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PUBLIC HEARING

before

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

Testimony concerning the Port Authority's decision to  
discontinue sales of discount commuter books at toll booths  
and service stations.

November 29, 1989  
Bergen County  
Administration Building  
Hackensack, New Jersey

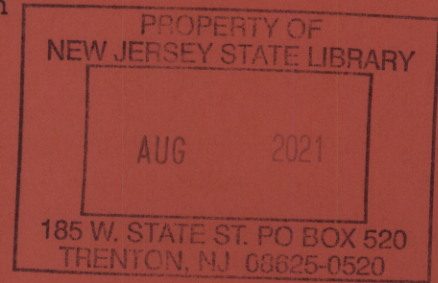
MEMBERS OF COMMITTEE PRESENT:

Assemblyman William "Pat" Schuber, Chairman  
Assemblyman Louis J. Gill

ALSO PRESENT:

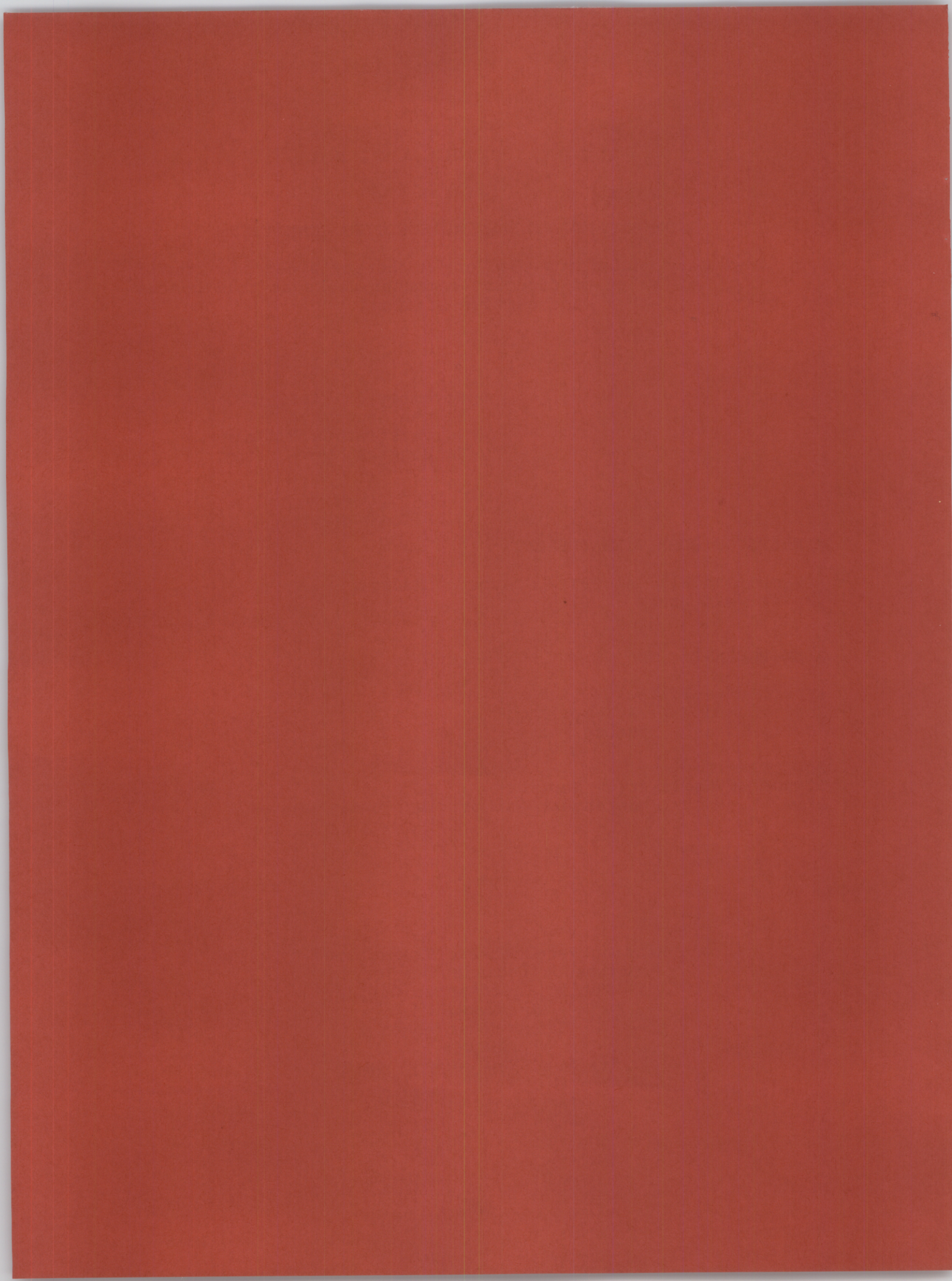
Assemblyman Patrick J. Roma  
Assemblyman Paul A. Kapalko  
Assemblyman D. Bennett Mazur

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Aide, Assembly Independent Authorities Committee



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Hearing Recorded and Transcribed by  
Office of Legislative Services  
Public Information Office  
Hearing Unit  
State House Annex  
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Trenton, New Jersey 08625





New Jersey State Legislature

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

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November 17, 1989

NOTICE OF PUBLIC HEARING

The Assembly Independent Authorities Committee will hold a public hearing on Wednesday, November 29, 1989 beginning at 7:00 p.m. in Room 301 East of the Bergen County Administration Building, 21 Main Street, Hackensack, New Jersey to take testimony concerning the Port Authority's decision to discontinue sales of discount commuter books at toll booths and service stations. The Committee will be taking testimony from the Port Authority on the subject of the sale of discount commuter books.

Anyone wishing to testify at the hearing is requested to contact Edward Westreich, Aide to the Committee, at (609) 984-7381 for scheduling.

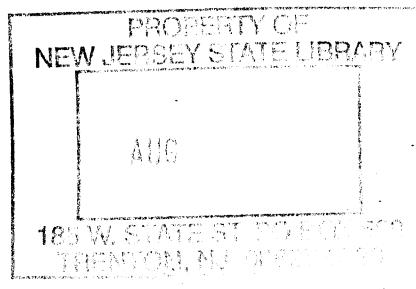
hearing.

DIRECTIONS:

From the Garden State Parkway (North)

Exit the Parkway at interchange 160 (Passaic Street). Make a right onto Passaic Street and proceed approximately 4 or 5 miles through Maywood and Rochelle Park, and into Hackensack. Make a right onto Summit Avenue. Make a left at the third light (Essex Street). Essex Street intersects with Main Street (a "T" intersection). You will see the court house straight ahead at this intersection. To the left of the court house is the Court Plaza South office building. Parking should be available under the building.

Issued 10/19/89





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mjz: 22-74



**ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman):** If anybody wants to testify tonight, there's a sign-up sheet over on the left, on the corner of the table there. You can, please, sign your name on one of those sheets and just hand it in.

Let me call the public hearing to order. Good evening, ladies and gentlemen. My name is Assemblyman William Schuber. I'm a member of the State Legislature representing the 38th District here in Bergen County. That is the central part of Bergen County; Hackensack, in particular. I Chair the Assembly's Independent Authorities Committee, and we are holding a hearing tonight for the purpose of investigating and reviewing the New Jersey/New York Port Authority's proposal, and, in fact, enacted plan, to discontinue the sale of discount ticket books to the bridge and tunnel crossings from the tunnel plazas and from the service stations in the area but, in fact, rather, to sell them through a mail order process, which has engendered a tremendous amount of controversy, to put it mildly.

I'm just going to have a few opening remarks to make. I'm going to introduce the members of the Committee. We will hear from representatives from the Port Authority and then we will hear from representatives -- or all of the members of the public who are here tonight who wish to speak.

This Committee of the Assembly has jurisdiction with regard to the State's independent authorities; in particular, the road authorities, and as a collateral jurisdiction, has jurisdiction over the Port Authority of New York/New Jersey as well as the Delaware Port Authority and also the actions or inactions that take place in the City of Atlantic City.

The members of the Committee are: on my right, Assemblyman Lou Gill from Passaic County; on my left, Assemblyman Pat Roma from this District, Bergen County; Assemblyman Paul Kapalko from Monmouth County; and we do expect some other legislators to join us during the course of the evening.

Very briefly, I have called this public hearing to order for the purpose of considering the recent changes by the Port Authority of New York and New Jersey in its system of distributing discount ticket books for commuters. This hearing is concerned with the reasons for the Port Authority's decision to make these changes, the problems experienced by commuters as a result of these changes, and the actions taken by the Port Authority in response to the many complaints and problems resulting from the changes.

As you know, the commuter ticket books -- \$40 for 20 tickets -- for use at the Port Authority's six Trans-Hudson crossings have been sold only by mail since October 1, 1989. Previously, commuters were able to purchase these ticket books at toll lanes at the Port Authority walk-up ticket windows, and at approximately 50 other locations where sales were made by outside agents such as gasoline stations.

Recent reports have revealed that the Port Authority's computerized mail order system has resulted in greater expense and inconvenience because of delays in receiving the ticket books through the mail. Commuters have been forced to pay the normal \$3 tolls while waiting up to three or four weeks for their ticket books to arrive by mail. When the ticket books finally do arrive, most of the tickets cannot be used by commuters because the expiration date that has been stamped on the book has either passed or is about to pass.

In addition to costing commuters more money because they must pay full tolls while waiting for their ticket books to arrive, the new system is more expensive for the Port Authority which will pay its toll collectors close to half-a-million dollars for not selling discount ticket books at toll booths and will pay an additional \$280,000 annually to the contractor for the new mail order system.

The Port Authority is an independent authority and therefore, does not have to be directly accountable to the

Legislature and the commuters of the two states which it serves. I believe that the Port Authority should have to take the lives of the tens of thousands of commuters using its tunnels and bridges into consideration when implementing major policy changes. I would like to know the Port Authority's justification for changing its system to one which appears to be more costly, and less convenient and efficient.

If the former system had problems, the Port Authority should have been able to fix it, rather than changing to a system like the present one. And I doubt there were problems in the original system.

We are paying more and more and are getting less and less as a result of the Port Authority's policy changes, and we have to wonder where this will all end? This is an outrage to all of us, and the Port Authority must answer these questions tonight.

I think the underlying issue for all of us simply is this: To whom is the public entity answerable, especially one that has considered itself -- and is so independent because it is a bistate authority; meaning any changes in its operating procedures must come from two states?

I think that's really the bottom line issue. The duty and the responsibilities and the day-to-day wearisome travel of the commuter is tough enough in this day and age without having it victimized or added to by the callous treatment by a quasi-public entity. I think that's what we have here.

Now I'm not-- Before we start with some testimony, I just want to indicate a couple of things which-- I'm going to read you a couple of letters I got from some citizens. Some of you may be in the audience, but I think if anything epitomizes what I've gone through with independent authorities this year, whether it be the Garden State Parkway, or the New Jersey Turnpike, or this action -- which I think is an outrage -- is the letter that I sent to the Port Authority objecting to this

change, back in the early part of November, in which I addressed a letter to Mr. Stephen Berger, the Executive Director of the Port of New York/New Jersey indicating my extreme disappointment with the change of this system, and pointing out the problems that the new system has engendered for thousands of commuters, not only here in Bergen County but elsewhere.

And what did I get back? A printed card form that said -- was not even sent to me in my legislative office. It was sent to my box in Trenton. It said:

"Dear Sir: Thank you for your letter of" -- and it's penned in -- "11/3. We care a great deal about the questions and concerns of our customers, and we do not take your comments or suggestions lightly. Thus, we are taking the time to respond to you in as thorough a manner as we can. You'll be receiving a response from us as soon as possible." And it's not signed by anybody. It's printed, "The Public Service Division of Tunnels, Bridges, and Terminals Department."

This is an absolute outrage. When I saw this in my box on Monday I went through the roof. I mean this basically is the epitome, to me, of how independent authorities have acted in the State, and the Port Authority is more to blame on this than any of the other authorities; that no one had the courtesy to even return a call to me with regard to this policy or even send me a letter, but I get a preprinted form card. In fact, I got it probably sooner than you probably got your discount books.

Now let's take a look at some of the letters I got about this program. This makes interesting reading. This is from the brochure, I think, that comes out of the mail order system. "Now the Mail Makes the Sale," is what it's entitled. You probably have seen this. It goes on to explain the system, but then it goes on to say this: "You'll find that this changeover to mail is going to make life easier, a lot easier

with improved traffic flow for everyone. You'll also have the protection of commuter books that are personalized to include both your license plate number and the expiration date of your book printed on every ticket. Here's the convenient order form to get you started. All you have to do is fill it out, and mail it along with a check or money order. You'll receive your commuter ticket book in about 10 days which can be used right away. Please act now." And it goes on to explain the system.

I would submit to you, ladies and gentlemen, and to the Port, that this system is neither efficient-- It neither speeds traffic, and it is neither cost-effective, but rather it is-- And I'm to the point of outrage on this, more so than I have been with some of the other authorities that we've dealt with. I mean, this has victimized the commuter in a way that he did not deserve; that he did not deserve.

The annual trek-- As a student I did this everyday. I don't do it anymore, going back and forth to New York, but the annual going back and-- The daily going back and forth to New York is tough enough, going through the different crossings, without this added inconvenience. And I have to believe that there is something else out there that I'm not catching on this whole system; that either the intent is to do away with the system all together -- and then the Port Authority ought to be honest and tell us that -- or that there's some other agenda out there that I'm not following. I think that's what we want to know.

Now, this letter comes to me from a Mrs. Pearl Sodosky -- who I think is here tonight -- from Cliffside Park. She writes to me: "I use the George Washington Bridge to commute to work in New York." I'm going to indicate to you that I received about 100 letters in my office on that, and that's an extraordinary amount of mail on a particular issue. So, I'm going to indicate to you that is symbolic of how incensed, I think, the public in this area is about this program. (continues reading the letter)

"I use the George Washington Bridge to commute to work in New York City. I am adding my voice of outrage at the discontinuing of ticket sales at tollbooths and gas stations within New Jersey. I was unaware that gas stations would not be selling the toll books after October 1. I was always able to purchase a new book as soon as my last ticket had been used. You can imagine my chagrin after finding out that I could no longer purchase a book of toll tickets at my gas station and that it would take 10 days to obtain a new one. Due to this lag in receipt time, it has cost me \$8 extra to cross the George Washington Bridge -- 3 times \$2 per toll ticket.

