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COMMITTEE MEETING

before

SENATE TRANSPORTATION AND COMMUNICATIONS COMMITTEE

A Review of the  
New Jersey Transportation Trust Fund Authority Act of 1984

March 5, 1987  
Room 408  
State House Annex  
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Walter Rand, Chairman  
Senator Thomas F. Cowan, Vice Chairman

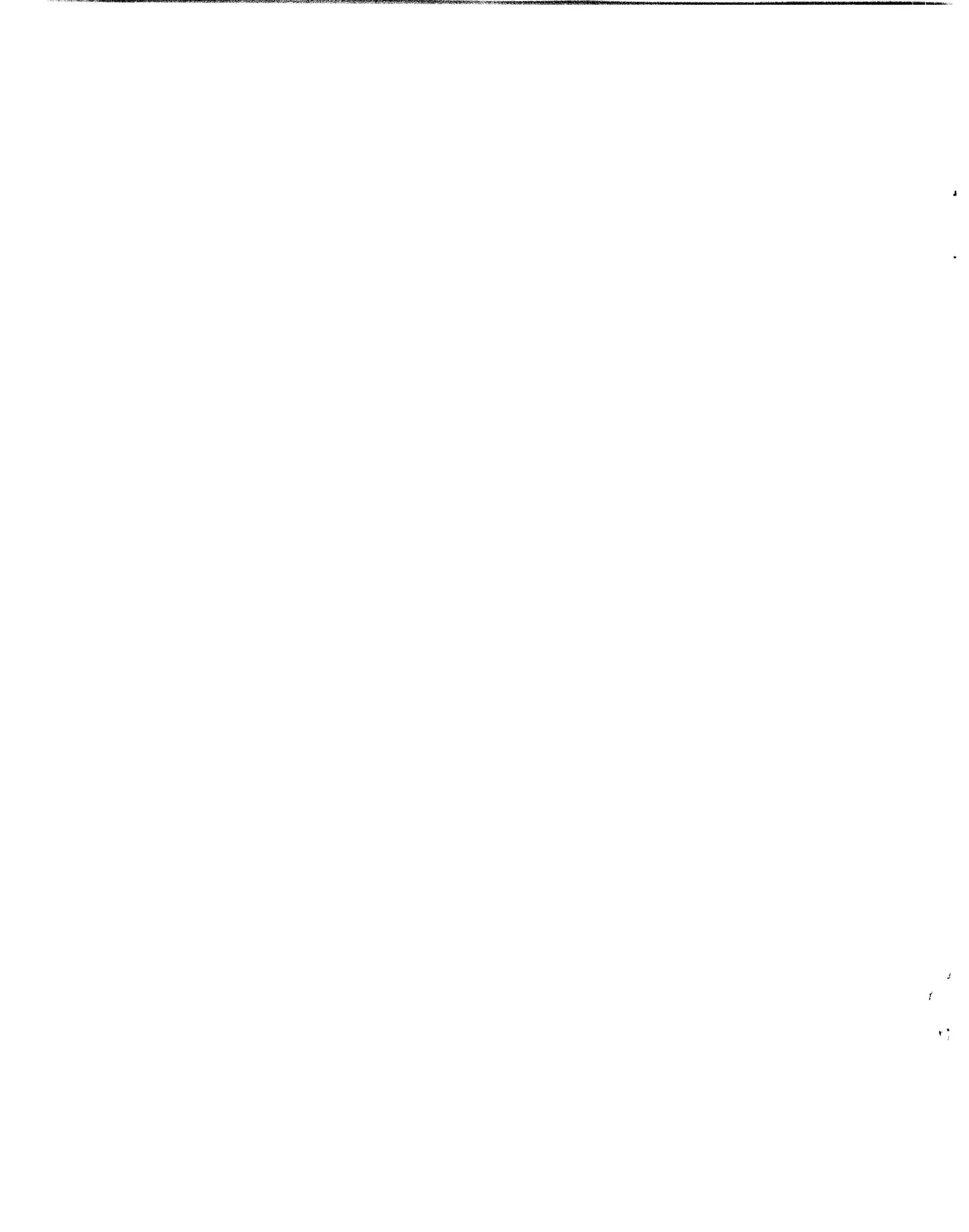
ALSO PRESENT:

Peter R. Manoogian  
Office of Legislative Services  
Aide, Senate Transportation and Communications Committee

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New Jersey State Legislature

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M E M O R A N D U M

February 26, 1987

TO: MEMBERS OF THE SENATE TRANSPORTATION AND COMMUNICATIONS  
COMMITTEE

FROM: SENATOR WALTER RAND, CHAIRMAN

SUBJECT: COMMITTEE MEETING - THURSDAY, MARCH 5, 1987

(Address comments and questions to Peter R. Manoogian, Committee  
Aide.)

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The Senate Transportation and Communications Committee will  
meet on Thursday, March 5, 1987 at 10:00 A.M. in Room 408, State  
House Annex, Trenton.

This will be the second in the series of meetings concerning  
the review of the "New Jersey Transportation Trust Fund Authority  
Act of 1984" and of the operation of the Trust Fund Authority. The  
first meeting was held on February 26, 1987.

The morning session of this meeting will focus on the views of  
various groups affected by the Trust Fund Act and the Trust Fund  
Construction Program. Representatives of the motor truck industry,  
municipal officials and county officials are invited to appear  
before the committee commencing at 10:00 A.M. Because of time  
limitations, each person should limit his remarks to ten (10)  
minutes. It is expected that no more than 10 speakers will be able  
to address the committee orally. Anyone wishing to appear before  
the committee should contact Peter R. Manoogian, Committee Aide,  
or, in his absence, Laurence A. Gurman, Office of Legislative  
Services, at (609) 984-7381.

In the afternoon session commencing at 1:30 P.M., the  
Honorable Hazel Frank Gluck, Commissioner of Transportation, and  
Mr. Jerome C. Premo, Executive Director of the New Jersey Transit  
Corporation, have been invited to appear to continue the  
discussions held previously and will be the only speakers.



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**SENATOR WALTER RAND (Chairman):** Good Morning ladies and gentlemen. This is a second in a series of hearings to review the Transportation Trust Fund I. We'd like to get started. We don't have too many speakers, but for those of you that wish to testify that haven't given Dr. Peter Manoogian on my right your name, you may give it to him and we will call you in turn.

The first speaker we have this morning is Casey Barrs, who's a legislative analyst, New Jersey State League of Municipalities. Mr. Barrs, Good morning.

**C A S E Y B A R R S:** Good morning Mr. Chairman. Again, my name is Casey Barrs, and I'm a legislative analyst with the New Jersey State League of Municipalities.

In a moment I'd like to present your first speaker here. But first, let me thank you on behalf of the League for holding this series of meetings. The New Jersey Transportation Trust Fund Act has been a vital step towards expediting improvements in the State's highways and transportation network. It represented a timely response by our State's legislators and it's clear that this series of meetings is promoted in that same spirit of responsiveness and concern.

As you're aware, the League's interest has been and continues to be that the municipal allocation from the fund be substantial enough to give local government a reasonable chance of meeting its highway rehabilitation and construction costs. At this point, we'd like to follow the dialogue closely and further review the fiscal impact of the Trust Fund and pending legislation, before we take definitive action.

Let me now introduce Mr. John Vitale, President of the New Jersey Society of Municipal Engineers. The Society of Municipal Engineers is one of our affiliate groups. We benefit from their expertise on some of the more technical aspects of the Transportation Act and how it's been implemented. And we think you too will benefit from hearing what they have to share.

SENATOR RAND: If you'd like to sit there you can. We'll draw up another chair. Yes, we can draw up another chair.

J O H N V I T A L E: Thank you Casey, and good morning everyone.

SENATOR RAND: Good morning.

MR. VITALE: As Casey indicated, my name is John Vitale, and I'm President of the New Jersey Society of Municipal Engineers. I am representing the Society on this most important matter today. The Society is a professional association, comprised of approximately 75% of the engineers serving New Jersey's 567 municipalities. I am a professional engineer in the States of New Jersey and New York, and have been a municipal engineer for the Township of Montville in Morris County for more than 11 years.

The New Jersey Society of Municipal Engineers would like to reiterate its support for the continuation of the New Jersey Transportation Trust Fund, or Trust Fund II -- if you'd like to call it. Trust Fund II would provide additional funding to repair local roads, as well as funding for county, State highways, bridges, and mass transit. Our resolution of support for Trust Fund II was adopted at the Society's general membership meeting of September 10, 1986. And it has been submitted to State Department of Transportation Deputy Commissioner, Michael F. Barrett, P.E..

As you probably all are aware, a recently completed report by the Road Information Program, TRIP, indicated that about 30% of municipal roads or streets are in need of resurfacing and reconstruction. TRIP is a nonprofit organization based in Washington that researches transportation issues. It is my opinion that the 30% of the municipal streets in need of repair, is a conservative figure, because municipalities were probably reluctant to admit the actual condition of their streets. We had-- As a Society, we did have input into that report prepared by TRIP, for them to come up with the 30% need that exists at the present time.

I was a member of the State Department of Transportation Screening Committee, along with other municipal engineers and State Department of Transportation personnel. The Committee approved monies for projects under Trust Fund I. I believe that the monies from Trust Fund I were fairly distributed. Many municipalities benefited from the funding provided to them by Trust Fund I. Trust Fund I was successful, and it is the New Jersey Society of Municipal Engineers' opinion that funding to municipalities must be continued, preferably for more than one year.

Thank you lady and gentlemen. And if you have any questions, I'll attempt to answer them.

SENATOR RAND: Oh, we're going to ask you some questions if you don't mind. First, would you mind just detailing how the municipal money -- and the procedure that a town or a municipality goes through in order to get the pot of the \$15 million?

MR. VITALE: Okay, Senator. I'll take Montville's particular situation, because that's the one I'm most familiar with. Montville, in the first round of the Trust Fund I, received \$81,000 for the reconstruction of a road -- namely Pinebrook Road in Montville -- which was in need of major reconstruction. We had a very serious icing problem during the winter months. It was in the area of a school. The total project costs were in the neighborhood of 230,000, and we received \$81,000 from Trust Fund I toward that amount of reconstruction.

There was no right of way to be purchased, hence there was no cost to the municipality for right of way, which is not covered under the Trust Fund Act. Also, the engineering money was put into the kitty by the town fathers and that's how we got that project completed.

SENATOR RAND: The selection process-- Could you tell me how that works?

MR. VITALE: Okay, I was going to--

SENATOR RAND: The flow from the municipality to the State.

MR. VITALE: Okay. What we did-- We put in an application to the District One - Department of Transportation office, who would then review our application along with others. Then the State Screening Committee -- which I indicated earlier in my talk here -- met in Trenton and decided which projects would be funded.

SENATOR RAND: Which is composed of engineers throughout the State?

MR. VITALE: Municipal engineers, DOT personnel, and people of that nature.

SENATOR RAND: Is there a formal body?

MR. VITALE: It was district engineers from the four districts throughout the State of New Jersey. It was their assistants -- they were generally at the meeting. I would say there was four municipal engineers and about four DOT personnel, such as Mr. Baker-- I don't recall the others, but there was three other--

SENATOR RAND: And everybody's got input?

MR. VITALE: Everybody has input into the projects that get funded. And I believe that in the first three rounds which was Trust Fund I, there were three various funding periods. I believe most municipalities throughout the State of New Jersey, who submitted an application, did benefit somewhat.

SENATOR RAND: Besides DOT involvement, is there a peer review of your engineers and so forth?

MR. VITALE: Right.

SENATOR RAND: Is there usually any disagreements, or is there a consensus that usually comes out?

MR. VITALE: Well, generally the district engineer has his recommendation to that Committee. And, in the instance that I was at the Screening Committee meeting, there were

changes in their recommendation, but they were minor. They were minor in nature.

SENATOR RAND: There is \$19 million that was appropriated for each year of the municipal road aid, 15 million for the direct appropriation and four million in discretionary monies. From your view, how far did that go? And how much are the requests per year that usually come in against this part of \$15 million?

MR. VITALE: Oh, it exceeded the 15 million.

SENATOR RAND: By far? By how much?

MR. VITALE: I would say it would be, you know, one and a half times the 15 million.

SENATOR RAND: So that there were 45 to 50 million-- No, that's one and a half times?

MR. VITALE: Just one and a half.

SENATOR RAND: About 25 million in requests?

MR. VITALE: Right. That's my estimate of what I gathered from the applications. I would think that you may want to discuss that with the DOT personnel.

