

Committee Meeting

of

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

“The committee will take testimony from transportation experts and the public concerning the status of the State’s transportation system. The committee will consider how public safety is impacted by the current state of disrepair of the State’s transportation system and what the projected costs will be to repair and improve the system”

LOCATION: Busch Campus Center
Rutgers, The State University
of New Jersey
Piscataway, New Jersey

DATE: October 14, 2014
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblywoman Linda D. Stender, Vice Chair
Assemblywoman Marlene Caride
Assemblyman Paul D. Moriarty
Assemblywoman Sheila Y. Oliver
Assemblyman Robert D. Clifton
Assemblywoman Maria Rodriguez-Gregg
Assemblyman Scott T. Rumana



ALSO PRESENT:

Patrick Brennan
Emily W. Grant
Office of Legislative Services
Committee Aides

Jillian Lynch
Assembly Majority
Committee Aide

Glen Beebe
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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Chair

LINDA D. STENDER
Vice-Chair

MARLENE CARIDE
CARMELO G. GARCIA
THOMAS P. GIBLIN
CHARLES S. MAINOR
PAUL D. MORIARTY
SHEILA Y. OLIVER
ROBERT D. CLIFTON
BETTYLOU DeCROCE
SEAN T. KEAN
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COMMITTEE NOTICE

**TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE**

FROM: ASSEMBLYMAN JOHN S. WISNIEWSKI, CHAIRMAN

SUBJECT: COMMITTEE MEETING - OCTOBER 14, 2014

The public may address comments and questions to Emily W. Grant, Committee Aide, or make bill status and scheduling inquiries to Melinda Chance, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideATR@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Transportation and Independent Authorities Committee will meet on Tuesday, October 14, 2014 at 10:00 AM in the Multipurpose Room, Busch Campus Center, Busch Campus, Rutgers University, 604 Bartholomew Road, Piscataway, New Jersey, 08854.

The committee will take testimony from transportation experts and the public concerning the status of the State's transportation system. The committee will consider how public safety is impacted by the current state of disrepair of the State's transportation system and what the projected costs will be to repair and improve the system.

Issued 10/8/14

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): I will ask members to take their seats.

Good morning, and welcome to the Assembly Transportation and Independent Authorities Committee's second hearing of four on the Transportation Trust Fund, and the need to find a funding source to renew the Trust Fund, as well as to discuss the status of our transportation infrastructure.

We are, today, at my alma mater, Rutgers University. We are very close to the Rutgers Center for Advanced Infrastructure Technology, which is housed on this campus. And we're very glad that the State of New Jersey has that partnership with Rutgers University and Transportation.

And to properly welcome us, we have our President of Rutgers University, President Barchi.

Good morning, President Barchi.

ROBERT BARCHI, M.D., Ph.D.: Good morning.

Let me just take a minute to welcome you, Mr. Chairman and all of you on the Committee. It's great to have you here at Rutgers.

This is your university; this is the State University of New Jersey. And we are here to provide you with the kind of service you need; and the kind of new knowledge, and the kind of research and technology that you can put to good use. And you mentioned CAIT -- the Center for Advanced Infrastructure Technology. I think one of the things that I was the most enthralled with when I came to Rutgers was seeing the robot and watching that thing glide out there. And then seeing it down in Washington, DC, and seeing it across the country with the Rutgers symbol

on it. That's what we can do; that's what we can do in terms of taking our knowledge and making it work for you.

So we're delighted to have you here. I just want to mention, as I did to some of you, that we're about to release our physical master plan for the University that will take us from 5 to 15 years out. And a major part of that is transportation; a major part of that is how we move people around, how we deal with our roads and the bridges that we need. So we'll be really looking forward to exchanging those ideas with you, and getting your input and your help on helping us to deal with our transportation problems -- just as we hope we can help you deal with yours.

So I hope you have a good hearing, a good meeting, and welcome to Rutgers, and it's good to have you back.

ASSEMBLYMAN WISNIEWSKI: Thank you very much, Mr. President. We look forward to a relationship with Rutgers University and all of our institutions of higher learning in the state, because we believe that institutes such as CAIT and our other universities can provide a valuable collaboration -- not only on how we fund transportation, but, with centers like CAIT, how do we make those dollars go even further.

So we appreciate your collaboration.

DR. BARCHI: Okay, good. I look forward to it.

ASSEMBLYMAN WISNIEWSKI: Good morning, everybody. We're going to start with a roll call.

Emily, would you do the roll?

MS. GRANT (Committee Aide): Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Here.

MS. GRANT: Assemblywoman Rodriguez-Gregg.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Present.

MS. GRANT: Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Here.

MS. GRANT: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Here.

MS. GRANT: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Here.

MS. GRANT: Assemblywoman Caride.

ASSEMBLYWOMAN CARIDE: Present.

MS. GRANT: Vice Chair Stender.

ASSEMBLYWOMAN LINDA D. STENDER (Vice Chair):

Here.

MS. GRANT: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

We have a quorum.

Good morning, everyone. This is, as I said, the second of four hearings that this Committee will be holding to discuss the renewal of the Transportation Trust Fund. Subsequent to that first hearing that we had in Montclair, there have been a number of newspaper articles about the Transportation Trust Fund. There's been a lot of commentary about how much money the State is going to need to fund its transportation system on a sustainable basis. There have been a lot interesting articles that have recounted the history of the Trust Fund and the good intentions that it started with and how, collectively, on a bipartisan basis, the Transportation Trust Fund, while all used for transportation purposes, has been used in a way that, in retrospect, we could have done it better.

So part of what we have to do in these hearings is understand what the mistakes were that were made and how do we avoid them, going forward. But I think it's very important for all of us to understand that this cannot be solved for free. Anyone who is listening to these hearings, who is thinking about participating, or has any commentary about what we're doing has to understand that every single penny that we collect now for transportation purposes is going to pay for those things that we have already done, for those things that we have already built, for those decisions we've already made. I don't think anybody who is listening to this or, quite frankly, who gets into a car in New Jersey thinks that our transportation infrastructure is just fine. We may be a little immune to the number of potholes, we may be a little blind to how bad it's really gotten, but we all understand that our transportation infrastructure is in bad shape. Without the kind of funding we're talking about, it will only get worse.

And so we're talking about big numbers. At a minimum, the estimates that have been thrown around are that we need to find, perhaps, more than \$1 billion a year in new revenue -- revenue that we're not currently collecting from any source.

And so for those who hope we can solve this, but hope we can solve it with no consequence, that's just doing what we've done in the past; that's rearranging the deck chairs. And so we need to all have an open mind. We also need to understand that starting with this Committee that's been charged with undertaking these hearings, collectively the Legislature is going to have to show the type of political courage that went into the original Transportation Trust Fund -- to make a decision that is forward-thinking, that's going to work not just for the next six months, not just for

the next year, but for the next decade. And that's a difficult decision to make, but it's a decision that we'll all be called on to make at some point in time.

With that, I'd like to call our first witness. Formerly serving as a State Senator, now providing us thought and commentary about a lot of issues that affect the State of New Jersey, we'll call up Senator Gordon MacInnes.

SENATOR GORDON A. MACINNES: Thank you, Mr. Chairman and members of the Committee, for this opportunity. I appreciate that both the Senate President and the Speaker of the Assembly have acknowledged where we are, as the Chairman of this Committee, and that we can no longer afford to practice what we've practiced in the past.

And I won't read the testimony, because I will be very brief. I just want to make three points.

First of all, this should be tied to New Jersey's struggling economy. Not only is the infrastructure in bad shape -- and that's been well documented, and it's been well documented for a long time -- but the New Jersey economy is in bad shape. We need to think of this as an opportunity to take advantage of the single asset that no other state in the union has in the competition for good jobs, for prosperity, for a good experience for its citizens: and that's our location. And our location is -- we're the only state in the middle of the world's biggest market. We're the only state with convenient access to New York in the north and to Philadelphia in the south. And that has served us well in attracting both the jobs and the workers who give us now one of the most highly educated workforces in the country. So we cannot afford to let the infrastructure that makes our

communities viable places for people to live, to educate their kids, to get to work from -- we cannot afford -- if we want to come out of the great recession-- And right now we are near the bottom, in terms of that; we are not close to our neighbors in creating jobs, we're not even close to the national average in creating jobs, and we're not creating the jobs that will assure us of standing as a prosperous, wealthy state -- which we've had.

So the second point would be that we have to stop pretending -- and I think the Chairman covered that in his introductory remarks -- and we've been pretending for a long time. We've been pretending that we can do this without pain, we can do this without consequence to our residents in terms of taxes. That's unfortunate, because I only know of one person in the United States, named Warren Buffett, who thinks his taxes are too low. Everybody else is satisfied that their taxes are high enough, and they're not looking to pay more. But in this case it's the future of our State that's at risk, and we need to respond to that.

And we know that the threat is great; it's been documented. Think back to the 2003 Blue Ribbon Commission, a bipartisan group. They had an idea: Let's increase the gasoline tax by 15 cents. If we had done that-- And think back: At the time, gasoline averaged the cost of \$1.56 a gallon. They were proposing, effectively, a 10 percent tax on the purchase of every single gallon. That recommendation was ignored, with tremendous consequences that you now are being asked to contend with.

And we've seen in the *Facing Our Future* report a very strong documentation of where we are and why it endangers our future. And it called for generating \$3.2 billion a year -- including Federal funding, which

appears to be at some risk, with enormously negative consequences for New Jersey.

Back in April our organization proposed that the sales tax be extended to gasoline purchases. And this has a number of advantages: first of all, it is an automatic adjustment for prices. If gasoline prices go up, then revenues improve. At the current average price of a gallon of regular gasoline in New Jersey, a sales tax extension would generate \$1.18 billion approximately, each year -- not enough to cover the numbers that have been used by both the Speaker and the President to lay out the dimensions of our problem, but it would be a healthy start, wouldn't it?

It has the advantage that, first of all, it captures a very large percentage of people buying gas who are not residents of New Jersey -- close to a third of our gasoline tax revenues come from out-of-state drivers. Secondly, it does contend with what's going on with both automobiles and Federal fleet standards in terms of mileage, which is an ominous curve -- it's a downward curve; never mind electric cars, but as the average car gets better mileage, less gas is bought and that's something that we're going to be contending with over the next decade.

This is not a perfect solution, of course, and there is no such thing as a perfect solution. It has disadvantages. One of the disadvantages it has is that it would affect people who are at the bottom of the wage scale the most, in terms of the percentage of their income that would go to gasoline purchase -- and this should be addressed. I'm not certain it can be addressed in the form of refunding for the Transportation Trust Fund, but it should be in the Legislature's interest to ensure that this does not increase

the already highest percentage of income that's going to taxation in New Jersey from people who can least afford it.

There's something that could be done and it's pretty simple; it's not politically magical. And that is to restore the Earned Income Tax Credit that was cut in 2010 by the Legislature and by the Governor. If we did that it would affect 500,000 families who, by definition, are earning not enough to survive in New Jersey -- if you think about how that scale works. However, if it were to be restored to the same level it was before 2010 -- 25 percent of the Earned Income Tax Credit -- it would go a long way in flattening the impact of the sales tax extension to gasoline purchases. It would pretty much flatten the percentage at 0.3 of 1 percent of the income for people up to the 80th percentile in New Jersey. When you're talking about families that earn from \$120,000 down, their percentage of the impact of this tax would be evened out pretty much at 0.3 of 1 percent. Only those in the top 20 percent would be below that in terms of the impact of the tax.

It, as I said, would produce at today's prices close to \$1.2 billion; not enough, but it's a healthy start.

And with that, Mr. Chairman, I will conclude my remarks.

ASSEMBLYMAN WISNIEWSKI: Senator, thank you for your testimony, and thank you for your leadership at New Jersey Policy Perspective.

Do any members of the Committee have questions?

Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.
Thank you, and good morning.

SENATOR MacINNES: Good morning.

ASSEMBLYWOMAN STENDER: Thank you for your continued advocacy on this issue, and thoughtfulness about how to deal with this issue.

On the issue of the sales tax, the one thing that I don't think I heard you speak to is the issue of that being dedicated.

SENATOR MacINNES: Yes.

ASSEMBLYWOMAN STENDER: How do you propose that? Because when I speak to people about this issue -- and I do feel like there is beginning to be a very slow shift of consciousness out there, and I believe that all the polls and studies bear this out -- that people are concerned that whatever new revenue is raised, in whatever fashion, that they can have confidence that it's not going to be raided and used for some other purpose. So how would you deal with that issue -- with a sales tax going on gasoline?

SENATOR MacINNES: Well, while in a perfect world you would not want to continue to dedicate big chunks of revenue so that, as emergencies arise and the world changes, you are foreclosed from using those revenues, in this world we're talking about really a user tax. You only pay it if you drive. And that has been the case with the dedications that have occurred to date, and I think that it makes sense to offer your constituents the comfort that this money will be going to a single purpose -- which is to renew the Transportation Trust Fund, and those funds will be employed to improve our highways, our bridges, and our public transportation system.

ASSEMBLYWOMAN STENDER: Okay, thank you.

ASSEMBLYMAN WISNIEWSKI: Any other members of the Committee?

ASSEMBLYWOMAN OLIVER: I have a comment.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, good morning.

Gordon, I just want to thank you for putting on our radar screen restoration of the Earned Income Tax Credit. Because one of the things that I've been grappling with as we wrap our heads around the direction we're going to go in, is exactly what you identified: How does it affect families that are struggling in New Jersey already? And I have never heard anyone identify restoration of the Earned Income Tax Credit as a way to provide a cushion to families that continue to struggle in our state, that have not pulled out from the recession, and disturbing data that's been presented in the last several months that upwards of 38 percent of the families in New Jersey are living in poverty.

So I love the fact that you identified that, and it certainly gives us some food for thought.

SENATOR MacINNES: Thank you, Madam Speaker.

ASSEMBLYMAN WISNIEWSKI: Seeing no other comments -- Senator, thank you for your testimony, and I know that you will continue to be part of the dialogue as we move forward on this.

SENATOR MacINNES: Thank you, Mr. Chairman

ASSEMBLYMAN WISNIEWSKI: Thank you.

Next, I'd like to call Dr. Alison Black. Dr. Black is one of the authors of the Forward New Jersey report.

Dr. Black, welcome.

ALISON PREMOMBLACK, Ph. D.: Thank you very much, Mr. Chairman and members of the Committee. I'm pleased to be here today.

My name is Alison Premo Black, and I'm Chief Economist and Senior Vice President with the American Road and Transportation Builders Association. A little bit about us: My staff and I have over 40 years of combined experience analyzing the transportation construction market, and I've overseen more than 75 state studies looking at transportation construction in different states, including the report for Forward New Jersey on the economic impact of investing in New Jersey's transportation system. And in that report we analyzed three different funding scenarios, and I wanted to talk a little bit about some of our findings.

I think the analysis confirms what most residents in the state already know: there's an urgent need to invest in New Jersey's transportation system. And one thing about the report is that we show there are tangible economic benefits to making that investment, both for residents as well as businesses, for safety and the quality of life.

We look at a lot of data at ARTBA for states across the country, and certainly the road and bridge conditions in New Jersey are among some of the worst in the nation -- with half the roads being rated not acceptable, and a third of bridges in need of repair or some sort of updating. And those challenges are really going to continue to grow within the state. Freight shipments in New Jersey are expected to double in the next 20 years; the number of residents is forecasted to grow from 8.8 million to 9.6 million over those same 20 years. And the New Jersey residents already have the second-longest average commute in the United States. So that's

33 minutes per day; the national average is 24 minutes. And that extra 9 minutes may not sound like a lot, but when you add that up over the course of a year, that's 37.5 hours. That's almost an extra week that New Jersey drivers are stuck in traffic, on average.

And, most importantly, there's a safety issue here. Poor roadway conditions are a contributing factor in about half of roadway fatalities.

So our modeling shows that there are significant benefits to the entire New Jersey economy from increased transportation investment -- not only in the construction activity, but there are longer-term benefits for businesses and residents. Some of the key findings: One of the levels of investment we analyzed was if the New Jersey Transportation Trust Fund investment increased to \$2 billion. And the model shows that positive economic impact throughout the economy. After 20 years, nearly 64 percent of travel would be on good roads, compared to about 30 percent right now. The additional improvements to the system would reduce the cost of maintaining roads by about 7 percent, with fewer cars and trucks stuck in traffic. The model shows that the cost of emissions would drop nearly 36 percent. And New Jersey drivers and businesses could save as much as \$4.1 billion annually, and that's by spending less time stuck in traffic, and less money on car and truck maintenance because you do have an improvement in road and bridge conditions. So that's money that could be invested back into hiring more workers, increasing inventories, other capital investments that are going to spur additional economic growth.

