

FROM THE OFFICE OF THE GOVERNOR

FEBRUARY 10, 1975

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

HERB WOLFE
MORAY EPSTEIN -- X7212

Governor Brendan Byrne Monday reiterated his directive to the Port Authority of New York and New Jersey and the Department of Transportation to proceed with the proposal to extend Port Authority Trans-Hudson (PATH) service from Newark to Plainfield.

The Governor issued his instructions after reviewing reports from the Transportation Department and a Joint Task Force of staff of the Port Authority and the Transportation Department.

The reports considered the benefits and costs of improving mass transit service in the Newark-Plainfield corridor either by improving existing operations of the Central Railroad of New Jersey (CNJ) or by extending PATH service from Newark. The possibility of using part of the CNJ right of way for a roadway exclusively for buses was also considered.

The major issue to be resolved between the Department of Transportation and the Port of New York and New Jersey Authority is the financing of the local share of \$69.4 million necessary to match the Federal fund application.

In its report, the Joint Task Force estimated that about \$278 million in Federal assistance is needed for the PATH project, representing 80 percent of the estimated \$347 million total project cost.

This compares to \$201.5 million requested in April 1974 by PATH in an application to the Urban Mass Transportation Administration (UMTA) for Federal aid on the basis of total project cost then estimated at \$252 million. The **cost difference** largely is **attributed** to inflation.

The Governor said, "the economic analysis submitted by the task force indicates that the initial capital expenditure for a PATH extension will be much higher than the initial capital expenditure for simply upgrading and improving the CNJ.

"On the other hand, the analysis also shows that the cost per trip results in an operating cost which is much more favorable for the PATH Extension proposal than for improvement of CNJ service," the Governor pointed out.

"Our operating subsidy program," the Governor continued, "will reach the \$72 million level this fiscal year. Minimizing this drain on State and Federal resources is a matter of high priority."

He described the PATH project as "an example where an investment in capital improvements can result in more efficient and less costly operations and maintenance."

Byrne pointed out that the PATH project conforms to his "long standing commitment to insure that the Port Authority of New York and New Jersey fulfills its obligation to provide mass transit facilities for New Jersey by using its own resources to fund public transportation.

He said repeal of the covenant restricting the Port Authority's involvement in public transportation had made the Port Authority "capable of fulfilling its original mandate - to plan and develop a transportation system which contributes to the economic well being of the port district."

"The need for the Port Authority, with its considerable wealth, to contribute to the creation and operation of a public transportation system and to the reduction of problems stemming from energy shortages and air pollution has long been apparent," said the Governor. He also indicated that the PATH project was only one aspect of the commitment to public transportation which he would expect of the Port Authority.

The Joint Task Force report, which Byrne said "clearly shows the expensive and complex nature of any major rail project in this corridor", stems from a series of meetings in August and September 1974. Those meetings resulted in a request by UMTA for the Port Authority and the Transportation Department to re-evaluate the PATH Extension proposal.

The Governor previously instructed Port Authority and Transportation Department officials to proceed with the PATH project in a meeting last January 15, as the Joint Task Force report was nearing completion.

The Governor also referred to a letter from Transportation Commissioner Alan Sagner replying to UMTA's request. The letter indicated that from a narrow and immediate budgetary perspective, simple upgrading of the existing CNJ commuter service is "cheaper."

However, it notes that, "from the viewpoint of a broader economic analysis, the extension of PATH to Plainfield has other advantages," such as:

- The service will provide a link among five of New Jersey's principal center cities -- Newark, Jersey City, Elizabeth, Hoboken and Plainfield -- in a manner consistent with the State's policy to sustain and redevelop the State's older cities.
- The PATH project provides for access to Newark Airport.
- The PATH Extension will essentially for the first time provide intrastate rapid transit service in New Jersey in a highly developed urban corridor at a time when added transit capacity is made increasingly essential by fuel shortages.

The Governor stated that while it was difficult to assign dollars and cents values to these advantages, they "represent the very factors which do and should differentiate a public sector investment decision from one made by the private sector."

The Task Force was co-chaired by Manuel Carballo, Deputy Commissioner of the Department of Transportation, and Louis J. Gambaccini, Director of Rail Transportation of the Port Authority. Staff members of both agencies carried out the technical work.

The request for re-evaluation by UMTA was based on three principal factors:

- The possibilities of purchase of CNJ right of way by the State, thus opening the question of whether an upgrading of CNJ commuter service represented a viable alternative;

- The desire on the part of UMTA to examine the most cost-effective solution in this corridor; and
- The relationship of any alternative in this corridor to the State's total mass transportation program from the point of view of relative priorities of major new transit programs.

The primary mission of the Task Force was to identify the various alternative plans and compare them on the basis of economic and non-economic criteria. Due to sharp escalation of construction costs and overall inflation, the economics of all alternatives were re-evaluated to reflect present and projected capital costs and future operating results. Selected non-economic factors which were compared and evaluated included service frequency, convenience and comfort, travel time and environmental impact.

As a result of this intensive review of the range of alternatives, five plans were finally selected by the Task Force for detailed consideration. They are:

1. PATH Extension to Plainfield via Newark Airport and Elizabeth.
(Proposed in UMTA application April 1974)
2. CNJ expanded and modernized diesel service from Newark to Plainfield via Aldene.
3. CNJ electrification from Newark to Plainfield via Aldene. (Proposed in Transportation Department's 1968 Master Plan.)
4. CNJ diesel service on the mainline via Aldene with minimal upgrading to assure continued, reliable and safe rail service.
5. Development of a Busway on the two northerly tracks of the CNJ from Elizabeth to Plainfield with access provided to the Busway at both ends by local streets and major highways.

Under each alternate, the Task Force investigated the capital costs, operating costs, potential funding and operating and service factors involved to include a commuter service to both Plainfield and Raritan.

The Task Force also reconsidered the basic question of the need for rail access to Newark International Airport, a prime feature of the PATH Extension alternative.

The two CNJ rail alternatives, diesel and electrification, would not themselves provide a rail access to the airport, since both plans would utilize the existing CNJ alignment (north and west of the airport) via the Lehigh Valley Aldene route to serve the Plainfield Corridor. In that case, an express bus service could be provided between the two railroad stations in Newark and the airport. The CNJ Busway alternative would provide a bus service to the airport.

In the course of the Task Force studies, a detailed analysis was made of present traffic volumes and distribution of passengers utilizing the airport and future projections of airport passage.

Several rail alternative services to and from Newark Airport which had been studied in past years were re-examined to obtain an updated picture of the capital cost and other factors involved in providing such services. The study concluded that an interim express bus service to Newark's Penn Central and Erie-Lackawanna Stations is the most prudent investment at this time, under current economic circumstances.

Attachments: Joint Task Force Report
Letter to UMTA from Commissioner Sagner

PORT AUTHORITY TRANS-HUDSON CORPORATION

One World Trade Center

New York, N. Y. 10048

(212) 466-7000

(201) 622-6600

February 7, 1975

Mr. Jerome C. Premo
Associate Administrator
Office of Capital Assistance
Urban Mass Transportation Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Mr. Premo:

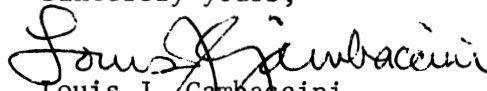
On September 18, 1974, you wrote concerning the PATH Plainfield Corridor Service project and requested a re-evaluation of alternatives to the Plainfield project in the light of new developments. You also indicated a desire to have a State of New Jersey reconsideration of the status of CNJ railroad acquisition, funding priorities and the future of rail corridors in Northern New Jersey.

Pursuant to your request, the State of New Jersey and the Port Authority agreed to the formation of a joint Task Force to undertake the technical analysis and evaluation of the public transportation alternatives involving service to the existing CNJ mainline corridor. New Jersey's Deputy Commissioner of Transportation, Manuel Carballo, and I were designated co-chairman of this Task Force effort and, as you know, the work of the Task Force has proceeded diligently over the last three months. The scope of the Task Force work did not include the other matters you raised. It was decided that inasmuch as the other questions you raised involved fundamental questions of State policy, the State of New Jersey would deal with those separately and report directly to you concerning them.

I am transmitting to you herewith 25 copies of the Task Force report summarizing the technical evaluation of alternatives. The report sets forth the principal alternatives, their fiscal and transport implications and makes no recommendations. We are advised that the other matters which you raised (CNJ acquisition, funding priorities, and the future State plans with respect to rail corridors) will be the subject of a separate communication to you from the State.

Once you and your staff have had an opportunity to review the enclosed report, Mr. Carballo and I, of course, will be happy to meet with you and your staff to discuss it.

Sincerely yours,


Louis J. Gambaccini
Vice President and
General Manager

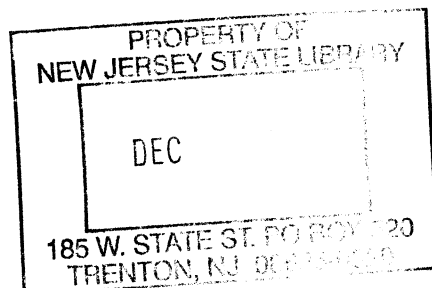
Atts.

New Jersey Department of Transportation - Port Authority Trans-Hudson Corporation

Joint Task Force Report

Central Railroad of New Jersey Corridor

Commuter Transportation Alternatives



January 15, 1975

REPORT OF
JOINT NEW JERSEY DEPARTMENT OF TRANSPORTATION-PATH
TASK FORCE ON CNJ CORRIDOR COMMUTER TRANSPORTATION ALTERNATIVES

As a result of a series of meetings between the Urban Mass Transportation Administration (UMTA), the State of New Jersey and PATH in August and September 1974, a letter was transmitted to the Vice President and General Manager of the Port Authority Trans-Hudson Corporation (PATH) from an Associate Administrator of UMTA. The letter requested that PATH reevaluate the proposal for an extension of the PATH rapid transit system to Plainfield on parts of the Penn Central and Central Railroad of New Jersey (CNJ) rights-of-way. PATH had submitted an application for Federal assistance in support of this proposed project to UMTA in April 1974. The application requested assistance in the amount of \$201.5 million, representing 80% of the then estimated total project cost of \$252 million for fixed facilities and rolling stock required for the PATH Plainfield Corridor project improvements west of Newark.

The request for reevaluation by UMTA was based on three principal factors: - a) the possibility of exploring the acquisition of the CNJ by the State of New Jersey, thus raising the question of the impact of such a potential decision on the PATH project as it related to an upgraded CNJ commuter service; b) the possibility that such a decision would result in the re-ordering of priorities for rail service improvements in Northern New Jersey; and, c) the weighing of the costs of such acquisitions and improvements against the overall availability of necessary funds.

