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STATEMENT ON HIGHWAYS

by

Commissioner Dwight R. G. Palmer
New Jersey State Highway Department

before

Joint Senate and Assembly Highways Committee
March 26, 1964

Mr. Chairman, Members of the Committee:

The New Jersey State Highway Department welcomes this opportunity to present its views on the questions raised by Assembly Concurrent Resolutions 6 and 9. We feel particularly honored by the Committee's decision to conduct this hearing at the Highway Department offices, where so much activity of importance to the economic future of our State takes place, and hope you will take the opportunity to inspect any of our facilities which may be of interest to you.

The creation of this Joint Committee underscores Legislative recognition of the fact that New Jersey's highways are the State's prime transportation asset. Our State, already the most urbanized in the nation, is growing at a tremendous rate. Our highways, already carrying the heaviest traffic volumes in the country and perhaps the world, face even more tremendous demands from commerce and industry as well as private citizens.

It is evident that the State Government's responsibility for the safe, swift and convenient movement of people and goods must be a paramount consideration for the Legislative as well as the Executive branches of Government. Concerted action must be taken to expand and improve our highway transportation network, and to get our existing commuter

railroads back on their feet. Otherwise, the congestion and hazard already existing at several locations will become intolerable and the entire economy of New Jersey will stagnate and wither away.

Before addressing myself to the various points enumerated in the Concurrent Resolutions which are the subject of the Committee's deliberations, I would like to first present the Committee, through the Chairman, with various operating procedures, publications and reports regarding the State Highway Department's activities. It would be greatly appreciated if all these could be made a part of the Committee's record. Copies will be delivered to any Member of the Committee who desires to have them, however, as you can see the package is rather bulky and we felt perhaps the individual Members would rather not have to carry it around today.

Assembly Concurrent Resolution 9 lists six areas to be considered and, with the Committee's permission, I will deal with them in order:

"(1) The capital requirements which must be provided for New Jersey to meet in full, at the times required, the matching funds for Federal aid highway projects under the Interstate Highway System (90-10) and the primary urban highway systems programs (50-50)."

The National System of Interstate and Defense Highways was first authorized in 1944, and the first three routes in New Jersey were designated in 1947. (Routes U. S. 1, 22 and 46)

No special funds were made available, however, until passage of the 1952 Federal Highway Act, which made approximately \$327,000 available

for each of the fiscal years 1954 and 1955 on a 50-50 matching basis. The 1954 Federal Highway Act made approximately \$3,750,000 available for each of the fiscal years 1956 and 1957 on a 60-40 matching basis. The 1954 Act also authorized a highway needs study which provided much of the initial fiscal information used in developing the 90-10 program first authorized in the 1956 Federal Highway Act.

This Act was a milestone in the history of highway construction in the United States. It authorized completion of a 41,000-mile system over a 13-year period (1957-1969). The Federal share of the cost (90 percent) was to be \$25.4 billion.

The initial apportionments under the 1956 Act, covering the fiscal years 1957, 1958 and 1959, were made on a formula basis. However, the Act required all of the States to complete an estimate of the cost of completing the Interstate System and submit it in 1957.

This estimate indicated the System would cost in excess of the original figure and it also became apparent about that time that revenues accruing to the Highway Trust Fund were not keeping pace with disbursements. As a result, the Bureau of Public Roads shortly instituted "reimbursement controls" which limited the amount of money any State could recover during the successive quarters of a fiscal year despite the prior release of the total annual apportionment.

The 1958 Federal Highway Act changed the method of apportionment so that it was based on the relationship of each State's cost estimate to the overall requirement. It also set up the apportionments for the fiscal years 1960 and 1961 but, due to the increased cost and the financial condition of the Highway Trust Fund, the apportionment for

1961 showed a sharp drop from the previous year.

