

Committee Meeting

before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

ASSEMBLY BILL NO. 352

(Establishes three subsidiary administrations under the supervision and control of the New Jersey Transportation, Toll Road and Trust Fund Authority)

"Representatives of the Department of Transportation, the New Jersey Highway Authority, and the New Jersey Turnpike Authority presented preliminary testimony on the concept of incorporating the toll road authorities into the Department of Transportation"

LOCATION: Committee Room 8
Legislative Office Building
Trenton, New Jersey

DATE: April 20, 1992
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Alex DeCroce, Chairman
Assemblyman Frank Catania, Vice-Chairman
Assemblyman Fredrick P. Nickles
Assemblyman Ernest L. Oros
Assemblyman Jeff Warsh
Assemblyman Jerry Green
Assemblyman David C. Kronick



ALSO PRESENT:

Amy E. Melick
Office of Legislative Services
Aide, Assembly Transportation and
Communications Committee

New Jersey State Library

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ALEX DECROCE

Chairman

FRANK CATANIA

Vice-Chairman

FREDRICK P. NICKLES

ERNEST L. OROS

JEFF WARSH

JERRY GREEN

DAVID C. KRONICK

New Jersey State Legislature

ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND
COMMUNICATIONS COMMITTEE

FROM: ASSEMBLYMAN ALEX DeCROCE, CHAIRMAN

SUBJECT: COMMITTEE MEETING - April 20, 1992

*The public may address comments and questions to Amy E. Melick,
Committee Aide, or make bill status and scheduling inquiries to Kim Johnson,
secretary, at (609) 984-7381.*

The Assembly Transportation and Communications Committee will meet
on Monday, April 20, 1992 at 10:00 a.m. in Room 10, Legislative Office
Building, Trenton to discuss the following bill:

A-352
Felice

Establishes three subsidiary
administrations under the supervision
and control of the New Jersey
Transportation, Toll Road and Trust Fund
Authority.

The committee has invited representatives of the Department of
Transportation, the New Jersey Highway Authority and the New Jersey
Turnpike Authority to present preliminary testimony on the concept of
incorporating the toll road authorities into the Department of Transportation.

Issued 4/13/92

ASSEMBLY, No. 352

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1992 SESSION

By Assemblymen FELICE and CATANIA

1 AN ACT concerning the State toll road authorities and the New
2 Jersey Transportation Trust Fund Authority, amending various
3 parts of the statutory law, supplementing Title 27 of the
4 Revised Statutes and amending the title of P.L.1984, c.73.
5

6 BE IT ENACTED by the Senate and General Assembly of the
7 State of New Jersey:

8 1. The title of P.L.1984, c.73 is amended to read as follows:
9 AN ACT concerning financing for the State's transportation
10 system, creating the New Jersey Transportation, Toll Road and
11 Trust Fund Authority and defining its functions, duties and
12 powers, including the authorization to issue bonds, notes and
13 other obligations and to establish three subsidiary
14 administrations, creating the Transportation Trust Fund Account
15 within the General Fund, providing for the credit to the
16 Transportation Trust Fund Account of \$88 million and amounts
17 equivalent to increases authorized in motor vehicle registration
18 fees and other fees and in the tax on diesel fuel, providing for
19 payment of funds of the New Jersey Transportation, Toll Road
20 and Trust Fund Authority to the Special Transportation Fund, and
21 amending "The New Jersey Highway Authority Act," approved
22 April 14, 1952 (P.L.1952, c.16), the "New Jersey Expressway
23 Authority Act," approved February 19, 1962 (P.L.1962, c.10), and
24 the "New Jersey Turnpike Authority Act of 1948," approved
25 October 27, 1948 (P.L.1948, c.454) to provide authority for
26 contractual payments by these toll road authorities or successor
27 subsidiary administrations to the State or the New Jersey
28 Transportation, Toll Road and Trust Fund Authority, amending
29 various other parts of the statutory law and supplementing Title
30 27 of the Revised Statutes.

31 (cf: P.L.1984, c.73, Title)

32 2. Section 1 of P.L.1984, c.73 (C.27:1B-1) is amended to read
33 as follows:

34 1. "This act shall be known and may be cited as the "New
35 Jersey Transportation, Toll Road and Trust Fund Authority Act
36 [of 1984]."

37 (cf: P.L.1984, c.73, s.1)

38 3. Section 2 of P.L.1984, c.73 (C.27:1B-2) is amended to read
39 as follows:

40 2. The Legislature finds and declares that:
41 a. A sound, balanced transportation system is vital to the
42 future of the State and is a key factor in its continued economic
43 development.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.
Matter underlined thus is new matter.

1 b. The transportation infrastructure of the State is among the
2 most heavily used in the nation and has deteriorated alarmingly in
3 recent years, with parts of the highway system reaching the end
4 of their useful lives. This deterioration has been caused, in part,
5 because New Jersey, unlike most states and the federal
6 government, has not provided a stable source of transportation
7 funding.

8 c. There exists an urgent need for a stable and assured method
9 of financing the planning, acquisition, engineering, construction,
10 reconstruction, repair and rehabilitation of the State's
11 transportation system, including the financing of the State's
12 share under federal aid highway laws of the cost of planning,
13 acquisition, engineering, construction, reconstruction, repair,
14 resurfacing, and rehabilitation of public highways and of the
15 State's share of the planning, acquisition, engineering,
16 construction, reconstruction, repair and rehabilitation of public
17 transportation projects and other transportation projects in the
18 State, that will enable the State to construct and maintain the
19 safe, balanced, sound and efficient transportation system
20 necessary for the well-being of the State's citizens.

21 d. Unless additional State funding is provided immediately for
22 the State's transportation system, the cost of repair and
23 reconstruction will increase geometrically and the economic
24 well-being and safety of users of the State's transportation
25 system will be endangered.

26 e. Transportation facilities under the jurisdiction of counties
27 and municipalities form an integral and vital part of the State's
28 transportation system. Without State aid, counties and
29 municipalities will be unable to meet the cost of maintaining,
30 rehabilitating and improving these facilities.