Accordingly, PATH and the New Jersey Department of Transportation organized a joint Task Force in October 1974 to undertake a new evaluation of all reasonable alternatives in this Corridor. The Task Force, which was under the co-chairmanship of Manuel Carballo, Deputy Commissioner of the New Jersey Department of Transportation and Louis J. Gambaccini, Vice-President and General Manager of PATH, agreed that because the Urban Mass Transportation Administration's request dealt with both project related technical matters and New Jersey State policy, it would limit its role solely to the evaluation of all reasonable service alternatives for the Corridor. The State of New Jersey agreed to address itself to the UMTA's questions pertaining to exploration of the possibility of acquisition of the CNJ, priorities for rail service in Northern New Jersey and the financial commitments necessary to support these priority projects. The Task Force met on a number of occasions and extensive staff work was undertaken in support of this effort.

Analysis of CNJ Corridor Alternatives

The Task Force initially identified seven alternate physical plans for passenger service in the CNJ Corridor for reexamination. These included the following:

- 1) A PATH extension to Newark Airport and Plainfield as described in the 1974 application.
- 2) A PATH extension via the present Aldene route to Plainfield.
- 3) A completely modernized, upgraded and reequipped CNJ diesel service

from Penn Station, Newark via the Aldene route to Plainfield.

4) A completely modernized CNJ diesel service from Penn Station, Newark to Plainfield via Newark Airport and Elizabeth.

5) An electrified and upgraded CNJ line with new multiple unit equipment from Penn Station, Newark to Plainfield via Aldene.

6) A CNJ electrified service from Penn Station, Newark to Plainfield via Newark Airport and Elizabeth.

7) A Busway on the two northerly tracks of the CNJ from Elizabeth to Plainfield with access provided to the Busway by local streets and major highways at both its westerly and easterly ends.

As a result of intensive review by the Task Force, the seven alternates were reduced to four. These four appeared to be the most realistic possibilities based on cost, service and timing factors. Subsequently, a fifth alternate representing a minimum CNJ upgrading of existing service to Phillipsburg was considered for detailed examination by the Task Force. The five alternates then selected for detailed consideration were:

A) A PATH extension to Newark Airport and Plainfield as described in the 1974 application (see number 1 above);

B) A completely modernized CNJ diesel service via the Aldene route (see number 3 above);

C) A minimally upgraded CNJ diesel service as currently operated;

D) An electrified CNJ via the Aldene route (see number 5 above);

E) A Busway on the CNJ right-of-way (see number 7 above).

Under each of the above alternates, the Task Force developed the capital costs, operating costs, timing, potential funding and operating and service factors involved in providing a service to both Plainfield and Raritan.

PATH Extension to Newark Airport and Plainfield (Alternate A)

The original proposal for the PATH extension, which was developed in late 1971 and 1972, was embodied in bi-State legislation authorizing PATH to proceed with the project. Conceptually, the project entails the extension of the existing PATH system south from Penn Station, Newark to a McClellan Street station serving Newark International Airport and thence south to Elizabeth along the Penn Central right-of-way with a link at Elizabeth to the two north tracks of the CNJ at which point it would continue westerly along the CNJ mainline to a terminus at Plainfield. A map of the Plainfield extension together with pertinent facts on the plan is shown on Figure 1.

The principal advantages of the PATH extension proposal include a

rail service to Newark International Airport (via a transfer at McClellan Street to the proposed airport Inter-Terminal Transportation System or some other form of connecting service); the opportunity for a through rail service to lower Manhattan from the suburban New Jersey territory; and operational savings resulting from the establishment of one rail line in this Corridor as opposed to two "end-to-end" rail services which currently require a transfer at Penn Station, Newark.

The Task Force recognized that the PATH plan does have certain disadvantages. It requires the extension of an interurban rail transit service into a suburban territory accustomed to a standard railroad commuter service and may by its nature result in a less comfortable ride, by virtue of the necessity to utilize smaller, lighter rapid transit cars in the service. The plan also involves a relatively higher capital cost for the number of passengers to be served in relationship to the capital costs of others of the alternates evaluated largely as a result of required new structural, power, signal and rail construction. On the other hand lower operating costs per trip are evident when compared to other rail alternates. Additionally, the plan would result in the termination of through rail service in the Corridor at Plainfield since continuation beyond that point would represent a disproportionately higher cost for the relatively few additional passengers who might be served.

While 80% of the projected passengers in this Corridor would be served directly by the extension to Plainfield, some 20% of the Corridor passengers originate west of Plainfield. Other transportation service would have to be developed to serve these commuters between their points of origin and the Plainfield terminus.

The major work of the Task Force with respect to this alternate was to update the capital and operating costs used in the original project application. In addition, project related elements east of Newark were also reassessed and costs were identified. For purposes of comparability with components of the other alternatives, these data were included in column one on Tables 1 and 2. The PATH project data provided in column two on Tables 1 and 2 excludes the \$55 million estimated capital investment for basic PATH system improvements east of Newark resulting from the PATH Plainfield extension project.

In this work, as well as in the development of construction costs for each of the alternates, the Task Force included an inflation factor of 9% per year for fixed facilities projected to the anticipated time of construction for each element of the capital construction required. For rolling stock, inflation factors reflecting large cost increases already experienced by rail equipment suppliers were 25% for 1975, and 15% for each subsequent year.

In the evaluation of operating expenses and projected revenues, operating and maintenance costs included a composite inflation factor to the year 1985 of approximately 7% per year. In each of the analyses, the Task Force assumed no fare increases for any of the alternates. While this assumption might be unrealistic, it was felt that if all alternates were

compared on this basis, it would remove many of the uncertain aspects of timing, magnitude and procedural processes associated with fare increase applications.

Based on the factors identified above, the PATH extension project, including the capital investment required east of Newark, would involve a total estimated cost of \$402 million, of which an estimated \$80 million would be required as the local share with an estimated \$322 million sought in federal capital assistance. The estimated cost of the project excluding the capital investment east of Newark would total \$347 million, of which an estimated \$69 million would be required as the local share with \$278 million sought in federal capital assistance. These estimated costs include the Airport station at McClellan Street. However, they do not include the cost of a distribution system between the Airport station and the airline terminals at the Airport.

The original estimate of \$252 million for the project contained in the federal application filed in 1974 did not include the additional estimated capital investment required for basic PATH system improvements east of Newark. It also did not include as high an allowance to cover anticipated inflation during the construction period, a change which the Task Force believes is essential in light of the rapid rate of inflation experienced over the last twelve months.

The capital cost to extend the PATH project beyond Plainfield to Raritan is estimated at an additional \$190 million for a total project cost of \$592 million from Newark to Raritan, assuming the inclusion of an investment for east of Newark improvements or \$537 million from Newark to Raritan based on a project assumption which excludes the investment for east of Newark improvements. Of this amount, 80%, \$474 million or \$430 million, depending on the inclusion or exclusion of the east of Newark investment, would be required in federal assistance and \$118 million or \$107 million required from local resources.

While the PATH extension represents the highest capital cost per passenger, an evaluation of the incremental operating expense chargeable to the extension project indicates that it provides the lowest per trip cost of any of the rail alternates considered. The relationship of capital cost and project operating results for the PATH extension to Plainfield and also to Raritan, based on the factors described above, are summarized, along with comparable data for the other alternates studied, in Tables 1 and 2.

CNJ Diesel Service Via Aldene (Alternate B)

The alternate of providing a fully modernized CNJ diesel service to Plainfield or beyond to Raritan, as developed by the Task Force, would encompass the following:

Complete track and signal upgrading and station rehabilitation, (including high level platforms). Construction of additional track connections at Aldene and in the vicinity of Hunter Tower in south Newark to improve operating reliability and capacity and to remove present conflicts in train

operations, and construction of a third track on the section of the Lehigh Valley Railroad extending from Hunter Tower to Aldene to handle a prospective expansion in freight operations over this trackage together with the improved CNJ passenger operations.

Additionally, the project includes the purchase of an entirely new fleet of passenger coaches and diesel locomotives for this service. All estimates of cost, both capital and operating, were escalated to reflect inflation as described in the previous section.

This plan is shown on Figure 2 together with pertinent data on this alternate.

On the basis of these projected improvements, the capital costs of the maximum CNJ diesel improvement program for service to Plainfield would be \$174 million or a cost of \$220 million if extended to Raritan, as detailed in Tables 1 and 2, respectively. It is important to emphasize that these estimates include a figure of \$50 million for the addition of a third track on the 7.2 mile section of the Lehigh Valley, between Aldene Junction and Hunter Tower. United States Railway Association officials have advised the Task Force that its plans under the Regional Rail Reorganization Act contemplate a major expansion in freight operations through this territory. Subject to more detailed examination, it is believed that a third track from Aldene to Hunter Tower, for which this cost allowance has been made, will be sufficient to accommodate the combined total of rail passenger and freight trains.

Inherent in the CNJ diesel alternative is the fact that the projected operating cost, on the basis of the factors described earlier, would be substantially higher than the PATH extension because of the end-to-end interface with PATH as opposed to the unified rail system inherent in the PATH proposal, and the significantly larger labor costs which would derive therefrom. These differences are also reflected in Tables 1 and 2. The CNJ diesel service would have a significantly lower capital cost and a much higher operating cost.

From an overall service standpoint, there are some advantages and disadvantages. These are compared with the other alternates on Table 3. Travel time for the total trip is estimated to be about 9 minutes longer from Plainfield to lower Manhattan than the PATH extension, but only 3 minutes longer to Newark.

Minimally Upgraded CNJ Diesel Service (Alternate C)

The third alternate also shown on Figure 2 involves a minimal amount of upgrading of the existing CNJ service to Phillipsburg via Aldene. This plan would include the rebuilding of existing locomotives for passenger service, the rehabilitation of the newer coaches on the CNJ and a minimum amount of work on track up-grading, station rehabilitation, yard improvements and bridge and drainage improvements. Since rehabilitation of existing CNJ passenger coaches built before World War II does not appear feasible, the largest single item would be the replacement of many of these cars.

The plan would maintain the newly instituted service to Phillipsburg, would operate on all tracks available for service and would duplicate the current operation virtually in all respects. The plan would not include the addition of a third track on the Lehigh Valley nor the improved connections either at Aldene or at Hunter Tower in south Newark.

On the basis of these factors, it is estimated that the fully escalated capital cost for this minimal improvement program would be approximately \$60 million. This would require federal assistance of \$48 million and a local contribution of approximately \$12 million. The capital costs and operating results of this alternative are shown on Tables 1 and 2. The service factors would be similar to those indicated on Table 3 for diesel service, except for running times. Running times would be somewhat longer because of longer loading times (no high level platforms) and the lack of improved connections at Aldene and Hunter.

CNJ Electrified Service (Alternate D)

The alternate of electrifying the CNJ from Newark to Plainfield or Raritan includes the same general physical components as outlined in the CNJ diesel alternate as well as providing for an overhead catenary electrification system along the entire route. This plan appearing on Figure 2 was proposed earlier by the State of New Jersey in their 1968 Master Plan. Electrification of the CNJ would provide a higher level of service as compared to the diesel alternate in terms of operating characteristics. Such a service would result in somewhat better travel times than the CNJ diesel. Passenger comfort would probably be about equivalent. (See Service factors, Table 3).

The capital costs required would be significantly greater than those required for the CNJ diesel alternate. The fully inflated capital costs for the electrified service alternate are estimated at approximately \$336 million for service to Plainfield and \$414 million to Raritan, as shown on Tables 1 and 2. In terms of operating costs, there would be no significant difference between the diesel service and the electrified service.

