

Committee Meeting

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ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

"To continue discussion on the feasibility of
incorporating the toll road Authorities
into the Department of Transportation"

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

DATE: May 14, 1992
2:15 p.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Alex DeCroce, Chairman
Assemblyman Frank Catania, Vice-Chairman
Assemblyman Ernest L. Oros
Assemblyman Jeff Warsh
Assemblyman Jerry Green
Assemblyman David C. Kronick



ALSO PRESENT:

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

New Jersey State Library

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

New Jersey State Legislature

ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE
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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE

FROM: ASSEMBLYMAN ALEX DeCROCE, CHAIRMAN

SUBJECT: COMMITTEE MEETING - May 14, 1992

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

The Assembly Transportation and Communications Committee will meet on **Thursday, May 14, 1992 at 2:00 p.m. in Room 10, Legislative Office Building, Trenton** to continue its discussion on the feasibility of incorporating the toll road authorities into the Department of Transportation. The committee has invited representatives of the Department of Transportation to present testimony regarding the cost to the Department if it were to maintain the Garden State Parkway and the New Jersey Turnpike.

In addition, the committee will consider the following bill:

A-1431 DeCroke/Nickles	Imposes a six month moratorium on certain activities of the New Jersey Highway Authority and the New Jersey Turnpike Authority.
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Issued 5/8/92

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ASSEMBLYMAN ALEX DeCROCE (Chairman): Good afternoon, ladies and gentlemen. We are about to begin. We are going to be taking testimony, frankly, today from the Commissioner of the Department of Transportation in connection with the toll roads. This is not a public hearing. We are just going to be hearing from Commissioner Downs. In addition to that, we will consider two bills -- A-1431 and AR-68. We expect not to be all that long, frankly.

At this time, I would like to take a-- Call the roll, please.

MS. MELICK (Committee Aide): Assemblyman Green?

ASSEMBLYMAN GREEN: Present.

MS. MELICK: Assemblyman Kronick?

ASSEMBLYMAN KRONICK: Here.

MS. MELICK: Assemblyman Warsh?

ASSEMBLYMAN WARSH: Present.

MS. MELICK: Assemblyman Oros?

ASSEMBLYMAN OROS: Here.

MS. MELICK: Assemblyman Nickles is absent.

ASSEMBLYMAN DeCROCE: He's out.

MS. MELICK: Assemblyman Catania?

ASSEMBLYMAN CATANIA: Here.

MS. MELICK: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: Yes. Thank you very much.

At this time, I would like to call on the Commissioner of the Department of Transportation, the Honorable Thomas Downs.
C O M M I S S I O N E R - T H O M A S M. D O W N S: Thank you, Mr. Chairman. It is a pleasure to appear before you today.

ASSEMBLYMAN DeCROCE: Thank you, Commissioner. We appreciate your coming.

COMMISSIONER DOWNS: It is a pleasure to see you today.

I am pleased to be here today to answer some of the questions you posed regarding the costs to the Department or the State in assuming responsibility for the New Jersey

Turnpike Authority and the New Jersey Highway Authority. These costs I have limited down to two areas: the capital side and the maintenance side.

On the capital side there are both some long- and short-term costs. I want to emphasize, first, that removing the tolls will not provide New Jersey with any additional Federal funds. At an earlier period of time, under previous Federal legislation, formulas did not count some of the road mileage and traffic on toll roads. About four or five years ago, that was changed so that the formulas now fully incorporate the road mileage and traffic of the toll roads in Federal formulas. So absorbing those into the State system will not, in effect, through the formulas that the Federal government uses, generate any additional Federal capital funds. Therefore, the capital costs would come out of the State existing capital resources of both Trust Fund or Federal funds.

We would need to fund the capital needs of the two roadways. The five-year capital improvement plans for the Authorities totals \$1.28 billion -- \$1 billion on the Turnpike, and \$280 million on the Garden State Parkway. Most of the Authorities' capital moneys have been committed through bonding and net revenues. However, \$80 million for the Parkway is scheduled to come from future revenues. In addition, each agency generally contributes about \$30 million of its revenues annually to pay-as-you-go capital, which is a good practice because it limits debt service costs.

Second, as you are probably aware, the legislation that established the State Transportation Trust Fund mandates that the two Authorities contribute to the Trust Fund an amount of capital, and that is approximately \$22 million a year that the two Authorities are mandated to contribute to the State Transportation Trust Fund.

Third, if the construction financing provided by the toll revenues is lost, New Jersey would not be able to count those toll capital investments under the unique new provision in the Federal law which allows the State of New Jersey, as well as other states with toll roads, to count toll capital expenditures as a credit match against Federal funds. That, in effect, now means that, while the law makes every other state in the United States pay 20 percent of the capital cost as a match for any federally funded project, in New Jersey we have the capability of making all of our Federal projects 100 percent Federal. We were successful, through the offices of the Chairman of the House Public Works Committee this year in getting that into the legislation, particularly as a New Jersey provision, so that it allows us to count that soft match. This provision is expected to be worth about \$220 million to \$240 million annually for New Jersey.

Without that credit, we would have to take that amount of money from the Trust Fund and put it into capital match for Federal projects. That would mean pretty much the elimination, without any additional resources into the Trust Fund -- the elimination of local aid projects and 100 percent betterments projects on a statewide level -- at the local level.

On the maintenance side, we estimate that a minimum of \$67 million would be needed annually to pay for day-to-day maintenance staff, State Police, and design and operations staff. To put these costs in perspective, the entire DOT recommended budget for Fiscal Year '93 is \$115 million. So it is about half the current General Fund budget of the State DOT.

The \$67 million includes: \$27 million in maintenance costs; \$650,000 to operate 13 maintenance yards; \$32 million for State Police, not including vehicles and equipment; and \$7.3 million for design and construction management staff.

This maintenance estimate assumes the Department's current level of service and cost expenditures with respect to

maintenance. If we were to assume the Authorities' level of service and their current cost expenditure, there would be an additional cost of some \$44 million.

Maintenance services cost the State approximately \$9000 per lane mile, including both materials and equipment. In comparison, the New Jersey Highway Authority spends approximately \$17,000 per lane mile, and the New Jersey Turnpike spends \$25,000 per lane mile. These cost differences are due, in large part, to different levels of service.

First, there are basic differences in the numbers of maintenance personnel we employ versus the Authorities. While we employ a total more maintenance personnel than the two Authorities combined, we are also responsible for significantly more road mileage than the Authorities. DOT employs approximately one person for every 7.4 lane miles of highway responsibility, compared to one employee for every 3.8 lane miles at the New Jersey Turnpike, and one employee for every 3.6 lane miles at the Garden State Parkway.

Second, there are basic differences in wage and fringe packages. Salaries and benefits are based on individual union negotiations which are different for each agency. The salaries for Authority personnel are generally higher than the DOT.

Third, there is a different level of service provided by the Authorities on their roadways than the Department is able to provide for the State highway system. The Authorities drive a more intensive capital investment program. They keep their roads in top condition. They spend capital dollars to do it. They resurface much more often than DOT is able to do. They replace a bridge deck, rather than patch it, and they mow more frequently. They pay for more frequent police patrols, and they are more attentive to aesthetic concerns, on the assumption that if you are paying for the service, you have a right to expect first-class service, at least a better service than we traditionally provide at DOT.

For example, we mow four times a year at DOT for about \$24 per acre, while the Turnpike mows seven to eight times a year at \$34 per acre, and the Parkway mows eight to ten times a year at \$37 per acre. Both of the Authorities do trim work and litter pickup as part of those costs, and we do not. When we plow snow, our standard is to reach wet pavement, while the Authorities plow to achieve a bare or dry pavement.

The Department is constantly faced with prioritizing and reprioritizing its scarce funds based on competing needs and interests. Our level of service is a basic minimum to ensure the safety of the motoring public.

Our most recent budget testimony demonstrated the effects of decreasing revenues. If you look at the attached chart you can see that New Jersey, in 1988, had one of the lowest ratios of maintenance staff in the northwestern United States. This is a national survey done by the Transportation Research Board. We had 3.3 employees per 100 million miles of vehicle miles traveled, or VMT, versus 4.2 employees in Maryland, 5.9 employees in New York State, 7.2 at the Highway Authority, and 12.1 at the Turnpike. New Jersey's ratio has dropped even further as our maintenance staffing levels have declined by an additional 20 percent since this 1988 survey. In fact, 36 of our 124 maintenance crews have been eliminated since June of 1990. I would guess that instead of ranking 44th in the United States, we are pretty close now to 50th in the United States.

In many instances our deferred maintenance in the DOT will cost us more in capital funds later on. In dealing with a capital plan, it is always the proposition of paying now or paying later, and in our case we usually pay later. Our roadways will require major rehabilitation sooner. In contrast, the Authorities should save on capital expenditures in the long run due to their well-financed maintenance programs.

In addition, their roadway system is much younger and less deteriorated than ours in general. Although New Jersey has a national reputation for the high quality of its road maintenance, much of our highway system was constructed under the WPA Program of the 1930s and during the period immediately 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. In short, sooner or later we will have to pay. We can invest wisely to maintain the roads now, or we will pay substantially more later to rehab them because they have not been preserved.

I have said before, and want to reiterate, that I believe the State is moving in the wrong direction when it cuts funds to maintain and preserve our transportation system. We should be spending more, not less, on preventive maintenance.

Absorbing the toll roads into the Department will require additional State revenues. In addition to these costs which the State would incur and the loss of capital dollars, there would also be other potential lost revenues to the State, of which you should be aware.

