

COMMITTEE MEETING

before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

"Organizational meeting; also,
the Commissioner of Transportation, Thomas M. Downs,
and the Executive Director of the New Jersey Transit
Corporation, Shirley A. DeLibero, presented an overview
of their organizations, operations, and capital
programs to the Committee"

February 3, 1992

10:00 a.m.

Room 4

Legislative Office Building
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Alex DeCroke, Chairman
Assemblyman Ernest L. Oros
Assemblyman Fredrick P. Nickles
Assemblyman Jeff Warsh
Assemblyman David C. Kronick
Assemblyman Jerry Green

ALSO PRESENT:

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

New Jersey State Library

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Meeting Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
162 West State Street
CN 068
Trenton, New Jersey 08625

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New Jersey State Legislature

ASSEMBLY TRANSPORTATION
AND COMMUNICATIONS COMMITTEE

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

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE

FROM: ASSEMBLYMAN ALEX DECROCE, CHAIRMAN

SUBJECT: COMMITTEE MEETING - February 3, 1992

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

The Assembly Transportation and Communications Committee will hold
an organizational meeting on **Monday, February 3, 1992 at 10:00 a.m. in Room
4, Legislative Office Building, Trenton.**

In addition, the Commissioner of Transportation, Thomas M. Downs, and
the Executive Director of the New Jersey Transit Corporation, Shirley A.
DeLibero, have been invited to present an overview of their organizations,
operations, and capital programs to the committee.

Issued 1/29/92

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Statement plus attachments submitted by Shirley A. DeLibero	30x

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ASSEMBLYMAN ALEX DeCROCE (Chairman): Good morning, everybody. Thank you for coming this morning. Members of the Assembly Transportation and Communications Committee, welcome. I am Alex DeCroce, and I will be chairing this Committee for the next couple of years. I want to introduce you to those who will be working along with me. Frankly, I would like each of them, if they would, to introduce themselves and tell you the counties they represent. I would like to start with Assemblyman Warsh, please.

ASSEMBLYMAN WARSH: My name is Jeff Warsh. My hometown is Edison, obviously Middlesex County, in the 18th District.

ASSEMBLYMAN OROS: My name is Ernest Oros -- Ernie Oros. I live in Woodbridge, and I represent the 19th District, which is, of course, Carteret, Woodbridge, Perth Amboy, South Amboy, and Sayreville. Transportation is quite vital to us in Middlesex County -- that's for sure.

ASSEMBLYMAN NICKLES: Good morning, ladies and gentlemen. My name is Fred Nickles. I represent the 2nd District, which is 90% of Atlantic County, in the southern part of the State.

ASSEMBLYMAN DeCROCE: Unfortunately, the Vice-Chairman of the Committee, Frank Catania, cannot be here this morning. He is doing something with leadership, but he may stop in at a later time. Unfortunately, my colleagues on the other side are not here yet, but they are going to find that we are going to try to start as promptly as we can, because time is money. Here's David, and Mr. Green. How about that? Okay.

I would like to introduce to you Assemblyman Kronick, who, besides myself, has the most seniority on the Committee. If you would like to introduce yourself and tell the audience who you represent and where--

ASSEMBLYMAN KRONICK: Good morning. I apologize for being late. It won't happen again -- I hope. There was a little traffic on the Turnpike.

I represent the 32nd District, which is Hudson County. With the redistricting, we picked up two counties -- two municipalities in Bergen County. I am involved with the New Jersey Transit Alternative Analysis Committee. We have been meeting now for, I guess, over a year. We are looking forward to a solution to our mass transit problems.

I am delighted to see Ms. DeLibero and Commissioner Downs. It is a pleasure to be here. I look forward to hearing what you have to say.

Thank you.

ASSEMBLYMAN DeCROCE: Assemblyman Green, would you like to introduce yourself and tell them who you represent and where?

ASSEMBLYMAN GREEN: Also I apologize for being late. I can't complain about the Turnpike, but I complain about Route 1. (laughter) I served as a Freeholder in Union County for six years. I represent the 17th District, which consists of Union County, Plainfield; Middlesex County, South Plainfield, Piscataway, Highland Park, and Middlesex Borough. My district goes into Somerset County, Bound Brook.

Basically, one of my major concerns in Central Jersey -- and I am pretty sure one of the issues that is going to be coming up in the next two years -- is especially transportation, etc., which will have a major impact on that particular part of the State of New Jersey. I am just happy to be part of this Committee, and I am looking forward to working with everyone.

ASSEMBLYMAN DeCROCE: We look forward to working with you, Mr. Green.

You can see that the majority of the Committee is well represented from the central part of the State. However, I am confident, because we are totally representative of the entire State, that we are going to be able to handle most of the State matters in a very deliberative manner. Transportation issues

are often local and regional matters which often require statewide solutions, and I am sure we will address those solutions.

Assisting the Committee will be Ms. Amy Melick, from the Office of Legislative Services, and, of course, our staff member, Rosanne Persichilli from the Republican staff, and Dave Meadows from the Democratic staff. We look forward to working with all three of you.

I would like to briefly outline for the members of the audience the jurisdiction of the Assembly Transportation and Communications Committee as it has been reconstituted for this session. This Committee will review transportation matters in this State, and will be responsible for the oversight of all transportation agencies, including the: State Department of Transportation, New Jersey Transit, the State toll road authorities, the port authorities, the bridge commissions, as well as the newly established South Jersey Transportation Authority.

This is a broad and serious mandate. It is my intention to approach transportation matters from the point of view of coordination and consolidation of resources and effort, in order to bring about a more efficient, cost-effective use of our transportation assets. Of course, we must not forget the toll roads. We will be looking forward to hearing from representatives of the toll roads, certainly the Turnpike and the Highway Authority, in connection with their recent activities.

In addition, the Committee, as an additional responsibility, will be looking at areas of cable television and communications, including a review of telecommunications technologies. Representatives of both the cable and telecommunications industries will be invited to share their expertise with the Committee. I am certain that we will have an interesting session with them.

If any of the members of the Committee have any questions pertaining to our procedure, certainly give me a holler. If not, I would like, at this time, to introduce to the Committee and the members of the audience the Commissioner of Transportation, Mr. Thomas Downs. Thank you, Mr. Downs, for coming along with us. Of course, along with him is the Executive Director of New Jersey Transit Corporation, Ms. Shirley DeLibero. If you would please take a seat--

The Commissioner and the Executive Director have been invited today to inform the Committee regarding their respective agencies. We have asked each to present an organizational overview of their agency so that we may have a clear understanding of the structure of DOT and New Jersey Transit. In addition, we have asked for a programmatic breakdown of the two agencies, and an identification of the size of the State work force assigned to each area.

Last, but not least, we have asked the Commissioner to give us a status report on the current Fiscal Year 1992 capital program, and to provide us with a breakdown of the Fiscal Year 1993 program, including anticipated sources of revenues and proposed areas of expenditure.

With that, I am giving both of you the floor.

COMMISSIONER THOMAS M. DOWNS: Thank you, Mr. Chairman and members of the Committee. I was just thinking, it is appropriate that Shirley and I appear together before you for a couple of reasons: First, I do serve as Chairman of the Board, by statute, of New Jersey Transit, but more importantly, transit and highways in New Jersey, at least now, both because of the way we have grown and because of the mandates in the Clean Air Act and the new Federal legislation, are most inextricably tied together. All of our capital investments are now tied together through the flexibility in the Federal legislation. The choices we make about programs, because of the constraints imposed on us at the Federal level

-- Clean Air -- mean that we have to make investment decisions and look at transit alternatives. We have a responsibility to our public, both from a development and a growth standpoint, to look at what makes sense in the long term about transit investments, as well as highway investments. This is something we have not done as well as we probably should have in the past.

I think for New Jersey that is incredibly important because we are a transportation State. I have heard it said a number of times. It used to be said that Ben Franklin said that New Jersey is a keg tapped at both ends. I prefer to think of it as a State that can draw the best from both New York City and Philadelphia in terms of growth and development and economic activity. But we are, obviously, a corridor State, a key in the Northeast Corridor. We have traditionally had some of the best rail connections, highway connections, and port facilities in the United States, and oftentimes in the world.

We have the fastest growing air cargo airport in the country -- Newark. We have one of the fastest growing international arrivals/departures airports in the country -- Newark. We have the second largest container port in the United States -- Port Elizabeth in Newark. We have about 600,000 individuals employed in the State in trucking and warehousing; in other words, highway goods movement. We have an economic base that ties us to a rail network throughout the Northeast, and we have the highway corridors that make the rest of the East Coast work, between 95, the Turnpike, 80, 78, connections to the George Washington, and the Highway Authority.

We are, in a sense, a transportation business State, and it is important for us to recognize that, both from what we do from a capital standpoint and from an operating standpoint. We also have a 34,000 mile highway network, and we have 2200 bridges within the State control.

What all of this has meant over the past years is that we have had tremendous demands on capital. Sometimes we have met some of them; most of the time we haven't. We have developed a substantial backlog in terms of maintenance and repair, let alone the building of a number of links of the system that were left unbuilt because of either the cost or environmental concerns. We have a not yet fully functioning smooth network of capital investments between the various authorities. We are, at best, a capital -- or an authority rich State. We have 13 authorities within the State that provide some form of capital financing for transportation.

The challenge is, now that the Federal government has given us tremendous latitude, a tremendous amount of flexibility in spending funds, and has said that coming our way over the next five years is about \$5.6 billion worth of Federal funds for transportation investments -- and notice it doesn't say highway or transit investments; it says transportation investments-- The challenge is how to make those work right for us from an economic development standpoint, a community standpoint, and a congestion standpoint.

Last year, we advertised 126 construction contracts worth about \$500 million, creating about 15,000 jobs, and we awarded and supervised more than \$88 million in local aid. That is the aid that DOT gives to cities and counties throughout the State. And the private sector, because of betterments that we imposed as part of a development, put in an additional \$43 million of work on our State highway system. In fact, looking at a snapshot of projects-- We have multiyear contracts. We currently have about \$2.4 billion worth of design and construction work under management -- right now, in the current year. The surprising thing is, that is the largest capital program in the history of the Department, and we did it in less time than we have ever done it in the past.

We have a chart that shows the number of projects on fast track. It shows that in 1990, the amount of time it took us to get to award per contract was 26 days. In '91, it was 10.5 days, and that is our target again for '92. Our commitment to the construction industry has been that we will get the jobs out as fast as we can within our own processes.

I know a concern that everybody has had about State agencies is size of work force. This is total head count, capital operating, federally supported, everything within the Department. The Department was created in 1966. January of '90 was when I took over.

There were 5505 people on board by payroll count; January of '92, 4665, about 1000 less people. That is a lot of people. I think it is probably the largest percentage reduction of any department in State government. We took a relatively large hit from the early retirement. There were about 1700 positions budgeted for early retirement. That was OMB's guesstimate about how many people would retire from State government. Because DOT has a roster of primarily engineering staff, but also construction, construction management, and maintenance management staff that have been in the Department for 25 or 30 years, we took about 25% of the entire State's early retirements. We are less than 7% of the State's work force, so we did about four times the average in terms of early retirement. We had 417 people take early retirement.

We are back filling some of those capital positions because we have to have those people to manage the capital program, and they are, in many respects, either capital chargeable to the Federal government or to the Trust Fund, an issue I will get to in a minute.

But, our budget continues to assume, for the majority of the year coming -- '93 -- a hiring freeze. We have had an absolute hiring freeze on, with the exception of several capital funded positions like engineer trainees, since January

'90. We will go approximately three years-- In other words, we will go about three years under a hiring freeze. Attrition is the rest of what is happening in terms of reductions in personnel. We also had a layoff of about 70 people, mostly on the maintenance side.

When you think about the size of our capital program, you also want to keep a comparison in mind. In 1966, we awarded \$260 million, and this is in '92 dollars. In other words, I think the actual amount in those days was, like, \$61 million, \$62 million, but those are '92 dollars. We awarded \$260 million, and we are going to advertise and award \$604 million worth of work now. You can see the order of magnitude. It is more than a 100% increase, with about the same number of employees as we had in 1966.

The comparison serves us well, but it also doesn't lessen our commitment to delivering a capital program even larger than that. The program that we have delivered in '91 is shown as completed, and our '92 targeted program shows you the size of the program projected for this current year. (Commissioner referring to appended chart) The chart pretty much speaks for itself; 126 advertisements for \$491 million, and '92, 132 advertisements for \$604 million. This does not show yet the full impact of the kind of bow wave of Federal funding brought to us by the Frank Lautenberg/Bob Roe Federal legislation that brings a lot more money to the State.

We are not proposing to change either our staffing or any of our commitments about the delivery time on contracts, but simply absorb additional amounts of money with existing staff and continue to deliver the program in what we believe is a timely fashion.

I am convinced that the Department has made a lot of efforts in doing more with less, and I think we have, as a Department, the responsibility to you and to the taxpayers and to the Governor to reexamine the way we think about almost

everything we do within the Department in terms of how we manage our dollars, how we manage the highway systems and transit systems, and to make ourselves as efficient as possible. But we do have some challenges facing us along the way.

It is not enough to just talk about the amount of dollars going out. Highway mileage under State management doubled between 1960 and 1990. The number of traffic signals increased by about 200%. Lighting units -- street lights -- doubled to over 30,000; in other words, we added 15,000 lights to our management system. The number of miles of highway undergoing some form of construction rose by 1000%. We had 84 miles of the State highway system under construction in 1966, and we have an average of 1200 miles under construction right now.

Our systems are facing increasing demands. Highway mileage over the past 20 years has remained relatively stable, but the number of registered vehicles has exploded, as well as the amount of miles driven in the State. We have the highest traffic density of any state in the United States. We average about 4600 vehicles per lane mile of road in this State. I think the next-- I don't remember what the next highest state is, but it is something like 3200 vehicles per lane mile of state road. So, by almost a third, we are the densest traveled State in the United States now.

Environmental regulations have grown dramatically. In the '70s, we had about 25 Federal and State laws governing our construction and management process. Today, our projects are screened against 141 environmental laws and regulations.

When NJDOT was created, we didn't do aviation planning; we didn't do rail freight planning; we didn't have a public involvement process, and sometimes that showed. Hazardous wastes were unknown, and wetlands were something we filled in. Those times have changed a lot, and every project

is hemmed in by those kinds of constraints that I think, in most part, are legitimately imposed on us about how we build and operate State road systems.

While all of that was happening in 1960, transportation spending was 20% of the State budget. Today it is 5%. We have drastically altered the emphasis that we placed on transportation, both from a construction standpoint, but more importantly, from a maintenance standpoint, particularly since maintenance itself falls into the General Fund.

We have two categories of funding within the Department, obviously capital and operating. Operating is General Fund. Our capital comes from both Federal and State capital. As we have absorbed larger and larger amounts of capital, our operating side has gotten smaller and smaller. A substantial number of those employees who no longer are with us were General Fund employees. They were charged with doing things like crack seal, joint seal, pothole repair, storm drainage system repair, grass cutting, dead deer pickup, etc. Those numbers have declined to a level probably below what they were in the 1960s on the operating side.

We have gone from \$172 million in General Fund expenditures for the Department down to about \$112 million; in '91, down about 35%. Our capital budget, as I mentioned, is up significantly, and I hope will continue to grow, because I think it is an important part of our future.

The question came up at one point as to whether or not it was legitimate to charge off capital development expenses. We made a proposal last year, which was an extension of an earlier one in 1989. The Governor's budget proposed to take \$25 million from the Transportation Trust Fund to pay for the salaries of the engineers who design projects and the engineers who oversee the construction of capital projects -- State projects.

First, we already charge Federal capital for those charges. I did a quick survey of other states, and I think we are the only State in the United States that does not charge the full cost of capital development and capital management to the capital funds. Most state DOTs secured 100% out of their state's trust fund, or some variance of that.

Earlier, when we had bond issuances carrying the cost to capital charge, our capital development, in other words, the engineering costs that were done in-house -- the construction management and construction engineering costs of projects to capital-- We charged them to bond issues. When the Trust Fund was established, an initial decision was made to allow that. It was changed on Trust Fund II. Then, the previous administration asked for, as I said, \$25 million of State Trust Fund to go to accountable and accounted for internal personnel charges. We have maintained that level in our coming budget request with no increase, but I think it is -- and I will continue to make the argument -- a legitimate capital expenditure. It is auditable; it is Federal practice; it is other states' practice; and it is accepted practice in the private bond community. It is not considered to be, in the financial marketplace, an operating expense unrelated to capital. I know it has been a controversial issue, and I thought I would try to tackle it head-on.

We have a changing role as well. One of the things that the Department has done in the past was to build roads, build bridges, install stop signs, install traffic lights. That has been our role. We always, though, built them and then left them. We will maintain them, but we do not operate them. Increasingly, the responsibility -- the demand from the public side that I am feeling -- is to be not only an owner, but to be an operator as well. To use an analogy, our current practice over the years would be like the railroad building rail lines, and then just saying to whomever wants to get on the rail line,

"Have a nice day. You've got an engine; you've got a locomotive and a couple of cars. Try your hand at it. We'll put up a signal switch or a couple of lights, and you can have the line."

