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**SENATE INDEPENDENT AUTHORITIES COMMITTEE**

Increase in Garden State Parkway Tolls  
Proposed by the New Jersey State Highway Authority

December 28, 1987  
Room 424  
State House Annex  
Trenton, New Jersey

**MEMBERS OF COMMITTEE PRESENT:**

Senator Carmen A. Orechio, Chairman  
Senator Thomas F. Cowan  
Senator Christopher J. Jackman  
Senator S. Thomas Gagliano

**ALSO PRESENT:**

E. Joan Oliver  
Office of Legislative Services  
Aide, Senate Independent Authorities Committee

\* \* \* \* \*

Hearing Recorded and Transcribed by  
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## New Jersey State Legislature

**SENATE INDEPENDENT AUTHORITIES COMMITTEE**  
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December 17, 1987

### NOTICE OF A PUBLIC HEARING

Senator Carmen A. Orechio, Chairman of the Senate Independent Authorities Committee, announces the postponement of the second public hearing concerning the New Jersey Highway Authority's proposed increase in Garden State Parkway tolls from Monday, December 21, 1987 to Monday, December 28, 1987. The meeting will be held at 10 a.m., in Room 424 of the State House Annex, in Trenton.

At this second public hearing, the committee will continue its consideration of the issues presented at the public hearing held on December 9, 1987.

Any person wishing further information on, or intending to testify at the hearing should contact the committee aide, E. Joan Oliver, at (609) 984-7381.



## TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| Judith H. Stanley<br>Chairwoman<br>New Jersey Highway Authority  | 1           |
| George P. Zilocchi<br>Executive Director<br>New Jersey Highway Authority                                 | 4           |
| Gerald Nielsten<br>Vollmer Associates<br>Traffic Consultant<br>New Jersey Highway Authority              | 4           |
| James W. Conlon<br>Chief Engineer<br>New Jersey Highway Authority  | 7           |
| Frank M. Palombo<br>Director of Finance<br>New Jersey Highway Authority                                  | 24          |
| Chester Johnson<br>Government Finance Associates<br>Financial Consultant<br>New Jersey Highway Authority | 28          |
| Joseph W. Katz<br>New Jersey Motor Bus Association<br>Atlantic City Operators Association                | 56          |
| Samuel Perelli<br>State Chairman<br>United Taxpayers of New Jersey                                       | 61          |
| Senator Wayne Dumont, Jr.<br>District 24   | 68          |
| Robert Yockel<br>Representative<br>AFL-CIO   | 71          |



**APPENDIX:**

|   | <u>Page</u> |
|---|-------------|
| Flyer submitted by<br>Samuel Perelli<br>State Chairman<br>United Taxpayers of New Jersey      | 1x          |
| Briefing Book submitted by<br>Judith H. Stanley<br>Chairwoman<br>New Jersey Highway Authority | 2x          |

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**SENATOR CARMEN A. ORECHIO (Chairman):** Good morning. We're ready to start our hearing. We're waiting for other members of the Committee, but I think we're start without them.

Our first topic that we'll begin with today will be the capital improvement plan -- the Highway Authority's. I'd guess we'd like to have before us Mr. Johnson, Mr. Palombo, Mr. Zilocchi, Mrs. Stanley, and Mr. Conlon. Gentlemen and the lady, I refer to the briefing book that was distributed to us and was compiled by your organization -- basically the \$570 million program. If you would refer to that document which describes that expenditure, and if you could, maybe before we get into other areas, establish for us what the priorities of those expenditures are, breaking down whether or not the system involves -- unless it's obvious -- rehabilitation, or safety, or other factors that were essential in your formulation of this list, if you will.

**JUDITH H. STANLEY:** Mr. Chairman, I have a statement that I would like to read into the record. Well, good morning members of the Senate, ladies, and gentlemen. We welcome the opportunity you've given us today to address the vital issue of the Garden State Parkway's capital improvement needs over the next several years. The Highway Authority staff and consultants will present them in detail later, and gladly answer any questions you may have.

**SENATOR JACKMAN:** Would you move that microphone in closer to you so that we can hear you? It might be easier.

**MS. STANLEY:** There are so many.

**SENATOR JACKMAN:** Is the light on?

**SENATOR ORECHIO:** Yes.

**MS. STANLEY:** Indeed, we are anxious for you to understand just how critical, but costly, this program is. Safety, rehabilitation, and extraordinary maintenance projects are estimated at \$176 million, and just a dime increase to 35 cents will not even cover that \$176 million -- necessary

expansions projects at \$331 million, vital improvements affecting safety and traffic flow in the three former State-owned sections -- \$81 million, and additional improvements not necessarily affecting safety and roadway capacity at approximately \$56 million. Also, improvements such as expansion of our Service Areas and free commuter parking lots that are nonetheless, of importance to our patrons.

The hue and cry over the Parkway's planning process -- although the thorough research necessary in order to present a viable toll increase plan to the public was not completed until early November -- has obscured the real issue here. That is that without increased revenues, the Parkway's nearly 35-year old roadway and bridges will not get the vital repairs they require, that without increased revenues, the Parkway cannot continue to meet its growing traffic volume, projected to only worsen and worsen in the face of projected revenue shortfalls.

What drives the toll increase plan is, and remains, the discounted token. When we see editorials and letters to the editor opposing the doubling of tolls with nary a nod to the 35 cent discounted token representing only a dime increase, it is frustrating, to say the least. That single coin operation, saving patrons money and time, is the single most important factor in the increase proposal.

And the single most important factor about the need for the increase is that without it, there will be a severe deterioration in the Parkway's safety standards, its infrastructure, its maintenance quality, and traffic flow. Can the Parkway get along without these improvements? We believe most deeply that you will agree that it cannot, after you have heard today's presentation. That this is an unpopular move -- and that my popularity has suffered, to say the least -- is without question, but the proposed increase is important and that it's absolutely necessary for the Garden State Parkway to function safely and efficiently is also, we believe, without question.

The basic decision and the good reasons far outweigh all the petty, peripheral, circus issues that have developed. Thank you.

SENATOR GAGLIANO: Petty? Did you use the word, "petty"?

MS. STANLEY: Yes.

SENATOR ORECHIO: Senator Gagliano, do you have a question?

SENATOR GAGLIANO: Yes, Mr. Chairman. At some point today I would appreciate it if the Parkway people would describe the pettiness. I don't see it as petty. And frankly, I'm upset by that word. We've been sitting here for hours, we think, doing the public's business, and I do not appreciate the use of the word petty one bit.

MS. STANLEY: I did not refer to you, particularly.

SENATOR GAGLIANO: If you're referring to anything, I would like it to be characterized as exactly what it is. Your own counsel admitted to at least two ways that the Open Public Meetings Act have been violated over the years by the Parkway. Obviously, the letters to the editor are generated by people who truly feel that that is a commuter road and they are going to pay a lot more money. There's nothing petty about that. I just don't appreciate that Judy. I think it's a very poor choice of words, and it upsets me that you even use it. So, I would like to know exactly what has been petty about this whole procedure? You don't have to do it now, but I think sometime today we should know that.

MS. STANLEY: I think some of the personal attacks--

SENATOR ORECHIO: Senator Jackman, do you have any reaction to Mrs. Stanley's statement?

SENATOR JACKMAN: No.

SENATOR ORECHIO: Can we get a copy of your statement as well? Any other statements before we begin? (negative response) Okay, then will someone act as the spokesman for the projects?

G E O R G E P. Z I L O C C H I: Senator, with your permission, I would like to make the presentation on the capital improvement program in the following manner: To first ask Jerry Nielsten of Vollmer Associates who did a master traffic plan study for us which shows present traffic volume and projected traffic volume which really is, in part, the basis for our capital improvement program, and then after that, have Mr. Conlon, our Chief Engineer, get into the details of the capital improvement program. Mr. Nielsten would be first.

SENATOR ORECHIO: Mr. Nielsten.

G E R A L D N I E L S T E N: Good morning. If I may, I'll introduce the capital improvement program, discuss a few of the procedures that we undertook as traffic consultants, and compare the forecast of future traffic and revenues. As I noted to you a few weeks ago, we use a number of steps in this process:

First, we reviewed trends in traffic on the Parkway, focusing our attention for revenue purposes on the 11 crossroad barriers and 19 ramp plazas, and for traffic purposes on the entire Parkway, comprehensively along the 173 miles of the Parkway. We undertook a survey of land use and changes in land use, as they are occurring in the corridor through which the Parkway travels, and from this information, determined the likely changes in trip making patterns that will occur as development begins to sprout out along the Parkway's corridor.

From this trip making development activity, we've estimated how much we use the Parkway and therefore what levels of estimated future traffic growth we could expect from future traffic activities. We superimposed this information, historical patterns of traffic growth, and developed a forecast of traffic demand along the Parkway for each of the locations in each direction.

For revenue purposes, as I noted, we then undertook analysis of these demand traffic projections, and determined

one, the likelihood of occurrence in the time frame that we're talking about, then secondly, the ability of the Parkway to accommodate this traffic demand growth.

For your purposes, I'd like to spend a couple of minutes on a few graphics that will be helpful in showing the projections of growth on the Parkway.

SENATOR ORECHIO: For the benefit of the press, would identify your organization and your first name, and so forth?

MR. NIELSTEN: My name is Gerald Nielsten. I'm a partner with the Vollmer Associates. We are the traffic consultants to the Authority.

SENATOR ORECHIO: Thank you. Where are you located?

MR. NIELSTEN: In New York and New Jersey. This graph represents traffic volume on the Parkway. To the left from Milepost 0 moving to the right to the end of the Parkway at the New Jersey State line -- approximately Milepost 173. Noted at the bottom of the chart, I give the various locations of the toll plazas. The height of each line as you proceed from left to right, is representative of the relative traffic volume on the Parkway on that given Milepost section.

For example, at Milepost 0, it shows the number of approximately 6000 vehicles and that represents the average daily traffic in the northbound direction between Milepost 0 and Interchange 4. You can see from the white portion of the chart, there's a huge variation in traffic volume on the Parkway from Milepost 0 of about 6000 vehicles. There are two peaks in volume at about 87,000 vehicles in the northbound direction, one at the Raritan Toll Plaza, and then again in the section just south of the Union Toll Plaza. And above 90,000 vehicles a day just south of Interstate 280, approximately between Mileposts 144 and 145 on the Parkway. Again, this graph is representative of traffic volumes on an average daily basis.

From the studies that we've done on land use and future developments in historical traffic growth, we've

prepared developments in unrestrained traffic demand as it might occur along the Parkway in five year increments -- 1990, 1995, and the year 2000, which are represented by three alternately colored bands on the graph.

The ranges of traffic growth vary from a low of over a 15-year period of some 20% to 30% to a high of roughly 70% to 80% particularly in the southern portions of the Parkway. Also shown on the graph is a representation which for our purposes we'll call daily capacity. It indicates a level of traffic, which when volume has reach that given level, it would indicate regular occurring congestion on a given portion of the Parkway. It's a function both of the nature and use of the Parkway -- that is, is it a commuter road, is it a recreational oriented facility -- and the number of lanes at that given location. As you are aware, the number of lanes in each direction ranges from two lanes in the southernmost section to, on this graph, the seven lanes approaching the Raritan Toll Plaza at approximately Milepost 124; and therefore the variation in this green capacity line.

When the volume of a given portion exceeds this green daily capacity line, as I noted, you can expect regular, severe, and continuing congestion at peak hours at that location. As the graph indicates today, there are a number of locations where volumes do exceed this particular congestion index.

With the traffic growth projected, in fact, even modest amounts of growth through the year 1990 indicate that substantial portions of the Parkway will experience traffic volumes that exceed this capacity level and therefore, we can expect that at peak hours, we'll regularly experience congestion for large portions of the Parkway. In fact, roughly, by 1990, from Milepost of about 74 -- this is a light red band, you see it exceeds the green line -- throughout the area -- approximately Route 3, Milepost Interchange 153.

The purpose of this chart in terms of the capital improvement program, is to indicate where improvement ought to go to solve future traffic needs. It indicates locations where traffic problems are likely to occur, and therefore where capital improvements are needed in both the short-range and the long-term period.

SENATOR ORECHIO: Continue, Mr. Nielsten.

MR. NIELSTEN: This is an introduction to the capital improvement program itself. It focuses, specifically, on the widening portions of the program which Mr. Conlon will present to you in a moment among the other pieces of the program.

SENATOR ORECHIO: Mr. Conlon, before you start, for the benefit of the press will you give your full name and your position with the Authority.

J A M E S W. C O N L O N: Yes. James W. Conlon. I am Chief Engineer of the New Jersey Highway Authority. After the Authority completed the construction of the inner roadways in Middlesex and Monmouth Counties in the early 1970s, it did virtually no construction work except for resurfacing for more than five years. Then late in the 1970s and early 1980s, traffic pressure compelled the Authority to begin to widen the roadway by the construction of a fourth lane in East Orange, Irvington, and Union. The widening continued in the early 1980s by the addition of one lane in each direction from the Asbury Park Toll Plaza south towards Toms River. The money for this was obtained from the Parkway Construction Fund.

All monies remaining after annual operating revenues after deducting operation expenses, paying debt service, paying \$10 million to the State Transportation Trust Fund, and meeting certain reserve requirements, are deposited in the Parkway Construction Fund. In addition, proceeds from bond sales are deposited in the Parkway Construction Fund. This money is used to finance the Parkway's capital improvement program.

If the tolls are not increased or other sources of revenues found to finance the sale of additional bonds as was contemplated when the bonds were floated in 1984 and 1986, the Authority will be unable to continue its capital improvement program. Let me first examine the capital improvement program which relates directly to safety, rehabilitation, and extraordinary maintenance. We estimate that this work will require the expenditure of \$176 million.

The southernmost 17 miles of the Parkway in Cape May County have never been resurfaced, except for a short stretch of two miles on the southbound side only. The pavement was originally placed in 1954 and 1955 and so it's at least 32 years old. Every other part of the Parkway which was originally paved in the 1950s has been resurfaced at least once. Mile 17 to 30 is presently being resurfaced. In some places it's been resurfaced two and three times. This 17 mile stretch in Cape May County has reached the point that if it is not resurfaced soon, the pavement base will begin to disintegrate and require substantial rebuilding rather than just resurfacing. We estimate this resurfacing, drainage repair, and guide rail replacement work will cost \$13 million.

There is a continuing need to resurface the blacktop pavement on the Parkway. South of Great Egg Toll Plaza there has been virtually no resurfacing since the Parkway was constructed in the mid-1950s. Between Great Egg Toll Plaza in Atlantic County and Toms River, the Parkway has been resurfaced once. Between Toms River in Ocean County and the Raritan River in Middlesex County, and between the Bergen Toll Plaza and the New York State line, the Parkway has been resurfaced twice. In Union, Essex, Passaic, and Bergen Counties and from the Union Toll Plaza to the Bergen Toll Plaza, the pavement has been resurfaced three times. We expect to spend approximately \$10 million per year on this essential resurfacing work.

In the Cheesquake and Matawan Creek areas in Middlesex County, the roadway has settled significantly and must be rebuilt. In the Cheesquake swamp, the roadway has settled seven feet below the original constructed elevation. The pavement is now more than a foot below flood level than we have seen in at least once in the last 35 years, and the road rides like a roller coaster. Because of the settlement, the roadway drains poorly in a rainstorm and we get frequent complaints of vehicles hydroplaning because of water on the roadway. We plan to raise the elevation of the roadway three feet to rebuild much of the drainage system, remove the timber guard rail, install steel beam guide rail to meet current design standards, and to repair the adjacent bridge decks at an estimated cost of \$14 million.

We are presently rehabilitating the substructure and the structural steel of the four bridges which carry the Parkway over Great Egg Harbor Bay in Atlantic and Cape May Counties. To complete that rehabilitation, we must repair the bridge deck joints, repair bridge deck spalls, paint the structural steel, and replace the substandard bridge railing on the original bridge built in the 1950s. We estimate the cost of this work at \$2 million.

It is absolutely essential that the Authority continue its bridge inspection program in conformance with Federal Highway Administration and NJDOT standards. If we fail to continue this inspection program, the Federal Highway Administration may withhold all or part of New Jersey's Federal aid highway funds of several hundred million dollars, which they threatened once before to do. Needless to say, there are humanitarian and liability incentives to establish a strong bridge inspection program. The Authority is responsible for 488 bridges on the Parkway, approximately 50 more than we were responsible for prior to last July when we took over responsibility for the State sections of the Parkway.

Incidentally, the Federal Highway Administration has proposed stretching that time out to four years and the National Transportation Safety Board is demanding that the inspection cycle be reduced to an annual inspection. We inspect about half of the bridges ourselves and about half are inspected by engineering consultants. We estimate that the inspection to be done by consultants, in the next five years will cost \$3.5 million.

Having inspected the bridges, we'd better repair them. In some cases we must replace decks which are now over 30 years old. We estimate this work in the next five years will cost \$52.5 million. The work is spread out over the entire length of the Parkway and includes the replacement of an average of three concrete bridge deck slabs per year. We have constructed major rehabilitation of 121 bridges in the last five years at a cost of \$50 million or over \$400,000 per bridge.

Design work is now being done for rehabilitation of 22 bridges in Monmouth, 7 in Middlesex, 2 in Union, 6 in Essex, 3 in Passaic, and 13 in Bergen County -- a total of 53 structures. In Cape May, Atlantic, Burlington, and Ocean Counties, we are reviewing inspection reports and expect to award design contracts for bridge rehabilitation in these counties in early 1988.

In Monmouth County I have authorized a consultant to immediately begin design on an emergency basis of a new bridge to carry Red Hill Road over the Parkway in the hope that we can have a new bridge constructed before we take the existing bridge out of service for rehabilitation. In the area between our Union Toll Plaza and the Essex Toll Plaza, daily volumes have become so large and the high volumes extends through such a large portion of the day and night, that it is difficult to close lanes safely for necessary maintenance work. We have designed and hope to construct a lane use traffic control system which through a series of traffic signals, directional

arrows, and variable message signs, will provide drivers with essential information concerning the roadway ahead. We believe this will make the area much safer, not only for traffic, but for the men and women that must work in the closed roadway to maintain the pavement, and for the driver, the State Police, and the tow truck operators who become involved with accidents and disabled vehicles. One of the most common complaints we receive from our patrons is that we fail to provide them with adequate and timely information on the roadway conditions ahead. We believe this lane control and communication system will improve communications with drivers which not only makes it more convenient, it also helps reduce accidents.

Two years ago, we discovered that fuel tanks in all of our service areas were leaking, just as fuel tanks all over the country are leaking. We have made substantial progress in cleaning up the contaminated soil resulting from the leakage of the fuel, but this work must continue to satisfy environmental regulations. We have replaced all the tanks, but now we must clean up the contaminated soil. We estimate that it will cost \$4 million to complete the cleanup work.

We plan to install an ice detection system on several key bridges and in several key areas where snow and ice have proved to be a problem over the years. This \$4 million system will provide advanced warning of ambient weather and surface conditions which are likely to lead to formation of ice on the roadway and will provide a warning to our operating personnel so that drivers can be warned of icing conditions. As a by-product of this system, we get localized weather information from radar, which has proven extremely accurate and enables us to mobilize roadway maintenance forces, including snow-plowing contractors, in sufficient time to keep ahead of approaching storms, and at the same time will reduce the need to mobilize maintenance forces based on general weather forecasting which frequently is inaccurate with regard to specific local

conditions. In short, we expect this system to save money. The information we obtain can be made available to the State and other jurisdictions if they have the proper electronic equipment.

Our maintenance department has maintained the toll booths at 11 barrier toll plazas and 19 ramp plazas for many years. The condition of toll plazas, however, has gotten to the point where significant rehabilitation is necessary. The canopies must be rebuilt to keep rainwater from leaking into the booths to the dismay of toll collectors and not just incidentally, damaging equipment. The metal of the toll booth is severely rusted due to constant exposure to salt-laden water splashed out of the driving lanes in the winter, and much of the interior and exterior must be rebuilt. We recently rehabilitated the Essex Toll Plaza booths and canopy, both interior and exterior, as a pilot project so that we can determine how the work can be done most expeditiously and at minimum cost. Based on this experience, we are prepared to move forward with the rehabilitation work at an estimated cost of \$24 million.

Jerry has just talked about traffic studies which his firm, Vollmer Associates has prepared for the Authority, which indicate a very heavy traffic demand in the Asbury to Toms River area. Vollmer estimates that traffic demand will exceed capacity in the Toms River area by approximately two times, by 1990. By 1995, the traffic demand is expected to exceed capacity between Interchange 67 in Ocean County and Interchange 156 at the Passaic River.

In the 14-year period ending in the year 2000, traffic demand is expected to exceed present capacity in the southern sections of the Parkway by 100%. It doesn't mean that there will be 100% more cars on the roadway. The demand -- the need -- will exceed the capacity by 100%. The Parkway cannot continue to maintain trends in traffic growth approaching the

historical growth trends without significantly deteriorating traffic conditions. The widening work which we plan on doing is intended to alleviate some of this potential congestion, but much greater use of mass transit by both train and bus, and greater use of car pooling must take place if the Parkway is not to become severely congested during peak hours.

In 1981, the Authority obtained a CAFRA permit for construction of an additional lane in each direction from the Asbury Park Toll Plaza to Toms River. The widening has been completed or is under construction from the Asbury Park Toll Plaza in Monmouth County, south to Interchange 91 at the Lakewood/Brick Toll Plaza in Ocean County.

We are presently designing the widening from Interchange 91 to 88 with State Route 70 in Lakewood. It would be a relatively simple matter to add one lane in each direction on the inside of the existing road, however, New Jersey Department of Transportation is planning to widen State Route 88 to a 4-lane divided highway under the Parkway. To permit this construction it is necessary for the Authority to replace the two exiting bridges carrying the Parkway over Route 88 with longer span structures of greater width to accommodate the widening both on the bridge and under the bridge. Ocean County has plans to widen Chambers Bridge Road both east and west of the Parkway to make it a four-lane divided highway. Again, as with State Route 88, the county will not be able to widen its road if we do not provide longer span bridges at this crossing.

Unfortunately, profile changes make it necessary to accommodate the State and county plans at these two sites, forcing us to rebuild our crossings of the north branch and the south branch of the Metedeconk River which are very close to the State and county highways. So, instead of increasing the bridge deck area of each of these eight bridges by about one-third, we are faced with the prospect of building eight new bridges in order to accommodate local and State plans for

widening their facilities. We intend to negotiate with the county for some share of the cost, but based on past experience in other counties, I believe the lion's share of the funds will be provided by the Authority. We also must widen Cedar Bridge Road over the Parkway because the county plans on converting this to a four-lane roadway which will not fit on the present span. We estimate the cost of this widening between Interchanges 88 and 91 at \$42 million.

We intend to design widening between Interchange 88 and the former State-owned section at mile 83 at a designing cost of \$3 million. Construction of this widening is not in the present five-year capital improvement program. It is unlikely that this widening could begin in less than five years because the CAFRA permit from Asbury Park to Toms River does not include this five-mile stretch of the Parkway. At the present time, we are preparing an environmental impact statement to support this application for a CAFRA permit. Incidentally, my remarks are not in random order, they are in the order in which the briefing book lists the items -- if you are trying to follow me. They won't sound sensible if you are not following that.

We've begun the design for widening the inner roadway between the Keyport Interchange and the Raritan Toll Plaza to provide three lanes in the inner roadway in each direction. We expect to complete only the design work on this project at a cost of about \$1 million in the next five years.

At Interchange 74 in Ocean County we are scheduled to construct a new southbound exit ramp to eliminate a left turn for 80% of the traffic which exits to the east, construct an entrance to the southbound roadway, and construct a northbound exit ramp. We will construct a pair of toll plazas to collect tolls to and from the north to help recover some of the cost of this construction. We expect that the construction of the toll plaza as a side benefit will reduce the incentive for drivers to exit on Lacey Road and travel through Lacey Township to get

to destinations further south in order to avoid paying a toll at Barnegat Toll Plaza a few miles south. We will also improve the ramps at the Forked River Service Area which is extremely close to the Lacey Road Interchange.

We are in the early stages of designing roads to be constructed between Interchanges 88 and 91 in the Lakewood area. The service roads will improve capacity of the Parkway, but also will provide access at Cedar Bridge Avenue and State Route 88 where no access presently exists, and will provide full access at State Route 70, Chambers Bridge Road, and Burnt Tavern Road where only partial access exists at the present time. The estimated cost for this design work and purchase of right-of-way is \$19 million. We are just about to submit an environmental impact statement to support an application for a CAFRA permit for this work.

At Interchange 105 in Tinton Falls and Eatontown, adjacent to Route 18 Freeway, we plan on spending \$8 million to improve the signalization at the intersection of State Route 36 and Hope Road, immediately east of our Interchange 105. We intend to eliminate an existing left turn from westbound Route 36 to southbound Hope Road by signalizing the intersection of Park Road and Hope Road, and to remove some of the turning movements from the Hope Road route 36 intersection.

We expect to spend \$13 million to improve Interchange 114 with Red Hill Road in Monmouth County by building a new bridge to carry Red Hill Road over the Parkway in order to increase the capacity of Red Hill Road, to rehabilitate the existing bridge, to construct two additional ramps to eliminate left turns and change the existing three-phase traffic signal to a two-phase signal, again increasing the capacity of Red Hill Road as well as the Parkway exit.

We plan on constructing a new Interchange 116 in Holmdel, to provide access from the Parkway to Crawfords Corner Road. A new toll plaza is necessary to prevent drivers from

bypassing the existing toll plazas at Interchanges 117 and 114. This will also provide more direct access to a million square foot office space development presently planned in Holmdel.

The Laurence Harbor Road area of Old Bridge Township, Middlesex County is developing rapidly. There are plans in various stages of approval by the local planning and zoning boards, which will permit the construction of 2 million square feet of office space, a building the size of one-half of one of the twin towers of the World Trade Center in New York City -- a building, Incidentally, which is one acre per floor. The plans that we have seen also include the construction of a railroad station on New Jersey Transit rail lines and a 2000 car parking lot, in addition to construction of residential buildings.

The only access across the Parkway at the present time is the two lanes of Laurence Harbor Road which are totally inadequate for the type of development scheduled. We estimate that at least six lanes across the Parkway will be necessary to service such a large development. We expect to construct parallel service roads between Laurence Harbor Road and Cliffwood Avenue, construct a new bridge across the Parkway, construct a toll plaza along the northbound entrance ramp and the southbound exit ramp to recover a part of the cost of this large new interchange. We estimate the cost of \$49 million.

Interchange 127 which connects the Parkway to State Route 440 and to Interstate 287 with access to Morristown area and Staten Island is one of the most congested interchanges on the Parkway: Presently, one lane from U.S. 9 northbound, one lane from Route 440 westbound, and two lanes from the northbound Parkway on the two-lane bridge leading to Route 440 westbound, and Industrial Road in Woodbridge. Needless to say, the congestion at times is horrendous. You don't need to be an engineer to figure out that if four lanes of full traffic come together on a two-lane bridge, you've got a problem. This has

frequently to lead minor accidents and numerous complaints from drivers. Although the bridge over the Parkway is the responsibility of the New Jersey Department of Transportation, the Authority has agreed to bear the cost of widening the bridge and improving the ramp system to obtain better access to Route 440 west of the Parkway.

At the intersection of two divided highways, there are eight possible movements. At Interchange 142, with Interstate Route 78 in Union, we provide for only six of the eight movements. Traffic northbound on the Parkway wishing to go westbound on Route 78 must enter Route 78 eastbound, travel a half a mile to the east, exit, crossover the Interstate on a local street, and reenter the Interstate westbound. Southbound traffic on the Parkway desiring to go eastbound on Interstate 78 to Newark Airport or to Newark, must exist in Irvington and find its way through the streets of Irvington. We plan to provide the missing ramps at the cost of \$41 million.

Unpleasant as it may sound to some people, we must widen toll plazas so that the capacity of the plaza to process traffic remains at least equal to the peak hour roadway volume, if not the full capacity of the roadway. At Toms River, we plan to expand the toll plaza by adding five additional toll lanes on the east side with room for further widening without a great deal of rebuilding. We must construct a new toll administration building because the present building obstructs the widening. We expect this work to cost \$10 million. Similarly, we expect to expand the Barnegat and New Gretna Toll Plazas to keep pace with roadway volume at a cost of about \$5 million.

As explained in the briefing book provided to you, we plan to construct two new mainline toll barriers, one in Atlantic County and one in Cape May County. These new toll plazas are intended to spread the burden of toll revenue more evenly to all users of the Parkway. Between the Union Toll

Plaza in Union County and the New York state line, the plazas are spaced approximately eight miles apart. For the entire length of the Parkway, plazas are spaced about 15 miles apart on average. The greatest distance between toll plazas is between Great Egg in Atlantic County and New Gretna in Burlington County, a distance of 25 miles. Between the southern end of the Parkway and Cape May Plaza is a distance of 19 miles.

In Atlantic County, we plan on a number of projects including the construction of a new mainline toll plaza in the vicinity of Milepost 41 near the Atlantic City Service Area. We have been requested by the county to provide full access at Interchange 44 in conjunction with a beltway to be built by the county west of the Parkway. We are studying the construction of the new ramps at Interchange 40 to provide a northbound exit and a southbound entrance to make this interchange a complete interchange. We are considering the installation of traffic lights at the ramp intersections with U.S. 30. We also plan to convert the right shoulder between Interchange 29 at Great Egg Harbor and Interchange 38 with the Atlantic City Expressway to a travel lane in order to provide temporary traffic relief, particularly in the summer. All of this work in Atlantic County is estimated to cost \$56 million.

We plan to construct a new toll plaza in Cape May County in the vicinity of mile six. In conjunction with this, we expect to complete Interchange 6 by constructing a new southbound ramp, reconstructing the existing southbound exit ramp, constructing a new northbound ramp, and reconstruction of the northbound entrance ramp. We plan on installing traffic signals at the ramp intersection with North Wildwood Blvd. This work is also related to work in the former State-owned Cape May section which I will discuss shortly. The estimated cost of the work in Cape May County is \$25 million, exclusive of what will be done in the former State-owned sections.

We plan to expand the Essex Toll Plaza by adding two lanes on the northbound side, four lanes on the southbound side, constructing a new toll administration building in order to make room for the expansion, constructing of a retaining wall behind the administration building, and construction of a noise control wall on the west side of the Parkway. No additional right-of-way is required. This plan was the subject of a recent public meeting held in Bloomfield in accordance with Governor Kean's Executive Order 172. The comments received are still under consideration. The estimated cost is \$17 million.

We also plan to widen the Bergen Toll Plaza to keep pace with increasing traffic volume. We expect to add five lanes in the northbound direction and construct a new toll administration building to make room for the expansion. We also expect to construct noise walls on the southbound side and probably on the northbound side. We had planned on purchasing five homes, adjoining the east side of the toll plaza, but that plan is recently under review and it appears extremely unlikely that it would be necessary to purchase these homes unless we do so on an negotiated basis. We expect this work to cost \$11 million.

We expect to make a number of improvements which do not directly affect capacity, but which do affect the service we provide our patrons. We expect to expand the Atlantic City Service Area, separating the auto service station from the restaurant building to allow expansion of the restaurant facility and improve the auto service station, expand the available parking spaces, improve access to the Service Area, and widen the bridges over Jimmy Leeds Road. Atlantic County has requested that we consider constructing a new bridge over Jimmy Leeds Road in order to enable the county to expand the road to four lanes. We expect this work to cost \$14 million,

exclusive of the request for a new bridge which we only heard of a few weeks ago.

At the Vaux Hall Service Area in Union County, we plan to expand the auto service station, install new fuel dispensing islands, and increase available parking. This work is estimated to cost \$8 million. We plan rehabilitation and expansion of five maintenance yards at a cost of \$22 million. The maintenance yards are generally hidden from the Parkway and as you might expect, are messy and utilitarian, but they are essential to the operation of the Parkway. Over the years as the Authority added over 50% to the lane mileage of the roadway, the maintenance yards have not kept pace with this expansion. Similar expansions are needed at our central warehouse and print shop.

A most important part of our service improvements is the planned expansion of six existing commuter parking lots. The Authority presently provides over 2600 free commuter spaces at a score of locations throughout the Parkway. We plan to increase the Allwood Road commuter parking lot in Passaic County adjacent to Route 3 from 225 spaces to 415. We are doing this at the request of New Jersey Transit bus operations and in cooperation with the New Jersey Department of Transportation who will provide improved access from Route 3.

At Montvale in Bergen County we plan to add 100 new spaces in the commuter parking lot in our Service Area. At Interchange 165, adjacent to Ridgewood Avenue in Bergen County we plan to expand the commuter lot from 90 spaces to 165. At the Vaux Hall Service Area in Union County, we plan to add 50 new spaces. At Interchange 120 in Middlesex County adjoining Laurence Harbor Road, we plan to add an additional 50 spaces to the 110 already provided. At the Monmouth Service Area in Monmouth County, we plan to add 200 spaces to the existing 315. And finally at the Seaville Service Area in Cape May County we plan to add 50 new commuter parking spaces.

Altogether at these seven sites, we plan to add 825 new spaces to the present 885 at these location, raising the total for the seven lots to 1710 -- I guess raising our total of the 3400 spaces.

We plan to continue with our soil erosion work, planting wildflowers to remove grass areas from our moving workload and adding screening to protect adjoining properties from the sight and sound of the Parkway. Not included in the present five-year capital improvement program but essential to improving the existing traffic conditions on the Parkway is \$181 million in capital improvement projects planned for the Cape May--

SENATOR ORECHIO: You said \$181 million.

MR. CONLON: Eighty-one million dollars. I stand corrected. Eighty-one million dollars in capital improvement projects planned for the Cape May, Toms River, and Union-Middlesex former State sections.

We plan to expend \$15 million on work in the Cape May section. The first step in this work will be to improve the at-grade intersections where traffic signals presently cause backups as long as five miles on summer weekends. We plan to close Interchange 8, close the median at Shell Bay Avenue, and add additional stacking lanes in both directions at the traffic signals at Stone Harbor Road and Crest Haven Road. With additional lanes, the traffic signal should be able to handle greater traffic than it presently does.