First, we would need to address the Authorities' current indebtedness. This involves some \$2.8 billion for the New Jersey Turnpike and \$612 (sic) million for the Garden State Parkway. These estimates do not include penalties, taxes, or additional arbitrage that may be required if the bonds are called. If the Garden State Parkway were to be dissolved or assumed, it appears that the bonds would have to be called immediately and paid in full. At the New Jersey Turnpike, however, many of the bonds could not be called until 2001. Therefore, a State entity would have to assume the Turnpike's indebtedness for 10 years, at a cost of approximately \$225 million per year. At the end of that period, the Turnpike would still owe \$2.4 billion in debt.

In addition, State capital funds would be needed after five years, when the Authorities' capital programs are complete, to maintain or improve the Authority roadways. If additional funds were not forthcoming, these toll road projects would compete against all other State and local projects.

Second, and most important in my mind, is, because we are a through State, because we are a visitor State, because we have a lot of commercial traffic that passes through the State of New Jersey that pays tolls, we estimate that revenues to the toll road Authorities from out-of-staters, whether they are in private automobiles or in commercial vehicles, is approximately \$129 million annually. Thus, we estimate the total cost, capital, and General Fund to the State of New Jersey would be about \$200 million -- \$218 million each year, including: \$67 million in maintenance, staff, police, and yard expenses; \$22 million in lost revenues to the Trust Fund; and \$129 million in lost out-of-state toll dollars.

This does not include the loss of our ability to take advantage of the soft match provision, which, as I said, was some \$220 million to \$240 million a year, and the cost of assuming the debts of the Authorities. For example, assuming the Turnpike's indebtedness for the next 10 years would amount to about a quarter of a billion dollars a year.

These are only our best estimates. A complete legal and financial analysis would have to be undertaken to help us better understand the true costs to the State and to the DOT. We will continue to provide you with whatever information you need as you continue your inquiry.

In closing, I would like you to know that integrating the Authorities' capital investments with the Department's has been one of my highest priorities. The Transportation Executive Council, which I Chair, is beginning to achieve this integration. Its formation was a major step in developing a logical transportation capital investment strategy, let alone a

logical transportation system within the State of New Jersey. The toll roads provide capital dollars which I believe New Jersey cannot afford to lose.

When I first testified in front of this Committee, I told you that I believed New Jersey's location, our transportation network, and our capital investment strategy would position us to be competitive in the 21st century. The way we provide that transportation capital is up to the Legislature, but I don't believe that not providing it is an option.

Mr. Chairman, I will be glad to answer any questions you may have.

ASSEMBLYMAN DeCROCE: Thank you very kindly again for coming, Mr. Downs.

Did I hear you right saying that if the Highway Authority were absorbed, you believe the debt would have to be eliminated now and paid off to the bondholders?

COMMISSIONER DOWNS: That is a lawyer's review of the bond covenant of the Highway Authority. That is not necessarily the case with the Turnpike debt. It would not be contingent upon a change in the status of the Turnpike, but the Highway Authority bonds are older and there is no provision for the collapse of the Highway Authority in those bonds.

ASSEMBLYMAN DeCROCE: I didn't realize that. With regard to operating costs, wouldn't it be true that if DOT were to assume the responsibility for the operation of both highways-- Wouldn't you consolidate and maintain some existing people who are working with the Authorities -- consolidate some of those positions and maybe not need as many people, certainly in the area of middle management?

COMMISSIONER DOWNS: The estimate I gave you of \$27 million in maintenance and \$650,000 for the 13 maintenance yards and the State Police costs, did not assume an absorption of much in the way of administrative management overhead within

any of the agencies. If we did a full absorption, I think the total cost on maintenance alone would be about \$71 million between the Highway Authority and the Turnpike. If we maintained our level of service on those roadways, we're saying it would cost about \$27 million to \$30 million a year. The same thing with--

ASSEMBLYMAN DeCROCE: For both roads, Commissioner?

COMMISSIONER DOWNS: For both roads. That's at \$9000 per lane mile.

ASSEMBLYMAN DeCROCE: Of course, you define your lane mile a little differently than both the Highway Authority and the Turnpike, don't you?

COMMISSIONER DOWNS: No, a lane mile is a lane mile. I mean, one lane of traffic for one mile. They have different standards. In some cases we have been talking about apples and oranges. For instance, the mowing contract. We do contract mowing on interstate, and we do secondary road, State highways, by force account in-house, but we only cut grass. As I said, they do-- Both of the Authorities do litter pickup; they do tree trimming; they do landscape work as a part of that mowing process. We do not do any of that. We barely keep up with, for instance, dead trees that fall onto the right-of-way on State highways. So, different costs.

If we absorbed full level of service alone, it would be another \$44 million, just for the maintenance side. We didn't assume overall an absorption of much in the way of management costs or administrative costs that go with the Authorities. If we were taking them over, in a number of cases, those would just be costs that we couldn't afford.

ASSEMBLYMAN DeCROCE: Well, what I am saying, Commissioner, and maybe I didn't phrase my question right, is, if there were to be an assumption of each of the Authorities, or both of the Authorities, wouldn't it be possible to eliminate some positions and have them both combined to run

each Authority? In other words, do you need two Executive Directors? Do you need two Chief Operating Engineers? Do you need each of these big-titled, high-salaried positions? That is what I am saying to you.

COMMISSIONER DOWNS: As I said, we put about \$6.5 million to \$7 million into design and construction management and some minimal planning activities. That was it in terms of an estimate of what we would fund if we absorbed them. That was it in terms of the entire management structure, both from a construction standpoint and a regional and field standpoint. I don't have an easy breakout about the overall administrative costs of the two agencies. I believe it is about \$12 million at the Turnpike and about \$22 million at the Highway Authority, but then they carry their administrative costs differently. I think the Turnpike carries its administrative costs for fringes in a different account, and the Highway Authority carries it directly within their administrative account. So, say \$36 million to \$45 million worth of "administrative expenses." Our entire assumption of management costs and expenses was about \$6.5 million to \$7 million.

ASSEMBLYMAN DeCROCE: Okay. With regard to your comment on the bonded indebtedness, we expect to bring in people from the bonding houses and have discussions with them in connection with each of the Authorities to make sure where we're going with this thing, frankly. We are not financial wizards, obviously, and we have to get the proper information.

COMMISSIONER DOWNS: That is the right place to be. I am not a financial wizard either.

ASSEMBLYMAN DeCROCE: This mission is to be deliberative. That is the word of the day: We are going to be very deliberative before making a final decision, obviously.

Does anybody have any questions for the Commissioner?

ASSEMBLYMAN CATANIA: Commissioner, may I ask, does the Department of Transportation, on any of the roads or

bridges that it has under its control-- Is there any collecting of any tolls? Do you take any tolls in on any of them at all?

COMMISSIONER DOWNS: No, none.

ASSEMBLYMAN CATANIA: None. You do none of them?

COMMISSIONER DOWNS: No.

ASSEMBLYMAN CATANIA: What if -- and this is only a hypothetical question-- What happens if the Legislature, the government, should decide that we have had enough with the New Jersey Turnpike Authority and the New Jersey Highway Authority, and we really feel it is a duplication of that part of government? We really don't want to get rid of the tolls, but we think the tolls should be lower, and we think the Department of Transportation should take over that administration. What would be your views towards the Department of Transportation administering the Garden State Parkway and the New Jersey Turnpike, and instead of, you know, taking the tolls off completely, reducing the tolls so that they are back to a quarter, a dime, 15 cents, and the 70 percent increase of last year on the New Jersey Turnpike, and the 100 percent increase for trucks, were to be rescinded?

COMMISSIONER DOWNS: First, my assumption is that whatever it took in terms of a revenue stream to cover the debt service and the amortization schedule would have to be there. Secondly, I think it would be appropriate if the Legislature determined the level of service that we are supposed to buy. There has been an implicit assumption that the service levels on the Authorities are going to be higher than on State roads. If it is going to be less than that-- For instance, we do two to three mowings, and if people are used to eight to twelve mowings on--

ASSEMBLYMAN CATANIA: Commissioner, I hate to interrupt you, but people are not interested in whether or not the grass is cut every week or every other week on their

highways. They are interested in the lawns at their own houses, and in being able to afford to have someone cut their lawns or having gas to put in their lawn mower, you know, to cut their lawns. So, let's get to the--

The point of my question is: Could the Department of Transportation handle this, with sufficient staff?

COMMISSIONER DOWNS: If the assumption is that we will maintain those the same way we maintain other State highways, we can do that, but that is accepting how State highways look on those roads; not just look, but act--

ASSEMBLYMAN CATANIA: Commissioner, that is not the question I'm asking. I'm saying--

COMMISSIONER DOWNS: But I don't want to get to a point where I have to try to maintain a set of toll roads to standards where there are no potholes; there is good pavement; decks get rebuilt on a regular basis, because people are still paying tolls and they expect that to happen, and there are no resources to do it.

ASSEMBLYMAN CATANIA: But, if you were collecting tolls on those roadways, if you were able to dedicate that money to those specific roadways, or a portion of it, or a new formula allocating so much for the Transportation Trust Fund-- My question to you is: Could the Department of Transportation run this?

All right, let's go on the side: The Department of Transportation, the day after Easter-- Does your administration have the day off as a holiday?

COMMISSIONER DOWNS: No.

ASSEMBLYMAN CATANIA: You don't, okay. If we were to abolish the New Jersey Turnpike Authority, that holiday that we spend money on for all the administrators could be abolished.

ASSEMBLYMAN DeCROCE: Well, I am not sure of that. That may be negotiated. I don't know.

COMMISSIONER DOWNS: Contract.

ASSEMBLYMAN DeCROCE: That may be a negotiated--

ASSEMBLYMAN CATANIA: However, the thing is, if the New Jersey Turnpike Authority is no longer in existence, there are no longer any employees. Am I correct?