We do that with motorists. We just open a road -- I-80, 78 -- and say, "Have a nice day." Increasingly around the United States, in places that are probably less congested ultimately than we are -- like California, Florida -- they are making significant investments in road management. In other words, you become an operator as well. You take responsibility for things like incident management. If there is a semi that turns over on 80, you are responsible for, as quickly as possible, intervening and clearing it. You are responsible for putting up signs to notify motorists and putting out information as quickly as possible that it is closed for a period of time, suggesting alternate routes. You are responsible for congestion management, with traffic signalization, a smart corridor where you can tie all the lights in a corridor, like Route 1, to a traffic signal system that is smart enough to measure traffic loadings and adjust signal timing to reduce congestion. People expect, and are demanding, that we become a systems operator, and we are gradually moving to that. I am anxious to do that.

The Federal legislation encourages us to do that; spend more capital on those kinds of projects. We are anxious to get into it. It is also an area where we can work much closer with New Jersey Transit about bus routing and also begin to provide other kinds of facilities, like intercept parking and information about them and staffing for them, that will encourage people to be more transit friendly.

We have one issue coming which I also wanted to address very quickly, and that is the funding requirements in the Federal legislation. We have before you this year a request for an increase in the Transportation Trust Fund cap.

enough material staff to defend the integrity of the contracting and construction process.

That completes my remarks, Mr. Chairman. I'd be pleased to answer any questions you may have.

ASSEMBLYMAN DeCROCE: Thank you very much, Mr. Commissioner. We certainly do appreciate your remarks and your overview of '92 and '93. Thank you very much.

Now, Executive Director?

S H I R L E Y A. D e L I B E R O: Good morning, Mr. Chairman, and members of the Committee. On behalf of the Board of Directors and staff of New Jersey Transit, we appreciate having an opportunity to highlight our operations and to briefly discuss with you our short- and long-term objectives.

With the Chairman's permission, I would like to provide my more detailed written testimony to the Committee at the end of this briefing.

As the work of the 205th Legislature begins and as consideration of the FY 1993 State budget gets started, New Jersey Transit has been the fortunate recipient of strong support from both the Governor and the Legislature, and we will work hard to warrant its continuation.

In my 15 years of professional transit experience in Boston, Washington, Dallas, and now here in New Jersey, I have never seen a State more dedicated to public transit. With the support of the New Jersey Transit Board of Directors, I have been able use my professional experience to challenge New Jersey Transit's employees to work more efficiently, and to challenge them to serve our riders better. Quality service is our top priority.

New Jersey Transit directly operates and supports a wide range of public transportation services in our State. New Jersey Transit provides service to approximately 273,000 daily riders on its statewide rail and bus network, and on the Newark City Subway. The State's commuter rail system consists of 11

rail lines serving 144 rail stations, with nearly 600 trains operating everyday. Our bus system provides three types of service: local bus service in the State's urban areas; commuter bus service to New York and Philadelphia; and long-distance intrastate services such as those between northern New Jersey and Atlantic City. These services are provided with 1800 buses operating out of 18 garages.

In addition to our operations, New Jersey Transit provides private bus operators with 1065 buses, valued at over \$146 million, at no cost. Approximately 40,000 daily riders rely on these services.

Through the Casino Revenue Program and Federal funds, New Jersey Transit also supports the county elderly and disabled transportation services. We provide service to approximately 15,700 daily riders.

In total, New Jersey Transit public transportation services or programs are used by 320,000 daily riders.

Good public transportation only comes with a price tag. As you can see from chart number 1, New Jersey Transit's operating budget is driven by costs directly associated with operations or contracting for bus and rail service. The only way to significantly reduce this cost is to curtail needed service; something we strongly oppose.

Public transportation expenses can be contained through tight management, strategic capital investments, and revenue enhancement. Examples of how we have increased our efficiencies include:

First, we had the completion of a major reorganization resulting in the reduction of 471 full-time employees compared to 1988. And for those of you who don't know, New Jersey Transit used to be the bus company, the rail company, and then the corporation. We have now merged the three organizations together. We had three payroll departments, three human resources departments, three of everything. We now have one in

the consolidation. So that has resulted, as I said, in a 471 full-time employee reduction.

Second, we have had a reduction in employee and passenger injuries. Total injuries to rail passengers and employees were reduced by nearly 23% in FY '91 compared to FY '90. The reduction in injuries to rail employees resulted in a 41% reduction in lost workdays during FY '91.

Bus/vehicle collisions were also reduced by 8% in '91 compared to '90. This effort increases not only safety/productivity, but it also saves us millions of dollars in future claims.

Third, we have improved our financial systems to enable us to react quickly to adverse trends, and to take those actions necessary to maintain the financial integrity of our organization. This will enable us to keep on budget, and to cut back when we are not.

Fourth, we continue to target capital investments to improve operating efficiencies, to attract additional riders, and to help the State to attract economic development and to meet clean air mandates. Our capital investments are carefully planned and directed to help reduce operating costs and to improve the quality and efficiency of our operations. As my staff has heard me say many times, the capital costs are onetime costs, and the operating costs that we have to look at, are forever.

Fifth, we have improved maintenance practices which has resulted in rail on time performance reaching new heights in 1991, averaging 93.2%, the highest level ever achieved by New Jersey Transit. Steps to improve bus on time performance have also been successfully taken. Better maintenance and increased attention to our customers have caused bus customer complaints to decline by 9% in 1991, and rail complaints by 16% compared to the prior year.

Next, because our service is getting better, we started a new marketing program in October, including the agency's first use of television advertising. Our first series of TV ads generated over 42,000 phone inquiries regarding our services.

Although much has been accomplished, much more must be achieved. I believe there is still room for improvement. Five key objectives for New Jersey Transit management in the coming year are:

- * We will continue to improve cost efficiency. All of the departments at New Jersey Transit have just gone through a vigorous zero-based review of our 1993 budget. We're taking every opportunity to identify cost containment measures, including tailoring service to changing ridership levels.

- * New Jersey Transit management is preparing for the next round of labor contract negotiations with the rail unions. It's no secret that what happens in these negotiations will have a major impact on our ability to control costs. I'm confident that we can achieve additional efficiencies in that area.

- * New Jersey Transit is pursuing every opportunity to maximize non fare box revenues and to increase revenues associated with leasing of our properties and our facilities.

- * We are using innovative financial techniques to reduce our diesel fuel costs. As you recall, last year we saved \$5 million on diesel fuel because we locked in at a favorable price. We are also looking at cross border leasing of our equipment.

- * We will continue to make progress in our critical capital investments both in terms of reinvestment in new investments and particularly the New Jersey Urban Core Project, which is funded in the Federal Transit Bill. This promise of the Intermodal Surface Transportation Efficiency Act of 1992 must be kept. The President's proposed reduction in transit operating and capital assistance must be rejected.

I hope this Committee will support us in our efforts in Washington with our 1992 approved capital program. Of our capital program, about 78% goes to capital reinvestments, including the rehabilitation of rail stations and terminals, the construction of a new bus maintenance facility, the rehabilitation of rail cars, and the replacement of local transit buses. The balance of the capital program is focused on advancing critical rail projects that will help unify our disparate rail lines and establish for the first time a State rail network.

Included in this series of investments are the Secaucus Transfer, the Kearney Connection, the Newark Airport Link, and the Hudson Waterfront Transportation System. This collective group of investments is referred to as the New Jersey Urban Core Project. Revisions to our approved FY 1992 capital program are being undertaken because of increased Federal funding in FY 1992. We will review these revisions with this Committee when they are complete.

We will maximize efficiencies by working with the private motor bus industry. All new bus service will be competitively bid, requiring New Jersey Transit bus operations to compete with the private sector to get the work. We have learned that an important key to containing the cost of service is not necessarily the contracting out of service, but rather, in getting good, low, competitive bids.

The opportunity to privatize existing bus services is more limited because of Federal and State labor protection laws. However, where it makes sense to competitively bid service from the fiscal and operational perspective, we will, and have done so.

Even if all of our efficiencies are achieved, the need for additional revenues will be required. While the challenge to New Jersey Transit is to minimize expenses, the challenge to the State and to those who are concerned about effective

transportation is to develop a comprehensive approach towards funding mass transportation services in the State. New Jersey Transit riders had to absorb five fare increases in a nine-year period. As you can see from this chart, the fare increases paralleled declines in ridership, starting in the late 1980s. Chart number 5 will show how fares have increased faster than the CPI.

In Fiscal Year 1992 the support of Governor Florio and the Legislature allowed us to avoid a fare increase. As you know, Governor Florio's FY 1993 budget proposes no increase in our fares again next year. Going another year without a fare increase will help us stabilize our ridership base and position Transit as an affordable solution for the State's air quality and congestion woes. It will also enable us at New Jersey Transit to present a fare policy approach that can serve as a starting point to its discussing how to fund New Jersey Transit in the years ahead.

The New Jersey Transit Board of Directors and I are committed to doing everything possible to avoid a fare increase this year. We recognize that an increase of \$67 million in transit assistance during these difficult economic times requires a high level of assurance that every dollar is spent wisely. You have my commitment that this will be done. The additional funding in FY '93 will enable New Jersey Transit to cover labor agreements, inflationary costs, and costs associated with the Americans with Disabilities Act and the Clean Air Act.

It is my belief, however, that additional State assistance for Transit is warranted. State operating assistance has not been increased since Fiscal Year 1990, and has grown by only \$27 million since 1988. We do, however, acknowledge and appreciate the large increase in capital assistance, including the \$55 million in capital maintenance provided to the agency last year. These funds are being used

for maintenance projects that will ensure the useful life of our vehicles or facilities for not less than three years. We are carefully controlling and auditing these costs in accordance with State law.

I want to express our commitment to establishing an effective relationship with this Committee. My job as Executive Director is to keep you informed. I am committed to doing this in a timely and responsive manner. You will receive regular reports on the agency's financial and operating performance, and the status of capital projects.

On a final note, I would urge you to use the New Jersey Transit system on a regular basis, and I would be happy to arrange for any of you a visit to our facilities to inspect our operations.

Mr. Chairman, we have prepared a notebook for each member of the Committee with some additional information about New Jersey Transit. Included in your notebook is a profile of your respective districts, an organization chart, a system information, and copies of our latest reports.

ASSEMBLYMAN DeCROCE: Thank you very much, Director.

MS. DeLIBERO: Thank you.

ASSEMBLYMAN DeCROCE: As you recall, in sending the letter out to you, we did ask for an overview of DOT and NJT. We would like each of you, if you would, to provide us with various divisions, who are your divisions, who are your assistant commissioners, division heads, section chiefs, and lease arrangements that you might have. This information will be very beneficial, I think, to the Committee. So if you could get that information to us, we really would like to have it.

COMMISSIONER DOWNS: It's coming around to you right now.

ASSEMBLYMAN DeCROCE: Oh, thank you.

COMMISSIONER DOWNS: A longer package with a line and block chart, staffing by name within each of the divisions.

We'll also be glad to get you a departmental phone book that we are trying to update ourselves.

ASSEMBLYMAN DeCROCE: Thank you. Thank you very much.

As we are going into questions, I would just like to ask the Director a question: There was no fare increase last year, but ridership continues to decline. In this year's proposed budget it is my understanding there is \$13 million less in fares that are indicated by revenues. Is that a fact?

MS. DeLIBERO: It's about \$11.6 million.

ASSEMBLYMAN DeCROCE: Eleven point six?

MS. DeLIBERO: Yes, that's a reduction in fares. One of the things that we are seeing, we have lost riders. I think part of it is the fact that we continue to raise fares, as we have, and to the magnitude that we have in the past five years. So, we saw a decline there, and actually, with the economy the way it is, we saw an additional decline in ridership. So clearly the \$11.6 million that we are looking at in less revenue is in the '93. We hope that the marketing campaign that we just started-- As I said, we received 42,000 inquiries about our service. We have mailed out different route maps and different schedules to these folks, and we are hoping to see some of that pickup in our ridership.

COMMISSIONER DOWNS: The Board thinks that with a fare increase in the middle of the recession we would probably have had catastrophic losses in ridership. Over the last 18 months New Jersey lost 166,000 jobs. A lot of those people don't commute to work anymore. That's the substantial hit that we have taken on ridership within New Jersey Transit -- commuters who don't have a job to commute to.

ASSEMBLYMAN DeCROCE: Commissioner, with regard to your area of responsibility, you indicate that 1.4 would be very beneficial to the State. Would all that money be on the street for next year, 1993? Would it be in operation? Would you be doing these jobs, these proposals?

COMMISSIONER DOWNS: The majority of the work that we're proposing is to fast track resurfacing and reconstruction work. It doesn't take, for a variety of reasons-- We haven't done enough of it in the past. Good practice would be that we would rebuild 200 center-lane miles of road a year, given our lane mileage within the State. We have done in the past about 40, sometimes 30, sometimes 20 miles of resurfacing and reconstruction a year.

Pushing the maximum amount of money into resurfacing and reconstruction and redecking doesn't require permits usually. It doesn't require an environmental study. It doesn't require a lot of design. It's not rocket scientist work. It's labor intensive, and the public gets a quick turnaround benefit: a new road surfaced, new striping, new signs. We're going to be spending money on resigning. We have a lot of junk signs. We have signs that are missing from accidents. We are going to put a lot of that money into those quick turnaround projects.

Some of the money that we are getting from the Federal government will go into projects like upgrading Route 80, and finishing off Route 287, which are longer term construction jobs. You won't see that this year. You'll see it in the next year or the year after that. But the majority of the money that we're getting and the majority of the money we are proposing to use from the cap lift are quick turnaround: \$100 million in local aid, and the rest going into resurfacing, reconstruction, and redecking jobs. So, yes, you will see most of that work.

ASSEMBLYMAN DeCROCE: Thank you. I'm going to open it up to the Committee. Fred, do you have anything you would like to ask the Commissioner?

ASSEMBLYMAN NICKLES: No, Mr. Chairman. I appreciate both reports. They were very informative. I look forward to digesting the information and will have questions at the next meeting.

ASSEMBLYMAN DeCROCE: Assemblyman Oros?

ASSEMBLYMAN OROS: Just one quick question: On the Route 1 alignment, as opposed to Middlesex County and Woodbridge, in particular, what's the status of that? Is there any movement on a ramp off the Parkway onto Route 1?

COMMISSIONER DOWNS: We have scheduled five separate jobs with differing amounts of time. The biggest one is Route 1 and Route 130, which is about a \$100 million job, depending on how we do the final alignment. If my memory serves me right, there is almost \$400 million worth of improvements, both for grade separation, interchanges, widening, signalization on 1 and 9. I'll be glad to get you, maybe this afternoon, a listing of each of those projects, their scope, and their projected time for design, construction, and completion.

ASSEMBLYMAN DeCROCE: Assemblyman Warsh?

ASSEMBLYMAN WARSH: I have a few questions. First of all, Executive Director, I would like to applaud your consolidation of the bus and rail operations. It's quite an ordeal, I'm sure, but long overdue. I would also like to applaud your commitment to maintain current fares. As someone who had commuted for three or four years down here from Edison station and from Metro Park station, I know how incredibly expensive it is, and it adds up. From somebody who campaigned very hard, I heard it from people over, and over, and over again: It's just too big of a chunk out of the paycheck every month.

One of the concerns that I have with respect to your decreased ridership is it's very difficult, at least in our area, to get to the train. As you well know, the intersection of the Garden State Parkway and the New Jersey Turnpike is the world's busiest traffic interchange, and yet there is no deck at Metro Park, and an eight-year waiting list to park there. Are there any long-range plans -- hopefully short-range plans -- to deck Metro Park?

MS. DeLIBERO: I can tell you exactly where we are. I even have my engineering guy, who is head of engineering and construction. Rick, you can tell him where we are on the Metro Park deck. It's going to happen real soon, not long.

ASSEMBLYMAN DeCROCE: Could you come forward, please, and speak into one of the microphones and identify yourself?

G E O R G E "R I C K" R I C H M O N D: My name is Rick Richmond. I am Assistant Executive Director for Engineering and Construction. We have engineers engaged presently to develop the preliminary design specifications for the decking -- for the addition of the parking deck at Metro Park. Our goal is to get out, probably by the middle of this year, with a design/build contract which would actually engage someone to go ahead and design it and construct.

We do have to, in this preliminary stage, work with the local jurisdictions. There are some issues with local traffic impacts and circulation that we need to work through. That's still ahead of us, but we have begun discussions and we are optimistic that something can be done.

ASSEMBLYMAN WARSH: The number of cars?

MR. RICHMAN: We're looking for an expansion of up to 1700 additional parking spaces, which is about double the current.

ASSEMBLYMAN WARSH: How many?

MR. RICHMAN: Seventeen hundred.

- ASSEMBLYMAN DeCROCE: Time frame?

MR. RICHMAN: My recollection is it's, once we get the design build underway, probably a year-and-a-half or so with the work to get it done.

ASSEMBLYMAN DeCROCE: Good.

ASSEMBLYMAN WARSH: Thank you.

COMMISSIONER DOWNS: The guesstimated construction is about \$20 million.

ASSEMBLYMAN DeCROCE: Did you have another question, Assemblyman?

ASSEMBLYMAN WARSH: Yes. I have a couple. You mentioned that you started a marketing program in October '91. What does that entail aside from the television commercials?

MS. DeLIBERO: We're doing television and radio, targeting specific areas, both-- We have mail outs for all new residents in each particular area. We looked line by line at our ridership, and those where we saw a major decline, we kind of focused in on that. We are also doing -- what did I say? -- television and radio, and actually sending stuff out to where our lines have just declined -- our ridership -- to find out why they are not riding New Jersey Transit. We have a survey going now in which we should have the results back up in the next two weeks, to find out why people aren't riding New Jersey Transit.