And New Jersey drivers would save about 11 hours each year from reduced congestion; that's more time they could spend on their own

activities or with their families. And then the construction activity alone is going to support about 97,200 jobs throughout the economy. And that's not just construction jobs; about half of those jobs are in other sectors. And that's because as construction workers are going out and spending their money, they're increasing demand throughout the entire economy. So they're going to be going out to dinner, they're going to be purchasing clothes, buying homes -- and that's going to have a ripple effect through other sectors. And that would be about 6,000 health care jobs that would be supported by that investment, 4,600 manufacturing jobs, and about 4,500 jobs in the tourism industry. And those folks are going to earn about \$4 billion a year; and that's about \$13.4 billion in additional economic output in the state.

So in the long run, there are also a number of benefits with businesses staying competitive, greater access to markets and labors -- and those are a little bit more difficult to quantify in direct number terms, but there's quite a bit of economic literature out there about that positive connection.

So with that, I would just also like to add that a lot of the work that we've done at ARTBA -- we've tracked a number of initiatives over the years. There have been over 500 state and local initiatives to increase investment in transportation -- and that would include ballot initiatives, State-level gas tax increases, everything. And there really is quite a bit of bipartisan support for these investments. Overall, those measures have been approved about 73 percent of the time.

Lastly, just a word about the methodology for the report. We used publicly available data and modeling techniques from the Federal

Highway Administration and the U.S. Bureau of Economic Analysis. And this is very similar-- If you're familiar with the report that comes out every two years from the U.S. DOT to Congress -- the *Needs and Conditions Report* -- it's a very similar methodology to what they use at the national level.

And I think that the report shows that by failing to act, the situation is going to continue to get worse and New Jersey residents are going to pay one way or another. You either pay through increasing investment, or you're going to pay through congestion, lost productivity, and deteriorating conditions.

Thank you, again. I appreciate being here.

ASSEMBLYMAN WISNIEWSKI: Dr. Black, thank you for your testimony.

Do members of the Committee have any questions?

Assemblywoman Caride.

ASSEMBLYWOMAN CARIDE: Yes, good morning.

DR. BLACK: Good morning.

ASSEMBLYWOMAN CARIDE: The report that you just gave us, I mean, it's very positive and it really looks like a bright future for New Jersey. But I didn't really hear anything as to how do we get to be able to earn this money; invest in our roads; saving the mechanical of fixing cars, fixing the roads.

In your data, I did hear you say something about a gas tax. Is that where your research goes -- in that lead of gas tax -- to be able to reach the ideal situation in New Jersey and the economy that you detailed at the beginning of your report?

DR. BLACK: Right. The report doesn't get into specific funding mechanisms. You could reach that level of investment through a variety of things. Traditionally, a number of states have used a gas tax or a user fee principle -- has traditionally been what most states have done. So we don't advocate for anything specific, but there is an investment component that's certainly needed. I think what we were trying to show, again, was positive economic benefits -- that there is that ripple effect. So there is investment that's required, but you see much more in terms of what the economy can generate through that investment.

ASSEMBLYWOMAN CARIDE: In review of your data before you put together that report, I mean, you said that you had seen like a user fee and a gas tax as well. Anything else that you might have come across that might be something that we could entertain here?

DR. BLACK: A number of states-- You know, certainly last year we saw six states increase revenues for transportation investment at the state level. Some of those, you know, Wyoming was a straight gas tax increase; you also had Maryland and Virginia, which had more of a combined approach with using sales tax on gasoline. In Pennsylvania, again, a different option: They raised the cap on their oil franchise fee. So I think states have been very creative in how to approach this issue, with a number still trying to preserve that user fee idea or basis, with the idea being that if you are using the roads, you're paying your fair share.

ASSEMBLYWOMAN CARIDE: Thank you.

ASSEMBLYMAN WISNIEWSKI: Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman
Good morning, Dr. Black.

DR. BLACK: Good morning.

ASSEMBLYWOMAN STENDER: Thank you for being here.

With all the studies that you've done, do you have anything you can share in terms of how we would deal, or inform, or convince the small business community out there that this is in their best interest? For instance, I have-- I mean, I know that many of the large utility -- transportation contractors understand that this is essential. But I'm thinking about the smaller businesses. For instance, I was just having a conversation with a constituent who has a \$1 million-a-year paving business in my district. And I said, "Gas tax," and he almost blew a gasket, on his own. "This is going to kill us, it's going to cost us--" I mean, on, and on, and on. I mean, after you get done talking somebody through it, you know, it's like things get a little calmer. But I think there's a prevailing resistance out there, especially among small businesses that are living -- they're trying to balance at the very -- in the margins.

DR. BLACK: Absolutely. And we talk about some of those things in the report. There's an increase to markets, which I think is key for smaller businesses. If you have a road system that's more reliable in terms of travel time, you're going to have a wider access to employees. You might be attracting folks from further out, whereas if you have issues with congestion and the time it takes to get to work, you're going to have a much smaller area in your business -- both for customers, as well as employers, suppliers. So there's a lot towards improving the system that is that ripple effect for smaller businesses, but mainly access to companies, the suppliers, and employers, and your customers.

ASSEMBLYWOMAN STENDER: Do you quantify that, so that-- I mean, is there anything out there that says, "Well, if you're a \$1 million business, that this is what you can--" You know, like costs versus benefits?

DR. BLACK: No, there isn't; there isn't a specific. Most of the hard numbers that you get are in terms of those jobs supported by that construction activity. When you talk about those longer-run impacts it's a little bit more -- it's harder to quantify, so it's harder for people to understand that. But we do try to go into some of the details; anywhere there's been an economic study on that, we talk about it, as well as some of those things like agglomeration economies, why you have businesses-- You know, like high tech and Silicon Valley. There's a reason for that; there's access to suppliers and talent. And when you want to spark that type of economic development, transportation investment is key for that.

ASSEMBLYWOMAN STENDER: Another question I have is, you mentioned local initiatives that you have studied around the country. We've had great success, for instance, in this state getting Open Space passed. People like that, they support it, they vote for it. Has anything ever been done sort of modeled on that idea anywhere that you've seen?

DR. BLACK: What we've seen mostly at the local level will be increases in property taxes or sales taxes as a way to generate increased investment. And, again, we have found that 73 percent of these initiatives have passed, and we've actually looked at the political makeup of those counties; both Republican and Democrats overwhelmingly passed these initiatives. I think it shows that, at that local level, people are trying to solve that issue and that there is a demand for increased investment.

ASSEMBLYWOMAN STENDER: So the initiatives you're talking about are really done at more like a county base? They put out a public question, they--

DR. BLACK: Most of those 500-- I think there have been about 80 that we have tracked at the State level over the last 15 years. Most of those are motor fuel tax increases of one sort or another.

ASSEMBLYWOMAN STENDER: On a local level.

DR. BLACK: About half the states have passed gas tax increases.

ASSEMBLYWOMAN STENDER: And finally, what about, like, vehicle registration fees, or fees on luxury that when they register them, or that kind of thing. Is there any of that--

DR. BLACK: We've also seen that; that's not as common as the gas tax increases or state sales tax increases that we've seen at the state level. But that is certainly a tool that states use, usually in combination with, again, that user-free principle -- that if you're buying a car, you're paying for it.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, good morning, Dr. Black.

DR. BLACK: Good morning.

ASSEMBLYWOMAN OLIVER: I have two questions for you. You identified the oil franchise fees. And there have been discussions among some legislators asking: why isn't this discussion being focused on the wholesalers and, you know, the mega-international companies? Has

Forward New Jersey taken a look at that, in terms of generating revenue for infrastructure improvement in the state?

DR. BLACK: That I'm not sure. I know they've taken a look at a variety of suggestions and things. And I know that on their website they do -- they have put up some of that information about, in the past, what things have been talked about. In the study, again, we didn't go into any specific details. But that is certainly one approach in Pennsylvania that folks have taken to look at that entire system.

ASSEMBLYWOMAN OLIVER: Because they're making lots of money. That is certainly something to examine.

And I just want to touch upon something that Assemblywoman Stender mentioned -- the constituent in her district who has the paving company. But at the end of the day, what he does when his gas tax goes up is he passes that cost along to those who he is doing paving work for. Would you not say that?

DR. BLACK: That certainly could be one option. I think-- You know, one analogy that we use is: When you have a better transportation system, somebody perhaps who owns a plumbing business -- they might be able to get to one more job in a day, which is going to have a positive impact on their business. Whereas, with congestion and road conditions, they might have to cut their schedule short, or can only make three or four stops in a day. So those are the types of increases in business productivity that, again, can be challenging to quantify in a report like this, that businesses, especially small businesses, should start to see if you make good, smart investments in transportation improvements.

ASSEMBLYWOMAN OLIVER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other questions? (no response)

Dr. Black, I have a couple of questions for you.

So if you base our debate, in part, on polling data that recently has come out, there are a significant number of our constituents who say, "I don't want to pay anymore." We understand that; I think Senator MacInnes even said that. So then, where do we get the money from?

DR. BLACK: That is the challenge of the politics of the situation -- which I think we certainly see at the Federal level. But I would argue that people will pay for it, one way or another. And, again, that statistic about the additional time that New Jersey drivers spent in traffic -- that's a big number; almost 40 hours a week above the national average of people spending time in their cars. That is lost time, and people don't always think about the value of that time when they're weighting it with something like a gas tax increase, or a toll, or some other sort of user fee that would be coming from the users.

ASSEMBLYMAN WISNIEWSKI: But would you agree that our reticence to embrace the fact that somebody has to pay for this has actually come back to haunt us in this context? The Transportation Trust Fund, in my tenure in the Legislature, has gone from approximately a \$600 million annual capital program to the current approximately \$1.6 billion annual capital program -- with largely the same financial input for most of that time, except when we extended sales tax on heavy trucks and things of that nature.

And so, if you're a constituent out there, it's a natural question for somebody to say, "What have you done with all the money? You've

gone from \$600 million to \$1.6 billion; you're collecting all this money. And how do you explain that?"

DR. BLACK: Well, I think there are certainly some challenges to the situation in New Jersey. And when I mentioned -- we've done a number of state studies, and when we did dive into the finances a few years ago for looking at New Jersey, and again with this report, there are certainly challenges with how New Jersey has funded their program. And, again, with the bonding -- and I think there are some challenges to repaying that right now, which we all are seeing

ASSEMBLYMAN WISNIEWSKI: You're being very polite.

DR. BLACK: I am. (laughter)

ASSEMBLYMAN WISNIEWSKI: You're very polite.

I mean, look, I will say it because--

DR. BLACK: You're in a world of trouble.

ASSEMBLYMAN WISNIEWSKI: I'm a Legislator; I Chair the Committee. But the fact of the matter is, we have done a horrible job, collectively, on a bipartisan basis, for a very long period of time in explaining what our need is. And I just want to offer this as commentary on your presentation, because I've sat in more meetings than I care to remember where the discussion is, yes, we need money. But then after that, there is a collective reticence to say exactly where that money comes from.

DR. BLACK: Right.

ASSEMBLYMAN WISNIEWSKI: At the end of the day, whether it is a gas tax, a petroleum gross receipts tax, or something else that we haven't yet given a name to, somebody will pay this money -- whether they are paying it because of a tax on the gasoline they purchase, or they're

paying it because of a tax that gets imposed some other way. Isn't our mission to make sure that what ever revenue we raise is raised in the fairest possible way?

DR. BLACK: I would think that absolutely should be a consideration, and I think you see states dealing with a number of those issues in how to do that. And the user fee principle, traditionally, has been the way folks have gone about that. You know, bonding is used in a number of states for a variety of different purposes for larger projects. For some states, it's a core component of their program, but there absolutely is a price that is paid for that, because that money is not free.

ASSEMBLYMAN WISNIEWSKI: Or in New Jersey, it is our entire program.

DR. BLACK: That's exactly right.

ASSEMBLYMAN WISNIEWSKI: Just borrow it all and worry about paying tomorrow.

DR. BLACK: Right.

ASSEMBLYMAN WISNIEWSKI: I don't have any further questions. I appreciate your testimony and I hope you'll stay involved in this process as it unfolds.

DR. BLACK: Absolutely.

ASSEMBLYMAN WISNIEWSKI: Thank you.

DR. BLACK: Thank you.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: I'm sorry.

ASSEMBLYMAN WISNIEWSKI: Oh, I'm sorry. We did have one more question.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: I did have a question.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Thank you so much, Dr. Black.

I had a quick question regarding public-private partnerships. In here it says that we've had some success despite the fact that we've had (*sic*) enabling PPP legislation. What are some other states doing, and what can we be doing to foster those types of partnerships as another revenue resource?

DR. BLACK: I think a number-- Yes, the first thing is the enabling legislation, and there are varying degrees of that, that states have. Some states have legislation that approves just a few projects; others it is wide open as a key way to fund projects. And we see that a lot in states like Virginia and in Florida, which really-- For some states, PPPs are a core component of their program, and a lot of times those tend to be focused on some of the larger projects, or, in the case of Pennsylvania right now, trying to accelerate program delivery. You know, there are always some challenges, and I think learning curves, and each project is very unique and different. As an Association, ARTBA -- we have a number of members involved in PPPs, and we support that as certainly one approach to do larger projects, or a tool in the toolbox. It's certainly not a silver lining. You know, some folks talk about it as the answer, certainly at the Federal level or at the State level to--

ASSEMBLYWOMAN RODRIGUEZ-GREGG: It just seems like an additional source.

DR. BLACK: Exactly. It's an additional source of delivering projects. I wouldn't advocate for it as the end-all, be-all of solving transportation investment issues or problems.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other questions? (no response)

Dr. Black, thank you.

DR. BLACK: Thank you.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call James Kirkos, Meadowlands Regional Chamber of Commerce. He had been scheduled to be with us last time, but because of a personal matter could not make it.

Jim, thank you for coming.

J A M E S K I R K O S: Mr. Chairman, thank you, and thank you to the Committee for accommodating me today.

I'm going to start off by answering the question that you asked Dr. Black -- and it's mostly, definitely political courage, Mr. Chairman. We are at a time when we absolutely know that there's no one, single silver bullet. Even a gas tax isn't enough to make the investments that we need. We're at a time when we absolutely know that, looking back in the rearview mirror, we may have not handled the expenditures and the funding mechanisms in the last 15 years the way we should. And, you know, I came here today with some prepared testimony, and I'm not going to turn to it because I want to have a conversation with you; just a brief conversation. It's really all about the future, and why political courage is necessary at a point in time.

Assemblywoman Stender, your question about the small businesses. I represent 1,200 companies in the Greater Meadowlands Region, and 800 of them are small businesses. And I have direct, frank conversations with them about things like our organization supporting a gas tax.

And while there's always a few who just don't want to pay anymore and are borderline, in general when you talk about making investments and spending the money wisely, and make a case for a return on investment, they will listen and they will understand, and they will tolerate, and they will help figure it out. And I think that's the moment we're at right now. We're an early supporter of Forward New Jersey. I've gone to my Public Affairs Committee, I've gone to my Board; we've made this case. We supported the gas tax back in the McGreevey Administration as a business organization because it was bipartisan. And that's not typical for business groups. But we know, in New Jersey, as the Chairman said, there's nothing coming for free here. We must make these investments.

And for someone who drives or who attempts to drive an economy in the Greater Meadowlands region -- and you know, there's never a day without controversy in the Meadowlands; sometimes I'm the cause of it, and I apologize for that -- but the fact of the matter is we have tremendous opportunities in New Jersey. And just speaking for myself about the Meadowlands, with projects like the American Dream which is now moving forward, but it's taken years because of litigation -- over what? Congestion. Teams were litigating a megaproject -- that could produce thousands of jobs -- because of traffic. And now that's passed.

And so when we're contemplating all of the options that are on

the table, that have been proposed by Forward New Jersey and others, there's a mix out there of revenue sources that can be both fair to those who are hit hardest -- and I think that's a great consideration. And Assemblywoman Oliver, your -- relative to the Earned Income Tax Credit, I think is something to look at. There are many who are concerned, as I am, about those less fortunate and who are the lower earners in our state, and the impacts on them and their businesses, especially small businesses. But there's a mix of revenue options out there that are fair, that are prudent, and they are wise for us to make right now. And collectively, we have to make that case to the residents of New Jersey and move this forward. Because, you know, we can calculate the return on investment: very shortly I'm going to be able to turn over to you a study that we've engaged this very institution -- Rutgers Bloustein School -- to do on the economic impacts to New Jersey and the Meadowlands of extending the Number 7 line from New York to Secaucus. Now, that study isn't out yet, but I'm going to tell you that that study is going to show -- and I'd be shocked if I'm wrong -- tremendous economic impact to New Jersey's residents and businesses with a project like that. We know that the other trans-Hudson option is to advance the Gateway Project -- the Amtrak line, the Northeast Corridor. And then I look at things like the Bergen-Hudson Light Rail, which doesn't have a Bergen component yet (laughter), that has transformed Hudson County and has yet to transform Bergen County in so many ways.