CNJ Busway

In order to consider the full range of reasonable alternatives for commuter service in this Corridor, the Task Force also investigated the concept of a Busway within the CNJ right-of-way. This plan would involve the acquisition of the two most northerly tracks of the CNJ from Plainfield to Elizabeth with all train operations shifted to the two southerly tracks. The northerly portion of the right-of-way would then be paved with a two-lane roadway for the exclusive use of buses.

With the termination of all rail passenger service, the Busway would operate in the following fashion. Buses would enter the Busway from local streets and highways at the western end as well as at protected intermediate points between Plainfield and Elizabeth; at the eastern end of the Busway at Elizabeth, ramps would be built between the Busway and U.S. Route 1 and between the Busway and the New Jersey Turnpike for access to Newark and Manhattan. The project would include the purchase of 200 of the most modern buses available.

This general plan is shown in Figure 3 together with related information on the specific components of the plan.

Three separate bus services from Plainfield and intervening points would be possible:

1) A service via the Busway to Route 1 and thence into Newark Airport and northerly to Penn Station, Newark.

2) A service directly to midtown Manhattan via the Busway, the New Jersey Turnpike, Lincoln Tunnel and the Port Authority Bus Terminal.

3) A bus service to lower Manhattan via the Busway, the New Jersey Turnpike, the Turnpike extension and a new bus station at the PATH Grove Street station in Jersey City, where bus passengers would transfer to PATH for the trip to lower Manhattan.

Using the same general factors for capital and operating costs as were used for the other alternates, it is estimated that the capital cost of the Busway between Elizabeth and Plainfield, including property acquisition and ramp construction, would be \$164 million, with an estimated 80% of the project cost or \$131 million received in capital assistance from the Federal Government and an estimated local share of \$33 million. While further investigation may show that bus services west of Plainfield could be handled on local streets and highways with buses then entering the exclusive bus roadway at the Plainfield terminus, the Task Force calculated that an extension of the Busway westerly to Raritan would involve an additional capital expenditure of \$131 million.

From a financial standpoint, the operating deficit for the services offered would be considerably less than any of the other alternates. The capital costs and operating results for services to Plainfield and Raritan are shown on Tables 1 and 2, respectively.

The CNJ Busway has advantages in the flexibility of services provided. Its service characteristics are shown on Table 3. On balance, these service characteristics are clearly inferior to rail. Additionally, this is not a rail solution in a Corridor that has been historically served by rail and, as such, there may well be serious questions as to user acceptability.

* * *

In addition to the capital and operating data for each of the alternates, Tables 1 and 2 also contain a summary of the 1985 traffic forecasts developed. The traffic estimates vary between the alternates as a direct function of the service provided by each. For example, the traffic forecasts for the PATH extension via Newark Airport with its more frequent service incorporate the Airport passengers and employees in the forecasted figures, as well as a larger volume of local intrastate passengers. In contrast, the CNJ alternates do not include any Airport traffic. The 1985 traffic forecasts within the Corridor reflect approximately a 20% increase over the

1974 daily traffic on the existing CNJ service. The increases generally reflect improved levels of service, and modest levels of population and employment growth.

Selected Non-Economic Factors

Table 3 is a comparison of some selected non-economic factors, i.e., construction timetables, service frequency, convenience, travel time, environmental impact, etc., of the four basic alternates considered in the CNJ Corridor. It is recognized that some of these comparisons are subjective and qualitative in nature, but they are included to show the comparative variation of these factors.

Analysis of Public Transportation Service to Newark Airport

As indicated, the PATH extension would provide a rail service to Newark Airport via the Inter-Terminal Transportation System (ITTS) or some other connecting service as a part of the total plan for ground access. The two CNJ rail alternates, i.e., diesel and electrification, would not in themselves provide a rail service to the airport, since both plans would utilize the existing alignment (north and west of the airport) via the Lehigh Valley Aldene route to serve the CNJ Corridor. The CNJ Busway alternate would provide bus service to and from Newark International Airport and Penn Station, Newark and the CNJ Corridor communities via the ramp connections at Route 1.

The Task Force reconsidered the basic question of need for rail service to Newark International Airport. This, in turn, led to a detailed analysis of present traffic volumes, the distribution of passengers utilizing the Airport and future projections of Airport usage.

Newark International Airport experienced serious erosion in patronage levels in 1974 as a result of a number of factors which together have resulted in sharp reductions in airline scheduling. These include the overall depressed state of the economy, the difficult financial condition of the airlines and the sharp increases in the cost of aviation fuel. At the same time, there has been a very marked decline of Manhattan-oriented air passengers at Newark. These factors have all interacted to produce a radically different situation at Newark Airport today from that which was expected at the time of the initial planning for ground access requirements some five years ago.

Table 4 shows the distribution of Newark International Airport air passengers and employees to and from various northern New Jersey and New York counties as derived from surveys of air passengers and Airport employees. The Manhattan portion of the Newark Airport passenger and employment market shown in Table 4, 9.4% of the total, has declined from approximately 19% in 1968. Table 4 also shows that the percentage share of trips to and from the City of Newark by air passengers and employees has risen only slightly from 7.9% in 1968 to 8.5% in 1974. These core origins and destinations make up the major market potential for public transportation service, yet the density of travel to and from these principal origin and

destination points is only 18% of the total airport trips or about 4,000 trips per day. The table also indicates that with the exception of Union County, which might generate some public transportation trips, other Northern New Jersey counties surrounding Newark Airport all generate traffic in the range of 2 to 10% of the total. Because of the wide dispersal of these passengers, few of them represent any real potential for rail service at the present time.

In light of these developments, forecasts of NIA air passenger traffic for 1980 and 1985 are most difficult to develop with any confidence. The problem is based largely on the question of whether or not the 1974 phenomena represent a permanent or temporary situation.

While one of the Port Authority's planning assumptions for future Newark International Airport development is the installation of an automated fixed guideway Inter-Terminal Transportation system, the Task Force believes that it would be most prudent to proceed with caution on major capital expenditures for ground access facilities at the Airport until such time as the severe traffic declines described above show some evidence of reversal.

The Task Force did undertake, however, an evaluation of an interim express bus circulation system, described below, which could be implemented very quickly to connect Pennsylvania Station, Newark, the TNJ Broad Street Terminal as well as the Erie Lackawanna, Newark Terminal with each of the Airport Terminal facilities. This service would provide the requisite access to the Airport until such time as a McClellan Street Station is constructed either within the PATH Corridor Service Project or a Penn Central Project. Further, it would also test and, in fact, assist in building the market for a future fixed guideway system installation at the Airport.

At the time that such a system decision is to be made, the Task Force is hopeful that federal financial assistance for both off-airport as well as on-airport ground access facilities will be available under the Airport and Airways Development (ADAP) Act. The Port Authority has actively supported the enlargement of ADAP scope to cover the costs of such public transport access to airports.

Notwithstanding the radical change that has taken place in the pattern of Newark International Airport passengers, and the fact that the facility has not reached anticipated overall traffic levels, the Task Force reexamined several alternate rail services to and from Newark International Airport in some detail in order to have an updated picture of the capital cost and other factors involved in providing such services. Since the PATH proposal permits airport access via a transfer at McClellan Street, this analysis was premised on the assumption that if the PATH extension to the Airport and Plainfield were not constructed, then a determination would be required whether there are any realistic options to providing access to the Airport in conjunction with development of some alternate CNJ corridor plan. The Task Force identified four alternate access plans. (See Figure 4.)

PATH Extension from Penn Station, Newark to the Airport with a Full Airport Loop

In 1968, Port Authority staff had prepared a plan visualizing an extension of PATH to the Airport from Penn Station, Newark south along the west side of the Penn Central right-of-way, thence crossing over the Penn Central Mainline to a full elevated loop around the inside of the three airline terminal buildings. Stations were to be provided at each terminal. The plan was reviewed in detail by the consulting firm of Parsons, Brinckerhoff, Quade & Douglas in 1969. It was subsequently dropped from further consideration as being totally uneconomic with a very high capital cost in comparison to the relatively few number of passengers served. This plan was virtually identical to the plan recently proposed by the Regional Plan Association.

As part of its assignment, the Task Force updated the earlier estimates on this plan, using generally the same factors as applied to the CNJ Corridor alternatives including a 9% annual inflation factor on fixed facilities. On this basis, the original PATH-NIA extension plan is estimated to involve a capital cost of \$210 million. (See Table 5).

McClellan Street Station on the Penn Central

In 1970, the Port Authority developed a plan for rail service to Newark International Airport which involved the construction of a new station on the Penn Central Mainline at McClellan Street in south Newark near the Elizabeth boundary line with an extension of the Inter-Terminal Transportation System (ITTS) from that station to serve the three airline terminals at the Airport. The plan was based on the assumptions that the major Newark Airport public transportation market was for passengers to and from mid-Manhattan, served directly by the Penn Central via Penn Station, New York and that such a station at McClellan Street would also serve Penn Central traffic to and from the Airport and the south, e.g., New Brunswick, Trenton, Red Bank, etc.

The Task Force updated the capital cost of the McClellan Street station and the extension of the proposed airport ITTS. The new figures indicate that the McClellan Street plan is currently estimated to cost \$107 million to develop fully. Table 5 also indicates that if, under this plan, the airline terminals were served by bus from the McClellan Street Airport Station, considerable savings in capital costs could be achieved.

Extension of the ITTS from Newark Airport to Penn Station, Newark

In addition in 1970, the Port Authority developed an alternate plan involving the extension of the proposed airport ITTS off the Airport and north along the right-of-way of the Penn Central to a terminal and transfer point at Penn Station, Newark. The ITTS which generally has been conceived as similar to those systems now in operation at the Tampa and Seattle Airports, would involve, under this concept, a single transfer only at Penn Station, Newark for potential passengers to and from several different

market areas. Updating of earlier cost estimates has resulted in an estimated full capital cost of this system of \$219 million as shown in Table 5.

* * *

The capital costs, estimated construction period and estimated traffic volumes for all of the Newark Airport ground access alternatives are shown on Table 5. The estimated 1985 traffic volumes for each alternative vary based on the type of service which would be provided in each case.

Finally, in Table 5, it should be emphasized that those costs in the first two columns under the PATH extension do not represent a complete service to Newark Airport, but are merely the Newark Airport incremental elements of the total plan for the PATH extension to Plainfield. On the other hand, all of the other alternates shown on Table 5 are complete plans in and of themselves.

Express Bus to Newark Stations

In the last column of Table 5, it is shown that for an immediate capital investment of about \$100,000, a special express bus service between Newark Airport and Penn Station, Newark, TNJ Broad Street Terminal and Erie Lackawanna Broad Street Station could be provided. Such a bus service, involving the use of modern minibuses, could operate between the Airport and downtown Newark transportation centers on 15-minute headways during the peak hours and 20 minute headways during the off peak. The special express minibus service could be put in operation within six to eight months time and, with a high level of promotion of its availability, offer an opportunity for a real test of the public transportation market potential between the Airport and these Newark centers.