COMMISSIONER DOWNS: Well, it is not clear, unless you make that part of the law, as well. In the contracts, there are some interesting issues that are beyond my kin about answering you with a good degree of certainty and accuracy. If the question is, can the Department, within the constraints that I tried to lay out in my testimony about what it would take to maintain and operate-- Could we do that? The answer is yes. It would be to our State DOT standards. That did not assume cost of collection of tolls in our guesstimate of costs of operating the Authorities. For instance, collection costs on the Highway Authority side, I believe, were about \$51 million a year. That is the price of retaining tolls of any kind.

But the direct question you asked me, can we, within the constraints-- Can we, as the DOT, maintain and operate the Highway Authority and the Turnpike? To the standards I laid out, with the expectations I laid out, yes.

ASSEMBLYMAN CATANIA: Fine.

ASSEMBLYMAN DeCROCE: Assemblyman Kronick?

ASSEMBLYMAN KRONICK: Good afternoon, Mr. Commissioner. A few questions, please: Based on the comparative spending levels for State highways, which you consider adequately maintained and safe, and the spending by the two Authorities, could it be said that perhaps the toll roads are overmaintained: case in point, the washing of mile markers on the Turnpike?

COMMISSIONER DOWNS: I don't know all of the maintenance standards on the Turnpike--

ASSEMBLYMAN KRONICK: But in general?

COMMISSIONER DOWNS: --but I know their roads are better quality by far. They have better safety control devices and they have better bridge decks and they have better pavement conditions than State highways do. Am I comfortable in ranking 49th in the United States in terms of maintenance effort per lane mile? No, not particularly. We rank as having one of the more efficient State DOTs in the country in terms of our maintenance standards, but am I comfortable in being there about the kinds of resources we put into it as a universal standard for the rest of the State? Not particularly.

I recognize the fact that we are slim. Am I comfortable with it? Not particularly. In terms of long-term costs to the public, we don't do near what we should in terms of long-term preventive maintenance for our State roads and bridges, but then that is the inevitable price.

ASSEMBLYMAN KRONICK: So you are not saying they are overmaintained, then? You would like to see DOT perhaps doing a little more maintenance?

COMMISSIONER DOWNS: I am convinced that the most efficient capital investment that any road agency can spend is preventive capital maintenance. A dollar there is worth \$10 worth of capital reconstruction in 10 or 15 years. We don't do what we should be doing, and haven't done for a long time within the State about preventive capital maintenance. We are just now starting to catch up on that with resurfacing, with betterments, with drainage improvements, with roadway resurfacing and reconstruction, with better signage. We are just starting to get there. We pay a long, long-term price for that. It may take 10 or 15 years to catch up.

ASSEMBLYMAN KRONICK: Of the \$900 million, Commissioner, remaining for highway work, are there any State or Federal restrictions on the type of roads these funds can be used for, for repair or expand-- In other words, if the

Turnpike and the Garden State were under your jurisdiction, would we lose Federal funding?

COMMISSIONER DOWNS: No, we would not lose Federal funding. We would lose the ability to have 100 percent Federal funding, using the capital investments of the toll roads as a credit against the Federal funds. In other words, the share would go from 100 percent Federal to 80/20. We would still get the same amount of money from the Fed, but it would cost us more to get the money.

ASSEMBLYMAN KRONICK: That's it for now. Thank you.

ASSEMBLYMAN DeCROCE: Assemblyman Green?

ASSEMBLYMAN GREEN: Yes, Mr. Chairman. I am not too familiar with a lot of the State highways in northern New Jersey and southern New Jersey, but I am rather familiar with 287 in Central Jersey. How would you compare the maintenance of that road -- just that road -- to the Parkway and the Turnpike? Would you say it is a quality road that is well-maintained? I mean, I use it maybe once or twice a week, and I notice the grass is always cut; it is always clean.

COMMISSIONER DOWNS: Some of the sections of 287 are as good as anything in the State. Some of the older sections, which should have been rebuilt a decade ago, are not. They do not meet, in a number of respects, current design standards at the Federal level, any kind of sufficiency rating, and they need, in a number of places-- It is hard for me to have sink in that some of the earliest sections of 287 were built in the late '50s and early '60s. That makes them 32, 33 years old. Some of those decks are starting to go, and they need to be rebuilt. Those are not-- It depends on the section.

Our best interstates are as good as anything anybody has anyplace in the State -- the Highway Authority or the Turnpike. Our older interstate segments need a lot of work.

ASSEMBLYMAN GREEN: Also, there is a question that is obvious. What this Committee is trying to do -- and I listened

to the question of my colleague in terms of no matter how many times we try to approach the position that we would like to separate maintenance versus personnel--

Through the Chairman, I think it would be a help to this Committee, especially me, if your Department was able to separate in terms of -- forget about the maintenance, cutting grass, etc. -- personnel; if we were able to eliminate those two agencies, and they came under your umbrella in terms of maybe one Chairman, one Executive Director, and protocol all the way down the line. Then we could get a true picture of exactly how much we could save personnelwise. Too often these questions have been asked at the last few meetings I have attended. We always wind up-- I can respect your not wanting to step on anyone else's toes, because you might be the guy to have to go. I can understand that.

COMMISSIONER DOWNS: I hope not. (laughter)

ASSEMBLYMAN GREEN: I think for us to get a true picture, I would just like to maybe -- whether it is your department, Mr. Chairman, or whatever department we can get -- get a true picture in terms of the question you asked him early on. If we were able to just consolidate all of them, how would it be structured and exactly how much money could we save?

ASSEMBLYMAN DeCROCE: You know, that's true. Commissioner, with all due respect, I appreciate your testimony, but that is what I was trying to get to also. If there are no savings, we are wasting our time. Okay? If we are not saving any money for the residents of the State, there is no point in us holding any further hearings, frankly.

I think that has to be looked into. All those aspects truly have to be looked into. I was hoping we might be able to get from you a chart of some type showing how both of those operations could be done through DOT, and where all the people would fit in that chart; how many of each particular assignment would be necessary, certainly in the area of middle

management. I don't want to hurt the fellow who is collecting the toll, or the fellow who is cutting the lawns. I am talking about middle and up.

ASSEMBLYMAN GREEN: Mr. Chairman, until we get that information, I really think we are going to sit here week after week, and they are going to come in-- They are doing the best they can by giving us as much as they want to give us, but until we get a true picture in front of us, how can we make a decision we feel is going to have a future--

ASSEMBLYMAN DeCROCE: Well, I don't think we are ready to make a decision, but I think we can ascertain some other information.

ASSEMBLYMAN GREEN: I'm talking about in terms of which direction we should be going.

ASSEMBLYMAN DeCROCE: Oh, I understand, yes. Fine, okay.

ASSEMBLYMAN GREEN: Thank you.

ASSEMBLYMAN DeCROCE: Thank you.

ASSEMBLYMAN OROS: Just so I understand it correctly, the thought I had in mind is probably the same as you had, Mr. Chairman, and Mr. Green. That is, if you had one maintenance department for all three-- That's what you're talking about.

ASSEMBLYMAN DeCROCE: Well, it could be all three.

ASSEMBLYMAN OROS: Something like that. In other words, you want to have a maintenance department--

ASSEMBLYMAN WARSH: An engineering department, or a design department.

ASSEMBLYMAN OROS: Yes, all three. You wouldn't have a maintenance department for three areas. You would have, possibly -- let's talk about it -- one maintenance department that would handle all three roads.

ASSEMBLYMAN DeCROCE: Well, State roads and both of the Authority roads, yes.

ASSEMBLYMAN WARSH: Right.

ASSEMBLYMAN OROS: I'll tell you something, that is a thought, you know, because we could get around to other areas, too. You just said engineering, or any other thing, could possibly come under one, instead of having duplication all the way down the line. That's a possibility.

The one question I have in mind is -- it is just a little thing -- about the grass on the DOT highways. I know the answer is probably going to be money, but some of the highways I travel, 78 and so forth, when you come off the ramps, they are quite shabby as far as the cutting of the grass. Is that a big expenditure to maintain that a little bit better? Some of the ramps, when you come off, you can't quite even see where you are going. Route 31 is one of the ones where we need more personnel. Is that what we need?

COMMISSIONER DOWNS: We are working on an agreement which I hope we will soon have finalized with the Department of Corrections, so that on major interchanges on interstates and other State dualized facilities, that those interchanges will be maintained -- mowed and maintained -- by Corrections-supervised prisoners to a high standard more intensively than we have currently been able to do. We are trying to work out the final stages of that agreement.

Mr. Chairman, maybe I went by it too fast; let me reiterate. Back on page 3 of my testimony, at the top, the question I was trying to answer -- and I don't know how to do it any other way-- We said, "This is our best estimate." For us to maintain both roads -- both major roads, the Highway Authority and the Turnpike -- to State standards would cost \$27 million in maintenance costs, and \$650,000 to operate the maintenance yards. The State Police figure we used was the current level of staffing of State Police, absent the equipment and the rolling stock for the State Police, so you can take that or leave it.

But the direct incurred costs for maintaining and operating the roads, without toll costs -- toll collection costs -- being involved, was the \$27 million plus the \$650,000, or roughly \$28.1 million. Then an additional \$7 million on top of it, or about \$32 million for the design staff, the construction management staff, and other management staff, if we were simply operating them as part of the State road system. So our total operating cost is about \$32 million for State of New Jersey DOT standards. You can measure that in different ways against the Authorities' accounts, but I was trying to get to the cost of-- The question you asked me directly in your letter -- in your invitation to appear -- was, "Tell us how much it would cost the DOT to operate those roads -- to maintain and operate those road segments." It is roughly \$31 million a year direct DOT costs, not counting anything else like capital charges, capital costs, debt service, toll collection. The specific question, "How much to maintain and operate--" That is as close as I could get in terms of an answer for you.

ASSEMBLYMAN DeCROCE: Okay, Commissioner. Assemblyman Warsh?

ASSEMBLYMAN WARSH: Thank you, Mr. Chairman.

