
Committee Meeting

of

ASSEMBLY TRANSPORTATION, PUBLIC WORKS, AND INDEPENDENT AUTHORITIES COMMITTEE

*"Testimony on recent developments concerning
New Jersey Transit and mass transportation service in the state"*

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: September 20, 2010
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblyman Thomas P. Giblin
Assemblyman Charles S. Mainor
Assemblyman Matthew W. Milam
Assemblyman Vincent Prieto
Assemblywoman Caridad Rodriguez
Assemblywoman Connie Wagner
Assemblyman John F. Amodeo
Assemblyman Scott Rudder
Assemblyman Scott T. Rumana
Assemblyman Brian E. Rumpf



ALSO PRESENT:

Maureen McMahon
Office of Legislative Services
Committee Aide

Aaron Binder
Assembly Majority
Committee Aide

Glen Beebe
Assembly Republican
Committee Aide

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Meeting Transcribed by
The Office of Legislative Services, Public Information Office,
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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): Good morning, everyone. If members would please take their seats, and those in attendance grab a seat.

This is the Assembly Transportation Committee. We are meeting today; we're going to be taking testimony on recent developments involving New Jersey TRANSIT, particularly the delays over the summer, and mass transportation service in general. Since we scheduled this hearing this morning, information has come up concerning the ARC Tunnel -- the tunnel under the Hudson River -- so we'll be taking testimony on that as well.

As always, our meetings are broadcast on the internet. So for members, what you say in your mikes will be heard not only in this room, but elsewhere; as well as anyone testifying. The microphones up front are very sensitive. Even if you're in the first row, chances are lots of people will hear what you're saying.

If you have a cell phone or a pager, I would appreciate it if you could turn it off or at least put it on vibrate.

We're going to start the meeting with a roll call.

Maureen.

MS. McMAHON (Committee Aide): Assemblyman Rumpf.

ASSEMBLYMAN RUMPF: Here.

MS. McMAHON: Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Here.

MS. McMAHON: Assemblyman Rudder.

ASSEMBLYMAN RUDDER: Here.

MS. McMAHON: Assemblyman Amodeo

ASSEMBLYMAN AMODEO: Here.

MS. McMAHON: Assemblywoman Wagner.

ASSEMBLYWOMAN WAGNER: Here.

MS. McMAHON: Assemblywoman Rodriguez.

ASSEMBLYWOMAN RODRIGUEZ: Here.

MS. McMAHON: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Here.

MS. McMAHON: Assemblyman Milam.

ASSEMBLYMAN MILAM: Here.

MS. McMAHON: Assemblyman Mainor.

ASSEMBLYMAN MAINOR: Here.

MS. McMAHON: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Here.

MS. McMAHON: Vice Chair Stender. (no response)

Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

We have a quorum.

Just the first item of business is a holdover from our meeting on Thursday. Each member should have a packet of papers on their desk. These really have more to do with Thursday's hearing, this past week, in which there was discussion about certain reports that were conducted relative to bringing in-house certain inspection work. There's also a report on the Congestion Busters Task Force, as well as on the service patrols -- a Federal document on the rationale behind those service patrols and the

Federal funding of them. So these are related to last week's Committee hearing, although we'll probably have some overlap into this hearing.

We have-- As many people have indicated a desire to testify today, as they did last week -- and so as usual, if you have written testimony we certainly would appreciate receiving that so members of the Committee can have that. If you have that written testimony, I'd ask that you try and paraphrase and not read it word-for-word, so that we can provide as much opportunity for individuals to testify. Last week's meeting ran three-and-a-half hours, which was pretty long even for Transportation Committee standards.

So with that, the first person I'd like to call up to testify is the Executive Director of New Jersey TRANSIT Corporation, former Commissioner of the Department of Transportation, and lots of other titles besides, Jim Weinstein.

And Commissioner, if you want to bring up anybody else.

Good morning.

J A M E S W E I N S T E I N: Good morning, Mr. Chairman, members of the Committee, and thank you for inviting me to be here today.

Joining me is Kevin O'Connor, who is the Acting General Manager of our railroad. Kevin is a journeyman railroader, and when you get to-- Mr. Chairman, you made it clear that you may have some technical questions, and if I can't answer them, Kevin will. And if neither of us can answer them, we'll fire our staff because they haven't anticipated very well.

ASSEMBLYMAN WISNIEWSKI: There's enough staff been fired in New Jersey recently. We don't want to see that again.

MR. WEINSTEIN: Now, Mr. Chairman--

In any case, I appreciate the opportunity to appear before you today to talk about New Jersey TRANSIT's rail service.

Before I address the issues that arose in July specifically, I want to first recognize and thank the 11,000 NJ TRANSIT employees who support our service every day. This includes 4,300 hardworking men and women in our rail division who safely operated 75,000 trains between May and August during record-setting summer heat waves, following the hottest spring in more than 100 years.

While this was a long, hot summer, our employees had the air conditioning running well on our trains, kept waiting rooms open extended hours to help our customers stay cool, and even distributed bottled water to customers in major terminals as temperatures climbed over 100 degrees.

As a point of information, Mr. Chairman, let me briefly explain the effects of extreme heat on equipment and infrastructure. Sustained temperatures in the mid-90s and above can cause engines to overheat, components to burn out more quickly, overhead wires to sag, trees to be felled by storms, and brushfires to break out along tracks. The New Jersey State climatologist reports that this July tied with the same month in 1988 as the sixth warmest since they began keeping records in 1895.

We have come a long way in our preventative measures since that comparable heat wave in 1988, when the Jersey TRANSIT trains posted an on-time performance of just 76 percent station-wide, compared to the 92 percent of this past July.

I want to acknowledge the many effective steps taken by rail management to combat the consequences of extreme heat. These steps are often transparent, including putting in place certain preventative

maintenance measures to avoid mechanical breakdowns. For example: before the summer began, we implemented a new method for cleaning radiators in locomotives to prevent engine failures, and shortened the time between changing out traction motor blower filters to help lower locomotive temperatures. We also developed a procedure to run blowers at high speed to reduce engine overheating when the temperatures exceed 90 degrees. Without these actions, there is no doubt we would have seen earlier and more frequent mechanical issues.

On the infrastructure side, on the lines maintained by New Jersey TRANSIT, we experienced only one significant incident all summer involving a failure of the overhead electrical system -- remarkable in sustained excessive heat -- thanks to a robust state of good repair program, stepped up inspections and wire patrols, and vigilant monitoring of electrical loads by our engineering group. This paid off, as one example: in July when we identified an area in Millburn where the overhead wire was compromised due to the heat and we made repairs before a single train was delayed.

However, I realize the facts are that we encountered a series of events, many heat related, that caused more than 1,400 delays, or about 7.6 percent of the 18,400 trains we operated in the month of July to be delayed by more than five minutes.

I will add that for our regular commuters who ride trains twice a day, five days a week, these numbers may not appear to adequately reflect their individual experience. Most of the train delays were caused by about two dozen incidents, of which about half were mechanical -- that is to say, equipment failures brought on by extreme heat. Another quarter were

infrastructure failures, mostly related to the 1930s-era electrical systems on the Northeast Corridor, and again related to heat. And another quarter were a variety of miscellaneous causes such as scheduled track maintenance that is routinely done in the summer when ridership is lighter.

When delays transpired, we put contingency plans into effect, including diverting trains to terminals that were not impacted; and cross-honoring rail tickets on buses, light rail, and other systems including PATH, PATCO, and SEPTA.

In certain instances, we were able to provide buses for alternate transportation. And in the situation where the Northeast Corridor experienced low voltage, Amtrak and we took care to hold trains in stations to avoid having passengers stranded on the railroad. In every case, information flow to our customers is paramount, and we have an e-mail alert system that gives about 40,000 subscribing passengers an early warning about delays. We notify the media and update them regularly, and make frequent announcements onboard trains and in our stations to give commuters the best information we have so they can plan accordingly.

And our customer service representatives provide additional assistance on a one-on-one basis, including giving passengers delay letters for employers.

We dispatch not only rail management and police, but also staff from Planning, and Human Resources, and other administrative departments to assist customers as part of our emergency response efforts.

While there is no absolute antidote for extreme weather for railways, there are certain steps we are taking to create more operating flexibility, expand contingency options, and create redundancy in

emergencies, while reducing the choke points on the system that slow incident recovery, particularly between Newark and New York -- the single busiest and most congested stretch of passenger railroad in North America.

The good news for customers is that setting aside anomalies like July, our on-time performance is improving: August was better than July, at 94.9 percent on-time performance record across the system.

And overall rail on-time performance for the fiscal year that ended on June 30, the record was 94.8 percentage -- roughly a percentage point better than the last two fiscal years.

Mr. Chairman, I want to assure this Committee that we are absolutely focused on delivering high-quality service to nearly 1 million passengers a day on New Jersey TRANSIT trains and New Jersey TRANSIT buses. We have not furloughed any employees -- we have not furloughed any employees who maintain our equipment or our infrastructure.

In addition to providing a safe commute, we are working to make our services as reliable as possible and to provide our passengers with new amenities. To that end, customers on the Northeast Corridor express trains are now enjoying our Quiet Commute program, which we look forward to expanding. We also have an RFP on the street seeking a provider of onboard WiFi so that customers can use their wireless devices while traveling.

We are working to improve our parking facilities and expand parking capacity.

And we are promoting travel to Newark Liberty International Airport through the holiday season with a program that allows children to

ride free, making it easier for families to take the train to this important regional transportation facility and go anywhere in the world.

In closing, Mr. Chairman, I would like to address the status of the ARC Tunnel project. As you are aware, based on my recommendation and at the Governor's direction, we have stopped any new work on the project for 30 days while we review the project's financial viability. I issued the order on Friday, September 10, and it immediately resulted in the removal of items from the board agendas of both NJ TRANSIT and our partner in this project, the Port Authority in New York and New Jersey.

During this 30-day period, the project team will re-evaluate the financial position of the project, and I will deliver a recommendation to Governor Christie based on that re-evaluation. Simultaneously, as has been reported, Governor Christie and U.S. Transportation Secretary LaHood agreed to have senior members of the Christie Administration meet with senior leadership of the Federal Transit Administration to discuss concerns the FTA and NJ TRANSIT have identified with respect to project cost.

Finally, Mr. Chairman and members of this Committee, we all understand these are difficult times. There are incredible challenges. Governor Christie made it clear to me from the start that the cost of the ARC project cannot exceed what has been budgeted. In my view, Mr. Chairman, the 30-day review period is an act of responsible stewardship and in the best interest of the New Jersey public.

With that, Mr. Chairman, I'll be happy to answer any questions you may have, and Kevin can answer any of the technical questions that may arise.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Commissioner. I appreciate you taking the time to be here, and for your prepared remarks.

I know that members of the Committee have some questions, and I want to allow them all the opportunity they need to ask you questions.

A couple of things come to mind: And one -- a little bit out of left field, and I apologize. You mentioned an RFP at the end, and I am aware, somewhere along the line, that New Jersey TRANSIT has (indiscernible) gone for an RFP to procure more of the bi-level rail cars. Is that correct?

MR. WEINSTEIN: That is correct, Mr. Chairman. We issued a-- The board approved an item to purchase 100 new bi-level cars at the August meeting -- the July meeting, I believe.

ASSEMBLYMAN WISNIEWSKI: And just-- We're all talking about efficiencies and economies. The existing bi-level cars you have are manufactured by a company in Canada -- Bombardier -- and what many people don't realize is rail cars are all custom-made. There's not a production line where you just buy one. They have to actually develop it individually. Why wouldn't TRANSIT just continue to procure them from the company that's already making them, as opposed to running the risk of a new vendor who may create different type of equipment that might not be directly compatible, or just create unforeseen compatibility issues, when you've already got something that works, I think you would agree -- that seems to have not a lot of problems at this point and stage? I just wondered if you could elaborate on that for us.

MR. WEINSTEIN: I believe, Mr. Chairman, if I'm giving you the wrong information here, I will correct it when I'm given the right information.

But two things: One is, we did issue the contract to the company that provided the original cars -- Bombardier -- number one. Number two, we went out for a separate procurement -- a new procurement -- because under Federal Transit Administration -- Federal rules -- and under our own procurement rules, we had to do that. The specs of that procurement called for the same equipment, but it would have been provided by a different manufacturer. But it would have been the bi-level equipment that you see there. The inner workings, they may do things different, but as a reality it would, from the outside, look like the same equipment.

As it turned out, in the final evaluation by a team of experts that evaluated all of the submissions -- and I believe there were two at the end that met the specs of the RFP -- that we awarded the contract to Bombardier, and I will tell you that we have issued the notice to proceed on that contract.

ASSEMBLYMAN WISNIEWSKI: So the original manufacturer will then again be producing the additional cars?

MR. WEINSTEIN: That is correct, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Okay, that was my question. It just seemed to make sense.

MR. WEINSTEIN: I just figured I'd give you a long answer.

ASSEMBLYMAN WISNIEWSKI: You sound like a lawyer.
(laughter)

Going back to the reason we called the hearing initially, was the delays over the summer. And one of the reasons that I heard -- not directly from New Jersey TRANSIT, but relayed to me through a member of the media -- and you touched upon it in your testimony -- was that -- the reporter said the reason the trains were delayed is it's hot out. An oversimplification of the things you said, but I'm also aware that there are times in the winter when the trains are late because the doors stick because it's cold out. And so in a temperate climate, such as New Jersey where it gets cold in the winter and hot in the summer, at least from my perspective it seems odd that we would have a transit system that has problems in the summer because it gets hot, and problems in the winter because it gets cold. I would have thought technology could have better addressed that so that we don't have those problems.