"How can the Port Authority justify a statement by Mr. Arrastia" -- which was, I believe, in The Record -- "that when you take work away from a labor union, they have to be compensated? This is twisted logic. Eight hours work is still eight hours work. If the labor contract was to be affected, then the mail order program should have been tabled until a new contract came up.

"The Port Authority says it will cost \$280,000 more a year to mail these toll books. Therefore, I predict that in the very near future, the Port Authority will increase tolls to offset the added cost of the toll book mailing program.

"This whole system smells. I do not need personalized toll tickets as is indicated on the new mail order form, and I resent the added expense." Signed by, Mrs. Pearl Sodosky.

This letter comes to me from an individual from Hillsdale, New Jersey. "Dear Mr. Schuber: The decision to permit the selling of toll books only by mail adds to the inconvenience and harassment the motorist is forced to put up with and should be reversed. Previously, purchasing a bridge book was a once a month necessity. Now, however, each month, the motorist has to go through the additional steps of:

- 1) picking up an envelope,
- 2) figuring out when they have to mail the envelope to get the book in on time,
- 3) remembering to mail in the book,
- 4) filling out a check,
- 5) being concerned about whether the post office will get the book there on time, or at all.

"The additional expense for postage, checks, and having to pay the full daily toll when a ticket book doesn't arrive on time such as was the case this month when I didn't receive my book until almost a week after I needed it, is also not fair to the motorist.

"If there is an increase in revenue that results from this change, it seems to me that it would be so small as to be counterbalanced by the combination of the additional expense the motorist incurs and the mailing cost required to get toll books to motorists. Even if the Port Authority didn't have to pay mailing costs, there is a cost for delivery of the books that is being paid by someone which should be taken into consideration.

"If the task of distributing coupon books causes traffic delays or is too burdensome for toll takers, at least provide the option for allowing the gas stations who are willing to undertake the responsibility to do so. Motorists need someone to exhibit some concern for their interest." And it's signed--

I think the best one I got was this one from Paramus, which starts off by the following -- this addressed to the Governor of the State, by the way, and it says, as follows, which I think sums up the feeling: "How can you let the New Jersey commuter get screwed by the Port Authority? I love living in the State, but I have to make my living in New York City. I would love to avoid crossing the George Washington Bridge for many reasons -- financial and traffic.

"I thought the commuter books were designed for regular users of the Port Authority facilities. Yet, out of the blue, a new policy was created. You have to mail in your check to the Port Authority at least 10 days in advance to receive the discounted commuter books." And he asks, "Why?"

"Before this wonderful new idea thought of by Stephen Berger and his underpaid staff, obtaining the books was rather easy. I purchased mine from the Mobil station on Route 4. It was a simple matter. I ran out of tickets, and I stopped the next day for a new book. It was convenient, fair, and easy to remember.

"The owner of the station said he was given no advanced notice of the change. He just was told as of this date, there would be no more books.

"I never knew about this policy. I crossed the bridge at 6:30 to 6:45 a.m. For two weeks I paid the full fare until that 10-day ticket book waiting period elapsed first. It was longer than 10 days, but why should the geniuses at the Port Authority care?

What was wrong with the previous policy? One, you bought it at the bridge during less traveled hours. That is now gone. Two, you handed in an envelope with your check at the bridge and received your book in two or three days. That is also gone. That transaction only took a few seconds. Three, of course, we have lost the convenience of the gas stations. Many of my friends are angry, yet, their attitude is, 'How can you fight the Port Authority? Who has the time?' and, 'Is there anybody out there who cares?'

"What bothers me more is the mendacity of the Port Authority. I hate being lied to by people who claim they're working for my good.

"Number one lie: 1) With the new ticket order books, the Port Authority claims they are following this new policy to make life a lot easier with improved traffic flow for

everyone. Traffic can be improved with all the tollbooths open. When I cross the bridge on the lower level, one to four booths are always closed. Nobody but a fool believes that traffic flow had anything to do with this decision.

"2) On that same ticket book," another quote, "that is boloney" -- for lack of a better word in the letter -- "you'll also have the protection of commuter books that are personalized to include your license plate number and the expiration date of your book printed on every ticket." And he's less than amused by that concept. "The toll collectors told me it was to make sure that nobody used old tickets to get across the bridge.

"The distrust of the commuter by the Port Authority is obvious. Hopefully, nobody will get sick or have a death in the family, so that the books can be used in time.

"3) On that same form, you'll receive your commuter ticket book in about 10 days. Another lie, it is taking much longer.

"4)" -- read on -- "If you have questions about your orders, please call," and they list a number to be called Monday through Friday.

And he goes on to say, "I called it. They can give no information about where your check is, or when the book is going to arrive. I paid full fare for two weeks waiting for the mail. They gave me Stephen Berger's address to complain. That is terrific.

"5) And the idea that life has been made easier-- That is the worst lie." And he goes on to talk about the issue of paying the toll takers for doing less work.

Then it goes on to criticize the program further and then asks that something be done. I think that basically sets the stage for the anger of the commuter with regard to this issue.

So at this time, without any further ado, let us ask if the Port Authority is represented here tonight by Mr. Ernesto Butcher, the Assistant Director of Tunnels, Bridges, and Terminals, and also by Mr. Philmus (corrects pronunciation) Ken Philmus who is the President of the Bridge-- Sir, your title? George Washington Bridge, okay. Will you come up, please. (negative reaction from audience)

**ERNESTO BUTCHER:** Good evening.

**ASSEMBLYMAN SCHUBER:** Each identify yourself, please, for the record.

**MR. BUTCHER:** Right. I'm Ernesto Butcher. I'm the Assistant Director of Operations of Tunnel--

(audience indicates difficulty hearing speaker)

**UNIDENTIFIED SPEAKER FROM AUDIENCE:** Did he say he was a butcher?

**ASSEMBLYMAN SCHUBER:** Come on folks, everybody will get a chance to talk. Let's let the-- That's the transcriber's mike. The mike for the system is the one behind you, and I think that may be-- Okay, fine.

While we're doing this, I would indicate to you, ladies and gentlemen, this is a public hearing of the Legislature of the State of New Jersey. And this-- The testimony that is being taken tonight is being transcribed by sound and will be available in a booklet form, relatively shortly.

**MR. BUTCHER:** Okay, I'll start again. My name is Ernesto Butcher, and I'm the Assistant Director for Operations of the Tunnels, Bridges, and Terminals Department at the Port Authority. This is Ken Philmus, Manager of the Bus Terminal -- or rather the George Washington Bridge. I've got the Bus Terminal on my mind.

First I'd like to respond, Assemblyman, to your comment concerning the letter that you sent and did not receive a response to. My information is that we did send you a

response. We faxed you a response because by the time we got your letter, we had been notified of this public hearing. And, in fact, what we did was fax you a letter indicating that we will be present at this public hearing to answer all your questions.

The postcard that you received is a courtesy postcard that is normally sent to all of our patrons when we receive a letter from them, if we don't have an immediate answer, so that we can let them know that we have received their comments and we will be getting back to them. So, somewhere, somehow, there has been--

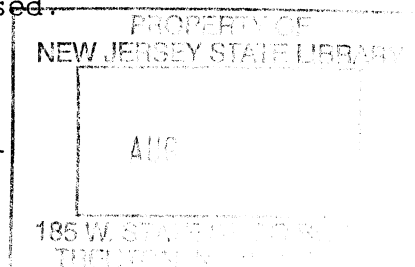
ASSEMBLYMAN SCHUBER: Well, not to quibble with the issue because there are more important issues than the matter of this card which I just--

MR. BUTCHER: Certainly.

ASSEMBLYMAN SCHUBER: I just consider the issue much more symbolic than that. Two things: The fax I did receive was just about the fact that you were going to testify here. It was not really an answer to the letter that we had sent. Secondly, even in my worst dealings with the Garden State Parkway, they have always, at least, written to me, even if they didn't like what I had to say to them. But I thought the card was-- To a legislative committee that has oversight of this Authority, basically, I thought was very, very--

It was most epitome of the problem, I think, number one. And number two, it was very, very offensive to me. Not only to me-- Not to me, personally, quite frankly, but to me representing the State of New Jersey, with some type of jurisdiction on this. That's why I mentioned it.

Not only that, but it was mailed to Trenton. I think many of the folks that I've dealt with at the Port know that I have an office here in Ridgefield Park. Not only that, but they would also know that there is a Committee address down in Trenton for this. But I'll leave it go at that. There are other issues that have to be raised.



MR. BUTCHER: Fine. Before I begin to discuss the actual program that we're here to talk about, first I'd like to extend my apologies to all of those individuals who, for whatever reason, may have experienced some difficulty in our new system. As you will see from the things that we are about to tell you, it was not our intention to create an undue hardship for anyone utilizing the commuter book system.

It may be useful to give you a sense of what our ticket policy is. We have, in effect, three types of tickets that we use for passage at our river crossings. The first one is the commuter book which is sometimes known as the H-4 book. That book has 20 tickets in a book, and it's discounted by some 33%. However, it does have expiration dates on them, and it also has a license plate restriction.

In addition, we have what we refer to as toll scrip tickets. These are sold in varying denominations, depending on the type of vehicle that you drive. They're usually 25 tickets in a book, and they're discounted by 10%. There are no expiration dates on the toll scrips, nor is there any license plate restriction.

In addition to those, we have what we call car pool tickets. They have a six-month expiration. There's an 83% discount on those books and can be used by any vehicle with three or more individuals -- in a passenger car with three or more individuals.

Up until October 1, the only books that you could purchase in the lanes were the commuter books. The toll scrip book as well as the car pool book were all sold by mail.

Now, why the current action? Why did we do what we did? Since 1950 when we first introduced commuter tickets, we began to discover early on that there was a problem selling books in the lane, and it affected traffic. So as early as 1954, we began to implement some restrictions insofar as their usage. Those restrictions basically dealt with limiting the number of tollbooths at which you could purchase the tickets.

As we move onto the late '70s and '80s, as our traffic increased dramatically, we added more restrictions. The restriction in these locations took the form of removing them from the lanes during the peak hours -- the morning peaks. Then we subsequently moved the evening peaks as traffic conditions worsened.

Now, we currently-- Last year, at least, we saw approximately 110,000,000 trips across our Hudson River crossings; across all of our facilities, 110,000,000 eastbound trips. And the number of trips were increasing steadily each year. Our biggest concern has always been moving that traffic as rapidly and as effectively as possible. It was increasingly obvious to us that we had no opportunity to increase capacity -- tolling capacity or otherwise. So we had to do everything we could to streamline our transactions as much as possible so that we could improve that traffic flow.

As we looked at our transaction times, we discovered that it required about seven seconds to process a ticket, and 10 to 12 seconds if the customer offered cash. However, the sale of the commuter book required some 60 to 90 seconds. We sold some 700,000 of those in the lanes. That amounts to approximately a million minutes of time, or something like 16,000 hours of time used selling books.

As we examined our process we said now, "What things can we do to streamline this traffic flow?" We had to focus on those books. We had to focus on that transaction time, and we said, "It's becoming obvious to us that we have to remove those from the lanes and gain that productivity in terms of moving vehicles." That was a real serious concern for us and still remains a concern.

The other concern to us was the question of improper usage of the commuter books. Now, as I mentioned before, there is an expiration date on those tickets. When you purchase a ticket, they must be used within 35 days of the date of

purchase; that's if you buy them by mail. If you purchase them in the lanes, then you have a 30-day expiration date.

We discovered that basically what was happening is each year we were collecting some 1.5 million tickets that had expired. Now that was a problem to us, if only because we have to operate under certain regulations and we have to be careful about how we handle these public funds. And in effect, that's what they were. And we had to-- (negative reaction from audience)

ASSEMBLYMAN SCHUBER: Please, please, everybody.

MR. BUTCHER: We had to be concerned about the uses of the tickets -- the improper uses of the tickets.

In addition, we discovered that there were sales of tickets to unauthorized users. For the most part-- Not for the most part-- In its entirety, these sales took place by agents. They sold to commercial vehicles which are not allowed to be in this program.

Now, we said, "How do we resolve this? We've got to get the books out of the lane so that we can expedite traffic, and we'd like to improve on this usage question." So we looked towards computer technology, and we thought that what we had found was an ability to produce a ticket that would make it clear to the user as well as the toll collector immediately, what the expiration date of that ticket was, so that would take care of the question of improper usage.

Removing them from the lanes and putting them into the mail system, we thought, would help us significantly in the distribution of those tickets.

How was that system to work? An individual would mail their order form in to our contractor. They would input that information into their computer, and by telephone lines it would go then to a printer who would subsequently mail a ticket to the customer.

All of our expectations, as we did this, indicated that this process could be done within eight days, since, in fact, we -- meaning our contractor -- would actually have the order in his possession no longer than three days, and the rest of the time was to be in the mail. So, we proceeded to do that.

Why could we not continue to have agent sales? We could not continue to have agent sales primarily because of the customization of the tickets, the question of improper usage, and the fact that we did place the expiration date on each ticket.

Now we realize that there is some loss of funds to the gas stations for that removal since we paid them the fee to sell each book, but we felt that it was more important to have that expeditious flow of traffic as well as proper usage of tickets.

What has happened since October 1? To date, we have processed some 122,000 books. We have had problems, as people here will tell you and as you have indicated, but those problems have really amounted to no more than 1% or 2% of the total number of books that we have sold.

Now what is the nature of the problems? Most of the problems have resulted because of some lack of accuracy on the part of our order entry contractor who, quite frankly, did not understand the extent of the program that he was involved in, and it took quite a lot of hand-holding on our part to get him up to speed. Now, we are currently processing about 3000 books per day -- orders per day. We have fewer than 20 or 25 problems currently per day, and most of those problems deal with incorrect information on the order form which causes them to kick out of the computer, and items of that nature.

We think that the system will work. We have confidence that the system will work. We have performed postal traces and we have discovered that for the most part, from our printer/mailer to the local post office is no more than two days. Our postal traces indicate that.

Now, are there times when obviously there are problems with the postal system? Certainly, there are. Obviously, there are. What we have done in terms of meeting the concerns of those people who have contacted us, is on every occasion where we have discovered that it's been our fault or the contractor's fault that the person has not received their book or they received their book late, we have offered refunds or reimbursements in every case that we have received information from our customers.

