly, but it was two, two-and-a-half years in the development stage before it actually occurred.

ASSEMBLYMAN OROS: I'll dispute that. The Nordstrom came along just recently, you know, in the last year, year-and-a-half.

ASSEMBLYMAN WARSH: We have had two major overpasses in Middlesex County over Route 1. Both of them were built with private funds -- at Forrestal Village and at Menlo Park Mall. We haven't had any State investment in terms of overpasses over Route 1.

ASSISTANT COMMISSIONER AFFERTON: There is major money that is going to be provided for the Route 1 Corridor. There is money in design already. There is money in the program for

right-of-way. In terms of overpasses, there is going to be an overpass at Alexander Road in Mercer County. There is going to be another one at Scudder's Mill Road. So there are, indeed, overpasses.

The question you raise in terms of when-- It all depends on how quickly we can make that breakout. The environmental work will be done next summer. As soon as that environmental work is done, we can then proceed to final design. If we are able to break it out, you might be able to have us reach construction a year-and-a-half after that, but that would be the earliest.

ASSEMBLYMAN OROS: Try telling that to my constituents, right? I understand what you're saying. All I am asking you, really and truly, is for you to move this up as quickly as possible. Just think of the sales tax. Take the sales tax just from that area, and you'll pay for the ramp in one year. Okay?

ASSISTANT COMMISSIONER AFFERTON: But you provide us the money. (laughter)

ASSEMBLYMAN OROS: All right. I do have one other question, though: On that ISTEPA, there was a \$10 million allocation here for improvements of regional significance. I would like to know if this money is being distributed by formula, or will all the \$10 million be discretionary?

ASSISTANT COMMISSIONER JOHNSON: This is the million dollars for local provision?

ASSEMBLYMAN OROS: Yes, the \$10 million for local.

ASSISTANT COMMISSIONER JOHNSON: What we wanted to do with that was-- There are several areas where we have not been able to build some of the connections that actually you got into discussion with the Commissioner about; some of the larger projects. What we would like to do is try to begin working with the local counties and municipalities that have been

particularly effective, and design something smaller, generally on a local road. That is what we had in mind for those funds.

ASSEMBLYMAN OROS: Okay. How will this procedure take place for the local roads? Do the counties and the municipalities have to apply for this, or do you make those decisions yourself?

ASSISTANT COMMISSIONER JOHNSON: Well, it is part of the MPO process. Actually, what is provided in the Federal law, is that the MPO controls most of these funds. But, in point of fact, we have been in contact with most of the counties where we have not been able to deliver as large a project as we initially had in mind, and there is ongoing discussion right now.

ASSEMBLYMAN OROS: Okay. Incidentally, that form you fill out for the problems in the counties and so forth-- I think I have already filled one out and sent it in.

ASSISTANT COMMISSIONER JOHNSON: Yes.

ASSEMBLYMAN OROS: Do you have one there from us--

ASSISTANT COMMISSIONER JOHNSON: I have it.

ASSEMBLYMAN OROS: --on Route 1 and the ramp?

ASSISTANT COMMISSIONER JOHNSON: Yes, thank you.

ASSEMBLYMAN NICKLES: You're on the ball.

ASSEMBLYMAN OROS: We are on the ball. We already have it in. All we need is a little help. That is all we need. Please, please, I ask you sincerely. Please give us some special help. Thank you.

ASSEMBLYMAN DeCROCE: Okay. Assemblyman Nickles?

ASSEMBLYMAN NICKLES: Yes.

ASSEMBLYMAN DeCROCE: From South Jersey.

ASSEMBLYMAN NICKLES: South Jersey.

ASSEMBLYMAN DeCROCE: Where there is no snow.

ASSEMBLYMAN NICKLES: No snow this morning in South Jersey.

I have some parochial interest, but I will save that for either a personal conversation or a telephone call. Could you sort of explain to me the criteria and the process used for selecting projects, whether they fall into the general operating budget of the DOT, or if they fall under the Trust Fund? How do you differentiate between the two?

COMMISSIONER DOWNS: Do you mean how do we--

ASSEMBLYMAN NICKLES: Select where they are going to be paid from? How is the selection process determined, that something will go under the Trust Fund, as opposed to the general operating budget?

COMMISSIONER DOWNS: Oh, in terms of people charges?

ASSEMBLYMAN NICKLES: No, just projects. I will get the people charges in a second.

COMMISSIONER DOWNS: We don't have any--

ASSEMBLYMAN NICKLES: You have no capital moneys available? Okay.

COMMISSIONER DOWNS: We don't have any General Fund capital. Nothing that comes under a capital definition comes out of the General Fund.

ASSEMBLYMAN NICKLES: That's fine; all right. So everything is out of the Trust Fund. Of the \$55 million being charged against the capitalized maintenance program, could you tell the Committee which of the current maintenance charges against the Trust Fund would not be eligible if the legislation -- A-1060 -- which we discussed this morning, is passed? How is that going to change the way you operate?

COMMISSIONER DOWNS: Two questions. Let me see if I can answer them both. One is: The impact of not having the capital maintenance, which is the issue about the internal make factory that New Jersey Transit-- I would let Shirley answer the question about the impact of the loss of those funds at Transit.

MS. DeLIBERO: There are two things. The bill that came through the Senate changes the language from where it is today. Today it is that these components have to have a useful life of three years. The language that came out of the Senate changes that to, "extends the life," and changes three years to five years. If that language goes through, then that \$55 million, that I now use for capital maintenance, I can't use that, because nothing we do here extends the life. It ensures that this bus will be around for three more years, or the locomotives; or if I do an overhaul of an engine or a transmission, that that equipment will be around for three years. But it does not extend a life.

So, if that language goes through the way it is, there would be none-- That would have a major impact on me, because that \$55 million now goes away. It would have to go into my operating budget. So, if that \$55 million goes into my operating budget, then I would have to either reduce fares, cut service, or increase my \$67 million that I am asking for now, which increases the subsidy. I would have to add \$55 million on top of that. So my 285 that I am asking the State for on the operating side, would then become 285 plus \$55 million. That has a major impact.

The three-year useful life that we have used in the past, which we hope-- That is the language we hope will eventually be successful. That would clearly help us to do much -- as you will see when I give you the audit report -- with those components that I talked about this morning. Everything else in the bill is fine with us. That is a problem. I think the six-and-a-half for administrative costs, I believe, has some impact.

COMMISSIONER DOWNS: The long and the short is, without the money, those services have to be done. You have to do the locomotive work; you have to do the bus work. Somebody has to do it. It is either done internally, or it is done by

contract. Those dollars won't go away, because they are all focused on making the physical plant work, whether it is the bus or the rail operations of New Jersey Transit. So, they've got to be there, one way or the other.

To pay for them, it either comes out of fares or service reductions. See, there is no net gain out of this. There is no "free lunch" in this in terms of the loss of that capital maintenance at New Jersey Transit.

On my side, the loss of the ability to charge engineers, construction managers, to the particular project means laying -- means that that money either comes out of the General Fund -- which when Trust Fund II was enacted, I guess it was at a time when there were more General Funds than there are now-- The assumption was that all of those costs would be picked up by the General Fund.

In 1989, for the Fiscal Year 1990 budget, that argument kind of came apart. The Governor asked for, and the Legislature agreed to, \$25 million worth of capital support costs in the Trust Fund. Last year, we asked for that to be raised, and it was agreed to. The bottom line is, those services are not services that you can do without in this capital program. Somebody has to design them.

ASSEMBLYMAN NICKLES: Was it raised to \$40 million last year?

COMMISSIONER DOWNS: Forty-two million.

ASSEMBLYMAN NICKLES: Okay; all right.

COMMISSIONER DOWNS: What in essence would have to happen would be that those would be charged out to regular capital projects in the private sector. Nothing would change about how those dollars would be spent. They would still go for the exact same services. In some cases, they would be more expensive on the capital side, because some of these are smaller jobs, they are intermittent jobs, and you pay a lot more for start-up on small jobs in the private sector.

We would lose about 1000 professional staff on construction management and engineering, and it would take about a year's lead time to get through all of our regular State contracting process substitute contracts to manage the program. I think it would, in essence, wreck our capital program. It would not save any money on the capital side. Those dollars would still be going for those exact services. You would simply shift them from the public to the private side.

MS. DeLIBERO: Let me just add one thing: I think Tom forgot when I said, "just cut service." The other thing was the fare increase. The way we figured it out, if I lost that chunk -- the \$55 million -- it would create a 39 percent fare increase for us, and probably a loss, I think we figured out, of 48,000 daily riders.

ASSEMBLYMAN NICKLES: Okay.

ASSEMBLYMAN DeCROCE: Commissioner, are you saying you are paying for 1000 engineers out of the Trust Fund right now?

COMMISSIONER DOWNS: About 1000 people are charged capital on both design, construction, construction management. That is about what it takes to manage the program internally. Kenny, how many people do you have on capital charge--

ASSISTANT COMMISSIONER AFFERTON: We probably have 1000 people receiving some portion of it just in design. But in terms of full bodies, Mr. Edson, from the construction side-- There are probably 1000 full man-years of time associated with the capital delivery side, both construction and design.

COMMISSIONER DOWNS: Charlie, how many have you had?

A S S T. C O M M. C H A R L E S T. E D S O N:
(speaking off mike) About 800.

COMMISSIONER DOWNS: That is totally capital charge, Federal and State. The elimination of the capital charge process would not necessarily eliminate their capital eligibility for reimbursement from the Federal side. However,

that is an issue of definition, but roughly 1000 people through design, construction, construction management.

ASSEMBLYMAN NICKLES: This past year you requested \$42 million out of the Trust Fund to pay for the (indiscernible) you were referring to. In the document you provided to us this morning, you requested an additional \$15.3 million for Fiscal Year '93. Is that over and above the 42 that is currently-- So you are actually asking for 42 plus 15.3?

COMMISSIONER DOWNS: As I said, there are two places where we have capital charges on State projects. The total figure-- There is a lump figure for projects both in that current plan and previously authorized regular State projects. There is an additional \$12 million or \$13 million above the 42 that is in charges against, for instance, previous bond issues, where the authority for the charge for support of that program was in either the bond issue or in legislation specifically; the Bridge Bond Act being a case in point. The \$100 million Bridge Bond Act had in it the ability to charge, I think, 80 percent of that for the management of that program. The total in this year's budget for DOT is approximately \$53 million, both from the lump sum and charges against previously authorized projects that have that capability of being charged against.

ASSEMBLYMAN NICKLES: The document, again, that was passed out this morning, "NJDOT Capital Program, \$1.46 billion, 43,000 jobs" -- highway maintenances, you know, which we have seen and heard -- which we talk about, the increase of preventative maintenance, preserving New Jersey's existing structure-- We talk about 43,000 new jobs. When we talk about the maintenance program, is that done, or is a portion of it done, in-house with our own staff, as far as State employees are concerned, and does that affect the 43,000 jobs you are talking about, or is that preventative maintenance contracted out?

COMMISSIONER DOWNS: Almost all of the preventative maintenance is contracted out. We have an agreement with industry about tonnage of asphalt lay down. We have lay down capabilities on certain types of resurfacing. Years ago, the industry said we were doing too much of it. We agreed to how many tons?

ASSISTANT COMMISSIONER EDSON: One-hundred-and-fifty thousand tons a year at the most.

COMMISSIONER DOWNS: We laid down--

ASSISTANT COMMISSIONER EDSON: One-hundred-and-fifty thousand--

COMMISSIONER DOWNS: No, total -- three-and-a-half million, four million?

ASSISTANT COMMISSIONER EDSON: Total tonnage throughout the State, by contract and force account, is roughly two million tons of asphalt a year.

ASSEMBLYMAN NICKLES: Is that State work, or is that total municipal, county, and State?

COMMISSIONER DOWNS: Our State contracts-- I thought it was about two-and-a-half million tons -- on the order of magnitude of two-and-a-half million tons. We have an agreement with the industry. We do no more than 150,000 tons of asphalt a year. It is again on very small jobs where start-up costs are very high for a contractor, where we are doing, say, 100 yards worth of roadway, or if there is severe deterioration, or when we have had storm damage and we need to put down a surface quickly. We have stayed with that limitation since it was agreed to, what, five years ago, four years ago?

ASSISTANT COMMISSIONER EDSON: No, it is almost 14 years ago now.

COMMISSIONER DOWNS: Fourteen years ago. I guess the original Trust Fund-- Everything else the Department does on construction is done by contract; 99. something percent of our

work is all done by contract. The only work done in-house is this 150,000 tons. It has been that way, as I said, for--

ASSEMBLYMAN NICKLES: On page 26, it says: "A survey of states and private firms found that virtually all charge the '20 percent staff' costs to their capital -- rather than to their operating -- budgets." That is at the top on the left-hand side.

Are we currently charging 20 percent to the Trust Fund, or is that-- If not, what are we presently charging, and what do we anticipate charging in FY '93?

COMMISSIONER DOWNS: I'll have to admit that that is a kind of term of art. It is not what I would have chosen, but I'll let Christine explain that term of art.

ASSISTANT COMMISSIONER JOHNSON: The term of art being--

COMMISSIONER DOWNS: Twenty percent staff.

ASSISTANT COMMISSIONER JOHNSON: Okay. The point we were trying to make here is, you have one person. If he or she is working on a project, 80 percent of their costs can be federally reimbursed. It is an eligible cost. In the past, we had charged that to the operating budget, until that just didn't work anymore. As we have indicated--

ASSEMBLYMAN NICKLES: Why didn't it work anymore, because you ran out of money in the operating budget?

ASSISTANT COMMISSIONER JOHNSON: In essence, we may be the only State which has an operating budget subsidizing a capital budget. It is a very unusual situation. Last year, we started with the \$40 million, then building the costs into our projects, charging both capital -- both Trust Funds, the Federal Trust Fund for the 80 percent, and the State Trust Fund for the other 20 percent, so that it was the same both at the Federal and the State. The charge we have given you this year is about 40 million, plus the 15, so it is about \$55 million that we are anticipating for Fiscal Year 1993.

ASSEMBLYMAN NICKLES: By using \$55 million, what effect does that have on the 43,000 jobs that are anticipated through this Trust Fund?

COMMISSIONER DOWNS: Nothing. We would either spend that \$55 million for professional services that are being generated internally within the Department, or we would spend it for the exact same kinds of services in the private sector. The difference is, there is no lead time to make that change. The lack of that \$55 million is the nail out of the horseshoe that causes the horse to lose the shoe, which causes you to lose the horse, etc. We cannot deliver this program without-- We can't deliver the 43,000 jobs -- bottom line -- without that kind of capital program support in this Department.

ASSEMBLYMAN NICKLES: My original question was: What was the percentage of money used, or charged off to the Trust Fund in FY '92, as opposed to FY '93? Do we have that figure? We are increasing it from 42 to \$55 million?