And then I look at projects like the Passaic River Bridge, Route 3, which is just completed. A magnificent project, but it was scaled back because we didn't have enough money to do the original project; so right now the overpasses on Ridge Road and Orient Way were not done. So that

\$15 million or \$18 million to do that, that was taken out of that project, will some day cost us \$100 million to do. That's the poor planning; that's the poor way we've thought about this in the past that we need to change.

So I'm going to be brief, and circle back and say there are options out there. I think with frank conversations, businesses and residents will understand we can no longer not make the investment.

Many, many years ago it wasn't easy to build the Lincoln Tunnel; it wasn't easy to build the George Washington Bridge. Those residents, those municipalities, those taxpayers bore the burden of those major investments, and for generations following that we took the fruit off the tree. And now it's time for us to have that political courage, have that business courage, and come together in public-private partnerships to make something happen. And organizations like ours are committed to working with Forward New Jersey and the Legislature to help get that passed.

So thank you for the opportunity, and I'd be happy to take a question, if there are any.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony.

Assemblywoman Caride.

ASSEMBLYWOMAN CARIDE: Good morning, Jim. Good to see you, like always.

I know you and I have talked about this in the past, and I want to thank you for the work you've done in the Meadowlands and with the Chamber of Commerce. And it's encouraging to hear that the members have had this discussion and seem to want to move forward with -- or accept the gas tax.

But in those discussions that you had -- and, like you said, your members are, pretty much, mostly small business owners in the Meadowlands region, which I represent. Have you discussed other options besides a gas tax or a combination? I'd be interested to know?

MR. KIRKOS: Assemblywoman, we are doing that now. We are taking the components that are being discussed, and Forward New Jersey's options, and, quite frankly, we're asking our members if they have ideas about how to do that.

I think what's been telling for me is, when you sit down in round table groups with small businesses and you have a frank, honest conversation with them, you know, their guard comes down and they will engage in that conversation; and they understand that investments need to be made. And so when you talk about the impact, I think they want to know that it's fair, so fairness is appropriate. They don't want to be the ones who bear the entire burden while someone else is reaping great benefits and making great money. And I think you're all aware of that. And I think if we take that practical approach of making sure that we do it in fairness, but we do it and it's dedicated-- And that's the other piece. They've always told us, "If it isn't dedicated, don't even talk to me about it. Because you can't come back to me again in the future and say, 'Oops, we didn't do this right.'" We have to do it right, all right? We already know we did oops. Now it's, "Let's get it right; let's put the best minds in the business together." Let's listen to all this testimony, and let's have some political courage and advance something.

ASSEMBLYWOMAN CARIDE: Thank you, Jim.

MR. KIRKOS: Thank you, Assemblywoman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Thank you, Mr. Chairman.

Jim, one of the questions or challenges that I posed at the last meeting, to Tom Bracken, was to try to come back with information to this Committee, through our Chairman, to try to quantify the economic development potential or growth that we can realize from investing in our transportation network. And, you know, you represent such a critical area of the state; there's so much activity that goes on in the Meadowlands Region, and a lot more potential, moving forward, looking towards the American Dream and other projects that are occurring there. So I would, first of all, like to lay that same challenge to you as well.

Secondly, one of the things that we all have to realize when we're looking at some of these numbers -- and in preparing for the meeting today I was reading one of the reports and it mentions about \$32 billion over the next 10 years. But I think a lot of that has to do with general maintenance projects just to keep the system moving that we have today. And I think when you're going to speak to your membership, what they're looking for and what we all have to be cognizant of is that we have to expand the system. It's not just maintaining what we have. But when you want to create better efficiencies, you have to increase the level of projects so that we can open up these choke points in our system. You know, whether it's new ramps, new flyovers, new roadways -- there has to be efficiencies built in. Because if we're going to try to take the traffic problem -- and it is different when you're up north versus south. This is not to get into a debate about north versus south, but the reality is, is that we are so densely packed in that to try to-- The challenge is trying to open up these

choke points to get people to where they're going, get your customers to the places of businesses, get your employees into the places of business. We have to look at that, and make that part of your analysis, if you could.

MR. KIRKOS: Assemblyman, I think you're absolutely right. And we do have these. At a recent transportation summit that we held we issued a White Paper. I will submit that White Paper to the Committee when I get back to my office. I should have done so already, and I apologize. Some of the things that we talk about in that White Paper, that we've engaged our members with, are things like Route 17 in Maywood, that choke point just south of Route 4. Route 3, Route 46 merge -- they're not in the Meadowlands, but they're critically important to the flow of traffic through the region. And the simple fact of the matter is, even with mass transit, bus routes, and adding more mass transit-- You know, 10 years ago I remember having a conversation with folks that New Jerseyans were not ready to get out of their cars. That's no longer the case. New Jerseyans are very willing to get out of their cars and take buses and trains because, quite frankly, New Jersey Transit has done an exceptional job, in many respects, in many parts of their service -- and as we expand it.

And I am also going to add one point to this: When I think about the future -- keeping our children here, our millennials, the workforce of the future -- these young, bright minds are leaving these great institutions, like the one we're at today, and they're going to places where it's easy to get around. My son is now in Boston. And, you know, the idea of having to travel to Boston in the winter to go see him doesn't make my wife and I feel great. But the fact of the matter -- he is 12 minutes off the T there; he travels right to downtown. They very rarely use their car. They're

making a good living. They're living in a nice community that actually mimics Lyndhurst, because I live in Lyndhurst, New Jersey. So they're in Melrose, just north of Boston. And the fact of the matter is he loves it there because of all those things. And we need to think about how we're going to keep our young, bright minds in this state; and we need to think about what you're talking about in terms of making sure that we're adding new infrastructure pieces that will make our state more mobile.

ASSEMBLYMAN RUMANA: Great; thank you,

ASSEMBLYMAN WISNIEWSKI: Jim, I just got a message from the Boston Chamber of Commerce; they'd like to speak with you about your comments. (laughter)

Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Oh, yes. Thank you so much.

Jim, I am so-- First of all, I wanted to tell you, I have a great deal of sensitivity to the Meadowlands Chamber of Commerce. I represent Clifton. And I will tell you, ever since we expanded commercial development on Route 3, a month does not go by that I don't hear from constituents about issues related to Route 3. I think that you were right on target -- the 3 to 46 connector -- and I think nothing told the story better than when we had Super Bowl 2014 here, and what we dealt with in that region.

For a number of years I've been involved with Meadowlink; I know that Meadowlink was one of the first in the region to put the focus and emphasis on getting people from places to be able to work in the Meadowlands area, via transportation. I am also glad that you finished up talking about mass transportation.

A day last week the *Ledger* had a banner that had the number of people who commute every day in New Jersey, and the number who take mass transit: 220,000 people use mass transit. So we will definitely solve this situation. We know that we have to put that investment there, but we must continue to work with organizations like Meadowlink to expand and broaden access to mass transportation for people.

MR. KIRKOS: Assemblywoman, that's very sensitive to my heart, because Meadowlink was an outgrowth of our organization--

ASSEMBLYWOMAN OLIVER: Of the Chamber; that's right.

MR. KIRKOS: --probably 20 years ago, and one of the first TMAs in the State of New Jersey. And they do an outstanding job.

ASSEMBLYWOMAN OLIVER: And they don't get enough support.

MR. KIRKOS: I agree, I agree.

ASSEMBLYWOMAN OLIVER: And just -- the other issue is the Bergen Light Rail. And yes, it does need to be *Bergen*. (laughter)

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblywoman.

And the comments you've heard are part of the debate that is ongoing. There is the need to add the *Bergen* to the Hudson-Bergen Light Rail Line. There are discussions about taking the South Jersey Light Rail Line out to Glassboro. There's-- Whether you call it the ARC Tunnel or the Gateway Tunnel, there's a need to increase the capacity under the Hudson, because if you want a one-seat ride on the Raritan Valley Line on a regular basis, or if you want to extend rail service anywhere in the state, there's nowhere to put those passengers without another tunnel.

And so that list goes on and on. And we are like the person who buys the fixer-up home -- and you have a leaky roof, and you need a new furnace, and you've got a drainage problem outside. Right now, we don't have the money to even fix the furnace. And we have to find a way to do all those things and make sure, to your point about constitutional dedication, we have a constitutional dedication. The one thing we don't have -- and I've talked to Senator MacInnes and others about this -- is a break on spending. We set out, anytime we do one of these programs, a very well-thought-out program of X dollars per year over the next Y years. But what happens is you get into Year 2, and suddenly there's a -- we need to do this; let's advance some money from the following year. And in the third year you do the same thing, and suddenly your five-year program really only has four years of money.

And so on top of the constitutional dedication for the money going into the program, there has to be a constitutional circuit breaker, if you will, that says, "Your program is X dollars per year. And absent some really extraordinary circumstances, you can't overspend it." Because we have such great need, it's very easy to overspend whatever we've programmed in one year.

I don't know if you have any comments on that.

MR. KIRKOS: Yes, I do, actually, Mr. Chairman.

So I'll add the word *discipline* to what I said before about political courage. And discipline needs to be part of the system as well. I mean true master planning for whatever the program will be. And if we find some efficiencies, as some of the items that are proposed by the reforms in Forward New Jersey, and potentially combining transportation agencies,

and so forth-- If we find these efficiencies, we could create a true master plan for how we're going to develop, because that master plan will have a list of priorities. And it will take some discipline to stick to those priorities. And as you said, barring any major occurrence or disaster, then we have to stay disciplined to do that -- to back up that political courage.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony.

MR. KIRKOS: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call Eric Richard from the New Jersey AFL-CIO.

E R I C R I C H A R D: Good morning Chairman; good morning members of the Committee. Thank you very much for the opportunity to come before you and speak on this extremely important issue -- not just to our organization, the State AFL-CIO, but obviously to the economy of this State and to the workforce of this State. So we thank you, Chairman. You've obviously been a leader on this issue for many, many years; and we're looking to you for your leadership, moving forward, on this issue and guiding a policy through the Legislature, hopefully within the foreseeable future.

So again, we thank you for that, and we look forward to working with everyone here and moving forward.

First and foremost we just want to say that there's been a lot of commentary about the urgency of this issue, and the tremendous economic and job creation aspects of a transportation infrastructure investment. We're not going to speak on that; I think a lot has already been said about that, and obviously we recognize that and reiterate that.

But what we would like to say is that, for once, over many, many years, it appears as if many of the stakeholders and the leaders from both parties are finally on the same page in recognizing this and seeking a solution, and even saying, "All options are on the table." That's quite a significant step forward.

Of all the doom and gloom over the last decade-and-a-half, two decades, surrounding the failures -- as you had mentioned, Chairman -- of both parties to respectively act to replenish the TTF, finally it appears that there's a sense that we're coming together to develop a solution. And we commend you on that.

As we know, there's a new Commissioner; and that Commissioner, and the Administration and the Legislature, is going to be working to develop a funding plan. And, of course, we need to speak to the elephant in the room -- and that is the gas tax, right? And I think in the past a lot of us have referred to this as the *third rail* of politics. And, Chairman, the State AFL-CIO is firmly planted on that third rail. We come before you today as an advocate to increase the gas tax, just as we have in the past. And the reason we're doing that is because realistically it's the solution to our problem.

Many additional options are being discussed to raise revenue, and of those options some have merit and, in our opinion, some do not. However, we recognize that we have dug ourselves too deep of a hole to get out of without raising the gas tax. So in short, it is the core premise on which this problem is going to be solved.

Other options being discussed -- and the State AFL-CIO would like to speak to one in particular, and that is the idea of consolidation of

our toll roads, mass transit agencies, and the DOT. On its surface, as we know, consolidation is very popular with policy makers. But for those who have dealt with it directly, we understand how difficult it is not only to develop conceptually, but to implement. The State AFL-CIO has been grappling with the issue of consolidation for over a decade in the context of the legislation that applies to local governments. And, of course, we were intimately involved with the legislative process of restructuring higher education two years ago. No doubt there is potential for savings in consolidation. But we must first ensure that we deliberate this option adequately; that it is not done with a predetermined outcome in mind; and that it is not rushed through without being properly researched; and it is not done in order to solve one problem while creating several others.

Any time there is a large scale consolidation, the potential for massive layoffs, the shredding of collective bargaining agreements, mismanagement of funds, and a reduction in force to the level of inefficiency are real inherent dangers. For this reason, before consolidation is factored into TTF funding, we must take the first step in researching it to see if there would be a net positive to merging these agencies. To this end, we would recommend the Commission study -- this concept -- be done by one of our institutions of higher education -- an independent, academic study of this type of consolidation effort. We cannot merely rely on studies from third-party consulting firms.

Furthermore, we must not be tempted by the saving estimates and focus solely on the bottom line. In order to make sure consolidation works well, we need to examine the efficient delivery of service and, of course, its effects on employees.

The State AFL-CIO is not opposed to the basic concept of consolidation, but we must perform due diligence to ensure that we are not doing more harm than good, moving forward.

As this policy moves forward, and as we look for a funding replenishment of the TTF, the State AFL-CIO sincerely wants to work closely with you as you develop a solution to meet our infrastructure needs. We recognize that our businesses depend on it, our construction industry depends on it, our commuters depend on it, and the overall economic well-being of our region depends on it.

With that, Chairman, I thank you.

ASSEMBLYMAN WISNIEWSKI: Eric, thank you for your testimony.

And I agree that one issue that has to be looked at is how we can spend our transportation dollars more efficiently and, obviously, as everyone else has said, all issues are on the table.

That being said, the word *consolidation*, in and of itself, is not a goal that achieves anything. It has to be something that functionally works. As I pointed out to you, and we've discussed this, the people who work either on the toll roads or for DOT are in many senses the frontlines of transportation in New Jersey. They're the ones when the first snowfall hits who drive the plows. They're the ones who fix the guardrails. They're the ones who do the day-to-day maintenance that keeps the system running. We can't do without those people.

And so we have to look at how we can spend the dollars smarter, but we also have to make sure -- we can't cut the quality of service,

which has already been cut to the bone. And I appreciate your comments to that effect.

Do members of the Committee have any questions for Mr. Richard?

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Yes.

ASSEMBLYMAN WISNIEWSKI: Yes.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Yes, I have a question.

Well, first of all, considering-- I hear a lot about the gas tax, and considering that it's possibly a declining revenue source, it seems in many ways more of a short-term solution as opposed to a long-term solution, depending on the threshold you want to raise it. So how much of a gas tax would you propose?

MR. RICHARD: (Laughter) That's hard to say. And there's a lot of folks on this panel and experts behind me who are obviously a lot more knowledgeable on the amount of money that is necessary -- obviously not just for the debt side of things, obviously not just for the maintenance side of things, but as we mentioned, this is -- there is a whole host of projects--

ASSEMBLYWOMAN RODRIGUEZ-GREGG: For future investment.

MR. RICHARD: Yes, obviously. There's a whole host of project that our organization would support, moving forward. In particular, we've been talking about, for years, the Hudson-Bergen Light Rail; in particular, extending up into Bergen County. And so it's really hard to put your thumb on those types of projects that we believe are essential to the

growth of our regional economy, essential to job growth, and all the other issues that are here. I mean, we've all been down this road before; we saw the McGreevey Commission -- the Blue Ribbon Commission that I believe recommended a 12-cent increase. And to Gordon MacInness' point, that was well over a decade ago.

And so where are we now? We saw a recent op-ed where we (*sic*) said we would have to triple the amount of gas tax in order to address our needs, moving forward. And so I'm hesitant to endorse a certain number; but obviously I think 12 cents isn't enough. And I think we need to move more in a line that -- something that meets our needs, not just to meet the debt but to fund new projects, moving forward.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: And I've heard of user fees. What is your organization's stand in terms of mileage-based fees?

MR. RICHARD: Well, that really depends. I mean, we are certainly sensitive to the argument of low-income individuals. We recognize that our organization, with the help of the Legislature, has made quite a bit of progress over the last few years trying to address the economic needs of low-income individuals. We don't want to do a 180 and take away that economic benefit that a lot of folks in the Legislature have fought very hard to try to remedy.

And so to Assemblywoman Oliver's point, we've long been advocates of increasing the EITC. We think that's of particular importance to low-income folks, moving forward. I would not-- I do not think the mileage debate right now is as front and center as it should be. I think we should be discussing that more. But in regard to what that number actually

equals, what's the net growth in funding if we were to look at that -- I think that needs to be explored. And until we explore that, our organization hasn't officially taken a position on that.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Thank you.

