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PUBLIC HEARING

before

SUBCOMMITTEE ON PATH OF THE
SENATE INDEPENDENT AUTHORITIES COMMITTEE

Progress of safety and other capital improvements to the
PATH facilities; the extent to which revenues from fare
and toll increases approved in 1983 have been used to effectuate
such improvements; PATH fares; and other related matters

February 13, 1987
County Board of Freeholders' Chambers
Hudson County Administration Building
Jersey City, New Jersey

MEMBERS OF SUBCOMMITTEE PRESENT:

Senator Thomas F. Cowan, Chairman
Senator Walter Rand
Senator Christopher J. Jackman
Senator S. Thomas Gagliano

ALSO PRESENT:

Spiros J. Caramalis
Office of Legislative Services
Aide, Senate Subcommittee on PATH

New Jersey State Library

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SENATOR THOMAS F. COWAN (Chairman): I am Senator Tom Cowan, serving as Chairman of the Subcommittee on PATH of the Senate Independent Authorities Committee. I am joined in today's hearing on PATH by Senators Walter Rand, Tom Gagliano, and Chris Jackman. We also have with us, representing the Majority Staff, Russ Molloy, and representing the Minority Staff, James Carroll. The aide to the Subcommittee is Spiros Caramalis.

I would like to thank everyone who is here this morning for coming, and I would also like to thank Dan Sansone, the Clerk to the Board of Freeholders, who made all of the arrangements for us today, and the Freeholders themselves for their cooperation in this hearing.

As most of you know, this hearing is not an isolated occurrence, but is, instead, part of the continuing oversight by the New Jersey Legislature of the capital programs and operations of the Port Authority Trans-Hudson Corporation, popularly known as PATH.

I have had the good fortune of having been part of the two earlier public oversight proceedings. In 1983, shortly after PATH's 10-year Capital Improvement Program was approved by the Governors of New Jersey and New York, I chaired the Assembly Committee hearing which, among other things, reviewed the main components of that program and documented a number of structural and operational safety problems of the PATH lines.

In 1985, as a member of the Senate, I chaired the Senate Committee hearing which examined PATH's progress in implementing the 10-year Capital Program, commuters' safety concerns, and what I would like to refer to as the fare box equity question.

Four years into the Capital Improvement Program, we have again asked PATH officials to provide, in public testimony, a further update of the status of the PATH Capital Program -- the achievements, as well as the problems. It is

also our intention today to get into the findings of PATH management on a number of matters submitted for further study in 1985, such as the possible restructuring of PATH fares.

The hearing today will be divided into four separate, though interrelated, topics or segments. The first segment will provide an overview on the PATH Capital Program. It will identify the principal program components, what changes have been made since the inception of the program, and what the latest cost projections and scheduled completion dates are for the individual components and the total program.

The Subcommittee has also asked PATH management to identify the sources of funding for the Capital Program to completion. This will include an accounting of all revenues received to date and projected to be received over the term of the program from the fare increases instituted in 1983 and 1984. PATH will also be providing figures on current PATH operating revenues and expenditures, and on revenue and expenditure trends.

The second segment will be concerned with safety improvements and operations. This will be followed by a third segment dealing with fare levels and ultimate fare structures, such as zoned fares and fare discounts.

The final segment will deal with the current and projected capacity of PATH to accommodate the growing demand for PATH rail services, particularly during workday peak hours based upon Port Authority projections of rail service demand through 1990. In other words, what kind of a system will we have when the capital improvements are completed, and how adequate will the system be in meeting the needs of the 1990s?

Before launching into this rather weighty agenda, a few words are also in order concerning the format of this hearing. Since this is an information gathering hearing, Port Authority representatives will make the opening statement for each of the four segments. At the end of each Port Authority

presentation, other interested parties may make formal statements, or ask questions of PATH representatives on the topic under discussion.

While the four topics of this hearing are, in varying degrees, interrelated, I, nevertheless, ask that all speakers narrowly confine themselves to the topic immediately under discussion, and defer all extraneous matters until the appropriate topic is taken up. If, however, there are any speakers who may have a particular scheduling problem, just notify the Subcommittee Secretary, Mr. Caramalis, and we will attempt to accommodate you.

Speakers with prepared written statements may have the entire text inserted in the record, without modification, if a copy of the statement is left for inclusion with me. Extra copies should also be provided, through the Chair, to the other members of the Subcommittee and the Secretary.

I would now ask if Senator Rand would like to make any comments?

SENATOR RAND: No, Mr. Chairman, thank you very much. I am just glad to be here, and ready to go on with the hearing.

SENATOR COWAN: Senator Gagliano?

SENATOR GAGLIANO: No comments, thank you, Mr. Chairman.

SENATOR COWAN: Senator Jackman?

SENATOR JACKMAN: Same.

SENATOR COWAN: Then we will proceed with Mr. Dick Kelly, who is here representing PATH today.

R I C H A R D R. K E L L Y: Thank you, Senator. I welcome the opportunity to discuss with the Subcommittee PATH's efforts to ensure safe and reliable service for our passengers. As requested by the Chairman, Senator Cowan, I will cover the subjects of: incremental revenues resulting from the 1983 and 1984 fare increases and capital expenditures during 1983 to 1986; the status of the PATH Capital Program elements -- the six elements of that program; and the broader subject of

operational safety on the PATH system. In addition, I will cover the feasibility of a zone fare system on PATH and our findings in that regard and, finally, our efforts to accommodate increasing traffic through the 1990s.

PATH is charged with the mission of providing a safe and reliable rail rapid transit system to serve the metropolitan area. Consistent with that mission, and as we continue our comprehensive capital improvements, our guiding principle in all operational and planning decisions is to maintain the highest level of passenger and system safety. This strategy permits us to insulate our passengers from active work areas, but may, at times, introduce certain patron inconveniences. We believe, however, that in the long run, our conservative safety strategy is in the best interest of our riding public.

With that in mind, I would like to take a few minutes to highlight the key components of the PATH operation for those members of the Subcommittee and possibly members of the audience who may be less familiar with the system.

PATH is an interstate railroad linking the States of New Jersey and New York. We currently carry approximately 203,000 passengers each weekday. PATH service is provided on four basic lines serving 13 stations -- seven in New Jersey and six in New York -- over a 14-mile right of way. In addition to direct expenditures, PATH has, or will indirectly generate 10,000 jobs and over \$700 million in economic activity for the region over the next 10 years, this resulting from system operations and the PATH Capital Improvement Program.

In 1986, PATH carried approximately 57.6 million passengers, more than double the number carried in 1963, the first full year of PATH operation. However, despite this growth in traffic and the two past fare increases in the last several years, the operating deficit for PATH has continued to grow.

The fare increases in 1983 and 1984 have provided a total of \$70 million in additional funds or incremental revenue. Despite these increases, PATH continues to operate, again, at a substantial deficit. Last year, the deficit reached approximately \$95 million, raising the cumulative operating deficit to \$725 million over the last 25 years of PATH operations. The 75-cent PATH fare now covers only 30% of the actual operating cost of providing a passenger trip on our railroad. It is important to note that this deficit does not include any interest expense on debt the Port Authority has incurred to fund capital improvements to the system.

PATH is part of the Port Authority's interstate transportation network, which also includes the bus terminal, the four bridges, and the two vehicular tunnels, namely the Lincoln and Holland Tunnels. Toll and fare revenues from the network last year were \$80 million less than the cost of operating these key transportation facilities. As part of the network, PATH contributes significantly to this deficit. These losses were covered by Port Authority consolidated or pooled net revenues from all operations.

Over the past 25 years, the Port Authority has made significant investments in rehabilitating and maintaining the railroad. Since 1962, PATH's capital investment has been considerable and now totals approximately \$450 million. During the period from June, 1983 through the end of last year -- 1986 -- capital funds invested in PATH have reached approximately \$165 million.

Since 1983, demand on the PATH system for services during the morning peak period has grown over 9%, and this upward trend is expected to continue into the mid-1990s. Our attempt to provide a higher level of service and greater safety to an increased number of patrons was the very genesis on which the Capital Improvement Program was launched in 1983. I am pleased to report to you today, Senator, that we have made

significant progress in the intervening two years since we last met with the Committee, and I am pleased to report on that progress since 1985.

Among the major accomplishments since 1985 are the following: We have completed the rehabilitation of 39 of the older cars on our system. These are critical cars to the interim period in service between the time when we awarded the contract for the rehabilitation of cars of the PA Series and the purchase of new cars. We rehabilitated the major components of the oldest cars -- the K cars -- so they could serve double duty during the period until the other cars are rehabilitated and back into service.

We also completed construction, and made operational, during that two-year period, Senator, our Materials Supply Depot, east of the Journal Square Station in Jersey City. This is a three-acre site on which we -- and I will show you slides of it later -- have located all of the materials necessary for our forces, as well as contractors' forces, to perform the work under the Capital Program. This has significantly improved materials handling and facilitates the loading of flat cars for tunnel work.

In addition, we have completed a new car storage facility, also just east of Journal Square, to permit us to store the additional new cars as they are delivered.

In 1983, when we knew we were approaching a Capital Improvement Program, and we knew full well what the increases in ridership were, we knew we would have to do something to our fleet to make it more reliable and to have more cars available. There were two major components we identified back in 1983 as absolutely necessary components to be completed prior to the total rehabilitation of the fleet. One of the components was the K car rehabilitation, as I mentioned before, and the other was the construction and operation of what we refer to as the Satellite Car Repair Facility. That facility

is a two-track shop over pits, eight cars in length, and is also constructed just east of the Journal Square Transportation Center. It has been operational for over a year, and has proven to be a valuable asset to us in attempting to improve our level of service through car availability and increased car reliability. That is up and running, and was completed in the last two years.

A very major project from a passenger relations, passenger amenities, and system aesthetic standpoint was the Station Improvement Program. The Station Improvement Program will be completed in about two to three weeks -- next month in March. That program includes the floor tiles, wall tiles, ceiling, lighting, acoustics, and tack tile stripping at major stations on our system. To date, we have completed work on Grove Street, Christopher Street in New York, Ninth Street Station, the Fourteenth Street Downtown Station, and the Twenty-Third Street Uptown Station, and we are currently working on the Fourteenth Street Uptown Station and the Twenty-Third Street Downtown Station in New York, as well as the station platform at Exchange Place in Jersey City.

We have also completed a full tunnel lighting program within the tunnels of our system, which introduced fluorescent lighting fixtures at the center line of our tunnels for increased safety and improved emergency response.

Part of the work at Exchange Place Station will see us construct a consolidated station facility, new station entrance, substation, and emergency ventilation shaft. To prepare the way for that construction, we had to relocate the existing power substation that is located at Exchange Place. That relocation has been completed within the intervening two-year period. As part of that interim relocation of the substation, we also commenced a very critical safety element, or program; that is, the change-out of all transformers on the PATH system that contain PCBs. Now, we are not presently

required by law or any significant safety consideration to change out those transformers, but we have made a conscious decision that wherever we have PCBs on the system, we will change them out. The interim substation at Exchange Place was the first location at which that was done. We had previously done it on all of our rolling stock, because we had capacitors that were suspect, and that has been changed out as well.

In addition, we have also done a tremendous amount of work which has improved the reliability of the Hackensack River Drawbridge, which is a critical element on our Newark to World Trade Center run. We have performed significant structural integrity work, masonry work, lift span structural work, and lift rope replacement. The reliability of the Hackensack River Drawbridge is vastly improved by virtue of having completed that work. We still have other programs to perform on the Hack Bridge.

Probably the single, most critical -- in my opinion -- element of our entire Capital Program in the safety component is the ventilation system completion. This is a system which is totally integrated and will both provide incoming fresh air and exhaust contaminated air -- that is, smoke-filled air from our tunnels -- and incidences of fire and/or smoke in the tunnels. Again, we have made tremendous and significant advances during the two-year period in the ventilation program. I will show you slides of the various sites for ventilation shafts, but we are 99.9% complete on the ventilation shaft at Pavonia Avenue Station in Jersey City, and it will go operational within the next couple of weeks.

The next shaft to come on-line is the Railroad Avenue shaft. We are currently building the superstructure for that, and that will be in place and operational by the end of this year. In a couple of minutes, I will take you through the balance of that program, but that is the substantial completion of that program during the two-year period.

I am also very pleased to report almost total completion on the emergency standpipe system throughout our tunnels. I see Chief Mullins here, and I am sure he will comment on that in his remarks, but it is something that we are both very pleased with -- very pleased with the progress.

The entire tunnel area, both under-river and land tunnels on the PATH system, will be furnished with wet standpipes -- that is, fully charged standpipes -- by the end of this year. That project is now approaching 90% completion. It has been completed and is operational in all of the under-river tunnels on the system. We staged it to do the under-river tunnels first because that, in everyone's opinion, is the area of biggest safety exposure, because we are talking of tunnels of 6000 feet in length and the need to evacuate people -- possibly to evacuate people -- and the need to have water available for fire service personnel.

In addition to the standpipes, we have also seen substantial advancement during the two years on the car programs. I am pleased to report to you, Senators, that we have 31 new PA-4 cars on the property and in service, and available for the pleasure, hopefully, and enjoyment of our riding passengers.

Another critical element is shops and yards. You cannot have cars that are now 24 years of age and new cars on a system without having an adequate facility in which to maintain those cars. I am pleased to report to you, Senator Cowan, because you were involved in the study and the discussions, that Waldo Yard is behind us. We have a new location for a master consolidated maintenance facility. We passed site selection. That facility will be located in-house in New Jersey, alongside our right of way. I expect that by summer of this year, I will go before the Board of Directors to recommend approval of a project that will total some \$200 million for the construction of this facility. I should also mention that that

facility will create some 300 construction jobs over the life of the construction. That is well on the way, and will be operational in 1990.

The major components of the PATH Capital Improvement Program proposed in 1983 were six in number, you will recall. Safety improvement, by and large, was the most significant. Car purchase and rehabilitation was the second. Shops and yards was the third, and electrical power improvements throughout the entire system was the fourth. The fifth element was station improvements on the system, and the last was a miscellaneous category.

The original preliminary cost estimate for this program, as discussed in 1983, was \$556 million. The current program estimate, based on increases in scope, more definitive engineering and design plans since 1983, as well as a complete redesign of the new car shop and yard to be built at Harrison, is now \$800 million. Extensive engineering and construction work has been undertaken since 1985 and, while much of the work has resulted in improvements not readily visible or obvious to the average commuter, many of the fruits of our efforts are now becoming visible. In 1985, most of the elements of the improvement program were in the planning or design phase. Although some of our efforts continue in design, the public can now see visible evidence and can actually experience many of the system improvements.

I would now like to take you through an individual, element-by-element description of the program and demonstrate the current status, which is, as I understand it, part of what you had requested be done. We will talk about the substantial progress, as well as the future in doing that.

I will attempt to stand here, so I can be heard. (Mr. Kelly starts to use slides to demonstrate) Again, this is a status report on the Capital Improvement Program of PATH. Just to reiterate, but not to dwell too much, there are six elements

in the program, starting from one o'clock: the Car Program, Miscellaneous Projects, which include bridge work, signal work, and track work, the Station Improvement Program -- and I will take you through these in a little more detail -- the Electrical Power Program, the Shop and Yard Program, and the Safety Program.

The Car Program, as I mentioned before, really contained three elements: the critical element of K car rehabilitation, the PA car -- some 248 cars that had to be rehabilitated -- and the purchase of 95 new PA-4 cars.

Depicted on the left is the K car. We acquired 47 of them in 1957 from the Pennsylvania Railroad and the H&M. They were the ones that were rehabilitated in 1985 and early '86. The car on the right is one of 248 that will undergo massive rehabilitation.

We received the first four cars back from the rehabilitation contractor -- from Brooklyn. The contract was awarded, as you know, to Nissho Iwai America Corporation, and they have subcontracted the rehabilitation of the cars to New York Rail Car at a Brooklyn facility.

To give you a feel for the scope and magnitude of the rehabilitation, we purchased cars in 1963 and 1964, and again in 1967, totaling 248. The cars that are being rehabilitated are completely gutted. We take out every component and every element other than the structural members of the car. To do so requires a great deal of work, but also permits us to fire-harden the cars even beyond the point that they were fire-hardened previously. We are putting in new fire-hardened floors to prevent, or impede, penetration of fire and/or smoke from under-carriage components into the compartment of the car. We are also introducing new passenger amenities and elderly and disabled features in our rehabilitated cars, and in our new cars.

All glazing will be replaced. All interior panels will be replaced in each and every car; all wiring and all conduit will be replaced, as well as air conditioning, motors, trucks -- every major component on the cars.

This is a shot of the floor work and some of the conduit removal work.

In addition to the interior and component work, the entire car is stripped and sanded down to the bare aluminum skin, and there is the application of primer, caulking in all seams, the application of (indiscernible) paint on the tops and ends of the cars as a fire retardant application on the fiberglass bonnets of the cars, as well as the application of approximately three coats of paint. The paint color -- not the paint mentioned; that is the undercoat -- was selected so that it would very closely match the stainless steel finish of the PA-4 cars that are being delivered today.

This is a shot taken at the Brooklyn plant. It is an interior shot of a rehabilitated PATH car that has been returned to the property and is now in revenue service. A major element of the rehabilitation is the reconfiguration of the interior seating in the cars from transverse sittings on the end to longitudinal seating throughout. We had determined, and we are finding in actual service, that this increases the load in the cars and the distribution of passengers throughout the cars as well, and will help us tremendously in some of the capacity considerations we will be faced with in future demands.

This is a shot of a new PA-4 car. Major distinctions between the PA-4 cars and the older PA Series cars on the property are: PA-4 cars have three doors per side; the other cars have two doors per side. The doors are staggered; that is, they are not directly opposite each other on the sides of the cars. They are done that way purposely to again distribute people -- who love to hang out inside the doors -- throughout the cars. We are finding that this works. We are getting

better loading; we are getting better off-loading and better distribution throughout the cars.

I told you they were stainless steel, three doors per side, longitudinal seating. You will see under the large window on the left, and the large window on the right, a circular piece. They are exterior public address speakers, so we will have interior/exterior public address. There are chimes announcing the opening and closing of doors for the elderly and the disabled, as well as increased numbers of handholds and stanchions, and designated wheelchair locations within each of the cars.

SENATOR GAGLIANO: Mr. Kelly-- Excuse me, Mr. Chairman.

SENATOR COWAN: Yes.

SENATOR GAGLIANO: You say you have 31 of those?

MR. KELLY: Presently in service.

SENATOR GAGLIANO: They are in service. They have been bought, delivered, and are in service.

MR. KELLY: Accepted and in service.

SENATOR GAGLIANO: What was the contract price per car -- if you know -- approximately?

MR. KELLY: The contract price was just under a million dollars per car. An interesting point there, Senator, if I may. The first series cars -- the PA-1 cars -- that were bought for the PATH system came with motorman cabs and without cabs. They were purchased at the price of \$100,000 per car for cars without cabs, and \$125,000 per car for cars with cabs. And, you can relate the \$125,000 in '63 and '64 to the roughly one million dollars we are paying today.

This is my staff -- my very happy staff -- inside the car. I can assure you that the patrons are much happier. This is an interior shot of the PR-4 car.

The rehabilitation, as I mentioned to you previously, is being performed in Brooklyn. The new car construction is

being performed in Yonkers -- a very significant point. This is the site of the old Otis Elevator plant in Yonkers. The fact that this contract required that the car builder relocate to the New York district, and the region, has brought back some 300 jobs to the region, which is a big plus, economically, to the region. This is the site of the production line, again at Yonkers, for the PA-4 car.

I mentioned before the shops and yards. I will go through them quickly. I think graphically it will replace a lot of words. This is the Material Supply Depot that was completed. It permits us to load more efficiently all of the flat cars necessary for the Capital Program. Some very, very effective materials handling equipment is located there. This is an aerial shot of that facility, which again, as I mentioned, is just east of Journal Square Station, and adjacent to the main line of PATH.

I mentioned to you before the absolute critical need to do something to more effectively and efficiently maintain our equipment.

SENATOR JACKMAN: Can you hold it for a second?

MR. KELLY: Certainly, Senator.

SENATOR JACKMAN: I should have asked you this question before. On the million dollar cost for that car-- What is the seating capacity?

MR. KELLY: The seating capacity in the PA-4 cars is 31.

SENATOR JACKMAN: Thirty-one people for a million dollars?

MR. KELLY: No, sir. That is the seated capacity.

SENATOR JACKMAN: The seated capacity?

MR. KELLY: Yes.

SENATOR GAGLIANO: And then the squeeze factor is the rest, right?

MR. KELLY: We estimate that we can achieve a loading factor in that car of about 130 comfortably.

SENATOR JACKMAN: A hundred people standing and 31 sitting?

MR. KELLY: Roughly 130 total. Now, the reason for that is, we are essentially a rush hour, peak period line. We carry, I would say, 71% of our passengers during the peak periods.

SENATOR JACKMAN: Now, for rehabilitating the cars you had-- What is the cost of rehabilitation, as compared to paying a million dollars for a car?

MR. KELLY: It is \$400,000 plus per car, Senator.

SENATOR JACKMAN: Four hundred thousand plus for a car.

MR. KELLY: Yes, for rehabilitation.

SENATOR JACKMAN: Approximately one-half the cost.

MR. KELLY: That is correct, sir.

SENATOR JACKMAN: Is the life expectancy the same, would you say?

MR. KELLY: The life expectancy on the new car is greater than the life expectancy of the rehabilitated car, obviously.

SENATOR JACKMAN: Let me, for my own clarification--

MR. KELLY: Sure.

SENATOR JACKMAN: If we are going to pay a million dollars for a car and it has a life expectancy of -- hypothetically, let's say 15 years--

MR. KELLY: Longer than that, sir.

SENATOR JACKMAN: Twenty?

MR. KELLY: Longer than that.

SENATOR JACKMAN: What is your rehabilitation factor? How many years on that?

MR. KELLY: First of all, we expect that we will write off the equipment over a period in excess of 30 years -- the new cars.

SENATOR JACKMAN: The new cars -- 30 years?

MR. KELLY: Yes. But to do so, we would have to rehabilitate, and we intend to rehabilitate, as is done in the industry, every 12 years. You should -- like your automobile, occasionally -- rehabilitate your cars approximately every 12 years. Now, we have not been able to do that historically on the PATH or the H&M system, because of that facility right there. We had no room in that facility to do anything but inspect, clean, and maintain the equipment. We could not dedicate any room in that facility to major overhaul. Also, other than three years ago, there were no contractors in this region who were overhauling rail rapid transit vehicles. That has changed, and hopefully by 1990 we will have a new shop, and we can then do the programmed rehabilitation of the cars every 12 years to achieve the expected life of those cars.

SENATOR JACKMAN: Thank you.

MR. KELLY: Thank you, sir.

SENATOR RAND: Would you be saving money if you rehabilitated the cars yourself, instead of sending them out as you are doing now?

MR. KELLY: We will look at that very carefully, Senator. A lot of the answer to your question will depend on the efficiencies we are able to achieve in the new shop, and we will look at the cost benefit at that point to make a decision as to whether or not it makes sense to do it within the shop, or to do it with a contractor. That is 12 years down the road, so a lot of things could happen. We have not made that decision yet.

SENATOR COWAN: It is safe to assume then, Dick, that that new shop will have the capabilities of rehabbing.

MR. KELLY: That is correct, Senator. I have forgotten where I was now. Oh, okay.

Let me just point out, three and a half acres to keep them on. Three and a half acres, open, turn of the century -- 1908 -- one track in and one track out. It is the tightest

curve on our system, and it is the steepest grade on our system. It severely compromises our flexibility and our operational capability. As you can see, that yard is almost full -- not quite -- but it certainly can't accommodate the number of cars we need. With the exception of the Satellite Car Repair Facility, that is where we do all of our maintenance presently. It can take, from the time a defect is reported to actually getting that car into the shop and getting it back out, four and a half days to accomplish, because of the constraints of the physical size of that facility. We hope to improve that tremendously with our new shop.

SENATOR GAGLIANO: What are you going to do with the old shop, Dick? Have you made plans for it yet?

MR. KELLY: Obviously, that area is ripe for development. There have been a lot of expressions of interest. There is a lot of development -- and I am sure we will talk a little bit about that later -- throughout Jersey City and the waterfront area. Some of the other development may cause us to look to relocate some of our existing shops that are not car shops, but rather structural, electrical, mechanical, and track shops. If that be the case, we are going to look very carefully at whether or not the Henderson Shop gives us some opportunity to relocate and consolidate all of our shops that are not car shops, or whether it makes sense, in some way, to develop that property into -- whatever use. I don't know at this point.

I mentioned about satellite car repair. I know I am spending a lot of time, so I will go through these very quickly. If you have any questions, please stop me.

This is an area of the Satellite Car Repair Facility, again, right adjacent to the main line. It is the interior. Now, I wish I had a shot I could show you of the Henderson Street Car Shop in contrast to that. But, these are two tracks on-- People can actually stand underneath those cars to

maintain that equipment. At Henderson Street, you have to bend over and work crouched to do it. So, this is typical of what we are hoping to achieve in the new major facility out at Harrison as well.

This is the site that has been selected. We are currently in the process of acquiring the property there. It requires us to get property agreements with Conrail and Amtrak; some agreement with New Jersey Transit, and with some private owners in that area as well. That is currently in the works, and by mid-March we will have a pretty good idea where we are on property acquisition.

This is an artist's rendering of what the new shop will look like. We will have the ability to store all of our equipment there -- pull-through tracks, no-loop tracks -- with great access in and great egress out. It is going to be a great facility for us. We have been fighting for it for 25 years.

The Station Improvement Program is aesthetic, cosmetic, and safety-related. It is about to be completed in a couple of weeks -- in March. The stations included are: Grove Street, Exchange Place, and Christopher, and all of the stations with the exception of Thirty-Third Street in Manhattan. I went through what we have completed before. The important thing -- and I will take you through the individual slides -- is that that will be completed next month.

SENATOR COWAN: On that station completion date--
Just another interruption--

MR. KELLY: Okay.

SENATOR COWAN: My understanding now, and of course I haven't been by there in the past couple of days-- I have received a number of complaints regarding, I guess you would call it the south side exit. That would be on the other--

MR. KELLY: Grove Street.

SENATOR COWAN: --side of the park by where the Shop-Rite was -- in that area. Has that been opened now?

MR. KELLY: Finally, finally.

SENATOR COWAN: It's back open? Okay.

MR. KELLY: Last week, if I am not mistaken. Charlie, right? (addressed to associate sitting in audience, who concurs) It was closed because of some structural problems in the Singer Building, or right above it, and the city, in response to requests we made, took action, and it is finally open.

SENATOR COWAN: Okay.

MR. KELLY: Grove Street, Christopher Street Uptown-- These are dramatic only if you knew, or know, what the station looked like before.

Now, this is an artist's rendering of Exchange Place. The Exchange Place Project includes station rehab. This is what you see at Exchange Place presently, with the train coming through. The biggest features are the yellow tack-tile stripping at the platform edge, floor tile, wall tile, slat aluminum ceiling, new strip lighting over the edge of the platform, better public address, and the like.

Fourteenth Street, Downtown in Manhattan-- Wherever we had good, solid, classic architectural elements, we have attempted to retain them. This is a good indication of it. We put new floor tiles and wall tiles in, but we retained the columns -- the column capitals -- and the vaulted ceilings wherever they existed. We tried to complement them with the new finishes.

One of the elements of the program that is very critical is that we have to maintain the stations while also operating seven days a week, 24 hours a day. This happens to be Fourteenth Street. Indicative of it is the revenue train going right through the work area. It represents some real operational problems.

Twenty-Third Street-- Again, columns, capitals, vaulted ceiling. We will just improve those, not change them, and we will modify the station walls, floors, and lighting.

The electrical element of the Capital Program was an extensive one, and is only really beginning in earnest. Within the next couple of weeks, I will be recommending to the Board of Commissioners, authorization of the first major element of this project. I spoke to you before about the transformer replacement and interim substation. We will be doing a lot of substation work throughout the system, as well as switching stations.

Now, let me tell you the difference from a layman's perspective. A switching station is a routing station for electrical traction power. A substation takes AC current from Public Service and converts it to 650 volt DC current for third rail distribution and the powering of the train. We will be putting in new switching stations and substations, which are indicated by purple on that schematic of the system, for many reasons. The most significant of them is that by putting in additional switching and substations, we will be able to have greater ability to detect faults -- electrical faults -- on the system, and make adjustments in the distribution of the power to overcome those problems and to isolate the area of a problem.

We will also have the ability in the tunnel system, through the introduction of new substations in the tunnel areas, to take out 25 miles of cable from our tunnels -- 25 out of 31 miles of cable that is presently in our tunnels. Some of the cable in our tunnels dates back to the 1920s. It is paper and oil impregnated cable. If we are going to fire-harden the system -- I am sure Chief Mullins will agree with me; I know he has participated with us on this -- we have to get that cable out. We can get that cable out through the introduction of new substations, and drastically reduce the flammability and smoke generation potential in that tunnel.