ASSISTANT COMMISSIONER JOHNSON: No, we had about the same amount last year.

ASSEMBLYMAN NICKLES: You had \$55 million last year?

COMMISSIONER DOWNS: About 53.

ASSISTANT COMMISSIONER JOHNSON: That's right. It is almost a flat -- a flat progression that we've got here.

ASSEMBLYMAN NICKLES: Could you turn to page 28? Perhaps I am misinterpreting what I am reading. In the first, second, third paragraph, it says: "Beginning FY '92, DOT has included all projects' costs in our estimates. To cover our staff costs for previously authorized projects, DOT is asking, as we did last year, a lump sum of \$40 million." Then the next paragraph: "An additional \$15.3 million will be sufficient for the capital staff costs associated with new starts for FY '93 programs."

ASSISTANT COMMISSIONER JOHNSON: If you can imagine our pipeline as we are working on projects, sometimes that we

have been working on for 10 and sometimes 15 years-- It is a long pipeline. Right now, we are considering only one segment of it. As we tried to explain in some detail in this handout, for many years, we did not -- because this was essentially being subsidized out of the operating budget -- estimate these costs in our project estimates. Therefore, it became clear that we could no longer support, with our operating budget, the capital budget that we had the potential of delivering, and we asked you last year to allow us to make the shift over. We asked for about \$40 million -- \$42 million, I believe -- to charge against work that we were doing on all these old projects that were in the pipeline and that we are gradually delivering, that we did not have authorization out of the Trust Fund to do.

But we started a new practice, which, if we continue, will solve this problem; that is, we are now, as a matter of practice, including in our project estimates the staff costs, both the 80 percent Federal staff costs, as well as the 20 percent local match staff costs, so that the whole estimate is there, and these have been built into the '92 projects and '93 projects. So when the Commissioner refers to the approximate 15 million that is in these projects that we are presenting today, that is our estimate of what we have built into this project. But we still have to deal with this long pipeline, where we never had that practice before.

ASSEMBLYMAN NICKLES: Okay. I guess the conclusion that can be drawn from this is, perhaps five years ago, the Trust Fund-- We were actually putting more money into capital projects, because we were paying for many of the staff expenses through the current expense budget. Now we are to the point where we are taking more money to -- I don't want to use the word "supplant" -- using that on that side to try to control budgetary increases.

So, in effect, we are actually losing, by doing this -- and I am not saying it is wrong; I know it is proper-- We are paying more yearly operating expenses out of the Trust Fund, which is permitted by law, than we did in the past, thereby reducing the actual amount of work -- or money being designated to new capital projects.

COMMISSIONER DOWNS: Actually, the same amount of money would be going to capital projects. It is just that a substantial chunk of it would come out of the public sector and go into the private sector for the exact same services. You have to pay for the design services. You have to pay for the construction management services. You have to pay for the construction supervision services. Somebody has to be paid for that. Those things will not go away. They will be shifted out of the Department and into the private sector.

ASSEMBLYMAN NICKLES: But, Commissioner, if I may interrupt -- and I am not disagreeing with you that someone has to pay for it-- But now we are paying for it out of the Trust Fund moneys, where we didn't before, you know, and it is not coming out of the State moneys. Therefore, the amount of money being used in the Trust Fund is being more designated for that cost.

I don't want to debate the issue. It was just a conclusion that I was drawing.

COMMISSIONER DOWNS: You're right. It is an interesting aberration, because as I understand it, long before Trust Fund I, when the State's transportation capital was provided by bond issues, almost without exception those bond issues allowed the State to charge capital management costs. Trust Fund I began to set the precedent about not having that happen. Trust Fund II made it an absolute prohibition, practically, in terms of any capital funds being used for capital project development or management. I think it was because there was a capability of the General Fund to absorb

those costs. It was a policy decision that, the General Fund can take it. Give it to the General Fund.

But again, taking the money out will not do either the General Fund any good, nor change any way the capital moneys themselves are expended. It is simply where they are going to be expended. My concern about that is the accountability, quality control issues about the private sector managing the private sector managing the private sector managing the private sector, with \$1.5 billion of public money.

ASSEMBLYMAN NICKLES: Commissioner, Executive Director, and staff, thank you for answering my questions.

ASSEMBLYMAN DECROCE: Thank you, Assemblyman Nickles. Assemblyman Catania?

ASSEMBLYMAN CATANIA: Commissioner, I'm really not starting where we left off last year. However, with regard to I-95, I happened to see on page 117 that there is an I-95 high speed crossover, and it looks to be on that portion of the road that was sold to the New Jersey Turnpike Authority last year.

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN CATANIA: It is? Why are we paying for repairs, or improvements on this?

ASSISTANT COMMISSIONER JOHNSON: We are doing this-- Actually, this came out of the Transportation Executive Council process, where we are in the process of doing an automatic surveillance incident detection system on I-80. The Port Authority is doing something similar on the Garden -- not the Garden State Parkway, on the George Washington Bridge, and the Turnpike is beginning to gear up for more electronic surveillance and management of traffic.

Well, on that particular segment of road, you have cars channelized. I don't know whether you have done this personally. I know there are others who have done it. For whatever reason, you load one side of the road far more than you do the other, and people jump the curb. In fact, that is

what we want them to do. If we were managing traffic, that is exactly what we would be doing. What we need to do is get a decent opening there so that we can balance the loads a little bit better.

So, we agreed that the Port Authority is going to take some of the design costs; the Turnpike is going to take some of the costs; and we are going to contribute, since all three agencies benefit from this.

ASSEMBLYMAN CATANIA: Okay. So we are going to be contributing then part of the money that is going to that part of the roadway. Just as long as I know that.

Now, I am concerned, also -- I believe on page 188-- An annual set-aside of interstate maintenance funds for use on this segment of I-95-- Could you tell me-- Can you explain this to me-- Can you tell me how long this will continue to go where there will be this set-aside?

COMMISSIONER DOWNS: The agreement we reached with the Turnpike, inasmuch as there was approximately \$160 million to \$175 million worth of work that needed to be done on structures on that segment, was that we would allocate, through the life of the current Federal legislation, from a category that would be eligible if it were not for interstate renovation/restoration -- something similar to it-- We would allocate to them annually approximately \$6 million worth of our Federal funds for those costs over the life of the ISTEA. This is the first installment of that, in terms of funds that we would have been spending on structures on that corridor if we had not done a transfer.

ASSEMBLYMAN CATANIA: How long will it be going on?

COMMISSIONER DOWNS: The Federal legislation lasts until 1996.

ASSEMBLYMAN CATANIA: And that will be the end? That set-aside will end at that point? Because this is money-- Just explain it to me maybe just a little simpler. I am losing

you because of this-- You know, we are going back to a transfer of roads, and I couldn't understand how we were able to transfer roads between, you know, your Department and the Turnpike. In fact, I came from North Jersey. I just came from a little higher up than Assemblymen DeCroce, and I had to come on this roadway. I kind of wished that the Department of Transportation had taken care of it, because there was a lot of traffic backed up, and my normal trip of an hour and 15 minutes to an hour-and-a-half took two-and-a-half hours.

So, if you could-- This is going to change? You will just be setting aside this over there as long as the ISTEA funds keep on coming in?

COMMISSIONER DOWNS: The formal agreement is for the life of this bill, and for the life of the Trust Fund, which are concurrent, because there is no legal capability of making an agreement beyond that. It states in language, though, that I would be glad to give you, that our intent is that we will make best efforts and make recommendations to you all about funding at a continuous level for as long as 20 years, to make that investment in structures come out whole for that region.

ASSEMBLYMAN CATANIA: I reviewed the capital programs you have in this booklet, and nowhere in that booklet, except for somewhere in the end, do I see anything with regard to noise barriers. These particular projects-- Is it mentioned that there are noise barriers included in that project?

COMMISSIONER DOWNS: Do you mean in terms of the next round of--

ASSEMBLYMAN CATANIA: For example, I believe there is major construction on Route 17 from up near -- north of Ridgewood. There is nothing in here stating that there is anything to do with noise barriers. Are noise barriers included in that project?

COMMISSIONER DOWNS: There are two ways we continue to build noise walls. One is the type one noise wall where they

are federally eligible, like on interstate upgrades -- 95 north of Scudder's Falls. It comes across from Pennsylvania, where we just put in several miles of noise wall. That is the type one, where the Federal government pays approximately 90 percent of the cost of the noise wall.

The type two-- We have not funded the type two noise walls in the past within the State, at least very aggressively. In other words, we had no design pipeline; we had no acoustical studies; we had no set of priorities. This is intended to fund the next round of engineering for a series of noise wall proposals that will have some kind of rational priority ranking about the intensity of the problem, the number of houses affected. This does what would normally be considered preliminary engineering for the projects that are going to be 100 percent State.

ASSEMBLYMAN CATANIA: Okay. I think you misunderstood my question. First of all, let me go back and, first of all, thank you, and your Department-- I forget the name of the gentleman sitting in the back who came to West Paterson--

UNIDENTIFIED MEMBER OF DOT STAFF: Paul.

ASSEMBLYMAN CATANIA: --and really took quite a bit of abuse. I want to thank you, and I want to thank him. I thanked him that night, because we had 250 disgruntled people there talking about noise barriers.

I know the difference between type one and type two noise barriers. But what I am saying, for example, is, (indiscernible) Road to Franklin Turnpike on Route 17-- Are noise barriers included in this project? That is my question.

ASSISTANT COMMISSIONER JOHNSON: On Route 17?

ASSEMBLYMAN CATANIA: Yes, that part that you have listed in here. That's right. It's a \$24.625 million project. It says: "Construct medium barrier, resurface, etc., etc.," but it doesn't say anything with regard to noise barriers.

ASSISTANT COMMISSIONER JOHNSON: Normally what happens is, if it is a reconstruction, we routinely do acoustical studies as part of it. If it is indicated, it would be included as a part of a Federal project, and you would not see it listed. I don't believe, for that particular one, however, that noise barriers are included.

ASSISTANT COMMISSIONER AFFERTON: At the present time, there are no noise barriers anticipated in that project.

ASSEMBLYMAN CATANIA: Okay. Could they be included in this project at a later time?

ASSISTANT COMMISSIONER AFFERTON: I will be honest with you: I don't know that we could actually build noise barriers at that location because of all the breaks in the roadway on the side, in terms of access points. We have been able at other locations on 17 to provide for noise walls by the local community donating land, giving up their rights of access which they have to 17, and providing for, by virtue of land donations and the providing of some waste material fill that was going to go someplace else-- We were able to reduce the cost low enough that, one, it was economically feasible to do it, and two, it was physically feasible to do it. Up in that location, I don't believe it is physically feasible to do it.

ASSEMBLYMAN CATANIA: Then, go south on 17. I don't mean to be taking up a lot of time with regard to specific projects. However, it goes into my concern as to how long noise barriers, in the study and everything before their completion takes place-- There are noise barriers there; there has been construction. How long did it take that particular project, from study to end, to have the noise barriers constructed?

ASSISTANT COMMISSIONER AFFERTON: The study side, in terms of Route 17-- I would say it took, from study to actually beginning construction, 10 years, on 17. With regard to the noise walls we put up at other locations on 17, that

effort began during the latter stages of design. It probably took us some four years from the point where we had an indication that the locals might be willing to donate land and give up their access rights to the time we actually put the walls in -- a total of four years.

ASSEMBLYMAN CATANIA: Are there any plans or any money in this budget for any studies -- any type of noise barrier studies or work to be done on that corridor of Route 80 from the Passaic/Bergen border and the Passaic River to Route 23?

ASSISTANT COMMISSIONER JOHNSON: Yes. Virtually all of Route 80 is going under a noise study. We have gotten some pieces of it under contract now for acoustical studies. They will be going out for design. They are coming out of that process. We are selecting yet another consultant this summer for another three projects along Route 80, and then in the '93 money, which you see line itemed, we will be going out for three more studies, two of them again on I-80 and one on I-78.

ASSEMBLYMAN CATANIA: Can you identify the studies?

ASSISTANT COMMISSIONER JOHNSON: Yes. Do you really want me to-- I can give you a copy.

ASSEMBLYMAN CATANIA: Fine. Could you provide me with a copy of that? Would you mind, Mr. Chairman, if I got a copy?

ASSEMBLYMAN DeCROCE: No.

ASSISTANT COMMISSIONER JOHNSON: I would be happy to.

ASSEMBLYMAN CATANIA: You have discretionary funds available. If you find that-- I know that Route 80 came about after these particular people were living in their homes. Right now, I have been there, and it is a intolerable situation, where the noise makes it-- During the summer they can never open their windows. They are completely bound in their houses. They were there before Route 80 came. Yet, we are, I believe, number seven on projects. Your Department has told the citizens of West Paterson, Paterson, and Totowa that we can expect, if everything goes according to plan, without

any hitches, that in 10 years we will have these. This is the testimony. Our Chairman was there with me. They said in 10 years they will be done. That is what is projected as a completion date -- 10 years.

You know, some people said -- they were old people -- "We are not going to live to that time." They have some major problems there. Can you give me some indication as to what the long-range outlook is, how long--

ASSISTANT COMMISSIONER JOHNSON: Well, you heard what Kenny said; that we have seen it go that long. However, those were some of the first efforts we made. We are getting better at it. We are doing it in a systematic way now, where we are starting with acoustical studies. We know how to take it from there right into design.

Given that this is a new industry for us, and that is probably not the correct way-- We have been in the business of building roads, not the business of building noise walls. We are at the leading edge of that. I think it would be unfair for us to try to tell you what it is going to be. We do not believe it is going to be 10 years. We are pushing it as fast as we can. I know we had internal discussions about the amount of money we were allocating to noise walls, knowing full well the real issues out in your area, and in other parts of the State. The answer was, right now, until we get these studies done, we cannot spend more money. But believe me, we will be back to this Committee in subsequent years for substantial portions of money. We are launching a pipeline in noise studies now.

ASSEMBLYMAN CATANIA: That's fine, Commissioner.

COMMISSIONER DOWNS: His project is--

ASSISTANT COMMISSIONER JOHNSON: His project is -- as he prompts me--

Your project, which you identified as number seven, is actually number one in the '93 program, so we anticipate

getting it out virtually as soon as we have this budget approved.

ASSEMBLYMAN CATANIA: That's for the first study?

ASSISTANT COMMISSIONER JOHNSON: Yes, that is for the acoustical work. We can't do anything without the acoustical work. I talked to my environmental people yesterday. This isn't a question of, do we need the noise barriers? There is fairly good agreement that we are going to find the need. It is a matter of understanding the acoustics to do the design.