We have a Mail Ticket Program that actually, we send out to people who send in for tickets, and we can see where the ticket responses have declined. We are targeting those people to find out why they are not riding anymore. Is it our service; is it they are no longer employed; or what the issues are? So, we're really looking at all of the areas where we have seen a reduction, to focus in on those areas.

ASSEMBLYMAN DeCROCE: Thank you. Assemblyman Kronick?

ASSEMBLYMAN WARSH: One last question, Mr. Chairman?

ASSEMBLYMAN DeCROCE: Hold on, Assemblyman. I'm going to give Assemblyman Kronick an opportunity. I'll get back to you.

ASSEMBLYMAN KRONICK: Hopefully we'll go around several times. First I want to commend both the Commissioner and the Director, that the communications that I have had with your office over the past two years have really been very fine. I commend you. I commend you on the job you are doing under difficult times.

Are we going to be limited, Mr. Chairman, on the number of questions?

ASSEMBLYMAN DeCROCE: No, not necessarily.

ASSEMBLYMAN KRONICK: We have time? Okay.

First I'll go from the general, and then later to the specific. We have seen over the years that the emphasis in funding has been going to road, and road improvements, from the Trust Fund. I'm wondering whether now we are going to take advantage of the increased State and Federal funding to change the direction of New Jersey's transportation policy to achieve a total equity between mass transit and highway spending? Could either of you respond?

COMMISSIONER DOWNS: First I think when you see the capital budget submission that the Governor submits to the Legislature this year, you will see a much closer balance between highway and transit investment. If it wasn't for the fact that we are both already convinced that we have to strike a better balance between highway and capital investment, the Federal Clean Air Act will force us to that anyway. We don't have a lot of choice.

New Jersey is the second most severe nonattainment area in the United States for clean air. We are second only to California and the L.A. Basin. We have to make some drastic changes in the way we make transportation investments, if only to create the room for the private sector to continue to expand in areas of manufacturing. They all live within the same envelope -- the same budget -- for air, and what gains we make on transportation means that we can expand some in the manufacturing side. The L.A. Basin is finding they are losing jobs because they can't create enough room.

It's a long answer. The short answer is that I think you will be pleased with the balance that we are striking between highways and transit in this coming capital budget.

ASSEMBLYMAN KRONICK: And more specifically, if we look at transit, will we see a greater emphasis on the light rail, of which you know I am a strong advocate, because again,

we will not be achieving our air quality improvement goals if we continue putting more buses, rather than making that important move to light rail, particularly in our urban areas?

COMMISSIONER DOWNS: What Congressman Roe created for us with the Urban Core Project in the Federal legislation was the ability to make those kinds of capital investments quickly. He waived a lot of the requirements that UMTA imposed on us about analysis so that we don't wind up studying it to death. It wound up giving us the flexibility of not having to provide a lot of State match, and allowed us the flexibility to make staged capital investments in areas like the waterfront. As I have said in previous legislative appearances, I am a firm believer in the efficacy of light rail on the waterfront.

ASSEMBLYMAN KRONICK: You made my day.

MS. DeLIBERO: I'd like to add to that, just to let you know that part of the consolidation of New Jersey Transit was to put all of our planning together. And we are now looking at not only planning in the short-term, but five years and looking ten years down the road.

My experience especially in Boston when I ran the light rail system, once you start that first operable segment and get that open and running, then providing the opportunity to increase and continue light rail will be a lot easier for us than what we are going through initially. So we are all looking forward to at least getting that one up and running and then look at future extensions.

Also, in my operating budget you will see this year, I have asked for \$5 million increase in the operating budget to at least start, not only because of the Clean Air mandate-- But one of the problems is that New Jersey Transit has never had any money to look at different service. With the demographics changing the way they have and to look at suburban to suburban service which we now don't provide, we really need to look at more opportunities for more experimental service.

So I have asked for that and hopefully that will be provided with either the new compressed natural gas buses or the buses that have trap oxidizers in them for clean air environment.

ASSEMBLYMAN DeCROCE: Thank you. Assemblyman Green?

ASSEMBLYMAN GREEN: Yes. First of all, Commissioner and Director, I would like to congratulate you on your presentations this morning. It is very interesting, especially when you are able to consolidate three departments into one. That's a good signal for the Governor, since it's obvious that's what we are going to try to accomplish here in the next two years.

Some of my major concerns -- and I have quite a few questions -- but do you think at this point now we are doing too much at one time? Do you feel that if we do this type of massive approach to new projects that in the long run, later on say, in the middle '90s, we will run into a problem because we have done so much at this particular point?

COMMISSIONER DOWNS: No. I think that the public sector has a responsibility to be in the marketplace when there isn't really a marketplace. Several years ago total combined public and private capital investment in the State of New Jersey was about \$6.5 million. It's under \$5 million now; combined public and private. Bid prices are incredibly low: 25% to 30% underneath the engineer's estimate. We're getting the kind of almost fire sale response from the private sector. That means it is now the time to spend. We get jobs; we get money circulating in the economy.

I'm also a firm believer though, that when the marketplace turns around and construction bid prices start to escalate, it is time for the State to withdraw gradually from the marketplace. That's also a responsibility that you have with the use of public capital. You should not be adding to inflation on the construction side when the market is very robust and very healthy. That's another set of disciplines

that are hard to exercise as well, but I think it's our responsibility to do it.

If we put the money into capital in finishing off road segments that were never built, and we put the money into reconstructing the existing roadway, we will have the capability of gearing down some when that happens. We won't have added huge amounts of mileage. We won't have added huge, complex pieces of roadway or rail network that cost a fortune to maintain. I think it's the right time now, and I think that it will be a right time later to back out for a while.

ASSEMBLYMAN GREEN: Another one of my major concerns: During the course of your presentation you mentioned the fact that you have concern we might not have the labor out there to undertake some of these particular projects. Have you, at this point, identified a plan to deal with the minority community in terms of making sure there's a safeguard that they will actually get a proportion of these jobs, etc.? If we're going to be talking about making people more dependent upon themselves, then it's obvious we have to cut through the red tape, you know.

My experience in the past is that we always talked about giving the minority an opportunity to participate, but it's never really happened. I'm concerned. Do we really have a plan in place to make sure that this does happen, so we can safeguard against what has happened in the past? We said we're going to do something for the minority community, but it's never really happened.

COMMISSIONER DOWNS: In terms of labor available, it's available. Our unemployment rate in construction is still high. In the private sector we have the labor availability. What I was talking about, not having the people, is internal maintenance. The folks that maintain the built plant to keep it from falling down in the next generation is where we have taken most of our hits.

I agree with you. We have not had a rational approach to disadvantaged business. I gave a challenge to Shirley, which she readily accepted, about new targets for disadvantaged business at New Jersey Transit; the same thing with the Turnpike, the Highway Authority, and the other authorities within the State: to demand that they have at least a response to that within their business plans about what they perceive to be a reasonable target for involvement of small and disadvantaged businesses with their capital funding. I find that authorities tend to deal with bigger companies with an existing track record and whether you're a small, minority-owned, a small women-owned business, or just a small business, it's very hard to get in because of things like bonding, past practices, past "who knows who" in the process.

The authorities have been very enthusiastic about responding with a first ever set of objectives for small, disadvantaged business access to the capital program. We're working with the Business Alliance in New York and with the Port Authority about the professional staff support to make that real. We had a meeting about two weeks ago, where all of the authorities got together to try and work out whatever kind of barriers there may be to getting small, women-owned, disadvantaged businesses into the contracting process. It's just starting, but I'm convinced we can make a real mark in that area this coming year.

ASSEMBLYMAN GREEN: Through the Chairman, I would like to have some plan in place before we even start any of these particular projects if that's possible. Like I said before, I'm looking for safeguards now, and I'm pretty sure with this Committee working closely with you, we can go back to the public and make sure that that can happen.

COMMISSIONER DOWNS: On the Federal side, mandatory by law, 10% of all Federal capital -- \$1 billion -- has a requirement for 10% disadvantaged business. It is statutory.

It is mandatory. You have to make that mark as a floor, to be able to have a viable program. We're setting targets beyond that in our Federal capital and on our State capital. We'll be glad to share that planning process with you and all of the initial outreach that we've done. I'll submit that through the Chair.

ASSEMBLYMAN DeCROCE: That's good, because that's what I think the Assemblyman is looking for; a program and a plan.

MS. DeLIBERO: I'd like to add-- Can I add to the Assembly what's going on in the Transit Authority? Because I can tell you, when I came two years ago, we were at about a 5% minority in small business goals. We are now surpassing-- We have upped our goal to 20%. We're about 27% now and really have taken a very strong stand on looking at all small, minority business-owned operations and making sure that every one of our contracts at least gets the opportunity.

We also have a bill in that we're trying to get some legislation changed for New Jersey Transit so that we can-- The bonding is a real issue for the small businesses, and we're trying to get some kind of bill in that changes the bonding status. So if you could help us on that, I think that would help small businesses a lot.

ASSEMBLYMAN GREEN: Well, that particular bill, you bring it to my attention and I'll do what I can.

MS. DeLIBERO: Will do. And also, I'd just like to say when you were talking about capital and escalating it and what will it do in the years, will we see a problem in 1990 (sic) for us in Transit? The Urban Core and all of these many capital projects that are moving ahead quickly are certainly for our benefit, because we really believe once we connect the system, we'll have more ridership because it will be a trip time advantage. We know people don't like to change three and four times, which some of them have to do now. Once we connect to our capital project all of these systems, we think that will help increase our ridership.

ASSEMBLYMAN DeCROCE: Thank you.

Assemblyman Warsh?

ASSEMBLYMAN WARSH: Let me follow up to the Metro Park decking question. The \$20 million budget, does that include the local road, the infrastructure improvements that will be necessary -- because you do have a one-lane tunnel; that would expand that one-lane tunnel?

COMMISSIONER DOWNS: Our commitment in working with the local jurisdictions is that we will not create any kind of road problems. One of the reasons it has taken longer to negotiate this is that we have even been negotiating things like intersection design, roadway width, curb cuts, traffic counts, and traffic volume projections, so that we get a roadway investment that they agree to. We didn't want to give them a problem. We'll also give them the solution about the local road network to quiet those kinds of concerns because, frankly, I don't think we could build it without solving those problems.

ASSEMBLYMAN WARSH: In the lame duck session of the Legislature, a bill was passed that would foster the creation of the South Jersey Master Plan for Transportation. Do you support such a concept statewide?

COMMISSIONER DOWNS: Yes, and I think we're trying to do it, particularly, through the North Jersey Transportation Commission, the NJTCC. The Federal legislation gave a tremendous amount of power to NJTCC. In the south, the Delaware Valley Regional Planning Commission is the other major transportation planning component that we have. All of the transit capital, all of the aviation capital, all of the highway capital go through that planning process and are, in essence, controlled by it at the local level. I'm a firm believer in what we did with the South Jersey Transportation Authority. Rather than having an airport that is kind of isolated from rail and from the Expressway, look at the logical

connections that all of those things can do for that region. Tying them together gives you a better New Jersey Transit Rail, gives you a better airport, gives you better terminal access, and it gives you better highway access. It will, I think, do wonders for the south. That's not a partisan issue; that's a transportation issue that I think we have not done right by: for instance, the south, and having that many separate places where investment decisions were made, DRBA, New Jersey Transit, the airport, the Atlantic City Expressway, all having separate capital budgets, uncoordinated, unplanned. This will be an opportunity to make the transportation network there work well.

I'm a Transportation Commissioner. I'm not a Highway Commissioner. I'm a firm believer that transportation networks work together. Anything that we can do to mash them closer together-- I'm a firm believer that, for instance, a part of the future of Newark Airport is tied to road access and rail access for the airport; that huge engine of economic growth in the north is going to be enhanced by making the right capital investments land side; the same thing in the south.

ASSEMBLYMAN DeCROCE: Two last questions because we're going to be talking to you in several weeks anyway about your next year's budget, and at that time you're going to be able to let everything go. Anything you have on your mind, frankly, you can certainly question the Commissioner and Director. So, with that, I'd ask Assemblyman Kronick. I know you have one.

ASSEMBLYMAN KRONICK: Yes. This will be the specific question: In Hudson County, you are perhaps familiar with Tonnelle Avenue, a very, very busy commercial road that is in disrepair? It's in terrible condition. Do you, for 1992-1993, foresee anything being done to ameliorate, to improve in some manner, the condition of that road?

COMMISSIONER DOWNS: It's a pit. Any relief, I know, would be appreciated. We did an intensive review of the project. It was proposed to be a lane-add job that took

property on both sides. It went through two Superfund sites; chromium, wetlands, you name it. It said, "It's a permanent nightmare to get to the full rebuild." And while we're going to continue to pursue that, the reaction I had to that is, if that takes six years, that doesn't do anything for anybody next year.

The road needs all of its storm drainage -- current storm drainage -- cleaned out. Every time it rains, it floods because all the catch basins are full and broken down. It needs a new road surface because the existing stuff is worse than a tank trap at Aberdeen Proving Ground, and it will be resurfaced. It needs new curb because there isn't a lot of curb left. It needs new street lights, and it needs a computer-controlled traffic signal system that won't collapse every time it either rains or snows, or gets hot or cold, or the traffic breaks down. That corridor can be much better managed in its existing configuration, and that's what we're going to do.

It's a key commercial link. It carries a tremendous amount of truck traffic for the region, and it's a crime that it's in the shape that it is. It's not going to stay that way.

ASSEMBLYMAN DeCROCE: Final question, Mr. Nickels?

ASSEMBLYMAN NICKELS: Yes, Mr. Chairman, to the Commissioner.

Recognizing the South Jersey Transportation Authority, and the Governor has made his appointments -- and of course when that Authority comes into activation the defusion of the Atlantic County Transportation Authority as well as the Atlantic City Expressway Authority, do we have any projected date when the South Jersey Transportation Authority will, in fact, be operational? Do you have a period of time?

COMMISSIONER DOWNS: It becomes, as I understand it, by law, effective upon the seating of the majority of the members, and that the titles all transfer to the new Authority

at that date, as soon as they are, in effect, in law. There is a period of transition for bond purposes and financial control systems, and everything else, but it becomes effective when the majority of the members take seats.

ASSEMBLYMAN NICKELS: So we really don't have a projected date, but we expect it to be sometime during this year?

COMMISSIONER DOWNS: They have to have a Commission to have it.

ASSEMBLYMAN DeCROCE: Commissioner, thank you so much for coming and giving us your overview, and Director, the same for you.

I'd like to recognize, at this time, former Commissioner of Transportation, Hazel Gluck, who is with us today.

Thank you so much for coming. We'll look forward to seeing you in the next several weeks and having more discussions.

Thank you.

COMMISSIONER DOWNS: Thank you, Mr. Chairman, and members of the Committee.

(MEETING CONCLUDED)

APPENDIX

Commissioner Thomas M. Downs
Talking Points
Assembly Transportation Committee
February 3, 1992

New Jersey used to be considered little more than a corridor connecting New York and Philadelphia. Today, our economy is driven by our location and our transportation infrastructure.

We are uniquely positioned to be competitive in the changing world marketplace.

We have a 34,000 mile highway network. Two major ports including the second largest container port in the country at Newark/Elizabeth. One of the nation's fastest growing air cargo and international airports at Newark. A strong rail freight network and one of the largest commuter rail and bus networks in the country with NJ TRANSIT providing service with 12 rail lines and 154 different bus routes.

Our transportation network is nationally recognized as one of the best and it is the Governor's goal to ensure that it remains the best.

The capital investments provided through the legislature via the Transportation Trust Fund and through the federal government with the help of Senator Lautenberg and Congressman Roe, have been put to good use by the Department. As you can see from the New Jersey Works fact sheet we have provided to you, during 1991, we delivered one of the largest capital programs in the history of the state.

During 1991 we advertised 126 construction contracts worth more than \$491 million, creating nearly 15,000 jobs. And we awarded and supervised more than \$88 million to municipalities and counties for their transportation improvements. And the private sector contributed to our capital program with \$43 million of improvements on our State highway system -- improvements which we oversee. In fact, looking at just one year of projects understates our workload. Almost every project is multi-year so right now the Department is managing over \$2.4 billion of design and construction work! And we did it in less time.

Chart 1 (number of projects/fast track)

And we did it with fewer employees. In fact, our number of employees is about the same now as when the Department was created in 1966.

Chart 2 (number of employees 66/80/92)

This is especially impressive when we compare the size of the capital program then and now. Using constant dollars, in 1966 we awarded construction contracts worth approximately \$260 million with about 4000 employees. In 1992, we will more than double our construction contract dollars to over \$600 million with roughly the same number of employees.

Chart 3 (66/92 capital comparison)

This year, my commitment to the Governor and to you is that we will deliver an even larger capital program. A capital program that will help New Jersey weather the effects of the recession better than other states and will create jobs.

Chart 4 (91/92 quarterly comparison)

I believe in doing more with less. I believe that we have to reexamine the way we think about transportation to be sure that we are investing our dollars most wisely and to be sure that we are managing our dollars, our projects and our transportation network as efficiently as possible. But we face some challenges along the way.

Highway mileage in New Jersey more than doubled between 1960 and 1990. The number of traffic signals has increased 191%. Lighting units have doubled to over 30,000 statewide. The number of highway miles undergoing some form of construction has risen over 1000% -- from 84 miles in 1960 to an average of over 1,200 today.

Our systems is facing increasing demands. While highway mileage over the past twenty years has remained fairly stable, the number of registered vehicles and the vehicle miles traveled has grown exponentially. Environmental regulation have also grown dramatically -- in the early 1970s transportation projects had to be reviewed in the context of 25 Federal and State laws and regulations. Today, our projects are screened against 140 environmental laws and regulations.