SENATOR RAND: Yes, I'm going to because we just got some information -- and I'll see if I can just pick it out very quickly -- see if I have that right here. In fact I just received that-- Well I can't find it at his moment. The demands are about 128 million that we're short of municipal road aid per year. That was by a Federal report, that we would need about \$128 million a year in order to come up with enough money to take care of our municipal road problems. It's a lot of money, and as I say, I have no problem with that, and I just--

MR. VITALE: Yes, but the thing you have to remember Chairman, I'm talking about those municipalities that just applied for funding.

SENATOR RAND: Yes, just applied, just for that--

MR. VITALE: So there's a difference.

SENATOR RAND: I understand. Do you have any recommendations, if we were to renew the Trust Fund, as to what level of funding, based upon your experiences and your involvement in that process?

MR. VITALE: Well, I'd like to see the funding increased for municipalities, since I'm representing the Society today. You know, the report speaks for itself. I recommend at least, you know, twice what was in Trust Fund I, because I believe--

SENATOR RAND: Somewhere around \$38 million a year?

MR. VITALE: Yes. I believe the need is there.

SENATOR RAND: Have all the recommendations in the past three years, from the final committee, been followed by the Department of Transportation? In other words--

MR. VITALE: To see if the project was actually implemented and completed?

SENATOR RAND: Yes.

MR. VITALE: In the final round -- which I was very closely involved because I was on the Screening Committee for the final round -- one of the deciding points was, if a municipality was asking for more money, if they had not completed their first project say in round one and we're in round three -- we generally did not give them additional money because we wanted them to complete their round one.

SENATOR RAND: Is there sort of like a round robin? In other words, if a group got it the first year, you would try to give that group that didn't get it the first year, the second year?

MR. VITALE: That's absolutely correct.

SENATOR RAND: Okay.

MR. VITALE: We try to spread the money around so that as many municipalities as possible--

SENATOR RAND: Everybody got a fair shot.

MR. VITALE: Right, could, you know, get some improvement into their town from the Trust Fund.

SENATOR RAND: How many years out of the three have you sat in on that selection process?

MR. VITALE: Just the last year, because I was just recently made President of the Society.

SENATOR RAND: You go by a formula, is that correct? So many people in the county, and so many road miles and so forth, is that the way it's determined? I think that that's the way it's determined.

MR. VITALE: Well that's how the money is allocated by the Department of Transportation. So we know bottom line how much each county can have, or each district I should say, because the districts are three or four counties.

SENATOR RAND: And you're satisfied with the process you saw working?

MR. VITALE: I think the process worked very well, yes.

SENATOR RAND: I'm going to ask you a question. I know the answer but I-- You have nothing to do with the discretionary money?

MR. VITALE: That is correct.

SENATOR RAND: Yes, that's the-- That we left very definitely to the-- In case there's an emergency, in case there's an absolute necessity during the process--

We have criteria in the original Transportation Trust Fund, and I'll read it to you, unless you want to look at it: "After the amount of aid has been allocated based on the above formula, the Commissioner shall determine priority for the funding of municipal projects within each county, based upon the criteria leading to volume of traffic, safety consideration, growth potential, readiness to obligate funds, and local taxing capacity." Do you think that that criteria has been addressed fairly, equally?

MR. VITALE: Yes, I think it was.

SENATOR RAND: By the way, Mr. Vitale, we're not looking for a disagreement. We're just looking for--

MR. VITALE: No, I understand.

SENATOR RAND: --concurrence. We happen to think municipal road aid -- the same as you -- is a wonderful component.

MR. VITALE: Okay. No, I'm trying to answer it truthfully and candidly for you. Our project in Montville-- We had started the engineering on it before the Trust Fund came into existence. So, I think the district office-- Why we got first round money was it showed that the town was serious about implementing this road improvement by putting up their own money to start the design. And since our plans were probably about 80% complete at the time we applied for the funding, we got money in the first round, because the Screening Committee, which I was not a part of in the first round, saw that Montville had the plans 80% complete and the money could be used almost immediately, and have an immediate impact.

SENATOR RAND: And your recommendation is to double the-- You would like to see it doubled.

MR. VITALE: I would like to see it doubled, and preferably more than that. But I realize--

SENATOR RAND: You're not wrong by the way. I like what you're saying.

MR. VITALE: Yes, but I realize that municipal roads are not the most highly traveled roads. You know, there are State highways, and county--

SENATOR RAND: But they're the worst.

MR. VITALE: Well, yes.

SENATOR RAND: As a whole, over the State, we've neglected them for so long. We haven't had a local road aid program for, well--

MR. VITALE: About 10 years I would say, State aid--

SENATOR RAND: Yeah, I was just going to say-- I don't remember-- Back in the Legislature when I came in, I think it was '75 or '76--

MR. VITALE: Yeah, it's about 10 years, about 10 years.

SENATOR RAND: So this is the first time that we've had local aid in the last 10 or 12 years. And there's no question that we have a lot of catching up to do.

MR. VITALE: Yes we do.

SENATOR RAND: Yes. Were any municipal bridges involved in this, or just roads?

MR. VITALE: I'm not aware of any in Montville Township. I believe most of the bridges are under county control. They're not under municipal--

SENATOR RAND: Yes, we have a bridge program on that. I think this is just directly for roads. Mr. Barrs, anything else that you'd like to say, or add to this?

MR. BARRS: I think not, no. Thank you.

SENATOR RAND: Well we thank you very much sir. We thank you very much. And, hopefully as we look to the future we can bring some more money back to that municipal road aid pie. Thank you very much.

MR. VITALE: Okay. If you have any additional questions, Peter knows how to get a hold of me.

SENATOR RAND: Fine, we thank you very much. We thank you for coming down today.

MR. VITALE: Thank you.

SENATOR RAND: Is Mr. Cimino-- Anthony Cimino, Chairman of the Public Works Committee, New Jersey Association of Counties. Good morning, sir.

A N T H O N Y J. C I M I N O: Good morning. Senator, it's a pleasure to come before you again this morning. Good morning to you, Mr. Chairman, and to members of the Committee, and to staff. I'm pleased to come before you today as the representative of the New Jersey Association of Counties. In

addition to serving as Second Vice President of our Association, I am also Chairman of the NJAC Public Works Committee, which oversees transportation issues. It is in this capacity that I have been asked to provide a voice for county government at today's hearing.

As I understand, I've been asked to comment on the county's experience with the Transportation Trust Fund during the last three years. Overall, I believe that it is fair to say that counties generally regard the Transportation Trust Fund as a positive step for the State of New Jersey. It has provided a stable funding source for transportation needs, and has improved our ability to plan for the future.

This is not, however, meant to imply that all 21 counties are entirely pleased with the operation of the Transportation Trust Fund. Actually, reactions individually from the counties are a mixed bag. Some county officials will tell you they are very happy with the progress made in their counties and that the trust fund has facilitated transportation projects in their county. But other county officials will tell you that the Transportation Trust Fund has failed to live up to their expectations. Projects have been delayed and bumped from the Department's list without satisfactory explanation. There simply is not a unanimity of opinion among the 21 counties.

What then does this mixed reaction from the counties tell us about the Transportation Trust Fund? The message, I believe, is that the Trust Fund is an excellent concept, but that performance during the first three years has been uneven. Improvements are needed. The Department of Transportation should be encouraged to develop stronger and more effective communications with county officials, so that problems can be worked out, or hopefully avoided in the first place.

Despite these complaints, counties are generally supportive of the Transportation Trust Fund, and would urge its continuation. The basic perception is that while there have

been problems, without the Trust Fund matters would have been worse.

A central issue which I must take a few moments to comment on this morning, is the need for a commitment of State funding for county transportation needs. For over a decade now, we have been operating without a program of county road aid. The signs of neglect are apparent. Particularly with the pressure of the State mandated costs and the loss of federal funds, counties simply cannot attend adequately to their road and bridge needs. Yet county roads are an integral part of the entire transportation network in New Jersey and should not be overlooked. Unlike the municipalities, county government did not receive any new dollars under the Transportation Trust Fund. The \$35 million county component of the program was simply an even exchange for Federal dollars under FAUS. Additional State funding for counties is very badly needed.

On behalf of all the counties, I would like to take this opportunity to thank Senator Rand for his sponsorship of legislation to create a program of county road aid. His understanding and support in this area is most sincerely appreciated. Along these lines, I would strongly urge this Committee to consider a greatly enhanced county funding element in the Transportation Trust Funds.

Thank you very much for allowing me this opportunity to present the views of the New Jersey Association of Counties. I'd be happy to respond to any questions you may have, Senator.

SENATOR RAND: We've been joined by Senator Cowan on my left. Good morning, Senator. We're glad that you're here. Let me ask you some questions, and I'm sure Senator Cowan -- as soon as he gets his breath -- will ask you some also.

Let me talk about the FAUS exchange. We were told when we substituted the 35 million of Federal money which flowed to the counties through the Feds, that if we gave you

State money and we took the Federal money, that it would cut red tape. It would expedite matters. That really the 35 million that you got would be worth a lot more than the 35 million under the Federal money. Can you discuss that please?

MR. CIMINO: Well Senator, the only thing I can do -- and I would like to in all sincerity keep this on a very positive note -- is allude to some concerns that have cropped up in Mercer. We feel that in some instances we have not gotten all the dollars that we should have necessarily gotten for projects.

SENATOR RAND: Are you talking about county money--

MR. CIMINO: County--

SENATOR RAND: --or are you talking about State road money?

MR. CIMINO: State road money as well. From my perspective, and my watch as a Freeholder, I really don't believe there's been any facilitation of moving forward. We've seen applications come through and there still seems to be a substantive period of time before that money has come back to the county for work.

SENATOR RAND: You're saying that in the case of Mercer -- and I'll keep it to Mercer -- that the transfer of Federal money to the State, and the State substitution for Federal money with State money, hasn't really expedited the process?

MR. CIMINO: I really don't think that there's been an expedition of the process to any significant degree.

SENATOR RAND: And it hasn't saved you any money, because supposedly in the process the thing you had to do under the Federal regulations was a long drawn out and a repetitive process, causing you a lot more paperwork, and a lot of expenditures. What we really were told was the 35 million would go further under the State jurisdiction than it would under the Feds. And I'm interested in that point -- whether it's worked or not?

MR. CIMINO: I think that from that perspective I -- just as a county Freeholder, Senator -- I think that we really don't feel that we have witnessed any expedition with projects. We've seen the applications go in and then there's a substantive period of time before actually the funding has come through to any great degree.

I think one of the things that could very well help is -- and again no reflection on the Department -- but if there was some kind of institutional way in which the Department dealt more consistently with counties. Perhaps that would be an advantage. I'm not saying they don't talk to county engineers. I'm sure that they do, on any number of things. But there ought to be an institutional mechanism wherein there's a consistent update and consequently--

SENATOR RAND: Let me ask you if you don't mind. Would you give me the procedure on how the State allocates your monies in Mercer County for county roads?

MR. CIMINO: Well, I think what happens is that the county does in fact suggest, through the county engineer, what the priorities are in terms of our bridges and our bridge needs and what have you. The State then comes in and agrees with that and obviously, as you know, there is -- I guess on a five-year basis we have a study done, essentially paid for by the State. We utilize that as the priority standing for all of the bridge needs of the county of Mercer. After those are passed back to the State, then the monies do come forward.

SENATOR RAND: What kind of money would you think would be a-- If we go to a renewal, or we go to some type of financing method for the future-- Of course we know that it will come to an end, the end of Fiscal '87, '87-'88. What kind of money do you think we ought to at least look at? Considering that we had a measure in I think to increase the county aid. I don't remember exactly how much. I don't have that bill in front of me. Do you remember that bill, Peter?

MR. MANOOGIAN (Committee Aide): I don't remember the exact amount.

SENATOR RAND: Twelve million was it, or 15 million? I don't recall. What kind of money would you say that we ought to at least be looking at? You heard just a few moments ago that municipal aid ought to be doubled. What kind of aid are you talking about?

MR. CIMINO: Again, I can only speak in terms of a parochial perspective and allude to the problems in Mercer County, from that standpoint, as an individual Freeholder, aside from my role as a Vice President of the Association. Mercer County is in a very serious transportation crunch. Whatever additional monies can be applied would be extremely helpful, because we don't have to up another stick of housing nor one square foot more of commercial office space. Our transportation network is already overburdened, and the situation instead of getting better, quite frankly is deteriorating. We are obviously in a growth corridor with Route 1. We are about to witness an explosion of growth if all the economic factors stay favorable, with regard to Route 130. All of those corridors, those State highways have the derivative ramifications of an impact on county road structure. And whatever additional aid -- to any substantive degree -- would be very helpful in that regard.