MR. WEINSTEIN: I'll let Kevin speak to it. But in general, Mr. Chairman, when, in fact, the temperature is temperate, the system works well. When it goes to extremes, as we experienced this past winter and as we experienced in the summer, the actual infrastructure and the equipment does not weather that-- It weathers it about as well as we do as human beings. There is a range, and once it gets over 90 and once you're dealing with snow at high levels-- I'm also advised to expect some delay issues as we go into the fall and fallen leaves, because it creates slipping on the tracks. We're taking steps; we have special equipment to do that, but nonetheless, that's the reality of it.

And Kevin might be able to give you a more precise technical answer, if you would like that, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Absolutely. Kevin-- And I would just, by way of preface-- I'm sure there are places that are much hotter than New Jersey on a regular basis that have transportation systems that work. And there are places that are much colder than New Jersey that have transportation systems that work. So that just seems to be a disconnect that the weather can have such an overriding influence on the ability to deliver on-time performance. But I would be happy to hear your answer.

KEVIN O'CONNOR: Yes, Mr. Chairman. As far as the weather is concerned, extreme swings in temperature, from 15 to 20 degrees, certainly has effects and impacts on the infrastructure -- whether you're talking about cold or extreme hot. And sustained heat and sustained cold also have issues related to both equipment and infrastructure.

This past summer we experienced multiple days in excess of 90 degrees. I believe last month we hit the record: 54 days was the last number I saw as far as temperatures in excess of 90 degrees in the State of New Jersey. And we're a little unique here in the Northeast in that we operate electric trains. There is virtually nowhere else that operates electric service other than here in the Northeast, and we all had our issues, whether it was problems with the overhead catenary system or problems with locomotives overheating.

Mr. Weinstein testified earlier regarding issues and concerns that we had, and steps we had taken as far as cleaning radiators and changing out filters. As we started to hit temperatures at or exceeding 100 degrees, we started to have other problems. In Penn Station, New York, and in Sunnyside Yard, where it's even hotter than the ambient

temperature because of the compressors located near the tracks, we actually took steps to begin shutting down locomotives while they were in the station and then restarting them again approximately 30 minutes before departure, so that we could protect those locomotives and not have them go into a self-protective mode, basically. When they reach a certain ambient temperature, they will shut themselves down because they know that the components within a locomotive may become damaged if they continue to operate at those high levels.

So we've taken a number of steps to ensure that we minimized what was going on -- some of those during the week of the most extreme temperatures, which was the first full week in July.

ASSEMBLYMAN WISNIEWSKI: But it sounds like some of the steps that are taken are actually, at least to a certain degree, contributory to the delays, because of the additional work that has to happen. I mean, catenary lines sagging, requiring shutting down locomotives, all are going to contribute to delays.

MR. O'CONNOR: None of the shutting down of the locomotives, Mr. Chairman, contributed to any delays. That was as they were on their turns or on standby in New York or in Sunnyside, prior to departure. It was an issue that we had never, ever experienced before, since we've owned these locomotives. And the ALP-44 -- the electric locomotives -- are approximately 20 years old. The ALP-46 locomotives are approximately 8 years old. In that interim we had never experienced the issues with either one of those series of electric locomotives.

ASSEMBLYMAN WISNIEWSKI: So walk me through this: So then if the act of shutting down the engines is not causing the delays,

and you had to bring fans in and take all the other steps you did, what exactly-- Is it just the catenary wire sagging?

MR. O'CONNOR: That was some of the issues and/or power problems on the Northeast Corridor -- not just the wire itself sagging, Mr. Chairman. There were some other issues and concerns as far as power failures on the Northeast Corridor that greatly contributed to some of our delays during that period in July.

ASSEMBLYMAN WISNIEWSKI: So maybe you could make a list for me, verbally, here. In terms of the heat, and the delays because of the heat, you said it was not because you had to shut down locomotives; you were able to start them up in time and didn't contribute to a delay. You did say that it was sagging catenary wires. Exactly what about that causes a delay?

MR. O'CONNOR: What happens when you get extreme heat -- things expand; the catenary wire also expands. As Mr. Weinstein testified earlier, we did not have any significant issues on our properties. As a matter of fact, we had one issue where during increased inspections due to the extreme heat we found -- discovered a problem before we took any delays. But what happens is, when the wire begins to sag, we internally put speed restrictions out on New Jersey TRANSIT, when it exceed 94 degrees, on what they call *crossovers* -- and that is where you divert from one track to another. Because as you make that diverging movement, the catenary has the ability to sag a little bit, and there is the possibility that you may catch the pantograph, which is the unit on top of the locomotive that touches the catenary wire to draw power. It may come in contact with that and either take the pantograph off and/or take the wire down. The reduced speeds

help to ensure that that doesn't happen. They lead to some minor delays, no significant delays, but we do that in effort to protect the operation and ensure if folks do get home a little bit late, at least we continue to have the trains move and we don't have to worry about trains becoming disabled.

ASSEMBLYMAN WISNIEWSKI: So the solution to sagging wires is you just go a little slower in certain parts of the trip.

MR. O'CONNOR: On certain parts of the trip, Amtrak will also, on the Northwest Corridor; and we as well, when it reaches extremely high temperatures, reduce the overall speed. For example, Amtrak will reduce the speed to 80 miles an hour on the Northeast Corridor and/or slower at some locations where work has been performed in the last 24 to 48 hours; again to protect the operation because the work that's done could lead, in extreme heat, to problems -- that is, infrastructure-related problems. And it's done as a precaution to ensure that that doesn't happen.

ASSEMBLYMAN WISNIEWSKI: So there's no way to tighten the wires when they sag?

MR. O'CONNOR: Not-- We have counterweights on our wires, sir, and we can do some work and tighten it, loosen it, depending on the season. Amtrak does not. Our system is called a constant tension system. Amtrak's system is, basically, the same system that was placed on the Northeast Corridor in the mid-1930s under the Pennsylvania Railroad.

ASSEMBLYMAN WISNIEWSKI: So New Jersey TRANSIT has a newer system and the Amtrak Northeast Corridor has an older system?

MR. O'CONNOR: That's correct, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: And you're able to do some tensioning of the wires on your system, but not on the Amtrak system? So one of the issues for heat-related delays is that because of the catenary system, trains go slower.

MR. O'CONNOR: In some instances, with extreme heat, yes sir.

ASSEMBLYMAN WISNIEWSKI: So trains go slower when it's hot because of the catenary. What are the other issues that create delays because of heat?

MR. O'CONNOR: Some of the other issues that were -- that even because (*sic*) of all the steps we took we did have locomotive failures, both electric and diesel -- some of which were heat-related, some of which were issues and concerns that we have under non-extreme temperature ranges. But they just added to the delays, if that makes sense.

ASSEMBLYMAN WISNIEWSKI: But the ones that failed because of the heat-- Just like a car, they overheated?

MR. O'CONNOR: Yes, and that was-- Some of them were due to that; and that was even due to (*sic*) the actions that Mr. Weinstein had testified about earlier, as far as the steps we had taken and identified with cleaning out the radiators, replacing the filters on a more-often period because of heat-related issues.

ASSEMBLYMAN WISNIEWSKI: Are there steps that TRANSIT can take to improve the quality of that equipment so that it doesn't overheat?

MR. O'CONNOR: I believe we took all the steps that we could take, other than as we got into that first week of extreme heat where we

began to shut down the locomotives as they were on their turns in both New York and in Sunnyside Yard, which is out in Queens. We began doing that as we noticed at those locations they were starting to hit extreme temperatures and shutting down to protect themselves. Or-- The process if we shut them down and then restart them is basically a benign process. They'll come back and they'll function without any issues. If they reach that temperature while they're in operation with commuters, with our passengers onboard, we run the risk of that locomotive shutting down and failing and basically becoming disabled, and we either have to send another train out to get the folks off that train or send a rescue locomotive. And that did happen to us several times in that first week of July. And that's when we came up with the new process where we would shut them down, and that seemed to alleviate a lot of those issues that we were experiencing. But again, this was something we had never experienced prior.

ASSEMBLYMAN WISNIEWSKI: But it wasn't all of your locomotives -- it just seemed to be certain ones? Was it an older model? A different manufacturer? Was it a particular type of locomotive that you found more problematic?

MR. O'CONNOR: It was happening more often to the electric fleet, the electric locomotives, and we only had two types: the ALP-44s, which are the older electric locomotives -- again, approximately 20 years old -- and the ALP-46s, which are about 8 years old.

ASSEMBLYMAN WISNIEWSKI: And was it more with the older ones, or it didn't matter?

MR. O'CONNOR: It was pretty much even across the board, sir.

ASSEMBLYMAN WISNIEWSKI: Okay, so the electric locomotives were the ones that were more problematic.

MR. O'CONNOR: They were more problematic than the diesels were with the heat-related issues -- yes, sir.

MR. WEINSTEIN: Mr. Chairman, as we went through the heat wave and recognized that we had some equipment problems, we took some other steps. We also started running some of those ALPs with the rescue engines, so that if it did cut out, and it did-- There was a rescue engine right there, so you weren't disrupting the flow of -- they could just keep going. And we did that and, frankly, I think that's reflected in the better on-time numbers that you saw in August -- that's one of the reasons we had better on-time performance in August than we did in July.

ASSEMBLYMAN WISNIEWSKI: Is that a process that you can continue to do every summer, or is that an equipment constraint problem for you?

MR. WEINSTEIN: I believe, and frankly I'm not going to know the technical details of this, but I believe that the head of our-- Our Chief Mechanical Officer is now comfortable -- and Kevin, correct me if I'm wrong -- that we've addressed some of the issues that created the situation where we had to do that. And we tested it during August, and are comfortable now that we've got the problem licked -- right up until we don't.

ASSEMBLYMAN WISNIEWSKI: Okay. One of the other issues that you raised was Northeast Corridor issues -- Northeast Corridor, if I'm not mistaken, is not owned by New Jersey TRANSIT?

MR. WEINSTEIN: That is correct, Mr. Chairman. It's owned by Amtrak.

ASSEMBLYMAN WISNIEWSKI: I know that looking at the most recent year, New Jersey TRANSIT made payments to Amtrak of about \$28 million for propulsion -- I would assume that's electricity -- and access fees of about \$32 million, and about \$27 million for a joint benefits program.

MR. WEINSTEIN: The joint benefits program, yes.

ASSEMBLYMAN WISNIEWSKI: And so that's north of \$60 million, \$70 million. And it would seem to me that you're paying Amtrak \$70 million, and one of the things I recall from your testimony this morning -- and you and I have spoken about this in the past -- is that the power goes off, or the power decreases, from Amtrak. What's your contractual remedy? Has New Jersey TRANSIT put Amtrak on notice that you're going to look for a refund of that money? What does that money go to pay for?

MR. WEINSTEIN: The joint benefits payment, Mr. Chairman, are basically for capital improvements that both Amtrak and the folks who run our railroad on a day-to-day basis agree would make sense to make over the course of the year. And we've made some, we think, some good improvements in that.

ASSEMBLYMAN WISNIEWSKI: What type of improvements?

MR. WEINSTEIN: Kevin, why don't you--

MR. O'CONNOR: Again, it's virtually all infrastructure-related, Mr. Chairman: new ties, new rails, new ballast on portions of the

Northeast Corridor that we jointly share with Amtrak. And just to clarify: The joint benefit money, whatever we spend each year on that, Amtrak spends a like amount on the territory that we both share -- basically from Morrisville, Pennsylvania, up to and including Penn Station, New York. A large portion of their contribution is towards the life-safety program, which involves the North River tunnels when you enter New York -- to upgrade those, and they've been doing that over the last five years or so from their basically-- They were at the 1910 stage before all that work started being done, as far as ventilation, access and egress, and things of that nature. Our portion predominantly goes, as I said, to infrastructure improvements. Some of that has been going to upgrade of one of the substations, one of the major substations that provides power not only to Amtrak, but to us in that area -- that's in Metuchen, New Jersey. That's still ongoing and not yet completed. But that will give us some better reliability and flexibility, particularly in this portion of the railroad, for our trains to continue to operate when and if their main generating station, which is in Richmond, Pennsylvania, has issues like they've had in the past. So that's a key element that we're looking for, as is Amtrak, to have that ability to provide power and, at a minimum, if they do have voltage issues, to at least be able to move the trains to the nearest station and not strand folks; and also be able to get trains, most importantly, out of those tunnels when and if we have some sort of power failure or a grid failure.

ASSEMBLYMAN WISNIEWSKI: Why wouldn't New Jersey TRANSIT take a position when they write this large amount of money to Amtrak-- We're only going to give it to you on one condition: that you fix the catenary system. I think it was your testimony saying it was a system

that was modern in the 30s, but obviously 80 years later it's antiquated. If this is representative of an annual payment -- and I think it is -- over the last five years Amtrak's been a beneficiary of over \$200 million from New Jersey. It would seem to me that if catenary problems are one of the major reasons for your delays, that the agreement would be, "Fine, we'll pay you the money; but it's all got to go to make sure that there's electricity." Because replacing the ties is important, replacing the rails is important, but if you don't have electricity, the ties and the rails aren't important.

MR. WEINSTEIN: Mr. Chairman, I don't think anybody is going to argue that Amtrak has been over-funded by the Federal government in its history, frankly. The cost of replacing the catenary system in any stretch is -- I'm not sure what it is, but it's probably billions of dollars. We've not sought remedies -- legal remedies -- against Amtrak to recover monies because of failures. We try and live with them on a daily basis. The operating people work together very closely, and we have a good working relationship at the operating level. And sometimes at the policy level there are some disagreements.