Both of these apportionments, incidentally, were released approximately nine months before the State of New Jersey provided the necessary matching funds in its own annual Appropriations Bill. For example, the apportionment for 1959-60 was released August 1, 1958, but not matched until July 1, 1959. However, due to the reimbursement controls mentioned above, the Highway Department was not too seriously concerned at that time regarding the delay. But it should be noted that all of those States with sufficient revenues of their own to proceed without anxiety over the timing of Federal reimbursement were able to make faster progress.

A second nationwide cost estimate was prepared in 1960 and formed the basis of the 1961 Federal Highway Act. This Act increased the total authorized cost of the Interstate System to an estimated \$41 billion dollars and provided for completion in 1972. At the same time, the Highway Trust Fund began to build up to the point where there seemed no cause for concern over its ability to finance the program.

It was at this time that the Bureau of Public Roads, recognizing the pressure upon the States to complete the system on schedule, began to accelerate the release of apportionments. And it was at this time that the New Jersey State Highway Department, because of its inability to proceed with its own funds in advance of the apportionments, or even to match them in accordance with the Federal schedule, began to lose ground when compared with more affluent States.

The 1961-62 apportionment was released December 30, 1960, and not matched until July 1, 1961 -- six months later. The 1962-63 apportionment was released October 10, 1961 and not matched until July 1, 1962 -- eight months later. The 1963-64 apportionment was released November 28, 1962 and not matched until July 1, 1963 -- seven months later. The 1964-65 apportionment was released July 8, 1963 and would not have been matched until July 1, 1964 -- one year later -- in the normal course of events.

As it happened, the Highway Department sacrificed its usual program of non-Federal work in order to match this Interstate apportionment on schedule, since any further delay would have been ruinous.

Up to date, therefore, a total of \$515 million in 90-10 Interstate funds has been apportioned to New Jersey for the nine fiscal years 1957 through 1965 and has been fully matched with the exception of approximately one million dollars in one-and-a-half per cent planning funds which will be matched in the 1964-65 Appropriations Bill and form part of the operating budget of our Bureau of Planning and Traffic for next year. However, as aforementioned, the 1964-65 apportionment of \$69.8 million was matched only at a sacrifice of much-needed non-Federal work. We understand that this will not be made up in the Appropriations Bill for next year, which is deplorable.

A new cost estimate is now in process and will form the basis of the Federal Highway Act of 1965 and Interstate apportionments for succeeding years. It should be noted that this estimate will be based on traffic loads expected 20 years from the anticipated date of construction,

instead of the year 1975 as was required under the prior estimates, and therefore some increase in cost can be expected. That information will not be available for several months and so the most accurate figures at present are those derived from the 1960 estimate.

These indicate the Interstate apportionments to New Jersey will be approximately \$458 million dollars for the fiscal years 1966 through 1971. It may be expected that the next apportionment will be released this summer. It is also reasonable to assume that the schedule will be accelerated again so that the six apportionments still due may be released in a five-year period.

In view of the ruling that no vouchers from the States may be honored after October 1972, this would be a natural approach for the Bureau of Public Roads to take, so that all States would be in a position to start final construction at least two years before the deadline.

On this basis, New Jersey should plan on providing a minimum of \$51 million in the next five years, beginning July 1, 1964 in order to match the Federal 90-10 funds on what appears to be a reasonable schedule. It should be emphasized that matching monies must be available when Federal apportionments are released. Any further financial lag would be disastrous.

The Bureau of Public Roads has very stringent standards for its participation in highway projects, and it is the rule rather than the exception for some costs on each project to be non-participating -- for the account of the State alone. For this reason, it is desirable to over-match by

at least \$1 million a year to avoid further depleting the funds available for normal non-Federal work.

The 50-50 program of Federal participation in Primary and Urban projects began many years ago and has grown steadily in size and scope. The States have argued for a nationwide authorization of \$1 billion a year, and it is expected that the funds provided by the 1964 Federal Highway Act will reach this level.

The money is divided among the States on a formula basis, rather than any estimate of the cost of needed projects, and therefore New Jersey's share has not shown much fluctuation. It presently runs a little less than \$17 million a year. Therefore, slightly less than \$102 million can be expected in the next six apportionments and New Jersey must be prepared to put up the same amount. Again, it is suggested that the need may arrive within a five-year period.

