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PUBLIC HEARING
before
ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE
on
PATH FARES

Held:
September 14, 1983
Hudson County Administration Building
Jersey City, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Thomas F. Cowan, Chairman
Assemblyman John W. Markert

ALSO PRESENT:

Senator Edward T. O'Connor, Jr.
District 31

Laurence A. Gurman, Research Associate
Office of Legislative Services
Aide, Assembly Transportation and
Communications Committee

New Jersey State Library

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ASSEMBLYMAN THOMAS F. COWAN (Chairman): Good morning, ladies and gentlemen. My name is Assemblyman Thomas Cowan. As Chairman of the Assembly Transportation and Communications Committee. I hereby call this public hearing to order.

I would like to welcome you here this morning. At this time, I will introduce the other members of our Committee. We had anticipated John Markert being here; he is probably coming in a little bit late. On my right is the Legislative Aide to the Committee, Larry Gurman; to his right is the candidate in the 32nd Legislative District for the Assembly, Tony Vainieri; and, on his right, is the candidate for the 33rd Legislative District, from Hoboken, Bob Rainieri.

The purpose of this public hearing is to consider the proposal to raise the PATH fare to seventy-five cents per ride during mid-1984. This subject is of the utmost importance because the implementation of a seventy-five cent fare will affect the economic well-being of the northern New Jersey region, and will particularly affect Hudson and Essex Counties, and the citizens who live in this area.

This proposal to raise the fare to seventy-five cents for PATH riders does raise some cause for concern. It does not appear fair, for example, that a person who is going from one stop to the next, such as from Journal Square to Grove Street, should pay as much as seventy-five cents for traveling such a short distance, nor does it seem equitable that this individual pay as much as someone who rides from Newark through Jersey City into Manhattan.

During the course of this hearing, the Committee will consider the advisability of establishing a variable or zoned rate fare system for PATH. We will inquire as to whether a discount should be established for its intracity or local riders. The Committee will also consider the issue of reduced fares for senior citizens and handicapped persons, as well as the possibility of establishing discounts for PATH riders who utilize the system during off-peak hours.

A major focus of the Committee's attention will be placed on the feasibility of developing a variable fare program without spending unreasonably large costs on fare collection. Methods have been developed to collect commuter train fares by means of a scanning device

to check tickets. We have in attendance, representatives of two major firms that engage in this type of operation, and we will hear from them today so they can help us determine if this method of fare collection would be practicable in our case.

Before I begin, let me say that I will call those witnesses who have already requested to testify. I invite any interested party to assist in providing information to this Committee that may be useful. Your involvement is most important, and is fully appreciated. If you would like to testify but have not yet submitted your name to us, please see Mr. Larry Gurman, on my right here, who is part of our staff.

The first person to address the Committee will be Mr. Thomas Donaher, who is the Program Manager from Alta Technology.

T H O M A S D O N A H E R: Good morning. Assemblyman Cowan and other distinguished members of the Committee, I would like to thank you for the invitation extended to Alta Technology to address this hearing today. My name is Thomas Donaher and I currently serve as Alta's Program Manager for the Baltimore subway system. The Baltimore subway system, which is scheduled to open in November, utilizes a variable fare concept, the topic of this hearing.

We have been asked by Assemblyman Cowan to provide a brief review of the variable fare concept, from a technical point of view. Alta Technology, based in Stamford, Connecticut, is a manufacturer and marketer of automated fare collection systems for both mass transit systems and highways. As I said previously, we are currently installing the fare collection system for the Baltimore subway. Many of the slides that I will be showing you today are of the equipment installed in the Baltimore system.

My purpose in meeting with you this morning, is to provide you with some information about the variable fare concept that will hopefully help those involved in the decision-making process to determine whether a variable fare system is appropriate for the PATH system. The decision to initiate a variable fare concept does not rest with a vendor company, such as Alta Technology. Such a decision is based on the operating conditions of the transit authority and the socioeconomic conditions of the areas served by the transit system.

Our role here today is solely to demonstrate that the technology exists for the reliable implementation of a variable fare structure.

What is a variable fare? A variable fare system charges the rider according to the distance traveled. It differs from the flat fare concept, where a single fare is levied whether the passenger travels one stop, or from the beginning of a route to the end. The flat fare concept is currently utilized by both the PATH system and the New York subways.

We have prepared a graph to show you how the flat fare differs from the variable fare. The graph is in the front of the room. In the subway system that uses the flat fare, a passenger riding from Point "A" to Point "B" pays seventy-five cents. If the passenger decides to travel from Point "A" to Point "C," he still pays the same fare, seventy-five cents.

If a variable fare is used, the passenger going from Point "A" to Point "B" pays fifty cents. Should the passenger travel from Point "A" to Point "C," the fare would be higher than to Point "B." In this example, we have arbitrarily charged seventy-five cents for the Point "A" to Point "C" trip. The fare is based on the distance traveled.

In order to implement a variable fare system, it is essential to control the entrance and exit to the transportation system. It is important here to emphasize the control of the exiting, for here is where the cost of the trip is determined. When a flat fare is used, the price of the trip is levied when the passenger enters the system. For example, when you currently take a ride on the PATH trains, you pay fifty cents when entering the turnstiles, at the beginning of your trip. With the variable fare, you have to levy the cost of the trip after the passenger has reached his or her destination, for only then will the authority know what to charge for the trip.

The second distinguishing characteristic of a variable fare system is the use of magnetic-stripped tickets to enter and exit the transportation system. The ticket I am holding in my hand is an example of the ticket that will soon be used in Baltimore.

The passenger uses the same procedure to enter and exit the system. First, the ticket is inserted into the entry gate and the station location is printed on the magnetic strip. (Witness using

slides to demonstrate here.) If other information is required, such as time of day, it is printed on the magnetic strip at the same time. The passenger then is returned the ticket as he passes through the turnstile on his way to the train. Here is an example of the ticket being returned to the patron. Then, upon exiting the system, the ticket is again inserted into the exit gate and is read by a microcomputer. In some systems the ticket will be returned to the passenger for the next time they use the train, as indicated on the slide. Other systems capture the ticket if it no longer has any value. Still others, using monthly passes, wipe the ticket through a reader.

The third and final distinguishing characteristic of a variable fare system is the distribution of the tickets. I have shown the device here (indicating slide); this is the ticket vending machine that will be used in Baltimore, Maryland. This can be accomplished in many ways. In Baltimore, single and round-trip passengers on the subway will buy tickets from a ticket vending machine located at the subway station. With this machine, the passenger pushes the button that identifies his final destination, and the machine tells the passenger how much the ticket will cost. In addition, Baltimore will dispense tickets for special fare passengers, such as senior citizens and students, through a station attendant located in each station's control booth. Finally, monthly passes, allowing unlimited rides on the subway for an entire month, will be distributed through the Baltimore subway's headquarters.

There are a number of ways to dispense the tickets, but, in all cases, the operating authority determines how the tickets will be dispensed.

What are the benefits of using this type of equipment? There are several. For the riders, there is no need to search for change when at the turnstile, or, when tokens are used, to wait in long lines to purchase the tokens. Tickets can be distributed through vending machines at the station, retailers, banks and employees.

Management can also introduce various marketing activities designed to meet the individualized needs of riders. Possibilities include:

Monthly Passes: For regular users of the trains, monthly passes can be made available that allow for unlimited use of the system during an entire month.

Multiple Rides: Those riders preferring to purchase multiple rides on the system can be accommodated with a magnetic ticket-based system.

Intermodal Capabilities: The system can allow for a single ticket that could be used on rail and bus components of a commuter's trip.

Discounts: The fare system could be configured to allow for discount fares to low-income riders, handicapped, senior citizens and students. In addition, to encourage ridership during off-peak hours, fares could be adjusted.

For management, the equipment used in a variable fare system can help to more efficiently manage the trains to meet rider needs. For example:

Information: You'll gain better information through the use of computers; management can collect continuous information on passenger usage, rush hour traffic and revenues collected. This information can then be used to help in the scheduling of equipment (shorten or lengthen train lengths depending on traffic), changing the entry and exit flow of stations to accommodate heavy traffic and scheduling security and manpower.

Improved Cash Flow: Because multiple ride, weekly and monthly passes could be offered, cash flow to management could be improved.

Accounting and Auditing: Because fares are recorded by computers, accounting and auditing the fare collection would be dramatically simplified and improved.

In summary, the technology to introduce a variable fare system to the PATH system is currently available. In the United States, variable fare systems are in use in the Washington, D.C. and San Francisco subways, and will shortly be introduced in Baltimore, Maryland. Overseas, variable fare systems are used in Paris, Hong Kong, Rio de Janeiro, Stockholm, London, New Castle, England and Pusan, South Korea.

We honestly do not know whether a variable fare system is appropriate for PATH operations. The answer to that question will only be found after a thorough analysis of the riders' needs and the costs associated with such a system.

Again, we thank you for this opportunity to address you this morning. I would be happy to entertain any questions at this point.

ASSEMBLYMAN COWAN: Thank you very much. Assemblyman Markert?

ASSEMBLYMAN MARKERT: Thank you, Assemblyman Cowan. Since I think I sat down just as you were about to begin your presentation, I am wondering whether or not there are any areas of financial costs that could be brought forward for our information. I think that would be an important factor in knowing just what the different types of systems are costing and what you may feel such systems would cost the State of New Jersey, or New Jersey Transit, to install in this PATH operation.

MR. DONAHER: We have not studied the PATH system in detail. I think the way we would answer your question is to tell you what we have done, let's say, in another system. In Baltimore, Maryland, there are nine subway stations; it is a brand new system. There are approximately 200 pieces of equipment which are being installed in that system. This contract is a "turnkey" project which includes the engineering procurement, the manufacturing, the installation and the start-up commissioning. Plus, we are providing assistance to the authority in the first four months to maintain the system. The approximate cost of that system was \$8.5 million.

ASSEMBLYMAN MARKERT: Thank you.

ASSEMBLYMAN COWAN: Would you give us some idea -- you say there are nine stations?

MR. DONAHER: Yes, there are nine stations.

ASSEMBLYMAN COWAN: How far are they spaced out? How long is the overall system, and then what is the breakdown?

MR. DONAHER: The stations begin in Charles Center, which is in downtown Baltimore. I don't know if anyone is familiar with the City, but they start right downtown and they have a line which goes to the northwest. They go Charles, Lexington -- various names -- out to the furthestmost station, which is aboveground. The subway starts underground and then it is elevated.

Right now, there are thirteen miles of track, and this is the first phase of their system. The second phase of the system will be an additional segment, which will begin construction around 1987. Now, one of the concepts, and one of the things which we provided to them, is tremendous intermodal transportation capabilities. As you can appreciate, a one-line segment is not that interesting for the riders. However, on all the subways there are transfer points which the magnetic ticket allows you. It allows you to go from the bus into the subway system and, if you have the appropriate ticket, back onto the bus. So, they have really developed a very nice intermodal system, which utilizes not only the trains, but the buses for connections.

ASSEMBLYMAN COWAN: And, is that all public transit in Baltimore itself?

MR. DONAHER: Yes.

ASSEMBLYMAN COWAN: Is it private -- is there any intermix at all?

MR. DONAHER: No, it is all public; there is no intermix. The authority originally began as a bus company, and they have a fairly substantial bus operation. They wanted to expand with rapid transit, and that is what this subway system is all about.

ASSEMBLYMAN COWAN: Is there any pattern to the locations, that is the distance between stations?

MR. DONAHER: I am not an expert in regard to their planning, but just as a citizen making observations of how they have done the work, they have staggered them in the key population centers or communities within the district. They also wanted to get out to the suburbs. They have a lot of parking in the area stations, the three stations which are in the suburbs, so people can drive to them and then take the system downtown where the offices are. Baltimore is essentially a concentrated downtown area.

ASSEMBLYMAN COWAN: Have they established the maximum fare?

MR. DONAHER: The fare they are using is seventy-five cents.

ASSEMBLYMAN COWAN: Seventy-five cents?

MR. DONAHER: With an additional charge for transfers.

ASSEMBLYMAN COWAN: With an additional cost for transfers for other mobility?

MR. DONAHER: Yes.

ASSEMBLYMAN COWAN: And, what is the breakdown as to station-by-station? I mean, when you say it is zoned down there--

MR. DONAHER: It is zoned down there.

ASSEMBLYMAN COWAN: How is it zoned?

MR. DONAHER: The first eight stations are considered to be in one zone, and the charge in there is seventy-five cents. There is an additional station which is farther out, where the commuter buses will be coming in, and the charge there is an additional fifteen cents.

Now, our equipment is really designed, and all the planning at this point is to incorporate the stations which go out much further. We cannot speak for the fares out there, but I would imagine they would be somewhere in excess of \$1.00 or \$1.25, because it will be significantly farther. The construction is very concentrated in the inner city, and they wanted to get out into the suburbs and have this transfer capability.

ASSEMBLYMAN COWAN: Thank you, Tom. Assemblyman Markert?

ASSEMBLYMAN MARKERT: Yes. You have brought up some further questions I might have. With reference to the -- you say there are eight stations within the single fare of seventy-five cents, or a single fare for the eight stations, and the one station, which is the ninth, is the one outside costing additional. What is the length of the run within the eight stations? Do you have the mileage on the track there?

MR. DONAHER: I don't have that.

ASSEMBLYMAN MARKERT: Could you estimate that for me? In other words, could you possibly estimate from the eighth to the ninth station the amount of track involved? Would it be a mile, two miles, three miles?

MR. DONAHER: I prefer to -- I will, after the hearing, find out exactly. I would hesitate to guess on that.

ASSEMBLYMAN MARKERT: We are not trying to pinpoint you for any specific reason, but it would help me to establish just what is going on there.

MR. DONAHER: Sure.

ASSEMBLYMAN MARKERT: You have no idea though, really, about how far it is?

MR. DONAHER: Not really. It would not be fair to guess.

ASSEMBLYMAN MARKERT: All right; well, 8.13 miles, I will just divide it equally and come up with the last leg, although I'm sure that is probably further.

MR. DONAHER: The additional three stations which are planned for 1987 will double the length of the subway.

ASSEMBLYMAN MARKERT: I see.

MR. DONAHER: And, that is really where the variable fare concept is going to make a difference. You know, it is very similar to New York City. When you are downtown you are very close, and you have one fare. If you go out, let's say, to Connecticut -- or, not quite that far -- but, as you get farther out, then the benefits become a little more attractive.

ASSEMBLYMAN MARKERT: I have some questions with reference to the benefits of the MTA chart.

MR. DONAHER: Sure.

ASSEMBLYMAN MARKERT: I can understand the possibly increased ridership through a type of fare box that would be variable, and I can understand the improved management control because of the printouts which would be available through the computers, and also the improved cash flow. I would like to find out why less fraud and, also, your improvements upon security. And, if I may ask a third question, I would like to know just what happens when one of those machines I saw there (on slide) with buttons designating specific areas for the riders to purchase tickets on, quits? All right?

MR. DONAHER: Okay, we'll go back (reverses slides), since this is the topic. Let's talk about the concept of fraud, and how money is handled in a system. With our particular system here, one of the things you get is complete, continuous auditing capabilities. In every transaction, every coin which is entered into the machine where the ticket is purchased is collected and stored. This data is transmitted through telephone lines back to a central processing point. There is no longer a question of whether a ticket was purchased or someone filled out by hand how much was collected that day. This particular machine gives you a summary of how much was collected by day. We can poll it and have a shorter frequency, but we'll just assume a day. It will tell you how many nickels were collected in that

machine; it will tell you how many dimes, how many quarters. It will give you the exact distribution of all the coins which have been entered into that piece of equipment. So, there are really accounting capabilities.