Under the present program, we also intend to design a bridge to carry Shell Bay Avenue over the Parkway and at Stone Harbor Road and Crest Haven Road we intend to design full interchanges with bridges over the Parkway. We will eliminate all other entrances and exits along the Parkway between Interchanges 8 and 12, provide a two-way service road east of and parallel to the Parkway on our right-of-way to be acquired by Cape May County. The toll plaza in Cape May County is expected to recoup the construction costs for this work which are estimated to cost \$14 million.

In the Toms River area, we plan to resurface the pavement and widen the Parkway by the addition of one lane in each direction between Interchange 80 at Dover Road and Interchange 83 with U.S. Route 9 -- all at a cost of \$23 million.

In the Union-Middlesex section, we have already awarded a construction contract to restripe the roadway and make minor improvements in the shoulders in order to accommodate five lanes of traffic in each direction where only four exist at the present time between Interchange 136 at Centennial Avenue and Interchange 140 with U.S. Route 22. We plan to continue this expansion with the addition of a fifth lane between Interchange 129 in Woodbridge and Interchange 136. Because of insufficient vertical and horizontal clearance under the existing stone faced arch shape bridges, it will be necessary to lower the mainline Parkway roadway. This work is estimated at \$34 million. We also plan to construct a new \$8 million maintenance facility at Clark to service the Union-Middlesex State-owned section.

Let me summarize briefly what the results would be if we are unable to finance major portions of the capital improvement program. First, with regard to the safety related projects which total \$176 million, these projects are essential to the safety of the Parkway's patrons. It isn't reasonable to continue to operate bridges without making repairs to ensure that the bridges are not a danger to the traveling public.

With regard to the expansion projects totaling \$331 million which I have listed as essential to improve the capacity of the Parkway and to improve traffic flow on local roads, I have been advised by our financial experts that we can only finance \$410 million in capital improvements in the next five years under the proposed toll increase.

If we first do the essential safety work, then we can only do \$234 million in expansion projects and projects designed to assist the counties and municipalities adjacent to

the Parkway. Add to that need \$81 million in the former State-owned sections in Cape May, Toms River, and Union-Middlesex, and we have \$421 million of vital needs and only \$234 million which will be made available under the current program.

We will therefore be forced to choose which of these essential programs will be funded and which will not. These are hard choices which we will have to make even with the additional revenue to be generated by a toll increase.

SENATOR ORECHIO: I wonder if we could get a copy of that statement, as well. I know that the members of the Committee have some questions. I have some and I'll lead off with-- My first question is and I'm now referring to the document of the analysis of your construction cost-- In item or project 084, Extraordinary Maintenance, \$20 million, tell me what that is comprised of?

MR. CONLON: I'm not sure what document you are looking at, Senator.

SENATOR JACKMAN: New Jersey Highway Authority Analysis of Construction Cost.

SENATOR ORECHIO: Can you define for us what your reference to Extraordinary Maintenance is and generally as it's applied in your reports?

MR. CONLON: Yes, sir. Extraordinary Maintenance is maintenance that can't be done by our maintenance forces. It's maintenance work that we put out to contract. It's primarily resurfacing, major drainage reconstruction, and bridge repair work.

SENATOR ORECHIO: The next item, project 085 -- Art Center and Improvement in Modernization -- so, a \$5 million allocation for that.

MR. CONLON: What was that, sir?

SENATOR ORECHIO: Project number 085 and the caption is Art Center and Improvement in Modernization \$547,711,405.

MR. CONLON: This money was expended already. Therefore, that must be work we've done in the last five years at the Art Center which would include the reception building.

SENATOR ORECHIO: How far is that in the stage? Are you 90% finished?

MR. CONLON: No. It's about 60%, I believe sir.

SENATOR ORECHIO: And you have all the money allocated for the balance for the project? I mean it's appropriated?

MR. CONLON: Yes.

SENATOR ORECHIO: The caption project number 087, Miscellaneous Improvements, what is that a catchall for?

MR. CONLON: I don't know. I'd have to check that sir. I don't know -- not offhand. This document is not familiar to me.

SENATOR ORECHIO: This is a document that was given to us which basically includes the indebtedness and fund balances of the Authority as well as the schedule describing what the debt service is from '87 to 2016. I think Mr. Palombo could address this.

F R A N K M. P A L O M B O: Senator, I believe the Project 85 designate--

SENATOR JACKMAN: Talk into the mike so we can hear you.

MR. PALOMBO: Project 85, designated as Miscellaneous Improvements, essentially is for bridge repair work that is being conducted by the Authority.

SENATOR ORECHIO: You mean Project 87.

MR. PALOMBO: Project 87. I'm sorry.

SENATOR ORECHIO: Would you also, for the benefit of the press, explain who you are?

MR. PALOMBO: I'm Frank M. Palombo. I'm the Director of Finance of the New Jersey Highway Authority.

SENATOR ORECHIO: The project that's identified as Number 100 -- there was almost a million dollars spent on the administration building. Can you tell us what that was for?

MR. CONLON: Yes. In the early 1980s, beginning, I believe, about 1980 running through 1982, we enlarged the

administration building in Woodbridge. That is some remaining work from that project.

SENATOR ORECHIO: The final question I have for now is Project 101A -- the Parkway widening -- Asbury at Interchange 83 -- \$46 million?

MR. CONLON: Well, that would be the widening just below the Asbury Park Toll Plaza. That would be Interchange 100.

SENATOR ORECHIO: Is that finished now?

MR. CONLON: Ninety percent to 95% finished. It's open to traffic. It was really done in three contracts, two on the mainline and one on Interchange 100 with State Routes 33 and 66. The southern few miles down to mile 98 is finished. The interchange is 99% finished and the widening north of Interchange 100, a three mile section there, that's about 75% finished. But it's four lanes now available to drive in.

SENATOR ORECHIO: Senator Jackman?

SENATOR JACKMAN: Yes. I want to ask you just a general question. I have in my hand here, it says, New Jersey Highway Authority Analysis of Construction Cost. It says, Total Expended from 5/1/86 to 10/31/87 -- \$198,169,000. Now, do you have a copy of that?

MR. CONLON: Yes, sir.

SENATOR JACKMAN: Okay. Then I noticed in 1987 you budget it for \$129,800,000. Now that's a difference of \$68 million. Where did the \$68 million come from? You're spending 198 when you're taking 129?

MR. CONLON: I'm sorry, I don't understand the question.

SENATOR JACKMAN: I'm assuming that there's bonding in here. Is that right?

MR. CONLON: Yeah. Bonding was floated in 198--

SENATOR JACKMAN: Okay. That's why I asked the question. I just wanted to make sure, because when I see

figures of 129, and then you spend 198, I'm wondering where the balance of the money was? There was a bond issue involved in this. Is that right?

MR. CONLON: That's correct.

SENATOR JACKMAN: Okay. That's just a general question. That's all.

SENATOR ORECHIO: Senator Gagliano?

SENATOR GAGLIANO: Yes. Thank you Mr. Chairman.

SENATOR ORECHIO: Do you have a question for Mr. Nielsten first?

SENATOR GAGLIANO: Yes, I do. I have a question for Mr. Nielsten. It may take a few minutes for us to run through this. What I would like to know, Mr. Nielsten, if I could have, maybe-- They shouldn't be your projections, but I think you've been advising the Authority on the so-called need for a toll increase. So, what I would like to do is to take your New Jersey projected operating results under present tolls which is a sheet that is supplied to us giving a description of the revenues for 1986, '87, '88, '89, '90, and '91. Do you have that sheet, sir?

MR. NIELSTEN: Is it the same as page 25 in the briefing book?

SENATOR GAGLIANO: Probably is, but the page isn't indicated. Let me check. Yes it is. It's a copy of page 25 of the briefing book. Maybe this information is already available, but I'd like to have it as part of the record. I'd like to start in 1988, because at that point I believe the Authority intends to increase its tolls sometime in April or May of 1988. Is that correct?

MR. CONLON: That's correct.

SENATOR GAGLIANO: Okay, so if you take the 1988 column, under the existing toll structure? It is estimated that you'd have an income of \$137,440,000?

MR. NIELSTEN: That is correct.

SENATOR GAGLIANO: All right. What would be the income if the toll increase went into effect?

MR. NIELSTEN: Okay. On page 26 of the briefing book, it shows the total revenues of 1988 with an April 2 effective date of the toll increase providing total revenues of \$187,663,000 which is the number comparable to the \$137,440,000.

SENATOR GAGLIANO: So, that's a \$50 million increase.

MR. NIELSTEN: That is correct.

SENATOR GAGLIANO: For approximately one half year?

MR. NIELSTEN: Eight months.

SENATOR GAGLIANO: Okay, you agree?

MR. NIELSTEN: Yeah.

SENATOR GAGLIANO: All right. 1989 -- you had projected \$142,670,000 under the current toll structure. What is proposed under the proposed toll increase structure?

MR. NIELSTEN: \$208,434,000.

SENATOR GAGLIANO: How much is that increase?

MR. NIELSTEN: Approximately \$66 million.

SENATOR GAGLIANO: And for 1990 you have \$147,810,000 under current tolls. What would it be for under the proposed toll increase?

MR. NIELSTEN: \$216,104,000.

SENATOR GAGLIANO: And what would be the increase?

MR. NIELSTEN: \$68 million, approximately.

SENATOR GAGLIANO: And let's go to 1991 and do the same thing.

MR. NIELSTEN: Right. From \$156,730,000 under present tolls the toll schedule provides \$229,925,000 in 1991.

SENATOR GAGLIANO: So, the increase?

MR. NIELSTEN: \$72,720,000.

SENATOR GAGLIANO: \$72 million increase?

MR. NIELSTEN: Yes.

SENATOR GAGLIANO: Okay. In general, let's try to give an example. If you have a \$10 million increase in revenues, can you tell us, based upon your background and experience, what that will pay for when it's leveraged with bonds and whatever financing you do? What will that pay for in terms of the amount of construction that can take place based on a \$10 million increase?

MR. NIELSTEN: I'm not the one to answer the question, but Chester Johnson may.

SENATOR GAGLIANO: I have no problem with Mr. Johnson answering if he can. What I'm trying to find out is how much can the Parkway or anybody else do when they have \$10 million more this year than they had last year? How many construction projects -- the CIP type projects -- can you do?

C H E S T E R J O H N S O N: Approximately, and again it depends on interest rates, reserves, and all of that. You would be able to leverage approximately \$75 million to \$85 million of capital.

SENATOR GAGLIANO: I recognize that. For each increase of \$10 million in revenues you can leverage or bond or whatever you call it, \$75 million to \$85 million depending upon the interest rate.

MR. JOHNSON: Reserve funds. The cost of the actual financing, how it's done, that sort of thing. But generally speaking--

SENATOR GAGLIANO: It's seven and a half to eight times what your revenue increase is.

MR. JOHNSON: That's correct. I mean again, that's a rough approximation.

SENATOR GAGLIANO: Thank you. Now, what I'd like to do is go back to Mr. Nielsten. Mr. Nielsten, I guess you've been involved in the issue of whether there would be a toll increase and how much it would be for quite awhile now based on your prior testimony and based upon what we've seen in the

records and in of course in the media. I would appreciate it if you would give the Committee the benefit of what the toll revenues would be based upon a straight 35 cents toll increase plus, and I understand that and I'll accept, say 25 cents toll at each of the ramps. I would like to know, and take the same 1988, '89, '90, and '91 columns, I would like to know what the income would be at 35 cents for the barrier tolls and 25 cents at the ramps?

MR. NIELSTEN: We've done a quick calculation. Let me preface it by saying it certainly haven't gone through the same detail as this calculation that we have under the toll schedule recommended.

SENATOR GAGLIANO: Well, I'd like to ask why not, frankly? I'd like to ask why not, because it seems to me that as the consultant to the New Jersey Highway Authority you should have given them every alternative with every toll structure imaginable.

MR. NIELSTEN: Senator, let me rephrase that, then. We have given the Authority numerous alternative toll schedules to review. The reason we did not prepare an analysis recently of the 35 cents across-the-board toll, is that over the past year I've advised the Authority continually that my opinion of 35 cents cash toll across-the-board, the barriers would be an operational disaster for the Authority. That the reason we haven't got any more detail on it. But, I'm prepared to give you the numbers that you are interested in.

SENATOR GAGLIANO: Fine. Give me the numbers that you have. Start with 1988 -- partial year.

MR. NIELSTEN: Right. Let me read the toll revenue line and then the total revenue line so we'll have a basis for comparison. Okay, 1988, assuming a toll revision effective April 2 -- a 35 cents barrier increase, a barrier toll and a 25 cents ramp toll would provide \$151 million in toll revenues, and revenues from all sources of \$175 million -- over \$33,000.

SENATOR GAGLIANO: One seven five, and that's opposed to 187,663?

MR. NIELSTEN: That's correct. Okay. 1989?

MR. NIELSTEN: 1989 -- the toll revenues we want--

SENATOR GAGLIANO: By the way, I'm sorry. I'd like to have the difference, because the other was \$50 million and if you want to calculate it later when you have an opportunity, that's fine, but--

MR. NIELSTEN: I'd appreciate that.

SENATOR GAGLIANO: But I'd like to fill in these blanks. All right, 1989?

MR. NIELSTEN: 1989 -- 35 cents toll provides \$167,190,000 in revenues from tolls and revenues from all sources of \$191,815,000. In 1990, toll revenues -- \$173,770,000 and revenues from all sources of \$198,895,000. In 1991, toll revenues would be \$185,510,000 and revenues from all sources of \$211,155,000. In 1992, toll revenues would be \$193,350,000 and revenues from all sources would be \$219,525,000.

SENATOR GAGLIANO: Now you indicated an operational disaster with 35 cents. I presume it's because of the backups at the barriers, because people would have to put in two coins or there would have to be change for a dollar, or it would be 65 cents and the like?

MR. NIELSTEN: And as I mentioned previously, in a multiple coin operation two things occur. One: fewer people have exact change, and therefore need to go to the manual lanes which is a more time consuming transaction. And two: the actual multiple coin transaction itself takes slightly longer. The combination of those two at the locations where the volumes are very near capacity at peak hours means substantial delays for multiple coin transactions.

SENATOR GAGLIANO: I had suggested at the last hearing -- I said this publicly and told the newspapers of my feelings

-- that the New Jersey Highway Authority should come up with a plan to provide tokens at 35 cents discounted somewhat. I think that would--

MR. NIELSTEN: At that time, if you remember, I did not believe that the penetration of a non discount token would be significant.

SENATOR GAGLIANO: Suppose there was some discount for the token?

MR. NIELSTEN: In order to get significant penetration, you need a significant discount rate. That's been our experience elsewhere.

SENATOR GAGLIANO: And what is the significant discount rate at 35 cents.

MR. NIELSTEN: Roughly, 25% to 30%. So, we would need to have a discount token of a dime or more to get significant penetration.

SENATOR GAGLIANO: You mean to tell me that from 35 cents you'd be back down to a quarter?

MR. NIELSTEN: To get significant penetration.

SENATOR GAGLIANO: You're telling us that? That's your testimony. We would be down--

MR. NIELSTEN: If I were to have a cash total of 35 cents in order to market a token that has significant penetration, I need a discount of 25% to 30%.

SENATOR GAGLIANO: Have you had experience along those lines anyplace?

MR. NIELSTEN: Certainly. In terms of what token penetration is?

SENATOR GAGLIANO: Yes.

MR. NIELSTEN: Yes. I could give you examples if you'd like.

SENATOR GAGLIANO: I would like a couple.

SENATOR ORECHIO: Give us some background too, of your other experiences and what other authorities you have been working with.

MR. NIELSTEN: Okay. Vollmer Associates is a multidisciplinary firm. We have a division that deals with transportation planning and specifically toll road and toll bridge consulting, of which I direct those projects. We are consultant engineers and traffic revenue forecaster of the New York State Thruway, New Jersey Highway Authority, New Jersey Expressway Authority, Maryland Transportation Authority, Kansas Turnpike Authority, Orlando, Orange County Bridge Commission, (inaudible) County, Dade County, Florida, and I've worked in another 10 or 15 states doing toll road and toll bridge studies across the country. My range of study goes from traffic revenue forecasting, to operational procedures and concerns. It's just a brief background.

Going back to token penetration, the overall range of what tokens can do, you can look at what the high and-- I've lost the mike. Can I just speak up? Would it be okay?

SENATOR JACKMAN: We still can't hear you.

MR. NIELSTEN: Is this loud enough for you?

SENATOR ORECHIO: Yes.

MR. NIELSTEN: The low end of the range can be approximated, but what happens on the Parkway right now? The Parkway offers a non discounted token available at the toll plazas. It penetrates somewhere in the range of two, three, or four percent of the traffic on the Parkway.

SENATOR GAGLIANO: Have they been heavily marketed, Mr. Nielsten?

MR. NIELSTEN: Heavily marketed? No. They have not.

SENATOR GAGLIANO: Have they been marketed at all? I mean really, by your standards? Now you realize I am not the expert you are and I know I'm asking some questions that give you a great big wide latitude to answer. But I am a constant user of the Parkway, and I have to ask you if in your opinion, the current tokens had been marketed to any significant degree by the Authority?

MR. NIELSTEN: I'm not sure I can answer the question, to be honest with you. I've not been involved with the marketing of the current token.

SENATOR GAGLIANO: Okay.

MR. NIELSTEN: I think it's very difficult to market a 25 cent token today. I'm not sure what kind of program I could create or what kind of a program a public relations firm could create to market a token that's effectively the same as a quarter? I mean it provides no benefits for the person buying them, except the convenience of having a roll of tokens, which is the same as having a roll of quarters, to a large degree.

SENATOR GAGLIANO: That's not true, and you're the expert. It gives it convenience, because it means that you can go through an unmanned/unwomanned tollgate. You can--

MR. NIELSTEN: You can go through that with a roll of quarters as well. A roll of tokens today--

SENATOR GAGLIANO: But oftentimes by buying the tokens, by buying a roll of tokens, you keep them in your car and you can use them each time. But with the quarters, you tend to run out of quarters and you have to go through and get the dollar changed or the five dollar changed, to whatever it is.

MR. JOHNSON: Are we back? (referring to mikes)

SENATOR GAGLIANO: Yeah we're back. I just sense that there is a benefit. I sense also that there's been absolutely no marketing of the 25 cent tokens.

SENATOR ORECHIO: Can I just interject for a moment? I mean there has to be some incentive for the consumer. As you buy tokens, you buy quarters -- I mean, if that's what you're going to keep in your ashtray to use. You know, how can you sell a program where there's no reward for the consumer or the user of the highway? Tokens on other roads-- There's a saving of money that's an incentive, but if there's no saving in money -- just to have them ready-- I mean, you do the same with quarters.

SENATOR GAGLIANO: Well, there are two incentives, really. I mean, there's a possibility of their establishing an incentive as I suggested. You can have an incentive of 50 cents on ten dollars, which isn't bad. That's five percent.

SENATOR ORECHIO: You mean revising the program.

SENATOR GAGLIANO: Well, revising the program to have 35 cent tokens -- purchasable, 30 for ten dollars. That gives you a 50¢ savings on every ten dollar roll that you buy. We discussed that the last time, but apparently that is unacceptable because I haven't seen anything like it as a re proposal or another proposal. You're telling me that five percent on ten dollars is not an incentive. You're saying more like 25% or 30% is needed, so you're saying 35 cents goes back to a quarter. To me, that's not rational, but we're on different sides of the issue. So, I guess, somewhere in the middle, maybe, the truth lies. I don't know.

MR. NIELSTEN: Let me continue on and discuss experiences elsewhere. I'm saying to you at the low end of the range is the current Parkway token.

The next level up is a small discount token. When the Triborough Bridge and Tunnel Authority raised their tolls in 1972 from 25 cents to 50 cents, they provided a token with about a 10% discount rate. They marketed, in their opinion, heavily and they achieved about a 7%, 8%, or 9% penetration in the first few years of that 10% discount. They've done, in the past 10 years or so, with their token, much better. They've done it primarily because the traffic conditions of the Triborough Bridge are so highly congested so often, it is a big operational incentive for you as the user to have a token, and therefore they've increased from their initial token penetration of 8% or 9%, which is about a 10% discount rate, to about a 30% token penetration with, again about a 10%, over the last 15 years.

At the high end of the scale, a big discount can be very effective. The Delaware Water Gap Bridge for local users-- There the toll is 50 cents and the discount token is a dime. So, that huge discount provides about 95% penetration for all local users. If you're going to get a sense for the range of what we might get in terms of the token, the range is very large. And that led us to the conclusion that we can market a discount token very effectively in New Jersey.

SENATOR GAGLIANO: Do you mean with the base toll being 50 cents?

MR. NIELSTEN: That's correct.

SENATOR GAGLIANO: And then reducing it to 35 cents?

MR. NIELSTEN: That's correct.

SENATOR GAGLIANO: But your studies do not indicate that you can market a discounted token at 35 cents. Is that what you're saying? Unless you go down to a quarter again?

MR. NIELSTEN: In my opinion, it's very difficult to market a token that's not heavily discounted.

MR. ZILOCCHI: Senator, if I may?

SENATOR ORECHIO: Mr. Zilocchi?

MR. ZILOCCHI: If I may. I'm sorry Senator Gagliano, but one other point I want to inject on this, aside from the marketing of the token--

SENATOR ORECHIO: Would you identified for the press again who you are, Mr. Zilocchi?

MR. ZILOCCHI: My name is George Zilocchi. I'm the Executive Director of the New Jersey Highway Authority. In addition to the problems of marketing the token and the trip through the plazas and all of the multi-coin operations, the projections we have just on the straight 35 cents, not even taking into consideration any discount token from that point, shows that we would be able to raise in bonding only \$166.5 million. Now when we relate it to what the capital improvement program that we'd like to propose that was just indicated by

Jim Conlon, Chief Engineer, taking away all the other programs, the widening, the Service Area programs, and the computer lots, we're taking all those away and just concentrating on safety which is the utmost importance, we're projecting \$176 million dollars in these. This 35 cent toll rate would only give us the capacity of \$166.5 million. I'm just adding that as a point that has to be taken under consideration.

SENATOR GAGLIANO: Okay, fine. What would your numbers be at the 50 cents toll? What would numbers be at your proposal?

MR. ZILOCCHI: We would be able to raise \$410 million, Senator.

MR. JOHNSON: About \$350 million in bonds.

SENATOR GAGLIANO: Three fifty in bonds? So, what you're saying, so that I get this correct, what you're saying is that at your proposal, you'll be able to float \$350 million worth of bonds?

MR. ZILOCCHI: Plus--

SENATOR GAGLIANO: Plus the extra cash so that you can spend \$410 million.

MR. ZILOCCHI: Right.

SENATOR GAGLIANO: Let's call it my proposal, since I guess I'm the one that's making it. What you're saying is that you will only be able to bond approximately 50% of a 35 cent toll?

MR. ZILOCCHI: Correct, sir.

SENATOR GAGLIANO: George, that is unbelievable to me. I cannot accept it.

MR. ZILOCCHI: Well, I'll let the financial consultant who--

SENATOR GAGLIANO: I cannot accept it. I simply can't unless you're counting on people paying the 50 cents. If you're counting on people paying the 50 cents and not the 35 cents, then I have a problem with that.

MR. ZILOCCHI: Senator, if I may, I'd like to have Chester Johnson explain the figures.

SENATOR GAGLIANO: Fine. With the Chairman's permission, but even with an explanation I must say that I must look at it with a jaundiced eye. I can't see, essentially, the same toll coming down to 35 cents. I cannot see your proposal generating \$350 million in bonds and say my proposal generating \$166 million in bonds -- about 45%.

SENATOR ORECHIO: Let's defer this to the Authority's financial expert, Mr. Johnson.

MR. JOHNSON: Can you here me all right or not?

SENATOR GAGLIANO: Mine went off again, Mr. Chairman. (referring to mikes)

MR. JOHNSON: It's on. Let me just start from the beginning. The production of the amount of revenue that can be applied to leveraging is really a function of two things. One is the increase in revenue, and the other is the increase in operating expenses. So that following a reduction of the revenues by operating expenses, you're left with an amount of money that can be leveraged, to use your term, Senator; leveraged for bonding purposes.

Now I won't repeat the numbers that Jerry recited as to what the revenues would be, but one thing we didn't do was go through the related operating expenses that then produced that net number. To give you an idea in terms of leveraging, if we look on page 26, you will see under "Expenses, Debt Service, beginning in 1988 the money that's available for debt service will rise from \$46.3 million to almost \$69 million in 1992.

Now there's also a fundamental assumption that our ratings are going to be the same and the criteria that I discussed before, the last time that we were here, apply to both scenarios. But to give you an idea of the difference, under the 35 cents straight, the amount of money for debt

service increases from \$42.9 million in 1988 only out to \$50 million in 1992 as opposed to the \$68.9 million in 1992. So, when you apply the leveraging effect and the maintenance of the ratings, you can see how that there really is substantially less money in terms of leveraging and in order to make the various tests that the Authority has to meet to have the AA rating from S & P, as well as to meet its bond covenant.

We would be more than pleased to send to you, if the Authority would give us the right to do that, a further analysis of how you move from the issuance of \$350 million in bonds-- And by the way, just to give a little more clarification, the \$350 million consists of two bond issues, because of the relatively small amount of additional revenue that can be applied to debt service; with the 35 cents we only have one bond issue, and that's the \$166 million.

Now that's a lot of material to go over quickly. I will go back and go into it in more detail if you'd like

SENATOR GAGLIANO: No. I'm just trying to get an idea of what you're doing. So, we can't take the time to get all the detail. But, I don't know who should respond to this? According to your page 26, between 1987 your operating expenses at \$81,300,000 and 1988, you indicate operating expenses of \$103,290,000, or an increase of about \$22.5 million in operating expenses. I know there are some comments about more State troopers and there were some other comments. But isn't it true that a jump in one year of \$22.5 million of operating expense has, in effect, an adverse effect upon how much is left for bonding, because you don't have that money for leveraging, right?

Okay. I guess part of my comments are that I believe it's time for the New Jersey Highway Authority to do some belt tightening, because I don't see how you could justify an increase of \$81.3 to \$103.2 in one year, and then in '89, an increase to \$114 million, and then another increase, I guess it

looks like a constant of about \$9 million a year thereafter in operation expenses which, of course, leaves you less to borrow with, because you can't leverage what you don't have and you've already spent in your operating budget?

I think that the people of New Jersey who use this highway are concerned that there's too much free spending, and to me it's indicated between 1987 and 1988, and I realize that you have some extraordinary expenses. But I'm very concerned about an increase of 22 point something million dollars in one year, and then an increase of about \$9 million or \$10 million straight through to 1992.

MR. JOHNSON: Senator, I don't think I would be the appropriate person to respond.

SENATOR ORECHIO: I don't think this is the appropriate time to get involved in the operations. But get to the next item on the agenda.

SENATOR GAGLIANO: Okay. Well, I bring it out because it's tied to how much they will have available for bonding, Mr. Chairman. As I see it, it's directly tied to it. If you take an increase which ordinarily, over time increases about eight or nine-- Well, they increase about \$7 million or \$8 million a year in their operating expenses, when they increase at \$22.5 million in one year, that leaves them that much less to bond with. That's part of my problem overall.

SENATOR ORECHIO: We can do that in the next stage, Senator Gagliano. Any other questions to Mr. Johnson?

SENATOR GAGLIANO: I have a couple more. The next thing I would like to suggest, Mr. Chairman is that with respect to section 10:4-8, definitions of the Open Public Meetings Act, subsection B, I would personally appreciate it if the Chairman would request OLS to give us an opinion on whether or not the hiring of Public Strategies was within the intent and purpose of that subsection of the law. The Open Public Meetings Act includes language that says if you don't have meetings by means of communications equipment--

SENATOR JACKMAN: Mr. Chairman, with your permission. It's my understanding that-- I don't know if they were hired to my knowledge, because from what I can gather based upon newspaper articles, evidently there was a discussion with the commissioners over the telephone pending a meeting that's going to take place, I think in January, and at that time they're are supposed to be hired. Now, if I'm wrong, I'd like to be corrected.

SENATOR GAGLIANO: So would I.

SENATOR ORECHIO: Let me interject a minute. First of all, that's a matter, again, that really should have been included in the topic of operations. And I think I'd rather defer it this time. Right now we're talking about the capital improvement program and how it affects the toll increase. Let's just stick with that focus at the moment. Do you have any other questions, Senator Gagliano?

SENATOR GAGLIANO: Yes, I do. I believe Mr. Conlon indicated that there are some -- that there will be as a result of this construction a total of how many Park & Ride parking stalls is it, Mr. Conlon? Two thousand six hundred, or something like that?

MR. CONLON: We had 2600 now. We will add 825, I think it was.

SENATOR GAGLIANO: Oh, 3425?

MR. CONLON: Yes, sir.

MR. ZILOCCHI: Senator, that does not include the thousand that is available presently at the Art Center for the Park & Ride.

SENATOR GAGLIANO: Okay. I guess that's what I'm kind of leading up to.

MR. ZILOCCHI: I figured that. Yes.

SENATOR GAGLIANO: What I am really leading up to is whether or not the New Jersey Highway Authority has authorized any studies which would give you the necessary background

information, on whether or not a substantial increase in the number of parking stalls for Park & Ride facilities and direct facilities and direct connections with N.J. Transit and other mass transit facilities would assist the highway by not requiring the construction of so many large projects?

I guess, my question is, probably to Mr. Zilocchi, is have you done any studies? For example: If your 10,000 parking stalls-- Just for an example, you now have 4425, including the Garden State Art Center. If you increase that to 10,000, do you have any studies that would indicate that that's that many more cars off the road and, therefore, that much less money you'd have to spend in terms of construction?

MR. ZILOCCHI: Senator, no. We rely primarily on New Jersey Transit which we're in constant communication with, to tell us where they feel commuter parking lots should be expanded or built where we'd be beneficial to them.

SENATOR GAGLIANO: You've not authorized any studies of your own?

MR. ZILOCCHI: No, we have none. We rely solely on New Jersey Transit to do that for us.

SENATOR GAGLIANO: Because one of the things that goes through my mind, Mr. Zilocchi is that, I think it's virtually impossible to expand lane mileage, for example, from Union through Essex. At least that's my knowledge of the Parkway, and I'm not an expert. I think it's virtually impossible to give extra lanes in that area for the Parkway. Now, that being the case, you can only pour so much water through a funnel of a certain size. It just seems to me that you must approach other alternatives to an all out construction program, because there are certain areas of the Parkway which will only accommodate so many cars going through at any one time. I specifically refer you to the bridge over the Raritan River, so-called the Top of the World. I mean, you've expanded that and expanded that and you're now, I believe, nearing probably level D or E during

rush hour. You can't do any more unless you build another bridge, and then where are you going to go?

MR. ZILOCCHI: Senator, if you notice, we have nothing in our capital improvement between Union and Essex. And you're absolutely right, Senator. That is perhaps the most congested area on the Parkway. We just cannot do anything more on that.

One further clarification though of your commenting question before. Presently, our traffic consultant does have certain assignments that have recommended to us by New Jersey Transit in areas where they feel commuter parking lot would improve traffic control or traffic flow. I could mention a few, like the Interchange 123 bus access, proposed ramps, the Park & Ride lot near Interchange 117, Interchange 165 and Interchange 159, a new ramp to eastbound I-80.

SENATOR GAGLIANO: Who is making those studies?

MR. ZILOCCHI: New Jersey Transit has requested us to look into it and Mr. Nielsten, our traffic consultant, is making those studies for us.

SENATOR GAGLIANO: Excuse me. Mr. Nielsten, do you agree that those studies should be made?

MR. NIELSTEN: We've been requested by the Authority to work with N.J. Transit to solve their mutual needs. For example: At Interchange 123, N.J. Transit would like better access to the Parkway. We look at new ramp structures to allow them to do that. It make sense to me.

SENATOR GAGLIANO: Going back to Mr. Zilocchi, would you consider recommending to the Authority, that the Authority take the lead on this issue on Park & Ride facilities?

MR. ZILOCCHI: Yes.

SENATOR GAGLIANO: Do you feel that it makes sense to do that?

MR. ZILOCCHI: I certainly do, Senator. As you well know, I've been in constant communications with the people of New Jersey Transit, and I've constantly asked them to come up

with ideas and comments and suggestions. I was talking to them as late as Wednesday about what we have to do to increase the responsiveness that so far has been disappointing at the Park & Ride at the Garden State Art Center. I have no problem with the New Jersey Highway Authority taking a more active leadership role in that regard, Senator.

SENATOR GAGLIANO: Mr. Nielsten, are there any incentives that you can think of that would make people want to park their car and get into another car or a bus, or find their way to a train in order to get to work? This is a commuter road. I think we recognize that. The bottom line is this is a commuter road. This is not a-- I mean, really, the bulk of it, I think, is commuting. They go up in the morning and come back at night, I believe. Again, I'm not an expert, but it just seems to me that there ought to be some incentives there. Like you're talking about incentives with respect to the use of a token. What incentives would be available in your opinion to help convince people that they should double up or get into a bus?

MR. NIELSTEN: Unfortunately, people tend to respond when pressure hits them. The greatest incentive for car pooling, in general, is the fact that without car pooling you have congestion to a large degree. The highest occupancy that we've seen on regional highways in the area are those approaching Manhattan because the congestion in the streets are so high, people recognize they have few options.

The fact of the matter is this program -- which you categorize as all out, it really is not -- it is relatively modest program. It certainly matches the needs that we seek in the near future. The traffic demand of the Parkway will by its own nature mold people, realizing in the long run that mass transit and Park & Ride solutions are to their best benefit. Incentives alone, unless they're substantial, do not do a great deal in that area. The Park & Ride facilities on the Parkway

have shown steady but modest growth over the years and the Authority has been fairly diligent in responding to that growth by providing more space as necessary.

SENATOR GAGLIANO: One last request, Mr. Chairman, if we could do it -- and I don't know whether we have the facilities -- I would like to know whether or not OLS would be able to provide our own analysis based upon the toll structure as proposed by the New Jersey Highway Authority and the toll structure that I proposed and anyone else may propose which would be more palatable to the traveling public using the Parkway. I find it difficult to comprehend that we're only going to do \$166 million in bonding at the 35 cents toll compared to \$350 million in bonds at the 50 cents toll.

I certainly am not an expert on this and cannot do it myself, but I think there ought to be another look. Because frankly I'm getting comments from people who say we should take over the Parkway, take down the barriers, and have people pay for it some other way. Maybe through registration through their automobile, licensing, or whatever.