The total Federal aid anticipated through the end of the present Interstate program thus amounts to about \$560 million and the State's matching share amounts to about \$153 million. (Complete tables of past, present and anticipated Federal Aid are attached to this statement)

No one knows what will happen after 1972, but there are many who say the Federal Aid program will be continued and even perhaps expanded to include maintenance costs. A study is to be made of nationwide highway needs after 1972 which probably will form the basis of any future program.

While the statement in Concurrent Resolution 9 pertained only to Federal aid, it is obvious from the foregoing that all of the aid which can be

reasonably expected, plus the State matching funds, will not enable the New Jersey Highway Department to complete its Master Plan by 1975. Some discussion of added funds seems required.

The present appropriation for Highway Construction amounts to about \$42 million of which \$6 million is for the operating costs of certain Divisions and \$36 million is for construction itself. The \$36 million normally breaks down into about \$24 million for Federal aid projects and \$12 million for non-Federal projects. This \$12 million was drastically reduced last year in order to fully match the Interstate apportionments on schedule, as described above, and the same procedure will be required this year unless the appropriation recommended in the Budget is increased by about \$6 million. There is presently apportioned to New Jersey that amount of 50-50 funds still unmatched.

Even if we assumed that the past level of \$12 million a year for non-Federal projects were maintained, we would still fall far short of the goal in 1975 -- by about \$1 billion. Most of this "deficit" would represent unbuilt freeways which are not on the Interstate System. Some years ago, recognizing that this situation was developing, we stated that the Highway Department required an additional \$60 million a year to complete the Master Plan on schedule. Now, it would appear much larger increments are required.

If additional funds are provided, we would recommend that it be on a gradually increasing basis, beginning with about \$30 million a year for construction. This would provide an additional \$20 million a year for construction of these badly-needed non-interstate freeways and \$10 million a year for advance purchase of right-of-way. Every dollar spent in this fashion now could eventually save \$5.

In our discussion of Federal aid matching requirements, some may wonder at the confusion inherent in a situation where the "1964-65 apportionment" is matched in 1963-64, and where we look to the 1964-65 Appropriations Bill to match the "1965-66 apportionment" expected this summer. The funds provided by the 1964-65 apportionment which the Highway Department matched without going to the Legislature for an additional appropriation will not be reimbursable until July 1. When then, did they need to be matched?

That leads into the next area mentioned in Concurrent Resolution 9:

"(2) The feasibility of legislative authorization, for planning purposes, of establishing priority of projects for a multi-year State highway program, including grade crossing elimination."

We understand that the national average for completing reasonably long segments of new highways is about seven years. In New Jersey, we have been running about five years from the time funds are first allocated in a Construction Program to the time traffic begins to roll on a completed highway. This varies, of course, depending on the area in which the new project is located and the feeling of the local officials. In urban areas, as you know, opposition to some projects has stalled them for years.

In any event, it is absolutely impossible to start a project from scratch and complete it within one fiscal year. The best that can be done, even if you are starting out with an approved alignment, is to be ready to start construction near the end of the second year. Design of a major project, after the studies are made, the public hearing held,

and the alignment approved, requires a minimum of eight to ten months, and right-of-way acquisition in an urban area may require eight months or longer. The construction itself requires at least two full working seasons in the case of most new highways.

So it can be readily understood that it is unrealistic to expect a Highway Department to wind up any fiscal year with all available funds obligated. For one thing, this would produce very undesirable fluctuations in the volume of construction. Some work must be in the planning stage, some in the design stage, some in process of right-of-way acquisition, and some under construction at all times.

Because of the lead time requirements, the sooner the engineers can get to work on a new project the better. Early authorization is the key. For this reason, it was and is essential to match the Federal apportionments as soon as they are released so that projects can be incorporated in a construction program and the necessary engineering work started, even though the funds may not be obligated for several months and in some cases a full year, when they are reimbursable anyway.