This is a picture of Interim Sub 4. The only things of significance are the units on the right, which are new, cast coil transformers which do not have any cooling liquid in them at all. They are the transformers we are replacing -- the PCB-containing transformers throughout the system.

I mentioned to you that I will be recommending the authorization of the first substantial project under this (indiscernible). What we are looking at here is an aerial of the main line of the PATH system as it enters the tunnel portal. I just want to point out the tunnel portal. (witness walks to screen to demonstrate) This is the Satellite Car Repair Facility, and these are the two main line tracks. This is the roof over the entrance to the tunnel.

I will be talking to you, at your request, about what we hope to do to increase capacity. What we need to do if we want to increase capacity through the introduction of longer trains, is put more substations on to generate the power necessary to propel longer trains. We need to locate a substation right above that portal roof to run longer trains. Again, I will be talking to you specifically about where we would run longer trains in a couple of minutes, but we need to do that and have it operational by mid-1988. Next week I will be recommending authorization of a \$10 million project for the construction of a substation at that location, which will be operational by mid-1988.

Now I have to mention, mostly for Senator Cowan, because we have been discussing this for a number of years-- This will be, not in, but adjacent to the Waldo Yard area in Jersey City. Obviously, we have discussed this with representatives of Jersey City, as well as with representatives of the Hilltop Association, and we will be discussing it further with Hilltop representatives. They have voiced absolutely no objection to the project. We will probably meet with them in the near future, but I do not see any problem

whatsoever. It is remote and removed from the Waldo area and the residential areas.

SENATOR GAGLIANO: How big it is, Dick, approximately? It is hard to tell.

MR. KELLY: Okay. It is 140 feet long, 43 feet high, and 60 feet wide. Every project has miscellaneous elements, which is a catchall, but obviously also includes some very critical work. The Hackensack River Drawbridge I touched on before, at probably more length than I should of, so I won't dwell on it, but I will go through it. This is the Hack Bridge, some of the shots of structural work that has been performed on the Hack Bridge and completed. The project, under miscellaneous elements, also includes track work, signal work, and bridge repair work. A critical element is bridge repair work. We have 26 bridges that we run over, under, and-- Well, I guess you can only go over them or under them. (laughter) There are a lot of structural repairs to be made there.

The other element, and I have saved it until last because it is a nice lead-in to the next section, is the Safety Program element. It includes the standpipes which I mentioned, tunnel ventilation, and station ventilation. To give you an idea of the tunnel ventilation, we are building six new shafts on the PATH system. Now, that in and of itself is a pretty obtuse statement, because it does not in any way reflect what the interface problems are. We are taking a system and a tunnel that were constructed at the turn of the century, and part of them in the late 1800s, and we are actually penetrating that tunnel and connecting up to that tunnel with emergency ventilation shafts, as well as new access and egress stairways, during the whole period of time, running 24 hours a day, seven days a week, and minimizing the disruption, or absolutely eliminating any compromise in safety to our passengers.

SENATOR GAGLIANO: A question, Dick.

MR. KELLY: Yes, Senator?

SENATOR GAGLIANO: Will each of those air vents have the stairways you mentioned which would be used by passengers in the event that there is a problem down in the tunnel?

MR. KELLY: Not every one of them, but I will tell you which ones will. We are building one at Railroad Avenue in Jersey City presently, and I will show you a slide of that. That will not have stairs because of the proximity of that shaft to the Grove Street Station presently. They can exist through the station instead, and more comfortably.

The Exchange Place vent shaft, which will be incorporated in the new station facility at Exchange Place, will not have stairs because it is immediately adjacent to the stairs in the station itself. The Pavonia Avenue vent shaft will not have stairs because it is adjacent to the station as well. Casson One, which is in that triangular piece in the upper righthand section, will have emergency evacuation stairs -- both ingress and egress stairs. Fifteenth Street presently exists and provides fairly restricted access to one of the two tunnels located in that area, so we will retain that, but will depend mostly on Casson One. Morton Street, on the New York side of the river on the Uptown Lines, will have ventilation shaft and emergency evacuation stairs, and Nineteenth Street will just have the ventilation fan location. Did I miss any? (speaking to associate in the audience, but response inaudible) Oh, okay.

This is an artist's rendering superimposed on an aerial of the Railroad Avenue facility we are building in a parking lot adjacent to the Gregory Park Development. Right behind it is the Henderson Street Car Shop -- across the street -- a very recent photograph of superstructure construction. Again, this shaft will be operational prior to the end of the year. It is important that while all of these shafts are linked together in an integrated ventilation system, we can phase them in, and they have absolute beneficial impact on the

ventilation for the area they cover. So, they become beneficial and functional, even though the entire ventilation project is not complete.

Exchange Place: The high-rise in the back of the building above the horizontal section is the ventilation shaft at Exchange Place. I left this shot in because it goes to the heart of some of the problems we have, and some of the issues we are dealing with. This is a shot -- as most of you, I am sure, can readily identify -- of Exchange Place. It shows, in the lower righthand corner, the Ukrainian Center, with the First Jersey Bank Building right above it. To the left is a very good-looking harborside World Financial-- What is it called -- I'm sorry -- the World Financial Center? (someone from audience answers in the affirmative) To the right then is the Commercial Trust and, of course, the new park that the city opened in the fall of last year.

We are right in the middle of that, and our construction has to proceed in close coordination and cooperation with the Exchange Place Urban Renewal Associates' construction. We had to expedite a portion of our construction, so that we could get it in the ground before they started to lay in their foundations, which would have precluded us from getting in that site.

This is a shot of the foundation work -- the slurry wall construction -- which we are using for the new entrance, and this is really underneath a portion of the Exchange Place Urban Renewal Associates' foundations.

There is a lot of coordination in New Jersey on property and with other development. That is no different than what exists on the New York side. We were going along very, very well on our plans for the New York side ventilation, which included the replacement of a very small and ineffective vent shaft at Morton Street. We were going to construct a vent shaft in the middle of a park that would be created by the

Westway Project. You all know that Westway died, and so did our design, and so did all of the agreements we had with the principals to build that venture up there. We are now very close to final resolution with all of the principals involved on the construction of the Morton Street shaft. We have just about concluded negotiations with New York State Department of Transportation, City Planning, on the location and the design. We will be holding public hearings in New York with various community groups, and we will go through a formal process. We are now looking to have this operational in 1991. But, the increase I mentioned in the Capital Program before, from 1983 to 1986, in large measure, is due to some of the delays we have encountered in trying to get acceptance of sites, and also of design, working within the communities we have to.

This is a tough shot. You really get to feel that you are in the helicopter from which it was taken. Another major development in Jersey City, on the waterfront obviously, is Newport, and we are right in the middle of that development. We are still negotiating with the developers at Newport for the property necessary for the construction of the Casson One vent shaft and some of the easements necessary for the Pavonia vent and the Fifteenth Street shaft. Our existing Pavonia entrance is in the lower righthand corner, and the vent shaft is just to the west of that -- the Pavonia vent shaft. That will open in a matter of weeks.

This is the Pavonia vent shaft. This, when operational, will have the ability to ventilate the land tunnel areas from Cassons One, Two, and Three on over to Grove and a portion of Exchange Place. So, we will have beneficial use of this once it goes operational in a couple of weeks.

Standpipes are being installed. I was criticized recently for just indiscriminately using the term standpipes because people don't know what standpipes are. Standpipes are horizontal pipes installed in our tunnels that carry water and

permit the hookup of hoses for fire fighting. Currently, we have installed in all of the shaded area -- the orange shaded area of our system -- four- and five- and six-inch standpipe, depending upon the location.

SENATOR JACKMAN: On the ventilation you mentioned you are contemplating putting in close to Newport--

MR. KELLY: Yes, sir?

SENATOR JACKMAN: Would that have any effect on the people in the area of Newport? Is that continuous ventilation?

MR. KELLY: No, it is not, Senator. It is an emergency ventilation shaft, to be used only in emergencies.

SENATOR JACKMAN: All right. Now, in the case of an emergency where it is utilized, what happens? Does that air just come out? Does it affect the surrounding area?

MR. KELLY: Yes. Can you go back to the Pavonia shaft? (speaking to person running slide projector) We have two things to be concerned about.

SENATOR JACKMAN: What?

MR. KELLY: The environmental concern for the air, as well as the noise. This is 60 feet high. This area in blue, here and here. It is also on the four walls -- the four sides. These are louvers. These will be the louvers through which air is exhausted, as well as through which air is taken into the system. There are noise attenuators. That is one of the reasons why this is so high, because we put noise -- suppressors or attenuators?

UNIDENTIFIED ASSOCIATE FROM AUDIENCE: Suppressors.

MR. KELLY: We put noise suppressors on this to keep the noise level down. That is why the building is higher than just for fan use. So, we are attempting to keep the noise down. You can't do anything with the venting of the air. There is nothing you can do. All we can do is reduce the noise, and we think we have done that.

So, keeping in mind that it is an emergency ventilation shaft, it will have to be tested once a month. It will be run for maintenance once a month in a test mode. We will not do that when the residents are asleep, obviously.

SENATOR JACKMAN: Do we have a counterpart on the New York side?

MR. KELLY: Yes, that is the Morton Street-- Do you want to show them Morton Street? (addressed to the person running the slide projector) That structure is on the New York side.

SENATOR JACKMAN: That looks a little bit better than the other one.

MR. KELLY: Well, okay.

SENATOR JACKMAN: I just want to make sure we are not getting short-changed on the Jersey side. That's all.

MR. KELLY: It's legitimate. Your observation is legitimate. One of the things you have to do, obviously, if you are going to go to a ventilation shaft-- It's like an airport. Everybody loves them, but they don't want them in their back yards, obviously. You have to make it complementary, to the extent you can, to the surrounding area. The aesthetic treatment -- the architectural treatment -- on the exterior of Pavonia complements the architecture of the residential high-rises and office buildings in the Newport area.

Morton Street is in the northern Greenwich Village area on the west side of Manhattan. We believe -- we could be wrong, and we will find out very effectively when we go to the community -- that this represents a design that will be acceptable to the community in New York.

SENATOR JACKMAN: Okay.

MR. KELLY: It is very subjective.

SENATOR GAGLIANO: Dick, are these operated by diesel engines, as well as electric?

MR. KELLY: They are electric fans, actual vane fans, which are a little bit different. Danny, why don't you take a shot?

D A N C E N S U L L O (speaking from audience; no microphone): No diesels at all. It is a direct electric motor fed through the system. There is a motor noise; no diesels, no fumes, or anything like that.

SENATOR GAGLIANO: The only reason I asked is that they will not operate in the event of a power failure.

MR. CENSULLO: That's right. Once the system goes down, and you have a power failure-- That is correct. (remainder of Mr. Censullo's statement inaudible to reporter)

MR. KELLY: But, we would need a total blackout--

MR. CENSULLO: A total blackout.

MR. KELLY: --because with the new substations and switching stations, we would be able to route the power and hopefully maintain the ventilation.

SENATOR GAGLIANO: But you made the decision not to use generators -- diesel generators?

MR. KELLY: Yes.

SENATOR GAGLIANO: That is where I thought you meant the noise was coming from -- the possibility of generators.

MR. KELLY: No, it is strictly the fan, and not a generator.

SENATOR COWAN: In that same vein, Dick, you consider that your auxiliary would be your backup, where you would be able to reroute?

MR. KELLY: The power. There would be redundant power.

SENATOR COWAN: Yeah. In other words, as you said, there would have to be a total blackout for the entire region before you would actually lose--

MR. KELLY: You would have to lose the whole grid, Senator.

SENATOR COWAN: You would lose your capability of doing what you had to do.

MR. KELLY: That's right.

We installed -- our PATH forces installed -- the standpipe throughout the system, and brought in on time, budget, and dollar, which was a great accomplishment. One of the elements of the standpipe is that it is fully charged all the time. If Chief Mullins' people respond on the Jersey side, they will hook up at street level to the Siamese connection with a pumper and charge-- I won't even try to explain it. I know the Chief can do that.

What you see there is a connection that is located every 200 feet in our tunnel. This permits the hook up of one and a half inch hose, and fire department regulation two and a half inch hose. Now the fire department has to carry coils of hose in. We have hose coils there, I think of the one and a half inch size. Our people who respond could conceivably begin immediately to treat the fire or smoke condition, to be aided by the fire personnel when they arrive on the scene. This has been a tremendous asset, which I am sure the Chief will agree. In fact, the Chief, and the other chiefs of other departments in the municipalities we serve, helped a great deal in the design and use of this system.

Senator, that is the end of the Capital Program element of my presentation.

SENATOR COWAN: Thank you very much.

SENATOR JACKMAN: Good. Do you need any money?

MR. KELLY: Do we need any money? (laughs)

SENATOR COWAN: Are there any questions from any of the Committee?

SENATOR JACKMAN: I would say, off the top of my head, Hoboken must have picked up rider-wise, as compared to what it was maybe five, six, seven, eight years ago -- compared to what it is today. Is that true or isn't it?

MR. KELLY: I would say that is true. I will try to get the numbers for you, but I would say that is true, yes.

Certainly, New Jersey Transit trains have increased, and they provide the major source of the Hoboken riders, as you know, Senator.

SENATOR JACKMAN: But, most of those people moved from the village over into Hoboken, and now they are going back.

MR. KELLY: There is a lot of that. The M&E upgrade on New Jersey Transit has really provided a much more reliable service for New Jersey Transit, so a lot more people are coming into Hoboken as a result of that as well.

SENATOR JACKMAN: How do you take care of your deficit?

MR. KELLY: The deficit on PATH, which I indicated was \$95 million last year, is made up of the pooled and consolidated revenue from other Port Authority facilities, Senator. Only 30% of the operating costs of the system is derived from the fare box, or from the turnstiles.

SENATOR JACKMAN: That is a 75-cent fare.

MR. KELLY: That is correct.

SENATOR JACKMAN: In other words, for a guy coming from Newark it is 75 cents, and for a guy coming from Hoboken it is 75 cents.

MR. KELLY: That is correct. I think you are getting at something we will be talking about -- the element of zone fares. That is one of the considerations of zone fares.

SENATOR COWAN: Right, zone fares. We will get into that a little bit later, Chrisy. Is there anything more? (negative response)

We have an individual at this point who says he has a time constraint. Mr. Gabe Ambrosio, attorney for the township of Lyndhurst, or the town of Lyndhurst.

G A B R I E L M. A M B R O S I O: Thank you, Senators. I have a brief statement I would like to read.

I want to thank the Senate Independent Authorities Subcommittee for the opportunity to appear before you today. It is a good sign for the residents of North Jersey that the

Senate Subcommittee is actively studying how the Port Authority can best address the transportation needs of the State. It is also appropriate that the Subcommittee is working to plan for future transportation needs, as well as developing solutions to present problems. It is especially gratifying to me, as a resident of North Jersey, that the Senate Subcommittee has come here to gather information from the communities most in need of mass transportation improvements to service the growth and development of our region. The hearing in Jersey City today displays a sensitivity to the needs of our area.

I am here today to urge the Port Authority to do a feasibility study on the extension of the PATH train line to service the planned baseball stadium currently sited in Lyndhurst. I am sure that all New Jerseyans are anxious to have a Major League baseball team located in the State. We can look forward to the revenue that the baseball franchise would generate. We can also look forward to the small and mid-sized businesses that would prosper by providing related services. And, of course, we can look forward to the sense of pride in community that follows the success of a sports team, as has been so dramatically demonstrated in the past month or two.

But, before we plan all the benefits of a Major League baseball team in New Jersey, we must plan in advance for the transportation needs of a large stadium. The large crowds and traffic which accompany a baseball stadium would put a strain on the existing transportation network, and would require the creation of new and adequate parking. We have already experienced problems with traffic congestion, parking, and related concerns resulting from Giant Stadium. The race track and the arena in the Meadowlands Complex have also added to that problem. We don't want to repeat the same mistakes with the baseball stadium that were made with the Meadowlands.

To prevent this from happening, I urge the Port Authority to study the feasibility of providing direct mass

transportation service to the planned baseball stadium in Lyndhurst. The direct link would benefit the baseball team, allowing easy accessibility from the transportation and population centers in New Jersey and New York, and would benefit those who live and work in the Meadowlands area by preventing transportation problems from developing. Residents of the Meadowlands area should not suffer simply because they host a baseball stadium.

In conclusion, I think it is important that the planning be done in advance -- well in advance -- so that we can prevent transportation problems from occurring. A small amount of foresight is worth more than all the hindsight that would fit in the stadium itself.

Thank you.

SENATOR COWAN: Thank you very much, Mr. Ambrosio.

SENATOR JACKMAN: Was the site already selected for the ball park?

MR. AMBROSIO: Well, it is pretty clear that it is going to go somewhere in the Meadowlands area. Whether it be in Lyndhurst or any other area in the Meadowlands, I think the mass transit needs of servicing that stadium should be addressed by this Subcommittee. Thank you.

SENATOR GAGLIANO: Mr. Chairman?

SENATOR COWAN: Yes, Senator Gagliano?

SENATOR GAGLIANO: Mr. Ambrosio, I am not that familiar with the physical attributes of the area. Do you have a proposal on how mass transit could be connected, number one, whether it is PATH, and number two, whether it is New Jersey Transit? Is there a clear spot there where it could be--

MR. AMBROSIO: Yes, there is. As a matter of fact, there is a rail line that goes directly adjacent to the proposed site. Now, again, they have not definitively set the site, but there is a rail line that goes directly through the Meadowlands. The current site I believe was selected

specifically because there is a rail line there, which is one of the other attributes of the site.

SENATOR GAGLIANO: Is that a freight line now?

MR. AMBROSIO: No, it is a passenger line, too.

SENATOR GAGLIANO: A passenger line? The one that goes out to Harmon Cove?

MR. AMBROSIO: That's right. Unfortunately, that wasn't done when the Giant Stadium and the Byrne Arena were built. If we had mass transit to that facility, the traffic congestion and the parking problem clearly would not be the problem it is today.

Thank you.

SENATOR COWAN: Thank you very much, Mr. Ambrosio. Yes, Mr. Duffy?

J O S E P H R. D U F F Y (speaking from audience): May I ask a question regarding capital improvement?

SENATOR COWAN: Yes, certainly.

MR. DUFFY: Because that is the presentation.

SENATOR COWAN: Yes.

MR. DUFFY: My question to the Subcommittee-- Ladies and gentlemen, my name is Joseph Duffy, by the way. I am from Jersey City. I will make a formal presentation later, but why should Jersey City residents, who travel from Jersey City to the World Trade Center, pay for the capital improvements on the bridge going to Newark? We don't use that bridge. Why should our fare and the costs involving the capital improvements on the bridge-- Why should we pay for those costs? Do you get my point?

Therefore, what I am saying to this Subcommittee and to the PATH officials who are here is, the fare for the people in Jersey City should be that much less, because we don't use that bridge. Do you understand what I am saying? So, why is the fare for us 75 cents, and for the people who come from Newark 75 cents?

SENATOR JACKMAN: What about the people who leave Jersey City to go to Newark?

MR. DUFFY: Well, I don't know what the numbers are.

SENATOR JACKMAN: How would you decide?

MR. DUFFY: Well, that is a problem for PATH to analyze -- the source of the people who get on PATH in Newark.

SENATOR COWAN: Mr. Duffy, if we could just hold that. I think we will take that up under the following element. As far as the capital improvements, I can understand how you relate it to fares, but we will get into that with zoned faring, in the proper order where it should be.

Are there any other statements by the public or questions from the public of the Port Authority on the capital improvement element of the hearing? (affirmative response from audience) Yes, sir? Would you please identify yourself for the record?

R A L P H B R O W N (speaking from audience): My name is Ralph Brown. I am a resident of the town of Kearny.

In view of what Gabe said concerning the railroad going to the ball park, there is a singular freight line now which runs from the Harrison line to both Amtrak and Conrail. It is operated as a single run freight line, and it has very little traffic. This rail line could be tied into the PATH station in Harrison, or New York, bringing people into the stadium. It would go in a single line and continue over to the Meadowlands.

SENATOR COWAN: Just a minute, Ralph. Could you come up to the front a little bit? With our recording here, we are having a little problem picking the sound element up because you are so far in the rear. (Mr. Brown moves to the microphone)

MR. BROWN: I'm sorry. I was saying, as far as Mr. Ambrosio's dissertation before this Subcommittee, I have to concur with him. There is a single freight line now which is very seldom used, which lies along the bottom of the hills of

Lyndhurst, Kearny, and North Arlington. This line starts in Harrison, very close to PATH, and could be used to go up along in there and bring people-- Even if the ball park is not brought into Lyndhurst, it could bring them into the present Meadowlands Complex -- Sports Complex -- very easily. This could be done through-- The new owners I believe are Conrail right now.

My second suggestion is, has there been any thought about a Park and Ride facility at the 15W exit of the New Jersey Turnpike, where people could drive up, park their cars at 15W, or close by, get on the station there at PATH, and go into the city? This would alleviate a lot of the traffic going back and forth through Jersey City and Hoboken? It might not be in their present Capital Improvement Program, but has it been thought of for the future?

SENATOR COWAN: Is that a question of the Port Authority?

MR. BROWN: Yes, sir.

SENATOR COWAN: Dick, could you respond to that in some fashion, please?

MR. KELLY: Is 15W right outside of Kearny?

MR. BROWN: Fifteen W is in Kearny, right at the junction of Harrison Avenue and the Belleville Turnpike.

MR. KELLY: We have no plans to put a Park and Ride facility in there. As you know, there is a tremendously successful and expansive Park and Ride operation right at Fourth Street presently in Harrison -- Southport in Harrison -- which is very effective. What you are suggesting would be to move it further west?

SENATOR COWAN: East.

MR. BROWN: Yes, where you would get some of the people coming from the lower areas, the shore areas--

SENATOR COWAN: You're bringing it in east, Dick.

MR. BROWN: --or from northern New Jersey.

MR. KELLY: Oh.

MR. BROWN: The Fourth Street area is a-- There is a horrible parking problem down there for anyone coming in. If you don't get there, you have to park your car far away from the PATH station right now.

MR. KELLY: Another problem concerning Harrison and further increasing the passenger ridership at Harrison relates to its proximity to the Newark Station; the fact that it is literally only minutes outside of Newark, as you well know, coming down the hill. We are experiencing, with the success of the Park and Ride presently, substantial impact on our ability to get trains through the Harrison Station, because the dwell time has increased substantially with the increased riders at Harrison.

We would prefer -- from an operational standpoint -- to see riders board at Newark or further in east -- Journal Square, actually. We think that from an operational standpoint that would be more effective distribution, than further developing the Harrison Park and Ride.

MR. BROWN: Okay. My last question, Senator, would be: PATH apparently is now under condemnation to take a piece of property in Harrison and Kearny from the National Railway Corporation, if I am not mistaken. I was wondering if that is part of the proposed Capital Improvement Program, or is that for trackage or something like that?

MR. KELLY: We filed papers, I think about two weeks ago, in the Superior Court of New Jersey, to seek condemnation authorization on five parcels of property. One is the Entin (phonetic spelling) property, another is Fresco Steel; the third is Amtrak, Conrail, and-- (Mr. Kelly consults with associates in audience) That's it. So, yes, we are looking to condemn property from Conrail and Amtrak. However, we are still negotiating with all parties, and it may not come to condemnation.

MR. BROWN: So, it's five different tracks you're talking about, not one central.

MR. KELLY: That is correct.

MR. BROWN: Thank you, Senator.

SENATOR COWAN: And, all of those tracks are part of the new maintenance facility?

MR. KELLY: They are all related to the Harrison shop and yard.

SENATOR GAGLIANO: Mr. Chairman, I had to go out of the room for a minute. Maybe I missed this. I am not clear, Dick, on extending the platforms. Did you cover that? Is it in your statement? Extending platforms for longer trains. Is that all covered?

MR. KELLY: I'll touch on that, Senator, when we talk about the 1990s.

SENATOR GAGLIANO: Oh, all right, fine.

MR. KELLY: Okay.

SENATOR GAGLIANO: Thank you.

SENATOR COWAN: Are there any further questions from the public or statements regarding capital improvement? (affirmative response from audience) All right, would you please identify yourself, sir?

P A T R I C K W. O ' C O N N O R: Sure. My name is Patrick O'Connor. I am with the Eastern Paralyzed Veterans Association. I will make my remarks rather brief.

Good morning. My name is Pat O'Connor. I am the Assistant Director of the Eastern Paralyzed Veterans Association. I am also the Chairperson of the Hudson County Transcend Advisory Board. This Board oversees the operations of Hudson County's Senior Citizen and Disabled Residents' Transportation Program, as required by legislation using casino funds. This program was established through legislation sponsored by Senator Cowan and Senator Gagliano. I welcome the opportunity to testify on the PATH Capital Improvement Program this morning.

Access to the PATH system is the primary transportation issue for EPVA. PATH serves as a mass transit link between New Jersey Transit's rail service and the New York Metropolitan Transportation Authority's facilities. Both NJT and the MTA have made final decisions to make their systems accessible. We are waiting for the Port Authority to finalize their analysis of PATH's accessibility.

On February 15, 1985, EPVA testified at a New Jersey Senate Transportation and Communications Committee hearing on PATH Safety and Facilities Improvement. This hearing was held on how the Capital Improvement Program would be implemented. At that time, we expressed our concern about the inaccessibility of the PATH system. As a result of the first hearing, EPVA entered into a dialogue with the Port Authority regarding access to PATH.

We held various meetings with PATH representatives in the last two years. At the April 17, 1985 meeting, EPVA was informed that the Port Authority was preparing a report on engineering feasibility and cost estimates relative to making five key PATH train stations accessible to the disabled. The five key stations are: Newark Penn Station, Hoboken Station, Journal Square Transportation Center, Thirty-Third Street Station, and the World Trade Center. This was the first time, to my knowledge, that access to the PATH system was discussed. At a subsequent meeting on June 28, 1985, the Port Authority presented detailed station designs highlighting the accessibility changes.

Since that time, EPVA has been actively pursuing the Port Authority to implement these accessibility changes. We understand that studies of this nature require time. We also understand that there have been changes within the structure of the Port Authority. We understand that money to make any accessibility modifications will have to come from the Capital Improvement Plan currently being discussed by Governor Kean and

Governor Cuomo. We have been patient. We feel that accessibility to the PATH system should be placed higher on the priority list of projects being discussed for the new Capital Improvement Program.

On February 11, 1987, we met with Port Authority representatives once again. We were told that the accessibility project for the five key stations was given the go ahead to proceed to stage two. The project has been moved into a Port Authority category called "greater than 90%." This means its chances of happening are greater than 90%, but still not final. The accessibility to the platform of the Exchange Place Station was also moved to stage two. The cost of access to the five key stations was estimated to be approximately \$20 million.

We were told that access to the Pavonia Station, which is undergoing major renovation, would be contingent on receiving funds from developers. A provision for an elevator shaft is included, so that access could be provided at some future time. We understand there are also problems regarding the platform and access to the trains at Pavonia Station.

The same situation regarding accessibility to the platform is occurring with the Grove Street Station. Although the Port Authority is negotiating in good faith in both instances, there is no guarantee that access will happen.

We find this situation unacceptable. Laws mandating accessibility were enacted because the mobility needs of the disabled were not considered. Making access to any PATH station contingent on the graciousness of a developer will, in effect, deny access to the disabled to that station.

We were told that a final decision on the five key stations would be made by the Port Authority Commissioners sometime in the last quarter of 1987. The Port Authority seems sincere in both their intent and effort regarding access. Now that they've come this far, we hope that they approve of the

accessibility project, so that PATH can be made accessible by 1990.

EPVA will be doing all it can to ensure that the Port Authority will follow through and make PATH accessible. Even though it is late, we will be contacting the Governors of both states requesting that they earmark money in the next Capital Improvement Program toward guaranteeing accessibility to PATH. We ask that Senator Cowan, Senator Rand, Senator Gagliano, and Senator Jackman contact Governor Kean to make the same request. A similar request to Governor Cuomo would also be helpful.

Accessibility to the PATH system would greatly enhance the quality of life for many individuals, both able-bodied and disabled. It would be the final link completing an accessible mass transit system in the New Jersey/New York metropolitan area. It would further enhance the operation of casino revenue-funded transportation.

EPVA stands ready to offer any assistance necessary to make PATH accessible. We will continue to work with the Port Authority in creating an accessible system. We have made great strides in the past two years. We are closer than we have ever been before. This time we will not be denied.

I would like to thank Senator Cowan for calling this hearing, and for his continued support. I would like to thank Senator Rand for his support as Chairman of the Senate Transportation Committee. I would also like to thank Senator Gagliano for his support on issues of accessibility and veterans' issues, and I would like to thank Senator Jackman.

I appreciate this opportunity to testify.

SENATOR COWAN: Thank you, Pat. Do we have any questions? Yes?

SENATOR JACKMAN: There has evidently been some progress made on accessibility for disabled veterans -- and for disabled people, for that matter. How can we implement this?

Is it a monetary factor that enters into the picture -- cost-wise? Can someone answer that one?

SENATOR COWAN: Mr. Kelly?