ASSEMBLYMAN MARKERT: What you are referring to is that the curtailing of fraud is through the accounting capabilities of the computer.

MR. DONAHER: One of the things about this particular machine is that the machine collects money in a locked box. When the money is taken out, it is locked. It can only be unlocked with a master key, which is kept back in the revenue center in this particular subway system. So, no longer does anyone have access to a token or any coins, because the money is in a locked box, and when you take it out you get an audit ticket that tells you how much is in there, not to mention that you have a hard copy, which is back in your operations headquarters, which tells you exactly what time of day the money was removed and how much was in there. I do not believe this type of accounting is currently available.

ASSEMBLYMAN MARKERT: Has this system been in effect for any length of time in Baltimore now?

MR. DONAHER: The system will begin operations on November 21.

ASSEMBLYMAN MARKERT: All right; that answers then some follow-up questions I had that I couldn't answer. Let's get back to the other question then, the security. You claim better security. Are you saying then that security with reference to fraud as far as the handling of the cash--

MR. DONAHER: Well, there are really two types of security. One type of security is, you notice the money is not collected in the station agent's booth. In Baltimore, there is no money in the booth. All the money is in a cabinet, and inside this cabinet is another cabinet, and inside that cabinet is where the locked box is. So, there are three levels of defense, so to speak, where the money is. If you want to gain access to the money, it is in a locked vault, so to speak, as opposed to the station agent handling money. There is no money handled by a station agent in the Baltimore system.

ASSEMBLYMAN MARKERT: In the Baltimore system, do you know whether or not they took fraud into consideration when making determinations on putting this type of a system in place of the one they are currently using?

MR. DONAHER: It is a new subway system; it is not a replacement.

ASSEMBLYMAN MARKERT: All right, so there would not be any experience then?

MR. DONAHER: It is not a replacement concept.

ASSEMBLYMAN MARKERT: I see. I think I have lost my third question. All right, I guess that will be all at this point in time for me, Mr. Chairman. Some more questions might come up when I remember what I was thinking about.

ASSEMBLYMAN COWAN: Just for your information, John, we do have an invitation to go down to the Baltimore system to look it over when it is in operation and, as Mr. Donaher indicated, they are starting November 21. I think it might be a worthwhile trip. I see there are some other people here from interested groups also. But, we did have a meeting with Mr. Pyle, the President, and I found it very informative and, of course, the questions that Tom is answering are along the same pattern. I was wondering when you were going to get to all the benefits that are there as far as the scanning is concerned, because even with the ridership, the flow, the time of day, and all of this is so critical to our transportation systems, especially in an area like we have here.

MR. DONAHER: I have just one comment I would like to add here. These are really techniques which assist in the operation, and we are not here to say there are problems with the operation. It is just that it provides more data, which I think helps in the operations, or helps in an authority. That is what this particular customer was interested in, the accounting aspects.

ASSEMBLYMAN COWAN: With the Baltimore system now, what type of program have you been requested to plan for discounts, such as senior citizens, off-peak?

MR. DONAHER: Questions regarding how you set up the tickets really are questions which, you know, need to be addressed in the

policy which relates to the authority. What we provide, I think, is the flexibility. We are just demonstrating that in the industry there is flexibility.

ASSEMBLYMAN COWAN: Let me rephrase that then.

MR. DONAHER: Okay.

ASSEMBLYMAN COWAN: Have they requested anything such as this, off-peak, to attempt to increase ridership? Have they put that into any perspectives they have given you? Just yes or no, that's all.

MR. DONAHER: Okay. This particular machine is designed for peak/off-peak operation. To begin operations, they have selected not to use the peak/off-peak button initially. They want to gain some experience and then, at least my understanding is, they are going to evaluate it at different times to see whether they want to use it or not. You have to realize, it is a brand new subway, and they need to get, you know, just the modus operandi established before they look at other options.

ASSEMBLYMAN COWAN: Have they requested anything of you as far as reduced costs for senior citizens and the disabled are concerned?

MR. DONAHER: Oh, yes. There is a very wide spectrum of tickets which are being purchased. There are tickets for handicapped people. If you look at the graph I have on my left, that is an artist's rendition of what the subway configuration looks like in Baltimore, Maryland. You notice there is a large gate, or there appears to be a hole, that happens to be a handicapped gate, and there are special entrances and exits for handicapped people in that particular subway. They have a special ticket that goes along with it. They will also be offering tickets to senior citizens at a reduced fare. They have tickets for students, also at a reduced fare. They have ten-trip tickets, and they have monthly passes, which the experience in the industry indicates are very, very popular. So, they have all of the various types of tickets pretty much available to them.

ASSEMBLYMAN COWAN: Are there any other systems you can recollect that you would say are comparable to our PATH system? First of all, are you familiar with our PATH system?

MR. DONAHER: Pardon?

ASSEMBLYMAN COWAN: Are you familiar with our PATH system?

MR. DONAHER: Not really.

ASSEMBLYMAN COWAN: All right then, I won't ask the question. Is there anything else, John?

ASSEMBLYMAN MARKERT: The only question I might have would be the relationship to equipment. Are magnetic tape dispensers available in a size that would be capable of being placed on commuter buses?

MR. DONAHER: What you do in that particular case -- there are various options. I will just speak on what this particular system here is using. What you do is, they will have what is called a "preen-coated" ticket, which will be dispensed on the bus. You will take that ticket and it will allow you to ride the bus. You will take that same ticket, and you can use it through the subway. Also, by pressing a button which is on the gate, you can get a free ride, because the time and date -- there will be transfer information written on the ticket good for a half-hour transfer.

ASSEMBLYMAN COWAN: Quite sophisticated. Anything else, John?

ASSEMBLYMAN MARKERT: I guess that is just about it, thank you, Mr. Chairman. Aren't you glad you invited me down, Tom?

ASSEMBLYMAN COWAN: Okay, thank you very much.

MR. DONAHER: Thank you.

ASSEMBLYMAN COWAN: We appreciate your coming, and please express our thanks to Mr. Pyle also. Our next speaker will be Mr. William Morley, who has a statement from Mr. Morris Pesin, I believe, also, to read into the record. Bill?

WILLIAM F. MORLEY: I am William F. Morley, and I am going to read a statement from Morris Pesin, who is presently on vacation. Mr. Pesin is well-known in Hudson County and many other areas. Some say he is Jersey City's answer to the Renaissance man. But, he is an expert in transportation, and I am privileged to read his statement here this morning. He was the leader of the fight against the PATH fare increase, what was it, about ten years ago. I was privileged to be associated with him at that time. Statement of Morris Pesin:

ASSEMBLYMAN COWAN: Excuse me, Bill. Do you have copies of that statement you can give us?

MR. MORLEY: They have already been given out, sir.

ASSEMBLYMAN COWAN: They have already been given out?

MR. MORLEY: To the secretaries; I have others for the Committee.

ASSEMBLYMAN COWAN: If you would, please. Thank you, Bill.

MR. MORLEY: You're welcome. Following are the remarks of Morris Pesin.

I congratulate Assemblyman Cowan and his Committee for conducting three hearings in the last fifteen months. These hearings have served to inform the public, as its watchdog, on matters relating to the Port Authority, its monetary manipulations, its poor safety record and management of PATH. In view of its enormous income from the World Trade Center, the Port Authority has deliberately refused and failed to expend funds from its vast resources, particularly from the World Trade Center rental profits, to upgrade PATH and make it safe for its riders. I suspect that this was done to exact a fare increase. Apparently it succeeded.

The purpose of this hearing is to discuss the recent fare increase, and zoned fares. If this watchdog Committee is to accomplish anything of value on behalf of 90,000 New Jersey commuters, the emphasis should be on the June fare increase to seventy-five cents. This outrageous 150% fare increase will have a devastating effect on 90,000 New Jersey PATH commuters, who still have hopes that Governor Kean will come to their rescue before next June. At the last meeting of the Port Authority commissioners, the Governor, admittedly in response to the unanimous outcry at the Port Authority hearings, secured an agreement with Governor Cuomo to delay the seventy-five cent fare from January to next June. This proves the good Governor's flexibility.

I urge this Committee to secure the passage of a resolution requesting Governor Kean to renegotiate the June fare deadline, and that the fifty cent fare be frozen until 1988. At the Port Authority hearings, I advocated a fifty cent fare with a five-year freeze. The basis for this freeze was that the Governors previously agreed that a relocation of forty floors occupied by New York State in the World Trade Center be frozen until 1988. In addition, a \$95 million relocation cost was given to New York State. For New York State to get a freeze at \$10.00 a square foot, now worth \$40.00 a square foot, while

New Jersey commuters are compelled to pay seventy-five cents immediately, is outrageous. Will the Legislature stand by and permit this gross inequity in favor of New York to stand, while New York State receives a bonanza of \$255 million and New Jersey receives nothing in return? If this is permitted to stand unchallenged by the Legislature, then all of the resolutions it has passed in the last year opposing PATH fare increases and ordering investigations into the Port Authority supergovernment, are a cruel hoax.

I am offering copies of the news reports of the three so-called "hearings" on the PATH fare, which we charged were a charade, a sham, a Star Chamber proceeding, where the Port Authority was the judge, jury and prosecutor. This is now the basis of legal action by the County of Hudson. I recommend that the Legislature study this aspect and seek the creation of a bi-state Hearing Commission to protect the commuters against the unbridled power of the Port Authority to raise PATH fares at will, without hearings conducted by an independent tribunal. The commuters are now helpless since the Interstate Commerce Commission was deprived of jurisdiction since the 1973 hearings.

Regarding zoned fares, I believe at this time we should place little emphasis on this matter, and defer it for further study after the present litigation is resolved and the current fight to forestall next June's seventy-five cent fare increase is over.

There are no statistics to measure the number of intercity and intercounty riders from the fare box, since we do not know the riders' destinations. Studies by the Port Authority will undoubtedly go on for years until the present furor dies down.

To give you an idea as to the indifference of the Port Authority to zoned fares, permit me to quote from the Jersey Journal of August 5, "Mr. Frederick Boyd, a Port Authority spokesman, commenting on a study of zoned fares said, 'But, the study itself will look beyond the seventy-five cent fare at some point, whether that is three, five or seven years down the line. The Port Authority may need to increase the fare beyond seventy-five cents.'"

Gentlemen, this substantiates what I have been trying to say all these years, and verifies the bi-state panel's recommendation. We

have unleashed a tiger. A discussion of zoned fares now is a diversion of our united efforts to challenge the unbridled power of the Port Authority.

To conclude, we now see that the New York Legislature, with Mayor Koch's objections, will now kill the bill authorizing Hoboken's waterfront development, which was used to be sympathetic to the Port Authority's request for a PATH fare increase. We will now find that New Jersey has been taken over the coals by New York State, which will now get a five-year freeze on its World Trade Center rentals worth \$255 million, while New Jersey commuters are stuck with a seventy-five cent fare, and possibly no Hoboken development.

I wish to thank you for the opportunity of permitting Mr. Morley to read this statement in my absence.

ASSEMBLYMAN COWAN: Thank you, Bill.

MR. MORLEY: I now have a short statement of my own, Mr. Chairman. I am speaking as an individual, and not on behalf of Hudson County.

I have had experience in the field of transportation administration, regulation and operations for over twenty years, and am presently serving as Special Rate Counsel for Hudson County in the PATH fare increase lawsuit presently pending in Superior Court. While this is not the time or place to address the merits of the case, I must note I am proud to be associated with Ed Clark, County Executive, the Hudson Freeholders, Acting County Counsel Joseph V. Kealy, Jr., Jay Liebman, First Assistant Counsel, Congressman Guarini and his fine staff, with whom I am working on the PATH lawsuit on an almost daily basis.

I suggest the time has come for the Legislature to put an end to government by decree. Today, if PATH, PATCO, New Jersey Transit, the Turnpike, Highway or Expressway Authorities want to raise fares or rates, presto, a public gripe session, or two, or three, and voila, the fares or rates go up, up and away. At least Superman came back down.

In former days in a rate case before the New Jersey PUC or the ICC, there was a contested hearing of a quasi-judicial nature, testimony was taken under oath, books of account and financial data were introduced, rate counsel actively represented the public interest, municipalities and counties had the right to be made parties, and there

was confrontation and cross-examination. Where has all this gone? The present gripe session system is a travesty of Anglo-Saxon jurisprudence.

I recommend the immediate enactment of legislation requiring a formal rate hearing before any transportation authority or common carrier receives any rate increase whatsoever, even if this means the establishment of an independent transportation rate commission to review recommendations of a hearing officer and/or administrative law judge, who has actually heard the case for and against a rate increase in the context of a quasi-judicial hearing.

Get this rate making process back under quasi-judicial control before intolerable fares destroy our transportation system. The authorities are going too far in becoming empires not dissimilar from The Honourable East India Company. Get them back under control as well, with due regard for the constitutionally protected rights of their bondholders. Thank you, sir.

ASSEMBLYMAN COWAN: Thank you, Bill. Are there any questions?

ASSEMBLYMAN MARKERT: No questions.

ASSEMBLYMAN COWAN: All right, thank you very much, Bill. Next we will have our County Executive, Mr. Edward Clark.

EDWARD CLARK: Mr. Chairman, members of the Committee, ladies and gentlemen: First off, we want to welcome you here today, Tom. I think this is a very important hearing to have, because it will throw a little bit more light on a situation which I think has failed throughout to give the kind of public information that should be available pertaining to the operations of the Port Authority and its relationship to the public.

Those of us in government very often find ourselves in a position whereby we are very easily accessible to criticism, and I think it certainly behooves us to make sure that when receiving criticism, which certainly anybody who is worthy of being a public official should be able to absorb to a point, we should look a little bit beyond it and realize that in talking about our position here with the Port Authority, and realizing the content that has transpired from its inception, which was so eloquently related by Mr. Morley, that the

County of Hudson, in conjunction with the Board of Freeholders and Congressman Guarini and myself, feels very strongly that the mechanism that has been used in developing the fare increases, plus the continuance, you might say, of the sophisticated technology employed here this morning, indicates there is a continued atmosphere of "full steam ahead," despite the fact that the Governor of New Jersey has seen fit, and has opted for holding the seventy-five cent fare increase back to at least June.

I would merely like to say this morning for the record, we do not -- the Board of Freeholders and I -- look forward to the idea of litigation with the Port Authority. It is not something we take merely as a resolution of a dispute; it is not something we take merely because it is something that is going to draw media attention. But, I think in looking at the entire facet of what has happened here, the whole panorama of our system in dealing with the Port Authority in the manner in which finances are related to the public, there are a number of things that seem to be constantly missing. We have never been able to, at this particular point, to my knowledge, and I have heard many people who are far more knowledgeable than I am on the entire complex, as far as the financial ramifications of it are concerned, but, we seem to be unable to determine what costs are reconciled to the Port Authority, as opposed to the Division of PATH.

We are aware of the net profit of the Port Authority, and it was my understanding many years back, despite the fact that I'm sure some of you can be very easily refreshed by it, when the World Trade Center was built, there was an understanding between the Governors of the State of New Jersey and the State of New York that as a result of it, and due to the revenues that would be forthcoming, which were at that particular juncture spoken of as a fountain of revenue that would solve many of the commuter problems. At that point, the understanding was that because of the revenues that would be accruing to the Port Authority and the advantages to the State of New York, that, indeed, that was the reason why the commuter status has changed to a point where now we are being told there is a \$47 million deficit in PATH.

I would suggest very strongly that some of these numbers which have been evasive must be reconciled before we can come up with

what is considered, perhaps, a reasonable rate, one that is acceptable not only to the public, but one that makes sense for the public good from a fiscal standpoint. These are the kinds of things that have to be explored.