Based on the assumption that one of the large bus carriers currently serving Northern New Jersey would provide this proposed service, it is estimated that this plan at the outset would incur an operating deficit in the order of \$200,000 annually on the basis of an assumed \$.75 fare for air passengers and \$.50 for employees. The highlights of the plan from the standpoint of capital and operating costs and traffic potential are developed in Table 6.

CNJ CORRIDOR ALTERNATIVES TO PLAINFIELD

TABLE 1

PATH EXTENSION ⁽¹⁾	CNJ RAIL ALTERNATES			BUSWAY CNJ Corridor
	Minimum Diesel Excluding Third Track	Maximum Diesel Including Third Track	Electric Including Third Track	
I. Capital				
A. Construction Project Costs				
Total Project	\$ 402M ⁽²⁾	\$ 347M ⁽²⁾	\$ 60M	\$ 174M
Per Passenger	28,500	24,600	7,100	20,600
Local Resources	80M	69M	12M	35M
Per Passenger	5,700	4,900	1,400	4,100
Federal Grant	322M	278M	48M	139M
B. Debt Service				
Total Project	\$ 33.5M	\$ 28.3M	\$ 4.9M	\$ 14.2M
Local Resources	7.3M	6.4M	1.0M	2.9M
II. Operating Results (assumes no fare increases)				
A. Operating Deficit (1985) Excl. Capital				
Total Project	\$ 6.4M ⁽³⁾	\$ 6.4M ⁽³⁾	\$ 14.8M	\$ 15.0M
B. Operating Deficit (1985) Incl. Capital				
Total Project (Incl. Fed. Cap. Grant)	\$ 39.9M	\$ 34.7M	\$ 19.7M	\$ 29.2M
Per Passenger Trip	4.87	4.23	4.48	6.58
Local Resources (Excl. Fed. Cap. Grant)	13.7M	12.8M	15.8M	17.9M
Per Passenger Trip	1.67	1.56	3.59	4.03
Total Passengers (1985)				
Annual	\$ 8.2M	\$ 8.2M	\$ 4.4M	\$ 4.4M
Daily One Way	14,100	14,100	8,500	8,500
				\$ 4.5M
				8,600
				10,500

M = Million

1) Includes Airport station but excludes connecting service from Airport station to airline terminals.

2) Column one includes (Column two excludes) an estimated capital investment of \$55 million for basic PATH system improvements east of Newark resulting from the PATH Plainfield Extension Project.

3) Assumes revenues from Airport connecting services would cover operating expenses.

1/15/75

CNJ CORRIDOR ALTERNATIVES TO RARITAN

TABLE 2

	PATH EXTENSION ⁽¹⁾		CNJ RAIL ALTERNATES			BUSWAY
			Minimum Diesel	Maximum Diesel	Electric	
			Excluding Third Track	Including Third Track	Including Third Track	CNJ Corridor
I. Capital						
A. Construction Project Costs						
Total Project	\$ 592M ⁽²⁾	\$ 537M ⁽²⁾	\$ 60M	\$ 220M	\$ 414M	\$ 295M
Per Passenger	42,000	38,100	7,100	25,900	48,100	28,100
Local Resources	118M	107M	12M	44M	83M	59M
Per Passenger	8,400	7,600	1,400	5,200	9,700	5,600
Federal Grant	474M	430M	48M	176M	331M	236M
B. Debt Service						
Total Project	\$ 49.0M	\$ 43.8M	\$ 4.9M	\$ 17.9M	\$ 33.8M	\$ 24.0M
Local Resources	10.4M	8.7M	1.0M	3.6M	6.8M	4.8M
II. Operating Results (assumes no fare increases)						
A. Operating Deficit (1985) Excl. Capital						
Total Project	\$ 10.7M ⁽³⁾	\$ 10.7M ⁽³⁾	\$ 14.8M	\$ 15.9M	\$ 15.8M	\$ 9.8M
B. Operating Deficit (1985) Incl. Capital						
Total Project (Incl. Fed. Cap. Grant)	\$ 59.7M	\$ 54.5M	\$ 19.7M	\$ 33.8M	\$ 49.6M	\$ 33.8M
Per Passenger Trip	7.28	6.65	4.48	7.61	11.05	5.93
Local Resources (Excl. Fed. Cap. Grant)	21.1M	19.4M	15.8M	19.5M	22.6M	14.6M
Per Passenger Trip	2.57	2.37	3.59	4.39	5.03	2.56
<hr/>						
Total Passengers (1985)						
Annual	8.2M	8.2M	4.4M	4.4M	4.5M	5.7M
Daily One Way	14,100	14,100	8,500	8,500	8,600	10,500

1) Includes Airport station but excludes connecting service from Airport station to airline terminals.

M = Million

2) Column one includes (Column two excludes) an estimated capital investment of \$55 million for basic PATH system improvements east of Newark resulting from the PATH Plainfield Extension Project.

3) Assumes revenues from Airport connecting services would cover operating expenses.

1/15/75

TABLE 3

CNJ CORRIDOR ALTERNATIVES TO PLAINFIELD
Non-Economic Factors

	<u>PATH Extension</u>	<u>CNJ Diesel</u>	<u>CNJ Electric</u>	<u>CNJ Bus Way</u>
Construction Timetable	1976-80 (48 months)	1977-80 (44 months)	1977-81 (48 months)	1977-81 (40 months)
Service Requirements West of Plainfield	Separate Service or Costly Extension	Could extend at Minimum Cost	Costly Extension Required	Service on local high- ways or costly extension
Direct to Lower Manhattan	Yes	No (1 Transfer)	No (1 Transfer)	No (1 Transfer)
Direct to Mid-Manhattan	No (1 Transfer)	Improbable	Improbable	Yes
Service to Newark Airport	Yes	No	No	Yes
Travel Time (min.)				
- Plainfield - WTC	46	55	48	43
- Plainfield - Newark	28	31	25	*34
Frequency of Service (min.)				
- Peak	3-6	10-15	10-15	**3-8
- Off-Peak	30	60	60	20
Relative Equipment Comfort	Fair	Good	Good	Fair
Environmental Impact Analysis (EIA)	EIA Complete	Amended EIA Required	Amended EIA Required	New EIA Required
Agreements on Labor Protection	Obtained	Required	Required	Required
Impact on Freight Operations	Minimal	***Potentially Significant	***Potentially Significant	Minimal

* Express service

** 3 separate services to Newark, World Trade Center & Port Authority Bus Terminal

*** Depending upon U.S. Railway Association plans

1/15/75

TABLE 4

Air Passenger and Employee Trips
To and From Newark International Airport
By Ground Transportation
(Average Day)

<u>Origin or Destination</u>	<u>1968</u>	<u>Per Cent</u>	<u>1974</u>	<u>Per Cent</u>
<u>West of Hudson</u>				
Orange	168	0.7	111	0.5
Rockland	158	0.7	106	0.5
Bergen	1,854	8.0	1,814	8.1
Passaic	600	2.6	540	2.4
Morris	1,118	4.8	1,425	6.4
Essex	4,140	17.8	4,904	21.9
(Newark)	(1,822)	(7.9)	(1,902)	(8.5)
Hudson	1,332	5.7	1,171	5.2
Union	2,712	11.7	2,901	13.0
Richmond (Staten Island)	416	1.8	286	1.3
Somerset	426	1.8	498	2.2
Middlesex	1,804	7.8	1,872	8.4
Monmouth	1,108	4.8	1,406	6.3
<u>East of Hudson</u>				
Manhattan	4,406	19.0	2,100	9.4
(Uptown)	(706)	(3.1)	(383)	(1.7)
(Midtown)	(3,346)	(14.4)	(1,335)	(6.0)
(Downtown)	(354)	(1.5)	(382)	(1.7)
Other Areas East of Hudson	1,200	5.2	672	3.0
<u>Outside Metropolitan Area</u>	<u>1,758</u>	<u>7.6</u>	<u>2,594</u>	<u>11.4</u>
	23,200	100.0	22,400	100.0

1/15/75

NEWARK AIRPORT
GROUND ACCESS ALTERNATIVES

TABLE 5

	<u>PATH Extension (Plainfield)</u>		<u>PATH Extension (Airport Loop)</u>	<u>PC McClellan St.</u>		<u>ITTS Extension to Penn Sta., Newark</u>	<u>Express Bus to Newark Stations</u>
	<u>ITTS Connection to Airline Tmls.</u>	<u>Bus Connection to Airline Tmls.</u>		<u>ITTS Connection to Airline Tmls.</u>	<u>Bus Connection to Airline Tmls.</u>		
Capital Cost	\$ 94M	\$ 18M	\$ 210M	\$ 107M	\$ 31M	\$ 219M	\$100,000
Const. Period	1976-80		1977-80	1977-80		1977-80	1975
Est. Traffic (1985) Daily One Way	3,150	2,850	4,000	4,600	4,150	3,500	620 (1975)
Capital Cost/Passenger	\$29,800	\$ 6,300	\$52,500	\$23,300	\$ 7,500	\$62,600	160

1/15/75

TABLE 6

EXPRESS BUS SERVICE
Newark Airport - Downtown Newark*

Estimated Annual Results - First Year Operation

Capital Costs	\$100,000
Development Period	Available in 6 months
Estimated Traffic	
Annual	\$400,000
Peak Hour	80
Daily	620
Capital Cost/Passenger	160
Revenues**	\$270,000
Operating Costs	\$437,000
Operating Deficit	\$167,000
Debt Service	\$ 39,000
Estimated Total Annual Deficit	\$206,000

* Stops at Penn Station; TNJ Terminal; E-L Broad St. Station.