31 f. The State's commitment to the payment for and financing
32 of the State transportation system in a stable fashion, thus
33 ensuring a predictable and continuing public investment in
34 transportation and allowing the State to take full advantage of
35 funds provided by the federal government, is a public use and
36 public purpose for which public money may be expended and tax
37 exemptions granted. The powers and duties of the New Jersey
38 Transportation Trust Fund Authority and the other measures
39 hereinafter described are necessary and proper for the purpose of
40 achieving the ends herein recited.

41 g. In order to assure a unified transportation system in the
42 State, it is in the public interest for the State's toll road
43 authorities to be organized into separate subsidiary
44 administrations under one successor transportation authority to
45 be known as the New Jersey Transportation, Toll Road and Trust
46 Fund Authority which subsidiary administrations shall maintain,
47 operate and finance toll road projects, shall succeed to all the
48 requirements of the bond covenants and resolutions of the
49 predecessor authorities and shall maintain the various reserves
50 and other funds of each predecessor authority as they are
51 currently maintained.

52 h. Through the creation of such a successor authority, it is the
53 intent of the Legislature to insure greater supervision and control
54 of the finances and operations of the State's toll road

1 authorities, to achieve more effective coordination of the various
2 programs, policies and projects of the toll road authorities and to
3 insure that the toll road authorities shall operate in a manner
4 consistent with the public trust without interfering with the
5 existing obligations to holders of bonds or notes.

6 (cf: P.L.1984, c.73, s.2)

7 4. Section 3 of P.L.1984, c.73 (C.27:1B-3) is amended to read
8 as follows:

9 3. The following words or terms as used in this act shall have
10 the following meaning unless a different meaning clearly appears
11 from the context:

12 a. "Act" means this New Jersey Transportation, Toll Road and
13 Trust Fund Authority Act [of 1984].

14 b. "Authority" means the New Jersey Transportation, Toll
15 Road and Trust Fund Authority created by section 4 of this act.

16 c. "Bonds" means bonds issued by the authority for its own
17 benefit pursuant to the act.

18 d. "Commissioner" means the Commissioner of Transportation.

19 e. "Department" means the Department of Transportation.

20 f. "Federal aid highway" means any highway within the State
21 in connection with which the State receives payment or
22 reimbursement from the federal government under the terms of
23 Title 23, United States Code or any amendment, successor, or
24 replacement thereof, for the purposes contained in the act.

25 g. "Federal government" means the United States of America,
26 and any officer, department, board, commission, bureau, division,
27 corporation, agency or instrumentality thereof.

28 h. "New Jersey Expressway Authority" means the public
29 corporation created by section 4 of chapter 10 of the Laws of
30 New Jersey of 1962 as amended or its successor.

31 i. "New Jersey Highway Authority" means the public
32 corporation created by section 4 of chapter 16 of the Laws of
33 New Jersey of 1952 as amended or its successor.

34 j. "New Jersey Turnpike Authority" means the public
35 corporation created by section 4 of chapter 454 of the Laws of
36 New Jersey of 1948 as amended or its successor.

37 k. "Notes" means the notes issued by the authority for its own
38 benefit pursuant to the act.

39 l. "Public highways" means public roads, streets, expressways,
40 freeways, parkways, motorways and boulevards, including bridges,
41 tunnels, overpasses, underpasses, interchanges, rest areas,
42 express bus roadways, bus pullouts and turnarounds, park-ride
43 facilities, traffic circles, grade separations, traffic control
44 devices, the elimination or improvement of crossings of railroads
45 and highways, whether at grade or not at grade, and any
46 facilities, equipment, property, rights of way, easements and
47 interests therein needed for the construction, improvement and
48 maintenance of highways.

49 m. "Public transportation project" means, in connection with
50 public transportation service, passenger stations, shelters and
51 terminals, automobile parking facilities, ramps, track
52 connections, signal systems, power systems, information and
53 communication systems, roadbeds, transit lanes or rights of way,
54 equipment storage and servicing facilities, bridges, grade

1 crossings, rail cars, locomotives, motorbuses and other motor
2 vehicles, maintenance and garage facilities, revenue handling
3 equipment and any other equipment, facility or property useful
4 for or related to the provision of public transportation service.

5 n. "State agency" means any officers, department, board,
6 commission, bureau, division, agency or instrumentality of the
7 State.

8 o. "Toll road authorities" means and includes the New Jersey
9 Turnpike Authority, the New Jersey Highway Authority and the
10 New Jersey Expressway Authority.

11 p. "Transportation project" means, in addition to public
12 highways, toll road projects, and public transportation projects,
13 any equipment, facility or property useful or related to the
14 provision of any ground, waterborne or air transportation for the
15 movement of people and goods.

16 q. "Transportation system" means public highways, public
17 transportation projects, other transportation projects, and all
18 other methods of transportation for the movement of people and
19 goods.

20 r. "Predecessor authorities" means and includes the toll road
21 authorities.

22 s. "South Jersey" means the area encompassing the counties of
23 Atlantic, Burlington, Camden, Cape May, Cumberland,
24 Gloucester, Ocean and Salem.

25 t. "Successor authority" means the New Jersey
26 Transportation, Toll Road and Trust Fund Authority.

27 u. "Subsidiary administrations" means and includes the
28 Turnpike Administration, Parkway Administration and
29 Expressway Administration created by P.L. , c. (C.)(now
30 pending before the Legislature as this bill).

31 v. "Toll road projects" means and includes any project
32 authorized pursuant to P.L.1948, c.454, P.L.1952, c.16, or
33 P.L.1962, c.10, whether operated by the predecessor authorities
34 or the successor authority.

35 w. "Toll roads" means and includes the New Jersey Turnpike,
36 the Garden State Parkway and the Atlantic City Expressway.

37 x. "Toll road revenues" means and includes all tolls, receipts
38 and other revenues of the predecessor authorities or subsidiary
39 administrations whether derived from toll road operations or toll
40 road projects.