As I said previously, there will be a suit on this. It obviously is going to bring to the fore the kind of information that has not been forthcoming to the public. Any information that has a consequence to these hearings and ultimately to the eventual rate that is determined that your Committee, in cooperation with the County of Hudson, can make certain determinations, we would appreciate it.

We thank you for your time here today. I'm sure there are many people who have a lot more to say about this, who have an in-depth perception, particularly many of them who are commuters. Gentlemen, anyone who has had the opportunity to commute on a daily basis to New York, anyone who has had an opportunity to pay the variety of New York taxes before they come home to Jersey to find out what the bottom line is on that paycheck, I'm sure would appreciate your consideration too. Thank you very much.

ASSEMBLYMAN COWAN: Thank you, Ed. I would just like to recognize and welcome the Senator from the 31st Legislative District who has joined us now, Senator Ed O'Connor. Our next witness, representing Congressman Guarini, is Mr. Michael Scanlon.

MICHAEL SCANLON: Thank you, Mr. Chairman. Members of the Committee and honored guests: Legislative duties in Washington prevent Congressman Guarini from being here today. However, as a member of his staff, I have been instructed, and with your permission, to read his statement into the record.

At the outset, I would like to thank Assemblyman Thomas Cowan, Chairman of this Committee, for extending an invitation for me to testify. I would also like to express appreciation to Assemblyman Cowan for his interest in matters of transportation and communications which affect all our citizens, specifically those in the urban areas. I join with Assemblyman Cowan in fighting the two fare increases forced on the public by the Port Authority of New York and New Jersey in its PATH operation.

Our testimony at that time indicated the fares were not justified, and in view of the current reports of a breakdown in planning between New York and New Jersey as to how these increases and fares were to be spent, in my opinion, I believe that history will show that a great hoax has been perpetrated by PATH on its riders, who now must find \$300.00 and \$400.00 a year more for transportation to and from work, not only intercity riders, but intracity riders.

It is to reiterate my protest on these unfair increases and to register disappointment that Governor Thomas H. Kean did not exercise his powers to veto the PATH increases, which would have been in the best interests of the residents of New Jersey, that I have joined suit with the County of Hudson in seeking to turn back PATH fare increases because of the unwarranted closed door activities surrounding these fare increases.

The agreements made were not made in the public view, but in some smoke-filled rooms by a blue-ribbon committee appointed by the Governors of New York and New Jersey. I wonder if any of the individuals involved who made these major decisions, ever have the need to ride the PATH trains to and from work.

It is with this view in mind that I am asking that PATH be compelled to provide discount fares for their riders who are elderly and handicapped. Other means of transportation in New Jersey are granting the discount fares to this group of worthy citizens, and there is no reason why the same cannot be done by the PATH administration.

One point of deep concern, also, is the flat seventy-five cent fare that is being charged for intracity riders. It is indeed a golden mile for the seventy-five cent fare being assessed for people traveling from Journal Square to Grove Street, Grove Street to Exchange Place, or areas connecting Hoboken, Newark, Harrison and Jersey City.

When you see the advertisements indicating that one airline has reduced air fares to \$149.00 to go by air to London, which costs approximately four or five cents per mile, and another airline charges \$23.00 to go to places like Washington and Syracuse at ten cents per mile, you wonder where the insensitive PATH officials get the colossal gall to charge seventy-five cents for short trips, using antiquated facilities which have been proven to be unsafe in recent months.

I believe these fare concessions to the elderly and handicapped are much more important than the Port Authority spending \$2 million to have a radio system in the Holland and Lincoln Tunnels, in order for car riders using these facilities to hear a weather forecast or some news.

I was also disturbed last week when reading a front page article in the Jersey Journal concerning the strike by maintenance men outside the Holland Tunnel, to learn of the allegations by high union officials that Port Authority fares and funds are being used to wine and dine some of their top level personnel. This statement has never been denied by the Port Authority top echelon.

The charging of fares by intrastate region is the only fair way of assessment being made for the transportation needs of our area's low-income working people.

Recently, the U.S. Department of Transportation issued regulations to carry out Section 317(c) of the Surface Transportation Assistance Act of 1982. This requires that the Department of Transportation issue new regulations to carry out Section 504 of the Rehabilitation Act of 1973, in connection with the Department's financial assistance program for urban mass transportation.

These regulations wish to demonstrate a strong Federal commitment to ensure access to public mass transit systems for all citizens. It is an important step in implementing the intent of Congress that adequate public transportation services are available to handicapped persons. It includes provisions designed to prevent the imposition of undue cost burdens.

While the Department of Transportation rule stresses the "minimum criteria for the provision of transportation services to handicapped and elderly individuals," it does not require existing subway systems to be made accessible. This we can understand in part. However, the least PATH can do is to give some financial considerations to the elderly and the handicapped.

It is recommended, therefore, that half fares be charged to these individuals, and a fifty cent limitation for intracity riders, as long as the seventy-five cent fare remains in effect.

We appreciate these hearings chaired by Assemblyman Cowan, because they give the public an opportunity to express their feelings on matters which affect their health and mobility, and their pocketbooks. This is more than can be said of PATH, which arrogantly conducted nonbinding and unofficial hearings after -- and I repeat after -- they made up their minds to unjustly raise the fares.

I sincerely hope the court action instituted by the County of Hudson in the Superior Court of New Jersey on September 7, 1983, will be resolved in the best interests of the riding public. It will serve notice on the insensitive Port Authority that the days of the feudal barons are over. Thank you very much.

ASSEMBLYMAN COWAN: Thank you, Mike. Assemblyman Markert?

ASSEMBLYMAN MARKERT: I only have one comment, and I would like it very much if you could possibly bring these thoughts back to the Congressman, and that is the lack of Congressional support for the need of mass transit in the northeastern area of this country. It is an area I have long fought for consideration on by the Federal government, and I would like to see Congress take some action that would bring forth further funds, other than the new one cent increase in the gas tax, with reference to support of mass transit, both in operation and capital.

MR. SCANLON: While I agree with you in sentiment, I feel that the Port Authority has not addressed Congress on this particular question. I think, you know, if we could sort of prod--

ASSEMBLYMAN MARKERT: I believe it would have to be through the states, rather than through the Port Authority, with reference to addressing Congress.

MR. SCANLON: However, I will make note of your remarks to the Congressman.

ASSEMBLYMAN MARKERT: I would certainly appreciate that, thank you.

ASSEMBLYMAN COWAN: Senator O'Connor?

SENATOR O'CONNOR: No questions.

ASSEMBLYMAN COWAN: Thank you, Mike. Next we will have Freeholder Samuel Kaye, our Freeholder from District 1, I believe, in Bayonne.

F R E E H O L D E R S A M U E L K A Y E: I want to thank you, Tom and John, for being here again, because I do not think there has been any other subject so well covered by this particular Committee than any other committee down in the Legislature.

Here we are again at another PATH hearing. I heard a speaker talk about the systems they have in Baltimore but, unfortunately, I am not very well versed on the particular systems we should have in PATH as far as collecting money, zoning and so forth. I did ride the train from Arlington to Washington, and that system seems to be very good. I spoke to the fellow from Baltimore, and he said their system was similar. As far as the mechanical equipment is concerned, I don't think you, or I, or anyone else is going to decide what equipment is going to be used, because I know the Port Authority will use the most efficient equipment, using the least amount of people to be employed to cover this system. So, I think no matter what happens here, or what is discussed, they are going to make the decision on what they use, as they made the decision to increase the fare when their commissioner said there wasn't enough information to change their minds, or new material brought in on the hearings to discourage the seventy-five cent fare raise.

Now, the basis of all these meetings -- I did a little thinking about this. I resent the fact that the Port Authority is giving the State of New Jersey money to take care of our roads. I think it is a disgrace and an insult to the people of this State. We should take care of our own problems in our own house, because if they raise the fare to seventy-five cents so we can get our roads fixed, in two years, or five years, they can say \$1.25, because we are going to need more money to repair our roads. I think we should be divorced from the Port Authority or any other private agency in this State to give us money to fix our needs in our own houses.

When we discussed the increases, there were a lot of objections because the people cannot afford to pay more money to go to work. I think there should be competition between the State of New Jersey and the State of New York, because competition is healthy in business. It is healthy in my business as a little man; it is healthy in their business as big people. But, they do not have any

competition; they are a monopoly, so we cannot compare apples with apples, we just compare one apple with the same apple, and that's it. Whatever they say, that is the way it is going to be.

Now, I said it before at the last hearing, the word "transportation" for the Port Authority is -- they have overextended their mark. Either they are in transportation, or they are in fixing coal ports, or bringing in more port terminals, taking taxes away, and putting them where they want to put them. They have too much control; they are running away with themselves, and they are running over the taxpayers of this State. They will sell the World Tower Building, lose their revenue, and their transportation will be losing money because they cannot count on the money they are getting from other revenues.

We have to do something. You gentlemen down in the Legislature have to do something about this problem. I think the PATH system should be divorced from the overall Port Authority picture. Let them put it out to bid, and let people come in, as we do anyplace in government. See who can run this railroad the cheapest and most efficient way, without bringing in all other aspects of this business. Either they are losing money, or making money on the particular issue of PATH trains. That is one of my suggestions.

I also believe, and I will say it again, I think they should take over the Columbus Street Bridge, because it is their responsibility. They are making money with the tracks which are running underneath Journal Square, and we have to maintain them. They maintain them for us, and we pay them, because it can only be done at their convenience, at night, and using railroad equipment to replace that.

Now, I have a letter from the Governor stating that he is fixing this and putting nets up, but this is Federal money that will be taken away from our allocation. The Port Authority is not paying for anything. They should be paying for that, and they should take it over. I know we have an airtight contract and, for the governing body that was in power at that time, it was a disgrace to this County for them to make such a deal, because I know I wouldn't make a deal like that for the people and the taxpayers in this day and age. They put it over on us because they gave us a building, and we have to maintain the

understructure of that building. I still think they should take it over.

Also, I do not think deals should be made by governors, about what is best for who, and that is what happened. We should be independent, and we should be competitive between New York and New Jersey. Let us do our own thing. If we have a better climate in Hudson County, and it is cheaper to live here and cheaper to ride PATH to go to work in New York, let's draw them over here. If New York has something to sell, let them sell it. That is what this country has been built on, competition, and that is what we need. Thank you.

ASSEMBLYMAN COWAN: Thank you, Freeholder. Do you have anything, John?

ASSEMBLYMAN MARKERT: Nothing, thank you.

ASSEMBLYMAN COWAN: Okay, thank you, Sam. Is Joseph Kealy, who is next on the list, here, the Acting County Counsel? (no response) Next we will have Mr. Wayne Bradley, Chairman, County Transportation Association.

WAYNE BRADLEY: Good morning. It is nice to see you again, Mr. Chairman. Assemblyman Markert, it is good to see you again. Let me first preface my remarks by commending the Committee for its very active participation in transportation. I know I have been to a number of your hearings here already. You, as a Committee, are working very hard. I think on behalf of the CTA, and also on behalf of my employer, the County of Essex, we deeply appreciate that.

Certainly, this is an important issue. We were represented at the PATH hearings, and did give comment on the first and second phases of the PATH fare increase. What I would like to do today is speak as the Chairman of the County Transportation Association, which met on September 6 to pass a resolution. I would like to offer those comments and, also, I would like to speak as the Assistant Planning Director for our Essex County Division of Planning. First my comments on behalf of the CTA.

We have a few brave souls who made their way to our meeting on the day after Labor Day to talk about, among other things, this most important issue of the PATH fare increase. Our deliberations span the field of how important the PATH system is in terms of our entire

regional transit policy, and the contributions the Port Authority of New York and New Jersey are making in promoting our urban transit policy. We find ourselves perplexed by the fact that the Port Authority would raise the fare on the PATH system twice, and yet only make a recommendation and act on that recommendation to raise the vehicular river-crossing tolls only once. It concerns us that this does not seem to be consistent with our toll focus, I would think, in promoting transit use in this corridor, a very heavily utilized corridor, to get more people out of their automobiles.

We think the PATH system is a very efficient system. It is certainly a system that we would like to see absorb more of the automobile riders going across the rivers, and we think the Port Authority, in its actions and in its fare policies, ought to be more consistent with that strategy.

Basically our position is this on the second phase of the fare increase. We would not support that fare increase without consideration by the Port Authority, and we ask you as a Committee to support this position, without having an interline, that is the transfer between the rail mode and the bus modes that intercept the PATH system -- without that interline multi-ride discount coupon. What we are asking is that our regular PATH commuters who are traveling by other modes to the PATH system, enjoy the same type of a discount that the vehicular riders are enjoying in crossing the Hudson River. We think this position would be consistent with continuing a transit policy in this region, and we ask you as a Committee to very seriously discuss this with the Port Authority, and that the two Governors of the States of New York and New Jersey take an active position in that regard. We think this is sort of a total point now for us, because, obviously, transit fare policy has a major impact on our ridership and on the stability of the systems.

We passed a resolution, as I indicated, at our September 6 meeting. I am not prepared with copies of the resolution, but I will be sure to get copies of that resolution for the Committee this week, and I will let the resolution and my comments today be entered into the record.

On behalf of Essex County, our concerns go a little bit beyond what the County Transportation Association of New Jersey's do, in that we are looking at the off-peak situation with PATH. One of the deep concerns we have, of course, is that, typical of any transit system, you have a peaking phenomenon. That is, you have crush loads during the rush hours, and then during the off-peak hours, you are riding the systems basically empty. One of the concerns we are having is that the Port Authority should seriously look at some discount ticketing during off-peak hours. If they are committed to a transit policy, and they have at least given us those overtures verbally -- if they are committed to that, we are asking them to translate that into some meaningful fare policy. We are asking this Committee to stand behind that position, that we take a serious look at how we can, you know, create more of an effective system on a daily basis. There are a number of people, particularly from Essex County, who ride into Journal Square and into Manhattan by PATH during the off-peak hours, and we think that would be an opportunity for PATH to capture additional riders in the system.

What that will tend to do if, in fact, it becomes successful, and I think it will if more people can be attracted to ride the system, is generate more revenues to PATH. More revenues to the PATH system will help us to do the thing that we wanted to do most, and that is maintain a relatively low-cost ride during the rush hours between Newark, Journal Square and Manhattan.

Our other concern is basically that the seventy-five cent fare increase not be implemented, again consistent with what we have been saying at the CTA, not be implemented without a comparable multi-ride discount that is presently available to vehicular riders across the Hudson River.

I think that if anything, this Committee should at least make the Port Authority bear witness to their reasoning behind this apparent inconsistency in their verbal overtures to have a regional transit policy and their apparent lack of attention to the fact that their fares are going to have an adverse effect on them.

I thank you very much for listening and bearing with me and, as I indicated, I will have the resolution for you on behalf of the CTA. Thank you.

ASSEMBLYMAN COWAN: Thank you, Wayne. John, do you have anything?

ASSEMBLYMAN MARKERT: Thank you, Mr. Chairman. I would just like to say I believe some of the remarks addressing the multi-fares and the concern for increasing ridership, especially during off-peak hours, have been concerns of this Committee as a whole. I would say there has been no dissension on these thoughts. We have, and will continue to push for this type of a situation to exist within the whole Port Authority's transportation package as it sits now. I can honestly say that the Chairman has been constantly moving along these lines, and has been looking for support, which he has gotten from the rest of the Committee. I am glad to see that so many of us have the same train of thought. Thank you.