** At 75¢ per ride for passengers, 50¢ for employees.

Figure 1

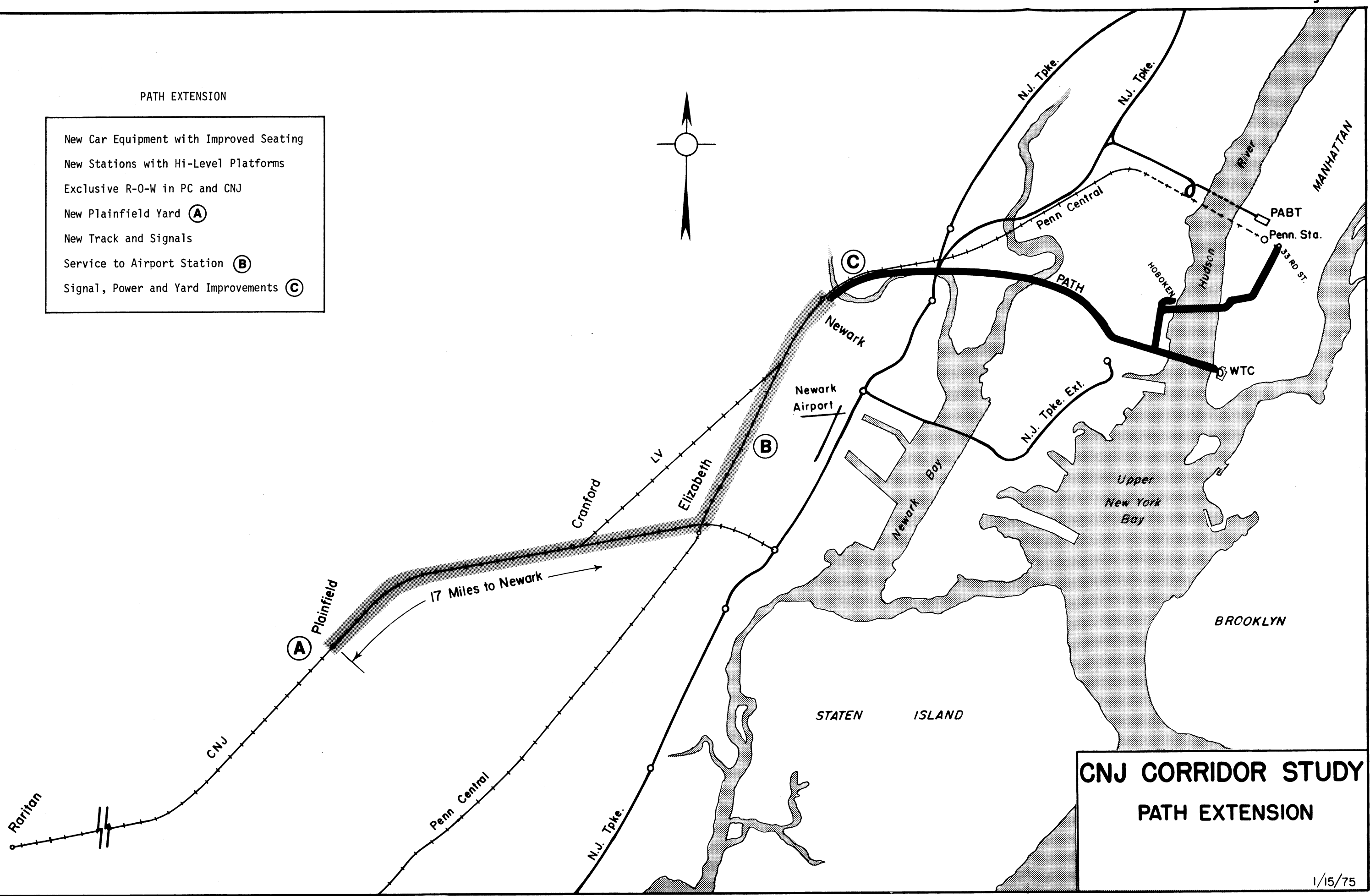


Figure 2

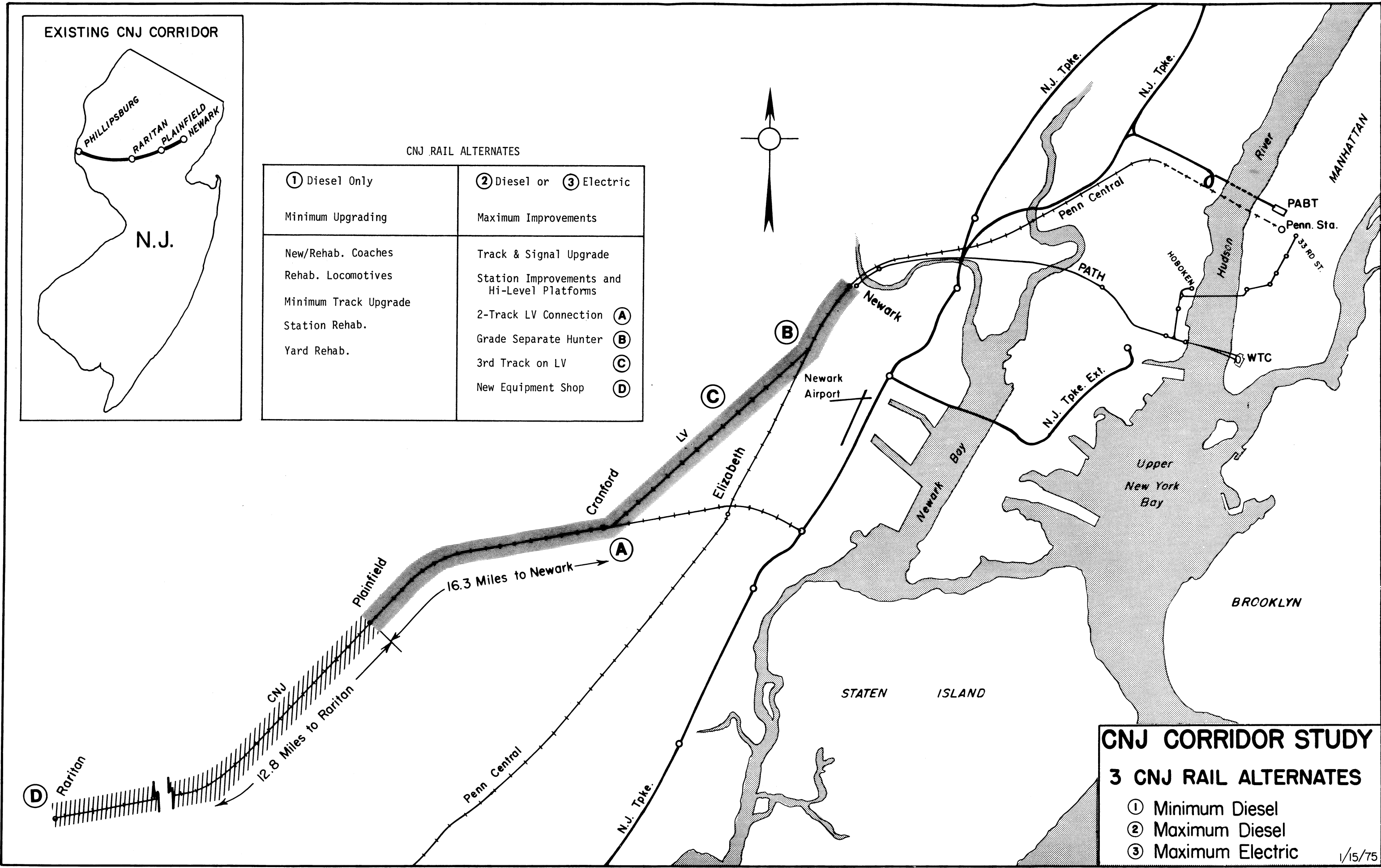


Figure 3

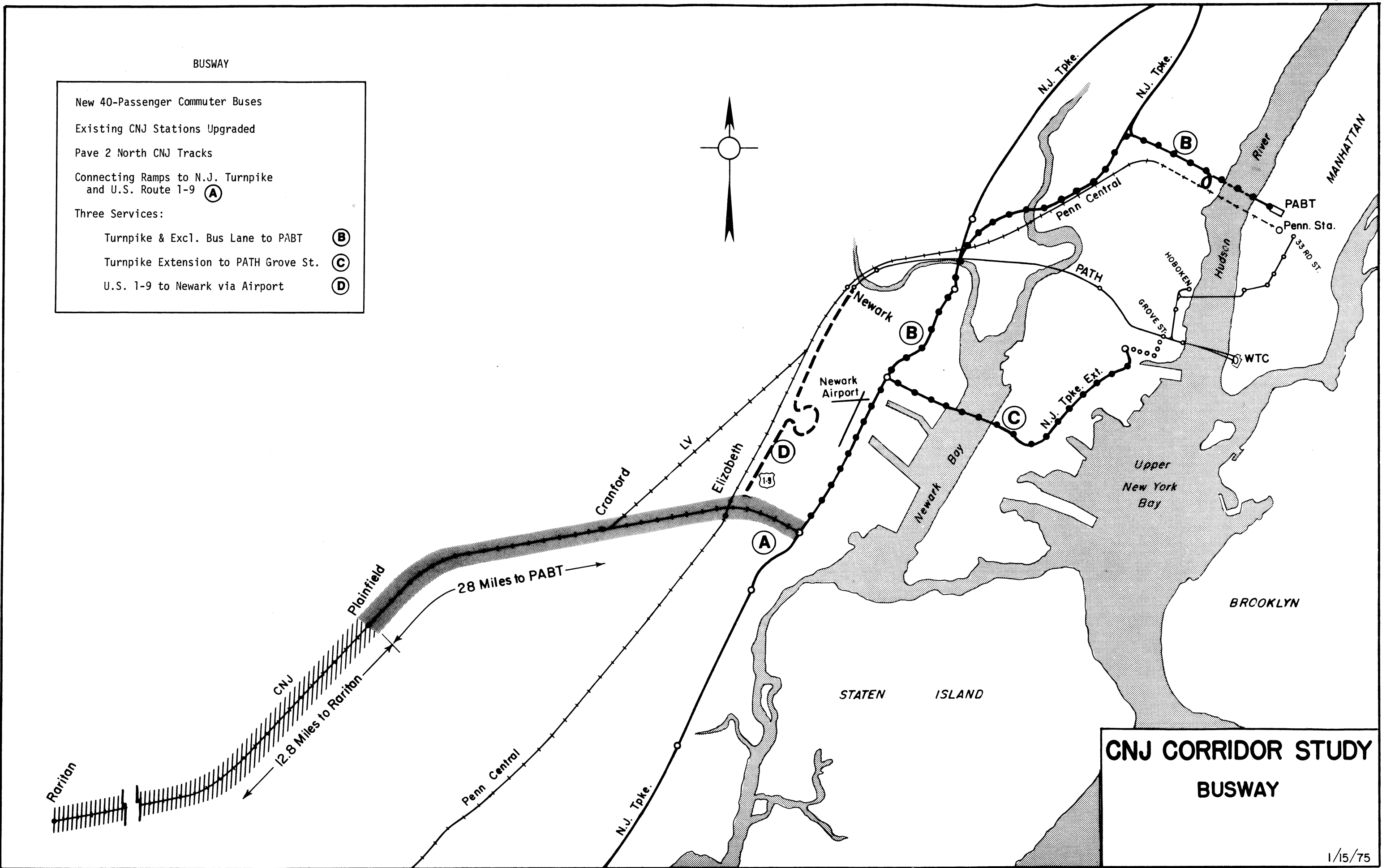
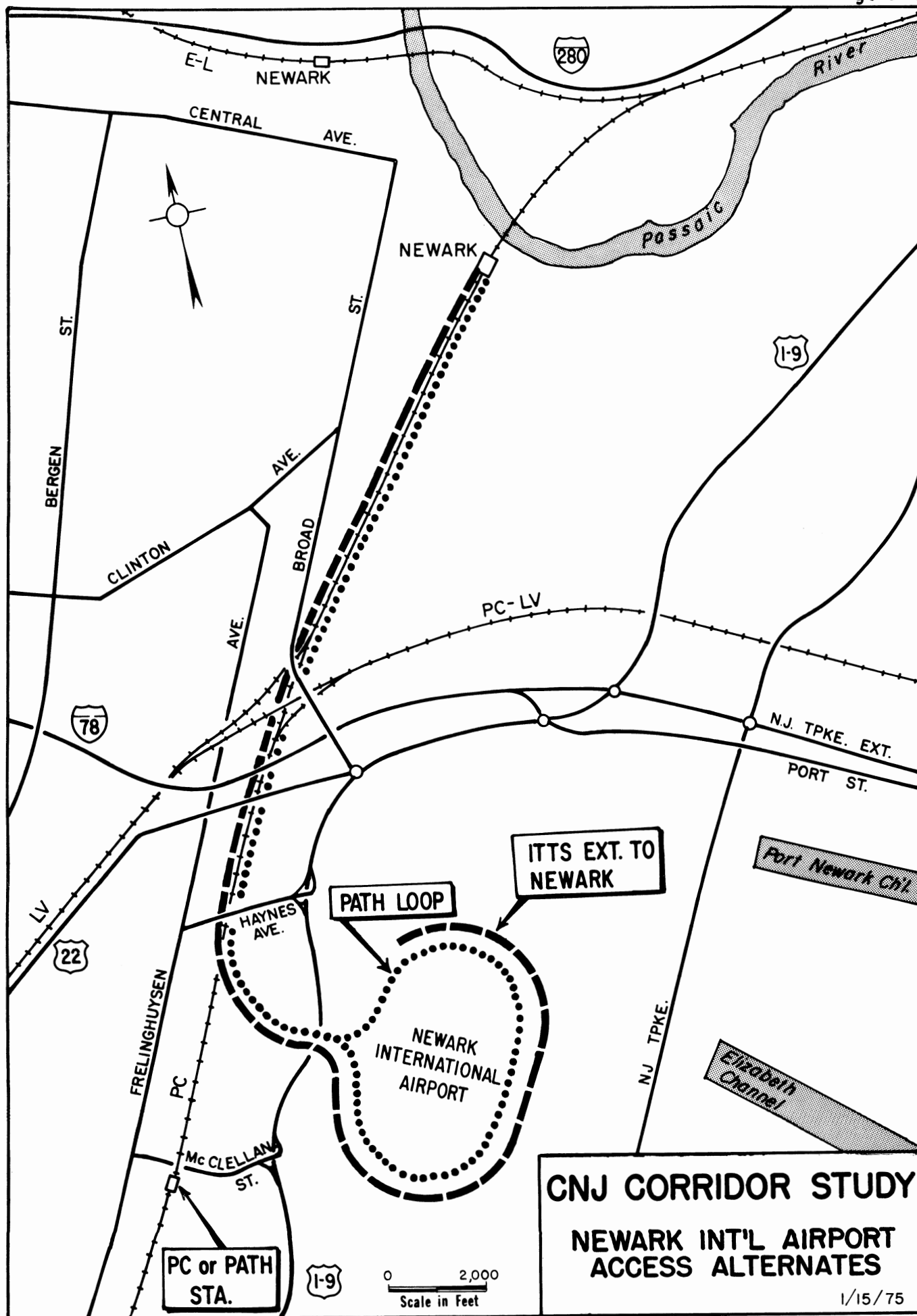