SENATOR JACKMAN: The ones that use the Parkway.

SENATOR ORECHIO: Senator Gagliano, that's something we can defer to a future time. But it seems to me under the present law the Governor really is the key agent in what happens in the operation of the Parkway as a result of a State takeover. But I would like to ask a question that ties in with--

SENATOR GAGLIANO: Well, what's the response to--

SENATOR ORECHIO: Let's defer that to--

SENATOR GAGLIANO: What, the OLS question on whether or not they can--

SENATOR ORECHIO: Yeah. I frankly don't think they have any traffic engineers or anybody with the expertise necessary to develop a marketing program or a projection on -- I mean, I think you're going to need more than a mathematician

to come up with the numbers that I think we seek, in order to make an intelligent analysis of the problem. Yes, sir, Mr. Nielsten?

MR. NIELSTEN: The numbers I gave you in revenue projections -- I am just doing a very quick calculation in my book, so it is in here -- show that we are projecting, with the 35 cent cash toll across-the-board, roughly \$18 million to \$20 million per year less in total revenues than we show under our recommended toll schedule on page 26 of the briefing book. Just going along with Chester's number, \$20 million a year times eight gives you \$160 million difference in capital funds you can derive from those moneys. I don't understand, but I am not the financial person. You are concerned about the difference between \$320 million in new bonds versus the 160, or 350 versus the 160. It approximates the numbers very well.

SENATOR ORECHIO: I have a question that has to do with the element of mass transit we just referred to, with the commuter parking lots, and so forth. Several years ago, the Highway Authority had a program involving car pooling and allocating a certain part of the highway for those who had the minimum number of occupants. I think it was three. Can you just give us a little capsulization of what caused the demise of the program, and what your experience was? I know the reports in the press about it, and I was just wondering. I don't think you were there, Mr. Zilocchi. Were you, Mr. Nielsten?

MR. NIELSTEN: I was not directly involved, but I can--

SENATOR ORECHIO: It wasn't your brainchild, you mean?

MR. NIELSTEN: That is correct. I can report to you as a reporter, for information purposes. In 1979-1980, the State was rebuilding the then State-owned section around approximately Interchange 129 to Interchange 141, between the New Jersey Turnpike and Route 22, to widen it from three to four lanes. That was done with Federal funds -- 90%. The 10%

State portion, in fact, was funded, I believe, by the Authority at the time.

There was a thought by the New Jersey Department of Transportation that as long as another lane was to be added, it would be useful to try to experiment to open that lane as an HOV -- a High Occupancy Vehicle Lane -- with three persons or more in a vehicle. Experience has shown nationwide that if you are going to open an HOV lane, you might as well do it where there has been no previous traffic, because it is very difficult to force traffic on an existing road to squeeze into a smaller number of lanes, and then to create an HOV lane in general.

For a two- or three-year period after the lane was opened as an HOV lane for the morning and afternoon rush hours, it was also monitored as to its effectiveness. I don't know the exact numbers, but approximately 5% to 10% of the people on the road were in car pools of three or more persons, and were allowed to use the lane. Therefore, what you had was a very empty lane compared to the three adjacent lanes, which were heavily congested.

It was further exacerbated by the fact that having four contiguous lanes, it became very difficult to enforce -- a person moving in and out of this relatively empty lane. So, by the end of the experiment, more than half the vehicles in the HOV lane at peak hours were, in fact, illegal. They were under three persons per car. For the reasons that there was very low usage and the enforcement was so difficult, the New Jersey Department of Transportation took the HOV lane off. It was not an Authority doing. They were not involved with that, planning it only on the monitoring basis.

SENATOR ORECHIO: Do you have a system prevailing in other states or other authorities comparable to that system, that has been successful in its functioning?

MR. NIELSTEN: In the D.C. area, there are two car pool roads. In fact, I-66 is an all HOV roadway. In the morning it becomes HOV in, and in the afternoon, HOV out. To enter the roadway, you have to have three persons in the vehicle. Also, the Schully (phonetic spelling) Highway from Virginia to Washington, D.C. has reversible roadway lanes which are very effective for high occupancy vehicles. They are very well utilized.

The reason they are effective, and why it has been effective elsewhere across the country, is they are locations where you have a centralized city, and a very heavy directional orientation of traffic; that is, into the city in the morning, out in the afternoon. In those areas it has been effective. It has been less effective in general in locations like the Parkway, which, in fact, are not regular routes to central cities.

MR. CONLON: Also, Senator, if I may-- If you force the traffic off the Parkway, if you force it off because of car pools so there are just less vehicles around, that's fine. But if you force the traffic off the Parkway because a man decides he must have his vehicle and he doesn't have anyone to go with him, now he is going to ride on Route 35, Route 34, Route 9, U.S. 1, and will make the situation even worse on those roads. So, it isn't a decision that is going to be made entirely independently by the Authority. It has to be made jointly by all of us who are involved in this kind of a process. We have to consider the consequences.

Theoretically, suppose we decided that the Parkway would be northbound with a minimum of three people in each vehicle from seven a.m. to nine a.m. every morning? All the people who can't cross the Driscoll Bridge because there are only one or two of them in the car will now try to get across the Raritan River on the Edison Bridge, and you will get the same kind of flack that DOT got in the Union-Middlesex section

when people saw this empty roadway, and said, "Wait a minute, we're paying for that roadway, and it is only one-third used."

SENATOR ORECHIO: Do you see where an escalation of tolls would have the same sort of impact, maybe driving some users to those roads you just referred to?

MR. CONLON: I thought I would get shot if I suggested it, but one incentive to car pooling is to raise the toll to a dollar. People will then either car pool or they won't ride on the Parkway. Now, that is kind of an elitist point of view I suppose, but if you want an incentive to get fewer vehicles on the road, that's it -- raise the toll high enough. But, that is not what we are proposing.

SENATOR GAGLIANO: We're upset, but we don't want you shot.

SENATOR ORECHIO: Senator Jackman, did you have a question?

SENATOR JACKMAN: With your permission, Mr. Chairman, I would like to cut back, you know, and-- The thing that bothers me is that you projected the 35 cent toll, didn't you? This didn't come from anyone else but from you people. Is that right -- the 35 cent projected token? Is that right?

MR. ZILOCCHI: Yes, sir.

SENATOR JACKMAN: I think one of the questions that was asked you was, is there going to be availability, or are there going to be sales? For example, are the banks going to sell the tokens, or are they only going to be sold on the Parkway?

MR. ZILOCCHI: Senator, definitely they will be sold on the Parkway.

SENATOR JACKMAN: Only the Parkway?

MR. ZILOCCHI: No. I said, definitely they will be sold on the Parkway--

SENATOR JACKMAN: Yeah, definitely.

MR. ZILOCCHI: --but, in order to make this discount token program as attractive and as convenient as possible, we are presently talking to banks and department stores, and are searching every avenue we can.

SENATOR JACKMAN: Okay, I've got it. The other question is, are we talking in terms of increasing tolls for buses and vans that carry people, or are they going to be--

MR. ZILOCCHI: The proposal does address increasing tolls for buses, yes, sir.

SENATOR JACKMAN: It does.

MR. ZILOCCHI: Presently, the toll for the bus is \$1, and commuter buses get a discount of 50 cents. Under the proposal, it would raise the toll for a bus to \$3.00 and give the commuter bus a discount to \$1.

SENATOR JACKMAN: See, the thing that worries me is, you are going to now discourage, in my thinking, people getting on the bus, because the minute you raise the toll on that bus, the people getting on that bus are going to pay that much more.

MR. ZILOCCHI: Senator, for commuter bus purposes, the toll is going up 50 cents. In other words, it is not going up from \$1 to \$3; it is going up from 50 cents to \$1.

SENATOR JACKMAN: But, on the regular buses, it is going to go up--

MR. ZILOCCHI: On the regular buses, it will go up to \$3, but they, too, will have-- We have a program we are proposing where they can get a discount token to \$2. The commuter buses will get \$2 off, and the regular buses will get \$1 off.

SENATOR JACKMAN: The only thing, George, I worry about, is the fact that you are going to discourage people from getting on the buses. Automatically, whether we like it or not, if you raise the bus fare-- Just hypothetically -- and I have always worried about this -- if you raise the buses \$1, and there are 50 people in that bus, they are not going to

raise the toll four cents. You know it and I know it. They are going to raise it 10 cents or 20 cents, and before you know it, people are going to say, "Here, you got a raise of \$1, and you are going to collect \$4." There is the part I get worried about.

I want to encourage people to get back on the bus and leave their cars, so that when you come to Hudson County, you don't pollute us up so bad that we can't breathe any more. You know, they come in through the Holland Tunnel and the Lincoln Tunnel, and everything. You pay on this side. New York, you know, is getting away with murder.

MR. ZILOCCHI: Senator, having come from West New York, I know what you're saying.

SENATOR JACKMAN: Okay.

SENATOR COWAN: There are a couple of questions--

SENATOR ORECHIO: Would you turn your mike on, Tom, please?

SENATOR COWAN: I don't think it's working.

One of the questions I would like to ask at the present time dealing with your capital improvements is, the Park & Ride facilities-- How many of those do you have now?

MR. CONLON: We have 2600 spaces.

SENATOR COWAN: How many facilities do you have?

MR. CONLON: I think it is about 20.

SENATOR COWAN: Twenty facilities?

MR. CONLON: Yeah.

SENATOR COWAN: And what is the capacity of those facilities?

MR. CONLON: Twenty-six hundred.

SENATOR COWAN: Twenty-six hundred?

MR. CONLON: Yes.

MR. ZILOCCHI: No, no. Twenty-six hundred is the total for all the facilities, Senator.

SENATOR COWAN: Oh.

MR. ZILOCCHI: You are asking what the capacity of each one is. They vary, from a low of about 20, to as high as 400. In fact, one of them in Passaic County -- Allwood Road -- where we are increasing-- Jim, you have the details.

MR. CONLON: From 225 to 450.

SENATOR COWAN: When were these facilities originally initiated? When did you have your first one?

MR. ZILOCCHI: I believe, Senator, to my knowledge -- and I could be corrected on this -- it started during the energy crisis in the '70s.

SENATOR COWAN: In '72, '73, '74. What was the total capital outlay for design, the building construction, etc. of these 20-some-odd facilities? Do you have that figure with you?

MR. ZILOCCHI: I don't have that figure with me, Senator.

SENATOR COWAN: No? What other fees did you charge in these facilities?

MR. ZILOCCHI: We charged no fees.

SENATOR COWAN: No fees?

MR. ZILOCCHI: No fees at all, sir.

SENATOR COWAN: Have you used that figure at all in your projections, so far as your increase now -- the increase you are talking about -- and your future facilities? I should first emphasize the premise-- Did you put the premise in there so far as any future facilities? Do you have any future facilities planned?

MR. ZILOCCHI: Yes, sir.

SENATOR COWAN: How many and what is the capacity?

MR. CONLON: In seven locations, a total increase of 825 spaces.

SENATOR COWAN: Have you used these projections-- Of course, you are not getting any fees from these existing facilities, but have you used future projections in the increase you expect on your tolls, by a reduction of further riders -- a reduction of ridership?

MR. CONLON: We do not intend to charge a fee in the additional spaces.

MR. ZILOCCHI: Yeah, but that is not his question.

SENATOR COWAN: No, but you will be reducing the number of people who will be using the Parkway.

MR. CONLON: Well, it's 800 spaces spread over a distance of 100 miles.

SENATOR ORECHIO: Mr. Nielsten, do you want to give that answer?

MR. NIELSTEN: There are approximately a million toll trips a day. I mean, a few hundred vehicles, or spaces, just doesn't change the numbers enough to make it significant.

SENATOR COWAN: It doesn't mean that much?

SENATOR JACKMAN: No, a drop in the bucket.

MR. CONLON: As George Zilocchi just said, we have just opened a lot with 1000 spaces at the Arts Center. So far, we have 25 or 50 cars using it. If you can tell us how to get them to use it, we'll try it.

SENATOR COWAN: If I understand you, what you're saying now is, you have 20 facilities, approximately, with 2600 spaces.

MR. ZILOCCHI: In addition, though, the 1000-space lot Mr. Conlon mentioned is not included in that count, Senator.

SENATOR COWAN: You may be running up somewhere in the neighborhood -- with the future projections you have -- of 70,000 cars, would you say -- 75,000 automobiles? Would that be the minimal amount? Will it be that high?

MR. CONLON: No, no, no, 4000 or 5000.

SENATOR JACKMAN: Four or five thousand?

SENATOR COWAN: You said you had 20 facilities. Is that correct?

MR. CONLON: Yes, but a total of 2600 spaces.

SENATOR COWAN: That's all in the 20 facilities?

MR. CONLON: That's all, yeah.

SENATOR GAGLIANO: Some of them are a half a dozen cars. (everyone speaking at once -- witnesses and Committee members)

MR. ZILOCCHI: Again, Senator, some of them are as small as 20 spaces, and some are as big as 400 spaces.

SENATOR COWAN: See, it works both ways then. I misunderstood. I asked the question before, and I thought, George, you had clarified it in the sense that we were talking about 20 facilities having a capacity of 2600 per facility.

MR. ZILOCCHI: No. Senator, I'm sorry.

SENATOR COWAN: You don't have that. What then would be the purpose-- How much of a capital outlay have you had on this -- these 20 existing facilities and the future seven?

MR. CONLON: Five million dollars.

SENATOR COWAN: Pardon me?

MR. CONLON: Five million dollars.

SENATOR COWAN: Five million dollars. What would be the purpose of further expansion if you are not getting anything back from that at all, except reducing the congestion?

MR. ZILOCCHI: That is the only purpose.

SENATOR COWAN: That is the only purpose?

MR. CONLON: Yeah. You get a lot of good will.

SENATOR COWAN: And that's minimal, as you indicate, with the number of places you are actually providing.

SENATOR ORECHIO: Any other questions, Senator Cowan?

SENATOR COWAN: No.

SENATOR GAGLIANO: Mr. Chairman?

SENATOR ORECHIO: Yes, Senator Gagliano.

SENATOR GAGLIANO: I just have one last point.

SENATOR ORECHIO: Okay, one last point, Senator. You have pretty much monopolized this hearing, Senator Gagliano, but you may go right ahead.

SENATOR GAGLIANO: I am trying not to -- a little bit. Mr. Chairman, I have already discussed this with Mr.

Zilocchi and Ms. Stanley. I think the 1000-car parking availability at the Garden State Arts Center is excellent. However, the first shot that N.J. Transit took to put a bus facility there-- They put the bus parking area -- not the Parkway, but N.J. Transit -- way up in the northern parking lot, so that it takes a commuter a substantial amount of time to get to that lot, park the car, and then get into the bus. I think that has to be rearranged. I have mentioned it to them. I realize it is N.J. Transit that chose the location, and I say that again. That is the reason I suggested that the New Jersey Highway Authority take the lead on this issue of Park & Ride, because for every car you can park along the way, that is that much less construction I believe you have to do. If it was a matter of getting the quarters or 35 centes or 50 centes, and you would come out ahead, fine, but you're not, because you have to continually build facilities.

So, it seems to me that the error that was made with respect to that parking lot and the bus facility should not be repeated. In fact, you ought to take the lead and figure out a better place for it.

MR. ZILOCCHI: We did offer them the other lot, Senator. We tried.

SENATOR GAGLIANO: I have a question, Mr. Zilocchi. You have 2600 potential parking spaces in those lots, and you also project now building seven others. Can you tell me what the present utilization of those 2600-- What percentage of those spaces are used currently?

MR. ZILOCCHI: In total, Senator, I would say it is probably in the area -- and I am guessing now; I am trying to see some figures flash in front of my mind from reports I have seen in the past -- of 75% utilization right now.

SENATOR ORECHIO: Okay. Now, the one at the Arts Center-- I think Mr. Conlon indicated that about 25 spaces are being used. What was the original projection? Is that short

of your projection? Do you see anticipated growth there, and in what numbers?

MR. CONLON: Well, it only opened a few weeks ago. New Jersey Transit expects it to run up over 400, but they said it might take a year to develop that many people there. They have to advertise it; people have to find out about it. It will take some time.

SENATOR ORECHIO: We have two witnesses here who were here at the last hearing and didn't get a chance to speak. So, at this time, what we will do is listen to them, and then we will recess for lunch.

MS. STANLEY: Senator, may I make a remark? I would like to address it to Senator Gagliano.

SENATOR ORECHIO: Yes, Ms. Stanley.

MS. STANLEY: Tom--

SENATOR ORECHIO: Senator Gagliano, Ms. Stanley has a response for you.

MS. STANLEY: --I would just like to clarify your misunderstanding, I think, of my word "petty." It was not directed at you or at this legislative Committee, or any legislative committee that we are going to appear before, because I respect all that you are doing for us. It really referred to me, and the fact that I have been called-- The personal attacks on me are pettiness. I do not think they have anything to do with the big picture we are looking at. That was the manner in which it was intended.

SENATOR JACKMAN: I didn't figure it was either.

SENATOR ORECHIO: Okay.

SENATOR GAGLIANO: Well, if Judy has a problem with someone else, I think she should address it there, not here, because I think it comes out--

SENATOR ORECHIO: Are you suggesting that was a gratuitous comment, Senator Gagliano?

SENATOR GAGLIANO: I would say that the comment ought to be withdrawn insofar as this legislative session is concerned. If you want to do anything along those lines someplace else, please do so.

SENATOR ORECHIO: Was that in your speech?

SENATOR JACKMAN: That wasn't in the speech.

MS. STANLEY: It wasn't in my speech. It's all right, though.

SENATOR GAGLIANO: It wasn't in her prepared speech. She obviously added it.

SENATOR JACKMAN: Yeah, so, that's a woman's prerogative.

SENATOR ORECHIO: Do you want your prepared speech to remain unaltered, Ms. Stanley?

MS. STANLEY: Pardon?

SENATOR ORECHIO: Do you want your speech that we have to remain unaltered?

MS. STANLEY: Yes, correct.

SENATOR ORECHIO: Okay. At this time, we will hear from two men in the audience who have been here before, Mr. Joseph Katz and Mr. Sam Perelli.

MS. STANLEY: I would like to thank you very much for listening to us and letting us present our program.

SENATOR ORECHIO: We will probably return at two o'clock. We are not finished yet.

MR. ZILOCCHI: You want us back at two o'clock?

SENATOR ORECHIO: Yes, if you will.

Mr. Joseph Katz represents the New Jersey Motor Bus Association and the Atlantic City Bus Operators Association, and Mr. Perelli, who will follow him, is the State Chairman for the United Taxpayers of New Jersey. Mr. Katz?

J O S E P H W. K A T Z: Thank you, Mr. Chairman, members of the Committee.

SENATOR ORECHIO: Any press conferences-- I would appreciate it if you would hold them outside in the corridor.

MR. KATZ: As you announced, I am here wearing two interrelated hats. The New Jersey Motor Bus Association is composed largely of the private commuter carriers who utilize the Parkway, as well as the other roads in the State. The biggest part of their work is carrying commuters into New York City, largely, as far as the Parkway is affected.

The Atlantic City Bus Operators Association includes most of these commuter carriers, but also many other companies whose focus, of course, is on Atlantic City.

You made my job with regard to the commuter carriers pretty easy by your questions to the last witnesses. The fact is, this proposed increase, as far as buses are concerned, is dramatically counterproductive. The Parkway is proposing to double the tolls for commuter buses. It is not how much they get off a proposed toll; it is what it would do in comparison with what is going on now. A commuter bus, if the operator invests in tokens -- and most of the major companies do, at some expense, because they have to tie up funds -- can go for 50 cents instead of \$1. The Parkway proposes now to double that, to make it \$1 with a token, instead of the 50 cents. And if you don't have a token, it's \$2.

SENATOR GAGLIANO: Did I understand \$3?

MR. KATZ: Three dollars is for the non-regularly scheduled. I will get into that as far as the Atlantic City buses are concerned. So, they are going to double it. Right now, we figure the privately operated companies are paying approximately \$200,000 a year in tolls to the Parkway. So it will go to about \$400,000, assuming the same people who use tokens now will use them then.

Now, you may say, "This isn't much." But, as Senator Jackman pointed out, and as others have noted, this adds up. It is another expense. It is another counterproductive expense

to companies which are trying to make these car pools work, because the best car pooling vehicle is still a bus. Now, if you are going to invest all this money in encouraging people not to use automobiles, why discourage them by increasing the cost of travel, whether it is in tolls or anything else?

Our point is, this is an unneeded increase, because the \$200,000 a year is not going to make that much difference to the Parkway, but it is going to make a heck of a lot of difference to the independent bus companies that are using the Parkway.

An area where it is going to make even more difference is in the Atlantic City bus traffic. If it weren't for the buses, or the bus industry, I think we can safely agree that Atlantic City as a gaming resort would be a failure. Each day, buses carry about 30,000 visitors to Atlantic City. Some travel by regularly scheduled vehicles, and they can be considered commuters, but many, many more come on special trips. They come from all parts of New Jersey and our neighboring states, from as far away, as many of you have seen, as Cleveland, Virginia, New England. A large proportion of these buses use the Garden State Parkway for part of the trip. We pay our way.

Despite what you have heard about this being the first increase in tolls by the Parkway since its inception, this is not true -- not for buses; not for commuter buses, and not for these Atlantic City buses. In March, 1985, the Parkway increased bus tolls by amounts ranging from 33-1/3% to 300%. At that time, they raised all bus tolls to \$1. Previously, the charge had been 75 cents at barriers north of the Raritan River, 50 cents on those south of the Raritan, and 25 cents on ramps. They all went to \$1.

For the Non-regular route trips -- the kind I am discussing going to Atlantic City -- the increase was the most severe, since there was no discount. You couldn't get a 50 cent token.

Now the Parkway wants to hit our riders again. This time the boosts of 1985 would be compounded. Each toll would be tripled if you didn't use a token, but if you wanted to tie up the funds-- Some of these are small operators who go to Atlantic City and they don't want to, or are unable to tie up considerable funds in tokens. But if they had tokens, the tolls would be merely doubled.

So, if you go back to the original cost before the 1985 increase, ramp tolls would rise as much as 1100%, and barrier tolls south of the Raritan by 500%. Now, you may ask, "What's a few pennies to a busload of passengers?" But it's more than a few pennies. Most of the inducements that are offered to the people who go to Atlantic City have no effect on fares -- none of them do. The riders pay for the fare. If they get a food inducement, or some quarters or tokens for the slot machines, that's something else. But they pay for the fares. The bus company's revenues derive solely from the fare box.

Let me give you a couple of examples about the impact of these increases. Take a bus entering from Bergen County, the northern end of the Parkway, or through the Paramus ramp and going to Atlantic City. The tolls today are \$9, and they go from this \$9 to \$30, because there is going to be a new ramp added if cash is paid. That is a 233% boost over the current rate. If they use tokens, the increase is to \$20. That is only 122%. That is for a one-way trip. For a round trip, the Parkway tolls from the northern end are going to be either \$60 without tokens, or \$40 with them. And you can bear in mind that the average passenger load on a trip to Atlantic City is 29. So, tolls alone can account for more than \$2 of the average fare to Atlantic City.

On shorter trips -- from Bloomfield, for example -- the round trip toll cost will jump from \$14 at present to \$48, a rise of 243%. Or if you use tokens, it will be 128% -- from

\$14 to \$32. From the Matawan area, the increase would be 260% with cash, and 140% if you used tokens. The tolls would go from \$10 to \$36 without tokens, or to \$24 with tokens.

As you know, and as I am sure the Parkway Commissioners realize, an extraordinarily large percentage of the travelers to Atlantic City are senior citizens, and their lives have been made considerably brighter by the opportunity to go down there to Atlantic City to spend the day, and it is relatively inexpensive. Some participate in casino play; others just go for the ride and the food. For many of these people, a fare increase of up to \$2, mostly forced by the toll boost, will represent a significant expense. We can expect a certain percentage -- I can't tell you how many -- to make fewer trips to Atlantic City. Not only will this diminish business there, but it will raise the costs of the bus companies' operations to the resort. This will have a snowball effect that will provide that if you have a lower average load, you will have to raise fares to cover the cost.

I also want to note that the trend of bus ridership to Atlantic City in recent years has been flat. We ask the Parkway to remember, as you have brought out, that buses eliminate considerable traffic congestion. Just imagine what would happen if only a small percentage -- 10%, 15%, 20% -- of our riders decided to go by automobile to Atlantic City. In fact, George Zilocchi, at the Assembly Committee hearing, said, "The Parkway's goal is to move people, not vehicles." If that is the case, they are certainly going about it backwards here.

We hope that you and your fellow members of the Legislature will persuade the Parkway to drop its plans to again sock it to the bus industry. The resultant revenues, as I pointed out, are relatively small in the huge numbers you have been hearing, but they are very important to our companies and to their riders.

Thank you very much.

SENATOR ORECHIO: Thank you, Mr. Katz. We will now hear from Mr. Perelli -- Sam Perelli.

S A M U E L P E R E L L I: Mr. Chairman, I want to thank you for the opportunity of coming here today. Since the Parkway had its little dog and pony show for you, this cost us about 10 or 15 cents (holds up flyer for Committee to see) not the millions of dollars of publicity you are looking at over there. But, what can you expect from the taxpayers? I mean, we don't have that much money left in our expansive budget to fight these things.

Just in case you haven't seen one of the new coins, would you like to fondle it and see what it actually looks like -- maybe pass it around? I don't think anyone in this room has had one in his hand to see what it looks like. If you don't think the intent is not to bring this Parkway toll--

SENATOR ORECHIO: Are you going to leave this with the Committee as an exhibit, Mr. Perelli?

MR. PERELLI: No, sir; no, sir. I worked very hard to get that, and I want it back, please.

SENATOR GAGLIANO: Is that the token?

MR. PERELLI: That's your new token.

SENATOR JACKMAN: This is not going to be the official token?

MR. PERELLI: Yes, sir.

SENATOR JACKMAN: No, it is going to be painted red.

MR. PERELLI: Soon.

SENATOR ORECHIO: I said Mr. Perelli now has the floor.

MR. PERELLI: Thank you. Thank you for the opportunity to speak here today, Senator.

SENATOR ORECHIO: You may have to speak a little louder, because I don't think-- Press that button, Sam. See if that microphone is working. Okay.

MR. PERELLI: I don't have any light on here. Oh, there we go. Thank you. (microphones returned to working order)

SENATOR ORECHIO: You have a loud, booming voice anyway.

MR. PERELLI: I have been noted by former Chief Justice Hughes as a loud-mouth, so--

SENATOR ORECHIO: I didn't mean to suggest that, Mr. Perelli.

MR. PERELLI: I am honored that he would say that. He said I was a rabble-rouser and a snake oil salesman one time when we were fighting against the income tax. By the way, how does that tie in here?

For the longest time, the United Taxpayers of New Jersey has been in the forefront to have legislation which would provide a mechanism for the people of this State, by petition, to challenge anything that happens legislatively in this State -- anything that impacts on our lives. So, why are we here today? Why is United Taxpayers here? My God, what a perfect case of the taxpayers, the tollpayers, the family of Garden State Parkway commuters, and that's what it is. It is a family of commuters.

If we had voter initiative in this State, we wouldn't even be before this Committee, a Committee, by the way, which should be totally outraged, as I am, that something was discussed in New York, by a New York public relations firm, and no one up here -- no elected officials -- knew a damned thing about it. I hope you share the same outrage that it was discussed in New York a year ago -- all these machinations of raising this toll rate. I am outraged and, as I said, I hope you share this with me.

I would like to thank the Highway Authority for creating this furor which, in my view, is the tip of the iceberg. New Jersey has more public authorities, more quasi-public authorities, more organizations that operate out of the reach of the average taxpayer than any state in the nation. I have made this statement many times. I have yet to

have anyone in State government dispute it. I wish someone would either confirm it or deny it. But, I will stand on that record.

Here is a classic example of an organization gone out of control. By the way, we are calling it "Tommy's Toll," and I think you know Tommy who.

We listened to these Parkway officials justify this 100% toll hike, and we couldn't help but compare it to the foxes telling us that they are going to protect the chickens. I think there is a perfect analogy. How dare they insult the family of Parkway commuters with their "sky is falling" routine? I mean, I, quite frankly, in all seriousness, thought that was only relegated to State government every once in a while. My God, everything is, "We're falling apart. We need more taxes." They're doing the same thing. The difference is, we have no control. The difference is, you have no control. And only a lame duck Governor has his finger on that little button -- yes, no. I think we're in pretty damned sad shape in this State when one man -- one man -- can control the financial situations of thousands -- thousands -- of people who make up this -- and I am going to use the words again -- family of commuters, because the average person who gets on that Parkway in the morning, will use it to go home. It is a family.

Secret votes, secret meetings, secret numbers and, insult of insults, the Governor knew all about it. Ask them-- No one asked them, "How much money is spent in overtime? How much for bonuses?" Would you believe that they had the audacity to say, "It is not public record"? Would you believe that, and that the Asbury Park Press had to sue them? Hopefully, within the next week or so, that information will be forthcoming. A quasi-public body, a franchisee of the people of this State, saying, "It's none of your business." I hope you share the same outrage that I share.

The myth of the toll road being user paid, and if you don't like it-- If you don't see that attitude, "If you don't like it, don't use it--" Someone lost sight of the fact that the road is a franchise, and guess who the franchise is? The people in this room. Anyone who pays 10 cents in taxes or who votes in the State of New Jersey is a franchiser. Here you have a case of the franchisee saying, "If you don't like it, don't eat here." Can you imagine McDonald's doing that? Talk about arrogance.

I am not really upset with Judith Stanley. I now realize that her statement was made at the taxpayers and tollpayers of the State. She made it clear that it wasn't made at you folks. It was made at people like myself. And the thousands of people, by the way, who are out working today, and couldn't make it here-- I don't get paid. No one from United Taxpayers of New Jersey gets paid, and yet we have to be here today because, guess what? Somebody better be here to say, "Ouch," about these people taking over the Parkway.

What can we expect of an organization with this "public be damned" attitude? Their banner should read, "Don't confuse us with the facts. Our mind is made up."

By the way, a flyer was printed. They printed a flyer, and they handed it out. No one said anything about the fact that the Governor's name shows on that flyer -- very prominently -- Governor Thomas Kean. If you have any correspondence from the Parkway Authority, look carefully. Do you see the Governor's name on any correspondence up there? Unless I have correspondence that is old, I don't see the Governor's name appearing anywhere on that. What does that amount to -- delusion?

Then we hear this routine -- this "the sky is falling" routine. In 1954-1955, it was 25 cents. Today, it is 25 cents. Somewhere they failed to tell you that on one good weekend in 1987, they took in more money than they did the

entire first year and a half, and the figures don't lie. They are up here. I think that makes up for inflation -- one weekend compared to one year. Who the hell are we kidding? Just because the people of this State don't have time to sit down and analyze facts and figures which, by the way, are being hidden from media and the United Taxpayers of New Jersey. You can't even get those figures. You don't even have these figures -- a public body, entrusted with keeping an eye, keeping a control. You don't even have these figures up there.

The Parkway, gentlemen, has become a 173-mile trough. I see a lot of heads diving in there. I don't dare make the comment that you might think is going to come, but you know what eats from troughs. A public relations firm fighting to get off of one side to get on the other. Why? Because there are a lot of big bucks there. Former Governor Byrne is right in there. He gets legal fees. Tom Kean's public relations firm, which helped him with his campaign. Great, great. Harold Hodes, former Chief of Staff. My God, I am afraid to keep looking. We'll find half of the former legislators in the State, half of the heavy hitters who were down there. They are all eating at this 173-mile trough. And, guess what? They want the toll hike, I think, to make it deeper and wider.

Do you notice how prepared this is? Each time I come to these meetings, I listen to somebody else make a comment -- some other people on the Parkway Commission make their commentaries. And so, sometimes when you have something prepared, you might as well just rip it up, because each day they seem to change their stories. Today, the slogan, "New Jersey and You, Perfect Together," seems to mean these public and quasi-public bodies and the special interest groups. They are feeding with a frenzy that you can only compare to piranhas in a school of small fish. By the way, does anyone have any question about who the small fish are in this room? They are not the ones who just left. You notice they left. They don't want to hear these comments.

How about considering the occasional users? How about the number of students who use this thing back and forth? Do you think they are going to have the front money to put up for this toll? Do you think they are executives making \$50,000, \$60,000, \$70,000-plus while they are going to school? No one talked about a special compensation for students, senior citizens, fixed-income people. No, the public be damned. Pay the half a buck, or put some front money up.

Senators, after the smoke clears, we, as taxpayers -- and after, by the way, I hope the Governor has the good sense, because I have a feeling he would like to go on to bigger and better places-- I know Governor Byrne left here with an income tax around his neck which people will never forget, and which, by the way, has failed. Most of those programs we are trying to rescind how. The Homestead Rebate is going very soon. The Jersey City school system is in big trouble--

SENATOR ORECHIO: Let's talk about the Highway Authority, Mr. Perelli.

MR. PERELLI: Yes, but it is very relevant, Senator; it is very relevant, because that is what brought me here today, that kind of outrage.

I hope we can provide a system of regularly scheduled and persistent review of every quasi-public body in this State, not oversight, not just this broad overlook. Somebody sitting right in there with reports as to everything that goes on in these meetings. Let's hope that the Open Public Meetings Act will not be shunned as it is today by this organization. Let's put some real meaning into the slogan, "New Jersey and You, Perfect Together."

I thank you for this opportunity.

SENATOR ORECHIO: Thank you, Mr. Perelli. Senator Jackman, do you have a question for Mr. Perelli?

SENATOR JACKMAN: Were you referring to this circular?

MR. PERELLI: Yes, sir.

SENATOR JACKMAN: Governor Kean's name is on it.

MR. PERELLI: Right on the top. Do you see his name on the stationery?

SENATOR JACKMAN: No, I didn't say anything about the stationery. I said that it is on this thing.

MR. PERELLI: That's right. That's what I said. Isn't it interesting that it is on the flyer?

SENATOR JACKMAN: I would like to ask you a question.

MR. PERELLI: Yes?

SENATOR JACKMAN: And I don't mean to be facetious when I ask this. Are you saying there is no need for any increase whatsoever on this particular toll road--

MR. PERELLI: Absolutely.