But the reality is those joint benefit payments that we make, while they are the benefits -- investments in property that is owned by somebody else, they are investments that benefit our riders, and our residents, and our taxpayers. It's a little like making an improvement on an apartment that you rent. The levels of investment are somewhat higher than a two-bedroom apartment, but that's pretty much where it's at. And the investments-- I mean, we made investments to improve Metro Park; we've made investments to-- We have ongoing investments that we're making in Newark and in Newark Penn Station.

ASSEMBLYMAN WISNIEWSKI: But that's New Jersey TRANSIT money.

MR. WEINSTEIN: Yes.

ASSEMBLYMAN WISNIEWSKI: I guess-- And I understand the analogy, but if I were a tenant in a building and my landlord provided electricity 320 days a year, and the rest -- sometimes it was on, and sometimes it was off, depending on the weather -- I wouldn't be paying my rent until my power was working. And so my suggestion to New Jersey TRANSIT -- and I don't know that my colleagues would disagree -- is that I think New Jersey TRANSIT needs to take a sterner approach with Amtrak so that they have a greater degree of accountability. If somebody is receiving payments of \$50 million or \$60 million a year from New Jersey TRANSIT and not delivering the service that we're supposed to get, and there's no consequence -- then there's no incentive for Amtrak to improve. And I would urge New Jersey TRANSIT to look at taking steps to hold Amtrak accountable and withhold those monies. Just like if I were a tenant and the electrical service to my apartment went out, and my landlord's not doing anything -- then I'd hire a contractor and fix the electrical service and tell my landlord, "You know what? Until that's paid, you're not going to get your rent money." I think that New Jersey TRANSIT ought to look at that as well.

I have two more questions. I want to just switch gears slightly and talk about the ARC Tunnel. The issue on the ARC Tunnel is a concern that's been raised that the \$8.7 billion estimate that was attached to this project is somehow not accurate. Is that a fair summation?

MR. WEINSTEIN: I think there's a concern that the project might cost more than \$8.7 billion -- yes, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Commissioner, on July 29, 2008, there was an article in the *New York Observer* that cited an estimate by then-FTA Commissioner Simpson -- who's now our Department of Transportation Commissioner -- that the ARC Tunnel project estimate was in a range from \$7.6 billion to \$10 billion. So that was in 2008; that was an FTA estimate, and the FTA signed off on this.

So at least based on my reading of the facts, since 2008 it's been clear that there's been a range -- from \$7.6 billion to \$10 billion. Were you aware that back in 2008 that number was there, and has anything changed to take that number outside of the \$7.6 to \$10 billion range?

MR. WEINSTEIN: As we've moved through the process, Mr. Chairman, part of the exercise that we're involved in right now is to determine that. As I said in my statement, it was made clear to me by the Governor right from the start, and he's repeated this last week: The budget for this project has got to be there. And we're not in flush times, Mr. Chairman, so we're taking a review -- we're taking a hard look at that. Megaprojects are called megaprojects because there's risk involved in them. And what that risk is needs to be quantified. And there are differing views, I will tell you, on what the quantification of that risk is. And we are moving forward.

As to the 2008 range that the FTA gave, I'm aware that-- I don't know that I focused on it at the time. I do know now that the FTA gives you ranges; and that, frankly, is what the discussion is that's been

ongoing with the FTA. My staff-- The staff of the ARC Tunnel project and the FTA regional staff have worked intensely for the last four to five months trying to -- in the process of pinning this stuff down.

That's what the 30-day exercise is about, Mr. Chairman. And I can have a clearer answer for you when that effort is concluded.

ASSEMBLYMAN WISNIEWSKI: In that same article back in 2008, again then-FTA Commissioner Simpson said in that article, "The project is probably the most important public transportation project in the country. The benefits accruing to New Yorkers and folks in New Jersey are so great that the project has to happen."

Do you agree with the Commissioner's assessment of the project?

MR. WEINSTEIN: I believe, Mr. Chairman, that if you look at all the studies that have been done on the need for increased capacity across the Hudson by rail, it's an important project. Whether this is the time and this is the price and the place, I think, is part of the exercise that we're currently involved in.

ASSEMBLYMAN WISNIEWSKI: And you're aware that--

MR. WEINSTEIN: I would also note, Mr. Chairman, that the time that that was said, Wall Street hadn't collapsed, our economy hadn't collapsed, we were flush. These are different economic times. I don't believe that the State was facing a \$10 billion to \$12 billion deficit for the second year in a row. These are different times, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: And of the \$8.7 billion that is the current cost estimate, there's about a \$1 billion contingency built in there for overruns?

MR. WEINSTEIN: When that budget was struck, there was actually a little bit more than \$1 billion.

I'd also note, Mr. Chairman, that while that's -- the \$8.7 billion is for a project. An integral part of the overall ARC project is the construction of the Portal south bridge. There are two Portal projects: one is the replacement of the existing bridge which would take trains through the existing tunnel into the existing Pennsylvania Station. The other would take off to the south -- it would be another bridge -- and would lead into the proposed new Tunnel. The cost of that, Mr. Chairman, is about \$750 million in addition to the cost. So if you're looking at this -- and this was split off some time ago -- but if you're looking at it, you really need to also add that to the cost of the project if you want to get a realistic assessment of total cost.

ASSEMBLYMAN WISNIEWSKI: As the number exists right now, the \$8.7 billion, there's a little bit more than \$1 billion of that that was, in that figure -- that constitutes essentially a contingency above what the estimate was for the project.

MR. WEINSTEIN: Yes, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: And of that \$8.7 billion, how much of that is coming from the State of New Jersey?

MR. WEINSTEIN: Three billion would come under that plan; \$3 billion would come from the Federal Transit Administration and New Starts money; \$3 billion would come from the Port Authority in New York and New Jersey, and I would count that as local money; \$1.25 billion would come from the Turnpike -- so that gets it up to \$4.2 billion in New Jersey money. And the remainder is coming from the use of funds that flow to the

State by formula. So about, roughly, \$5.5 billion is local money, \$3 billion is Federal -- New Starts money.

ASSEMBLYMAN WISNIEWSKI: Of that \$5.5 billion, \$3 billion is Port Authority money, which is not money that we have exclusive decision-making authority over. There's a governor across the river who has to agree to that. There's a whole process--

MR. WEINSTEIN: That is true, but the Port Authority board has approved that for this project, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: For this project.

MR. WEINSTEIN: And the governor across the river has done that also.

ASSEMBLYMAN WISNIEWSKI: For this project?

MR. WEINSTEIN: Yes.

ASSEMBLYMAN WISNIEWSKI: And so the Federal money, however, is contingent on there being the State money -- correct?

MR. WEINSTEIN: Yes, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: So if the State money were not to be there, the Federal money, in all likelihood, is going to go somewhere else?

MR. WEINSTEIN: I'd like to cross that bridge when we get to it, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: That's what I'm being told, is that if we don't have our commitment, the Feds have lots of other places to spend that money.

And last question: When's the last time both sides of the river got together and decided to build a tunnel under the Hudson?

MR. WEINSTEIN: I'm not sure I understand your question, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: A hundred years ago, the last time--

MR. WEINSTEIN: Well, actually, the last time the Pennsylvania railroad decided to build a tunnel under the river, it wasn't--

ASSEMBLYMAN WISNIEWSKI: Well, you're right. It wasn't--

MR. WEINSTEIN: It wasn't the states.

ASSEMBLYMAN WISNIEWSKI: It was the Pennsylvania Railroad, which is no longer--

MR. WEINSTEIN: It was Tammany Hall and the Pennsylvania Railroad.

ASSEMBLYMAN WISNIEWSKI: Over 100 years ago.

MR. WEINSTEIN: Over 100 years ago -- yes, sir.

ASSEMBLYMAN WISNIEWSKI: Would you agree with me that the reason we haven't built another tunnel under the Hudson River in 100 years is that it's an extraordinarily difficult thing to get done?

MR. WEINSTEIN: I think there's no doubt that it's an extraordinarily difficult challenge.

ASSEMBLYMAN WISNIEWSKI: And now that we have the funding and the process has started, and there's actually part of an overpass built for the beginning of the Tunnel, do you think that stopping this project now means that it can be restarted at some later date?

MR. WEINSTEIN: Mr. Chairman, I think that we're going through this review period. The outcome of that will be known within the

next 21 days, or 20 days at this point. I think that for me to speculate at this point would--

ASSEMBLYMAN WISNIEWSKI: And you're aware that this Administration has talked about having a funding formula for the Transportation Trust Fund at roughly the same time period, are you not?

MR. WEINSTEIN: I am aware that the Governor is committed to the reauthorization of a transportation funding program -- yes.

ASSEMBLYMAN WISNIEWSKI: And the Administration's talked about using existing resources, as I'm told.

MR. WEINSTEIN: That may be, Mr. Chairman -- I don't know who told you that.

ASSEMBLYMAN WISNIEWSKI: Have you had any conversations or are you aware of any decision by this Administration to utilize the \$2-plus billion of the State commitment in this Tunnel to fund the Transportation Trust Fund?

MR. WEINSTEIN: There are discussions about all sorts of alternatives involving the Trust Fund, Mr. Chairman, in a variety of places. No decisions have been reached on that that I'm aware of.

ASSEMBLYMAN WISNIEWSKI: But has there been a discussion about using this money--

MR. WEINSTEIN: There are--

ASSEMBLYMAN WISNIEWSKI: --for the Trust Fund?

MR. WEINSTEIN: Mr. Chairman, there have been discussions about all sorts of alternatives.

ASSEMBLYMAN WISNIEWSKI: Including using this money for the Trust Fund?

MR. WEINSTEIN: I don't-- I'm not saying that, Mr. Chairman. I'm saying that there have been discussions about a broad range of alternatives in this, and whether it gets-- How the Trust Fund, ultimately -- the formula for the Trust Fund renewal ultimately happens remains to be seen. That's not (indiscernible) as far as I know. I know what you're trying--

ASSEMBLYMAN WISNIEWSKI: Just a simple question: Have you been involved, or are you aware of any discussions about using this money from the Tunnel--

MR. WEINSTEIN: There have been those discussions -- yes.

ASSEMBLYMAN WISNIEWSKI: There have been those discussions, okay.

MR. WEINSTEIN: But there have been no decisions.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Thank you, Chairman. Thank you, Executive Director, for coming today and giving testimony.

MR. WEINSTEIN: It's my pleasure.

ASSEMBLYMAN PRIETO: A few questions: First, you had mentioned in your testimony about parking -- that you had gone out for some RFPs. I come from Secaucus, and we have the Lautenberg Transit Station there that we've had a successful -- (indiscernible) great parking that was created. What other plans-- And I know a while back some RFPs were going out, since New Jersey TRANSIT owns the rights to the development

of what used to be Allied Junction. Is there anything on that front, or is there prospective parking there, or the project that was scheduled to be over the station?

MR. WEINSTEIN: We are-- There-- Specifically to the overbuild at the Lautenberg Secaucus transfer, there are no developments in that at this point, Assemblyman. In terms of parking, New Jersey TRANSIT owns or controls about 47,000 parking spots across the state on its system. That parking is critical to the successful functioning of our transit system, both on the rail and bus sides. We are in the process of looking to create a public-private partnership, so that we get somebody who is an expert in the operation of parking in a private company who's willing to make the investments that are needed to improve the parking situation.

We're also looking, frankly, to standardize the parking rules across the system. There are some places, for instance, on the rail system where we've got waiting lists of 6,000 to 8,000 people. And that's 6,000 to 8,000 people who-- The conductor on the Dinky in Princeton tells me about parking passes being passed down three generations. And I think that that's replicated across the state.

So we're looking for a way to make it better; we're looking for a way to make sure that the resources are there to make the improvements. If you're going to go from a dirt lot to a paved lot, or you're going to go from a paved lot to a structure lot -- we're looking for ways to do that without taxing an already overtaxed operating budget and capital budget for New Jersey TRANSIT.

ASSEMBLYMAN PRIETO: Because in the original plans that were there, I think there was like a structure of 3,000 spots allocated in that

plan, along with two office towers and a hotel. So I was just curious if that would be one of the ways -- about that parking structure becoming a reality; because that has taken a lot of vehicles off the road, which has been very successful.

MR. WEINSTEIN: Right.

ASSEMBLYMAN PRIETO: It's actually at capacity at this point in time.

MR. WEINSTEIN: When that started out, it was a joint venture. New Jersey TRANSIT owned a share in it. It reverted to us when the private shareholder opted out. Nothing would please us better than to be able to see that go forward, and that development to take place, both in terms of the parking and the commercial development. As you well know, there's an awful lot of residential development that's taking place within walking distance, frankly -- it's a little risky walking distance, frankly -- but within walking distance of the transfer station. We think it's a great asset.

ASSEMBLYMAN PRIETO: It is, and that area, actually, is slated for about 2,200 units. It's about on the 500 phase at this point in time. So obviously it would be very valuable to those residents to be able to commute to New York for jobs and all that, and getting the capacity there.

Leading into that -- because of all this development in that area -- we talked about delays before. And would you probably say the best combating of delays is having capacity, would you say, in the rail system?

MR. WEINSTEIN: The best way to--

ASSEMBLYMAN PRIETO: Fighting delays would be to have capacity.

MR. WEINSTEIN: Is to have capacity, and to have infrastructure and equipment that's in a state of good repair -- yes.

ASSEMBLYMAN PRIETO: Right. So where are we with capacity right now, per se?