41 (cf: P.L.1984, c.73, s.3)

42 5. Section 4 of P.L.1984, c.73 (C.27:1B-4) is amended to read
43 as follows:

44 4. a. There is hereby established in the department a public
45 body corporate and politic, with corporate succession, to be
46 known as the "New Jersey Transportation, Toll Road and Trust
47 Fund Authority." For the purpose of complying with the
48 provisions of Article V, Section IV, paragraph 1 of the New
49 Jersey Constitution, the authority is hereby allocated within the
50 Department of Transportation, but notwithstanding said
51 allocation, the authority shall be independent of any supervision
52 or control by the department or by any board or officer thereof.
53 The authority is hereby constituted as an instrumentality of the
54 State, exercising public and essential governmental functions, no

1 part of whose revenues shall accrue to the benefit of any
2 individual, and the exercise by the authority of the powers
3 conferred by the act shall be deemed and held to be an essential
4 governmental function of the State.

5 b. The authority shall consist of five members as follows: the
6 commissioner and the State Treasurer, who shall be members ex
7 officio, and three public members, one of whom shall be
8 appointed by the Governor, with the advice and consent of the
9 Senate, and the two remaining to be appointed by the Governor.
10 one of whom upon recommendation of the President of the Senate
11 and the other upon recommendation of the Speaker of the
12 General Assembly. The public member appointed by the
13 Governor with the advice and consent of the Senate shall be a
14 resident of South Jersey. No more than three members of the
15 authority shall be of the same political party. The public
16 members appointed by the Governor shall serve a four year term,
17 except that the public member appointed by the Governor upon
18 recommendation of the President of the Senate shall serve for a
19 four year term and the public member appointed upon
20 recommendation of the Speaker of the General Assembly shall
21 serve for a two year term.

22 With respect to those public members first appointed by the
23 Governor: the Senate shall advise and consent to the
24 appointment of the member not appointed upon recommendation
25 of the President and the Speaker within 30 days of the receipt
26 thereof from the Governor, such appointment having been sent by
27 the Governor to the Senate within 20 days following the effective
28 date of this act; the President of the Senate and the Speaker of
29 the General Assembly shall send their recommendations for
30 public members to the Governor within 20 days following the
31 effective date of this act. The Governor has an additional 10
32 days to accept or reject in writing these recommendations.

33 Each public member shall hold office for the term of the
34 member's appointment and until the member's successor shall
35 have been appointed and qualified. A member shall be eligible
36 for reappointment. Any vacancy in the membership occurring
37 other than by expiration of term shall be filled in the same
38 manner as the original appointment but for the unexpired term
39 only.

40 Each public member of the authority appointed pursuant to
41 P.L.1984, c.73 (C.27:1B-1 et seq.) shall hold office for the term
42 of the member's appointment and shall serve as a member of the
43 New Jersey Transportation, Toll Road and Trust Fund Authority
44 until the member's successor shall have been appointed and
45 qualified. Any vacancy in the membership occurring other than
46 by expiration of term shall be filled in the same manner as the
47 original appointment but for the unexpired term only.

48 c. Each public member, except those appointed upon
49 recommendation of the President of the Senate and the Speaker
50 of the General Assembly, may be removed from office by the
51 Governor, for cause, after public hearing, and may be suspended
52 by the Governor pending the completion of such hearing. All
53 members before entering upon their duties shall take and
54 subscribe an oath to perform the duties of their office faithfully,

1 impartially and justly to the best of their ability. A record of
2 such oaths shall be filed in the Office of the Secretary of State.

3 d. The authority shall not be deemed to be constituted and
4 shall not take action or adopt motions or resolutions until at least
5 three authorized members shall have been appointed and qualified
6 in the manner provided in this section. The commissioner shall
7 serve as chairperson of the authority. Prior to the authority
8 being constituted, the chairperson is authorized to transfer up to
9 \$75 million to the department from the appropriations made to
10 the authority for the fiscal year commencing July 1, 1984. The
11 members shall annually elect one of their members as vice
12 chairperson. The members shall elect a secretary and a
13 treasurer, who need not be members, and the same person may be
14 elected to serve both as secretary and treasurer. The powers of
15 the authority shall be vested in the members thereof in office
16 from time to time and three members of the authority shall
17 constitute a quorum at any meeting thereof. Action may be
18 taken and motions and resolutions adopted by the authority at any
19 meeting thereof by the affirmative vote of at least three
20 members of the authority. No vacancy in the membership of the
21 authority shall impair the right of a quorum of the members to
22 exercise all the powers and perform all the duties of the
23 authority, except that the authority shall not have the power to
24 issue its initial offering of bonds, notes or other obligations unless
25 all five members of the authority shall have been appointed and
26 qualified.

27 e. The members of the authority shall serve without
28 compensation, but the authority shall reimburse its members for
29 actual expenses necessarily incurred in the discharge of their
30 duties. Notwithstanding the provisions of any other law, no
31 member shall be deemed to have forfeited nor shall the member
32 forfeit the member's office or employment or any benefits or
33 emoluments thereof by reason of the member's acceptance of
34 the office of ex officio member of the authority or the member's
35 services therein.

36 f. Each ex officio member may designate an employee of the
37 member's department or agency to represent the member at
38 meetings of the authority. All designees may lawfully vote and
39 otherwise act on behalf of the member for whom they constitute
40 the designee. The designation shall be in writing delivered to the
41 authority and shall continue in effect until revoked or amended in
42 writing delivered to the authority.