SENATOR JACKMAN: --when you and I know that the Turnpike has already gotten its increases over the years, number one, and number two, the Holland and Lincoln Tunnels both went up better than 100% over a period of eight or ten years? Not being disrespectful, but would you say there is no gridlock anywhere along the line, that there is no need for any additional toll booths or additional widening of the road?

MR. PERELLI: Senator, with all due respect, why don't we bring the public officials in from Connecticut who took the tolls off completely? Maybe they know something we don't know. They took the tolls off completely. Can anyone in this room tell me how much it costs to collect the tolls, how much it costs for the massive refurbishing of the toll booths, how much it costs for overtime, how much it costs for bonuses? What was the last union settlement of these quasi-public employees? Nobody in this room can tell me that. I can't even get the answers to these questions; neither can you, yet.

SENATOR ORECHIO: Any other questions, Senator Jackman?

SENATOR JACKMAN: No.

SENATOR ORECHIO: Okay.

SENATOR GAGLIANO: I can tell you in response, that they project to have salaries and wages cost them \$42,320,583 in 1987. I presume that a substantial part of that is to collect tolls; it has to be.

MR. PERELLI: I would certainly believe so.

SENATOR ORECHIO: They also, I think, have State troopers involved.

SENATOR JACKMAN: Yeah.

MR. PERELLI: Yes, I think there is plenty of money there. I think what we have is some creative bookkeeping. I mean, anyone in business today-- Speaking of business, where is the New Jersey Business and Industry Association, which represents business in this State? Don't you think business should be here today? The Chamber of Commerce -- where are they? Their silence is astounding.

Thank you.

SENATOR ORECHIO: Thank you very much, Mr. Perelli. Is there anyone else from the public who wishes to speak at this time? (no response) Okay. We will return at 2:15.

(RECESS)

AFTER RECESS:

SENATOR JACKMAN: Senator Dumont, you're on.

SENATOR WAYNE DUMONT, J.R.: Thank you very much, Senator Jackman.

SENATOR JACKMAN: Will you push your button on?

SENATOR DUMONT: Okay. I will try to make this short, because I don't have much time anyway. But I do appreciate the opportunity, for just a few minutes, to tell you how strongly opposed I am to an increase that would double the tolls on the Garden State Parkway. I don't have as much occasion to use it as many people do, but in the 16 years I was associated with

the New Jersey Military Academy in Sea Girt, I used it at least once every month, and often more frequently than that.

I go back to January, 1952, when I started here. That was the year in which I recall that we passed the Bond Issue Act to construct and create the Garden State Parkway. Alfred Driscoll was then the Governor of the State. He was noted for his vision because not only was the Parkway constructed in his administration, but so was the Turnpike, so was the present Constitution. The purchase of the Wharton Tract, the purchase of Island Beach, and many other things happened during his administration.

I realize there hasn't been any toll increase since that time, but it seems to me that doubling the tolls, which is the impression people have received-- I realize you can buy tokens for 35 cents each. Perhaps if the increase had been held to a nickel, or at the most 10 cents, it might have been accepted by the majority of our residents, but no way is the impression I get of the doubling of the tolls going to be accepted by the people.

I was in Monmouth County, and Holmdel, and in Middletown Township on Christmas Day to visit relatives, and I heard from all of them their strong opposition to this toll increase. I would hope that it would not, in any way, be approved -- that doubling of the present rate. There may be some justification -- I'm sure there is -- for some things that have to be done on the Parkway. It was completed, as I recall, around 1954 for usage. I know the portion in Union County, which was constructed initially out of public funds, and on which there cannot be any tolls because of that fact, has been in existence for a long time. The Parkway itself has been. There are necessary repairs to bridges, as well as to road surfaces, providing more lanes in certain portions of the Parkway, and doing many other things in conjunction with the maintenance of it.

But I think in these days, we also have to be concerned, very deeply, about what the people can afford. I am going to have to -- as most of you know -- vote against any increase in the gasoline tax, because I can't justify it in my own mind at this point. That means any increase, or any other tax at this point. We are running surpluses between \$500 million and a billion dollars in the State Treasury, and people are just not in the kind of a mood where they are going to accept -- particularly with the stock market crash of October -- the fact that the Federal government has never been able to control its spending, hold down deficits, and provide budgets in advance of October 1, instead of up to three months after October 1 to run the Federal government. The time has arrived when we have to be much more concerned about the thinking of people than I think we have at times in the past.

So I cannot, in any way, support the doubling of the tolls. While I guess we are not going to have an opportunity to vote on that score, at the same time, it seems to me it should be held to a very small increase, if any.

One other thing, too. I don't think this was handled -- with all due respect to the people on the Highway Authority -- as clearly and as openly as it could have been, right from the beginning. My own feeling is, even if your constituents disagree with you, you tell them the truth about what is going on. They are not going to vote against you, even though they may not like what you say, or agree with what you say. But they want to know what is going on, and they have a right to know that.

This is what is bothering me with respect to this whole adventure into increasing these tolls, or proposing a toll increase. I think the Governor is certainly under criticism because of the fact that it has not been made very clear as to exactly what his role, if any, has been in this, right from the start. I recognize the problem with elections.

I have been in a great many campaigns. But I don't think this necessarily had to be kept quiet until after the election was over, in order that there might be a better understanding of the merits of the candidates. We have to tell the truth as we go along. I think it is better that way. I believe in that system. Therefore, I am not happy about the way this was done, aside from the fact that the proposal is to double the current rate of the tolls.

That is really all I have to say. I appreciate the opportunity of being here.

SENATOR JACKMAN: Thank you, Senator. Tom, did you wish to ask Wayne anything?

SENATOR GAGLIANO: I have no questions.

SENATOR JACKMAN: The only thing I wanted to make mention of, Wayne, is, I think you will agree with me that, of course, we don't vote on any of the subject matters. We are just taking a hearing and making our views known. You did agree in principle, I think, that there was some basic need for some increase, if they are going to do the kind of work they intend to do. You lead me to believe that 10 cents would be in the ball park, so to speak.

SENATOR DUMONT: Ten cents would be the most that I could personally approve of.

SENATOR JACKMAN: I just wanted to get that. Okay, thank you very much, Wayne.

SENATOR DUMONT: Thank you, and thank you, Senator Gagliano.

SENATOR JACKMAN: Mr. Yockel, you're with the AFL-CIO, aren't you? Did you wish to testify today?

R O B E R T Y O C K E L (speaking from audience): No, Chris, not here.

SENATOR JACKMAN: Okay, thank you. May we have the Highway Authority back up again? Thank you. With your permission, Tom, I would like to just ask some opening

questions, and then see if we can get some sort of reaction. I don't want to spring any surprises on anybody, but there is a series of questions we thought might be apropos. Maybe you could just give us your brief analysis of them.

Using your green briefing book, it describes the status of your capital improvement program. The total program adopted in March, 1986 equaled \$570 million. Approximately \$200 million of the work has been completed to date. About \$91 million has been committed, but not yet expended. Is that true? Is that so?

MR. ZILOCCHI: Yes, sir.

SENATOR JACKMAN: It is. However, you indicated an enormous rise in costs for the remaining work. You estimate remaining projects of an additional \$563 million just to complete the original CIP. Is that true?

MR. ZILOCCHI: Yes, sir.

SENATOR JACKMAN: Let me ask you to follow through on that. Why, less than two years after adoption, after paying or committing \$291 million, are you still in need of \$563 million, a 50% increase? Did you overestimate your capital needs?

MR. ZILOCCHI: Jim?

MR. CONLON: We underestimated the costs of doing a lot of the work. In some cases, property we needed had been built upon; property we need has gone up in value. I think we would agree that real estate has gone up far out of proportion to the normal cost of living, especially in Monmouth County and Ocean County, which are very rapidly growing areas now. Some of the-- The adoption of the program in March, 1986 by the Commissioners was not really the commitment of any specific amount of money. That comes each time as we design a project. They first agree to design it; then they agree to build it. The increase is not only in the projects that haven't been done yet. It also represents an increase in the projects that were done, because if a project was estimated at \$10 million, but it

cost \$12 million, that extra \$2 million gets tacked onto what hasn't been built yet.

SENATOR JACKMAN: What is that, cost overruns?

MR. CONLON: Yeah. Continuing increases in traffic, which we hope will decrease some day, have made it necessary to do more widening than we had anticipated when we originally estimated our costs; an accumulation of things.

MR. ZILOCCHI: Senator, I might add also, in addition to what Mr. Conlon stated, as we started to get into some of these projects on a preliminary basis, and started talking to counties and the State DOT, especially because it affects State roads and county roads, they made us aware of additional items, as was mentioned in Mr. Conlon's statement today, which had not been anticipated in relation to that particular function, and that added onto the projected costs of the project.

MR. CONLON: Yeah, on that one project, we estimate now we are going to have to build eight new bridges. If we tell Ocean County we won't do it, and we tell NJDOT we won't do it, we will save substantial money, but we think the right way to go is to work with the Department of Transportation and with the county. It would be sad to see them widen their roads east and west of the Parkway, and have a bottleneck, where a two-lane road -- or a four-lane road decreases to two lanes to pass under the Parkway.

SENATOR JACKMAN: Before you come up with these subject matters, I mean cost-wise, are they discussed with DOT? You have a figure of almost \$300 million more than you estimated your original costs would be. Is that true? I mean, that is the figure we get.

MR. CONLON: Yes.

SENATOR JACKMAN: Now, those are some of the questions. The only reason I am asking them is because they are here, and they are questions that are being asked by our colleagues. Why such a big difference between the amount of

money you originally scheduled as the amount needed, and then now there is an additional \$300 million needed? Did the cost of the projects increase by that much? Is it because of the labor you are going to require?

Some of the questions that are asked of us, and I will just give them to you hypothetically -- or actually: Number one, if you bid for a contract and it is \$5 million-- If the contractor bids, I'm sure he is there to make money. How come he winds up with another million or two million? Is it because the project that you originally equated-- Were there additions put onto it, so that it cost an additional \$2 million? These are some of the questions some of our people are asking.

MR. CONLON: Well, a certain amount of it is because of unforeseen conditions. You excavate the ground, and you find it in worse condition than you anticipated. Sometimes it is because we did some emergency work. For example, the bridge immediately north of the Arts Center -- not Holland Road, but the bridge immediately north of the Arts Center-- Last year, all of a sudden, a hole developed in the deck that was beyond the capability of our maintenance forces to correct. We grabbed the nearest contractor, and within 12 hours we had him repairing that bridge deck. That cost was added onto whatever contract he was working on at the time.

SENATOR JACKMAN: Okay, good. Tom?

SENATOR GAGLIANO: Thank you. Mr. Chairman, with your permission, we were going to go into the increase in operating expenses.

SENATOR ORECHIO: Oh, did we finish with the capital improvement plan?

SENATOR GAGLIANO: Chris wanted to finish it up, and I said fine.

SENATOR ORECHIO: I think we ought to continue with capital improvement, and then come back to this.

SENATOR GAGLIANO: Fine.

SENATOR ORECHIO: Senator Jackman, do you have any questions?

SENATOR JACKMAN: Go ahead. You're the chief. Go ahead. I relinquish it, very quickly.

SENATOR ORECHIO: We have here a list of the projects. The number was \$176 million. That involved the safety, as well as extraordinary maintenance, and there is another item. What I would like to know is: In that number -- \$176 million -- what number would you allocate for safety? I mean, I would presume that the repairs involving the safety of people would have the highest priority. What I am wondering is, what is that number?

MR. CONLON: I think all of those items -- \$176 million-- Well, no, no, let's say, all except the last item are safety related. You know, resurfacing-- If the pavement falls apart, it is not safe to drive on. We have to repair the bridges to keep them in a safe condition. The lane control system in Essex County is a matter of safety, and the cleanup of the contaminated soil is for the safety of the general public. The bridge deck sensor system is so that we can warn the public of unsafe conditions, and also so that we can correct an unsafe condition by controlling ice and snow more quickly.

The toll booth rehabilitation is a matter of urgency to us, because we have to keep the booths in condition to operate.

MR. ZILOCCHI: Well, it's also-- Senator, although they are all safety from the standpoint of the motorists, the toll booth rehabilitation program, in addition to what Mr. Conlon stated, is also addressing safety concerns for the employees -- the toll collectors who are working in those toll booths.

SENATOR ORECHIO: What you're saying is, if those expenditures are not made, they could involve someone's life at that point.

MR. ZILOCCHI: Yes, sir.

SENATOR ORECHIO: Whether it is an employee or whether it is the commuting public.

MR. ZILOCCHI: They are all what we consider necessary, Senator, in order to maintain the excellent safety record that the Garden State Parkway has a reputation for.

SENATOR ORECHIO: I'm sorry I was late, by the way, but there are some questions I feel should be asked and answered, since they do relate very directly to the capital improvement program.

With respect to the short-term financing, the \$50 million loan question, how many banks were approached, and where were they located? Anyone sitting there who wants to respond dealing with these financial matters-- I imagine it would be you, Mr. Johnson, who would be the respondee. Okay?

MR. JOHNSON: At least for the bonding, or the short-term debt.

SENATOR ORECHIO: Are these mikes still out? (referring to problem with P.A. microphones) Yeah, I guess so.

MR. JOHNSON: I will just have to speak up.

SENATOR ORECHIO: You'll speak a little louder, please.

MR. JOHNSON: Yeah, I'll speak up.

SENATOR ORECHIO: Okay.

MR. JOHNSON: There were four banks contacted. A decision was made when the organization of the short-term financing was being developed that the particular banks that would participate should have the economic capacity to take the entire loan. At that point, we were looking at approximately \$80 million, if you recall. In fact, ultimately, we received a commitment for \$80 million, even though we drew down only \$50 million.

We did an analysis of the banks in New Jersey that would have the economic capability of taking the entire loan. Three banks in the State met that criteria: First Fidelity,

Midlantic, and United Jersey Bank. We made a decision not to solicit a proposal from Midlantic, because they serve as trustee for the Authority's senior bond resolution, and in that position their role is to really protect the bondholders' interest. Putting them in the position of also lending a substantial amount of money to the Authority, and also serving as trustee, would put them in a conflict.

So, we limited the number of New Jersey banks solicited to First Fidelity and United Jersey Bank. In order to maintain a competitive environment -- a very competitive environment -- for this loan, and at the same time following the guidelines that had been established, we also solicited proposals from two New York banks -- two banks that have a reputation for dealing particularly in providing short-term loans to public entities, those two being Chase Manhattan Bank and Morgan Guaranty Trust. Those four banks received requests for proposals from the Authority, in conformance with guidelines that we had established, and also relative to that letter you have already seen by the State Treasurer, which sets forth those guidelines as well.

Could everyone hear me okay?

SENATOR ORECHIO: Yes.

SENATOR GAGLIANO: I think the P.A. mikes might be working now.

SENATOR ORECHIO: In connection with the \$50 million you borrowed, the interest for '87 was 5.2, and for '88 -- from January 1 to July -- it's 6%. Is that right?

MR. JOHNSON: Yes.

SENATOR ORECHIO: The question I have is, with this type of financing, what were the costs of legal fees and consultant fees of this particular issuance of notes to cover this short-term loan?

MR. JOHNSON: Well--

SENATOR ORECHIO: You borrowed from Morgan Guaranty, right?

MR. JOHNSON: Yes. We borrowed-- We accepted the proposal of Morgan Guaranty. In their proposal, they had limited legal fees paid by the Authority to \$30,000; that was if the financing was completed by the end of July. It was not completed at that time for a variety of reasons. It was not completed until September 21. They have submitted another bill of a higher amount for legal fees, but there really hasn't been an opportunity for the Authority to discuss that at this point.

As far as consultant fees-- Oh, additional legal fees would have been for the bond counsel of the Authority; that is the bond counsel that the Authority has used over the last two bond sales. We negotiated a fee of \$20,000, plus any disbursements related to the financing. They have also come back with a request for a higher amount, but again we have not internally had an opportunity to discuss that. The consultant's fee would be our fee, which is-- We serve as overall financial adviser, and this is just one part of our overall contract. I don't think we have actually broken out what our fee would be specifically for this transaction. Our hourly fee ranges from \$95 to \$140 an hour, and it was strictly on an hourly basis. But I don't think we have broken it out. We are involved in four or five projects for the Parkway at any particular time, or have been.

I think those are the principal fees involved. I would also add, the fees involved with this particular financing are lower than what they would have actually been if we had gone into the public market. We didn't have an official statement to write. We didn't have a rating. We didn't have the printer's fees involved in distributing the offering statement.

SENATOR ORECHIO: Can you tell me what the comparable interest rates would have been if you had pursued a long-term loan, as proposed by the previous underwriter, Dillon Read? What would that interest rate have been?

MR. JOHNSON: I think at that point we were looking at between 7-1/2% and 8%.

SENATOR ORECHIO: The adoption of the short-term borrowing program -- the \$50 million -- that was all predicated on the ramp increase. Is that right?

MR. JOHNSON: Well, I am not sure I would say predicated. As you know -- I think we have provided the closing documents for the financing -- there is no reference in the document, or in the -- well, in the loan agreement with Morgan Guaranty -- referring to a ramp toll increase. There is no reference whatsoever. The amount, as you are aware, was based upon what the Treasurer's office and ourselves -- what we prepared would be secured. If, for any reason, we had to go out with long-term bonds secured by a ramp toll increase, it could be safely -- the long-term bonds could be safely secured, or paid off from revenues to be generated by a ramp toll increase of somewhere in the range of \$10 million to \$12 million, depending on the various assumptions that were applied.

SENATOR ORECHIO: But basically, though -- hypothetically -- for your sake, if the Governor, for example, vetoes your interest in raising tolls, how do you pay the \$50 million back?

MR. JOHNSON: Well, the only commitment that the Authority has made with respect to the payment of those notes is a good-faith effort to try to sell long-term bonds, and then a pledge of what is known as the "general reserve fund"; that is, the very last bucket in the flow of funds of the Authority. This year, for example, it is only \$6 million. With the toll increase, it will be a minus seven next year. So, essentially, the lenders would not have a direct source of payment.

SENATOR ORECHIO: Is it safe to presume that the Treasurer and the Governor, when they approved this \$50 million loan -- that the approval was predicated upon the approval of an eventual toll increase?

MR. JOHNSON: Well, I would like to defer-- I really can't say exactly all the factors that went into the approval by the Treasurer and certainly not the Governor. I think everyone has asked me that question at least a dozen times. I never met with the Governor, and never discussed all of those issues. What was predicated-- Virtually, the articulated position was evidenced by the letters from the Treasurer, which you have seen. I think our borrowings were in complete conformance with those letters.

SENATOR ORECHIO: We are in agreement that the Treasurer at least approved the short-term transaction, right?

MR. JOHNSON: Well, the Treasurer and the Governor approved the short-term borrowing. Both must do that under the enabling act, and also under Executive Order 147. My point was, I don't know what went into the analysis by the Governor in terms of that approval. We do know what went into the analysis by the Treasurer, because the guidelines were set forth in letters submitted to the Authority by the Treasurer.

SENATOR ORECHIO: I don't think the letter -- I read it before -- indicated whether or not you were asked by the Treasurer-- In the event that there was no increase, did she -- if anyone else on the panel wants to answer-- Was there any question made by the Treasurer that if the increase did not go through, how the \$50 million would be gathered to pay off the notes that are due in July?

MR. JOHNSON: Well, the letter, I think, that the Treasurer sent to the Authority, refers to the fact that at least in her opinion, the ramp toll increase had been approved in concept. And, based on that understanding, the other guidelines that were established flowed from that, such as her very strong desire, as evidenced by that letter, that the Authority do nothing to interfere with the high ratings the Authority has enjoyed, and what the impact of those ratings are for the Authority's borrowing costs and for the State's own credit position as well, including the State's AAA rating.

Am I answering your question? If I am not, I will try it from a different angle.

SENATOR ORECHIO: Yes, you answered it. But there was just another answer I was searching for, which you haven't supplied, which apparently maybe you don't know, or you don't care to--

You got a commitment for \$80 million, and you're using \$50 million. Is there any plan to seek, or draw down the difference in what you had and what you have been approved for, between now and the maturity of the loan?

MR. JOHNSON: Let me tell you why we arrived at the \$50 million. Actually, Mr. Molloy and I had a long discussion over the phone -- probably too long for his purposes -- some time ago, well before this Committee, I think, was convened. We discussed the reasons for the \$50 million. As you are probably aware, the 1986 Tax Reform Act limited the ability of governmental entities to invest proceeds from the issuance of tax-exempt debt -- to just invest those proceeds and pocket the money. The only exception to that-- Essentially, that is across-the-board you can't do that. You can't earn more than what you're paying on the tax-exempt debt. The exception to that rule is, if you spend all of the proceeds within six months of receipt of the loan, then you can keep the investments, even above the rate on the note.

So, after doing various calculations on the draw down schedule that the Authority envisioned, we estimated that the Authority could easily spend \$50 million -- maybe not easily, but they could spend \$50 million -- within six months, and keep the investments. That is fundamentally the reason we drew down the \$50 million. I think -- correct me if I am wrong, Frank -- the advantage of doing it that way yielded more than about \$350,000 to the Authority in investment return.

SENATOR ORECHIO: Senator Gagliano, do you have any questions?

SENATOR GAGLIANO: Well, my questions, Mr. Chairman, were really directed more at the 26% increase in appropriations. But I do have one question, and that is whether or not -- because I am unclear on this -- the Authority has approved a 1988 budget, or is it, as listed here, a proposed budget?

MR. ZILOCCHI: Senator, when this was prepared, it was a proposed budget. Since then, the Authority -- at the December meeting -- has adopted the 1988 budget.

SENATOR GAGLIANO: Is that budget in balance?

MR. ZILOCCHI: That budget is not in balance. It shows a shortfall of \$11.7 million.

SENATOR GAGLIANO: So, what was proposed in one of the exhibits, showing an \$11,726,556 deficit, continues to exist?

MR. ZILOCCHI: Yes, sir.

SENATOR GAGLIANO: I am presuming that that is based upon the toll increase.

MR. ZILOCCHI: If it was, we're in trouble.

SENATOR GAGLIANO: I guess my question, George, is, how can an authority, or any agency in New Jersey, run at a deficit? I did not know we could, even ourselves. We have been very fortunate. We have had large surpluses which we should put away for a rainy day, but we don't. I know municipalities, counties, and other authorities I am aware of, must run their budgets so that they are in balance, or so that there is a surplus. I was under the impression that this was the proposed budget, and the concept was, "Well, it was proposed we would count on either ramp toll increases or some increases, in order to make it balance."

So, I'm asking you, at the time of the adoption of the budget, how can you have a deficit?

MR. ZILOCCHI: The Authority cannot have a deficit budget, but there are provisions in the bond resolution which address that, Senator. At the end of the year, the Authority

must certify to the trustees that, first, for that current year, revenues and expenses -- revenues less expenses produce enough net revenue to satisfy the bond obligations. Also at the end of the year, the Authority, in preparing the budget for the following year, if it does not meet the bond covenant, then must, in accordance with the bond resolution, notify the trustees and the traffic consultant, who has to then prepare a toll schedule -- a proposed toll schedule -- which, if enacted, would balance the budget, as a minimum. We have taken all of those steps.

SENATOR GAGLIANO: Are you not bound by laws, though, with respect to a deficit or non-deficit budget? I mean, you are not bound by any other laws?

MR. ZILOCCHI: No, we are bound solely by the bond resolution.

SENATOR GAGLIANO: The bond resolution is the only thing that binds you?

MR. ZILOCCHI: Yes, sir.

SENATOR GAGLIANO: It is my understanding that the Constitution requires the State to have a balanced budget, but apparently it doesn't apply to an autonomous agency such as yours.

MR. ZILOCCHI: We are obligated, sir, to have sufficient revenues to meet our bond obligations. We are governed solely by the bond resolution. Again, as I have stated, if the budget we prepare for the ensuing year does not meet those obligations, then we have to take certain steps, which we have taken.

SENATOR GAGLIANO: And the steps you have taken are to notify people--

MR. ZILOCCHI: And to ask our traffic consultant to come up with a toll rate schedule -- revised toll rate schedule -- which, if approved, would meet the shortfall in the budget.

SENATOR GAGLIANO: Suppose it is not approved, George, what would you do? Suppose we get to July, August, and September, and there is no forthcoming toll increase sufficient to make up the deficit, what would you then do?

MR. ZILOCCHI: Well, then, obviously we would be in violation of our bond covenant. Maybe Chester can get into more details on that. Chester?

MR. JOHNSON: Sure. First of all, I would just like to state that I think the bond resolution -- and our firm does a lot of work with localities throughout the State-- I would have to say that the bond resolution tends to be more restrictive than the laws covering balancing-- Not only is there expectation of a balanced budget, but there are earnings tests that are above breaking even--

SENATOR GAGLIANO: Usually 1.25 or something.

MR. JOHNSON: Yeah, exactly. Exactly. The other point, before answering directly, is, the bond resolution did not envision this happening every year -- having the traffic consultant go out and do a special study, and then make an appeal. Even the bond resolution realizes this is a very, very special time.

In response to that, if, in fact, we are in violation, or perceived violation, that is left up to counsel for the trustee. Again, the trustee is Midlantic Bank.

SENATOR GAGLIANO: In other words, counsel for Midlantic?

MR. JOHNSON: Yes. Midlantic, as trustee, would have to determine the extent to which the Authority was in violation of its bond resolution. If it concluded that the Authority was in violation of that bond resolution, it would then sue the Authority, and would go into court to try to mandate the merest protections that it perceives for the bondholder -- to protect the bondholder.

SENATOR GAGLIANO: In general, do you represent other authorities?

MR. JOHNSON: Yes.

SENATOR GAGLIANO: Isn't it true that, for example, MUAs -- municipal sewerage authorities -- and regional sewerage authorities, and that sort of thing-- Aren't they required by law to have balanced budgets? I am not talking about the bond resolution. I am talking about the general law in New Jersey with respect to the operation of a public agency.

MR. JOHNSON: Senator, you're right about that. In most of the cases, though, with the municipal utilities authorities in the State, there is not an additional coverage. There is not this 1.2 or 1.25 coverage normally. What is pledged is-- If a municipal utilities authority is created and the revenues of the authority are generally pledged to the payment of the debt service-- If those are not sufficient, then they can apply to the related general purpose government, whatever that government is -- a county or a municipality -- and tax revenues from that general purpose government would be paid over to that utility authority, and the authority would owe the money back to the general purpose government.

So, in that respect, it is much more like a local government than it is, let's say, the Turnpike or the Expressway or the Parkway, for example, which is really a revenue bond in the most--

SENATOR GAGLIANO: And as such, there is no legal limitation on having a balanced budget from the standpoint of the basic statutes. It is more by agreement, you're saying, with the bondholders, or those who represent the bondholders.

MR. JOHNSON: I am saying that the prevailing document is really the bond resolution. I am not here to-- I can't recite the limitations and absence of limitations relative to any budget act that may apply to the Authority. Really, the prevailing document here is the bond resolution.

SENATOR GAGLIANO: Now, I started to ask Mr. Zilocchi before, what would you do if you were basically in default, I

mean, if you did not have an opportunity to make up this \$11 million? Let's say for example that you had a smaller amount of an increase or that there wasn't sufficient time in this year -- in this budget year -- to make up for the \$11 million deficit. Would one of the things you would do be to cut out projects? In other words, not sign any more contracts for whatever they may be for?

MR. ZILOCCHI: No question about it, Senator.

SENATOR GAGLIANO: I mean, even if you weren't forced to do it by counsel's suit against you, I would presume you have a fall-back position, where you would say, "Well, we are just not going to sign any more contracts for construction or maintenance," or whatever it might be, "so we can make up the deficit by just not spending in other areas."

MR. ZILOCCHI: No question about it, Senator, but it would be concerning because of these safety projects. It would give me some great concern to have to cut back on that, because eventually you would have to face it, and do it, and it would probably cost you more in the long run.

SENATOR GAGLIANO: Well, in some cases -- and, again, I am a frequent user of the Parkway-- In some cases, for example, the \$20-some million that is proposed to be spent on the toll booth areas, that comes about, I presume, partially as a result of deferred maintenance. So it could be further deferred another year or two. I mean, it is not that the toll booths are going to fall down. You want to upgrade them, and I can understand that. But this has already, I presume, come about as a result of a certain amount of deferred maintenance, because obviously you wouldn't be doing \$20-some million worth of work on this.

MR. ZILOCCHI: I wouldn't be concerned about the toll booths immediately, Senator, but my concern would be the pavement restorations, the bridge rehabilitations, and things of that nature.

SENATOR GAGLIANO: Okay.

SENATOR ORECHIO: Senator Gagliano, I think Senator Jackman had a question.

SENATOR GAGLIANO: Okay, fine.

SENATOR JACKMAN: I just want to ask a bottom-line question. You heard Senator Dumont and his theory based upon an evaluation he has made with some of his constituents. The unfavorable publicity that is now in the newspaper, in the media, etc., etc. on the question of doubling the fees-- Number one, your minutes must be approved by the Governor or vetoed by the Governor. In other words, you want a 50 cent projection, with a 35 cent token. Presently, one of the questions that was asked of me-- You have a machine today that takes a quarter. It also takes five nickels. It does not take pennies. So, it could take a quarter and a dime.

MR. ZILOCCHI: It takes pennies. We don't want them, but it takes pennies.

SENATOR JACKMAN: I know, but you say, "Please do not deposit pennies." In most cases, everybody pays attention to it. The bottom line is, the machine can take 35 cents. There is no question in my mind that we could even save the cost of the so-called tokens -- just possibly. If the Governor decides that he is going to veto the 50 cents, and we say, everything being equal, he goes to the 35, plus your friend, whatever it may be, that increase will automatically remain as is. You would then, of necessity, have to cut back on some of your programs, I would assume, based upon that. The need for those programs-- There is always something in my mind. I have been here for 25 years, and in 20 years in the Legislature, I have noticed that invariably the cost always goes up year by year. It does not go down. So, in essence, the longer we prolong the changing or the so-called improvements on the Parkway where they are needed, that, of course, then would necessitate additional moneys maybe five years from now, or six years from now. That's possible. Is that right, or isn't it?

MR. ZILOCCHI: Yes, Senator.

SENATOR JACKMAN: Okay. So, the bottom line is-- The key to this whole subject matter -- and I think even Tom will agree with me -- is going to be the Governor. The Governor is the one who will decide ultimately whether he is going to go along, based upon the kind of pressure that is being brought to bear on you. In most cases, the way I look at it, you might say, "Why the hell did I take this job?" sometimes, because there is no pay attached to it, and you have to be really dedicated. You know, in most cases. I am talking about the people who are the Commissioners. It is a no-pay job, and you're dedicated, in a sense.

So, the pricing thing that I got worried about is, already the people are up in arms, so to speak, that you are doubling the tolls, which, in a sense, is going to be detrimental to a lot of people, but I don't know, I can't answer that. When I got on that so-called Raritan Bridge when I came from Manasquan, all I know is that under my breath, I wasn't saying nice things, because I was bumper to bumper for about 35 or 40 minutes. I was wondering why they didn't widen the bridge, or something else, you know.

MR. ZILOCCHI: We couldn't afford to do that, even with the 50 cents, Senator.

SENATOR JACKMAN: No, but you will agree in principle that whether we like it or not, the bottom line is still going to be the Governor on the okay of this increase. No matter how many meetings we hold, you or I, the bottom line is whether he is going to approve them or not.

MR. ZILOCCHI: Well, Senator, yes, according to the law, the Governor has the final say on whether a toll increase is approved, and in what form it is approved. All the Commissioners did was make a proposal and start the public process with the public hearings. I think what the Governor is doing is listening. He is going to wait for all the comments

to be recorded in the public hearings -- the four public hearings. And I am sure he is paying attention to these hearings also. The bottom line is, he is going to make a decision based on all the testimony, on which way to go, yes.

SENATOR JACKMAN: Thank you very much.

SENATOR ORECHIO: I have a question as a follow-up to Chris and Tom -- some comments they made earlier. It seems to me that with still a long road ahead of you -- and I know we have done this in the legislative arena many times in dealing with transportation problems and other matters of the budget-- We have a Plan A, a Plan B, a Plan C. At some point, it would seem to me that you should be formulating some alternate plans in the event, say, the Governor does not subscribe to your program with respect to the total that has been committed and talked about thus far. Right now, as I understand it, based on Mr. Nielsten's comments this morning, maybe conceptually you have a feel of things, but nothing precise that could be converted to what reductions, say, in tolls maybe could be effected by a scaled down program.

So, it seems to me that at some point, you are going to have something a little more definitive, with an alternate plan, if you have to choose that route.

MR. ZILOCCHI: Senator, yes, I think you heard some testimony this morning and, again, I am not going to get into the complicated finances of it, but if we were to go to just a dime increase -- a straight 35 cent toll -- our bonding capacity -- we have those figures -- would be diminished greatly, to the extent that based on the projections we have here, we probably would only be able to meet, as a minimum, and maybe not all of them, our safety and maintenance programs.

SENATOR ORECHIO: Are you talking now about a quarter to 35 and a barrier--

MR. ZILOCCHI: Senator, I'm talking about a quarter to 35 cents on the barrier, and the increase at the ramps to a

quarter, and the additional two barriers, yes. I'm saying that if that were the final plan, it would give us sufficient money-- I'm sorry. It would give us just about sufficient money to cover our safety program, not enough, not really completely, but just about enough to at least handle the essentials. It would not be comforting because, as I stated earlier, eventually this work is going to have to be done, and it is just going to cost us that much more.

It would also give us a problem -- and we have enough experience that we know about this-- The operation of this two-coin process would greatly slow up the processing through the toll barriers. If you are interested, Jerry Nielsten can give you some good statistics on that.

SENATOR ORECHIO: I would also like to add this: I'm sure that everyone who has served on this Committee, and who is here today, has recognized that you haven't had a toll increase since '53. I also recognize the increase in tolls for the bridges and tunnels and the Turnpike Authority. I also recognize that the public does have an option if the toll is excessive, to use Routes 1 and 35 if they want to go down to the shore. We recognize all of that. I think the concern here is, if, for some reason, the Governor does not accept, or approve, your program as you present it today, then you have to be ready for an alternate program or another plan.

MR. ZILOCCHI: I think we would be, Senator, reluctantly.

SENATOR ORECHIO: Senator Gagliano, any other questions on this issue?