Commissioner, if you would, I would like to focus your attention on the Transportation Executive Council. You referenced it today in your testimony, and you have referenced it before, as have Executive Directors of the Turnpike and the Highway Authority. When Governor Florio first established the TEC, I applauded it. I thought it was a very good idea. With the mass amount of roads and dense population we have in New Jersey, it is not only a good idea, it is paramount that we coordinate that all.

So, I looked into it. What I see -- and correct me if I am wrong -- is a Council that really hasn't fit the bill as to what it was supposed to do. My investigation shows that the

TEC has not met since this Committee has been holding its hearings on the potential for eliminating tolls. Is that correct?

COMMISSIONER DOWNS: Do you mean since the Committee started this process? No, it has not.

ASSEMBLYMAN WARSH: When was the last TEC meeting?

COMMISSIONER DOWNS: There are two parts to the TEC: One is the Chairman of the Board, and the other the Executive Director level, the working group. The working group has been meeting regularly over the last two years. There is an annual process where, jointly, all of the Authorities and the DOT planning staff go back to all 21 counties and the seven largest cities, and make a presentation on their proposed capital and operating plans to each of them, and then get feedback about problem statements from each of the cities and counties in the State.

That then turns into a unified capital program for the State where we try to make decisions about what makes sense in terms of staging investments for the Authorities. That is a regular process. We are in our second year of that cycle. It has served two purposes: One is, it brought the Authorities and the local level together for the first time in the history of the State. It developed a Coordinated Capital Budget Plan, so that we didn't trip over each other; didn't build links or roads that didn't go anywhere or didn't link up with each other.

The third thing was, it got a focus on the strategic business planning process, where each of the Authorities was responsible for developing a multiyear business plan, where it stated publicly its business objectives, its goals, its operating plan for the next five years, and restated that every year with a new next year element of it. The Executive Council, itself, met about six months ago -- the Chairman of all of the Boards. The working group, the Executive Director

level and Assistant Commissioner level, have been meeting regularly for two years.

ASSEMBLYMAN WARSH: When you say "regularly," does that mean monthly, biweekly?

COMMISSIONER DOWNS: I would guess probably at least monthly.

ASSEMBLYMAN WARSH: I'll tell you what I find to be disturbing about this: While your presentation as to what TEC does was impressive, the advantage to setting up a situation like this is not to establish its own bureaucracy, but to be kind of a loosely knit group that can respond very quickly to integrate the policies.

What this Committee is undertaking is certainly moving down the road toward the greatest change in the way New Jersey manages its roads and highways since the mid-'50s, and yet TEC has not issued any statements about this. So, either it is not working out, or they are not showing this initiative or this Committee, the proper respect that it deserves in discussing these issues.

COMMISSIONER DOWNS: With all due respect, Assemblyman, it is the Governor's TEC. The recommendations go to the Governor. The issue was not drawn as a Governor's initiative, and it was not drawn as an initiative that I felt was probably right for the Executive Council to try to come to grips with.

ASSEMBLYMAN WARSH: So are you saying, then, that the Governor is not treating this initiative with proper respect?

COMMISSIONER DOWNS: No, I'm saying that if you are trying to lump the Executive Council's responsibility into an initiative about whether or not it makes sense right now to abandon the tolls, or change the toll pricing structure on the roadways now, that was not in the charter -- the mandate -- from the Governor when this process was initially established.

We had at the time, if you remember when this was being formed, a proposal for \$6.4 billion worth of capital expenditures from the various Authorities in the State, either the bistates or in-states, and no forum at all to have any kind of policy coordination, review, any kind of transportation master capital plan for the State of New Jersey. It was initially, and continues to be, to a certain extent, the coordination of capital investments for the State's economic future. It was not a charge that was given to us in the Executive Order from the Governor.

ASSEMBLYMAN WARSH: Mr. Chairman, to conclude my remarks I will just make a statement: As I understand it, the purpose of TEC was to advise the Commissioner of Transportation on transportation policies, priorities, and progress. Clearly, I believe that what we are involved with is certainly within that focus, within that jurisdiction, if you will. I find it shocking, no less than shocking, that TEC has not taken this up; has not taken it seriously. Whether we move down the road towards eliminating the tolls is something we are going to have to see, and we are doing that investigation. But the fact that TEC is not examining this in a parallel mode, considering the fact that you have the membership of every single one of the Authorities, Authorities that do collect tolls on a daily, hourly, and minute-by-minute basis from New Jersey taxpayers-- I find that to be shocking, and I would hope that you would take back, considering the fact that you can call them into session -- that you would take that back, and hopefully we would be able to pull TEC together and come to grips with this rolling initiative.

Thank you.

COMMISSIONER DOWNS: But also, Assemblyman, other-- It is a more difficult issue for a number of other members, like the Port Authority of New York and New Jersey, the Delaware River Port Authority, the Delaware River Bridge

Authority, the Cape May Bridge Authority, to deal with the issue of in-state tolls as members of the Transportation Executive Council. I'm sure that a number of them will feel it is not necessarily their business, and will be reluctant to participate. It is just not structured the right way.

ASSEMBLYMAN DeCROCE: Assemblyman Green?

ASSEMBLYMAN GREEN: Yes, Mr. Chairman, one last question: Since we began this particular issue, in terms of the toll roads, have the three agencies come together and had any joint meetings to discuss this particular issue?

COMMISSIONER DOWNS: We have had a number of phone conversations with staff trying to make sure that we had the same set of facts, that we understood their operating sheets, that we understood their operating costs, so that we didn't misstate anything in either my testimony or in any other figures like cost per lane mile. There has been a lot of information gathering among the staffs, but no real discussion of any kind of policy -- at a policy level among, say, the Chairmen of the Boards of the Authorities and myself.

ASSEMBLYMAN GREEN: Since you have been in the position you have, have there been any meetings at all in terms of the three agencies maybe on a semiannual basis or annually, getting together to come up with different ideas, or just talk about general shop, what I am doing versus what you are doing, ways we can save money for the State of New Jersey? Have any such meetings been held since you came aboard?

COMMISSIONER DOWNS: That is one of the agenda items of the Transportation Executive Council, idea sharing, a general discussion about operating problems, since they share a lot of common operating characteristics. Those kinds of issues do come up on a regular basis. I also serve--

ASSEMBLYMAN GREEN: Excuse me, I'm sorry. Do you meet to discuss those issues? That is my question.

COMMISSIONER DOWNS: In 1988, the Legislature, in another action not unrelated to the kind of concerns that are being voiced now, decided that it would take a step to make it, in addition to the Governor having a line item veto on minutes of the in-state Authorities, that the Legislature would mandate that the Commissioner of Transportation serves as an ex officio member of the three in-state toll Authority Boards, and I do serve on those Boards -- serve actively on those Boards -- on a regular basis. So I sit at all of their Board meetings, both the regular sessions and the committee sessions.

ASSEMBLYMAN GREEN: I just find it very shocking that you are talking about three major agencies in the State of New Jersey -- and I don't want to quote budgets totally put together, because I don't want to mislead in terms of the exact number-- But, not to be able to sit down and talk about what you are paying for this versus what I am paying, the types of service, in this day and age is amazing. I think this is where government is really missing out. There just doesn't seem to be that team effort on any particular level. I am hoping that maybe out of this meeting we will begin to realize that it is obvious when we talk about you are paying \$10 less to get the grass cut, etc.-- Imagine in the other areas what one might be paying more than the other. I guess that if that communication was there, that probably wouldn't be happening.

Thank you, Mr. Chairman.

COMMISSIONER DOWNS: One thing, I don't want to leave the impression that there has not been a good deal of cooperation within the last couple of years. For instance, the engineering committees within each of the agencies have developed, engineer to engineer, working relationships about shared costs on professional services, shared expertise on standardized designs, shared bid information with each other about what to expect in terms of bid prices, and shared design configurations, agenda items. There has been a tremendous

amount of cooperation on the construction side -- engineering level.

In addition, we have put a real push on the agencies to develop a better response to State procurement schedules, so we can make sure that in every case where it is possible the Authorities -- and they have been more than willing to cooperate -- purchase off of the State procurement schedules, say, buy regular State GSA-- Whenever possible they buy State GSA, rather than individual Authority.

The last thing is, there have been a number of task groups -- specialized task groups -- where there are specialized problems like unified toll collection, unified traffic data within a region, where none of the Authorities are capable of really going it alone, that have developed over the last two years as a shared effort. Could it be better? Yes, nothing is perfect.

ASSEMBLYMAN GREEN: Well, I just feel at this point that if the public were out there telling both parties, "We no longer want Democrats and Republicans," Al, I would be on the phone tomorrow trying to figure out what we could do to prove we do need both parties. So it is obvious that nobody is really taking it seriously.

ASSEMBLYMAN DeCROCE: Thank you, Assemblyman Green.
Assemblyman Catania?

ASSEMBLYMAN CATANIA: Commissioner Downs, would you be able -- your Department -- to compile the costs of the Department of Transportation taking over the New Jersey Highway Authority and the New Jersey Turnpike Authority and running them through the Department of Transportation, determining what the costs would be in order to continue with the tolls, maybe, as I said before, with a reduction? I guess it would have to be determined what the costs are. Looking at the debt service, looking at all the aspects of the Authorities as they now exist, bringing them together in the Department of

Transportation-- What would it cost, and how much of a savings would there be?

COMMISSIONER DOWNS: Again, if you hold me away from having anything to do with debt service, anything about the bonds and the covenants that other people can better advise you about-- The Department is not good about the toll management business, because we have never been in it. Just assuming the costs that are there within the toll structure for collection purposes, if the tolls are to remain, yes, if I could give you back not only those costs, but the assumptions behind those costs.