ASSEMBLYMAN COWAN: Wayne, just for your information, present with us today, sitting in and listening, is the Manager of the PATH system, Fran Gorman. We also have a representative from Jersey City representing Mayor McCann, sitting in and listening, Dennis Souder. Regarding what you mentioned about transfers, etc., we are aware of these things, but just for your information, we reached out to NJT and all other interested parties, or parties we thought would be interested, to perhaps establish some relationships as to the overall mode of transportation in the complete network. I assume they will be listening intently, also. So, thank you.

MR. BRADLEY: Well, that is good to hear. Thank you very much.

ASSEMBLYMAN COWAN: Next we will have the President of the Historic Paulus Hook Association, from Jersey City, Mr. Joseph Duffy.

J O S E P H R. D U F F Y: Good morning everybody, my name is Joseph Duffy. I am a lifelong resident of our great City of Jersey City. I reside at 108 Grant Street, and I am the President of the Historic Paulus Hook Association.

Assemblyman Cowan, members of the Assembly Transportation and Communications Committee, ladies and gentlemen: I have a prepared statement which I have submitted to the Committee, and to the press, and I will add to my statement some other factors which I think are very important. The statement is dated today, Wednesday, September 14, and is as follows.

It is hereby proposed that the Committee recommend the adoption of legislation containing:

1. A half fare discount, during off-peak hours, for senior citizens and handicapped citizens;
2. A system of zoned fares based upon the distance of travel; and,
3. A system of reduced fares, for twenty-four hours per day, for intracity travel.

There was some mention earlier -- it is not in my statement -- about reduced fares for school children. I left that out deliberately, because I feel many schools give discounts for transportation to the children automatically. Now, whether they will do this when the seventy-five cent fare goes into effect, I don't know. But, at the present moment, as far as I know, they are not getting a half fare or a discount on PATH. I will continue the prepared statement.

These reductions in PATH revenue will return to the users the illegal fifty-cent fare now being collected. To prove our contention, we attach Page 43 of Chapter 8, Laws of 1962. I will read the pertinent sentence, which is attached to my presentation, Mr. Chairman. It is the second page of my presentation. The important sentence reads, "'Surplus revenues of the port development project' shall mean the surplus revenues of the Hudson tubes, the Hudson tubes extensions and the World Trade Center." Now, for purposes of explanation, the Hudson tubes extensions in that sentence, means that in 1962 when this law was established, there was talk about extending the Hudson tubes to Plainfield, and perhaps to the Newark Airport.

My contention, members of the Committee, is that when this legislation was passed, it was the feeling of the Legislature in New Jersey and the Legislature in New York that the Hudson tubes, now called PATH, would seldom, if ever, operate at a profit. Most of you know, I am sure, that commuter transportation in this country is subsidized, perhaps to the extent of 90%, if not more. Therefore, they said, "Okay, Port Authority, we will let you build the World Trade Center, and the money that is generated by the World Trade Center will support PATH. The fare will be frozen at a given figure of thirty

cents whenever the surplus of the World Trade Center is greater than the loss in operating PATH. My last sentence in the second paragraph says, "In effect, the PATH fare is frozen at thirty cents."

Therefore, the items I suggest, reduction of fares and so on, will get back from the users of the PATH system, the monies they are now collecting illegally. Obviously, if that is true, the proposed seventy-five cent fare next July, in my humble judgment, is, again, illegal. Now I will continue with my prepared statement.

We are enclosing a clipping from the New York Times of August 31, 1962, Page 23, wherein it is stated that the Executive Director of the Port Authority refused to surrender some records when they were subpoenaed by the Congressional Committee. I refer the members of this Committee to the New York Times article, which I will submit for inclusion in the record. I draw your attention to the third item, which says, "U.S. Asks Reversal of Tobin Decision." The dateline is Washington, August 30, and it was printed by the Times on August 31, 1962, on Page 23. It reads as follows:

"The Justice Department asked the Supreme Court today to reinstate the conviction" -- and I repeat those words -- "to reinstate the conviction of Austin J. Tobin, Executive Director of the Port Authority, for contempt of Congress." This is the philosophy, members of this Committee, of the Port Authority. It was cited for contempt of Congress. I will continue the statement. "The Court of Appeals here reversed the conviction last June. A Federal district judge had found Mr. Tobin in contempt for refusing to comply with a subpoena issued by a House Judiciary Subcommittee investigating the Port Authority. The subpoena had sought documents on the Authority's internal operations."

So, members of this Committee, since 1962, the Port Authority has refused, consistently, to relinquish pertinent records concerning their operations. In that connection, I asked for a certified balance sheet and a certified statement of operations from PATH for the calendar year 1962. I still have not gotten them. I have a copy of their Annual Report. It was audited, and surely the auditors must have that information, yet PATH refused to give me a certified statement. As Assemblyman Cowan knows, I asked his secretary down at 99 Montgomery Street, to get a copy of a certified statement. They gave me some

figures, but what they gave me was not a certified statement by a CPA firm. There is quite a difference. I haven't gotten this yet, and I'm sure that if this Committee would request such information, it may be denied, similarly as Austin J. Tobin denied Congress the records in 1962. I will continue that statement.

"Officials of New York and New Jersey, including Governor Rockefeller, supported Mr. Tobin in his refusal. They took the view that the Federal government had no power" -- listen to this -- "that the Federal government had no power to investigate such interstate agencies as the Port Authority. The House Subcommittee rested its claim chiefly on the fact that when Congress" -- I'll repeat this -- "that when Congress approved the compact setting up the Port Authority in 1922, it reserved the right to alter, amend or repeal" -- these are quotes -- "to alter, amend or repeal its approval."

So, gentlemen, Congress authorized the existence of the Port Authority, and then Mr. Tobin had the gall to refuse to give to Congress, records which it subpoenaed. I will continue with my prepared statement.

I am also enclosing some data from a report of the New York State Assembly. Members of the Committee, if you will look at Page 4--

SENATOR O'CONNOR: Mr. Chairman, may I ask a question?

ASSEMBLYMAN COWAN: Yes, Senator.

SENATOR O'CONNOR: Mr. Duffy, could you just stay with this for a second. What happened, what was the follow-up to this? What did the Court of Appeals do?

MR. DUFFY: The case just dropped, because of the intercession of the Governor of the State of New York, who was a very good friend of Mr. Tobin. The case was never pursued, as far as I know. This was the kind of government agency -- not government agency, but the kind of private agency set up by two states, this was the way they operated. I want to call your attention to Page 14. Page 14 is a page taken from the Committee of Corporations, Authorities and Commissions in the State of New York. It was issued by the New York State Assembly. I would like to speak here about the executive salaries of the Port Authority. I will read that into the record.

"In the course of our research, we examined the level of executive salaries which the Port Authority pays its top staff. We discovered a pattern of exorbitant and inflated executive compensation that cannot be justified by a public agency.

"The Port Authority's Executive Director, Assistant Executive Director and General Counsel earned more than \$101,000 each in salary -- a sum \$16,000 higher than the Governor of New York's salary. Six other Port Authority executives receive from \$88,000 to \$97,000 a year, and a dozen more are paid over \$70,000 a year. In all, 230 Port Authority managers earn \$50,000 or more a year. Other top salary earners are the Director of Public Affairs, who receives \$89,492 per year and the Executive Assistant to the Executive Director, who earns \$72,488. The salaries which the Authority currently pays its employees are excessive in relation to comparable positions in State and local agencies, and even in terms of other public authorities in New York State.

"The following Table 8 reflects salaries of all Port Authority employees earning in excess of \$50,000 per year." If you look at the next page, these figures were as of May 8, 1982, rather current figures. So, gentlemen, again, the amounts of money that the executives get for running the Port Authority, in my humble opinion, are quite excessive.

Now, I will conclude by stating that if any member wishes to ask me any questions about my presentation, I will be glad to answer if I can. Also, I hope the Committee, when it gets into private session, enacts legislation adopting the three items I have mentioned. It is only fair and proper that they give a reduction to the people who use the PATH lines, because my contention is that -- and I think I am on solid ground -- the fifty-cent fare is illegal, based on my reading of the 1962 law, which established the Hudson tubes, which is now PATH, and the World Trade Center. They are one and the same operation. That is what the Legislature intended. They knew that PATH would seldom have a surplus. They also knew that the World Trade Center would continue to generate surplus after surplus after surplus. For your information, the 1982 report of the Port Authority -- and I have a copy with me -- showed that the World Trade Center produced a surplus of \$71

million. Again, based upon a consolidated report, the operations of PATH were \$55 million for 1982. Gentlemen, this leaves a net surplus of \$16 million. If you go back a number of years to when the World Trade Center was fully rented, I'm sure a similar surplus probably existed in 1981, 1980, 1979 and so on. What I am saying is, if you put all those years together, the combined surplus of the World Trade Center and the deficits of PATH would have produced, in my humble opinion, perhaps, a \$50 million surplus, which they could have used to maintain and upgrade PATH. The only justification they can have for the increase in the fare, the fifty cents, is they want to upgrade the system and get new equipment. Fine, they have about \$50 million they could have used for that purpose.

Thank you for listening, members of the Committee. Again, I hope you will enact the legislation I suggested. Thank you again.

ASSEMBLYMAN COWAN: Next we have Mr. Arthur L. Reuben, Planning Director, Somerset County Planning Board.

A R T H U R L. R E U B E N: I am Arthur L. Reuben, Planning Director, Somerset County Planning Board, and Transportation Coordinator for the Freeholders of Somerset County. I would like to thank Assemblyman Cowan, Assemblyman Markert and Senator O'Connor for this opportunity.

I will not go through the entire resolution passed by the County Planning Board; I will just touch on a couple of highlights. I think what has been said here before about discounted fares is important, and that is the heart of our position. I would like to emphasize one part of this resolution which indicates that the Port Authority has proposed no increase for the commuter automobile fares, which would result in the automobile commuter paying a substantially lower fare than the PATH fare.

I would like to emphasize another thing that has been brought up here, and that is, this will result in the deterioration of the regional economy of the State of New Jersey, and of New York, because you will undoubtedly increase the number of people in the tunnels and on the bridges, which will slow down all the commuters in the State of New Jersey who presently use their automobiles or go, to some extent, by buses into New York City.

We note that, while there is some precedent for increasing the single trip PATH fare to seventy-five cents, there is also precedent in the Port Authority's multi-trip discount for automobile passengers for a discounted multi-trip fare structure. The multi-trip fare is also very widespread, to the point of universality in the transit industry.

We indicate that the seventy-five cent fare should only be conditionally approved if there is a multi-trip discount for passengers transferring from bus or rail to PATH. We note that a similar arrangement exists between the Port Authority in South Jersey and the New Jersey Transit Corporation, whereby a discounted transfer is provided.

I should just note that we are concerned that there will be a significant loss of ridership. We feel that while the pendulum may have swung one way too much in reference to the thirty-cent fare, now the reaction of many of the people on the Port Authority is that people have been getting an unfair break with respect to the thirty-cent fare. They are pushing this pendulum to the other extreme, to where the people on the PATH system will be paying a higher rate, because both New Jersey Transit and the MTA in New York have fare systems that provide a much wider series of transfers, and a much wider range of opportunities to their farepayers.

I just might note that there is both good news and bad news with respect to the Port Authority. The Port Authority engaged in a couple of projects over the past years, or tried to push a couple of projects, which we fought and helped to defeat, with reference to a fourth jetport, where they would have expended a billion dollars. Also, the PATH extension, where they would have expended a half a billion dollars. We think they were bad decisions; we think they were basically bad political decisions. But, I have also been impressed by the fact that the Port Authority has helped to pay for the buses that go past this building on Newark Avenue here. So, there have been some good aspects of the Port Authority's role in the last few years, and I have been very impressed by their high professionalism. I am confident that their staff, given a directive to implement a discounted fare system, could implement such a program in short order. In the course

of learning the lessons of the system, they would be very helpful to both New Jersey Transit and the MTA.

Just one word about the number of magnetic ticket systems. There have been problems with a couple of these systems. There have been problems with the BART system; there have been problems with the system in Washington, D.C. But, there are other systems throughout the country that have worked very well. I think there has been enough experience now so that they could be implemented without too much difficulty in this area. Thank you, Mr. Chairman.

ASSEMBLYMAN COWAN: John, do you have anything of Mr. Reuben?

ASSEMBLYMAN MARKERT: No, thank you.

ASSEMBLYMAN COWAN: Senator O'Connor?

SENATOR O'CONNOR: No, Mr. Chairman.

ASSEMBLYMAN COWAN: Thank you very much, Arthur.

MR. REUBEN: Just one point, Mr. Chairman. I happened to ride in on the New Jersey Transit today to Newark before I took PATH here, and on the seat was a distribution of New Jersey Transit's rail connections. I would like to offer you a couple of copies. The lead article said, "New fare and discount options offered." I think it is appropriate that it came out on the day of this hearing.

ASSEMBLYMAN COWAN: It might be proper also, Arthur, at this time to make the announcement that we have someone representing New Jersey Transit here today. Art Guzzetti is here listening. Next we have a commuter from Point Pleasant, New Jersey, Mr. Francis Bragen.

FRANCIS BRAGEN: Good morning. I am a commuter on PATH; I am also a disabled individual, and I guess I could be classified as a senior citizen. But, I am not in favor of any discount fares for anybody, whether they are senior citizens, or are disabled, or they are commuters who travel everyday as I do.

Everyone is looking for a free ride today. That is why we have that big deficit down there in Washington, and that is why we have a national debt that is choking us.

I board PATH in Newark, on occasion, and I board PATH in Jersey City. Now, when the World Trade Center was first talked about and the Governor of New Jersey got Rockefeller and Tobin to agree to take over the Hudson-Manhattan Railroad, you had two passenger services

going into the old Hudson-Manhattan Terminal. One was the Pennsylvania Railroad service, which went from Newark to Cortland Street, and you had the Hudson-Manhattan Railroad, which went from Journal Square to Cortland Street, and, also, from Hoboken to Cortland Street, and from Journal Square to Thirty-third Street. Now, you did not pay the same fare. You bought a ticket, and there was a Pennsylvania Railroad ticket agent in that terminal in New York to punch your ticket if you were riding to Newark.

PATH came along and, for expediency's sake, they leveled the fare out. Now, there was no economic justification for doing this, but they did it. They made the fare the same from Newark to New York as from Journal Square to New York. All the time that passenger service was in existence between Newark and the Hudson Terminal in New York, you paid a greater fare, and you should be paying it today.

PATH's own figures on mileage tell me that the distance from Journal Square to the World Trade Center is 3.2 miles. The distance from Newark to the World Trade Center is 8.9 miles. That is almost triple. In all fairness, the fare from Newark to New York right now should be a dollar. I told this to Mr. Gambaccini at the fare hearings, but I couldn't register with them. Mr. Gorman is here now, and I want to propose something to you and I want him to tell me why he can't do it.

ASSEMBLYMAN COWAN: Before we get into anything like questions and answers, we are taking testimony today. Unless some individual is willing-- Before you even address the question, I want to clarify what the positions are. If any individual is willing to answer you, certainly there is no objection. However, we are here for a hearing to have input and exposure, as much as possible, and to do it in a fashion that will perhaps promote something better for all of our commuters.

MR. BRAGEN: Well, I am not looking for an adversary relationship with Mr. Gorman. I have spoken to him on many occasions. But, why can't they collect fifty cents in a fare box at Newark and fifty cents when you get off at the World Trade Center in New York, and stop collecting fares at Journal Square? In the evening, take fifty cents at the fare box at the World Trade Center and fifty cents when

you get off at Newark. Equalize this thing. This is so unfair. The Transport of New Jersey charges \$1.50 to ride from Penn Station in Newark to Penn Station in New York -- \$1.50. They just raised their fares generally, but they didn't raise this fare.