MR. RICHARD: Thank you.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

Eric, thank you for your testimony; I appreciate it.

MR. RICHARD: Thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call Joe Fiordaliso, American Council of Engineering Companies of New Jersey.

J O S E P H F I O R D A L I S O: Good morning, Mr. Chairman and members of the Committee.

ASSEMBLYMAN WISNIEWSKI: Good morning, Joe.

MR. FIORDALISO: My name is Joe Fiordaliso, and I'm President of the American Council of Engineering Companies in New Jersey. ACECNJ represents nearly 100 engineering firms, employing close to 5,000 individuals in our state.

I've submitted written testimony for the record this morning, and you should have a copy of that. I'll summarize my remarks.

And I will start by saying that one of my first jobs in State service was at New Jersey DOT in 2003, and I was a part of the Blue Ribbon Commission effort. So I've had an opportunity to study this issue; I've had an opportunity to work closely with you, Mr. Chairman, on this issue, over time, and I want to thank the Legislature for its leadership in examining this issue now. It's very time-critical and we need to move forward.

So engineers see the conditions of our roads, bridges, and transit systems up close every day. Engineers from our members' firms regularly inspect these assets and understand the consequences of long-term wear and tear without repairs and rehabilitation.

I'll be submitting, through the Chair, a copy of the Report Card for America's infrastructure prepared by the American Society of Civil Engineers; and I just want to call attention to several statistics which articulate the critical condition of New Jersey's transportation infrastructure.

Ten percent of New Jersey bridges -- or 651 in total -- are structurally deficient; 26 percent of our bridges -- over 1,700 -- are functionally obsolete. Two-thirds of our roads are considered in poor or mediocre condition; and driving on poor roads costs every motorist in New Jersey \$600 a year in lost time and productivity.

Failure to adequately invest in the repair and rebuilding of our infrastructure is the primary cause of this deteriorating condition, and the public clearly understands this. Chairman Wisniewski talked this morning, in his opening remarks, about the public understands that our transportation infrastructure is substandard. That's backed up by surveys and polling data. A recent survey shows that most residents believe the existing transportation network is not meeting their needs. An overwhelming 98 percent of tri-state residents think the current state of our transportation network is in need of immediate repairs. The same survey shows that 85 percent of our residents don't believe the transportation network is reliable.

This is a safety and public health issue as well. New Jersey DOT is responsible for implementing the Federal Highway Safety Improvement Program, or HSIP. This program awards Federal funds to states to implement a comprehensive state safety program that includes design changes that make roads safer, encouraging better driving habits, stopping unsafe and illegal driving, and timely response to and from accidents.

This program has resulted in a steady drop in not only crashes, but injuries related to crashes -- a reduction of close to 20,000 accidents from 2008 to 2012. It has seen a similar decrease in the number of crash-related injuries. The concerning news is that this program is entirely federally funded and no State dollars have been used to further leverage the impact of this important program.

TTF insolvency means that some priorities have gone unfunded. Investing State dollars in safety programs like the HSIP would likely correlate to an even more precipitous drop in traffic accidents, injuries, and death.

Mr. Chairman, it doesn't take an engineer to figure out that our system is broken and in need of immediate repair and reinvestment. In order to adequately protect public health and safety, a long-term sustainable TTF fix must be implemented immediately. According to the National Conference of State Legislators, since 2007 over half the states around the country have enacted measures to address infrastructure financing and invest in their transportation infrastructure. It is now time for New Jersey to follow suit.

In addition, New Jersey has the opportunity to put in place a number of important reforms to make sure that every dollar we spend is done so wisely and efficiently, and for its intended purposes. I talk in detail about that in my written testimony, and I will briefly just touch on those two reforms now. One is constitutionally dedicating all new revenues that come in, regardless of mechanisms. We need to assure the public that these funds are going to go for their intended purpose.

The second is strengthening the process for procuring professional services, like design and engineering. Qualifications-based selection is the means around the country for selecting design and engineering work. It bases selection on the expertise and experience of the engineer. We have to make sure -- we have to show the public that every dollar we spend is done so wisely, and making sure that upfront design work is done with the broadest level of expertise, innovation, will save money on the back end in construction, reduce schedule delays, and reduce change orders. And that's another important reform we talk about in our testimony.

Mr. Chairman, the issue is not overly complicated, but it does require our collective, immediate attention. And we have many success stories that we can point to once we have a TTF fix in place: the widening of the Turnpike and Parkway are two success stories that, once they're completed, are going to be -- the public is going to see the benefits of that.

The complete reconstruction of Route 35 in Ocean County is another project where significant revenues have been put forward to repair that infrastructure. Unfortunately, it took a disaster like Hurricane Sandy to force us to confront the need to invest heavily in a project like that.

To conclude, Mr. Chairman, ACECNJ applauds the Legislature, applauds our Governor for taking a look at this issue. We stand ready to provide you with support, assistance, and expertise in order to get this issue done as soon as possible.

And with that, I would be happy to answer any questions.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

So I'm going to start off with maybe an awkward question, but in terms of being more efficient with how we spend our money, there's discussion that maybe some of the engineering work that's currently contracted out be repatriated back within the DOT and save those contracting costs. Can you address that?

MR. FIORDALISO: I think-- First of all, thank you for the opportunity to address that question. I think with the level of attrition that's occurred in recent years at the Department of Transportation and other agencies and authorities -- I don't think the manpower or the expertise and the experience is there to be able to adequately deliver a program using in-house personnel in the design and engineering. I think those agencies, rightfully so, are somewhat reliant on professional engineers who they work in partnership with. Those engineers are in many -- those consultant engineers are an extension of the staff of those agencies. So I think that that is an important mix that ought to be maintained.

ASSEMBLYMAN WISNIEWSKI: Why couldn't they just hire the folks in-house?

MR. FIORDALISO: I think if they could hire them, they would. I think if you ask an engineer in training or a new engineer if they

want to go work for the Department or work for a consultant, I think that's a question that they would ask. I mean, I know--

ASSEMBLYMAN WISNIEWSKI: It's a question of compensation, on a certain level.

MR. FIORDALISO: I think it's multi-faceted; that's certainly a big part of it, yes. Yes, Chairman, I think that it's certainly a difficult question. I think there's a blend; I think there's a mix. But I do think that the expertise, innovation, and experience that consultant engineers bring to the table -- not only in New Jersey but, frankly, being able to draw on what their colleagues are doing in other states with projects, is important. And I think that's a value-add for us here in New Jersey.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Questions?

ASSEMBLYWOMAN OLIVER: I do.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, thank you, Chairman.

Mr. Fiordaliso, you intrigued me with one of your remarks: that we need to ensure that engineers with the proper expertise and experience have the opportunity to do this work -- as if we've established a pattern that we have not retained engineers with expertise. I want you to tell me a little bit more of your thinking on that issue.

MR. FIORDALISO: Yes; and thank you for the opportunity, Assemblywoman.

I don't mean to suggest that engineers without expertise are designing projects in New Jersey. A PE is a PE, and if you're licensed, you have a certain amount of expertise -- technical expertise. What we have seen

throughout the State is that where a price becomes a factor in the selection of the engineer, all too often it amounts to bid shopping, if you will. And the technical expertise, experience, and qualifications of that design professional all too often are overlooked. And I think, though, that the point that I would make -- and I'm fond of analogies, so please indulge me -- if you need an operation to save your life, are you going to shop around for the lowest priced doctor, or are you going to go with a doctor who is going to save your life?

ASSEMBLYWOMAN OLIVER: It depends on the condition.

MR. FIORDALISO: I suppose that's true. I would call our condition here in New Jersey pretty dire.

ASSEMBLYWOMAN OLIVER: You know, and that is a proverbial issue, because I thought you were making reference to the way our public contracting law is structured. Because there are those who would argue with you -- about this whole price issue -- there are those who would argue with you that there's not always fairness and equity in terms of who gets access to do public work. And when you raised the issue of the way projects are bid, and you made reference to sometimes public entities having to go with who is the lowest bidder, I heard you kind of circling around that we need to examine public contracting. Is that what you were making reference to?

MR. FIORDALISO: I want to make sure that I clarify my remarks. I'm talking about professional service procurement.

ASSEMBLYWOMAN OLIVER: Yes.

MR. FIORDALISO: I think everyone is on the same page: that construction ought to be low-bid; it's the fairest and most equitable way to

do that. But when you're talking about professional services procurement, when you're talking about design professionals, you want to make sure that the selection is done based on expertise, experience, qualifications, ability to bring innovations to a project -- those types of factors are significant. And that's how that selection ought to be done -- that evaluation and selection. Because, frankly -- and I don't want to put the contractors on the spot here -- but a contractor wants to be handed a set of design plans that allows him or her to go out and build that project as quickly and as efficiently as possible. So if you start with a substandard set of plans, you're going to wind up with a substandard construction project. It's garbage in, garbage out.

So our point is that the qualifications and expertise of that design professional to make sure that that set of plans is adequate, and gives the contractor the best ability to go out and build that project, is paramount.

ASSEMBLYWOMAN OLIVER: This gets to be important for us, you know -- having those kinds of discussions as we go forward -- because many people still have etched in their minds the \$1-plus billion that the Legislature appropriated for the School Development Authority. And when we look at what happened with that money, very few schools were built, but significant amounts of money were spent on the retention of professional services contracts.

MR. FIORDALISO: And that's why I think this is an important reform, to make sure that we're showing -- along with a constitutional dedication and other reforms -- to demonstrate to the public

that every dollar is going for its intended purpose, and its being used in the most efficient and effective way possible.

ASSEMBLYWOMAN OLIVER: Because we have great plans on the shelf for schools.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Thank you, Mr. Chairman.

Joe, I don't know if you could do this right now, or whether you could submit proposed legislation. You really, certainly, piqued my interest in terms of, if we can spend dollars much more efficiently to have a design -- as you mentioned, a good design that comes out is going avoid change orders, is going to be -- is going to allow for the contractors to have a more efficient construction schedule. If you could explain a little further about how we could effectuate that, I'd be interested. And if it can't be stated in this forum, maybe you can, like I said, give us some proposed language and legislation that we could take a look at. Because it certainly sounds to me that if that can be done, that's a smart way to go.

MR. FIORDALISO: I appreciate that, Assemblyman. And I'm happy to provide that to the Committee, through the Chair. I would say, very briefly, that that language, that template does exist at the Federal level -- the Federal Brooks Act has a very, very strong, very, very clear-cut method for procuring professional services like design and engineering. And if that could be replicated here in New Jersey, I think it would bring much more credibility into the process and, again, provide the public and Legislature that reasonable assurance it's seeking.

ASSEMBLYMAN RUMANA: Okay, thank you.

ASSEMBLYMAN WISNIEWSKI: Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, and good morning, or good afternoon -- whatever it is at this point, Joe.

MR. FIORDALISO: Good morning.

ASSEMBLYWOMAN STENDER: Following up on that -- this whole issue of how much we're spending on these projects for professional services, and can we save money there, and do better -- which, of course, we all want to be able to assure the public that they're getting the best value of the money that we're spending.

But it just prompts me to ask: If we need \$1 billion in new revenue to do projects, how much of that is actually a professional services cost? I have no idea how you would guestimate that to say--

MR. FIORDALISO: Yes, and it averages very, very minimal -- it's less than 10 percent of your overall project cost, because it's design and engineering. And that, respectfully, is the point. A minority of the cost drives all your costs for construction and maintenance down the road. So for shortchanging that work upfront, which only represents 10 percent -- less than 10 percent of your overall project cost, that is what will lead to your cost increases, your schedule overages, your change orders, your possibility for litigation down the road -- those things that happen in construction. So it's worth spending that money upfront, especially since it constitutes such a minority -- such a small percentage of the overall, total project cost to make sure that your additional scopes of work -- your subsequent scopes of work, down the line, are done correctly and properly.

ASSEMBLYWOMAN STENDER: Okay, thank you.

MR. FIORDALISO: Thank you.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

Joe, thank you for your testimony. I look forward to continuing the discussion with you.

MR. FIORDALISO: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call Kevin McCarthy, International Federation of Professional Technical Employees, representing Local 194 for the Turnpike employees.

Kevin, good morning.

K E V I N M c C A R T H Y: Good morning, Chairman, Assemblywomen, Assemblymen.

As you know, my name is Kevin McCarthy. I am the President of IFPTE Local 194 that represents the Turnpike workers.

A lot of my prepared statements are kind of moot at this point. I don't want to keep beating the same point over and over again. As Eric Richard from the AFL-CIO pointed out, we are a part of the AFL-CIO and, of course, we're going to be working hand-in-hand with them as members and partners in working on that study.

I'm here to mainly address the issue of -- you know, when we talked about mergers my workers get very nervous, okay, as long as all the other entities that have been mentioned in the report -- the Turnpike, the DOT, New Jersey Transit-- Because we do have jurisdictional boundaries. And as history has shown throughout some of the various mergers -- for example the Turnpike and the Parkway -- sooner or later those costs-- What was put out there as a cost incentive, usually, 9 times out of 10, comes back somewhere down the road to affect the workers. That's why I commend you guys, especially Chairman Wisniewski, for the statements that he's made that these are things that have to be addressed. Because

right now, along with all those individual entities, in discussing that with my colleagues, we're all very efficient in our own way. But we're also working understaffed, okay? And I think the history has shown, throughout the most recent years, that we are more efficient than even getting contractors out there doing some of the work, okay? I know the Turnpike -- and guardrail -- itself is very responsive; we get out there as soon as possible because we have the assets in place and the manpower to do the job to get the lanes open, get the guardrail repaired, and get traffic flowing.

And snow removal, I think we're all-- It's funny; all the Parkway and the Turnpike and the DOT, we all have our little bragging rights. It's like being around baseball and football fans, especially in an area like this where we have so many pro teams. But we all take individual pride.

Now, one of the things, when they merged the Turnpike a few years back with the Parkway, they had talked about -- they put out the Hay Report. And over the past months I've gotten little excerpts from the Hay Report. When it came to maintenance, Hay Report stated in it that the Parkway and the Turnpike were both culturally different, but equally efficient in their own way, and those should be left unaltered. And unfortunately, over the course of time we've dealt with some work rule issues and stuff like that which have definitely disrupted the harmonious relations, at times, with the workers and management. But of course, moving forward, we've always worked through those issues, and we've always maintained doing our jobs to the utmost.

So I'm just going to finish up with this. We do-- As a driver of a Suburban who has to get premium gas -- because if not, my truck screams at me -- I'm definitely in favor of a gas tax. And I think some of these things we have to look at also, going forward, is we do have hybrids coming out now so, there again too, that's not really helping funding or paying their fair share. I mean, I will say this out front: I do not envy this Committee in the task that they have at hand, because we all recognize that things need to be funded but it's, "Oh, not me," you know? And it is a rough task. And I commend the ladies and gentlemen on this Committee on the job that you do.

Other than that, I'm just going to say thank you for your time.

ASSEMBLYMAN WISNIEWSKI: Kevin, thank you for your testimony. We appreciate the work that you do for the people of the State of New Jersey on the Turnpike. Your employees are the people who make it easy for us to seamlessly get on at 8A and get up to 13 without thinking about it. So we appreciate that.

MR. McCARTHY: Oh, thank you. And as part of that maintenance crew, I take that very well. Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

MR. McCARTHY: Take care.

ASSEMBLYMAN WISNIEWSKI: I next would like to invite our host Mayor. We are not only at Rutgers University, but we are in the Township of Piscataway, and I'm sure the Mayor can explain what *Piscataway* means. (laughter)

Mayor Brian Wahler.

MAYOR BRIAN WAHLER: Well, I'd like to thank the Chairman and the Committee for coming to Piscataway Township on a non-game day. (laughter) And while you're here -- you can patronize some of the businesses, while you're here.

I think this is critical, and I know the Committee members already know this -- that approximately 65 percent of the roads in the State of New Jersey are municipal streets. I know here in Piscataway Township alone we have \$45 million worth of road projects in the pipeline; \$45 million that we have to get -- actually have the engineering projects finished or almost complete and land acquisition done. The question is funding. We only get roughly \$300,000 a year through the TTF fund. That's not going to take us too far to where we have to get going.

There's a disincentive, believe it or not -- I don't know if the Committee members know this -- that when municipalities want to enter into local agreements with each other to build roadway projects on joint boundary lines, the Department of Transportation -- whatever Administration is in -- treats it as one project, when actually both towns should be getting what their normal allocation is in a given year. So there's a disincentive out there, through the Department of Transportation's rules, that treats it differently. So if you want all these roads to be repaired around the state -- especially at the large collector and artery streets -- it's not going to happen.