MR. KELLY: We share some of Mr. O'Connor's frustrations. The total Capital Program has not progressed as rapidly as anyone would like to have it progress. We have been involved in a great deal of study and analysis, and that was a major topic of discussion at the 1985 hearing on the subject. I think we have come out of that phase, and are starting to move forward.

One of the elements-- It all depends on where you sit. I understand your frustration. I came here today somewhat pleased that we made a very significant step forward, I think, with regard to accessibility on the PATH system. I remember quite vividly in '85, the points that were made by EPVA with regard to the five-station approach of the MTA in New York and the NJT advances. NJT has, in fact, moved even further, and are making their suburban stations accessible on a stage basis. We are aware of that. What that means to me is that the point that was made in '85 about PATH being a critical link between the New York City subway system and the suburban New Jersey commuter rail systems has been brought home even more dramatically. I am aware of that, and those facts will never change.

I am pleased, though, that we do have the endorsement of the organization thus far to progress to the next stage of project development, which would be definitive engineering design and cost estimates. That does not mean that this is 90% at this point. The 90% means that we will move it, and we will look at what it will cost, and we will identify if there are other impediments to it. We have done a functional analysis. We have had some advisers on the New York side -- your counterparts in New York -- give us their input, and we are now going to go out and do more definitive analysis and

estimating. I hope to bring to the Executive Director and the Commissioners a recommendation by the end of this year.

I can't say what that recommendation will be. It will be based on feasibility -- structural and otherwise -- and it will be based on a cost analysis, as is the entire Capital Program. I remind everyone again of the deficit picture and the safety aspects of the Capital Program. I am not attempting to prioritize accessibility with safety. I would never attempt to do that. They are both very critical issues, and we will have to take that into consideration as well.

It is my intent to progress the recommendation and the design to get some kind of closure by the end of this year on this subject.

SENATOR COWAN: Senator Gagliano?

SENATOR GAGLIANO: Mr. Chairman, on that issue, I wonder if we could consider asking Spiros to draft a resolution for consideration in the Senate, and maybe you would be-- I think you feel as strongly as I do about this issue -- and the others, too -- and maybe you would be willing to sponsor a joint or a concurrent resolution urging the Port Authority to give great consideration to the request for accessibility and the need for accessibility. Maybe that would help them.

I am not trying to be an advocate for something that I want to stir up a problem about, but I think maybe the Commissioners could use our support for this proposal in their overall thinking on the capital projects. I do think we support it. Only recently I was in Washington at the Metro, and I saw those elevators. I mean, those things must go, in some cases, five or six stories -- the equivalent of five or six stories -- to bring people up and into the Metro system. It seems to work exceedingly well. Obviously, we will have people who are not necessarily wheelchair-bound, but who just can't handle that many steps, who have to use the facilities.

So, I think we should go on record, and I would ask -- with your permission -- to have Spiros prepare a resolution for all of us to consider and to introduce, at an appropriate time, in the Senate.

SENATOR COWAN: That is a very good suggestion, Senator. I have no problem with that at all.

SENATOR JACKMAN: No problem with that.

SENATOR COWAN: I think the one thing here that perhaps the Eastern Paralyzed Vets-- They have had some frustrations because it appears, as they look at it, that in 1985 there was some breakdown in communications. I know just a few months ago we got back into it again, and it looks like it is on track now, at least to the satisfaction of the people who are involved. I am sure, as Mr. Kelly presents it here today, Pat, that that communication should be, and in all probability will be, ongoing, along with this design phase now, so that you will have some input. If they come up with something they feel might be negative in the design stage or in the feasibility of it, you will have some input to it, rather than get to the point where you just say, "It's not going," or "It is going." You have that much interest, and I am sure Mr. Kelly respects that.

Anything further?

SENATOR JACKMAN: In other words, we are going to back you up by telling the Port Authority we think the money should be allocated. Is that what you are talking about, Tom?

SENATOR COWAN: Yes.

MR. KELLY: Yes, sir. That's right, Chris.

SENATOR JACKMAN: Would that be helpful to you?

MR. O'CONNOR: To me, yeah. To him?

SENATOR COWAN: Do you think it would be helpful to Mr. Kelly also?

SENATOR JACKMAN: Mr. Kelly, would that be helpful to you?

MR. KELLY: It all depends, Senator. (laughter) No, seriously, as I said, we don't really have a good handle on final design -- a more definitive design -- or what the barriers may be, if there are some barriers there, or what the costs are. Obviously, I think it is a good step forward for the Committee to take.

MR. O'CONNOR: I would like to thank you for your suggestion.

SENATOR COWAN: Okay, thank you.

SENATOR JACKMAN: Do you know what? I sound facetious, and I hope you don't think I am, but it would seem to me-- I can visualize the PATH in Hoboken, okay?

MR. KELLY: Yes, sir.

SENATOR JACKMAN: There are no facilities now for a person in a wheelchair to go down. What the hell is wrong with opening the street and putting an elevator there and just putting people on it? It wouldn't take too long to open the street up and put in an elevator going up and down, and putting the people on it. We sometimes put more obstacles in our way with designs, and with somebody looking at, you know, the fact that everything has to fit in with the decor of the outside. All they want to do is get on the train and go to New York. That's all. So, open the street up, and put an elevator there. I have seen freight elevators today around this State. If they can do it for these hand trucks, and what have you, they can certainly do it for disabled veterans.

MR. O'CONNOR: I agree, sir.

MR. KELLY: Hoboken Station is one of the stations that would be included in the program.

SENATOR JACKMAN: Good.

SENATOR COWAN: They may want to just come back into Jersey City from Hoboken, too, Chris.

SENATOR JACKMAN: Yeah.

SENATOR COWAN: I assume there is no one else who wishes to testify or give a statement or ask questions on capital improvements. (no response) If not, we will go into our second element regarding the safety improvements in operations. Mr. Kelly?

MR. KELLY: Thank you, Senator.

Our Modernization Program is now beginning to become evident, as I mentioned before, and is now starting to produce positive operating advantages to all of our riders. Station facilities are being upgraded, and new and rehabilitated cars are now serving the patrons each rush hour.

However, there is some major work still to be done that involves substantial construction in confined tunnel areas. Despite our best efforts, this will impact on our service. We attempt to schedule such work so as to minimize the inconvenience, but, unfortunately, due to the physical constraints of the PATH system, we often have no alternative but to curtail service on particular routes during off-peak periods.

Construction and essential maintenance work in the same tunnel area is coordinated to the extent possible, so as to reduce the number and severity of service disruptions resulting from construction and maintenance work. The goal of the Capital Improvement Program is to improve the reliability of the existing system and to provide a safer environment for both our patrons and our employees.

In addition to discussing the Capital Improvement Program, we would like, and appreciate this opportunity to present to you the information on several other aspects of the PATH Safety Program. At PATH, safety is paramount. In addition to the safety-related capital improvements mentioned, we have made, and continue to make, other safety improvements. For example, PATH has established training programs for its own personnel, as well as for representatives of local fire

departments and emergency response units. These programs ensure effective handling of any emergency situation.

We periodically conduct emergency evacuation and response simulation drills, with the participation of local fire, hospital, police, and emergency medical services unit personnel. These drills have been supplemented with a comprehensive Facility Familiarization Training Program for local fire and emergency personnel. We have also formed an Emergency Service Liaison Committee with representatives from all six municipalities that the PATH system services, and also including Jersey City and New York City emergency medical service unit personnel. This Liaison Committee meets quarterly, and has served us well in promoting mutual support and cooperation between local municipal agencies and PATH employees, as well as being very, very instrumental in helping us to develop and implement our Fire Safety Program.

Additional measures PATH has undertaken to promote the safety of our patrons include: The preparation of a Comprehensive Emergency Operating Procedures Manual and the acquisition of a specially equipped emergency response vehicle. I brought a manual with me today, and I would like to offer it to the Subcommittee to hold onto to review at their leisure. It is a very comprehensive document; one of the first in the country. We prepared it based on a long and arduous study since 1979 of every aspect of safety on the PATH system. Certainly, John Mullins from Jersey City, and his counterparts in the other municipalities serving on the Liaison Committee with us, have contributed heavily to all of the items in the manual, and certainly have reviewed each and every one of them.

This manual serves as a reference guide for all of our operating and maintenance personnel and, also -- and equally as important -- as a training tool for new and recently promoted staff.

Whenever we have a service disruption on the PATH system, we have a critique of that disruption, and the SOPs -- or standard operating procedures -- in this manual serve as the basis for the critique analysis after a major incident. Each municipal fire department rep on the Liaison Committee received a copy of this manual, and are using it within their local jurisdictions as a reference guide and possibly in their own training programs.

In addition, PATH acquired an emergency response vehicle which is fully stocked with emergency equipment, including Jaws of Life tools, Scott-paks, resuscitators, air bags for lifting rail cars, emergency lighting, rope, tools, fire extinguishers, stretchers, and other equipment that can be used in rescue and response operations. In addition to using it on the PATH system, PATH emergency response vehicle personnel have also assisted local municipal emergency services extensively through the use of this vehicle, which cost in excess of \$300,000. (Mr. Kelly goes back to using slides) This is a picture of the vehicle. I know for a fact that as far as transit property goes, this is the only vehicle of its kind in North America.

The extensive equipment that is housed in this vehicle permits us to respond to any type of an emergency that we are aware of on the PATH system. In the center of the shot -- in the lower center -- are circular disks, and just to the upper right of those are some rectangular- and square-shaped objects. They are called Vetter bags. Through the use of these bags, which can be inflated with breathing apparatus tanks, we can lift a rail vehicle off the tracks and off an accident victim if, in fact, we are involved in that situation. We have also used them to lift locomotives on adjacent railroads, and certainly we have used them in cases of serious vehicular accidents in surrounding municipalities. We also have in our equipment here four-hour breathing apparatus,

if I am not mistaken, as well as the conventional 60-minute Scott-paks, Jaws of Life, and other things that I have mentioned.

This obviously is available and on call to other municipalities in the area, and has been extensively used for that purpose.

One of the other critical elements is, there is extensive communication capability in this vehicle. There are radios that permit people manning this to talk to the Train Operations Control Center, the Police Operations Control Center on the railroad, as well as all other police commands in the Port Authority facility. It also serves as a communications command post at a scene of an accident, and we have the ability for, say, Chief Mullins to respond to a scene, using the communications command post in this vehicle to talk to his headquarters and to his people, who have radios on our system, possibly in tunnel areas. So, it is a critical, mobile communications command post for us as well.

SENATOR COWAN: May I just interrupt you for a minute, Dick? You mentioned radios. As I recall, even after that last hearing, you were still having a problem with radios as to communications from within the tunnel to ground level. I think you even brought in some from France at the time to test, if I recall. What is the status on that now?

MR. KELLY: We had some antenna problems, if I recall, back in '85. The antenna has been cleaned, and we have also put additional antennas in the tunnel. We have put antennas in the concourse ceiling at Journal Square to improve some of that radio transmission. I think we have vastly improved radio communications. We have also since issued five-watt, hand-held portable radios to each of our conductors on the system in the intervening period, and every conductor on a train now has a radio so he can monitor what is occurring on the system around him. He can also be given direction from a remote control

center to make announcements to the passengers or to take some action. He is also very critical in reporting any security problems on the system.

SENATOR COWAN: You are able to transmit from anyplace in the tunnel and receive now to ground level?

MR. KELLY: That is correct, to my knowledge, and Chief Mullins can comment on his experience. But, I am unaware of any dead spots presently.

One of the things I wanted to mention had to do with fire safety on the system.

SENATOR GAGLIANO: Excuse me, Dick, I have one question.

MR. KELLY: Yes, Senator, I'm sorry.

SENATOR GAGLIANO: Is this strictly an above-level vehicle? You don't have a vehicle that rides the rails, that would go to--

MR. KELLY: We have a vehicle that has the capability of riding on the rails. We do not use that extensively for response. However, it was about two years ago, I guess, that we had hurricane force winds and driving rains, with a lot of flooding, and, through the good graces of the Hoboken Fire Department actually, we were able, at Hoboken, to take a Fire Department pumper from Hoboken onto our flat car elevator down into the tunnel area. We pumped out the sump pumps and relieved the flooding condition in Hoboken. Now, in and of itself, that is not too significant, but it is only through the formation of this Emergency Liaison Coordination Committee that we are able to know that this exists -- this response -- that these reciprocal agreements have evolved. We have tremendous, tremendous cooperation with municipal forces that never existed previously. It has been a very big plus, for us and for our passengers as well.

I just want to find my place about fire -- yeah. These measures, as well as other improved maintenance routines

in safety awareness, have been largely responsible for an improved safety record at PATH. After a detailed study of a fire and smoke condition associated with water moisture penetration of a shoe beam -- a shoe beam is the point of contact where the car draws power from the third rail -- PATH concluded that the application of special coating to encapsulate this wooden shoe beam would cure the problem. In fact, it did. Since we introduced this procedure in early 1986, we have not had a fire involving a shoe beam on our property.

In fact, from 1985 to 1986, the total number of fires on the PATH system has decreased by nearly one-half, and PATH's safety record for patrons has been equally outstanding. These improvements are part of a trend which is developing, which we hope will continue with strong and ongoing commitment to safety and the close cooperation of of neighboring police and fire departments, which I mentioned previously.

It is a pleasure to update you, Senators, on the status of that ongoing operational Safety Program.

Do you have any questions?

SENATOR GAGLIANO: I have one question. Actually it is on personnel with respect to safety. Do you have periodic medical and/or psychological examinations of your trainmen?

MR. KELLY: Yes. Each conductor and motorman in a preselection for placement into those classes are interviewed by the Medical Department for psychological examination. Also, there is, annually, a medical examination conducted on all classes of employees within the organization by Port Authority physicians.

SENATOR GAGLIANO: Does that include testing for any drug abuse, or anything like that -- alcohol abuse?

MR. KELLY: Yes, it does.

SENATOR GAGLIANO: It does. Thank you.

SENATOR COWAN: Senator Rand?

SENATOR RAND: No, thank you.

SENATOR COWAN: Is there anyone in the audience who has any questions regarding safety? Yes?

MR. DUFFY (speaking from audience): Mr. Chairman and members of the Subcommittee, Joe Duffy again. He didn't give you the facts and figures--

SENATOR COWAN: Would you identify yourself, please? Joe, you are the President of--

MR. DUFFY: The Historic Paulus Hook Association. Mr. Kelly did not give you the number of shutdowns in the PATH system in 1986, let's say, compared with '85. I think this is very critical information -- how many breakdowns in the operation of PATH in '85, and how many breakdowns in the operation of the system in '86. You know, you're talking about safety, but we get no figures. You know, he talks about improvements, and so on and so on, but figures are important.

SENATOR COWAN: I assume your question is, you would like to know the number of breakdowns--

MR. DUFFY: The number of breakdowns in '86, compared to the number of breakdowns in '85.

SENATOR COWAN: --where you actually had stoppages of service. Are you talking about stoppages of service?

MR. DUFFY: Yes.

SENATOR COWAN: Do you have that information, Mr. Kelly?

MR. KELLY: I will get it in a minute, Senator.

SENATOR COWAN: Okay.

MR. KELLY: I just want to make sure that I understand Mr. Duffy's question. I referred only to incidents of fire on the PATH system, and I indicated that there was a 50% reduction. I did not -- I don't believe I did, nor did I intend to -- reflect that service disruptions on PATH have improved from 1985 to 1986. In fact, it has gotten worse. I can speak to that -- not in fire safety -- but I can speak to the operations, if you wish, Senator.

MR. DUFFY: Well, any problem of a breakdown probably involves safety someplace along the line. If the train can't run -- you know, if it can't operate -- there is some safety factor of one kind or another. That is why I am addressing the question.

MR. KELLY: Okay. That is not totally accurate, because a train can break down in the yard and never make service, and it would have no safety implication at all. But, I will try to address what I understand to be your interest.

We track every day. For every rush hour, for every train on our system -- we have over 1100 movements on our system a day -- we track every train, and we track its on-time performance. To be on time, a train has to reach its destination within three minutes of its appointed arrival time. If it doesn't, it is considered a late train.

There is also another classification in operations that exists, and that is called an "annulled" train. Sometimes a train never reaches its destination because of the need to take that train out of service for operational safety or other considerations. So, we track that service. We track them by incidents, annulments, and delays. Hopefully, we have that. Charlie, do you have that breakdown? (speaking to associate in audience)

C H A R L E S R Y A N (speaking from audience): I have last year's, Dick.

MR. KELLY: I will give you a feel for the numbers -- the whole numbers -- as well as a breakdown of the types. Charlie, there is a pie chart in here that shows the types of incidents. I think it is under service. Okay.

Joe, to try to give you some indication-- Let me just find it on this sheet. First of all, in 1986, for 24-hour service periods -- that's 1100 trains a day -- we operated 94.26% on time. That is over 24-hour periods. Now, what is really critical is what we do during the rush hour -- the peak

period -- which is where we carry the bulk of our passengers, as I mentioned before. For the entire year 1986, our peak hour on-time percentage was 82.9%, which is below the 24-hour service periods.

Now, what does this represent? This represents that we are experiencing the effects of the delay in the rehabilitation contract for the cars. We will see that change dramatically as more new cars are delivered to the system and more rehabilitated cars are returned to the system.

Charlie Ryan, who is General Superintendent Railroad Operations, works 24 hours a day, and he knows full well what the impact of this is on passengers. We have been trying to address that in many ways. We have been trying to address it through expediting the Capital Program and its completion, so that we can work a little bit easier, obviously; so that the passengers will have a safer level of service; so that the passengers will not find it necessary to defer one or two trains before they are able to board our equipment.

We know the problems that are occurring on our system. Those problems will be improved through the delivery of new cars, as well as the rehabilitation of the existing cars. We will be in a position again, Joe, to provide the level of service that we were proud of, and that you became accustomed to. And, that is coming very quickly. I am going to speak about that -- about the 1990s.

But, of all of the incidents which occur on our system, 49% of those incidents relate to car equipment problems. Now, what does that mean? Does that mean that the people who repair and maintain our equipment don't know what they are doing? No, it doesn't mean that at all. It means that the cars are 24 years of age; they are undergoing rehabilitation; the vast majority of them have not yet been rehabilitated, but will shortly be rehabilitated. In the meantime, failure is going to increase substantially for our

rolling stock. Later, that percentage of incidents for car problems is going to decrease, and our on-time performance is going to skyrocket.

MR. DUFFY: I want some figures, Mr. Chairman. How many figures in 1986 were breakdowns in service, and how many in '85? That is a simple question.

MR. KELLY: Fine. There were 2646 incidents that occurred in 1986.

MR. DUFFY: How many?

MR. KELLY: There were 2646 incidents. That was for 365 days.

MR. DUFFY: How many in '85?

MR. KELLY: I don't have that figure, sir.

MR. DUFFY: Well, that is significant.

MR. KELLY: I can get that figure for you, and I will send it to you.

MR. DUFFY: The witness should acknowledge that there were more in '86 than in '85.

MR. KELLY: There were.

MR. DUFFY: Well, you know, that puzzles me. If all this capital improvement and everything else is spent on improving service, yet the service is not really improving-- If the incidents are greater after spending a lot of capital investment, and so on, and yet the breakdowns are still increasing, that puzzles me.

SENATOR COWAN: That is all in the progress, Joe, of putting things into their proper perspectives, too. The capital improvements are now an ongoing thing, which they were not before. I think, as Mr. Kelly has mentioned, the expectancy of a car is 12 years, and they are not up to that as yet. He admitted that they won't be until such time as they get their full maintenance facility functioning in Harrison, which is a number of years down the line yet. So, it is a matter of trying to keep up with the trend. The passengers

have increased. Now they are carrying 203,000 per day, compared to-- What did you have in '85?

MR. KELLY: Well, we are going up about--

SENATOR COWAN: Nine percent a year is what you are going up -- 9% or 10% a year.

MR. KELLY: --4% to 6% a year.

SENATOR COWAN: These are matters that have to be taken into account.

SENATOR RAND: Mr. Chairman?

SENATOR COWAN: Yes, Senator?

MR. DUFFY: Well, all I can say, Mr. Chairman, is, I don't think they are justifying the capital investment. That's all I'm saying. If you are going to spend "X" amount of dollars -- whatever it may be -- in one year over another year, hoping to eliminate the problems you are having, the investment isn't paying off. It's bad management, to put it very briefly.

SENATOR GAGLIANO: His testimony was that it would pay off. There would be a dramatic increase in on-time performance once all of the work was done. I think I can accept that.

SENATOR COWAN: Yeah. Mr. Kelly, what I would suggest is that you have those incidents-- Please bring the recorded copy in. I am sure the Committee would like a copy, and would you please send a copy to Mr. Duffy, too?

MR. KELLY: To Mr. Duffy, sure.

SENATOR COWAN: All right, thank you. Do we have any further questions on the safety improvements? Yes, ma'am? Would you come up front, please, and identify yourself, so we can get you on record?

B E T T Y K E A R N S: My name is Betty Kearns. I work with the Environmental Commission for Jersey City.

When you talked about the transformers that contain PCBs, you didn't say how they were disposed of. I was wondering, under safety, how they were disposed of, or where they are right now?

MR. KELLY: They were disposed of, obviously, in accordance with all of the statutes and regulations, because we comply with them to the letter of the law. I do not know where they are being sent, do you, Leo?

LEO HALLLEY: I know a lot of them are being sent out to the West Coast, and some of them to the Midwest.

MR. KELLY: Okay. I can get you the locations, but they are licensed and certified areas -- areas that are licensed to accept hazardous waste, PCBs specifically. We can get those locations for you, and to you. Okay? (no response)

SENATOR COWAN: Are there any further questions or statements on safety? Chief Mullins?

CHIEF JOHN T. MULLINS: Good morning, Senator Cowen, Senator Gagliano, Senator Rand and, among the missing, Chris Jackman. I am John T. Mullins, Chief of the Jersey City Fire Department. I would like to just update the Committee on the fire safety aspect of the PATH system. Most of it has been covered quite well by Mr. Kelly, but I will just reenforce what he had to say.

At the start of the commission hearing several years ago, a decision was made to form a liaison -- a Safety Liaison Committee -- with PATH. We were able to get together, and there are representatives of all of the fire departments that are serviced by PATH. We meet quarterly to discuss the problems we have. Most of the problems would seem to be in the underground section, or they have been in the underground section of the PATH, so that is the area that is protected by the Jersey City Fire Department and the New York City Fire Department. Much as been done through this Capital Improvement Program to alleviate these conditions.

We are dealing with an old system. The system is over 50 years old, and until just recently, no one ever gave that much thought to getting rid of some of the products of the combustion that we would have in these underground fires. The

only way the smoke was dissipated was by passing a train through, using the piston system. They had some antiquated fans, but this will all be addressed with the new ventilating system. My Fire Station is within view of the Pavonia Avenue vent. I can see that it is up and waiting to go on-line.

But, that is what we had to deal with. PATH took this thing over. To understand their problem, that is what they had to deal with, plus a system that had no means of fighting an underground fire, unless you brought the water with you. There were no standpipes. They were the principal drawbacks of the water system and the vent system. These are being addressed under this program. As Mr. Kelly has stated, the standpipes under the river, which was the most critical area, have been completed. They are in place. The Jersey City Fire Department assisted in testing these systems. We went all the way to the New York side. We hooked up to them, and we found they worked just as engineering had planned -- both tubes -- the one going from Fifteenth and the Exchange Place tunnel. We have tested those systems, and they work just as expected.

On the vent system, we have seen the pictures. The new vent at Pavonia Avenue is in place. It is waiting to be tested. The system at the foot of Railroad Avenue and Christopher Columbus Drive-- That is being worked on, and we expect to have that soon. That will greatly improve the operations if, unfortunately, we do have to get down there and fight some type of a fire. It is all for the safety of the riders.

We also worked on-- We had suggested that they install a standpipe system on the Hackensack River Bridge. Mr. Duffy might not like to hear this, but some money was expended to install a standpipe system. We had several problems there. We had some serious fires on the Hackensack River Bridge, so they installed the standpipe to facilitate the workings of the Fire Department. When we have a problem there, we work from

Kearny and we work from Jersey City. This was suggested and, through the coopertion of the Safety Committee of PATH, we were able to have this installed. It will facilitate any type of problem we may have out there.

Each station -- Mr. Kelly did mention this, and this was a result of our meetings -- of PATH has an emergency room that has been set aside. Within this room, they have stored breathing equipment, emergency equipment, first aid equipment, lights. This equipment is there so that their people can immediately start an operation if, unfortunately, we have some type of an incident, pending the arrival of the Fire Department. If we need to take a backup supply, we know that each station is equipped with these emergency devices that will be of use, and they are available to us.

The emergency response vehicle is a great asset to all who would become involved. We bring our own equipment, but we rely heavily on them for their radio equipment. They constantly carry a spare supply of portable radios. These are always on charge. They referred to the communications system underground. This is a problem. The PATH radios will work underground. The antenna is an antenna which is geared to their equipment. You can't put a univesal antenna on that, I don't believe. We are operating on different frequencies, and there are technical problems. So, when we arrive at a scene where we have to go underground, we make use of the radios that are supplied by the PATH system. The police have the radios; PATH personnel have them; and the emergency response vehicle has them.

In addition, they do have all types of equipment you would need in any type of an emergency on the street in any one of the cities in the metropolitan area. We have called upon them at certain times. They have a policeman who is assigned, and he will respond. In fact, this week we have him at our training school with his staff of people. We cross train. We

are training some of the people who are assigned to the emergency response vehicle in some of our procedures. So, it is really a great cooperative effort. The beneficiary is the riding public.

The training manual-- They go in for a lot of print -- the people at PATH. We told them we want about a three-page manual, but they impressed upon us the fact that this is used to train all of their people. This is not just for fire people. We want to get in and out in a hurry, but we can understand this. A lot of work went into this. A consulting firm was brought in. They met with all of our fire personnel in the various fire departments. I put them in touch with the people who go down below the ground to do the fire fighting. We wanted their thoughts incorporated in this book, so one whole section is devoted to what to do when there is a fire -- whether it be above ground, below ground, whether it be one of your facilities, or an outside area. So, it covers it all quite well. It is used as a training manual for people who are coming on to operate within the system, so a lot of it is devoted to that. Section 900 is what I am principally interested in. But, it is a very comprehensive document, and a lot of thought has been given to how you will react when you hear that there is a fire, or you become aware of a fire within the system, which is what we were interested in.

Until this book was printed and distributed, I guess you could operate on your own to a large degree, but this spells out every step of the way, and all of the procedures that would be followed.

There is a plan, and I spoke to Mr. Ryan. It is still on the boards. We had seen a prototype of a command post that PATH would like to install in each station. One of the biggest problems going below ground into an atmosphere that may be dark and where you may have people coming in, is, you have to be able to communicate. You have to be able to reach the correct

people -- who is going to do the job, who is going to help you, who is going to advise you. You have to call them up and tell them what to bring down. So, the PATH engineers are working on a command post. It will be a stainless steel cabinet about-- The prototype I saw was about five foot by about four foot. These will be at all stations. All we would have to do at an incident, whether it be an accident or a fire, is open the command post door, and there would be radios and telephones to communicate with the proper people, with all of the directories listed, and I believe that possibly there would be a PA system incorporated. So, it will be a complete command post right at the scene of an incident, which should be a great asset to us when they come on-line. I believe they are working on that, right, Charlie?

MR. RYAN: That is correct. We have the box design, and we are going to start to install them in our stations.

CHIEF MULLINS: Yeah. So, that is in the works.

As far as incidents, I have some statistics. Maybe we can keep Mr. Duffy happy. Joe, I have some statistics here. These statistics would indicate that a lot of progress has been made, because if we start in 1982, our records indicate there were 79 responses to PATH property. This does not necessarily mean fires in the tunnel. If we have a grass fire in the Waldo Avenue Yard, that counts as a response to PATH.

So, if we were to take possibly a quarter of these-- In 1982, we may have had to go into the tunnel, say, about 20 times. In 1983, the total was 50. As I say, it could be grass fires. In 1984, it was 53; in 1985, it was 36. I am very happy to report that in 1986-- On January 27, we had a serious incident at Fifteenth Street, where there was a problem, a break shoe contact with a rail, and it created a smoke problem. People had to be evacuated. They were taken to St. Mary's Hospital -- several of them. But that was the only incident. So, from a large number, we came down to this, where

we had that on January 27, where the Fire Department became involved, and there was a minor thing on July 13, in which there was a smoke condition which proved to be nothing. We get these. It could be a temporary short, or it could be dust. Quite often, they find that dust conditions -- dirt or dust -- are generated. We go, if we are summoned, and we look. But I would say to come from a large number--

Do you recall, Senator, when you first started your hearings, there had been a serious incident in New York City? There were reports of many unreported fires and whatnot in the PATH system. We did some investigation, and we did get together. I would say the results are that the system has become fire-hardened to a large degree. Mr. Kelly uses the term fire-hardened.

So, in conclusion, it would seem that we are continuing to operate; we are continuing to meet with our Liaison Committee. There are some areas we are still looking to. There are access roads which the people to the west are looking to have improved in Kearny and Harrison. Generally, things are much better than when we first started. I would just like to give credit to the Committee. I would feel that the Committee acted as a catalyst to bring PATH and the fire services together, to get a handle on these fire problems. It would seem that as a result of what you generated, things have greatly improved. The riders of the system are better protected. They are doing a lot better today than they were several years ago.