MR. WEINSTEIN: In terms of the railroad?

ASSEMBLYMAN PRIETO: Yes.

MR. WEINSTEIN: We're pretty close to capacity, although with the downturn in the economy we lost some ridership. As a result of that loss in ridership, when we did the fare increase earlier this year we also trimmed some service, to the tune of about 4 percent. So we've still got-- On some lines, we're at capacity, on other lines we've got a lot of capacity. And, Kevin, if you've got any thoughts on capacity on the rail, please speak up.

MR. O'CONNOR: Yes, we-- Until we made the service cuts, we were virtually at capacity for all lines leading to New York, in particular. We made some minor service adjustments; most of those were not in the peak, some of them are but most of them were not. So we have very little capacity left into Penn Station other than the ability to expand upon capacity as we've done with the multi-levels, because we get additional seating that way with the same number of cars. But other than a train here and there for the morning or evening peak, we're pretty much at capacity into New York.

ASSEMBLYMAN PRIETO: And I've seen it, basically firsthand, because my son used to commute every day to New York City for school. So I've seen that, and I think that, obviously, we've talked here before about buying the double-deckers and that has helped, but obviously

this leads more into the ARC Tunnel, of that getting built. And it almost looks like it's essential so we can get that capacity.

I've read -- and I don't know, you maybe can let me know on this -- that rail capacity within the next 20 years will need to be doubled. And, obviously, we're touting mass transit -- as this Committee does all the time -- that that's the way to go. So we want to get cars off the road, for the environment and for safety. Would you say that's accurate, that we probably need double capacity within the next 20 years?

MR. WEINSTEIN: The environmental impact statement and all the studies that were done in order to secure, in anticipation of the ARC project -- would confirm what you just said, Mr. Prieto.

ASSEMBLYMAN PRIETO: So saying that, would you say that this project needs -- that it's essential that we get this project done? That it really can't take a backseat?

MR. WEINSTEIN: I think at some point in the not-too-distant-future we'll have to figure out how to increase trans-Hudson capacity, Assemblyman. And I think in the interim there are steps that we can take and improvements that we can make along the Northeast Corridor that will, on the margins, increase capacity. There are a variety of discussions underway -- the Moynihan project and a variety of other things -- but they're not going to enable you to deal with double the capacity. But there are steps that we can take.

ASSEMBLYMAN PRIETO: One last question: It's in reference to the analysis of the cost of the project. Now, obviously we talked about the project -- the \$8.7 billion, basically, has been identified; and I think in a report it said as much as another \$3 billion were not

identified. Are we're talking about -- this money is throughout the life of the project also. Is that being looked at, because we're not talking that this money is needed upfront; it's over a period of time. And I think the schedule is 2017, and it could probably run even further. So is that going to be taken into account, that it's not just upfront money?

MR. WEINSTEIN: It's not cash flow. That \$8.7 billion is not cash flow; it's your expenditure projections. But all of the Federal rules require that you absolutely have pinned down -- that whatever the project's costs are anticipated to be, or could be, that you have a way to -- that you can clearly show -- to pay for the project. And if you can't, you're not going to qualify for the Full Funding Grant Agreement.

ASSEMBLYMAN PRIETO: Thank you so much.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Good morning, Director.

When did the fare increases go into effect?

MR. WEINSTEIN: April-- May 1, right?

UNIDENTIFIED MEMBER OF AUDIENCE: May 1.

MR. WEINSTEIN: May 1.

ASSEMBLYMAN GIBLIN: Do you know, ballpark, what that has resulted in, in terms of increased revenue for the New Jersey TRANSIT?

MR. WEINSTEIN: It basically has met our revenue targets, Assemblyman. The diversion from the system which you anticipate when do a fare increase is lower than we expected. I can actually provide you-- I don't have the actual dollars--

ASSEMBLYMAN GIBLIN: Could you do a six-month analysis from April 1 to October 1? October 1 is coming on us pretty quick.

MR. WEINSTEIN: I would be happy to provide that to you as quickly as we can. Probably it wouldn't be-- I can do through September 1, and I might be able--

ASSEMBLYMAN GIBLIN: Well, the best you can.

MR. WEINSTEIN: I'll get you-- I'll get, through the Chairman, I'll get that information to you.

ASSEMBLYMAN GIBLIN: The ARC project is a subsidiary of New Jersey TRANSIT, correct? It's under your umbrella, right, the management of the project?

MR. WEINSTEIN: Yes, the ARC project is a New Jersey TRANSIT project, yes.

ASSEMBLYMAN GIBLIN: Who's the top person, besides yourself, that's overseeing that project?

MR. WEINSTEIN: The Assistant Executive Director, Art Silber, is essentially the project leader on that.

ASSEMBLYMAN GIBLIN: Well, up to this date, your cost incurred -- whether it be reacquisition or primary construction costs -- are you on budget or are you finding you're exceeding budget?

MR. WEINSTEIN: There have been some issues, like the cost of property in Manhattan, frankly, that have come in considerably higher than we anticipated. The contract for the tunnel -- there are four tunnels that are part of this ARC project -- in Manhattan came in a little bit higher than we anticipated. I think those are the, primarily, sort of the two areas that I'm aware of.

ASSEMBLYMAN GIBLIN: Okay. Have the folks connected with the ARC program looked at this suggestion about connecting to the existing New York Penn Station, versus going under 34th Street -- about trying to analyze that cost? I mean, people are throwing out high numbers about the potential savings. Is that real?

MR. WEINSTEIN: That, Assemblyman, is what the entire environmental impact and alternatives assessment process was about. It went on, literally, for years. All of those things have been looked at. All of those things have been studied. And all of those things, for a variety of reasons -- and I realize that some people don't agree with this -- but for a variety of solid, scientific, or practical reasons, were dismissed as unpractical. And the alternative that was put forth, and the one for which our record of decision was awarded, is the one that is currently underway and which we are currently reviewing.

ASSEMBLYMAN GIBLIN: How much money have we put in -- I'm talking about the State of New Jersey -- so far, into this project?

MR. WEINSTEIN: We're closely monitoring. We're in the process of reviewing that. We probably have, overall, spent in the vicinity of about \$500 million or \$600 million. Probably about 35 percent of that, 40 percent of that, is what-- Well, actually, if you consider the Port Authority money, probably--

ASSEMBLYMAN GIBLIN: We have received Port Authority money?

MR. WEINSTEIN: We have, yes. The vast majority of that has been Port Authority and New Jersey money.

ASSEMBLYMAN GIBLIN: And we have received from the Federal government-- We haven't received any money, as of this date?

MR. WEINSTEIN: Well, we received an ARRA grant that -- we have spent some Federal money. We've spent about \$50 million in Federal money to date.

ASSEMBLYMAN GIBLIN: Has any effort been revisited to try to get the State of New York involved in contributing their share?

MR. WEINSTEIN: There have been approaches to that and, I think, New York has advised pretty clearly and firmly they have no interest.

ASSEMBLYMAN GIBLIN: It just seems like we're a little bit far down the road on this whole project, in terms of our Federal representatives being supportive of this. Are we trying to petition the Federal government to up the ante?

MR. WEINSTEIN: The Federal government, the FTA specifically, has made it very clear, actually from pretty close to the day I started, that they're in it for \$3 billion and not a penny more.

ASSEMBLYMAN GIBLIN: Well, if overruns develop down the road, who's going to wear this? New Jersey TRANSIT?

MR. WEINSTEIN: That, sir, is what the 30-day review is about.

ASSEMBLYMAN GIBLIN: Okay.

Let me just touch on the other area, about the delays. You mentioned about 1930 electrical systems. I'm not sure when I listened to you whether that's New Jersey TRANSIT or Amtrak but, be that as it may, is there anything in place to try to look at replacing this electrical system? I

mean, we're talking 80 years under our belt and we're going towards the century mark. Is there anything on the drawing board?

MR. WEINSTEIN: Yes, I think-- Well, a couple of things: There was, in-- The Rail Act created a thing called the Northeast Corridor Commission, which the states along the Corridor, as well as the FRA, Amtrak, and USDOT are members. The initial meeting of that is going to take place on the 27th, and that is exactly one of the issues of discussion that will be taken up. In the interim, New Jersey has been way ahead of the other states in trying to help itself by working with Amtrak and the joint benefits, by making improvements at some of our most heavily used stations -- Metro Park; and we've got a whole program for the redevelopment of Newark Penn Station, and all of those things. But as I said to the Chairman, the cost of making the improvements that really need to be made -- and I don't believe that Amtrak would dispute this -- is literally in the billions and billions of dollars. And we're not in a position to do that, nor should we be.

ASSEMBLYMAN GIBLIN: I think you mentioned about the maintenance staff -- were not subject to any furlough days this year. Do you feel you have enough staff doing preventative maintenance to try to remedy some of these problems that occurred in the summer of 2010, and that they won't be repeated?

MR. WEINSTEIN: I believe, Mr. Giblin, that we have a solid staff; that I'm sure that some might argue that if they had more people-- But again, I think we've got a staff that's solid, that's capable of dealing with these issues. I'm comfortable that we have the correct number of people.

ASSEMBLYMAN GIBLIN: Just one thing: You mentioned about furloughs. What are the employees of NJ TRANSIT being subject to, as far as furloughs for this current year?

MR. WEINSTEIN: None.

ASSEMBLYMAN GIBLIN: None? Okay, thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.
Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Thank you, Mr. Chairman.

I want to thank our Executive Director for being here and providing us with very insightful testimony.

On the issue of the timeliness of the rail service: How does this year's rail on-time performance compare to prior year's?

MR. WEINSTEIN: We're actually about a percentage point higher -- we're up in the 94 to 95 percent range. Actually, in the fiscal year that ended in June -- on June 30 -- we were about a point higher than the previous year's. We're running, at system-wide, at about a little over 94 percent. Our goal is higher than that, but if it weren't higher than that, I'd say we had the wrong goal.

ASSEMBLYMAN RUMANA: Got it. So we didn't see, really, anything out of the ordinary year-to-year--

MR. WEINSTEIN: You know, Assemblyman, I wouldn't say that. As I tried to point out in my statement, I talked about the things, and Kevin talked about the things that we're doing to actually provide the best possible service. But that doesn't mean that there-- As I pointed out, there were 1,400 trains that got impacted by delays of more than five minutes. And, frankly, some of those delays -- and I know because I was on the train

-- some of those delays were outside of our control, but were lengthy. And they were the delays that resulted in the highest frustration on the part of our customers; they were the delays that tended to have lasted the longest time. But again, that represented about 7.6 percent of the trains that we ran. We try to avoid those things, but unfortunately, things happen that you can't anticipate.

ASSEMBLYMAN RUMANA: Got it. No, I appreciate that very much. I mean, I've travelled the train many years, back and forth into New York, while I was going through law school--

MR. WEINSTEIN: Right.

ASSEMBLYMAN RUMANA: --and had mostly great service; but, on occasion, you would have a problem. And obviously you want to try to avoid it. I just wanted to say-- The question being, year over year, we don't have any great abnormality. You had some spike in July, but aside from that--

MR. WEINSTEIN: We're on a good path, Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Got it.

Now let me go the ARC Tunnel question: One thing that we haven't explored yet is the basis for the FTA's recent projection that the cost may overrun by \$1 billion. Do we have a reason behind that? Is there a basis for why they're saying that?

MR. WEINSTEIN: Well, look: We've gone through an excruciatingly detailed exercise with the FTA for the last five months. I mean, literally provided huge amounts of documentation; devoted immense

amounts of time on the part of our staff, both the employees of the ARC project and the consulting team personnel.

And, frankly, the FTA's devoted the same kind of personal effort to that. So they have their views on the project, and it's not so much views on the cost of the project as it is on the risk of the project. I mean, what they're trying to do, and what we all try to do, frankly, in any kind of project, but certainly in a project of this size -- you try and identify the risk that's out there -- the financial risk, the engineering risk, all of the risks -- and you try and attach a dollar number to that. And it's not-- Some of it is art; it's not all science.

ASSEMBLYMAN RUMANA: I understand that.

Kind of picking up on what Assemblyman Giblin was mentioning: A year ago or so Commissioner Dilts and Executive Director Sarles were in this exact room before this exact Committee, and at that time we received a very good presentation on the forthcoming project. And at that time, one of the questions that I asked on the record, from the Commissioner, was whether or not -- if in the event we had an increase in the cost of this project, what was going to happen. We looked at, for instance, the amount of Federal spending that was taking place and the potential for inflationary pressures across the board. And, obviously, they would impact a project like this. And we were assured at that time that the contingencies were built into the project, and I know the Chairman alluded to that.

But with this recent exchange between the FTA, I'm back to that same issue: Who picks up the additional cost? We're in no position to do that. I mean, it's clearly apparent to everybody here in Trenton and

throughout the State of New Jersey that the State of New Jersey is not going to be able to put any more money than the \$2.7 billion that we have committed of State funds. And should the project run over that \$8.7 billion, we need to have some assurance that the Federal government is going to be able to step up and cover that additional cost.

And one of the things that I would propose to all of our colleagues here is that we approach our United States Senators, in Senators Menendez and Lautenberg, and try to encourage them to negotiate with the administration to get a commitment that there will be that coverage. That in the event that we have any override, that we know that the Federal government will be committed to taking care of that. Because the worst thing that I see happening is you get involved in a project like this, and we're \$8.7 billion into it, and we've dug our way across to New York, but we can't finish the project. And then we're all stuck. So we have to find a way to resolve that. And I know that that's not a question to you--

MR. WEINSTEIN: No, but I think it describes, as well as any, the reason that we are in the current 30-day period, Assemblyman.