So I think whatever happens next year with the TTF fund, there needs to be some language changed that at least municipalities should be going back to getting their allocation percentage. When it first started out during the Kean Administration, I think it was like 23 percent of the

TTF fund was there. Now we're down to, I think it's like 14 or 15 percent. I, for one-- Given that we're a very large suburban community, our daytime population rises up to over 100,000. But we have a lot of commuter traffic. I would like, for one, to see the TTF fully funded and that the ratio be changed out so that municipalities and the counties which have a substantial share of the roadways be taken care of.

I'm in favor of some sort of increase in the gas tax, and I'll tell you the reason why. As we all know, with cars becoming more fuel efficient, there's less gasoline being bought. So therefore, there's less money going into the TTF fund, even though that's a good thing that the cars are being more fuel efficient. But unless this Committee -- and not just in the State of New Jersey, but around the country a lot of the state DOTs are going through the same thing. And having served on a transportation committee for the United States Conference of Mayors, I've talked to my colleagues around the country and how they're handling it.

But something has to give. I mean, there are only so many times you can do pothole repairs in the middle of the winter. And take it from a Mayor who shut down -- does not hesitate to shut down a major arterial road in our town, if I think it's unsafe, to prove a point to the utility companies -- something needs to give. And if you need support or anything, I'd be more than happy to come before this Committee again, wearing my other hat as a League officer to do that.

But just as the home Mayor, thank you for coming. I'd like to thank all the people here in the room who showed up here today. I know it gets a little chaotic around when classes change here on campus. I hope you

have a safe trip out of Piscataway, but stop at one of our local restaurants before you go.

Okay, thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Mayor, thank you very much.

I'd next like to call Daryn Iwicki, Americans for Prosperity.

DARYN IWICKI: Thank you, Chairman. Assemblyman, it's good to see you again.

ASSEMBLYMAN WISNIEWSKI: Good to see you.

MR. IWICKI: Just a couple of things that I wanted to point out here that haven't been addressed here; I believe they were addressed at the last meeting: Just the overall cost of our roadwork here in the State of New Jersey.

The Reason Foundation, in their 21st annual National Road Report, said that the cost of roadwork per mile in the State of New Jersey was \$2 million. The closest state next to us is Massachusetts at \$579,000. We talk about the quality of our roadwork here in the State of New Jersey. We rank 45th according the Reason Report on the quality of our roads.

Where is our money going if we are spending \$2 million on roadwork, and we're still 45th in the nation with the quality of our roads?

One thing that AFP would advocate for, for you all to take a look at, is a full audit of the Transportation Trust Fund going back for, a bare minimum, 10 years, and figuring out where the money is going. Where is the money going to? Is it going to administrative costs, is it going to actual roadwork? What are the reasons for spending \$2 million in the State of New Jersey?

Now, we have some ideas. I think some of that has to do with project labor agreements; I think some of that has to do with prevailing wage. And let me clear: I do not fault those members of unions for getting everything that they do. I don't fault the union heads for bargaining. Who I do place some of the blame on, though, are members of the Legislature who allow these agreements to come forth, driving up costs.

Now, there are other things that drive up costs too. We've heard it before: bad roads here because of weather, just the timing of when we had to do our roadwork. Sure, that does drive up the cost. But I don't think any member really knows what drives costs to \$2 million per mile. And so a full audit, I think, is well in the works.

Now, the problem that we see constantly -- and I have the privilege, with my job, of talking to constituents around the state -- and the problem is they just don't trust the New Jersey Legislature to spend the money the way that they need to. And Chairman, you pointed out yourself that there have been mistakes compounded by both Democrats and Republicans. And there's no guarantee, even if we constitutionally dedicate it -- despite the fact that it's already constitutionally dedicated -- there's no guarantee that the money will be -- done with it the way it's supposed to be.

And so it doesn't matter what we put into it; if it's going to be continued to be used as budgeting gimmicks down the road, the only people who we're hurting here are our lower-economic folks. And trust me, I've been there before. My mom and dad counted every single penny and knew what it cost to get to and from work. I remember being 9 years old; my mom sent me in to go get bread at the local bakery. I go in, I had about 50 cents worth of change; I left it there at the counter for a tip for the lady at

the thing. I felt good about myself. I get back in the car, and my mom goes, "Where's the 50 cents?" I said, "Mom, I left it at the counter for the lady." She said, "Well, you go back in there and get that because that's gas money for Dad and I to get to and from work."

New Jersey residents are counting every single penny that they have. And so having a gas tax increase, we're vehemently opposed to. How do we find that funding? I think it's simple. I think we look at the General Revenue. The funding sources are there. We have a \$32 billion budget; 2 percent -- now, I'm not a math major, and I didn't go to Rutgers, so I apologize. But I think 2 percent out of a \$32 billion budget is roughly \$640 million. You take out 5 percent, it's \$1.6 billion. And that covers the amount of money that we need.

You could do a hybrid. If we're consolidating down, we're finding cost savings in other places, we look at the General Revenue to help us out in the short term to figure out what it is that we're doing. Apply for a full audit to see where our money is going -- I think that will help us in the long run. It will take away the need to raise the gas tax here in the State of New Jersey, which I know we all have concerns about. Even 57 percent of New Jersey residents do not want to see a gas tax raised, even if you guys promise that it was going to be constitutionally dedicated. They do not want to see it. So we have to look at other General Revenue sources. And I think coming out of the General Revenue fund is a fair and honest way of doing it.

Now, you want to talk about spreading the cost? There is going to have to be some cuts when it comes budget time next April through June, when we have this discussion. But I think that would be the fairest way of

going about it; it would spread the pain across more individuals, at that level, than it would be hurting lower economic families here in the State of New Jersey with a regressive tax such as that.

So with that, we'll keep it simple and short. But I would encourage you to at least express some interest in auditing the TTF and in looking at the General Revenue fund to fix the Transportation Trust Fund.

Any questions?

ASSEMBLYMAN WISNIEWSKI: Daryn, I have a question.

MR. IWICKI: Yes?

ASSEMBLYMAN WISNIEWSKI: How do you come up with the \$2 million-per-mile figure? What's the methodology that you've used to arrive at that number?

MR. IWICKI: Reason looks at a variety of things. They look at the maintenance costs, they look at cost of new roadwork, and then they look at the, I believe it's -- hold on, I have it here -- they look at the administrative costs. The biggest problem with it, that I saw, is just the capital bridge disbursements per State-controlled road is \$790,000; that ranks us 50th in the nation. In terms maintenance disbursements, \$154,000; that ranks us 50th. And then our admin costs are roughly \$44,000; and that ranks us 45th.

ASSEMBLYMAN WISNIEWSKI: You're saying in terms of what we spend, we're ranked 50th.

MR. IWICKI: Correct, per mile. And that's-- I could forward you all the Reason Foundation Report if you'd like to take a look at it. But, I mean, in the grand scheme of things, it just seems that we're spending a lot more than some of our counterparts are when it comes to roadwork here

in the State of New Jersey. And, like I said, I don't have the answers; I don't think the general public has the answers. And that's why I think an audit would be sufficient to figure out exactly where our money is going when it comes to roadwork here in New Jersey.

ASSEMBLYMAN WISNIEWSKI: I would just ask you to look at those numbers, because what I believe those numbers take into account are things that aren't related to roads. We send our Transportation Trust Fund dollars buying rolling stock for our rail system; that doesn't go into the building of roads, but I believe you're taking that into account. So I think the number is inflated.

But the other question I have for you is, you're suggesting that we rely on the General Fund to fund the Transportation Trust Fund. You're aware that in this current fiscal year there's about \$400 million, almost \$500 million coming out of the General Fund to pay for the debt service that we've already issued.

MR. IWICKI: Listen, I hear you, but here's the problem.

ASSEMBLYMAN WISNIEWSKI: So the question is, is what are you proposing gets cut out of the General Fund to come up with this \$1 billion?

MR. IWICKI: I would have to take a look at the budget process. I think your colleagues on the Budget Committee, when it comes time, have to look at what are the top priorities. And here's another point I'll make: Why not list out the top 100 projects that we have here in the State of New Jersey? What's priority one, and what do we need to fund?

ASSEMBLYMAN WISNIEWSKI: No, no. But my question is just really simple. We just had a budget process that we went through --

where some of the members here serve on Budget -- where we're \$800 million short in the current budget year. So what you're suggesting is-- And that number is still in there; it got baked into the new budget. Finding \$1 billion on top of that -- how do you do that?

MR. IWICKI: Well, listen. The state of Pennsylvania is much larger, bigger, and they spend \$4 billion a year more than us. I think we can find some money, some cost savings somewhere within the budget. Now, that means that we're going to have to cut some of the projects that might be near and dear to our hearts to be able to come up with the funds to do it.

Now, again, you have to look at the budget in its entirety and find out where the costs are going to be and where those savings are going to come from. But it shouldn't be the burden of the New Jersey taxpayer -- those who go to the pump every day to fill up their car on a weekly basis to get to and from work -- to bear the burden of poor mistakes by the New Jersey Legislature over the course of decades. And that's exactly what a gas tax does. It forces New Jersey residents to bear the burden of mistakes that were made over the course of a decade from the New Jersey Legislature. There is just no other way of putting that.

ASSEMBLYMAN WISNIEWSKI: So you're saying that the widening of the Turnpike was a mistake?

MR. IWICKI: I think the costs to that are the mistake.

ASSEMBLYMAN WISNIEWSKI: I don't think you could get it done for free, do you?

MR. IWICKI: No, but I don't think, looking at what we spent -- we need to address the spending problem. It doesn't matter if we put in

50 cents into the gas tax, or implement a 200 percent increase of the gas tax.

ASSEMBLYMAN WISNIEWSKI: Do you think the Hudson-Bergen Light Rail line was a mistake?

MR. IWICKI: We could have that discussion. I mean, listen -- light rail, time and time again, doesn't always prove to be most beneficial to a lot of economies and it's a stress when it comes to the budget process.

ASSEMBLYMAN WISNIEWSKI: Do you think the bi-level rail cars on our (indiscernible) network were a mistake?

MR. IWICKI: Bi-level did all right. But, I mean, again, we need to look at the full institute of the Transportation Trust Fund.

ASSEMBLYMAN WISNIEWSKI: I understand. But you've come before the Committee saying that there have been mistakes made. I'd just like you to specify one specific mistake, in terms of a transportation project, that's been undertaken so the Committee can be enlightened as to what shouldn't happen in the future.

MR. IWICKI: I get it. It goes back to costs for me. It's the cost of what we spend, time and time again. And, I mean, besides the fact that we have raided the budget -- the Transportation Trust Fund -- time and time again -- that is a mistake.

ASSEMBLYMAN WISNIEWSKI: Can you show me specifically the budget year where TTF dollars -- dedicated dollars have gone into the General Fund?

MR. IWICKI: I'd have to go back and take a look. But I can tell you another mistake, too, is all the bonding that we've done. I mean, we've bonded, and bonded, and bonded, and have gotten ourselves into the

position that we're in right now. We can't borrow anymore against the Transportation Trust Fund. If we could, I don't think we'd be having this conversation right now, because that would be the easier way of going about it -- would just be to bond it.

ASSEMBLYMAN WISNIEWSKI: Okay.

Anyone else?

ASSEMBLYWOMAN STENDER: I do.

ASSEMBLYWOMAN STENDER: Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

Thank you, and welcome.

So this \$2 million-per-mile figure that you represented: Could you go back over again how that was calculated? Because it all sounded pretty vague and unsubstantiated. And I think it's a pretty staggering number, and I think we really need to have a better understanding if, in fact, that's the truth.

MR. IWICKI: I will-- I can-- I'll share the Reason Foundation Report with you.

ASSEMBLYWOMAN STENDER: I'm sorry -- whose foundation?

MR. IWICKI: It's Reason Foundation that puts it together.

ASSEMBLYWOMAN STENDER: What is the Reason Foundation?

MR. IWICKI: The Reason Foundation is a nonprofit Libertarian group that looks at economic issues and a variety of other issues around the nation. And so they put together a report; this is the 21st year that they did it. Last year, they said it was about \$1.2 million that was the

cost of roadwork here in the State of New Jersey. But I'll-- They give you all the facts and figures as to how they come up with it and all the configurations as well.

ASSEMBLYWOMAN STENDER: So the rankings that you represented, is that also from the--

MR. IWICKI: All Reason Foundation.

ASSEMBLYWOMAN STENDER: All Reason Foundation. And are they ever reviewed within the context of other information that's out there that established these costs? Or is it just -- they just come up with it all by themselves?

MR. IWICKI: I believe they use a lot of the DOT figures when they come up with their cost analysis -- at the national level.

ASSEMBLYWOMAN STENDER: No, but I'm saying are the standards that they use to come up with these numbers -- are those standards that are accepted within -- nationally and within the industry? Or is that just your standards?

MR. IWICKI: I believe it would be standards across the industry. I mean, they use a lot of bright individuals. It would be no different than using the New Jersey Policy Perspective or some of the things that they've been quoted on -- the Move New Jersey Forward (*sic*).

ASSEMBLYWOMAN STENDER: The other question I would have then is, so your position is, is that we should do nothing; we should do nothing in terms of additional revenue -- even though, as you pointed out, the problem is, is that the Fund is broken because of the amount of debt that has to be paid no matter what. Which I presume you support us paying--

MR. IWICKI: Well, you would have to, otherwise you could see our credit rating continue to plummet as it has over the last five years.

ASSEMBLYWOMAN STENDER: Exactly. So if we are not raising new revenue -- which you are opposed to; and we understand the budget calculations which, with all due respect, I think the suggestion that we just merely take it out of the General Fund reflects a real lack of knowledge of the condition that the State is in at this point. So is your position that we should do nothing, because the cost to people, in terms of an increase in a gas tax or some combination is a greater benefit to individuals than the \$600 a year, on average, everybody is spending because of the conditions of our network?

MR. IWICKI: I don't think it's a-- It's not a "do nothing" approach, as much as it is to find out why it costs so much in the State of New Jersey. I think that is the question that people want to know. I talked to folks around the state. The biggest question is why does it cost so much for roadwork and transportation in the State of New Jersey? And I just don't believe that we have the answers. And it's not to anyone's fault, but I've spoken to your colleagues and they don't even know why we spend so much.

That's why I think if we address the issue of why we spend so much, and figure out where that money is going, put a list together of what the top needs are in terms of transportation here in the State of New Jersey, find out what the cost of those projects would be, and then go through and organize those--

I mean, here's-- Is it fair to say that this is the number one issue in the State of New Jersey, the Transportation Trust Fund? I think it is. Is that a fair assessment? I don't want to put words in your mouth.

ASSEMBLYMAN WISNIEWSKI: It's your testimony. You characterize it however you'd like. (laughter)

MR. IWICKI: Fair enough.

Here's the point I'll make on that, though. I mean, this is why people get concerned about this. We're going to ask New Jersey residents to spend \$120 million a year out of the CBTE and the General Fund to fund Open Space, when that money could have been used, probably, in a better light to be dedicated to the Transportation Trust Fund rather than Open Space.

ASSEMBLYMAN WISNIEWSKI: You're against acquiring more Open Space?

MR. IWICKI: Even a Rutgers study says that acquiring more Open Space causes property taxes -- it costs more in terms of acquisition of land in the State of New Jersey. Now, if land acquisition--

ASSEMBLYMAN WISNIEWSKI: I just wanted to make sure. So you're against buying more Open Space.

MR. IWICKI: When we have 30 percent of preserved land in the State of New Jersey, and we have other pressing issues -- and I think the Transportation Trust Fund is probably the more pressing issue here -- then, yes, I think Open Space should have been put to the back burner.

ASSEMBLYMAN WISNIEWSKI: I just wanted to make sure I understood your position correctly.

I'm sorry, Vice Chair Stender. Do you have anything else?

ASSEMBLYWOMAN STENDER: No, I'm done. Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other members?

ASSEMBLYMAN RUMANA: Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Just to pick up one of the points you were making.

And I appreciate the idea of auditing and finding out where dollars were spent. I support that there, and I think when you're looking at efficiencies of how the dollars were spent over the years-- The Chairman made an excellent point at the last meeting, which was oversubscribing the money; and that's had a major, long-term impact on where we are today and where we're going in the future. That's got to be dealt with, moving forward to the next round of legislation.