ASSEMBLYMAN CATANIA: I would like to ask, through the Chairman, if we could get those costs. And I would also like to ask, Mr. Chairman, if we could ask the cooperation of the New Jersey Highway Authority and the New Jersey Turnpike Authority to cooperate with the Department of Transportation in trying to compile these projected costs, so we would be able to intelligently look at this and determine whether or not -- you know, determine what direction we should be going in.

May I ask you another question, Commissioner? What is your salary?

COMMISSIONER DOWNS: I think it is \$100,421.

ASSEMBLYMAN CATANIA: All right, just a little over \$100,000. Is that correct?

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN CATANIA: You are a member of the Governor's Cabinet.

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN CATANIA: That will tie in with something I would like to talk about later on.

COMMISSIONER DOWNS: The only other person who has asked me that question recently was my wife, and it gave me the same kind of pause. (laughter)

ASSEMBLYMAN CATANIA: I would just like to make a statement at this time, if it okay with you, Mr. Chairman?

ASSEMBLYMAN DeCROCE: Yes.

ASSEMBLYMAN CATANIA: My concern with the Department of Transportation, the New Jersey Highway Authority, and the New Jersey Turnpike Authority is the duplication of moneys that are being expended by each of these departments. I don't foresee that I would be willing to hurt those people on the bottom of the work -- you know, talking about maintenance, toll workers-- I am not looking to hurt the people -- the ordinary working people. What I am looking at is, I think these Authorities -- and this is only my opinion -- were created to be semiautonomous at a time when the Governors of this State -- not only our current Governor, but our former Governors -- were able to have them more or less as their own little placements; where they were able to put people to work for political patronage. I think this is how they have grown beyond their current usefulness. They are no longer interested in keeping roadways open to the general public at the least possible cost.

I think the costs have now gotten to the point where we are now paying for that political patronage. I think the way we have to look at it is, your Department, which is part of the Governor's Cabinet and part of the hierarchy of New Jersey government, not semiautonomous, but responsible to the executive as well as to the administrative branches of this State-- We now have to look at placing that authority back with you, so we can now take away that political patronage, give the jobs to the people who deserve jobs, put people to work where they are able to earn-- It is not a matter of who they know. It is not a matter of that they know an Assemblyman; they know a Senator; or someone coming out of the Governor's Office. That is my opinion. I think we should be working towards that, compiling the figures for that, and

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determining whether or not if someday we can actually effectuate some type of a combination of these Authorities.

ASSEMBLYMAN DeCROCE: Thank you, Assemblyman Catania.

Assemblyman Kronick?

ASSEMBLYMAN KRONICK: Thank you. Assemblyman Catania took the thrust of what I was going to say, but I am going to phrase it a little differently.

What I want to know -- not that I want you undertaking any studies, because I don't know whether it really should come from your Department-- Maybe we should put money aside legislatively and have, you know, an outside auditor come in and do it the way it should be done, objectively, impartially, professionally. But, what I was wondering--

Let's say we keep the toll activity and reduce the tolls, how much could we reduce the tolls to the driving public by assuming -- as referenced before -- engineering, planning, maintenance, under one umbrella, where we could be more efficient? Then when we look at maintenance and we talk about snow plowing and grass cutting, maybe from the extreme of the Garden State, which is the most expensive, down to your level of the State, where we are only doing it two or three times, take an average, and everyone is happy. It is a trade-off. Then what we are talking about could be a savings for the driving public. That, I would like to see, going that route.

I do have a question, Commissioner: You make mention on page 2 of \$67 million for maintenance. I am a little bit confused, because I thought the State Police had their own budget, that that is not charged to you. Could you please clarify that?

COMMISSIONER DOWNS: They do not have a separate budget for the Highway Authority and the Turnpike. Those costs are borne by the operating budgets. All of the State Police that operate -- the special barracks that operate on the Highway Authority and the Turnpike, are a General Fund

obligation of the two toll roads. They are not paid by the general State Police account.

ASSEMBLYMAN KRONICK: But what about for the other State highways?

COMMISSIONER DOWNS: We don't pay any costs to the State Police.

ASSEMBLYMAN KRONICK: You don't pay any costs?

COMMISSIONER DOWNS: No.

ASSEMBLYMAN KRONICK: Okay. Then, with regard to maintenance -- litter pickup -- do you not use prisoners?

COMMISSIONER DOWNS: To some extent, yes.

ASSEMBLYMAN KRONICK: That is reflected in your maintenance costs?

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN KRONICK: Where you are using prisoners?

COMMISSIONER DOWNS: Yes.

ASSEMBLYMAN KRONICK: Okay. Do you know what I think would be worthwhile -- and we brought this up, I think, at the last session-- It is difficult, if not impossible, to make comparisons between DOT, the Highway Authority, and the Turnpike. Would you support using, say, uniform criteria for determining such costs between the State agencies, because right now, when you talk about capital equipment, you talk about maintenance, they have different standards, and you can't make comparisons? That would help. I mean, this Committee, right today, if we were able to do that, would you support something like that? Do you think that is doable?

COMMISSIONER DOWNS: It is doable to a certain extent. It depends on the ability of your accounting system to sort out some things, where if you have services put together in one place-- We don't do anything else other than mow, and if mowing costs at other Authorities include while they are mowing doing litter pickup, doing minor landscaping, doing tree

removal, and all the rest of it, it depends on how you would account for those costs at different levels of service.

It just depends on the sophistication of your accounting system. You could do that. You could, say, establish uniform costs accounting procedures, forgetting that uniform costs. It just requires a better accounting system across-the-board than we have right now.

ASSEMBLYMAN KRONICK: I don't know. You would think that a government agency would have learned to, you know, duplicate what is good, instead of each going off on its own. I think it is by design, so you can't make the comparisons. It sometimes seems that way to me.

Right now, that's it. Thank you very much.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Kronick.

Mr. Green, any more?

ASSEMBLYMAN GREEN: I'm okay.

ASSEMBLYMAN DeCROCE: Mr. Warsh, any more?

ASSEMBLYMAN WARSH: No, thank you.

ASSEMBLYMAN DeCROCE: Mr. Oros?

ASSEMBLYMAN OROS: No.

ASSEMBLYMAN DeCROCE: Okay. Well, thank you very much, Commissioner. I appreciate your always being available to us. It is certainly appreciated by this Committee. I look forward to probably seeing you again before this is over.

COMMISSIONER DOWNS: Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Let me just say to the Committee, obviously we seem to be in synchronization with regard to not only consolidation, but a savings in consolidation, and we have all done this somewhat independently. I think the Committee is working well together, and I appreciate all of your efforts. Thank you.

COMMISSIONER DOWNS: Thank you, Mr. Chairman.

(MEETING CONCLUDED)

APPENDIX

Testimony of
Commissioner Tom Downs
Assembly Transportation Committee
May 14, 1992

Chairman DeCroce, members of the Assembly Transportation Committee, I'm here today to help answer some of your questions regarding the costs to the Department or the State in assuming responsibility for the New Jersey Turnpike Authority and the New Jersey Highway Authority. These costs are primarily in two areas: capital and maintenance.

On the capital side there are both long and short term costs. I want to emphasize that removing the tolls will not provide New Jersey with additional federal funds. Thus, the costs discussed would have to be borne by the Department's existing state and federal funds or with increased state funding.

First, we will need to fund the capital needs of these two roadways. The five-year capital improvement plans for the Authorities total \$1.28 billion (\$1 billion on the Turnpike, and \$280 million on the Garden State Parkway). Most of the Authorities' capital monies have already been committed through bonding and net revenues. However, \$80 million for the Parkway program is scheduled to come from future revenues. In addition, each agency generally contributes about \$30 million in revenues annually to pay-as-you-go capital construction.

Second, we would lose \$22 million annually that the authorities contribute to the State Transportation Trust Fund.

Third, besides losing all of the construction financing provided by the toll revenues, New Jersey would not be able to count these toll road capital investments as credit in obtaining federal capital dollars. Most capital monies provided by the federal government require a 20 percent match. New Jersey was successful this year in getting a provision in the federal law to allow toll road capital expenditures to count as "soft" match to draw down our federal funds. This provision is expected to be worth approximately \$220-240 million annually for New Jersey. .

On the maintenance side, we estimate that a minimum of \$67 million would be needed annually to pay for day-to-day maintenance, State Police and design and operations staff. To put these costs in perspective, the entire DOT recommended budget for FY93 is \$115 million.

The \$67 million includes: \$27.5 in maintenance costs; \$650,000 to operate 13 maintenance yards; \$32 million for State Police (not including vehicles and equipment); and \$7.3 million for 100 design staff and operations managers.

This maintenance estimate assumes the Department's current level of service and cost expenditures with respect to maintenance. If we were to assume the Authorities' level of service and their current

cost expenditure, there would be an additional cost of \$44 million a year. Let me explain.

Maintenance services cost the State approximately \$9,000 per lane mile, including materials and equipment. In comparison, the Highway Authority spends \$17,000 per lane mile; and the New Jersey Turnpike spends \$25,000 per lane mile.

These cost differences are due, in large part, to different levels of service.

First, there are basic differences in the numbers of maintenance personnel we employ versus the Authorities. While we employ more maintenance personnel than the two Authorities combined, we are also responsible for significantly more road mileage than the authorities. DOT employs approximately 1 person for every 7.4 lane miles of highway responsibility, compared to 1 employee for every 3.8 lane miles at the New Jersey Turnpike, and 1 employee for every 3.6 lane miles at the Garden State Parkway.

Second, there are basic differences in wage and fringe packages. Salaries and benefits are based on individual union negotiations which are different for each agency. The salaries for Authority personnel are generally higher.

Third, there is a different level of service provided by the Authorities on its roadways than the Department is able to provide for

its highway system. The Authorities drive a more intensive capital investment. They keep their roads in top condition, and they spend the capital dollars to do it. They resurface more often; they replace a bridge deck rather than patch the surface as we frequently do; they mow more frequently; they pay for more frequent police patrols; and they are more attentive to aesthetic concerns.