COMMISSIONER DOWNS: Also, I have found this to be one of the more interesting areas that I have dealt with, because if you don't do it right, in terms of neighborhood participation, it divides household against household, neighbor against neighbor. Some of the most contentious neighborhood disagreements that I have seen, have come out of whether or not somebody wants a noise wall; if they both want it, whether or not it goes through their neighbor's backyard or through their backyard? Who takes property? What happens to storm drainage? On Route 18 in Monmouth County, we built the missing link and opened it. The most incredibly unpopular piece of that job was the noise walls. The neighbors hated them. Now they are asking us to take them down.

I think we have a responsibility for going back into the communities and saying, after we have done all of the acoustical studies, "This is how high it will be," and then show them, in their backyards, how high it will be. We now start to take pictures along the route, and then color them in with the exact noise wall, so that the people see that it is going to be 25 feet tall in their backyard, and it is going to look like the Berlin Wall, because people say, after we build them, "Yes, we wanted a noise wall, but we didn't want that noise wall. We thought maybe 10 or 12 feet." But the acoustical studies showed that that would not be effective.

ASSEMBLYMAN CATANIA: Commissioner, let me just interrupt you for a second. That is not the question here. I don't want to go into this particular project.

As I said, we had 250 people who testified that there were trucks parked right on Route 80; that you heard them starting up; that you heard the engines running. I think a noise barrier, or a noise wall, is going to be a better view in these people's backyards rather than seeing a truck parked there, or accidents, or the traffic continually going by. This is a very serious problem in the Passaic/Bergen area.

ASSEMBLYMAN DeCROCE: If you want community participation, you should have been at that meeting that night, I want to tell you.

COMMISSIONER DOWNS: I have been out to a number of neighborhoods and have sat in people's living rooms and listened to the same concerns. My point is not about whether or not they need them. It is about taking the time, on the front end, to make sure that everybody who is impacted by them understands what is happening, because too many people are actually surprised.

ASSEMBLYMAN DeCROCE: Yes, but, Commissioner, you have to understand, this is a blue-collar area. These are people who have worked all their lives. For 25 years they have endured the wraith of that raised highway above them. They can't even hang their wash out, you know, without-- Of course, Clean Air is going to help them, but I hope to hell we can help them somewhere along the line by virtue of these walls. They have been enduring this over the years, and, frankly, any relief is going to be beneficial, in my opinion.

COMMISSIONER DOWNS: That project is a good project. It is why it is first on the list this year. But the question about, will it take 10 years, no, it won't take 10 years. They take about a year-and-a-half to construct, but the process of doing the work about making sure that the neighborhood

understands what it is getting, understands where the property line is going to be when they get finished--

ASSISTANT COMMISSIONER AFFERTON: And the environmental impact.

COMMISSIONER DOWNS: And the environmental impact, is an important part of this. If it takes an extra year-and-a-half to two to do that, we should do that, not just assume, from the environmental acoustical studies, that we have the right answer for all of them. They need to own this process as well as the rest of us.

ASSEMBLYMAN CATANIA: I think they are willing to own this process, and I think they are willing to work in conjunction with your Department and the State of New Jersey.

I would appreciate it, Commissioner, if someone -- if you or someone on your staff -- could just let me know, or give me a letter, as to what the procedure will be, and the timetable. I have told -- we have told -- the people in West Paterson that we would let them know at one of their regular meetings. So, if someone could please let me know, I would appreciate it.

ASSEMBLYMAN DeCROCE: I just addressed a letter to you; I'm sure you must have it by now. You can get that back to me, and please copy Frank. That will handle it, I think.

COMMISSIONER DOWNS: I will be pleased to. I understand the issue. I have heard a lot about this particular segment on 80. It is a bad problem.

ASSEMBLYMAN CATANIA: Then I could stop writing letters to you.

COMMISSIONER DOWNS: Don't, I would miss the letters.
(laughter)

ASSEMBLYMAN DeCROCE: I want Assemblyman Green to have an opportunity to ask you some questions. I'm sure he will be right back.

Does anyone else have any questions they would like to ask the Commissioner or the Director? I have a couple, but--

ASSEMBLYMAN WARSH: I just missed one point. Ms. DeLibero, you said if "X" happens -- and I missed "X" -- your fares will increase 39 percent and you will lose 43,000 riders. What was "X?"

MS. DeLIBERO: If the language that is now presently in the Senate bill on this--

UNIDENTIFIED MEMBER OF DOT STAFF: Both bills.

MS. DeLIBERO: --in both bills on this that clearly says-- See, this year the criteria was that any components that I do, or any facilities, had to have a three-year useful life; had to ensure that it would have a three-year useful life. The language, as it came out, has now been changed. The language no longer says, "ensure," it says, "extend." It no longer says, "three years," it says, "five years."

I am just saying, if that language succeeds in the bill, then my \$55 million-- These components and these projects won't be eligible, because they don't extend the life. They don't extend the life; they ensure that it will be around. That is the one that will create either the raised fares or cut service, or do whatever. Okay?

ASSEMBLYMAN DeCROCE: Thank you. Assemblyman Green?

ASSEMBLYMAN GREEN: Last but not least, right?

ASSEMBLYMAN DeCROCE: Not last.

ASSEMBLYMAN GREEN: Basically, a lot of the questions I was going to ask, some of my colleagues have already asked. So I am just going to go right to my district, basically.

Yesterday I was able to attend a meeting with the Chamber of Commerce in Union County. It was a bipartisan affair, so some of my colleagues were not only Democrats, but also Republicans. It seems there has been a lack of attention in terms of transportation in Union County. One of our major concerns is that there has been a lot of emphasis put on the

Hudson/Essex County Waterfront, and also the airport. Basically, we are concerned about what plans for the next three or four years does the Transportation Commissioner have for the County of Union, and what programs, other than the ones I have seen in this book of yours, for the future?

Also, another concern was that the rail system coming into Union County basically stops in Elizabeth. We are concerned about the County as a whole, going all the way into the western part of Union County, which would be Scotch Plains, Westfield, and the Plainfield area. Basically, those would be my concerns about Union County as a whole.

We are hoping, now that we have the privilege of having the Republican State Chairman living in Union County, as well as the Democrat-- We feel that eventually we would like to have a meeting with you, Commissioner, to address some of these problems in Union County. Middlesex has the opportunity of having Route 287, the Garden State Parkway, but we are rather limited.

ASSEMBLYMAN DeCROCE: They'll give them to you, you know. (laughter)

ASSEMBLYMAN GREEN: Basically, my concern is that I would like to get some general ideas about what plans you have for Union County, and what projects we are going to be identified with.

COMMISSIONER DOWNS: We have a breakout we could share with all of you that tries to break this out by county, as well as by route, so you can get a better-- We have tried to cut this as many ways as possible so people can see what the overall impact is. I would be glad to share with the Chairman, and the other members of the Committee, the county breakout as well. It will still not show on county breakouts yet the full breakout of betterments, which are an important part of this as well, and it will not show the breakout on local aid, which is part of the process that we mentioned about the county

engineers and municipal engineers who are aggressively pursuing those particular pots of money.

I would be pleased to meet with Union County about your concerns.

ASSEMBLYMAN GREEN: Well, through the Chair, Mr. Commissioner, if I could get a list of that information-- It was the Chamber of Commerce which sponsored the meeting, I guess, today. I told them we would be having this meeting today, so I would like to get that information back to them.

COMMISSIONER DOWNS: I would be glad to get that back to you, through the Chair.

ASSEMBLYMAN GREEN: I would appreciate it if we could set that type of a meeting up.

COMMISSIONER DOWNS: I would be glad to get that back to you, through the Chair.

ASSEMBLYMAN DeCROCE: I'm sorry, Commissioner?

COMMISSIONER DOWNS: I would be glad to get that back to Assemblyman Green, through the Chair.

ASSEMBLYMAN DeCROCE: Fine. If you would do that, and be specific, then we will get it back to him.

ASSEMBLYMAN GREEN: My second concern would be Route 18 in Piscataway, where we are talking about the improvement of the Rutgers stadium. Can you tell me exactly where we stand with that? Is it moving along at the same pace as the improvement of the stadium?

COMMISSIONER DOWNS: I met with President Lawrence, his faculty -- a number of members of the administration of Rutgers, and some members of the community about the provision in the bill about the expansion of the stadium capacity at Rutgers being conditioned upon the Route 18 extension being under construction.

There are several interesting issues there, including the fact that we might wind up taking part of the President's house to do that (laughter), which got his attention. The

agreement we reached was that we would fast track immediately for separate contracts that will straighten out a number of the connectors for the University, and try to solve some of the local community's problems about traffic loading.

Ken, do you want to talk briefly about each of those?

ASSISTANT COMMISSIONER AFFERTON: Yes. Part of the Route 18 extension winds up dealing with, at the north, the intersection with 287 -- South Randolph. There are two intersections. One will be advanced-- We are going to try to advance it early, where we would start, hopefully, the design work very quickly within the matter of a few months. That is one project that will provide for improved access from 287 into the area through Hoes Lane.

Another project will be to provide for a number of signalizations along River Road just south of the stadium, between the point where 18 crosses now and Hoes Lane. There will be several intersections there where we will be putting in signalization. We can do that fairly quickly. That will help to provide for some early access.

There is a local aid project involving Centennial Road. We are going to try to do something with that. That will also provide for access from 287 down into Hoes Lane, which will provide -- until the 18 extension project is fully underway -- for initial improvement in getting into the stadium area.

Additionally, there is one project which is along Meddlers (phonetic spelling) Lane which we believe we might be able to start quickly also. That is the project which will provide for an expansion of Meddlers Lane -- with the expansion of Meddlers Lane and provide a diversionary road for the eventual 18 construction. That will be an early on project. We feel that all four of those activities can get going and be able to meet the requirements of the legislation with regard to the commitment of the Commissioner for funding for the 18

extension, to allow capacity improvements of the stadium to go forward.

So, those are essentially the four projects we believe we can get going fairly quickly, and at least meet the statutory requirements, or the legislative mandates, with regard to an investment by the Department of Transportation into the 18 extension program.

COMMISSIONER DOWNS: Those immediate projects have a total cumulative cost of about \$30 million.

ASSEMBLYMAN GREEN: Have we been talking to the local municipalities pertaining to this plan that you are discussing with us here today?

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN GREEN: So they are well aware?

ASSISTANT COMMISSIONER AFFERTON: Piscataway is going to be very happy with what we are doing.

ASSEMBLYMAN GREEN: Okay, I appreciate that.

The third item on my agenda is, we talk constantly about the 43,000 jobs. Do you have a plan in place to make sure that every part of the community shares in those 43,000 jobs? It is obvious that in my particular community there won't be a lot of major projects that will be unfolding. But by the same token, we do have a lot of unemployment. I am just curious, when you talk about 43,000 jobs-- It is obvious that a lot of those jobs are going to be union, but I want to know what impact those 43,000 jobs are going to have on the overall population of the State of New Jersey? Do you have a plan in place to make sure that those jobs are evenly distributed?

COMMISSIONER DOWNS: We have an aggressive program of disadvantaged business involvement. Small, minority, and women-owned businesses tend to be New Jersey based. They tend to be best employed in terms of growth, in the number of jobs. We have set a very aggressive target this year for our Trust Fund, in terms of disadvantaged business involvement.

Shirley, do you want to talk a bit about the--

MS. DeLIBERO: At New Jersey Transit, of course, we have a 25 percent DBE goal, so the projects-- What I am going to do is give you a list of-- I have all your area, all the bus service we provide, any anticipation of upgradings we are going to do. I am going to leave that with you today to show you what we are going to be doing along in your area.

ASSEMBLYMAN GREEN: We're talking about 43,000 jobs. I am concerned about what plan we are going to use to make sure that--

MS. DeLIBERO: Every contract that we send out-- As we said, we are doing the Kearny connection; we are doing design work. Any contracts that we put out-- Our procurement process has a DBE quota on it, a DBE goal. So every project we send out will have -- not necessarily to a specific region, or district, but it will have the goals in there that will ensure that there is minority participation, and New Jersey-based minority participation. Several of our contracts that we have given in the past, where it is, say, a prime contract, one of the prerequisites we have put on them is that their subcontractors and their minority subcontractors have to come from the New Jersey area. That would make sure that the work that is done by minority groups -- that the groups are not groups that they bring in from other places.

ASSEMBLYMAN GREEN: What I would like to see -- again, if I can get it through the Chair -- is a plan, in writing. It is obvious that this system in the State of New Jersey, as well as in this country, is stale when it comes to making sure that minorities get their share of the pie. I would just like to see a little bit more of an in-depth plan laid out, so that when we are talking about minorities, when we are talking about females, when we are talking about others-- I would just like to see something that would put a little bit more strength into it, to make sure that these jobs and these contracts really go

to the people we feel at this point that we are trying to identify. They should really be getting the service.

Again, I have not seen this happen. Not only am I going to be talking to Transportation, but to government as a whole. If we are going to turn things around, this is the area we are going to have to identify to make sure we help the people who really want help. At this point, I have not seen it happen, no matter at what level I have talked about it or I have dealt with.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you, Assemblyman Green.

I only have a couple of things I would like to address, frankly, and then we can probably wrap up. I'm sure the Senate was a lot easier than the House of the people, because the people have more questions.

I would just like to talk to you about commuter vans. There is \$3 million in your program, and I would like to know how they are going to be-- Are they going to be purchased? Is it \$3 million worth of vans that are going to be purchased?

MS. DeLIBERO: First, I need to be frank with you. We realized that this was an eligible item for Federal funding. We wanted to take advantage of it, given the Clean Air Act. We have not fully worked out how we are going to do this. It will either be a lease or a direct purchase. We have to work out with FHW what they will allow us to do, but our intent is to fully fund the vans so that that is not reflected in the van pool costs. Our reading of the ISTEA is that we can do that. That is different than before. So if a company is willing to commit to this kind of a program, we can come in with vehicles to support them.

ASSEMBLYMAN DeCROCE: You'll keep us advised?

MS. DeLIBERO: We would be happy to.

ASSEMBLYMAN DeCROCE: Okay.

COMMISSIONER DOWNS: We have also, Mr. Chairman, worked out a cooperative arrangement about how Transit and DOT works with TMAs, so that this is a partnership. It is an area that is ultimately an expansion of the role of Transit within the State to move people.

Shirley, do you want to--

MS. DeLIBERO: We are working with Christine Johnson and her group so that-- As I said earlier, as we go out to the employers, not everyone is going to-- It is not necessary to have a bus route out there, but there may be a need for van pools and car pools. Part of the van pool thing is that we would either buy them or lease them, and then-- We would put it out to bid, so we would not run it. The private carriers would run the service.

We are also putting in-- In the capital budget, we have \$2 million for vans, but that is more with the America for Disabilities Act, because by July 1, 1992, we will start implementing a paratransit service in the Mercer County area first.