ASSEMBLYMAN RUMANA: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Commissioner, I just wanted to follow up on that train of thought that Assemblyman Rumana raised concerning the State of New Jersey's commitment to this project; because there's been a discussion that things have changed since the July 29, 2008, article in the *New York Observer* in which the project was estimated to be between \$7.6 billion and \$10 billion. So even at that point in time there was an acknowledgement that the project might be above \$8.7 billion.

In April of this year, Governor Christie wrote to Secretary LaHood in response to a request from Secretary LaHood. The Governor wrote, "I want to restate my commitment to those funds controlled by the State of New Jersey, specifically from the New Jersey Turnpike Authority, the Federal Highway Administration, and the TTF." That was April of this year. Now that seems to be in question. What's happened between April of 2010 and September of 2010 that that commitment has changed?

MR. WEINSTEIN: Mr. Chairman, I don't know that that commitment has changed. That is why we are in this 30-day period.

ASSEMBLYMAN WISNIEWSKI: Okay. Well, one of the other issues that comes up is a concern. Obviously you've said that there is now a concern about there being overruns. There's \$1 billion built into the project already for contingencies above what is estimated to be the cost of the project. But in today's *Star-Ledger* there was an article that says, "Audit shows New Jersey TRANSIT lacked a plan to control Tunnel costs." And it says that, "TRANSIT did not have a complete plan for combating waste, fraud, and abuse, or safeguards for keeping the Tunnel from spilling over its \$8.7 billion budget, according to a Federal audit." What steps did New Jersey TRANSIT take to contain this cost? I mean, is part of the issue here that we are looking at: this potentially may exceed costs -- of New Jersey's own making -- because there weren't adequate controls?

MR. WEINSTEIN: Mr. Chairman, the IG report that you refer to, which was posted on their web site last May -- every item that was addressed in that report had been, by the time it was posted, addressed and provided to the Federal Transit Administration and approved and/or is under review by the Federal Transit Administration currently.

ASSEMBLYMAN WISNIEWSKI: So you're saying--

MR. WEINSTEIN: So we've responded to everything that was contained in that report.

ASSEMBLYMAN WISNIEWSKI: So you're saying this is old news?

MR. WEINSTEIN: I'm saying we've responded to-- Well, yes. It's not old news, because it's on the front page of the *Bergen Record* and the *Star-Ledger* today, right?

ASSEMBLYMAN WISNIEWSKI: It's dated information. You're saying it's dated information? All this stuff has been taken care of?

MR. WEINSTEIN: We've addressed all of those issues -- yes, sir.

ASSEMBLYMAN WISNIEWSKI: How were they addressed?

MR. WEINSTEIN: On specific issues? I mean--

ASSEMBLYMAN WISNIEWSKI: Was there a written report?

MR. WEINSTEIN: A project implementation plan that was brought-- For the most part, it was providing documentation for how we were going to execute the project, and that documentation was provided. One instance involved the use of integrity monitoring, which is an issue that I committed to, and we're prepared to go out on the street for the procurement of integrity monitors for that. So there were a number of issues, and we addressed all of those, sir.

ASSEMBLYMAN WISNIEWSKI: Would you agree, though, that, in part, the ability to contain the costs to within the \$8.7 billion number, since this is a New Jersey TRANSIT project, is largely within the control of New Jersey TRANSIT?

MR. WEINSTEIN: I would say to you, Mr. Chairman, that it is the primary responsibility of New Jersey TRANSIT and the project people to deliver the project on budget and on time.

ASSEMBLYMAN WISNIEWSKI: Okay. And then just finally: One of the things -- talking about what's changed. And I quoted a July 2008 article in the *New York Observer*, and I think one of the things you may have said in response is that the world has changed a lot since that date. I just wanted to remind everyone that actually the world started changing in 2008. It was in March of 2008 that Bear Stearns collapsed and Lehman Brothers collapsed, and so if anybody was under the impression that fat times were ahead when that article was written, they'd already had lots of warning that the world was changing.

But that being said, in my private capacity as an attorney I've seen lots of contracts that are being let now -- because of the very tough economic circumstances that are coming in -- at costs way below what were estimated, because there's not that much work out there. Can you comment on that, and the fact that now that it's really a buyer's market for these contracts, does that change the cost calculations? If, back in 2008 or 2007, when everybody was busy, you anticipated certain prices, now that everyone's not busy those prices have got to change.

MR. WEINSTEIN: Mr. Chairman, we have factored all of those-- We think it's a favorable-- That you're getting more competitive bids now; you're getting more competition at this time. But the bottom line is, sir, that if it costs \$10 and you only have \$7, whether it's a good time to buy it or not, you don't have the money to pay for it, you shouldn't do it.

ASSEMBLYMAN WISNIEWSKI: Well, if the money for that \$10 project only comes your way once in a lifetime, isn't it the obligation of the State to find a way to do it?

MR. WEINSTEIN: Mr. Chairman, it's an obligation of the State to figure out how to come up with the other \$3.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Wagner.

ASSEMBLYWOMAN WAGNER: Thank you, and thank you for coming here today.

My quick question is back in regard to the delays of the trains and security. And this is not a new problem. I just would like to relate an experience that my daughter and her husband had coming out of the last train -- New Jersey TRANSIT train -- out of New York two Saturdays ago.

She refers to it as a ride that was a nightmare, where she and her husband were pelted with candy, abusive language; there was a fight which occurred of which there were four bloodied young men. And the employee could not control the situation. And at first I thought, "Well, maybe she's exaggerating," because she called me up, she was very upset. She wrote me a detailed e-mail, and then she called me back to say, "You know, Mom, this is on YouTube." And now there are two versions of this fight out there on YouTube. And what distressed me the most is that it wasn't a one-time happening; that the comments, when I started to talk to people, was, "You mean the drunk train?" And this happens on a Friday and Saturday night.

When I talked to some law enforcement people who -- where the train goes through their town, they also referred to it as *the drunk train*. And while I can understand that people coming out of the City -- and

certainly I don't want them behind the wheel of a car -- but I think when it infringes on the safety of other people that is a cause of concern. Not a new problem, and that's what upsets me the most is that this has been occurring.

Have you taken steps to stop this?

MR. WEINSTEIN: Assemblywoman, frankly, I had not heard about this problem before. But as a result of your inquiry and discussions with Kevin and with Chris Trucillo, our Chief of Police, we have assigned police officers to that train starting this past weekend, and that will continue.

In the past, when there have been police on the train, there have been no problems. When there's not police on the train, the problems have arisen.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Rudder.

ASSEMBLYMAN RUDDER: Thank you, Mr. Chairman, Commissioner.

Most of my questions have been answered. It's interesting, I've been following long before -- the discussions of this, anyway -- long before I was an elected member of the Assembly or a member of the Transportation Committee. And one of the things that always struck me as interesting about this project is that we're looking to spend billions of dollars to create a fast track for New Jersey workers to work in New York City. So philosophically, that's always confused me; and why we wouldn't spend billions of dollars in tax incentives in efforts to deregulate some of New Jersey's existing laws so we could create jobs in our own area, and use the existing dollars for other infrastructure improvements?

That being said, and this is now moving forward and here we are in 2010, the question I have is: With the FTA report, some of the concerns that the Administration has with regards to cost control, what would be the cost of not moving forward on this project? When I ask that question, I mean not just the Federal dollars which we recognize we would lose, but the total cost of what we've spent to date. I've heard things from \$400 million, \$500 million, etc. Are there any penalties for pulling out? The question that I have with regard to it is: If we decide not to move forward, how much have we lost thus far, and what monies would be applied for other efforts?

MR. WEINSTEIN: Assemblyman, the answers to those questions are, in some measure, what the next -- what this 30-day review is about, so we have clearly defined what the cost would be of that action. I think that--

ASSEMBLYMAN RUDDER: That would make sense.

MR. WEINSTEIN: I think the range you spoke of is probably a reasonable range to consider.

ASSEMBLYMAN RUDDER: And remind me when that 30-day clock ends.

MR. WEINSTEIN: I think it's October 8 or October 9. We started-- It started on September 10.

ASSEMBLYMAN RUDDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Assemblyman Rumpf.

ASSEMBLYMAN RUMPF: Thank you, Chairman.

And thank you, Executive Director, for your testimony. It's been very enlightening.

In reviewing the audit report dated May 17, 2010, one thing that struck me, one thing that stood out, is that it would appear that the audit was an indictment in the manner in which the project had proceeded up until, I guess, January of 2010. Some of the captions within the report -- "management controls are insufficient to combat the risk of fraud, waste and abuse" -- it would appear that the report simply suggests that there is a rush to get this project implemented and underway, leaving aside all of the important strategic parameters that we must follow to ensure that we have the integrity of the project, going forward.

I'm pleased to hear from your testimony that you believe that we have responded sufficiently and are prepared, moving forward, to combat all of the issues as suggested by that report. Would we anticipate anything further from the FTA once they've had the opportunity to review our response?

MR. WEINSTEIN: In terms of that kind of a report, Assemblyman?

ASSEMBLYMAN RUMPF: Exactly.

MR. WEINSTEIN: Actually, that report was done by the Inspector General, I believe. And I would expect that the IG, the USDOT, and-- Hang on a second. (confers off-microphone)

It was the USDOT, IG. I would expect on a large project that you would get periodic audits by them -- that's what their job is -- as opposed to FTA. I mean, FTA also got audited itself, so--

ASSEMBLYMAN RUMPF: Yes. It would appear that FTA and New Jersey TRANSIT were complicit in moving the project forward in a manner that raised the concerns that were demonstrated within that report, which is a little disturbing.

During the 30-day period that we're now in the middle of, are you also going to be examining any possible reconfiguration of the terminus of the proposed nine-mile extension? Meaning, are we examining alternatives other than Penn Station?

MR. WEINSTEIN: As I said earlier, all of the alternatives were reviewed during the alternatives analysis of this. In direct response to your question, during this 30 days we will not be reviewing alternatives--

ASSEMBLYMAN RUMPF: So essentially--

MR. WEINSTEIN: --for location. We have a Record of Decision on our environmental impact statement. To do anything other than, basically, what's in that statement would require a new environmental impact study.

ASSEMBLYMAN RUMPF: Okay. So the 30-day period is essentially to study the economics of the overall project?

MR. WEINSTEIN: Yes, sir.

ASSEMBLYMAN RUMPF: Thank you. I appreciate it, Director.

MR. WEINSTEIN: You're welcome.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Commissioner, just a couple of follow-up questions: When the letter was written by the Governor, in April 2010, reaffirming the State's

commitment to the State's share of the ARC Tunnel, was the Administration or yourself aware of the IG report?

MR. WEINSTEIN: No, Assemblyman.

ASSEMBLYMAN WISNIEWSKI: So in April you were not aware--

MR. WEINSTEIN: I was not aware of it. It got posted May 17, which is when we first became aware of it, I think.

(confers off-microphone)

This is Paul Wyckoff, who does the public affairs of the ARC project.

We worked with the IG as they were developing it, so we were aware it was coming. We were not sure of the content until it was actually posted on the web. And I can tell you for sure that the Governor was not aware of it, because I was not.

ASSEMBLYMAN WISNIEWSKI: One of the issues that's been mentioned, at least in part, is how the FTA handled this. And I, just for the record, want to know that the former FTA Commissioner, who is now our Department of Transportation Commissioner -- in our exchange here on Thursday he had agreed to come. I was advised late Friday that he would not be here. Obviously, it would be instructive for this Committee to be able to ask now-Commissioner Simpson exactly what thought process went into approving the \$8.7 billion price tag, and now to be looking at it and saying, "Well, that number might be incorrect." Obviously Commissioner Simpson was involved at both ends, and so the number has to be right on one half of the equation.

But I guess the last point I wanted to ask you is: You were very kind in the submission of material to this Committee -- of providing a map of New Jersey TRANSIT's service. And in my tenure in the Assembly on this Committee, and as Chair, there have been no end of groups that have come here to suggest enhancements to the New Jersey TRANSIT system. We are all familiar with the MOM Line, or the MO Line, depending on who's talking about it. There's been discussion about one-seat service on the Raritan Valley Line in order to get into Manhattan. What is one of the major impediments? Obviously funding is one, but what are the impediments to being able to provide additional rail service where New Jersey residents would be able to get on a train and get into Manhattan?

MR. WEINSTEIN: Well, there are a number of them. Obviously, capacity is one of those. But for instance, on the Raritan Valley Line -- getting a one-seat ride. At the interlocking, where the Raritan Valley comes into the Northeast Corridor, one of the things that's a challenge in the day to day, especially peak-period operations, is when you come in on the Raritan Valley Line, you have to go all the way across the entire Northeast Corridor in order to get that. That, frankly, has to be done slowly. And Kevin can talk about sort of the mysteries of interlockings and all of that. And it takes time. So not only is it slow for the Raritan Valley service to come across, but it slows everything else that's on the Corridor. And it complicates things. So if we could build a way around that -- do some sort of, basically, an overpass that would get you in the right place, at the right time, at some reasonable speed, you could solve that problem.

You know, obviously, you talk about the Lackawanna Cutoff, you talk about the Monmouth-Ocean-Middlesex or whatever you want to

call it-- But we also-- There are also other services that-- For instance, the service between Hawthorne and Hackensack that has been talked about -- the extension, basically, of the Hudson-Bergen Light Rail Line into Bergen County -- which would -- up to Teaneck -- which would be an immense improvement in that system; the 440 extension of the Light Rail system.