For example, we mow four times per year at \$24 per acre, while the Turnpike mows 7-8 times a year at \$34 per acre; and the Parkway mows 8-10 times a year at \$37 per acre. Both of the Authorities do trim work and litter pick up as part of this cost; we do not. When we plow snow, our standard is to reach wet pavement, while the Authorities' plow to achieve a bare or dry road.

The Department is constantly faced with prioritizing and reprioritizing its scarce funds based on competing needs and interests. Our level of service is a basic minimum to ensure the safety of the motoring public.

Our most recent budget testimony demonstrated the effects of decreasing revenues. If you look at the attached chart you can see that New Jersey in 1988 had one of the lowest ratios of maintenance staff in the northeastern United States. We had 3.3 employees per 100 million miles of vehicle miles travelled, or VMT, versus 4.2 in Maryland, 5.9 in New York State, 7.2 at the Highway Authority, and 12.2 at the Turnpike Authority. New Jersey's ratio has dropped even further as our maintenance staffing levels have declined by 20

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 TURNPIKE AUTHORITY	1,778	53,471	3.3	44
Massachusetts	1,250	38,882	3.2	45

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percent since 1988. In fact, 36 of our 124 maintenance crews have been eliminated since June of 1990.

In many instances our deferred maintenance will cost us more in capital funds later on. Our roadways will require major rehabilitation sooner. In contrast, the Authorities should save on capital expenditures in the long run due to their well-financed maintenance programs.

In addition, their roadway system is much younger and less deteriorated than ours in general. Although New Jersey has a national reputation for the high quality of its 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. In short, sooner or later we will have to pay. We can invest wisely to maintain the roads now, or we will pay substantially more later to rehab them because they have not been preserved.

I have said before, and want to reiterate, that I believe the State is moving in the wrong direction, when it cuts funds to maintain and preserve our transportation system. We should be spending more, not less, on maintenance.

Absorbing the toll roads into the Department will require additional State revenues. In addition to these costs which the State

would incur and the loss of capital dollars, there would also be other potential lost revenues to the State of which you should be aware.

First, we would need to address the Authorities current indebtedness. This involves \$2.8 billion for the New Jersey Turnpike and \$621 million for the Garden State Parkway. (These estimates do not include penalties, taxes, or additional arbitrage that may be required if the bonds are called.) If the Garden State Parkway were to be dissolved or assumed, it appears that the bonds would have to be called immediately and paid in full. At the New Jersey Turnpike, however, many of the bonds could not be called until 2001. Therefore, a state entity would have to assume the Turnpike's indebtedness for ten years at a cost of approximately \$225 million per year. At the end of that period, the Turnpike would still owe \$2.4 billion.

In addition, state capital funds would be needed after five years, when the Authorities capital programs are complete, to maintain or improve the Authority roadways. If additional funds were not forthcoming, these toll road projects would compete against all other state and local projects.

Second, we will lose out-of-state revenues paid to the toll road Authorities. We estimate this loss at \$129 million annually.

Thus, we estimate the total cost, capital and general fund, to the State of New Jersey would be \$218 million each year including:

\$67 million in maintenance, staff, police and yard expenses annually;
\$22 million in lost revenues to the Trust Fund; and
\$129 million in lost out-of-state toll dollars.

This does not include the loss of our ability to take advantage of "soft match" and the cost of assuming the debts of the Authorities. For example, assuming the Turnpike's indebtedness for the next 10 years would amount to about a quarter of a billion dollars a year.

Let me caution you that these are only our best estimates. A complete legal and financial analysis would have to be undertaken to help us better understand the true costs to the State. We will continue to provide you with whatever information you need as you continue your inquiry.

In closing, I would like you to know that integrating the Authorities' capital investments with the Department's is one of my highest priorities. The Transportation Executive Council, which I chair, is beginning to achieve this integration. Its formation was a major step in developing a logical transportation capital investment strategy. The toll roads provide capital dollars which I believe New Jersey cannot afford to lose.

When I first testified in front of this committee, I told you that I believe New Jersey's location, our transportation network and our

capital investment strategy would position us to be competitive in the 21st century. The way we provide transportation capital is up to you; but I don't believe that not providing it is an option. I'll be pleased to respond to any questions.



from the
**NEW JERSEY
DEPARTMENT
OF TRANSPORTATION**

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For Immediate Release
May 14, 1992

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Downs Testifies on Toll Road Takeover Costs

The Department of Transportation would need at least \$67 million a year to maintain the Garden State Parkway and New Jersey Turnpike, Transportation Commissioner Tom Downs testified today before the Assembly Transportation Committee.

Downs said an additional \$3.5 billion would be needed to retire the authorities' debt and complete their current five-year construction programs. Also, the \$22 million contributed annually by the authorities into the Transportation Trust Fund to finance state highway construction projects would have to be replaced, Downs said.

The Assembly committee asked Downs to present the cost breakdowns as part of its ongoing hearings into issues surrounding the removal of tolls. Downs also presented the committee with a final report on alternative toll collection systems for the Parkway.

"Absorbing the toll roads into the Department will require additional state revenues," Downs said, noting the DOT has lost 20 percent of its maintenance workforce since 1988. "I have said before and want to reiterate that I believe the state is moving in the wrong direction when it cuts funds to maintain and preserve our transportation system. We should be spending more, not less, on maintenance."

Downs said \$67 million would be needed annually to maintain the Parkway and Turnpike at the Department's level of service. The figure includes \$27.5 million for salaries and materials; \$32 million for State Police protection; \$7.3 million for design staff and operations managers; and \$650,000 to operate 13 maintenance yards.

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"If we were to assume the authorities' level of service and their current cost expenditure, there would be an additional cost of \$44 million a year," Downs said.

The DOT spends about \$9,000 a year to maintain a highway lane for one mile, compared to \$17,000 by the Parkway and \$25,000 by the Turnpike. Downs attributed the cost difference to proportionately higher maintenance staffing by the authorities, differences in union contracts and the higher level of maintenance provided by the authorities.

"They keep their roads in top condition and they spend the capital dollars to do it," Downs said. "They resurface more often, they replace a bridge deck rather than patch the surface as we frequently do, they mow more frequently, they have more frequent police patrols and they are more attentive to aesthetic concerns."

Downs cautioned the committee that the figures constituted only the Department's best estimates. "A complete legal and financial analysis would have to be undertaken to help us better understand the true costs to the state," he said.

The Parkway report presented by the Commissioner addresses the removal of tolls, switching to the ramp toll system used by the New Jersey Turnpike and employing a new Electronic Toll and Traffic Management (ETTM) system. A copy of the report is attached.

The Parkway report was a response to a series of questions he had asked the Highway Authority as chairman of the Transportation Executive Council (TEC). Governor Jim Florio created the council two years ago to better coordinate the state's various transportation agencies. No outside consultants were hired by the Highway Authority or the DOT for the report which was initiated last fall.

The preface to the report makes clear that it was never represented by the DOT to be the definitive study into issues surrounding toll collection.

Two years ago, Downs began discussions within the TEC about alternative methods of toll collection, such as the ramp system used by the New Jersey Turnpike and the use of electronic collection systems. Downs directed DOT staff to scope out a consultant's study to examine the issues. The initial cost estimate for the contract came in at over \$500,000.

At the same time, the Legislature proposed creating its own Garden State Parkway Toll Alternatives Commission that would be authorized to hire a consultant to study alternatives to further toll collection. Because of the ongoing legislative activities, Downs said, he did not pursue the TEC consultant study.

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At the time, it appeared that some of the questions that would have been examined in the TEC study could have been addressed in the proposed legislative study. When it became evident that the legislation was not going to be passed or the studies carried out, Downs posed a series of questions on toll removal and alternative toll collection systems to Dave Davis, the Parkway's executive director. The report submitted to the Assembly committee constitutes the Parkway's responses.

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GARDEN STATE PARKWAY

**A STUDY OF
TOLL ALTERNATIVES**

May 14, 1992

PREFACE

This report was developed largely by New Jersey Highway Authority staff in coordination with the New Jersey Department of Transportation in response to questions raised in the context of the Transportation Executive Council (TEC) concerning the collection of tolls on the Parkway.

The report is a general overview and does not represent the results of an exhaustive definitive study. However, the report addresses the substantive issues involved, and its conclusions are supported with pertinent data.

The context for development of this report is presented in the following chronology of events:

In April 1989, the Garden State Parkway raised tolls. Subsequently, Senator Ambrosio conducted a series of hearings and released a report in October 1989 recommending a study of removing tolls. The following April 1990, Senators Ambrosio, Lynch, Jackman and DiFrancesco introduced S-2590 creating the Garden State Parkway Toll Alternatives Commission to select and supervise consultants who would prepare a study of alternatives to continuing tolls on the Parkway. At the same time, NJDOT began discussions within the TEC about exploring alternatives to current toll collection methods, i.e., barrier vs. ramp or electronic toll collection. In October 1990, S-2590 was amended and A-4096 was introduced. These bills provided for studies of alternatives to the current toll collection system.

Meanwhile, as a result of discussions in the TEC, DOT staff prepared a consultant scope of work for a study of toll collection alternatives. It was to be focused primarily on the study of using ramps as opposed to barrier methods of toll collection and electronic toll collection, and was initially estimated to cost more than \$500,000. Because of on-going legislative activities, NJDOT did not pursue letting a Request for Proposal. At the time it appeared that some of the questions raised in the TEC study would be addressed in the proposed legislative study.

However, by Fall 1991, it became evident that the legislation was not going to be passed nor would the studies be carried out. At that time, a series of questions were raised to the New Jersey Highway Authority on toll removal and alternative toll collection methodology. Those responses are reflected in the attached paper.