UNIDENTIFIED SPEAKER FROM AUDIENCE: How long does it take to get a reimbursement?

ASSEMBLYMAN SCHUBER: Folks, hold on. Everybody will get a chance to talk. Please, one witness at a time.

MR. BUTCHER: Where do we go from here? We think that it's critical in order for us to maintain the traffic flow that we not sell the books in the lane. We are continuing to examine other options for the distribution. We think that the mail system will work. It's only been two months. We'd like to give it some time, but we're prepared to look at all other possible options.

We're also looking at new technology. One of the things that we are very adamantly looking at is the automatic vehicle identification program which would allow us to provide our customers with transponders which enable them to come through our lanes without having to pay at the point of the tollbooth and be billed either later or beforehand.

We believe in the tickets, because the tickets are important to us; as I said before, seven seconds per transaction as opposed to 10 or 12 by cash. We think it can work, and we're working towards making it work.

We understand that there have been some problems. We have pulled our hair out about some of those problems. We have placed one of our staff members right now in the contractor's office to make sure that all of those things get resolved as

quickly as possible. And, as I started out, we apologize for any problems that may have existed, but we think that what we have done is not unfair. Thank you.

ASSEMBLYMAN SCHUBER: Mr. Philmus, do you have anything that you wish to add?

K E N N E T H P. P H I L M U S: No, sir.

ASSEMBLYMAN SCHUBER: Let me ask you a question here. A couple of statistics I have heard -- I've read and I've heard you talk about them tonight. The first statistic was simply this: That it takes 60 to 90 seconds for a toll taker to process a coupon transaction or book transaction at the tollbooth. Where does that come from? Is there data on that? Did someone stand there--

MR. BUTCHER: Certainly, certainly. Over the years, we have always tried to keep track of transaction times because that's been important for us in terms of determining how traffic moves, and we have always been able to pinpoint the fact that it does take 60 to 90 seconds for that transaction to take place in the lane.

ASSEMBLYMAN SCHUBER: Is there a study that was done on this by the Port?

MR. BUTCHER: Yes.

ASSEMBLYMAN SCHUBER: Is it available to us?

MR. BUTCHER: Well, certainly.

ASSEMBLYMAN SCHUBER: Could you supply the documentation to this Committee, please?

MR. BUTCHER: Certainly.

ASSEMBLYMAN SCHUBER: Secondly, where-- As I understand your testimony, the fact of the matter is that the goal of the Port in this particular area, is to speed traffic along as smoothly and as quickly as can be. Is that correct?

MR. BUTCHER: That's our primary effort. Yes.

ASSEMBLYMAN SCHUBER: Right. And that as a result, this ticket program, I guess-- This ticket mail order program is in furtherance of that goal. Is that correct?

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: Okay. Let me ask you this. You've done away with the sale of the tickets during rush hour, already, prior to changing over to this mail order system, and now you sold them, really, on off-track -- off-peak times, number one. Number two, you sold another bunch from service stations in the area which I don't think affected traffic one iota. So the issue for me, simply, is how, in fact, did this mail order system speed up traffic? I mean, from my personal experience and from that of those I've asked about it -- and I'm sure many of the folks in here -- I would hazard to guess that this has not had any effect on traffic, whatsoever -- any discernible effect.

And if you have a report-- (applause) And if you have a report that indicates to the contrary, I'd like to know who did it and if we could have the documentation on it?

MR. BUTCHER: I'd like to respond to that.

ASSEMBLYMAN SCHUBER: Well, do.

MR. BUTCHER: I'm sorry.

ASSEMBLYMAN SCHUBER: No, go ahead, please.

MR. BUTCHER: Sixty-two percent of our sales were done in the lane. Eighteen percent -- 18%, 19% were done by agents at gas stations. As I said before, the 90 seconds or 700,000 is a lot of time, okay?

Now, you make a good point concerning peak hours. However, what we need to be clear on is, for some time we've been talking about peak hours. Initially when we talked about peak hours, we were referring to the hours from seven to ten. Then peak hours became six to nine. Then it became six to ten. Then people talked about shoulders of the peak, and the shoulders of the peak got broader and broader.

The weekend traffic, Saturdays and Sundays, can be worse than any peak hour during the week. These are the period of time when we were supposed -- that we were selling tickets.

The fact is, that on any given day, it is quite possible to have an almost nonending peak. That's the way the traffic is at our facilities. And so, when you refer only to the peak hour, that is an incorrect observation insofar as our ability to move traffic--

ASSEMBLYMAN SCHUBER: But how does removing the sales from the service stations affect the traffic flow?

MR. BUTCHER: Well, as I told you, the reason that we removed the sales from the service stations was not about traffic flow. It was a question of our ability to get our tickets printed with the expiration dates.

The customized tickets, we felt, were absolutely important because of the problems of improper usage. That's the key at the gas stations--

ASSEMBLYMAN SCHUBER: Well, I meant to ask you--

MR. BUTCHER: --the improper usage.

ASSEMBLYMAN SCHUBER: This improper usage. What is this? I mean, I've never seen any complaint, or any report about the improper usage. Are there major scams out there?

MR. BUTCHER: Well--

ASSEMBLYMAN SCHUBER: Or are there bootleg tickets out there?

MR. BUTCHER: Assemblyman, Assemblyman, when you purchase one of these books it clearly states-- It's almost like entering into a contract. It clearly states that the book is valid for 35 days from the period of purchase. Any use of tickets beyond that time is contrary to the regulations. Now, we have -- we, meaning people in my department -- we certainly have a responsibility, not only to the issue, but to ensure that these books are used correctly.

ASSEMBLYMAN SCHUBER: Well, that's what I'm trying to get at. Who's using them incorrectly?

MR. BUTCHER: Well, a million-and-a-half bad lifts is an incorrect usage.

ASSEMBLYMAN SCHUBER: I'm sorry?

MR. BUTCHER: A million-and-a-half bad lifts-- By a bad lift, I mean, a ticket that is expired, that's incorrect. (negative responses from audience)

UNIDENTIFIED SPEAKER FROM AUDIENCE: A ticket is paid for. A ticket is paid for.

ASSEMBLYMAN SCHUBER: Ladies and gentlemen.

UNIDENTIFIED SPEAKER FROM AUDIENCE: What the hell are you talking about?

ASSEMBLYMAN SCHUBER: Ladies and gentlemen. Ladies and gentlemen, please. Please, ladies and gentlemen. This is a legislative hearing.

UNIDENTIFIED SPEAKER FROM AUDIENCE: This is an outrage.

ASSEMBLYMAN SCHUBER: I don't have a gavel. We're asking questions to get to the bottom of this story. Everybody will get a chance to testify.

Now, my question to you is, first of all, the tickets have been paid for already, number one, I would think. Number two, that the fact that they've been paid for, how can there be, after, some improper use? I heard you talk about the fact that commercial users could not utilize these types of tickets under these regulations. I'm sure that a toll taker can tell the difference between a truck and a car.

MR. BUTCHER: Commercial plates are also on limousines and taxi cabs, and those are not allowed by the regulations that were established to govern this process. And my responsibility, Assemblyman-- My responsibility is to ensure the proper usage of those tickets. That is my responsibility.

ASSEMBLYMAN SCHUBER: But, my--

MR. BUTCHER: When an auditor says to me, "You are in violation of the regulations here because you-- Through your toll lanes are being submitted a million-and-a-half improperly used tickets, what are you going to do about that?" That's a subject of an internal audit.

ASSEMBLYMAN SCHUBER: Do you have a report on this internal audit that's available to this Committee that would point out this problem to us?

MR. BUTCHER: Sir, I have been told, and I have seen memoranda that indicates to us that that is a problem. If you'd like to see those, certainly we'll give those to you.

ASSEMBLYMAN SCHUBER: This Committee would be much interested in that information because frankly, and I think the problem of this problem simply comes down to this -- and a gentleman alluded to it in his letter -- and that is the trust between the Authority and its commuters, one.

Two, you're making a contract. You indicate that these books are a contract between you and somebody else, I assume. That somebody else is the public of the State of New Jersey. You are not above the public. And I think that--

MR. BUTCHER: I have not stated that, Assemblyman. I have not stated that.

ASSEMBLYMAN SCHUBER: You don't have to state it. You don't have to state it. The actions of the Authority speak louder than what you have to say with regard to it. You are making a contract with the public of this State, and the public has the right to use those facilities. What you have done by your activity -- however you want to justify it and whatever statistics you want to indicate -- is you have made it that much more difficult for these people to go about their daily livelihoods. That's what it comes down to. (applause)

In my opinion, philosophically -- and I will indicate to you as the Port Authority, or to any of the other authorities that have come before us -- you are here to serve the public, not whatever you -- and I am not talking about you personally--

MR. BUTCHER: I understand.

ASSEMBLYMAN SCHUBER: --or whatever the agenda of your Authority may happen to be. You are a quasi-public entity. You

have a public responsibility not to make it much more difficult for the public. That is why I am outraged by this.

I understand that you have to reevaluate your procedures time and time again to see if this is working properly, looking to try to better the activities of the agency. I understand that. But sometimes your goal of making things more efficient takes much more precedence than what is right for the public. I think that is what we have here.

So the bottom line question for me to you is simply this -- and the question for this Committee to those who have jurisdiction in your organization to make that decision is, are you prepared to consider going back to the old system or not?

MR. BUTCHER: Assemblyman, may I respond to your first concern? The regulations that promulgated this particular program -- the Commuter Book Program -- were established by the Board of Commissioners of the Port Authority, and subsequently approved by the Governors of both states. In effect, those regulations become law to us, and we have to follow them. Until those regulations get changed in that manner, then we must abide by those regulations. It is my duty, then, to do everything within my power to do so.

ASSEMBLYMAN SCHUBER: Well, I'm asking you, are you willing to consider-- You said you were looking into other systems. Are you willing to consider going back to the old system: yes or no?

MR. BUTCHER: No, sir, I don't think we are willing to go back to selling books in the lane. The reason for that, primarily, has to do with what we think is an improper use of toll collector time, given the nature of traffic in this region.

ASSEMBLYMAN SCHUBER: Well, that's not--

MR. BUTCHER: One-hundred-and-ten million trips each year, Assemblyman.

ASSEMBLYMAN SCHUBER: Yeah, I understand that, but I am also talking about 200,000 commuters who have to utilize

these types of tickets who are inconvenienced by what you have done. Your indication before was that this whole system was put together for the purpose of speeding up traffic and making it much easier for people to get across the crossing, which is a laudable goal, no doubt. But I look on one hand at this system -- which I am going to submit to you again has made no difference on traffic flow whatsoever-- And secondly, I have to look at the issue that was raised several months ago when you were closing lanes in peak hours. So, how was that-- There is a positive goal contrary to your asserted goals for the Authority. Only by public pressure through a newspaper in this county did you even change that policy -- not you personally, but whoever was in charge of that.

I mean, where are we going here? Your policies sometimes run contrary to each other. Let's find out about this system. If you are not willing to consider it, then we want to know a lot about this system.

MR. BUTCHER: Well, could I--

ASSEMBLYMAN SCHUBER: Let me ask you this.

MR. BUTCHER: Okay.

ASSEMBLYMAN SCHUBER: How did the Port Authority go about selecting the outside contractor to operate this system?

MR. BUTCHER: By the public bid system.

ASSEMBLYMAN SCHUBER: Was it advertised?

MR. BUTCHER: Yes, it was, sir.

ASSEMBLYMAN SCHUBER: And how many bids were there?

MR. BUTCHER: I don't have that information. I think there were at least three or four.

ASSEMBLYMAN SCHUBER: Was this the lowest bid?

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN SCHUBER: What is the name of the company?

MR. BUTCHER: Robert Cornwell, Associates.

ASSEMBLYMAN SCHUBER: Is this bid available to this Committee?

MR. BUTCHER: Most certainly.

ASSEMBLYMAN SCHUBER: We would like to see it, please.

MR. BUTCHER: Now, there are two contractors in this process. There is Robert Cornwell, Associates. That is the order entry contractor.

ASSEMBLYMAN SCHUBER: Was that publicly bid?

MR. BUTCHER: Yes, as well as the printer/mailer contract.

ASSEMBLYMAN SCHUBER: Was that publicly bid?

MR. BUTCHER: That was publicly bid.

ASSEMBLYMAN SCHUBER: And, were both the lowest bidder?

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN SCHUBER: Do you know how many bids were bid for each?

MR. BUTCHER: I don't have that information, Assemblyman. I can get that for you.

ASSEMBLYMAN SCHUBER: Do you know how many letters went out to solicit bids on these?

MR. BUTCHER: They were very heavily solicited.

ASSEMBLYMAN SCHUBER: When were the bids granted?

MR. BUTCHER: I think they were granted June or July of this year. I don't have that information in front of me. I can get that for you.

ASSEMBLYMAN SCHUBER: Did the Port rely on any referrals or recommendations from other agencies or individuals in order to compile a list of contractors?

MR. BUTCHER: I cannot answer that question, because that is something for our purchasing people. My sense is that we followed our normal advertising for bids process, and received the bids in that way.

ASSEMBLYMAN SCHUBER: How long are these contracts that have been awarded in these two areas?

MR. BUTCHER: They are one-year contracts, sir.

ASSEMBLYMAN SCHUBER: One-year contracts?

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: Are they subject to termination at will?

MR. BUTCHER: All of our contracts are.

ASSEMBLYMAN SCHUBER: Do you understand what I mean by that?

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN SCHUBER: Could you terminate them today?

MR. BUTCHER: Thirty days notice.

ASSEMBLYMAN SCHUBER: With 30 days notice?

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN SCHUBER: Without cause?

MR. BUTCHER: I'm almost certain that is correct.

ASSEMBLYMAN SCHUBER: All right. We would like to see copies of the contracts, if we might, also.

MR. BUTCHER: Surely.

ASSEMBLYMAN SCHUBER: By the way, do you have any penalties outstanding for the contractors, especially the one with regard to the computer, for the inaccuracies, or whatever happened with regard to the--

MR. BUTCHER: Well, all of our contracts include provisions for penalties. The direct answer to your question is, we have not assessed any penalties on the contractor to date.