43 g. A true copy of the minutes of every meeting of the
44 authority shall be forthwith delivered by and under the
45 certification of the secretary thereof to the Governor. [No]
46 Except as otherwise provided by P.L. , c. (C.) (now
47 pending before the Legislature as this bill), no action taken at the
48 meeting by the authority shall have force or effect until 15 days
49 after such copy of the minutes shall have been so delivered,
50 unless during this 15-day period the Governor shall approve in
51 writing the same or any part thereof, in which case the action
52 shall become effective upon approval. If, in said 15-day period,
53 the Governor returns a copy of the minutes with his veto of any
54 action taken by the authority or any member thereof at the

1 meeting, the action shall be null and void and of no effect.
2 Notwithstanding the foregoing, if the last day of the 15-day
3 period shall be a Saturday, Sunday or legal holiday, then the
4 15-day period shall be deemed extended to the next following
5 business day. The powers conferred in this paragraph upon the
6 Governor shall be exercised with due regard for the rights of the
7 holders of bonds, notes or other obligations of the authority at
8 any time outstanding, and nothing in, or done pursuant to, this
9 paragraph shall in any way limit, restrict or alter the covenants
10 contained in the bond indentures of the authority or predecessor
11 authorities, nor any collective bargaining agreement or binding
12 arbitration decision reached by the authority or any predecessor
13 authorities or the obligation or powers of the authority or any
14 representative or officer of the authority to carry out and
15 perform in every detail each and every covenant, agreement or
16 contract at any time made or entered into by or on behalf of the
17 authority or predecessor authorities with respect to its bonds,
18 notes or other obligations or with respect to any bonds, notes, or
19 other obligations to which it is the successor or for the benefit,
20 protection or security of the holders thereof.

21 The minutes of every meeting of the authority shall be
22 transcribed into printed form and made available to the members
23 of the authority for their review. Each member shall complete
24 his review of the printed minutes within 20 days following the
25 date of receipt of the minutes after which each member shall
26 submit the copy of the minutes to the authority together with a
27 signed certification stating that the member has reviewed the
28 minutes of the meeting. Upon receipt of the signed certifications
29 of all the members present at a meeting, the authority shall
30 cause the minutes and any comments submitted by the members
31 to be printed, bound and made available for distribution to the
32 general public.

33 The authority shall insure that a representative of the Office
34 of the Attorney General in the Department of Law and Public
35 Safety is present at each meeting of the authority to advise and
36 assist the members in the interpretation and application of the
37 provisions of the "Open Public Meetings Act," P.L.1975, c.231
38 (C.10:4-6 et seq.) as it relates to public authorities.

39 h. The authority shall continue in existence until dissolved by
40 act of the Legislature, except that it shall not continue in
41 existence beyond 22 years unless the Legislature shall by law
42 prescribe otherwise. However, any dissolution of this authority,
43 by act of the Legislature or otherwise, shall be on condition that
44 the authority has no debts, contractual duties or obligations
45 outstanding, or that provision has been made for the payment,
46 discharge or retirement of these debts, contractual duties or
47 obligations. Upon any dissolution of the authority, all property,
48 rights, funds and assets thereof shall pass to and become vested
49 in the State. Upon any dissolution of the authority, any
50 subsidiary administrations thereof shall continue in existence
51 until dissolved by act of the Legislature in accordance with
52 section 26 of P. L. , c. (C.) (now pending before the
53 Legislature as this bill).

54 (cf: P.L.1987, c.460, s.1)

1 6. Section 5 of P.L.1984, c.73 (C.27:1B-5) is amended to read
2 as follows:

3 5. It shall be the sole purpose of the authority created under
4 this act to provide the payment for and financing of all, or a
5 portion of, the costs incurred by the department for the planning,
6 acquisition, engineering, construction, reconstruction, repair and
7 rehabilitation of the State's transportation system, including,
8 without limitation, the State's share (including State advances
9 with respect to any federal share) under federal aid highway laws
10 of the costs of planning, acquisition, engineering, construction,
11 reconstruction, repair, resurfacing and rehabilitation of public
12 highways, the State's share (including State advances with
13 respect to any federal share) of the costs of planning, acquisition,
14 engineering, construction, reconstruction, repair and
15 rehabilitation of public transportation projects and other
16 transportation projects in the State, [and] State aid to counties
17 and municipalities for transportation projects, and payment of
18 any bonds, notes or other obligations to which it is a successor,
19 all in furtherance of the public policy declared in section 2 of the
20 act, in the manner provided for in the act.

21 (cf: P.L.1984, c.73, s.5)

22 7. Section 6 of P.L.1984, c.73 (C.27:1B-6) is amended to read
23 as follows:

24 6. In addition to all other powers granted to the authority in
25 the act, the authority shall have power:

26 a. To sue and be sued;

27 b. To have an official seal and alter the same at its pleasure;

28 c. To make and alter bylaws for its organization and internal
29 management and rules and regulations for the conduct of its
30 affairs and business;

31 d. To maintain an office at a place or places within the State
32 as it may determine;

33 e. To acquire, hold, use and dispose of its income, revenues,
34 funds and moneys;

35 f. To acquire, own, lease as lessee or lessor, hold, use, sell,
36 transfer, and dispose of real or personal property for its purposes;

37 g. To borrow money and to issue its bonds, notes or other
38 obligations for its own benefit and to secure the same by its
39 revenues or other funds, excluding tolls, receipts and other
40 revenues of the predecessor authorities or subsidiary
41 administrations of the authority whether derived from the
42 operation of toll roads or toll road projects, and otherwise to
43 provide for and secure the payment thereof and to provide for the
44 rights of the holders thereof and to provide for the refunding
45 thereof, all as provided in the act;

46 h. To issue subordinated indebtedness and to enter into bank
47 loan agreements, lines of credit, letters of credit and other
48 security agreements as provided for in the act;

49 i. In its own name or in the name of the State, to apply for and
50 receive and accept appropriations or grants of property, money,
51 services or reimbursements for money previously spent and other
52 assistance offered or made available to it by or from any person,
53 government, agency, public authority or any public and private
54 entity whatever for any lawful corporate purpose of the

1 authority, including, without limitation, grants, appropriations or
2 reimbursements from the State or federal government with
3 respect to their respective shares under federal aid highway laws
4 of the costs of planning, acquisition, engineering, construction,
5 reconstruction, repair, resurfacing and rehabilitation of public
6 highways or the costs of planning, acquisition, engineering,
7 construction, reconstruction, repair and rehabilitation of public
8 transportation projects and other transportation projects, in the
9 State and the authority's operating expenses and to apply and
10 negotiate for the same upon such terms and conditions as may be
11 required by any person, government, agency, authority or entity
12 or as the authority may determine to be necessary, convenient or
13 desirable;

14 j. Subject to any agreement with the holders of bonds, notes or
15 other obligations, to invest moneys of the authority not required
16 for immediate use, including proceeds from the sale of any bonds,
17 notes or other obligations, in obligations, securities and other
18 investments as the authority shall deem prudent;