New Jersey State Library

**GARDEN STATE PARKWAY
A STUDY OF TOLL ALTERNATIVES**

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GARDEN STATE PARKWAY
A STUDY OF TOLL ALTERNATIVES

I. INTRODUCTION

In recent years, there has been much discussion, debate and disagreement over whether or not to collect tolls along the Garden State Parkway and, if so, how to collect them. This report presents an analysis of the most feasible alternatives to the present toll collection system, including complete removal of tolls. The alternatives are evaluated considering customer service; congestion and delay; and financial, environmental, socioeconomic and operating impacts.

Three basic scenarios are analyzed against the present barrier toll collection system: conversion to a "Turnpike style" closed system; complete elimination of toll collection; and improving the efficiency of the present toll collection system. A judgement as to the practicability of implementing each is also presented.

II. PRESENT SYSTEM

A) HOW THE OPEN SYSTEM ORIGINATED AND OPERATES

The present system of collecting tolls came about in 1952, when, by legislative action, the New Jersey Highway Authority was created to build, maintain and operate the Garden State Parkway as an across-the-road or "open" toll collection system.

An open system is typically characterized by a large number of entry and exit locations which provide convenient entry from or access to local routes. The 173 mile-long Parkway has a total of 90 such interchanges, 72 of which are toll free. The remaining 18, along with 11 across-the-road toll plazas, provide the means of collecting tolls to support the operating expenses, debt service, maintenance and major repair and improvement programs of the system.

B) ADVANTAGES OF THE SYSTEM

There are many advantages to an open collection system. A standard, periodic toll allows for automatic collection, which minimizes manual collection costs. On the Parkway, approximately 70% of the tolls are collected in "exact change" and/or "token only" coin-drop lanes.

In addition, the open system's multiple entry/exit feature allows patrons to reach their final destination with minimal use of local roadways which, especially during peak travel hours, are often subject to delay due to traffic lights, local business traffic and/or capacity constraints.

For just such reasons, the open system with numerous access points which is utilized by the Parkway has become the system of choice. This is evidenced by the fact that many new limited access highways are being financed by an open toll system. In fact, of the nine new toll roads constructed in the world during the period 1984-1992, all were open, across-the-road plaza systems.

C) OPERATING ASPECTS

Finally, the open system allows for collection of tolls on a user-fee only basis. The tolls pay the operating expenses, as well as the annual debt service, and allow for a contribution to the New Jersey Transportation Trust Fund.

This system also generates net revenues which are utilized as part of the on-going Parkway major repair and improvement program, so that no New Jersey tax dollars are required at any time. Schedule A, appended to this report, includes a representation of the 1991 Budget for the Parkway. It excludes the operation of the Garden State Arts Center and indicates that only 18.2% of revenues go toward the cost to collect tolls; the remainder goes toward other operating expenses, debt service, state payment and major repairs and improvements. Continuing use of the present system does not require any additional capital outlay, as is indicated in Schedule B.

III. ALTERNATIVE 1 - CONVERSION TO A CLOSED SYSTEM

A) COMPARISON WITH PRESENT SYSTEM

A closed toll system is characterized by a limited number of entrance and exit locations, all of which are tolled. Upon entry, each driver must pick up a ticket recording his entrance point and upon exit, that ticket must be surrendered and the toll paid based upon the distance travelled. Not all users of the Parkway encounter a toll on their trip. Additionally, automatic collections are not presently available with a closed system as they are with the open system. However, fully implemented electronic toll collection will eventually lessen this difference in collection rates.

Also, the ability to avoid travel on local roads and local traffic conditions is diminished because there are a smaller number of interchanges. For example, the 141.5 mile New Jersey Turnpike has only 28 interchanges, as compared to 90 on the Parkway. This reduced number of interchanges limits the drivers' choices as to where to enter and exit the system.

The discussion below of the increased capital and operating costs, socioeconomic concerns, and traffic problems that would be encountered in any attempt to convert the present Parkway (open) system to a Turnpike type (closed) system illustrates why this would be an unacceptable alternative.

B) CAPITAL EXPENSES

In order to convert to a closed system, significant onetime capital expenditures would be initially required. The Authority would have to remove the present across-the-road barriers and either construct ramp entry/exit booths at the 72 ramp locations that are presently untolled or close existing entry and exit points.

If no existing ramps were closed, based upon 1990 traffic volumes, an additional 563 entry/exit booths would have to be constructed, as the new system would require 862 toll lanes as compared to today's 299. As is indicated in Schedule B, capital costs to perform this conversion are estimated to be \$845,300,000, representing demolition costs and new toll lane/toll building construction costs.

If access points were closed, the initial capital costs would be less, but the costs and impacts associated with the diverted traffic would likely be borne by the communities adjacent to the roadway.

C) SOCIOECONOMIC AND ENVIRONMENTAL IMPACTS

Right-of-way at the Parkway's entry and exit points is generally limited to the property occupied by the ramps and drainage areas at each location. Construction, operation and maintenance of toll booths would require acquisition of additional property at many locations. Displacement of people and businesses would most certainly occur in the urban northern sections of the Parkway and possibly in other areas. Community disruption during the conversion would be extensive. The accompanying right-of-way and relocation costs are difficult to estimate, but would certainly be in the hundreds of millions of dollars.

Additionally, environmental impacts, such as the filling of wetlands, would need to be accomplished especially in the southern sections of the Parkway. Permits could only be obtained from State and federal agencies if NJHA could demonstrate that no practicable alternative exists to the filling of wetlands. As discussed in Part V of this report, ETTM represents a practicable alternative which can minimize the traffic congestion and pollution associated with the current toll collection system. Therefore, it is not likely that NJHA could obtain environmental permits for a closed system in the southern areas of the Parkway.

D) OPERATING EXPENSES

From an on-going operating point of view, the cost to collect tolls under this system, without closing any of the existing ramp locations, would be more than 4 times the present collection costs. This is because the system would require staffing more toll lanes (862 compared to 299). To staff these lanes would require an increase in the work force of approximately 2,200 toll collectors and toll supervisors in order to man the locations on a 24 hour basis. Administrative, maintenance and police costs would most likely be subject to some (minimal) increases since the current staff assigned in these areas would continue in their present functions, but also service the additional or expanded locations.

The cost of this expanded operation, together with the debt service increase for the initial capital outlay, would likely require collection of additional toll revenue to meet debt coverage requirements. By way of illustration, the existing NJHA Bond Resolutions would require collection of more than \$200 million in additional toll revenue annually.

As Schedule A represents, under this scenario 37.4% of each toll collected would go toward the cost to collect as opposed to 18% today. Additional tolls would also go toward increased debt service costs which would increase by \$65M as a result of the capital requirement to fund the conversion. In the final analysis, only an additional \$30M in net revenue would be generated by this system, even though toll revenues would probably rise by almost \$200M. The full conversion to a closed system, strictly from a financial point of view, would not be effective.

It is important to note in this section that a closed type system would be more cost effective if approximately two-thirds of current interchanges were closed. However, even if a logical decision as to which 60 interchanges could be closed was made (which is unlikely), the effects on the local traffic, customer convenience and local businesses adjacent to that closed area would be dramatic; many questions regarding local socioeconomic impacts would be raised and be subject to separate examination.

E) TRAFFIC OBSTACLES

Traffic-related obstacles are also apparent. The fact remains that only 50% of Parkway patrons presently make two or more toll stops. Those who ride the former state sections (20%) pay no toll, and 30% of Parkway riders only pass through one toll location. Under a closed system, 100% or all riders would be required to stop twice, once for an entry ticket and once to pay the toll. At the busier entrance and exit ramps, the increased number and longer duration of stops would most likely result in vehicles backing up onto the Parkway mainline or connecting roadways. To correct these problems through the purchase of additional right-of-way and road expansion projects would result in significant disruption to communities adjacent to the Parkway; cost in the hundreds of millions of dollars and require many, many years to accomplish.

F) FEDERAL LAW CONVERSION ISSUE

Current federal law prohibits tolls in the former state section of the GSP (Middlesex/Union Counties) unless parallel free service roads are constructed. Therefore, the Authority would have to address the possibility of amending federal legislation so that the traffic which moves within the former Middlesex/Union state section would no longer be allowed to travel for free. This process would also be difficult and time consuming and would create additional traffic concerns since the present road structure would have to be adapted to meet federal requirements in the interim.

IV. ALTERNATIVE 2 - ELIMINATION OF TOLLS

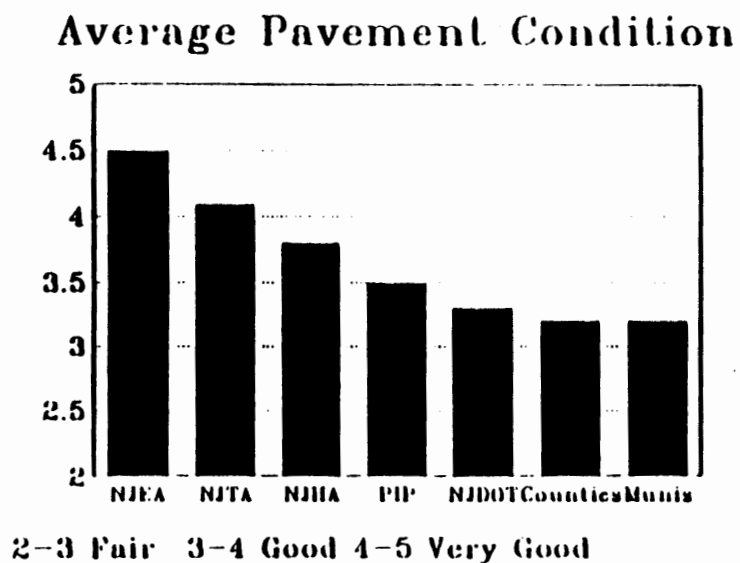
A. GENERAL DISCUSSION OF REQUIREMENTS

If the tolls were to be eliminated from the Parkway, the remaining operating expenses; debt service and principle requirements; the funding of the Transportation Trust Fund; and the major repairs and improvements of the road would have to be absorbed by the State Department of Transportation. The NJDOT, due to the lack of adequate funding, would probably not maintain the same level of repair or maintenance of the roadway itself. The bar chart in FIGURE 1 illustrates the superior pavement conditions of the State's toll roads as compared to those under state and local jurisdiction.