Figure 4





ALAN SAGNER
COMMISSIONER

STATE OF NEW JERSEY

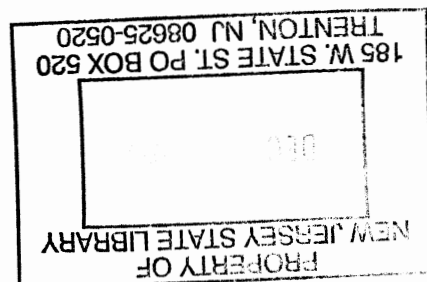
DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE

TRENTON, N. J. 08625

February 7, 1975

Mr. Frank C. Herringer
Administrator
Urban Mass Transportation Administration
U.S. Department of Transportation
400 Seventh Street, S. W.
Washington, D. C. 20590



Dear Frank:

On September 18, 1974, Jerome Premo, Associate Administrator, Urban Mass Transportation Administration (UMTA) sent a letter to Louis J. Gambaccini, Vice President and General Manager, PATH, with a copy to me, regarding the proposal to extend PATH service to Plainfield. As a result of that letter, a joint task force was established between the Port of New York and New Jersey Authority and the State of New Jersey through its Department of Transportation to reply to the questions raised. The joint task force addressed the issues of cost effectiveness related to the transportation impact of the various alternatives for CNJ service. Issues relating to State policy and priorities were separately analyzed by this Department and the following are our conclusions:

ACQUISITION OF THE CNJ

One of the factors which precipitated UMTA's request for a reanalysis of the various CNJ corridor options was the fact that the State of New Jersey had indicated its interest in exploring the possibility of acquiring the CNJ. UMTA has stated that the State's expressed willingness to explore ownership and operation of a transit property introduced a new element into its analysis of the PATH request. One of the original stimulants for some form of alternate to the CNJ was the fact that one of the most intractable problems of the CNJ passenger service is the inadequacy and impermanence of its management and institutional future. The proposed operation by the Port Authority of New York and New Jersey through PATH would provide continuity and stability of management and institutional arrangements which the CNJ simply does not afford. State ownership would obviously provide a similar continuity.

It is appropriate to restate the State of New Jersey's policies in this area to permit a proper understanding of this analysis. Generally speaking, it has been the policy of the State of New Jersey, wherever possible, to continue

private operation of transit services through provision of service agreements with the carriers. This policy is based primarily on financial analyses which indicate that private operation is often a more economical means of achieving public transportation policy goals. It is reinforced by the language of the Urban Mass Transportation Act of 1964 itself which states that an eligible transit program "to the maximum extent feasible, provides for the participation of private mass transportation companies" (emphasis added) [49 U.S.C. § 1602 (c)]. New Jersey continues to adhere to this policy, with an emphasis on what can properly be defined as "the maximum extent feasible."

Both economics and common sense dictate that when the level of public subsidy to a private operator reaches a certain point, unique in every case, the operator loses all of the virtues of private enterprise and gains all of the defects of government control and restrictions. The present CNJ operation is such a case. In such cases, public ownership and operation constitutes the most efficient vehicle. The State of New Jersey has publicly stated that it stands prepared to take whatever steps are necessary to insure the continued, efficient operation of transit services.

However, since that includes State ownership and operation where appropriate, it now appears that freight services currently provided by CNJ will be substantially protected under the provisions of the Regional Rail Reorganization Act of 1973 through CONRAIL. The provision of passenger service then can be analyzed in a context in which there is no reason to expect a substantial State of New Jersey requirement for UMTA funds for acquisition of the CNJ in its entirety.

The exploratory discussions with regard to the CNJ, however, began in a setting different from current conditions. Early in 1974 there was considerable doubt and speculation regarding the plans and the constitutionality of such plans to be issued under the Regional Rail Reorganization Act of 1973 (P.L. 93-236). The United States Department of Transportation had issued in February, 1974, a report declaring a substantial portion of New Jersey's rail lines "excess." The United States Railway Association (USRA), created by the Regional Rail Reorganization Act began to study for abandonment (and continues to do so) substantial portions of New Jersey's rail system. In particular, the initial United States Department of Transportation report identified major portions of the CNJ's freight service for abandonment. The precarious financial situation of the CNJ in providing freight services not only jeopardized the continuation of State-subsidized passenger service but also threatened considerable unemployment along its corridor through the discontinuance of rail freight service.

As a result of these considerations, the New Jersey Department of Transportation met with officials of both the Federal Railroad Administration (FRA) and UMTA to explore the desirability of the State of New Jersey acquiring the entire CNJ -- not merely those portions of the CNJ necessary to provide passenger service as contemplated by the PATH application. It also led the Department of Transportation to propose to Governor Brendan T. Byrne, and in turn led the Governor to propose to the Legislature, a \$100 million Rail Services Preservation Bond Issue.

The intent of this Bond Issue was to provide the necessary matching funds for acquisition of railroad rights of way pursuant to the Regional Rail Reorganization Act of 1973, Title IV and/or in the event portions of the Regional Rail Reorganization Act or the Act as a whole were declared unconstitutional, as subsequently occurred in two U.S. District Courts, to provide the State with the resources to deal with the emergency such a court decision would precipitate.

Since those initial exploratory discussions, the situation has changed dramatically, to the point that, although the State will still need State funds for rail right of way acquisition, the magnitude of foreseeable acquisitions appears to have been reduced to comparatively manageable proportions. This conclusion stems mainly from the decision of the U.S. Supreme Court in the Regional Rail Reorganization Act Cases (16 December 1974). Indeed this decision has essentially limited the ability of the State to acquire railway property even where it chooses to do so. This conclusion stems from the fact that property to be included within the USRA Final System Plan will, by federal law, be acquired for operation by the Consolidated Rail Corporation (CONRAIL). Those portions which may be excluded from the Final System Plan may be acquired pursuant to Title IV of the Regional Rail Reorganization Act, at a 70/30 matching ratio of Federal to local funds.

In addition, on November 5, 1974, New Jersey voters rejected the proposed Rail Services Preservation Bond Issue, thereby denying the State the needed local funds for a program of advanced acquisition of railroad rights of way.

It is against this context that the State of New Jersey reviewed, pursuant to your letter, those portions of the New Jersey railroad system which, as of January 1, 1975, were "under study" for potential abandonment. It must be made clear that this review was undertaken prior to the completion by the USRA of its preliminary system plan, obviously far in advance of the concurrence by the Congress of the USRA's Final System Plan. Thus, substantial modifications are still possible.

Of those portions of railroad which presently carry passenger service or can conceivably do so, three major lines stand out.¹ All three of these lines are the subject of UMTA-financed technical studies to determine what transit needs exist in these corridors. They are listed along with the UMTA technical study grant numbers as follows:

- CNJ Main Line-Plainfield to Phillipsburg (IT-09-0034)
- New York and Long Branch-Asbury Park to Bay Head (IT-09-0034, IT-09-0037)
- Portions of the Matawan-Freehold Branch of the CNJ; Freehold Farmingdale Branch of the Penn Central; Farmingdale-Lakewood portion of the CNJ (IT-09-0034, IT-09-0037)

¹ For purposes of this analysis, minor portions of right of way identified for potential abandonment, e.g., the Princeton to Princeton Junction shuttle, are excluded. See the attached map for "lines under study" by USRA as of January 1, 1975.

If the United States Railway Association determines that any of the lines mentioned above are to be included in their Final System Plan, and thus, become an integral part of the Consolidated Rail Corporation, the State of New Jersey would have no opportunity to acquire such lines. The State would, however, presumably have the opportunity to arrange for the operation of passenger service on such lines. The service would be predicated on the negotiation of subsidy payments to the operator by the State. CONRAIL would presumably provide a stable operator or alternately the State could designate an appropriate operator for its passenger services via a management contract. It must be emphasized that, as of this writing, USRA has made no decision on how passenger services on CONRAIL right of way will be provided. Therefore, this option will remain unresolved until concurrence in the Final System Plan by Congress.