Now, you can ride on PATH from Penn Station in Newark to Penn Station in New York for fifty cents. You get on the World Trade Center train, you get off at Journal Square, you walk across the platform, and you take the Thirty-third Street train -- one fare. This is unjust; it is an inequity. I just said something about collecting fares at the World Trade Center. Why can't they collect the fares on the uptown run as you leave the train, and let the people getting on trains in Newark who are riding to uptown New York pay \$1.25, fifty cents when they get on, seventy-five cents when they get off? They are paying \$1.50 now if they want to ride from Newark to Penn Station on the same train they are on.

The people who get on the train at Journal Square rarely get a seat during rush hours. The only way you can get a seat in the morning is if someone is getting off that train from Newark and is rushing across the platform to go to the Thirty-third Street train. You have two services. People who get on the train in Newark, if they cannot get a seat on the train that is on the platform then and they want to wait for the next one, you'll get a seat. I know; I have been on that platform in Newark. But, you are never going to get a seat at rush hour at Journal Square. It is like getting into a cattle car. There are two classes of riders for the same fare, and the rider from Newark is going three times the distance, almost.

Now, this fare increase is predicated on causing a revenue gap in the Port Authority's income and outgo. When I saw that last year they said their revenue was \$19 million, and their expenses were \$77 million, I was sitting next to Mr. Clark over there and I asked him what the budget for Hudson County was last year. He told me it was \$138 million. That Hudson County budget covers some operation. We have a railroad here that runs a couple of miles, and they spend \$77 million. Can you people-- I have heard numerous speakers here say that it is impossible to dig into the Port Authority's books, or records, or financial statements. It just doesn't make sense. But,

could you make a note to find out how the heck their expenses-- These are not capital expenses. These are operating expenses -- \$77 million. My personal observation, and I notice it in the World Trade Center, and I notice it at Journal Square, is that half the people on the payroll at PATH do not perform any work. I see police officers in groups of two, three and four. I see people with PATH emblems on their jackets all over the concourse and platforms talking with one another. Apparently they do not have any work assignments. And, because I am disabled, I like to use the escalators, and God Almighty, if you go to the police booth there at Journal Square and tell them the escalators are not running, they are annoyed because you tell them, yet they have a panel board right beside them there that tells them every time an escalator goes out of service. They just do not give a darn.

Enough of that. The fare structure is not fair. I do not think we should be talking about making it fair, waiting for computerized systems with magnetic cards and everything else. I think this system is so small that there are some basic changes in the way they collect their fares which could be made now to equalize it to make it fair.

I would like to make another point here about the seventy-five cent fare. I talked to Mr. Sagner about this several times, and I hope no one up there is under the impression that this seventy-five cent fare is not cast in concrete, because it is. It is cast in concrete. Nothing that I am saying today, or anything that you people are proposing is going to change the effective date of that seventy-five cent fare next June. The only thing that will change it will be the concurrence of the Governor of the State of New York with Governor Kean delaying it. But, that fare is set in concrete. There are a lot of things said at these hearings by people who do not understand what happened at the meeting in June, when that fare hike was made part of the record. You even had newspaper stories in the Jersey Journal last month, saying that the fare was going to go to seventy-five cents next June, because Governor Kean did not veto the last resolution. If Governor Kean vetoed that resolution, the fare hike would have gone to seventy-five cents January 1, instead of June. That is all that resolution was concerning, the effective date. It did

not have anything to do with the seventy-five cent fare. That is cast in concrete.

Other speakers here have spoken about the whole World Trade Center financial setup. The movement of the offices of the State of New York out of the facilities they now occupy has been mentioned by several speakers. Now, the revenue of PATH last year, according to their figures, was \$19 million. If you double the fare, you are going to pick up \$19 million more a year. They are going -- the World Trade Center, to free up the space from the State of New York, is giving the State of New York a subsidy of \$95 million to move out. That is five times what they will collect on this increased fare. It will take five years to make that up.

The whole pressure on this World Trade Center is to get it on the tax rolls of New York City. But, we are in New Jersey. I am not so concerned about the tax rolls of New York City. The World Trade Center sparked building -- if you go down there to downtown New York -- that brought billions of dollars of additional rateables to the City of New York. It is not to the advantage of the State of New Jersey for that World Trade Center to be sold. It is not even to the advantage of the State of New Jersey for New York State to move their offices out of there.

Now, why? Here's why. When they built the World Trade Center, they borrowed money, initially at 3-1/2%, then the rates went to 4% and 4-1/2%, and maybe by the time they got the -- it is still not completed -- but, by the time they got the present complex finished, their interest rate was probably 4-1/2% on the bonds. New York City is in there at \$10.00 a square foot, fine. So, they say the rate outside is \$40.00 and they should be getting \$40.00. That is what Mr. Koch says because he wants it on the tax rolls. But, that rate was set because the Downtown Association went to the Port Authority and asked them to explore the possibility of putting that building up. They then went to Governor Rockefeller, and asked him, "How can we get this thing off the ground?" He made the space commitment for all the space that the State of New York now uses. He used his influence with the Federal government to get them to take space in there. Without the space commitments that Governor Rockefeller entered into at \$10.00 a square foot, there would be no World Trade Center to talk about.

Now, instead of selling the World Trade Center to satisfy Mayor Koch and give him more rateables, we in New Jersey should adamantly oppose it, and let them spend some money. Let them leave the State of New York in there at \$10.00 a square foot, and let them take the \$95 million for starters that they are going to give them to relocate, and spend it down at Exchange Place. What you could do to that waterfront down there at Exchange Place. That is just a starter. Then, if you want this PATH operation subsidized, and you don't want to subsidize it from the World Trade Center, okay, put a mini World Trade Center up at Penn Station in Newark, and take over Penn Station in Newark. Put another mini World Trade Center up at another station along the way, and use that revenue to subsidize it. But the minute you let them sell that World Trade Center, you have no more club over the State of New York. This seventy-five cent fare, by the way, was imposed on us. It was imposed on us by Governor Cuomo. He said that he was going to veto the minutes of the Port Authority unless they raised the fare to the level of the New York City subway system.

You legislators were all asleep. Mr. Sagner said he didn't hear anything from any level of government that would make him change his mind on the seventy-five cent fare. They appointed a committee of six people last year. It was appointed by Governor Kean and Governor Cuomo in New York. They were the ones-- They were even talking about -- look at that paper there. (Witness had walked up to Committee and handed them a newspaper clipping.) The seventy-five cent fare is not the end of the line. They're talking about greater fares. I don't care where the fare goes, but make it fair. Make it fair. This zone business is fine, but we're talking about computer installations, magnetic cards, and everything. Why can't we do something with the Newark to New York fare right now? Why can't we do something with the Newark to Thirty-third Street fare right now? Why can't we leave the fare from Journal Square to New York at fifty cents, and why can't we raise the fare from Journal Square to Thirty-third Street to seventy-five cents? The mileage involved would justify it. The mileage from Journal Square to Thirty-third Street is 5.7 miles. From Journal Square to the World Trade Center is 3.2 miles. It is a 70% greater distance. So, a 50% addition in the fare box, to me, would be justified.

I thank you for your time, Assemblyman Cowan.

ASSEMBLYMAN COWAN: John, do you have anything?

ASSEMBLYMAN MARKERT: No, thank you.

ASSEMBLYMAN COWAN: Thank you very much, Francis. I think at this point in time we are going to recess for about a half hour. Following that half hour, we will immediately get into the other demonstration we are going to have here today by the Sales Manager of Cubic Western Data.

(RECESS)

AFTERNOON SESSION:

ASSEMBLYMAN COWAN: We are going to reconvene our hearing at this time. Our first witness this afternoon will be Thomas Lancaster, the Sales Manager from Cubic Western Data.

T H O M A S L A N C A S T E R: Assemblyman Cowan and other distinguished members of the Committee, I would like to thank you for giving the Cubic Corporation the opportunity to address this hearing today. As you mentioned, my name is Tom Lancaster, and I am the Marketing Manager for Domestic Fare Collection for Cubic Western Data, which is a subsidiary of the Cubic Corporation.

I have been asked to describe the various technologies and fare collection systems which have been installed by Cubic, in order to provide a background of some of the alternatives that could be available for PATH. I have brought along a group of slides that I would like to use to help in this little discussion.

Well, let me move right on. The best way for me to describe fare collection is really from the standpoint of what Cubic has been involved with over the years. Since about 1971, we have been involved with a number of major systems in the United States, such as the Illinois Gulf Railroad, which is a commuter line which runs south out

of Chicago and the Port Authority Transit Corporation, which is the PATCO Line, which runs in and out of Philadelphia through Camden and on to Lindenwold. Sometimes it is called the Lindenwold Line, and it has always been held up as one of the most efficient transit enterprises in the United States today. Also, we were the supplier for the BART fare collection system and the Washington Metro. We put the gates in at PATH through our sister corporation, Tiltman-Langley, which is a British firm. We put the equipment in for the Hong Kong Mass Transit System; we put some vendors and gates in at Sydney at the Public Transit Commission of New South Wales; we are the contractor at MARTA; we have an experimental system in at London Transport; we have the fare collection system for the Kowloon-Canton Railroad, which is a subset of the Hong Kong Mass Transit System; and, we are involved with the Miami-Dade County Transit System, which goes into operation this fall, I think in December.

When we talk about the various types of fare collection, and this is a picture of the system at the Illinois Central (showing slide), you will notice that it is a very, very spartan type of station. The Illinois Central is a commuter railroad, and they have opted to go with a graduated fare, which they implemented in 1971. It uses a magnetic strip ticket, much like what was described earlier. It is what we call a "check-in, check-out" system. In other words, when you enter the system, you use the ticket by putting it into the gate, and the gate reads the ticket, magnetically, of course, and then it codes the time you enter and the position, or the station at which you enter. Then you put that ticket back in your pocket, you ride the train, and then when you leave, as the gentleman on the left is doing (pointing to slide), you put the ticket in again, the gate magnetically reads the ticket, notes where you got on, and then if you have the proper fare, or if you are riding through the proper zone, the gate opens. If you don't, and this is an interesting situation in the Illinois Central system, the gate will not open. And, since the stations are unmanned, you have to go to a little pay phone, which is in the left background of the slide, dial 911, I believe it is, and you are put in contact with the Central Dispatcher. The Central Dispatcher then asks you to put your ticket in the gate located farthest to the

left, the ticket is read and displayed at the Central Dispatcher's office and, if you owe more fare, you put the money in the pay telephone, it clangs, the Dispatcher knows how much it is, and then he will, from his Central Dispatcher's point, open the gate to let you out.

Now, this is a system that carries something like 60,000 passengers per day. It may not be the most effective way to handle overriding, but in a graduated fare system, one has to be able to come to grips with the fact that some people may override their particular ticket.

ATCO, which is very similar to the Illinois Central Railroad, utilizes essentially the same operational approach. It is an all-ticket system. You buy the tickets from vendors, which you will note on the back wall (indicating slide). Those are all exact fare machines, where the passenger puts in the proper fare to buy the ticket and then he simply pulls whatever lever is appropriate and the ticket comes out. Now, the ticket is already encoded and is ready for operation. When he puts the ticket in the gate, the gate then, again, reads the ticket like on the Illinois Central, notes the station of entry, the time of entry, he rides the system, and then when he checks out, the exit gate knows where he entered and makes sure he has the right fare.

On this next slide, you will see the Hong Kong system. As you can tell, we have gone from painted steel gates to stainless steel, which adds, I think, more decor to the station. The Hong Kong system is a system that carries over a million passengers a day. It is also an all-ticket graduated fare system. It started out initially as what we call the "stored-ride system," where the passenger rides on his ticket between two destinations where he plans to travel. He can either buy a single-ride ticket, which would allow him to travel one way, he can buy a round trip, or he can buy a ten-ride ticket. They also sold monthly tickets with sixty rides on them from off-site locations, but the first three kinds of tickets you could buy from the vendor.

These are typical types of vendors at the Hong Kong system that are exact fare, and they will sell single-ride tickets, or some of

them will sell round trip tickets. In other words, when you say it is an exact fare machine, it will not give you change. This is one of the other aspects of system design of a fare collection system, whether you want to provide the luxury of change, which is for passenger convenience, versus the headache of having to keep the change stocked, and the revenue processing that is required because of it.

This is the machine that issues the long-duration ticket, and those are sold off-site -- the sixty-ride tickets, and things like that. Now we get to BART, and BART is a system with some interesting statistics. It carries about 190,000 passengers a day. It is over seventy-five miles long and has thirty-four stations, so it is a commuter railroad of sorts. From its basic network, it is something like the PATH system, in that it is an "H" in shape. It carries people from Fremont on the east bay, all the way into Dailey City, which is through San Francisco, and then from the east bay side to the north, it carries people in from Walnut Springs through Berkeley to Oakland, into San Francisco and on to Dailey City. Then, it has one line that just stays on the east side, which runs from Richmond and Walnut Creek all the way down to Fremont. Thirty-four stations over seventy-five miles means you have long distances, sometimes, between station stops. Typically, in urban rapid transit, your station stops are about a mile apart, but on BART they are over two miles apart.

BART is a system that uses what we call the "stored value," and this is similar to what the Washington Metro system uses. Here is a girl who is going to the ticket vendor (indicating slide) to buy the stored value ticket. She puts the money in and determines how much value she wants to buy on here ticket, or wants to have encoded on her ticket. Then she punches for the card and the ticket is issued to her. Now, there is a large map to her right which you do not see, which shows the system and shows the fares between the station she is in and the other stations on the system, so she can make a determination about how much fare she needs. If she is going just a single way, she will probably just put enough fare in to go there. If she is going round trip, she will put the round trip fare in. The ticket is then issued to her, and the ticket has a certain amount of value to it. She then takes that ticket and enters the gate. She puts

the ticket in the gate on her way in, and it notes the station of entry and the time of entry, because all of these gates have clocks in them. They are used to be able to control the peak-hour fare structure, or the off-peak fare structure. She then puts the ticket back in her pocket, rides to her destination and, as she moves out, as the girl on the right is going to do, she puts the ticket back in the gate, the gate reads the ticket, notes the station where she entered, and then subtracts the value of the fare from what the value on her ticket is, reencodes the value remaining, prints the value remaining, and distributes the ticket back to her.

If she is on her last ride and she doesn't have enough fare on the ticket, when she goes to check out, the gate will not let her out, and this is where we get a little more sophisticated than the Illinois Central. Rather than have a pay phone, we have what we call the "add-fare machine." In this case, the passenger would put his ticket in the location, as the gentleman in the slide is doing. The machine then reads the ticket and displays the value of fare that needs to be inserted on that ticket to have the exact fare for exit. When it does that, the ticket comes back to him, and he then takes the ticket and goes to the exit gate, puts the ticket in the exit gate, the gate opens and, because it gives exact fare at that particular point, there is no value left on the ticket, the ticket is captured.

Washington is really a subset, or a continuation, an improved version of the BART system. Instead of calling them tickets, they call them "fare cards," but the system operates the same way. This is a typical station array, showing a number of ticket vendors or fare card vendors, all of which take currency, as well as cash, and give change. A number of people commented that the WAMATA, or the Washington Metro, is a complicated system. It is a system which exhibits more features than many systems in terms of some passenger conveniences, such as the ability to take currency, as well as cash, and to provide change. So, you can buy exactly the amount of fare you want. It is not predetermined that you have to buy a \$10.00 ticket, or a \$5.00 ticket, or a \$2.00 ticket. Incidentally, one of the interesting things about WAMATA that we were chatting about just a minute ago, is that it is a graduated fare system, a flat fare system and a peak/off-peak

system. During the rush hour, or the peak periods, the Washington system works on a graduated fare basis. In other words, you are charged versus the distance you travel. During the off-peak, which runs from nine or nine-thirty in the morning until four in the afternoon, I believe, or maybe three-thirty, there is a flat fare system of seventy-five cents wherever you ride on the system. I think this is done primarily to promote use of the system, because there is equipment running on the surface, and to garner more revenue from the standpoint that since they do have equipment running, they might as well get revenue out of it. The shorter trip, the noontime trip, is likely to be the more prevalent trip during the midtime, than a commuter-based trip, so then the predominant trips are mostly short, where a flat fare system, or a single fare, is not so much out of line.