SENATOR RAND: Would you say 50 million would be a fair figure?

MR. CIMINO: I would suggest that 50 million would be a reasonable figure for us to look at in terms of county road aid.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: I have no questions, Walter. You've covered them very well.

SENATOR RAND: All right, Mr. Cimino, we thank you very much--

MR. CIMINO: Senator, I thank you.

SENATOR RAND: Thank you for appearing before us. What we are trying to do is gather information, very frankly.

MR. CIMINO: Well, we certainly appreciate the opportunity this morning.

SENATOR RAND: And we thank you for coming down today.

MR. CIMINO: Have a good day.

SENATOR RAND: Is there anybody else that wants to speak for counties? Frank? Good morning, how are you?

F R A N K T. R E I L L Y: Good morning. I'm Frank Reilly, Executive Director to the Morris County Department of Transportation Management. I just have a short statement today and we would appreciate answering any questions that you may have on the subject.

Morris County has historically supported stable transportation funding, and the last Transportation Trust Fund, as well as the current one. The Board of Chosen Freeholders of Morris County has passed a resolution supporting the Trust Fund II, as well as a five cent motor fuel increase, to fund transportation improvements. As well, the Board of Transportation of Morris County and the Transportation Coordinating Committee for Morris County have both enacted resolutions in support of both the five cent motor fuel tax increase and the Trust Fund II.

We are somewhat confused, I think, about where the five cent motor fuel tax increase is going. It was our initial understanding that it would go to road construction for the period that the five cent increase would be in effect. We learned last week that this may not be the case, and that it would go toward paying off bonds. For a four year period, the bonds may be anywhere from 10 to 20 years.

SENATOR RAND: You're beginning to pick it up, aren't you Frank?

MR. REILLY: That does not make us smile in Morris County. We thought the five cents should go directly toward road construction, and not for bonded indebtedness.

Furthermore, we feel that when Trust Fund II is enacted, we respectfully request a provision protecting the counties, by reinstating FAUS funds to us should the Trust Fund monies not be made available to the counties. And as you mentioned before Senator, the counties-- FAUS funds of \$15 million now go to New Jersey DOT, and State funds replace those funds. We just want to be protected as you were in Trust Fund I, that should the State monies not become available, that the FAUS funds would be reinstated to the counties.

And that basically concludes our statement. I might agree with the previous speaker that we feel that we need significantly more than the \$15 million allocated. And \$50 million would be a good start. One thing a lot of people don't realize is that with the increasing traffic on the State roads -- interstates, as well as local or State highways -- that they have in many cases reached the saturation point for several hours in the morning and afternoon rush hours. People are now finding alternate routes, which are now clogging to capacity many of the county roads, which are arteries. And we've been finding out on municipal roads now people are looking for alternate routes. So we need the money.

SENATOR RAND: Frank, I know that you have been involved in transportation, and you've come down many times, and you've given us some good advice and you've given us some good input. I see that you passed a resolution in support of a four-year Trust Fund.

MR. REILLY: Yes.

SENATOR RAND: Do you mean a four-year Trust Fund, or do you mean just funding? Now I ask you that for one reason. The Legislature can pass a four-year Trust Fund. But the Department might make it three years, two years, two and a half years, one year, I don't know.

MR. REILLY: Exactly. We feel that if the Legislature enacts a four-year Trust Fund, it should be spent over a period of four years.

SENATOR RAND: Well, that's exactly what I was seeking. Because I think what happened is -- very frankly -- that the Legislature lost control over the Transportation Trust Fund I. And when we appropriated approximately \$250 million each year for a four year period, and we allowed them to go up to 326 one year, they did recapture some of that front money which they didn't spend. But when we allow them to go 431, they were taking its fourth year's money. And I think the Legislature made a very bad mistake -- including myself -- in allowing that to happen. I would hope that certainly including your Board of Chosen Freeholders who have passed a resolution to support the four-year Trust Fund understand that it will be a four-year fund, if that happens.

Let me get to one other point here. I'm not trying to put you on the spot.

MR. REILLY: That's fine.

SENATOR RAND: When you borrow money, Frank, you've got to pay it back.

MR. REILLY: Yes, we understand that.

SENATOR RAND: How would you pay the money back on the revenue bonds -- because we didn't give them general obligation bonds. General obligation bonds would make us pay from the State Treasury. We have a series of revenue bonds. And I see that you believe the bonds should be paid from funds other than the fuel tax increase. We would have to begin to restructure that whole program because we literally take it from the gasoline tax, and we take it from other revenue sources also, the tolls roads etc. and so forth. You would want us to take the tax increase and just say that that can't go for bonding?

MR. REILLY: Yes.

SENATOR RAND: And you've got a point there.

MR. REILLY: Exactly. We feel that it should come from General Revenue Bonds, because the Trust Fund-- We're talking about saving an infrastructure that is not in the process of deteriorating, but one that has deteriorated to the point where it needs cash and repairs immediately, as opposed to ongoing maintenance which is a continuing problem.

SENATOR RAND: Then let me ask you a question to continue that, Frank. Again, in no way am I trying to middle you. I'm just trying to get some information for my own, because I have some ideas that I believe in. You pay, for every time you borrow a buck. It costs you almost two bucks. Maybe more, two and a half bucks. If we're going to get a pot of money, and we're going to say, well we don't want to pay all that interest, are we not better off in going in a longer period of time with a smaller capital pot, so that we don't have to pay all that interest? Because I will daresay, at the end of the additional four years that's contemplated under-- What is it, Transportation Trust Fund II, or Son of Trust Fund -- I would say that we are going to owe as much money as we spent.

MR. REILLY: Exactly.

SENATOR RAND: And so, if the economy is good -- and I throw that out only because I want some discussion, and we are contemplating some discussion. If the economy continues, if we go into a mechanism that provides us more money, then sanity should prevail that says, well maybe we ought to make the pot a level pot of capital appropriation, without encumbrance upon ourselves to pay off twice as much. If we came out with something like that, would your Board of Chosen Freeholders look at it objectively?

MR. REILLY: I believe they would look at it objectively. I personally am not a great supporter of bonds, unless it's to address an emergency situation, because of the fact that you mentioned. We're talking about paying two or

three times the amount of the initial outlay in interest, to pay those bonds off over a period of 10 to 20 years.

SENATOR RAND: Frank, you see I'm a tight guy with a buck.

MR. REILLY: So am I. (laughter)

SENATOR RAND: I like it to go as long as it can go. I also was told once when I was a little boy that you only spend what you got. But-- Senator Cowan?

SENATOR COWAN: No, Walter I--

SENATOR RAND: But Frank I do--

SENATOR COWAN: Frank has presented it very well, and you have also. The thing that we're talking about in paying off bonds etc., it's a very difficult one. No doubt about that.

MR. REILLY: It is.

SENATOR COWAN: But, it seems regardless of what we do with the money that's needed, there really isn't any other way to go. Is there?

MR. REILLY: Not too many choices unfortunately.

SENATOR RAND: Well, one more thing that I did want to emphasize. And I think that that's why the review of the Transportation Trust Fund I -- as mandated by the legislation -- One of the disturbing issues raised in this hearing that has really deeply disturbed me is the Department's, sort of, cavalier attitude about changing the projects list, as originally presented in the Transportation Trust Fund. And I intend to insure that in any new Trust proposal that changes by the Department will be subject to prior legislative approval.

MR. REILLY: That's excellent.

SENATOR RAND: I don't think that we ought to change the perception of what the Legislature has intended over a period of, whether it be two years, four years, or eight years or ten years. And I don't think that anybody ought to have the discretion of saying, "Oh we'll do this in two years against four years." or, "We'll do it in six years against four years." I think that's a legislative prerogative.

MR. REILLY: It is, definitely.

SENATOR RAND: And that's a sin. And if one of the things that we've learned out of this whole process is that when we renew, it's got to be done with some very definitive legislative oversight on that order. Because what happens if we throw up a big bond situation and borrow money and we do it in three years? Do we come back for another nickel on gasoline on top of that?

MR. REILLY: Exactly.

SENATOR RAND: And then do we come back on top of that? You'll hock yourself and house and home. And the bankers and the bondholders will be owning the roads of the State of New Jersey.

MR. REILLY: That's exactly right.

SENATOR RAND: Frank, thank you very much.

MR. REILLY: Thank you very much sir.

SENATOR RAND: Are there any other county people that wish to testify? (no response) Any other municipal road people? We're trying to take them one group at a time. If there are, just raise your hand or come forward. (No response) All right, if not, we'll hear from Peter McDonough, Jr., New Jersey Motor Truck Association. Good morning.

P E T E R J. M c D O N O U G H, J R.: Good morning. Senator Rand, Senator Cowan, Madeline, Peter, John, good morning. My name is Peter McDonough. I am representing the New Jersey Motor Truck Association today. Thank you for listening to me.

The fourteen hundred members of the New Jersey Motor Truck Association, as much as anyone else in this State, believes that our State needs a stable adequate and dependable source of financing for transportation improvements. This was the expectation of the Transportation Trust Fund -- Trust Fund I would provide adequate stable and dependable financing. That led many of the members of this Association to support the concept of Trust Fund I, and those members did so at no small cost.

The commercial trucking industry has been hard hit in order to provide seed money for the Trust Fund. The combination of increased registration fees, the quadrupling of the fuel decal fee, increase in diesel tax, has funded the Trust Fund with about \$30 million per year. These are increases that are specifically and additionally leveled upon the motor truck industry. No other industry in the State was called upon so specifically to provide this seed money.

For their investment in the Trust Fund, motor carriers have been rewarded with some successes and some frustrations. The completion of Route 78 through the Watchung Reservation connecting the missing link, was a major success. No longer are motor carriers faced with exiting Route 78 at 287 in an eastbound direction, and having to fight the congestion on Route 22. Route 22 is an unsafe road, it's got too much access and too much traffic. In the westbound direction, completing this link through the Trust Fund, has given motor carriers the ability to get from Newark Airport, Port Newark, and New York, to the Central part of the State to 287, to the Western part of the State into Pennsylvania, without fighting Route 22. That is a major success, a tremendous benefit of the Trust Fund. There have been other successes, and they're located in all your districts.

But for all these successes there is a major disappointment. The Trust Fund is broke. Somehow, we're three years into a four-year spending program, and we don't have any money. This is a disappointment to the trucking industry not only because of the personal investment the commercial truckers have made in the Trust Fund, but it's compounded by the expectations that have not been met. By increasing fees, by raising diesel taxes, by making some up-front capital investment, the Trust Fund would allow New Jersey to go out and pull down vast sums of Federal money, and create a major pool of transportation construction money. This pool, everyone

expected would take care of New Jersey's capital transportation needs for four years. It would provide jobs. It would improve our transportation system.

The commercial trucking industry stepped up to make its contribution to the Trust Fund, in spite of very difficult financial times. Insurance rates have skyrocketed for commercial truckers. Commercial liability insurance has increased by almost 200% in the past two years. Cargo insurance has doubled this year alone. Environmental restoration insurance -- which is an absolute must in this State of ours -- a State like ours where the petro-chemical industry is so important -- has increased over 500%. Tax changes at the Federal level have wiped out many of the important investment tax credits that helped sustain this industry. And finally, mandated benefit retention of the regulatory actions have caused further erosion of the bottom line. Notwithstanding these somewhat adverse times for commercial carriers, the trucking industry has been willing to pay for better roads for all New Jerseyans.

The reasons that the Trust Fund is out of money will become apparent to your Committee, far before it becomes apparent to this Association. The Association's members and its officers look forward to following your hearings on this matter. The Association has not yet formulated a full opinion -- a firm opinion -- on how to fund the "Son of Trust Fund." The Association has serious concerns about levying another tax increase on this industry, at the same time that tolls, labor costs, Federal taxes, insurance rates are increasing. There is only so much that one industry can absorb.

Full dedication of the existing modal fuels tax would fund the Trust Fund, but would leave a hole in the State budget. Perhaps a phase-in dedication would serve some useful purpose. Bonding, we were told at the time of Trust Fund I, was not a fiscally prudent approach. It was undependable. It

would threaten the State's bond rating. It wouldn't provide enough money. As it stands right now, the State's bond rating is the best in the nation, and bond rates are the lowest that they've been in years. If you feel that a stopgap measure is necessary so that construction can continue, there is no better time to bond than the present time. But the decision to bond is one that you will have to make.