In the event that the lines mentioned above are not selected for inclusion in CONRAIL, acquisition by the State becomes possible. Under the Regional Rail Reorganization Act of 1973, New Jersey may expect to receive \$1,350,000 a year for two years under the apportionment formula, for either subsidy use or acquisition, and, in addition, may share in the \$45,000,000 a year for each of two years that can be disbursed by the Secretary of Transportation as loans for acquisition and modernization under the provisions of Section 403(b). In either case, the State must match the Federal moneys received by State funds in the amount of 30%. Also available to the State to assist in the acquisition of such lines is any funding resulting from the transfer of highway funds, pursuant to the Highway Act of 1973. Moreover, the New Jersey Department of Transportation plans to advance a Public Transportation Bond Act in 1975.

Since the conditions with respect to the urgency of making some emergency provisions for the continuation of the CNJ as a viable passenger and freight operation which prevailed in the spring of 1974 do not appear to be of such great significance in light of the programs discussed above, New Jersey's acquisition of the entire CNJ no longer appears to be a priority.

Additionally, the State of New Jersey intends, as of this writing, to exhaust its eligibility for the federal funds described above before applying to UMTA for funding assistance for the acquisition of the lines mentioned. Therefore, these lines, and the acquisition of the CNJ while of potential high priority, do not appear to presently compete on any significant scale with the State's needs for UMTA funds.

The second major question raised by Associate Administrator Premo's letter of September 18, 1974, addressed the question of the State's priorities in seeking UMTA capital grant funds. While pursuant to UMTA regulations, the State is not totally free to set these priorities independently, and ultimate decisions over the coming years will, of course, be subject to a coordinated, comprehensive and cooperative planning process, for purposes of answering your inquiry, the following is provided.

NEW JERSEY CAPITAL NEEDS AND PRIORITIES

Any attempt to program the capital needs of the State of New Jersey in the transit area is subject to innumerable contingencies. The State has submitted, and will continuously update as required, a Transit Development Program for the years 1974 through 1979. This program will be updated in conjunction with three related efforts currently underway.

-- The New Jersey Department of Transportation's Master Plan was last updated in 1972. Hearings will shortly be initiated on a proposed revision and updating of the State's Transportation Master Plan for the year 1975. This Master Plan revision will serve as the major input document for revision of the State's Transit Development Program and the Department of Transportation's submissions to the Capital Needs Commission.

Governor Brendan T. Byrne has created a select Committee to review the capital needs of the State. The New Jersey Department of Transportation is in the process of providing to this Committee a statement of our projected capital needs. It is our expectation that a Public Transportation Bond Issue of considerable magnitude will result, for decision by the voters in November, 1975.

-- The Master Plan update will also provide the basis for the decisions which must be made pursuant to the Highway Act of 1973 on completion of the Interstate Highway System and possible transfers of Urban System funds.

As a result of this effort, a firm listing of needs can be and has been established. Funding for these needs, however, is possible from several sources:

1. Urban Mass Transportation Act of 1964
2. Federal Highway Act of 1973
3. Regional Rail Reorganization Act of 1973
4. Regular State capital appropriations
5. A 1975 Public Transportation Bond Issue
6. Capital funds from State and bi-state Highway and Port Authorities

For purposes of this analysis, we have taken the worst case in terms of New Jersey's potential demands on UMTA funds. The following table (which lists only major projects) assumes an 80/20 match of all project costs listed. Obviously, if highway funds were transferred, or RRRA funds used, these would be matched on a 70/30 basis. Similarly, if a Public Transportation Bond Issue is adopted, certain projects could be financed either totally or substantially from State funds.

An additional characteristic of the table is that it seeks to identify the amount of funds that will be needed in any given fiscal year in order to advertise and award construction contracts during that fiscal year. It is, therefore, not a cash flow analysis but rather an analysis of when grant approvals ("obligations") will be necessary to finance the required transit improvement. Finally, the table assumes a continuation of the existing staggering rate of inflation. This is a very conservative estimate in that there are some indications that the rate of inflation on equipment and materials is leveling off.

CAPITAL PROGRAM - SUMMARY ANALYSIS (MILLIONS)

<u>PROJECT</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>UMTA</u>	<u>TOTAL</u>
Erie - M & E	\$ 76	\$120	\$ 20					\$216	\$270
Bus I	\$ 60							\$ 60	\$ 75
New York - Long Branch I		\$ 32	\$ 28	\$ 60				\$120	\$150
Path Extension	\$ 41	\$161	\$ 57	\$ 19				\$278	\$347
Central RR		\$ 17	\$146	\$ 13				\$176	\$220
Direct Rail Access Program I			\$ 17	\$ 38	\$ 41			\$ 96	\$120
Subtotal w/Path	\$177	\$330	\$268	\$130	\$ 41			\$946	\$1,182
Subtotal w/CNJ	\$136	\$169	\$211	\$111	\$ 41			\$668	\$835
Newark Subway	\$ 11							\$ 11	\$ 14
Miscellaneous	\$ 20	\$ 22	\$ 24	\$ 27	\$ 30	\$ 33		\$156	\$195
New York - Long Branch II				\$ 10	\$ 28	\$ 35	\$ 53	\$126	\$157
PATCO			\$ 59	\$118	\$126	\$ 83	\$ 74	\$460	\$575
Bus II			\$ 84					\$ 84	\$105
West Shore			\$ 50					\$ 50	\$ 62
Direct Rail Access Program II					\$ 18	\$ 40	\$ 45	\$103	\$129
Direct Rail Access Program III					\$ 48			\$ 48	\$ 60
Subtotal	\$ 31	\$ 22	\$217	\$155	\$250	\$191	\$172	\$1,038	\$1,297
TOTAL w/Path	\$208	\$352	\$485	\$285	\$291	\$191	\$172	\$1,984	\$2,479
TOTAL w/CNJ	\$167	\$191	\$428	\$266	\$291	\$191	\$172	\$1,706	\$2,132

Erie - M & E - Reelectrification of the electrified commuter operation of Erie Lackawanna, including extension of electrification, Dover to Netcong; revisions to, and improvements of signal and communication systems, and acquisition of a high-performance multiple unit car fleet.

Bus I - Purchase of a fleet of new transit and commuter buses for assignment to carriers in New Jersey. Purchase and modernization of a fleet of city transit buses from present owners for reassignment.

New York - Long Branch I - Extension of electrification from South Amboy to Red Bank, related station and grade crossing improvements and acquisition of a high performance, multiple unit car fleet.

Path Extension - Extension of Path rapid transit system from Penn Station, Newark to Plainfield, New Jersey, utilizing portions of Penn Central and Central Railroad of New Jersey rights-of-way; acquisition of additional cars.

Central RR - Upgrading of track, including third track, Aldene to Hunter, acquisition of additional cars and diesel locomotives to provide service Newark to Phillipsburg.

Direct Rail Access Program I - Construct direct rail connections between the Erie Lackawanna and Penn Central Mainline in Kearny, New Jersey. Track and signal improvements on the Penn Central Mainline and in Pennsylvania Station, New York City.

Newark Subway - Replace present streetcar fleet with new light-rail vehicles, improve track, trolley wire, signals and stations.

Miscellaneous - Programs of station rehabilitation, construction and enlargement of park-ride facilities, bus shelters, radio equipment for bus and rail use.

New York - Long Branch II - Extension of electrification from Matawan to Lakewood and modernization of rail service between Red Bank and Sea Girt, including acquisition of new cars, diesel locomotives and a fleet of high performance multiple unit cars.

PATCO - Construct new rapid transit facility in Burlington and Gloucester Counties connecting with existing Lindenwold Line to Philadelphia and purchase new equipment. Extend Lindenwold Line to Atlantic County.

Bus II - Purchase of a fleet of new transit and commuter buses for assignment to carriers in New Jersey.

West Shore - Construct new commuter railroad facility using the Penn Central West Shore right-of-way in Bergen County, new stations, parking lots and refurbish equipment.

Direct Rail Access Program II - Construct direct rail connections between the Erie Lackawanna and Penn Central Mainline in Secaucus, New Jersey.

Direct Rail Access Program III - Replace Penn Central bridge over the Hackensack River in Hudson County, New Jersey.

The table indicates a very heavy demand for transit funds in Fiscal 1976, whatever option is selected for the CNJ corridor. Since Section 3 funds under the UMTA law are discretionary with the Secretary, there is no way to determine exactly how much funding New Jersey might reasonably anticipate. There is no question that historically New Jersey has -- for reasons for which the State is not itself entirely blameless -- failed to receive any approximation of a "fair share" of UMTA funds for the most urbanized State in the union. The recently approved grants for buses and the reelectrification of the Morris and Essex branch of the Erie-Lackawanna railway represent a major first installment in remedying the past paucity of funds. How much might New Jersey reasonably expect in the future?

The recent National Mass Transportation Act of 1974 deleted the previous 12½% limitation on the amount of funds which any State might receive. While this 12½% clearly does not constitute an entitlement to UMTA funds, it does indicate a congressional judgment as to what ceiling might be placed on the demands of any one State. Applying this ceiling to the present level of authorizations for capital funds under Section 3, New Jersey would be limited to receiving no more than \$978 million in capital grants. Thus, while the proposed program for Fiscal 1976 would be high, the total program to 1980 would appear to be within the limit of the ceiling Congress deemed reasonable. And since, in fact, the demands for UMTA funds are overstated, due to the availability of funds from other sources over the next five years, the reasonableness of the program projected by the State is further enhanced.

ADDITIONAL POLICY CONSIDERATIONS

As previously indicated, the joint task force effort with the Port Authority was limited to more or less "pure" and quantifiable economic and transportation characteristics. Other policies, however, enter into the decisions to be made by this State regarding which of the options for service in the CNJ corridor are preferable. These factors should be identified and weighed despite the current inability of economic analysis to quantify their nature. Indeed, perhaps the more important factors are totally unquantifiable under the current state of the art. These factors are listed below in their general order of importance.

The State of New Jersey is firmly committed to the policy of preserving and reviving its older central cities. This policy is grounded on both social equity and simple economic common sense. The existing physical and business infrastructure in the older cities is irreplaceable. While none of these cities can fully return to their more vibrant early days, with assistance they can surely rise from their current nadir.

One of the major advantages of the PATH proposal is that it links Plainfield, Elizabeth, Newark, Jersey City and Hoboken with a frequent and high quality rapid transit service. This connection and service is especially vital to Elizabeth, which would not benefit from upgrading the CNJ². On the one hand,

² Although the CNJ provides limited service to Elizabeth, it is infrequent and commuter-oriented.

the area west of Elizabeth would have frequent rapid transit service to downtown shopping and entertainment. On the other hand, Elizabeth would have improved and transfer-free service either to midtown Manhattan via New Jersey Department of Transportation subsidized Penn Central trains or to downtown Manhattan via PATH. At the same time, Hudson County, Newark and Elizabeth residents would -- as reverse commuters -- have enhanced employment opportunities in suburban Union and Middlesex Counties. It should be noted that an upgraded CNJ, in addition to not serving Elizabeth, does not accommodate itself easily to reverse commutation.