SENATOR GAGLIANO: No, thank you.

SENATOR ORECHIO: I just have a couple of questions on the administration building. When was the current administration building built?

MR. ZILOCCHI: The current building, I believe, was opened in 1963.

MR. PALOMBO: It was 1961.

MR. ZILOCCHI: Mr. Palombo has been around longer than I have, and he just corrected me.

SENATOR ORECHIO: When was the new addition put on?

MR. ZILOCCHI: That was completed about four or five years ago, Senator.

SENATOR ORECHIO: At what cost?

MR. ZILOCCHI: Jim, do you know that?

MR. CONLON: I thought it was seven and a half million.

MR. ZILOCCHI: Approximately seven and a half million, Senator.

SENATOR ORECHIO: And when was it finally completed? Did you say in '83?

MR. ZILOCCHI: Yes, sir.

SENATOR ORECHIO: Who designed the addition to the building?

MR. ZILOCCHI: Hillier.

SENATOR ORECHIO: And that is the same group that designed the plans for the new building, too?

MR. ZILOCCHI: Senator, they didn't design any plans for a new building. Unfortunately, when the design was made for this present administration building, no one here who is testifying had any real input into it at that time. It left very little room for expansion. We are working under very crowded conditions. What we had asked Hillier to do, was to look for potential sites for possibly building a new building. It was just a preliminary study; it was not really an in-depth study. It indicated a couple of sites along the Parkway, specifically at the Garden State Arts Center, to build a new administration building. Since then, those plans have been shelved. We do have some cramped conditions in our administration building. We are exploring the possibility of using modular buildings -- to put it in layman's terms, it is really construction type trailers -- in order to house

administrative offices where we are presently working under cramped conditions.

SENATOR ORECHIO: How did you go about securing the services of Hillier? Was it on bid?

MR. CONLON: I was not there, but I understand we took proposals from eight firms.

MR. ZILOCCHI: Do you mean now, the present study, Senator?

SENATOR ORECHIO: Yeah.

MR. CONLON: Well, that was done on the basis that Hillier had already become familiar with the administration building--

SENATOR ORECHIO: So it would be cheaper, I guess, to use them.

MR. CONLON: Yeah. They did a study. They were simply picked. There was no competition involved there.

SENATOR ORECHIO: Where is Hillier from? That is not a Jersey firm, is it?

MR. CONLON: Yes, Princeton.

SENATOR ORECHIO: Oh, Princeton.

MR. CONLON: The Hillier Group, from Princeton.

SENATOR GAGLIANO: They're very good.

SENATOR ORECHIO: For some reason I thought they were from New York.

MR. CONLON: They are the largest architectural firm in New Jersey, I understand, or one of the largest.

SENATOR ORECHIO: Has your problem with them on the old building been resolved yet? I understand you had a dispute with them.

MR. CONLON: Well, we have a dispute with the contractor. In fact, we were supposed to meet with the contractor today.

MR. ZILOCCHI: We are still under litigation with the contractor.

SENATOR ORECHIO: Senator Jackman, do you have any other questions on the CIP?

SENATOR JACKMAN: No more.

SENATOR ORECHIO: Senator Gagliano?

SENATOR GAGLIANO: No more, Mr. Chairman, thank you.

SENATOR ORECHIO: Okay. We will go into operations. Senator Jackman, I will defer to you on operations. Do you have any questions?

SENATOR JACKMAN: What's that?

SENATOR ORECHIO: Questions on operations?

SENATOR JACKMAN: No, sir.

SENATOR ORECHIO: Senator Gagliano?

SENATOR GAGLIANO: Yes. Basically what I would like to discuss is what I understand to be a 26.3% increase in the budget. I have so many papers here.

SENATOR ORECHIO: For '88?

SENATOR GAGLIANO: For '88. We have been told the revenues -- excuse me -- operating expenses going from 1987 of \$81,300,000, in 1988 will be \$102,706,000. This is the largest increase I think historically you have had, and it comes at a time when you are cranking in an \$11 million loss, or deficit. I don't understand it. I know there was some discussion about adding some State troopers, which I understand will be phased in, and some other things you want to do. But I guess specifically, the bottom line is, isn't there a way that you could reduce that increase by at least the amount of the deficit, so you would not be in deficit? I mean, it just seems to me that there should be a way of doing that. I don't think any public agency in this State should operate in a deficit. That might be my own personal feeling. I might be all alone in this, but I don't think so. I don't think that any public agency which deals with public funds as a public franchise, as was described before, should deal in a deficit budget.

It seems to me that the amount of the deficit is the amount of the increase over what generally were your increases in the past. I mean, from '86 to '87, your increase was 11 million. From '87 to '88, your increase is \$21 million. I think that difference would certainly make those of us in the Legislature feel a little better about your spending practices. So, I would like you to address that. It is not a question. It is more a comment, and a request for your comments.

MR. ZILOCCHI: Frank, would you please go into the reason for these increases?

MR. PALOMBO: Right. Senator, historically, the increases that we have experienced average between 10% and 10-1/2% and, as you indicated, there are a number of things that we are confronted with in 1988, that make up about \$12 million of the increase that is reflected in the 1988 budget, which we identify as one-time costs. If we were to take those costs away -- the \$12 million away -- we would reduce the increase to an acceptable increase of about 11%, which would be in line with what they historically have been in the past.

The make-up of the \$12 million which we are confronted with, in terms of one-time charges, or new charges, is-- We, as you know, took up ownership of the State-owned sections in 1987, and we did incur costs for one-half year of 1987 of approximately \$1.5 million. In 1988, we will have additional costs that relate to the operation of the State-owned sections for a full year, and about \$1,995,000 we can relate to the State-owned sections in terms of salaries, costs relating to salaries, and the maintenance of the sections that we have assumed ownership of.

The increase in toll revenues has forced us to look into the expansion of our facilities for collecting the tolls. We have a new program which includes branch toll lanes, which will permit us to be able to speed up the flow of traffic.

There are a number of people involved in this operation. Approximately 38 full-time employees -- toll collectors -- will be required to be able to handle this increased flow of traffic. The use of this new concept of branch toll lanes--

SENATOR GAGLIANO: Will that be in effect this year?

MR. PALOMBO: Yes, it will. That is going to add about \$1,230,000 to our budget, which is a new charge to us, which we did not have in the past. The equipment we now use for the collection of tolls is in the process of being replaced, in that we have bids that will be going out for new equipment. This is just a guess at this time, since we don't know what the bids will add up to, but it is our view at this time that for one-half year in 1988, this additional cost to us for this new equipment is going to add up to some \$773,000.

To continue, we have banking services. This would be the service for the pickup of the toll revenues, the counting of it, and the crediting of the tolls to our accounts. This is going to add about another \$210,000 to our budget.

SENATOR GAGLIANO: You are not doing that now yourselves?

MR. PALOMBO: No, we are not; we never have. We have looked into the possibility of doing our own counting, but we have determined that the costs would be prohibitive, if we were to do it ourselves.

SENATOR GAGLIANO: This is an increase -- the two hundred and twenty-some thousand? Is that what you said?

MR. PALOMBO: Yes, this is an increase.

SENATOR GAGLIANO: It was two hundred and what? I'm sorry.

MR. PALOMBO: About \$210,000, an increase in the services.

SENATOR JACKMAN: About a million all together.

SENATOR GAGLIANO: Okay. So those two-- Yeah, those two are about a million dollars. You are up to about -- \$4.2 million.

MR. PALOMBO: Then, as we mentioned earlier, the State Police services. In 1988, we will have 29 new troopers added to the complement we had before. That will add another \$2.1 million to our costs. We have an unusual situation in our health benefits program. We are obliged to budget in 1988 some \$3,669,000 in costs-- I think what I have to do here is try to explain a little bit about how we budget for health benefits.

The New Jersey Highway Authority has a self-insured health benefit plan.

SENATOR GAGLIANO: Do you mean this is over and above Blue Cross and Blue Shield, or this is the plan?

MR. PALOMBO: That is the plan. We don't have Blue Cross and Blue Shield. We did years ago, but we decided it would be cheaper for us to have our own plan.

SENATOR GAGLIANO: How many employees do you have altogether, Frank?

MR. PALOMBO: Right now, there are 1361 permanent employees.

MR. ZILOCCHI: Frank, retirees also.

SENATOR ORECHIO: What was that number?

MR. PALOMBO: There are 1361 employees, but we also have retirees who are covered by our health benefit plan. I am not sure about the number of those, but I think it is near 100 employees who are on pension.

SENATOR ORECHIO: Tom, I would like to interject for a minute.

SENATOR GAGLIANO: Yes.

SENATOR ORECHIO: The salaries and wages number-- It says a \$7,200,000 increase. I would imagine that includes the DOT employees you have taken on, plus whatever raises these employees received as well. But, my question has to do with the State Police. Item 27 on your projected operating expense-- You have State Police services. Now, would the additional State Police be reflected in that particular

account, or in salaries and wages? How do you pay the State Police?

MR. PALOMBO: All of our State Police charges are reflected in our account 27. They are not our employees, but we do reimburse the State.

SENATOR ORECHIO: Oh, so you pay the State. Okay.

MR. PALOMBO: The State of New Jersey is reimbursed for all State Police costs. The \$2.5 million you make reference to includes the \$2.1 million that relates to the 29 new troopers, and also the increase in costs for the complement that we had before the 29 additional troopers were added.

SENATOR ORECHIO: What is your theory -- the projection of your increase, for example, as you project for 1991? For example, on the salaries and wages, account number one, you go from \$42 million to \$68 million, and then in other accounts, like payroll expense, it says \$9 million and you go to \$18 million -- you double. What is behind those projections? Is this a normal growth, with inflation, etc.?

MR. PALOMBO: Yes, that is the normal situation. The employer's payroll expense usually relates to salaries. That is where the health benefit charges are located. The employer's portion of Federal and State taxes, pension contributions, anything that relates to payroll is included in that 23 account.

SENATOR ORECHIO: The number from State Police, for example, for '87, is \$8,530,000. In 1991, it goes to \$15,800,000. Does that also anticipate more growth and more policemen to be hired, other than those who have been enumerated thus far?

MR. PALOMBO: Well, yes. Beyond 1988, there are additional troopers. We will have an additional 15 troopers who will be coming on board in May, 1989.

SENATOR ORECHIO: Well, there are 50 altogether, as I understand it. Right?

MR. ZILOCCHI: Forty-four, Senator.

MR. PALOMBO: Forty-four.

SENATOR ORECHIO: Forty-four. That's through 1991?

MR. ZILOCCHI: Yes, 44. We just received the first 10 troopers on December 19. Then there will be 19 more, I believe, coming in in May of '88; then 15 more coming in in May of '89.

SENATOR ORECHIO: So, this \$15 million number for '91 includes the 44?

MR. ZILOCCHI: That includes the 44 additional troopers, plus normal growth in salaries and benefits, because we pay all the costs of the State troopers; not only the salary, but we pay the uniform allowance, the pension, the medical, everything related to them.

SENATOR ORECHIO: I guess the growth in automotive reflects more cars which are purchased because of the additional troopers.

Tom, do you have any more questions?

SENATOR GAGLIANO: We were at the point of the health benefits, which--

MR. PALOMBO: Oh, yes.

SENATOR GAGLIANO: Do you, Mr. Palombo, have any idea what the health benefits are per person, that you are paying now?

MR. PALOMBO: We budget approximately \$5400 a year per employee, but that is just the formula we use. It, of course, involves the employee and all dependents. It also includes the retirees. It is just our method of coming up with the cost per employee.

SENATOR GAGLIANO: At \$5400 a year, including--

MR. PALOMBO: That's health, dental -- all types of health benefits.

SENATOR GAGLIANO: Can you tell me how that compares with what a State employee gets, if that State employee is

working for the Department of Environmental Protection or the Legislature or the DOT or any other agency?

MR. PALOMBO: I don't have any figures I can compare it to, but I know that our risk manager, in coming up with costs for the claims we have, is well-aware of what it might cost if we were to have a private plan. By having our own plan, we eliminate the profit element and administrative costs. What we budget is strictly based on the claims experience we have. On that basis alone, it would seem to me that we know it should be cheaper for us to have our own plan, rather than to have it with someone else, where we know it involves a profit element.

MR. ZILOCCHI: Senator, also keep in mind that these health benefits are also negotiated through union contracts.

SENATOR GAGLIANO: I know, and so are the State's. I think many of the employees are members of the CWA and other unions.

MR. PALOMBO: I think what George might be alluding to is the fact that the type of coverage we have would certainly be different than the coverages you will find elsewhere, not saying whether it is better or worse, but not any two plans are the same.

SENATOR GAGLIANO: I recognize that. I certainly am not one to take any benefit away from any employee. However, by comparison -- and I could be corrected -- my guess is that your health benefits program may be upwards of 40% to 50% higher than the benefits program for State employees. Now, I can be corrected, and I would like to be corrected, but I do not-- The only reason I have any idea of it is because there has been some legislation pending, wherein we would be covering certain retired employees who are not now covered, or who have to pay a part of the premiums. It seems to me that is the number -- \$2500 per person -- does that sound -- that is what it sounds like, as opposed to your \$5400 per covered employee. I may be all wrong, and I hope I am, but it just seems like--

MR. PALOMBO: I think the \$5400 is actually reduced. I mentioned that the formula we use is to take just the active employees, but when you add the retirees to the amount we budget, it would reduce the per-employee cost. So, it's not really \$5400 for each employee.

SENATOR GAGLIANO: I understand, but we are in a situation here where we are questioning-- We feel that the toll increase is too high. If we see-- I think it is fair for me to comment on a cost that I think may be too high in comparison to the costs of other public employees in the State. I don't know the answer. It just seems to me that that is high, at \$5400 per employee.

SENATOR ORECHIO: Mr. Palombo, may I interject on that? How do those benefits compare with the Turnpike and other authorities that operate within this State -- the Atlantic City Expressway? I mean, I would imagine that when you are sitting down with the union representing those employees, your counterparts in those other agencies have done the same thing. I am sure that at some point you, management, sit down with management from those entities to talk about, you know, what is a going fringe benefit, what is the going wage, etc.

MR. ZILOCCHI: Senator, the Expressway has the same union as the Parkway, and the Turnpike, I think, has a different local, but it is basically the same structure.

SENATOR JACKMAN: They have a different union.

MR. ZILOCCHI: Pardon me?

SENATOR JACKMAN: Doesn't the Turnpike have a different union?

MR. ZILOCCHI: Yeah, it's a different union, but you will find that the benefits and all-- Well, they will not be on the button, but they will relate very closely to each other.

SENATOR ORECHIO: Is it safe to say that the benefits that are paid by the authorities -- including the Highway

Authority, the Turnpike Authority, the Expressway -- are higher than those paid for State employees in general?

MR. ZILOCCHI: I don't know that. I know we are comparable to the other authorities, Senator.

SENATOR GAGLIANO: All right. So, we were at the \$3.669 million. What other extra expenses are reflected in your need for an increase in 1988?

MR. PALOMBO: The final item that makes up the \$12 million in total which was outstanding in 1988, was that we expect a decrease in credits which cover the general administrative costs, due to lower than anticipated payouts in the capital improvement fund of \$2,100,000. What that represents is an administrative charge that is made for all the costs that are incurred in capital improvements, which traditionally we have been charging to these funds because it is an easy way to account for the efforts that are made on the part of all employees who have anything to do with the controlling and the recording of costs.

SENATOR GAGLIANO: But, isn't that sort of charging yourself, Frank?

MR. PALOMBO: In a way, but it has the effect here--

SENATOR GAGLIANO: I mean, it seems to me like it is a bookkeeping item where you are charging yourself for some other--

MR. PALOMBO: You're charging the capital--

SENATOR GAGLIANO: But, your right hand is charging your left hand.

MR. ZILOCCHI: Yeah, but, Senator, you're charging the capital fund, but when it comes to operation it is a credit. It is a reduction in expenses.

MR. PALOMBO: It is a reduction.

MR. ZILOCCHI: And, if your capital projects do not move -- and, like, we have had to bring them to a halt until this whole question is resolved -- then the amount of time that



is an operating expense that is chargeable to a capital account, which would, in turn, credit the operating budget, has to be cut down because, at this point, our capital program has really been reduced greatly, until we have this thing settled. So, in preparing a budget, we had to anticipate that.

To give you an example, Senator, if an employee, an engineer, for example, whose salary is charged to the operating budget--

SENATOR GAGLIANO: Yes?

MR. ZILOCCHI: If his salary, just for discussion's sake, is \$1000, 3%-- We usually charge 3% of that to the capital budget, and credit the operating budget by that 3%, so the net effect on the operating budget is \$700. Now, that 3% is based on capital expenditures. The lower your capital expenditures, the less credit to the operating budget that you have.

SENATOR GAGLIANO: As a real matter -- real dollars to the overall budget of the Authority, this \$2,100,000 doesn't mean anything.

MR. ZILOCCHI: Yes, it does, Senator.

SENATOR GAGLIANO: Why?

MR. ZILOCCHI: Because it is \$2,100,000 less credit to your operating budget of '88 than you had in '87.

SENATOR GAGLIANO: But what I mean is, in real dollars, the quarters it takes to collect that money--

MR. ZILOCCHI: Yeah, but we're talking about the--

SENATOR GAGLIANO: Isn't it a bookkeeping item?

MR. ZILOCCHI: Yeah, but we're talking about the operating budget right now, and that is a credit to your operating budget which is not going to exist in '88, that existed in '87.

SENATOR GAGLIANO: Well, I'm not a bookkeeper; not an accountant. I don't understand why you would have to collect the quarters. As a bookkeeping item I can understand it,



because you want to know if the engineer is spending the engineer's time on capital improvement projects or on day-to-day maintenance work. I can understand that. But, as a practical matter, whether or not you collect quarters, nickels, and dimes to cover that-- To the outsider, I don't think it is necessary.

MR. ZILOCCHI: I can understand the complexity of it, Senator, but in reality, if you have no capital improvements done, then that whole \$1000 salary gets charged to the operating budget -- the operating expense budget.

SENATOR GAGLIANO: Yeah.

MR. ZILOCCHI: If you have capital improvements done, then proportionately that is less than your operating expense budget gets charged with, with the operating expense -- and this is the topic we are talking about -- being used against income, debt service, and so on, in order to determine if you meet your bond covenant test.

SENATOR GAGLIANO: Well, okay. Do you understand that, Mr. Chairman? I don't want to put you on the spot, but I don't understand it, because--

SENATOR JACKMAN: May I ask a question?

SENATOR ORECHIO: On the same issue?

SENATOR GAGLIANO: I have to leave it open. I cannot understand it. It seems to me that is \$2.1 million you don't need to replenish. It doesn't need to show up as an added item for which you have to collect quarters from the public. That is the way I look at it. I may be all wrong.

MR. ZILOCCHI: I know, Senator. I can understand the way you are looking at it, but, in essence, that is two maybe in \$100,000 less than we have to charge against the operating expenses than we had the year before as a credit -- as a reduction of operating expenses.

SENATOR ORECHIO: I think Senator Jackman wants to elaborate on the explanation. Senator Jackman?



SENATOR JACKMAN: You know, no disrespect, but I get a little-- This is not the subject matter you are talking about. The thing that amazes me--

SENATOR ORECHIO: Put your speaker on, Chris, so they can hear you.

SENATOR JACKMAN: --is the question of figures. Everything being equal, if you collected \$92 million this year in tolls -- just using round figures -- and you doubled the tolls and everybody agreed, how come you come up with a figure that is less than double? Do you figure a lot of people are not going to use the Turnpike -- I mean, the Parkway?

Let me give you just an example: Your revised figure--

SENATOR ORECHIO: What are you quoting from, the briefing book? What page?

SENATOR JACKMAN: Yeah, the briefing book, page 26. In 1988, with your revised tolls, you come up to \$163 million. Okay? Without the toll increase, you had \$92 million. How come the \$92 million isn't doubled to make it \$184 million?

MR. ZILOCCHI: Two reasons, Senator, and Jerry can elaborate. Number one, it is projected that this would go into effect April 2, 1988, not a full--

SENATOR JACKMAN: Oh.

MR. ZILOCCHI: Then, secondly, part of the toll increase is a discounted token of 35 cents. Although the basic toll rate would go up to 50 cents, we would provide the user of the Parkway, if he wants to, to buy discounted tokens at 35 cents. That is all projected in there.

Now, the details of how that is projected in there-- If you are interested, I can have Jerry explain it to you.

SENATOR JACKMAN: Oh, no, I am not interested. I am really not, because I get confused with figures. Go ahead.

SENATOR ORECHIO: I have a question on account 29 -- Dues, Publications, and Subscriptions. There is a 100% increase from '86 to '87 that is maintained. Can you explain what that is? It seems to be dramatic.



MR. ZILOCCHI: Frank?

SENATOR ORECHIO: Would that also include printing? I would imagine it would include printing, right -- publications?

MR. ZILOCCHI: We do our in-house printing, Senator. I think I have that information, if you will just give me a second.

Senator, are you looking at the 29 account?

SENATOR ORECHIO: Yes.

MR. ZILOCCHI: And what is the increase you see?

SENATOR ORECHIO: Well, it's 100%. It goes from 90 to 195.

MR. ZILOCCHI: I have 206 versus 195.

SENATOR ORECHIO: No, '86 to '87.

MR. ZILOCCHI: Oh, '86 to '87.

SENATOR ORECHIO: Yeah, I'm going back. I am just trying to--

MR. ZILOCCHI: I'm sorry.

SENATOR ORECHIO: Unless you are changing the-- It seems rather dramatic.

MR. PALOMBO: Senator, I think I have most of the answer for you. In 1987, at the request of the Port Authority, which formed this Transcom (phonetic spelling), which is a network where we share information and traffic conditions for emergency purposes, we were assessed \$50,000. The Turnpike was also assessed some money. It is a coordination of effort in communications, traffic conditions, and emergency situations.

SENATOR ORECHIO: The bulk of the increase is attributable to that additional expense?

MR. ZILOCCHI: I would say so, Senator, yes. Senator, we can provide you with a detailed analysis, if you want to request that.

SENATOR ORECHIO: If you would. I guess I have a general question which refers to what the media has reported over the last couple of days. As a matter of fact, during the



recess, several reporters approached me. They asked some questions which I said I really couldn't answer, because I only knew about the subject matter based on what I had read, and what I had read did not, in a way, imply that there was a ratification of an agreement made with Public Strategies. The question I have is, number one, you do have an organization that is a public relations consultant. I imagine their fee is on an annualized basis. I guess you have a contract. I don't know whether it is--

MR. ZILOCCHI: We have a contract with them that expires-- You are talking about Ailes Communication.

SENATOR ORECHIO: Ailes, right.

MR. ZILOCCHI: That contract expires March 31. It is on an hourly basis.

SENATOR ORECHIO: So, my question to you is, with respect to the new organization, are they, in effect, replacing Ailes, one, or two, were they hired because with this particular program you pretty much winged it yourself, and you thought you needed somebody, and Ailes had a different function? I don't mean to be facetious, I just don't know.

MR. ZILOCCHI: I thought maybe you were a mind reader when you said that. Senator, Ailes Communications was hired in order to handle the public and the media aspect of the toll increase -- of the whole item here. Since then, three legislative committees were formed. This is one of them we are addressing right now. We also went before the Assembly Independent Authorities Committee and, as you all know, there has been another committee voted on by the Senate, which appropriated \$50,000 and so forth, with subpoena powers, and all.

We feel the Legislature is very important. One thing that has always come out in prior meetings we have had is the lack of communications between the Authority and the Legislature, which has created problems that none of us want.



I think we have stated in the past that we want to improve communications. We feel that because of these committees primarily, and also the last one that was formed, that Public Strategies has expertise in handling legislative matters, and for that reason they were approached and asked to give us their consulting services.

SENATOR ORECHIO: When did you hire the Ailes organization?

MR. ZILOCCHI: I believe they were hired back in August, Senator. They were hired back then in order to get a pulse on what the people felt about the Garden State Parkway and its operations. Then, as a result of the toll increase, they were also used for the media and public relations campaign on the toll increase.

SENATOR ORECHIO: Well, with the hiring of Public Strategies, will that particular function now be--

MR. ZILOCCHI: They will not overlap one with the other at this point, Senator.

SENATOR ORECHIO: You know, I recognize that the Governor has a public relations man, we do, every authority does. I guess the question is whether or not there is a duplication of services.

MR. ZILOCCHI: No, sir; no, sir.

SENATOR ORECHIO: The question about the fee-- I know the organizations. They are blue-ribbon organizations.

MR. ZILOCCHI: I might add, Senator, on the question of the fee, they have agreed to begin giving us the service subject to ratification by the Commissioners at the January 27 or 28 meeting. They also have accepted the fact that if the Commissioners at the formal meeting do not ratify their appointment, that all the work they will have done to then -- up to that point -- will not be paid for.

SENATOR ORECHIO: Can we go into what the format will be with respect to the order of events which take place prior



to the imposition of the toll increase? I mean, you are going to have four public hearings.

MR. ZILOCCHI: Yes, Senator. The first--

SENATOR ORECHIO: What else would have to be in place before the so-called toll increase, if it is approved as it is now and the Governor supports it, and it becomes history? What happens after the hearings?

MR. ZILOCCHI: Well, after the hearings, the testimony is evaluated and taken under serious consideration by both the New Jersey Highway Authority and the Governor's office, and I would imagine also the Legislature. We have to conform to certain legal procedures, which I am not too familiar with. But, after all of that is done, and all the comments and recommendations are evaluated, then a decision is made as to: Should we go ahead with it, or should we go ahead with an amended version of it? The Commissioners eventually have to take another vote on this, because all the Commissioners did at the November 30 meeting was to propose a toll increase and start the public participation, the legislative review, and so on.

The Commissioners would have to take another vote, probably, in my opinion, based on the timetable and all, will not be until sometime in March. Before the Commissioners take that vote, they must have an approval from the Governor of a toll increase in whatever shape or form he sees fit.

SENATOR ORECHIO: You mentioned that the Commissioners have to approve it, and the Governor will have to support it, and then you made reference to the Legislature. Actually, we don't have any legal standing with reference to what you ultimately do.

MR. ZILOCCHI: No, but you do have legislative review procedures, where the Legislature can give comments. Yes, I know what you're saying, Senator. The Assembly and the Senate do not vote on it, but you do have legislative reviews and



comments that you register, that have to be taken into consideration and evaluated.

SENATOR ORECHIO: But no action by us can allow or prohibit the imposition of tolls.

MR. ZILOCCHI: Correct, Senator.

SENATOR ORECHIO: Senator Jackman?

SENATOR JACKMAN: Again, I just want to-- You were all out of the room, unfortunately, when we had the representative from the United Taxpayers of New Jersey here. He made mention of the fact that on some occasions they made requests for some documentation on justifying some of the increases you are asking for. The inference was that you did not make any of this stuff available to these people, number one; and number two, that there was a suit instituted by the Asbury Park Press, making so-called imposition on you to make this available. Is that so?

MR. ZILOCCHI: Senator, first of all, this is the first I have heard about the United Taxpayers of New Jersey -- that they have asked--

SENATOR JACKMAN: They have a nice little flyer, and it didn't cost anything, they told us.

MR. ZILOCCHI: Well, I'm sure they do.

SENATOR JACKMAN: I thought I would let you see it. They gave us one with a red ribbon on it.

MR. ZILOCCHI: Any information they have asked of us-- If it is public information, we have an obligation to give it to them. All that individual -- if he has any problems with this -- has to do, is contact me personally.

As far as the Asbury Park Press suit is concerned, the reason why the Authority wanted that matter to go to court-- The Asbury Park Press had asked for payroll records involving gross salaries and overtime wages on all of our employees. Our lawyers checked into executive orders, and saw that there were two executive orders issued in the past which sort of created



gray line areas. We were concerned about releasing information which involved individuals. We wanted a judge to tell us it was okay to do that. It wasn't the fact that we didn't want to release it. We wanted to make sure that we were protected from any privacy concern, or anything of that nature. We felt the best way to get to that point was to go before a court and have a judge tell us, "Yes, you have to do it," and then we would do it. In fact, the court did order, on December 24, that we would have to release that information, and that information is being gathered together now and will be released in the next day or two.

SENATOR JACKMAN: Well, let me also just make mention of the fact that, based upon newspaper articles -- and you know them, and I know them -- there has been a little discussion among the board members. One or two maybe don't agree in principle. The inference was that the Governor has already approved the increase, so to speak. You know that was in the papers, and the whole bit. Now, of course, we have opened Pandora's box. Of course, we have nothing to say about whether you can institute the increase, but you know, and I know that if we stir it up constituent-wise, you know as well as I do that you'll have a serious problem.

Again, I say this, not with any sort of a threat, or anything. Of course, anybody who goes on that Authority must still have the advice and consent. Is that true, or isn't it?

SENATOR ORECHIO: That's true, Senator Jackman.

SENATOR JACKMAN: The inference then would be, we don't want to be battling one another, because in many cases, as I said at the outset, the job itself is almost thankless, in some cases, with the exception of the paid members. Of course, as far as I am concerned, anybody who works today is worth their salt, in my book. I am a great believer in paying for what you get.



But, the thing that worries me right now is, somewhere along the line, based upon some of the attitudes that have taken place, I am pretty sure that you are going to have to start thinking 35 cents total, instead of 50 cents. It seems to me that the emphasis now is on 35 cents. If it isn't, somewhere along the line there is going to be a lot of in-fighting taking place. You can have all the meetings you want between now and the ones we are going to have later on. We have another committee coming up with subpoena powers, which, you know, opens the door again. Then, the Assembly has theirs, and we might decide to put them together. So, by the time we get all finished, I hope to God we finish by April.

MR. ZILOCCHI: I wish you would put it together so that I wouldn't have to repeat myself so many times, Senator. Senator, I think the responsibility of the Highway Authority -- whether one agrees with it or not -- is to put out a proposal for the public and the Legislature and the Governor and all to consider. I think that is all we did. You say, "Get ready for 35 cents." As long as the Legislature, the Governor, and the public understand what we can do with what we have proposed and what we can do with 35 cents-- Our purpose is to put out the information and the options. When a decision is made, and that decision is made for 35 cents, I hope everyone understands here is what cannot be done because of that. I think that is our responsibility.

SENATOR JACKMAN: Okay.

SENATOR ORECHIO: I guess what we are really addressing is, some people think maybe your approach to the needs of the Highway Authority with respect to safety and improvements may be idealistic. Others may think it is the only practical thing to do, because of the reasons outlined during a couple of these hearings. I guess, as Chris has pointed out, and Tom earlier, you should have a backup plan, in the event we can't fully embrace what some may say is an



ambitious program, as you have outlined it to us, and that maybe it has to be done in stages. I guess that is still to be determined, I imagine primarily by the key player in this whole scenario, with Governor Kean's--

MR. ZILOCCHI: Keep in mind, Senator, that the Department of Transportation itself is presently reviewing our capital improvement desires, and they are making their own independent evaluation of it also.

SENATOR ORECHIO: As a matter of fact, I am glad you mentioned that, because in addition to getting some documents we sought the other day, we are interested in knowing what DOT's attitudes and reflections are regarding their review of your program. As I understand it, that is going to be forthcoming sometime near the end of next month, or by February 1. Maybe at that point--

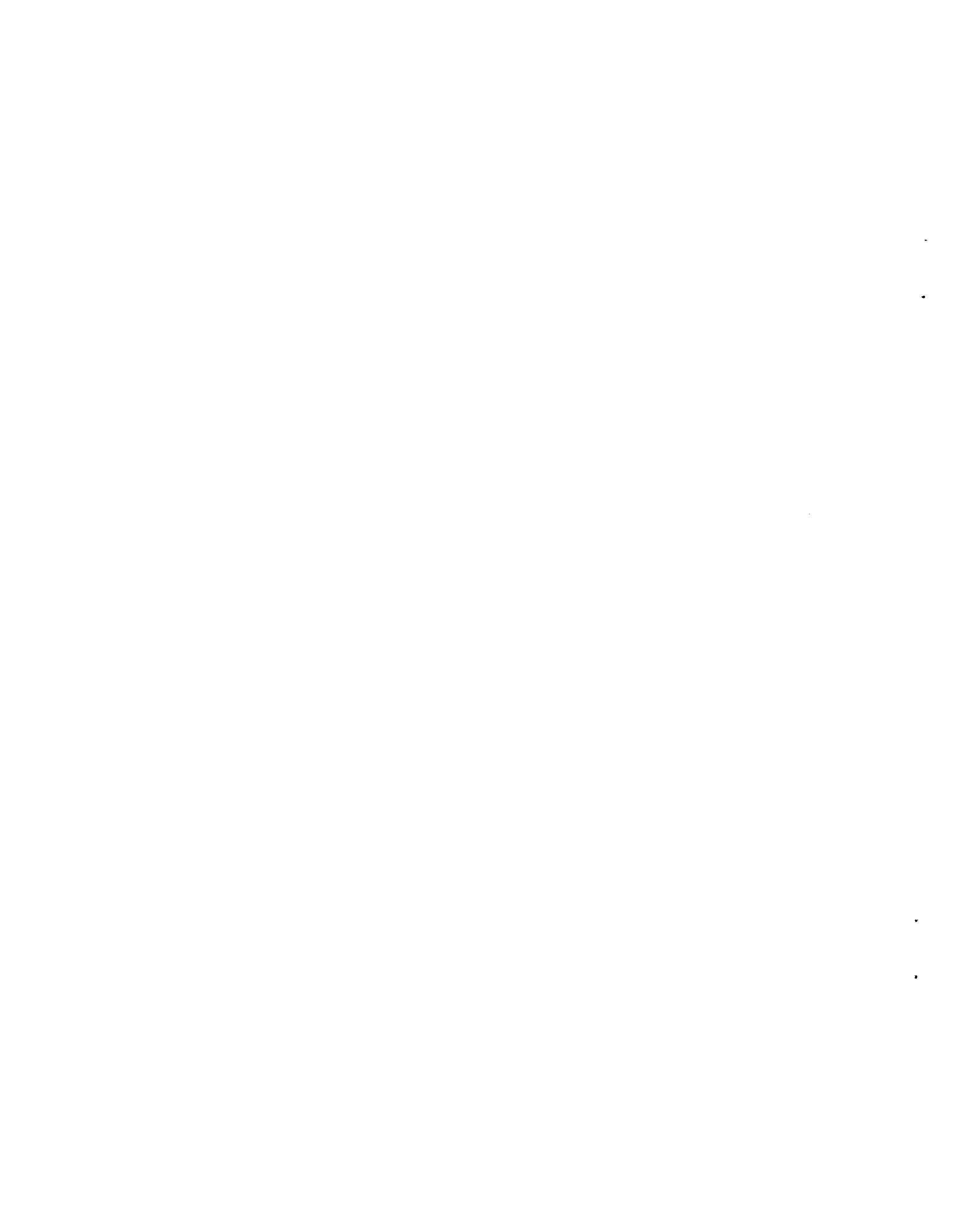
MR. ZILOCCHI: Yes. Up to now, they have been asking for information which we have been supplying to them. I think we just have a little bit left to supply them with, which Jim is going to take care of tomorrow. From that point on, as far as I know, they will have gotten everything they asked for, and we will be awaiting their comments.