19 k. Subject to any agreements with holders of bonds, notes or
20 other obligations, to purchase bonds, notes or other obligations of
21 the authority out of any funds or moneys of the authority
22 available therefor, and to hold, cancel or resell the bonds, notes
23 or other obligations;

24 l. For its sole purpose as established in section 5 of this act
25 and for the purposes of the subsidiary administrations as
26 established in P.L. , c. (C.)(now pending before the
27 Legislature as this bill), to appoint and employ [an] one executive
28 director for the authority and the subsidiary administrations of
29 the authority, or to appoint and employ one executive director
30 for the authority and one or more executive directors for the
31 subsidiary administrations of the authority, and such additional
32 officers, who need not be members of the authority and such
33 other personnel and staff as it may require, at an annual expense
34 not to exceed \$100,000.00], and to determine their qualifications,
35 terms of office, duties and compensation all without regard to
36 the provisions of Title [11] 11A, Civil Service, of the [Revised
37 Statutes] New Jersey Statutes except that officers and employees
38 appointed or hired by the authority after January 1, 1989 and who
39 are not subject to the "New Jersey Employer-Employee Relations
40 Act," P.L.1941, c.100 (C.34:13A-1 et seq.) shall receive sick and
41 vacation leave only as provided for State employees in Title 11A
42 of the New Jersey Statutes and if supplemental compensation
43 upon retirement is to be paid to those officers and employees, it
44 shall be calculated and limited as in N.J.S.11A:6-19;

45 m. To do and perform any acts and things authorized by the
46 act under, through, or by means of its officers, agents or
47 employees or by contract with any person, firm or corporation or
48 any public body;

49 n. To procure insurance against any losses in connection with
50 its property, operations, assets or obligations in amounts and
51 from insurers as it deems desirable;

52 o. To make and enter into any and all contracts and
53 agreements which the authority determines are necessary,
54 incidental, convenient or desirable to the performance of its

1 duties and the execution of its powers under the act; [and]

2 p. To establish subsidiary administrations as provided by
3 section 25 of P.L. , c. (C.) (now pending before the
4 Legislature as this bill) to succeed to the functions, powers and
5 duties of any and all predecessor authorities, including but not
6 limited to, the operation of the toll roads and toll road projects
7 of the predecessor authorities and the assumption of the revenues
8 and the debts of those predecessor authorities; and

9 q. To do any and all things necessary, convenient or desirable
10 to carry out its purposes and exercise the powers given and
11 granted in the act.

12 (cf: P.L.1984, c.73, s.6)

13 8. Section 8 of P.L.1984, c.73 (C.27:1B-8) is amended to read
14 as follows:

15 8. The authority shall have the power to enter into contracts
16 (or take an assignment of the rights and interests in contracts
17 entered into by the treasurer or commissioner) with each toll
18 road authority, subsidiary administration or other State agency to
19 provide for payments to it by each toll road authority, subsidiary
20 administration or other State agency from available revenues of
21 the amount or amounts that may be set forth in, or determined in
22 accordance with, the contract; provided however, that no such
23 contract shall contain specific provisions which direct such toll
24 road authority, subsidiary administration or other State agency to
25 increase tolls. Subject as aforesaid, each contract, or
26 assignment, may contain conditions and covenants as shall be
27 agreed to by the authority and by the affected toll road
28 authority, subsidiary administration or other State agency and, in
29 the case of an assignment, as agreed to by the treasurer or
30 commissioner, including but not limited to conditions and
31 covenants necessary and desirable to facilitate the issuance and
32 sale of bonds, notes and other obligations of the authority. [The]
33 Except as provided by this section, the authority may receive and
34 use (and contract for the use of) the amounts paid to it pursuant
35 to the contracts for any one or more of its corporate purposes or
36 powers.

37 Upon the subsidiary administrations of the authority being the
38 successors to all rights, obligations, contracts, debts and
39 properties of the predecessor authorities, the contracts entered
40 into between the predecessor authorities and the State or the
41 Department of Transportation or the New Jersey Transportation
42 Trust Fund Authority pursuant to subsection (s) of section 5 of
43 P.L.1952, c.16 (C.27:12B-5), subsection (p) of section 11 of
44 P.L.1962, c.10 (C.27:12C-11), and subsection b. of section 1 of
45 P.L.1966, c.8 (C.27:23-5.8) providing for payment from the
46 revenues of the predecessor authorities to the State or to the
47 New Jersey Transportation Trust Fund Authority shall be entered
48 into between the subsidiary administrations as successors to the
49 predecessor authorities and the State or the Department of
50 Transportation or the New Jersey Transportation, Toll Road and
51 Trust Fund Authority, as the case may be, and all payments
52 required under the contracts previously entered into, shall be
53 made from the revenues of the subsidiary administrations to the
54 State or the Department of Transportation or the authority which

1 may receive and use such payments for any one or more of its
2 corporate purposes or powers, except for toll road purposes or
3 toll road projects, and such monies shall be kept in a special fund
4 separate and apart from the other revenues and monies of the
5 authority and separate and apart from the revenues and monies of
6 the subsidiary administrations of the authority.

7 (cf: P.L.1984, c.73, s.8)

8 9. Section 9 of P.L.1984, c.73 (C.27:1B-9) is amended to read
9 as follows:

10 9. a. [The] Except as may be otherwise expressly provided in
11 this section, the authority shall have the power and is hereby
12 authorized after November 15, 1984 and from time to time
13 thereafter to issue its bonds, notes or other obligations in
14 principal amounts as in the opinion of the authority shall be
15 necessary to provide for any of its corporate purposes, including
16 the payment, funding or refunding of the principal of, or interest
17 or redemption premiums on, any bonds, notes or other obligations
18 issued by it, whether the bonds, notes, obligations or interest to
19 be funded or refunded have or have not become due; and to
20 provide for the security thereof and for the establishment or
21 increase of reserves to secure or to pay the bonds, notes or other
22 obligations or interest thereon and all other reserves and all costs
23 or expenses of the authority incident to and necessary or
24 convenient to carry out its corporate purposes and powers; and in
25 addition to its bonds, notes and other obligations, the authority
26 shall have the power to issue subordinated indebtedness, which
27 shall be subordinate in lien to the lien of any or all of its bonds or
28 notes. No resolution or other action of the authority providing
29 for the issuance of bonds, refunding bonds or other obligations
30 shall be adopted or otherwise made effective by the authority
31 without the prior approval in writing of the Governor and either
32 the State Treasurer or the Director of the Division of Budget and
33 Accounting in the Department of the Treasury.