All of those things add capacity to the system, Mr. Chairman. They interface either at Hoboken, or they interface with the ferry service, all of those things.

ASSEMBLYMAN WISNIEWSKI: But if you were able to solve your internal system's issues crossing the Northeast Corridor, do you have the capacity to get those-- If you added new trains on a hypothetical MOM line, do you have the capacity to get them through the Tunnel as it exists now?

MR. WEINSTEIN: I think, Mr. Chairman, you heard that our system is at or very close to capacity, and there are-- You can tweak it a little on the margins, but we're not going to be able to put through a whole lot more trains under the current system.

ASSEMBLYMAN WISNIEWSKI: So would it be a fair statement that any large-scale additions to the TRANSIT system, in terms of new trains in any part of the state that would attempt to take passengers into Manhattan, really have to abide by some change in the capacity constraint under the Hudson?

MR. WEINSTEIN: I think in order to do those things, we would have to figure out a way to deal with the new capacity. Yes, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: And then finally, 9/11 -- a terrible day for the State of New Jersey, and the metropolitan area, and the entire nation. Getting in and out of Manhattan was really left to one particular piece of infrastructure -- the 100-year-old Tunnel under the Hudson River; which, subsequently in U.S. Senate hearings, has been identified as a particular vulnerability, from a terrorist standpoint, of being the only major way to get trains in and out of Manhattan. Would you agree that having redundant capacity is also -- which would be the new ARC Tunnel -- would be in the interest of national security?

MR. WEINSTEIN: I don't consider myself an expert on what is in the interest of national security. Redundancy though, from an engineering standpoint, is always a good thing.

ASSEMBLYMAN WISNIEWSKI: Thank you, Commissioner. I appreciate it.

Thank you for your testimony, gentlemen. If you care to stay around, I'm sure there might be some issues raised by other folks who are going to testify. I appreciate you being here.

Thank you.

MR. WEINSTEIN: Thank you, Mr. Chairman.

Thank you, members.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call Joe McNamara, New Jersey Laborers.

Joe are you-- There you are.

Good afternoon, Joe.

J O S E P H M c N A M A R A: Is it on now? (referring to PA microphone) (affirmative responses)

Again, my name is Joe McNamara. I'm Director of the Laborers'-Employers' Cooperation Trust. I'm here today on behalf of our Chairman, Ray Pocino -- he's the Chairman of the LECET fund -- to reaffirm our support for the Tunnel.

As we discuss the future of the Tunnel, I think it's important to put it in its proper perspective. As we talked a lot today -- and Mr. Weinstein did -- this is a critical transportation project in itself. It will allow New Jersey TRANSIT to double its capacity into New York to meet future needs. As we just heard, we cannot meet those future needs without greater capacity, whether you live in Bergen County, Morris County. And often people in Monmouth -- where I live -- view it as taking people from northern New Jersey into New York City. You cannot add capacity out of Monmouth County and get additional trains unless we build this Tunnel.

But in the short-term, yes, it creates jobs. It will also create maybe \$45 billion in new economic activity. We often look at spending in infrastructure as that: spending. It's critical and important that we look at it as investment. And *investment* is defined as spending where you get a return on that investment. So if we put \$7 billion, \$8 billion, \$9 billion, \$10 billion in investment, and it's going to return us \$45 billion-- Besides losing the \$3 billion in Federal money, we lose the opportunity to grow our economy. And that's the critical part of this Tunnel.

In addition to the transportation aspect, we have to look at our infrastructure in totality. We have a very extensive intermodal network in this region. It's not just TRANSIT, it's obviously roads, bridges, airports, ports. They work together. Together they help us move goods and people efficiently. And without us doing that, we will not be able to be

competitive in the world economy as we are now. If we don't fund all those elements, we will not be able to grow the economy. We will also hurt our environment in the future.

The time to build the Tunnel is now. We do have the \$3 billion commitment. If we don't build it now, there's no guarantee -- in fact, it's doubtful if we will be able to put things in place to get that funding again. Also during this economy, this is the best time for us to do construction. Unfortunately, with the national economy, construction prices are depressed -- we will get the best prices we can. The time -- everything is lined up to do this.

At the end you mentioned security. Security is also an important part of the whole project in terms of its importance to our region. I think it's important that we all work together -- whether it's the Congressional delegation, the Legislature, the Administration -- to put together a strategy. We have to resolve this problem. Our future economy and the environment depend in large part on whether or not we can move forward with this Tunnel.

Mr. Chairman, I do have some written testimony. I did summarize it. I will supply it to you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Joe. I appreciate it.

Just a quick question. If you have the ability to make these broad policy decisions, and you were looking at a large piece of infrastructure to build-- This was talked about, quite frankly, for decades and planned probably for at least 10 years. If you had to pick a time back in 2008, when the market was really hot; or 2010, when the market and,

obviously, the economy is not, what would you pick as a time to be putting out contracts to build something like this?

MR. McNAMARA: Well, now. Of course I wouldn't have done that back then. But now is a critical time, because there's been a lack of public and private investment. And that's really part of the reason for the depression in our economy. Neither the public or private sector is putting money into infrastructure and into economic development. So the amount-- You would get a record or a very large number of contractors bidding on these projects, and that always increases competition. And some contractors, to be frank -- obviously profit margins will be smaller, and some are bidding on projects just to get work. We are seeing conditions now that people in the industry tell me they haven't seen since the Depression. So that part is unfortunate, but you can-- This is the time to build the Tunnel for all reasons.

ASSEMBLYMAN WISNIEWSKI: Thank you, Joe.

Members, questions for Mr. McNamara?

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Joe, how many construction jobs will be created by the ARC Tunnel, ballpark?

MR. McNAMARA: It's estimated around 6,000 jobs -- construction jobs; and maybe 4,500 permanent jobs which, again, do create--

ASSEMBLYMAN GIBLIN: Did you say 4,500?

MR. McNAMARA: That's permanent jobs, but 6,000 construction jobs. That's the estimate that we have. That's man (indiscernible) of work. So, obviously, this project-- There is some work

going on right now. There is some initial work, I think, up in the North Bergen area to begin to do some Tunnel work for the entrance and the approach to the Tunnel now. So there is work going on. That's money that we're spending right now, and it's important for us to leverage that into completing the project.

ASSEMBLYMAN GIBLIN: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Other members, questions? (no response)

Joe, thank you for your testimony. And please give that to one of the aides.

I'd like to call, from the Utility and Transportation Contractors, Evan Piscitelli.

Good afternoon, Evan.

E V A N P I S C I T E L L I: Mr. Chairman, members of the Committee, it's a great pleasure to be here.

My name is Evan Piscitelli. I'm the Government Affairs Director for the UTCA, Utility and Transportation Contractors Association. Our Association numbers over 1,100 firms engaged in all phases of road, bridge, and utility construction. Our members are currently working on the Tunnel project and have a lot of work ahead of them on the Tunnel project. So I do appreciate the opportunity to extend some remarks.

I've provided written testimony to the OLS Aide, so you will have more extended remarks for your perusal later.

I do want to underscore several points that Joe McNamara just made. Because while there is a great deal of uncertainty right now about the project, and there aren't a whole lot of concrete facts on where things

are going to be going, it's a critical project, and we stand behind it 100 percent.

We have to look at this as a 100-year investment. We also have to remember that there's \$6 (*sic*) billion of Federal money on the table that we would lose should we not move forward.

New Jersey businesses, quite frankly, are counting on this project. The Governor and the Legislature have been doing great things to make New Jersey more business-friendly, and I do believe that this is a critical part of that.

Finally, we touched on the point that the current projections have about a billion dollars in contingencies already built in. That's a great deal of money. And both the Chairman and several other members of the Committee have mentioned the fact that this is a great time to build things. I can confirm that bids all across the state, on a whole host of infrastructure projects, are very much below engineers' estimates -- to the point where contractors are working at cost just to keep their folks employed.

So we have a great opportunity to build a project at a great price. Again, we have a billion dollars that I've seen in contingencies. We've already done between \$500 million and \$600 million worth of work on this project already. And from the reports that I've seen, it's about 15 percent below the engineers' estimates. So the work that has begun has been a great value to New Jersey TRANSIT, the public owner.

So with that, I would be happy to answer any questions. Again, I would say that Joe McNamara really hit it on the head as far as how the economic impact of this project would be on the State.

ASSEMBLYMAN WISNIEWSKI: Thank you, Evan.

Just one question I have for you, in terms of the economy and what you know about where your members stand, and bidding contracts: From the State of New Jersey's standpoint, from New Jersey TRANSIT's standpoint, is there any better time than now to be letting out contracts for this?

MR. PISCITELLI: There's absolutely no better time.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Questions?

Scott.

ASSEMBLYMAN RUDDER: Of the \$500 million to \$600 million that has been spent to date, how much of that is actually on construction? So take the construction side out, and sort of factor on what we're spending on engineering and planning-- So of the \$500 million to \$600 million, how much of that is actual construction dollars? Do you know?

MR. PISCITELLI: That's a good question. I would yield to the Executive Director on that number. And certainly I can find it for you. But I wouldn't have an exact figure for you. But there is a great deal of construction in that number.

ASSEMBLYMAN RUDDER: And I get that, and I appreciate that. That's a big focus. So if we're able to keep workers in place, moving forward, that's great. But how much have we spent to date on simply planning? I would be interested to know that number.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Any other questions?

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Suppose the State maintained their commitment as far as the ARC project is concerned. Is there any way of handing this management off to another authority, whether it be the Port Authority or the Federal government, and let them wear the ribbon if it goes overrun?

MR. PISCITELLI: Again, I would probably yield to the Executive Director of New Jersey TRANSIT to answer that question. Certainly it would be great if other folks could chip in some more into this project. But, again, we're working under the circumstances that we--

ASSEMBLYMAN GIBLIN: I'm not talking about money, I'm talking about the management. If this goes into a lot of cost overruns, somebody is going to have to wear this. That's the question I raised before. So the State says, "We'll keep our share, but how about the Federal government runs it?" That would be interesting, if they do projects like this.

MR. PISCITELLI: I would just say that it is New Jersey TRANSIT's lines that will be running through this Tunnel, so I'm not sure what sort of legal implications there would be in handing off the project to somebody else.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

I personally would have much more confidence in Jim Weinstein running this project than anybody else.

Anybody else? (no response)

Thank you, Evan.

Josh Crandall, Clever Commute.

I just want to point out Josh has been here a while, and he's had to feed the meter a couple of times. I would suggest to our members that we pass a law that if you're testifying in front of the Transportation Committee you get a pass on the meters. (laughter)

J O S H U A C R A N D A L L: Am I on? (referring to PA microphone)
(affirmative responses)

Great. Good morning. Thank you for having me here.

My name is Josh Crandall. I live in Montclair, and I actually run a business that's called Clever Commute. I started it as a frustrated commuter when I used to work on Wall Street. And what it is, is a way for folks, primarily on commuter rail, to use their mobile devices like a BlackBerry or an iPhone, and it let's the commuters share real-time information with their fellow passengers. So the idea is: The first person who sees a problem with their train or their bus can just break out their smart phone and let their fellow commuters know that there's going to be a problem.

The way that I positioned it is that it complements -- it does not replace -- the official information that comes from providers like New Jersey TRANSIT. I started it in 2006 as a very informal movement with some of my fellow passengers. It has since turned into a business that serves approximately 12,000 commuters across the New York Metropolitan area. I've also expanded it to run in other cities, including Boston and Chicago.

So with that context, I'm here today to give a little bit of the voice of the commuter. We're not built or run to be an advocacy organization, but I thought we had some unique perspectives to share on

what the actual riders are seeing. It was an incredibly difficult summer for the commuters. And I've been trying to-- I've been talking to my advisory board and my passengers in trying to get some feedback about how to think about this. And the feeling is that the cadence of the commuters' lives is, to some degree, set by the TRANSIT providers -- everything from what time your alarm clock gets set for in the morning to when you return in the evening to see your family has to do with this schedule. And people are very passionate about their train schedule. And just to be clear, my comments today are very much in the focus of the train schedule.

So I hear the numbers that are being said about on-time performance. And I don't doubt the mathematical rigor that's behind those, but I'm having trouble mapping that up to the experience that we've been seeing on the commuter line. I think we can't underestimate the issue of the relationship with Amtrak. I believe the commuters understand that New Jersey TRANSIT trains need to yield to Amtrak, but I guess we perceive it as a -- something that could just come out of the blue at any time. You're cruising along on your way to be on time only to be told you need to wait for an Amtrak train to pass. So I think commuters either don't know that, or then they do know it and they just have trouble really internalizing that message.

To make things kind of real though, from a mathematical point of view, Clever Commute has been growing at approximately a 100 percent growth rate year over year since we started it back in 2006. But that really means that we've been growing from a number of people who joined the system. It does not mean that when we double in size, twice as much information gets shared.

So with that context, I looked at the numbers of traffic and issues reported on the Northeast Corridor Line during the June, July, and August timeframe. We had a 104 percent increase in messages shared among the commuters when we compared 2009 to 2010. That's fairly remarkable. That's a metric of a pretty hot constituency who are very, very upset about what's happening, especially in the light of increased fares. Just to drill down a little more specifically, June was up 15 percent. July spiked at being up 196 percent. August was up 148 percent. So overall these are commuters who are not happy, who have something to share, and who are letting each other know.

Just to make sure that I'm coming across clearly though, the information they are sharing are not abstract complaints. These are discrete messages about problems they are experiencing in real time. That's what Clever Commute is all about. It's, "My train is late. Penn Station is crowded. My train has been canceled." It's that kind of stuff, not general comments about the commute.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Members of the Committee, any questions?