SENATOR ORECHIO: I have a question for Mr. Conlon. Mr. Conlon, how long were you associated with the Highway Authority?

MR. CONLON: Five years.

SENATOR ORECHIO: Five years. What was your previous employment? You may have answered this before, but I don't recall it.

MR. CONLON: I worked for 15 years for a consulting engineer. I started as a bridge inspector on the Turnpike. I was a resident engineer on the Parkway construction in 1953. Then I went to Buffalo and worked on the New York Thruway. Then I did design work in New York City.



After 15 years in highway and transportation work, I worked for the New Jersey Department of Labor and Industry, as Chief of the Bureau of Engineering and Safety, regulating construction safety, and later factory safety. Then I became an OSHA area director. I worked for the U.S. Department of Labor for seven years. Then I went with the Authority five years ago.

SENATOR ORECHIO: So, based on your extensive background, you are convinced, at least in one area -- the issue of safety -- that that is being addressed properly, and whatever has gone on with respect to dialogue at this hearing and the last one, we are addressing it properly. If that isn't complied with, with respect to the things you want to do with the rehabilitation of bridges, etc., we have a serious situation that would emerge.

MR. CONLON: We have a serious problem with bridges. In fact, I have photographs that I would rather not show you, because they will scare you half to death -- if you look at the photographs of some of our bridges. They have to be repaired. They are no worse than the Department of Transportation bridges, because our bridges are generally younger. But the fact is, we have some bridges in serious need of repair. That work has to be done. We have to resurface the roadway.

Widening is a matter of judgment. If you can get people to ride buses and trains, maybe we won't have to widen them so much, but in the meantime, we are faced with staggering traffic congestion at certain times. Literally, in Cape May County, the road backs up five miles in the summertime. People won't want to go to the Jersey shore, if they are going to have to wait in traffic five miles long. I hope we don't approach what you see at the Lincoln Tunnel and the Holland Tunnel every day. I hear it on the radio. A 25-minute wait is normal.

SENATOR JACKMAN: Tell me about it.



MR. ZILOCCHI: Senator, if I may add something. Many of the expansion programs we have on our list here come as a direct result of not only our findings, but suggestions and recommendations by the State, local, and county governments in the particular areas where the Parkway crosses.

SENATOR ORECHIO: In essence, do we have, in some situations, local government on both sides of the coin, protesting--

MR. ZILOCCHI: Oh, Senator, yes. I have found, in reading the newspaper accounts-- I have found it very amusing that some of the county and local people who have been asking us for years to look at these things and get them done -- hurry up and get them done -- are now opposing what we are trying to do. But, you know, I guess that is understandable.

SENATOR ORECHIO: Mr. Conlon, one final question: When you worked for the New York State Thruway -- and we all know about that ill-fated experience a couple of years ago -- was that one of your recommendations -- that that bridge be replaced?

MR. CONLON: I didn't work on that section.

SENATOR ORECHIO: You didn't work on that portion of it?

MR. CONLON: Fortunately, no.

MR. ZILOCCHI: If he did, I would have some serious doubts.

SENATOR ORECHIO: Unless anyone else on the Committee has any questions-- Senator Gagliano?

SENATOR GAGLIANO: I just have one or two, Mr. Chairman. Getting back to what oversight we had-- I wasn't aware of this, but there is a section of Statute 27:12b-19.1 which requires reports to be made. It says: "Notwithstanding any inconsistent provisions of the act hereby supplemented or any other law, the New Jersey Highway Authority shall submit to the Governor, the Chairman of the Appropriations Committees of



the Senate and General Assembly, and the Director of the Division of Budget and Accounting of the Department of the Treasury, the following reports--" Those reports, I presume, have all been timely filed, so that Senator Weiss and Assemblyman Villane would have them--

MR. ZILOCCHI: Yes.

SENATOR GAGLIANO: --if we asked them for them, with respect to what you are doing.

MR. ZILOCCHI: Yes, sir. If those reports are not easily located in Senator Weiss' office, you can call us and we will provide you with additional copies, Senator.

SENATOR GAGLIANO: Okay. Well, there are several things they require, but all of that is included. Correct?

MR. ZILOCCHI: Yes.

SENATOR GAGLIANO: Okay. The other thing I would just refer you to is a section of the Constitution which says: "No general appropriation law or other law appropriating money for any State purpose shall be enacted if the appropriation contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of revenue on hand and anticipated which will be available to meet such appropriations during such fiscal period as certified by the Governor."

Now, I know that is not language that is directed at you. I recognize that. But it is language directed at the Governor and the Legislature about balanced budgets, and I think it is important that budgets be balanced when they are struck. I would think that you would feel more comfortable with that yourself.

One other-- I have not had a chance to check this, but I am referring now to the statement that health benefits came up to \$5400 per year per family. I have received from staff the information that for Fiscal Year 1986 -- which is somewhat old at this point -- the average per employee for the



State is \$1520 for health benefits. Now, if they want dental benefits, they pay extra for that. That is something -- I don't know, \$10 or \$15 a month -- that can be deducted from their pay. And you have dental benefits. This is Fiscal Year 1986; therefore, in essence, it is two years behind the times, but it is \$1520.

MR. ZILOCCHI: Again, Senator, I think one would have to look at coverages also, in order to compare properly.

SENATOR GAGLIANO: Well, I'm looking at coverages. What I am saying is, essentially they are State employees. Even though it may not seem that way to you, we are all State employees.

MR. ZILOCCHI: Oh, I know that; I know that.

SENATOR GAGLIANO: I get concerned when I hear that there might be a \$5400 per family item, and a \$1520 item. This is not an audited amount, nor is yours. It just seems like there is a big difference, and it ought to be checked into.

SENATOR ORECHIO: That concludes our hearing today. We thank you for coming. We will advise you when we would like to see you again, probably for the final time.

(HEARING CONCLUDED)



## **APPENDIX**



To the family of Parkway Commuters:

# G.S.P TOLL HIKE

## ***Just Say NO!!!***

1. Paint all coins and tokens RED  
(nail polish)
2. Tie red ribbons on your cars
3. Contact Gov. Kean and State Law-makers

Gov.'s Phone #609-292-6000—2471  
Any questions?? Call 201-890-0271  
or write: U.T.N.J.

P.O. Box 103  
Cedar Grove, NJ 07009



**New Jersey Highway Authority**

**Briefing Book**

**for the**

***GARDEN STATE PARKWAY***





# Office of the Commissioners New Jersey Highway Authority

EXECUTIVE OFFICES • WOODBRIDGE NEW JERSEY 07095 • (201) 442 8600

Garden State Parkway  
Garden State Arts Center

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## CHAIRMAN'S MESSAGE

November 13, 1987

On November 19, 1987, the New Jersey Highway Authority Commissioners must propose an increase in the basic 25 cent toll structure and the use of a discounted car token on the Garden State Parkway, effective in April 1988. This increase and discounted token will be first-time events in the roadway's 33-year history.

Since its beginnings, the Authority has annually reviewed its financial position and has been able -- even through the inflationary 1970s -- to meet its fiscal responsibilities solely through toll revenues (and the sales of bonds) without raising its basic toll structure.

Now, however, the time has come when such an increase simply can no longer be deferred. A vital and necessary \$570 million capital improvement program is underway -- with additional capital funding still required. Net revenues under the present toll structure show a projected decline. But perhaps even more important, the Authority's obligations to its bondholders must be met. And the Authority's standing with the bond rating agencies cannot be allowed to falter if it is to raise new monies to fund the needed improvements.

The Garden State Parkway must, regrettably, join its sister toll facilities across the nation in raising its rates.

This Briefing Book has been prepared by New Jersey Highway Authority consultants and staff to give the interested reader both the broader picture and the details of what has prompted this move. Any further questions will, of course, be answered by appropriate staff personnel.

*Judith H. Stanley*  
Judith H. Stanley  
Chairman

3X



**BRIEFING BOOK**  
**TABLE OF CONTENTS**

**Page Question**

**I. HISTORY**

- 1      1. How old is the Garden State Parkway? How was it originally financed?
- 1      2. What kinds of subsequent financing has the Parkway undergone?
- 2      3. How has the Parkway historically improved New Jersey's transportation system?
- 2      4. Does the Authority participate in improving roadways other than the Garden State Parkway? Does it help counties and municipalities in any special way?
- 3      5. What has been the Parkway's traffic and revenue history?

**II. TOLL PLAZAS**

- 4      1. Why are new mainline barriers necessary?
- 4      2. When will they be built?
- 4      3. Why weren't there toll plazas in these locations before?
- 4      4. New ramp toll plazas are also being planned. Where will they be located?

**III. TOLL INCREASE**

- 5      1. Why is a toll increase necessary?
- 6      2. What portion of tolls are currently collected through exact change lanes?
- 6      3. How much will revenues for the Parkway rise in future years without an increase?
- 7      4. Are tolls for trucks going up? How much?
- 7      5. Are tolls for buses going up?
- 7      6. How long has this increase been under consideration? Why now?
- 8      7. When will the toll increase go into effect?
- 8      8. What will happen on the former State-owned sections of the Parkway? Will there be tolls there too?
- 8      9. What happened to the old bond money?
- 8      10. Why did the Authority decide to seek short-term financing?
- 9      11. What's wrong with a lower bond rating?



- | <u>Page</u> | <u>Question</u>   |
|-------------|---|
| 9           | 12. How does the Parkway compare to the New Jersey Turnpike in cost of tolls? To other toll roads?  |
| 9           | 13. How does the cost per mile on the Parkway compare with the New Jersey Turnpike and other toll roads?  |
| 10          | 14. Won't the original cost of the Parkway be paid off in 1988?   |
| 10          | 15. Won't a toll increase decrease traffic?   |
| 10          | 16. Will the toll increase subsidize losses at the Arts Center?   |
| 10          | 17. Who authorizes the toll increase?   |
| 10          | 18. How can the public register its opinions?   |
| 11          | 19. Why not charge more to travel in peak commuter hours?   |
| 11          | 20. When was the last time that tolls were increased on the Garden State Parkway?   |
| 11          | 21. How has traffic on the Parkway increased?   |
| 11          | 22. Why can't tolls on the Garden State Parkway be eliminated -- as they were recently on the Connecticut Turnpike? Would eliminating toll plazas increase safety on the Parkway? |
| 12          | 23. What effect has the State Transportation Trust Fund had on the need for a toll increase?  |
| 12          | 24. Will there be money for an increase in the State Transportation Trust Fund as a result of the toll increase?  |
| 12          | 25. Why can't the Garden State Parkway switch to a ticket system like the New Jersey Turnpike?  |
| 13          | 26. How can a motorist obtain more information about the toll increase?   |
| 13          | 27. Will tolls ever be eliminated on the Garden State Parkway?  |
| 14          | 28. Why will expenses on the Parkway rise so rapidly in 1988?   |
| 14          | 29. Did the Authority examine other toll alternatives to a 50 cent toll and a 35 cent token?  |
| 14          | 30. Do the service areas generate income?   |

#### IV. TOKENS

- |    |  |
|----|--|
| 15 | 1. Why are tokens necessary?                                     |
| 15 | 2. Will there be a change in the present token?                  |
| 15 | 3. What are the motorist's real benefits in using the new token? |

5X



Page Question

- 15 4. Tokens are presently allowed in both attended and exact change toll lanes. Will this policy continue?
- 15 5. Then, what will happen to a motorist who tries to give a token to a toll collector?
- 16 6. Parkway toll plaza rates will increase to 50 cents with a discounted token costing 35 cents. Parkway ramp toll rates will increase to a uniform 25 cents. Why not a discounted token at the ramps as well?
- 16 7. Where can patrons purchase the new tokens?
- 16 8. Why not buy vending machines to distribute tokens?
- 16 9. Will there be signs to notify motorists of the new token policies?
- 16 10. Can the new tokens, as well as the present token, be used prior to the toll rate increase?
- 16 11. Will the token package be the same as before the rate increase?
- 16 12. Have any of the new tokens been ordered?

**V. CAPITAL IMPROVEMENTS**

- 17 1. What is the status of the \$570 million capital improvement program that the Authority approved in March 1986?
- 18 2. Why will the capital improvements take so long?
- 18 3. What will happen to development without these improvements?
- 18 4. Can the Parkway get along without improvements?
- 19 5. How are small business, minority and women-owned businesses affected by the capital improvement program?
- 19 6. How much bonding is the Authority projecting for future years?

**CHARTS**

- 20 **Garden State Parkway Toll Schedule**
- 21 **Garden State Parkway: Proposed Tolls**
- 22 **Comparative Highway Tolls**
- 23 **Toll Increase Comparisons: 1987 vs. 1954**
- 24 **Garden State Parkway Vehicle Usage**
- 25 **New Jersey Highway Authority: Projected Operating Results (Present Tolls)**



Page

- 26      New Jersey Highway Authority: Projected Operating Results (Revised Tolls)**
- 27      New Jersey Highway Authority Financial Projections (Revenues Less Expenses)**
- 28      New Jersey Highway Authority Financial Projections (Under Present Toll Schedule)**
- 29      New Jersey Highway Authority Financial Projections (Under Revised Toll Schedule)**
- 30      Garden State Parkway: Existing Traffic Conditions**



## HISTORY

### 1. How old is the Garden State Parkway? How was it originally financed?

General Parkway and freeway legislation was first enacted in New Jersey in 1945. In 1946, the State began construction on what was then called the 'Route 4 Parkway' in Clark Township, Union County, paid for by New Jersey taxpayers' funds.

In 1950, the first section of this Parkway opened between Cranford and Woodbridge. During the next three years, the Parkway route was extended north into Union County and short sections were completed in Ocean and Cape May Counties. A four-mile piece from Cranford to Route 22, Union, which opened to traffic in July 1953, constituted the last Parkway section to be constructed by the State and with State (and in two of these sections, Federal) funds. These sections of the Parkway, totaling approximately 19 miles, were owned and maintained by the New Jersey Department of Transportation (NJDOT) until July 1, 1987 when they were officially turned over to New Jersey Highway Authority ownership for the sum of \$1.

By 1952 it became apparent that the goal of a major roadway running north and south along the State's eastern coastline would be years away due mainly to lack of funds. Accordingly, Governor Alfred E. Driscoll in his January 1952 Annual Message to the Legislature declared the need for an "Authority to finish the Garden State Parkway (as it was by then called) promptly as a revenue-financed facility."

On April 2 and 4 that same year, the State Legislature passed bills creating the New Jersey Highway Authority to acquire, construct, maintain, repair and operate "highway projects." It specifically authorized one -- "The Garden State Parkway" -- but also spelled out that the Authority is empowered to undertake additional highway projects "at such other locations as shall be established by law." Thus, the reason the Highway Authority is not called -- as might otherwise be expected -- "The Garden State Parkway Authority."

The Legislature authorized the Authority to complete construction of the Garden State Parkway from Paramus to Cape May as a self-supporting toll road and provided for a State guarantee of \$285 million of voter-approved Authority bonds to be repaid over a 35-year period. Another \$20 million in bonds were sold in 1954 and an additional \$25 million in bonds in 1956, the latter in order to finance a feeder road to the New York State Thruway. Thus, the 173-mile Parkway was originally constructed at a total cost of \$330 million, not including the sections which were built by the state government.

While the Parkway's official opening celebration was held on October 23, 1954, it did not start full operation until July 1, 1955 when the Parkway -- then a 163-mile project -- truly began. (The additional 9.5-mile feeder to the New York State Thruway opened on July 3, 1957.)

### 2. What kinds of subsequent financing has the Parkway undergone?

In 1962, \$40.0 million in bonds were issued, mainly to finance improvements in the Parkway's Essex County section.

In 1971, the Parkway issued \$80.0 million in bonds for improvements that included the two-lane inner roadway in each direction from the Asbury Park to the Raritan Plaza.

In 1978, the Parkway issued \$82.6 million in bonds to refinance the 1971 bond issue and eliminate some of the restrictive covenants contained in the 1971 Bond Resolution.



In 1984, the Parkway issued \$275.5 million in bonds in order to repay certain outstanding debt and to finance capital improvements. This bonding also eliminated restrictive covenants affecting the Authority's future ability to borrow and assisted the State of New Jersey in implementing the State Transportation Trust Fund by permitting the Authority to donate \$10 million per year to the Trust Fund for 20 years.

In 1986, the Authority issued \$340.0 million in bonds in order to repay \$195.3 million in 1984 bonds, save \$17.6 million in interest costs, fund \$74.4 million in capital improvements, and provide for other needs.

In 1987, the Parkway arranged for a short-term loan commitment of \$80.0 million to cover on-going construction costs; as of November 1987, \$50.0 million had been drawn against the total amount. This borrowing has allowed the Parkway to continue its capital improvement program.

### 3. How has the Parkway historically improved New Jersey's transportation system?

When the Parkway was originally designed, travel time from Paterson to Atlantic City was estimated at 3.9 hours over then existing routes. With the Parkway's opening, the same trip could be made on the Parkway, at a 50 MPH speed limit, in 2.5 hours.

In its early years, the Parkway's role as a commuter road was overshadowed by its role as a recreational road to the State's seashore areas. In 1956, for example, monthly traffic in July was nearly three times as great as in February; although Parkway traffic still reaches its highest volume in the summer months (1.6 times as large as earlier in the year), the traffic difference between winter and summer has narrowed.

From its early years the Parkway has had a substantial impact on the economic development of adjacent areas, many of which had previously been cut off from easy transportation access. Resort business along the Jersey shore, for example, which had been undergoing a decline, quickly bounced back in mid-50's.

### 4. Does the Authority participate in improving roadways other than the Garden State Parkway? Does it help counties and municipalities in any special way?

Yes. The 173-mile Parkway runs through ten New Jersey counties and directly affects 51 local municipalities along its corridor.

The New Jersey Highway Authority coordinates with other agencies responsible for traffic, transit and transportation matters by cooperation with the New Jersey Department of Transportation (NJDOT) and with county and local governments.

Recent examples of coordination with the NJDOT include:

- \* the reconstruction of Interchange 100 in order to widen the Parkway in the vicinity of State Routes 33 and 66 near Asbury Park which has given the NJDOT the opportunity to improve those routes' intersection;
- \* improvements at Interchange 105 which includes the intersection of State Route 36 with Hope Road in Eatontown and Tinton Falls, a project involving particularly close cooperation because of the proximity of Route 18 whose 'missing link' is presently being constructed in this area; and
- \* the development of plans for a new ramp at Union to carry northbound traffic to westbound Interstate 78 and southbound traffic to eastbound Interstate 78, greatly benefiting municipalities in the area by removing Parkway and Interstate traffic from local roads.



Examples of recent efforts to assist local and county governments, many at their request, include:

- \* construction of a new Interchange 171 at Glen Road and modification of the existing Interchange 172 with Grand Avenue in Bergen County;
- \* improvements to Interchange 109, Newman Springs Road in Monmouth County, including a new southbound entrance ramp to reduce local congestion;
- \* installation of a temporary traffic light on Lacey Road at Interchange 74 in Ocean County;
- \* the construction of new bridges to carry the Parkway over State Route 88 and all county roads between Interchanges 88 and 91 to accommodate Ocean County's plans to widen these roads;
- \* improvements at Interchange 36 with Tilton Road in Atlantic County; and
- \* improvement of the intersections between Mileposts 7-11 in Cape May County to reduce the present high congestion at the traffic lights in the summer (these grade crossings will be completely eliminated in the future).

More than 30 projects which will benefit the Parkway's adjacent counties and municipalities are either under study, in the engineering design stage or already under construction by the Highway Authority as of November 1987.

## 5. What has been the Parkway's traffic and revenue history?

Parkway traffic and toll revenue have increased every year of its history with the exception of 1974 and 1979, in both cases due to the gasoline shortage. The number of vehicles using the Parkway has increased nearly eightfold from 42 million in 1955 to 317.8 million in 1986 while the Authority's toll revenue has increased from \$9.3 million in 1955 to \$102.8 million in 1986, an increase of more than tenfold. The growth of operating expenses, however, has outpaced revenue increases. The jump in operating expenses from \$2.6 million in 1955 to \$70.5 million in 1986 is a 27-fold increase. The Authority has been hard-hit in recent years by increases in energy and insurance costs, construction and maintenance costs, State Police services and Authority personnel wages and salaries and the costs of all other materials/services which have risen substantially since the Parkway first opened for business in 1954.

As a result of the Authority's various capital improvement programs, the most ambitious being its present five-year plan, the Parkway presently ranges in size from four lanes in its southernmost section to ten lanes between Mileposts 102 and 123. North of this point there are a minimum of 12 lanes, continuing across the Driscoll Bridge to Interchange 127, followed by ten lanes to Interchange 129 and generally eight lanes north to Interchange 145. Thereafter, there are generally six lanes to Milepost 167, at which point the road drops back to four lanes until its terminus at Milepost 172.4.

Since the Parkway was designed to provide a park-like appearance wherever possible, a wide median area separates north and southbound traffic over 135 miles of the Parkway's 173-mile length.



## TOLL PLAZAS

### 1. Why are new mainline barriers necessary?

Two new toll plazas will be built in addition to the existing 11 toll plazas. One will be located in Cape May County, most likely near Mileposts 4-6, and the other will be located in Atlantic County, most likely near Milepost 40.

These new toll plazas will spread the burden of toll revenue more evenly to all users of the Garden State Parkway. It will provide new revenue to maintain sections of the Parkway which previously relied on other toll sections to support them.

The proportion of toll revenue collected by toll barriers varies widely -- from less than 3% at the Cape May barrier to over 17% at the Union barrier and about 19% at the Raritan barrier.

### 2. When will they be built?

Construction on the new barriers will most likely begin in 1989 and be completed by 1991.

Vollmer Associates has projected that the new Cape May Milepost 4-6 Toll Barrier will produce \$1.1 million in revenue in 1991 and \$1.1 million in 1992 using the current toll schedule. They project that the new Atlantic County Toll Barrier will produce \$3.3 million in revenue in 1991 and \$3.5 million in 1992 using the current toll schedule.

### 3. Why weren't there toll plazas in these locations before?

Traffic in these areas has historically been relatively light compared to other sections of the Parkway and the capital improvement and maintenance requirements were not as demanding. However, the picture has changed; 20,000 vehicles presently use the Cape May section daily and 35,000 vehicles presently use the Atlantic County section daily.

### 4. New ramp toll plazas are also being planned. Where will they be located?

One will be located at Interchange 116 near the Garden State Arts Center. (Patrons visiting the Arts Center from the Parkway will not pay this interchange toll.) Another will be located at an expanded Interchange 74, affecting traffic entering and exiting from the north. A third will be located at Interchange 120. Construction on Interchanges 116 and 120 will begin in 1988. They will be completed in 1991. Interchange 74 will be completed by 1989.

These three new ramp toll plazas will be in addition to the existing 19 ramp toll areas now operated by the Authority.



## TOLL INCREASE

### 1. Why is a toll increase necessary?

Since it first opened in 1954, the Garden State Parkway has not raised its basic 25 cent toll for cars at toll barriers. During that period, inflation has reduced the value of a quarter to 6.1 cents. The Authority has used increased traffic to generate increased toll revenue to pay for higher operating costs and capital improvements. However, the time of reckoning has at last arrived: the Garden State Parkway simply can no longer meet its bond obligations and continue its quality operation and improvement program without a toll rate increase.

There are several extenuating factors which make a toll increase necessary as well:

**BOND COVENANTS:** Under the bond covenants which the Garden State Parkway has with its bond holders, the Parkway must fix, charge and collect tolls for the use of the Parkway System as necessary to at least equal the Net Revenue Requirement for the year -- whichever is the greater of:

- (1) the sum of Aggregate Debt Service on the Series 1986 Bonds, the remaining Outstanding Series 1984 Bonds and any other parity Bonds issued under the Resolution, amounts required to be deposited in the Junior Indebtedness Fund, Maintenance Reserve Fund and State Payment Fund or
- (2) 1.20 times the Aggregate Debt Service on the Series 1986 Bonds, the remaining Outstanding Series 1984 Bonds and any other parity Bonds outstanding under the Resolution for such year.

Toll revenue for the Garden State Parkway has increased from \$16.0 million in 1958 to \$102.8 million in 1986. Revenue projections prepared by Vollmer Associates, the Authority's traffic consultants, show that in 1988, toll revenue will increase to \$113.6 million and total New Jersey Highway Authority revenue will hit \$137.5 million. However, total expenses, including reserve requirements, state payment and debt service, will hit \$149.2 million for a revenue shortfall of \$11.7 million. Without a toll increase, that revenue shortfall for the years 1988 through 1992 would total \$115.3 million.

As traffic has increased, the personnel necessary to collect tolls, patrol the roadway, maintain the roadway and service areas has also increased. For example, in 1952-54, the Authority paid \$10-12 per ton for asphalt pavement; today, it pays \$35-40 per ton. The Authority now pays \$300-400 a cubic yard for structural concrete -- compared to \$50-60 per cubic yard in 1952-54. In 1954, the Authority paid 18 cents per pound for structural steel; today, the Authority pays \$1.00 per pound. The cost of reinforcing steel has gone from 16.5 cents in 1954 to 70 cents today. In addition, as the roadway grows older, the bridges, buildings, and road surfaces require an increasing maintenance effort.

**BOND RATINGS:** Two nationally-known ratings services -- Standard & Poors and Moody's -- have made it clear that a toll increase should be authorized over the next several months or the Authority's AA-/A1 bond ratings will be jeopardized. Further, lowering the rating would also adversely affect State debt. The New Jersey Highway Authority's bond rating is the highest among toll roads in the nation.

**CONGESTION:** Several sections of the Parkway already operate at or over their traffic capacity. For example, although the section between the Asbury Park Toll Plaza and the Raritan Toll Plaza is generally below capacity, there are occasional problems at the Driscoll Bridge. The Parkway between the Toms River and Asbury Park Toll Plazas has traffic near or at or over the established capacity. There is congestion often on the section



between Milepost 80 and 83 in Ocean County, and growing traffic in Cape May and Atlantic Counties will eventually lead to congestion in these areas as well.

The Authority will continue to develop comprehensive plans to deal with these problems and related safety factors. The Authority currently is in the midst of an unprecedented five-year, \$570 million capital improvement program. The proposed toll increase will simply allow the Authority to keep pace with and obtain funds for these planned improvements.

**BONDS:** The Authority's short-term \$80.0 million loan commitment, of which \$50.0 million has been drawn down in 1987, matures in July 1988. In order to repay those notes, a new bond issue must be in place by June 1988. In order for those bonds to be sold and to be repaid, a toll increase will have to be in effect, for reasons stated above.

Without new bonds to both repay the short-term financing and provide for capital improvements, the Authority's safety, widening and repair programs would come to a halt.

**ECONOMIC DEVELOPMENT:** The Authority has conducted a comprehensive survey of land use trends along the Parkway corridor, ranging from 1.5-2.0 miles along either side of the roadway. The study, conducted by Vollmer Associates, concluded that 120,000 additional daily trips -- presently about 1 million trips take place daily -- will be generated by development now being built or planned. The development includes:

- \* 61,400 dwelling units of residential housing
- \* 20.5 million square feet of office space
- \* 6 million square of retail space
- \* 1.2 million square feet of industrial space
- \* 1.2 million square feet of warehouse space
- \* 16,500 hotel rooms
- \* 400,000 square feet of hospital development, plus nursing homes
- \* 800 recreation units

According to the traffic study which Vollmer Associates completed, based on this survey, growth and traffic demand on the Parkway south of the Raritan River will increase by 25 to 50% by 1990. In the northern section of the highway, growth will range between 10 and 20% over the 1986-1990 time period.

Without capital improvements, by 1990 virtually all of the Parkway between Mileposts 30 and 156 -- a 126 mile stretch -- will be operating at or above capacity. The worst conditions will be between Interchanges 80-82 just south of the Toms River Toll Plaza, where traffic demands would be at 216% of capacity. By 1995, traffic demand in that section would be at 245% of capacity. By the year 2000, that section's demands would be at 284% of capacity, and virtually the entire Parkway would be at or above capacity.

## 2. What portion of tolls are currently collected through exact change lanes?

Nearly 70% of toll revenues are currently collected in exact change lanes. An even higher percentage of toll revenue is collected in exact change lanes during commuter rush hours.

## 3. How much will revenues for the Parkway rise in future years without an increase?

A reasonable and conservative estimate for toll revenue, according to Vollmer Associates, would be 4% per year. The Authority currently averages a 5.3% increase in 1987 revenue over 1986 figures.



4. Are tolls for trucks going up? How much?

There will be a revised schedule for truck tolls based on the number of axles; truck tolls will be based on 50 cents per axle -- e.g., \$1.50 for a three-axle vehicle; \$2.00 for a four-axle vehicle; \$2.50 for a five-axle vehicle and \$3.00 for a six-axle vehicle. All two-axle trucks (weighing less than 3.5 tons) will pay 50 cents. A two-axle, six-tire truck will pay \$1.00.

It is reasonable that trucks should pay in accordance with their size. The larger and heavier the truck, the more real damage the vehicle inflicts on the roadway. When the Parkway opened, trucks were smaller and not a major Parkway user. Now, with the development of South Jersey -- assisted by the Parkway-- truck traffic is growing.

Although the new system will insure that trucks pay their fair share of Parkway tolls, trucks have never been a large source of Parkway revenue. Currently, passenger cars produce over 97% of Parkway revenue -- compared to only 63.8% of revenue on the New Jersey Turnpike.

Campers will be charged tolls at rates similar to a passenger car. They will be charged at the passenger car rate of \$.25 per axle up to a maximum of \$1.25.

Truck traffic is prohibited north of Interchange 105, Eatontown. (Prior to 1980, truck traffic had been prohibited north of Interchange 98 near Lakewood but the limit was extended to allow trucks to connect with Route 18 and Interstate 95 at Interchange 105.)

5. Are tolls for buses going up?

Yes. Bus tolls will go up to \$3.00 with discounted tokens costing \$1.00 available to regularly scheduled commuter buses and tokens costing \$2.00 available for all other buses. As now is the case, buses will pay the same rates at ramps as at mainline toll plazas. The commuter bus discount helps encourage use of mass transit by keeping down the costs of bus travel. The cost per passenger for commuter buses will be approximately 2 cents for each barrier the bus passes through.

The Parkway continues to have a strong commitment to promoting commuter bus use. It provides more than 2600 free commuter parking spaces at 15 different locations, mostly in the central-northern areas of the Parkway. The north overflow lot at the Garden State Arts Center in Holmdel is, for example, used for commuter parking in cooperation with New Jersey Transit. The size of the Allwood Road parking lot in Passaic County will be doubled at the request of New Jersey Transit.

School buses will continue to pay rates equivalent to passenger cars.

6. How long has this increase been under consideration? Why now?

In the April 1986 official bond statement, it was stated: "Based on current projections of revenues and expenses, Net Revenues are not anticipated to provide moneys sufficient to meet the Toll Covenant under the Resolution beginning in 1987, and additional revenues will be required from then through 1991, the end of the period covered by the projections....No determination has been made by the Authority at this time as to the source of additional revenues." The 1986 official bond statement also included a report by Vollmer Associates which analyzed the impact on revenue of various toll increases .



As a result, the mechanics of a toll increase have been the subject of intensive study in order to determine how much money is needed to be raised, and how tolls could be raised without slowing traffic and with the minimum possible impact on regular Parkway users.

Traffic and revenue studies prepared by Vollmer Associates for the 1986 official statement showed that the Authority faced revenue and capacity problems in the future. Subsequent traffic and revenue studies prepared by Vollmer Associates this summer and fall have detailed the severity of the revenue shortfall faced by the Parkway. In addition, the Authority has relied on the advice of its financial advisors, Government Finance Associates, Inc.

The Authority has postponed a toll increase as long as it was financially possible to do so. The need for a toll increase has recently become imminently necessary. The Authority no longer has any options.

7. When will the toll increase go into effect?

It is anticipated that the toll increase will become effective on April 2, 1988.

8. What will happen on the former State-owned sections of the Parkway? Will there be tolls there too?

The so-called State sections include a 13-mile stretch in Union-Middlesex Counties between U.S. Rt. 22 and U.S. Rt. 9; a two-mile section in Toms River where Rt. 9 and the Garden State Parkway occupy the same roadway; and a four-mile section in Cape May County.

On July 1, 1987, the Authority took over responsibility for operating and maintaining the previously State-owned sections of the Parkway. Previously, they were maintained by the New Jersey Department of Transportation which constructed them. Under current Federal statute, the Authority may not collect tolls on the Union-Middlesex section which was constructed with Federal funds without repaying those costs and building a parallel toll-free roadway.

9. What happened to the old bond money?

Proceeds from previous financing have been used for capital improvements. The Authority's \$570 million, five-year capital improvement program is on-going. The improvements fall into five broad categories: (1) safety; (2) widening or expansion of facilities which increase traffic capacity (3) rehabilitation and extraordinary maintenance; (4) improvements to appearance; and (5) service improvements not affecting capacity of the roadway. However, the \$570 million authorized in 1986 provides for only a portion of the Garden State Parkway's capital improvement needs.

10. Why did the Authority decide to seek short-term financing?

The Authority approved in September 1987 an \$80 million short-term financing program until a longer-range capital improvement program could be adopted and financed. The maturity date of these notes is July 15, 1988. A new long-range financing plan must be in operation before July 1988 in order to repay these loans.