Another thing that's of concern to me -- and it's something that we've learned through this process -- is bonding longer than the life of the projects that we are constructing. For instance, road repaving projects that are being bonded for 30 years and they're only going to last between 6 and 10 years. That's an absurd use of the money. And, moving forward, we have to change that in legislation so that doesn't happen. I think it goes to some of the points that you're making that -- looking at how money is spent; that's what we need to review. And when we come out of this thing, after all these hearings, and we ultimately get to the point where we're going to be able to find out how to fund all the transportation needs of the State, things of that nature have to be a part of this project. The lockbox, making sure that the money can only be spent on transportation projects and can't

be spread around to other places in the budget -- that all needs to be a part of this process.

So I appreciate your commentary, and those are some of the points I think we need to hit on to attack your concerns.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

Thank you very much for your testimony.

I'd next like to call Anthony Attanasio, Utility and Transportation Contractors Association.

Good afternoon.

A N T H O N Y A T T A N A S I O: Good afternoon, members of the Committee. Thank you very much for having me today.

Much like I did at the last hearing, I do not have prepared remarks. I speak from the heart and mind on this issue, both as someone who recently spent time in the Administration -- in the transportation agencies -- and also now someone who represents the contractors.

And I have to admit my prepared, what you would call, *schedule of remarks* has now been turned upside down, because I have to speak to some of the issues -- some of the things that we just heard from our friends at Americans for Prosperity.

The \$2 million-a-mile number is factually inaccurate. It is an absolute falsehood.

ASSEMBLYMAN WISNIEWSKI: Tell us why.

MR. ATTANASIO: Well, I mean, the main reason why is when you look at-- There are a lot of confusing methodologies. There have been a lot of studies like this over the years. And the simplest way to do it is this: Quite often, these groups will take the entire capital budget --

capital program -- and they'll divide it by the number of miles in the state. And then they'll say, "Oh, it costs X amount," or they'll use some other false methodology to determine what the actual cost is. And personally, as someone who now represents the industry that builds our roads, and bridges, and rail infrastructure, and as someone who oversaw a major piece of the Department of Transportation as an Assistant Commissioner, I'm offended by folks who go out there and just throw fake numbers around. Because that's what it is.

I will give you an example, a recent example. One of our members just completed a road project for the Department of Transportation where they paved five miles of road. And the cost of that project, from soup to nuts, was \$1.6 million. And I'm not going to bore everyone here, but we can go project, by project, by project, and I will show you that that \$2 million number is intellectually vacuous; and misleading to the Legislature, to our Governor, and to the people of New Jersey to be putting out false numbers.

With my old hat on and my new hat on I can honestly tell you there are absolutely efficiencies to be realized in transportation spending in this State. There is no question about that. The Chairman and Assemblyman Rumana are sponsors of a bill that would greatly reduce the cost of utility relocation in this state, which would provide greater project delivery, faster, more efficiently.

The idea of consolidation is something that should be studied. I agree with some of our friends in the labor world that you can't just say, "Consolidate," take these massive agencies with their complex book of businesses and smash them together and say, "We're going to save all this

money.” That’s not going to happen overnight. What needs to be done is, we need to study where there is redundancy and efficiencies (*sic*) we have because of duplicative services being rendered by multiple agencies. Every single one of these agencies has a procurement department, an HR, this and that. There’s definitely a study to be done to show where the savings are in those agencies.

It just needs to be said that it’s not \$2 million per mile. And we can get into what the actual costs are. Now, it does cost more to build roads in New Jersey than it does in Idaho, or it does in Wyoming, or in these other states. Our land costs more, our labor costs more. We want the folks who build our roads to live in New Jersey so that they buy their food here, pay their taxes here, so that they are part of the economic engine of our State. In order for that to happen, we have to pay a prevailing wage that keeps folks able to live in the state where they work. We think that’s a good thing.

Another thing that’s been going on, as far as factually inaccurate information being spread to this Committee and to the members of the public, has to do with PLAs -- project labor agreements. Our industry opposes PLAs on public work projects -- heavy highway -- because it would increase the cost to do road projects; there is no question about that. And guess what? We don’t have PLAs on road projects in New Jersey. When the law was passed in the McGreevey Administration, heavy highway work and transportation projects were carved out on purpose because it was easily articulated that PLAs on road project increased the cost of those projects -- so road projects were left out.

So now you have folks-- And it's nice to be part of an advocacy group that can throw grenades out there but doesn't actually have to produce the solutions. What upsets me, though, is when you are given false information. So \$2 million a mile is false, and I can prove that through actual projects delivered. And there are no PLAs on road projects.

So now back to my somewhat prepared remarks that I wanted to share with you today. Thank you for indulging me in that.

We currently have a system where-- And today's focus was supposed to be safety and quality of life. And there's no question that when we have a fund -- and I've said this before, individually to Legislators I've met with, and to groups like this. My son just turned 1 last week; he's the light of my life. I would do anything for him, and I would do anything to protect him; and making him pay for road projects that were done while I was at the DOT and right now, while I represent the contractors, is atrocious. We don't go to dinner, eat food, and then hand the bill to our children. But that is what Administrations, past and current, and Legislatures, past and current, have done with transportation funding.

My son will be paying for roads that were paved while I was Assistant Commissioner up until the time he's 25 to 28 years old. That's just not a way -- that's not how to improve the quality of life of our children and our future generations.

It's not easy to say to the people of New Jersey, "We know you're already overtaxed, but we need to take more." However, this isn't a tax that goes into the General Fund -- which Vice Chair Stender appropriately pointed out, is in a horrific condition; I don't think anyone in New Jersey, if asked, would say, "Yes, I want to give you more of my money

and put it into that pot.” But when we can show them the return on investment from investing in infrastructure, investing in transportation in our state, we can show them that this money actually has a return on investment -- it will get you to work quicker, it will get you to work safer, it will leave you with more time to spend with your family -- which is the ultimate goal of the quality of life initiative and investment.

You know, we talk about choices, and we talk about the state of the Fund. Some of the choices that the DOT has had to make-- And I think Jim Kirkos really summed it up with some of the pieces of the Route 3 project that were left out, and what that’s going to cost us one day to actually do, and what it’s going to do as far as we didn’t deliver the most efficient and best project we could today.

There are other examples of that all over the state. The Route 37 Mathis Bridge, which takes you from Toms River into the barrier islands -- the DOT is about to put that bid out. And what they are going to do is, they are going to rehabilitate the current moveable bridge, okay? What they should be doing is replacing it. Right next to it is a bridge that’s been elevated so that it doesn’t have to open and close when marine traffic comes through. But because the Department doesn’t have the funding to properly invest in its network, it’s going to rehabilitate the moveable bridge, which costs more to maintain, more to operate. And, by the way, it just doesn’t make sense to me why we would make these decisions, but the Department has no choice because they have a statewide network they need to maintain.

On Friday, I had the honor of emceeding an event dedicating the Route 71 bridge to Bob Briant Sr., our former CEO, a legend in transportation. He passed away, and the Chairman was a prime sponsor of

a bill that dedicated the Route 71 bridge. The Route 71 bridge is also a movable bridge. Prior to Hurricane Sandy, it was fully rehabilitated -- fully; the whole electrical system, every part of that bridge. When the storms came through the water rose to a level that submerged the electrical system. So that bridge, which had just been fully rehabilitated by the Department, had to be fully rehabilitated again -- the electrical system portion at least. If we had proper transportation funding in this State, we would have raised the bridge. We're not improving our system; we're playing catch up all the time trying to maintain what we have. And we're not even doing that well because we don't properly invest in this issue.

As far as investment is concerned, Assemblyman Rumana has pointed out that 31 cents a mile, which is what would be needed, is still not enough for long-term planning. And he's correct. What has happened is, because we haven't addressed this issue for 30-plus years, what was once the silver bullet -- the gas tax -- is not longer a silver bullet. Which is what, Speaker Oliver, we get to with a menu of options. What are other options we need to be looking at? Gas tax, petroleum gross receipts, car rental fees -- there are a million and one options that Forward New Jersey has put out. Forward New Jersey, I think, is doing an incredible job of trying to focus people on what we really should be talking about first -- which is the problem, not the solution. We'll get to the solution once we've quantified and articulated the problem, which is what's happening. And I have seen a change in media coverage in the last months, than I've seen in the last five years, which is folks are actually starting to talk about the network itself, its effect on their life, and how they're being affected.

You know, I look at-- When you talk about the impact of gas tax on people, first of all we have to repeat over, and over, and over again: one-third of the people who pay the gas tax don't live in New Jersey. So when we talk about equitable distribution of paying into the system, and we're asking for New Jerseyans for more money, let's remember we're asking folks from Delaware, New York, Pennsylvania and other states as well to invest in the system they're driving over when they are here in New Jersey.

P3s -- private-public partnerships are absolutely a tool that needs to be in the box. We need enabling legislation that will allow the State to explore P3s. I think another misconception that needs to be cleared up is -- P3s will not replace revenue; it doesn't replace revenue, it's in addition to. We need to properly invest in transportation we need to protect that money, we need to spend it wiser, and then we need to have the ability--

My first year in the Administration I worked for New Jersey Transit, and I was here, unfortunately, for the death of the ARC Tunnel which, for financial reasons, was the right thing to do. But for transportation reasons, it was devastating -- even before Hurricane Sandy. Those two tunnels that we take to go to New York every day-- I'm the son of a 30-year commuter on the Raritan Valley, who had to run down and up those steps to switch trains. We need new trans-Hudson capacity, but we cannot afford, with this current Trust Fund, to build it -- especially when we don't have partners in New York who would be willing to put their fair share into it.

ASSEMBLYMAN WISNIEWSKI: Well, I would just disagree with your testimony. It was a bad decision, financially. We had an

unprecedented level of Federal commitment; the largest single-funded public works project in American history was here in New Jersey -- building a new tunnel. And it was canceled; and it was a decade in the planning at that point in time. We are nowhere near the same point in the current Gateway project, and we are now hearing from Amtrak that the one tunnel we do have -- two tracks -- may not be there for as long as we think. And so we've really painted ourselves into quite a corner. And it was, as we all know, an opportunity to take that money and reprioritize it, because it was a failure to make the right decision on the Transportation Trust Fund when we should have.

MR. ATTANASIO: And the engineering documents and the planning that was put into ARC are still available. And if folks had the ability -- if the State had the ability to engage in a P3 project, where other sources of financing could be engaged, that could be accelerated. And the bottom line is, we need to be building new trans-Hudson capacity as soon as possible because if we lose our ability to be the labor market to New York, the ramifications to our economy would be devastating.

You know, this really is all about quality of life. Folks haven't touched on safety too much today, and I'd be happy to present information on that. But the reality is that I grew up in this state; my wife, brother-in-law, and father-in-law are all graduates of this great university; and I bought a future Rutgers magnet for my son. As a St. Joe's grad, I don't know if I'll be able to afford to send him back there, but Rutgers is a fine institution.

I want my son to grow up here. I want him to be able to go to Rutgers. I want him to be able to drive here if he's a commuter, or for us to

visit him. If we don't invest and protect that investment, these are not going to be possibilities and it's not going to be a reality.

So thank you very much for the opportunity to speak today.

ASSEMBLYMAN WISNIEWSKI: Anthony, thank you for your testimony.

I know Vice Chair Stender has a question.

ASSEMBLYWOMAN STENDER: Yes, thank you very much.

And thank you, Anthony; thank you for being here and for speaking to some of the issues that have been before us today.

On this public-private partnership -- which I certainly love the sound of that; and when we talk about trying to do that in New Jersey, the question that always comes to my mind is, that in order for that to work, there would need to be some kind of a guaranteed revenue stream. So when we talk about that, are we talking about projects that would anticipate a toll on it, somehow? You know, is it like build a bridge, but now you're going to pay a user fee to go over it? Or is there another -- is there some other way of achieving that, that you think of when you talk about those partnerships? Because I think it's a great idea, in concept, but I'm not sure what that means to people.

MR. ATTANASIO: Right. And speaking for our industry, we do not support a P3 process that would put the State on the hook for years to come: future availability payments, or in case of a concessionaire going bankrupt and that falling to the State. We don't support that. So you do need a guaranteed revenue source. Because, look: The market doesn't invest unless it sees its return on its investment, right? So one of the reasons P3s have been so successful in Florida is they're building brand new

roads through previously undeveloped territory, and they're tolling those roads. There would need to be some form of revenue, which is why one of the things we've spoken to is that we think P3s are the perfect thing to look at for mass transit and freight investment. The HBLR -- I'd like to answer one of your questions -- it's been a massive success. It is an unbelievable investment that-- It was kind of a public-private partnership; it was almost like a hybrid of that. But if we were to expand that line, or expand the Glassboro line, you have ticket revenue which could be-- I mean, a deal would have to be made -- and that's where to get the private sector investment -- there would have to be whatever piece of the revenue.

So yes, there needs to be a dedicated revenue source to attract the P3. And it's only on projects of that magnitude where that's possible. And that's why, when folks want to say, "Let's take a look at the DOT's capital program and find what projects in there could be done as P3s," the answer is there can't -- because you're not going to toll current State roads. The projects aren't large enough to attract the type of investment you would need from P3. But there is no question that there are megaprojects -- there are projects that we need potential financial help from the private sector to invest in that would have (indiscernible). New tunnels to New York City -- there would be passengers sitting on those trains. I mean, I know from having grown up on the Raritan Valley line, all the northern lines, and other lines that don't have direct seats -- the new ridership that would be attracted if you had a one-seat ride, there's just no question about. However the deal was struck with New Jersey Transit and the State that whatever piece of the ticket revenue -- that's up to the folks who run the agency to make a wise decision on a project like that. But it's something we

should be looking at, and we need the legislation in order to execute, if the right deal is presented to the State.

ASSEMBLYWOMAN STENDER: Thank you very much.

MR. ATTANASIO: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

I don't see any other questions; Anthony, thank you for your testimony. I appreciate it.

MR. ATTANASIO: Thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call Cathleen Lewis, AAA Clubs of New Jersey. And following her we'll have Deb Cornavaca, New Jersey Working Families Alliance.

Cathleen, good morning -- or good afternoon.

CATHLEEN LEWIS: Good morning -- good afternoon.

Thank you, Chairman and Committee, for having this hearing today.

You all should have my testimony, so I'll try and sum it up for you.

I'm here today on behalf of the AAA Clubs of New Jersey, who represent 2 million members in the state, which is over a third of the driving population. And I think it's important to note today we often think of AAA as safety advocates -- and that's what I'm here to talk about today -- but really the issue at hand today goes to the core of what AAA is.

In 1909, nine motor clubs, including the New Jersey Automobile Club, banded together to become AAA. And the reason they banded together was to find a way to advocate for highways to be built that would be safe for automobiles. And it's kind of sad that we are still here

today, 113 years later, trying to figure out how to solve this problem.

But I congratulate you, and I know that you have a difficult task ahead to try and solve a problem that has yet to be solved in over 100 years.

Part of the reason it hasn't been solved is because transportation funding is a constant need, particularly here in New Jersey where we are not only looking at the usage that comes from our residents, but from the travelers because we are a corridor state. So I think it's important that when we talk about sharing the burden we are sharing it with everyone who uses our roadways.

For over a decade AAA has created a report that asks motorists their views on a variety of topics: both the conditions of their commutes as well as safety. In 2009, 39 percent of motorists said that their commutes had stayed the same over the last two years. That same question in 2013, 37 percent said their commute had gotten worse. Residents see what happens when we don't make the proper investment. They understand that their roadways continue to deteriorate.

And what that means -- we've heard a lot about how -- what that means to engineers, what that means in numbers, what it means that -- how many of our roadways are in disrepair. But here's what it means to your average commuter. It means longer commutes; it means higher repair costs; it means weakened roadways and increased crash risk. I think that every single person up here has been in the unenviable situation of being on a roadway and realizing that about 5 to 10 feet ahead is a huge crater of a pothole. And the choice you have to make is, "Do I drive through that

pothole and cause untold amounts of damage to my vehicle, or do I swerve and crash into a car next to me?”

The choices that people have to make on the road are untenable. If there's a crash, we know the cost of a crash. If they drive through that pothole, what they will incur is a bill somewhere between the cost of \$50 for a simple wheel alignment, to \$2,500 or more if we start to look at the damage that's been done to their wheels, their suspension, and all the rest.

There are significant costs to not doing these projects. And it's not just the costs that go up because we haven't fixed our roadways, it's the cost to the average commuter because our roads are unsafe.

The risk for those potholes and uneven pavement is even worse when you look at motorcycle riders. Motorcycle riders face not just, “Am I going to do damage to my vehicle?” it's, “If I hit that pothole, am I going to crash my vehicle and be out in the middle of the roadway?”