ASSEMBLYMAN SCHUBER: Why not?

MR. BUTCHER: We have been working with the contractor to improve his performance. It has not been-- Quite frankly, Assemblyman, while we do have penalty clauses in our contracts, we are often very reluctant to invoke those penalties.

ASSEMBLYMAN SCHUBER: Well, admittedly, this has not worked in the way you indicated it should have worked. Is that correct?

MR. BUTCHER: I will suggest to you-- As a matter of fact, I will tell you that had we not seen some improvement --

substantial improvement -- in the performance of the contract to date, those penalties would have been invoked.

ASSEMBLYMAN SCHUBER: Are you indicating to us that there has been substantial improvement in his conduct as of today? Is that what you're telling us?

MR. BUTCHER: Absolutely; absolutely.

ASSEMBLYMAN SCHUBER: And how many people are mailing in to get these books?

MR. BUTCHER: Approximately 3000 a day.

ASSEMBLYMAN SCHUBER: Two thousand a day?

MR. BUTCHER: Three thousand.

ASSEMBLYMAN SCHUBER: Three thousand a day?

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: How many people purchased them at the toll booths and at the gas stations before this?

MR. BUTCHER: Approximately 4000.

ASSEMBLYMAN SCHUBER: Approximately 4000 a day?

MR. BUTCHER: Correct.

ASSEMBLYMAN SCHUBER: So you have had a falloff of about 1000. Is that correct?

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: Is that correct?

MR. BUTCHER: That's correct. (negative responses from many members of the audience)

We anticipated, Assemblyman, that as in every change, there would be some people who would drop out of the system for several reasons. We anticipate that we will get many of those people back over time.

ASSEMBLYMAN SCHUBER: You anticipate that you will get them back throughout?

MR. BUTCHER: Over a period of time they will come back to the system.

ASSEMBLYMAN SCHUBER: Well, let me ask you this: It has been reported that this new system is going to cost an

additional \$1.3 million during the next three years of its operation. Those are the numbers I have seen. Part of the added expense is an additional \$280,000 annually, which is to the outside contractor handling the computerized mail order operation, and an additional payment to the toll collectors of \$160,000 annually in settlement of labor grievances related to the discontinuance of ticket book sales at toll booths.

Now, to me, this made no sense whatsoever, because what it boiled down to was that you were, in fact, paying the toll collectors to do less.

MR. BUTCHER: I would like to respond to that, please.

ASSEMBLYMAN SCHUBER: Well, I am going to ask you to. The question is: What's the story? What happened here? Why, and how do you justify it? How do you justify it to the commuter, by the way?

MR. BUTCHER: First of all, it is not an additional \$1.3 million. The cost to us prior to entering into this system was \$750,000 a year. The new system costs \$1,030,000. That's the new system. You will recall that I mentioned to you before that what we have gained, is close to a half-a-million dollars of toll collector productivity time. That is something that is clear that we have gained.

Insofar as the amounts that we had to pay the toll collectors, selling books is part of the unit work. Using labor parlance, it is part of the unit work of a toll collector. In the labor system, whenever you remove work from a bargaining unit-- If you were to discontinue that work completely, that is one thing. Whenever you take that work from members of the bargaining unit and give it to others who are not part of that bargaining unit, you are subject to negotiations. You cannot do that without negotiations.

ASSEMBLYMAN SCHUBER: Under what rule of law are you basing that on?

MR. BUTCHER: Well--

ASSEMBLYMAN SCHUBER: I understand the reverse. I have gone through many negotiations of labor contracts. The issue is, you add more work, you have to pay for more work. What you are saying is, you are taking away work, and you are paying more for it.

MR. BUTCHER: Precisely. (laughter) I know how that sounds. Not being an attorney myself, my reaction was similar to yours until the attorneys explained to me the concept of unit work. They brought to me the ruling from the Supreme Court. I think it was Fiberboard v. The National Labor Relations Board.

ASSEMBLYMAN SCHUBER: What is the name of this case?

MR. BUTCHER: Fiberboard v. The National Labor Relations Board, which established this principle of unit work, which says: "Whenever you remove work from a bargaining unit and you give it to someone outside of that unit, you must negotiate with that bargaining unit in order to do so." So, we were forced to negotiate with the union.

ASSEMBLYMAN SCHUBER: What year was this Supreme Court case? What is the citation? Do you have that?

MR. BUTCHER: We'll get copies of that to you.

ASSEMBLYMAN SCHUBER: I would like it supplied to me.

MR. BUTCHER: Most certainly.

ASSEMBLYMAN SCHUBER: Let me ask you this: During the course of the time you were coming up with this plan, did anyone ever think about this particular problem that was going to come up with the toll takers?

MR. BUTCHER: Well, certainly.

ASSEMBLYMAN SCHUBER: You did?

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN SCHUBER: And you were willing to pay them back for doing less work?

MR. BUTCHER: Well, sir, we were not paying them for doing less work. You have to understand the concept here and

how we came through this process. What we have done is, we have gained productivity of a different nature from them. What they were doing was selling books, which we thought was an inappropriate use of their time. We felt that we needed to regain that time, in order to process other tolls -- to move traffic.

Now, in order to do that, the regulations tell me that I have to negotiate. Going to the negotiating table with toll collectors and the toll collector union, their demands for the exchange of this work were fantastic, as you can well imagine. I think that all things considered, we came out of this well. (negative response and laughter from the audience)

Now, understanding, sir, that at the end of a three-year period-- This payment to the toll collectors is for three years. At the end of the three-year period, they renounce all claim to this work, and there is no longer any payment for this work, and we would have gained that productivity forever.

ASSEMBLYMAN SCHUBER: Well, I would like to see the study that is done on that time, when you do that. I would submit to you that this is an outrage. I don't care what Supreme Court has decided that, but I am going to be interested in the case. The fact of the matter is, that that was going to be a consideration that you thought about, and you still allowed it to happen-- I mean, I don't know what you must think that looks like to the motoring public or to the taxpayer.

I recognize that you are not necessarily a taxpayer-supported entity, but a commuter supported entity. But the fact of the matter is, someone has to pay this, and you are actually paying somebody for doing less work. But beyond what you are telling me is what I read in the paper, which indicated to me that somebody in the Port said that the selling of ticket books was actually a calm period for the toll taker.

MR. BUTCHER: Well, I think-- Let me interpret that for you, because I saw the same thing. I mean, toll collectors have said to me -- and they were concerned about giving this up because, in effect, what happens when they stopped to do this-- In effect, they stopped, and they no longer had to work in this repetitive, continuous fashion moving that traffic. Here is a breather, you see. So, that was their concern. "I can take my time and I can do this." That is the productivity concern: How do I get that back forever? How do I get that back?

ASSEMBLYMAN SCHUBER: I would submit to you that this is ludicrous. What I would submit to you is simply this, as another argument you could have used if you wanted to keep your workers happy: Let them have the calm period of selling the books. The commuters would have been happy, and the toll takers would have been happy, and you would have had to pay less money for it. That, to me, makes a lot more sense than what you did. (applause)

MR. BUTCHER: Despite that opinion, sir, the fact is that we have a responsibility to see to the movement of traffic for all people -- (negative response from members of audience) -- freight, passenger, all kinds.

ASSEMBLYMAN SCHUBER: I understand the concept of what you are trying to do, but I'm telling you that what you're doing is not doing that.

MR. BUTCHER: Well, I don't know how you--

ASSEMBLYMAN SCHUBER: I don't think you can prove to me that it is.

MR. BUTCHER: Well, I don't think that--

ASSEMBLYMAN SCHUBER: And two, I don't think your policies always go to that purpose; for example, the fact that you were closing down express booths -- you were closing booths down during the rush hour. It doesn't make any sense to me.

Mr. Kapalko?

ASSEMBLYMAN KAPALKO: Thank you, Mr. Chairman. You know, Mr. Butcher, I'm sitting here and I'm listening to your arguments, and I keep hearing arguments that seem a little contradictory. Maybe you can clarify a few factors and figures that you utilized for me, okay?

MR. BUTCHER: Hopefully.

ASSEMBLYMAN KAPALKO: You have indicated that the average cash transaction takes about how long?

MR. BUTCHER: Ten to twelve seconds.

ASSEMBLYMAN KAPALKO: About 10 to 12 seconds, okay. The average ticket transaction takes about seven seconds, I think you indicated, correct? Therefore, there is an average time savings of between -- your calculations -- three to five seconds per -- right?

MR. BUTCHER: Correct.

ASSEMBLYMAN KAPALKO: Okay. And you indicated to me that your primary interest is in saving time.

MR. BUTCHER: Correct.

ASSEMBLYMAN KAPALKO: Yet your ticket books for a period of 35 days only allow for 20 tickets. Is that correct?

MR. BUTCHER: That is correct.

ASSEMBLYMAN KAPALKO: Now, it seems to me that if I use basic arithmetic, by making sure that the commuting public has these tickets, you are going to be saving more time than the time that you indicated it takes the toll taker to make that transaction. You indicated roughly 60 seconds for the toll taker to effect the transaction in selling the book, so to speak, yet you are talking at least a 60- to 90-second savings by making sure that the commuter has those tickets. Now you set up a procedure which, in essence, inhibits that, because based on the figures that I think you reflected, there is about a 1000-ticket-per-day drop-off under the present method.

So it literally isn't saving the driving public time. It is costing the driving public time, based on your

computations -- your figures. (applause) That doesn't seem logical.

Let me ask another question: Is there a policy behind why only a 20-trip book is made available and it has to be repurchased periodically within a 35-day period? Why are there no three-month, two-month, six-month booklets available?

MR. BUTCHER: There are books without expiration that you can purchase for a 10% discount -- a total scrip -- and there is no expiration date on that whatsoever.

ASSEMBLYMAN KAPALKO: I understand that, but I don't think I understand why the same savings couldn't be effected for the person who is going to be there using them on a regular basis. In other words, your best customer has to pay a higher premium than someone who is going to be an itinerant customer. Isn't there some obligation to the person who is going to be on the roads all the time, using your facilities all the time? Don't you want to provide them with a bit more of a discount than someone who is going to be more itinerant?

MR. BUTCHER: We do provide that person with much more of a discount. There is a 33% discount for each sticker.

ASSEMBLYMAN KAPALKO: But he has to go through the process each and every month of repurchasing a ticket book, yet you know that that person is going to be there each and every month. Why not provide that person with a three-month or six-month allocation of booklet tickets?

MR. BUTCHER: Well, under the new system, you can purchase, using what we call the feature mailing date-- You can indicate when you want your next book sent to you even before your current book has expired, and it will have in it the proper expiration date. So, it is possible to get more than one book.

Now, if your question is, should--

ASSEMBLYMAN KAPALKO: Mr. Butcher, do you mean that if I want to apply for six booklets at one time, I could send in my check and get six booklets that day?

MR. BUTCHER: No, sir.

ASSEMBLYMAN KAPALKO: I can't do that?

MR. BUTCHER: You could get one additional book.

ASSEMBLYMAN KAPALKO: So I do have to keep repurchasing on a regular basis.

MR. BUTCHER: That is correct.

ASSEMBLYMAN KAPALKO: I assume that one of the reasons why the PA does that is money. They don't want to provide the additional discount. Is that fair to say?

MR. BUTCHER: No. Well, first of all, why have a 35-day expiration as opposed to 60 or 90 days? That is a question that I cannot answer. The reason I cannot answer that question, is because what I find myself implementing is a system that has been in place for lo 30 years.

ASSEMBLYMAN KAPALKO: But, Mr. Butcher, you are taking the position that you are trying to save time and you are trying to save money, and that seems to be running contrary to both positions.

Are you familiar with the concept of arbitrage?

MR. BUTCHER: Vaguely.

ASSEMBLYMAN KAPALKO: Okay. For the purpose of the general public, basically that means if you have money in advance of your obligation to spend it on services or the like, you can invest that money, and it can generate more money through the interest it provides.

Now, in the situation where the commuter is paying in advance rather than paying at the gate, isn't the PA getting money in advance? Doesn't it now have the benefit of being able to invest the commuters' money in advance and provide an additional return, and therefore additional income to the PA? In truth, aren't the commuters really paying for that discount by paying in advance?

MR. BUTCHER: That was in place before. Now, I guess what the difference may be is that-- If you purchased by mail

prior to the institution of this program and you got your book within four or five days, that is no different now-- Well, the only difference now is that it will take you 10 days or more to get your book. So from that standpoint, we have always had the money up-front.

ASSEMBLYMAN KAPALKO: My point is that by providing the commuter with a little bit more benefit by giving them six months or five months or four months, you've got the use of their money four months in advance. They get the benefit of a better discount, and they don't have to go through-- It's aggravating enough to commute. It is aggravating enough to have the delays at the booth. But when you have to have the aggravation in paying for the privilege of doing it, I think you are doing the commuter a disservice. I'm looking here-- I'm seaching for the rationale, for some reasonable explanation as to why the suggestions that were made by the Chairman of this Committee, and some of the things that I have suggested now, aren't in place, or haven't been thought of, and I am not getting a solid reason.

MR. BUTCHER: Well, insofar as providing additional -- a much greater expiration period on ticket books, that is something that we have not explored. That does not mean it is something that we couldn't potentially explore, but we have not. I am not going to give you any reasons for that, because it is just a fact that we haven't done that. We have been living with the policy that has been in place -- the 35-day expiration date -- which is not unlike expiration dates at other facilities other than the Port Authority.

ASSEMBLYMAN KAPALKO: Yet the prime complaint here of the commuters is that many of them are getting the tickets late and they are almost becoming unusable, yet you could solve the problem by simply being a little bit more reasonable with time, allowing them to buy a larger portion of the tickets, and avoiding the problem entirely, even under your present system.

MR. BUTCHER: I hear you, Assemblyman. My only concern-- I guess the point I have been trying to make is, while we understand that there have been problems, and we have been working with those problems, we think we can resolve those. Short of our ability to resolve those problems, we are willing and open to investigating other possibilities.

Now we sincerely felt when we moved into this system that it would work, and we still think it can work. If we are found to be totally erroneous in that process, we are certainly open to change.

ASSEMBLYMAN SCHUBER: Let me ask you this question -- two questions: One, when you instituted this policy, did you hold any public hearings around the State to get the input of anyone with regard to this?

MR. BUTCHER: No, sir.