After you've identified the reasons why the Trust Fund is broke, the New Jersey Motor Truck Association would like to respectfully request, that the new and improved Trust Fund contain some legislative safeguards to insure, that the Trust Fund will in fact live up to its expectations. Thank you.

SENATOR RAND: Mr. McDonough, thank you very much. In line with what you just said -- that bond rates are lower, that we have not completed our fourth year, that we are slowly approaching a crisis, because we are-- There is a bill that's languishing -- and I use that word languishing because it's been over there since last year I believe -- S-2210 which raises the bonding capacity which I don't particularly like, but we had no choice, because we were pushed in a corner, and allows a \$275 million expansion in order to draw down the Federal funds and so forth, which will complete our fourth year as we begin to review and see what we can do for the future. You know about that bill?

MR. McDONOUGH: Yes I do. It raises the bond limit to \$875 million. The Association supports continuing the Trust Fund activities. The decision on whether or not to bond is one that's better to left to financial experts than motor carriers.

SENATOR RAND: Senator Cowan, do you have anything to ask?

SENATOR COWAN: In the area now of-- We're talking about 78 -- How much time would you say that has cut down in your deliveries, so to speak, or the cargo carriers? How do you relate that as to -- and I'm coming along and the next

series of questions would be, summarized with the fact of how much do you really think you save now. Although you say it's cost you 30 million, but in the man-hours, cargo, how much have you saved in the industry? I assume you must have saved something.

MR. McDONOUGH: Senator, I don't know economically how to equate time savings with dollar savings. Having traveled that route every day myself for the past few months, I would say that a half hour is cut off the trip from Newark to Phillipsburg by the completion of Route 78.

SENATOR COWAN: A half hour?

MR. McDONOUGH: Otherwise you would have to take Route 22. During the rush hour an easy half hour.

SENATOR COWAN: That's a half hour per cargo. And of course now you have the tandem trucks which is another factor to be added on to that. Wouldn't it be?

MR. McDONOUGH: Yes it would double those time savings.

SENATOR COWAN: I travel from Jersey City to, I guess it's Somerville, all right, a little town in there -- New Jersey Truck and Motor, is it? I can't think of the name of the place right now. But, what normally what would take me, going out on 22, a little over two hours now takes me-- I save an hour, three quarters of an hour to an hour traveling. It's a tremendous saving factor. I think, now Peter, in all honesty, and I appreciate what the Trucking Association has done for the State in this \$30 million amount that they've contributed, but I'm sure in the long-term with the whole industry out there, I would say you've probably saved at least that in the trucking industry. I'm just relating to man-hours. I'm not talking in the matter of your depreciation on the truck, the abuse on the truck, with this new highway now. The fuel saving factor, all of these things would enter it, which I'm sure the industry itself could pretty well compose something of. I'm just looking at the balance. I'm

not saying you're wrong (inaudible). But I'm looking at the balance of what the savings factor is too.

MR. McDONOUGH: There needs to be a balance, Senator. The successes of the Trust Fund are phenomenal. Where the Trust Fund has worked, it has worked very very well, and it has worked to the benefit of commercial carriers, and private automobile operators. There is no question about it. Route 78 is a striking example of how successful the Trust Fund can be. We are left, as I said, with some disappointment because the Trust Fund is three quarters of the way through its job, and is out of money.

SENATOR COWAN: I think there would be something out there that the industry would really look at, and maybe they could produce some figures for us as to what they feel is the--

MR. McDONOUGH: I will go back to the Association and ask them to try and strike some numbers. I'm sure there's a formula that can do that.

SENATOR COWAN: Thank you.

SENATOR RAND: Thank you Senator Cowan. Peter, let me ask you a question if I might. In the Transportation Trust Fund Legislation, were you satisfied with everything that's in there? You know, we're trying to correct some things. There is some double jeopardy on fines and so forth, which was created by the Transportation Trust Fund, on weights and-- Is there anything being done to settle that problem? We are trying to address it through the Department of Transportation and your industry. The fact that a fellow can be fined twice for the same offense: one under the registration and one under the weights.

MR. McDONOUGH: The Association is looking at the finer points, and I honestly can't speak to them. As you know though, the State has a history of being able to do that in the area of motor vehicles and insurance and all.

SENATOR RAND: Well this was not intentional. This was put in as we defined the weights, defined the registration fees, and what we did is-- It was not picked up. The intention of the Legislature was not to double fine for the same offense. But it happened, the wording was put in there. You know that piece of legislation is only 37 pages or 40 pages long and we thought that we went over it with a fine tooth comb but-- And that's why we're going over it now with a fine tooth comb.

MR. McDONOUGH: As you remember the negotiations went on late into the night on that--

SENATOR RAND: Early morning. (laughter)

MR. McDONOUGH: Excuse me, early into the morning. I remember sitting in the Governor's office as it was being done. And when legislation is done at that hour things fall through the cracks. I'm sure the Association feels there needs to be some fine tuning. I can't specifically say what fine tuning.

SENATOR RAND: All right. Peter, thank you very much.

MR. McDONOUGH: Thank you Senator.

SENATOR RAND: We do appreciate it.

SENATOR COWAN: Thank you Peter.

SENATOR RAND: Is there anybody else that wishes to testify before us? Last and final call? Going, going, nobody else? (no response) All right, we're going to recess until one o'clock, in which the Commissioner of Transportation and Mr. Premo, the Executive Director New Jersey Transit-- Thank you everyone for coming down.

**RECESS**

(AFTER RECESS)

SENATOR RAND: Good afternoon. Commissioner, we're happy to have you here again today, for the second showing of the ongoing saga of Transportation Trust Fund I renewal -- rather, review. Just so that you know what went on this morning, we had municipal officials and engineers testify before us. We had county officials testify before us, including Frank Reilly from Morris County -- is that right? (affirmative response) -- who was here. And we had the truckers who-- And I will tell you that it went very well. We had some good things and I will say this, the municipal people would like more money. They love your 19 million. They'd like to go for double. The county people would like to have more monies, and the truckers don't want to pay any. (laughter)

COMMISSIONER HAZEL FRANK GLUCK: That's a wonderful story. And Mr. Chairman, in our renewal the municipalities get double, the counties get money -- a line item -- and the truckers pay more. (laughter) That's all I can tell you.

SENATOR RAND: Now, you can continue.

COMMISSIONER GLUCK: Thank you. Senator, what I did after the last session last week, was to put together a proposed reporting system, that I'd like you to look at. The purpose is to report clearly and effectively, in a routine and timely matter, on the status and finances of projects under way, to the Department of Transportation and New Jersey Transit. And there is a proposal here -- if you'd like we can go through it point by point. If not, you can read it, and we can talk about it again. Whichever way you'd like to do it.

But what I think it does clearly show is, it is a reporting mechanism to do the kind of thing that you were talking about -- and some of the other members of the Committee

-- last week. So that in fact we would develop a quarterly report, containing the project status and financial information on each project contained in the annual construction program -- after we get the annual construction program together. This will include information on any financial transfers between projects and the reasons for those transfers, as well as other project status information. And there are dates when the reports would be due, and who they would be distributed to, and the rest of the information on there.

Now, I guess the easiest way to do this is, take a look at it if you would. We need some feedback from you as to whether you think this might serve the purpose of at least giving you more updates, in a more timely fashion. Because I would expect that the members of this Committee would probably peruse it much more than the members of the general Legislature, for obvious reasons. They have other things they have to deal with on a daily basis.

And this also says we will write a letter to legislators in here, but we will also send them to mayors -- because there are some mayors that are as you know, deeply involved with what goes on in transportation in their area -- and to the boards of freeholders as well. So I mean the letters are--

SENATOR RAND: Is your March date a better date than your April date -- you want it before us? Which I think is good. At first glance this is excellent. And I want to tell you that. The second paragraph -- no the third paragraph, "Presently, the Department conveys to the Legislature an annual project list on or about April 1 of each year. For 1988 specifically, the Department will submit its 1988 proposed project list at its March 12th--"

COMMISSIONER GLUCK: That may not be so. That's the one thing that may not be so, because it may not be ready by-- You see what happened was, our hearing before the Senate Appropriations Committee --

SENATOR RAND: Is next week?

COMMISSIONER GLUCK: Is next week. And we planned to have this ready by April 1, and we may not be ready by March 12th. So, we're shooting for it, but it could possibly fall out. So, if it's not, it'll be the April 1 date. Usually I think the Department testifies closer to the April 1 date, than they do-- I think it moved up a couple of weeks and that caused some problems for us.

SENATOR RAND: I-- Commissioner-- (confers with aide)

COMMISSIONER GLUCK: Change the date you mean? Because we may not have that piece on the 12th is all I'm saying. I still don't know whether it will be ready or not And we're going over it, and if we don't have it on the 12th, I'll be happy to come back, or sit with Senator Weiss, or anyway he wants to do it after that. We will have it by the first. I mean we just found out last week that--

SENATOR RAND: I think we ought to have it, and if she has to come back, then she'll come back.

COMMISSIONER GLUCK: We're pushing awfully hard in the Department to get it done, I just--

SENATOR RAND: Yeah, you know, Senator Weiss is like somebody on a leash, you know you can't-- (laughter)

COMMISSIONER GLUCK: No comment. So this might change to April 1, and it might stay that way. And maybe what we can do with the Senator, is just make sure that when we go into Appropriations it's closer to the April 1 deadline, if we can coordinate that. If the rest of it comes out to your liking--

SENATOR RAND: I'm sure that could be--

COMMISSIONER GLUCK: Yes I'm sure that could be arranged too. You know it's my first full year at this around, and sometimes-- I mean I didn't realize that the March 12th date would necessarily move up.

SENATOR RAND: You're getting these engineers to really push pencils, aren't you? (laughter)

COMMISSIONER GLUCK: Yes, right.

SENATOR RAND: But no, it's a--

COMMISSIONER GLUCK: Well, take a look at it. You're going to have another hearing--

SENATOR RAND: Yes, we'll go over this. And if we have any questions to ask you -- and I'm sure we will but--

COMMISSIONER GLUCK: Absolutely, and we just put it out there for you.

SENATOR RAND: I will say this, Commissioner. You're on the right track.

COMMISSIONER GLUCK: Thank you. We hope so.

SENATOR RAND: If anybody gets mad at me for saying that, they can get mad at me. But you're on the right track.

COMMISSIONER GLUCK: Thank you.

SENATOR RAND: We're getting information, and that's good. Okay.

COMMISSIONER GLUCK: Okay. What else? There was some question-- I guess this morning there was-- I just wanted to tell you so you know that out of 21 counties, we have 17 resolutions on renewal of the Trust Fund. I mean there's some discussion as to whether the counties liked, or are lukewarm now, whatever it is, there is still 17 out of 21. And we expect three out of four of the rest of the counties to be supplying us. They kind of dribble in with the resolutions. So, I know there was a comment made this morning that counties, in some instances, may have been lukewarm. Whatever their beefs are -- and they may have some -- I think overwhelmingly there's no question--

SENATOR RAND: They were supportive of the Trust Fund.

COMMISSIONER GLUCK: Yes, they were, and of a renewal.

I guess the best thing to do really is to go to some of the discussion that we had with regard to finances which is always tough, but we've got information here for you, and that's what you wanted. So we brought it along. I think

Senator Cowan asked what was the amount that we got from each source. You know, what was the amount that came in to the State? What was appropriated to us? And then we want to go back to that number that former Commissioner Bodman testified on, because that is really what the number was at that point. So, I'm going to ask Roger Nutt to come sit here -- my financial guru.

SENATOR RAND: You want me to put on my boxing gloves, or you want me to put on my sneakers? (laughter)

A S S T. C O M M I S S I O N E R R O G E R N U T T: Actually, I'm going to try to tiptoe around this, Senator. (laughter)

SENATOR RAND: Roger, I consider you as good as Houdini. (laughter)

ASST. COMMISSIONER NUTT: I take that as a compliment, Senator.

SENATOR RAND: As a compliment Roger. I only meant it nicely, you know. You and I have been friends for a long time.

ASST. COMMISSIONER NUTT: I agree, totally agree. What we have here, Senator, is an attempt to show the appropriations to the Trust Fund Authority in the various categories it gets its money, and the revenues that were collected from the various sources related to those appropriations.