Delaying infrastructure investment also creates additional crash risks by creating larger projects that need more traffic diversion. We've all been on the roadways. If we have huge detours continually for long periods of time, motorists get confused. They don't know where to go, they don't know the difference of the traffic pattern. You see newspaper article after newspaper article about the fact that crashes occur in those work zones because people are confused about where to go with those detours. Those happen because we haven't been able to put money towards the huge investments we need to be fixing, and we wait for roadways to crumble even further before we fix them.

Waiting for our roads to collapse is not a solution. We cannot wait; we cannot allow this unsafe environment to continue for our motorists.

I'm happy to answer any questions, but I think it's important to note that all of these big numbers we're talking about have real consequences for our average commuters.

ASSEMBLYMAN WISNIEWSKI: Cathleen, thank you for your testimony.

Members of the Committee, any questions? (no response)

Where do you get your wheels aligned for \$50? (laughter)

MS. LEWIS: I don't know; I'd love to know that too. Not in my neck of the woods.

ASSEMBLYMAN WISNIEWSKI: I was looking at your testimony--

ASSEMBLYWOMAN STENDER: I do have a quick question.

ASSEMBLYMAN WISNIEWSKI: Vice Chair Stender has a quick question.

ASSEMBLYWOMAN STENDER: I'm sorry. The number that we are using currently, that I've seen most commonly referenced, is the \$600 a year that it's costing people because of the condition of our roads.

MS. LEWIS: Yes.

ASSEMBLYWOMAN STENDER: Now, is that all drivers, or is that just commuters, or could you speak to the issue of how that's calculated?

MS. LEWIS: That is the average wear and tear. So that is increased costs because you're going to need tires more often; it's increased

costs because you are going to have to get your alignment more often because of the condition of our roadways.

The larger number-- And that's average across the board, which means that there are some drivers who are really lucky and don't have to get any repairs, and then there are some drivers who have to get their entire undercarriage redone because of what has happened when they are on the roads.

The numbers I cited are cost-per-incident, so somewhere between \$50 to \$2,500 is a regional guestimate of what it's going to cost when you hit that pothole.

ASSEMBLYWOMAN STENDER: Well, as somebody who has replaced three tires in the last year, I know that those figures are pretty accurate.

Thank you.

MS. LEWIS: Thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Hi, thank you for appearing here today.

Your analogy of your choice of either going through the pothole or swerving into the other lane kind of reminds me of the choices we have here, as legislators. Neither option seems very good.

What is AAA advocating for here? Are you advocating for an increase in the gas tax? If so, how much; or a combination of different things? Or are you just saying, "We need to fix it and it's up to you to figure out the formula?" (laughter)

MS. LEWIS: I think it's a couple of things. One, today I wanted to talk about the safety piece, so I didn't delve into the funding piece. But I will tell you, one of our -- part of our study was that for the first time in the times that we've asked the question, motorists are not comfortable with approving an increase in the gas tax, even if the right safeguards are put in place. That does not mean that AAA thinks that we should back away from the issue. What that means is that we need to do a combination of things. We need to restore faith in that process. The Chairman spoke about this before, and he's right. The dedicated gas tax revenue goes to the right place; there's just not enough of it. And we haven't addressed it in so long that it's never going to be enough.

We need-- There are additional statutorily dedicated revenues that haven't gotten to the right places: heavy truck fees haven't gotten to the right places, part of the toll revenues haven't gotten to the right places. So putting those back to the right places starts to restore faith. It does not solve the problem, because it's still not enough money.

Currently, the gas tax is the only broad-based user fee that makes sense for funding roads to capture the people who use those roads. So I think that that has to be part of the solution. And I think that it is going to have to be a multi-prong solution, but that is definitely going to be -- has to be part of it, because there's currently no other way to capture all the users on our roadways.

ASSEMBLYMAN MORIARTY: Thank you very much.

MS. LEWIS: You're welcome.

ASSEMBLYWOMAN STENDER: Seeing no other questions, thank you very much. None down here, right?

MS. LEWIS: Thank you.

ASSEMBLYWOMAN STENDER: Thank you.

I ask Deborah Cornavaca from New Jersey Working Families--

DEBORAH CORNAVACA, Ph.D.: Good afternoon.

ASSEMBLYWOMAN STENDER: Good afternoon.

DR. CORNAVACA: Thank you for the opportunity to address you today.

My name is Deborah Cornavaca. For the record, I am the Legislative Director of New Jersey Working Families, which is an organization, a coalition of labor and community groups dedicated to a more socially and economically just New Jersey.

My written testimony will present our overall argument; I'd like to highlight just a few things here.

The urgency has been clearly demonstrated, both in terms of the infrastructure and the finances. Just as the infrastructure impacts our overall economic well-being, so do the solutions that we will choose to implement. They can have a positive impact on the economy and the overall health of the residents of New Jersey, or they can be a detriment.

So we must view the solutions that we need to be discussing in the context of our overall economic health and in the overall picture of all New Jersey residents. In as much, I just want to make a couple of comments in response to earlier testimony.

There is no feasible way to take this money out of the General Revenue Fund without causing substantial damage to the overall economic health of our economy and to the people who rely on social services -- such as public education, medical care, social welfare -- those people who, it's

been said, we don't want to hurt -- by other groups. I certainly agree with that. It is simply not economically feasible. And as the coordinator of our budget campaign in this organization, I am well aware of the choices that we have to make. And taking this kind of money out of the General Fund would be devastating.

Second, we can't afford solutions that will continue to hurt those people who have been most negatively impacted by the economic downturn of the past five years, and the decisions that have been made in the past five years to deal with it. Specifically, we know that poverty is on the rise in New Jersey, while in most of the nation it's been decreasing. We know that childhood poverty is on the rise in New Jersey at alarmingly high rates. We know that we're lagging behind in job growth, and we're lagging behind in recovering from the recession. We lost EITC credits in 2010 and they have not been restored.

So there's this part of our population, which is already suffering the most due to the decisions being made, that cannot be asked to shoulder the burden of the solutions that we seek. We support solutions, but we ask that you take into consideration necessary steps to protect the people who will be most hurt if we do not offer some forms of adequate compensation.

As Gordon MacInnes mentioned early on, the EITC credit that was cut could be restored. Our argument would be that it should be restored independent of a gas tax; but that we ought to be looking for solutions within the gas tax that will enable people who rely on their vehicles, who do not earn living wages in this state to be able to continue to afford to get to and from work without an unaffordable price at the pump.

We also ask that, to broaden the picture beyond just the gas tax and the solutions for the Transportation Trust Fund funding, when you look at public transportation -- another area where our lower income earners rely to get to work; to get to school now, as you see in Newark where children are being asked to take the bus across town; to get to doctor's offices; to shop, which helps the economy-- When they take these public transportation routes, we have to be sure that the service is both adequate and affordable.

As Ray Greaves pointed out on September 24 -- and it was pointed out again today -- there's been a staggering disinvestment in public transportation in this state that has put us at a competitive disadvantage with our neighbors, and it hurts the people who rely on it.

So we ask that you carefully consider necessary ways to invest, not just in improving the system to have more people able to use it, but to provide public transportation that is affordable to those who depend on it.

Looking for ways to make the gas tax fair, looking for ways to improve public transportation are just a couple of the issues that we must face. These discussions must include an overall look at our economic health and the people to whom these systems are intended to serve -- many of whom are going underrepresented in these hearings.

So my ask is this: Look at it as the Transportation Trust Fund is one ship that must be righted in a whole fleet of economic woes of ships that are turned over. As we right this ship, we have to look at the ripple effects that it will have on the other ones that also must be righted simultaneously. Sometimes points of urgency, where we have to make tough decisions, can lead to haste and waste and poor decisions; but they

also are the opportunity to lead to really great decisions that can have the effect of turning the entire tide around.

So please, please, please, as you listen to all these testimonies, take into special consideration -- I'm sorry that Assemblywomen Oliver is not in the room for this, because she first raised this at the last hearing on September 24 -- those people who rely on these systems, but are living so close to the edge that we must do something to protect them.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony.

Members of the Committee, any questions? (no response)

Thank you.

Next, I'd like to call Jerry Keenan from the New Jersey Alliance for Action. I saw him somewhere in the room. Jerry, are you still here? (no response)

We'll come back to him if he comes back.

Barry Kushnir, Local 194, IFPTE.

B A R R Y K U S H N I R: (off mike) I defer. I didn't offer testimony; I just put what I was in favor of and against.

ASSEMBLYMAN WISNIEWSKI: Ah, okay. If I had read the whole slip, I would know that. Thank you. (laughter)

MR. KUSHNIR: That's quite all right; thank you.

ASSEMBLYMAN WISNIEWSKI: Bill Ricci, CWA Local 1032.

B I L L R I C C I: Well, good afternoon, everyone, and thank you for allowing me to take up some time in your busy schedule here, and provide some testimony. I appreciate it.

Just to-- Before I begin my testimony, I'd just like to-- I guess, as a DOT employee with 28 years of service to our State, I guess I'm the one with the most experience here; or some of you might call me a dinosaur here in the Department; or some may just say I'm absolutely crazy not jumping to the private sector and making much more money than I currently do, with the simple act of just taking off one hat and putting another on Friday, and just putting another hat on, on Monday, of course.

And just also, before I begin -- a gentleman before me indicated that we perform a lot of design services in-house. Just to give you actual facts and actual numbers: We currently perform less than 15 percent of design work in-house. So on the project that I'm currently running -- which is a major project -- I currently have about 10 to 20 percent of errors and omissions in my contract, which is going to run the State and the taxpayers close to \$3 million when it's all totaled up in the end. Anyone want to guess who designed that project? Was it an in-house employee or was it a consultant employee? (no response) Well, bottom line, it came from the private sector; it was a consultant.

So once again, my name is Bill Ricci; I'm a Project Engineer for NJDOT and the Vice President of CWA Local 1032, the union that represents 2,000 professional and supervisory employees here at DOT. I have been employed at the Department for the last 28 years. Currently I am the resident engineer in Region North construction unit. As a resident engineer, I am the lead engineer who oversees our multi-million dollar

construction projects once they're awarded to contractors. I am currently working on one of the Route 7 Wittpenn Bridge projects in Hudson County.

It's my understanding that the goal of this Committee is to look into possibilities and ways to generate more dollars into the Transportation Trust Fund, by any means -- whether it's by becoming more efficient or by an increase in revenues. Of course, we all know that one of the proposals that is being floated around is a merger between the Department of Transportation, NJ Transit, the New Jersey Turnpike Authority in an effort to cut costs and to provide more money into the TTF.

Well, each of you could relax for just a little bit. I will provide some testimony here right now that will save millions of dollars per year, and will not increase one single percent of any tax.

So let me elaborate-- Well, please let me elaborate on one document that has been proven to generate millions of dollars per year back into the TTF. Over the past two decades there have been three independent cost studies comparing in-house costs versus the use of consultants at DOT -- which, at the time, were focused on just three specific units: construction inspection, bridge inspection, and design. The last one was prepared by the Division of Budget, Bureau of Program Analysis (*sic*) in 2007. The last cost analysis in 2007 showed that in-house employees were, on average, 46 percent more cost-effective over the use of consultants. And at DOT, it would have saved taxpayers over \$73 million from Fiscal Year 2013 to Fiscal Year 2017 just by stopping the outsourcing of DOT functions in those three units alone.

Now, I know some of you may say, “Hey, Bill, that was seven years ago, and that cost analysis is outdated.” And if those of you had said that to yourselves, we couldn’t have agreed with you more. Now, let’s understand that these cost analyses compare apples to apples and take into consideration everything: employee salaries, benefits, overhead, profit, etc. So let’s fast forward to 2014, and what do we know now? We know, in 2006, there were about 4,000 fulltime employees in DOT. And when the last cost analysis was completed, there was currently-- Well, as of now, in 2014, we know that there are about 2,800 fulltime employees at the Department of Transportation, in every unit. So there are about 1,200 fewer fulltime employees at DOT compared to when this last cost analysis was completed.

And we also know that the TTF program, since then, has steadily risen to a \$1.6 billion program. So do you think that there might be just a little more outsourcing going on at DOT now than in 2003, 2007 -- and maybe it’s even expanded to more of our units? Well, I think we all know the answer to that question. Work just doesn’t magically disappear. Employees, or laptops, or iPads don’t go out there and perform inspection on construction projects, don’t test materials, don’t actually do the design work. We all know that there is much more outsourcing going on at DOT than there is right now (*sic*).

So as of Fiscal Year 2014, based on the Department of Transportation’s figures -- not ours -- DOT now outsources 52 percent of the construction inspection work, 85 percent of their design work, and 70 percent of their bridge inspection work. Administration outsourcing has expanded into our operational units and our maintenance units as well.

So what else has happened since the last cost analysis was performed? Oh, yes, that's right: something small called Chapter 78, where, over the past four years, public employees now pay much more for their health care and pension benefits, and take much less money home than four years ago.

So does anyone here think that consultant firms, over the last four years, have made these same types of concessions? It only makes sense. Well, let's just say, in these hard times, not everyone is sharing in these types of concessions. Consultant employees working for DOT, over the past four years, received upwards of 12 to 15 percent wage increases, and their firms have received 20 to 25 percent wage increases -- I'm sorry -- profit and overhead on top of that.

So let's just say that we look forward to the next cost analysis to compare the work that's being performed here at DOT. I'm certain that in-house employees will be well above that 46 percent -- be a more cost-effective figure -- that I recently mentioned.

And just so everyone is aware, that money that pays for outsourcing these functions at DOT comes directly out of the Transportation Trust Fund -- so all of this at a time where we're going to ask taxpayers in this great state to possibly chip in more money to pay for transportation projects and services. And make no mistake: Our Local knows there is a dire need to have a long-term designated revenue stream of money coming in to fund the Transportation Trust Fund. But if you're going to ask taxpayers to trust you, and tell them that you're doing everything possible to be more efficient, and that every dollar that goes into the Transportation Trust Fund will be spent wisely, then you must demand

that the waste and abuse of taxpayers by the Department of Transportation ends first. To have a discussion of any other proposals without seriously looking at the short- and long-term implications and costs of outsourcing would be irresponsible. The citizens of this great state are tired of being misled, and deserve much better.

In closing, I would also like to present to you Governor Christie's Transition Team's report -- the report on the Subcommittee on Transportation, dated January 5, 2010. Page 5, on their cost and red tape reduction, paragraph 2, clearly states -- now, this is the Governor's own Transition Team, when he first came into office -- clearly states that "in the Department of Transportation, in the areas of construction inspection, maintenance operations, design services, engineering services, it is much more efficient and cost-effective for these services to be performed in-house than the use of consultants." So if the Governor's own Transition Team, in 2010, acknowledges the waste of taxpayer money -- and the back-up documentation that I have right here clearly supports that conclusion-- But still millions of dollars per year still continue to go towards these overpriced services instead of where it's needed the most: in our roads, bridges, and rails. Therefore, I strongly urge this Committee to do what's in the best interest of the taxpayers of the state. And before they do anything else -- whether it be an increase in tolls proposal, an increase merger proposal, or a gas tax increase, demand that the Governor and the Department of Transportation end the wasteful spending and allow more money to go into the Transportation Trust Fund, where it is sorely missed and desperately needed.

So I thank you, and I will gladly offer -- or entertain any questions you may have. I will leave here, with you today, facts -- these are detailed cost analyses. This is not somebody coming up here and saying, "I think we can save money." This is an independent study here that says, "I know we can save money, and we are not being efficient and cost-effective."

So I leave these cost-- I'll leave a couple of these cost analyses here with you today. You could also stop by and see me on my Route 7 Wittpenn Bridge project; just ask for the State guy. I'll be the only one there -- the rest of the people are consultants that work for me. (laughter)

So any questions?

ASSEMBLYMAN WISNIEWSKI: So you don't have to wear a badge or anything?

MR. RICCI: No, just ask for the State guy, and they'll point you in the right direction.

ASSEMBLYMAN WISNIEWSKI: Bill, Assemblywoman Rodriguez-Gregg has some questions.

MR. RICCI: Yes.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Yes, are you, basically, proposing that we do away with the use of consultants, period, in terms of -- I'm sure there are issues, in terms of specialization -- or are you saying reform the system in how we use consultants and pay?

MR. RICCI: Well, you know, I'm hearing that we don't have the expertise, we don't have the quality of engineers working at the Department of Transportation. In my area, construction inspection, all of our lead engineers, our resident engineers are DOT in-house employees, and there is a reason, right? Those are the ones who are responsible for

overseeing these contracts -- multi-million-dollar contracts -- from start to finish and making sure they are executed properly. Now, if you have consultants on the job, consultants also are designing the projects, there's a major conflict of interest there. We, as public employees, do not have any other goal except to complete our project and move onto the next one. The bottom line is, in a private firm, there is only one goal -- and that's to make a profit for your company. We all have to remember that.