Our responsibilities have also become more complex. When NJDOT was created, we didn't do aviation planning or deal with rail freight issues. We didn't have a public involvement process. Hazardous waste was unknown. Wetlands were something you filled in.

The result is that all potential projects, even the most simple, go through a multi-year process which we call the pipeline -- they travel from planning to preliminary engineering, to design, to right of way to construction and ultimately to maintenance.

And while the demands on New Jersey's transportation system and on our Department have been increasing, transportation spending as a percentage of the State budget has been steadily shrinking from nearly 20% in 1960 to around 5% today.

NJDOT's budget falls into two broad categories: operating and capital. Our operating budget comes from the State budget. Our capital comes from a combination of Federal and State funds. Our operating budget has declined significantly since 1990. From \$172 million in January 1990 to \$112 million in December 1991 -- down 35%. Our capital budget has grown, by more than \$400 million over the past two years. In order to accommodate that growth, we have followed the lead of the Federal government, other state's transportation agencies and the private sector and charged legitimate capital program implementation costs to the Trust Fund. This

procedure was authorized by the legislature last year and will be audited and reported on to this legislature.

As a result of a different fiscal climate, a more heavily used transportation network, increasingly diverse responsibilities and a different public environment, DOT is at a crossroads. We will always be a builder. But our role will change and we will spend much more time rebuilding the system, developing ways to improve highway operations, working to interconnect various modes of transportation and creating incentives and opportunities for New Jerseyans to use public transit and rideshare.

The new Federal transportation bill, nicknamed the ISTEA or the Intermodal Surface Transportation Efficiency Act, allows us the flexibility to approach solving our transportation problems in a comprehensive fashion. We have been invited to brief you on the federal bill later this month in more detail, so I won't go into a long explanation about the bill this morning.

However, there are a couple of major changes that will significantly affect the development of our FY 93 Capital Program. No longer will Federal funding categories force our decision-making. And no longer will be as restricted in our use of Federal funds.

But the ISTEA does include some new requirements. And those requirements combined with the Governor's commitment to using public investment to help New Jersey weather the recessionary climate, require additional capital investment from the State Transportation Trust Fund. That's why the Governor proposed eliminating the cap on the Transportation Trust Fund in his State of the State address.

Chart 5 (Federal funds with/without cap lift).

As you can see from the chart, without allocating a yearly minimum of \$465 million from the Trust Fund, we will leave \$315 million Federal dollars in Washington. The ISTEA includes a provision which requires states to maintain a level of state transportation spending equal to the average of the last three years. At the end of this FY, the cap lift passed by the legislature last year expires. Without legislative authority to increase the \$365 million allocation from the Trust Fund, we will not be able to use all the Federal dollars Senator Lautenberg and Congressman Roe fought for.

In submitting our proposed FY 1993 Capital Construction program to the legislature on March first, we will include an additional \$200 million in projects. They will be fast turnaround projects--resurfacings, bridge deck repairs, more money to municipalities and counties, station improvements -- that will move quickly out the door to construction or, in some cases, to private companies for design.

I look forward to working with you to develop a transportation program that improves the mobility for our customers -- New Jersey's citizens and businesses.

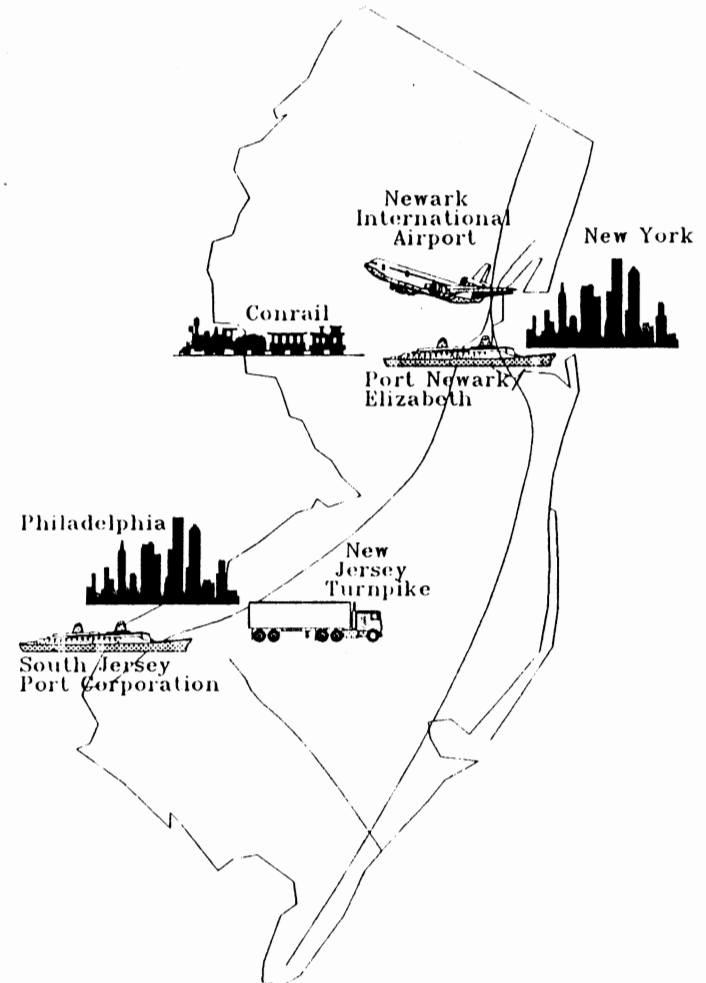
Presentation of Commissioner Tom Downs
to the
Assembly Transportation Committee

February 3, 1992

Transportation is New Jersey's business

Strong transportation infrastructure gives New Jersey its competitive edge. We are home to:

- * a 34,000 mile highway network including three toll roads;
- * two major port facilities, including Port Newark/Elizabeth, the nation's first container port and currently its second largest;
- * one of the nation's fastest growing air cargo and international airports, Newark International;
- * a strong rail freight network comprising 1,300 miles of track; and
- * one of the largest publicly provided commuter rail and bus networks in the country -- NJ TRANSIT, which provides service throughout New Jersey with 12 rail lines and 154 different bus routes.



New Opportunities Will Help Transportation To Flourish

Federal transportation policy is taking a new direction with the Intermodal Surface Transportation Efficiency Act (ISTEA) signed by President Bush this past December. At the signing, the President stated that the ISTEA

" . . . will bring our transportation policy into the 21st century and will let us build--literally--a road to the future."

6X The ISTEA increases transportation funds for every state. By eliminating many of the existing funding categories, it very flexibly allows states to spend their federal dollars on whatever projects best meet their needs.

New Jersey is poised to take advantage of these opportunities, but we have to meet some challenges along the way. . .

The system has expanded. . .

Highway mileage in New Jersey
more than doubled between
1960 and 1990.

and our workload has been
steadily increasing over the
last three decades.

Since 1960:

The number of traffic signals in New
Jersey has increased 191%.

Lighting units have doubled to over
30,000 statewide.

The number of highway miles
undergoing some form of construction
has risen dramatically, from 84 miles
in 1960 to 1,275 today, an increase
of 1418%.

We've built up infrastructure
that would cost billions of
dollars to replace

For example:

The Pulaski Skyway was constructed
between 1930 and 1932 at a total
construction cost of \$20 million.

Reconstructing the Skyway now will
cost \$200 million -- 10 times the
original construction costs.

A 9.4 mile stretch of I-287 between
I-78 and the Passaic River was built
in 1968 at a cost of \$20.8 million.

Today, widening that same segment of
highway by adding a third lane will
cost \$57 million -- 3 times the
original price.

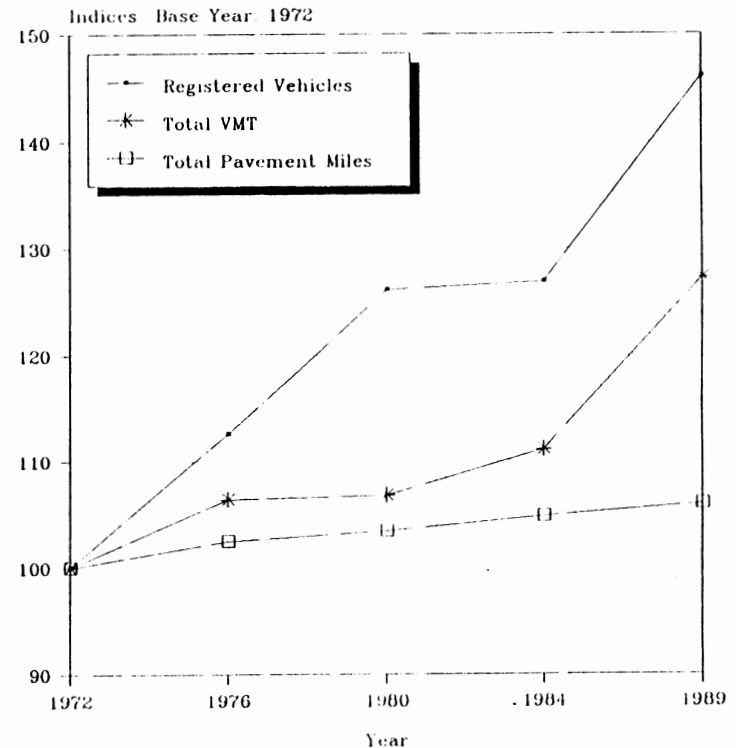
We Are Facing Increasing Demands

New Jersey's growing population has exerted tremendous pressure on our highway system, as reflected by growth in:

- Vehicle Miles Travelled
- Registered Vehicles

In contrast, highway mileage has remained relatively stable, which means that more drivers are using the same highway network -- a network that could never be sufficiently expanded to satisfy people's steadily increasing demands.

Vehicle Registration, Pavement Mileage, and VMT Growth



Source: FHWA Highway Statistics 1972-89

Environmental Regulations Are on the Rise

New Jersey's industrial past has left a legacy of buried waste that, especially in the northern part of the state, can make construction an impossibility.

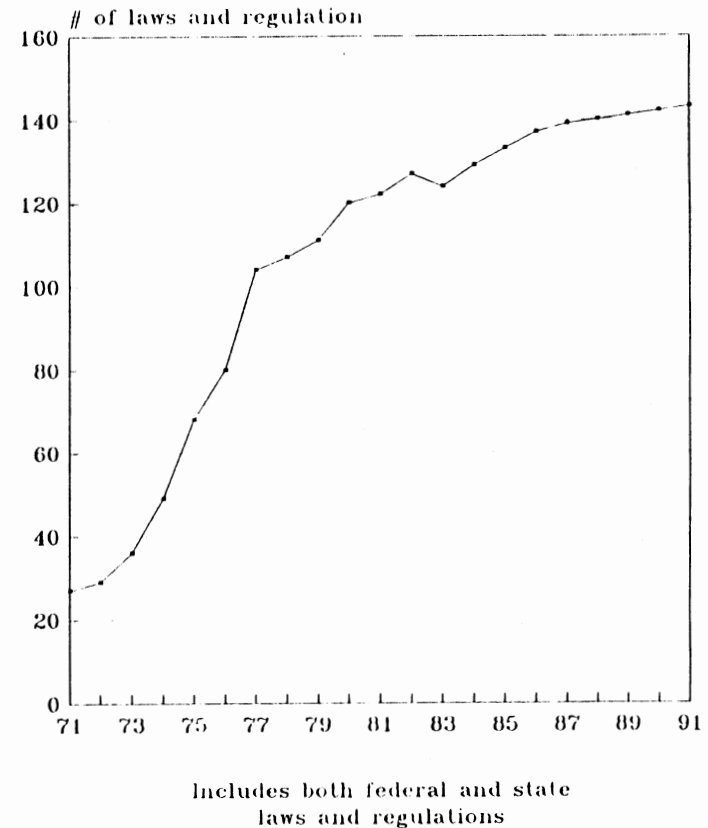
Wetlands comprise 18% of New Jersey's land area (vs. 4% nationally). Expanding the transportation system without interfering with this resource is a continuing priority.

The Clean Air Act Amendments have also added to our planning responsibilities.

In non-attainment for both ozone and carbon monoxide emissions, New Jersey must reduce air pollution.

Since motor vehicles account for up to 90% of the CO pollution that occurs in heavily congested areas, DOT clearly has a major role in improving air quality.

Time and Cost of Environmental Regulations



DOT's Responsibilities Have Steadily Become More Complex

Yesterday (1960s)

Plan highway improvements

Design highway improvements

Acquire right of way

Maintain highway system

Remove snow and ice

Operate drawbridges

Today (1990s)

Plan highway improvements

Plan rail freight improvements

Plan aviation improvements

Plan park and rides

Assess environmental impact

Hold public hearings

Design highway improvements

Acquire right of way

Remove hazardous waste

Replace wetlands

Construct sound barriers

Maintain highway system

Remove snow and ice

Operate highway system

Regulate access to highways

Regulate intrastate bus routes

Inspect buses and airports

Regulate outdoor advertising

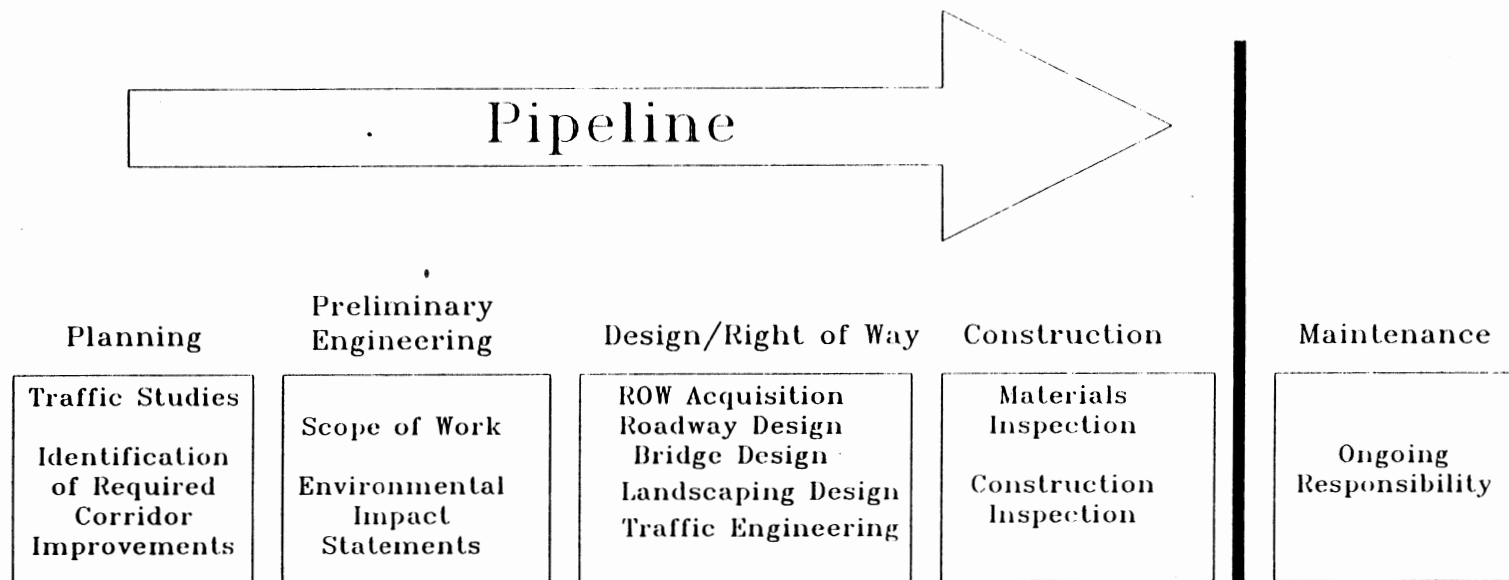
Coordinate employer ridesharing

Coordinate clean air compliance

Establish transportation

development districts

All potential projects go through a multi-year process known as "the pipeline."



Even a small project requires each one of these steps. And the steps can be time-consuming; for example, the environmental impact statement (EIS) that's required as part of the Preliminary Engineering phase can take 10 years for a major project!

Our Share of State Funding Has Steadily Declined

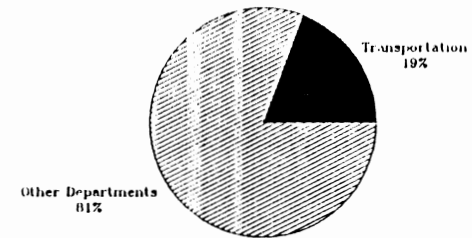
Transportation spending has been shrinking as a proportion of the state budget.

In 1960, nearly 20% of the state budget was earmarked for transportation. . .

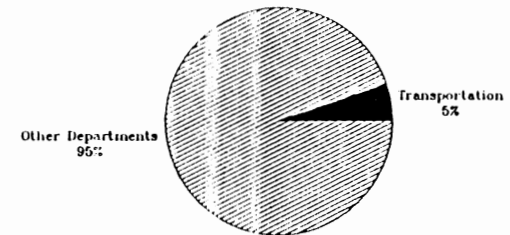
By 1992, that percentage has dropped to just over 5% of state spending.

And despite our efforts to work smarter, we've reached the point where we can't always manage to do more with less.