COMMISSIONER GLUCK: That's one of the charts you have there. I think.

ASST. COMMISSIONER NUTT: (referring to charts) I think that what this basically shows, that the revenues collected from the Authority, which--

COMMISSIONER GLUCK: Wait a minute Roger. Wait one second--

ASST. COMMISSIONER NUTT: (refers back to chart) The revenues collected from the Authorities which total over the four-year period, and you have to understand this is based on

the Governor's budget message, which is all we have to work with now, totaled a 100,209,000. That's the appropriations that have been provided -- or would have been provided through 1988.

If you look at the commercial vehicle fees, the collections through the four-year-- The appropriations through the four year period would be a 112,300,000. The actual collections is 123,900,000. The basic difference comes in that until 1987, they were all included. Since that time they have not been all included.

COMMISSIONER GLUCK: What does that mean?

ASST. COMMISSIONER NUTT: What that means is the revenue--

COMMISSIONER GLUCK: I'm sorry, Senator. I think I'm in my office. (laughter)

SENATOR RAND: You see, she's on our side.

ASST. COMMISSIONER NUTT: Senator, I have to do these things internally as well. (laughter)

COMMISSIONER GLUCK: I'm sorry Roger.

ASST. COMMISSIONER NUTT: What this means that if you look at the specific 1987 and 1988 years, the anticipated revenues from the commercial vehicle fees, okay, exceed what's included in the appropriation.

SENATOR RAND: Right.

ASST. COMMISSIONER NUTT: Okay? And that's why you--

SENATOR RAND: That's good. We're getting more than we anticipated.

ASST. COMMISSIONER NUTT: That's correct. And in the prior years we got what we anticipated. We were okay. We got more than was appropriated. If you looked at the general fund, and you look at the total for the year, general fund appropriations to the Authority, including 1980, is \$424 million. If you look at the revenues from two and a half cents of the motor fuels tax during that period of time, it would add

up to \$386 million. So it's clear that in a four year period there has been more appropriated out of general fund than have been collected from the two and a half cents. If you looked at an individual year basis, that is not the case because there were a lot of excess monies appropriated early. But on a clear total, the general fund appropriations exceed the two and a half cents collections.

SENATOR RAND: What are the two and a half cents collections?

ASST. COMMISSIONER NUTT: Two and a half cents collections are the top line here. It started at 92.5 in 1985, 96.4 in 1986. It goes up to 1988; we're projecting a revenue of 99.5. And if you look at these two years separately, more revenue is collected than is appropriated. However, if you go back here and look, there is substantial excess appropriations in 1985 and 1986. So the Trust Fund as a total, the appropriations have exceeded the revenues.

SENATOR RAND: Wait a minute. That may very well be, except that we took originally the amount of money out of the 1985 -- was out of the general treasury to give you additional money. If you were to deduct the overage amount of the 88 million which we appropriated, and take that off -- because that was from surplus which we gave you -- then you will find that the motor fuels will exceed the amount that we appropriated. In other words, the figure that you're using in 1985, is a misleading figure. The 154 million that we gave -- and I don't have the exact-- I think we gave-- What did we give 50 million above that first year?

COMMISSIONER GLUCK: Fifty five.

SENATOR RAND: Fifty five million? Deduct that 55 which came out of surplus off of 424, which gives us -- that would be 369, then the 386 certainly is more than the 369.

ASST. COMMISSIONER NUTT: My calculations would be roughly-- If you did it year by year it's about \$23 million. But what I'm showing here is there's an excess here of about two and a half, ten here, and there's eleven here. And those totals, if you look at it year by year that's true.

SENATOR RAND: What is showing is that we're getting more from the motor fuel -- the two and a half cents -- then was appropriated as a -- of \$88 million for--

ASST. COMMISSIONER NUTT: On a yearly basis that's correct.

SENATOR RAND: Okay. I just want to make sure.

COMMISSIONER GLUCK: No, that's correct.

SENATOR RAND: Okay. You can continue, Roger. I'm sorry. I just wanted to get that clarified from my mind.

ASST. COMMISSIONER NUTT: Other than that, that's all. I'm finished showing what the totals were.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: And if you look at totals, there's more from general fund than revenues. But if you look at a year to year basis, you're correct. It's about, roughly -- in rough numbers I guess it's about \$23 million.

SENATOR RAND: So actually your projection of appropriations -- whatever -- never decreased. If anything, they-- You're looking at the bottom and you're seeing that we really are above the annual appropriations of what we anticipated of 143 million, outside of the first year -- the revenues.

ASST. COMMISSIONER NUTT: Yes.

SENATOR RAND: I like that. I agree with you, Roger, on that, and that's nice to hear.

ASST. COMMISSIONER NUTT: If you notice, the increase for commercial motor vehicle fees is estimated. And I just want to let you know that it is difficult to estimate those, and we have been very conservative, so we think they're there

because there is growth in all the revenues that make up that area. And we are satisfied that is a reasonable estimate.

SENATOR RAND: You don't get any of the fines, do you, from the truckers?

ASST. COMMISSIONER NUTT: No.

SENATOR RAND: So that's not included in this?

ASST. COMMISSIONER NUTT: You have to understand, if the number of registrations of trucks increase, that is not Authority money. It's only the piece of that that relates to fees.

SENATOR RAND: Oh, okay.

ASST. COMMISSIONER NUTT: Okay. If they get 10,000 more trucks, all the revenue does not come to the Authority. Only the part of that that represents the fee increase.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: And that's the difficult part to estimate.

SENATOR RAND: All right. I thought you were going to get into the figures that we got last week, in which we had the--

COMMISSIONER GLUCK: Yes we are.

SENATOR RAND: Oh you are?

COMMISSIONER GLUCK: Yes. Did you see the one in here that says New Jersey Transportation Trust Fund program, actual versus projected?

SENATOR RAND: Yes.

COMMISSIONER GLUCK: Okay, that is the chart that we're going to address, and the figure that Roger used when he testified is part of this. But this is a lot more complicated than that.

ASST. COMMISSIONER NUTT: It is involved, and I'll try to make it simple. What we tried to do--

SENATOR RAND: In plain English.

ASST. COMMISSIONER NUTT: --is repeat those columns on the chart as it was when we went before the Appropriations Committee in March of 1986. And they would be the columns: Proposed Program, Estimated 3-86, Difference 3-86. And what I've imposed next to that is current estimates, so that you can see what we said back in March of 1986 as opposed to what we're saying today, and we'll tell you why they've changed. The top part of the chart is total money State--

COMMISSIONER GLUCK: Wait one second -- I mean, is that clear?

SENATOR RAND: So far.

COMMISSIONER GLUCK: Okay.

SENATOR RAND: He'll lose me shortly. (laughter)

COMMISSIONER GLUCK: That's all right, it took me five times.

ASST. COMMISSIONER NUTT: I'm going to divide those in two pieces: State money that was provided, and the top line of that chart stays the same and does not change. The original program said that we would have State appropriations of \$996 million. There have been appropriations through 1987 of 1,003,000,000, extra of seven and a half million dollars. So that stays, has not changed since March of 1986.

Let's go down to the Federal funds. The original estimates of the first column, for highways it was a 1,560,000,000, for transit it was 720,000,000, for a total of 2,280,000,000, was the Federal Fund estimate in the original Trust Fund proposal. We were here in 1986. We said that we were going to get instead of 2,280,000,000, we were only going to get one 1,592,600,000. And if you looked at a three-year program -- as opposed to a four-year program -- we come over to the column that says 687,400,000. We were saying, three-year Trust Fund related to a four-year program. That's what we were short in Federal money at that time. However, we had an estimate for 1988. We didn't think it was fair to say three

years against four, the fourth year of Federal money will be there when it comes about. You subtract 440 million, which was our estimate. So the net overestimate -- or loss, or whatever you want to say -- four years to four year, was \$274 million. That's next to the last column on the bottom.

COMMISSIONER GLUCK: That's the figure that the former Commissioner Bodman-- Am I right?

ASST. COMMISSIONER NUTT: Yes.

COMMISSIONER GLUCK: --used.

ASST. COMMISSIONER NUTT: As the loss.

SENATOR RAND: That's because you were carrying into '88 also.

ASST. COMMISSIONER NUTT: Yes, deducting the amount for '88, if you look at it three years--three years it was 687.

COMMISSIONER GLUCK: If you look at it-- (consults chart) Yes.

ASST. COMMISSIONER NUTT: That's on there, If you look at the fourth column 3-86 Difference, the 687 number appears. The fourth column over on the Federal Funds calculation tells you that, and it says it's 402 million in highways and 285 million in transit. Right on the bottom. Okay?

SENATOR RAND: But let me ask you this. The 1988 figures are not out yet.

ASST. COMMISSIONER NUTT: That's correct, and matter of fact the 1987 figures aren't out yet.

SENATOR RAND: Okay. I just got a letter from Senator Lautenberg -- and let me see if I have that letter privy here. I hope I took that with me. (searches for letter) It's here somewhere in my papers. Let me just go through it just once more for one moment--

But he told me that he was moving for the adoption of the surface -- the STA. He had hoped that the anticipated cuts would not occur. But he would keep me informed as to--

COMMISSIONER GLUCK: I think I got that from him too.

SENATOR RAND: Did you get that?

COMMISSIONER GLUCK: I think so.

SENATOR RAND: Because I--

COMMISSIONER GLUCK: Recently, right?

SENATOR RAND: Yes. Just a few days ago.

COMMISSIONER GLUCK: I think I got that too. The only concern we have is not that the conference committee won't come to an agreement-- I mean that's always touch and go, but we think that will happen. Our concern is frankly if the White House decided to veto it. And, because it is felt that the Senate could sustain the veto, then, I mean it's going to be a living tombstone. Because if that happens-- Let's say for arguments sake, Senator, that the Rand bill becomes the bill that is operative for the following year, the whole idea was to be able to have that in place, to draw down Federal funds. But if we wind up in that kind of a scenario that's strung way out there somewhere, in renewing the Surface Transportation Act, and they haven't come to an agreement, and there's a Presidential veto, there won't be anything to draw down on. I mean, it sounds like I'm being overly concerned. But there's always that possibility.

SENATOR RAND: Roger, you are now on the '87 Federal money. Is that correct? Or that hasn't come through yet?

ASST. COMMISSIONER NUTT: Well, there is no bill. Okay? So what we got was an obligation rate of -- that was really apportionment balance, which was 219 million that we were really operating under right now, and even that's not in the right categories. But that's the total money that we could spend assuming that the projects were in the right categories and all that was apportionment balances. And sorry to say some of the roads we want to spend the money on there is no balance. But there is no bill. All they did was say that if you've got apportionment balances left, you could spend those.

SENATOR RAND: All right, so you have the '84 - '85 money; is that correct, and the '85 and '86 money?

ASST. COMMISSIONER NUTT: Yes.

SENATOR RAND: You don't have the '86 - '87 money.

ASST. COMMISSIONER NUTT: Because that's an '88 bill, okay?

COMMISSIONER GLUCK: But we do have the transit money.

ASST. COMMISSIONER NUTT: Well, we got part of the transit. We have the formula part of transit. We don't have any of the discretionary. So we don't have a bill.

SENATOR RAND: In other words, from July 1st on, you have no idea what you're going to get?

ASST. COMMISSIONER NUTT: No, from October 1st on--

SENATOR RAND: From October 1st?

COMMISSIONER GLUCK: October is the Federal year.

ASST. COMMISSIONER NUTT: Last October.

COMMISSIONER GLUCK: Last October.

SENATOR RAND: Last October?

COMMISSIONER GLUCK: Last October.

SENATOR RAND: What did you anticipate? Let me go through that with you again.

ASST. COMMISSIONER NUTT: In these charts-- Okay, let me go through the charts you're looking at.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: I just went through how we got to March of '86. Now let's go to the March of '87 column, the estimated, okay?

SENATOR RAND: Right.

ASST. COMMISSIONER NUTT: In the first one, we talk about highways. Last March we were saying 1.157 billion. Now we're saying 1.077 billion. That is made up of two basic pieces. That is made up of two basic pieces: One, we thought for 1987 we were going to get 335 million in Federal money. We only got 219. That's a loss of \$116 million.

COMMISSIONER GLUCK: Wait a minute. They don't know where you are. We're on that same chart we were on before.

ASST. COMMISSIONER NUTT: Same chart.

COMMISSIONER GLUCK: Under Federal Funds, that one that's right in front of you, Senator. Under Federal funds, which is the second half of the chart. The bottom piece of the chart, Federal Estimated '86, and Federal Estimated '87.