SENATOR COWAN: I appreciate that, John, but all of the credit goes to the number of fire departments involved, the cooperation that has really come about with the fire departments, the safety people, and PATH. To me, it is amazing to think that a system like this could function for maybe 65 years, and it seemed like a long time after that first hearing to get standpipes where you could actually run water in, where

it would not take you a half hour to get water into a tunnel -- or maybe more than that. That two-year period of time seemed like a very long time, but I can understand, too, the necessity for that, because of the matter of doing it all at night, when it couldn't be done during the day. You certainly couldn't shut down a system that is serving over 200,000 people a day now. Everyone here is to be commended for the tremendous turnaround, particularly in safety, that has occurred.

CHIEF MULLINS: There is one minor problem. It does not have to do with the underground, but just to show you the cooperation between the agencies. With the building of this office complex at Exchange Place, we met with the Safety Committee and the engineers who were building this new office complex, which is going to be right over the PATH station at Exchange Place. We reviewed the plans and we told them about the few problems we believed would be generated. We had to have hydrants moved. We had to have access to the standpipe at Exchange Place, but we were able to meet and accomplish all this.

Recently, we have all had complaints. I believe PATH has had a complaint, traffic engineering, and the Fire Department about the accessibility. The exitway from the station has proved to be a little restricted. It is only four foot. We were successful with meeting with the building engineer just recently, and they are going to extend that to 10 foot to give people easier access in and out of the station. It ~~was~~ because we were able to make a few phone calls, and each understand the problems, and accomplish something. As I say, we ~~are~~ always thinking of the people who are paying the salaries for their comfort.

So, if you have a complaint-- Joe, did you hear about that?

MR. DUFFY: I am the one who raised the question.

CHIEF MULLINS: All right, he raised the question.

SENATOR COWAN: Senator Gagliano, do you have any questions at all?

SENATOR GAGLIANO: No questions. Thank you, Chief.

SENATOR COWAN: All right, thank you very much.

CHIEF MULLINS: Good, okay. Thank you, Senator.

SENATOR COWAN: Chief, we appreciate it. Is there anyone else in the audience who has any questions or a statement on this element of safety? Yes? Would you please stand and identify yourself, and come up front?

E D S K A R O N S K I (phonetic spelling): Senator Cowan, members of the Subcommittee, ladies and gentlemen: My name is Ed Skaronski. I am Chairman of the UTU, which represents the conductors on PATH. I came here today without a prepared statement, but I would like to give you a little insight on my part of it.

I was sitting in the audience listening to all of the facts about safety and what PATH has done. While it is not completely finished, I know, we have made great strides. I would be remiss sitting here and listening to this, if I did not come up and say so. We have, in a spirit of cooperation between the unions on PATH and PATH itself, been working to supply the operating crews with radios, which gives PATH that extra dimension. We are being trained on Scott-pak equipment, which gives the conductor an extra dimension when he goes in to bring fire fighting personnel to the scene of a fire. I think back over the 15 years I was a conductor and about how H&M was and how PATH was at its inception, and what strides we have made today. I just wanted to give you the benefit of the insight I have seen in the last 15 years of improvement.

Like I said, we still have a ways to go, but PATH has done a great job in coming about and instituting these programs. Thank you.

SENATOR COWAN: Thank you very much, Ed. I appreciate that. Certainly, coming from the personnel living in the system, that is always a good criteria.

Are there any other questions or statements on this safety aspect? (no response) There is one thing, Dick. If you recall, at our hearing following that fire -- our first hearing-- I believe you were part of that one, too, if I recollect-- No, Frank Gorman was here at that time. But, the matter then was evacuation. It was not necessarily evacuation -- getting people up to the street -- but the matter of them getting out of cars. It seemed that they had a problem with the stairwells collapsing, or they didn't have them at that time. Supposedly, there was going to be some type of sturdy stair rails attached to the cars. Has that been done now?

MR. KELLY: Senator, you have a good memory. I had forgotten all about that. We had--

SENATOR COWAN: We have a good staff, too, Dick.

MR. KELLY: I'm sorry?

SENATOR COWAN: We have good staff, too.

MR. KELLY: Yes, you do. There were wooden folded ladders under the seats in the cars back then. They were very difficult to use to get down. You had to get down from a car by going down backward, as you would a step ladder in your home. We spent a great deal of time on that, studying it, and we have come up with a device that is in every one of our cars. It is being installed on the new cars and the rehabbed cars. It permits you to walk down as you would a flight of stairs in your home, from the draw head -- not the draw head, but the doorway of the car to the track level. We developed it after study because we needed something that would not be a problem with the electricity in the area, and we needed something light, and we needed something that would be sturdy. So, it took quite a bit of development to come up with it. We have them, and they are being installed. The ease with which you can use them, and insert them, and exit with them is vastly better than the predecessor ladder.

SENATOR COWAN: They are not completed yet, but they are being installed?

MR. KELLY: They are installed.

SENATOR COWAN: They are installed?

MR. KELLY: Yes, they are installed on the rehabbed cars and on the new cars.

SENATOR COWAN: The other thing was, in safety, and this gets more into the human than the material element-- I believe it was at the last hearing when you had something with the K-9s. You were starting that. I recall seeing something in the paper, but I haven't seen anything now in a while. Is that K-9 Corps that you started still going? Has it increased? Is it effective?

MR. KELLY: We have five now -- five what we call K-9 teams -- on the system. We have not had a single problem with them. In fact, they have been tremendously beneficial -- very, very effective on the system.

SENATOR COWAN: So, you are up to five teams now?

MR. KELLY: We are up to five now.

SENATOR COWAN: The other problem which existed, I think, at the time, was out at Newark. You had something going on with the turnstiles -- with jumpers over the turnstiles. That was just about the time NJT was taking over at Newark.

MR. KELLY: Right. We have made improvements out at what we call "Platform B" at Newark, upstairs, for the eastbound platform. We put some rotor gates in there. Charlie, do you want to talk about this? I think we--

MR. RYAN: We put the rotor gates in, but we have not activated them yet. In other words, they are not operational. That would be a high turnstile that people would use in the off hours, so they could not jump the low turnstile. However, they are not operational at this point.

We did have a concentration of police in Newark, and we made a large number of arrests out there. That turned back the fare evaders. Then, we got summons capability in Newark, where we were able to issue a summons, instead of making an

arrest. Periodically, we have a drive on fare evasion. We did so in New York at our Uptown Station. We arrested 204 people in a two-day period. That got a lot of press coverage. It also picked up people who were wanted on outstanding warrants by other agencies -- people who were in possession of drugs and weapons. It turned up a guy who had been missing for 18 years from a prison, who, I guess, is now going back. He changed his identify and lived another life. For the sake of not paying the 75-cent fare, he lost his freedom. So, periodically we will address that problem.

SENATOR COWAN: Okay, thank you. Are there any other statements or questions on this element of safety? (no response)

We will break for 15 minutes now. Our stenographer here has to do some replacements, so we will take a break for 15 minutes. We will start promptly at a quarter of.

(RECESS)

AFTER RECESS:

SENATOR COWAN: At this point in time, we will go into the third segment, or element. We will have a presentation by Mr. Kelly of PATH concerning fare levels, and alternate fare structures, such as zone fares and fare discounts. Mr. Kelly?

MR. KELLY: Thank you, Senator. I hope you won't mind, but I would like to take the opportunity to introduce the staff here from PATH. I was remiss in not doing this previously. On my left, your right, is Leo Halley, Assistant Director of Rail Transportation for Capital Programs. Leo has the entire Capital Program under him.

Charlie Ryan is the Assistant Director, General Superintendent Railroad Operations for PATH. He has the day-to-day operations of the railroad. John Drobny is

Assistant Director for Business Development and Administration, and is working with me at the World Trade Center. The gentleman who had to leave for another meeting was Dan Censullo, who is now my Deputy Director. Dan has about 25 years of Port Authority service. He is taking everything he learned-- He came from the World Trade Center, where he was Manager of Operations and Maintenance for the World Trade Center Complex, so he is converting the vertical to the horizontal. We are just about converting him presently.

MR. DUFFY: Say that again.

MR. KELLY: This segment is fare structures, specifically zone fares. Historically, there has been some discussion surrounding the issue of alternative PATH fare structures. In particular, there has been a great deal of interest expressed by this Subcommittee in the possibility of a zone fare system on PATH.

Zone fare structures are those in which a base fare is charged to points or stations within a particular geographic area or "zone," and a premium fare for travel into adjacent and more distant zones. Obviously, fare payment control and validation are more complicated in these types of systems than with the flat fare system which presently exists on PATH, as well as in systems like the New York City Transit Authority.

Many commuter rail and commuter bus operators which employ a zone fare concept accomplish fare control and fare validation through the direct intervention of a conductor or vehicle operator. Each passenger's payment must be visually confirmed through the use of a prepaid flash pass, ticket, or cash deposit. However, as you might imagine, this sort of an approach would be highly impractical for PATH, due to the high volume of our traffic and our experience with car loading on the PATH system during peak periods.

Another approach to a zone fare structure is through the sale and use of magnetically encoded fare cards. These

cards, in addition to having to be read by a special device in the turnstile on entrance, must also be read and recoded on exit in order to deduct the correct value for that given trip.

In analyzing the feasibility and advisability of using such systems on PATH, a number of very significant problems and impediments to implementation of zone fares have been identified.

The first of these is that exit control under a zone fare system would cause a severe restriction to passenger throughput. The need to collect a fare or to validate tickets on exit would reduce our current throughput at our turnstile line by more than one-half. At high-traffic stations, exit queues formed by passengers from arriving trains would back up on to platforms, stairs, and escalators. During peak period operations, these queues could interfere with the efficient unloading of subsequent arriving trains and cause an unnecessary safety risk. This situation would be further compounded by the increasing number of reverse flow commuters who already find it very difficult at times to fight the incoming tide.

The second impediment is that, in our opinion, there is limited space for additional equipment and patron queuing. One approach to mitigating the problem of reduced throughput and patron queuing would be to substantially redesign stations and install additional fare control equipment. This would involve work far beyond any scope of our current plans for fare control line modifications at various stations. Most of our stations, particularly the older ones, are constrained in terms of architectural design. The space needed simply does not now exist in all cases, and obviously to provide it would be extremely costly.

The third consideration with regard to zone fares is that the cost of implementation and operation of a zone fare system is extremely high. The capital investment necessary to

implement a zone fare ticketing system is approximately three times the cost of a magnetic ticketing system based on a flat fare structure, where only entrance control would be required. In addition, the added equipment required -- extra turnstiles, add fare machines, etc. -- and the complexity of such systems tend to increase recurring maintenance costs accordingly.

Lastly, with regard to the impediments we have identified on a zone fare structure, is that the zone fare structure only benefits, again in our opinion, a limited number of riders. Fully 71% of PATH riders travel during the a.m. and p.m. peak periods, when the need to optimize system operations is indeed most critical. The zone fare concept has been proposed primarily as a way to benefit intra-Hudson County travelers. These passengers accounted for approximately 5% of all peak period riders in a recent passenger survey.

Since a zone fare collection system based on a magnetic ticket and entrance and exit controls appears impractical for use on PATH at this time, there have been other proposals for modifications to our existing method of fare collection. These proposals attempt to accomplish the intent of a zone fare concept, but, unfortunately, fall far short of that mark. Examples of some of the proposals we have received include: that Newark and Harrison passengers be charged a premium fare, and that all other station passengers receive a discounted fare; that Jersey City and Hoboken passenger fares be discounted, and that all other passengers pay premium fares; and the third proposal we heard was that possibly New Jersey passengers paying fares receive discounted fares, and New York passengers pay a premium fare.

We do not believe that these modified approaches to a zone fare concept are in the best interests of the great majority of our riders. Although on the surface these approaches appear distance based, the concept of fare in proportion to either distance or operating cost on a particular

line or segment of track cannot be applied equitably throughout the system. Given that the bases for these proposals are in response to local interests, it should be pointed out that these strategies cannot distinguish between the targeted population of a particular area and the commuters from outlying areas who drive to a particular area or community for the use of the PATH system.

I have already cited the projections for increasing passenger traffic and our need to optimize system operations. This includes the speedy and unrestricted flow of arriving passengers out of our stations. Implementation of exit controls needed to accommodate a zone fare structure runs directly counter to this important strategy.

Earlier, I also focused on the PATH deficit. This deficit is attributable not only to the increased cost of maintaining an aging infrastructure, but also the cost of improving the level of service and safety on the system. The investments we have made, and those that we intend to make, have been necessary and prudent. In our stewardship of PATH, we must weigh carefully the cost/benefit of present and future capital investments, as well as the recurring operations and maintenance costs associated with them. Zone fares would be costly to implement and would benefit a relatively small percentage of PATH riders. As a result, use of a zone fare system on PATH is not considered practical or cost-effective at this point in time.

However, as we move forward with our capital program, we will continue to carefully review methods and designs to improve patron flow and enhance the level of service on our system. This includes, obviously, the evaluation of joint ticketing and other improved methods of fare collection consistent with our need to optimize limited system capacity and contain capital and operating costs.

Senator, I would be willing to try to answer any questions you might have.

SENATOR COWAN: Thank you very much, Mr. Kelly. Are there any questions? Yes, Mr. Duffy?

MR. DUFFY (from audience): May I get up to the microphone? I have a number of items to read into the record.

SENATOR COWAN: Everything will go into the record, whether you speak at that mike or not, Joe. We have a transcriber here.

MR. DUFFY: My name is Joseph Duffy. I am a lifelong resident of our great city of Jersey City. I live at 108 Grand Street. I am speaking to this Subcommittee and this audience as President of the Historic Paulus Hook Association.

I am concerned about Mr. Kelly's statement that there was a \$90 million deficit -- for what year, 1986?

MR. KELLY: It was \$95 million for '86.

MR. DUFFY: For '85?

MR. KELLY: Ninety-five million dollars for 1986.

MR. DUFFY: Well, according to the annual report, which I have here with me-- The figures shown on the annual report, and certified by the CPAs -- I think it is Tush and Niven (names spelled phonetically), is it?

MR. KELLY: Touche Ross.

MR. DUFFY: Touche Ross' figure was \$62 million.

MR. KELLY: I'm sorry, Joe; I don't know.

MR. DUFFY: You said \$95 million, but the annual report, by certified public accountants, says that the loss for PATH was \$62 million. The reason I want to bring that into the discussion before this Subcommittee of the Senate is because I have had a long problem with PATH and the World Trade Center. For the benefit of the audience, I am going to read a provision of the Laws of 1962, Chapter 8, page 43. The significant paragraph is a definition of surplus: "'Surplus revenues of the port development project' shall mean the surplus revenues of the Hudson tubes, the Hudson tubes extensions, and the World Trade Center." What I am telling this Subcommittee and the

audience is, in my humble opinion, this provision of the 1962 law said, in effect, those two funds go together. If the World Trade Center has a surplus and PATH has a deficit, and the surplus is greater than the deficit, in my humble opinion, the Legislature said, "You cannot increase the fares." That is my interpretation, and I stand to be corrected by experts.

PATH has always separated their operations, but they are not considering the World Trade Center. To go back to the 1962 law. You notice I said "Hudson tubes extensions." In 1962, the Hudson and Manhattan tubes were proposing to extend their operations to Newark Airport and to Plainfield. That is why the term in there is "Hudson tubes extensions." Notice, it is plural. It is not one extension; it was several. Here we are in 1987, and PATH has never considered those extensions. Again, the law is a law. I am merely reading what was in the legislation of 1962.

I am wondering why this Subcommittee didn't insist upon financial statements from 1986. Surely the books have been closed; all receipts and disbursements have been entered. They can issue an unaudited financial statement. I am concerned whether or not the operations of the World Trade Center -- which in 1985 was \$89 million; the PATH loss was \$62 million-- However, that \$89 million of the World Trade Center included a deduction -- a deduction of \$46.8 million paid to New York City. So, in effect, the real surplus of the World Trade Center was \$89 million, plus \$46 million, so we are talking about a \$135 million surplus in '85.

I am wondering, members of this Subcommittee, whether that surplus in 1986 is probably \$150 million. Do you follow me? So, there is a great difference between the surplus of the World Trade Center and the PATH deficit. This Subcommittee should completely research the provisions of the 1962 law, whereby PATH was created.

Now, you notice they were in bankruptcy; the Hudson-Manhattan tubes were in bankruptcy. At the same point

in time, the Legislature was worrying about having a commuter railroad closing down, in effect, because the bondholders weren't getting paid any interest. So, at the same point in time, the Port Authority said, "Hey, we want to generate more revenue. We want to build a World Trade Center." The Legislatures of both states -- New York and New Jersey -- said, "Okay, fine. You can build a World Trade Center. However" -- and that is an important "however" in the legislation -- "you must take over the operation of the Hudson and Manhattan Railroad and run it."

They did, and they renamed it PATH. So, I'm saying to this Subcommittee, there is no justification, in my humble opinion, for any increase, at any point in time, whenever the surplus of the World Trade Center is greater than the deficit of PATH.

Now, I would like to ask Mr. Kelly a very important question. Is it true, Mr. Kelly, that most of the turnstiles in the World Trade Center have already been converted to a one dollar operation?

MR. KELLY: Do you want me to answer that now? (affirmative response) No, it is not true.

MR. DUFFY: Well, why is it that some of the turnstiles have three zeros?

MR. KELLY: What you are referring to is probably the article that appeared in The Star-Ledger about two weeks ago. Is that correct?

MR. DUFFY: No.

MR. KELLY: Okay. Well, it did, but maybe through your own personal observation you observed that. For the benefit of the Subcommittee, there was an article in The Star-Ledger a couple of weeks ago -- a week and a half, two weeks ago -- with a photograph that depicted the turnstiles at the Newark Station, and indicated we were preparing for a fare increase. The basis for that was the fact that we were now

projecting three digits in the display window on the turnstile, instead of two digits, which had been displayed previously in a LED display window.

Back in 19 -- well, two years ago -- we began a program of replacing logic boards in our turnstiles. A logic board is a printed circuit board that controls the functions of the -- the electronic functions of the turnstile. They make the operation of that turnstile far more effective and reliable. We were, at that point in time, experiencing a significant amount of failures with those printed circuit boards. The circuit boards that were in the turnstiles were manufactured by an outfit -- a firm -- called Tillman Langley (phonetic spelling) in 1971. They had not been replaced since 1971. We read the papers as does everyone. When we read the papers, we expedited the installation of the logic board replacement.

So, what you are referring to is, in point of fact, absolutely accurate, that with the new logic boards, a three-digit fare could be collected.

MR. DUFFY: That means a dollar or more.

MR. KELLY: That means up to \$9.99, yes, sir.

MR. DUFFY: Exactly. Therefore, members of this Subcommittee, I hope you will get this message across to the Governor of the State of New Jersey: Here we are discussing, you know, fares, and the possibility of having zone fares, and everything else, where actually PATH and the Port Authority have already anticipated an increase beyond 75 cents, whatever it may be. It may be a dollar or more than a dollar.

I won't burden this Subcommittee or the audience with any more facts I wanted to disclose, except I will read into the record a letter published in The Jersey Journal, because it is important. It brings out the point of the surplus and the deficit of PATH, which is my contention. I am not a legal expert, but I read. I read carefully; I understand the meaning

of words. The Legislature, in its wisdom, in 1962, said, "Hey, wait a while. They are going to make a bundle of money on the World Trade Center -- a bundle of money. So, why shouldn't they take over the operation of a bankrupt railroad? They will spend a lot of money rehabilitating it. It is a run-down railroad which needs a lot of improvement, a lot of capital expenditures." The Legislature knew that, in its wisdom. They said, "Fine, let them take over the Hudson and Manhattan Railroad, but at the same time, let's not lose the fact that this World Trade Center is going to generate a bundle of money." They can't have it both ways. It is either one or the other. If they want to operate the World Trade Center, then they must consider the funds of both and put them in one pocket.

It is unfair to the commuters of New Jersey using PATH, to say, "Fine, let the World Trade Center make all the money it wants. We will keep increasing fares year after year, or whenever the deficits get very large."

I will conclude by reading into the record my letter that was printed by The Jersey Journal on December 3, 1986. All of you have a copy. It is page 8 of the packet of material I submitted to you, if you wish to refer to it:

"In a recent speech in Jersey City, at a college business symposium, the Chairman of the New York and New Jersey Port Authority, Philip D. Kaltenbacher, talked about an increase in fares and tolls.

"He put into one basket all of the eggs of the taxless P.A. He seemed to forget that the State of New Jersey in 1962 deliberately separated PATH and the World Trade Center from all other operations." By the way, if you look at the annual report, you will notice that there are separate columns. There is a separate column for the World Trade Center, and a separate column for PATH.

"This separation was necessary to take over and rehabilitate the bankrupt Hudson and Manhattan tubes. To make this possible, the State permitted the P.A. to build the World Trade Center. It was assumed that the WTC would produce enough revenue to subsidize the insolvent railroad. The integrity of the law must be enforced by the P.A.

The eggs of PATH and the WTC are in one basket. PATH fares cannot be increased if the Twin Towers surplus is greater than the loss of PATH.

"For 1985, the World Trade Center showed a profit of \$89 million, not counting the \$46,822,000 in lieu of tax payment to New York, and PATH had a loss of \$62 million.

"The conclusion is obvious. It is fair to say this trend will continue. It is improper, and perhaps illegal" -- I think it is illegal -- "to increase PATH fares in 1987 or 1988.

"In 1985, the Port Authority paid New York City \$46,822,000 in lieu of taxes regarding the World Trade Center." And here is an important point for this Subcommittee: Can the Governor of New Jersey now claim a portion of that \$46 million? Since this is an operation between two states, why did New York City benefit by \$46 million? How about us? How about Jersey City? How about the State of New Jersey? It is a dual operation between two states. Nobody has raised this question, but I am raising it now. Why can the city get \$46 million, and forget the fact that this is a dual operation? I will continue:

"Furthermore, does the Hudson County delegation in Trenton know that the World Trade Center was built on land owned by the Hudson and Manhattan Railroad Co.?" Do you all know that? We had, at one time, twin buildings. They were called 30 and 50 Church Street. I remember it distinctly. I went there many, many times. That is where the idea of the Twin Towers of the World Trade Center came into being; 30 and 50 Church Street were similar buildings -- they were exactly

the same -- and the architect said, "Well, if I am going to build a new structure, I will imitate what was here before."

I will conclude with the last paragraph of that letter: "We urge all PATH riders to write to Governor Kean, State House, Trenton, 08625, to oppose any increase in the PATH fare. Joseph R. Duffy, President, Historic Paulus Hook Association."

Thank you for listening.

SENATOR COWAN: Thank you very much, Mr. Duffy. Is there anyone else? (affirmative response)

M O R R I S P E S I N: Senators, I thought Mr. Kelly was depositing those PCBs in our friend Joe Duffy's back yard.

MR. DUFFY: We have plenty of them on Grand Street.

MR. PESIN: My interest in PATH goes back before PATH, from 1956 to 1960, when I spearheaded the effort of the Port Authority, which put up \$400,000 and created the bistate MRTA -- Metropolitan Rapid Transit Commission -- Senator O'Mara, at the time, and Tuttle, I think, in New York -- to push away the bankrupt H&M from themselves. They said, "Let's create a bistate commission. It is going to be headaches for us." Fortunately, we licked it. That was the Jones bill -- Senator Jones' bill S-50. At the time, I was the first -- as the records will show in the books and in the papers -- to advocate the takeover of the bankrupt Hudson and Manhattan Railroad, with the help of Herman Stichtman (phonetic spelling), my good friend in those days.

The important thing is, PATH has done a good job, generally speaking, over the years, more particularly when the fare was 30 cents. What I say now is no reflection on all those connected with PATH, who worked very hard, with Mr. Kelly, to keep that railroad going, which is the lifeline of Jersey City, let alone New Jersey to New York.

But where I will disagree with Mr. Kelly when he speaks of deficit-- My aim is at the Port Authority -- the

master company -- not PATH. Joe Duffy is the only one who understands what the 1962 law was and the dual operation of the World Trade Center buildings and the PATH operation itself. Now, presented since 1974, essays admit the World Trade deficit -- a 200-page volume by Professor Stein, who I knew very well, who exposes all of this, and yet it appears that the State of New Jersey and others have not gone deeply into this fact of a dual operation.

Naturally, if you are separated, a deficit is a lot lower. This is what their form of bookkeeping has done. If this Subcommittee is interested, at the right time, when the PATH fare increase comes about, I would be glad to open up my files and all the essays and all the material that I presented four years ago-- I sent a load of material to the bistate committee that Governor Cuomo and Governor Kean set up to justify the 1983 increase.

Now, this will take exactly six minutes time. I will first generalize. I don't want to go too deeply into this fact until the actual fare increase comes about. But, the rumors and the things that are coming about, regardless of what Mr. Kelly says about changing over those fare boxes-- It is prepared; it is in the air; and it is going to happen.

On July 21, 1983, I appeared before the Port Authority on the fare increases, and I said, quote: "After many years of coordinating the fight against the 1974, 1979, and 1983 proposed fare increases, I will be spending my remaining years on a park bench in Liberty State Park, dreaming of the good old days of the 30-cent fare, and saying 'I told you so,' when the fare becomes one dollar and more."

Now the time has come, and I couldn't fail to come here to support my good friend, Senator Cowan, and his long valiant effort on behalf of commuters. Let's see how the last unconscionable fare increase of 150% came about in 1983, and how the Governors of New York and New Jersey maneuvered this

increase. They created and stacked a bistate panel to review the financial and program issues relating to the operations of the Port Authority of New York and New Jersey. This is how the big brains of the Port Authority, in quotes, "conned the public and the New Jersey Legislature into a fare increase." Mr. Pete Goldmark, former Executive Director of the Port Authority started to soften the ground by advocating a multi-million dollar bank for regional development to be financed through bridge and tunnel increases and PATH fares.

He was crying poverty and PATH deficits, despite the fact that in 1982, the World Trade Center was generating \$85 million, without considering that New York State was being subsidized in World Trade Center rentals amounting to \$40 million annually, by paying \$10 a square foot, as against \$40, the going rate. Courts, as Joe Duffy said, have long determined that PATH and WTC were to be considered as one financial entity.

Then came the creation of the stacked bistate commission of bankers and lawyers, which issued its recommendations on December 17, 1982 for a PATH fare increase to 90 cents by 1985, and increases thereafter to a formula based on New Jersey Transit and New York City Transit fare box coverage of operating expenses.

Now, here is the gimmick. The commission recommended the creation of the Economic Development Bank as the receiver of revenue for infrastructure, capital received for transportation, water supply, sewerage treatment plants, and so forth. This sounded good, even to members of the Legislature ready to put it into action. Now we can ask the Port Authority, whatever happened to the Economic Development Bank, which lulled the Legislature into a complete silence when the fares were increased?

Now we have a new gimmick. The Governors are speaking of spending, I think it is \$4 billion to \$5 billion on a

program for the expansion of airport facilities. When it comes to the Port Authority expansion projects, it is always the commuters of New Jersey -- since they form the bulk of PATH users -- who are called upon to subsidize non-PATH projects, such as airports and other capital projects.

I believe the time has come for your Subcommittee to probe into the financial and legal machinations of the Port Authority. This can only be done by calling on our own State's attorneys, accountants, engineers, and experts of the New Jersey Transit Authority to determine where all of the increased PATH fares are going. We cannot rely, in any way, on the published reports of the Port Authority, or on the statements of its employees, who are experts in juggling the figures. I don't want to say this in a derogatory way, but this is their accounting setup, and they always make it appear as if the deficit is practically destroying the Port Authority.

In the meantime, this Subcommittee should secure verified statements from the Port Authority on the increase in revenue since the 75-cent fare went into effect and the actual expenditure on capital projects. We have seen a lot of beautiful things happening. How much money has been spent, in comparison to the difference between 30 cents and 75 cents which has been raked in since 1983 and 1984? Also, the actual expenditures on capital projects of PATH, and the net profits of the World Trade Center since 1982. Also, has New York State completely vacated its premises at the World Trade Center? If not, how many square feet still remain? In four or five years-- Every year, they were supposed to vacate a certain amount. I think you ought to inquire, to see if Governor Cuomo in New York is getting the same subsidization that he was getting all these years. They got the benefit of that last fare increase, not us. Remember, \$85 million was their profit in 1982 or '83, plus \$40 million they were not getting from the State of New York for that particular subsidy at \$10 a square foot. I don't know if that has been corrected.

So, I think it is the duty of this Subcommittee to look into these financial things, not to take their figures, but to get our own State employees and experts -- financial experts -- to make a determination whether New Jersey is going to get rooked again.