The Highway Department's plan, in matching the 1964-65 apportionment last year, was to have projects ready for obligation of those funds this summer. We gained a year in the engineering stage which could have been obtained in no other way.

If certain obstacles now retarding progress on some urban sections of New Jersey's Interstate Routes are removed, the Highway Department expects to wind up 1964-65 with all Federal aid funds reimbursable during that year fully obligated, and ready to obligate during the first three months of 1965-66 all of the Federal aid funds reimbursable during that entire fiscal year. At that point, the Department will

have made up the financial lag previously described.

As far as Legislative determination of priorities among projects is concerned, this should be done in very general terms if at all. As will be described later, priorities sometimes shift for unforeseen reasons and, in any event, they should be based on purely planning and engineering considerations and should not become involved in any way with other influences. However, it would seem highly desirable for the Legislature to authorize multi-year programs in terms of money, even if the cash were only forthcoming on a yearly basis. This is the pattern on the Federal level. For example, it would ease the Highway Department's planners considerably if the Department were given Legislative sanction for the expenditure of an estimated \$510 million over the seven years starting July 1, 1965 for completion of the Interstate System. (Federal and State funds combined)

Grade crossing elimination presently is the responsibility of two State agencies. If a highway-rail grade crossing is on a County or municipal road, it is the responsibility of the Public Utility Commission. If it is on a State highway, then it is the responsibility of the Highway Department. Most such crossings in New Jersey are on local roads. Removal of hazardous crossings on State highways is a normal function and some work of this sort is accomplished almost every year.

It is suggested, however, that the funds made available to the Public Utility Commission should be substantially increased, as they have a backlog of projects awaiting attention.

At this point, we wish to thank the Members of the Committee for bearing with such a lengthy discussion of the Department's fiscal affairs, however, money still remains the magic "missing ingredient" of our transportation recipe. The kind of construction required in New Jersey is expensive -- for that the staff of the Highway Department is as regretful as other taxpayers. However, perhaps the answer to the next point raised by Concurrent Resolution 9 will be a bit "easier to take."

"(3) The capital requirements necessary to implement interstate agreements involving transportation facilities."

The Highway Department is directly involved in interstate agreements involving transportation planning, which includes studies of new interstate transportation facilities in some instances. However, the capital funds required for this planning work are provided each year through use of one and one-half per cent of the Federal apportionments plus the State matching funds. This money cannot be used for any other purpose, is provided as a matter of routine, and does not represent any unusual or added drain upon the State treasury.

No interstate agreement now in force or pending obligates the Highway Department to participate in the cost of an interstate transportation facility. All presently planned facilities are either included in the Interstate System cost estimate or assigned to one of the Interstate Authorities which operate on the basis of toll revenues. Should future planning develop a need not now foreseen, it would appear that this also could be assigned to agencies such as the Port of New York Authority and Delaware River Port Authority and others.

The next question raised by Concurrent Resolution 9 is of vital concern to New Jersey's local governments:

"(4) The means of providing State aid to counties and municipalities for highway purposes and the adequacy of present policies and procedures related thereto."

New Jersey was the first State in the nation to provide road aid to its local governmental units in 1891. Since then, the program has grown to a yearly level of approximately \$16 million. It has remained at this level for many years and the Highway Department has often advocated an increase in the funds made available to the Counties and Municipalities.

The Highway Department understands bills are to be introduced in the Legislature to increase both programs, and as much on a needs basis as the present formulae permit.

As we see it, the new Interstate routes and the regular State highways, along with the Turnpike and the Garden State Parkway, constitute a system of major routes which must be supported by distribution and feeder systems. This latter role is presently assigned to the County and Municipal road networks which amount to some 6,700 miles and 23,000 miles respectively.

In order that the people of the State of New Jersey may enjoy the greatest benefits from their transportation resources, all of these systems must be viewed as a whole. The time has passed when we can

propose the construction of Interstate or any other highways without giving due consideration to their impact upon the local systems.

The same is true of the respective Authorities.

For all of these reasons, the Highway Department again endorses increases in the amounts of State funds made available for local road building purposes on a needs basis.