ASST. COMMISSIONER NUTT: The second and third column.

SENATOR RAND: Right.

COMMISSIONER GLUCK: Say it again.

ASST. COMMISSIONER NUTT: Second column for highway said 1.157 billion was what we thought we were going to get in Federal money.

SENATOR RAND: Correct.

ASST. COMMISSIONER NUTT: Okay? Now we're saying 1.077, okay?

COMMISSIONER GLUCK: And that's because we haven't got a bill.

ASST. COMMISSIONER NUTT: That's made up of two pieces Senator: One, we thought we were going to get 335 million for 1987. We only got 219 so far, a loss of 116 million. Offsetting that, when we did this we had a Gramm-Rudmann cut of 28 that got restored. The net effect of that is the difference that you have between these two numbers. It's down some 80 million dollars.

SENATOR RAND: Now, that won't-- You say that can not, or it won't be made up in this next--

COMMISSIONER GLUCK: It will--

SENATOR RAND: Some of it will.

COMMISSIONER GLUCK: Well, if it passes, yes.

SENATOR RAND: Some of it might be made up.

ASST. COMMISSIONER NUTT: Some of it might be made up, but our ability to utilize it this late in the year by June 30th--

SENATOR RAND: Oh, I understand that.

ASST. COMMISSIONER NUTT: So, this is of June 30th.

SENATOR RAND: I'm not going to go to your ability to utilize it. I'm only worried about the loss of the money. There's one thing about using it, there's a second thing-- Or, the first thing is one part about losing the money, and the second is using it. We're talking about loss of money, so that the 80 million can be picked up? We might get some of it?

ASST. COMMISSIONER NUTT: The 116 can be picked up. This is the net differences and pluses. The pluses are there.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: So yes, part of the loss is possible to pick it up.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: Okay. Transit, we said 435 when we were here a year ago. They're now saying 471. That does anticipate that there will be a bill for '87 -- fiscal year for them. That's really the bill that we need, and their discretionary money is a part of that. But they're assuming that that will be there, so that number assumes that. So that's an increase of 36 million.

SENATOR RAND: Did you always include discretionary money in the projections?

ASST. COMMISSIONER NUTT: Yes.

SENATOR RAND: Why would you want to include discretionary money in the projections of a (indiscernible) which is money that's almost like a town asking -- including -- Commissioner Gluck's discretionary money. You know, you're up as an emergency, what town gets it is a matter-- People call her up, "Look we got a snowfall," "We got washed out" and so forth. How do you-- And again, give me your rationale for putting in discretionary money -- which will go like this I guess. I don't know how much is going to be left, or what.

ASST. COMMISSIONER NUTT: Let Mr. Premo--

SENATOR RAND: Sure.

J E R O M E C. P R E M O: Senator, the reason is that back about three or four years ago, the Federal government increased the gas tax by a nickel. A penny of that nickel was dedicated to public transit purposes. That penny generates slightly in excess of one billion dollars per year which cities around the country and states around the country compete for. That money is appropriated out of a Trust Fund at the Federal level, coming from the penny.

We're in competition -- tough competition with other places around the country. But we argued, I think quite effectively, that we've got needs that are genuine in New Jersey. That money is going to go to somebody. If we project no discretionary money coming into New Jersey, my sense is that we will guarantee getting no money into New Jersey. It's a self-fulfilling prophecy.

The fact is that money is earmarked to upgrade bus systems, and upgrade rail systems around the country. So what we did is made a forecast of how much money we thought out of this roughly billion dollars a year, New Jersey could reasonably expect based on historical trends, and based on our understanding of competition from other cities around the country. The assumption that we made was, on an annual basis, that from the combination of formula and discretionary money, we'd be getting in \$180 million a year.

SENATOR RAND: How much is formula of that, and how much is discretionary?

MR. PREMO: Well, when we started this whole program out, we had about a hundred and-- In the first fiscal year we had \$115 million in formula money coming into New Jersey. And we--

SENATOR RAND: Thirty million of it discretionary. Is that it?

MR. PREMO: And then the balance, up to 180 million, was discretionary.

SENATOR RAND: How has that been across the board from the first four years?

MR. PREMO: We have had significant cuts in formula.

SENATOR RAND: Down to what?

MR. PREMO: In the three year period for the fiscal year that we're now in, Fiscal '87--

SENATOR RAND: Right.

MR. PREMO: We forecast, because it's formula money, \$83 million. So there's a difference--

SENATOR RAND: Shortfall?

MR. PREMO: No, that's the grand total of money we will get out of the formula program. The dollar figures--

SENATOR RAND: The three years, you got \$83 million out of 450?

MR. PREMO: No no, excuse me. The first year was 115.

SENATOR RAND: Oh okay. The first year was what?

MR. PREMO: A hundred and fifteen.

SENATOR RAND: A hundred and fifteen.

MR. PREMO: The second year was 90.

SENATOR RAND: Ninety.

MR. PREMO: The third year was 83.

SENATOR RAND: Okay.

MR. PREMO: If I can pull back-- The lesson from that formula program -- which is funded out of the general fund of the United States Congress, not the gas tax money. The lesson is, that the Congress faced with Gramm-Rudman, is cutting general funds. And we're seeing our formula money -- our guaranteed money -- going down.

SENATOR RAND: Now, tell me what you get out of discretionary money, in the three-year period.

MR. PREMO: Discretionary money in '85--

SENATOR RAND: Give me the three-year period.

MR. PREMO: The three-year period for formula money, rounding out, was 289 million.

SENATOR RAND: Okay.

MR. PREMO: In the discretionary program -- again the sweepstakes with other cities around the country -- in fiscal '85 the amount was, rounded out here is 41 million.

SENATOR RAND: Okay.

MR. PREMO: In '86, 66 million. We project in '87, 75 million. Total for the three years \$182 million. So a grand total of formula and discretionary money is \$471 million, which is the number on Roger's chart. The chart here.

SENATOR RAND: Four hundred seventy one?

COMMISSIONER GLUCK: Yes. That's the third column from the left under Federal Funds.

SENATOR RAND: Okay. So what you lost in the three years is then \$69 million?

MR. PREMO: Yes.

SENATOR RAND: Is that correct?

MR. PREMO: Yes.

COMMISSIONER GLUCK: In the three--

MR. PREMO: In the three years. Now, what we are projecting for next year -- as indicated on Roger's chart -- with respect to Transit Aid is--

ASST. COMMISSIONER NUTT: A hundred and five.

MR. PREMO: --is 105. It may be that is from a combination of discretionary and formula money. We're not sure. And as the Commissioner has driven home to us, and as an entire State, all of us together we're trying to make the case for as much money as possible in the transit pie.

SENATOR RAND: All right. For '87 - '88 you need 105 million. You're going to get 105 million. Is that correct?

COMMISSIONER GLUCK: We think.

MR. PREMO: We hope we will get more.

COMMISSIONER GLUCK: That's our best guesstimate.

SENATOR RAND: I understand, but that's the conservative estimate?

COMMISSIONER GLUCK: Yes.

MR. PREMO: Absolutely.

SENATOR RAND: How much money do you need to draw down that 105 million, if at all any?

MR. PREMO: To draw down the 105 million we need about 42 million -- about \$40 million.

SENATOR RAND: About 40 million.

MR. PREMO: That is to do things exclusively to match Federal aid. There is--

SENATOR RAND: Why so high to match 105 million and get 40 million?

MR. PREMO: We have different matches. We have a 75/25--

SENATOR RAND: Right.

MR. PREMO: We have some projects which we absolutely must do.

SENATOR RAND: I understand.

MR. PREMO: And the match, in terms of eligibility--

SENATOR RAND: This is like one to two.

MR. PREMO: Some of it's--

SENATOR RAND: A little over one to two.

MR. PREMO: Yes, it's around 70% when we get-- Yes, close to that, Senator.

SENATOR RAND: That high?

MR. PREMO: Some of the projects we must do, for instance environmental clean-up. Some of those projects, if we want any Federal, we simply can not get 75 or 80%.

SENATOR RAND: Unless you put that money up. That's pure State money. Is that what you're telling me?

MR. PREMO: No, we have to over-match in order to be eligible for some of the activity.

SENATOR RAND: Okay. All right. Now Roger, to get to you, how much Federal road money next year will we get?

ASST. COMMISSIONER NUTT: We're still estimating--

SENATOR RAND: On the low end.

ASST. COMMISSIONER NUTT: We're still estimating, Senator. Three hundred thirty five.

SENATOR RAND: Three hundred thirty five.

ASST. COMMISSIONER NUTT: And I can tell you that the two bills that are in Congress now, the House bill okay? We think we would get 355. The Senate bill is 325. So it looks like that that 335 number is--

SENATOR RAND: All right, I'd rather take the conservative-- How much money do you need to draw that 335?

ASST. COMMISSIONER NUTT: It depends on how we spend it. Roughly, 70 to \$75 million.

SENATOR RAND: Seventy five million dollars. So that's 40 million and 75. You need 115 million. Is that correct?

ASST. COMMISSIONER NUTT: To match Federal money?

SENATOR RAND: Yes. Is there anything else that you need to match Federal money? Anything else? Whatever it is to draw it out -- bridge money -- whatever it is, just tell me.

ASST. COMMISSIONER NUTT: If we only got 335 million, maybe another five or seven million dollars for non-participating costs of those projects.

SENATOR RAND: A hundred twenty five million, is that correct?

ASST. COMMISSIONER NUTT: Sure.

SENATOR RAND: Now let's start on this next year, if I might. You tell me how much-- You got 125 million that you need in State dollars. Is that correct?

ASST. COMMISSIONER NUTT: To match the Federal money.

SENATOR RAND: To match the Federal money, which is 335 and--

ASST. COMMISSIONER NUTT: A hundred five.

SENATOR RAND: --and 105 would be \$440 million.

ASST. COMMISSIONER NUTT: Correct.

SENATOR RAND: Is that correct? Okay. Now what is the combination of-- No that's wrong because you could want to say you want to spend twice as much. I'm trying to get the amount of money that's needed for transit, in their operating budget, and to you. But you really can't tell. You are scme-- According to your-- You are 2.7 billion and you have a 3.3 program. Is that correct?

ASST. COMMISSIONER NUTT: Three point four.

SENATOR RAND: Three point four did we go up to?

ASST. COMMISSIONER NUTT: We had a 3.3 and the Legislature and Executive added \$80 million to it locally.

SENATOR RAND: Yes, okay, 3.4 is fine. You're short \$700 million. Is that correct?

ASST. COMMISSIONER NUTT: In rough numbers that's correct.

SENATOR RAND: Now you tell me, as a financial man, how you get \$700 million without doing anything? How do you get-- We need-- The 440 is there. That would be part of the 700 million, is that correct?

ASST. COMMISSIONER NUTT: Yes, sure.

SENATOR RAND: The 440 is part of the \$700 million dollar pot that you need for operating programs in transit and in highways. Am I right on that?

ASST. COMMISSIONER NUTT: Yes.

SENATOR RAND: It would appear to me that you need 260 million to accomplish that 700 million. Am I correct, or am I wrong on that? For a 700 million differential--

ASST. COMMISSIONER NUTT: Are you trying to get to a four-year program that equals 3.4--

SENATOR RAND: Yes, I'm trying to--

ASST. COMMISSIONER NUTT: Yes, that's the mathematical difference, sure.

SENATOR RAND: Okay. Now, let me get to the last question. The amount of money that we've raised in the bonding capacity -- which is your baby -- from 600 million to 875, does it do what I am doing right here?

ASST. COMMISSIONER NUTT: Does it provide 260?

SENATOR RAND: Yes.

ASST. COMMISSIONER NUTT: Is that the question? Well you know that we had a--

SENATOR RAND: No, no, no. Just answer--

ASST. COMMISSIONER NUTT: I can't--

SENATOR RAND: I mean, all I want to know is, do I get the 700 million, which you're short the fourth year?

ASST. COMMISSIONER NUTT: It is possible. I can't say for sure. Since we had the discussion about what that bonding would do, there have been drastic drops in the interest rate. I would think that it might be very close to that, yes.

SENATOR RAND: Well we rate at 275 at your suggestion--

ASST. COMMISSIONER NUTT: Okay but--

SENATOR RAND: --and that was when rates were much higher.

COMMISSIONER GLUCK: Yes, that's what he's saying.

SENATOR RAND: And last year they were really high.