11. What's wrong with a lower bond rating?

A reduction from a AA to an A bond rating on \$100 million of 30-year bonds would result in an increase in interest costs of \$4.0-7.0 million on future bonds, depending on the interest rates in effect. It could also affect the bond rating of the State.

12. How does the Parkway compare to the New Jersey Turnpike in cost of tolls? To other toll roads?

The average cost per mile to drive on the Garden State Parkway is 1.6 cents. The average for many other toll roads is 3 cents per mile. So, even if the cost per mile were doubled, it would still be comparable with other toll roads.

The cost of a full-length trip on the New Jersey Turnpike has increased from \$1.75 in 1954 to \$2.70 today, an increase of 54%. The Turnpike last year proposed a 40% increase in tolls, which it later postponed until possibly 1989. The toll increase was to cover a \$2 billion widening project in the northern sections of the Turnpike -- considered necessary because traffic volume on the Turnpike has been increasing 7.0%-8.5% in recent years. The Turnpike sold bonds for the project in November 1986. (The proposed increase would raise Turnpike car tolls for the entire length of the Turnpike to about \$3.80. It would be the third time that Turnpike tolls have been increased since the road was opened in 1951. They were first raised in 1975 by 20% for cars and in 1980 by another 20% for cars.)

The toll cost at the Egg Harbor Toll Plaza on the Atlantic City Expressway went from \$.75 in 1964 to \$1.00 today. The Pleasantville Toll Plaza toll went from \$.15 in 1964 to \$.25 today.

The cost of passage on the Throgs Neck Bridge, Whitestone Bridge and Triboro Bridge went from \$.25 in 1954 to \$2.00 today -- an increase of 700%.

The cost of a Hudson River crossing on the bridge and tunnels operated by the Port Authority of New York and New Jersey has gone from \$1.00 in 1954 to \$3.00, an increase of 200%.\*

The cost of the Tappan Zee bridge, a Hudson River crossing operated by the New York State Thruway Authority has gone from \$1.00 in 1954 to \$1.50 today.\*

The tolls on the New York State Thruway section between Suffern and Albany went from \$1.50 in 1954 to \$2.85 today, an increase of 90%. The tolls on the Thruway from Suffern to Buffalo went from \$4.90 to \$9.40, an increase of 92%.

The tolls on the Pennsylvania Turnpike between Philadelphia and Pittsburgh went from \$3.25 in 1954 to \$9.30 today -- an increase of 186%.

The tolls on the Delaware Turnpike went from \$.25 in 1963 to \$1.00 today, an increase of 300%.

\* Rates adjusted to present one-way toll collection.

13. How does the cost per mile on the Parkway compare with the New Jersey Turnpike and other toll roads?

The current cost per mile for a passenger car on the Garden State Parkway is 1.6 cents per mile. That compares with a present 2.3 cents per mile for the New Jersey



Turnpike and 2.3 cents per mile on the Atlantic City Expressway.

After the proposed toll increase, the cost per mile based on the use of discounted tokens on the Garden State Parkway would rise to 2.2 cents per mile. For those not using tokens, the cost would be 3.2 cents per mile -- which is still close to the national average for toll roads.

For example, the Pennsylvania Turnpike costs 3.0 cents per mile. The Massachusetts Turnpike costs 2.9 cents per mile. The John F. Kennedy Memorial Highway in Maryland costs 2.4 cents per mile. The J.F.K Memorial Highway in Delaware costs 8.9 cents per mile. The Tri-State Tollway in Illinois costs 3.1 cents per mile and the Northwest Tollway in Illinois costs 2.6 cents per mile. The New York State Thruway costs 2.4 cents per mile on its main line.

14. Won't the original cost of the Parkway be paid off in 1988?

The original Parkway Bonds were scheduled to be paid off in 1988. Funds were set aside in 1984 to retire all of the original Parkway bonds as of January 1985. Other bonds are still outstanding.

15. Won't a toll increase decrease traffic?

A toll increase may deter some drivers from using the Garden State Parkway and slow the rate of traffic growth, but it will not decrease overall traffic given projected volume increases.

A 1986 survey by the Roper Organization of 1035 licensed drivers found that "in four cases in which toll roads compete with free highways or local roads, 88% of licensed drivers say that, in at least one of the four cases, they'd opt for the toll road....Whether the distance be short or long, whether it be a question of voting to authorize a toll road or actually using such a thoroughfare, the results are essentially the same: most licensed drivers prefer to pay for convenience than to endure difficult -- even if free -- roads."

16. Will the toll increase subsidize losses at the Arts Center?

No, the Arts Center does not operate at a deficit.

17. Who authorizes the toll increase?

The toll increase is mandated by the bond covenants in order to generate sufficient funds to meet the Authority's Net Operating Revenue and Debt service requirements. The increase must be voted by the Commissioners of the New Jersey Highway Authority with the approval of the Governor, and either the State Treasurer or Comptroller. The increase must then be submitted to the Office of Administrative Law for publication and comment.

18. How can the public register its opinions?

There will be two public hearings on the toll increase in December 1987 at which time the public will have an opportunity to comment. The hearings will be held in different geographic locations to afford maximum public opportunity to participate. The Authority will respond to the public's comments in a report to the Office of Administrative



Law. The final stage of the approval process is publication of the toll increase by the Office of Administrative Law.

19. Why not charge more to travel in peak commuter hours?

It cannot be done because of the large percentage of tolls collected in exact change lanes. The goal of the toll increase is to raise sufficient revenue to meet operating costs and debt service requirements -- as well as to fund capital improvement needs. It would be impractical to charge two different rates -- especially since it would defeat the purpose of the discount tokens to speed traffic.

According to Vollmer Associates, the Authority's traffic consultants, "While differential prices are used for airline tickets, resort hotels, movie theaters, the Golden Gate Bridge in San Francisco (double tolls on Fridays and Saturdays), and elsewhere, they would be difficult to implement and operate on the Parkway and would be considered inequitable by the motorists with the higher tolls."

20. When was the last time that tolls were increased on the Garden State Parkway?

The original passenger vehicle tolls of 25 cents at the barriers have never been increased on the Garden State Parkway. They have been 25 cents since the first toll was collected on January 15, 1954. Tolls for passenger vehicles at ramp areas have always ranged from 10 cents to 25 cents and have occasionally been increased slightly in certain cases.

21. How has traffic on the Parkway increased?

The first sections of the Garden State Parkway were opened in 1954. In its first full year of operation in 1955, 42 million vehicles used the highway. In 1986, 318 million vehicles traveled the highway, a figure seven and a half times over 1955. The number of vehicle miles increased from 0.8 billion in 1955 to 4.7 billion in 1986 -- an increase of five and a half times over 1955.

22. Why can't tolls on the Garden State Parkway be eliminated -- as they were recently on the Connecticut Turnpike? Would eliminating toll plazas increase safety on the Parkway?

The Garden State Parkway is not an Interstate road and receives no Federal or State funds for construction or maintenance. The Connecticut Turnpike is an Interstate and is eligible for Federal assistance.

The Garden State Parkway was built originally with \$330 million in bonds (not including funding for the State sections). The last of original bonds were retired in 1985. The Parkway was designed to incorporate as many safety features as were then known. That is one reason that the north and southbound lanes are separated by a wide median. Its toll plazas are similarly designed with motorist safety in mind. Furthermore, the Garden State Parkway does not have the truck safety problem that the Connecticut Turnpike had. In fact, the Parkway's original designers considered barriers as additional periodic safety alerts.

In the last few years, Connecticut accelerated its repayment of its \$459 million in bonds that were floated in the 1950s to finance the Turnpike's construction. [The move to remove tolls was accelerated by an accident in 1983 when a tractor-trailer truck rammed



into cars at the Stratford toll barrier, killing several people.] The last toll was eliminated in October 1986 -- part of a program of eliminating all tolls on Connecticut roads.

The Connecticut Turnpike is now eligible for so-called 4-R funds (from gasoline taxes) from the Federal government for rehabilitation and restoration of the highway. The Turnpike will receive only about \$9 million in Federal assistance under this program compared to the \$55 million a year that tolls brought in. Furthermore, the elimination of tolls on the Connecticut Turnpike brought a quick increase in traffic and congestion on the Turnpike at rates ranging from 12 to 23% -- with truck traffic increasing by 40% or more.

In other words, elimination of tolls has resulted in a paradox of sorts for the Connecticut Turnpike -- increased traffic (especially by out-of-state truckers) and decreased maintenance funds.

Finally, it should be noted that the Federal Department of Transportation has recently submitted legislation to Congress that would permit all states to use toll financing in conjunction with Federal-aid highway funds. The bill would permit construction of non-Interstate new toll highways and reconstruction of existing toll highways with 35% Federal participation. Furthermore, non-toll highways could be converted to toll facilities under the proposal, when reconstruction will expand capacity and change the character of the highways to fully controlled access highways.

23. What effect has the State Transportation Trust Fund had on the need for a toll increase?

By the end of 1987, the New Jersey Highway Authority will have transferred \$34.8 million to the State Transportation Trust Fund. However, even without the impact of the Authority's annual \$10 million transfer to State highway improvement, a toll increase would be inevitable because of increases in operating costs, debt service and essential capital improvements to the Parkway which could not be met within the current toll structure.

24. Will there be money for an increase in the State Transportation Trust Fund as a result of the toll increase?

Any increase to the Fund would decrease the amount of money available for Parkway capital improvements and could eventually bring Parkway net revenues below the requirements of the bond rating agencies. The additional toll revenue generated by the toll increase by itself will provide only a fraction of the funds needed for the capital improvements planned in the current five-year plan. Most of the required funds for improvements will come from bond sale proceeds.

For example, a \$10 million increase to the Fund would effectively wipe out 2.5 cents of the toll increase.

25. Why can't the Garden State Parkway switch to a ticket system like the New Jersey Turnpike?

Unlike the Turnpike which has only 28 interchanges, the Garden State Parkway has 89 interchanges (with 305 exits and entrances).

In the 48 mile section of the Garden State Parkway north of the Raritan River, there is an interchange about every 1.2 miles. It should also be noted that the Garden State



Parkway is longer (173 miles) than the Turnpike (118 miles). Of those Parkway interchanges, only 19 have ramp toll plazas. According to Vollmer Associates, the Authority's traffic consultant, "It would be prohibitively expensive, and in many locations physically impossible, for the Authority to convert its road into a closed, ticket system for toll plazas would be required at all entrance and exit ramps, and these plazas would have to be manned."

In some areas, the Parkway is the most convenient available roadway for commuters, recreational and occasional use. A ticket system would be impractical. The New York State Thruway, for example, uses a ticket system in areas where interchanges are relatively far apart and uses main line barrier toll plazas in more densely populated areas such as Rockland and Westchester Counties to permit the frequent spacing of toll-free interchange ramps.

The New Jersey Turnpike does not serve the same kind of local traffic that the Garden State Parkway does. (The average Parkway ride is 15 miles in length.) A larger proportion of the commuters the Turnpike serves ends up in New York City or Philadelphia.

26. How can a motorist obtain more information about the toll increase?

The Authority has set up a special hot-line number (800-332-TOLL) in order to field motorists' questions about the toll increase and new tokens.

The Authority will also be conducting a public information campaign through a variety of media including newspaper advertisements and brochures to be handed out by toll collectors.

In addition, public hearings will be held on the toll increase at which time the public will receive information and be provided with an opportunity to comment.

27. Will tolls ever be eliminated on the Garden State Parkway?

One of the virtues of toll facilities is that only the user pays to use them. When tolls are eliminated, tax money must support these facilities, and every taxpayer -- user or not -- now shares the burden.

Given the financing structure of the Garden State Parkway and its independent financial status, it is unlikely that tolls can be eliminated. The Parkway does not benefit from any source of tax support -- Federal, State or local. Money for maintenance of and capital improvements to the Parkway must come from either tolls or bonds. Toll revenue alone cannot support the needed improvements to the Parkway. On the other hand, toll revenue must be high enough to support repayment of bond interest and principal on schedule and meet other obligations under the bond covenants. Without toll revenue, the Parkway infrastructure would quickly deteriorate and capital improvements would be impossible. The Parkway, of which New Jersey residents are justly proud, would become unsafe and unsightly.

Furthermore, sufficient toll revenue must be generated by the Parkway to pay for maintenance and improvements on the 11% of the Parkway's length which was formerly State-owned and operated.



28. Why will expenses on the Parkway rise so rapidly in 1988?

Projected increases in the Authority's operating budget are due to the following main factors:

\* An increase of 44 troopers in the number of State Police personnel assigned to patrol the Parkway is a result of increased traffic volume, construction work, and an overall effort to increase the level of safety to the motoring public. This will cost an additional \$2 million in 1988.

\* The increased cost of medical insurance for all eligible employees will result in nearly doubling the Authority's medical budget. The 1988 increase is approximately \$3 million.

\* The projected cost of staffing and equipping additional branch and plaza lanes now under construction will cost approximately \$2.8 million in 1988.

\* The toll rate increase will lead to staffing and equipment costs for additional barriers, ramps and lanes. The increased costs for 1988 total \$600,000.

\* The takeover of the previously State-owned sections of the Garden State Parkway means additional costs in manpower, materials, maintenance contracts and equipment costs. The 1988 increase for this item is \$1 million.

29. Did the Authority examine other toll alternatives to a 50 cent toll and a 35 cent token?

Yes, the Authority and its traffic consultant, Vollmer Associates, examined more than a dozen toll and token configurations, including removing tolls in one direction and charging a higher toll in the other direction. None of these alternatives proved workable.

30. Do the service area generate income?

Yes. In addition to assisting Parkway users, the service stations and restaurants operated by licensees are an important source of revenue for the Authority. Concession revenue has increased from \$768,000 in 1958 to \$ 6.0 million in 1986. In recent years, the trend has been for a steadily rising proportion of that income to come from restaurants rather than service stations. In 1986, 58% of concession revenue came from restaurants.



## TOKENS

### 1. Why are tokens necessary?

Discounted tokens are being planned because they will provide faster and cheaper trips for regular users. It is the policy of the New Jersey Highway Authority to facilitate automobile traffic which is safe, as fast as possible under allowable speed limits, and as inexpensive as possible for regular users.

Non-discounted tokens have been used on the Garden State Parkway since 1981 -- primarily by salespersons who wish to reduce the number of business receipts they collect (since they receive only one receipt per package of 40 tokens) and by individuals who value the convenience of being able to purchase tokens at the attended lanes rather than get quarters at a bank.

Currently, almost 70% of the toll revenue collected on the Garden State Parkway is through the exact change lanes. Single-coin operation -- with a quarter or token -- significantly speeds traffic through toll areas.

Presently, only 4% of toll revenue is collected with token sales. The Authority's goal is to encourage token sales with discounted tokens and eventually to collect at least 50% of its toll revenue in this manner.

### 2. Will there be a change in the present token?

Yes. The Authority is in the process of developing a new token design.

The newly designed tokens will be available for purchase at the current price of 25 cents (40 for \$10.00), most probably starting in January 1988. The old tokens, which have been in use since 1981, will be valid through March 1988.

### 3. What are the motorist's real benefits in using the new token?

In addition to saving time, as described more fully below, the motorist will also save 15 cents on each trip through a barrier toll plaza.

When the toll rate increase becomes effective, the Authority wants to avoid a situation where two or more coins (totaling 50 cents) are necessary to pass through an automatic toll lane. Three coins would increase the average length of an exact change lane transaction. (Currently, the average attended toll transaction lasts 8 seconds during peak commuter hours; the exact change lane transaction lasts 4 seconds.)

### 4. Tokens are presently allowed in both attended and exact change toll lanes. Will this policy continue?

No. The Authority wants to maximize use of tokens in exact change lanes in order to speed traffic. If tokens were acceptable in attended lanes, motorists would have less incentive to use faster exact change lanes.

### 5. Then, what will happen to a motorist who tries to give a token to a toll collector?

Temporarily, the token will be accepted for passage through an attended lane. The



motorist will be advised of the proper use of a token in the future. After a certain cut-off date, tokens will not be accepted in attended lanes.

6. Parkway toll plaza rates will increase to 50 cents with a discounted token costing 35 cents. Parkway ramp toll rates will increase to a uniform 25 cents. Why not a discounted token at the ramps as well?

Discounted ramp tokens would not be practical or provide a major financial incentive for use. Two different tokens for the same Parkway was not deemed to be a reasonable alternative.

7. Where can patrons purchase the new tokens?

Tokens can be purchased at attended lanes, at Parkway headquarters in Woodbridge, and at other additional locations to be determined. There are preliminary plans to sell tokens at Parkway service areas, too, and the Authority is developing other plans to market tokens at locations convenient to regular patrons.

8. Why not buy vending machines to distribute tokens?

The Authority is actively investigating the use of vending machines.

9. Will there be signs on the Parkway to notify motorists of the new token policies?

The Authority has launched a comprehensive series of steps to insure that motorists are advised of all changes in token policy through signs, hand-outs at the toll plazas, advertising and other means.

10. Can the new tokens, as well as the present tokens, be used prior to the toll rate increase?

Yes. The Authority will continue to sell its present token -- which will be replaced by the new token (mostly likely in January 1988) -- in packages of 40 tokens for \$10.00 prior to the April 2, 1988 toll rate increase. However, prior to that date, some restrictions on the quantity of each purchase may be imposed. The real financial incentive to use tokens will come on April 2 when the barrier toll price increases to 50 cents for drivers who do not have tokens, and to only 35 cents for those who do have them..

11. Will the token package be the same as before the rate increase?

Yes. After April 2, 1988, discounted tokens will still be sold in rolls of 40 at the new rate of \$14.00 per roll.

12. Have any of the new tokens been ordered?

Yes. The Authority has placed an initial order with Roger Williams Mint for the newly designed tokens. Delivery is expected in January 1988.



## CAPITAL IMPROVEMENTS

1. What is the status of the \$570 million capital improvement program that the Authority approved in March 1986?

Those projects are currently underway although all the money for those projects has not yet been raised. Approximately \$200 million of work has already been completed. And, there are open commitments on contracts awarded but not yet expended of \$91 million (as of October 31, 1987). However, because of substantial rising costs and the inclusion of additional and unexpected projects, the remaining projects, when complete, will cost \$563 million. They include:

|  | <u>Estimated Cost<br/>(in millions)</u> |
|--|---|
| <u>Safety, Rehabilitation, Extraordinary Maintenance:</u>  |   |
| * Drainage/resurfacing: MP 0 to 17                         | \$13                                    |
| * Pavement resurfacing, continuing program                 | 47                                      |
| * Roadway settlement repairs: Cheesquake and Matawan       | 14                                      |
| * Rehabilitation, Great Egg Harbor Bridges                 | 2                                       |
| * Bridge rehabilitation, continuing program                | 56                                      |
| * Lane control system, traffic signals/signs (Union-Essex) | 12                                      |
| * Clean-up contaminated soil at service areas              | 4                                       |
| * Bridge deck ice sensor                                   | 4                                       |
| * Toll booth rehabilitation, interior and exterior         | <u>24</u>                               |
| <b>Total</b>   | <b>176</b>                              |
| <u>Necessary Expansion Projects</u>                        |   |
| * Mainline, Interchanges 88 to 91                          | 42                                      |
| * Mainline, Interchanges 83 to 88, design only             | 3                                       |
| * Mainline, Inner roadway, MP 117-126, design only         | 1                                       |
| * Improvement of Interchange 74                            | 16                                      |
| * Service roads for interchanges                           |   |
| Interchanges 88 to 91, design only                         | 19                                      |
| * Interchange 105 (Rt. 36/Hope Road intersection)          | 8                                       |
| * Interchange 114  | 13                                      |
| * Interchange 116  | 7                                       |
| * Interchange 120  | 49                                      |
| * Interchange 127 (State Rt. 440/I-287)                    | 9                                       |
| * Complete Interchange 142 (I-78)                          | 41                                      |
| * Expand Toms River Toll Plaza toll lanes                  | 10                                      |
| * Expand Barnegat & New Gretna Toll Plazas toll lanes      | 5                                       |
| * Atlantic County improvements and barrier                 | 56                                      |
| * Cape May County improvements and barrier                 | 24                                      |
| * Expand Essex Toll Plaza toll lanes                       | 17                                      |
| * Expand Toll Plaza toll lanes                             | <u>11</u>                               |
| <b>Total</b>   | <b>331</b>                              |
| <u>Service Improvements Not Affecting Capacity</u>         |   |
| * Atlantic City service area improvements                  | 14                                      |
| * Vaux Hall Service Area improvements                      | 8                                       |
| * Central warehouse and print shop improvement             | 3                                       |
| * Commuter parking lot expansion                           | 5                                       |
| * Rehabilitation of 5 maintenance yards                    | <u>22</u>                               |
| <b>Total</b>   | <b>52</b>                               |



### Improvement of Appearance

|   |                     |
|---|---------------------|
| * Landscaping service areas, toll plazas and interchanges | <u>4</u>            |
| Total   | <u>4</u>            |
| <b>Grand Total</b>  | <b><u>\$563</u></b> |

All of the safety and rehabilitation projects listed above should be completed by the end of 1992. In the expansion projects, however, the three projects listed as "design only" show only the amount estimated to be spent through 1992. If these three projects are carried to completion, the total for expansion projects alone would be \$523 million.

In addition, \$81 million in capital improvement projects is planned for the Cape May, Toms River and Union/Middlesex sections which were not included in the March 1986 capital improvement program. These projects should be completed by 1992:

|  | <u>Estimated Cost<br/>(in millions)</u> |
|--|---|
| * At-grade intersection improvements between Interchanges 8 and 12 | \$1                                     |
| * Grade separation improvements between Interchanges 8 and 12      | 14                                      |
| * Resurfacing between Interchanges 80 and 83                       | 4                                       |
| * Short-term improvements between Interchanges 129 and 140         | 34                                      |
| * Expansion of maintenance yard in Union/Middlesex                 | 9                                       |
| * Long-term improvements, Toms River                               | 19                                      |
| <b>Total</b>   | <b><u>81</u></b>                        |

### 2. Why will capital improvements take so long?

Approximately three years of engineering, environmental studies and preparation precede actual construction.

### 3. What will happen to development without these improvements?

Without these projects, there will be a deterioration in safety standards, in infrastructure, in maintenance quality, in traffic flow and in the aesthetic appearance of the Parkway.

### 4. Can the Parkway get along without improvements?

No. Some improvements must be made simply to keep pace with deterioration of a facility that is now almost 35 years old. Roadway surfaces and bridge surfaces have only a limited life expectancy. As both the New York Thruway and Connecticut Turnpike discovered in the last three years, constant vigilance, inspections and expensive maintenance is the price that must be paid to avert the tragedy of a bridge collapse.

In addition, without expansion of the Parkway's capacity, motorists will experience continuing and worsening traffic congestion. Such slowdowns will not only cause inconvenience and delay, they will detrimentally affect the ability of New Jersey to continue economic expansion, particularly along the Parkway corridor.



5. How are small business, minority and women-owned businesses affected by the capital improvement program?

A fixed percentage of the work to be done will be allocated, where possible, to these enterprises.

6. How much bonding is the Authority projecting for future years?

Government Finance Associates, Inc., the New Jersey Highway Authority's financial advisors, has proposed a bond issue for June 1988 of \$232.9 million and a second bond issue for June 1991 of \$121.5 million. The 1988 bond issue would have annual debt service of approximately \$23 million and the 1991 bond issue annual debt service of approximately \$12 million.

This bonding is based on projections of revenues and expenses and the need for a level of net operating revenue of 4% as the excess above required operating revenues. The Authority expects that debt service coverage of 1.5 would maintain the Authority's bond rating. That ratio is well above the 1.2 ratio required by the Authority's bond covenant.

In addition to proceeds from the bond issue, with the toll increase the Authority would be able to utilize \$90.7 million in net operating revenue toward construction costs during the 1988-1992 period.

As a result of these operating revenues and bond revenues, the Authority should have, with its toll increase, approximately \$410 million available for new construction purposes over the next five years -- based on current market conditions.

###



**GARDEN STATE PARKWAY**  
**TOLL SCHEDULE**  
**EFFECTIVE 2 APRIL 1988**

|   | <u>Barriers &amp;<br/>Certain<br/>Toll Ramps (A)</u> | <u>All Other<br/>Toll<br/>Ramps</u> |
|---|--|-------------------------------------|
| <b>Cars</b>   | <b>\$ .50 (B)</b>                                    | <b>\$ .25</b>                       |
| <b>Cars with 1-Axle Trailers, 2-Axle,<br/>6-Tire Campers, or 3-Axle Campers</b> | <b>.75</b>   | <b>.40</b>                          |
| <b>Cars with 2-Axle Trailers<br/>or 4-Axle Campers</b>                          | <b>1.00</b>  | <b>.50</b>                          |
| <b>Cars with 3-Axle Trailers</b>  | <b>1.25</b>  | <b>.65</b>                          |
| <br><b>Omnibuses</b>  | <br><b>3.00 (C)</b>                                  | <br><b>3.00(C)</b>                  |
| <br><b>Heavy Trucks (D)</b>   |  |                                     |
| <b>2-Axle, 4-Tire Trucks, 3½ tons or more</b>                                   | <b>.50</b>   | <b>.25</b>                          |
| <b>2-Axle, 6-Tire Trucks</b>  | <b>1.00</b>  | <b>.50</b>                          |
| <b>3-Axle Trucks</b>  | <b>1.50</b>  | <b>.75</b>                          |
| <b>4-Axle Trucks</b>  | <b>2.00</b>  | <b>1.00</b>                         |
| <b>5-Axle Trucks</b>  | <b>2.50</b>  | <b>1.25</b>                         |
| <b>6-Axle Trucks</b>  | <b>3.00</b>  | <b>1.50</b>                         |
| <br><b>Reduced Rate Tolls</b>   |  |                                     |
| <b>Passenger Cars</b>   | <b>.35 (B)</b>                                       | <b>None</b>                         |
| <b>Regularly Scheduled Buses (C)</b>  | <b>1.00 (C)</b>                                      | <b>1.00 (C)</b>                     |
| <b>All Other Buses (C)</b>  | <b>2.00 (C)</b>                                      | <b>2.00 (C)</b>                     |

- (A) Toll ramps with barrier toll rates: 159 Saddle Brook; 151 Watchung Avenue; 142 Union Ramp; 105 Eatontown; 30 Somers Point.
- (B) 35-cent car tokens available for use by cars in exact change lanes.
- (C) \$1.00 bus tokens available for use by regularly scheduled buses; \$2.00 bus tokens available for use by all other buses.
- (D) Heavy trucks prohibited north of Interchange 105 in Monmouth County.



GARDEN STATE PARKWAY

## (Present) and Proposed Tolls

| Toll Location   | Barrier or Ramp | Car   | Car with 1-axle Trailer<br>2-axle, 6-Tire Camper;<br>or 3-axle Camper | Car with 2-axle Trailer<br>or 4-axle Camper | Car with 3-axle Trailer | Omnibus** | Heavy Truck***                           |                      |              |              |              |              |     |
|-----------------|-----------------|-------|---|---|-------------------------|-----------|--|----------------------|--------------|--------------|--------------|--------------|-----|
|                 |                 |       |   |   |                         |           | 2-axle, 4-tire Truck,<br>3½ tons or more | 2-axle, 6-tire Truck | 3-axle Truck | 4-axle Truck | 5-axle Truck | 6-axle Truck |     |
| Hillsdale       | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Paramus         | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| Bergen          | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Saddle Brook    | R               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Clifton         | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| Passaic         | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| Watchung        | R               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Essex           | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Bloomfield      | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| East Orange     | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| Irvington       | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | -            | -   |
| Union           | R               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Union           | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Raritan N & S   | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Cheesequake     | R               | (-)   | .25   | (-)   | .40                     | (-)       | .50                                      | (-)                  | .65          | (-)          | 3.00         | -            | -   |
| Matawan         | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | -            | -   |
| Keyport-Hazlet  | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | -            | -   |
| Arts Center     | R               | (-)   | .25   | (-)   | .40                     | (-)       | .50                                      | (-)                  | .65          | (-)          | 3.00         | -            | -   |
| Holmdel         | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | -            | -   |
| Red Bank        | R               | (.20) | .25   | (.30)                                       | .40                     | (.40)     | .50                                      | (.40)                | .65          | (1.00)       | 3.00         | -            | -   |
| Eatonstown      | R               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | -            | -   |
| Asbury Park     | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| Belmar-Wall     | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | (.20)        | .25 |
| Lakewood-Brick  | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | (.20)        | .25 |
| Lakehurst       | R               | (.15) | .25   | (.20)                                       | .40                     | (.30)     | .50                                      | (.30)                | .65          | (1.00)       | 3.00         | (.20)        | .25 |
| Toms River      | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| Lacey Road      | R               | (-)   | .25   | (-)   | .40                     | (-)       | .50                                      | (-)                  | .65          | (-)          | 3.00         | (-)          | .25 |
| Barnegat        | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| New Gretna      | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| Atlantic County | B               | (-)   | .50*  | (-)   | .75                     | (-)       | 1.00                                     | (-)                  | 1.25         | (-)          | 3.00         | (-)          | .50 |
| Somers Point    | R               | (.15) | .50*  | (.20)                                       | .75                     | (.30)     | 1.00                                     | (.30)                | 1.25         | (1.00)       | 3.00         | (.20)        | .50 |
| Great Egg       | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| Cape May        | B               | (.25) | .50*  | (.35)                                       | .75                     | (.50)     | 1.00                                     | (.50)                | 1.25         | (1.00)       | 3.00         | (.35)        | .50 |
| Wildwood****    | R               | (.10) | .25   | (.15)                                       | .40                     | (.20)     | .50                                      | (.20)                | .65          | (1.00)       | 3.00         | (.15)        | .25 |
| Wildwood        | B               | (-)   | .50*  | (-)   | .75                     | (-)       | 1.00                                     | (-)                  | 1.25         | (-)          | 3.00         | (-)          | .50 |

\* 35-cent car tokens available for use by cars in exact change lanes.

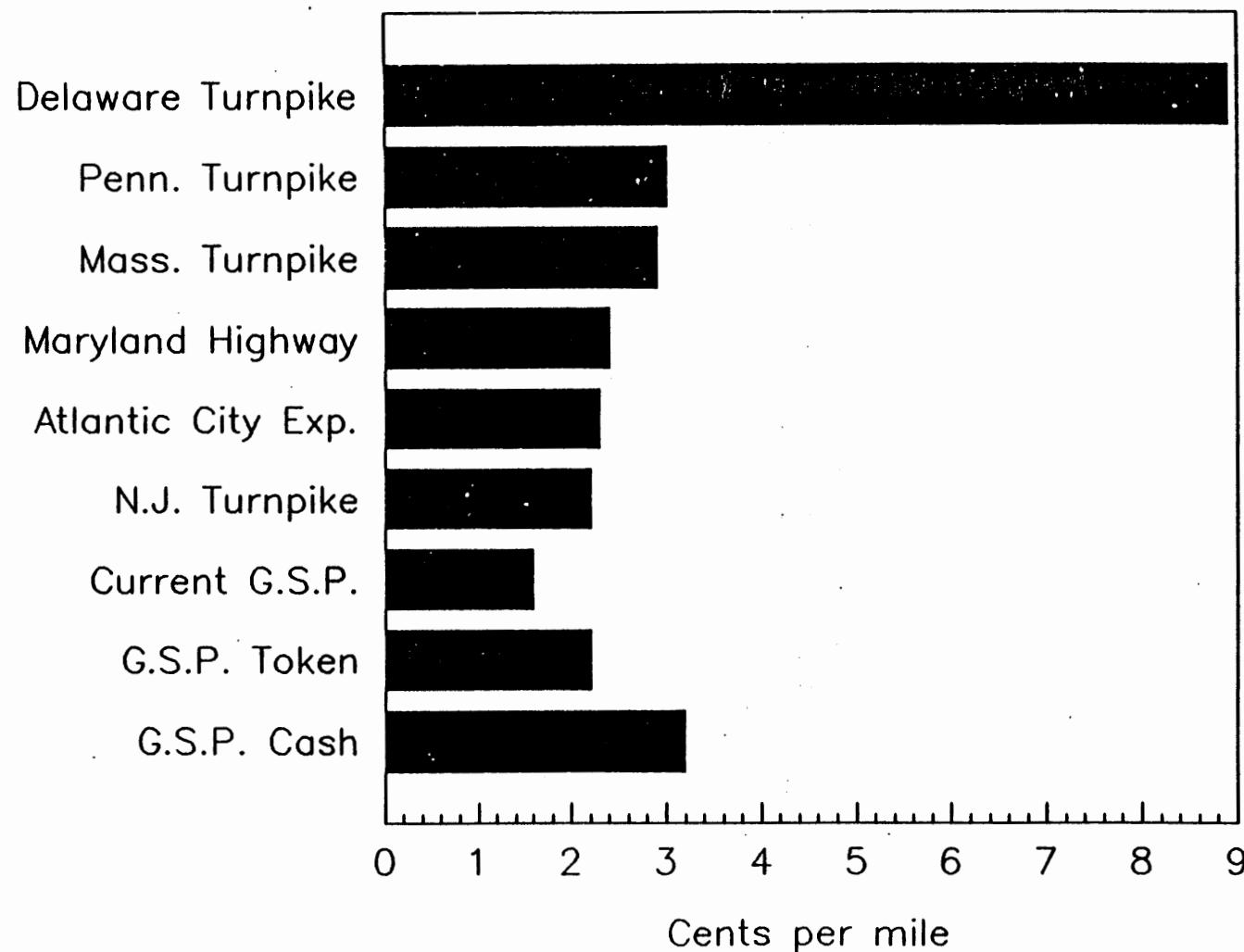
\*\* \$1.00 bus token available for use by regularly scheduled buses; \$2.00 bus token available for use by all other buses.

\*\*\* Heavy trucks (3½ tons or more, 6 tires, or 1-or-more-axes) prohibited north of Interchange 105 in Monmouth County.