ASSEMBLYMAN DeCROCE: My last question, frankly, Director, is for you. It does not really have anything to do with capital. But I am wondering if, from capital-- Is your advertising program derived, in any way, from the capital programs what are funded through this?

MS. DeLIBERO: No, it is funded out of the operating program.

ASSEMBLYMAN DeCROCE: Okay. Assemblyman Oros?

ASSEMBLYMAN OROS: Yes. On page 161, you have incident management. I would like to know a little bit more about that. You have allotted \$5 million for that.

COMMISSIONER DOWNS: One of the interesting statistics I found out from some national research was that 80 percent of the congestion on highly traveled routes is incident related. If you are going to attack congestion-- If you had accidents

on your route this morning, you know what a four-mile backup looked like, because three cars piled up.

There is a four to one ratio in terms of length of time stuck in a pileup to how long it takes to clear it. If it takes 10 minutes to clear it, you are backed up for 40 minutes. If it takes an hour to clear it, you are backed up for four hours. The faster you do instant management, the faster you get notification of incidents to a central location, dispatched and towed and cleared, the less congestion you have on that route as a result of that incident. This is an investment in traffic management from--

Go ahead, Christine.

ASSISTANT COMMISSIONER JOHNSON: We have two programs here. This one is-- Essentially, we are going to deploy both our own forces, as well as look at some other fairly innovative sources for corridors across New Jersey. We will pick two or three corridors and try some targeted incident management.

We have another program which is targeted specifically to South Jersey, using some special demonstration money that was made available through ISTEA. But this particular one is our own program, where we are looking at deploying trucks that will quickly move an accident, or special vans that have been used, for example, in Massachusetts, which are fully equipped with things to help maintain a vehicle, as well as, like, first aid equipment. They come along and help the motorists out, free of charge.

We think there is a lot of merit in terms of managing traffic and making it go with something like this.

ASSEMBLYMAN WARSH: So it is a combination of an emergency, like, a first aid worker, and a mechanic, in the same van?

ASSISTANT COMMISSIONER JOHNSON: Yes. I know it sound odd, but it has worked--

ASSEMBLYMAN WARSH: It's very good.

ASSISTANT COMMISSIONER JOHNSON: --in two or three other states. We want to see if we can apply it here.

ASSEMBLYMAN OROS: This would be State employees doing this?

ASSISTANT COMMISSIONER JOHNSON: We haven't fully decided. The example we are looking at is a private sector--

ASSEMBLYMAN OROS: Well, what I don't understand-- For example, if you have an accident and there is a tie-up-- Under this program, for example, if a wrecker comes along-- You wouldn't have a wrecker. You would have the State people come along and help you for nothing. I don't quite understand this.

COMMISSIONER DOWNS: First of all, you have to have a detection system. A very congested corridor, like 80, needs to have cameras on it that can be monitored. As soon as a wreck happens, you don't have to wait for somebody to struggle to a phone to call in, with the police finally being called. Ambulances come, and 20 minutes later somebody notifies a wrecker for dispatch. First you find it, and then you have the capability of dispatching equipment to it which clears it quickly. That is a multiskilled team: accident treatment people in terms of medical, vehicle removal, and traffic control for the traffic you have there.

Maryland does a reasonably good job at this. I think Michigan is probably one of the best in the country. California is getting to be state of the art about instant management, because they know that any accident on, say, the Century Freeway, will paralyze Los Angeles. So, they have all of these components put together: monitoring for as soon as an accident happens; immediate dispatch of multiple discipline teams that know to take the report, treat the people, clear the traffic, and get people moving again. That is the secret to limiting congestion in their area.

It is something we probably -- given our traffic densities in New Jersey -- should have been doing years ago, but I think you will see a quick payoff, and you will see a lot of people appreciative of that.

ASSEMBLYMAN DeCROCE: Okay. Thank you very much. Commissioner, I appreciate you and your people coming, and Executive Director DeLiberio, Ms. Johnson, Kenny, everybody from DOT.

The Fund is a critical program to our State. The Trust Fund was meant to replace the uncertainty of asking the public to approve general obligation transportation bond issues on the ballot at election time. Therefore, we have to remember that people in the State overwhelmingly approved a referendum to constitutionally dedicate a portion of the gas tax to the Fund. We told them, and the people believed, that the Trust Fund would mean projects, construction, and jobs. I think by virtue of us passing this bill within the next 10 days, we will do exactly what we promised over the next several months.

Again, I appreciate your time. It has been somewhat close to four hours. I am sorry we took so long with you, but I think it was good deliberation, frankly. Thank you.

COMMISSIONER DOWNS: Thank you, Mr. Chairman. It is important work, and I am glad you took the time.

(MEETING CONCLUDED)

APPENDIX

DOT Proposes Record Capital Program for FY 93

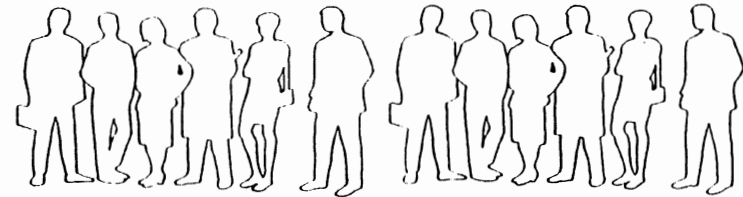
Yesterday the Department of Transportation presented to the leadership of the Senate and Assembly a \$1.4 billion capital program, the largest capital program in the history of the Department.

- A program that will pump some 43,000 jobs into New Jersey's economy;
- And a program which reflects a major turning point both in the way DOT defines its business and in the way it finances its capital program.

NJDOT Capital Program



\$1.46 billion



43,000 jobs

Driven Not by Federal Funds

In the past, DOT's capital plans have been driven primarily by federal transportation funding categories.

Between 50 and 60% of the capital program has been federal funds. These funds were tightly categorized; if we couldn't spend the dollars in those categories, we couldn't spend them.

And because New Jersey is required to "match" a percentage of the federal investment in each funding category, federal funds also drove the way we spent New Jersey's Trust Fund dollars.

The new Intermodal Surface Transportation Efficiency Act (ISTEA) has changed that.

But By New Jersey's Needs

The ISTEA affords:

- substantial transferrability among funding categories; and
- new ways of matching federal dollars-- which will change the way DOT finances its capital program.

These provisions allowed the needs of the citizens of New Jersey to drive the investment program, and they have allowed us to program ALL available funds.

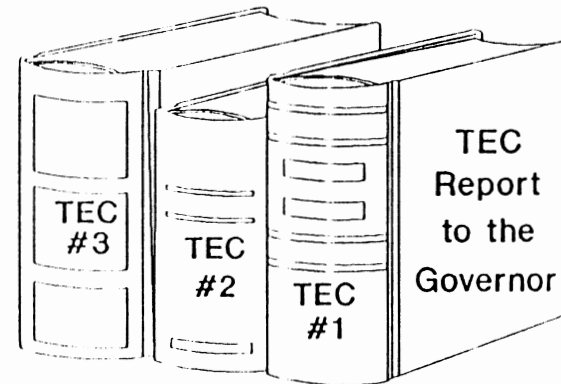
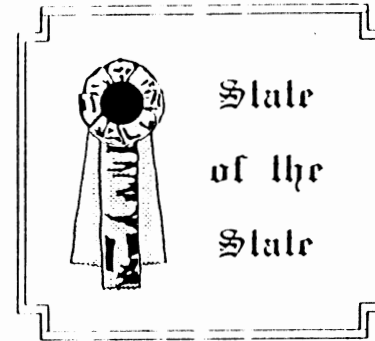
For example, this year DOT could not guarantee to spend all available bridge funds. In past years, these funds would have been left to sit, unspent, in Washington.

But the ISTEA allowed us to transfer the bridge funds to other categories where projects were ready to go. This allowed DOT to take advantage of the low bid climate and to make maximum use of the pump priming abilities of the federal transportation funds.

The Policy Drivers

This capital program was shaped by two forces:

- The priorities articulated by the Governor in his State of the State address; and
- The policies developed by the Transportation Executive Council 18 months ago.



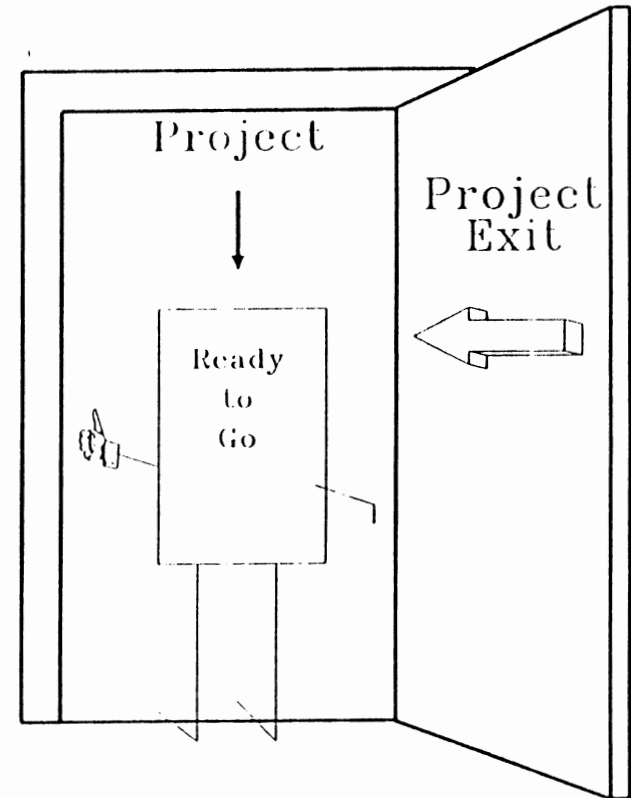
3X

1) Put New Jersey To Work

The Governor has made this a priority, and DOT is doing its part by making investments in our transportation infrastructure that will provide jobs--jobs that truly need to be done--for thousands of New Jersey's workers.

DOT has carefully screened every project in this capital program for deliverability. Any projects on which deliverability *this year* was in doubt were deferred in favor of jobs that we *knew* we could get out the door.

One of the ways we plan to produce a lot of work quickly is through a major increase in our Local Aid program. Providing directly to local governments a proposed \$100 million in Local Aid funding--free of federal "strings" and able to be spent immediately--should encourage many quick-start projects on county and local roads.



Projects Ready To Go

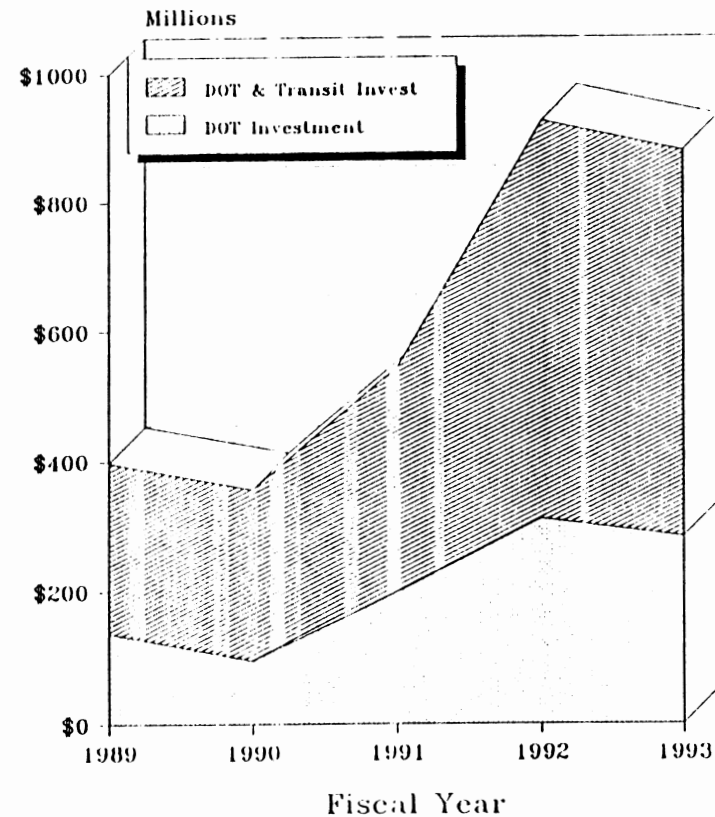
2) Preserve New Jersey's Existing Infrastructure

DOT is proposing \$282 million worth of projects that will rebuild and repair the transportation system we already have—that's three times as much as was spent in FY 90.

This program will buy:

- the rehabilitation of 42 bridges
- the repair of 25 miles of continuous weld rail track
- the replacement of 14,000 worn out railroad ties
- the refurbishing of 2 bus garages
- the rehabilitation of several key rail stations, including Denville, Rahway, Trenton, Maplewood, and the Hoboken Terminal.

System Preservation Investment
DOT, FY 89 - FY 93



55

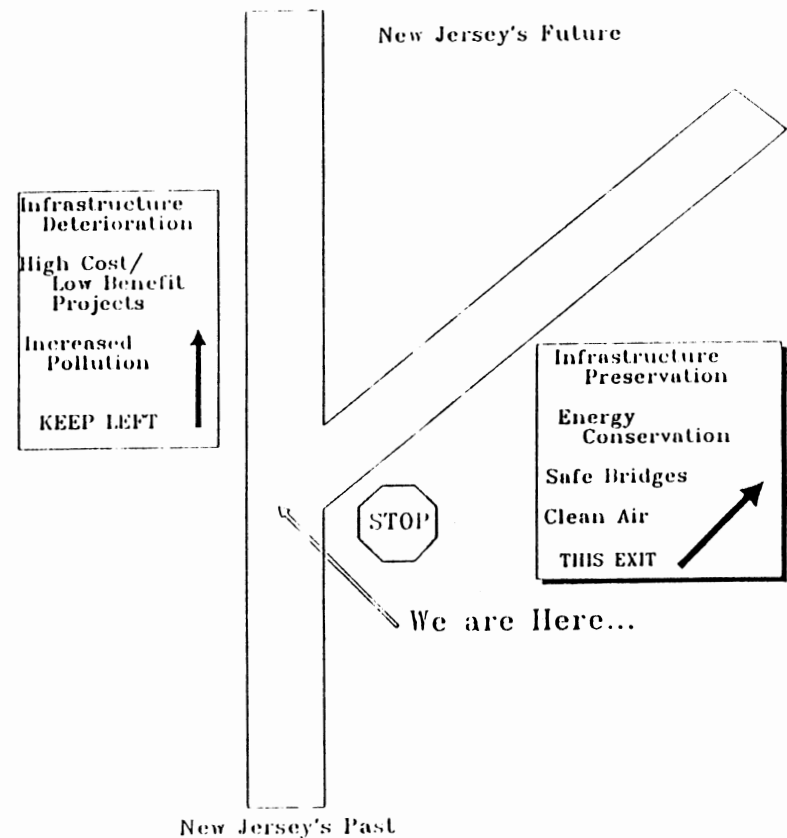
and Increase Preventive Maintenance

On the highway side, the program will include:

- a \$30 million rehabilitation of both pavement and bridges on Route 80
- \$24 million to resurface and make geometry improvements to Route 17
- resurfacing of the seriously deteriorated section of Route 41 between Cooper Street and Route 47
- preliminary engineering of a replacement for the Ocean City/Longport Bridge
- advancement to design of other major rehabilitation projects such as Route 22 in Union and Route 21 in Newark

DOT is also programming some \$21 million in bridge deck patching and \$15 million in bridge painting.