Part of the growth to be expected in New Jersey will continue to come from the decanting of business and industry from Philadelphia and New York, as these two cities stabilize at a lower level of economic activity. All indications are that transit systems stimulate development as well as respond to it. The PATCO Lindenwold line is the most current New Jersey example. Indeed, the PATCO line presents an excellent analogue for the PATH Extension. Previous rail service by the PRSL, in bankruptcy like the CNJ, played a limited role in channeling growth in the Camden area. Extension of a mixed transit/commuter service from Philadelphia and Camden has created, along with other factors, a development corridor.

A similar development impulse along the Newark to Elizabeth and Plainfield corridor -- bracketed between the powerful industrial attraction of I-78 and vehicular access of the Garden State Parkway -- should serve to revive and improve a significant segment of the area.

This impact is strengthened by the access provided to Newark International Airport by the PATH project. Not only does the airport provide job opportunities for Newark and Elizabeth, but as the air cargo and international aspects of the airport develop, secondary economic impacts should be significant.

These development considerations in turn make the transit-type solution offered by the PATH Extension even more desirable. The corridor is already a densely developed one, as a close look at a map will show. The combined impact of I-78 and PATH will make it more so -- and less suited for commuter rail with its slow acceleration, limited frequency and capacity, and higher costs of operation which are reflected in the fare structure. Indeed, although one present argument for the PATH Extension is its direct interstate access to the Manhattan central business district, 20 years from now it is reasonable to assume that its principal virtue will be intrastate rapid transit.

The current energy situation and air pollution control requirements may greatly accelerate this need for intrastate service. The gasoline shortage of the winter of 1973-74 underscored the remarkable lack of capacity remaining in rush-hour transit. One of the virtues of the PATH service is it increases capacity in both the Plainfield to Newark corridor and the Elizabeth to Newark corridor.

If gasoline reverts to a scarce commodity status (either through rationing or pricing policy), that additional capacity will be essential. Moreover, the current State Pollution Control Implementation Plan requires a 58% reduction in vehicle miles travelled (VMT) in the northeastern New Jersey region. Such a reduction in VMT is not conceivable without added capacity in all transit corridors.

The converse of the capacity problem lies in the demands made on the Penn-Central mainline track. Although more technical in nature, the operational constraints on Pennsylvania Station in Newark and New York should influence a final decision between upgrading the CNJ and extending PATH. First, it should be noted that the Northeast Corridor Project -- mandated by Congress as part of the Regional Rail Reorganization Act of 1973 -- contemplates high speed rail service between Philadelphia and New York every 15 minutes. This will increase demands on track, terminal and tunnel space enormously. Considerable competition between long-distance rail and commuter service is inevitable. Presently, CNJ service terminates at Pennsylvania Station, Newark, as does the limited Reading Company service. From the east, PATH also terminates at Newark. Consequently, consolidation of service (i.e., moving current CNJ passengers onto extended PATH service) would reduce demands on the Penn Central facilities in the Newark terminal area. Storage of CNJ equipment east of Newark in Harrison also impacts on thru-service -- and this too could be eliminated³ with the PATH Extension.

Another aspect of the capacity problem arises in the context of freight movement. Passage of the RRRRA succeeded development of the PATH proposal. While we are almost a year away from the adoption of the "Final System Plan" required by the RRRRA, the broad-brush strokes are evident. Through-freight will be taken off the Penn-Central mainline and either diverted around the New York area altogether or moved on the Lehigh Valley. The increase in traffic on the latter railway will compete with commuter service between Aldene and Hunter, a distance of seven miles, to the detriment of both freight and passengers. The USRA, planners under the RRRRA, has indicated its view for the PATH proposal.⁴

While these many factors are generally "unquantifiable" they represent the very factors which do -- and should -- differentiate a public sector investment decision from one in the private sector. The costs and benefits of public decisions are measured by far richer and more complex variables than simple dollars and cents.

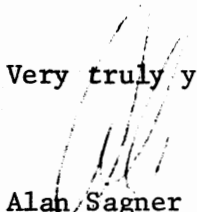
In light of these considerations and the task force economic analysis, New Jersey reaffirms its support of the pending PATH application. The conclusion of the Joint Task Force analysis provided to you under separate cover indicates two things. There is no question that the PATH Extension proposal is capital intensive. It is the most expensive of the construction options. It is equally clear from the analysis that the PATH Extension proposal provides the most efficient and "least cost" operating configuration. The operating deficit analysis -- which is extremely conservative in that it assumes no fare increases between now and 1985 -- greatly reduces the operating deficit which must be carried by the State's taxpayers. Since, in fact, there will be fare increases consistent with the improved levels of service and generally increasing operating costs, this deficit will be substantially lower. The elimination of substantial reduction of the operating deficits of the CNJ which will soon be shared in by UMTA is a matter of high priority. This decision has been reached after a full review of the matters indicated above with Governor Brendan T. Byrne and he strongly endorses this conclusion.

³ Assuming an electrified New York and Long Branch would run all its trains into New York City.

⁴ USRA letter attached.

If you or Associate Administrator Premo have any questions, please feel free to contact me or my staff.

Very truly yours,


Alan Sagner
Commissioner of Transportation

cc: Governor Byrne
W. Ronan
J. Premo
L. Gambaccini
P. Stangl
M. Carballo

191

United States Railway Association

2100 Second Street, S.W.
Washington, D.C. 20595

January 23, 1975

Mr. Manuel Carballo
Deputy Commissioner
New Jersey Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey 08618

Dear Mr. Carballo:

At our recent meeting of December 23, 1974, you requested that we assist the State of New Jersey in shaping its transit program for the Newark to Plainfield corridor. In particular, you asked that we assess the relative merits of a plan to upgrade existing commuter service on the CNJ mainline versus abandoning such service and substituting in lieu thereof rapid transit service by extending PATH service from Newark in terms of our strategic planning for freight movement in the area.

As you know, our analyses are incomplete at this time, and our Preliminary System Plan is not due until February. However, we can as staff give you the benefit of our thinking at this time, with the caveat that the following is not USRA policy until adopted by our Board of Directors.

First, we believe all through-freight traffic will be removed from the Penn-Central mainline corridor to accommodate the expanded and improved passenger service of the Northeast Corridor Project.

Second, such freight as not rerouted around the New York metropolitan area will generally be moved over the tracks of the Lehigh Valley Railroad east of Bound Brook, New Jersey, into an expanded and modernized Oak Island classification yard. The CNJ mainline will be limited to

RECEIVED

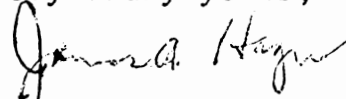
DEPUTY COMMISSIONER

local freight services once this transfer is made. Freight volume on the Lehigh Valley tracks will therefore experience a dramatic increase.

Third, we have not yet completed our analysis of what improvements will be needed on the Lehigh Valley to accommodate the added volume. Indications are, however, that if commuter service is retained on the "Aldene Plan" route, i.e., over the Lehigh Valley east of Aldene to Hunter tower on the Penn-Central, an additional track may be needed to accommodate combined passenger and freight services and accommodate the added volume. The costs for such improvements would be borne by CONRAIL only to the degree they are attributable to the incremental freight volume.

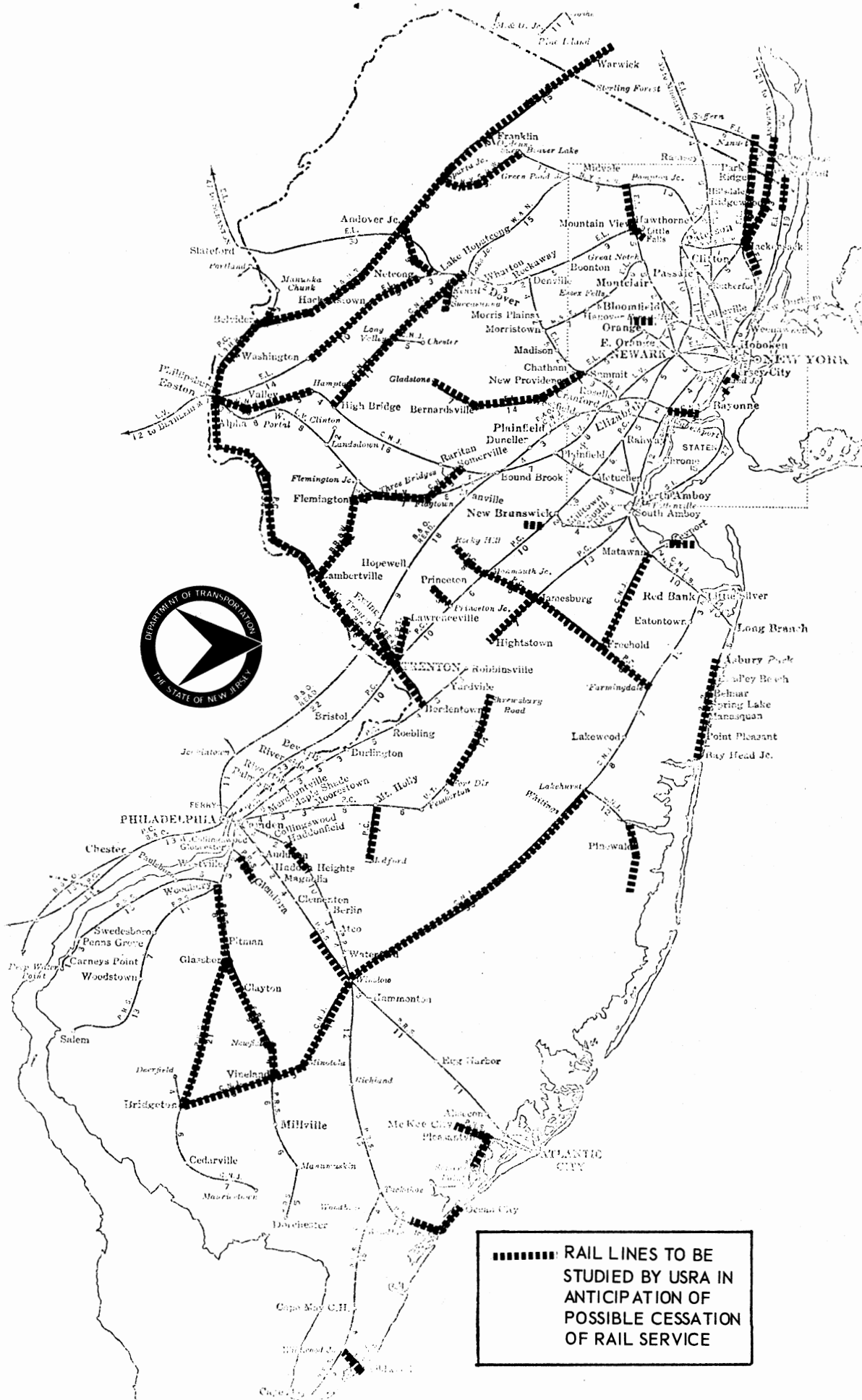
In summary, we would prefer to see passenger and freight services in this area handled on separate rights-of-way, but with the caveats outlined above we believe it would be possible to operate both passenger and freight services on the Aldene Route of the Lehigh Valley.

Very truly yours,



James A. Hagen, Vice President
Operations and Facilities
Planning

cc: Lou Gambaccini



REVISED
1/14/75