Transportation Spending
as a percentage of the State Budget

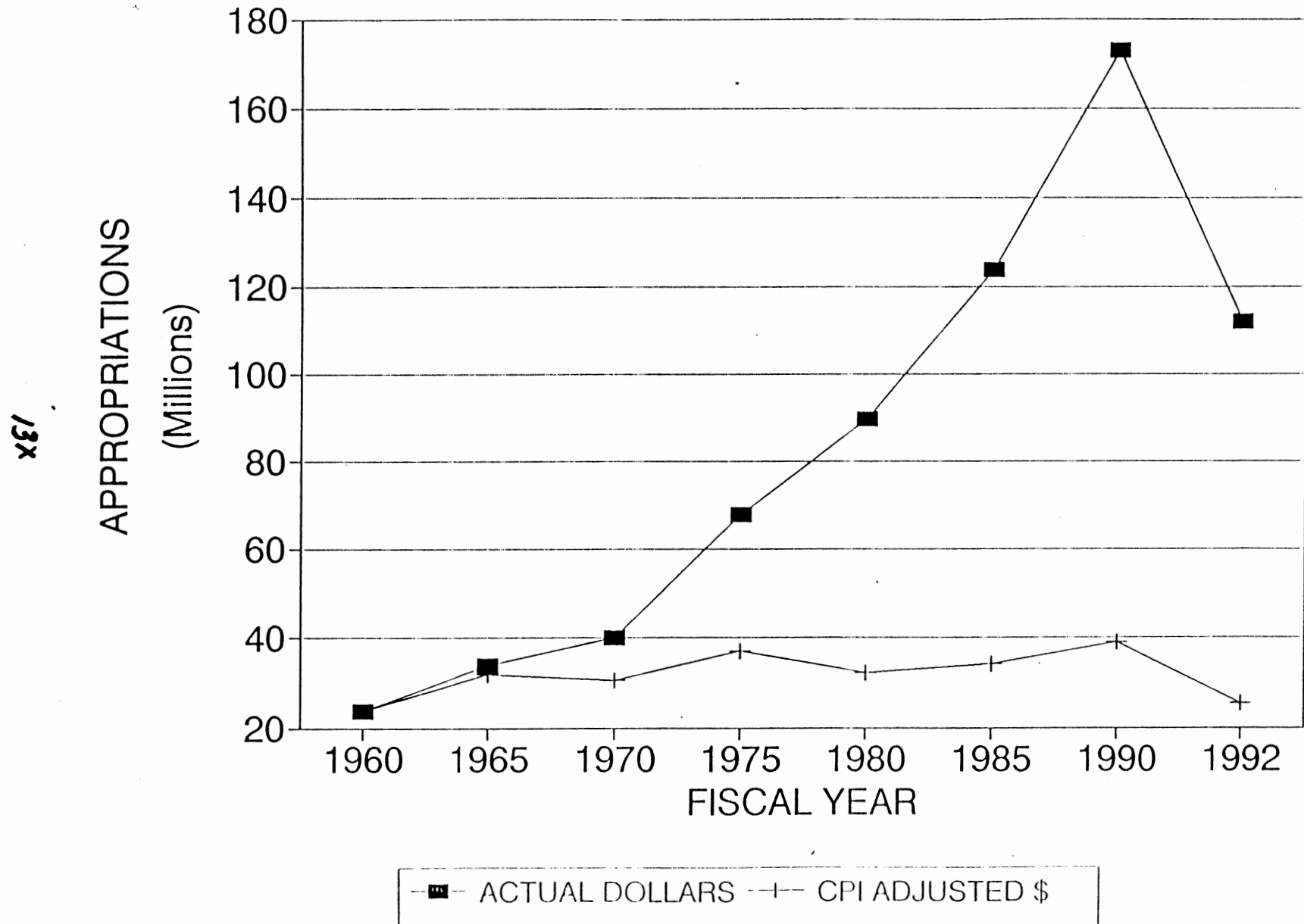


FY 1960

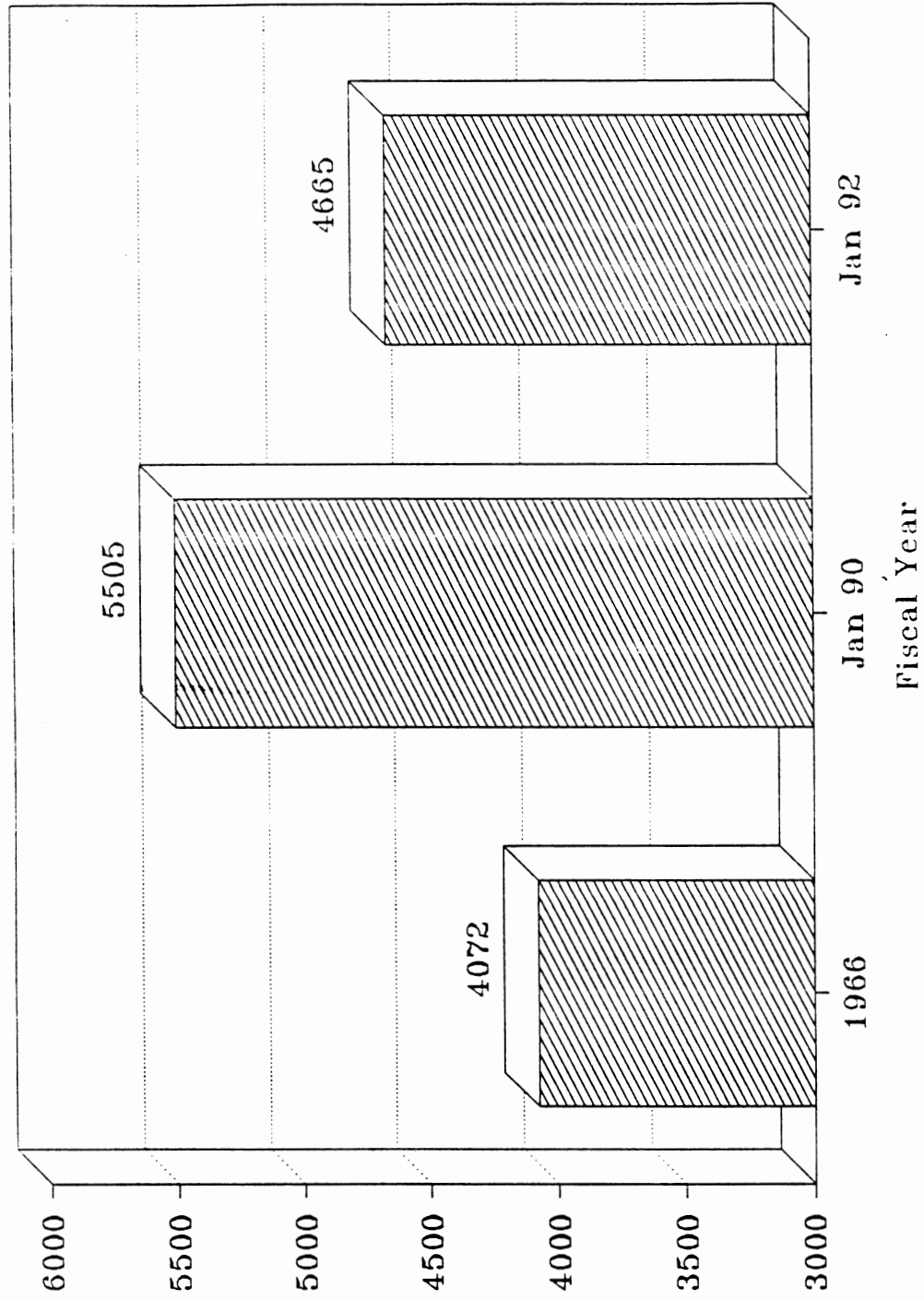


FY 1992

STATE OPERATING BUDGET HAS DECLINED IN CONSTANT DOLLARS....



Staffing Has Declined to 1960s Levels



14X

MAINTENANCE STAFFING COMPARED TO TRAVEL IS AMONG THE LOWEST....

1988 Maintenance Staff Per VMT (Employees per 100 million VMT)				
State	Maint. Staff	VMT (Millions)	Maint. Staff/VMT	National Rank
NJ Expressway Authority	102	719	14.1	-
NJ Turnpike Authority	522	4,286	12.2	-
Connecticut	2,222	23,731	9.4	10
Delaware	585	6,404	9.1	11
Pennsylvania	6,294	77,715	8.1	15
NJ Highway Authority	368	5,129	7.2	-
New York	5,341	91,219	5.9	30
Maryland	1,468	34,911	4.2	37
NEW JERSEY	1,778	53,471	3.3	44
Massachusetts	1,250	38,882	3.2	45

36 OF 124 MAINTENANCE CREWS HAVE BEEN ELIMINATED SINCE JUNE, 1990 INCLUDING THE FOLLOWING:

ROAD AND MARKING CREWS		LANDSCAPE CREWS		BRIDGE & CONSTRUCTION	
HIGH POINT	FOLSOM	BLOOMSBURY	WEST TRENTON	EAST HANOVER	WASHINGTON
LODI ROAD	PETERSBURG	ROCKAWAY	MAYS LANDING	CHESTER	CUMBERLAND
SUMMIT ROAD	BORDENTOWN	LODI	BRIDGEPORT	BAYWAY	MAYS LANDING
SAND HILL ROAD	FOUR MILE CIRCLE	ELIZABETH	VINELAND	SECAUCUS	BORDENTOWN
WALL TOWNSHIP	BUENA	NORTH BRUNSWICK	MT LAUREL	HAZLET	WEST BERLIN
METUCHEN	TRENTON	WALL TOWNSHIP		TOMS RIVER	

Severe Funding and Staffing Reductions Have Occurred Over the Last 18 Months

	January 1990	December 1991	Percent Change
Operating Appropriation (millions)	\$172	\$112	-35%
Department Paid Employees	5,505	4,665	-15%
Road & Bridge Maintenance Employees	2,299	1,822	-21%
Expenditures for Maintenance Materials and Maintenance Contracts (millions)	\$13.9	\$10.5	-25%
Grass Mowing and Statewide Litter Pickup			
Interstate/Major Expressways	3 times	2 times	-33%
Other State Highways	4 times	2 times	-50%

16X

Still, DOT Delivered A Record Capital Program in FY 92

Despite staffing and funding cutbacks, DOT nonetheless will manage to deliver a record capital program in FY 92.

By accelerating the project development process, we are "fast tracking" many new projects to create new jobs:

	1988	1989	1990	1991
Number of Projects	44	51	56	125
Award time cycle	26	26	26	10.5

Not only did we more than double the number projects that went to construction; we also more than cut in half the number of business days required to award projects.

But even with this increased output, we are are not meeting all of New Jersey's extensive transportation needs.

Through Both Contracted and In-house Work

DOT in-house staff manages nearly \$2.4 billion of contracted work, including:

Type of Work	# of Contracts	\$ Value of Contracts
Design Construction Inspection ROW Appraisal Planning Study Bridge Inspection Consultants	288	\$514,090,318
Construction Contractors	231	\$1,855,850,000
Grand Total	519	\$2,369,940,318

Also, we are now following the lead of the federal government and many other states by charging legitimate capital expenses to the Transportation Trust Fund.

Without those charges, the Department's ability to use all available federal and state capital would be seriously jeopardized.

Our Maintenance Bills Are Coming Due

Although New Jersey has a national reputation for the high quality of our road maintenance, much of our highway system was constructed under the WPA Program of the 1930s and during the period after World War II.

Because past investments have been insufficient to maintain these 50 to 70 year old highways, we now face huge rehabilitation bills.

Some 2,200 bridges in the state are over 50 years old. *At current spending levels, it would take 84 years before all of our bridges were in a state of good repair-- that is, if we could somehow keep them from deteriorating further.*

And We're Not Keeping Up With Necessary Repairs

Currently about 20% of the 11,000 lane-miles on the state highway system (including Interstate mileage) are deficient. And every year, an additional 1,100 lane-miles in good condition "drop" into deficiency.

To eliminate by FY 98 the anticipated backlog of resurfacing needs, DOT would have to steadily expand the resurfacing program, restoring

1500 lane-miles in FY 92-95

1600 lane-miles in FY 96-97

1700 lane-miles in FY 98.

In contrast, DOT plans to restore

425-600 lane-miles

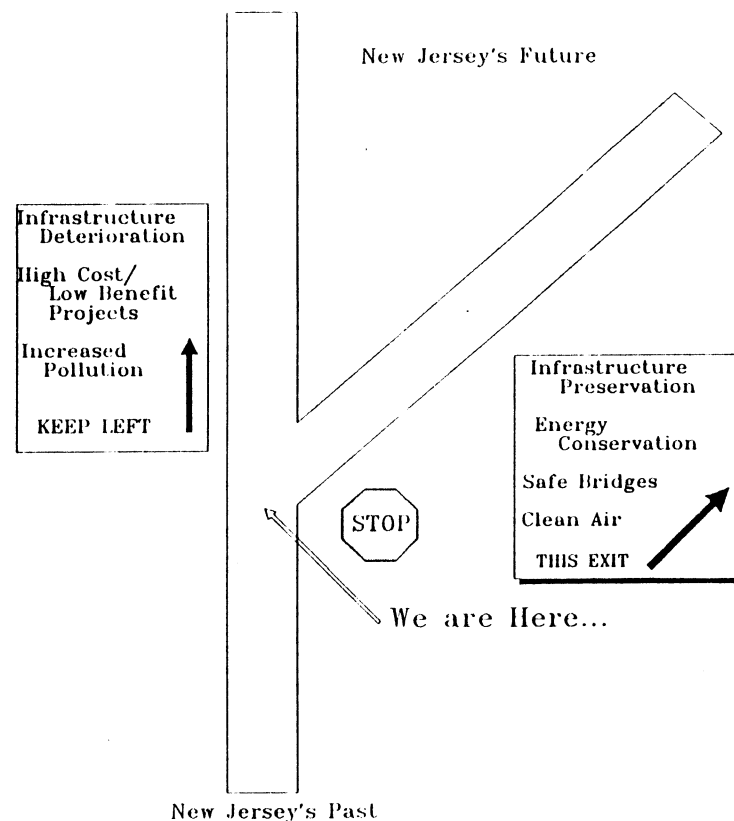
in each of the next five years, a schedule that clearly falls short of our increasing resurfacing needs.

DOT is Facing a Major Transition

As we near completion of the Interstate system -- and as new highway construction becomes increasingly prohibitive from the standpoints of economics and the environment -- the DOT's role is changing.

Federal legislation will be a major influence. The new Intermodal Surface Transportation Efficiency Act will expand our abilities, while the Clean Air Act will impose certain constraints.

In this last decade of the 20th century, we are moving beyond the traditional focus on new infrastructure. Improving maintenance, management, and operations to increase the efficiency of the existing transportation network is a major part of the Department's new and expanded role.



Infrastructure Preservation Is Our Top Priority

Because maintaining New Jersey's vast transportation infrastructure is critical to the state's:

Residents -- who deserve safe, accessible, well-maintained transit and highway systems;

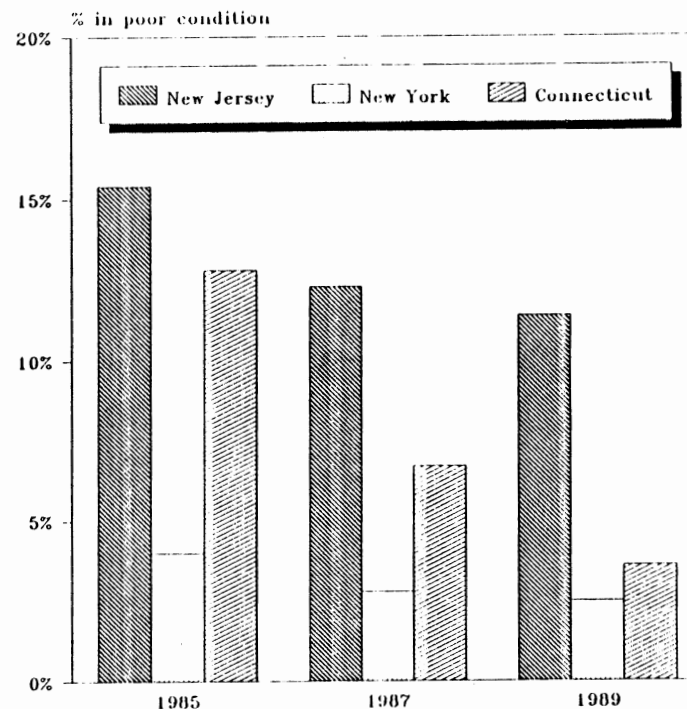
Businesses -- who require efficient goods movement routes; and

Tourists -- who benefit from user-friendly transportation facilities,

the FY 92-96 Capital Program includes more than \$3 billion for highway and transit maintenance under Systems Preservation.

Yet we're being outpaced by the progress of our neighbors.

Pavements in Poor Condition All Systems



PSR < or = 2.0 (2.5 for Interstate)

Source: 1991 Status of Hwys/Bridges

Infrastructure Preservation Is Expensive

The useful life of a roadway averages 50 years. Clearly, with much of our system approaching or even past that age, our resurfacing bills are coming due all at once.