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: The only thing with the issue of the complaints, could you have a situation where people who belong to your network -- you could have 30 people communicating with some other people about the same issue? I mean, how do you isolate that or measure that performance factor?

MR. CRANDALL: Sure. It is a social media application, so we are depending on people to provide the content. And we do take that

information and put it through some technology that looks for, identifies, and suppresses duplicate messages. So it is not exact. But the other element is that it's a pretty self-policing community, and there's only a modest proportion of people who actually do share information. So that's why I said even though we get twice as big, it doesn't mean we're going to get twice as many complaints.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Other members of the Committee? (no response)

Thank you for what you're doing.

MR. CRANDALL: You're welcome.

ASSEMBLYMAN WISNIEWSKI: I think it's very valuable for the state, for the commuters.

MR. CRANDALL: Thank you.

ASSEMBLYMAN WISNIEWSKI: Tri-State Transportation Campaign, Zoe Baldwin. (no response)

She has submitted -- and, members, you have in your packet the statement from the Tri-State Transportation Campaign.

Dianne Brake, from PlanSmart New Jersey.

PlanSmart New Jersey submitted written testimony, indicated in favor of completing the ARC Tunnel, no need to testify. And I'm told that you don't have copies, but they will be given to you as soon as we are able to make them.

Steve Gardner, New Jersey SEED.

S T E V E N G A R D N E R: Good morning, Mr. Chairman.

I bring a whole team with me.

ASSEMBLYMAN WISNIEWSKI: Your posse.

Please begin.

MR. GARDNER: My name is Steven Gardner, and I am the Chair of New Jersey SEED's Transportation Committee. I am here today on behalf of New Jersey SEED Board of Directors and our members. New Jersey SEED stands for the New Jersey Society for Environmental and Economic Development. And we're here today in support of the ARC project.

First a little bit about SEED. We're a really unique coalition of a diverse group of leaders from a whole range of areas. I will give you a little sense of where we're from. We have labor advocates, we have business organizations, we have trade associations, construction unions, energy providers, environmental consultants, telecommunications firms, banks, insurance firms, educators, State Troopers, retailers, and many more -- but really a broad-based coalition.

What's united us over the last 30 years is our common belief that economic development and environmental protection are not mutually exclusive, and that we really strive to find balanced public policy. So we really want to lend our voice and support to the chorus of supporters for the ARC project, because we believe the ARC project dovetails really nicely with our message.

First, from an economic development standpoint: You've heard some of the numbers earlier. It creates about 6,000 jobs during construction, and then there are some estimates that say it will support about 44,000 new, permanent jobs once it's built.

Second, from the environmental standpoint: We believe (a) it's going to alleviate traffic on New Jersey's major arteries as NJ TRANSIT is

able to double its capacity into and out of New York City. That should provide a real benefit to the entire rail network and our roads in northern and central New Jersey.

So for those reasons we believe the ARC project should be built. We believe it needs to be built soon, and we urge its completion as soon as possible.

Thanks.

ASSEMBLYMAN WISNIEWSKI: Thank you, Steve.

Gentlemen.

DANIEL J. O'CONNELL: Thank you, Mr. Chairman.

I'm Dan O'Connell. Most of you know me with the United Transportation Union, but I'm also a Trustee of NJ SEED and a member of the Transportation Committee that Steve chairs.

When we look at the delays-- I noted Executive Director Weinstein's remarks about -- many of the delays occurred on the Northeast Corridor. And I think what we have there is a case of the chickens coming home to roost. For the last 20 to 25 years, we have underfunded Amtrak.

And I will give you just one example. We were talking about the catenary system. When Senator Torricelli was still in office, I remember a reporter or newspaper article coming out about the catenary -- the overhead wires that we get our power on. It needed an upgrade not only here in New Jersey, but really along the entire Northeast Corridor. We've underfunded mass transit, we've underfunded Amtrak for a very, very long time, and we're now starting to, unfortunately, reap the windfall of those underfunded investments.

As far as the ARC Tunnel is concerned, Steve said it as well as anybody. But having worked on this system--

And, Mr. Chairman, you mentioned-- When you look at the New Jersey TRANSIT system, we're actually like two systems. There's what we call the Hoboken district and the Newark district. It's not talked about very much, but this Tunnel, when its built, will knit the system together to make it more interoperable to allow what you were talking about, Mr. Chairman, and that is one-seat rides.

Our fear and our concern-- We have no problem with the 30-day delay. We're taxpayers all at this table, and all of us probably in this room. Our concern is that if we don't go forward with this project at this time, it won't be built in my lifetime, nor in the lifetimes of a lot of us in this room.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you, Dan.

M I C H A E L K. D R U L I S: My name is Michael Drulis. I'm Executive Director of New Jersey SEED.

I have nothing else to add. I will just simply have written testimony for distribution.

ASSEMBLYMAN WISNIEWSKI: Thank you. We'd appreciate it if you would give it to our Committee Aide, and we'll make sure the members get it.

Questions? (no response)

Thank you for your testimony, gentlemen.

I'd like to next call Joe Fiordaliso, American Council of Engineering Companies of New Jersey. Also, as I recall, in a former life, Chief of Staff at the Department of Transportation.

JOSEPH A. FIORDALISO: That's correct.

Mr. Chairman, members of the Committee, thank you for the opportunity to testify today in support of the ARC Tunnel project.

My name is Joe Fiordaliso. I'm President of the American Council of Engineering Companies in New Jersey, an organization representing over 100 engineering firms which collectively employ over 5,300 people in our state.

ACENJ is a leading advocate for New Jersey's engineering industry. And my members are involved in the design and engineering of an overwhelming majority of the transportation infrastructure projects in New Jersey. I'm pleased to be making my inaugural testimony in my new capacity as President today.

And, Mr. Chairman, I thank you for that opportunity. And I can't think of a more important issue to speak on than ARC. ACENJ strongly supports the ARC project, strongly supports moving it forward with a sense of urgency and as quickly as possible.

I've submitted written testimony to the Committee. And in the interest of brevity, I will just touch on three quick points now which have already been touched on, but I think they're extremely important and warrant touching on again.

The first is the critical redundancy issue. Mr. Chairman, you touched on it before. In addition to the manifold mobility and economic benefits that the project brings from a homeland security, public safety, and

also, frankly, from a maintenance standpoint, there's a critical redundancy that the second Tunnel would create.

Secondly -- and this has also been touched on -- we're in a very advantageous environment, currently, from a bidding standpoint. And, again, many -- as has been touched on -- many bids are coming in well-below engineering estimates. From some of my members, I've even seen numbers higher than the 15 to 20 percent quoted earlier. It could be as high as 25 percent. There's that much competitiveness right now in the industry to try and win those jobs. And I think that adds to the sense of urgency that we need to try to seize right now in moving forward with this project.

And then the third-- And, again, this has been touched on as well-- But New Jersey's bipartisan Congressional delegation fought for and secured the largest-ever Federal contribution toward a transportation project. ACENJ applauds New Jersey's entire delegation for its work to bring home that \$3 billion in funds and notes the obvious -- that ARC must proceed in order for New Jersey to maintain its grasp on these dollars.

Finally, I would just wrap up by saying that ARC is vitally important in New Jersey's economy and mobility. And ACENJ believes the project should proceed with that sense of urgency, should proceed without any delay.

Thank you, Mr. Chairman. I'd be happy to answer any questions.

ASSEMBLYMAN WISNIEWSKI: Thank you, Joe. Thank you for your testimony.

Members of the Committee?

Joe, would you care to comment on this whole notion that suddenly there's a different cost to the Tunnel? My recollection -- I've been in the Legislature 15 years. As long as I've been here, this Tunnel has been talked about and planned for. Do you care to comment on that at all?

MR. FIORDALISO: Mr. Chairman, I would suggest that in my former capacity with the Department, the numbers that are being discussed today are reasonably in line with the numbers that we were looking at. I mean, I think there was always a range that was looked at. I think when you're looking at a -- when you're considering a mega project such as ARC, there are large dollar amounts that are involved with that. I don't think we can shy away from it. And I think the point is that the benefit that comes back to the State and to the region as a result of that investment-- So, again, I think that there's -- that the number, now, is within the range that we were all -- that was always discussed, certainly from my own personal standpoint.

I'll also say that my understanding, not only in my current capacity but in my past capacity, is that professional staff have been very, very cost-conscious since the project's inception; have always been looking at right-sizing opportunities, searching for efficiencies, cost savings, etc., etc. And I certainly know the professional staff that's involved with the project, and I'm certainly familiar with many of my member firms who are on the partnership team that has done a lot of the design and engineering work. And cost has always been very much a front-burner issue -- to try and make sure that we keep within that range.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Questions? (no response)

Joe, thank you for your testimony.

MR. FIORDALISO: Thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call up Philip Craig, New Jersey Association of Rail Passengers. And at the same time, if Joseph Clift would also come up, Regional Rail Working Group.

I know each of you gentlemen submitted a considerable amount of material for us to look at. So to the extent that you're able to paraphrase and summarize, it would certainly be appreciated.

Whoever is ready can go first.

Please hit the red button so your light is on. (referring to PA microphone)

There you go.

J O S E P H M. C L I F T: Do you have my testimony there?
(affirmative responses)

My name is Joe Clift. I am past Director of Planning for the Long Island Railroad. I find myself now in an advocacy position, which is a very different position. The Regional Rail Working Group includes the Lackawanna Coalition, New Jersey Association of Railroad Passengers, and the Empire State Passenger Association in New York.

I'm here today to talk about the cost of this project. It's been bandied around a lot -- \$8.7 billion. If you look in the middle of my testimony page, you'll see -- and Executive Director Weinstein referred to this -- there's the Portal project, which is required for this. The attached documentation has a very clear statement from the FTA that this project has to be included. Mr. Weinstein also commented on the Raritan Valley

Line. So if you take those into account, you have a \$10.7 billion price tag. So when you talk about funding, you need to think about this entire price.

This is double, basically, what it was five years ago. If you look at the funding side -- and this is listed-- I think a lot of this was in the *Star-Ledger* article this morning -- sorry, the *Bergen Record* article the *Star-Ledger* repeated. But you really only have \$7.6 billion, \$7.7 billion of money that is -- you might call it the *nest egg*. There's been talk lately about taking the nest egg away. This is the money that really is promised to ARC. Anything beyond that competes for precious dollars. The Federal Highway Administration money that's mentioned -- you use that every year, today, for road and transit work. And obviously you can only spend money once.

My point basically is: The project, right now-- The ARC money is \$3 billion less than the ARC collective cost. And it would be a bad fiduciary result for the FTA to not be questioning: Can you pay for this project? That's very important.

If you go to the next-to-last page of the papers attached -- fifth page-- Let me just read -- and I think one of you Assemblymen over here asked about who is going to pay for the overrun. Let me just read what Administrator Rogoff said. This is to Senator Christopher Dodd, who oversees the Federal Transit Administration. And this is referring to New York's overruns on their major projects.

“Most importantly, I want to assure you that not a single penny of additional Federal Section 5309 New Starts dollars will be used to fund these delays and cost overruns.” I think there should be no doubt that every dime is going to be New Jersey's responsibility.

If you look at the last page of what I handed out, you'll see the result. And this is New York; this is not New Jersey. I'm a New Yorker, actually. I can say that we can hold -- we can do worse what everyone else does, it seems like, sometimes. And if you look here at the bottom, this is a table I put together. Over a relatively short period of time, the Federal share of the East Side Access, which is quite similar in many ways to your ARC project -- the Federal share went up zero -- not at all. The local share, because of overruns, went up by almost 50 percent. And the result in New York -- we now have this big project taking money away from other projects.

And let me just close by saying the rail advocate community in New Jersey and New York has been pushing for some time -- so far to no avail -- what we call *Moynihah/Penn Station First*. This is an alternative that would go into Penn Station, fix it up, work with the state of New York, and plan for extension of the East Side. We believe this project will save \$3 billion. That gets the price down in the range of the real money that is for ARC. The basic problem you have here is the project exceeds the bucks for the project. So we're proposing a separate alternative. We have given tours to some of your colleagues, to the media, and others. I invite you to see this. You can go to Penn Station, you can fix Penn Station up. By not building 34th Street, you save money that you don't have.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: But you still need to build the Tunnel.

MR. CLIFT: Sir?

ASSEMBLYMAN WISNIEWSKI: You still need to build the Tunnel.

MR. CLIFT: Absolutely. Let me just add that tunnels-- The interesting thing is, of this \$8.7 billion, the Tunnel itself under the River is less than a billion dollars. This is really about a very expensive, deep-cavern station in Manhattan. More than half the jobs on this project will be New York jobs. That deep cavern is somewhere around half of that \$8.7 billion. So when we call it -- and I do too -- we call it a *tunnel* project, it's really the ARC Tunnel and terminal project. So, yes, you-- We are not saying, "Don't build ARC." We are absolutely in favor of ARC. I checked the box that says *in favor*. What we're in favor of is an alternative that can be afforded. We also believe it's better. But for purposes of today, we're talking about the financial side.

ASSEMBLYMAN WISNIEWSKI: And you had mentioned that the financial side-- You had said there's \$7 billion available. But looking at your chart on your third page, it has \$8.699 billion.

MR. CLIFT: That's correct. That is the price for ARC itself. I'm not sure I understand your question, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: I thought you said there was only \$7 billion available.