ASSEMBLYMAN SCHUBER: Why not?

MR. BUTCHER: Well, because we were not-- Other than the way you got the tickets, nothing about the use of the tickets had been changed, number one. Okay? (negative response from members of the audience)

ASSEMBLYMAN SCHUBER: Well, the answer to your question is, you didn't.

MR. BUTCHER: Nothing governing the use of the ticket has been changed. None of the rules governing the use of the ticket have been changed.

ASSEMBLYMAN SCHUBER: I realize that, but the inconvenience to the public has been enormous, and you have changed a policy that had been in existence for a considerable period of time. It has caused a considerable difficulty, and continues to do so. You hold public hearings for other things. I know other entities do that, too. Why couldn't it have been done for this? Why do I have to have a legislative hearing about this issue?

Secondly, I would submit to you that my concern about this issue is the fact that you claim that, in fact, we are down to 3000 people -- a day?

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: --3000 a day applying for the tickets, where before, at the booths, etc., it was 4000, and you claim that you are going to get the rest of the people coming back to the system as it goes on. I will submit to you that I think your numbers will actually decline and, in fact, less and less people will use your mail system. I think that really in the end is what this was all about. (applause)

MR. BUTCHER: Assemblyman, I will have to personally object to that, because that was not the intention. That was not the intention.

ASSEMBLYMAN SCHUBER: Well, it appears to me that constructively-- That appears to be what is going to happen here. To me, what I still can't understand is, you clearly know that the public is unhappy with this system. Clearly you know that. You don't have to listen to me saying it, and you don't have to listen to the folks who are in this room. You can look at the newspapers. You can look at the editorial pages of the papers in this area as to what they think about the plan. And yet, it would appear that you are not willing to consider a change back to the way the system had been, because, in my opinion, the system worked as best as it could at that time. I don't think this is an improvement at all.

MR. BUTCHER: Assemblyman, we acknowledged that there were problems at the outset. Most of the complaints that we have received, I am certain, are related to those problems. Under a smoother process, my sense is that we will not have that kind of a concern.

Now, quite frankly, as we look at all of the numbers that we process versus the actual complaints that we get and process, we are looking at 98% of the people using this without a problem. (negative responses from the audience)

ASSEMBLYMAN SCHUBER: I tend to doubt that, quite frankly. I would just indicate this: There are other Committee members here I am going to ask to testify, and then we are going to take testimony from the audience.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Where did you get that figure?

MR. PHILMUS: Assemblyman, I can respond to that directly, since the George Washington Bridge is responsible for implementing the program for all of the Port Authority facilities. The 3000 orders per day are handled by staff who work for me.

ASSEMBLYMAN SCHUBER: Right.

MR. PHILMUS: We have been getting, in the last several weeks since we resolved the initial problems we had, only 20 to 25 new problems per day where we are actually making reimbursements. That equates to a 99.3% of the tickets -- of the system working effectively, and .7%, on the other hand, where we are resolving issues, in fact, perhaps because of mail delays, or perhaps because of other reasons not related to the system itself.

ASSEMBLYMAN SCHUBER: But in the end, I mean, let's take the philosophical question: Why does the public have to go out of their way to mail for these things? Why, I mean, other than for whatever time studies you have done that indicate this will be much more efficient for the entity? Why does the public have to be inconvenienced? Why do they have to mail-- Any other type of system-- Even the Parkway in its worst days you could buy-- When they were available, at least you could buy your -- get your discount token at the tollbooth. Even they didn't make you mail in, you know.

MR. PHILMUS: The only thing I can respond to you directly on is, as Manager of the George Washington Bridge, with the roadways right outside my windows, I can tell you that we are not selling the tickets during the off-peak hours,

particularly on Sunday nights. - If you go across the George Washington Bridge on Sunday nights, you know we have a problem on Sunday nights at the end of the weekend, where it is mostly a lot of cash sales. But at the same time, there are a lot of people buying tickets on Sunday nights. We are finding, as Mr. Butcher said, one million less minutes per year of ticket purchase time, which now translates into transactions of moving vehicles -- all types of vehicles, not just commuter vehicles.

ASSEMBLYMAN SCHUBER: Well, the bottom line here, I think, is that your system is going to cost more money. I don't necessarily agree with your figures. As I look at this, it is costing-- From what I read in the papers, and the figures that were provided to us, the present system -- the old system, not the system you are using now -- costs \$750,000 a year to run. This system is actually costing \$280,000 more per year, plus the \$480,000 you are going to pay to the toll takers. So, that's \$1.3 million, the way I look at it, over the course of three years for this, in additional expense.

I am not going to rub it in, but it is at a time when the higher echelon of your entity are looking for large salary increases, from what I read.

I would indicate to you -- and I am going to ask the other members of the Committee to have some questions, too-- I don't agree with this program. I don't think it is working properly. I think it is a major inconvenience to the commuter, at a time when he doesn't need -- when he or she doesn't need another inconvenience. I recognize that the Port understands that legislatively-- They sometimes have the Legislature in a box, because you, as an entity, must deal with two states -- New York and New Jersey -- before anything is forced upon you. Only the Governor has any type of authority over you -- the Governor individually of each state, Governor Cuomo and Governor Kean, or Governor Florio. I recognize that. That is one of the problems we have always had with the Port.

But I also recognize this: This issue does not die with this hearing tonight. We will continue this matter until we get the Port to consider a change in this policy to go back. (applause) So, the issue for you, so that you understand, is, I intend to introduce a joint resolution in both houses of the Legislature that will ask you to reconsider your policy, and to change it, and to put it back the way it was. Then I will ask Governor Kean personally to intervene in this matter. If that is not going far enough -- and I recognize that this legislative session is coming to an end, and the new one will start on January 4 and this Committee will be reconstituted-- I know you know that, but the fact of the matter is, I will be back; other members of this Committee will be back. And, like the little girl in "Poltergeist," "They're back" -- we're back -- and we are going to be back until this comes about to a change.

You know, this, to me personally, goes well beyond what has happened here. What I see here is just what I have called with other authorities "an institutionalized arrogance." You in the entity and how you do your business -- and in many cases you do it quite well, and I am not being critical of that, and I understand the professionalism of all the folks who work for you-- I am not being critical of that. But somehow in the daily operations of your entity, you somehow think you are above the public; that you have your own private agendas, you have your own private goals, as laudable as they may be -- as laudable as they may be-- But, in the end, you are not answerable to Mr. Berger. You are not answerable necessarily in the end to your Board of Commissioners. You are answerable to the public. If there is anything we have tried to do over the last two years, it is to try to make you understand -- not only you, but all of the others -- that you are in the end answerable to the public, and you have to take into account what they think and how they are impacted by your

decisions. Yet, somehow you never do. That, to me, is the most mind-boggling aspect of this whole thing.

You clearly know that there is a large amount of discontent with this program, yet you haven't considered that and taken it into account at all. But I will indicate to you that this does not end tonight. This will continue. We will continue it until we bring about a change in this policy. I will do what I have to do to do that, because I will be back after January 1. (applause)

Mr. Roma?

ASSEMBLYMAN ROMA: Have we determined what the hourly wage is -- the wage of the toll takers? You made reference to a contract before.

MR. BUTCHER: Yes.

ASSEMBLYMAN ROMA: The approximate amount of that hourly wage?

MR. BUTCHER: I think it is approximately-- There is a factored salary that includes benefits and that sort of thing. That is the one that sticks in my mind most closely, and that is about \$28 per hour.

ASSEMBLYMAN ROMA: Twenty-eight?

MR. BUTCHER: That includes all benefits. That is not their actual wage now. Their actual wage is much lower than that. I would say it would probably be around \$12 or \$13 per hour.

MR. PHILMUS: That's pension, vacation, etc.

ASSEMBLYMAN ROMA: You also made reference to the contract in terms of the unit price.

MR. BUTCHER: Unit work.

ASSEMBLYMAN ROMA: Unit work?

MR. BUTCHER: Yes.

ASSEMBLYMAN ROMA: Was there a provision with respect to the amount of work that would be done at the toll stations versus other locations such as the gas stations? In other words, is that specifically broken down in the contract?

MR. BUTCHER: No, sir. Unit work is everything that we ask collectors to do traditionally; all the work that they have done traditionally. That is part of their unit work -- part of their work responsibility.

ASSEMBLYMAN ROMA: But I am asking you, under the terms of the contract, what would prohibit you from selling, say, 30% or 40% at the gas stations or other locations?

MR. BUTCHER: As long as they were continuing to do that work also, then we could farm it out to others. But if we asked them to not do that work anymore--

ASSEMBLYMAN ROMA: Well, if they were to do less of it -- that's my point. Let's assume that 50% of the work were done at the tollgate and 50% someplace else.

MR. BUTCHER: Yes?

ASSEMBLYMAN ROMA: In that scenario, they would continue to do that work, would they not?

MR. BUTCHER: That is correct.

ASSEMBLYMAN ROMA: And 50% of those tickets would be sold outside, and as long as you had some control over 50% of those tickets, the public would have that additional option, would they not?

MR. BUTCHER: That is correct.

ASSEMBLYMAN ROMA: And you would not have this additional cost involved?

MR. BUTCHER: Yes.

ASSEMBLYMAN ROMA: It seems to me that there are other alternatives with respect to how you would pay for the tickets. One thing that I don't think you are taking into account-- You have what is called a "mail fare" system, as I understand it. There are certain types of commuters who are billed on a monthly basis.

MR. BUTCHER: No. The only monthly system we've got is with the automatic vehicle identification program with buses at the Lincoln Tunnel. I don't think you are referring to that. You may be referring to another agency.

ASSEMBLYMAN SCHUBER: New Jersey Transit has such a plan.

MR. BUTCHER: Yes, certainly.

ASSEMBLYMAN ROMA: Assuming that to be the case, was there any survey made of other types of agencies? That is exactly what I am getting at. There are different types of agencies out there that are perhaps using different systems, some perhaps better than others. And what you try to do is to take a combination of all of those. We've heard from you, and you said that what you are really looking for is to cut down the amount of time on the road and to help the commuters. It would seem to me that with all of these studies we have heard about -- that we have not seen yet, and believe me, we are anxious to see them--

We would like to see what other studies were done of other agencies. For example, could a mail fare system have been installed? Could you have had some sort of credit system, as Assemblyman Kapalko indicated, allowing the commuters the option of going an additional two or three booklets, and going into arbitrage? These are excellent suggestions -- cost-cutting suggestions. What you have given us is an opportunity to raise the entire wage level. I am certainly not against full employment, believe me, but from what you have told me here, and what you have told this Committee, you had another option available: to actually farm this work out, make it available, cut down on a number of inconveniences, and you completely bypassed that mechanism -- completely bypassed it and didn't even have a public hearing. You didn't even get the input of the public, let alone any other agencies, in order to come to your determination.

MR. BUTCHER: Well, sir, as we went through this process, we looked at the possibility of having a system that, in effect, resembled what New Jersey Transit does. I guess that is the mail fare you were referring to. What that would

be, would be a booklet that would have a particular color-- Each month would be a different color. The problem we had with that was, the way the current system works, people can enter the system any part of the month that they would like to. So, the expiration time on that -- the 30- or 35-day expiration is not tied into the calendar month. It is a rolling 30-35 days. Had we moved to a system that was a monthly ticket system, I think it would have inconvenienced even more people than any who have found problems with the current system.

ASSEMBLYMAN ROMA: Sir, what I am suggesting is not only the other agencies, but the public at large has some very good ideas. We sit as legislators and from time to time we get some better ideas than some of the laws that are made down in Trenton. It seems to me that you had the opportunity to solicit input from the public. Before such a major move was going to be made, there was an obligation to try to gather that information. Perhaps you would have received some information, or different reports, if you will, that would have helped you in your analysis, to cut the costs and to cut road time.

This is not simply a minor change. You are disrupting the lives of 200,000 people. Before something like this was done, it would seem to me that you had a very strong obligation to the public. I am not indicating you, individually, but your company -- your entity. We sit in Trenton and we see a number of these entities, as the Chairman has indicated. Sometimes it seems like a government run amok. Unfortunately, we sit in a different position. We are answerable to the voters. Perhaps sometimes I think that some of these other entities should, in fact, be answerable to the voters. It is a sad situation when you see not only tolls rising, not only commuter taxes, but now, on top of all of that, having a situation like this where many people rely upon those tickets.

As the Chairman has indicated, I received a number of phone calls. I received a number of letters. It certainly

doesn't make any sense for you to have a situation such as this, where you are paying more and getting less. It just defies the imagination.

Mr. Chairman, perhaps what we should do-- I realize other Committee members have some questions here, and I think we all share the same feelings. I would certainly like to listen to the other Committee members and, most importantly, the public, because I think that is when we are really going to get down to the bottom line.

ASSEMBLYMAN SCHUBER: Mr. Gill, please.

ASSEMBLYMAN GILL: Thank you, Mr. Chairman. Mr. Butcher, you mentioned before that the main reason you discontinued sales of these books at service stations was the one-and-a-half million bad tickets you were getting per year.

MR. BUTCHER: That is correct.

ASSEMBLYMAN GILL: Aren't the toll collectors instructed not to accept those tickets? Do they have any kind of an educational process? From what you mentioned -- and correct me if I am wrong -- most of the bad tickets are coming from limousines and taxicab drivers.

MR. BUTCHER: No, that is not correct.

ASSEMBLYMAN GILL: I thought that was what you mentioned.

MR. BUTCHER: I did say that limousines and taxis were purchasing books at gas stations, and they were not allowed to participate in the system. Now, they certainly do not make up that 1.5 million. I think what we are talking about are individuals who actually submit tickets on which the expiration dates have passed.

Now, insofar as the toll collectors and their training, the prior system had the expiration date of the ticket on the cover of the book -- on the inside cover of the book. That was very difficult. It is very difficult for a toll collector to be able to determine, as that book is held,

what that date is. You just can't see that. And for the most part what a toll collector would do, is just go ahead and take the tickets, and more often than not, unwittingly, those tickets would be expired. (negative responses from audience)

ASSEMBLYMAN GILL: Mr. Butcher, I don't travel to New York that often, but on those half a dozen or dozen occasions that I do use the tunnel or the bridge, I don't find that the traffic is really going that quickly that the toll collector doesn't have much of a chance to check on my ticket. In fact, my normal experience has been that I have to wait a little while before I get to that tollbooth to present my ticket, because traffic is backed up. I don't know if it is that way all the time, or just when I am going in, but I think it is that way most of the time.