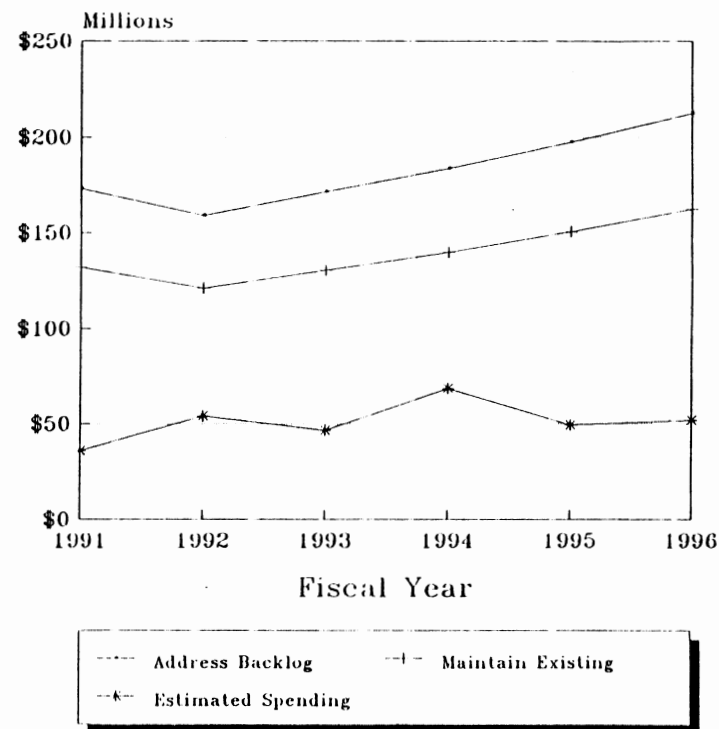
Based on a conservative FY 92 resurfacing estimate of \$110,000 per mile, it would cost an *annual* average of

\$ 152 million to maintain the existing system; or

\$ 200 million to eliminate the backlog of resurfacing projects by 1998

Scheduled spending falls far below both of those levels.

Resurfacing Costs DOT, FY 91 - FY 96



Note: Does not include ISTEA or Cap Lift
4.5% inflation assumed for FY 93 - FY 96

Bridge Program Needs are Substantial

The current bridge program focuses on bridges constructed prior to 1945. Since the majority of New Jersey's bridges were built after that date, it is anticipated that bridge program needs will continue to outstrip available funding levels.

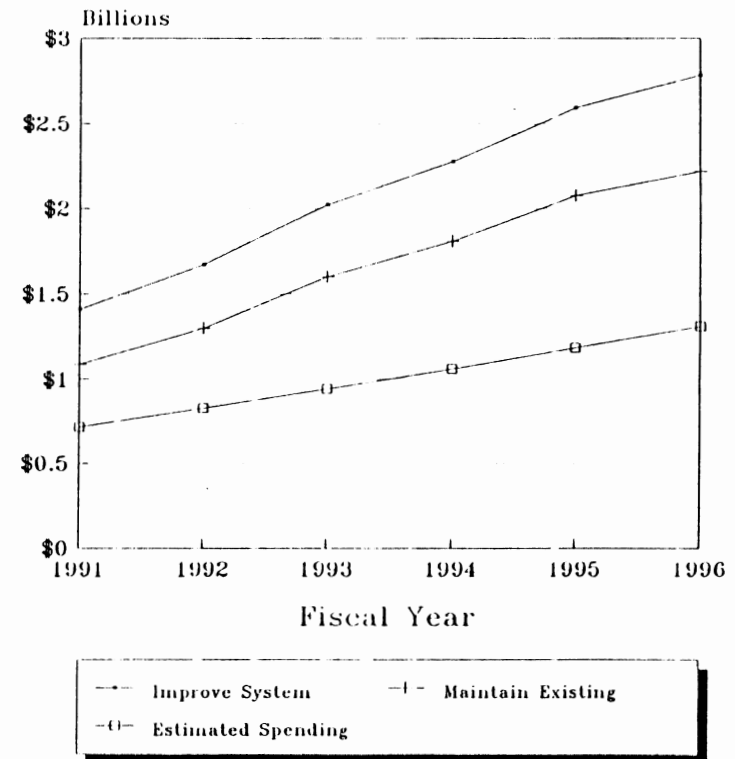
Current bridge conditions indicate that it would cost an annual average of:

\$168 million to maintain the existing system; or

\$212 million to improve the existing system, although even this spending level would not address total bridge program needs.

As with resurfacing, scheduled spending falls far below both of those levels.

Bridge Costs DOT, FY 91 - FY 96



Note: Does not include ISTEA or Cap Lift

New Construction Is A Shrinking Portion of the Budget

New Jersey has extensive infrastructure already in place.

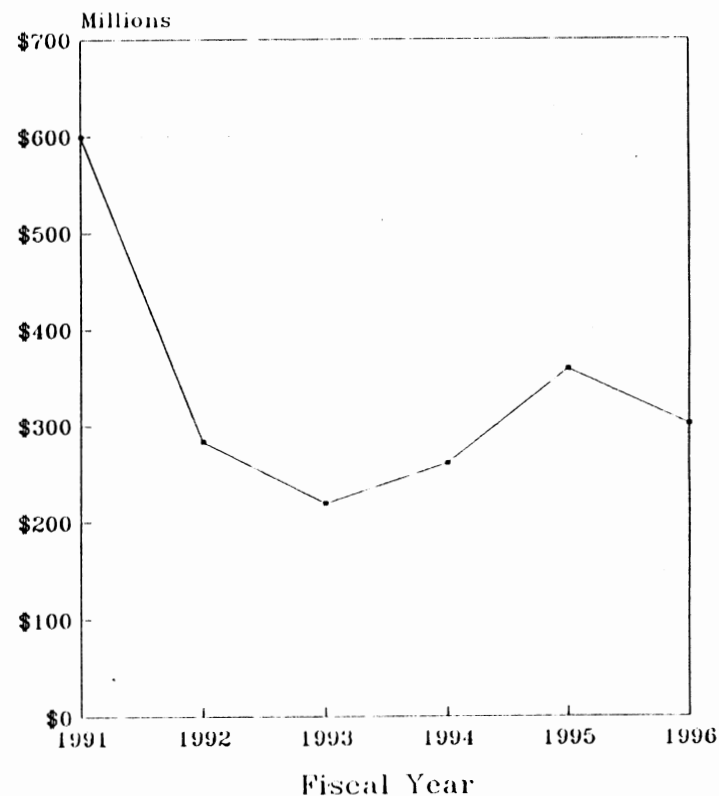
And the Clean Air Act has made it almost impossible to add capacity for single-occupant vehicles.

So after determining the "deliverability" of our projects we have decided *not* to build some long-promised roadways—such as the Eisenhower Parkway and the Princeton Bypass—because of the cost and the environmental consequences.

We *will* complete the widenings of parts of Routes 1, 4, 23, 70, and I-80, among others.

And our completion of several strategic connections, such as I-287 and the I-295 Trenton Complex, will cost nearly \$302 million -- about 20% of our five-year new capacity spending.

New Capacity Investment DOT, FY 91 - FY 96



Benefits of System Management Techniques

In cooperation with neighboring states, New Jersey will implement electronic toll traffic management (ETTM), allowing vehicles with prepaid toll stickers to pass through tollbooths -- whether bridge, tunnel, or Turnpike -- without stopping.

Coordinated traffic signals, variable message signs, ramp metering, and rush hour lanes are other techniques that will help maximize capacity on New Jersey's high-demand highways.

Another focus is incident management, which involves quickly clearing away accidents, debris, disabled vehicles-- anything unusual that causes congestion-- and diverting traffic away from the area to keep the problem from getting worse. This can reduce delays by more than 50%.

Transit Investments Geared to Rehabilitation and Strategic Links

Over the next five years, NJ TRANSIT will spend over \$2.53 billion to rehabilitate facilities and to replace and upgrade equipment, including such projects as:

- rehabilitation of rail infrastructure;
- rail car rehabilitation;
- locomotive replacement;
- bus garage construction; and
- replacement of overage buses.

In addition, implementation of Urban Core projects will ensure strategic connections between existing rail lines to improve the operation of the entire system. Projects include the

- Kearny Connection;
 - Secaucus Transfer;
 - Hudson River Waterfront Transportation System; and
 - Newark Airport/Elizabeth Transit System
- The latter two projects are still in the design and/or study stage.

Funding All of These Priority Programs Requires Hard Choices

DOT capital investment has not kept up with inflation.

In FY 82, DOT's capital program for the first time exceeded \$1 billion.

However, the state was unable to sustain such substantial investment, and transportation capital investment began to lag behind New Jersey's inflation rate.

In fact, in FY 84 -- the year that legislation creating the Transportation Trust Fund was passed -- DOT's capital program bottomed out at \$90.2 million.

New Jersey's gas tax, the second lowest in the nation, has risen just 3.5 cents in the last 20 years.

All but two other states have increased their taxes at least 6 cents since then.

When Current Investment Levels Fall Short of Needs

The NJ Office of State Planning has estimated that we should spend \$1.75 to \$2.4 billion annually just to maintain the existing system.

This year we're *spending* \$1.35 billion.

Over the next six years, New Jersey will have to maintain at least a \$565 million annual state Transportation Trust Fund program to take advantage of the total federal funding to which we're entitled.

Even with optimal federal funding, we still expect to fall short of anticipated needs. Not only will we be unable to improve the system substantially; we will be unable -- as evidenced by our Resurfacing and Bridge programs -- even to maintain the system in its present condition.

New Federal Funding Rules Have Broadened Investment Opportunities

The new federal Intermodal Surface Transportation Efficiency Act (ISTEA) puts fewer restrictions on states' abilities to spend federal dollars.

A clear linkage has been established between transportation programs and clean air goals. States with air quality problems can shift money *between* funding categories to optimally allocate dollars to areas where they're most critical.

Because New Jersey is in non-attainment for clean air, money that would formerly have been allocated to highway projects can instead be spent on whatever projects will reduce congestion and improve air quality, whether transit facilities, traffic management strategies, high occupancy vehicle (HOV) lanes, etc.

But New Jersey Must Still Meet Certain Funding Requirements

Under the ISTEA, New Jersey is eligible for \$5.65 billion in federal transportation funds in FY 92-97. But the ISTEA includes a "maintenance of effort" provision which could affect our ability to obtain the maximum federal funding available. This provision *requires* that states maintain a level of state transportation spending equal to the average of the last three years. In New Jersey, this means allocating a yearly minimum of \$465 million of state money to transportation.

But the Trust Fund limits us to \$365 million; the \$200 million cap lift of the last two years expires in June. Without an extended cap lift, New Jersey will be unable to meet the maintenance of effort provision, and will fall short of the amount needed to draw down maximum federal funds. We could end up leaving as much as \$315 million--unused--in Washington.

26X

Toll Road Investments Can Be Counted Toward State Transportation Spending

New Jersey draws down federal funds through matching. The federal government puts up 80% of project costs, and the state "matches" that contribution with the remaining 20%.

In the past, matching funds have come from the state's Transportation Trust Fund. Now, however, the ISTEA has a provision that will allow capital investments made by transportation providers other than state DOTs (such as the Turnpike Authority) to be used to match federal funds. First, however, the maintenance of effort provision (see previous page) must be met.

Once New Jersey has allocated a minimum of \$465 million/year for transportation, toll road investments can be used for matching. This will free up state money (which would otherwise have been spent on matching) for 100% state-funded projects.

Which Will Allow New Jersey To Achieve The Full Benefits of the ISTEA

New Jersey will get \$3.3 billion for capital investment in highways and bridges, and \$2.3 billion for mass transit capital investment, including \$635 million for the Urban Core project, which will strategically expand transit service in North Jersey.

\$41 million will be spent on projects in New Jersey that demonstrate I.V.H.S. (Intelligent Vehicle and Highway Systems) techniques, such as computerized traffic signals, and management of congested corridors in South Jersey. Research and development opportunities will increase, with transportation research facilities at Rutgers and NJIT.

Again, as long as we meet the maintenance of effort provision, we'll have money for 100% state-funded projects like rail freight improvements, betterments (typically bridge redecking and resurfacing) and emergencies.

27X

2PX
There is widespread recognition that the ISTEA offers unparalleled economic opportunities for New Jersey and the nation:

"This law puts us on the move. It commits real resources now, and it encourages the kind of innovation we will need in the future. . . . [It] will kick off a move to widespread economic recovery in New Jersey through a massive infusion of highway and mass transit funds."

- Representative Robert Roe

"This investment in our infrastructure goes beyond just creating jobs. This kind of investment is the way to get our country's economy going again. . . . The only way to become competitive again is to make productive investments in our infrastructure."

- Senator Frank Lautenberg

At the signing of the ISTEA, President Bush lauded the legislation's potential to

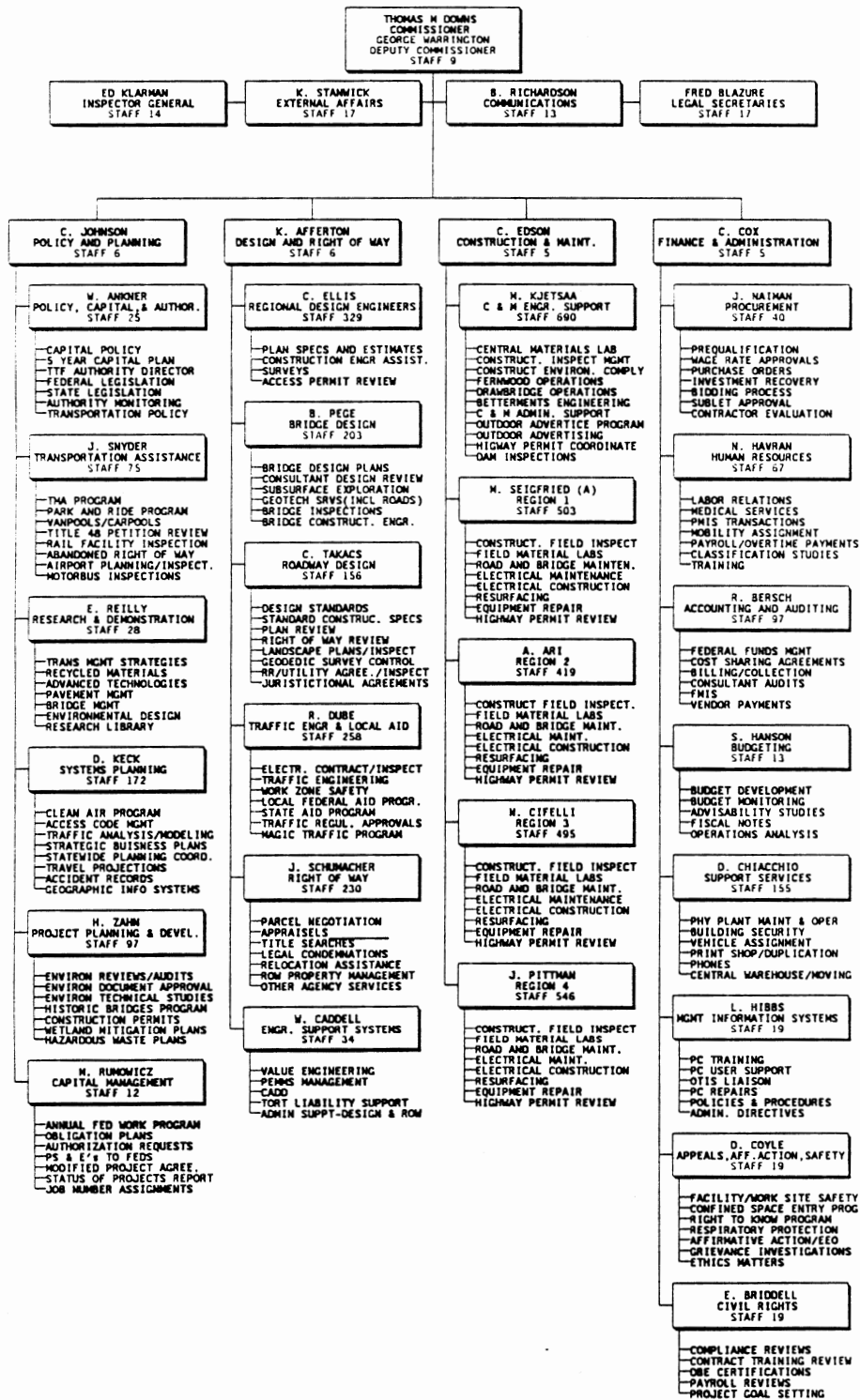
". . . build a foundation for the future. . . address road and bridge needs around the country. . . complete important mass transit projects. . . and encourage innovation in every aspect of our transportation network, from road construction to high-tech rail systems."

He encouraged national transportation officials to use these billions of dollars wisely:

"I'd like to challenge you all to look past the old ways of doing business and dare to innovate, to create new means of moving America forward."

New Jersey is ready to accept that challenge.

NEW JERSEY DEPARTMENT OF TRANSPORTATION STAFFING, BUDGET AND FUNCTIONS



TESTIMONY BEFORE THE ASSEMBLY TRANSPORTATION COMMITTEE
SHIRLEY A. DELIBERO
FEBRUARY 3, 1992

GOOD MORNING MR CHAIRMAN AND MEMBERS OF THE COMMITTEE. ON BEHALF OF THE BOARD OF DIRECTORS AND STAFF OF NJ TRANSIT, WE APPRECIATE THE OPPORTUNITY TO PROVIDE YOU WITH AN OVERVIEW OF OUR OPERATIONS AND TO DISCUSS OUR SHORT AND LONG TERM OBJECTIVES.

AS THE WORK OF THE 205TH LEGISLATURE BEGINS AND AS CONSIDERATION OF THE FY 1993 STATE BUDGET GETS STARTED, NJ TRANSIT HAS BEEN THE FORTUNATE RECIPIENT OF STRONG SUPPORT FROM BOTH THE GOVERNOR AND THE LEGISLATURE, AND WE WILL WORK HARD TO WARRANT ITS CONTINUATION.