The next point raised by Concurrent Resolution 9 was:

"(5) The requirements and administrative organization and responsibility for co-ordinated transportation planning including rapid transit and other railroad operations, including consolidation and integration of facilities."

The material previously submitted to the Chairman of the Committee includes a complete report on the activities and interests of the Highway Department's Division of Railroad Transportation. The Division's staff is present to answer any particular questions which members of the Committee might have at the end of this statement.

The New Jersey State Highway Department has for the past several years endorsed the principle of balanced transportation. All means of transportation facilities available to the people of New Jersey must work in harmony, as a team and not competitively. This principle brings us to the final point raised by Concurrent Resolution 9:

"(6) The authority and organization of the State Highway Department to implement transportation projects with efficiency and expedition."

The State Highway Department has sufficient legal authority to carry out the missions presently assigned to it by the Legislature and the Chief Executive. Our primary job is to locate, design, build and maintain highways. That has always been considered a Highway Department responsibility and the existing statutes and court decisions clearly define it as such.

We also have sufficient authority to carry out our present mass transit duties, but in this area we feel these responsibilities should include participation in capital construction projects in certain instances. This situation is discussed in the material presented to the Chairman.

As far as the organization of the State Highway Department is concerned, the main thing lacking at present is manpower. The \$6 million in State funds presently allocated to the operating cost of our engineering and right-of-way groups, as mentioned previously, is inadequate. An added \$2 million in Federal funds is currently added to the State appropriation, providing a total of \$8 million. We feel, as outlined in the budget analysis presented to the Appropriations Committee last week and to this Committee today, that it should be at least in the neighborhood of \$11 million.

None of this includes added funds for normal maintenance, the cost of which has been increasing steadily, but here again we have presented the Committee with the full story in written form.

When arrangements were made for today's meeting, it was specifically requested that we provide "the priority of each and every project set

forth in the Master Plan; the proposed starting and completion date of each project; and the specific funds required for each project and when said funds should be made available."

At present it is possible to comply with this request only to a degree. The material presented to the Committee includes a complete schedule for completion of the Interstate System, with all of the information requested. This accounts for about a fourth of the Master Plan projects which still remain to be done. It was possible to produce this schedule only because the Interstate System has been authorized on the Federal level for so many years and so many preliminary estimates and other studies have been performed that we are reasonably certain of the location and cost of the various routes.

Also, because the Federal Government is paying for the dinner and we are only supplying the "tip", if you will, we have been reasonably certain the necessary funds would be forthcoming within a definite period. Given assurance of cost, general location, and funds, it was not too difficult to come up with a detailed schedule which, incidentally, was developed according to the modern "critical path" method.

While we do have approximate cost estimates for the remaining projects in the Master Plan, as outlined in the report presented to the Committee, funds have not been available to develop detailed estimates or alignments for a majority of the projects. Furthermore, the cost far exceeds the funds available, which we have no guarantee of receiving in the first place. Therefore, starting and completion dates can only be determined

after a project is placed on an approved annual construction program and funds provided for at least a start on the work. Such dates are available for all presently authorized projects within the limits of the funds currently allocated, however those projects considered in an authorized status were deleted from the latest revision of the Master Plan.

Certain natural priorities do present themselves. Once we have started work on a new freeway, it is generally the policy to keep after it until it is completed. Attached to this statement is a list of non-interstate freeways on which work of one kind or another is under way, showing the extent to which it has progressed. The total funds still needed to complete these 14 routes is in excess of \$445 million. If all of the present level of non-Federal appropriations are continued, it would take the Highway Department more than 10 years to complete just these projects, without any improvement of the existing highway system whatsoever.

Since substantial work must be done each year to improve existing overburdened routes and to eliminate hazardous conditions, it will take much longer than 10 years to complete the 14 freeways listed unless added funds are provided. In the meantime, those which have advanced the furthest up until now are in a position to reach completion the quickest. That is the only order of priority which can be established under our present financial restrictions. The priority of improvements to existing routes also depends on available funds.