So I believe there are experienced personnel left at DOT; I think that's a very poor excuse -- pardon me for being that frank, but that is an excuse. And we still have a lot of inferior work being designed that is hitting the streets, and you could just do the research and look at the change orders involved. My change orders, I think, are marked in number 13 on my project.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Okay, thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblyman.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

If the use of consultants was eliminated, does DOT, your department, have the current staffing levels that they would need, or would they have to staff up?

MR. RICCI: No, absolutely not. There is going to be a dire need to increase staffing levels. But it's apples to apples. One State employee comes on, you pretty much save 50 percent of money that's going into the Transportation Trust Fund. So no, there is a dire need to hire more DOT employees.

ASSEMBLYMAN CLIFTON: Would it be 20 percent, 30 percent? Do you have any idea?

MR. RICCI: It varies, depending on which unit you're talking about. If you're talking about design, or bridge inspection, or construction, each one of those units vary on how many employees you need to really gear up to somewhere where you're really going to save taxpayers this money that will directly go into our roads, and bridges, and rails; yes.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: I feel--

MR. RICCI: The numbers can be provided -- I'm sorry -- the numbers can be provided to you by the Department of Transportation. We have the numbers; I don't have them on me today, though.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: That seems to be in just complete conflict of what you just said, in terms of you have the staff and the personnel.

MR. RICCI: I didn't say we had the staff; I said we have the experience.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: The experience. Well, I mean, you just said in specific fields too.

ASSEMBLYMAN WISNIEWSKI: It's the same thing.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: So it seems that you don't.

MR. RICCI: We have experienced personnel and staff in all those units. Are we going to need to--

ASSEMBLYWOMAN RODRIGUEZ-GREGG: You just need to increase--

MR. RICCI: Absolutely, in dire need to increase DOT in-house personnel to gear up to those levels to provide some real savings to the taxpayers, yes.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Bill. I appreciate the testimony. Hopefully you'll continue to keep us apprised as this process rolls out.

MR. RICCI: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Next, I'd like to call Frank Forst.

You okay, Frank?

F R A N K F O R S T: (off mike) (Indiscernible)

UNIDENTIFIED MEMBER OF AUDIENCE: He's been sitting too long.

ASSEMBLYMAN WISNIEWSKI: Haven't we all? (laughter)

Frank, you've been with us before, so give us something new.

MR. FORST: Yes, I will, Mr. Chairman. I'm only going to speak for two minutes.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. FORST: Number one, I paid \$2.89 a gallon for gasoline today.

ASSEMBLYMAN WISNIEWSKI: Where? (laughter)

MR. FORST: Right on Route 18 -- two stations at \$2.89; one at \$2.91.

ASSEMBLYMAN WISNIEWSKI: There's going to be a traffic jam on Route 18 pretty soon. (laughter)

MR. FORST: Last month, I paid \$3.39. And, strangely enough, \$2.89 from \$3.39 is 50 cents a gallon less. And you know why it's less? Because Saudi Arabia said they had to sell more than the cartel lets them, so they are abandoning the cartel and going to sell as much gas as they can.

And so gas went down 50 cents a gallon. And if you go out, you're all going to see, because you go to the gas stations. And that's important to know, because they can raise and lower gas by 50 cents a gallon and not bat an eyelash. Nobody apologizes, nobody says, "Thank you." And you're sitting here sweating bullets about 20 cents a gallon, and worrying about the political impact of it, and, "Will I be allowed to have it?" or "Can I get the gas tax?" Sure you need the gas tax. I mean, the public isn't that gullible. They know if you need the gas tax, you're going to need it.

Second point I'm going to make: Forward New Jersey left out a few issues because the Chairman, I think, is head of the Chamber of Commerce. So he left out a possible basis for tax: a stock transfer tax has been discussed in New Jersey for years. New Jersey transfers an awful lot of stock. You could raise millions of dollars just by one mil -- one mil per \$100 of stock transfers.

Also, tolling the interstate highways -- Route 78, Route 80, Route 280 -- will give you -- it makes, between the gas tax, the stock transfer tax, and the gas tax (*sic*)--

I was going to testify to some other things, but I'm not going to waste your time. I wanted you to know you have support.

ASSEMBLYMAN WISNIEWSKI: Frank, I appreciate that. We need lots of people to say exactly what you've been saying -- is that the money has to come from someplace. Until we can somehow repeal that little part of the U.S. Constitution that doesn't allow us to print our own money, we have to raise it the old fashioned way.

MR. FORST: I understand, but the thing is that you need the money. I was up at Montclair and everybody up there testified what the needs were, but nobody gave you support to raise the tax. I remember Tommy DeGise was the only one who said he supported the gas tax. And you need more people to be in support of it.

ASSEMBLYMAN WISNIEWSKI: Thank you, Frank. I appreciate your testimony.

MR. FORST: Thank you for your time.

ASSEMBLYMAN WISNIEWSKI: I'd like to call Grace Applegate-Tissiere for non-repetitive testimony.

GRACE C. APPLGATE-TISSIERE: Absolutely.

I'd just like to take one minute for all of us to remember John Sheridan. He was the Transportation Commissioner when the Transportation Trust Fund was passed originally, and his death has touched many people in this state.

Just as a little background -- and I'm going to be very quick, because I know it's late. I don't know how many of you all remember Walt Foran, but I was his Aide in the Legislature. I won't say when; that's sort of-- I also was with Commissioner Bodman when we passed unemployment insurance reform in this State. We were in debt to the Federal government, and Roger went out to the editorial boards. We had a group of labor and

business people that came together. We passed legislation in a Democrat-controlled legislature with a Republican Governor. And those are proud moments; that was a proud moment -- the same as when we turned away self-service gas stations in this state, was a moment.

I'm just going to take one moment; I have been doing commentary, and I have a packet for everybody. I have had two commentaries published recently. And I'm just going to read quickly my message to you.

ASSEMBLYMAN WISNIEWSKI: Grace, if you could summarize.

MS. APPLGATE-TISSIERE: I am.

ASSEMBLYMAN WISNIEWSKI: Because we certainly can read it.

MS. APPLGATE-TISSIERE: This is going to just be very quick.

Every day that passes, the debt service for previous road and bridge projects grows. The horrible condition of New Jersey roads and bridges gets worse, and the need for funding to address these problems goes unresolved. As elected officials, you have known for years about the developing condition of the Transportation Trust Fund. The problem would not exist today if the revenue from the original Trust Fund had been dedicated to transportation needs. However, these hearings -- as better known as *road shows* -- are doing nothing to solve the problem. Knowing the problem and not taking action now to solve the problem is reprehensible. The lack of a long-term solution to this dire problem is threatening the

safety and quality of life of residents, commuters, as well as the New Jersey business climate and economy.

A Safe New Jersey calls on this Committee to cancel future hearings and, instead, using the information from Forward New Jersey and other reliable sources, act now. Draft legislation, pass it, and send it to the Governor. Raising the gas tax -- as I said in one of my commentaries -- should be part of the solution, since so much of the gas sold in New Jersey is to out-of-state drivers.

I have friends who never fill up in New York, and gas prices are now dropping. Opposition to a gas tax increase is dropping because of commentary like ours and pro newspaper articles -- which is only read by -- as they say, preaching to the choir. They're not coming from hearings like this today.

The voters of New Jersey elected you to solve their problems -- so do it. Take action now.

ASSEMBLYMAN WISNIEWSKI: Thank you, Grace.

MS. APPLGATE-TISSIERE: Thank you.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call Janna Chernetz, Tri-State Transportation Campaign.

J A N N A C H E R N E T Z, Esq.: Good afternoon, Chairman, Vice Chairman, and members of the Committee. You have my testimony before you, so I will do my best to sum up and be brief.

Because there are so many -- there are four hearings -- I'd like to take this opportunity to focus my testimony today on the importance of funding mass transit in New Jersey.

According to the American Community Survey, almost 11 percent of New Jersey workers 16 and older use public transportation to get to work. Of that 11 percent, two-third travel by bus. Hudson, Essex, and Bergen counties -- those counties closets to New York City -- have the highest percentage of commuters using transit; 39, 20.5, and 13.3 percent, respectively. And 70 percent of New Jersey residents who commute to New York City use mass transit, and 24 percent who commute to Philadelphia use mass transit.

These numbers far exceed the national average when it comes to commuters using transit, but New Jersey's no better than the national average when it comes to interstate commuting -- where it falls to only 5 percent.

What those numbers tell us is how dependent we are on mass transit; and they also, at the same time, tell us how much room we have to improve and how much more transit is needed.

As far as car ownership is concerned, this highlights not only the fact that mass transit provides transportation choice in New Jersey, but for some it is the only option. Approximately 12 percent of households lack access to a vehicle, and in Newark alone -- one of the state's largest cities -- approximately 40 percent of households do not own vehicles. There are 11 municipalities in which one-third of all households do not own a vehicle: Atlantic City is the highest, at 45.5 percent, followed by Union City and Passaic.

In all of Hudson County, more than a third of all households do not own a vehicle. The next highest county is Essex. And as I said,

these numbers show that mass transit is not only a transportation option choice, but a necessity.

There are a myriad of economic benefits of transit. As I was sitting here I received an e-mail alert from NJBIZ. There was a report released from a firm in Chatham showing that the demand for office space is centered around transit hubs, especially those served by rail. So if we want to talk about keeping businesses in New Jersey, or bringing businesses to New Jersey to boost our economy, office space that is bettered serviced by rail hubs is the key to that.

Another financial impact that transit has in New Jersey is the availability of the one-seat ride. I am a commuter on the Raritan Valley Line, and I have lived on the Raritan Valley Line my entire life. So as Anthony Attanasio, a Westfield High School graduate as well -- come running up and down those stairs is something that I've grown accustomed to. But wouldn't it be nice if I didn't have to spend that time switching in Newark -- and the other commuters who switch in Newark? That's more time that we could spend with our families and with our friends.

The one-seat ride is also an economic boon to the area. When the Morris and Essex Line installed the Midtown Direct in 1996, the real estate values of the houses surrounding that line increased an average of \$23,000. And that was from the ARC Effect report put out by RPA. There are a number of other homeowners who could feel this increase in their property value if a one-seat ride was possible.

Since New Jersey Transit has opened up their customer service committee hearings-- In the last one that I attended they talked about which rail lines were receiving the highest ridership. Midtown Direct was

number one. They had over 27,000 riders in one month on this one particular rail line. It was the 7:33 train -- a.m. train to New York City. So there is demand, once these one-seat rides are put in place.

There's also a growing demand for transit-oriented development -- and that's the type of development that includes a mixture of housing, office retail, and other amenities integrated into walkable neighborhoods that are located within a-half-a-mile of a transportation hub. We need look no further than just across the river, I guess, in New Brunswick, looking at Gateway. In 10 years, New Brunswick was able to increase the number of jobs by 12,500. That's a 42 percent increase in 10 years, and it's focused on the development that was done around transit. We are not capitalizing enough on this type of development, and we need to keep our mass transit infrastructure growing and to keep it robust in order to capitalize on these economic boons from transit.

And finally, without public transportation there would be, roughly, 440,000 additional cars on New Jersey roadways every day. So imagine 440,000 more vehicles clogging our already-congested roadways. Imagine 440,000 more vehicles adding to the wear and tear of our already-crumbling roads and bridges. And imagine 440,000 additional tailpipes and their associated pollutants. So by making sure that transit is adequately funded we are also helping the state of our roads and bridges.

And also, taking a look at New Jersey Transit's funding: New Jersey Transit's operating costs outpace the State's revenues -- subsidy that they're getting. Each year capital must be transferred into operating to meet those needs. Over the past five budgets, \$1.6 billion has been transferred out of capital to meet operating needs. That \$1.6 billion would

be enough to fund the Hudson-Bergen Light rail extension, and also fund the Camden-Glassboro Rail Line and a myriad of other projects -- perhaps the Bergen bus rapid transit; and there are also a number of other bus rapid transit studies that have been done but have gone nowhere. We need to make sure that transit is adequately funded and that we are putting the same emphasis on those needs as we are putting on roads and bridges.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Does anyone have any questions?

ASSEMBLYWOMAN OLIVER: I have a comment.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Thank you very much. I think you had excellent testimony, and I think that there's a great deal of interest all around the state in focusing in on those transit hubs. The train that you identified is a train that leaves my District; that is a community that, without question, has seen an economic boon because of Midtown Direct. Every category you see nothing but up.

But I am disturbed to hear of the amount of money that has to be appropriated from New Jersey Transit's capital over to operating. And I'm sure Chairman Wisniewski is probably more familiar with that than I, or perhaps we should look and examine that issue going into the future. Because -- is it economy of scales, is it because we flooded all the cars during Sandy? Why would we be that significantly underfunded at New Jersey Transit, given ridership increases and the other kinds of promotions that have gone on? I hate to say this, but it's reminding me -- do we have an albatross at Transit, as we're learning we have at Port Authority?

MS. CHERNETZ: Well, I can tell you that the transfers go back to, at least, Fiscal Year 2012, and they've been roughly the same amount -- I have them in my testimony -- between \$363 million and \$463 million in that timeframe. So as far as what we see at Tri-State, is that the State subsidy going to operating is not enough, and it's taking-- And I understand that former Commissioner Simpson, as well as Executive Director Ronnie Hakim, had addressed this issue, and that the money is going to help keep the rail system in a state of good repair. But this is taking away and robbing Transit of the opportunity to put this money into larger capital projects that the State desperately needs.

ASSEMBLYWOMAN OLIVER: I understand.

ASSEMBLYMAN WISNIEWSKI: Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

Yes, I think that that's pretty staggering, and clearly there's a structural issue there that we need to address as we look at the solutions of the bigger problems, going forward. I mean, I think it's deplorable, and I think that the public finds it deplorable, that they think that there's a capital program that we're borrowing for. So it's like using your credit card to put food on your -- you know, to just run your day-to-day life without having any ability to pay it off.

But I just wanted to also thank you. And since Ray's here from New Jersey Transit, to put out that we've now heard a couple of times today about the Raritan Valley Line and the need for one-seat rides -- allow me to advocate for that as well and to highlight the need there.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Vice Chair Stender.

I'll just comment to echo the concerns of Assemblywoman Oliver, and the point you brought out. Every public transportation system requires a public subsidy. That's just a fact of life. The difficulty we face in New Jersey is an Administration that subscribes to a philosophy that public transportation systems somehow support themselves. That's never the case. And every place where you see an inadequate subsidy for a public transportation system, you see compromises made -- whether it be in maintaining the system, building out the system, staffing the system. And so the explanation for why things have been reclassified as capital items from being operating items (*sic*) goes to the very nature of the inability to properly provide the level of subsidy that a public transportation system requires.

And so we can do our job, we can, maybe, fulfill Grace's wish and adopt a bill tonight that addresses the Transportation Trust Fund. But there are lots of other systemic problems that, if we don't address them, will only lead to a squandering of the hard efforts that all of us will take in getting this done. We have to make sure that there are the constitutional safeguards -- not just guarantees that the money is dedicated, but that it can't be overspent, that it can't be over allocated, that we have to do all of those things as part of our package -- which makes our job a little more difficult.

But Janna, thank you for your testimony.

Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Yes, thank you, Mr. Chairman.

Just to follow up on that. I mean, I think, Janna, you probably know this better than anybody, and I'd like this in the record. That when we're talking about subsidies for mass transit, there's this belief somehow that we don't subsidize the oil and car industry because of our investment in roads. But if we were to-- I mean, there used to be studies around that said that if you were to calculate what taxpayers fund for our a road network, that if we were making the gas industry pay for that, that the gasoline would be around \$14 a gallon, as I recall. That may be an old figure. Do you have any current numbers on any of that?

MS. CHERNETZ: Not--

ASSEMBLYWOMAN STENDER: Nobody's talked about that recently, but that goes back a few years now, in terms of that that's-- And we obviously need roads, but I think it just highlights the point that it's a fallacy to advocate for the fact that mass transit should somehow be self-sufficient, when we don't ever expect the rest of our transportation network to be self-sufficient because of the public benefit to all of us, to our economy, and to quality of life.

MS. CHERNETZ: Well, you hit the nail right on the head, Assemblywoman. This is-- When-- I've heard comments that, "Why should car owners be subsidizing Transit?" Well, it all works together. And by allowing the transportation option choice of mass transit you're keeping those 440,000 cars off the roadway. If we didn't have that, people would be sitting in even more congestion than we already have. It also helps our

economy to allow the people to continue to go to work. So it all works as a well-oiled machine and everybody needs to be paying their fair share.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Seeing no other comments, we stand adjourned.

Thank you very much.

(MEETING CONCLUDED)