MR. BUTCHER: Well, the process of actually checking those tickets-- What happens, and what has happened on occasion, is that toll collectors challenge an individual and say, "Your ticket has expired. May I see your book?" "Well, why do you want to see my book?" "Because I think your book has expired." "Well, that is none of your business." That is the kind of interaction that takes place which further delays traffic, you see. The person behind is waiting to get through that lane also, and the toll collector needs to make that transaction.

ASSEMBLYMAN GILL: Somebody would have the same problem with the new system. That is what the old system does. You've still got the confrontation.

MR. PHILMUS: As the manager of the bridge, I make it a policy to get out and collect tolls. That is something I do on a regular basis. I have made it a policy to get out and collect tolls on all three shifts. I have collected on the midnight tours, as well as on the day shift. I have sold books, as well as taken some of the old tickets.

When someone would come to me with, let's say, the first ticket in the book, I would say, "I would like to see what the expiration date is." They would have to open the book and show me the inside cover -- okay? -- of the book. Typically a commuter comes in with a book like this (demonstrates) to hand me the one ticket, with the thing folded over. The process of taking that ticket and opening up the book and showing it to me, would add several seconds to each transaction. Not only do we have 200,000 commuters, but we have 110 million trips. You multiply that-- Let's just use the commuters on the tickets. If each one of those commuters were asked to show the ticket book date on the inside flap of the old books, we would have traffic backed up to Hackensack every morning at the George Washington Bridge. (negative responses from audience)

ASSEMBLYMAN SCHUBER: Well, what is the big deal about an expired book? It's paid for.

ASSEMBLYMAN GILL: That is my next question. It is paid for. Why are you penalizing that person who paid for that book? He paid his money in advance for that book, and now you are taking away his privilege to use that ticket as his token.

MR. BUTCHER: I'm not sure how--

ASSEMBLYMAN SCHUBER: You talked about the expired books as almost a capital offense. (applause) I mean, really, the book has been paid for. Now, I recognize what your regulations call for, but, believe me, I don't quite understand. It has been paid for.

I'm sorry, Mr. Gill.

ASSEMBLYMAN GILL: I had been leading right up to that question, Mr. Chairman, so I am happy you asked it. I would like to hear the answer to that, too.

MR. BUTCHER: Well, sir, I understand very well your point about the book being paid for and the like. The fact is, we do have regulations that we do have to live by. And, if the

regulations say that this book is valid or 35 days from the date of purchase, and no longer valid past that date, that's clear. That's clear. I don't know how to say it any clearer than that.

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Change the regulations.

MR. BUTCHER: Well, that is another issue. But the fact is, those are the regulations which we must operate under. When the auditors look at what we have done, they say, "Well, do you realize that you are collecting tickets that are expired?" That is not in keeping with the regulations that were passed by the Board of Commissioners and approved by the Governor of the State. "You and your staff, in effect, have made a decision to violate those rules." That is the kind of a response I would get. It is not within my power or the authority of the staff to freely violate those regulations. It is just not in our power to do so.

ASSEMBLYMAN GILL: Well, don't you think it would be a valid suggestion for you to bring to the staff's attention, or to the attention of those powers who are making those decisions, that there is a lot of dissension over these 30-day books, and why wouldn't you be amenable to suggesting a one-year book or a six-month book? If not, why not?

MR. BUTCHER: Well, I'll tell you the response that would most likely be given, which is: "At the same discount rate?"

ASSEMBLYMAN GILL: Not at the same discount rate.

MR. BUTCHER: Well, I am not sure, sir. That is a policy decision that I could not make.

ASSEMBLYMAN GILL: But I would like to hear some of those pros and cons. I would like to know the reasons. If you are not making those decisions, have you discussed them in your committee before those decisions were made?

MR. BUTCHER: No, sir.

ASSEMBLYMAN GILL: Those ~~were~~ not discussed at all?

MR. BUTCHER: Not extending expiration dates, no. Those discussions were never made.

ASSEMBLYMAN GILL: Who made the decision to put a 30-day expiration date on it -- or 35 days?

MR. BUTCHER: That was made by the Board of Commissioners, sir, but approved by the Governor. It goes back years.

ASSEMBLYMAN GILL: It goes back years?

MR. BUTCHER: Yes, sir. This is not a new thing. This is not a new thing.

ASSEMBLYMAN GILL: Well, the old system went back years also. The old system was changed, and I'm certain that if recommendations were brought before the Board of Commissioners -- because you have made changes hence -- possibly you could bring those recommendations back, and say, "Well, there is a lot of dissension to the presnt system. We have made a change that we kept for over 50 years. Possibly you can make a change in the length of time on these tickets." I see no reason why you couldn't do that.

Something else I was interested in: You pointed out before that the average wage is about \$12 an hour, but the total package comes out to \$28. I find it hard to believe that the benefits are much more than the wages themselves.

MR. BUTCHER: The benefits include vacations, pension, medical -- everything that accrues to an employee. That is what we call the "factored salary." Now, I may not be correct on the wage. I said I wasn't sure what the figure was. But certainly the factored salary is at \$28. I can provide those figures to you.

ASSEMBLYMAN GILL: I make this statement because in my experience with negotiations, I find that with the factored salary the benefits are only about 35% of wages. I hear you saying they are about 100% of wages -- over -- which I find to be quite excessive.

MR. BUTCHER: Our factored salaries include any number of items which may not be found generally in the factored salaries of others. Now, for discussion purposes, you know, we can use the factored salary, but you have to go into it to determine exactly what's there. The real wage, what the person earns -- I guess that is the issue of concern-- As I said, that exact figure I do not have.

ASSEMBLYMAN GILL: The Chairman has requested a certain amount of documents from you. May I request that that also be added to them?

MR. BUTCHER: Sure.

ASSEMBLYMAN GILL: You also mentioned, Mr. Butcher, that the automobile I.D. program would possibly be one of the avenues you would be exploring in the future.

MR. BUTCHER: Yes, sir.

ASSEMBLYMAN GILL: What would happen to the toll collectors, should you put that program into effect? And, would that again reduce their salary, because they wouldn't be collecting as many tolls?

MR. BUTCHER: There are a couple of scenarios that will take place with an automatic vehicle identification program. Basically, just to give you a better sense of what that is, we would provide the customer with what we call a "transponder." In effect, it is a small device -- an encoder device -- which, once read by what we call a "reader," identifies that particular vehicle and allows us to know when that vehicle passes through our facilities. There are several ways that that could work: We could have dedicated lanes, in which people who have these transponders would go through these lanes nonstop. They would not see a toll collector. They would never have to be involved with the process of paying a toll, other than providing up-front payment for a period of time. That is one way.

The other way is to have a lane that is used both by cash paying or ticket offering customers and people with automatic vehicle identification. In the latter situation, you still need a toll collector in the lane. In the former situation, of course, there would be no need for a toll collector in the lane.

ASSEMBLYMAN GILL: So, would that eventually eliminate toll collectors?

MR. BUTCHER: Well, I don't think that we would ever eliminate toll collectors, because certainly you will never be able to get everyone into that system, and certainly there are people who do not use the system everyday and would be paying tolls. So you will always need toll collectors. But what it has the potential of doing, certainly, obviously, is reducing the number of toll collectors we would require.

ASSEMBLYMAN GILL: When was the last toll increase on the bridges and the tunnels?

MR. BUTCHER: In 1987.

ASSEMBLYMAN GILL: And that was how much of a percentage?

MR. BUTCHER: We went from \$2 to \$3, sir.

ASSEMBLYMAN GILL: In 1987. And the one prior to that?

MR. BUTCHER: Oh, gee, we're going back before my time, but 1981, I suspect -- yes.

ASSEMBLYMAN GILL: So for about 50 or 60 years we had no toll increase, and now we have had two toll increases in the '80s. What has the motoring public received for those toll increases?

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Longer lines.

MR. BUTCHER: Sir, our tolls go to maintaining the entire system. The cost of maintaining the infrastructure of those facilities has increased dramatically over the years, not only because they are aging and we need to do more repairs, but certainly because the costs of materials are increasing.

ASSEMBLYMAN SCHUBER: If you are going to continue to pay your toll collectors with the extra moneys like this, plus the added salaries I read about in The Ledger on Sunday, it is no wonder you have had toll increases -- or that you have asked for toll increases. The question, I think, for us now, and it is beyond this hearing, is, is there a toll increase under consideration at the present time?

ASSEMBLYMAN GILL: That's a pertinent question.

ASSEMBLYMAN SCHUBER: Is there?

MR. BUTCHER: Are you asking me that question, sir?

ASSEMBLYMAN SCHUBER: I'm asking you that.

MR. BUTCHER: I am not aware of any such, sir. That is not within my bailiwick.

ASSEMBLYMAN GILL: Mr. Butcher, I am as outraged with what has happened as are my colleagues -- my fellow Assemblymen here. I honestly feel that more thought should have been given to this process, more public hearings held by the Port Authority, and more consideration given to the general motoring public. You are talking of a fixed group of people of about 200,000 who must use those facilities to get to work on a daily basis. These are the ones who are being inconvenienced on a daily basis. The sometime commuters, such as myself, aren't really used to that hassle. They come in and kind of expect it. I don't know why, but you get into that frame of mind, "Well, I am getting to the tunnel, I'm getting to the bridge, and I know there is going to be a long line." And yet the tolls keep going up every few years. I don't see any increase in the services, in all honesty.

I know there are maintenance costs. I know there are higher salaries to pay, because everyone wants higher salaries. I don't see any new tunnels being built. I don't see any way to expedite that traffic through the system. I know that private enterprise would never work in this fashion. Private enterprise would never reward someone for doing less. They would be out of business in no time.

In my opinion, the entire procedure here stinks; it smells.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Bad!

ASSEMBLYMAN GILL: It is getting more and more like an authority which has just been taking advantage of the people because they think the people have nowhere to go.

UNIDENTIFIED SPEAKER FROM AUDIENCE: We don't. We have no choice.

ASSEMBLYMAN GILL: This being a bistate agency, it is even tougher. I agree with Mr. Roma that we will be back -- should be back on this Committee in January, because it is one of the committees I have chosen. I know the Chairman will also be back. I look forward to conducting more of these hearings.

Thank you. (applause)

ASSEMBLYMAN SCHUBER: I didn't mention the Garden State Parkway to you -- out of isolation on a continuous basis tonight. If you will remember, the thing that opened up the door on the Parkway was their fooling around with tolls. On an incident like this, you are greatly testing the patience of this Committee to open the door on a full-scale review of the Port Authority's activities. That is something that is probably long overdue, but I can guarantee you that it will be looked at. (applause)

You have opened the door on a controversy. Now you will have to bear the brunt of what happens when we open the door fully.

We are joined by Mr. Mazur, from Fort Lee.

ASSEMBLYMAN MAZUR: I am not officially a member of this Committee -- I am a member of the Assembly Transportation and Communications Committee -- but I'm sure that the powers that be at the Port Authority are very familiar with my name.

Can you tell me if it is true that the George Washington Bridge is the single most significant revenue producer in all of the revenue-producing sources of the Port Authority, or how it ranks?

MR. BUTCHER: In the Bridges and Tunnels Department, the George Washington Bridge is our leading revenue producer, but it is not, in my understanding, the leading revenue producer of the Port Authority in general.

ASSEMBLYMAN MAZUR: What would be, the World Trade Center?

MR. BUTCHER: The World Trade Center, the airports. The airports are far and away a larger revenue producer than the tunnels and bridges.

ASSEMBLYMAN MAZUR: Could you answer another question for me? The expenses of the George Washington Bridge-- I mean, it has been amortized probably 10 times over, but the revenues produced by the bridge, and the costs for maintaining the bridge are subtracted from that-- Roughly, what is the net profit -- if we use a business term -- from the George Washington Bridge to the Port Authority per year? How many million?

MR. BUTCHER: Well, it was about \$40 million. More than that? (consulting with Mr. Philmus) We have a difference of opinion here. I think we will have to provide that to you separately, sir.

ASSEMBLYMAN MAZUR: Some mention was made before I came to this hearing about transponders and I think electronic methods. You referred to this briefly. I heard the Port Authority was experimenting with the electronic calculator on buses at the Lincoln Tunnel.

MR. BUTCHER: The automatic vehicle identification system, yes, sir.

ASSEMBLYMAN MAZUR: Right. Is there any report? How long has this been going on?

MR. BUTCHER: We started that process back in January of this year -- March of this year rather, I'm sorry -- and it has been working well.

ASSEMBLYMAN MAZUR: Has any advanced study or plans been made to do away with tollbooths -- I mean, with tickets, toll books, in exchange for a system like this?

MR. BUTCHER: I think I need to explain to you what has happened so far with the automatic vehicle identification program. At the Lincoln Tunnel, we have the express bus lane, in which buses come down a counterflow lane. Predominantly all the buses that use the bus terminal have been supplied these transponders so they are able to come through the express bus lane and go through the toll lanes without having to stop. We bill them at the beginning of the month for their planned usage for that month. We intend to have an experiment at the Goethals Bridge in Staten Island with trucks, under the same concept. These trucks will be provided with transponders. They will come through the Staten Island bridges, especially the Goethals Bridge, and we will be able to determine which vehicles have used the bridge.

Following that, we are intending to amplify this experiment and move to passenger vehicles. We expect that at the rate we are working toward this, that by the end of 1991, we should have all of our facilities capable of handling some number of passenger vehicles with the automatic vehicle identification system.

ASSEMBLYMAN MAZUR: Well, you know-- I guess this is not as much of a question as it is a statement: The Port Authority's initial charge was to deal with transportation, not real estate development and other such activities. The Port Authority has been fully aware of the continuing growth of automobile transportation -- or automobile ownership registration. Right here in this county, Mr. Chairman, it increases 4% a year, presently at that rate. Many of those automobiles are being used to go to New York. I have -- and Mr. Gill mentioned it -- certainly spoken a number of times before on the need for having another crossing somewhere,

because obviously what the Port Authority is doing is trying to squeeze the last bit of capacity out of the system by incremental changes -- by little changes that really make no lasting impact, but just delay the final decision to make a major capital expenditure to meet the charge that the public gave to the Port Authority, and that is to accelerate the transportation system of the greater New York area.