34 b. Except as may be otherwise expressly provided in the act or
35 by the authority, every issue of bonds or notes shall be general
36 obligations payable out of any revenues or funds of the authority,
37 other than tolls, receipts, or other revenues of the predecessor
38 authorities or subsidiary administrations whether derived from
39 toll road operations or toll road projects, subject only to any
40 agreements with the holders of particular bonds or notes pledging
41 any particular revenues or funds. The authority may provide the
42 security and payment provisions for its bonds or notes as it may
43 determine, including (without limiting the generality of the
44 foregoing) bonds or notes as to which the principal and interest
45 are payable from and secured by all or any portion of the
46 revenues of and payments to the authority, and other moneys or
47 funds as the authority shall determine. In addition, the authority
48 may, in anticipation of the issuance of the bonds or the receipt of
49 appropriations, grants, reimbursements or other funds, including
50 without limitation grants from the federal government for
51 federal aid highways or public transportation systems, issue
52 notes, the principal of or interest on which, or both, shall be
53 payable out of the proceeds of notes, bonds or other obligations
54 of the authority or appropriations, grants, reimbursements or

1 other funds or revenues of the authority. The authority may also
2 enter into bank loan agreements, lines of credit and other
3 security agreements and obtain for or on its behalf letters of
4 credit in each case for the purpose of securing its bonds, notes or
5 other obligations or to provide direct payment of any costs which
6 the authority is authorized to pay by this act and to secure
7 repayment of any borrowings under the loan agreement, line of
8 credit, letter of credit or other security agreement by its bonds,
9 notes or other obligations or the proceeds thereof or by any or all
10 of the revenues of and payments to the authority or by any
11 appropriation, grant or reimbursement to be received by the
12 authority and other moneys or funds as the authority shall
13 determine.

14 c. Whether or not the bonds and notes are of the form and
15 character as to be negotiable instruments under the terms of
16 Title 12A, Commercial Transactions, New Jersey Statutes, the
17 bonds and notes are hereby made negotiable instruments within
18 the meaning of and for all the purposes of said Title 12A.

19 d. Bonds or notes of the authority shall be authorized by a
20 resolution or resolutions of the authority and may be issued in one
21 or more series and shall bear the date, or dates, mature at the
22 time or times, bear interest at the rate or rates of interest per
23 annum, be in the denomination or denominations, be in the form,
24 carry the conversion or registration privileges, have the rank or
25 priority, be executed in the manner, be payable from the sources,
26 in the medium of payment, at the place or places within or
27 without the State, and be subject to the terms of redemption
28 (with or without premium) as the resolution or resolutions may
29 provide. Bonds or notes may be further secured by a trust
30 indenture between the authority and a corporate trustee within or
31 without the State. All other obligations of the authority shall be
32 authorized by resolution containing terms and conditions as the
33 authority shall determine. Bonds, notes or other obligations of
34 the subsidiary administrations shall be authorized by a resolution
35 or resolutions of the subsidiary administrations containing terms
36 and conditions as the subsidiary administrations shall determine.

37 e. Bonds, notes or other obligations of the authority may be
38 sold at public or private sale at a price or prices and in a manner
39 as the authority shall determine. Every bond issued on or before
40 the effective date of this 1987 amendatory and supplementary
41 act shall mature and be paid not later than 17 years from the
42 date thereof, except that no bond, note or other obligation shall
43 mature and be paid later than 22 years from the effective date of
44 P.L.1984, c.73 (C.27:1B-1 et seq.), nor shall any refunding of such
45 obligations mature or be paid later than that date. Every bond
46 issued after the effective date of this 1987 amendatory and
47 supplementary act shall mature and be paid not later than 11
48 years from the date thereof, except that no bond, note or other
49 obligation shall mature and be paid later than 22 years from the
50 effective date of P.L.1984, c.73 (C.27:1B-1 et seq.).

51 Notes, the initial series of bonds and bonds issued for refunding
52 purposes of the authority may be sold at public or private sale at
53 a price or prices and in a manner as the authority shall determine.

54 Except as noted above, all bonds of the authority shall be sold

1 at such price or prices and in such manner as the authority shall
2 determine, after notice of sale, published at least three times in
3 at least three newspapers published in the State of New Jersey,
4 and at least once in a publication carrying municipal bond notices
5 and devoted primarily to financial news, published in New Jersey
6 or the City of New York, the first notice to be at least five days
7 prior to the day of bidding. The notice of sale may contain a
8 provision to the effect that any or all bids made in pursuance
9 thereof may be rejected. In the event of such rejection or of
10 failure to receive any acceptable bid, the authority, at any time
11 within 60 days from the date of such advertised sale, may sell
12 such bonds at private sale upon terms not less favorable to the
13 State than the terms offered by any rejected bid. The authority
14 may sell all or part of the bonds of any series as issued to any
15 State fund or to the federal government or any agency thereof, at
16 private sale, without advertisement.

17 Bonds, notes or other obligations issued by the subsidiary
18 administrations of the authority may be sold at public or private
19 sale at a price or prices and in a manner as the subsidiary
20 administrations may determine.

21 f. Bonds or notes may be issued and other obligations incurred
22 under the provisions of the act without obtaining the consent of
23 any department, division, commission, board, bureau or agency of
24 the State, other than the approval as required by subsection a. of
25 this section, and without any other proceedings or the happening
26 of any other conditions or other things than those proceedings,
27 conditions or things which are specifically required by the act.