ASST. COMMISSIONER NUTT: Senator, that's what I'm saying. And when we raised the debt there, the discussion was, what would it produce? You wanted it to produce 250. We said it was \$200 million. Since then, rates have clearly gone down and it could be very well approaching that number. That's being looked at right now.

SENATOR RAND: Would we be smart then, Mr. Nutt, from a fiscal point of view -- nothing else -- to immediately go out and bond on this particular thing. To try to get this differential so that we are the beneficiaries of a low rate,

which will turn around-- As God made little apples, it's going to turn around. I mean it's not going to continue to fall.

ASST. COMMISSIONER NUTT: Well, Senator, I think there are two things there. There are still some bonds not yet sold that we plan to sell late this fiscal year or very early next fiscal year, and that got into the discussion. What we have the authority to do right now which is still issue 273-- Yes, we intend to issue those. The other part that we're talking about, until that bill passes -- and that's the final decision -- that other bonding is not available, and we would not do that until some time later.

SENATOR RAND: Let me ask you a question, Roger. And again, this is meant to gather information. I'm not trying to be on a wavelength of opposition to you. How much bonds are you going to put out? Two what?

ASST. COMMISSIONER NUTT: The amount to be sold, that we have the authority to sell right now, is 273 million.

SENATOR RAND: Now you just answer me this one question. I am told that before you give out a job, you have to have the money. Is that correct, or is that not so?

ASST. COMMISSIONER NUTT: Cash in the bank, that is not so. We have to have the appropriation made by the Legislature out of the Trust Fund.

SENATOR RAND: So then you can-- You can go out as long as the money is pledged.

ASST. COMMISSIONER NUTT: Yes, we can go out and contract. Yes we can, and we do.

COMMISSIONER GLUCK: We don't put the cash in hand first, because we need it, we sell the bond.

SENATOR RAND: I just want to know. Is this 273 million for bonds, or for money that you're going to have to pay for work that you're doing now? And how long will this work take to -- just the 273 which you're going to float, and what you've got on the drawing board doing out there now-- How long will it take to complete?

ASST. COMMISSIONER NUTT: Senator, we have estimated that from a time the contractor is out there, roughly 18 months. Some of them are longer. Some of them are shorter. But on average, roughly 18 months.

SENATOR RAND: Okay, all right.

ASST. COMMISSIONER NUTT: You should know that the 273 does not fund all the appropriations made by the Legislature. There is still a hole of around \$50 million at the end of that, that we wouldn't have the ability to sell bonds if we needed the cash right at that time anyhow.

SENATOR RAND: Okay. Well you still have a reserve also, don't you, that you are drawing down some interest?

ASST. COMMISSIONER NUTT: Yes, there is roughly \$20 million in interest assumptions each year.

SENATOR RAND: Okay, you can continue Roger, now we'll-- I just wanted to make sure in my own mind that we were not -- you know I'm very open about it -- that we didn't short-change you, at least in a position that we have a bill that-- So that you don't come into July 1st and say "We're broke." I mean I--

COMMISSIONER GLUCK: You mean-- You're talking about--

SENATOR RAND: Yes, I don't want to leave you in the position to say that, "This has got to stop. That we're going to cut down. That we're going to slow down. That we're going to curtail all our contracts that we have out." Quite to the contrary. I want to make sure that doesn't happen. I can't tell you-- Pardon me?

COMMISSIONER GLUCK: There won't be jobs that we will do, that we said we were going to do. And contracts that were supposed to go out in Fiscal '88-- Is that what you're saying?

SENATOR RAND: Yes. I don't want a slowdown in the sense of-- Now, I'm not projecting '89. I'm not projecting anything. What I'm saying is this. And I don't say that the Department has to do \$431 million worth of capital at one

shot. I'm saying, will you continue, if that bill is passed-- I want to make very sure in my heart and my mind that we don't reach a crisis on July 1st, if the bill goes through. I don't know-- I'll preface it by saying, Mr. Nutt, I don't know what the Legislature is going to do. And we're going to be very honest and open to each other. I don't know what the Assembly is going to do. I don't know what the Senate is going to do. But I do know I have an obligation to the transportation community to make damned sure that it continues. And I want to make sure that it continues. That's why it's so important for me to know, in my own mind very frankly as well as this Committee's, do we have the wherewithal to continue to be doing what we're doing? If not in a peak manner, certainly not in a depth manner.

ASST. COMMISSIONER NUTT: Senator, let me try to answer that in--

SENATOR RAND: Plain English, sir.

ASST. COMMISSIONER NUTT: As plain as I can.

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: With 2210, if it passes, all of the authority that's been issued through 1987 will be able to be paid for. In addition to that -- okay -- there will be sufficient money to match Federal money, and there will be sufficient money to provide the fourth year of local aid. Those two, according to these calculations, is roughly \$180 million, okay?

SENATOR RAND: All right.

ASST. COMMISSIONER NUTT: In addition to that, we have to settle on what 2210 will produce. We said, back when this discussion started, it would be 200 million in State dollars. It is clearly higher than that because the interest rates have dropped substantially. I don't know what that number is. I would assume that it's somewhere around 250. So that means you have \$70 million not taken, to do a variety of things.

That will produce some programs. It clearly will not produce a program equivalent to what we have in the current year, nor what we proposed. It will match the Federal money. It will produce the fourth year of local aid. And it will provide some program.

SENATOR RAND: What kind of program will it do, the 1985, the 1986, or the 1987, or neither?

ASST. COMMISSIONER NUTT: They would probably come as close to 1985 as any of them, which in that year the appropriation out of the Trust Fund was \$249 million.

COMMISSIONER GLUCK: The problem being, from my perspective, is that there will be decisions that I will have to make. Obviously we would like to finish things before we start new things. So--

SENATOR RAND: Commissioner, what I don't want to do -- and I think you know my feelings because I don't spring surprises on you -- but what I would like to do-- (searches through papers) What I would like to do is, I think that one of the great issues that's been raised in these hearings -- and that I have to tell you has disturbed me greatly -- is the Department's attitude of changing the project list as originally presented in the Transportation Trust Fund, and they were the deciding one, even though supposedly we were. That all of a sudden from the 249 which we were supposed to be (indiscernable) it went up to three something. And I could understand that because maybe you had a little more to do. Then all of a sudden it shot up to 431. We don't have a fourth year. And whatever we do in legislation from here on in -- and if it's a four-year program, or a five or a six, whatever it will develop, I've always said this, that a program will be developed, must be developed -- I would want you to know that one of the things that we intend to do, is to make sure that if the Legislature enacts a four-year program, that there is a four-year program.

COMMISSIONER GLUCK: And not compressed.

SENATOR RAND: And not compressed into a three-year program.

COMMISSIONER GLUCK: Well I've got to tell you that you will have our full support. Because for another Commissioner, another Senate Transportation members, to go through this, and for the public to try to understand what has happened is very difficult, and it raises questions of credibility where I think there really aren't any questions. But the perception is there and in our business perception -- in any business but especially ours -- is, you know, maybe 100% of everything. So, I would strongly support that as the Commissioner of this Department at this time, that if we say it's a four-year bill it will be four years; and if it's five years it will be five years, and it's not going to be any quicker.

SENATOR RAND: Okay.

COMMISSIONER GLUCK: I mean, if we get delayed it might be a little bit longer. But it's not going to be any quicker.

SENATOR RAND: I get that same question from people who are not on this Committee.

COMMISSIONER GLUCK: I understand.

SENATOR RAND: And Senators say to me, "Well what happened? Where did you lose the money? What happened? You told us this, you told us--"

COMMISSIONER GLUCK: It's very difficult to--

SENATOR RAND: And I would-- In fact, that's an important piece of legislative oversight. I think that you're clarifying a lot of things to us as far as plain English is concerned in giving us information that-- By the way this is not meant in any way against your Department.

COMMISSIONER GLUCK: No no no. Absolutely not.

SENATOR RAND: The Department has done an excellent job. I've never said anything else but that. But I think that we have to understand--

COMMISSIONER GLUCK: But Senator, what that does also is say to, not only the Department but to the members of the Legislature, that we can not compress this even though there are projects that are-- There was as much pressure I think, on the Department to do the projects, that people have been waiting for for so many years because of a lack of stable funding, there were as many pressures on them as there were pressures on the individual legislators, or freeholders, or mayors, from their constituents. We have the same kinds of pressures. So, with all due respect, I think you're right. I think the Department did--

SENATOR RAND: Every legislator likes to pork barrel. That still hasn't gone out of style.

COMMISSIONER GLUCK: Well, it's not even that. I mean, you know, they knew it was coming. The Department felt it could do it, and everybody said, well why don't we just get on with it? So, I think your perception is right. It's not a question of blame or fault or whatever--

SENATOR RAND: No, I mean--

COMMISSIONER GLUCK: It just was.

SENATOR RAND: But I just wanted to get that point in. And as I say, I am glad that you accepted it as that because that, at least in my opinion, has to be crafted into a future piece of legislation that we're going to pay attention to, and spend what the Legislature wants you to spend.

COMMISSIONER GLUCK: That's fine.

SENATOR RAND: Okay.

COMMISSIONER GLUCK: But, to get to the point that Roger was making -- if I could just interject something here. If we have 60, 70, \$75 million in State money, there are some projects that were 100% State funded, that have been promised.

And obviously we won't be able to do all of them. As long as that is understood, I'm hoping that-- We certainly, from my position Senator, I don't want to-- I will reiterate again: I don't want to start something new when I haven't finished something old, that we've committed to and that we've begun.

SENATOR RAND: That's clearly--

COMMISSIONER GLUCK: I mean to start something new is to me insane.

SENATOR RAND: That's clearly understood that you only do within the capacity of what you can do.

COMMISSIONER GLUCK: So, there might be some holdovers.

SENATOR RAND: I am also hoping Commissioner, that we took the most conservative -- and rightfully so-- I would rather do it that way, and say to the Legislature, "We're going to get less." Not turn around and say, "We're going to get more," and then come back to the Legislature and say "We got less." It's better to say it now. And if you get 50 million, or 40 million, or 60 million, God bless you.

COMMISSIONER GLUCK: That's exactly right. We will do it.

SENATOR RAND: Then you can spend it in addition to the four-year program within that scope. And I see nothing wrong with that. You may have to come back to the Legislature and say, "Can we go above that spending. We got more money." That's good. I hope that happens. It is better then to go this route. Okay, we'll--

COMMISSIONER GLUCK: I don't think we have anything else.

SENATOR RAND: Is there anything else that-- We are going to have, Commissioner, two more hearings on this. I know this is mind boggling, but Senator Cowan asked me to have one in Hudson. And I can't very well deny him, since he's a very--

COMMISSIONER GLUCK: No, do you have a date?

SENATOR RAND: Pardon me?

COMMISSIONER GLUCK: Do you have a date for that?

SENATOR RAND: We haven't had a date. There will be on April 6th -- I mean we're coming on fast, but we lost a month. On April 6th-- Is that correct? There will be a TRANSPLAN-- Is it April 6th? (positive response) For April 6th, a TRANSPLAN--

COMMISSIONER GLUCK: Morning or afternoon?

SENATOR RAND: Probably a whole day.

COMMISSIONER GLUCK: Oh okay.

SENATOR RAND: Because that is a meeting with Senator Van Wagner, with his County and Municipal Government Committee.

COMMISSIONER GLUCK: Oh that's great.

SENATOR RAND: In which we're trying to bring in all at one time so that we can at least address those problems and get whatever information that we need. And then hopefully we can come out and have one more meeting after that on TRANSPLAN, which gives us three meetings, and we can at least come in with a package of bills -- your package of bills, amended or whatever has to be changed -- by sometime the end of April or beginning of May.

COMMISSIONER GLUCK: Wonderful.

SENATOR RAND: We will then have two more meetings of this, and I think this Committee will caucus, and we'll give you what we think are some recommendations of ours. And whatever happens, we'll proceed to do whatever we have to do.

COMMISSIONER GLUCK: Okay, and you'll tell us if you need anything more from us, and give us some feedback on this proposal?

SENATOR RAND: You have been very gracious and very cooperative. I want to say that here.

COMMISSIONER GLUCK: We appreciate the opportunity to be able to sit and talk like this. I mean, I know it takes this kind of forum sometimes to do it, but it's important to be able to resolve some of the problems, and we really--

SENATOR RAND: If we don't understand, we're not engineers.

COMMISSIONER GLUCK: I know, and you know what? Neither am I. So there we are. Not only that, but I'm not a finance person either. So maybe, you know--

SENATOR RAND: But we do thank you very much.