I'll tell you, Mr. Chairman, that system in the greater New York area is suffering from arteriosclerosis, and it is about to have a fatal heart attack. What is the average rush hour waiting time at the George Washington Bridge?

MR. PHILMUS: Of course, it depends on the individual day, but it is upwards of 15 minutes to a half an hour.

ASSEMBLYMAN MAZUR: Fifteen minutes to a half an hour. Do you happen to know what it is at the Holland Tunnel or the Lincoln Tunnel?

MR. PHILMUS: I think it is basically in the same range.

ASSEMBLYMAN MAZUR: Up to a half an hour?

MR. PHILMUS: Yes.

ASSEMBLYMAN MAZUR: I listen to the radio when they have all these whirlybirds running around and reports coming down as to average waiting times. So frequently I hear the waiting time at the George Washington Bridge is 45 minutes. You know, I live in Fort Lee. I live three blocks from the bridge, and I have to get out at rush hour to get out of town -- not to go across the river, just to get out of the town. Sometimes that takes 15 to 20 minutes, because I live on the south side of the bridge and have to get to the north side of the bridge.

So, the impacts are enormous. I really, Mr. Chairman, wonder how long they can go on with more little incremental changes before the whole system collapses. How long is it going to be before businesses start saying, "Let's get the hell

out of New Jersey. Let's get out of the New York area. Let's go to North Carolina or Texas or California, where they meet the future and get ahead of the crisis, they don't wait for the crisis to happen"?

You know, you call yourselves the Port Authority of New York and New Jersey, but I think most of your concentrations and most of your attentions are in helping New York, rather than New Jersey. You know, Mr. Chairman, there seems to be a compact, or an agreement between the states, where the Chairman of the Board of Commissioners will come from New Jersey and the Executive Director will come from New York. I think, as in most authorities and most organizations like this, that most of the ideas and the brains and the intelligence, if you want to call it that -- the information -- comes up. It doesn't go down. That comes up to the Executive Director, and he makes the suggestions and the proposals to the Board of Commissioners to ratify. I use the word "ratify," because they originate no ideas.

I think in this particular case, with a quarter of a million people struggling every morning to get across that river, that we are the major contributors to the revenues of the Port Authority, and we are on the short end of the disbursements, because the attention is always on New York. I think that system has to be changed. I hope when Governor Florio is sworn in and begins to appoint commissioners, that perhaps he and Governor Cuomo can come to some new agreement, whatever it is, to switch it around so that the executive powers go to New Jersey and the policy-making powers go to New York State. Then perhaps the commuters of New Jersey will get a break, and we will get some increased Trans-Hudson capacity.

Thank you, sir. (applause)

ASSEMBLYMAN SCHUBER: Gentlemen, it is nine o'clock, and I do want to take testimony from the many folks who came out tonight before the hour gets too late. I appreciate it,

and I hope you can stay in the event that some of the individuals have direct questions of you. I think many of them are going to give testimony.

We do appreciate your being here. I am going to indicate to you one more time, however, that we are asking you to take back to the Commissioners that we are not satisfied with this program by any stretch of the imagination. It has not been proven to us that it is working. In fact, it is a major inconvenience to the motoring public, especially the motoring public of this county. We are asking you to tell them that we are asking for the program to be returned to the way it was; that if they are not willing to do that, we will be back here again and again until we get it done that way. And I want you to be assured of that, because this is not a thing that we are taking up for December, to be forgotten in January. This is, to me again, a concern that I have with regard to all of the types of entities represented by the Port. We are here to see this through to the end.

So, it can be easier; you can do it easier. You can pay me now, or you can pay me later, depending on how you want to look at it, but you are going to pay for it in the end, because we are going to come back until the system changes. You might as well take that back now. That is the last I am going to say about it tonight. The fact of the matter is, we would hope that you would make it easier on all of us. Take the program back to where it was, and make these commuters feel a little bit better on the very difficult trips they must make every day. Thank you for being here.

MR. BUTCHER: Thank you, sir.

ASSEMBLYMAN SCHUBER: The first witness who signed up is Deirdra Marsh, of Edison, New Jersey. Folks, when you come up, would you give us your name and address, please, for the record?

D E I R D R A M A R S H: Good evening. My name is Deirdra Marsh, and I am a resident of Edison, New Jersey. For the past 14 years I have commuted across the Outerbridge Crossing. I currently use it at six in the morning and 3:30 in the afternoon.

Friday, November 3, I mailed my order for a ticket book. During the week of November 13, I called the 800 number which appears in my booklet, and I was told -- the three times that I called -- that the computer indicated that my ticket book had been mailed on November 10. My ticket book was received by me on November 24, at two in the afternoon.

I have here the unpostmarked envelope which it came in, so I have no way to document the accuracy of the computer. The current system does not expedite the flow of traffic. I have been in a line as long as 12 cars for one booth, again in a system where not all the booths are open at six in the morning. I have watched people hand out 5-, 10-, and 20-dollar bills, waiting for change, then asking for receipts and receiving the receipts.

The new system does not provide any safeguards or guarantees that I am going to receive the book I purchased. We know how notoriously poor the mail system is. The system does not provide for any alternate means of ticket purchase. I must purchase the book by mail. I just can't believe the efficiency of the Port Authority when I receive something like this with no date on it.

The new system and the cost to the consumer are tantamount to an unauthorized toll increase due to sending the order via the mails, in addition to the cost of the check or the money order. This amounts to approximately 45 cents to 50 cents per each ticket book order, depending on the bank. It represents a 1.25% increase in tolls to the commuter. Additional costs are incurred by commuters when they must pay full fare for lack of a book. Additional trips to the post

office to ensure the timely arrival of my order is an additional cost to the commuter, as well as a waste of my time.

I was told by the Port Authority that the new system would save time and money. If, as I have been told by the Port Authority representative, one million books per year are sold, the cost alone to mail in the check by the commuter and the cost to mail back the book by the Port Authority amounts to half-a-million dollars annually. That breaks down to a quarter-of-a-million dollar expense to the Port Authority, in addition to the \$400 cash bonus they pay to each toll collector for doing less work. There is no savings.

The system makes it difficult to plan ticket book purchases over long holidays and vacations when careful planning is necessary to prevent a waste of tickets, or to incur additional expenses by paying full fares.

Tonight I heard Mr. Butcher and Mr. Philmus state that their goal is to expedite traffic. I have a newspaper article which was printed in The Staten Island Advance today, and it quotes Mr. Philmus as stating: "We do not expect commuters to notice less traffic at the toll plazas, since many bridges do not sell the discount books during rush hours anyway. But the program will help to diminish traffic during the off-peak hours." This system does not work. I want to be able to buy my ticket book at the hour, day, and date that I need it. I don't want to wait 23 days to get something that I have already paid for.

Thank you.

ASSEMBLYMAN SCHUBER: Thank you very much. Thank you.

Mr. Garo Tabibian? Is he still here? Yes, he is.

G A R O T A B I B I A N: My name is Garo Tabibian, and I am the owner of two gas stations on Route 4 East in Fort Lee, one Shell, but the number one being Mobil. Mr. Chairman--

ASSEMBLYMAN SCHUBER: Will you speak up just a little bit, please?

MR. TABIBIAN: I would consider you a very lucky person because, like you did, I also wrote a letter to Mr. Stephen Berger, who is the Chairman of the Port Authority. I wrote my letter on October 10, and I have yet to receive a reply, or the postcard that you received which was preprinted. So that is why you are a very lucky person. (laughter)

In my letter to Mr. Berger, I wrote that there should be another way for the commuting public to be able to obtain the books. One of my suggestions was -- and I guess it is also some other gas station owners' idea -- to be able to give the printer -- a company out of the State of Indiana mailing out the books-- Am I correct when I say the State of Indiana? That is where the books are coming from?

ASSEMBLYMAN SCHUBER: The gentleman has a question as to whether the books have been coming out of the State of Indiana.

MR. BUTCHER: That is correct.

ASSEMBLYMAN SCHUBER: That is correct. (laughter)

MR. TABIBIAN: The books are coming from Indiana.

ASSEMBLYMAN SCHUBER: Correct.

MR. TABIBIAN: So a company out in Indiana is making a fortune. Well, many gas station owners here in Bergen County were selling the books. They were making a profit out of selling the books, plus the commuter was coming to the station and making other purchases. Because of stopping the books-- Because of our not being able to sell the books at our stations, in my two stations I had to lay off two people, because of the loss of income at the two stations. Those two employees are now on Unemployment. I lost two employees.

However, to make a long story short, my solution was, they should make this printer -- the company out of Indiana has it -- available to every agent who is willing to pay or to lease -- to buy or to lease this printer -- make it available to us also, so we can sell the books at the gas stations. They

don't have to sell them again, if they don't like to, at the tollgates. The stations are open 24 hours. Most of the stations in the area are open 24 hours, so the commuter could obtain the book 24 hours a day. They could either pay by cash, check, credit card, or debit card. It was very convenient for them to buy the books at the stations.

So, if possible, I would like the old system to come back. If not, we could also buy or lease the printer and print the expiration date as it is being done now on each ticket. There is no problem with that. And also, if the gentleman -- Mr. Butcher -- is claiming that the toll takers are not checking out if they are expired, why are they getting paid, just to collect the tickets? They should take a couple of extra seconds and check the expiration date.

However, my idea of being able to buy the printer should be considered at their next meeting, and we should be able to sell the toll books again at our stations.

ASSEMBLYMAN SCHUBER: Thank you very much, sir.  
(applause)

This raises the question, of course, that we talked about-- You know, we have been talking about this most of the night -- the direct impact on the commuter. But this gentleman has raised the ripple effect of this policy, which has been to cause an economic dislocation among the small businesses of the northern part of the State. It enacts a cost which, in many cases, is intangible, but in certain cases it is tangible. I mean, it is a cost that has to be factored into the whole matter as we go along.

I note the Port had indicated that they had concerns about selling them from the service stations, because of security I gathered. I know there was a question I meant to ask and I didn't. So while the gentlemen are still here, I would ask you: Do you have statistics on how many service stations you have taken the right to sell the books away from for improper actions? Do you have statistics on that?

MR. BUTCHER: (speaking from audience) Is your question, have we ever-- (remainder of question indiscernible; no microphone)

ASSEMBLYMAN SCHUBER: Yes.

MR. BUTCHER: The answer to that is no, as far as I know.

ASSEMBLYMAN SCHUBER: You have not?

MR. BUTCHER: That's right.

ASSEMBLYMAN SCHUBER: In other words, you have indicated that you had problems with service stations selling them because of potential sales to improper persons. Is that correct?

MR. BUTCHER: That's right.

ASSEMBLYMAN SCHUBER: But yet you have never taken away anyone's right to sell them in the time period that the service stations had that right?

MR. BUTCHER: Our awareness that this was taking place, really-- (indiscernible; no microphone)

ASSEMBLYMAN SCHUBER: Sir -- Mr. Butcher -- would you please come back up to the witness table? The transcriber can't record what you are saying.

That raises an interesting question, because what you are saying to me is that you came up with the issue of the sale of improper books as a justification for depriving the service stations, after you implemented the system.

MR. BUTCHER: Well, I mentioned that as one of the problems with the system. The improper usage was a question of the presentation of the tickets -- the presentation of expired tickets. That was improper usage. That was our primary concern insofar as that issue was concerned.

ASSEMBLYMAN SCHUBER: Yeah, but you're telling me you came up with that after you implemented the system.

MR. BUTCHER: No, we did not come up with the improper usage in terms of expiration after we came up with the system.

We were aware of the improper usage insofar as the submittal of tickets prior to implementation of the program.

ASSEMBLYMAN SCHUBER: But yet you have never deprived anybody of the right to sell those tickets at the time the service stations were selling them for an allegation of some improper method of selling them.

MR. BUTCHER: No, sir. There are two issues here. One is the improper usage of individuals who submit expired tickets at the toll lanes.

ASSEMBLYMAN SCHUBER: I understand that.

MR. BUTCHER: The other issue was the issue of the tickets being sold to nonauthorized users to begin with.

ASSEMBLYMAN SCHUBER: Correct. What I am asking--

MR. BUTCHER: Now, in that second issue, we discovered that, as I said, really as a result of the implementation of this system, where we discovered that we were getting orders -- substantial numbers of orders -- from unauthorized users.

ASSEMBLYMAN SCHUBER: But do you have any evidence that those came from service stations originally?

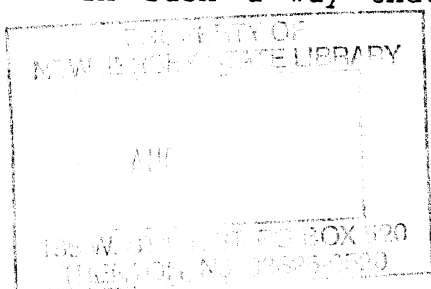
MR. BUTCHER: Sir-- (comment from Mr. Philmus in the audience interrupts Mr. Butcher at this point; indiscernible to transcriber)

ASSEMBLYMAN SCHUBER: Why wasn't action ever taken against any of the service stations?

MR. BUTCHER: Sir, what we are telling you is that this information came to us after this program started -- after the program started.

ASSEMBLYMAN SCHUBER: We're going around and around in circles, because--

MR. BUTCHER: No, we're not; no, we're not. There are two issues at hand. I'm telling you, the one issue we became aware of only because when we received the orders through the order entry contractor, the computer-- The program is set up in such a way that it will not accept commercial plates. And



immediately we began to see a number of commercial plates. As Mr. Philmus tells me, in conversation with those individuals, because we had to return their orders to them, they subsequently asked us, "What was the problem?" They indicated to us that, in fact, they were able to purchase these at gas stations. When I mentioned that as part of improper usage, I did not imply -- I did not mean to imply that that was done prior to the implementation of the program. That piece of it was learned after the program began.

ASSEMBLYMAN SCHUBER: If, in fact, it is improper for a commercial vehicle to use these-- Did you have any means of internal control to regulate the service stations that were selling these for the many years that they have been selling them?

UNIDENTIFIED SPEAKER FROM AUDIENCE: The toll collectors.