The dominance of system preservation in DOT's capital program reflects the Department's transition from a builder of new infrastructure to a rebuilder, modernizer, and operator.



3) Attack Congestion

Few things are more irritating to New Jerseyans than sitting in bumper-to-bumper traffic!

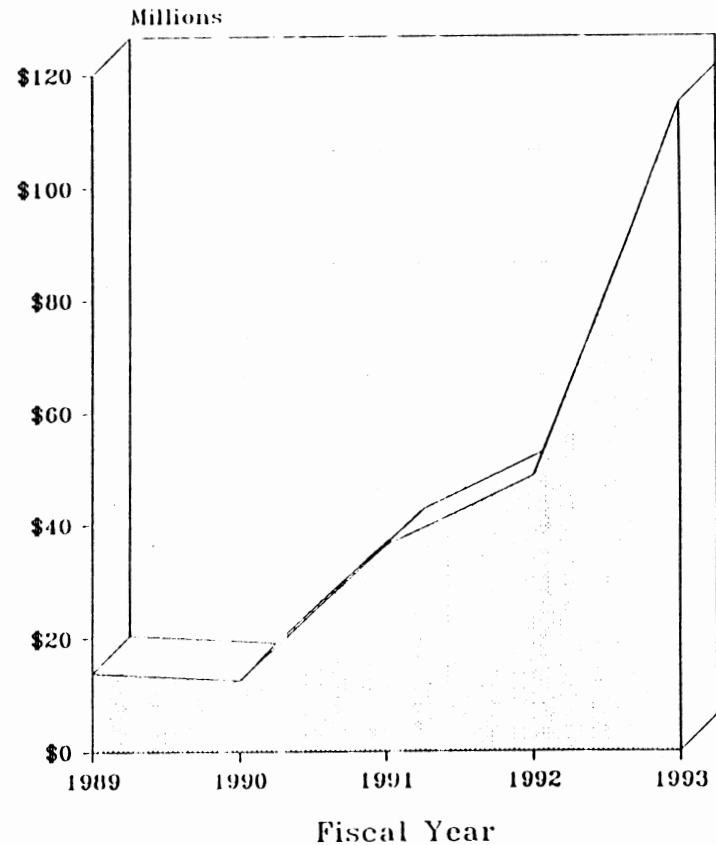
But New Jersey can't simply build its way out of congestion. The TEC has decided to attack congestion by relying less heavily on building new roads and more on constructing key connections, aggressively managing traffic, and investing in "smart" highway systems (techniques that fall under the general heading of "System Management")

This new capital program reflects DOT's commitment to better management of New Jersey's transportation system. \$115 million has been proposed for System Management for FY 93--an eight-fold increase over FY 89.

Proposed system management projects include

- interconnected traffic signals on Rte 9 in Ocean, Monmouth, and Middlesex Counties, and computerized signals on Rte 1&9 in Union County

Increased System Management Investment
DOT, FY 89 - FY 93



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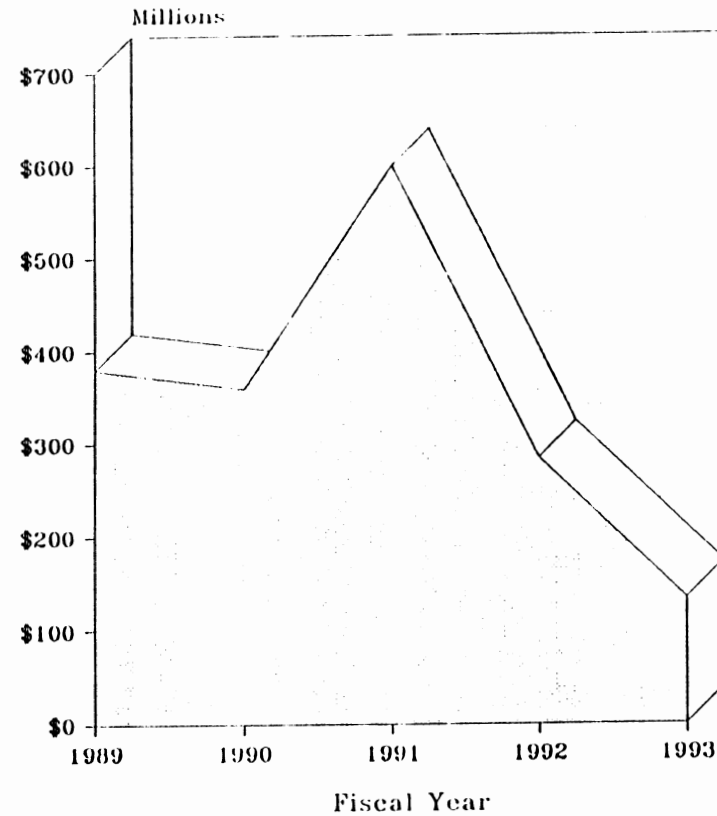
Proposed FY 93 projects (continued):

- installing MAGIC (an electronic traffic surveillance system that identifies accidents, congestion, etc., and alerts a motorist information system to divert traffic away from the area) on Routes 80, 46, 4, 3, and 280;
- implementation of Phase I of automated toll collection on the Turnpike, the Parkway, and the Atlantic City Expressway
- major intersection improvements, such as Route 47 at Landis Avenue Circle, Route 9 at Laurel, Oak, and Aldrich Avenues, and grade separations along Route 1

The highway capital program also includes about \$133 million for capacity expansion, less than half of last year's expenditure and just 22% of what was spent in FY 91.

Less New Capacity Investment

DOT, FY 89 - FY 93



4) Increase Transit Investment

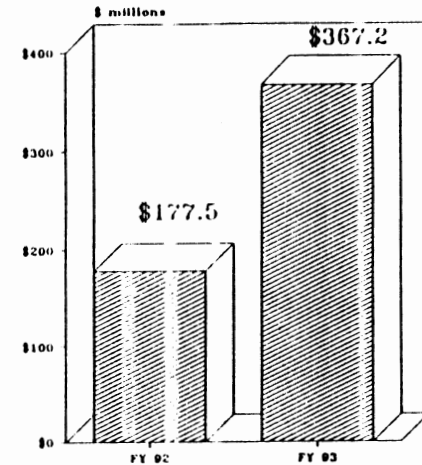
If drivers are going to leave their cars behind, they need a good alternative.

The ISTEA has given New Jersey an excellent opportunity to make some long sought transit investments. Whereas federal funds for highways are about the same as in previous years, transit authorizations for New Jersey increased 25% since last year.

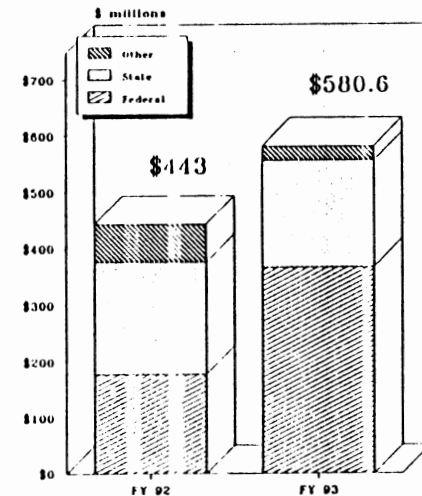
Our capital program reflects that increase. FY 93 projects include:

- launching of construction on the long-awaited Secaucus Transfer, beginning with foundation work on the Northeast Corridor and modifications to the Main and Bergen rail lines
- continued work on the Kearny Connection, a two-year construction effort due to be completed in late FY 94;
- design of the Montclair Connection;
- and the start of a major, innovative suburban transit initiative.

Transit Funding for New Jersey
Federal, FY 92-93



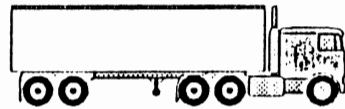
All Sources, FY 92-93



5) Enhance New Jersey's Freight

DOT's capital program includes strategic investments designed to enhance our competitiveness in international markets:

- Rehabilitation of Doremus Avenue, a major truck route in northern New Jersey
- Design work on Kapkowski Road to improve intermodal access at Port Newark/Elizabeth



- Rail freight improvements, including Rockaway Branch track rehabilitation and improved clearances on Conrail lines to allow high cube double stacking of containers



- Acquisition of the New Jersey portion of the Staten Island Railroad right of way to preserve competitive rail access to New Jersey's ports



and Tourism Industries

Equally important is the commitment we are making to tourism:

- \$30 million in improvements to Route 147 leading into the Wildwood and Cape May areas to improve peak recreational access to South Jersey's shore communities

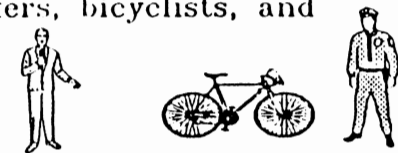


- Widening of Route 23, which will improve access to Sussex County's recreation areas



- The Sussex Trail

DOT plans to use highway dollars to convert a former railroad right of way into a multi-use trail available to joggers, hikers, bicyclists, and others



18X

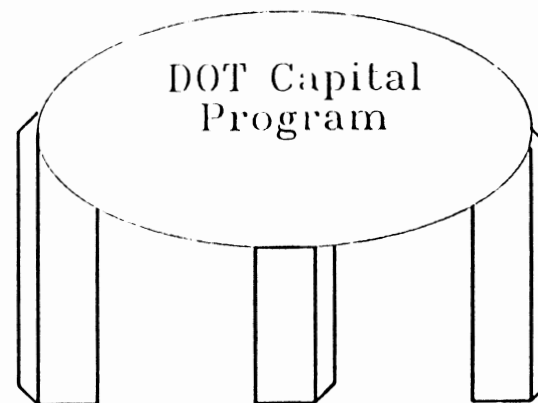
Supporting the Capital Program

Implementation of this proposed capital program depends on three separate but interdependent factors:

- 1) Acceptance of the Toll Capital Credit provision ("soft match") in the ISTEA
- 2) Elimination of the cap on the state's Transportation Trust Fund
- 3) Staff capacity to assure program quality and the deliverability of \$1.4 billion of transportation work

These factors form the foundation of the capital program.

If any one of these supports collapses, the entire program would have to be restructured and reduced by almost half.



Toll Capital
Credit

Trust Fund
Cap Lift

Staff
Capacity

The success of the capital program depends on the strength of each support of the overall foundation.

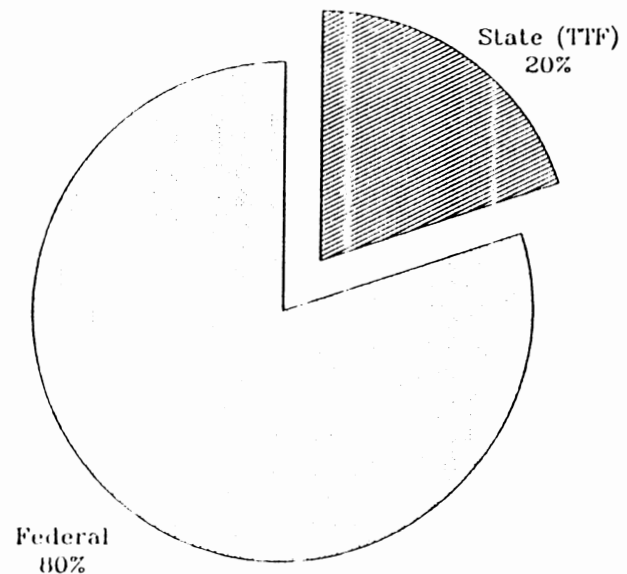
Toll Capital Credit ("Soft Match")

Transportation projects in New Jersey are generally paid for by a combination of federal and state funds. The federal government pays 80% of a project's costs, and the state "matches" that contribution with the remaining 20%.

This year, New Jersey would ordinarily have to contribute about \$245 million to get the approximately \$834 million in federal funds for which we are eligible.

In the past, that 20% match came from the Transportation Trust Fund. But realizing that some states collect highway user fees in the form of tolls--which weren't accounted for in federal funding formulas--the ISTEA includes a provision that counts improvements made by toll authorities as part of a state's overall investment in transportation.

Matching Ratio for most transportation projects



Project Funding with ISTEA Toll Capital Credit provision

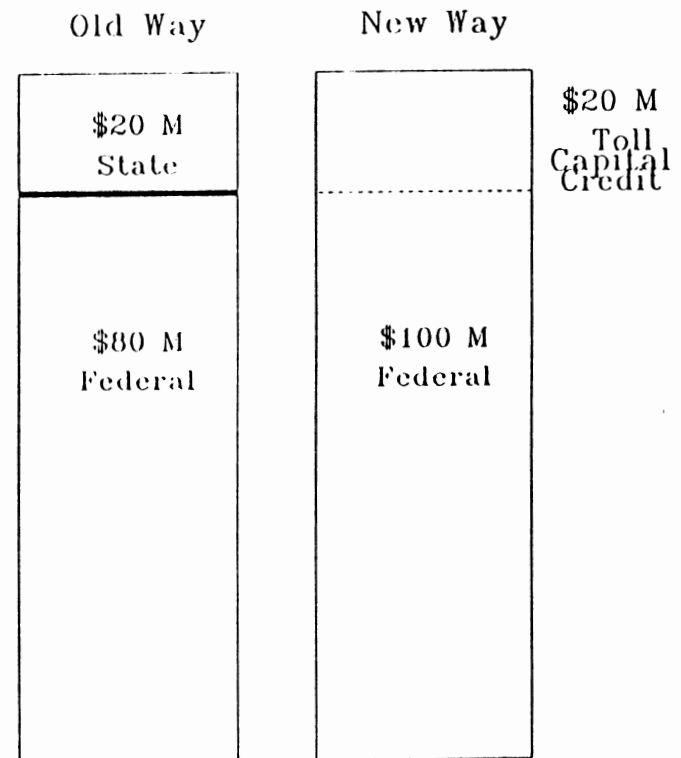
The Toll Capital Credit provision (also known as the "soft match") will allow the money that the authorities spend on transportation projects to serve as a "credit" for the 20% of federal project costs for which the state is responsible.