Also, why does the Metropolitan Transit Authority in New York have a half fare for senior citizens, including those from New Jersey? When I see my doctor in New York, I usually get that little stub that gives us a half fare. PATH has never considered this, even though Senator Cowan has long advocated it. The Port Authority should be asked why new fare boxes have been installed to accommodate a dollar fare, even before a decision has been made? This is analogous to nailing the coffin before the commuter has expired. That is going to be a lot simpler than the presentation made by Mr. Kelly. But, there should be one simple thing. Somebody, either in Jersey, or at the New York slot -- the World Trade Center-- It would be very easy to hand out proper proof of senior citizenship. That is the least we can do. I don't think it would be too complicated, because PATH and the Port Authority didn't find it very complicated to change the turnstiles to three digits instead of two.

Mr. Stephen Berger, a member of the New York Metropolitan Transit Authority, and a former member of the bistate panel, is now -- and I want to give you this report of the bistate panel to read before I leave; it is very interesting -- a director of the Port Authority. I am, therefore, doubly concerned as to whether New Jersey -- the big loser in 1983 -- will again be the loser in the proposed increase to one dollar, an outrageous 300% in four years, which I believe is a national record.

I do not want to go into the impact on Jersey City and Hudson County, as I have done over the years, but I assure you that in the revitalization of our waterfront, only Mayor Koch

will delight in a dollar fare on PATH, now that his fare has been guaranteed by the State of New York for four to five years.

One last remark: A low-salaried worker-- I am not overly concerned with the fans of the forthcoming baseball team -- which is very nice -- because most of those who will go to such a stadium will go by car. I am concerned about our low-salaried workers by the thousands, in Jersey City, in Hudson County, who will have to carry this burden which the Port Authority wants to put in the fare box, which is wrong.

A low-salaried worker living in Lafayette, using the 85-cent Bergen Avenue bus and commuting to New York five days a week for one year, will pay \$962 for the privilege of living in Jersey City, this on a meager salary. When I speak of one instance -- it will be thousands. Wouldn't it be wise for this young lady to secure four other commuters in the area, paying collectively \$4810, and ride through the Holland Tunnel at \$10 a week -- one dollar each way -- I just checked with them only yesterday on the monthly commuter passes -- or \$520 a year, to save \$4000? They would avoid PATH breakdowns; they would have a lot more convenience -- no crowds or anything; pay for one parking space in New York, and, to boot, have free lunches and martinis. I think I will go into the travel agency business and start to prepare a lot of these car pools, and let a lot of people know exactly what is happening.

This is a very serious thing for thousands of our people. Many of our people go through PATH over to clean all those office buildings in PATH -- and they don't get paid a hell of a lot either -- and they have to carry this tremendous burden. This could have Governor Kean clamoring for more ferries to New York to relieve the pressure on the Holland Tunnel. This is what our agencies which are concerned about this are saying, that the impact of fare increases always creates a problem at the Holland Tunnel.

Now is the time to put a halt to this new outrage. Trenton, I am sure, knows there is an election in 1988. The Legislature must seize the initiative because we know, of course, that only the Governor can veto this. This time, make this a major political issue.

If there are any questions, I would be happy to answer them. Thank you very much, Tom, and Senators.

SENATOR COWAN: Thank you, Morris. No questions? (negative response) Okay, thank you, Morris. Next we will have Frank Tilley. Frank?

F R A N K T I L L E Y: Mr. Chairman, Senator Rand: I am Frank Tilley. I am Vice Chairman of the North Jersey Transit Advisory Board which, as I am sure you know, is, by act of the Legislature, the statutory arm of New Jersey Transit. I have recently retired as the Transportation Director for the County of Bergen. We have lived, in Bergen County and at the Advisory Board, with these problems for a long time. We have been debating them, and we are here today to explain our position, which will be presented to you formally by Bill Wright, who is the Chairman of our Fare Subcommittee. He has a resolution which he will introduce.

But, I want to give you the background to our thinking and the way in which we developed our proposal and the resolution. First, we point out something that doesn't really have to be pointed out; that is, the most critical transportation problem facing this region is Trans-Hudson traffic congestion. Now, we have been talking today about -- and hearing about -- PATH, but we can't isolate PATH from the rest of the Port Authority of New Jersey and New York. Incidentally, I like to change the name so we have the states in alphabetical order -- the Port Authority of New Jersey and New York -- which Authority is responsible not only for the operation of PATH, but for each of the Trans-Hudson vehicular crossings. That being the case, the problem of PATH fares

cannot be isolated and put in a vacuum apart from what the Port Authority proposes to do concerning vehicular tolls.

The reason there is a major problem in this area is something we all know about if we live in this area; that is, the daily-- There are not only conditions of severe overcrowding on PATH, but there are severe backup lines waiting to cross the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, with delays of anywhere from 30 minutes up. Hardly a day passes without a tractor-trailer jackknifing at the entrance to one of those crossings. The problem, obviously, is largely generated because of vehicular traffic.

Now, how has the Port Authority gone about resolving this major -- this critical -- transportation problem? Well, number one, they propose, of all things, a major fare increase on PATH. How they arrived at the announced figure of a dollar has not been explained, as far as I have been able to find in the press. Apparently, it was a handy figure. It is four quarters in the turnstile. It is compatible with the New York subway fare, and since the people over there are apparently accepting a dollar, well, "We'll use a dollar here, and we'll generate a lot of revenue." So, that was one of the Port Authority's solutions.

Another one is, a modest increase -- and really it is a modest increase -- in vehicular tolls for single occupant cars, most of whom are probably occasional drivers -- to raise that toll from \$2 round trip to \$3 round trip. Then, for the daily commuter who travels by car in a car pool, to provide no toll increase.

Now, gentlemen, let me break that present toll down. Presently, you can buy a book of 60 tickets for a car pool for \$30. To qualify for a car pool ticket, you must have at least three riders in the car. Now, \$30 means that the one-way trip per car is 50 cents, and if you have three people in a car, simple arithmetic tells you that each one of those persons is

crossing the Hudson River, one way, for eight and a third cents.

MR. DUFFY: Ridiculous.

MR. TILLEY: But, PATH, the mass transit carrier, presently charging a fare of 75 cents one way, has proposed to go -- from what we read -- to one dollar. Incidentally, like Mr. Duffy and my friend, Morris, I, too, have seen work being done on changing the turnstiles, as recently as a week ago yesterday, at the Newark Station. So, this is the way the Port Authority would go about resolving the transportation crisis in this area; in other words, providing disincentives to the use of public transportation, and creating more inducement for people to get out of mass transit and get into their private cars and drive across the bridge, for what is really an anachronistic toll.

When the Holland Tunnel opened in 1927, the toll was 50 cents each way. Today, it is merely double that figure, but the cost of living index has gone up over 800% in those years. The Port Authority on PATH has gone up 250% just in the last three years.

Now, it is the position of our Board that the Port Authority must find ways to discourage additional impact on the Trans-Hudson vehicular crossings, particularly during peak hours. With that in mind, we have generated this proposal, Mr. Chairman: First, that there be no increase in PATH fares. In fact, agreeing with both Mr. Duffy and Morris Pesin, we feel there should be off-peak fares for the elderly and the disabled, and either a zone fare or a multiple ride ticket. Now, I heard what Mr. Kelly has had to say. He refers to the magnetic tape type of ticket used on PATCO, or on the Washington Metro. But, I submit to you that there are other ways of dealing with this problem of a zone fare, or a reduced fare.

One is to install exit turnstiles, perhaps at Newark. There is plenty of space at Newark on the discharge platform to

insert additional turnstiles -- plenty of space. Some years ago -- and I don't remember exactly when, but within, I would say, the last 10 years -- PATH experimented with a 10-trip ticket -- not reduced fare. I don't know what their success with it was, but I never heard that it was unsuccessful as a device, except that, of course, it did call for a new type of turnstile and new ways of using the tickets. It would seem to me that if we were to go to some type of 10-trip ticket at a reduced rate, that many of the existing exact fare turnstiles could be removed from operation, and in their place could be the type of turnstile that would accept the type of ticket I am describing. Therefore, the space restrictions would not really be a problem.

So much for our proposal on PATH. Our committee also recommends that tolls on the Hudson River crossings in the peak hours -- the rush hours -- should be increased from the present \$2 round trip, not to \$3 as proposed, but to something that will really help to reduce the traffic congestion. We are recommending a \$5 round trip, vehicular. Now I know this will bring down the wrath of the AAA and the Highway Users Federation, and it calls for an act of courage on the part of everyone who is going to be involved in implementing any such wild, radical proposal as that, but it is the only way, as we see it, that you are going to make a significant dent in vehicular traffic in the peak hours. I am just talking about the peak hours.

The Port Authority recently completed a study -- within the last three or four years -- in which they suggested that the only way that a substantial cut could be made in the level of vehicular traffic was to raise the round-trip toll to \$8. We are being very modest in suggesting \$5 during the peak hours, and \$3, as proposed by the Port, for the off-peak periods. We suggest the total elimination of all commuter discount books -- eliminate them.

Finally, we recommend that there be no increase in tolls for buses used in commuter passenger operations, other than charger operations.

Now, we are informed that the BART transit system in the San Francisco Bay area went, last year, for a fare increase somewhere in the range -- in fact, a little bit less than the proposal to increase PATH from 75 cents to a dollar. The result was a 8.4% loss in ridership.

Mr. Kelly has described the growth in ridership in recent years. It is questionable how high you can raise the fare before people start to say, "Halt, enough. We are going to get into our cars." If that should happen in this area, we could see a substantial switch from transit -- PATH -- to the private car, aggravating the present traffic situation, rather than see an increase in the toll. Ironically, when fares increase, ridership tends to go down. But, ironically, when tolls increase on vehicular crossings, traffic increases. When the toll increase was instituted in 1975, everybody hollered and yelled, but they paid the \$2, and traffic has increased. Watch what happens with the Triboro Bridge and Tunnel Authority toll increase just instituted this week. My hunch is you will see no decrease in traffic on the Triboro Bridge, and very likely an increase in traffic.

Now, the given reason in New York City for the increase in the Triboro Bridge and Tunnel Authority tolls was to generate revenues to offset the deficits in the transit system. But, of course, the Port Authority wants none of that. PATH must live in a vacuum, support itself, and the increase in vehicular tolls will go for other things -- airports, or whatever. I submit to you, Mr. Chairman, that PATH is not the only entity in the Port Authority empire that has produced deficits in the past. It is time to pool all resources, recognizing that public transit doesn't produce a profit. There is no such thing as a profitable mass transit

system in the world. That is something that is gone forever, and we are going to have to find other ways to meet these deficits, other than simply raising fares.

There is just one other point I want to make; that is, any action on the part of this Committee, which, as I understand it, has oversight over all independent authorities -- any action taken by this Committee to generate interest in merging the three highway authorities of New Jersey, and in so doing generating excess revenues that can be spilled over to support our transit systems -- New Jersey Transit, the private bus carriers, PATH -- is something that could be well-undertaken and would be well-justified, and would certainly be supported by the voters of New Jersey.

I have just one final point. Mr. Kelly spoke about the fact that the PATH cars are being rehabilitated. We are pleased to see that. I'll tell you, I have the greatest respect in the world for the Port Authority and for PATH. When they do something, they do it well, and they are doing a good job with the capital improvements, which, incidentally, are being paid for -- or at least so we were told three years ago -- by the increase in fares at that time. The capital improvements described here today that are now under way are not something you need money for now from a fare increase. We were told the fare increase would cover them.

In addition to that, I would point out that the improvements in the PATH cars are being provided at a facility in Yonkers, New York -- not Yonkers, New Jersey, Yonkers, New York. As my predecessors have pointed out very accurately, not only has New York already derived an unfair benefit from all Port Authority operations, including PATH, but now the PATH cars are being built, and 300 new jobs have been created, where? In New Jersey, oh, no; in New York.

Thank you, Mr. Chairman.

SENATOR COWAN: Thank you, Frank. Is there anyone else who wishes to address this element of fare? Yes?

W I L L I A M W R I G H T: My name is William Wright. I am a member of the North Jersey Transit Advisory Committee. We passed, at our February 5 meeting, the following resolution:

"WHEREAS, approximately 80% of PATH passengers transfer with N.J. Transit lines, and

"WHEREAS, the past increase in fare has already resulted in decreased ridership, in the amount of 2000 to 3000 passengers each weekday, which has resulted in increased congestion at the Hudson River vehicular crossings, and

"WHEREAS, congested Hudson River crossings have been identified as a major regional problem, constricting mobility, and

"WHEREAS, the increase of the PATH fare to \$1 will mean the average N.J. Transit rider will pay an additional \$28 per month, which acts as a diversion of revenue from N.J. Transit in the amount of \$26 million annually, and

"WHEREAS, continuation of the auto ticket books can give car pool members crossings as low as eight and one-third cents per person each way, and

"WHEREAS, during the same period the State Legislature will have only increased N.J. Transit's operating funds by \$15 million, assuming favorable action on the Governor's request in the 1988 budget,

"THEREFORE, BE IT RESOLVED that the North Jersey Transit Advisory Committee opposes the proposal to raise PATH fares to \$1, a rise in fares that comes on top of two recent fare increases, and

"BE IT FURTHER RESOLVED that the Port Authority Trans-Hudson Corporation should institute a fare increase only if they provide for a discounted inter-system transfer fare and elderly and handicapped fares as provided for by most transit systems, including the New York MTA, N.J. Transit, and PATCO, and

"BE IT FURTHER RESOLVED that this resolution be transmitted to Thomas H. Kean, Governor of the State of New Jersey; Port Authority of New York and New Jersey Commission; Hazel Gluck, Commissioner of the New Jersey Department of Transportation; and Jerome Premo, Executive Director of N.J. Transit." So ends the resolution.

I would only like to add, echoing Frank Tilley, that it is imperative that the question of PATH fares be considered as merely a segment of the greater Trans-Hudson congestion strategy. We can't do things to relieve that strategy, such as restoration of the West Shore Service, when we are doing a marketing strategy which is adverse to the use of mass transit. Transit users are a very price-sensitive market, and we must always bear in mind that this is a segment, and not the big picture in itself.

Thank you.

SENATOR COWAN: Thank you, Bill. Do you have copies of that resolution for the Subcommittee, please? (affirmative response) Thank you, Bill.

Is there anyone else who wishes to speak? Yes?

F R A N K T. R E I L L Y: Good afternoon. I am Frank Reilly, Executive Director of the Morris County Department of Transportation Management, an agency of the County of Morris. Several thousand residents of Morris County commute to Manhattan daily via various modes of transportation, including PATH. We would like to compliment our friends at PATH for doing an outstanding job since they took it over from the Hudson and Manhattan days, which were literally dim, dark days. You have come a long way, and you have done a fine job. We do not agree with you in the area of fare increases, however.

We are very concerned with the Port Authority's proposed PATH fare increase and the possible use of bridge and tunnel, as well as PATH fare revenues to financially support improvements that would not benefit rail, bus, van pool, or automobile commuters.

The severe trans-Hudson traffic congestion has been widely acknowledged in recent years, and is increasing in severity each year. Several agencies, including the Port Authority, are studying means to alleviate the traffic congestion. However, until they fully integrate and realize the asset they have in the PATH system, and utilize and promote PATH fully, an important element of the solution will be ignored.

The Port Authority has discriminated against PATH riders versus automobile commuters since the Port Authority acquired PATH on September 1, 1962. Bridge and tunnel tolls for car pool and van pool users is 50 cents per vehicle in each direction. As you have heard from the prior two speakers, that breaks down to 8.3 cents per person. Compare that to the present PATH fare of 75 cents, with no discount for daily commuters.

We fully support, and generally encourage, car pools and van pools, but not to the detriment of public transportation. The Port Authority's present trans-Hudson fare/toll policy is to encourage the use of automobiles into Manhattan and to discourage the use of public transit. The current fare/toll policy of the Port Authority requires users of PATH to pay almost nine times as much to cross the Hudson River as do car poolers. This is wrong and must be rectified.

A fare increase on PATH would have a negative ripple effect on commuters who use N.J. Transit buses and trains, as well as on commuters riding on privately owned bus lines. The total fare for a commuter must be considered, not just the PATH fare alone. A commuter in most areas must find and pay for a parking space at a rail station or Park and Ride lot, then pay the rail or bus commutation fare, then pay the PATH fare, and perhaps even pay a subway fare once Manhattan is reached. A 33% fare increase, or 25 cents, multiplied on a monthly basis, could easily make driving more economical, further adding to an

already severe traffic congestion situation. In addition, the loss of revenue to the public transit system would require additional tax dollars for subsidy.

We believe that before any fare increase is seriously considered by the Port Authority, they review the entire trans-Hudson fare/toll program, with adequate public participation; and the Port Authority fully explain where the money went for the last two fare increases. This explanation should address what was proposed to be accomplished with the last two fare increases, as well as where the money would go from any future fare increases.

Finally, we are very disturbed about stories surfacing in the news media that large portions of the PATH fare increases and trans-Hudson crossing toll increases would go to improvements at JFK Airport, LaGuardia Airport, and Newark Airport. We are strongly opposed to any toll revenues, and especially PATH fares, being diverted to airport use. Tunnel and bridge tolls must be used to ease the horrendous trans-Hudson traffic problems, including PATH improvements, not to assist airport development.

SENATOR COWAN: Thank you very much, Frank. Is there anyone else who wishes to address this segment about fares? (no response)

Dick, was a study done, as we indicated, on the zone fare? Did you have any consultant, or anything? I thought we had something going at the last meeting where it was going to be done -- as far as a study was concerned.

MR. KELLY: We conducted the research and the study with staff, and reviewed our findings with a nationally known consultant. J. West Leas was his name, I believe. He confirmed our findings and recommendations with regard to the points I made in my testimony here today.

SENATOR COWAN: Could you get us copies of that, please -- what you have, and what Leas has? I assume that at that time you probably looked at some other systems.

MR. KELLY: Yes, with regard to most of the points. We also looked at each system in North America with regard to their fare levels, their passengers, their stations, their fare collection media, and equipment, as well as any discounted fares. We can provide that to you, as well.

SENATOR COWAN: The other thing -- which has also been brought up quite frequently by a number of speakers -- is the seniors and the disabled paying half fares, which most other systems do have. Where do we stand on that? How much consideration has PATH given that, and do you anticipate anything on that in the future?

MR. KELLY: No, I don't. When you talk about a 75-cent fare, which is the PATH fare, that is competitive with the reduced fares which exist on connecting and competing services in our region. We see no reason to give a reduced fare at this point in time.

SENATOR COWAN: Not even during off-peak hours?

MR. KELLY: That is correct, Senator.

SENATOR COWAN: Would you be looking at-- When you answer that question, is that looking at it just in off peak, or total hours?

MR. KELLY: Well, it is looking at it totally, but also against the backdrop and within the context of the equipment necessary to implement such a fare increase -- fare reduction, excuse me. I said fare increase, because I wanted to comment on something about that. Okay? I would ask that you let me do so before I sit down.

One of the things I wanted to say-- I apologize, because the last four speakers have raised the question. It was in my prepared remarks, and I did say it, but probably it was not emphasized sufficiently. The question I am hearing over and over again is, what has happened to the incremental revenues from the 1983 and 1984 increases? What were they? What was the magnitude, and how were they used? My prior

remarks indicated that since 1983 -- which was the first fare increase -- through the end of 1986, there were collected \$70 million in incremental revenues, as a result of the 30 to 50 and 50 to 75-cent fare increases. So, that is \$70 million collected incrementally as a result of those fare increases.

During that same period from 1983 through the end of 1986, we expended on the Capital Program directly, I think, \$165 million -- during that same period -- which obviously reflects a substantial payment for Capital Program purposes far in excess of any incremental revenues derived from those two fare increases.

I would also like to say for the record that while I was asked to speak on zone fares and other alternative fare collection systems-- For the record, I have not advocated a fare increase, nor have I proposed one, nor have I formally announced one.

There is also one other thing I feel a need to comment on. Mr. Duffy indicated that possibly the deficit that I indicated for 1986 -- which was \$95 million -- was incorrect and in conflict with the annual report. The latest annual report that Mr. Duffy could be referring to could only be the 1985 annual report, because the 1986 annual report has not yet been released, to my knowledge. I am not sure, but I will look as soon as I go back to the office -- in the 1985 annual report -- as to what the level of deficit was. We calculated quickly something around the magnitude of \$70 million, but I will find out when I get back to the office. I can assure you that the \$95 million was the 1986 deficit.

MR. DUFFY: Why didn't the Subcommittee receive those figures?

MR. KELLY: The Subcommittee did, and it was in my testimony -- my earlier testimony. It is in my statement, as well.

MR. DUFFY: I didn't hear that.

MR. KELLY: Okay, I will show it to you. It is in the statement.

MR. PESIN (speaking from audience): (beginning of Mr. Pesin's comment inaudible, since he is not near a microphone) --a million dollar subsidy that New York State was getting for many, many years on the top floors of the World Trade Center may be out of your pocket.

MR. KELLY: Well--

MR. PESIN: Your interest in PATH and the Port Authority-- (remainder inaudible). Don't you feel, in all fairness, that if you are talking about deficits, and so forth, that were it not for the Hudson and Manhattan Railroad there wouldn't be a World Trade Center Building, because they couldn't afford that land underneath for a billion dollars? The value of that building is in the billions today, and yet PATH does not get any credit as to the profit that they are now generating.

MR. KELLY: Mr. Pesin, I heard what you said, and I understand what you said, but I don't know the--

MR. PESIN: (comment completely inaudible -- no microphone)

MR. KELLY: It is, but I also don't know the current status of the move out of the New York State offices. I really don't know. Again, I can get you that information.

May I clarify that one point, Senator?

SENATOR COWAN: Yes, certainly, Dick.

MR. KELLY: Okay, reading from page 2 of my statement, which obviously was a long time ago, and that is probably why it didn't remain-- In the second full paragraph on page 2, the first line: "The fare increases in 1983 and 1984 have provided a total of \$70 million in additional funds." I believe on the next page -- yes -- on the last line of the first paragraph, the sentence starts: "During the period from June 1983 through year-end 1986, capital funds invested in PATH have reached

about \$165 million." But, that was quite a while ago, Mr. Duffy, that I said that.

MR. DUFFY: Mr. Chairman, may I make a comment on the \$165 million? This is capital improvements, members of the Committee. That doesn't say that capital improvements are put in the financial statement in toto. Capital improvements, as Mr. Kelly knows, as well as anybody who is an accountant here, are written over a period of time. What goes into the financial statement is the annual depreciation of those capital items. Therefore, that is a misstatement of real facts. Are you all familiar with what I am saying? If you spend \$10 million on capital improvement, all of that does not go into the financial statement as operating costs. If the facility is going to be expended over a 20-year period-- You mentioned that PATH cars are going to be, what, 35 years?

MR. KELLY: Yes.

MR. DUFFY: So, you know, if it is a PATH car, 1/35 of that \$10 million is taken on the books every year. So, those figures are misleading.

SENATOR COWAN: Are there any other questions on this element of fares? (no response)

All right, Mr. Kelly, we would like to get into our fourth and final segment as to what we are looking forward to in the '90s as far as development is concerned. I think we will be looking at the extension of some of the existing platforms in the stations, etc.

MR. KELLY: Thank you, Senator. Finally, we have been asked today to discuss the shape of the system for the future, especially on into the 1990s. As members of the Subcommittee know, the Port Authority has been analyzing growth in the entire interstate transportation network into the next decades, and, in conjunction with other transportation agencies, evaluating ways to meet the travel demand which we are all forecasting, all of which involves expanded public transit service.

Through the remainder of the decade and well into the 1990s, the demand for trans-Hudson mobility is expected to continue and to grow. It is clear from the current congestion at vehicular crossings, that little additional peak period capacity exists. More importantly, however, there are very limited options for expanding this capacity. Instead, we must look increasingly at the mass transit solution to accommodate a larger share of these trips in the future. This accommodation depends on two critical factors. First, we must provide sufficient capacity to handle increased traffic. Secondly, we must strive to make mass transit more attractive by offering comfortable, convenient, and reliable service. These objectives can only be accommodated through joint planning and coordination among all the agencies in the region which are charged with the responsibility for operating portions of the regional mass transit network. I couldn't agree more with what Mr. Tilley said in that regard.

PATH is currently carrying 75% of all the traffic entering lower Manhattan from New Jersey, and is currently at or near capacity. Further growth is expected due to demand increases in Hudson County and also emanating from Central New Jersey. Key options for addressing the need for additional capacity on the PATH system on into the 1990s include: measured expansion of the capacity on the Newark line; further exploration with other agencies concerning modifications on other properties -- such as the Reverse Kearny Improvement, which will better distribute demand throughout our system and region; and the provision of a ferry service from Hoboken to lower Manhattan to supplement PATH service from Hoboken.

For the past 25 years, PATH has provided highly effective, in my opinion, stewardship of this interstate transit system. I believe we can point with pride to the number of accomplishments we have made with the cooperation and understanding of the region's elected officials. But,

gentlemen, that is not all. As I enumerated previously, there are three approaches we would recommend jointly. One is the measured expansion on the Newark line. Another is improvements regionally, such as the Reverse Kearny Connection, which would benefit the distribution of demand, and the third is the ferry out of Hoboken to downtown Manhattan.

I have talked a great deal about the Capital Program and the impact on service of the Capital Program. The largest single impact on service as a result of the Capital Program results from the need to take cars out of service to overhaul them. It is a simple fact; you can't avoid that. If you put your car in a garage for maintenance, you do not have the use of that car. It is no different with our transit vehicles. So, we have had to actually -- in the past year and a half -- reduce service, so that we could expedite the rehabilitation of the cars under our rehabilitation contract.

In addition to the three elements I mentioned -- twice now -- there are also improvements we see as being necessary on the PATH system to provide the added capacity. These measured improvements, essentially on the Newark line -- Newark to World Trade Center line -- would include the inauguration of eight-car train service on that line, which would be sufficient to accommodate the demand on into the '90s. To accommodate eight-car trains on that line, we would have to extend certain station platforms to accommodate eight-car trains, where now they only accommodate seven, and it is our intention to do that. We are beginning to begin eight-car train operations in the summer of 1988.

In addition to that, we would also look to restore some of the levels of service that we had to withdraw because of the car program. Now, what I will enumerate for you is a list of where we know we need to expand our service, but the order in which I will mention them is not intended to reflect any priority on our part, because the prioritization of those

service improvements will be dependent upon two very important factors; that is, the continued monitoring we do on our system to monitor where our passengers are entering, where the demand pattern is, and how it is adjusted. We will monitor the Newark line after we introduce eight-car trains and after, hopefully, the Reverse Kearny Connection is implemented. The Reverse Kearny Connection, for those of you who may not be familiar with it, is a proposal that is currently being reviewed and studied by New Jersey Transit, which would see New Jersey Transit reroute into Hoboken instead of Penn Station Newark, six trains, which could result in the shifting of approximately -- by New Jersey Transit estimate -- 4000 passengers from the Newark line to the Hoboken line, for a continuation of their journey into downtown Manhattan.

The third element I mentioned was a ferry service out of Hoboken into lower Manhattan. That, as a supplement to the existing PATH service out of Hoboken into lower Manhattan, would provide the added capacity necessary for the shift from Newark to Hoboken of the passengers who would travel on the Reverse Kearny Connection. Hopefully, that shift of 4000 from the Newark service into lower Manhattan would provide the ability for us to have excess capacity for the projected demand on the Newark line.

We would also, in the summer of 1988, increase from five cars in length to seven cars in length, the Journal Square to Thirty-Third Street service, and we would look beyond that to add an operational gap. I feel I have to explain. An operational gap is merely a train, a set of cars which is not earmarked at the beginning of a peak period for any one of our four services, but is something that is held to respond to any problem we may have on any one of the four services that would result in a train being taken out of service. We would have a gap that would be dispatched to make up that scheduled deficit and provide us with a great deal more flexibility than we now

have operationally to run the level of service. Right now, because of the constraints on cars, we do not have the flexibility of a gap train in our service, but rather we just make the required service.

Senators, that concludes my remarks with regard to the 1990s. I will be happy to answer any questions you might have on that.

SENATOR COWAN: Senator Rand?

SENATOR RAND: No, thank you.

SENATOR COWAN: Are there any questions from anyone in the audience? Mr. Pesin?

MR. PESIN (speaking from audience; no microphone): How many passengers do you serve in New York City -- actually New Yorkers -- from Ninth Street all the way up to Thirty-Third Street?

MR. KELLY: These are people who enter--

MR. PESIN: Enter and come out of New York, and not trans-Hudson commuters.

MR. KELLY: Just intrastate New York passengers?

MR. PESIN: Just intrastate.

J O H N D R O B N Y (no microphone): We don't have that exact figure handy.

MR. PESIN: Roughly.

MR. DROBNY: From the Uptown Station, you are talking about, of a total (indiscernible) trip of annually 57 million. Approximately six million of that 57 get on and off at those Uptown Stations.

MR. PESIN: In New York?

MR. DROBNY: Yeah, in New York.

MR. PESIN: So, it would be to the advantage of Mr. Berger, who is a New Yorker-- I sat with him on the Bistate Planning Commission; now he is the Director. Would you attribute to his motives the desire to bring up the PATH fare of 75 cents to New York, so that that will not be competition

to Metropolitan Transit, of which he is the Director of Fares? Do you see a conflict of interest? I don't say it is evil in his mind that he would favor a fare increase to save money for his transit group in New York.