COMMISSIONER GLUCK: Thank you, I appreciate your courtesy.

SENATOR RAND: Mr. Premo, did you want to say anything? I don't think that we-- (negative response) Okay. (confers with Committee Aide)

We're just trying to clarify a point. You said if S-2210 -- and I guess I would have to address it to Roger -- that if it doesn't bring you in enough State money then you -- is that right? -- that you would probably be around \$70 million short of doing some things that you wanted to do. Is that correct?

ASST. COMMISSIONER NUTT: No, that is not what I said.

SENATOR RAND: Okay, let me hear that again, so that we get that.

ASST. COMMISSIONER NUTT: What I said was-- Okay, assuming that it would produce \$250 million--

SENATOR RAND: Okay.

ASST. COMMISSIONER NUTT: --after you subtract the requirement for matching Federal money and the fourth year of the local aid program, you would have \$70 million left to do 100% State activities.

SENATOR RAND: And usually how much do we have?

ASST. COMMISSIONER NUTT: I think in the--

SENATOR RAND: What would you have had in '85?

ASST. COMMISSIONER NUTT: In 1988, I think that number was about \$155 million. In the renewal it's much higher than that. In the renewal--

SENATOR RAND: Right, what did you do in '85? How much-- Can you give me the '85--

ASST. COMMISSIONER NUTT: Eighty Five? That would be roughly the same kind of numbers, Senator.

SENATOR RAND: A hundred fifty five million?

ASST. COMMISSIONER NUTT: No. (confers with Commissioner)

SENATOR RAND: Seventy million?

ASST. COMMISSIONER NUTT: Seventy million dollars. The appropriation in 1985 was 249 million.

SENATOR RAND: So that we're going back to the 1985--

ASST. COMMISSIONER NUTT: Level?

SENATOR RAND: --level.

ASST. COMMISSIONER NUTT: Assuming that we can get 2210 to produce 250-- Yes that's right. That's what would be.

COMMISSIONER GLUCK: But, let me draw this down to an example that I'm faced with. There's a second construction contract, for instance, on Route 18 in Monmouth County. We're in the first now. So here we have the southern terminus that's sitting there empty. We're doing the middle piece and the second contract is the piece that we talked about. You were at the meeting.

SENATOR RAND: Right.

COMMISSIONER GLUCK: That has gone from a guesstimate of -- between right of way and construction -- originally of about, how much, 40?

R U S S E L L H. M U L L E N, S R.: The cost is 41, plus about nine for right of way.

COMMISSIONER GLUCK: So the original is 50 million. What is it today?

MR. MULLEN: Seventy three, 67, 77, 82.

COMMISSIONER GLUCK: The second piece is 82?

MR. MULLEN: With the right of way.

COMMISSIONER GLUCK: Okay. That gives you an idea of what happens. I mean, that's all 100% State funds. So, that one project alone could juice up whatever that state fund--

SENATOR RAND: All right, let me ask you a question Commissioner--

COMMISSIONER GLUCK: That's the practicality of it.

SENATOR RAND: --since you and I talk a little different language than the engineers. If you can't get what you want, isn't it better to have something so that you can continue?

COMMISSIONER GLUCK: Oh no, no.

SENATOR RAND: Well that's what I'm trying--

COMMISSIONER GLUCK: I'm not even questioning that.

SENATOR RAND: No no, I understand. What I'm trying to do--

COMMISSIONER GLUCK: No, absolutely.

SENATOR RAND: What I'm trying to do is make damned sure, that this doesn't stop.

COMMISSIONER GLUCK: Right, and your bill will make sure that it doesn't stop. The only thing -- and I'm not even questioning that. What I'm saying to you is that the State -- 100% State funds that we get--

SENATOR RAND: Will be reduced.

COMMISSIONER GLUCK: --will be reduced, and could wind up going to a project, finishing a project like Route 18 in Monmouth County almost exclusively if that is a decision that is made.

SENATOR RAND: I understand.

COMMISSIONER GLUCK: Which says to anybody else, who might have been promised 100% State funds, you're going to have to wait.

SENATOR RAND: Then they'll have to wait their turn.

COMMISSIONER GLUCK: Exactly, which may put off some of the construction timetables that were originally put out.

SENATOR RAND: One year?

COMMISSIONER GLUCK: Right. As long as we understand that. That's all we've ever said.

SENATOR RAND: Okay. No question about that. I would have to defend you on that position.

COMMISSIONER GLUCK: And my feeling is you've got to finish a Route 18. You've got to finish a Route 55, before you begin something else.

SENATOR RAND: I agree with you.

COMMISSIONER GLUCK: Because we can't leave pavement in the middle of nowhere.

SENATOR RAND: No, I agree.

COMMISSIONER GLUCK: Because you can't get there from here.

SENATOR RAND: They did that to 55 for 20 years.  
(laughter)

COMMISSIONER GLUCK: Okay, just so long as we understand. I agree with you. I'm not disputing what you've been saying.

SENATOR RAND: (confers with Committee Aide) Oh yes, for 1988-- The 1988 level would be at the 1987 level. Is that correct, under your projections? If your plans had gone through, the Legislature had done what you wanted, then the 1988 spending would be equivalent to the 1987 spending?

ASST. COMMISSIONER NUTT: No, it would be much higher than that.

SENATOR RAND: Much higher, okay.

ASST. COMMISSIONER NUTT: For instance, the normal program in the renewal for 100% State money is at a level of 240 million. That would compare to your 70. In 1988 it happens to be 340, because there is a proposal in there to do advanced interstate construction, 108. So there is a large-- The normal program would be 240 and 100% State. In 1988 that would be 340 million and 100% State highway construction. That doesn't talk about--

COMMISSIONER GLUCK: But that's advancing for the interstate.

ASST. COMMISSIONER NUTT: Only 100 million.

COMMISSIONER GLUCK: Only, okay.

ASST. COMMISSIONER NUTT: It's normally 240.

SENATOR RAND: Okay, you got that straight?

COMMISSIONER GLUCK: Okay?

SENATOR RAND: We thank you very much.

COMMISSIONER GLUCK: Thank you very much, we appreciate it. We will be with you in Hudson.

SENATOR RAND: Okay.

(MEETING CONCLUDED)



APPENDIX



## TRANSPORTATION TRUST FUND – PROPOSED REPORTING SYSTEM

**PURPOSE:** To report clearly and effectively in a routine and timely manner on the status and finances of projects under way through the Department of Transportation and New Jersey Transit .

The following proposal has been developed by the Department in order to fulfill its obligation to report on the status and financing of projects in a routine and timely manner to the legislative entities responsible for oversight of departmental activities and programs.

Presently, the Department conveys to the Legislature an annual project list on or about April 1 of each year. For 1988 specifically, the Department will submit its 1988 Proposed Project List at its March 12, 1987 Senate Appropriations hearing.

From the project list, an Annual Construction Program will be submitted to the Commissioner and then the Governor for approval, on or about June 30 of each year. Once the Construction Program has been signed, this becomes the "work" program for the Department for that particular year. At the time the Construction Program is signed, the Legislature will be advised of any revisions from the list that was submitted to them in April. ✓

### PROPOSAL

From that point on, the Department proposes:

- A) To develop a Quarterly Report document containing the project status and financial information on each project contained in the Annual Construction Program. This will include information on any financial transfers between projects and the reasons for those transfers, as well as other project status information.

The report will be compiled and released as follows:

July through September	--	by October 15th
October through December	--	by January 15th
January through March	--	by April 15th
April through June	--	by July 15th

The report will be distributed as follows:

Governor  
Senate President and Speaker of the Assembly  
Senate and Assembly Transportation Committee Members  
Senate and Assembly Finance/Appropriations Committee Chairmen  
and Ranking Members  
Interested parties, as requested

While this Quarterly Report will give detailed information on the year at hand, it will not deal with the entire period covered by any renewal of the Trust Fund or multiple-year program. Therefore, concurrent with the Quarterly Report:

- B) The Department will compile and distribute on an annual basis, an update of the Trust Fund book, in a format similar to what was distributed at the Senate Transportation hearing on February 26 (entitled "Trust Fund Projects Status Report").
- C) Concurrent with both Items A and B, the Department proposes to keep interested parties informed on major project status changes by letter on an "as needed" basis. The letters would most likely be addressed to legislators who have indicated an interest in a particular project or in whose district the project is located. Copies of all such letters will be sent to the Senate and Assembly Transportation Committees and to the local officials in the affected areas.

A letter would be appropriate when:

- 1) There is a delay in the project (actual or anticipated) that would change the dates previously given by at least six months or move the project from one State Fiscal Year to another.

[Among the reasons for such delays could be problems in securing necessary permits, environmental problems, availability of right of way, utilities, issues of concern to local officials and affected constituents.]

- 2) There is a major scope change in the original project that would affect the previously published dates, project description or funding.

A summary list of all such letters will be submitted with the report detailed in Item B.

TRUST FUND AUTHORITY REVENUES AND APPROPRIATIONS

Appropriations

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>Total</u>
General Fund	\$154,041	\$ 93,950	\$ 88,000	\$ 88,500	\$424,491
Commercial Fees	20,000	32,300	30,000	30,000	112,300
Authorities	<u>23,959</u>	<u>26,750</u>	<u>25,000</u>	<u>24,500</u>	<u>100,209</u>
Total	\$198,000	\$153,000	\$143,000	\$143,000	\$637,000

Revenues

2½¢ Motor Fuels	\$ 92,565	\$ 96,456	\$ 98,046	\$ 99,503	\$386,570
Increased Commercial Fees (est.)	20,000	32,300	35,700	35,900	123,900
Authorities	<u>23,959</u>	<u>26,750</u>	<u>25,000</u>	<u>24,500</u>	<u>100,209</u>
Total	\$136,524	\$155,506	\$158,746	\$159,903	\$610,679

\$ in Thousands

3/5/87

NEW JERSEY TRANSPORTATION TRUST FUND PROGRAM

ACTUAL VS PROJECTED

1985 - 1987

Total Program

	<u>Proposed Program</u>	<u>Estimated 3-86</u>	<u>Estimated 3-87</u>	<u>3-86 Difference</u>	<u>3-87 Difference</u>
State	\$ 996.0	\$1003.5	\$1003.5	\$ 7.5	+\$ 7.5
Federal	2280.0	1462.6	1418.0	- 817.4	- 862.0
Bridge Bond	<u>135.0</u>	<u>135.0</u>	<u>135.0</u>	<u>-0-</u>	<u>-0-</u>
SubTotal	\$3411.0	\$2601.1	\$2556.5	-\$809.9	-\$854.5
Federal NJ Transit*	<u>          </u>	<u>130.0</u>	<u>130.0</u>	<u>130.0</u>	<u>130.0</u>
Total	<u>\$3411.0</u>	<u>\$2731.1</u>	<u>\$2686.5</u>	<u>-\$679.0</u>	<u>-\$724.5</u>

Federal Funds

	<u>Original</u>	<u>Estimated 3-86</u>	<u>Estimated 3-87</u>	<u>3-86 Difference</u>	<u>3-87 Difference</u>	<u>1988</u>	<u>3-86 Adjusted Difference</u>	<u>3-87 Adjusted Difference</u>
Highway	\$1560.0	\$1157.6	\$1077.0	<u>\$402.4</u>	<u>\$483.0</u>	\$335.0	\$ 67.5	\$148.0
NJ Transit	<u>720.0</u>	<u>435.0</u>	<u>471.0</u>	<u>285.0</u>	<u>249.0</u>	<u>105.0</u>	<u>180.0</u>	<u>144.0</u>
	\$2280.0	\$1592.6	\$1548.0	\$687.4	\$732.0	<u>\$440.0</u>	\$247.4	\$292.0

\*Federal Funds received by NJ Transit matched by P.A.

\$ in Millions

4x

ESTIMATED REVENUES FROM TRUCK FEE INCREASES  
(MILLIONS OF \$)

	<u>FY '85</u>	<u>FY '86</u>	<u>FY '87</u>	<u>FY '88</u>
Truck Decals	\$ 9.7	\$10.3	\$10.5	\$10.5
Motor Fuel Use-Diesel	0.0	2.0	3.0	3.0
Motor Fuel-Diesel (3¢)	0.0	9.5	11.3	11.6
Non-Passenger Registration Fees	10.3	10.5	10.8	10.8
Subtotal	\$20.0	\$32.3	\$35.7	\$35.9

3/5/87

Sx