Although regulations have not yet been written, we have assumed that the provision will be implemented as follows:

If a project costs \$100 million, rather than putting up the normal \$20 million to match the \$80 million in federal funds, New Jersey will "take credit" for \$20 million of expenditures made by one of the state's toll authorities.

DOT would then receive a full \$100 million federal funds to pay for the project.

In essence, the project would be 100% -- not 80% -- federally funded.



13X

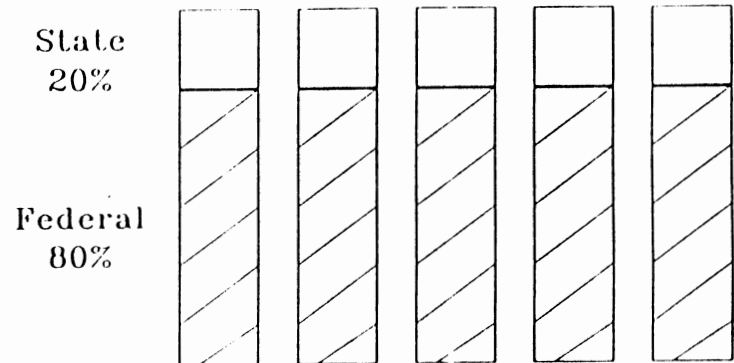
New Jersey is a major beneficiary of the toll capital credit provision. We estimate that the state's authorities will generate enough toll credits to fully accommodate our entire federal program--making all federal projects 100% funded.

That leaves DOT with the Trust Fund dollars that would have been spent for the State match, which can be spent on transportation projects that aren't eligible for federal funding, such as rail freight improvements, bridge deck patching, advance right of way acquisition, and noise walls.

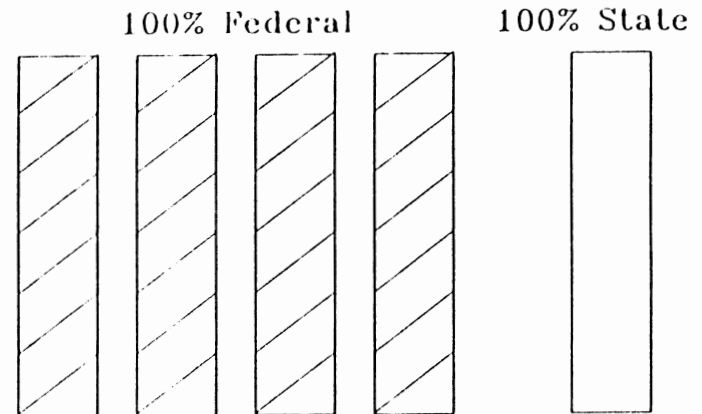
Since there are no federal "strings" attached to these 100% state projects, we should be able to advance projects quickly--as we would do with the proposed expansion of the Local Aid program.

It is important to understand that the toll capital credit provision doesn't expand DOT's budget; but it does give the Department greater flexibility in its capital programming.

Before: 5 projects



After: 5 projects



147

Cap Elimination

The Transportation Trust Fund will be capped in FY 93 at \$365 million (less the 5% borrowed in 1992). After meeting obligations such as Local Aid, capital management, and debt service, we would have just \$145 million available to match federal dollars, and would need an additional \$100 million to match all the federal funds for which New Jersey is eligible.

The toll capital credit provision can relieve New Jersey of the matching funds shortfall.

However, concerned that states would use the toll capital credit to reduce their commitment to transportation funding, Congress added a stipulation in the ISTEA. States wishing to take advantage of the toll credit provision must show that they are continuing to invest state funds in transportation at a level equal to the average spent in the last three years. This provision is known as Maintenance of Effort.

New Jersey's Transportation Trust Fund program has been funded in these amounts for the past three years:

<u>Transportation Trust Fund</u>	
FY 92	\$593 million
FY 91	\$565 million
<u>FY 90</u>	<u>\$365 million</u>
Average	\$507 million

Therefore to take advantage of the toll credit, New Jersey must show that it is spending at least \$507 million on transportation in FY 93 (the average of the last three years).

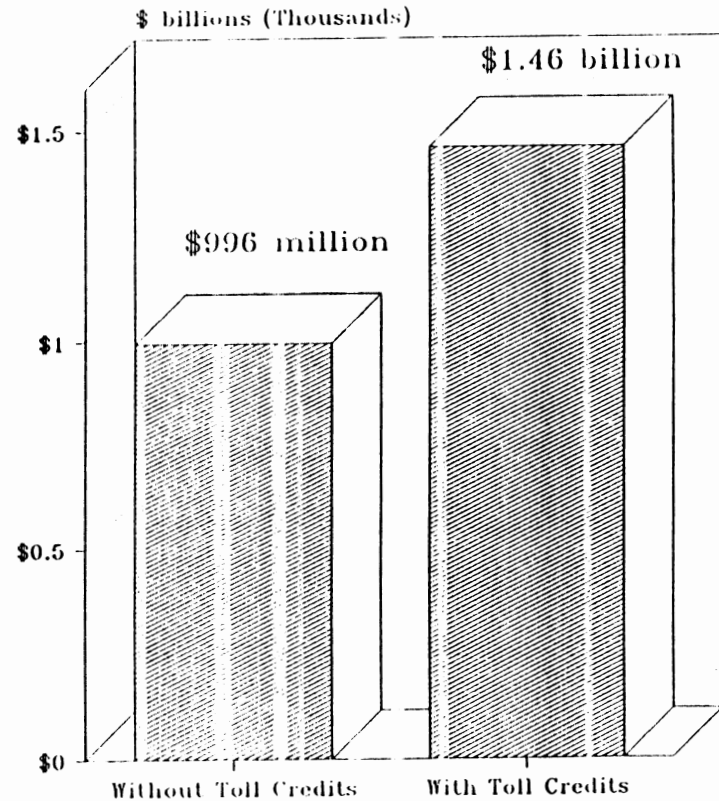
NJDOT Capital Program FY 93

Without the toll capital credits for New Jersey's authorities, the FY 93 Capital Program would be limited to \$996 million. At least \$263 million would, in essence, be left in Washington because there would be insufficient state funds to match it.

But if the Trust Fund cap is lifted, New Jersey will be able to meet the maintenance of effort provision, and can take credit for the investments made by the toll road authorities.

With the toll capital credits, the FY 93 Capital Program will total \$1.46 billion--nearly half a billion more than the program DOT will be able to produce if the Trust Fund cap is not eliminated.

It is worth taking a moment here to explain why the cap on the Trust Fund exists in the first place. . .



The Transportation Trust Fund was created in 1984 to ensure a stable funding source for New Jersey's transportation investments.

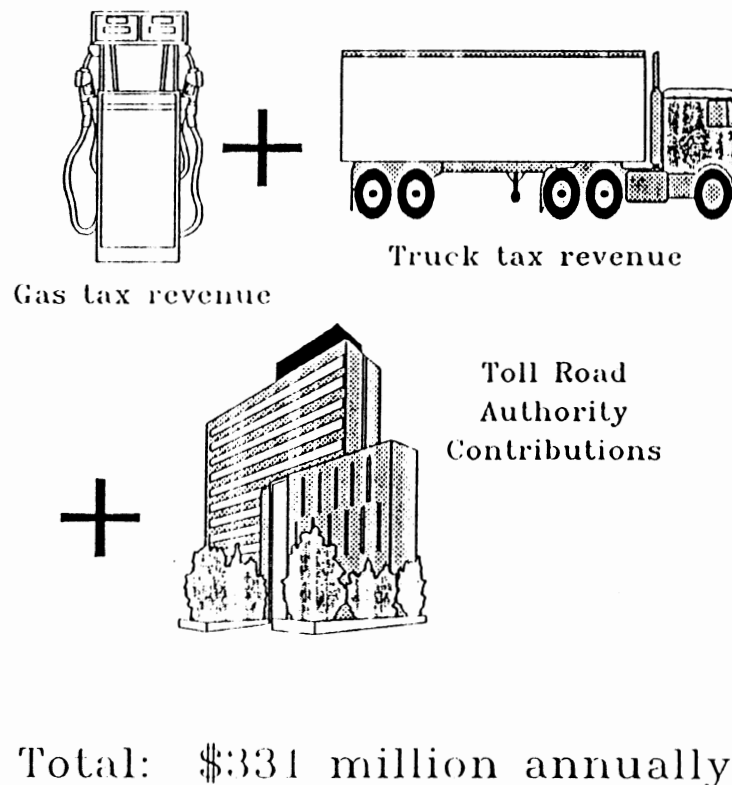
The Trust Fund gets its money from three sources:

- Gas tax revenue
- Truck taxes
- Toll Road Authority contributions

This money is collected annually by the State Treasury, and is then appropriated—whether or not it is collected—through the regular appropriation process to the Trust Fund.

When the amount of money in the Trust Fund is not sufficient to cover projected transportation project costs, the Trust Fund Authority can issue bonds. Since the Trust Fund's inception, bonds have been issued three times: in 1985, 1986, and 1988. The Trust Fund is in the process of issuing \$275 million new bonds. Debt service for these bonds is paid out of the Trust Fund's appropriation. In 1992, debt service amounted to \$46 million.

Trust Fund Revenue Sources



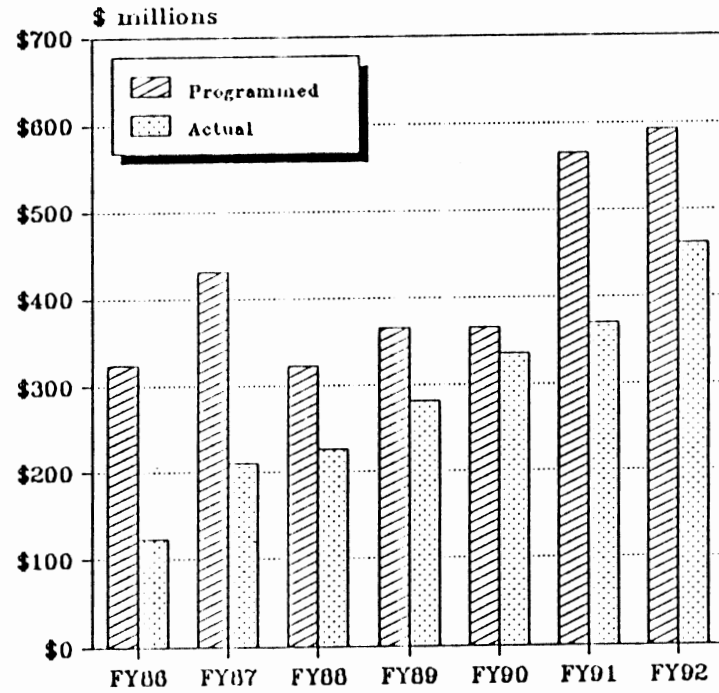
181

This "stable" funding source allowed DOT to begin programming a number of new multi-year projects--with two important consequences:

- The Legislature became concerned that DOT's accelerated rate of programming was exceeding initial expectations and would use up the Trust Fund too quickly. So in 1987, the Legislature capped the amount that DOT could program each year at \$365 million.
- DOT's rapid programming was occurring during the revolution of environmental regulation. Projects that DOT thought were ready to go were often caught up in new regulations or community opposition.

So even though DOT was "programming" substantial funds in those years, it wasn't actually being spent, as the chart (opposite) shows. That's why DOT has been so careful this year in screening potential projects.

Trust Fund Capital Investment Actual vs. Programmed



Program	\$323.5	\$431	\$323	\$365	\$365	\$565	\$593
Actual	\$122.7	\$210	\$226.4	\$201.7	\$336.2	\$369.1	\$460.8

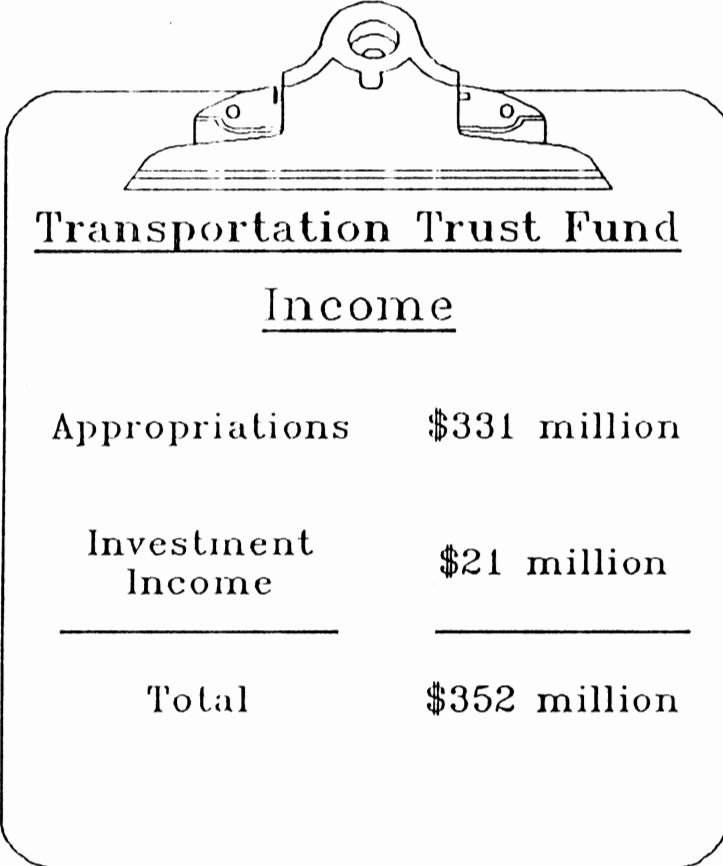
Obviously *some* of those projects programmed in the 1980s have finally made it through the environmental process and are hitting the "expensive" right of way and construction phases now.

So let's look at the Trust Fund ledger as it stands today:

- On the Income side -- The Legislature appropriates \$331 million to the Trust Fund every year.

In addition, the Trust Fund earns income on proceeds from bond sales and on the unspent proceeds of previously programmed funds. This additional \$21 million gives the Trust Fund an annual total of about \$352 million in income. Based on this, the Legislature allows \$365 million for appropriated expenditures.

Beginning in FY 92, the Trust Fund also has unspent balances of about \$349 million.



Transportation Trust Fund

Income

Appropriations	\$331 million
Investment Income	\$21 million
<hr/>	<hr/>
Total	\$352 million

- On the Expense side, we will look at two examples—with and without the cap lift that we have proposed.