MR. KELLY: Mr. Berger, to my knowledge -- I could be wrong, but I believe this is accurate -- is no longer associated with the MTA.

MR. PESIN: Well, that doesn't make any difference.

MR. KELLY: Oh, okay. Well, I wanted the record to reflect that. I will not pretend to tell you anything on it, because I just don't know at present.

In my backup information I have a number here. I knew we had it someplace. I have a figure of 3000 daily New York intrastate PATH riders -- 3000.

MR. PESIN: Mr. Berger was a member of the Bistate Planning Commission, representing the New York end of it. In this it mentioned that they want the PATH fares to equal the New York fares.

MR. KELLY: I didn't read that.

MR. PESIN: (first statement here indiscernible; no microphone) But this is what they originally recommended, and it is coming to pass.

SENATOR COWAN: Are there any other questions or statements from anyone? Yes, Mr. Duffy?

MR. DUFFY: Mr. Chairman, members of the Committee, ladies and gentlemen: Mr. Kelly indicated that the eight-car train cannot be put into service now. I will show you a very brief sketch on how the eight-car train can be used at Exchange Place. It is very simple. You could take the first two doors of the first car and go beyond the platform, and the last two doors of that eight-car train will be beyond the platform. However, the remaining doors of the first car and the last car will be on the platform. It is very simple.

MR. KELLY: You are absolutely right.

MR. DUFFY: Here is the sketch. It can be done.

MR. KELLY: You're absolutely right. If you are ever looking for some part-time employment, we could use you in our Engineering Department.

MR. DUFFY: I go down there every day.

MR. KELLY: I know you do. You call me every day. (laughter) I know you do, Joe, and you are absolutely right. You're absolutely right. The reason why we can't do it is not the physical platforms, because we could make the minor modifications necessary in a relatively short period of time. What we need are 28 cars to run the eight-car trains. Twenty-eight cars will not be available until -- no sooner than the end of this year.

MR. DUFFY: Are there any available now?

MR. KELLY: Yes.

MR. DUFFY: Well, use them.

MR. KELLY: No, we can't use those, because we are short of equipment by virtue of having equipment off being rehabilitated. I will assure you that in the summer of '88, we will have sufficient cars.

MR. DUFFY: That's two years away.

MR. KELLY: That's next year.

MR. PESIN: Is there an opening on your engineering staff to give him a job right now? (laughter)

MR. DUFFY: I don't want it.

MR. KELLY: Senator, I would just like to thank you and the members of your Subcommittee.

SENATOR COWAN: Just a minute, Dick, we'll see if there is anyone else. Are there any more questions on this element now, or is there anyone who would like to make a statement? (no response)

Dick, it was a very nice presentation, but from your own figures there, I gather you are increasing about 9% per year in ridership. Is that correct?

MR. KELLY: In the a.m. peak, yes.

SENATOR COWAN: Even with this fare going up as astronomically as it did a couple of years ago?

MR. KELLY: Senator, no, it is not 9% a year. It is 9% from 1983 through the end of 1986 on the a.m. peak. We are growing by about 4% to 6% per year.

SENATOR COWAN: Four to 6%?

MR. KELLY: Right.

SENATOR COWAN: So, right now you have roughly 200,000, and you are looking then to project that on an accumulative basis over the next number of years to 1990. What are you going to be able to handle then as to the number, if you are increasing 4% per year?

MR. KELLY: We are looking in 1995 -- if I am not mistaken, and, John, check me -- at 233,000 passengers a day.

MR. DROBNY: Yes. The only thing there is, how will they be distributed, because obviously certain lines, such as Newark to the World Trade Center and, I guess, Journal Square are the heaviest lines. (balance of statement indiscernible, since Mr. Drobny is speaking away from a microphone) Depending on what the distribution is, you know, we are in that kind of number range -- 230,000.

MR. KELLY: About 233,000.

MR. DROBNY: There was an initial slow-down after the other increases, but it came rapidly back, and it is a continuous growth.

SENATOR COWAN: That growth factor is a fairly stable factor, even with the amount of development that may be forthcoming along the Jersey area, particularly Jersey City, Hudson County, etc., which will have ready access to these facilities.

MR. KELLY: Absolutely. That is obviously a major issue with regard to us, and a concern to us. That projection includes -- to the extent that we are able to forecast --

waterfront development, as well, but to the extent we are able to. What will drive that in much measure is where the people who may reside in the residences within the developments happen to live -- I'm sorry, work -- and vice versa. I learned recently at a meeting that some of the developers -- and I can't name them -- had entered the development scheme thinking that 70% of the inhabitants of the residences would come from New York. Now they are finding that it is about a 50/50 split. That is going to dictate what some of the demand patterns are going to be on the system. Unfortunately, we have no way of knowing that until the rental leases and the condos are sold, and we know where the people are coming from.

SENATOR COWAN: That is taken into consideration but, as you say, it is still very sketchy as to what is happening here in Jersey City with Lefrak and, say, Port Liberte. Those are being taken into consideration.

MR. KELLY: Yes.

SENATOR COWAN: And yet, at Port Liberte, my understanding is-- I was amazed to hear it several months ago, but now, just within the last few days, I heard the same statement and, in fact, they are all Jersey residents who are buying. So, it isn't broken down 50/50. I was quite surprised to--

MR. DROBNY: Principally, with Port Liberte, that is what they are quoting, that the vast majority are New Jersey residents.

SENATOR COWAN: It's all Jersey residents, right.

MR. KELLY: Port Liberte was not the development I was referring to.

SENATOR COWAN: The other point that was raised in your testimony-- I believe you indicated when we got to that zone faring, that 5% of the people are intrastate here in Jersey, and yet with the figures I just heard -- if I heard them correctly, and if I did my calculations correctly -- you're talking about 10% in the City of New York.

MR. DROBNY: No, that was getting on and off at those stations. That is what that referred to. So, the gross numbers -- the six million annually, and the 57 -- doesn't mean that they are interstate or intrastate. I would have to look that up for you.

SENATOR COWAN: You don't have anything on it then, but you do have them for Jersey?

MR. DROBNY: Not handy right now I don't have them. We can get back to you on that. Dick had quoted-- There was another number of shore travel--

MR. KELLY: Intrastate Hudson County travelers has 5%--

SENATOR COWAN: All right.

MR. KELLY: --of the peak period riders.

SENATOR COWAN: What about New York?

MR. KELLY: I believe that is 3000.

SENATOR COWAN: Yeah, but that is not saying-- What does that come out--

MR. KELLY: So, you need the percentage?

SENATOR COWAN: Yeah.

MR. DROBNY: The majority of those six million are from Jersey going to the Uptown Stations from either Hoboken--

SENATOR COWAN: That is what I am trying to clarify, you know, that they are not coming from Jersey. I am looking at intra.

MR. KELLY: Right.

MR. DROBNY: Okay, that is a smaller number.

SENATOR COWAN: That we don't have.

MR. KELLY: You want to know the comparison number to the 5%. What does the 3000 compute to?

SENATOR COWAN: Yeah, okay? Is there anyone else?
(no response)

Well, I certainly want to thank everyone -- Mr. Kelly, and his whole staff here from PATH, who gave a very comprehensive report today, I thought, and updated us. We will

certainly be reviewing. I want to thank all of the people from the public sector and our friends from the North Jersey group -- the Advisory Council -- for participating, and Mr. Pesin and Mr. Duffy. Thank you all very much.

(HEARING CONCLUDED)

APPENDIX

STATEMENT
OF
RICHARD R. KELLY
VICE PRESIDENT & GENERAL MANAGER
PORT AUTHORITY TRANS-HUDSON CORPORATION

BEFORE THE

NEW JERSEY SENATE
SUBCOMMITTEE ON PATH FARES AND SAFETY,
COMMITTEE ON INDEPENDENT AND REGIONAL AUTHORITIES

FREEHOLDERS CHAMBERS
HUDSON COUNTY
ADMINISTRATION BUILDING
JERSEY CITY, NEW JERSEY

FEBRUARY 13, 1987

I welcome the opportunity to discuss with the Subcommittee PATH's efforts to ensure safe and reliable service for our passengers. As requested by the Chairman, Senator Cowan, I will cover the subjects of: incremental revenues resulting from the 1983 and 1984 fare increases and capital expenditures during that same period; the status of PATH capital program elements; the broader subject of operational safety on PATH; the feasibility of a zone fare system; and finally, our efforts to accommodate increasing traffic through the 1990's.

PATH is charged with the mission of providing a safe, reliable and efficient rail rapid transit system to serve the metropolitan area. Consistent with that mission and, as we continue our comprehensive capital improvements, our guiding principle in all operational and planning decisions is to maintain the highest level of passenger and system safety. This strategy permits us to insulate our passengers from active work areas but may at times introduce certain patron inconveniences. We believe, however, that in the long run, our conservative safety strategy is in the best interest of our riding public. With that in mind, I'd like to take a few moments to highlight key components of the PATH operation for those members of the Subcommittee and the audience less familiar with the system.

PATH is an interstate railroad linking the States of New Jersey and New York. We currently carry approximately 203,000 patrons each weekday. PATH service is provided on four basic lines serving 13 stations -- 7 in New Jersey and 6 in New York -- over a 14-mile right of way. In addition to direct expenditures, PATH has or will indirectly generate 10,000 jobs and over \$700 million in economic activity for the region over

the next 10 years from system operations and the PATH Capital Improvement Program.

In 1986, PATH carried approximately 57.6 million passengers, more than double the number carried in 1963, the first full year of operation after Port Authority acquisition. However, despite this growth in traffic and the two fare increases in the last several years, the operating deficit for PATH has continued to grow.

The fare increases in 1983 and 1984 have provided a total of \$70 million in additional funds. Despite these increases, PATH continues to operate at a substantial deficit. Last year, the deficit reached approximately \$95 million, raising the cumulative operating deficit to \$725 million over the last 25 years. The 75-cent PATH fare now covers only 30 percent of the actual operating cost of providing the trip. It is important to note that this deficit does not include any interest expense on debt the Port Authority has incurred to fund capital improvements to the system.

PATH is part of the Port Authority's interstate transportation network, which also includes the Bus Terminal, the four bridges and two tunnels. Toll and fare revenues from the network last year were \$80 million less than the cost of operating these key transportation facilities. As part of the network, PATH contributes significantly to this deficit. These losses were covered by Port Authority consolidated or pooled net revenues from all operations.

Over the past 25 years, the Port Authority has made significant investments in rehabilitating and maintaining the railroad. Since 1962, PATH's capital investment has been considerable and now totals approximately \$450 million. During the period from June 1983 through year-end 1986, capital funds invested in PATH have reached about \$165 million.

Since 1983, demand for PATH services during the morning peak period has grown over 9 percent, and this upward trend is expected to continue into the mid-1990's. Our attempt to provide a higher level of service and greater safety to an increased number of patrons was the genesis of the Capital Improvement Program which we launched in 1983. I am pleased to report to you today that since our appearance before this Committee two years ago, we have made significant progress in implementing a substantial number of capital projects contained in that program.

Major accomplishments since 1985 include:

- o Major changeouts of key components on the K-cars to increase reliability of these cars
- o Completion of a Materials Supply Depot to aid in construction staging and storage of materials
- o Completion of additional track storage for additional cars as they are delivered

- o Completion of the Satellite Car Repair Facility to provide quicker repairs and aid in car availability during peak periods
- o Completion of platform, ceiling, wall and lighting work at Grove, Christopher, 9th, 14th Downtown, and 23rd Uptown Stations and expected completion next month at Exchange Place, 14th Street Uptown and 23rd Street Downtown
- o Completion of tunnel lighting as part of our safety efforts
- o Completion of an interim substation at Exchange Place to allow us to begin construction of a new station entrance
- o Rehabilitation of major operational components of the Hackensack Bridge, including lift cable replacement, lift span structural repairs, and viaduct masonry repairs which has resulted in increased reliability
- o Substantial completion of construction for the Pavonia Vent Structure
- o Completion of the river tunnel sections of the standpipe system

- o Initial delivery of new and rehabilitated cars
- o Selection of the site for a new car maintenance shop and yard which will improve our maintenance capabilities (design included)
- o Purchase and replacement of electrical transformers

The major component of the PATH Capital Improvement Program proposed in 1983 includes: safety improvement, car purchase and rehabilitation, shops and yards, electrical power improvements, station improvements, and a miscellaneous category of smaller projects. The original preliminary cost estimate for this program was \$556 million. The current program estimate, based on increases in scope, more advanced engineering and design plans as well as a complete redesign of the new car shop to be built in Harrison, is \$800 million.

Extensive engineering and construction work has been undertaken since 1985 and while much of the work has resulted in improvements not readily visible or obvious to the average commuter, much of the fruits of our effort are now becoming visible. In 1985 most of the elements of the improvement program were in the planning or design phase. Although some of

our efforts continue in design the public can now see visible evidence and actually experience system improvements.

As was outlined to the committee previously, the improvement program consists of six major elements:

- 1) The Car Program - When the Subcommittee was last briefed in 1985 on the Car Program, we had contracted with Nissho Iwai for the manufacture of 95 new PA-4 cars and for a major overhaul of 248 existing PA cars. These new cars will provide additional capacity while the rehabilitation effort will increase service reliability. To date, 31 of the new PA-4 cars and 19 of the rehabilitated cars have been delivered to PATH and give visible evidence to our patrons of PATH's commitment to improved service and that PATH's program is swinging into full gear. It is anticipated that by the end of this year all of the new cars will have been delivered and placed into revenue service. In 1988, the PA class cars will also be completely rehabilitated. To further assure the best service possible for our patrons while we are forced to remove cars from the fleet for rehabilitation, the oldest group of cars, the K cars, underwent a changeout of several major components to extend their useful life and ensure their continued reliable service for the next few years. A capital

investment of \$215 million is expected to be in place upon conclusion of this program in 1988.

- 2) Shops and Yards - A Satellite Car Repair Facility in Jersey City and additional storage tracks adjacent to it have been completed. The Satellite Car Repair Facility allows us to repair cars with minor defects during the day so they are available for service during the next peak period.

We are also working to improve car reliability through other improved maintenance facilities. A new facility is currently under design to replace PATH's old Henderson Street Shop and Yard in Jersey City. The new car repair shop and yard will be located adjacent to the PATH tracks in Harrison, New Jersey. It is expected that this important addition to the PATH system will be completed in 1990. The total Shops and Yards Program is expected to cost approximately \$210 million.

- 3) Station Improvement Program - Work undertaken in the Station Improvement Program is intended to provide a safer and more pleasant atmosphere for our patrons. Major refurbishing of station platform areas is currently underway at Exchange Place in Jersey City and 14th Street and 23rd Street in New York City. Grove Street Station in Jersey City and 9th, Christopher, plus portions of 14th and 23rd in New York have

been substantially completed. Improvements consist of resurfacing platforms, new wall surfaces, new lighting and new ceilings at some stations. This work must be carefully coordinated with daily operations so as to minimize the inconvenience to patrons. When completed, this program is estimated to cost a total of \$30 million.

A very significant element of the Station Improvement Program is the reconstruction of the new Exchange Place Station entrance in conjunction with a new tunnel ventilation structure. This entrance will also be integrated with the new electrical substation at this site. Construction has been progressing on the foundation for the new entrance and bids have just been received for the superstructure. It is estimated that the Exchange Place entrance will be available to our patrons in 1989. Because of the extensive commercial development in close proximity to the new station entrance, we have been planning and designing in coordination with the private sector interests involved. We believe that such public/private sector cooperation is important to the successful redevelopment of this area of Jersey City.

- 4) Electrical Power Program - An improvement that is not immediately apparent to our patrons but is nonetheless essential to the modernization and future efficient operation

of the system is PATH's program to modernize the system's electrical power network as part of our effort to increase reliability and safety. This \$110 million program includes a new traction power substations at the tunnel portal, and in the vicinity of Grove Street, Pavonia Station and Exchange Place, and a fifth substation along our Uptown line in New York City. PATH is also in the process of advertising for bids to purchase major electrical equipment for use as part of the new power system. Work has been continuing on the replacement of old transformers and this phase of the electrical program is scheduled for completion during 1988.

- 5) Other Major Work Programs - During the two years since our last report to the subcommittee, \$75 million worth of work has continued on PATH's aging infrastructure, including bridges and track and signal systems. Such projects are an ongoing component of the PATH Capital Improvement Program. All of this work is being undertaken while continuing our daily operations.
- 6) Safety Improvements - We have continued to progress vigorously the Safety Program which is estimated to cost \$160 million and consists of the construction of new tunnel emergency ventilation and evacuation shafts and the installation of tunnel and station standpipe systems to provide an emergency

source of water. Construction of the ventilation shaft at Pavonia Avenue in Jersey City is completed and the fan installation is currently undergoing performance tests. At Railroad Avenue a second ventilation shaft is under construction and it is anticipated that this facility will be placed into operation by the end of this year. A third emergency ventilation system is located at Exchange Place where we are combining the ventilation shaft with a new station entrance and substation, estimated to be completed in 1989. The remaining three ventilation structures are now in the engineering design stage.

The tunnel and station standpipe systems are scheduled to be completed by this summer. PATH's river tunnels are presently protected by the initial portion of these systems and by the middle of this year our land tunnels in New Jersey and New York will also have such systems totally in place. The standpipe systems will provide fire fighters with a readily accessible water supply thus saving precious time in the event of a tunnel emergency.

Our modernization program is now beginning to become evident and is producing positive operating advantages. Station facilities are being upgraded and new and rehabilitated cars are now serving our patrons each day. However, there is major work still to be done which involves

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substantial construction activities in confined tunnel areas. Despite our best efforts, this will impact on service. We attempt to schedule such work so as to minimize the inconvenience, but unfortunately, due to the physical constraints of the PATH system we often have no alternative but to curtail service on particular routes during off-peak periods. Construction and essential maintenance work in the same tunnel is coordinated to the extent possible so as to reduce the number and severity of service disruptions. The goal of the Capital Improvement Program is to improve the reliability of the existing system and to provide a safer environment for our patrons and our employees.

In addition to discussing the Capital Improvement Program, we would like to take this opportunity to present to you information on several other aspects of PATH.

At PATH our paramount concern has always been the safety of our patrons. In addition to the safety-related capital improvements mentioned, we have made and continue to make other safety improvements. For example, PATH has established training programs for our own personnel as well as for local fire departments and emergency response units to ensure effective handling of emergency situations. We periodically conduct emergency evacuation and response drills with the participation of local fire departments, hospitals, and emergency medical service units. These drills have been supplemented with comprehensive facility familiarization training for local fire and emergency personnel.

We have also formed an Emergency Service Liaison Committee with representatives from all six local fire departments and with Jersey City and New York City emergency medical service units. This liaison committee, which meets quarterly, has served us well in promoting mutual support and cooperation between local municipal agencies and PATH personnel as well as being instrumental in helping us develop and implement our fire safety program.

Additional measures PATH has undertaken to promote the safety of our patrons include the preparation of a Comprehensive Emergency Operating Procedures Manual and the acquisition of a specially equipped emergency response vehicle.

PATH staff, assisted by the expertise and experience of the members of the PATH Emergency Services Liaison Committee, has developed a comprehensive written manual outlining standard procedures to be followed in any emergency situation. It serves as a reference guide for our operating and maintenance personnel, as training tool for new or recently promoted staff, and as a compendium of standard operating procedures that are essential to the effective critique of major incidents. Each municipal fire department representative on our Liaison Committee has received a copy of the manual and uses it as a reference guide in their own training programs.

PATH acquired an emergency response vehicle which is fully stocked with emergency equipment including Jaws of Life tools, Scott-paks, resuscitators, air bags for lifting rail cars, emergency lighting, rope, tools, fire extinguishers, and other equipment. In addition to using this vehicle for PATH's own emergency response, PATH emergency personnel routinely respond to municipal requests for assistance, performing services ranging from extracting victims involved in vehicle accidents to rescuing citizens trapped in inaccessible terrain. PATH's response vehicle personnel also provide training to local emergency medical technicians and fire department and police personnel. This one of a kind vehicle is fully equipped with radio and telephone communications equipment so that it can function as a mobile Emergency Communication Command Center. Our emergency communications capability has been further enhanced with the issuance of portable radios to all PATH conductors. Now conductors are able to monitor all vital information affecting train operations or emergency instructions and facilitate the flow of information to our passengers and emergency response management team.

These measures, as well as improved maintenance routines and safety awareness have been largely responsible for an improved safety record at PATH. After a detailed study of fire and smoke conditions associated with water moisture penetration of the shoe beams, the point where the car draws power from the third rail, PATH concluded that the application of a special coating to encapsulate the beam could cure the problem. Since we introduced this procedure in early 1986, we have not had

a shoe beam involved in a smoke or fire condition. From 1985 to 1986, the total number of fires on PATH property decreased by nearly half, and PATH's safety record for our patrons has been outstanding. These improvements are part of a trend which we hope will continue with strong and ongoing commitment to safety and the close cooperation of neighboring police and fire departments.

Historically, there has been some discussion surrounding the issue of alternative PATH fare structures. In particular there has been interest expressed by this committee in the possibility of a zone fare system.

Zone fare structures are those in which a base fare is charged to points or stations within a particular geographic area or 'zone' and a premium fare for travel into adjacent and more distant zones. Obviously fare payment control and validation are more complicated in these types of systems than with flat fare systems as employed by the New York City Subway System and PATH.

Many commuter rail and commuter bus operators which employ a zone fare concept accomplish fare control or fare validation through the direct intervention of a conductor or vehicle operator. Each passenger's payment must be visually confirmed through the use of a pre-paid flash pass, ticket or cash deposit. However, as you might imagine, this sort of an approach would be highly impractical for PATH due to the high volume of traffic and our experience with car loading during peak periods.

Another approach to a zone fare structure is through the sale and use of magnetically encoded fare cards. These cards, in addition to having to be read by a special device in the turnstile on entrance, must also be read and recoded on exit in order to deduct the correct value of the trip.

In analyzing the feasibility and advisability of using such systems on PATH, a number of very significant problems and impediments to implementation of zone fares have been identified.

1. Exit Control Would Cause A Severe Restriction To Passenger Throughput

The need to collect a fare or validate tickets on exit would reduce our current throughput by more than half. At high-traffic stations, exit queues formed by passengers from arriving trains would back up on to platforms, stairways or escalators. During peak period operations, these queues could interfere with the efficient unloading of subsequent arriving trains and cause an unnecessary safety risk. This situation would be further compounded by the increasing number of reverse flow commuters who already find it difficult at times to fight the incoming tide.

2. There Is Limited Space For Additional Equipment And Patron Queueing

One approach to mitigating the problem of reduced throughput and patron queueing would be to substantially redesign stations and install additional fare control equipment. This would involve work far beyond our current plans for fare control line modifications at various stations.

Most of our stations, particularly the older ones, are constrained in terms of architectural design. The space needed simply does not exist in all cases and obviously the costs would be high.

3. The Cost Of Implementation And Operation Of A Zone Fare System Would Be High

The capital investment necessary to implement a zone fare ticketing system is approximately 3 times the cost of a magnetic ticketing system based on a flat fare structure where only entrance control would be required. In addition, the added equipment required (extra turnstiles, add fare machines etc.) and the complexity of such systems tend to increase recurring maintenance costs accordingly.

4. A Zone Fare Structure Only Benefits A Limited Number Of Riders

Fully 71% of PATH riders travel during the AM and PM peak periods, when the need to optimize system operations is most critical. The zone fare concept has been proposed primarily as a way to benefit intra-Hudson county travelers. These passengers accounted for approximately 5% of all peak period riders in a recent passenger survey.

Since a zone fare collection system based on a magnetic ticket and entrance and exit controls appears impractical for use on PATH at this time, there have been proposals for modifications to our existing method of fare collection which attempt to accomplish the intent of a zone fare

concept but unfortunately fall short of the mark. Examples of these proposals include:

- o Newark and Harrison Premium Fare/All Other Stations Discounted.
- o Jersey City and Hoboken Discounted Fare/All Other Stations Premium Fare.
- o New Jersey Fare Discounted/New York Fare Premium.

We do not believe that these modified approaches to a zone fare concept are in the best interests of the great majority of our riders. Although on the surface these approaches appear distance based, the concept of fare in proportion to either distance or operating cost on a particular line or segment of track cannot be applied equitably throughout the system. Given that the basis for these proposals are in response to local interests, it should be pointed out that these strategies cannot distinguish between the targeted population of a particular area and commuters from outlying areas who drive to a particular community in order to use the system.

I have already cited the projections for increasing passenger traffic and our need to optimize system operations, this includes the speedy and unrestricted flow of arriving passengers out of our stations. Implementation of exit controls needed to accommodate a zone fare structure runs directly counter to this important strategy.

Alk

Earlier I focused on the PATH deficit. This deficit is attributable not only to the increased cost of maintaining an aging infrastructure but also the cost of improving the level of service and safety on the system. The investments we have made, and intend to make, have been necessary and prudent. In our stewardship of PATH we must weigh carefully the cost/benefit of present and future capital investments as well as the recurring operations and maintenance costs associated with them. Zone fares would be costly to implement and benefit a relatively small percentage of PATH riders. As a result, use of a zone fare system on PATH is not considered practical or cost effective at this time.

However, as we move forward with our capital program we will continue to carefully review methods and designs to improve patron flow and enhance the level of service on our system. This includes the evaluation of joint ticketing and other improved methods of fare collection consistent with our need to optimize limited system capacity and contain capital and operating costs.

Finally, we have been asked to discuss the shape of the system into the 1990's. As members of the Subcommittee know, the Port Authority has been analyzing growth on the entire interstate transportation network into the next decades and, in conjunction with other transportation agencies, evaluating ways to meet travel demand, all of which involve expanded public transit service.

Throughout the remainder of the decade and well into the 1990's, the demand for trans-Hudson mobility is expected to continue. It is clear from current congestion at vehicular crossings that little additional peak period capacity exists. More importantly, however, there are very limited options for expanding this capacity. Instead, we must look increasingly at mass transit to accommodate a larger share of these trips in the future. This accommodation depends on two critical factors. First, we must provide sufficient capacity to handle increased traffic. Second, we strive to make mass transit more attractive by offering comfortable, convenient and reliable service. These objectives can only be accommodated through joint planning and coordination among all agencies charged with responsibility for operating portions of the regional mass transit network.

PATH is currently carrying 75 percent of all the traffic entering lower Manhattan from New Jersey and is at or near capacity. Further growth is expected due to demand increases in Hudson County and central New Jersey. Key options for addressing the need for additional capacity include measured expansion of capacity on the Newark line, further exploration with other transit agencies of other network modifications, such as the Reverse Kearny Improvement, which will better distribute demand, and the provision of a ferry service from Hoboken to lower Manhattan to supplement PATH service from Hoboken.

For the past 25 years, PATH has provided highly effective stewardship of this interstate transit system. I believe we can point with pride to the number of accomplishments we have made with the cooperation and understanding of the region's elected officials and our riding public. I appreciate the time this Subcommittee has afforded me to discuss PATH's plans this morning and view this opportunity as evidence of our collective interest in the safety of PATH patrons. I'd be happy to answer any questions at this time.

REMARKS BY CONGRESSMAN FRANK J. GUARINI (D-14th NEW JERSEY) at New Jersey
SENATE SUBCOMMITTEE PUBLIC HEARING REGARDING ACTIVITIES OF PATH HELD AT
HUDSON COUNTY ADMINISTRATION BUILDING, AT 10:00 a.m. on FRIDAY, FEBRUARY
13, 1987 (REPRESENTED BY NIDIA DAVILA COLON, STAFF ASSISTANT)

At the outset we would like to commend Hudson County Senator
Thomas F. Cowan and other elected officials for calling this session regarding
capital improvements of PATH and to make inquiries on how revenues from the
1983 fare and toll increases have been used and the PATH systems' overall
performance.

Please be advised that the entire New Jersey Congressional
delegation, on January 22, 1987, sent a communication to Mr. Stephen Berger,
indicating:

"Dear Mr. Berger: As Members of the New Jersey Congressional
delegation, we have a vital interest in the role which the Port
Authority of New York and New Jersey plays in the development of our
State. Renewed economic growth has created a rapidly changing New
Jersey which is significantly affected by Port Authority decisions.
It is important that any plans which the Port Authority has for the
bi-state region are discussed with our delegation.

'We are requesting that the Port Authority set up a briefing
for New Jersey's Members of Congress. This would provide the opportunity
for key players in State affairs to get a clear picture of future plans for
our region. Some of the topics which we consider most pressing are:
toll increases on Hudson River crossings, development of the Port of
New York and New Jersey, and providing a blueprint for transportation
facilities between our States.

'We look forward to your prompt response so that a convenient
meeting time and place can be arranged.

Sincerely,

Signed by, Congressman Frank J. Guarini
Congressman James J. Howard
Congressman William J. Hughes
Congressman James J. Florio
Congressman Peter W. Rodino,
Congressman Bernard J. Dwyer
Congressman Robert G. Torricelli
Congressman Robert A. Roe

//X

Congressman James A. Courter

Congressman Matthew J. Rinaldo

Congressman Christopher H. Smith

Congressman Dean Gallo

Congresswoman Marge Roukema

Congressman Jim Sexton

This letter was signed by all members of the delegation who are concerned with plans that the Port of New York-New Jersey may have for the public.