In short, no definite priority for construction of highway projects over a period of years can be established without knowledge of the funds to be available during those years. The need is too acute for us to postpone projects until we are forced to do so by fiscal limitations, and so this decision is presently made annually. This is a major drawback of the present system of highway construction budgeting.

That concludes our formal presentation with respect to Assembly Concurrent Resolution 9, Mr. Chairman. The Highway Department staff is present and we are not only willing but anxious to answer any questions on these points which you or Members of this Committee might have.

In closing, allow me to say just a brief word with respect to the question raised by Assembly Concurrent Resolution 6, which deals with the possible consolidation of the New Jersey Highway Authority and the New Jersey Turnpike Authority.

As you know, these agencies presently operate independently of the Highway Department, and the only knowledge we have of their internal operations, overhead, etc. has been gained by personal contact over the years, not through any supervision exercised by the Department. For this reason, concrete factual information of the sort required to make the decision contemplated by the Resolution would have to be obtained by us on the basis of a survey and we presently have no authority to make one.

Mr. Chairman, again allow me to express on behalf of the Department our great appreciation that the Members of this Committee have seen fit to visit us and permit us to express our views on the State's transportation needs.

Thank you.

ESTIMATED FEDERAL APPORTIONMENTS WITH STATE MATCHING FUNDS

	<u>Federal Inter. Apport.</u>	<u>State Matching Interstate</u>	<u>Federal Apport. 50-50</u>	<u>State Matching</u>	<u>T o t a l</u>	
1966 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	72,996,000	8,110,667			<u>81,106,667</u>	115,090,803
1967 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	75,603,000	8,400,333			<u>84,003,333</u>	117,987,469
1968 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	78,210,000	8,690,000			<u>86,900,000</u>	120,884,136
1969 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	78,210,000	8,690,000			<u>86,900,000</u>	120,884,136
1970 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	78,210,000	8,690,000			<u>86,900,000</u>	120,884,136
1971 Primary			6,371,060	6,371,060	12,742,120	
Urban			10,621,008	10,621,008	21,242,016	
Interstate	75,211,950	8,356,883			<u>83,568,833</u>	117,552,969
T o t a l	<u>\$458,440,950</u>	<u>\$50,937,883</u>	<u>\$101,952,408</u>	<u>\$101,952,408</u>		<u>\$ 713,283,649</u>

NON-INTERSTATE FREEWAYS
STATUS

ROUTE	COUNTY	FUNDS REQUIRED	PLANNED	STUDY	PUBLIC HEARING	DESIGN	R.O.W.	CONSTRUCTION
18 Freeway	Somerset-Middlesex	\$13,200,000	X	X				
18 Freeway	Monmouth	21,000,000	X	X	X			
20 Freeway (Paterson Peri- pheral) (Not legislated as Fwy.)	Passaic	36,500,000	X	X	X	X	X	Soon
21 Freeway (A)	Passaic-Bergen	34,000,000	X	X	X	X		
24 Freeway	Union-Morris-Hunterdon-Warren	108,000,000	X	X	X	X	X	Soon
29 Freeway (B)	Mercer	17,000,000	X	X	X	X	X	X
35 Freeway	Monmouth	20,000,000	X	X	X	X	X	
55 Freeway	Cumberland-Cape May	66,000,000	X	X	X	X		
75 Freeway	Essex	30,000,000	X	X	X			
76 Freeway	Union	10,000,000	X	X				
92 Freeway	Middlesex-Somerset-Mercer	9,500,000	X	X	X			
322 Freeway	Gloucester	40,000,000	X					
440 Freeway	Middlesex	22,000,000	X	X	X			Soon
440 Freeway	Hudson	<u>18,750,000</u>	X	X				
	TOTAL	<u>\$445,950,000</u>						

(A) Open to traffic from Newark to Route 3-Clifton.

(B) Open to traffic in Trenton from Willow Street to Aberfeldy Drive.

NOTE: Status categories are for portions of proposed routes - not necessarily for the entire route.