If the NJDOT were to assume maintenance of the road, it would be possible to save some maintenance dollars as well as eliminate the cost of toll collection. However, the bulk of the staff would have to be absorbed by the Department of Transportation to administer the road, and the State Police would still have to be engaged to patrol the road and its remaining facilities. The amount budgeted for major bridge, road and building repairs on the Parkway would probably be drastically reduced so that capital needs would receive less funding on an on-going basis. There would, however, still be a need to fund the initial capital costs of approximately \$66M for removing the barriers, as indicated in Schedule B. Other first year considerations which would need to be provided for include a \$621M lump sum amount to pay off the existing bonds (even if through a refinancing), significant layoff costs which are estimated to be \$3.5M, and the possible cost of existing Authority contracts which may have buy-out clauses.

B) FINANCIAL ASSUMPTIONS AND IMPACT ON STATE BUDGET

Annual operating revenues and expenses, as indicated in Schedule A and again eliminating any amounts related to the Garden State Arts Center, would be reduced. Presumably, revenues from operating the service areas, investing current funds and miscellaneous telephone permit and damage categories would still be available to the State. Using the 1991 Budget dollars, though, these revenues only amount to \$15.6M. Even if maintenance costs were reduced by 25% and administrative costs were cut to eliminate toll-related services, expenses would still outpace revenues by approximately \$44M. In addition, the existing debt service and State payment amounts totalling approximately \$62M would have to be provided as well as capital improvement amounts. For schedule purposes, \$20M or 1/2 of the average current expenditure for capital improvements was utilized. The State would have to provide (in 1991 dollars) approximately \$113M annually in order to absorb the road operation in addition to providing a onetime cost of approximately \$66M to demolish the existing barriers.



Toll road authorities have better average pavement condition than NJDOT and local systems.

Source: NJDOT, System Preservation Needs Report, July 30, 1990

C) LOSS OF NONRESIDENT INCOME

Finally, it should be noted that a significant amount of toll revenue (18%) is derived from out-of-state toll payers. If tolls were removed, these users would ride the road for free while the New Jersey taxpayers, some of whom may never utilize the Parkway, would be required to pay for the roadway through tax dollars.

V. ELECTRONIC TOLL AND TRAFFIC MANAGEMENT (ETTM)

A) DESCRIPTION OF ETTM

Electronic Toll and Traffic Management equipment and techniques combine to form a means of electronically processing vehicles through toll plazas without having to stop to either get a ticket or to pay a toll. Through the use of toll tags and readers, patrons would be able to smoothly move from the Parkway to the Turnpike to the New York tunnel and bridge facilities without stopping, and would pay their tolls through the credit card or debit account billing system. This method of collecting tolls will accommodate the desires of both Parkway customers and transportation planners to move vehicles along tolled roads by the most efficient, cost effective means possible.

B) CUSTOMER BENEFITS

Experiments with ETTM technologies have demonstrated the potential benefits, which will accrue to Parkway customers with the implementation of ETTM. These benefits include quicker passage through toll plazas; elimination of the stop and go traffic that raises safety concerns at toll plazas; and improvements in air quality. With electronic toll collection, vehicle processing at toll plazas can be increased to 1200 vehicles per hours. This level represents an increase of 40% over the current automatic processing level and 240% over the current manual processing level. Additionally, safety concerns raised by stop and go traffic at toll plazas will be minimized with the implementation of ETTM. Likewise, air pollution, particularly carbon monoxide emissions and the formation of ozone (smog), which is exacerbated by traffic queues at toll booths, will be lessened with ETTM by affording the customer a nonstop system of toll payment.

Indications are that the public is extremely interested in the possibilities afforded by ETTM. ETTM has the potential to make every trip safer, faster, environmentally efficient and cost effective.

C) REGIONAL COORDINATION EFFORT

In order to obtain the maximum benefits of ETTM, an interagency regional group has been formed to address the many issues associated with ETTM implementation. The overriding goal of the group is to create a regional ETTM system which will offer a single tag to customers for use on any of the group's facilities. Among the fourteen participating agencies, besides the NJ Highway Authority, are the New Jersey Expressway Authority, New Jersey Turnpike Authority, Port Authority of New York and New Jersey, and Triborough Bridge and Tunnel Authority. This interagency group is addressing not only the technical equipment requirements of ETTM, but also marketing, finance and operational issues.

D) ANTICIPATED COST SAVINGS

It is anticipated that as customer participation in ETTM grows, corresponding decreases in operational costs will be realized. Specifically, those costs associated with toll collection and processing, data compilation and analysis, and toll violation enforcement will be significantly affected over the coming years.

ETTM equipment installation on the Parkway is scheduled to begin in early 1993 and be operational in early Summer 1993.

VI. CONCLUSION

As the discussions and supporting schedules clearly indicate, either the conversion to a closed toll system or the elimination of tolls from the Garden State Parkway would be financially prohibitive.

Both alternatives would involve significant levels of capital outlay and a continuation of the need to support the majority of the current costs associated with the road. Indeed, the conversion to a closed system would cost far more than the present system, and would result in detrimental traffic and environmental impacts.

The elimination of tolls and absorption of the Authority by the State would result in merely a shifting, not an absolute savings, of road associated costs. Taxpayers would have to bear the burden of supporting the road (even if they never use it) and out-of-state users would have a free road use privilege. As a specific example, funding the \$113,822,000 operating costs shown in Schedule A through the State's gas tax would require a 3.25 cent increase in that tax.

In addition, there is a strong possibility that the condition of the road will deteriorate due to a combination of shifting traffic patterns and less funding being spent on maintenance, expansion and repair.

The use of ETTM equipment and technology in support of the current method of collecting tolls is decidedly the most acceptable choice. Patrons would have the benefit of smooth, efficient passage, for which they could pay monthly rather than on a day-to-day basis. Taxpayers would not pay the cost of maintaining a system they may never use while out-of-state riders go for free. The environment would benefit in that pollution caused by stopping to pay tolls would be alleviated.

The Garden State Parkway is currently operated as one of the (if not the) safest, most toll efficient, aesthetically pleasing roads in the county. Continuing to use the present structure, combined with ETTM could only enhance this reputation by adding least congested and environmentally responsive to the list of its qualities, while still independently maintaining its existing operating, capital, debt service and State obligations. With the present open system and ETTM, everyone benefits.

SCHEDULE A

**ESTIMATED OPERATING COSTS
UNDER VARIOUS ALTERNATIVES
(WITHOUT GSAC)
IN 1991 \$**

	PRESENT GSP SYSTEM	ELIMINATION OF TOLLS	CONVERSION TO A FULLY CLOSED SYSTEM
REVENUE			
TOLL REVENUE	\$165,500,000	\$ 0	\$172,954,000 (A)
SERVICE AREAS	9,500,000	9,500,000	9,500,000
INCOME ON INVESTMENTS	9,600,000	3,900,000	9,600,000
OTHER	2,200,000	2,200,000	2,200,000
TOTAL REVENUE	<u>\$186,800,000</u>	<u>\$15,600,000</u>	<u>\$194,254,000</u>
EXPENDITURES			
TOLL COLLECTION	\$50,167,000	\$ 0	\$139,389,000
ADMINISTRATIVE	24,881,000	19,992,000	25,129,000
POLICE & TRAFFIC CONTROL	16,575,000	16,575,000	16,575,000
MAINTENANCE OF ROADWAY, BUILDINGS EQUIPMENT	32,711,000	23,000,000	35,838,000
TOTAL EXPENSES	<u>\$104,534,000</u>	<u>\$59,567,000</u>	<u>\$217,931,000</u>
DEBT SERVICE			
EXISTING	\$2,251,000	\$2,251,000 (B)	\$2,251,000
ADDITIONAL	0	0	65,220,000
PAYMENT-STATE TRANSPORTATION TRUST FUND	10,000,000	10,000,000	10,000,000
NET REVENUE	<u>\$70,015,000</u>	<u>(\$43,967,000) (C)</u>	<u>\$49,151,000</u>

1991 VEHICLE MILES
TRAVELED 5,157,500,000

AVERAGE COST PER
MILE TRAVELED

\$0.0321

\$0.0723

(A) Toll Revenue in accordance with Bond Resolution and
rating requirements

(B) Assumes Bonding of Refinanced or Retired Debt
with same Debt Service Resulting

(C) Funding required from State appropriations

SCHEDULE B

ESTIMATED ADDITIONAL CAPITAL COSTS
UNDER VARIOUS ALTERNATIVES

<u>COST ITEMS</u>	<u>PRESENT GSP SYSTEM</u>	<u>ELIMINATION of TOLLS</u>	<u>CONVERSION TO A FULLY CLOSED SYSTEM</u>
NUMBER OF TOLL LANES REQUIRED	299	0	562
NUMBER OF NEW TOLL LANES REQUIRED	0	0	756
NUMBER OF TOLL PLAZAS REQUIRED	43	0	219
CAPITAL COSTS			
A. NEW TOLL LANES	\$ 0	\$ 0	\$567,000,000
B. NEW ADMIN. BUILDINGS	0	0	125,000,000
C. ADDITIONAL RIGHT-OF-WAY	0	0	112,000,000
D. DEMOLITION COSTS	0	\$66,300,000	40,500,000
TOTAL ONE TIME COSTS	<u>\$ 0</u>	<u>\$66,300,000</u>	<u>\$845,500,000</u>