This slide shows typical gates. One thing about the WAMATA system is that they are all dark. It is a bronze system, as opposed to stainless steel.

One of the things that is integral to most of the advanced systems now, certainly those using the magnetic card, is the ability to capture data. As a gentleman noted earlier, you have the ability now to capture all the travel information so you know all the origin to destination trips, originating at any one station or destinations at any particular station. You are able to capture all the revenue that is collected in the gate. Although there is no cash collected in the gate, that is where you determine how much revenue your system contributes to you. It also monitors all the cash that is collected in the vendors and the add-fare machines, so you have a very comprehensive data management, data collection revenue and audit system capability.

This is a typical, what we would call a "zone fare vendor." This is at the Eastern Suburbs Railroad; this is at the Sydney system (indicating new slide), but it shows typically how one puts together a vendor for a zone system. As you can see on the left there, midway down, there are three zones handled by this particular vendor and, depending upon where your station is and where your destination is, you punch the particular button, the fare that is needed to be paid is displayed up on the middle right there and, after you deposit your fare, you push for a ticket, and you are issued a ticket. Also, if you have any change due, your change comes to you.

Now, the other type of system that Cubic has been involved with, and I think the other basic kind, is what we call the flat fare system. This is, from the fare collection standpoint, for entering control only. This is what PATH is right now. It is only an entering control system. You pay as you enter, and it is a free exit. In this particular case, it is the same as the Atlanta system. The thing that Atlanta has gone to here, is the ability to take both cash in the gate as the PATH system does, but, also, the ability to take a magnetic card. What this does, it provides them the opportunity now to add more fare options to their basic fare structure. With the magnetic card now, they are able to have half fares, employee fares, student fares, senior citizen fares, handicapped fares, or whatever is appropriate, whatever the authority deems to be within the proper scope of their fare policy. The gate on the right, as was noted earlier for the Baltimore system, similarly here is the handicapped gate. It is much wider, and lower, so that wheelchair access is feasible and, indeed, I think the next slide will show you how a person in a wheelchair enters. The gate is counterbalanced. All she has to do is touch it, it opens, and then closes slowly by itself.

The MARTA system, or the Atlanta system, is basically an unmanned system. It has television surveillance, much the same as PATH has on all of its stations. PATH is basically an unmanned station network.

This is a machine that is used in almost all systems where you have a magnetic ticket, especially where you distribute magnetic tickets from the standpoint of special fares where they are encoded in full. This is a bulk encoding machine where you can code up to 45,000 tickets very quickly. For example, on the Washington system, as well as on MARTA, they encode something like 45,000 tickets a day for various distribution functions.

Now, I mentioned earlier -- not necessarily as a case in point for PATH, but it is an interesting subset for fare collection -- the integration of bus and rail. One of the ways to facilitate this integration of bus and rail where you have connecting trips -- as is the case here in most of the New Jersey area-- Most people when they arrive to ride by rail, also have a portion of their trip that they

have to take on a bus, either at the front end of the rail trip, or at the conclusion of the rail trip. It may be deemed in transit policies that they should not be charged two full fares for one ride. The magnetic ticket really, and the encoding capability, and the writing capability on the ticket, allow you the means of changing from one mode to the other without necessarily being charged a second fare. It works similar to a transfer.

Those are pretty much the remarks I wanted to make. We believe the secret of flexibility in most fare collection systems now lies in a graduated fare, whether it be stored value or stored ride, or whether you have peak/off-peak, or whether you have a multitude of different types of fares you want to provide -- senior citizen, student, handicapped, or whatever -- that the magnetic ticket is the means to provide you the flexibility to add on all sorts of things. That really concludes my remarks; I will be glad to answer any questions you may have.

ASSEMBLYMAN COWAN: Tom, just with this system now that you brought into focus as far as using cash or magnetic tickets, is that as completely centralized as the other systems, that the full flow of everything that is handled during the day is actually counted?

MR. LANCASTER: MARTA, which was the system in point here, does not have vendors in the stations. The magnetic tickets are sold off-site through special concessionaires or through the MARTA authority ticket office. Those are fares that would take a senior citizen I.D. card to be able to qualify as a senior citizen. So, they control the dispensation of special fares at the point of sale. They also -- and MARTA is an excellent case in point from the standpoint that it does have a bus/rail transfer that isn't named on your ticket. When the person boards the bus and asks for a transfer, the driver will give him a magnetic card, which he can then use to enter the system.

ASSEMBLYMAN COWAN: With these transfers that you mention now, I notice there is a very small box connected in the bus or trolley, or whatever it may have been.

MR. LANCASTER: Yes, that is what we call a "slide-through processer." It reads the pass; if it is correct, it allows a person on. If it is incorrect, it alerts the driver that it is an invalid

pass. It is not an issuing machine; it is a processing machine for a pass the passenger already has with him.

ASSEMBLYMAN COWAN: All right; just on a scan?

MR. LANCASTER: Yes.

ASSEMBLYMAN COWAN: So, that is the setup. How then is that controlled as to, shall we say, a total flow, as to the amount of people transferring from one to the other, or various means of transfer? Would it be possible to use something right here in the State of New Jersey, for example, with PATH and New Jersey Transit?

MR. LANCASTER: Certainly. I see no reason why-- The two authorities would have to get together and develop a revenue-sharing plan, or a policy that would allow the collection of rides from one to be transferred to the other, so it would involve self-administering transfers. But, this is the mechanism to allow inter-system, if you will, transferring capabilities.

The San Francisco area is a good case in point. They are experimenting right now, or they are moving right now towards a "super pass." The San Francisco system has, let's see, the San Francisco (inaudible), the BART system, the Golden Gate Transit and the Sea Transit, four different transit entities that all provide interwoven transit throughout the San Francisco Bay area. They are working right now to develop a common pass that will be usable on all the particular authorities -- each of these authorities.

ASSEMBLYMAN COWAN: But, there are four separate authorities?

MR. LANCASTER: Four separate authorities are going to try to band together and work together.

ASSEMBLYMAN COWAN: You have answered my next question. One other thing, do you know of any existing where it is public-private related?

MR. LANCASTER: I don't know of any really private systems that relate to a public system. These are all public transit systems.

ASSEMBLYMAN COWAN: All public?

MR. LANCASTER: Yes. When you look at Amtrak, Amtrak is not magnetic. But, it does have a ticketing system similar to this. Your New Jersey Turnpike is somewhat similar to this, in that it charges persons for distance traveled, and it uses a magnetic device. It

controls both the time and the distance. It monitors both the time in the system and the distance traveled. I think if you leave the system too soon, it says you are going too fast. I have heard the gerdarmes are right there to alert you that you are going too fast.

ASSEMBLYMAN COWAN: They have other means of correcting that.

MR. LANCASTER: Right.

ASSEMBLYMAN COWAN: I do not have any further questions. Larry, do you have anything at all?

Mr. Gurman: No, thank you.

ASSEMBLYMAN COWAN: Tom, we certainly appreciate your coming in. You have been very helpful and enlightening to us.

MR. LANCASTER: I appreciate the opportunity.

ASSEMBLYMAN COWAN: Okay, thank you. Next we have Mr. Frank T. Reilly, Executive Director of the Morris County Board of Transportation. Frank?

F R A N K T. R E I L L Y: Good afternoon, and thank you, Mr. Chairman, for the opportunity to present Morris County's viewpoints on the proposed PATH seventy-five cent fare. We are hoping that it is not cast in concrete, that the Governor and political powers can come out with a jackhammer and keep it at fifty cents.

The Board of Public Transportation of Morris County is an agency of the County of Morris and is charged with the preservation, coordination, and improvement of public transportation in and for Morris County. The Port Authority's fare increase proposal for the PATH system has been analyzed by this Board, and we offer the following four comments and recommendations.

1. The PATH fare from Jersey City and points east should not exceed fifty cents;

2. A two-zone fare structure should be implemented on the PATH system, with riders from Newark and Harrison paying a higher fare because of the greater distance traveled. This can be easily accomplished with the installation of exit turnstiles. The exit turnstile method of fare collection has been used for many years by other transit authorities, including the New York Metropolitan Transit Authority, the Boston MTA, the Chicago Transit Authority, and others who have high ridership. The experience they have had shows great

success; and, if you desire, we would be pleased to work with you to lend our expertise in this area;

3. Establishment of PATH Fare Discounts for Regular Riders:

This Board strongly urges the establishment of a discount fare for regular PATH riders, similar to the discount offered to motorists who use Port Authority bridges and tunnels. We believe this discount should be offered to all PATH riders, and not just to persons who ride trains or buses to PATH stations and then transfer to PATH. This type of discount would benefit all regular PATH riders, regardless of whether they walk, use public transit or drive to a PATH station. This would be a nondiscriminatory commuter discount fare meeting four important objectives:

a. Daily or frequent PATH riders would be afforded a discount similar to the discount offered by the Port Authority to much less efficient vehicular traffic users;

b. All PATH travelers would be treated equally;

c. The discount would result in the retention of PATH users, who would otherwise not use the PATH system as frequently if the proposed seventy-five cent fare is implemented; and,

d. A commuter type discounted fare could require prepayment, which could generate funds in advance of the service being used, improving the financial stability of PATH.

4. Establishment of a Joint New Jersey Transit Rail/PATH Commuter Ticket: We are concerned that the recent 10% to 12% (in Morris County) New Jersey Transit rail fare increase combined with the proposed PATH seventy-five cent fare will have a detrimental effect on the rail commuters who use NJT's Hoboken terminal. The loss to NJT and PATH could have a significant negative impact on the quantity and quality of service provided by both agencies at that important complex. PATH fares went from thirty cents per trip or \$12.00 per month (based on twenty workdays) to fifty cents per trip or \$20.00 per month on August 1, and will go to seventy-five cents per trip or \$30.00 per month effective next summer. We submit that the PATH fare increase combined with the previous NJT fare increases, which have almost doubled rail fares during the past five years, will drive still more people from the efficient PATH and NJT rail systems. This Board

strongly urges PATH and NJT officials to establish a joint through-fare commutation ticket so that a Hoboken-PATH bound rail commuter could benefit from a ticket valid for travel on both NJT Rail and PATH, at a discount PATH rate.

For fare collection efficiency, one option would be a magnetically encoded NJT commuter ticket which could be used on a slide-through type ticket turnstile, as we saw on one of the slides previously. Another method would be to have a NJT commuter ticket used as a flash pass for PATH. Perhaps the flash pass ticket would be used only at Hoboken where a discount would be offered to holders on all PATH trips from the Hoboken terminal. Returning, the full fare would be charged, thus providing a commuter discount at very little cost to PATH. This "one-way" discount method of fare collection would be similar to practices on Port Authority bridges and tunnels. An incentive must be developed at Hoboken to attract and retain rail commuters since they are paying, and will continue to pay, a premium for the disincentive of having to transfer to and from jammed PATH trains.

In conclusion, we will be pleased to discuss in greater detail any or all of our comments and recommendations with you or your staff. Our goal is to have the most receptive, fiscally prudent, and efficient public transit system possible.

I would just like to add one last suggestion, and that would be for your Committee to consider sponsoring a joint resolution with the Senate Transportation Committee, urging that the Port Authority adopt certain discounts for senior citizens, commuters and the like.

ASSEMBLYMAN COWAN: It certainly will be something the Committee will be looking into, Frank. We thank you for coming all the way down here.

MR. REILLY: Thank you.

ASSEMBLYMAN COWAN: Next we will have Mr. Joseph G. Harm from The Greater Newark Chamber of Commerce.

J O S E P H G. H A R M, III: Good afternoon. My name is Joe Harm, and I am the Director of Transportation for The Greater Newark Chamber of Commerce.

The Greater Newark Chamber of Commerce is a New Jersey not-for-profit corporation tracing its roots back to the year 1793 in Newark. The Chamber was chartered in 1869.

As a membership organization, the Chamber today represents more than 1,800 independent businesses and corporations from throughout northern New Jersey, with the majority of the members located within Essex County, New Jersey. The Chamber was organized for the purpose of increasing the economic vitality of our region, and of maximizing the area's growth potential.

The Greater Newark Chamber of Commerce supports the proposed PATH fare increases (to seventy-five cents effective July 1, 1984) in the context of the \$1.1 billion multi-year infrastructure renewal and economic development program announced June 21, by Governors Kean and Cuomo regarding the Port Authority of New York and New Jersey.

The Chamber favors these increases with the additional proviso that revenues generated from the PATH system are subsequently used to upgrade the PATH system.

We believe that with the proposed fare hike, the price of a ride on the PATH system will remain competitive with alternate forms of transportation.

In considering the proposed fare hike, however, we believe certain concepts should be given consideration:

First, daily commuter passes should be available at reduced rates on the PATH system, just as present commuters using the Port Authority's tunnels and bridges can purchase thirty-day passes for \$20.00 instead of paying \$1.50 per day. Frequent users of tunnels and bridges can also now obtain a 10% discount for thirty passes to be used over an indefinite period, and discount programs are available for car and van pools as well.

Second, a "pass" system, rather than handling \$1.50 in change (round trip) per day, would help speed the handling of fares, whereas handling \$1.50 in change each day would serve as a disincentive to riders.

The Greater Newark Chamber of Commerce has long argued for the need to upgrade our transportation infrastructure. We support the bi-state agreement reached by Governors Kean and Cuomo, and the agreement on creation of a "Fund for Regional Development."

As part of the cost of "putting our house in order," and doing the repair and improvement work necessary to keep our system working, we make these comments in support of the proposed PATH fare increases to seventy-five cents, and encourage all others to recognize that artificially-low fares, while attractive in the short term, are damaging to our long-term needs of a well-maintained and well-operated total transportation system. Thank you.

ASSEMBLYMAN COWAN: In your comments, you mentioned that for bridges and tunnels there are thirty-day passes for \$20.00, instead of paying \$1.50 a day. How many rides would you get through the tunnel for that \$20.00?

MR. HARM: You would get thirty rides.

ASSEMBLYMAN COWAN: Thirty rides through?

MR. HARM: Yes, the Port Authority offers several of these types of initiatives for reduced fare, mainly on a monthly basis.

ASSEMBLYMAN COWAN: It's good for the whole month? In other words, when you prepurchase it, it is good for the whole month?

MR. HARM: Yes, and there are also other discount programs where you can buy ten or fifteen passes which can be used at any time for a discount.

ASSEMBLYMAN COWAN: Okay, right, thank you very much. Next we will have a representative from the Jersey City Chamber of Commerce. (representative not present) All right, is Colonel David Mayerowitz here? (not present) Carmen Bianchi? (not present) Councilman Vezzetti from Hoboken? (not present) Councilman John D'Amico from Oceanport, one of our shore commuters. John?

JOHN D'AMICO: Thank you very much, Mr. Chairman. I am also a Director of the Shore Commuter Coalition, which represents approximately 10,000 riders of the North Jersey coastline, 3,500 of whom transfer to the PATH system and commute to downtown New York.