MR. CLIFT: That's correct. If you look at my first page, the Federal Highway money that is listed as part of the FTA's submission -- this is the November 2009 report -- the Federal Highway funds-- Yes, you can put them in there, but that means taking them away from other projects. You have to take-- This last year, New Jersey -- it's in your appropriations bill -- you used about \$1.25 billion of Federal Highway money for transit

and for roads. This ARC project will spend the equivalent of that one year over about a five-year period, which means something else will have to give.

And one of the things I said in my written testimony today: You could fully fund the Transportation Trust Fund. That means you pump out \$1.6 billion a year, which you've been doing for the last five years. But you'd also have to put another half-billion dollars in for ARC. So if you want to build a big project, you have to find more money. If you fund the Trust Fund, you've got to pump out \$2.1 billion a year. And that is a tremendous amount of money.

ASSEMBLYMAN WISNIEWSKI: My understanding is that last billion dollars that you're talking about was earmarked through using the Congestion Mitigation money -- \$100 million a year over 10 years.

MR. CLIFT: Yes, sir. It's going to be spent over the life-- This project is really a five-year construction timeframe. I mean, we're talking 2018, I think, for service.

ASSEMBLYMAN WISNIEWSKI: That's eight years from now.

MR. CLIFT: But you've got-- Basically, 2011 -- there's very little work that has been done. We have one, \$14 million project that's really underway. So you're talking 2011 through 2016, 2017.

ASSEMBLYMAN WISNIEWSKI: My question, just simply, is that the other billion that you don't show here is the \$100 million a year that was allocated from the CMAQ money over the course of 10 years.

MR. CLIFT: That could be. I'm just saying that the requirement is there for it to be spent in a shorter period.

ASSEMBLYMAN WISNIEWSKI: Understood.

MR. CLIFT: And I have not seen-- Frankly, the last time I saw a year-by-year was two years ago with the draft environmental impact statement. We have not seen a budget -- a detailed budget for this project that shows you how the money comes in and the money goes out. It may be available, but I have not seen it.

ASSEMBLYMAN WISNIEWSKI: And you're aware that the FTA signed off on the \$8.7 billion?

MR. CLIFT: Yes, they issued a Record of Decision. That's correct.

ASSEMBLYMAN WISNIEWSKI: So if I could accurately summarize your testimony, you think there needs to be a tunnel. It needs to go someplace else. And by going someplace else it would be cheaper.

MR. CLIFT: And better. Yes, sir, that's correct.

ASSEMBLYMAN WISNIEWSKI: Questions from the Committee? (no response)

Thank you.

MR. CLIFT: Thank you.

PHILIP G. CRAIG: Mr. Chairman, members of the Committee, my name is Phil Craig. I live in Montclair, New Jersey. I have been a professional in the railroad industry for the last 50 years. In addition to the United States and Canada, I have worked on railroad projects of various types in six European and Asian countries. I come before you today representing both the New Jersey Association of Railroad Passengers and myself as a citizen of New Jersey.

We are supporters of the project. We certainly recognize that it is vital for the future economic interest of the New York Metropolitan

region and quality of life that we all wish to enjoy. However, the project, as it currently is constituted, we believe is compromised and has become mediocre.

There were comments that were made earlier. For instance, when Mr. Weinstein spoke about the engineering obstructions that would prevent a connection into Pennsylvania Station from the ARC Tunnel, what he didn't tell you is that that was engineered, and it was in -- the connection was in the draft environmental impact statement upon which public hearings were held in January -- in the winter of 2007. I testified in favor of the project at that time. And one of the reasons I did so was because it provided redundancy for the 100-year-old tunnels.

This is a key question. Today, with the project being rescoped and, in fact, descoped -- a terminal that had eight potential tracks is now at six. The connection to Pennsylvania Station was eliminated. The project went from \$6 billion, to \$7.6 billion, to \$8.7 billion while significant elements of its infrastructure were removed from it.

The project needs to be not only rethought in terms of can we afford it, but what is it that we are getting for this capital investment? It is not a cost, it is an investment. It is an investment in our future probably for the next couple of hundred years.

Our message to you and to the Christie Administration is that the project needs to be right-sized to make it affordable. Now, what does that mean programmatically? There already has been a supplementary environmental impact statement upon which public hearings were held prior to the issuance of the Record of Decision. The elements of the project that are covered by the Record of Decision can be constructed if the project

is rethought. Those elements of the project that would be changed would be subject to another supplementary environmental impact statement and a Record of Decision. There's been a little bit of a Cassandra-like prediction here: that the project will come to an end if it's changed. Simply stated: that's not true. We do not face a case that is -- the Tunnel as it is now or no Tunnel.

There are other elements mentioned in my testimony that you should be aware of. This project has been compartmentalized: \$8.7 billion for ARC, another \$1.7 billion for the Portal Bridge project. The rolling stock, the locomotives, the coaches required to run those additional trains have been removed from the project's budget, but you will have to pay for them in the future.

I attached to my testimony rather pointed correspondence between Amtrak and New Jersey TRANSIT during the prior Administration. Amtrak legitimately points out that in order to achieve the goals of the ARC project, there are major capital investments that need to be made south of Newark. Those will add additional hundreds of millions, if not billions of dollars to the project.

Ladies and gentlemen, what you are really looking at when you put all of the elements together is a project that is at least \$12 billion, perhaps more likely more. That's in the big dig territory.

Now, Mr. Clift has mentioned what the implications of our Full Funding Grant Agreement-- I have been a project management oversight consultant, prior to my retirement, for the Federal Transit Administration. I've dealt with projects that have faced cost overruns. Once a Full Funding Grant Agreement is signed, there is a committed scope, there is a

committed Federal share. And the requirement is that you must build the remainder of that scope regardless of what the cost is. So what happens is, if there are overruns, it will be the people of the State of New Jersey who will carry the bucket. And that needs to be made abundantly clear to the Legislature as a whole. And I believe the Christie Administration is beginning to recognize it.

There also is a question about the funding that will be coming from the New Jersey Turnpike Authority. The enabling law states that all transportation projects, other than highways projects, shall be self-sustaining, provided that such revenues may be used to finance or support the cost of nonhighway projects on an interim basis. This project can never be self-supporting. There are no major transportation systems in the world -- public transportation systems -- that are self-supporting. ARC does not meet the test of the law in that respect.

Interim means that some day it has to be paid back. How will it be paid back when it is not self-supporting? These funds are spoken of as a contribution to the project. The law does not provide for a grant, it provides for a loan. And my question to you is: How will that loan be paid back?

Thank you for listening to our testimony.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony and waiting. I apologize for the delay in getting to you. Obviously, as you know, we have a lot of people, and we're getting to them as quickly as we can.

MR. CRAIG: Yes, sir.

ASSEMBLYMAN WISNIEWSKI: But thank you for your testimony.

Jay Corbalis, New Jersey Future; and Jennifer Kim, New Jersey PIRG. They are not--

UNIDENTIFIED SPEAKER FROM AUDIENCE:
(indiscernible)

ASSEMBLYMAN WISNIEWSKI: No need to testify?

UNIDENTIFIED SPEAKER FROM AUDIENCE:
(indiscernible)

ASSEMBLYMAN WISNIEWSKI: You did; in favor, no need to testify.

Thank you for being here.

And Jay is also in favor of the ARC Tunnel, and he submitted written testimony, which you should have -- the members of the Committee should have.

Dena Mottola.

UNIDENTIFIED SPEAKER FROM AUDIENCE: She's on her way.

ASSEMBLYMAN WISNIEWSKI: She's in favor. And if she gets here before we finish, we'll let her testify.

James Raleigh.

J A M E S T. R A L E I G H: Thank you, Assemblyman and Committee, for allowing us to testify today.

Some of you have seen me before on a number of other transportation projects. My involvement started in the late -- early '90s on the studies of the subsidies and the ridership for the MOM line; and we're

still studying ridership subsidies, and where we'll ever fit in the project to build.

I've become more involved in the ARC Tunnel project. My first involvement was back during the Christie Whitman Administration, when Rich Bagger, now the Chief of Staff for Governor Christie, chaired the Assembly Budget Committee in this very room. I wore this necktie explaining that this ARC project was going to help the region. Mr. Bagger used the New York Subway system to show me how complicated it was for him to get to his work.

When we talk about the jobs, there are the construction jobs, but there are also the long-term jobs. One of the reasons the ARC project started with the possibility of extending to Grand Central, is the office space around Grand Central -- thanks to Mr. Vanderbilt and the New York Central Railroad -- far exceeds that around Penn Station. Since 9/11, we have the bigger problem of the massive subsidies required to complete the One World Trade Center.

Earlier this year, Assemblyman, you heard Bill Baroni talk enthusiastically about how the ARC Tunnel would free New Jersey TRANSIT from involvement with ARC -- with Amtrak, excuse me. Today you heard that, from here at Morrisville -- Trenton to someplace beyond Newark, we're totally interactive with Amtrak. And so the long-term jobs are more on the East Side than they are around Penn Station. And so the long-term plan to extend from Penn Station or the deep cavern is an important consideration.

The technical problems to extend from the deep cavern are far more severe than the technical problems to extend from Penn Station. The

Executive Director explained that we had gone through extensive studies. There was a draft environmental impact study that showed the environmental impact of connecting both to Penn Station and a 34th Street station. They decided for cost, and engineering reasons, and others to drop the Penn Station connection, and they were asked to prepare a supplemental environmental statement.

The conclusions turn out to be the same: The impact in New Jersey is a massive amount of excavation in New York City, to be put in the Meadowlands. The studies to connect only to Penn Station instead of only to 34th Street have never been done. And we are advocating that technically it can be done without 34th Street. And it has the least cost and the smallest environmental impact in New Jersey.

Now, they'll throw up excuses about the impact in New York City. Now, earlier this year we had an extensive debate in the Senate Budget Committee -- both in the public hearings and in the Senate Budget Committee meeting with Commissioner Simpson and Executive Director Weinstein -- about the impact and cost of this. So your hearing today is kind of an extension of what was already covered in the-- But the impact of constructing in New York really is of New York's concern. And no one in New York is going to complain about New Jersey pouring lots of New Jersey money into New York because this is considered the locally preferred alternative by New Jersey.

The important thing is, as Mr. Clift mentioned: most of the jobs, most of the money is going to go into New York City; and the long-term jobs are for New Jersey taxpayers working in New York, paying both New York and New Jersey taxes. So we want to see the Tunnel built, we

want to see it connected to Penn Station. We think it's the best solution to money and technical.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

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

Thank you for being here. We appreciate your testimony.

Dena Mottola.

DENA MOTTOLA JABORSKA: I'll be really brief. I just really wanted to say I support the project.

Dena Mottola. I'm the Executive Director of Environment New Jersey. We support this project, we strongly support it. We feel that it's very important that this project goes forward in order to protect the environment in this state, and especially to help us meet our goals around the Global Warming Response Act.

I wanted to just explain to everyone the significance of the project for the environment, because the greenhouse gas emissions savings from the project are huge. There aren't going to be a lot of opportunities like this for us to reduce a lot of greenhouse gas emissions. So just to give you an idea, the emission savings for the project -- for the Tunnel -- would be about on scale of 1 percent of the state's total greenhouse gas emissions. Maybe 1 percent doesn't sound like a lot. But if you think we're trying to reduce our emissions by about 20 percent to get on track to do what's necessary to actually avert the worst effects, then it actually means that it's one of, say, 20 different things that we need to do to actually make a difference on this problem. And there aren't that many of those

opportunities out there. There's just a limited number of things we can do that give us this much of a sweeping reduction.

And to give you an example, the New Jersey Clean Cars Program -- the LEV II program which some of you helped us enact several years ago through legislation -- gives us similar reductions. And that's a standard on the actual technology of the cars. So it's a really big amount of savings. So I just wanted to really underscore that we need these kinds of programs -- we need this project, because we need those savings among other things that we need to do to really deal with climate change.

Obviously, you've heard a lot about the criticisms for the project. I feel like I need to say -- as a New Jerseyan who's lived here, and much of my family goes in and out of the City every day for work -- that I think the project stands on its own merits when it moves so many people in and out of the City every day. So, to me, whether Amtrak -- I would like Amtrak to be able to link up. But if it cannot link up, or it's not feasible because of geology or just practicality, I think that's okay. I think the project stands on its own, and I think that it merits moving forward just on its own -- just to really speak to some of the criticisms we've been hearing.

In terms of the budget concerns, I'm just going to say what's obvious. We just do need to find a solution to replenishing the Transportation Trust Fund, because we need that as a back stop if there should be cost overruns. Obviously the State and the Governor can control the budget and make sure we don't have overruns. But to the extent that this issue is all linked to renewing the Trust Fund-- Yes, we need that too. We need to do that too.

And I just didn't want to -- just add my voice to the many others who have said that this project is vital for the State, whether it's for the economy, for jobs, or for the environment. Because we're not going to tackle climate change if we don't make major expansions in mass transit. And we can't make major expansions in mass transit in this state until we get this Tunnel built, because we can't do any other rail expansions of any meaningful level without this Tunnel. And I think, given that we're at a point in time where everything has come together in terms of unprecedented funding from the Federal government, I don't think we can afford to squander that. And so we do need to move forward.

Thank you for your time after so many hours of testimony.

ASSEMBLYMAN WISNIEWSKI: Thank you for being here. Thank you for coming back in and testifying. I know that we ran long, but there were lots of people who wanted to express their opinions. We appreciate yours as well.

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

Seeing none, thank you.

MS. MOTTOLA JABORSKA: Thank you.

ASSEMBLYMAN WISNIEWSKI: We appreciate it.

With no other individuals signed up to testify and no questions from members of the Committee, we stand adjourned.

(MEETING CONCLUDED)