28 g. Bonds, notes and other obligations of the authority issued or
29 incurred under the provisions of the act shall not be in any way a
30 debt or liability of the State or of any political subdivision
31 thereof other than the authority and shall not create or
32 constitute any indebtedness, liability or obligation of the State or
33 of any political subdivision or be or constitute a pledge of the
34 faith and credit of the State or of any political subdivision but all
35 bonds, notes and obligations, unless funded or refunded by bonds,
36 notes or other obligations of the authority, shall be payable solely
37 from revenues or funds pledged or available for their payment as
38 authorized in the act. Each bond, note or other obligation shall
39 contain on its face a statement to the effect that the authority is
40 obligated to pay the principal thereof or the interest thereon only
41 from revenues or funds of the authority and that neither the
42 State nor any political subdivision thereof is obligated to pay the
43 principal or interest and that neither the faith and credit nor the
44 taxing power of the State or any political subdivision thereof is
45 pledged to the payment of the principal of or the interest on the
46 bonds, notes or other obligations. For the purposes of this
47 subsection, political subdivision does not include the authority.

48 h. All expenses incurred in carrying out the provisions of the
49 act shall be payable solely from the revenues or funds provided or
50 to be provided under or pursuant to the provisions of the act and
51 nothing in the act shall be construed to authorize the authority to
52 incur any indebtedness or liability on behalf of or payable by the
53 State or any political subdivision thereof.

54 i. The aggregate principal amount of bonds, notes or other

1 obligations, including subordinated indebtedness of the authority,
2 may not exceed \$1,700,000,000.00. Any principal amount retired
3 in any manner before and after the effective date of this 1987
4 amendatory and supplementary act shall not be applied to any
5 unissued aggregate principal amount remaining under the
6 limitations and reductions provided for in this subsection. If in
7 any fiscal year appropriations by the Legislature to the authority,
8 and amounts received in accordance with contracts entered into
9 with the toll road authorities, if those amounts are not included
10 in legislative appropriations, shall be in excess of \$143,000,000.00
11 in any fiscal year through the fiscal year beginning on July 1,
12 1986 or \$201,000,000.00 for the fiscal year beginning on July 1,
13 1987 or \$331,000,000.00 in any fiscal year thereafter, the
14 aggregate principal amount of \$1,700,000,000.00 shall be reduced
15 by an amount equal to the excess. In computing the foregoing
16 limitations there shall be excluded all the bonds, notes or other
17 obligations, including subordinated indebtedness of the authority,
18 which shall be issued for refunding purposes, provided that the
19 refunding shall be determined by the authority to result in a debt
20 service savings.

21 The authority shall minimize debt incurrence by first relying on
22 appropriations and other revenues available to the authority
23 before incurring debt to meet its statutory purposes.

24 The authority shall not incur debt at any time in any fiscal year
25 in excess of the difference between the amount of appropriations
26 and other revenues to the authority theretofore made in that
27 fiscal year and the amount which the Department of
28 Transportation is permitted to commit for transportation projects
29 under the act in that fiscal year as indicated in the budget, plus
30 reasonably necessary expenses, required debt reserve funds, debt
31 service and outstanding financial obligations from prior fiscal
32 years of the authority.

33 Debt which would have been incurred pursuant to this section,
34 which is not incurred in any fiscal year, may be issued in
35 subsequent years.

36 i. The provisions of this section do not apply to bonds, notes or
37 other obligations issued by the subsidiary administrations of the
38 authority or bonds, notes or other obligations transferred to or
39 assumed by the subsidiary administrations of the authority.

40 (cf: P.L.1987, c.460, s.2)

41 10. Section 10 of P.L.1984, c.73 (C.27:1B-10) is amended to
42 read as follows:

43 10. In any resolution of the authority authorizing or relating to
44 the issuance of any bonds, notes or other obligations or in any
45 indenture securing the bonds, notes or other obligations, the
46 authority, in order to secure the payment of the bonds, notes or
47 other obligations and in addition to its other powers, shall have
48 the power by provisions therein, which shall constitute covenants
49 by the authority and contracts with the holders of the bonds,
50 notes or other obligations:

51 a. To pledge all or any part of its revenues or receipts to
52 which its right then exists or may thereafter come into existence
53 and other moneys or funds as the authority shall determine and
54 the moneys derived therefrom, excluding any tolls, receipts and

- 1 other revenues of the subsidiary administrations of the authority
2 whether derived from toll road operations or toll road projects,
3 and the proceeds of any bonds, notes or other obligations;
- 4 b. To pledge any agreement, including, without limitation, the
5 contract or contracts referred to in section 23 of the act,
6 contracts with the toll road authorities or other State agencies,
7 and any grant, contract, or agreement with the federal
8 government or the revenues or payments thereunder and the
9 proceeds thereof;
- 10 c. To covenant against pledging all or any part of its revenues
11 or receipts or its agreements and the revenues derived thereunder
12 or the proceeds thereof and other moneys or funds as the
13 authority shall determine and the moneys derived therefrom or
14 against permitting or suffering any lien on any of the foregoing;
- 15 d. To covenant with respect to limitations on any right to sell,
16 lease or otherwise dispose of any property of any kind;
- 17 e. To covenant as to any bonds, notes and other obligations to
18 be issued and the limitations thereof and the terms and conditions
19 thereof and as to the custody, application, investment, and
20 disposition of the proceeds thereof;
- 21 f. To covenant as to the issuance of additional bonds, or notes
22 or other obligations or as to limitations on the issuance of
23 additional bonds, notes or other obligations and on the incurring
24 of other debts by it;
- 25 g. To covenant as to the payment of the principal of or
26 interest on the bonds, notes, or other obligations, as to the
27 sources and methods of payment, as to the rank or priority of any
28 bonds, notes or obligations with respect to any lien or security or
29 as to the acceleration of the maturity of any bonds, notes or
30 obligations;
- 31 h. To provide for the replacement of lost, stolen, destroyed or
32 mutilated bonds, notes or other obligations;
- 33 i. To covenant against extending the time for the payment of
34 bonds, notes or other obligations or interest thereon;
- 35 j. To covenant as to the redemption of bonds, notes or other
36 obligations and privileges of exchange thereof for other bonds,
37 notes or other obligations of the authority;
- 38 k. Subject to the rights and security interests of the holders
39 from time to time of bonds, notes or other obligations heretofore
40 or hereafter issued by each of the toll road authorities or other
41 State agencies, to covenant as to the enforcement of any term in
42 any agreement entered into pursuant to the act, to which the
43 authority is a party or an assignee, fixing amounts of funds of the
44 toll road authorities or other State agencies to be paid over to
45 and received by the authority in each year or other period of
46 time, including any term concerning the fixing of tolls and other
47 charges by the toll road authorities or other State agencies, at
48 rates as shall be necessary to provide the amounts of funds;
- 49 l. To covenant to create or authorize the creation of special
50 funds or moneys to be held in pledge or otherwise for payment or
51 redemption of bonds, notes, or other obligations, reserves or
52 other purposes and as to the use, investment, and disposition of
53 the moneys held in the funds;
- 54 m. To establish the procedure, if any, by which the terms of