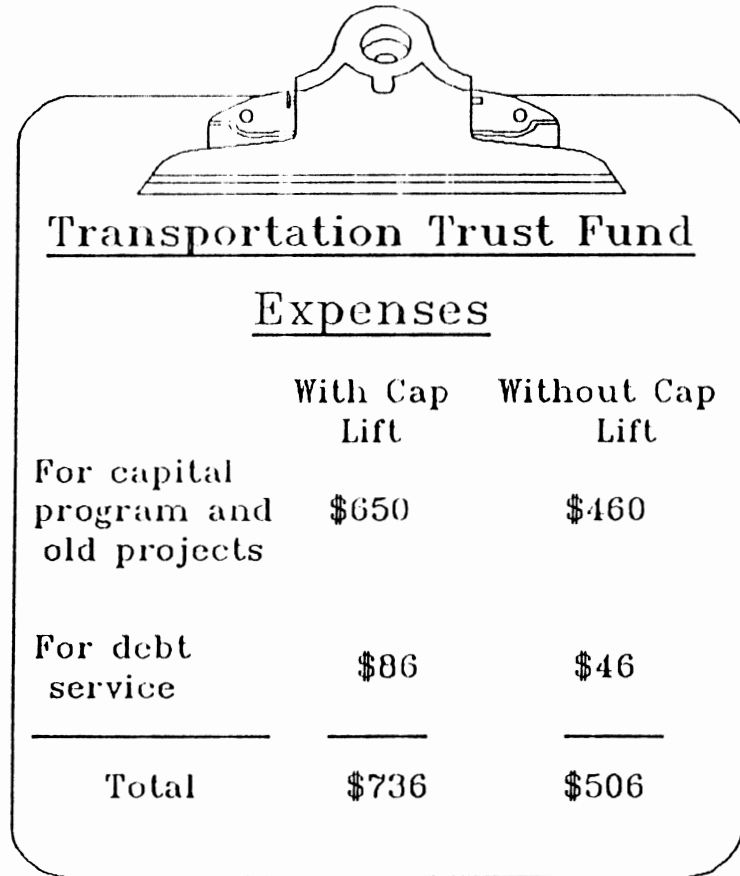
Without the cap lift:

If DOT's capital program were restricted to the \$365 million cap, we anticipate a draw on the Trust Fund from these and previously programmed projects of about \$460 million, because we are moving projects faster.

With the cap lift:

If the Legislature approves our proposal to program \$537 million, DOT expects a draw of some \$630 million from the Trust Fund.

In both cases, the Trust Fund would incur the expense of debt service on previously issued bonds in the amount of about \$45.9 million.



<u>Transportation Trust Fund</u>		
<u>Expenses</u>		
	With Cap Lift	Without Cap Lift
For capital program and old projects	\$650	\$460
For debt service	\$86	\$46
<hr/>	<hr/>	<hr/>
Total	\$736	\$506

20X

In 1995. . .

The Trust Fund is scheduled to come to an end in 1995. It is worth looking at the ledger sheet assuming a capital program of \$365 million in both 1994 and 1995.

On the Income side:

There would still be the \$331 million appropriated by the Legislature, but investment income would be minimal.

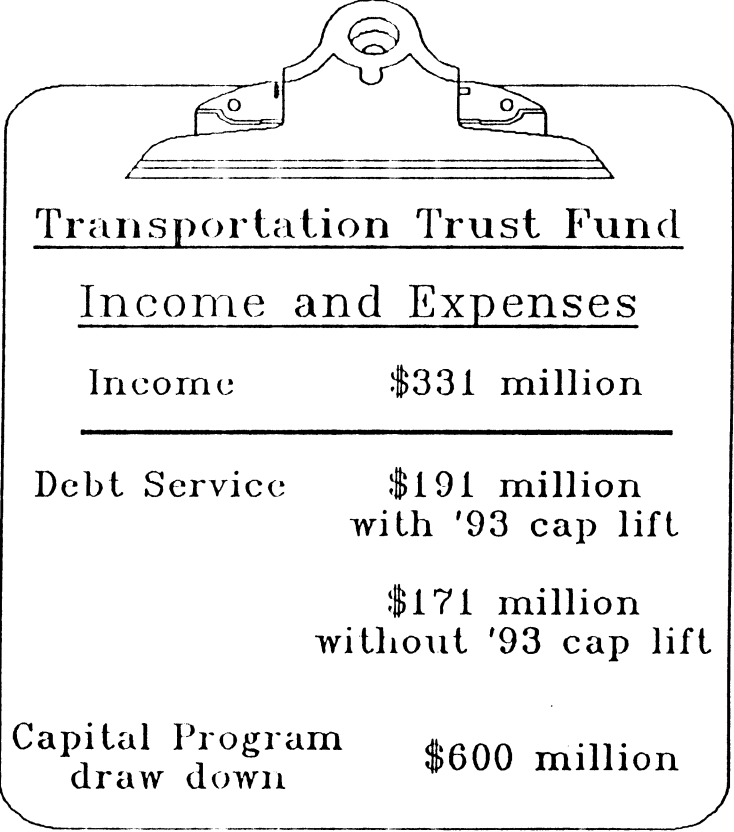
On the Expense side:

Without the cap lift in FY 95:

We would incur about \$171 million in debt service and draw about \$350 million for current and previously authorized projects.

With the cap lift in FY 95:

We would incur approximately \$191 million in debt service, and, again, would draw about \$600 million for current and previously authorized projects.



<u>Transportation Trust Fund</u>	
<u>Income and Expenses</u>	
Income	\$331 million
<hr/>	
Debt Service	\$191 million with '93 cap lift
	\$171 million without '93 cap lift
Capital Program draw down	\$600 million

21X

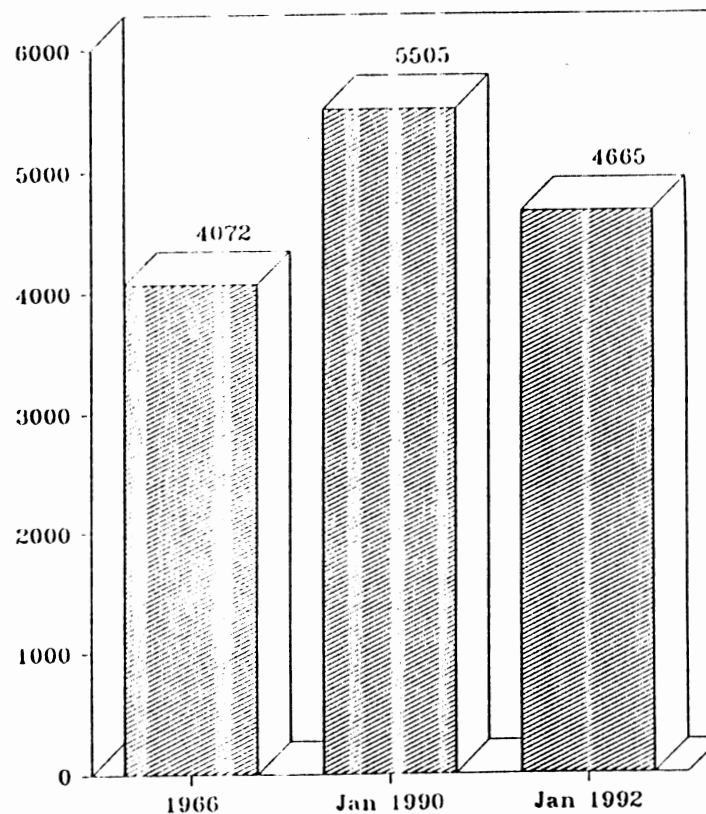
Staffing Capacity

To maintain the timely delivery of the size of the capital program that is potentially available to New Jersey, DOT must have a minimal level of supervisory capacity to ensure:

- construction quality
- maintenance standards
- close supervision of consultants
- fiscal accountability

The combination of the recent shortfalls in state operating budget revenue and the growing capital budget have unnecessarily jeopardized DOT's ability to produce a quality capital program.

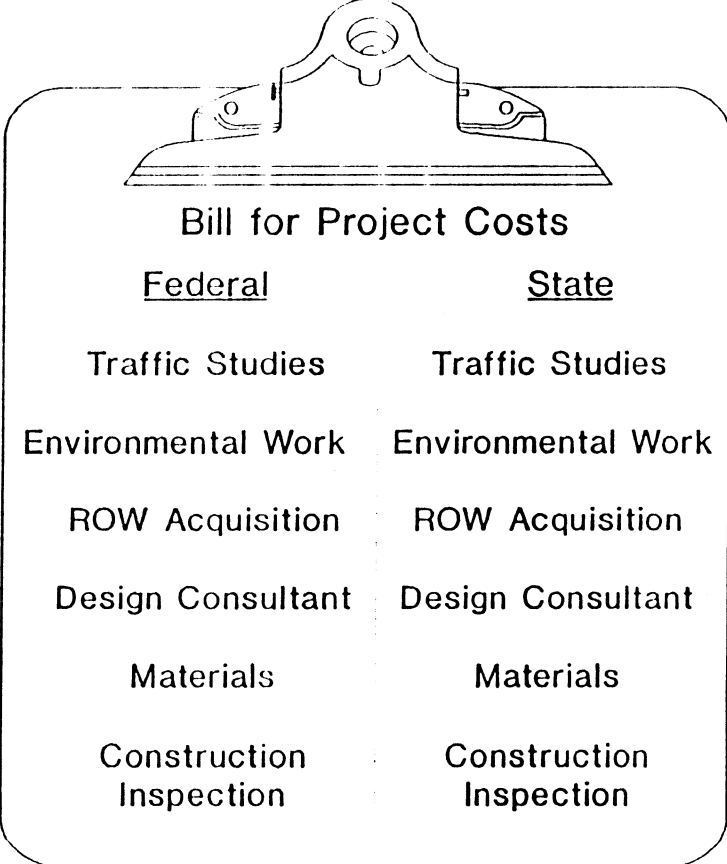
NJDOT Staffing



Before a project begins, DOT estimates its total cost, from start to finish, and gets FHWA approval. As the project progresses, DOT "bills" FHWA for 80% of the amount spent on each stage of project implementation, from Preliminary Engineering through to construction.

A similar procedure takes place with the state. Again, DOT "bills" its project costs, this time against the state Transportation Trust Fund (TTF), which pays the remaining 20% that is not picked up by the feds.

Nearly every cost involved in a project shows up on *both* the federal state "bills".



Bill for Project Costs	
<u>Federal</u>	<u>State</u>
Traffic Studies	Traffic Studies
Environmental Work	Environmental Work
ROW Acquisition	ROW Acquisition
Design Consultant	Design Consultant
Materials	Materials
Construction Inspection	Construction Inspection

25x

There's one cost, however, that DOT always bills to the federal government, but not to the Transportation Trust Fund:

In-House Staff Time

Although we bill the federal government for the hours that DOT staff spends coordinating and implementing projects, *we never charge the other 20%* of the cost of in-house staff time to the TTF.

What happens, then, is that DOT winds up "paying" the state's share of in-house staffing costs out of our operating budget-- even though 80% of that cost is considered a legitimate capital expense by the federal government.

New Jersey is perhaps the only state that uses its operating budget to subsidize its capital efforts.

Envision the box below as representing the total cost of a transportation project.

Each individual "cell" is a separate project cost that is billed to the federal government or to the TTF.

In-House Staff Time	
Construction Inspection	Const.
Design Consultant	Design
Materials	Materials
Environmental Work	Envlr.
Traffic Studies	Traffic

No Charge to TTF

80% Federal

20% State

24X

Failing to count in-house staff time as a capital expense billable to the TTF has caused inaccurate project cost estimates.

Instead of accounting for total project expenses, DOT has been valuing projects at somewhere between 90-99% of their actual cost to the Department.

Considering that DOT put out over half a billion dollars worth of work last year-- and that the underestimating of true project values has been going on for decades--

it's obvious that millions have been lost from our operating budgets to pay salary expenses that the federal government, other states, even private industry treat as legitimate capital expenses.

For years we have charged 80% of the in-house staff salaries associated with capital projects to the *federal* Transportation Trust Fund. We're finally being consistent in charging 20% of those same salaries to the *state* Trust Fund.

A very simplified cost breakdown for a project might look like this:

	Federal TTF - 80%	State TTF - 20%
In-House Staff Time	\$12 million	
Construction Costs	\$36 million	\$9 mil
Design Consultant	\$20 million	\$5 mil
Materials	\$12 million	\$3 mil
Total Contributions:	\$80 million	\$17 million

\$3 million missing
←

Unaccounted for is \$3 million worth of in-house staff time (the 20% that is *not* paid by the feds). Because this legitimate capital expense is charged to neither the state nor the federal government, the project will be estimated at \$97 million, rather than the true \$100 million.

Multiply the \$3 million that DOT would wind up paying out of its limited operating budget for staff time on this *one* job, by the numerous projects that New Jersey puts out every year, and the problem explodes.

25X

The crunch came a couple of years ago when it was clear that the operating budget had to be cut. . .

yet it was equally clear that DOT could not continue to pay capital staff costs out of a reduced operating budget.

A survey of states and private firms found that virtually all charge the "20% staff" costs to their capital--rather than to their operating--budgets.

DOT has made the same proposal to the Legislature.

Beginning in FY 92, DOT is including ALL project costs in our estimates. To cover the staff costs for previously authorized projects, DOT is asking, as we did last year, for a lump sum of \$40 million. It is our judgment that without this money, the quality capital program we have proposed can not be delivered.

The Department of Transportation is prepared to produce the largest highway and mass transit capital program in New Jersey's history.

With cooperation from the business community, the Legislature, and our customers--the citizens of New Jersey--DOT will deliver \$1.4 billion worth of transportation improvements, providing jobs for 43,000 New Jerseyans.

Successful implementation of the proposed Capital Program will benefit the entire state--

not only in the short term, but throughout the next decades.

The Department of Transportation welcomes this opportunity to improve New Jersey's future.

26X

27X

DOT's failure to count in-house staff time as a capital expense that should be billed to the Trust Fund has caused inaccurate project cost estimates.

Instead of accounting for total project expenses, DOT has been valuing projects at somewhere between 90-99% of their actual cost to the Department.

Considering that DOT put out over half a billion dollars worth of work last year-- and that the underestimating of true project values has been going on for some time--

it's obvious that millions have been lost from our operating budgets to pay salary expenses that the federal government, other states, even private industry treat as legitimate capital expenses.

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The crunch came a couple of years ago when it was clear that the operating budget had to be cut. . .

yet it was equally clear that DOT could not continue to support the capital program without a source of funding for the "20% staff" costs.

DOT has proposed to the Legislature that staff costs be charged to the capital budget.

Beginning in FY 92, DOT is including ALL project costs in our estimates. To cover the staff costs for previously authorized projects, DOT is asking, as we did last year, for a lump sum of \$40 million.

An additional \$15.3 million will be sufficient for the capital staff costs associated with the "new starts" in the FY 93 program.

It is our judgment that without this money, the quality capital program we have proposed can not be delivered.

The Department of Transportation is prepared to produce the largest highway and mass transit capital program in New Jersey's history.