LET ME START OFF BY SAYING THAT AS I HAVE GOTTEN MORE AND MORE FAMILIAR WITH NEW JERSEY, I HAVE COME TO APPRECIATE THE VITALITY AND DIVERSITY OF THIS STATE. WITH THE SUPPORT OF THE NJ TRANSIT BOARD OF DIRECTORS, I HAVE DRAWN UPON MY 15 YEARS OF PROFESSIONAL TRANSIT EXPERIENCE TO CHALLENGE NJ TRANSIT'S EMPLOYEES TO WORK MORE EFFICIENTLY AND TO BETTER SERVE OUR RIDERS. I AM FORTUNATE, AS IS THIS STATE, TO HAVE A DEDICATED TEAM OF EMPLOYEES WHO WORK HARD TO INCREASE THE COST-EFFECTIVENESS AND RELIABILITY OF OUR SERVICE FOR OUR PASSENGERS. QUALITY SERVICE IS OUR TOP PRIORITY.

NJ TRANSIT PROVIDES SERVICE TO APPROXIMATELY 273,000 DAILY RIDERS ON ITS STATEWIDE RAIL AND BUS NETWORK, AND ON THE NEWARK CITY SUBWAY.

- THE STATE'S COMMUTER RAIL SYSTEM CONSISTS OF 11 RAIL LINES SERVING 144 RAIL STATIONS, AND WITH NEARLY 600 TRAINS OPERATING EACH DAY.
- OUR BUS SYSTEM PROVIDES THREE TYPES OF SERVICE: LOCAL BUS SERVICE IN THE STATE'S URBAN AREAS; COMMUTER BUS SERVICE TO NEW YORK AND PHILADELPHIA; AND LONG DISTANCE INTRASTATE SERVICES SUCH AS THOSE BETWEEN NORTHERN NEW JERSEY AND ATLANTIC CITY. THESE SERVICES ARE PROVIDED WITH 1,800 BUSES, OPERATING OUT OF 18 GARAGES.

NJ TRANSIT'S PUBLIC TRANSPORTATION SUPPORT DOES NOT END WITH THE OPERATION OF OUR OWN SERVICE. IN THE PAST DECADE, NJ TRANSIT HAS PROVIDED \$146 MILLION IN BUS PURCHASES AND \$19.4 MILLION FOR OTHER CAPITAL INVESTMENTS FOR THE STATE'S PRIVATE BUS OPERATORS. CURRENTLY, 1,065 BUSES ARE LEASED AT NO COST TO REGULAR ROUTE PRIVATE MOTOR BUS CARRIERS. APPROXIMATELY 40,000 DAILY RIDERS RELY ON THESE CARRIERS TO MEET THEIR PUBLIC TRANSPORTATION NEEDS.

THROUGH THE CASINO REVENUE PROGRAM AND FEDERAL FUNDS, NJ TRANSIT ALSO SUPPORTS COUNTY TRANSPORTATION SERVICES FOR THE ELDERLY AND DISABLED PROVIDED BY COUNTY AND NON-PROFIT SOCIAL SERVICE AGENCIES. APPROXIMATELY 15,700 DAILY RIDERS RELY ON THESE LOCAL SERVICES TO MEET THEIR MOBILITY NEEDS.

IN TOTAL, NJ TRANSIT PUBLIC TRANSPORTATION SERVICES OR PROGRAMS ARE USED BY ABOUT 320,000 PEOPLE DAILY.

BUT GOOD PUBLIC TRANSPORTATION COMES WITH A PRICE TAG. OUR FY 1992 BUDGET INCLUDES \$627 MILLION IN OPERATING EXPENSES AND \$109 MILLION IN REIMBURSEMENTS, FOR A TOTAL BUDGET OF \$736.6 MILLION. AS YOU CAN SEE FROM CHART 1, NJ TRANSIT'S OPERATING BUDGET IS DRIVEN BY COSTS DIRECTLY ASSOCIATED WITH OPERATIONS OR CONTRACTING FOR BUS AND RAIL SERVICE. THE ONLY WAY TO SIGNIFICANTLY REDUCE THIS COST IS TO CURTAIL NEEDED BUS AND RAIL SERVICES -- SOMETHING WHICH WE STRONGLY OPPOSE BECAUSE IT IS NOT IN THE PUBLIC'S INTEREST.

PUBLIC TRANSPORTATION EXPENSES CAN ALSO BE CONTAINED THROUGH TIGHT MANAGEMENT AND STRATEGIC CAPITAL INVESTMENTS. THE NJ TRANSIT BOARD OF DIRECTORS EXPECTS THE HIGHEST LEVEL OF COST-EFFECTIVENESS FROM EVERY DEPARTMENT IN OUR ORGANIZATION. I AM PROUD OF OUR ACCOMPLISHMENTS OVER THE PAST YEAR AND WOULD LIKE TO SHARE SOME OF OUR MAJOR SUCCESSES WITH THE COMMITTEE:

FIRST, WE COMPLETED A MAJOR REORGANIZATION TO MERGE THE OLD BUS, RAIL AND CORPORATE STRUCTURES INTO ONE ORGANIZATION. A PRINCIPAL RESULT OF THE REORGANIZATION HAS BEEN THE CONSOLIDATION OF FUNCTIONS PREVIOUSLY CARRIED OUT IN ALL THREE UNITS -- FUNCTIONS LIKE PROCUREMENT, ENGINEERING, HUMAN RESOURCES, AND FINANCE. WE HAVE ALSO ELIMINATED A LAYER OF MANAGEMENT IN BOTH BUS AND RAIL OPERATIONS.

A MORE STREAMLINED AGENCY REQUIRES FEWER PEOPLE AND TODAY NJ TRANSIT HAS 471 FEWER FULL TIME OPERATING EMPLOYEES THAN WE DID IN 1988 (CHART 2). IN THE LAST YEAR WE HAVE ALSO FOCUSED ON USING THE REORGANIZATION TO MAKE CUTS IN OTHER OPERATING OVERHEAD COSTS AND IN CONSOLIDATING PROCEDURES AND POLICIES FOR GREATER EFFICIENCY.

SECOND, THE AGENCY HAS SUCCESSFULLY UNDERTAKEN EFFORTS TO REDUCE EMPLOYEE AND PASSENGER INJURIES. TOTAL INJURIES TO RAIL PASSENGERS AND EMPLOYEES WERE REDUCED BY NEARLY 23 PERCENT IN FY 1991 COMPARED TO FY 1990. THE REDUCTION IN INJURIES TO RAIL EMPLOYEES RESULTED IN A 41 PERCENT REDUCTION IN LOST WORK DAYS DURING FY 1991. BUS VEHICLE COLLISIONS WERE ALSO REDUCED BY 8 PERCENT IN FY 1991 COMPARED TO FY 1990. NOT ONLY DOES IMPROVED SAFETY INCREASE PRODUCTIVITY, IT WILL SAVE MILLIONS OF DOLLARS IN FUTURE CLAIMS.

THIRD, UNDER THE DIRECTION OF THE AGENCY'S NEW CHIEF FINANCIAL OFFICER, WE HAVE IMPROVED OUR FINANCIAL SYSTEMS TO ENABLE US TO REACT QUICKLY TO ADVERSE TRENDS AND TAKE THOSE ACTIONS NECESSARY TO MAINTAIN THE FINANCIAL INTEGRITY OF THE ORGANIZATION. IN THE LAST YEAR WE BEGAN PROVIDING QUARTERLY FINANCIAL REVIEWS TO THE NJ TRANSIT BOARD OF DIRECTORS.

FOURTH, WE CONTINUE TO TARGET CAPITAL INVESTMENTS TO IMPROVE OPERATING EFFICIENCIES, ATTRACT ADDITIONAL RIDERS -- AND HELP THE

STATE ATTRACT ECONOMIC DEVELOPMENT AND MEET CLEAN AIR MANDATES. OUR CAPITAL INVESTMENTS ARE CAREFULLY PLANNED AND DIRECTED TO HELP REDUCE OPERATING COSTS AND IMPROVE THE QUALITY AND EFFICIENCY OF OPERATIONS. AS MY STAFF HAS HEARD ME SAY MANY TIMES -- CAPITAL COSTS ARE ONE-TIME, OPERATING COSTS ARE FOREVER.

EXAMPLES OF SUCH CAPITAL INVESTMENTS WHICH WE HAVE MADE DURING THE LAST YEAR WERE 50 NEW RAIL CARS AND 15 NEW LOCOMOTIVES WHICH HELPED IMPROVE OUR ON-TIME PERFORMANCE, RESULTING IN IMPROVED PASSENGER SATISFACTION. SIMILARLY, OUR NEW BUS FAREBOX SYSTEM REQUIRES FEWER REVENUE SERVICE PERSONNEL, PROVIDES BETTER DATA ABOUT RIDERSHIP AND FARES, AND HAS HELPED REDUCE FARE EVASION AND INCREASE REVENUES.

FIFTH, WE HAVE CONTINUED TO IMPROVE MAINTENANCE. AS A RESULT, RAIL ON-TIME PERFORMANCE REACHED NEW HEIGHTS IN 1991, AVERAGING 93.2%, THE HIGHEST LEVEL EVER ACHIEVED BY NJ TRANSIT (CHART 3). STEPS TO IMPROVE BUS ON-TIME PERFORMANCE HAVE ALSO BEEN TAKEN, WITH INTENSIFIED MONITORING OF DEPARTURES FROM OUR TERMINALS, INSTALLATION OF A BUS RADIO SYSTEM TO FLAG PROBLEMS WHEN THEY OCCUR, AND ON-GOING PLANNING TO IDENTIFY OPPORTUNITIES FOR BUS PRIORITY LANES THAT CAN IMPROVE RELIABILITY AND SPEED THE FLOW OF BUSES.

BETTER MAINTENANCE, REINVESTMENT IN THE TRANSIT SYSTEM AND INCREASED ATTENTION TO OUR CUSTOMERS IS PAYING OFF. BUS CUSTOMER COMPLAINTS WERE DOWN 9% IN 1991 AND RAIL COMPLAINTS WERE DOWN 16% COMPARED TO THE PRIOR YEAR.

BECAUSE OUR SERVICE IS GETTING BETTER WE STARTED A NEW MARKETING PROGRAM IN OCTOBER, INCLUDING THE AGENCY'S FIRST USE OF TELEVISION ADVERTISING. MARKETING EXPENDITURES ARE VERY IMPORTANT IN OUR EFFORTS TO INCREASE RIDERSHIP, AND GOOD MARKETING IS NOT INEXPENSIVE. HOWEVER, THESE EXPENDITURES WERE ONLY MADE AFTER WE ESTABLISHED VERY SPECIFIC TARGETS AND OBJECTIVES, AND A PROGRAM TO MEASURE RESULTS. OUR FIRST SERIES OF T.V. ADS GENERATED OVER 42,000 PHONE INQUIRIES REGARDING OUR SERVICES. GETTING OUT INFORMATION ON OUR SERVICES -- MAKING THE PUBLIC MORE AWARE OF TRANSIT ALTERNATIVES -- ALONG WITH PROVIDING QUALITY SERVICE -- IS FUNDAMENTAL TO INCREASING RIDERSHIP.

ALTHOUGH MUCH HAS BEEN ACCOMPLISHED, MUCH MORE MUST BE ACHIEVED. THERE IS STILL ROOM FOR IMPROVEMENT. SOME OF MY KEY OBJECTIVES IN THE COMING YEAR ARE:

FIRST, REGARDLESS OF HOW WELL WE'VE DONE IN THE PAST, WE CONTINUE TO PUSH TO IMPROVE COST-EFFICIENCY. ALL DEPARTMENTS AT NJ TRANSIT HAVE GONE THROUGH A VIGOROUS ZERO-BASED REVIEW OF OUR FY 1993 BUDGET. WE ARE TAKING EVERY OPPORTUNITY TO IDENTIFY COST CONTAINMENT MEASURES, INCLUDING TAILORING SERVICE TO CHANGING RIDERSHIP LEVELS. THIS IS AN ON-GOING PROCESS THAT WILL INCREASE OUR EFFICIENCY EVEN FURTHER.

SECOND, NJ TRANSIT MANAGEMENT IS PREPARING FOR THE NEXT ROUND OF LABOR CONTRACT NEGOTIATIONS WITH THE RAIL UNIONS. IT IS NO SECRET THAT WHAT HAPPENS IN THESE NEGOTIATIONS WILL HAVE A MAJOR IMPACT ON OUR ABILITY TO CONTROL COSTS BUT, I AM CONFIDENT THAT WE CAN ACHIEVE ADDITIONAL EFFICIENCIES, AND MY STAFF IS WORKING HARD TO IDENTIFY AREAS IN THE CONTRACT WHERE WE CAN CONTAIN COSTS. I BELIEVE THAT WE NEED TO NEGOTIATE IN GOOD FAITH AND APPROVE A CONTRACT THAT IS BOTH AFFORDABLE TO NEW JERSEY AND FAIR TO OUR EMPLOYEES.

THIRD, NJ TRANSIT IS ALSO PURSUING EVERY OPPORTUNITY TO MAXIMIZE NON-FAREBOX REVENUES AND TO INCREASE REVENUES ASSOCIATED WITH LEASED USE OF OUR PROPERTIES OR FACILITIES. WE HAVE ALSO UTILIZED INNOVATIVE FINANCIAL TECHNIQUES TO REDUCE OUR DIESEL FUEL COSTS (SAVING \$5 MILLION LAST YEAR), AND FOR CROSS-BORDER LEASES OF OUR EQUIPMENT.

FOURTH, WE WILL CONTINUE TO MAKE PROGRESS ON OUR CRITICAL CAPITAL INVESTMENTS. BECAUSE OF INCREASED FUNDING PROVIDED UNDER THE FEDERAL INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT, WE ARE IN THE PROCESS OF REVISING OUR FY 1992 APPROVED CAPITAL PROGRAM. THE APPROVED PROGRAM TOTALS SLIGHTLY OVER \$444 MILLION, OF WHICH APPROXIMATELY \$177 MILLION IS FROM FEDERAL GRANTS, AND \$200 MILLION FROM THE STATE TRANSPORTATION TRUST FUND. THE BALANCE OF THE CAPITAL PROGRAM FUNDING IS PRIMARILY DERIVED FROM THE PORT AUTHORITY OF NEW YORK & NEW JERSEY AND PETROLEUM OVERCHARGE REIMBURSEMENT FUNDS.

ABOUT 78 PERCENT OF THE FY 1992 APPROVED CAPITAL PROGRAM IS DIRECTED TO REINVESTMENTS IN EXISTING INFRASTRUCTURE AND EQUIPMENT, INCLUDING THE REHABILITATION OF RAIL STATIONS AND TERMINALS, CONSTRUCTION OF A NEW BUS MAINTENANCE FACILITY, REHABILITATION OF RAIL CARS AND REPLACEMENT OF TRANSIT BUSES OVER TWELVE YEARS OLD WHOSE USEFUL LIFE HAS BEEN REACHED.

THE BALANCE OF THE CAPITAL PROGRAM IS FOCUSED ON ADVANCING CRITICAL RAIL PROJECTS THAT WILL HELP UNIFY OUR DISPARATE RAIL LINES AND ESTABLISH -FOR THE FIRST TIME - A STATE RAIL NETWORK. INCLUDED IN THIS SERIES OF ON-GOING INVESTMENTS ARE THE SECAUCUS TRANSFER, THE KEARNY CONNECTION, NEWARK AIRPORT LINK AND THE HUDSON WATERFRONT TRANSPORTATION SYSTEM. THIS COLLECTIVE GROUP OF INVESTMENTS, IN ADDITION TO OTHER RELATED RAIL INVESTMENTS WAS RECOGNIZED IN THE FEDERAL LEGISLATION AS THE NEW JERSEY URBAN CORE PROJECT.

AUTHORIZATION OF THE FEDERAL LEGISLATION AND ITS FIRST YEAR APPROPRIATION HAS PROVIDED NJ TRANSIT AN OPPORTUNITY TO INCREASE INVESTMENTS FOR THE EXISTING SYSTEM AND THE URBAN CORE PROJECT BY AS MUCH AS \$170 MILLION OVER THE NEXT 12 MONTHS. WE ARE MAKING EVERY EFFORT TO MOVE QUICKLY -- NOT ONLY BECAUSE IT WILL SPEED UP THE DEVELOPMENT OF CRITICAL PUBLIC TRANSIT IMPROVEMENTS -- BUT BECAUSE THESE INVESTMENTS WILL PROVIDE NEW JERSEYAN'S WITH JOBS. HOWEVER, GETTING FULL FEDERAL APPROPRIATIONS IN THE SECOND AND

SUBSEQUENT YEARS MAY BE A TOUGH BATTLE AS WE SAW IN THE PRESIDENT'S BUDGET MESSAGE LAST WEEK.

FIFTH, WE WILL CONTINUE TO WORK WITH THE PRIVATE BUS CARRIERS IN THE DELIVERY OF COST-EFFECTIVE PUBLIC TRANSPORTATION SERVICES. IT IS OUR POLICY TO COMPETITIVELY BID ALL NEW BUS SERVICE, REQUIRING NJ TRANSIT BUS OPERATIONS TO COMPETE WITH THE PRIVATE SECTOR TO GET THE WORK -- AND THE LOWEST BIDDER WINS. WE HAVE LEARNED THAT AN IMPORTANT KEY TO CONTAINING THE COST OF SERVICE IS NOT NECESSARILY THE CONTRACTING OF SERVICE, BUT RATHER IN GETTING COMPETITIVE BIDS.