My purpose is twofold, to add to the record our concerns, and in that connection I have a chart which shows the accumulative effects of the recent New Jersey Transit fare increases and the PATH fare increases. This was prepared when it was assumed that the jump to seventy-five cents would occur in January, so just with that modification--

ASSEMBLYMAN COWAN: John, do you have copies of your testimony here today?

COUNCILMAN D'AMICO: I'm afraid not. The context of this chart, of course, runs from 1978 to 1984, and shows -- I don't know what word to use -- disgusting, maybe, or distressing history of beatings upon beatings that have been administered to long-distance commuters in terms of increased fares by reason of a combination of factors, including Federal cutbacks in operating assistance to mass transportation, the failure of the State of New Jersey to address the problem of stable long-term funding for transportation, and now, unfortunately, a seeming disregard for the interests of the commuters by the bi-state Port Authority system. The result of this on our line has been within the last three years -- less than three years -- from November of 1980 until now, a substantial decline in ridership on the North Jersey coastline.

Now, when one considers that it is not only the riders of the North Jersey coastline who funnel through Newark onto PATH, but also rail riders from Hunterdon, Somerset, Mercer, Middlesex, Ocean and Union Counties, not to mention Essex County, we get a larger context for the problem that is presented by what we think is a poorly thought out series and scent of priorities by the Port Authority, whereby commuters will be hit with higher fares, while auto commuters, and this point has been made over and over again, will continue to be subsidized with no increase in their fares through the tunnels, at the same time that the Port Authority is sanctimoniously handing out leaflets at the tunnel crossing, encouraging riders to use mass transportation.

What is most distressing of all is that these proposals and these policies by the Port Authority are inconsistent in many ways with their own study, and if you are looking for evidence to add to the record, I will just bring to your attention that there was an excellent report by the Port Authority that was published a couple of years ago labeled, "Regional Recovery, the Business of the '80's." It is dated June 1, 1979, and it is available from the Port Authority. It identifies the congestion of our highways as a matter of the greatest concern to private industry in the New York-New Jersey metropolitan area. It considers the area's mass transportation network to be one of

the crucial lifelines of our regional economy, and one of its key advantages in competition with other regions, and it recommends, among other things, reconstruction of public transit facilities to improve the movement by people by rail, which is said to be necessary to sustain the economic health and well-being of the region.

I don't know how true those pious statements ring, when we are confronted with substantial increases for rail commuters on the PATH system and the New Jersey Transit system, and at the same time we continue to subsidize and encourage automobile traffic, which now queues every morning in waits of twenty and twenty-five minutes to get through the Lincoln and Holland Tunnels. The \$2.00 two-way toll on the trans-Hudson vehicular facilities, in short, is unreasonably low. It is even out of scale with other river crossings by the TBTA, which are \$2.50 per round trip.

Now, what I am saying, I think in a nutshell, is that the people to whom we look for policy direction, the Governor of the State of New Jersey and, hopefully, the Transportation Committees of the Legislature, need to look at this problem in the context of overall policy. We need to realize that we are talking here not only about the movement of people, we are talking about an economic infrastructure, an item that is crucial to our regional economy. We are talking about the problem of energy conservation. We have already been on gas lines in 1974 and 1979. Transportation accounts for about 30% of New Jersey's gross energy consumption. We are talking about air quality. The State is unable to meet clean air standards for carbon monoxide and ozone, and has had to get an extension to 1987 to meet Federal standards, which, as is admitted by everyone, cannot be met without a substantial reduction in automobile travel in the metropolitan region. It is documented without question that New Jersey has the highest number of highway lane miles per square mile of any state in the nation, and ranks first in the number of registered vehicles and traffic volume per mile of highways, which means that our bridges and highways wear out faster than those of any other state. It is only by virtue of some good luck that we have avoided a Mianus type of calamity, because everyone concedes that our transportation maintenance program and our capital needs in the transportation area are underfunded and have not yet been sufficiently addressed.

Yet here comes the Port Authority advocating a series of policies with reference to the crossing of the river, which it was put in business to facilitate. They go in the opposite direction to encouraging the use of mass transportation, which continues to burden New Jersey with problems that we can only solve if we reorient our thinking toward the encouragement, rather than the discouragement of the use of mass transportation. We agree with others that there must be a commuter discount at least, and that it be carefully thought out, because what is happening now is that commuters are avoiding the use of New Jersey Transit from the shore area, to give you one example, and are driving to Pavonia Station and Exchange Place, filling those parking lots because they have a cheap PATH fare from those locations. If we accelerate and augment that process by charging a higher fare for the commuter from Newark to the World Trade Center, than for the commuter from Exchange Place or Pavonia or these other stations, we are only going to exacerbate this diversion of riders from our mass transportation system. So, we have to be sure when we structure the pricing if we get into a discounting approach, that the pricing encourages people to use New Jersey Transit, which our tax dollars are supporting, and for which we are spending millions of dollars to buy new rail equipment and electrify the North Jersey coastline and the Erie Lackawanna. Let's make sure that this pricing is consistent with what this State is trying to accomplish in mass transportation.

One other point that escapes a lot of people is that a lot of transit-dependent people use our facilities, including PATH. You have the poor, the handicapped, the elderly, students, and all sorts of people who do not own automobiles, and we continue to hit these people the hardest. We must make transportation once again public transportation which is affordable by the public. Thank you very much.

ASSEMBLYMAN COWAN: Thank you, John. Next we will have Mr. Morris Longo.

MORRIS LONGO: Thank you very much, Assemblyman Cowan. I am not actually prepared, although I did make a few notes at home. Inadvertently, because I was in such a hurry, I grabbed the wrong card, and the only thing this card says is, "Morris, bring home a loaf of Italian bread and some milk, please."

So, I am just going to congratulate you for running a hearing in Hudson County, because we here are hit very, very hard, and the Assemblyman knows it, and our future Senator knows it. I just want to say this. We call these "public hearings," and I often wonder why a Committee such as this does not get a hall within a neighborhood, in the evening, and try to get the people who really suffer, and I mean suffer, those who use the Port Authority PATH trains. It is nice, it is wonderful, that we as elected officials can find some time to come here to discuss the facts, and many times it is true that we do represent the people. But, it is so much better when you can hear directly from these people, who ride cars that resemble cattle cars. I want to mention a little about that.

I come here today mainly because the last public hearing that was run regarding PATH was the first meeting that I ever missed. I couldn't make it and I was very sorry that something came up. I gave out pamphlets and throwaways at the Journal Square station, and I gave them out in New York many, many times, fighting this PATH raise and, yes, we were successful, Morris Pesin and many, many others. We as elected officials let people know we are out there fighting for them, and we are successful. But then again, I wonder if I really missed anything. Did I miss anything when I didn't go to the last meeting, because really, when all is said and done, the meetings are a farce. You cannot have an autonomous body, a self-governing body, with the people there just the hearing officers. We should have the people that the Governors appointed. The members of the Authority itself should hear from these people. It is true that they give them notes, and let them read entire statements, but it is not the same as seeing the people and hearing the people, and finding out the real problems.

So, I am not too sorry that I missed that, but I want to go on record as being still against this. I am mainly concerned with Hudson County. The speaker just before me talked about the low rate from Pavonia Avenue in downtown Jersey City, less than three miles, fifty cents going to seventy-five cents. Why, my God, they try to fool us with the New York fare. They tell you it's seventy-five cents in New York, and it's true. We're talking about Hudson County from Journal Square to New York, three miles, or maybe five miles, and even

from Newark it is only eight miles, where that same seventy-five cents in New York, if you stay within the tunnels, allows you to travel close to a hundred miles.

So I say to you, Assemblyman Cowan, you are going to have to work on this, and you have done a great job. I have always congratulated you on that. But, you are going to have to work on the Governor. Governor Kean has to understand how we people feel, and he has to understand and, yes, it is so easy to knock politics, but he has to understand that Hudson County is a good county. We have hard-working people in Hudson County, and we have to start using, yes, our political clout with other Assemblymen and Senators throughout the State with the Governor, and tell him, "Don't be fooled again by PATH. Don't let them fool our people." I say here and now and for the record, the Port Authority is a legal pickpocket artist, and it will continue to pick the pockets of the old people, and people who cannot pay this kind of money, and people who are going to work. So, it is up to us elected officials, especially you, Assemblyman Cowan and all the Assemblymen, to let the Governor know, and get other people throughout the State to join with us, because they are just as much a part of this as the speakers we heard today. We have to let them know that we in Hudson County can be against many bond issues. We helped to pass most of the bond issues that were ever passed in the State of New Jersey to help other people in other parts of the State. So, let's use our clout, and let's get Governor Kean and say, "This business has to stop, and it must stop now." Thank you and God bless you.

ASSEMBLYMAN COWAN: Thank you, Morris. Is there anyone else in attendance now who would like to address the Committee? (no response) Well, we certainly thank you all for coming and for your input, particularly the commuters. Of course, the scientific knowledge we picked up from Alta and Cubic gave us a wealth of information. So, thank you again. We will now close the hearing.

(HEARING CONCLUDED)

N.Y. STATE ASSEMBLY
 COMMITTEE ON CORPORATIONS, AUTHORITIES AND COMMISSIONS
 G. OLIVER KOPPEL, CHAIRMAN

TABLE 8

PORT AUTHORITY STAFF WITH SALARIES OF \$50,000 AND ABOVE

(As of May 8, 1982)

<u>TITLE</u>	<u>SALARY</u>
Director, Aviation Department	\$ 78,910
Assistant Executive Director	101,244
General Counsel	101,348
Director, Public Affairs Department	89,492
Assistant Executive Director/ Director of Administration	89,492
Executive Director	101,634
Director, Rail Transportation Department	76,778
Director of Audit	76,310
Executive Assistant to the Executive Director	72,488
Comptroller	89,544
Director, General Services Department	76,076
Director, Industrial Development Department	91,702
Chief Engineer	90,818
Director, Planning & Development Department	83,746
Personnel Director	77,454
Medical Director	72,618
Director, Management Services Department	78,182
Director, Port Department	81,614
Director, World Trade Department	97,292
Director, Tunnels, Bridges & Terminals Department	80,340
Director, Finance Department	88,244
Treasurer	66,534

Salary of \$50,000
and Above (205)
 (General Range \$50,000-\$63,000)

Administration, Infrastructure Programs	1	
Assistant Chief, Aviation Planning	1	
Assistant Chief Engineer	1	\$ 75,946
Assistant Directors	6	\$62,322-\$75,946
Assistant General Counsel	1	\$ 79,118

SOMERSET COUNTY PLANNING BOARD



Arthur L. Reuben
Planning Director

Raymond A. Brown
Assistant Director

P.O. Box 3000
(Bridge & High Streets)
Somerville, New Jersey 08876
(201) 231-7021

September 14, 1983

Vernon A. Noble, *Chairman
& Freeholder Director*
Kenneth D. Schmidt,
Vice Chairman
Christine Todd Whitman, *Secretary
& Freeholder*
Carolann Auger
Otto Kaulman
Patricia McKiernan
John J. Senesi
William B. Wahl
Thomas E. Decker, *County
Engineer*

STATEMENT
OF
ARTHUR L. REUBEN, PLANNING DIRECTOR
SOMERSET COUNTY PLANNING BOARD
TO THE
ASSEMBLY COMMITTEE ON TRANSPORTATION AND UTILITIES
ON THE
PORT AUTHORITY'S PATH FARE STRUCTURE

Please find a resolution adopted by the Somerset County Planning Board on the PATH Fare Structure and proposed fare increase.

Somerset County has several major concerns about these proposed fare increases.

We feel:

1. The economy of the State of New Jersey will not be well served if this action results in added congestion on the tunnel and bridge approaches to New York City. An increase in highway traffic on New Jersey's roads will not be cost effective, especially to a highway system that has been terribly under funded;
2. In particular, over 4,000 commuters in Somerset County will face substantially increased fares in excess of \$300 this year, in a period when the rate of inflation and salary increases have flatened out;
3. While there are other systems that charge a similar \$.75 base fare, in almost every case there are transfers discounted, multi-trip discounts, and discounts for the elderly, handicapped, and for children. It is hard to believe that the behemoth of expertise represented by the Port Authority cannot technically accommodate these special needs provided for by transit systems throughout the Country.

It is accurate that some of the special needs of our citizens were well served by the \$.30 fare on PATH, but that this fare also represented an unnecessary subsidy for most trips. Therefore, Somerset County is not opposing the \$.75 fare for the single-fare trip, but feels there is a necessity to provide for a discounted multi-trip fare. Otherwise, the fare-structure pendulum will swing to another extreme resulting in a substantial deterioration in ridership and an unnecessary loss in revenue.

STATEMENT BY ARTHUR L. REUBEN
ON THE PORT AUTHORITY'S PATH FARE STRUCTURE

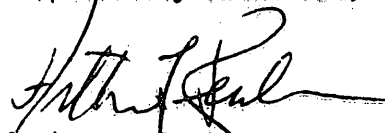
September 14, 1983

Based primarily on the low-fare structure, over the past four years PATH ridership increased by over 40%. Hopefully, most transit ridership can be maintained with a discounted fare system. However, with the flat \$.75 fare, there will be a substantial loss in ridership.

Over the past years I have personally been impressed by the high level of professionalism of the PATH executives and staff. For example, their conduct of the emergency drills, in which I participated, merit the highest praise.

I am confident that this staff, given a directive to implement a discounted fare system, could implement such a program in short order. In the course of implementing a more sophisticated system, the lessons learned could be very helpful to both NJ TRANSIT and the Metropolitan Transit Authority.

Respectfully submitted,



Arthur L. Reuben
Planning Director

ALR/vc
enclosure

RESOLUTION
of the
SOMERSET COUNTY PLANNING BOARD
on
THE PORT AUTHORITY'S FARE STRUCTURE

WHEREAS, the Port Authority of New York and New Jersey is proposing to raise PATH fares, within one year resulting in a total increase of 150%, with the second fare increase taking place in June of 1984, and

WHEREAS, in combination with fare increases by NJ TRANSIT many commuters and passengers in Somerset County will have fare increases in excess of \$300 a year, and

WHEREAS, the Port Authority has proposed no increase for commuter automobile fares, which would result in the automobile commuter paying a substantially lower fare than the PATH fare, and

WHEREAS, the Port Authority's fare policy will result in increased traffic congestion, reduced PATH ridership, and deterioration to the regional economy, and

WHEREAS, while there is substantial precedent for increasing the single trip PATH fare to \$.75, there is also precedent both in the Port Authority's multi-trip discount to automobile passengers for a discounted multi-trip fare structure, and

WHEREAS, the practice of multi-trip discounts and transfer discounts is very widespread to the point of universality in the transit industry,

NOW, THEREFORE, BE IT RESOLVED by the Somerset County Planning Board that the Port Authority of New York and New Jersey should extend its present policy of multi-trip automobile discounts to passengers transferring from bus or rail to PATH, and

BE IT FURTHER RESOLVED that the Port Authority only implement the \$.75 fare increase conditioned on a discounted transfer fare arrangement, and

BE IT FURTHER RESOLVED that the Port Authority of New York and New Jersey could usefully examine the transfer fare discount arrangements presently in operation on the PATCO-Lindenwold Hi Speed Line in southern New Jersey,

BE IT FURTHER RESOLVED, that this resolution be transmitted to Governor Thomas H. Kean, Alan Sagner, Chairman of the Port Authority of New York and New Jersey, N J TRANSIT Board, North New Jersey Transportation Coordinating Council and to appropriate legislators.