With cooperation from the business community, the Legislature, and our customers--the citizens of New Jersey-- DOT will deliver \$1.4 billion worth of transportation improvements, providing jobs for 43,000 New Jerseyans.

Successful implementation of the proposed Capital Program will benefit the entire state--

not only in the short term, but throughout the next decades.

The Department of Transportation welcomes this opportunity to improve New Jersey's future.

March 19, 1992

28X

TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF NEW JERSEY
ASSEMBLY BILL 1060

MARCH 19, 1992

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. AS YOU KNOW, THE STATE IS IN A SERIOUS ECONOMIC DECLINE AND ONE OF THE SECTORS MOST SEVERELY AFFECTED BY THIS RECESSION IS HEAVY CONSTRUCTION.

OUR ASSOCIATION OF NEARLY 100 HEAVY/HIGHWAY CONTRACTORS HAVE EXPERIENCED A SITUATION WHERE BIDS HAVE BEEN COMING IN WELL BELOW ENGINEERING ESTIMATES IN ORDER TO GENERATE BUSINESS AND EMPLOYMENT OPPORTUNITIES. WE LOOK FORWARD, THEREFORE, TO A LIFTING OF THE FUNDING LEVEL ON THE TRANSPORTATION TRUST FUND THROUGH YOUR BILL A-1060 AS A MEANS OF ALLEVIATING THIS DECLINE AND GENERATING RENEWED ECONOMIC ACTIVITY.

WE REALIZE A SIMILAR BILL, S-3, WAS VOTED OUT OF THE SENATE TRANSPORTATION COMMITTEE THIS WEEK AND THAT IT CONTAINS SIMILAR LIMIT ON AMOUNTS THAT MAY BE SPENT BY THE NJDOT ON ADMINISTRATIVE FEES FOR HIGHWAY CONSTRUCTION.

WE AGREE WITH THE INTENT OF BOTH BILLS AND URGE YOU TO GET TOGETHER WITH YOUR SENATE COUNTERPARTS AND COME UP WITH A COMPROMISE BILL AS QUICKLY AS POSSIBLE SO THAT WE CAN SEE SOME RELIEF SOON IN THIS AREA OF OUR ECONOMY.

THANK YOU FOR YOUR CONSIDERATION.

New Jersey Motor Truck Association

50 TICES LANE • EAST BRUNSWICK, NEW JERSEY 08816-2083
908-254-5000 • FAX 908-613-1745



February 28, 1992

Assemblyman Alex DeCroce
101 Gibraltar Drive, Suite 2D
Morris Plains, New Jersey 07950

Dear Assemblyman DeCroce:

New Jersey Motor Truck Association generally supports the lifting for one year of the spending cap on the State Transportation Trust Fund.

Our Association believes that economic growth in our state must be nurtured, and improved transport systems, especially improved highway and bridge systems, are essential to that nurturing.

We are concerned, however, that the lifting of the cap on the Trust Fund does not become an annual "given" – otherwise the cap is a fiction.

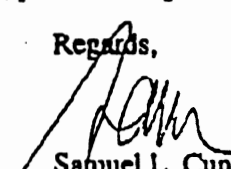
Our Association supports the concept of the cap because some folks would rush into spending beyond the Trust Fund ability to finance additional spending; and then the same folks would demand higher motor fuel taxes to pay for the new "beyond caps" spending. We believe a three-year lifting of the Trust Fund caps is excessive.

To be sure, should the economy in the state remain in recession, we would agree to a lifting of the caps beyond fiscal 1993 (ending July 1993).

We, of course, want to see improved road infrastructure. The increased federal funds to the state as provided in the new federal surface transportation act will go a long way in that direction. We believe that a permanent or even a three-year lifting of the cap provision is unnecessary in view of this increased level of federal funding for road infrastructure and for public transit.

Should you wish to discuss this matter further, please call upon me at your convenience.

Regards,


Samuel L. Cunningham
Executive Director



TESTIMONY IN SUPPORT OF A-1060

March 19, 1992

The Utility and Transportation Contractors Association (UTCA) strongly supports A-1060 and urges the prompt passage of this proposal by the New Jersey Assembly. Our organization numbers approximately 830 member firms active in all phases of heavy, highway, marine, utility and hazardous waste clean up construction throughout New Jersey.

It is evident to all that New Jersey is currently experiencing difficult economic times. The construction industry has been hit the hardest, with Unemployment reaching as high as 40%. This bill will create over 15,000 additional jobs in our industry by permitting the Transportation Trust Fund to utilize an additional \$200 million in bonding capacity.

This increased financing is needed to match an additional \$263 million in federal funds created by the new Intermodal Surface Transportation Act. This will result in approximately \$463 million in additional monies funneled into New Jersey's economy without raising any taxes. In fact, New Jersey will experience enhanced tax revenues through the economic ripple effect created by the additional economic activity.

UTCA commends the Legislature in its efforts in scrutinizing the dollars expended to support the Department of Transportation's personnel from the Transportation Trust Fund. In that respect, we also commend the Department for its extraordinary effort in getting the work under construction. The Department is administering its greatest capitol program during this fiscal year, while at the same time decreasing its staff by about 1,000 employees.

In closing, our organization fully supports A-1060 and urges the Assembly Transportation and Communications Committee to release the bill promptly.

NEW JERSEY COUNCIL ON JOB OPPORTUNITIES

Office of The Governor • State House • Trenton, New Jersey 08625 • (609) 292 - 6000

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Constellation Bancorp

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N.J. State AFL-CIO

Ellis S. Vieser
N.J. Alliance for Action

William F. Faherty, Jr.
N.J. State Chamber of Commerce

Avis Yates
PC Pros Incorporated

TESTIMONY OF ELLIS S. VIESER, CO-CHAIRMAN TRANSPORTATION SUBCOMMITTEE OF THE NEW JERSEY COUNCIL ON JOB OPPORTUNITIES

ON
ASSEMBLY BILL 1060

PRESENTED ON
THURSDAY, MARCH 19, 1992
10:00 A.M.

AT
LEGISLATIVE OFFICE BUILDING
TRENTON, NEW JERSEY

Good Afternoon.

My name is Ellis Vieser, Co-chairman of the Transportation Subcommittee of the New Jersey Council on Job Opportunities.

The Council was appointed by the Governor last month as a permanent, high-level group of business, labor and economic experts who will advise the Governor directly on economic policy matters. We strongly favor lifting the cap on the Transportation Trust Fund.

In New Jersey, transportation is the key to our economy. Without a good, sound and dependable transportation network, our ability to keep and attract new employers is threatened. By improving our transportation network, we improve our quality of life, boost our economy and worker productivity and most importantly, create jobs.

Putting people to work through the creation of jobs is the immediate benefit of this legislation. Our friends in the building trades are currently experiencing double digit unemployment among their membership. This has a two-fold impact on our state economy, because these workers do not pay taxes nor buy durable goods. They collect unemployment benefits which drains the state's unemployment compensation fund. Putting people back to work removes a person from the unemployment roles and puts them into a position where they can pay taxes and buy other goods and services.

The cap on the Transportation Trust Fund should be lifted. But more important, we need an immediate bipartisan compromise on the proposal pending before this legislature, so that, the money can be put to work immediately. If we simply pass a bill that lifts the cap, but doesn't allow us to get these projects out to bid, we will have failed. So let's get on with the task of putting people back to work.

I commend the Senators and Assemblymembers for making this issue a top priority. Thank you for giving me the chance to present my views.



New Jersey Association of Counties

214 West State Street
Trenton, New Jersey 08608
(609) 394-3467
FAX: (609) 989-8567

Linda Spalinski, *Executive Director*
Thomas A. Pankok, *Legislative Representative*
Dora M. Miller, *Office Manager*

March 18, 1992

Hon. Alex DeCroce
Chairman, Assembly Transportation
and Communications Committee
State House
Trenton, N J 08625

Dear Assemblyman DeCroce:

On behalf of the New Jersey Association of Counties, I want to express our enthusiastic support for the proposal to increase the transportation trust fund CAP by \$200 million in FY 1992-93. This initiative will not only allow counties to move forward with needed transportation projects, but equally importantly, it will create jobs and provide a significant boost to the economy.

More specifically with regards to this issue, I would also note our concern that sufficient funds be appropriated to the DOT for project oversight. The Senate Transportation Committee has favorably released legislation which allows 6.5 percent of the total \$1.46 billion for this purpose. We would urge your committee to also approve this amount. Reductions in appropriations for engineers and construction managers would seriously impede plan implementation and result in substantial loss of federal funding that would otherwise be allocated to New Jersey.

Thank you for your consideration of our views. As always, county officials look forward to cooperative efforts with you and the members of your committee.

Sincerely,

Linda Spalinski
Executive Director

COUNTY OF MERCER

OFFICE OF THE COUNTY EXECUTIVE
McDADE ADMINISTRATION BUILDING
P.O. BOX 8068
TRENTON, NEW JERSEY 08650-0068

ROBERT D. PRUNETTI
COUNTY EXECUTIVE

March 18, 1992

Honorable Alex DeCroce
Chairman, Assembly Transportation
and Communications Committee
State House
Trenton, NJ 08625

Dear Assemblyman DeCroce:

As Mercer County Executive, I feel compelled to share with you my support of Assembly Bill 1066 which would increase the transportation trust fund CAP by \$200 million dollars in fiscal year 1992-93. This legislation not only permits county governments to make necessary infrastructure improvements, but it will provide a much needed stimulus to our economy as well.

In addition to my support for A-1060, I am also deeply concerned that the State Department of Transportation receive appropriate funding for project oversight. I hope your Committee will join your Senate colleagues in favorably releasing legislation that allows 6.5 percent of the entire appropriation to be dedicated to this purpose. Clearly, anything less than a total commitment to providing engineer and management personnel could hinder New Jersey's chances of receiving some federal funding.

I appreciate your kind consideration of this matter.

Sincerely,



Robert D. Prunetti
County Executive

RDP:dp

c: Honorable Peter Inverso
Honorable Paul Kramer
Honorable Barbara Wright
Honorable Richard J. LaRossa
Honorable John S. Watson
Honorable John Hartmann
Honorable William E. Schluter
Honorable Garabed "Chuck" Haytaian
(Speaker, General Assembly)
Honorable Leonard Lance
(Majority Leader, General Assembly)
Raymond M. Pociino, Laborers Local 172

PAGE #2: PETITION TO RESTORE FEDERAL OPERATING SUBSIDY TO ORIGINAL LEVEL;
LIFT THE CAP ON THE TRANSPORTATION TRUST FUND AND PASSAGE OF THE
\$67.1 MILLION INCREASE TO THE STATE APPROPRIATION FOR NJ TRANSIT

SIGNATURE

(PRINT) NAME, ADDRESS, TOWN, ZIP CODE

<i>James A. Taliaferro</i>	JAMES A TALIAFERRO 71 WEST LIND AVE TRENTON NJ 08616
<i>Joseph M. ...</i>	SUPRIE MACK 210 Homerside Rd Trenton NJ 08616
<i>Paul E. ...</i>	PAUL E. HOFFMAN 300 PARK PLACE, NEWARK NJ 07102
<i>Richard J. ...</i>	RICHARD J. LOGNO 2155 WEST LITTLE FERRY NJ 07040
<i>John R. ...</i>	JAMES R. ... 252 N. 14TH ST BLAINFIELD N.J.
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<i>MARGARET ...</i>	MARGARET ... 2015 S ... NJ 07072
<i>FRANCIS ...</i>	FRANCIS ... 321 EAST BRINK, P.O. BOX 100, WOODBRIDGE NJ 07095
<i>CHRISTOPHER ...</i>	CHRISTOPHER ... 2000 ... NJ 07095
<i>Joseph ...</i>	Joseph ... 28 N ... NJ 07074
<i>THOMAS ...</i>	THOMAS ... 190 ... NJ 07072
<i>James ...</i>	James ... 317 ... NJ 07073
<i>MARY ...</i>	MARY ... 1510 ... NJ 07073
<i>MAY ...</i>	MAY ... 400 ... NJ 07072
<i>70-C ...</i>	70-C ... ST ... NJ 07072
<i>TAN ...</i>	TAN ... 1750 ... NJ 07072
<i>RICHARD ...</i>	RICHARD ... 327 ... NJ 07072
<i>ANDREW ...</i>	ANDREW ... 200 ... NJ 07072
<i>AND ...</i>	AND ... 100 ... NJ 07072
<i>GERARDINE ...</i>	GERARDINE ... 100 ... NJ 07072
<i>CARL ...</i>	CARL ... 28 ... NJ 07072
<i>LYN ...</i>	LYN ... 26 ... NJ 07106
<i>JUAN ...</i>	JUAN ... 252 N. 14TH ST BLAINFIELD, N.J.
<i>21 ...</i>	21 ... NJ 07072
<i>10 ...</i>	10 ... NJ 07072
<i>PETER ...</i>	PETER ... NJ 07072
<i>BRUCE ...</i>	BRUCE ... NJ 07072
<i>70-C ...</i>	70-C ... NJ 07072
<i>30 ...</i>	30 ... NJ 07072
<i>TAK ...</i>	TAK ... NJ 07072
<i>TOM ...</i>	TOM ... NJ 07072
<i>HAT ...</i>	HAT ... NJ 07072
<i>CHIEF ...</i>	CHIEF ... NJ 07072
<i>RAW ...</i>	RAW ... NJ 07072
<i>JOHN ...</i>	JOHN ... NJ 07072

PAGE # 3: PETITION TO RESTORE FEDERAL OPERATING SUBSIDY TO ORIGINAL LEVEL;
LIFT THE CAP ON THE TRANSPORTATION TRUST FUND AND PASSAGE OF THE
\$67.1 MILLION INCREASE TO THE STATE APPROPRIATION FOR NJ TRANSIT

SIGNATURE

(PRINT) NAME, ADDRESS, TOWN, ZIP CODE

<i>[Signature]</i>	PAUL ELLIOTT... MONMOUTH NJ 07045
<i>[Signature]</i>	KEVIN MARSH... GPTMA 64 Alexander Rd Princeton NJ
<i>[Signature]</i>	LOUI VON... GPTMA 621 Alexander Rd Princeton NJ 08540
<i>[Signature]</i>	ROBERT KEITH 202 Princeton Princeton NJ 08540
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<i>[Signature]</i>	JACIE FREDERICK 21 KOTL GDFERN, TRUSTED, NJ
<i>[Signature]</i>	FRANK RUMBY 315 DUKEREN AV DUKEREN NJ 08810
<i>[Signature]</i>	MARCIA KADANOFF 3 Torrance Ct. Haddonfield NJ 08033
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<i>[Signature]</i>	332 BAYVIEW PIKE WOODBRIDGE NJ 07092
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