On February 9, 1987 we received a communication from Mr. Berger indicating that "This program is the subject of on going discussions between the two states. Those discussions are expected to be concluded in the very near future."

Mr. Berger's letter went on to indicate that members of the New Jersey Congressional delegation will be contacted to establish a time and place to discuss the Port Authority decisions.

My position has been one of bewilderment and disuse regarding the Port Authority's attitude of having public hearings on major decision making and increasing of fares before changes are effected. For example, on July 29, 1983 the board of commissioners passed a resolution authorizing rate increases in a double stage and yet did not have so-called public hearings until almost a month later on July 20th and 21st.

At these hearings a fact sheet was circulated by PWAH alleging a deficit of \$58 million during 1982. There was no opportunity afforded to test these alleged deficit figures at the hearing as cross examination was not permitted. At the hearings there was no impartial hearing officer. No testimony under oath was taken and the public interest was not represented by rate cases as is customary in contested rate cases.

Hudson County is encompassed in a virtually "iron curtain" of Port Authority facilities whether we wish to travel by air, rail, bus, or train service.

Many of my constituents complain that there is no voice and they

are objecting strenuously that there is a hardening of the attitude on behalf of Port Authority officials and administrators.

During these troubled days we read constantly of tremendous problems arising from secret discussions and decision making without public knowledge or input. There is no reason for a public agency such as the Port Authority to continue this attitude towards the riding public.

I object strenuously with the raising of fares without providing justification. I sincerely hope that Mr. Berger arranges for a meeting with the New Jersey Congressional delegation without much further delay.

I hope that the hearings of this New Jersey Senate Committee will further justify our feelings on the matter.

Public outcry has resulted in the elimination or rejection of rate increases requested by the Public Service Electric and Gas Company and the New Jersey Bell Telephone Company recently in New Jersey.

Isn't it about time that the public be allowed to speak up and speak out on matters which effect their daily bread. In the minds of many the attitude of the Port Authority of New York and New Jersey smacks of feudalism.

Isn't it time for a change?

LEGISLATIVE SERVICES
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New Jersey State Legislature

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March 3, 1987

Ms. Patricia Maynard
Special Assistant for
Legislative Affairs
Port Authority N.Y./N.J.
One World Trade Center, 68 West
New York, New York 10048

Dear Patricia:

This is to confirm my telephone request on behalf of Senator Cowan for additional information on testimony submitted by the Port Authority Trans-Hudson (PATH) Corporation at the February 13th public hearing of the Senate Subcommittee on PATH.

The following information is requested for inclusion in the transcript of the public hearing:

(1) The nature and number of PATH train breakdowns or service disruptions for 1985 and 1986.

(2) A copy of PATH's in-house study on zoned fares and, if any, on other fare issues discussed at the public hearing.

(3) Estimates of intrastate PATH ridership for peak hours and off hours for New Jersey and New York, and percentage of total PATH (peak and off hours) ridership estimates represent. To complete the record, some numbers on average daily and annual PATH ridership from 1975 through 1991 would also be useful.

(4) Copies of PATH's 1986 operating/maintenance budget; the original capital program budget for PATH improvements adopted pursuant to the 1983 bistate agreement, and any amendments or supplements made thereto; and a capital improvement cost breakdown showing estimated total costs for each project and amounts expended to date therefor (see attached list submitted by PATH to Senate Committee in 1985).

Ms. Patricia Maynard
Page 2
March 3, 1987

(5) (a) For the period 1981-1991, PATH operating revenues and expenditures (realized and projected); (b) the amount of revenues realized or expected to be realized from the 1983-4 PATH fare increases through 1991, and indicate whether revenues therefrom have been or are being used for capital construction or are treated as revenues in PATH's operating budget; (c) the amount of bond indebtedness, if any, incurred pursuant to the capital improvement program, and identify the funding sources from which debt service payments are made.

(6) Copy of court opinion on extent to which World Trade Center profits may or must be used to cover PATH deficits (operating/capital).

(7) Distinguish between bank for regional development and the fund for regional development: identify their respective purposes and funding sources, and provide an accounting of all monies deposited in, and expended or otherwise obligated from the bank and fund.

Your prompt attention to this request is greatly appreciated. Should you require a clarification of any of the above items, please do not hesitate to call upon me.

Sincerely,

Spiros J. Caramalis
Senior Research Associate

Enclosure

THE PORT AUTHORITY OF NY & NJ

One World Trade Center
New York, N.Y. 10048

Sidney J. Frigand
Assistant Executive Director
Public Affairs

For information
(212) 466-7777
(201) 622-6600 x7777

April 9, 1987

Mr. Spiros Caramalis
Senate Independent Authorities
Committee
State House Annex
Room 383 - CN 068
Trenton, NJ 08625

Dear Spiros:

It was a pleasure to discuss the PATH Capital Improvement Program with Senator Cowan's Subcommittee on PATH. As promised, I have asked staff to pull together additional material in response to specific questions the subcommittee raised. This information is presented below:

(1) Number of Incident Reports in 1985 and 1986

In 1985, PATH reported 3168 incidents which adversely affected service. This number dropped approximately 17 percent to 2646 incidents in 1986. This decline is part of a cumulative drop of approximately 10 percent since 1983.

The 1985 and 1986 incidents contributed to an on-time performance of 94.0 and 94.2 percent.

(2) Completed PATH Fare Study on Alternative Fare Structures

PATH completed a fare study in 1984 which examined the option of a zone fare structure. This report was transmitted to Senator Cowan on April 13, 1984. An additional copy is attached.*

(3a) Figures on Intra NYC Uses of PATH

PATH does not collect comprehensive data on 24-hour station-to-station movements of our patrons. However, the preliminary results of a survey conducted last fall indicate that approximately 300 morning peak period riders are intra-NYC riders. These riders constitute less than 0.4 percent of all patrons travelling during the 7 to 10 a.m. period.

Handwritten notes:
*Note: Copy on file with Senator Cowan
N.Y. State Office
Carmichael

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros Caramalis

- 2 -

April 9, 1987

(3b) Annual Traffic

We are currently refining our 1987 to 1991 estimates of traffic by incorporating changes in the regional transportation network as well as the impact of new fare levels. However, our 1975 to 1986 annual traffic (in millions) is as follows:

| | |
|------|---------------------------|
| 1975 | 38.3 |
| 1976 | 40.7 |
| 1977 | 40.5 |
| 1978 | 41.8 |
| 1979 | 44.3 |
| 1980 | 35.9 (81 day PATH strike) |
| 1981 | 47.9 |
| 1982 | 53.0 |
| 1983 | 54.9 |
| 1984 | 54.6 |
| 1985 | 53.8 |
| 1986 | 57.6 |

(4) 1986 Operating Budget and Capital Plan

For 1986, PATH generated approximately \$44.7 million in revenues and \$142.4 million in expenses.

Attached is an updated list of total costs for each element of the PATH Capital Program and the total amount expended through year end 1986.

(5a) Operating Revenues and Expenses - 1982 through 1991

Since we are currently refining our estimates for the 1987 through 1991 period, they are unavailable at this time. However, provided below are data for 1982 through 1986.

| | <u>Revenues</u> | <u>Expenses</u> | <u>Deficit</u> |
|------|-----------------|-----------------|----------------|
| | \$Million | | |
| 1982 | 18.3 | 85.7 | 67.4 |
| 1983 | 24.2 | 94.5 | 70.3 |
| 1984 | 38.1 | 107.4 | 69.3 |
| 1985 | 44.6 | 128.2 | 83.6 |
| 1986 | 44.7 | 142.4 | 97.7 |

- (5b) As stated in our testimony, the fare increases in 1983 and 1984 have provided a total of \$70 million in additional funds. Despite these increases, PATH continues to operate at a substantial deficit. Last year, the deficit reached approximately \$95 million, raising the cumulative operating deficit to \$725 million over the last 25 years. Projections for revenues through 1991 are currently being refined by incorporating changes in the regional transportation network as well as the impact of new fare levels.

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros Caramalis

- 3 -

April 9, 1987

(5c)(1) Between June 1, 1983 and December 31, 1986, capital expenditures at PATH were \$165million most of which related to the PATH Capital Improvement program. This total was financed primarily through a combination of Consolidated Bonds and Commercial Paper.

(5c)(2) Consolidated Bonds and Commercial Paper are paid out of the Net Revenues of the Port Authority generated by all facilities.

(6) Use of World Trade Center Revenues

Attached is a copy of the Superior Court opinions (Law Division and Appellate Division) in The County of Hudson, Rosario Gentile and Carmella Cusanelli v. The Port Authority of New York and New Jersey and Port Authority Trans-Hudson Corporation. *

(7) The Fund for Regional Development and Bank for Regional Development

Fund for Regional Development

In agreements entered into as of January 1, 1983 and April 1, 1983, the Governors of New York and New Jersey and the Executive Director of the Port Authority agreed to create a Fund for Regional Development to realize the capital value resulting from New York State's move from their offices at Two World Trade Center to make funds available for capital purposes authorized by the Port Development Act of 1962.

Pursuant to these agreements the State of New York has been proceeding to relocate its offices from Two World Trade Center to other locations in New York City.

The April 1, 1983 agreement generally provides that revenues received by the Port Authority as Fund Administrator are to be applied to pay:

1. Reimbursements to the Port Authority for:
 - a. base rent which would have been paid to the Port Authority had the State remained in Two World Trade Center;
 - b. certain expenses attributed to the Fund, including a pro rata share of expenses attributed to Fund space for capital improvements to the World Trade Center;
 - c. the PA's reasonable management expenses attributable to the administration of fund leases;
 - d. repayment of tenant finishes and brokers' commissions; and

*

note

See also - 12 Sept 87
10/1/87

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros Caramalis

- 4 -

April 9, 1987

2. payments to the State of New York of \$10 for each square foot of space vacated by the State for move-out costs and \$14 per square foot annually as a rent subsidy for vacated space for a period ending May 31, 1989.

Under the agreements, remaining revenues realized from reletting Fund space at market rates would presently be available for expenditure on projects authorized by the Port Development Act of 1962, Chapter 209 of the Laws of New York, 1962 and Chapter 8 of the Law of New Jersey, 1962.

To date, the only project for which Fund revenues have been committed is the relocation of utility lines around the Newark Legal and Communications Center, at a cost of not to exceed \$2.8 million. In addition, the Governors of the States of New York and New Jersey recently announced an agreement whereby the Fund will provide \$400 million over a ten-year period to the States.

Bank for Regional Development

In June 1983, the Governors of New York and New Jersey entered into an agreement which resulted in the Port Authority agreeing to provide \$250 million from Port Authority revenues for infrastructure and economic development projects in the Port District which the Port Authority is authorized to undertake pursuant to existing bi-state legislation. 55% of the funds are provided for projects in New Jersey and 45% of the funds for projects in New York. Set forth below is a list of projects authorized to date:

New York:

- \$12,600,000 of the cost of the PA Yonkers Industrial Park
- \$12,500,000 maximum, for the Oak Point Rail Freight Link
- \$14,000,000 maximum, for the Center for Advanced Technology in Telecommunications in Brooklyn
- \$21,000 for the Inner Ring Transportation Study
- \$200,000 for a New York State World Trade Council study
- \$350,000 maximum, for professional services for the West Side Development Task Force

New Jersey:

- \$27,000,000 for construction of a portion of Route 169 leading to the Bayonne Bridge
- \$2,000,000 for repaving a portion of I-495 leading to the Lincoln Tunnel

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros Caramalis

- 5 -

April 9, 1987

- \$1,900,000 maximum, for Park and Ride lots at New Jersey Transit Corporation
- \$3,500,000 to defray the cost of studies for the "Kearney Connection"
- \$2,500,000 for engineering studies for the "Reverse Kearney Connection"
- \$750,000 maximum, for the Hudson River Walkway

A balance of \$35,350,000 is available for projects in the State of New Jersey, and \$72,829,000 is available for projects in the State of New York.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Pat @', is written over the typed name.

Patricia J. Maynard
Special Assistant for
New Jersey Legislative Affairs

Total Project
Cost

PROJECTS

(In Millions)

- 27 STATION IMPROVEMENTS - All 13 stations will have improvements made as a result of the Capital Program. Depending upon the location, improvements include station heaters, better lighting, resurfaced platforms, new wall surfaces, improved entrance areas, kiosk rehabilitation and better signing.
- 6 CAR FLEET RUNNING REPAIR FACILITY - To expedite handling of minor repairs of cars.
- 160 PATH SAFETY PROGRAM - Construction of tunnel and station emergency ventilation, tunnel and station standpipe systems, and improved access/egress capability.
- 216 ROLLING STOCK - Includes the acquisition of 50 new cars to replace the 25 year old fleet of "K" cars. Also includes the overhaul of the 248 car fleet of "PA" cars that now have an average 16 1/2 year life. Provision also made for the acquisition of new prime mover work trains units, track tampers and crane equipment.
- 200 SHOP & YARD FACILITIES - The construction of a new maintenance shop and support yard to replace the obsolete Henderson St. facility in Jersey City. Also includes provision to keep present shop operational until the new shop is ready.
- 109 ELECTRICAL POWER DISTRIBUTION - The construction of new substations and switching stations, the replacement of PCB transformers, duct banks and power cables, emergency power for lighting in the New Jersey tunnels, and the replacement of the Power Supervisory Control System.
- 58 MISCELLANEOUS MAJOR WORK PROGRAMS - Includes Track and Drainage Systems replacement or improvement, Signal and Communication Systems rehabilitation, Hackensack River Bridge Long Term Improvements and other Major Work Programs.
- 17 CURRENT AUTHORIZED PROJECTS - Includes Penn Station Newark Rehabilitation, Signal System Rehabilitation, and Hackensack river Bridge Near Term Improvements.

TOTALS

\$ 793

Note: \$165 million have been expended through year-end 1986.

ARMEN A. ORECHIO
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New Jersey State Legislature

SENATE INDEPENDENT AUTHORITIES COMMITTEE

STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE (609) 984-7381

May 4, 1987

Mrs. Patricia Maynard
Port Authority of NY & NJ
One World Trade Center
New York, New York 10048

Dear Patricia:

You have asked whether the Port Authority's letter of April 9, 1987, on PATH operations, satisfactorily responds to the inquiries made in my letter of March 3, on behalf of the Senate Subcommittee on PATH.

A careful review of the materials submitted indicates several continuing gaps in information.

First, with respect to point (1) of my letter, the response makes no effort to distinguish, as requested at the subcommittee hearing, the different types of incidents. Am I to conclude that, contrary to previous assertions, PATH does not organize its data by types of incidents? It should also be called to your attention that the response indicates a year-to-year(1985-6) drop in incidents of 17% whereas the total reduction since 1983 is 10%. Is the latter figure correct? If so, then some explanation is, I believe, in order.

Second, my inquiry under point (2) also asked for average daily figures. Perhaps these can be broken out in terms of peak hours versus off-peak hours.

Third, with respect to my point (4), the following materials were requested but have not been received:

- a. a copy of PATH's operating/maintenance budget;
- b. a copy of the original capital budget for PATH improvements pursuant to the 1983 bi-state agreement; and
- c. a progress report on actual expenditures to date for each major capital project.

It would be helpful if the follow-up response included a list of PATH capital improvements added by the 1987 bi-state agreement, and relevant cost data therefor.

Mrs. Patricia Maynard
Page 2
May 5, 1987

Fourth, with regard to the response to inquiry (7), no information was provided on the total surplus revenues generated to date from New York State's vacation of World Trade Center space, and the amounts paid to New York State in connection therewith. It would be helpful to also have the projected total costs to the World Trade Center of the New York State relocation, and a breakdown by major cost components--e.g. moving expenses, improvement allowances, shared rental income.

Some additional points require mention. I construe the answer to my point (5)(c) as signifying that virtually all of the capital improvements to date have been funded through issuance of bonds or notes. With respect to point (5)(b) can you provide the committee with a year-by-year breakdown of the revenues generated through 1986 by the 1983-4 fare increases. You indicate that the Port Authority is in the process of recalculating the revenues anticipated through 1991 from the increase. If the new numbers are not available, then the previous estimates will have to do. Port Authority estimates of the revenues to be generated by the 1987 fare increase is also requested.

Finally, I would like to supplement the subcommittee's original request for information with two additional items. It would be helpful to have some figures on the total income realized and expected to be realized through 1991 at the Hudson and Lincoln Tunnels and the George Washington Bridge from the 1983 and 1987 toll increases, as well as actual and projected capital improvement expenditures for the three facilities from 1983 through 1991. Separate revenue calculations are requested for each toll increase.

In addition, it is requested that the Port Authority provide the subcommittee with a copy of the audit report prepared by the New York State Comptroller on PATH in 1979. Copies of any subsequent audit reports on PATH financial and other operations are also requested.

Your assistance in obtaining information on the above matters is greatly appreciated.

Sincerely,

Spiros J. Caramalis
Aide to the Committee

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Leonard T. Connors, Jr.

May 12, 1987

Mrs. Patricia Maynard
Special Assistant for New Jersey
The Port Authority of NY & NJ
One World Trade Center, 68 West
New York, New York 10048

Dear Patricia:

This is a follow-up to my letter to you of May 4, regarding the Subcommittee's (on PATH) request for additional information. Concerning the figures on PATH deficits in your letter of April 9 (see response (5a)), they do not agree with the amounts of PATH deficits cited in the Port Authority's Comprehensive Annual Financial Reports for 1984, 1985 and 1986. An explanation of the seeming discrepancy is requested.

Sincerely,

Spiros J. Caramalis
Senior Research Associate

THE PORT AUTHORITY OF NY & NJ

One World Trade Center
New York, N.Y. 10048

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June 19, 1987

Mr. Spiros J. Caramalis
Senior Research Associate
New Jersey State Senate
Committee on Independent Authorities
State House Annex, CN-068
Trenton, NJ 08625

Dear Spiros:

In response to your request for additional clarification of information provided to The Senate Independent Authorities Subcommittee on PATH, as well as Senator Cowan's request, staff has compiled the information below. We have focused on the requests regarding PATH operations and have not included here the additional request for information on the overall interstate transportation network. That material will be provided at a later date.

1. Types of Incidents Resulting in Delays

Attached is a table (Attachment 1, Table 1) which presents total incidents for the years 1983 - 1986 by type of incident. As you can see on the table, there is a discrepancy on the 1986 number for total incidents. We have previously reported that 2646 incidents occurred during 1986. Upon further review, we determined that number should have been 2915. The difference of 169 incidents is that we had inadvertently omitted the month of December.

2. Average Daily Ridership

Attached is the 1986 Annual Traffic Report (Attachment 2) which provides the most comprehensive report on passenger activity during the year. This includes information regarding travel during the morning peak period.

3. Capital Project Expenditures

Attached is a table (Attachment 3, Table 2) which provides the PATH Capital Improvement Program forecasts through 1991, broken down by the components of the program as outlined previously to the Committee. Also included are the Capital Improvement Program expenditures made through year-end 1986.

The Subcommittee also requested information on additional PATH capital improvements announced as part of the Port Authority's overall five year capital program. Enclosed

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros J. Caramalis

-2-

June 19, 1987

is a copy of the Port Authority's Capital Program document which includes information on the new initiatives proposed for the PATH system.

4. The Fund for Regional Development

The Fund for Regional Development has not produced any net revenues to date. Therefore, no money has been provided to either State; however, as we noted to you previously, \$2.8 million of New Jersey's share of the Fund's net revenues has been committed for utility relocations in connection with the Newark Legal and Communications Center. If the Fund has no net revenues at the time the utility relocation is paid for, the Port Authority will advance the money to the Fund.

The Fund for Regional Development's operations are separate and distinct from those of the rest of the World Trade Center. Certain costs resulting from New York State's relocation from the World Trade Center are costs of the Fund for Regional Development; the Port Authority continues to receive what it would have had New York remained in the World Trade Center.

Due to possible adjustments to New York State's schedule to vacate its remaining space in the World Trade Center, it is difficult for us to make a projection at this time of the total payments to be made to New York State.

5. New York State Comptroller Report on PATH

Attached is a copy of Audit Report NY-AUTH-3179 entitled Financial Overview of the Port Authority Trans-Hudson Corporation, dated July 27, 1979 (Attachment 4).*

6. Operating Results

Several discrepancies were discovered in the information we originally provided to the Committee. The major discrepancy is due to the omission of interdepartmental revenues such as rent from the Journal Square Transportation Center. In addition, the revenue reported for 1986 was a preliminary unaudited number and should have been footnoted as such. The attached table (Attachment 5, Table 3) provides corrected data, including a reconciliation with data provided in the Port Authority's audited financial statements (Comprehensive Annual Financial Reports, for 1982-1986).

In Senator Cowan's letter of April 30, 1987, he states that the Subcommittee is "unable to determine what percentage of (PATH's) annual or cumulative 'deficits' is ascribable to PATH's proportionate share of the Port Authority's general

* On file in records of Senate Indigent at
Public Access Committee 268

THE PORT AUTHORITY OF NY & NJ

Mr. Spiros J. Caramalis

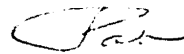
-3-

June 19, 1987

operating expenses, including the serving of Port Authority debt, in contrast to expenses solely attributed to PATH operations and debt." It should be noted that the allocated expenses charged to PATH, as detailed in the attached table, do not include any allocation of Port Authority debt service. In fact, PATH's deficit from operations does not include any interest expense on debt the Port Authority has incurred to fund its investment in the PATH system. As noted on the table, the Port Authority's amortized investment in PATH at the end of 1986 totaled nearly \$320 million, and is projected to grow substantially in the next five years.

It is our hope that this information adequately addresses the Subcommittee's questions.

Sincerely,



Patricia Maynard
Liaison to the New Jersey
Legislature

PATH INCIDENTS BY TYPE

| <u>Type of Incident</u> | <u>1986</u> | <u>1985</u> | <u>1984</u> | <u>1983</u> |
|-------------------------|----------------|----------------|----------------|----------------|
| Car Equipment | 1432 | 1332 | 1242 | 1183 |
| Signals | 258 | 266 | 260 | 249 |
| Operations | 210 | 210 | 234 | 183 |
| Track | 74 | 75 | 77 | 70 |
| Conrail Bridges | 176 | 270 | 233 | 234 |
| Public | 563 | 654 | 746 | 773 |
| Rehab & Construction | 31 | 41 | 17 | 4 |
| Fire | -- | 67 | 67 | 88 |
| Weather | -- | 22 | 33 | 24 |
| Other | <u>139</u> | <u>231</u> | <u>177</u> | <u>119</u> |
| <u>TOTAL</u> | 2,915 ===== | 3,168 ===== | 3,086 ===== | 2,927 ===== |

THE PORT AUTHORITY OF NY & NJ

Memorandum

To: Richard Kelly, Director, Rail Transportation
 From: John Drobny
 Date: March 25, 1987
 Subject: ANNUAL PASSENGER TRAFFIC REPORT

Reference:

Copy To: J. Asgari, E. Bennett, D. Censullo, J. Crowley, M. DeCarlo,
 T. Duane, J. Evans, E. Farrelly, L. Halley, E. Heagen, M. Hurwitz, M. Kirby,
 K. McKenna, P. Moreno, R. Morris, W. Nagle, E. Nicholson, J. Paczkowski,
 D. Reed, L. Rocha, C. Ryan, M. Scott, R. Tomlinson, S. Wiecek, File

| Refer To | Date | Noted By | Date |
|-----------|------|----------|------|
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PATH ridership in 1986 increased to a new high of 57.6 million passengers, which represents more than a 7 percent jump over the 1985 volume of 53.8 million with a.m. peak period traffic increasing by approximately the same amount. Ridership exceeded the 1986 budget estimate by roughly 2.7 million, resulting in \$2.0 million of additional revenues for PATH.

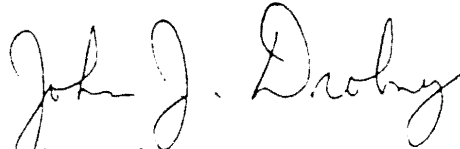
The rise in traffic can be traced to depressed volumes last year due to the full-year effect of the 1984 fare increase, causing passenger traffic in 1985 to be somewhat reduced in the off-peak and weekend periods. PATH appears to be recovering the riders who were lost due to the last two fare increases. Passenger trends show that from 1962 to 1981, traffic reflected an average annual growth of 3 percent; however, during the years 1982 through 1986, the growth rate increased to 3.7 percent.

Average weekday ridership in 1986, measured by turnstile entrance readings totaled 203,573 passengers, a 6.7 percent increase over the 1985 volume of 190,724. Weekday traffic for the month of December grew by 5.4 percent, with a volume of 205,575, up from the 195,047 recorded for the month of December, 1985. The annual growth of 7.1 percent at the New Jersey stations was slightly stronger than the New York stations growth of 6.3 percent. During the year, the World Trade Center, Hoboken and Newark terminals all displayed growth in the range of 8.0 to 9.0 percent, indicating higher levels of passengers are stemming from feeder systems.

Annual average Saturday and Sunday traffic grew by 7.5 and 9.7 percent respectively. The New York stations showed larger growth on Saturdays than did the New Jersey stations with Sundays reflecting an even better picture. This surge in week-end traffic may be resulting from short-term special events, such as the Statue of Liberty celebration. In the long-term, these weekend increases as well as the average weekday statistics reflect the relocation of New York residents to New Jersey seeking affordable housing.

Average peak period ridership from 7:00-10:00 a.m. increased by approximately 7 percent, from 65,900 in 1985 to 70,250 in 1986. This follows the overall high growth PATH experienced in 1986; however, in relationship to 1984, PATH is now carrying over 5,000 more passengers than two years ago during the peak period. The two World Trade Center lines which still represent almost 70 percent of PATH's peak period riders, increased by 5.7 percent in 1986. The uptown lines experienced greater growth, rising by 8.4 percent over 1985 levels. Of the two lines, the Hoboken-33rd Street line displayed the sharpest growth, increasing by 9.7 percent.

Attached for your information are the graphics and tables supporting this report. If you have any questions, please contact me or Donna Reed on extension 7643.