I, Arthur L. Reuben, Director of
the Somerset County Planning Board,
do hereby certify that the foregoing
is a true copy of a Resolution adopted
by the Somerset County Planning Board,
at their regularly convened meeting of
September 12, 1983


Arthur L. Reuben, Planning Director

Newark

Kenneth A. Gibson
Mayor

Department of Administration
Office of Planning & Grantsmanship

32 Green Street, 3rd Floor
Newark, New Jersey 07102
201 733-8400

Jewel V. Thompson
Director

September 9, 1983

Assemblyman Thomas F. Cowan
99 Montgomery Street
Jersey City, New Jersey 07302

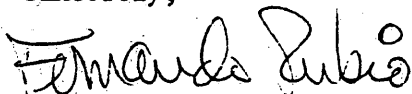
Dear Assemblyman Cowan:

Our Office would like to take this opportunity to formally communicate our concerns that we were unable to express at the PATH Fare Increase Public Hearing held in Jersey City on Wednesday, September 14th, 1983.

As stated in the testimony attached herein, our Office is very much concern with the PATH fare increasing from 50¢ to 75¢, and would like to see any increase beyond the present day fare be conditioned on a fare variation structure based on time of day travel (off-peak and peak hours) applied across the entire system. In the best interest of maintaining ridership volumes, a multi-modal discount trip ticket should be included in a fare increase package to encourage long haul commuters to continue their current commutation patterns.

Should you have any questions on the testimony, I can be reached at (201) 733-8425.

Sincerely,



Fernando Rubio
Urban Development Coordinator

FR:ad
Attachment

TESTIMONY CONCERNING PORT AUTHORITY OF NEW YORK AND NEW JERSEY

PATH FARE INCREASE

Office of Planning & Grantsmanship
Transportation Planning
32 Green Street, 3rd Floor
Newark, New Jersey 07102

September 14th, 1983

TESTIMONY PREPARED FOR THE SEPTEMBER 14TH 1983, PATH LEGISLATIVE HEARINGS CHAIRED BY ASSEMBLYMAN THOMAS F. COWAN, CHAIRMAN OF THE TRANSPORTATION AND COMMUNICATIONS COMMITTEE.

GOOD MORNING, MY NAME IS FERNANDO RUBIO AND I AM AN URBAN DEVELOPMENT COORDINATOR FROM THE CITY OF NEWARK'S OFFICE OF PLANNING AND GRANTSMANSHIP. I AM MAKING THIS PRESENTATION ON BEHALF OF JEWEL V. THOMPSON, THE DIRECTOR OF THE OFFICE OF PLANNING AND GRANTSMANSHIP.

THE OFFICE WELCOMES THE OPPORTUNITY TO COMMENT AND COMMUNICATE OUR CONCERNS ON THE PROPOSED PATH FARE INCREASE FROM 50 CENTS TO 75 CENTS BEGINNING JUNE 3RD, 1984.

MR. CHAIRMAN, OUR OFFICE OPPOSES ANY FARE INCREASE WHICH DOES NOT MAKE PROVISIONS FOR A FARE VARIATION PROGRAM WHICH INCLUDES MULTIPLE TRIP DISCOUNT TICKETS.

FARE IMPACT ON NEWARKERS

APPROXIMATELY ONE AND A HALF MONTHS AGO, THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY HELD PUBLIC HEARINGS ON FARE INCREASES FOR THE TRANS HUDSON RAIL SYSTEM (PATH) FOR THE FIRST TIME IN TWENTY-ONE YEARS. DURING THE EVENINGS HEARINGS VERY LITTLE OPPOSITION WAS EXPRESSED FOR A 20 CENT INCREASE TO THE PATH FARE BASED ON THE LONG RUNNING 30 CENT FARE AND CURRENT OPERATING EXPENSES THAT MADE THE FORMER FARE A FISCAL UNMANAGEABLE SITUATION. NEVERTHELESS, A FURTHER INCREASE ABOVE THE PRESENT 50 CENT FARE WAS VIEWED BY OUR OFFICE AS COUNTER PRODUCTIVE TO SEVERAL MILESTONES ACHIEVED IN THE NEWARK AREA BECAUSE

THE LOW PATH FARE WAS ONE OF MANY FACTORS THAT ALLOWED THE CITY TO BE ATTRACTIVE FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT. HOWEVER, ONE OF THE PRINCIPAL CONCERNS ASSOCIATED WITH THE PHASE TWO FARE INCREASES IS THE IMPACT IT WILL HAVE ON THE MOBILITY OF THE CITY RESIDENTS WHO UTILIZE PATH FOR TRANSPORTATION TO EMPLOYMENT CENTERS OUTSIDE OF NEWARK AND CULTURAL AND SOCIAL TRIPS TO NEW YORK. ACCORDING TO THE 1980 U.S. CENSUS, NEWARKERS USE PUBLIC TRANSPORTATION AS A MEANS OF GETTING TO WORK MORE THAN THREE TIMES AS MUCH AS THE STATE AVERAGE. A STATISTIC WHICH AMPLIFIES THE IMPACT OF THE FARE INCREASE TO CITY RESIDENTS AND THE HIGH DEPENDENCY OF ITS RESIDENTS ON TRANSIT. THE NON WORK TRIPS OF NEWARKERS PROBABLY CREATE EVEN GREATER DISPARITIES IN TRANSIT REQUIREMENTS DURING THE OFF-PEAK HOURS BECAUSE, ALMOST FIFTY PERCENT OF ITS MORE THAN 110,000 HOUSEHOLDS DO NOT OWN AN AUTOMOBILE. EXHIBIT A DETAILS THE STATISTICAL DATA WHICH EXAMPLIFIES THIS SITUATION.

THE SPIRALING COST OF LOCAL TRANSIT TOGETHER WITH THE PROPOSED FARE INCREASES ON PATH OF APPROXIMATELY 250 PERCENT IS FURTHER INCREASING THE ENCROACHMENT ON THE CITY RESIDENTS DISPOSAL INCOME. AN INNOVATIVE FARE STRUCTURE PROMOTING PEAK AND OFF-PEAK TRAVEL IS ESSENTIAL TO CENTER CITY RESIDENTS, IN ORDER TO DISCOURAGE ALTERNATE TRAVEL PATTERNS.

FARE VARIATION PROGRAM

CONSIDERING THE RECENT RAIL AND BUS FARE INCREASES IN THE STATE COMMUTER TRANSPORTATION SYSTEM AND THE ELIMINATION OF THROUGH RAIL SERVICES TO NEW YORK, PATH HAS

BECOME A MUCH GREATER CONNECTING LINK FOR SUBURBAN COMMUTERS AS WELL AS THE CITY'S REVERSE COMMUTERS.

DRIVING AS AN ALTERNATE TO RAIL TRANSIT IS COUNTER-PRODUCTIVE FROM THE STANDPOINT OF FURTHER EXCABERATING DEFICIT TRANSIT OPERATION OF PATH AND DIMINISHING THE ABILITY TO ACHIEVE LONG TERM CONSERVATION GOALS.

TO CONTINUE TO PROVIDE THE INCENTIVE FOR FURTHER INCREASING THE ANNUAL RIDERSHIP GROWTH TOGETHER WITH AN AFFORDABLE PRICING STRUCTURE, PATH OPERATORS SHOULD CONSIDER COUPLING INNOVATIVE APPROACHES WHEN PROPOSING FARE INCREASES.

MR. CHAIRMAN AND COMMITTEE MEMBERS, IT IS IN THIS REGARD THAT OUR OFFICE VENTURE TO SUGGEST A FARE VARIATION PROGRAM FOR THE PATH SYSTEM.

THE CONCEPT OF FARE VARIATION IS NOT NEW AND IF YOU REVIEW FARE STRUCTURE THROUGHOUT THE VARIES NATION'S TRANSIT SYSTEMS, YOU CAN SEE IT HAS BEEN IMPLEMENTED IN SEVERAL PRINCIPAL CITIES IN THIS COUNTRY, SAN FRANCISCO AND WASHINGTON, D.C., BEING TWO OF THE MORE SUCCESSFUL FARE VARIATION PROGRAM APPLICATIONS.

A FARE VARIATION PROGRAM IS ONE WHICH VARIES THE AMOUNT OF FARE FOR A TRANSIT RIDE BY TIME OF DAY AND/OR DISTANCE TRAVELED.

MR. CHAIRMAN, OUR OFFICE VISUALIZES THIS FARE VARIATION STRUCTURE IN THE FORMER, THAT IS, VARYING THE FARE RELATIVE TO TIME OF DAY TRAVEL RATHER THAN DISTANCE WHICH CONNOTATES A ZONE FARE STRUCTURE. A REASONABLE HIGHER FARE

DURING THE PEAK HOUR CENTERED ON A MULTI-MODAL DISCOUNT TRIP TICKET (BUS, RAIL, AND WALKING), FOR RUSH HOUR TRAVEL AND A RELATIVELY MODEST NON-PEAK HOUR FARE WOULD GO FAR TOO CLOSE TO THE ESTIMATED 400 MILLION DOLLAR DEFICIT EXPECTED OVER THE NEXT TEN YEARS AND WOULD MAINTAIN THE STEADY RIDERSHIP GROWTH PATH IS EXPERIENCING TODAY. MUCH OF PRESENT DAY RIDERSHIP GAINS ARE DIRECTLY RELATED TO THE INEXPENSIVE FARES OFFERED FOR TRAVEL TO THE REGION'S URBAN CENTERS.

IN CONCLUSION, MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO EXPRESS OUR OFFICE VIEWS CONCERNING THE PATH FARE INCREASES AND THEIR IMPACT ON THE MOBILITY ON TRAVELERS FROM NEWARK. OUR CONCERNS DESCRIBED IN THIS TESTIMONY ARE BUT ANOTHER WAY TO BRING EQUITABLE TRANSPORTATION TO THE REGION'S COMMUTERS.

EXHIBIT A

TRANSIT DEPENDENCY OF CITY, COUNTY AND STATE FOR THE JOURNEY TO WORK

	NEWARK		ESSEX COUNTY (Minus Newark)		STATE	
	WORKERS	PERCENT OF TOTAL	WORKERS	PERCENT OF TOTAL	WORKERS	PERCENT OF TOTAL
Private Vehicle	42,460	52.4%	150,876	77.2%	2,075,205	81.1
Public Transportation	27,611	34.0	32,543	16.6	297,860	11.7
Walked Only	<u>11,014</u>	<u>13.6</u>	<u>12,099</u>	<u>6.2</u>	<u>185,169</u>	<u>7.2</u>
Total	81,085	100.0	195,518	100.0	2,558,234	100.0

*Source: U.S. Census Bureau, 1980, Journey to Work.

Note: this table does not include the categories "Other Means", and Worked at Home", in order to simplify interpretation of the data. The addition of these categories should not significantly alter the above relationships.

AUTO-OWNERSHIP OF CITY, COUNTY, AND STATE POPULATIONS

	NEWARK		ESSEX COUNTY (Minus Newark)		STATE	
	HOUSEHOLDS	PERCENT OF TOTAL	HOUSEHOLDS	PERCENT OF TOTAL	HOUSEHOLDS	PERCENT OF TOTAL
No vehicle Available	53,675	48.4	31,883	16.8	376,783	14.8
1 Vehicle Available	41,188	37.1	75,497	39.9	943,648	37.0
2 or More Available	<u>16,049</u>	<u>14.5</u>	<u>82,011</u>	<u>43.3</u>	<u>1,228,163</u>	<u>48.2</u>
Total	110,912	100.0	189,391	100.0	2,548,594	100.0

COUNTY OF BERGEN



BOARD OF TRANSPORTATION

29 LINDEN STREET • HACKENSACK, N.J. 07601 • (201) 646-2855

Frank E. Tilley
Executive Director

8-31-83
10-4-83
20NIN3
August 30, 1983

Assemblyman Thomas F. Cowan, Chairman
Assembly Transportation and Communications Committee
CN 042
State House
Trenton, New Jersey 08625

Dear Assemblyman Cowan:

Thank you for advising us about the public hearing to be held on September 14 concerning the proposal to raise the PATH fare to 75 cents. I will be away on vacation during that week and ask that the remarks in this letter be included in the record of that hearing. Much of what follows was presented by me at the hearing that you conducted in Jersey City on May 11.

The Bergen County Board of Transportation makes two proposals: (1) that PATH fares be zoned so that a higher fare is charged for long trips than for short rides; (2) that multiple-trip tickets be provided at a discount from the base fare for the use of regular daily commuters.

The trip between Newark and the World Trade Center in New York is nine miles; between Hoboken and New York, it is three miles. Prior to Port Authority takeover of the system from the Hudson and Manhattan Railroad in 1962, a supplemental fare was collected on trips between Journal Square and Newark.

We propose that the present basic 50 cent fare be retained for travel within Jersey City, Hoboken, and New York, and also between points in those three cities. For travel to and from Newark the suggested fare is 75 cents. The attached chart summarizes these proposals as well as the fares for comparable travel on alternate transportation lines.

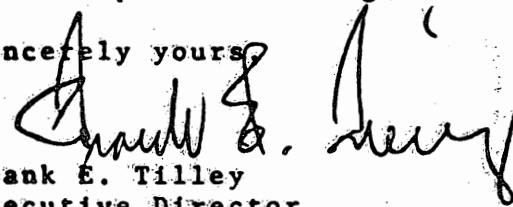
For fare collection purposes in connection with the zoned fare, special exit turnstiles would be required at Penn Station, Newark. Persons leaving PATH trains at that point would insert an additional 25 cents in the turnstile. Passengers boarding at Newark would deposit 75 cents in coins into the existing turnstiles. At other points in the system no change in the fare collection system would be necessary.

We suggest that multiple-ride tickets be sold at discounts of approximately 15% (for 10-trip tickets) or approximately 20% (for monthly tickets). NJ Transit's monthly tickets are discounted approximately 30%. PATH could sell either or both 10-trip and monthly tickets. They should be of the magnetic-tape variety, same as used on the PATCO High Speed Line in South Jersey and on the Washington (D.C.) Metro subway system. It would be necessary to install special turnstiles to accommodate such tickets.

In view of the fact that the Port Authority offers reduced-rate multiple-trip tickets to commuters who drive between New Jersey and New York using the trans-Hudson tunnels and bridges, it is no more than just and equitable that reduced rate PATH fares be provided. The Port Authority does not propose any increase in the cost of its twenty round-trip ticket books priced at \$20 which permit in effect a one-way move by automobile at fifty cents, nor does it propose to increase the price of carpool ticket books which cost \$30 and contain sixty tickets. Such tickets are the equivalent of a twenty-five cent toll each way; but, since they are valid only when there are at least three riders per car, the actual cost for a trans-Hudson vehicular trip is at most 8 1/3 cents. At a time when our State is faced with Federal mandates to reduce traffic congestion and air pollution, an 8 1/3 cent toll for a trip by automobile is out of reason when the PATH fare is 50 cents.

We respectfully submit these recommendations and request that they be given full consideration as you and your committee review the testimony to be adduced at the public hearing.

Sincerely yours,


Frank E. Tilley
Executive Director

FET/BC

CC: Assemblyman Thomas F. Cowan
122 Highland Avenue
Jersey City, New Jersey 07306

PROPOSAL FOR ZONED PATH FARES

For Trips Between	P A T H				Competing Services	
	One-Way Fare	10-Trip Fare	Monthly Fare	Monthly Discount	Operated by	One-Way Fare
Newark and New York	.75	6.50	25.00	20.6%	NJT Bus NJT Rail	2.15 1.50
Jersey City/Hoboken and New York City	.50	4.00	17.00	19.0%	NJT Bus Independent Bus	1.25 1.45
Newark and Harrison	.50	N/A	N/A	N/A	NJT Bus	.75
Other local trips within New Jersey or New York City	.50	4.00	17.00	19.0%	Local Bus	.75

New Jersey State Library