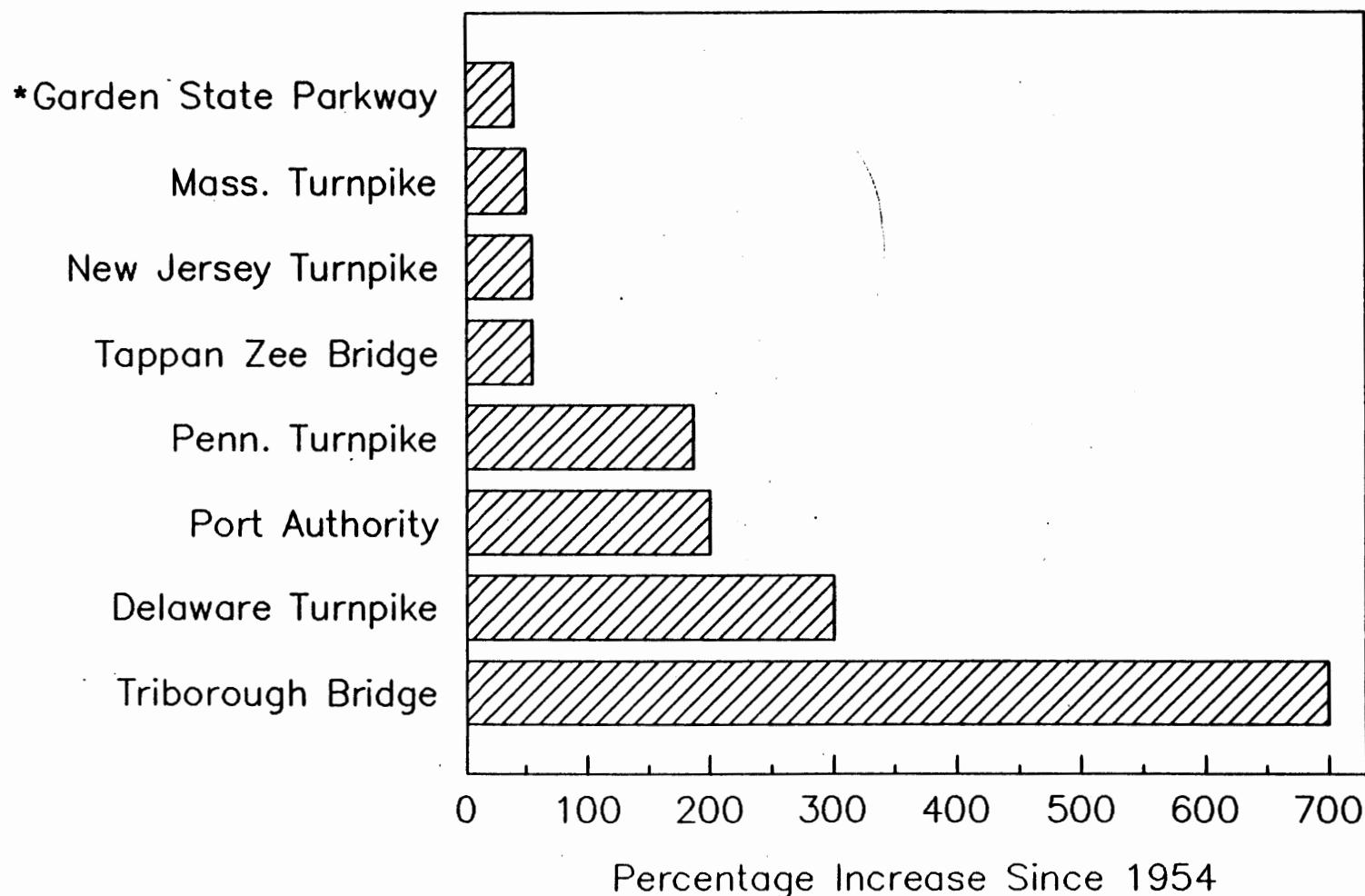
# COMPARATIVE HIGHWAY TOLLS

## (Garden State Parkway and other area toll roads)





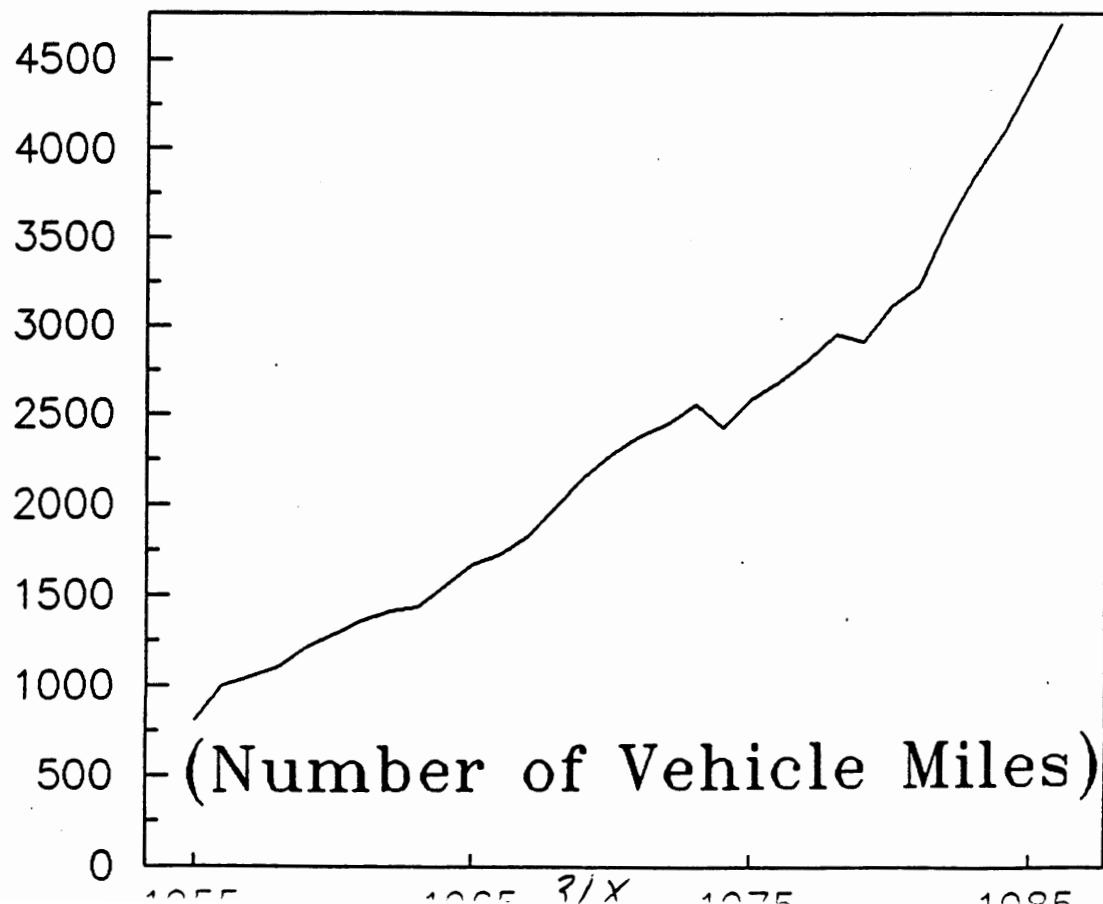
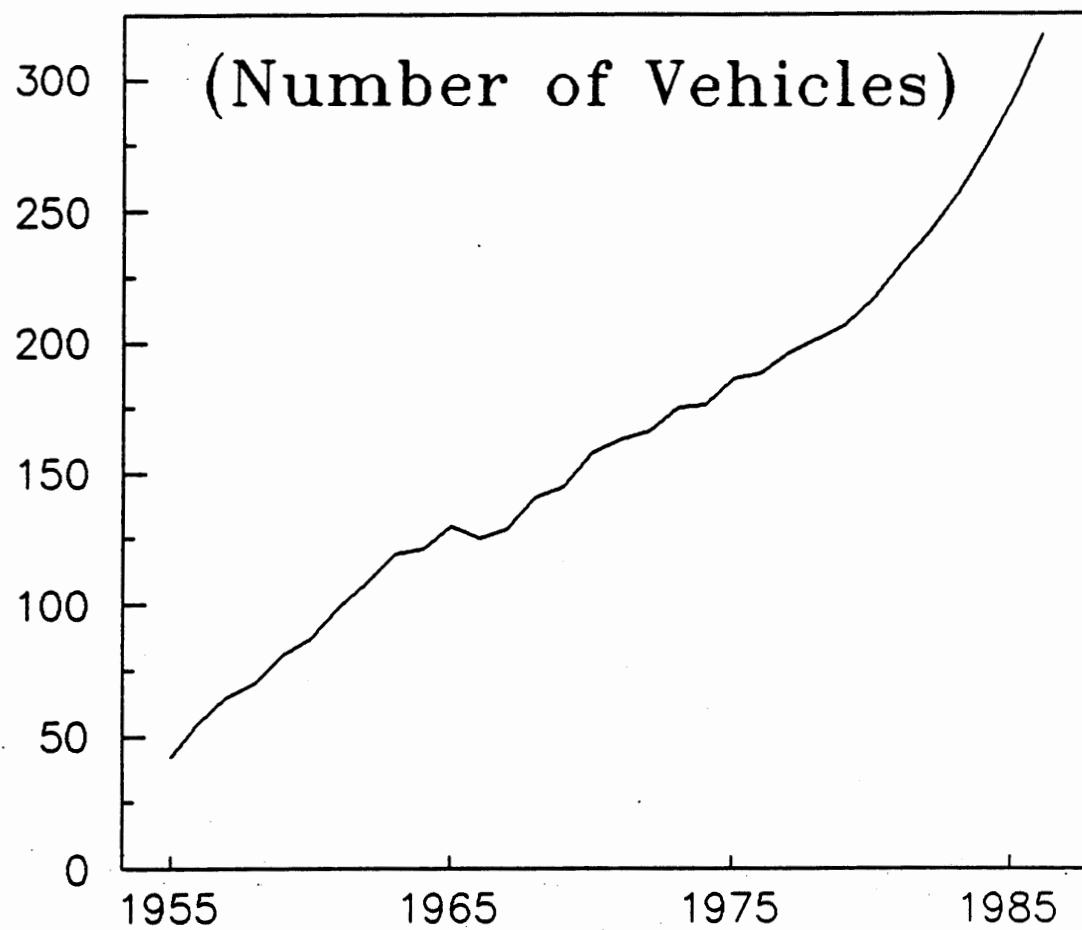
## TOLL INCREASE COMPARISONS – 1987 VS. 1954 (Based on 35 cent discounted token\*)





# GARDEN STATE PARKWAY VEHICLE USAGE

Millions





**New Jersey Highway Authority  
Projected Operating Results (A)  
Present Tolls**

Thousands of Dollars

|                         | <u>1985</u><br><u>Actual</u> | <u>1986</u><br><u>Actual</u> | <u>1987</u>     | <u>1988</u>        | <u>1989</u>        | <u>1990</u>        | <u>1991</u>        | <u>1992</u>        |
|-------------------------|------------------------------|------------------------------|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>REVENUES</b>         |                              |                              |                 |                    |                    |                    |                    |                    |
| Toll Revenues           |                              |                              |                 |                    |                    |                    |                    |                    |
| Barriers                | \$ 78,570                    | \$ 83,968                    | \$ 87,920       | \$ 92,080          | \$ 93,960          | \$ 97,380          | \$ 104,160         | \$ 108,470         |
| Raings                  | 16,554                       | 18,002                       | 19,410          | 20,570             | 23,390             | 24,570             | 26,150             | 27,360             |
| Central Office          | 764                          | 779                          | 860             | 900                | 940                | 980                | 1,020              | 1,060              |
| Subtotal                | <u>95,905 (B)</u>            | <u>102,757 (B)</u>           | <u>108,190</u>  | <u>113,550</u>     | <u>118,290</u>     | <u>122,930</u>     | <u>131,330</u>     | <u>136,890</u>     |
| Concession Revenues     |                              |                              |                 |                    |                    |                    |                    |                    |
| Restaurants             | 3,140                        | 3,511                        | 3,780           | 4,030              | 4,290              | 4,550              | 4,830              | 5,120              |
| Service Stations        | 2,476                        | 2,519                        | 2,940           | 3,110              | 3,240              | 3,380              | 3,520              | 3,660              |
| Subtotal                | <u>5,616</u>                 | <u>6,030</u>                 | <u>6,720</u>    | <u>7,140</u>       | <u>7,530</u>       | <u>7,930</u>       | <u>8,350</u>       | <u>8,780</u>       |
| Garden State            |                              |                              |                 |                    |                    |                    |                    |                    |
| Arts Center (C)         | 5,342                        | 7,499                        | 9,050           | 9,200              | 9,300              | 9,400              | 9,500              | 9,600              |
| Income on               |                              |                              |                 |                    |                    |                    |                    |                    |
| Investments (C)         | 7,819                        | 7,431                        | 6,600           | 6,600              | 6,600              | 6,600              | 6,600              | 6,600              |
| Other (C)               | <u>526</u>                   | <u>615</u>                   | <u>950</u>      | <u>950</u>         | <u>950</u>         | <u>950</u>         | <u>950</u>         | <u>950</u>         |
| Total Revenues          | <u>115,708</u>               | <u>124,332</u>               | <u>131,510</u>  | <u>137,440</u>     | <u>142,670</u>     | <u>147,810</u>     | <u>156,730</u>     | <u>162,820</u>     |
| <b>EXPENSES</b>         |                              |                              |                 |                    |                    |                    |                    |                    |
| Operating Expenses (C)  | 63,633                       | 70,528                       | 81,300          | 102,706            | 113,493            | 124,383            | 138,414            | 151,470            |
| Debt Service (C)        | 28,769                       | 26,376                       | 33,961          | 33,967             | 33,963             | 33,960             | 33,966             | 33,960             |
| State Payment (C)       | 10,000                       | 10,000                       | 10,000          | 10,000             | 10,000             | 10,000             | 10,000             | 10,000             |
| Reserve Requirement (C) | --                           | --                           | --              | 2,500              | 2,500              | 2,500              | 2,500              | 2,500              |
| Total Expenses          | <u>102,402</u>               | <u>106,904</u>               | <u>125,261</u>  | <u>149,173</u>     | <u>159,956</u>     | <u>170,343</u>     | <u>184,380</u>     | <u>197,930</u>     |
| REVENUES LESS EXPENSES  | <u>\$ 13,306</u>             | <u>\$ 17,428</u>             | <u>\$ 6,249</u> | <u>\$(-11,733)</u> | <u>\$(-17,286)</u> | <u>\$(-23,033)</u> | <u>\$(-28,150)</u> | <u>\$(-35,110)</u> |

(A) Prepared by Vollmer Associates.

(B) After adjustments.

(C) Furnished by the Authority.



**New Jersey Highway Authority  
Projected Operating Results (A)  
Revised Tolls (B)**

Thousands of Dollars

|                           | <u>1985<br/>Actual</u> | <u>1986<br/>Actual</u> | <u>1987</u>     | <u>1988 (B)</u>  | <u>1989</u>      | <u>1990</u>      | <u>1991</u>      | <u>1992</u>     |
|---------------------------|------------------------|------------------------|-----------------|------------------|------------------|------------------|------------------|-----------------|
| <b>REVENUES</b>           |                        |                        |                 |                  |                  |                  |                  |                 |
| Toll Revenues             |                        |                        |                 |                  |                  |                  |                  |                 |
| Barriers                  | \$ 78,570              | \$ 83,968              | \$ 87,920       | \$ 130,220       | \$ 143,070       | \$ 148,250       | \$ 158,880       | \$ 165,470      |
| Ramps                     | 16,554                 | 18,002                 | 19,410          | 32,160           | 39,320           | 41,260           | 43,740           | 45,730          |
| Central Office            | 764                    | 779                    | 860             | 1,180            | 1,320            | 1,370            | 1,430            | 1,480           |
| Subtotal                  | <u>95,905 (C)</u>      | <u>102,757 (C)</u>     | <u>108,190</u>  | <u>163,560</u>   | <u>183,710</u>   | <u>190,880</u>   | <u>204,050</u>   | <u>212,680</u>  |
| Concession Revenues       |                        |                        |                 |                  |                  |                  |                  |                 |
| Restaurants               | 3,140                  | 3,511                  | 3,780           | 4,030            | 4,290            | 4,550            | 4,830            | 5,120           |
| Service Stations          | 2,476                  | 2,519                  | 2,940           | 3,110            | 3,240            | 3,380            | 3,520            | 3,660           |
| Subtotal                  | <u>5,616</u>           | <u>6,030</u>           | <u>6,720</u>    | <u>7,140</u>     | <u>7,530</u>     | <u>7,930</u>     | <u>8,350</u>     | <u>8,780</u>    |
| Garden State              |                        |                        |                 |                  |                  |                  |                  |                 |
| Arts Center (D)           | 5,842                  | 7,499                  | 9,050           | 9,200            | 9,300            | 9,400            | 9,500            | 9,600           |
| Income on Investments (E) | 7,819                  | 7,431                  | 6,600           | 6,813            | 6,944            | 6,944            | 7,075            | 7,125           |
| Other (D)                 | 526                    | 615                    | 950             | 950              | 950              | 950              | 950              | 950             |
| Total Revenues            | <u>115,708</u>         | <u>124,332</u>         | <u>131,510</u>  | <u>187,663</u>   | <u>208,434</u>   | <u>216,104</u>   | <u>229,925</u>   | <u>239,135</u>  |
| <b>EXPENSES</b>           |                        |                        |                 |                  |                  |                  |                  |                 |
| Operating Expenses (D)    | <u>63,633</u>          | <u>70,528</u>          | <u>81,300</u>   | <u>103,290</u>   | <u>114,451</u>   | <u>125,428</u>   | <u>139,606</u>   | <u>152,780</u>  |
| Debt Service (E)          | 28,769                 | 26,376                 | 33,961          | 46,269           | 56,962           | 56,958           | 63,383           | 68,956          |
| State Payment (D)         | 10,000                 | 10,000                 | 10,000          | 10,000           | 10,000           | 10,000           | 10,000           | 10,000          |
| Reserve Requirement (D)   | --                     | --                     | --              | 2,500            | 2,500            | 2,500            | 2,500            | 2,500           |
| Total Expenses            | <u>102,402</u>         | <u>106,904</u>         | <u>125,261</u>  | <u>162,059</u>   | <u>183,913</u>   | <u>194,886</u>   | <u>215,489</u>   | <u>234,236</u>  |
| REVENUES LESS EXPENSES    | <u>\$ 13,306</u>       | <u>\$ 17,428</u>       | <u>\$ 6,249</u> | <u>\$ 25,604</u> | <u>\$ 24,521</u> | <u>\$ 21,218</u> | <u>\$ 14,436</u> | <u>\$ 4,899</u> |

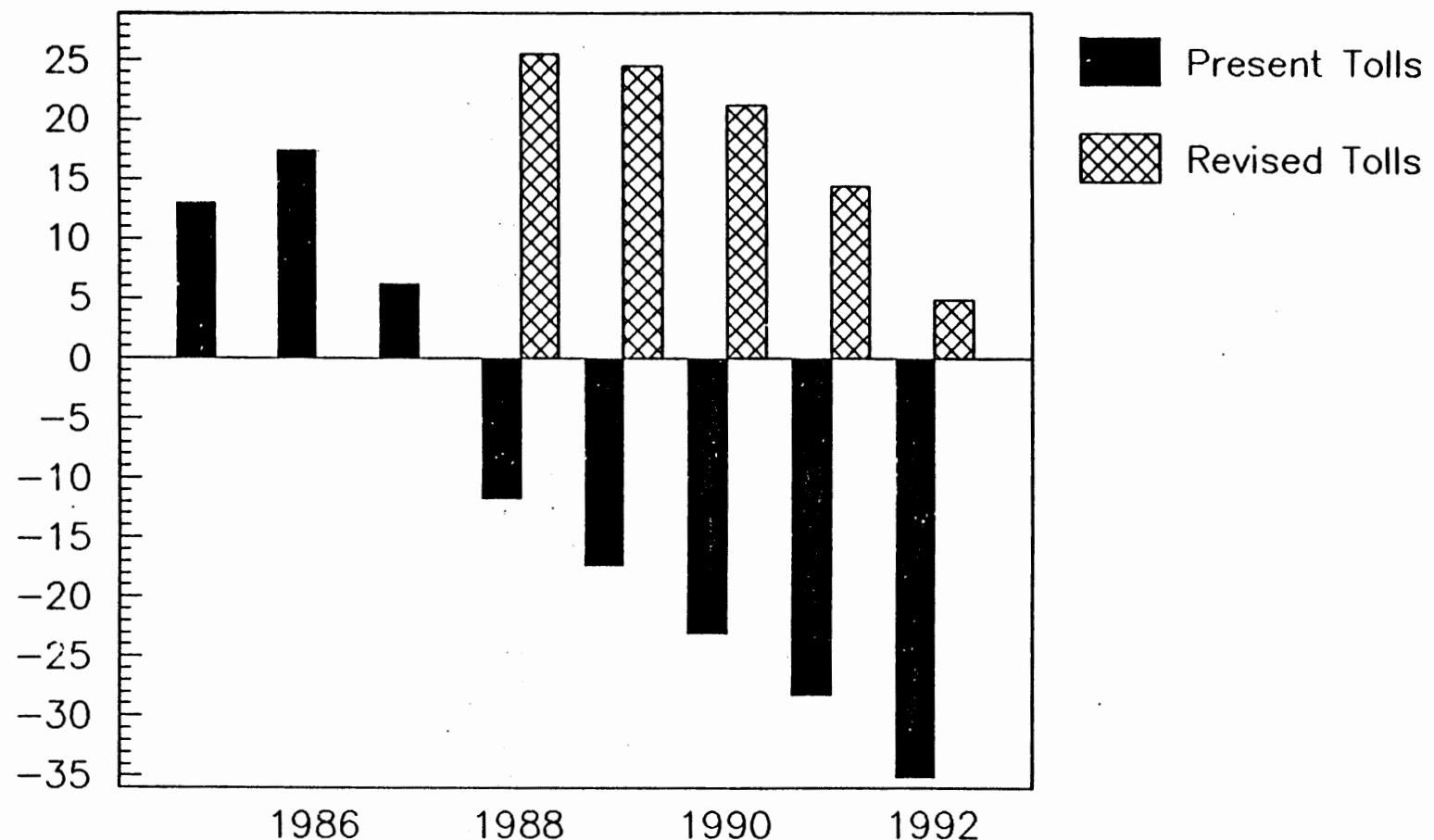
- (A) Prepared by Vollmer Associates.  
 (B) Toll revision assumed effective 2 April 1988.  
 (C) After adjustments.  
 (D) Furnished by the Authority.  
 (E) Furnished by Government Finance Associates, Inc.



# N.J. HIGHWAY AUTHORITY FINANCIAL PROJECTIONS

## (Revenues Less Expenses)

Millions of Dollars

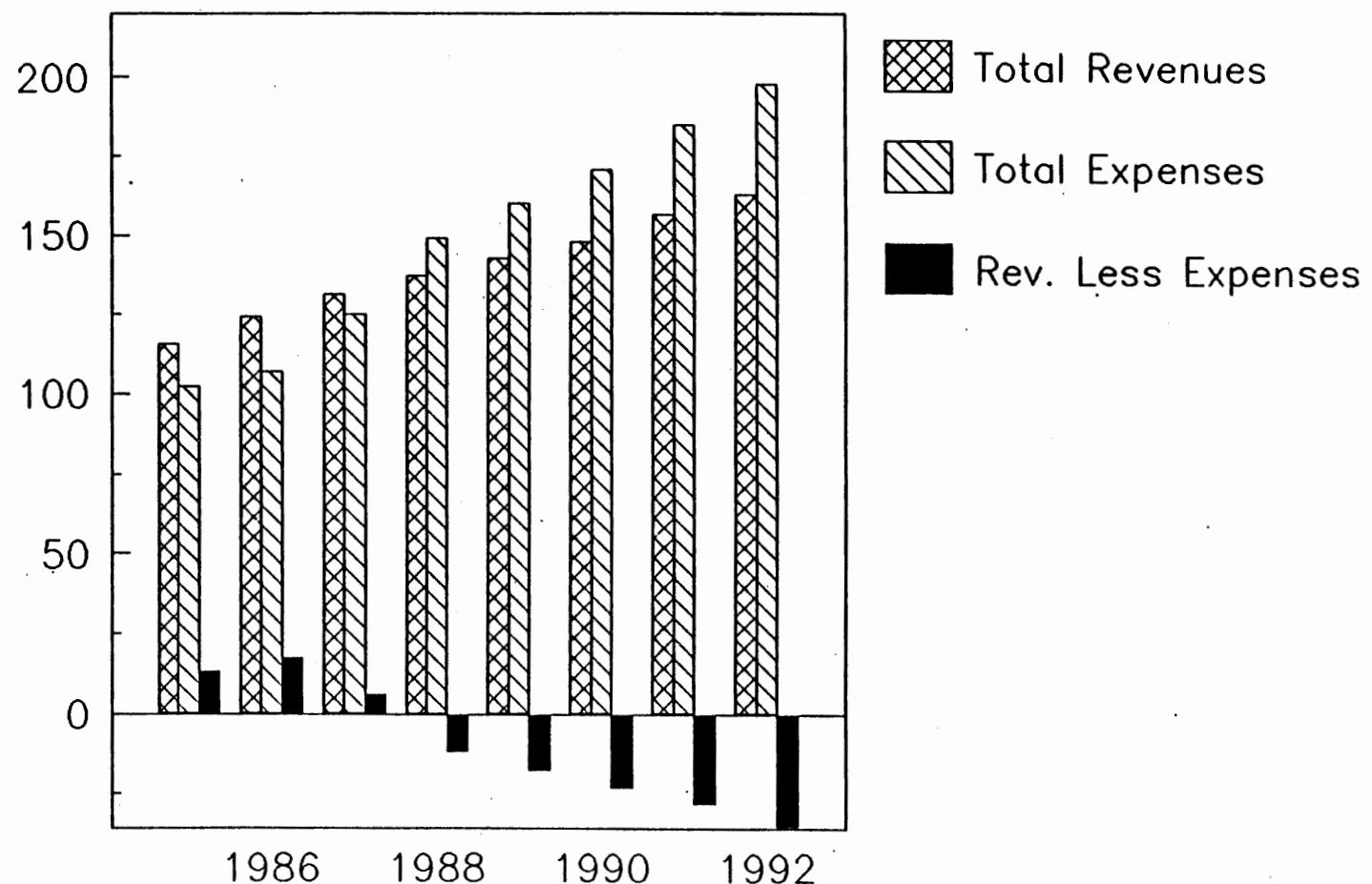


34X27



# N.J. HIGHWAY AUTHORITY FINANCIAL PROJECTIONS (Under Present Toll Schedules)

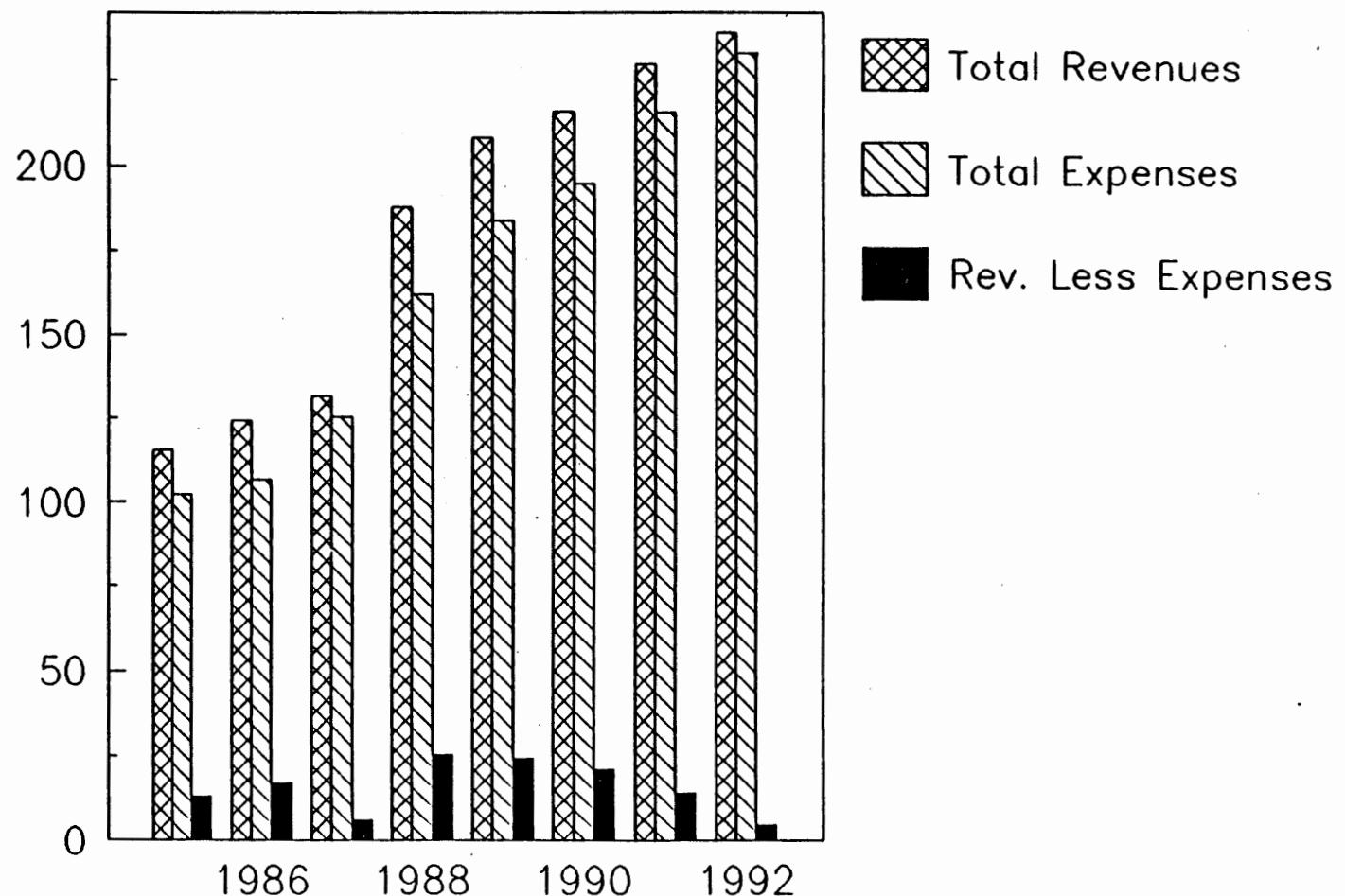
Millions of Dollars





# N.J. HIGHWAY AUTHORITY FINANCIAL PROJECTIONS (Under Revised Toll Schedules)\*

Millions of Dollars



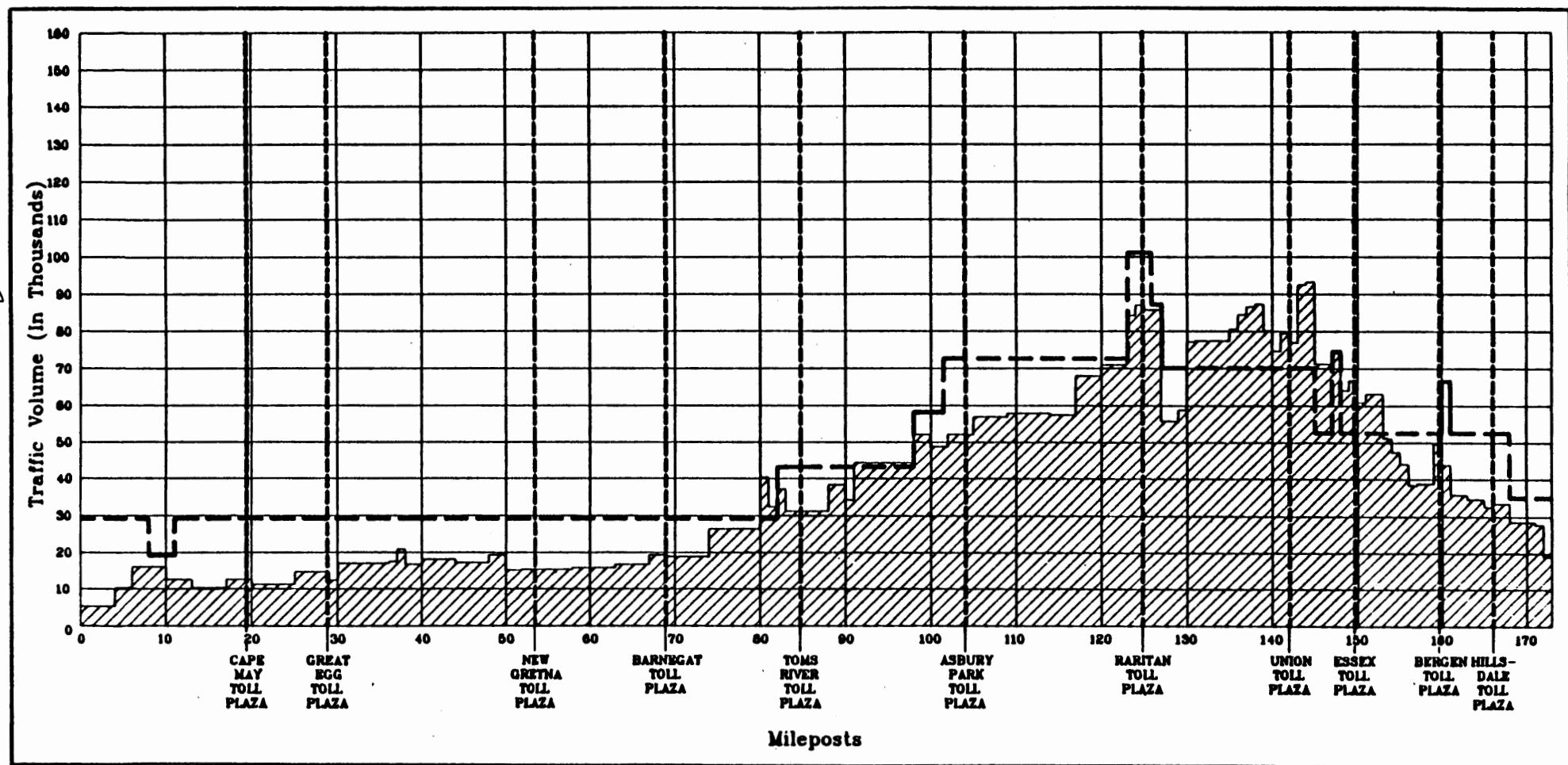
\* 1985-1987: Present Toll Schedules



# GARDEN STATE PARKWAY

## Existing Traffic Conditions

Milepost 0-173



Legend: Dotted line = daily capacity  
Slanted line = present volume on average day of year