UNLIKE NEW SERVICE, THE OPPORTUNITY TO PRIVATIZE EXISTING BUS SERVICE IS MORE LIMITED. FEDERAL AND STATE LABOR LAWS PROTECTING EXISTING EMPLOYEES MAKE IT UNECONOMICAL TO CONTRACT EXISTING SERVICES UNLESS IT RESULTS IN NO CURRENT EMPLOYEES BEING ADVERSELY IMPACTED. NJ TRANSIT HAS SUCCESSFULLY CONTRACTED OUT NEW SERVICE AND EXISTING SERVICE WHERE ADVERSE IMPACTS TO THE CURRENT WORKFORCE COULD BE AVOIDED, AND HAS ONE OF THE MOST SUCCESSFUL PRIVATIZATION POLICIES IN THE NATION.

ANOTHER IMPORTANT OPPORTUNITY FOR PUBLIC-PRIVATE PARTNERSHIPS IS THE FEDERAL CLEAN AIR ACT THAT REQUIRES GREATER INVOLVEMENT BY EMPLOYERS IN PROMOTING ALTERNATIVES TO SINGLE OCCUPANT VEHICLES. NJ TRANSIT'S CHALLENGE IS TO MAKE MASS TRANSIT CONVENIENT AND COST-EFFECTIVE SO THAT PRIVATE BUSINESSES ARE ATTRACTED TO THE TRANSIT ALTERNATIVE.

SIXTH, THERE ARE STILL LEGISLATIVE OPPORTUNITIES THAT CAN HELP MINIMIZE COSTS. MY STAFF IS IN THE PROCESS OF DEVELOPING A LEGISLATIVE AGENDA THAT WILL HELP MINIMIZE COSTLY MANDATES. ONE SUCH EXAMPLE THAT WE ARE PURSUING IN WASHINGTON WOULD RELIEVE NJ TRANSIT FROM PAYING A 2.5 CENT PER GALLON TAX ON DIESEL FUEL USED FOR PASSENGER RAIL SERVICE, SAVING APPROXIMATELY \$250,000 A YEAR.

EVEN IF ALL OUR EFFICIENCIES ARE ACHIEVED, THE NEED FOR ADDITIONAL REVENUES WILL BE REQUIRED. WHILE THE CHALLENGE TO NJ TRANSIT IS TO MINIMIZE EXPENSES, THE CHALLENGE TO THE STATE AND TO THOSE WHO ARE CONCERNED ABOUT EFFECTIVE TRANSPORTATION, IS TO DEVELOP A COMPREHENSIVE APPROACH TOWARDS FUNDING MASS TRANSPORTATION SERVICES IN THE STATE. IN THE 12 YEARS OF NJ TRANSIT'S EXISTENCE, NO LONG TERM APPROACH HAS BEEN DEVELOPED REGARDING THE BALANCE BETWEEN PASSENGER FARES AND STATE OPERATING ASSISTANCE. AS A RESULT, NJ TRANSIT RIDERS HAVE HAD TO ABSORB 5 FARE INCREASES IN A 9 YEAR PERIOD. AS YOU CAN SEE IN CHART 4, THESE FARE INCREASES PARALLEL DECLINES IN RIDERSHIP STARTING IN THE LATE 1980'S. CHART 5 SHOWS HOW OUR FARES HAVE INCREASED FASTER THAN THE CPI.

IN FY 1992, GOVERNOR FLORIO AND THE LEGISLATURE, ALLOWED US TO AVOID A FARE INCREASE. AS YOU KNOW, GOVERNOR FLORIO'S FY 1993 BUDGET PROPOSES NO INCREASE IN OUR FARES AGAIN NEXT YEAR. GOING ANOTHER YEAR WITHOUT A FARE INCREASE WILL HELP STABILIZE OUR RIDERSHIP BASE AND POSITION TRANSIT AS AN AFFORDABLE SOLUTION FOR

THE STATE'S MOBILITY, AIR QUALITY AND CONGESTION WOES. THE NJ TRANSIT BOARD OF DIRECTORS AND I ARE COMMITTED TO DOING EVERYTHING POSSIBLE TO AVOID A FARE INCREASE THIS YEAR, AND WE RECOGNIZE THAT THE COMMITMENT OF FUNDS THAT HAS BEEN MADE TO TRANSIT IN THESE TOUGH ECONOMIC TIMES REQUIRES US TO MEET AN EVEN HIGHER LEVEL OF PERFORMANCE AND RESPONSIBILITY.

IT IS MY BELIEF THAT THE ADDITIONAL \$67 MILLION IN STATE ASSISTANCE FOR TRANSIT IS WARRANTED. STATE OPERATING ASSISTANCE HAS NOT BEEN INCREASED SINCE FY 1990, AND HAS GROWN BY ONLY \$27 MILLION SINCE 1988. WE DO, HOWEVER, ACKNOWLEDGE AND APPRECIATE THE LARGE INCREASE IN CAPITAL ASSISTANCE, INCLUDING THE \$55 MILLION IN CAPITAL MAINTENANCE PROVIDED TO THE AGENCY LAST YEAR. THESE FUNDS ARE BEING USED FOR MAINTENANCE PROJECTS THAT WILL ENSURE THE USEFUL LIFE OF OUR VEHICLES OR FACILITIES FOR NOT LESS THAN THREE YEARS. WE ARE CAREFULLY CONTROLLING AND AUDITING THESE COSTS IN ACCORDANCE WITH STATE LAW.

FINALLY, I WANT TO EXPRESS OUR COMMITMENT TO ESTABLISH AN EFFECTIVE RELATIONSHIP WITH THIS COMMITTEE. IT IS MY JOB AS EXECUTIVE DIRECTOR TO KEEP YOU INFORMED AND TO RESPOND TO YOUR QUESTIONS ABOUT NJ TRANSIT, AND I AM COMMITTED TO DOING THIS IN A TIMELY AND RESPONSIVE MANNER. YOU WILL RECEIVE MY QUARTERLY REPORTS ON AGENCY FINANCIAL AND OPERATING PERFORMANCE, AND THE STATUS OF OUR CAPITAL PROJECTS. THE MONTHLY EXECUTIVE DIRECTOR'S REPORT HAS BEEN REVISED INTO A MORE SUBSTANTIVE DOCUMENT WHICH WILL HELP YOU MONITOR OUR ACTIVITIES. ALL THESE REPORTS WILL BE PROVIDED TO THIS COMMITTEE ON A REGULAR BASIS.

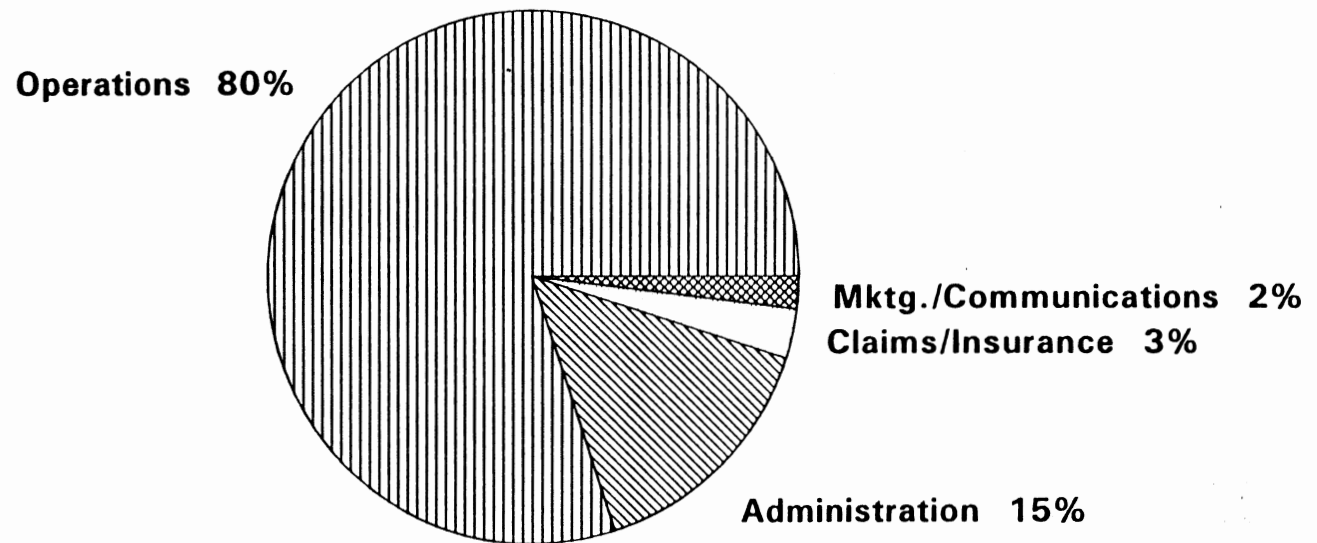
I HOPE THAT YOU HAVE FOUND MY COMMENTS TO BE INFORMATIVE AND USEFUL. I URGE YOU TO GET FIRST HAND INFORMATION ABOUT OUR OPERATIONS BY USING THE NJ TRANSIT SYSTEM ON A REGULAR BASIS. I WOULD BE HAPPY TO ARRANGE AN OPPORTUNITY FOR YOU TO VISIT OUR FACILITIES AND INSPECT OUR OPERATIONS IF YOU WOULD LIKE TO DO SO.

NJ TRANSIT

Operations/Administration Breakdown

CHART 1

36X



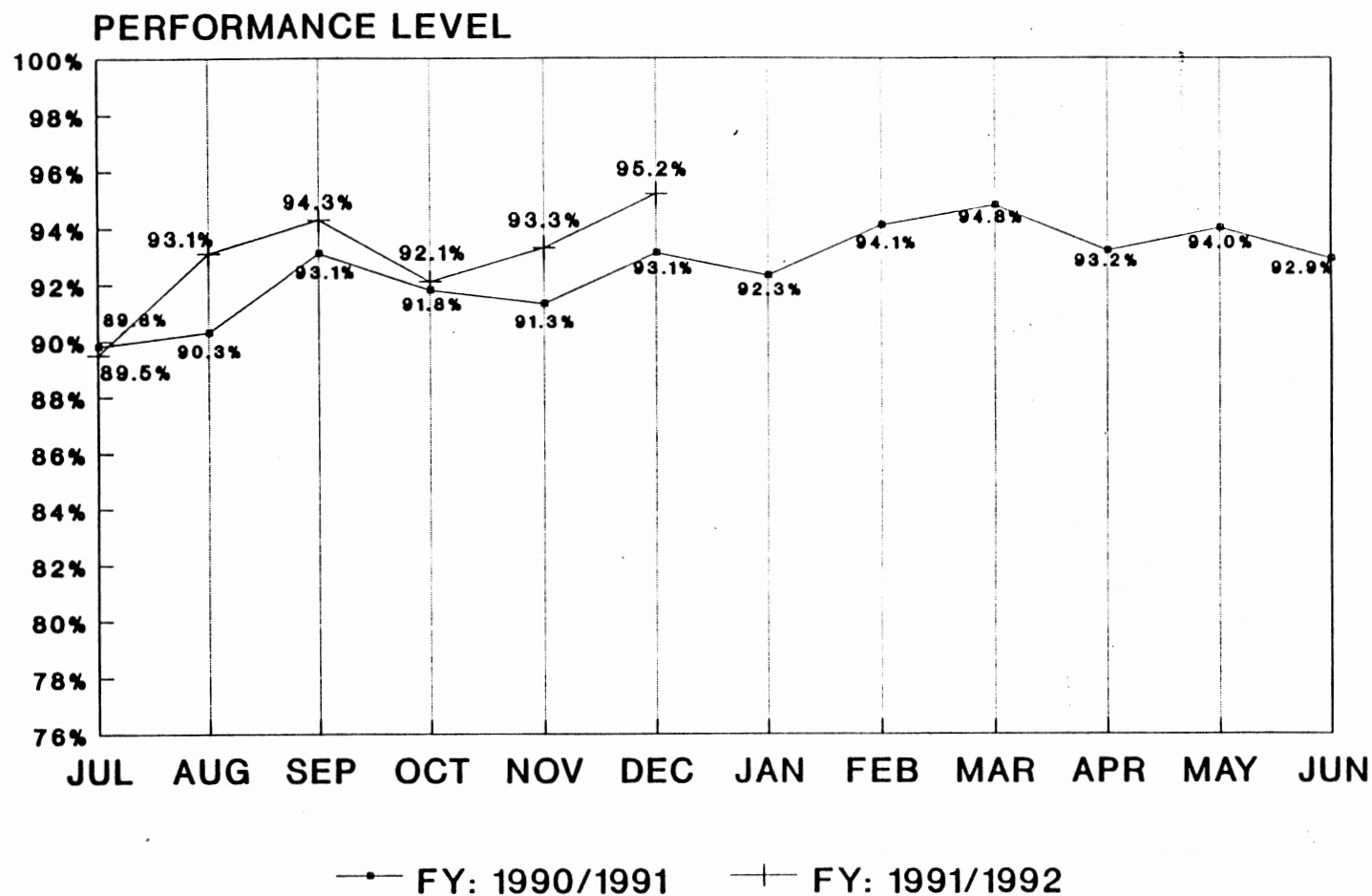
\$736.6 million

NJ TRANSIT Headcount

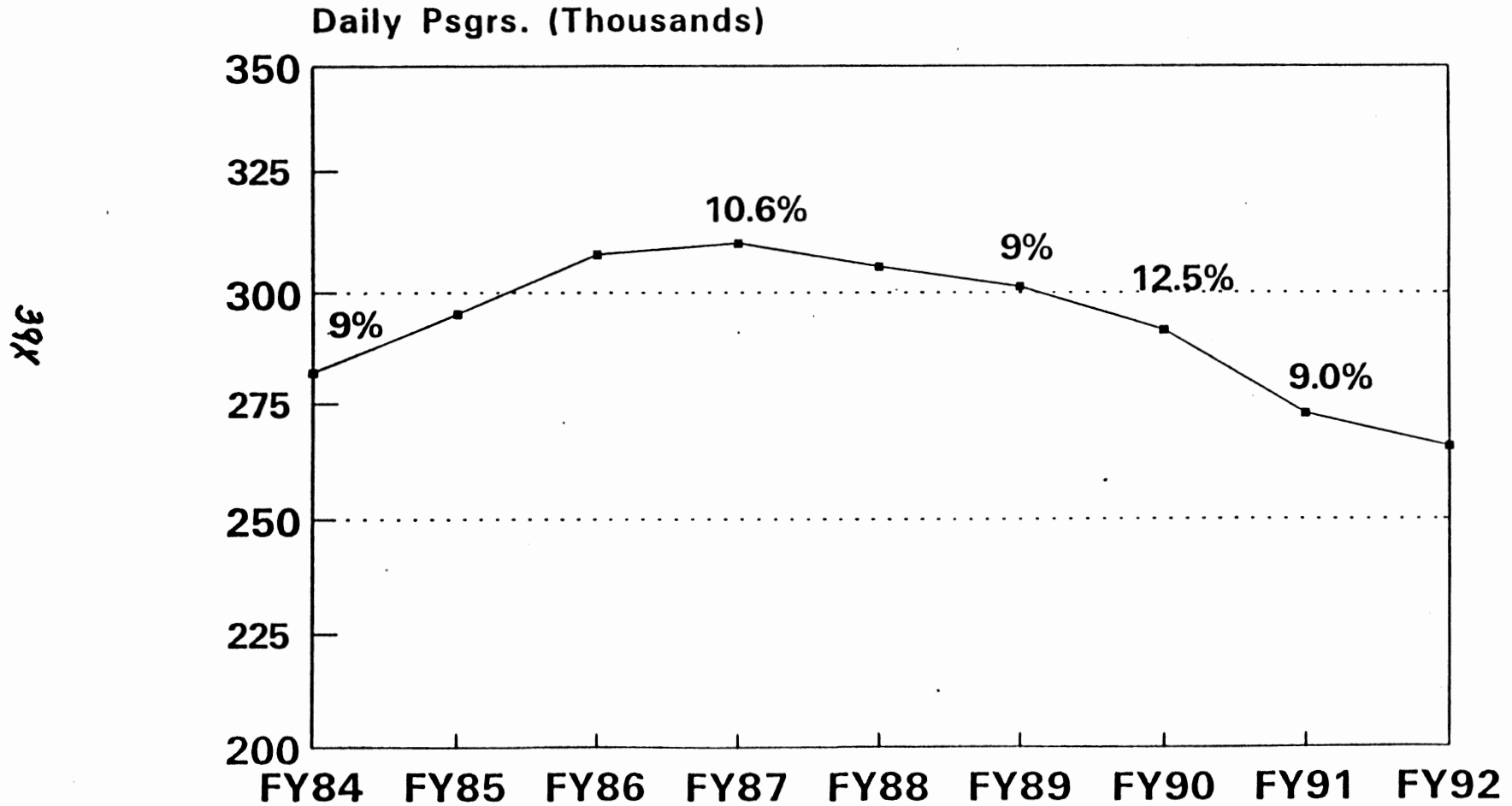
Summary of Operating Headcount

12/31/88	6/30/89	6/30/90	12/31/91
8,873	8,527	8,560	8,402

SYSTEM ON TIME PERFORMANCE



NJ TRANSIT FARE INCREASE AND RIDERSHIP TRENDS



NJ TRANSIT FARES vs. CPI

FY 1988 - FY 1992