John Drobny
Assistant Director
Business Development and Administration

Attachments

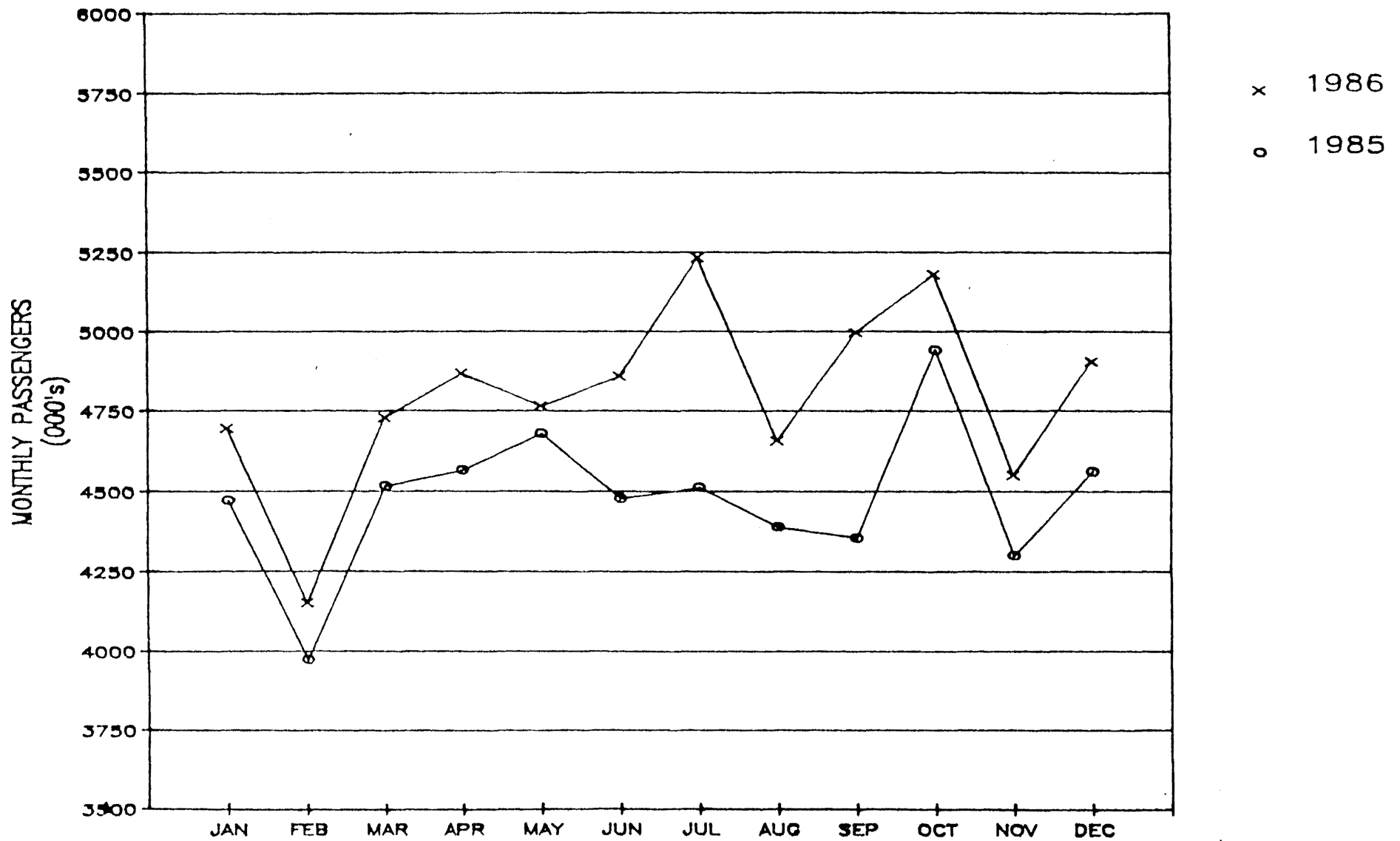
RAIL TRANSPORTATION DEPARTMENT
MONTHLY PASSENGER TRAFFIC REPORT
DECEMBER 1986 (000'S)

| STATION TOTALS | MONTHLY TOTALS | | | YEAR TO DATE | | |
|--------------------|------------------|------------------|-------------------|-----------------|-----------------|-------------------|
| | DECEMBER 1986 | DECEMBER 1985 | PERCENT CHANGE | JAN-DEC 1986 | JAN-DEC 1985 | PERCENT CHANGE |
| WORLD TRADE CENTER | 1,337.9 | 1,211.6 | 10.4% | 15,805.5 | 14,503.6 | 9.0% |
| CHRISTOPHER STREET | 66.3 | 39.3 | 68.7% | 539.6 | 498.2 | 8.3% |
| ** 9TH STREET | 66.6 | 109.9 | -39.4% | 1,293.7 | 1,350.9 | -4.2% |
| 14TH STREET | 145.6 | 100.0 | 45.6% | 1,257.7 | 1,144.8 | 9.9% |
| ** 23RD STREET | 61.8 | 78.8 | -21.6% | 1,003.9 | 964.9 | 4.0% |
| 33RD STREET | 615.4 | 563.1 | 9.3% | 6,653.1 | 6,362.2 | 4.6% |
| NEW YORK TOTAL | 2,293.6 | 2,102.7 | 9.1% | 26,553.5 | 24,824.6 | 7.0% |
| EXCHANGE PLACE | 135.9 | 125.6 | 8.2% | 1,591.2 | 1,439.7 | 10.5% |
| GROVE STREET | 255.3 | 230.9 | 10.6% | 2,923.3 | 2,714.8 | 7.7% |
| JOURNAL SQUARE | 612.1 | 606.3 | 1.0% | 7,327.4 | 7,206.1 | 1.7% |
| PAVONIA | 22.3 | 25.1 | -11.2% | 270.8 | 336.7 | -19.6% |
| HOBOKEN | 840.0 | 777.2 | 8.1% | 9,893.0 | 9,077.1 | 9.0% |
| HARRISON | 108.0 | 97.6 | 10.7% | 1,290.2 | 1,088.9 | 18.5% |
| NEWARK | 638.4 | 596.2 | 7.1% | 7,739.3 | 7,061.6 | 9.6% |
| NEW JERSEY TOTAL | 2,612.0 | 2,458.9 | 6.2% | 31,035.2 | 28,924.9 | 7.3% |
| GRAND TOTAL | 4,905.6 | 4,561.6 | 7.5% | 57,588.7 | 53,749.5 | 7.1% |

** Effective September 8 through mid December, 9th Street and 23rd Street (uptown) stations were closed for renovation. From December 15 through mid March, the 23rd Street (downtown) Station will be closed for renovation.

Source: Revenue Accounting

RAIL TRANSPORTATION DEPARTMENT
TOTAL PASSENGERS
JANUARY — DECEMBER



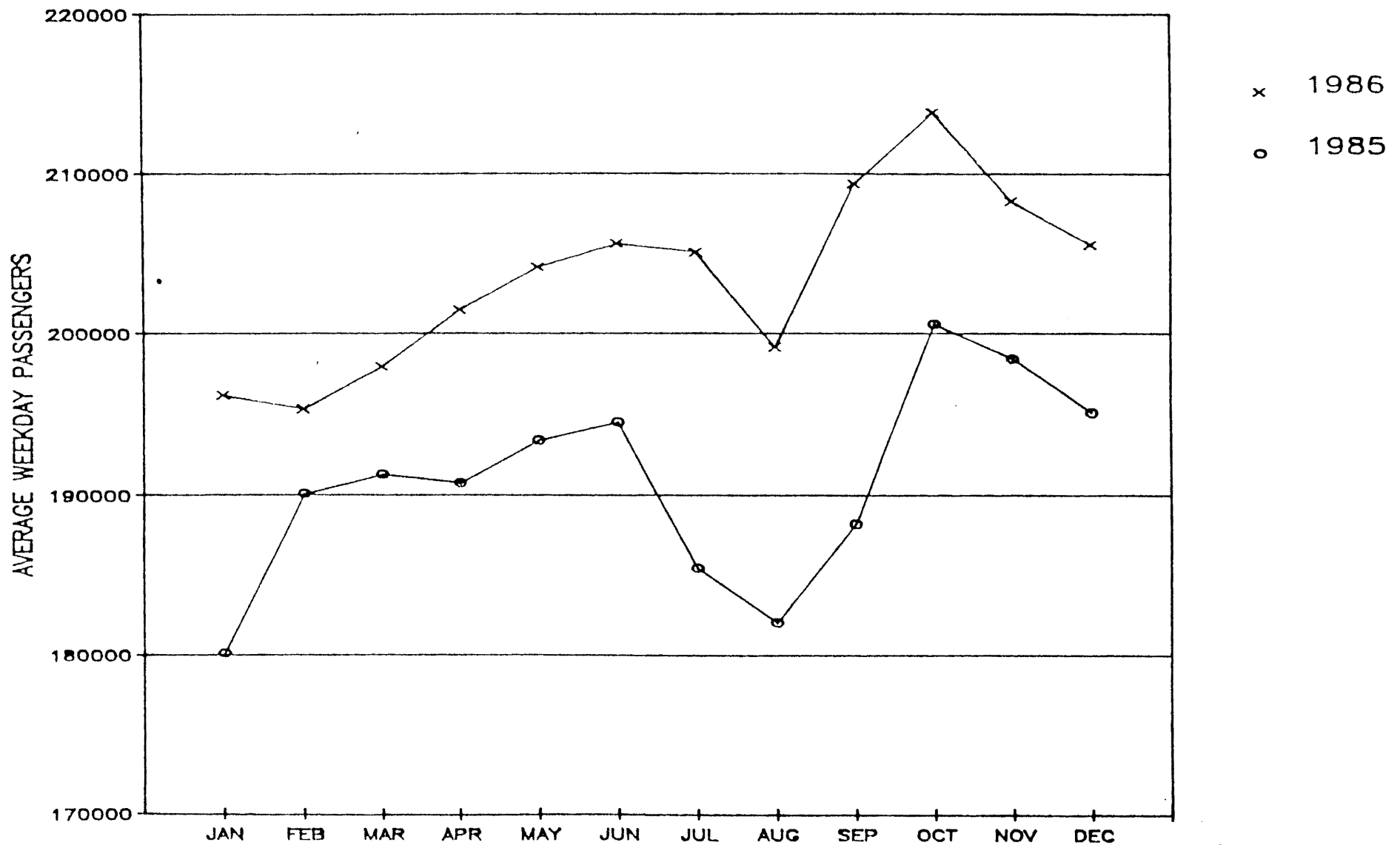
Source: Revenue Accounting, Office of Financial & Economic Services

RAIL TRANSPORTATION DEPARTMENT
WEEKDAY TRAFFIC REPORT
DECEMBER 1986

| STATION TOTALS | ----- AVERAGE WEEKDAY ----- | | | ----- AVERAGE WEEKDAY ----- | | |
|--------------------|-----------------------------|------------------|-------------------|-----------------------------|-----------------|-------------------|
| | DECEMBER 1986 | DECEMBER 1985 | PERCENT CHANGE | JAN-DEC 1986 | JAN-DEC 1985 | PERCENT CHANGE |
| WORLD TRADE CENTER | 57,998 | 54,132 | 7.1% | 58,328 | 54,011 | 8.0% |
| CHRISTOPHER STREET | 2,540 | 1,689 | 50.4% | 1,752 | 1,737 | 0.9% |
| ** 9TH STREET | 2,323 | 4,138 | -43.9% | 3,846 | 3,934 | -2.2% |
| 14TH STREET | 5,619 | 3,935 | 42.8% | 4,010 | 3,718 | 7.9% |
| ** 23RD STREET | 2,660 | 3,483 | -23.6% | 3,660 | 3,517 | 4.1% |
| 33RD STREET | 24,356 | 23,000 | 5.9% | 22,585 | 21,659 | 4.3% |
| NEW YORK TOTAL | 95,496 | 90,377 | 5.7% | 94,181 | 88,576 | 6.3% |
| EXCHANGE PLACE | 6,024 | 5,778 | 4.3% | 6,105 | 5,533 | 10.3% |
| GROVE STREET | 10,116 | 9,270 | 9.1% | 9,802 | 8,984 | 9.1% |
| JOURNAL SQUARE | 24,576 | 24,602 | -0.1% | 24,501 | 24,213 | 1.2% |
| PAVONIA | 1,016 | 1,197 | -15.1% | 1,072 | 1,340 | -20.0% |
| HOBOKEN | 36,947 | 34,164 | 8.1% | 36,192 | 33,270 | 8.8% |
| HARRISON | 4,507 | 4,269 | 5.6% | 4,639 | 3,973 | 16.8% |
| NEWARK | 26,893 | 25,390 | 5.9% | 27,081 | 24,835 | 9.0% |
| NEW JERSEY TOTAL | 110,079 | 104,670 | 5.2% | 109,392 | 102,148 | 7.1% |
| GRAND TOTAL | 205,575 | 195,047 | 5.4% | 203,573 | 190,724 | 6.7% |

** Effective September 8 through mid December, 9th Street and 23rd Street (uptown) stations were closed for renovation. From December 15 through mid March, the 23rd Street (downtown) Station will be closed for renovation.

RAIL TRANSPORTATION DEPARTMENT
AVERAGE WEEKDAY PASSENGERS
JANUARY — DECEMBER



RAIL TRANSPORTATION DEPARTMENT
SATURDAY AND SUNDAY TRAFFIC REPORT
YEAR TO DATE 1986 VS. 1985

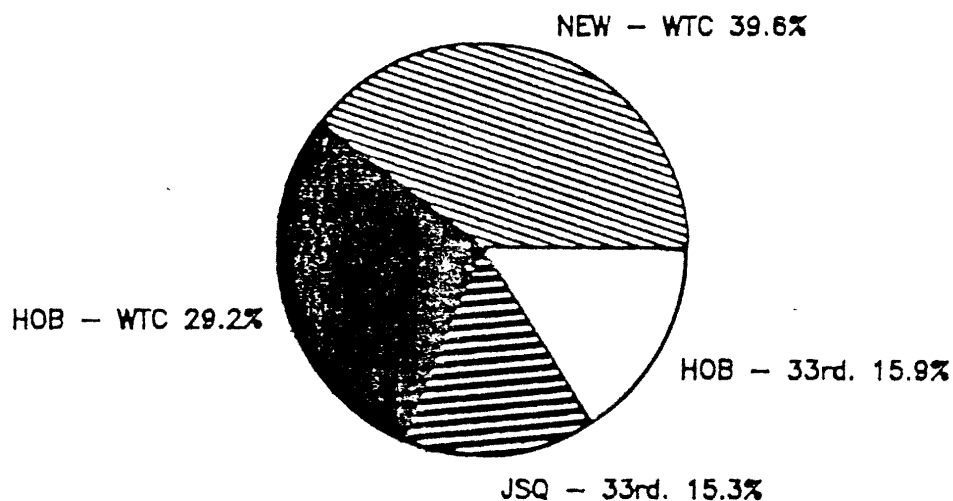
| STATION TOTALS | ----- AVERAGE SATURDAY ----- | | | ----- AVERAGE SUNDAY ----- | | |
|--------------------|------------------------------|--------|-------------------|----------------------------|--------|-------------------|
| | 1986 | 1985 | PERCENT CHANGE | 1986 | 1985 | PERCENT CHANGE |
| WORLD TRADE CENTER | 11,897 | 10,203 | 16.6% | 6,274 | 5,555 | 12.9% |
| CHRISTOPHER STREET | 1,084 | 683 | 58.7% | 644 | 395 | 63.0% |
| ** 9TH STREET | 3,353 | 3,760 | -10.8% | 2,589 | 2,653 | -2.4% |
| 14TH STREET | 2,734 | 2,180 | 25.4% | 1,658 | 1,293 | 28.2% |
| ** 23RD STREET | 849 | 789 | 7.6% | 592 | 469 | 26.2% |
| 33RD STREET | 11,239 | 10,725 | 4.8% | 6,150 | 5,907 | 4.1% |
| NEW YORK TOTAL | 31,156 | 28,340 | 9.9% | 17,907 | 16,272 | 10.0% |
| EXCHANGE PLACE | 506 | 467 | 8.4% | 268 | 244 | 9.8% |
| GROVE STREET | 4,967 | 4,907 | 1.2% | 2,997 | 3,101 | -3.4% |
| JOURNAL SQUARE | 12,380 | 12,419 | -0.3% | 8,002 | 7,674 | 4.3% |
| PAVONIA | 0 | 0 | 0.0% | 0 | 0 | 0.0% |
| HOBOKEN | 8,089 | 7,213 | 12.1% | 4,830 | 4,469 | 8.1% |
| HARRISON | 1,216 | 1,063 | 14.4% | 783 | 542 | 44.5% |
| NEWARK | 9,879 | 9,034 | 9.4% | 5,832 | 4,709 | 23.8% |
| NEW JERSEY TOTAL | 37,037 | 35,103 | 5.5% | 22,712 | 20,739 | 9.5% |
| GRAND TOTAL | 68,193 | 63,443 | 7.5% | 40,619 | 37,011 | 9.7% |

** Effective September 8 through mid December, 9th Street and 23rd Street (uptown) stations will be closed for renovation. From December 15 through mid March, the 23rd Street (downtown) Station will be closed for renovation.

RAIL TRANSPORTATION DEPARTMENT
AVERAGE PEAK PERIOD TRAFFIC COMPARISONS (7-10 am.)
1986 vs. 1985

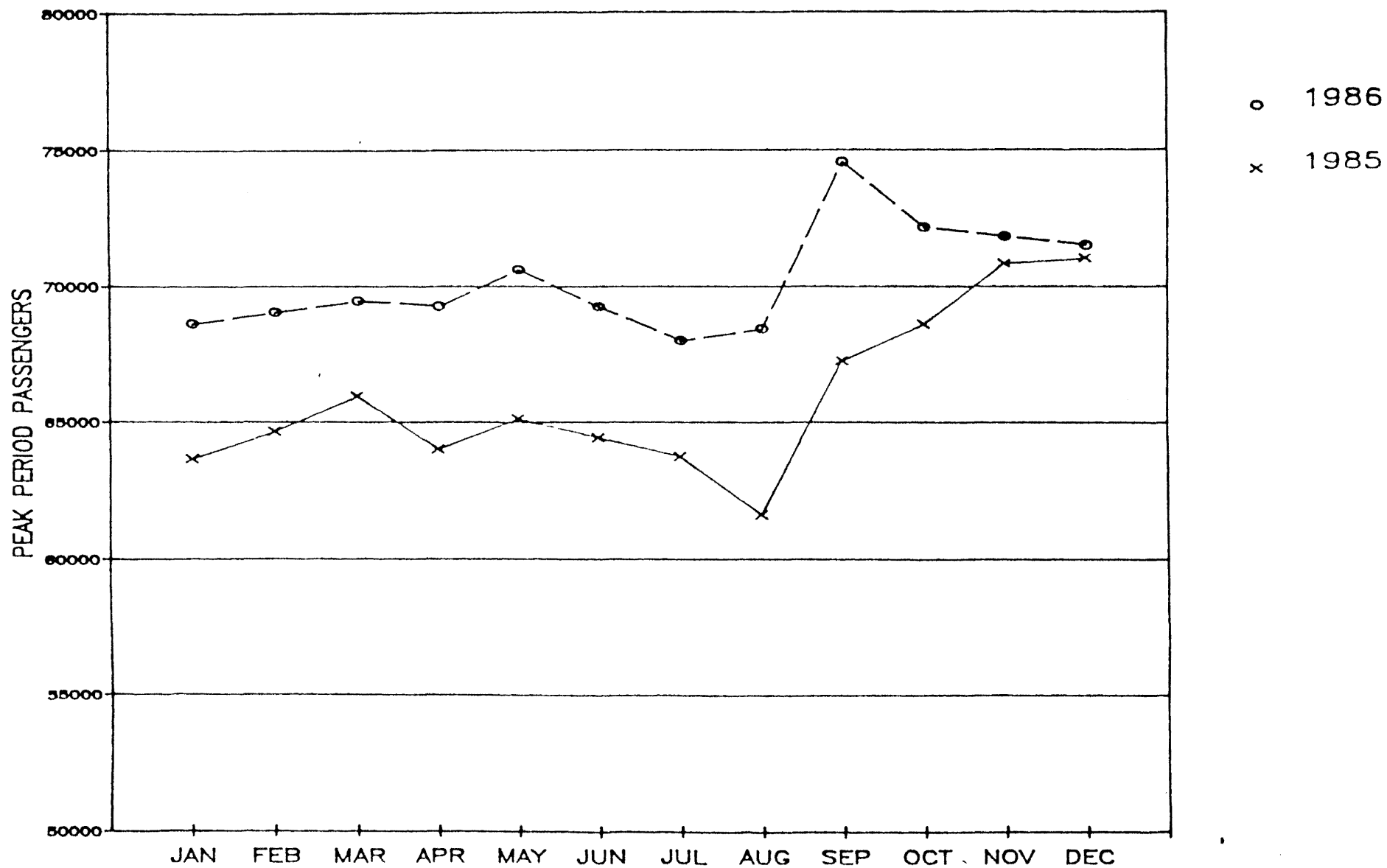
| | 1986 ---- | 1985 ---- | Percent Change ----- |
|-------------------------------|-----------------|-----------------|----------------------------|
| Newark - World Trade Center | 27,830 | 26,222 | 6.13% |
| Hoboken - World Trade Center | 20,668 | 19,397 | 6.55% |
| Journal Square - 33rd. Street | 10,744 | 10,156 | 5.79% |
| Hoboken - 33rd. Street | 11,169 | 10,273 | 8.72% |
| | ----- | ----- | ----- |
| TOTAL PEAK PERIOD ===== | 70,412 ===== | 66,048 ===== | 6.61% ===== |

Rail Transportation Department
Peak Period Traffic By Line
1986



New Jersey State Library

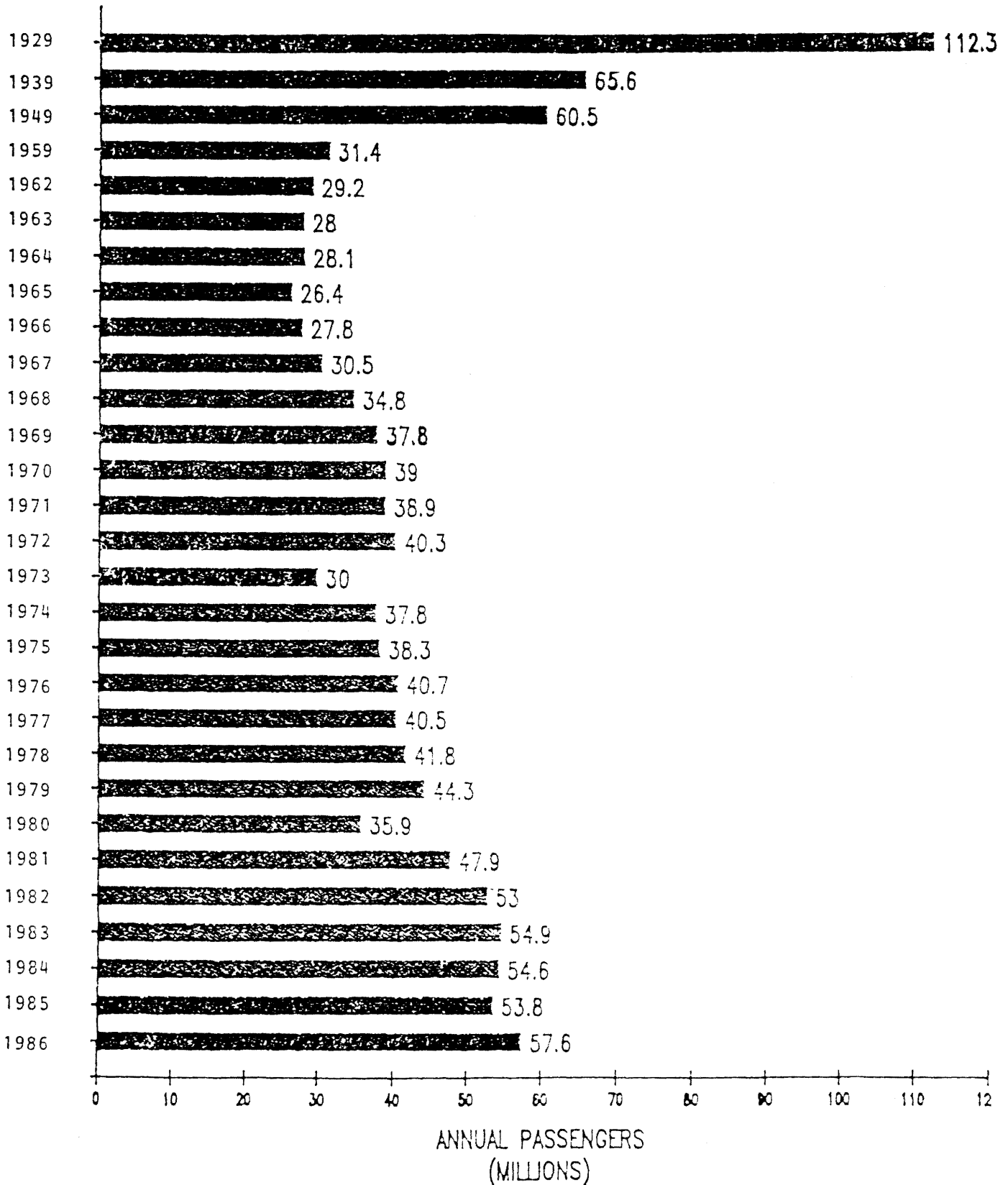
RAIL TRANSPORTATION DEPARTMENT
AVERAGE PEAK PERIOD TRAFFIC COMPARISONS
JANUARY — DECEMBER



RAIL TRANSPORTATION DEPARTMENT
ANNUAL H & M / PATH PASSENGER TRAFFIC
1929 - 1986

| YEAR | ANNUAL PASSENGERS | REMARKS |
|------|-------------------|--|
| ---- | ----- | ----- |
| 1929 | 112,296,000 | |
| 1939 | 65,598,000 | |
| 1949 | 60,545,000 | |
| 1959 | 31,398,000 | |
| 1962 | 29,182,081 | PATH Takover 9/62; GWB Lower Level opened 8/29/62 |
| 1963 | 28,034,858 | GWB Bus Station opened 1/17/63 |
| 1964 | 28,129,788 | Verrazano Narrows Bridge opened 11/21/64 |
| 1965 | 26,399,840 | PATH new car fleet placed in service 4/65 - 11/65 |
| 1966 | 27,843,544 | NYCTA strike 1/66 |
| 1967 | 30,516,360 | Erie/Lackawanna Ferry abandoned - Aldene implemented |
| 1968 | 34,782,829 | Full effect of Aldene Plan & E/L abandonment |
| 1969 | 37,751,246 | |
| 1970 | 38,953,885 | |
| 1971 | 38,877,360 | |
| 1972 | 40,282,283 | TNJ 75 day strike 3/72 - 5/72 |
| 1973 | 30,030,837 | PATH 9 week strike 4/73 - 5/73 ** |
| 1974 | 37,774,199 | |
| 1975 | 38,339,587 | |
| 1976 | 40,667,590 | TNJ Bus strike 3/76; Bicentennial celebrations |
| 1977 | 40,476,670 | New York City Blackout |
| 1978 | 41,750,047 | |
| 1979 | 44,273,038 | Energy Crisis |
| 1980 | 35,865,426 | NYCTA 11 day strike 4/1/80 - 4/11/80; PATH 81 day strike 6/12/80 - 8/31/80 ** |
| 1981 | 47,923,212 | |
| 1982 | 52,985,490 | |
| 1983 | 54,933,580 | TNJ strike 8/83; PATH fare increase to \$.50 7/31/83 |
| 1984 | 54,628,072 | PATH fare increase to \$.75 6/31/84 |
| 1985 | 53,794,477 | |
| 1986 | 57,589,164 | |

ANNUAL H & M / PATH PASSENGER TRAFFIC 1929 - 1986



PATH CAPITAL IMPROVEMENT PROGRAM - FORECAST THROUGH 1991

(IN MILLIONS)

| <u>PROGRAM</u> | <u>ORIGINAL PROGRAM</u> | | <u>EXPENDITURES</u> |
|-----------------|-------------------------|-------------------|---------------------------|
| | <u>JUNE 1983</u> | <u>April 1987</u> | <u>THRU YEAR-END 1986</u> |
| SAFETY | \$ 134 | \$ 185 | \$ 40 |
| CARS | 201 | 224 | 74 |
| SHOPS AND YARDS | 91 | 208 | 13 |
| ELECTRICAL | 70 | 106 | 11 |
| STATIONS | 14 | 27 | 16 |
| MISCELLANEOUS | 46 | 82 | 10 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL | \$ 556 | \$ 832 | \$ 165 |

Port Authority of New York and New Jersey
RAIL (PATH & JSTC)
Actual and Projected Operating Results
(\$ in millions)

| | Gross Operating Revenues | Revenues from Operations(1) | Operating & Maintenance Expenses | Depreciation(2) | Gross Operating Loss (3) | Allocated Expenses(4) | Deficit from Operations(5) | Unamortized Investment at 12/31 (6) |
|----------------|--------------------------------|-----------------------------------|--|-----------------|--------------------------------|--------------------------|----------------------------------|---|
| 1982 | \$18.3 | \$19.3 | \$66.3 | \$8.3 | (\$55.3) | \$11.5 | (\$66.8) | \$178.9 |
| 1983 | 24.2 | 25.2 | 73.9 | 7.6 | (56.3) | 13.2 | (69.5) | 181.5 |
| 1984 | 38.1 | 39.4 | 84.7 | 8.1 | (53.4) | 14.4 | (67.8) | 191.4 |
| 1985 | 44.6 | 46.3 | 100.9 | 7.8 | (62.4) | 18.8 | (81.2) | 244.0 |
| 1986 | 46.8 | 49.0 | 109.9 | 9.2 | (70.1) | 22.1 | (92.2) | 319.2 |
| 1987 Projected | 59.0 | 59.0 | 113.8 | 11.4 | (66.2) | 23.6 | (89.8) | 391.2 |
| 1988 Projected | 65.4 | 65.4 | 119.4 | 13.4 | (67.4) | 24.8 | (92.2) | 504.2 |
| 1989 Projected | 66.7 | 66.7 | 127.7 | 17.2 | (78.2) | 26.0 | (104.2) | 629.1 |
| 1990 Projected | 68.9 | 68.9 | 136.6 | 23.0 | (90.7) | 27.2 | (117.9) | 724.8 |
| 1991 Projected | 70.2 | 70.2 | 147.6 | 31.7 | (109.1) | 29.0 | (138.1) | 741.3 |

- (1) Defined as gross operating revenues plus interdepartmental revenues (rents received by the Journal Square Transportation Center from other P.A. operations). Forecasted results (1987-1991) exclude interdepartmental revenues, which are not a component of the forecast.
- (2) Asset lives used in the calculation of depreciation are generally as follows:
Buildings - 25 to 50 years
Machinery and Equipment - 5 to 35 years
- (3) Defined as revenues from operations less operating and maintenance expenses less depreciation, as reported in 1982-1986 audited financial statements (P.A. Comprehensive Annual Financial Reports). Slight discrepancies in 1982 and 1986 are due to rounding.
- (4) Allocated expenses include general administrative and development expenses. General administrative expenses, which include such centralized services as accounting, legal, medical, personnel and purchasing functions, are allocated on a labor base. Development expenses, which include technical services furnished by such departments as the Planning and Development Department, are allocated on the basis of net operating revenues after fixed charges. Because PATH runs a deficit, it is not charged with any development expense. Neither category of allocated expenses includes any allocation of Port Authority debt service.
- (5) Defined as gross operating loss less allocated expenses.
- (6) Net of cumulative federal aid amounts received of \$5.1 million for PATH and 39.2 million for Journal Square Transportation Center, which have been adjusted for depreciation.