ASSEMBLYMAN SCHUBER: Yeah, what about the toll collectors? How do you know they weren't doing it? Did you have a method by which to regulate that?

MR. BUTCHER: Well, none other than to inform them what the policy was insofar as the sale of those tickets.

ASSEMBLYMAN SCHUBER: Okay. Ronald Breslow?

R O N A L D B R E S L O W: I am Ronald Breslow, from Englewood, New Jersey. I have been commuting back and forth across that bridge for more years than I would like to remember.

There are three points I want to make: One is that the people representing the Port Authority seem quite proud of the very low percentage of complaints they have had about the system, but they are only talking about complaints from people who don't get their tickets on time. They are not getting the complaints from the people who would hate this system even if the tickets came two days later, and that is most of us. We don't like the idea of having to buy our tickets by mail. If they were able to make this system run perfectly, it would

still be a lousy system. I think that is a point that needs to be made clear. They seem to think that if they perfect the system they will solve the problem. How would you like to buy practically anything else in your life by having to write and send checks off to people and have it sent back by some computer system? It's ridiculous, when we had a perfectly good way of doing it by buying them from service stations.

Now, the reason they canceled this thing was, in fact, partly apparently -- maybe we can give them the benefit of the doubt, although I doubt it -- partly because of worry about traffic. But of course, that makes no sense at all with respect to the service stations. Now we come to the real reason they did it, so that they could print tickets with dates on them, because they fundamentally were concerned about people handing in tickets after the so-called expiration date.

What is missing here is any sense of proportion. They have no idea of the magnitude of the problem they are trying to solve and of the tremendous inconvenience they have dropped upon us, trying to solve this rather small problem. Nobody is in favor of shoplifting, but how would they feel if every time they left a department store they were searched because the people in the department store were under orders to prevent shoplifting? It is preposterous. You have to have some sense of proportion. A public authority-- Anybody, has to have some sense of what is a tolerable amount of inconvenience to drop on the public, in order to achieve some worthwhile goal.

I don't think any of us, frankly, accept-- Well, I speak for myself. I don't endorse the idea that we should be allowed to use these tickets after their expiration date. Fine, I accept those rules. Occasionally the book runs out. That is the way it goes. That is part of what I pay for in return for my discount. But the idea of dropping this huge inconvenience on us to solve this small problem simply reveals a lack of understanding of what is a proper response to the magnitude of the problem.

The final problem which I find very bothersome is less this particular program than the details of how it was done. There is an arrogance that we see here which has been alluded to tonight and which is really very worrisome. One of them is the fact that we were lied to. We were told that the purpose of this program was to make life better for us by speeding traffic. Nobody in his right mind would believe that that was the purpose of canceling the service station program, and of course it wasn't. I don't see why public authorities feel it is all right to tell lies, which they know are not true, and feel that we should accept them. It is the kind of thing that you expect to see behind the Iron Curtain. As far as I know, the Iron Curtain has not moved over this far, and we don't expect to see it here.

We don't expect to see either a major change of this sort with no hearings. The idea that they thought this was a minor change, that they weren't changing the program, and therefore no public hearings were needed to be held, you know is not, in fact, correct. That is not the reason they did it. They did it because they knew there would be a tremendous uproar if they had public hearings, and they feel they are above the public, and are not required to hold such hearings.

This is again the kind of thing that one does not expect to see in this country. Every night on television we see people demonstrating in the streets to try to bring down governments that are treating their people just this way, and we certainly are not prepared to accept that in this country. I just think that this kind of thing is an outrage well beyond the details of this program.

I believe it is absolutely critical that we go back to at least the system of sales in the gas stations. But, in addition to that, I think we really have to face the issue that the behavior of the Port Authority in this matter is simply unacceptable. I think it is not enough to call for a return to

the system. I call for the removal from positions of power the people who treated the public in this way; who thought it was all right to lie to us; who thought it was all right to arrogantly push through a thing like this with no hearings because they are not responsible. I think they have to be told that they are responsible, and the only way to do this is to get them out of office.

Thank you. (applause)

ASSEMBLYMAN SCHUBER: Thank you, Mr. Breslow. Rubin Bluen (phonetic spelling), of Teaneck? (no response) William Peters, Rutherford?

W I L L I A M P E T E R S: My name is William Peters, Rutherford, New Jersey.

Mr. Chairman, perhaps Mr. Butcher could explain-- He is concerned about the loss of a million-and-a-half dollars in tickets that have expired. In the November 19 issue of the New York magazine -- The Daily News magazine -- the Port Authority spent \$30 million for Fishport in Brooklyn.

ASSEMBLYMAN SCHUBER: What?

MR. PETERS: The Port Authority spent \$30 million for something called Fishport, to attract merchants to Brooklyn. They closed it this spring. Perhaps he can explain how they are saving money by doing something like this.

Thank you. (applause)

ASSEMBLYMAN SCHUBER: Thank you. Mr. Butcher, would you like to explain that to us?

MR. BUTCHER: No, sir, I can't. That is not within my jurisdiction.

ASSEMBLYMAN SCHUBER: Mr. Peters, thank you very much. Ms. Rita Opatowski (phonetic spelling)? (no response) Michael Mahoney, from Teaneck, New Jersey.

M I C H A E L M A H O N E Y: Mr. Chairman, I am Michael Mahoney, Teaneck, New Jersey.

- The Port Authority had a very good idea. About four years ago, going from east to west, they set up a booth where you could buy tickets. They discontinued it. Why not bring it back? I thought that was a very good idea.

Meanwhile, I get tickets-- I get a scrip book. They won't take it anymore. I have to mail it in. Before I was able to drop it off with my ticket, and one, two, three, I was gone. That was it. There was no date on it because it was good forever. But if the price went up, if there was another dollar added, I paid that.

Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Mahoney. Marvin and Marilyn Jusman, of Fort Lee, New Jersey.

M A R I L Y N S U S S M A N: That's Sussman.

ASSEMBLYMAN SCHUBER: I'm sorry, Sussman. I apologize.

M A R V I N S U S S M A N: We accept your apology, and we thank you for being here tonight.

Just one brief question, because I think it was very quickly mentioned, and then I didn't hear much more about it. But the Port Authority had, besides the option of buying them at the bridge and at the gas stations, a third option where you, if you didn't want to mail it, could walk into a Port Authority office at the bridge -- a ticket office -- walk up and purchase your book there. I don't understand why that option is not at least open to us, because if we are willing to go into that type of a facility, they certainly have all the control they need there and can see whatever problems they feel we are concealing from them when we buy a book.

ASSEMBLYMAN SCHUBER: Mr. Sussman raises a good question, I think. Mr. Butcher, if you want to answer this, you will have to come up to the mike. He has raised a good question. You did sell books in the Port Authority. That affects traffic not one iota.

MR. BUTCHER: For the same reason we are not selling in the gas stations; we cannot provide-- We are custom printing each ticket. That is the same reason why we cannot sell at our facilities, because it all goes through the printer. It is one clean operation. It goes from order entry to the printer/mailer, and from there to the customer. That is the reason we do not sell at the facilities.

ASSEMBLYMAN SCHUBER: I don't understand why you can't have some method by which that could be done within your own facility, though.

MR. BUTCHER: No, sir, that would mean additional staff and purchase of equipment. Certainly, we do not have that technical capability. We are not printers; we are not printers.

ASSEMBLYMAN SCHUBER: I realize you are not printers, but the fact of the matter is it appears that Mr. Sussman is correct. For a long time you did sell these tickets, which comes down to this final issue, which is simply this: I must admit that I have gotten a lot of complaints over the years, but I have yet to receive one complaint in my legislative office, in my eight years in office, and in the number of years as a local official within a town within the vicinity of the Port Authority-- I have never gotten a complaint about the ticket system until now. I mean, that's got to tell you something.

To me, whether it was the gas stations or the tollbooths or the in-house -- the operation of the in-house office, or I think someone was alluding to another method you had, it seemed to at least work. I submit to you again, Mr. Butcher, that this system doesn't work, but I appreciate it. Thank you.

Mr. Morry Alter, from Teaneck.

M O R R Y A L T E R: Yes. Thank you for being here. My name is Morry Alter, and I am from Teaneck. I am just a

relative rookie,-- only six years invested in the commute to Manhattan.

Someone earlier -- a few moments ago -- mentioned the cavalier nature of all of this. I think it has been mentioned a couple of times with different adjectives. I am struck by the name of the agency -- Authority. It almost reeks of something in Europe, but not here. The whole tenor that I have gotten from this is not a response to the public, but more of a concern with regulations. "These are the regulations," and "I am only following the orders," and no inclination to filter information back up to staff, to say, "Hey, we are running into a lot of heat here. This isn't going to work. It's a lot of inconvenience."

I have heard several at least reasonable suggestions tonight that seem worthy of some consideration, that the Port Authority chose not to consider at all by virtue of its decision not to hold a single public hearing. I think that is inexcusable. I think the inconvenience to me is also inexcusable, but the way it has treated the public on this issue is inexcusable.

Thank you. (applause)

ASSEMBLYMAN SCHUBER: Thank you. And we welcome a commuter from New York here, Stephanie Mouzakis, from the Bronx. Stephanie?

STEPHANIE MOUZAKIS: Good evening. I wasn't planning on speaking, but after hearing everyone else make different comments and things, I noticed several things. Excuse me, my name is Stephanie Mouzakis. I am from the Bronx, New York. I work in New Jersey, and in the morning I love driving from New York to New Jersey and watching everybody else sitting in traffic going to New York. I don't understand how they can do it every day. I wish them more power for it, because obviously they have the patience to deal with it every morning.

Several points were brought up. There is a lot of traffic on the weekends, which was part of the reason they were cutting this out. Why don't they just cut out Saturdays and Sundays for selling the toll books, rather than cutting it out altogether at the tollbooths?

As far as the expiration date on the tickets, Mr. Butcher was referring to 1.5 million tickets. That is \$1.5 million dollars versus the approximate \$40 million profit -- net profit -- he mentioned while he was sitting up here. That is a small portion. I didn't figure out the percentage, but it is not large. Is it really worth the extra burden that we have to deal with?

I like the idea of two to three months ahead of time, getting my -- purchasing-- What is it, it would be 120, and then having my tickets for three or four months. I would appreciate that tremendously, rather than sending out a check every month. That is 12 checks a year versus three checks a year, or four checks a year. It would be less of a burden to me. I would not have to deal with the post office as much, and it might be more of a compromise, if necessary.

I was also annoyed at the fact that we were not allowed to speak prior to this being enforced. When I saw the signs at the bridge, I didn't even notice them. I didn't pay any attention until several of the commuters mentioned it to me: "Did you notice that October 1, you can't buy books anymore?" I was shocked, but I felt that I couldn't do anything to change it. That is part of the reason I came here, because I wanted to find out what could be done.

If they are concerned about the Port Authority not being able to take care of these new orders at their offices, I don't understand why they can't connect another phone line to the office in Indiana and put those orders in, and have us pick them up from them a couple of days later. Have them shipped Express Mail -- overnight delivery, sending them back to the

Port Authority. We are still inconvenienced by having to go twice to the Port Authority's office, but it is better than dealing with the post office in general, for me.

Also, I would like to find out who we can speak to to change these regulations the Port Authority has, that they have to deal with. I understand internal audits. Where I work, we have internal audits. We have government audits. We have to answer for anything that is out of line. Where can we go, or who can we speak to to change these regulations, so that they don't have to be that concerned about the 1.5 million loss versus the 40 million gain?

Thank you. (applause)

ASSEMBLYMAN SCHUBER: James J. Sullivan? Mr. Sullivan?  
J A M E S J. S U L L I V A N: My name is James J. Sullivan. I live in Paramus, New Jersey.

First, I would like to thank you for holding these hearings. This is the first opportunity we have had to be consulted about something that impacts so heavily on us. Thank you for that.

The ancient Romans had a saying: "Fucta non verda." You know, "Deeds, not words." Your probing questions here have elicited some arrant nonsense in response about their alleged reasons for the changes, but the facts belie the reasons. For every action, every silly action that was taken, the reasonable alternatives were pointed out, but none of them were ever considered. So, we are led to the inescapable conclusion that what they have said is not the real reason.

I am afraid that I may be privy to the real reason. I attended a Federal Executive Board luncheon some years ago, at which Fred Boyeit (phonetic spelling), the outgoing Chairman of the Federal Executive Board, who was the Regional Commissioner of Customs at the time, was being honored, and the principal speaker was the director of the Port Authority. He asked for comments or questions after his presentation, and I asked about

the congestion at the bridge. I was informed that the Port Authority was taking no action whatsoever to alleviate congestion at any of the bridges or the tunnels. It was their intent to keep vehicular traffic out of New York City. One of the proposals that later surfaced was to weight the toll so that it would cost more to travel during the rush hour.

I feel that this is the real agenda: to harass, to make it difficult for people to enter the City of New York by private vehicle. Like the young lady who just spoke, I speak from experience on both sides. I was a New Jersey-- I have been a New Jersey resident for 17 years, but I am a transplanted New Yorker, so I used this bridge from both ends. It has always been a hassle.

Again, I thank you very much for holding the hearings.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Sullivan.

That concludes the testimony for tonight. This Committee will be adjourned, but it will be called back again to review the situation at another time. In addition to that, as I have indicated to you, a joint resolution of the Assembly and Senate will be introduced, calling upon the Port Authority to change this policy, to return it to the way it was.

Secondly, we will be requesting the Governor of the State at the present time to intervene in this matter. We will ask the incoming Governor to intervene also.

Thirdly, this Committee-- I shall make a recommendation to the new Committee at its inception the beginning of January, that full-scale hearings on the operation of the Port Authority be begun by this Committee, and that it be a priority item of this Committee in the new term, and that this Committee will continue its work until this policy is changed back to the way it was, which is the one that will convenience the motorists the best, and I assure you of that.

Thank you all for coming here tonight. I thank the Committee members for being here.

ASSEMBLYMAN MAZUR: Mr. Chairman, if you do have another session on this particular subject, I would recommend that you invite the legislative representatives from Orange and Rockland Counties. Maybe the Port Authority will pay a little more attention if we get grief from both sides of the state line.

ASSEMBLYMAN SCHUBER: I would like to recommend a joint bistate hearing, though.

ASSEMBLYMAN MAZUR: Yes.

(HEARING CONCLUDED)