1 any contract or covenant with or for the benefit of the holders of
2 bonds, notes or other obligations may be amended or abrogated,
3 the amount of bonds, notes or other obligations the holders of
4 which must consent thereto, and the manner in which the consent
5 may be given;

6 n. To provide for the release of property, agreements, or
7 revenues and receipts from any pledge and to reserve rights and
8 powers in, or the right to dispose of, property which is subject to
9 a pledge;

10 o. To provide for the rights and liabilities, powers and duties
11 arising upon the breach of any covenant, condition or obligation
12 and to prescribe the events of default and the terms and
13 conditions upon which any or all of the bonds, notes or other
14 obligations of the authority shall become or may be declared due
15 and payable before maturity and the terms and conditions upon
16 which any declaration and its consequences may be waived;

17 p. To vest in a trustee or trustees within or without the State
18 such property, rights, powers and duties in trust as the authority
19 may determine, and to limit the rights, duties and powers of such
20 trustee;

21 q. To execute all bills of sale, conveyances, deeds of trust and
22 other instruments necessary or convenient in the exercise of its
23 powers or in the performance of its covenants or duties;

24 r. To pay the costs or expenses incident to the enforcement of
25 the bonds, notes or other obligations or of the provisions of the
26 resolution or of any covenant or agreement of the authority with
27 the holders of its bonds, notes or other obligations;

28 s. To limit the rights of the holders of any bonds, notes or
29 other obligations to enforce any pledge or covenant securing the
30 bonds, notes or other obligations; and

31 t. To make covenants, in addition to the covenants herein
32 expressly authorized, of like or different character, and to make
33 covenants to do or refrain from doing acts and things as may be
34 necessary, or convenient and desirable, in order to better secure
35 bonds, notes or other obligations or which in the absolute
36 discretion of the authority will tend to make bonds, notes or
37 other obligations more marketable, notwithstanding that the
38 covenants, acts or things may not be enumerated herein.

39 u. The provisions of this section do not apply to bonds, notes
40 or other obligations issued by the subsidiary administrations of
41 the authority or bonds, notes or other obligations transferred to
42 or assumed by the subsidiary administrations.

43 (cf: P.L.1984, c.73, s.10)

44 11. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to
45 read as follows:

46 8. a. Commencing with the report of the commissioner
47 required to be submitted pursuant to section 22 of P.L.1984, c.73
48 (C.27:1B-22) on or before March 1, 1988 for the fiscal year
49 commencing July 1, 1988 and for the reports of the commissioner
50 required to be submitted pursuant thereto for each of the next six
51 fiscal years, the amount reported by the commissioner for
52 proposed projects to be financed shall not exceed \$365,000,000.00
53 exclusive of federal funds for each of those fiscal years except as
54 provided herein. If, in the discretion of the commissioner, a

1 greater amount is determined to be necessary to meet the
2 financing requirements for the ensuing fiscal year, the
3 commissioner may include in a report an amount in excess of
4 \$365,000,000.00 exclusive of federal funds; provided that in no
5 event shall that amount be an amount greater than 105% of that
6 \$365,000,000.00.

7 In any fiscal year for which an amount exceeding
8 \$365,000,000.00 exclusive of federal funds was appropriated
9 pursuant to subsection b. of this section, the commissioner shall
10 report on or before March 1 of that fiscal year for the ensuing
11 fiscal year an amount for proposed projects to be financed not
12 greater than \$365,000,000.00 reduced by the amount in excess of
13 \$365,000,000.00 that was appropriated in that fiscal year.

14 b. Commencing with the fiscal year beginning on July 1, 1988
15 and for each of the next six fiscal years, the total amount
16 authorized to be appropriated from the revenues and other
17 nonfederal funds of the New Jersey Transportation Trust Fund
18 Authority for the projects listed in the appropriations act
19 pursuant to section 21 of P.L.1984, c.73 (C.27:1B-21), shall not
20 exceed \$365,000,000.00 exclusive of federal funds in any fiscal
21 year except as provided herein. If, in any fiscal year, a greater
22 amount is determined to be necessary to meet the financing
23 requirements, the amount appropriated may be in excess of
24 \$365,000,000.00 exclusive of federal funds; provided that: (1) in
25 no event shall there be appropriated an amount greater than
26 105% of that \$365,000,000.00, and provided further, that (2) the
27 appropriation for the ensuing fiscal year shall not be greater than
28 that \$365,000,000.00 reduced by the amount in excess of
29 \$365,000,000.00 that was appropriated in the current fiscal year.

30 c. The limit on the amount reported in any fiscal year set
31 forth in subsection a. of this section and the limit on the amount
32 appropriated in any fiscal year set forth in subsection b. of this
33 section shall not include any amount for salaries and other
34 administrative expenses of the department and the authority.

35 d. The provisions of this section shall not apply to toll road
36 projects.

37 (cf: P.L.1987, c.460, s.8)

38 12. Section 22 of P.L.1984, c.73 (C.27:1B-22) is amended to
39 read as follows:

40 22. To the end that the transportation system of the State
41 shall be planned in an orderly and efficient manner and that the
42 Legislature shall be advised of the nature and extent of public
43 highways, public transportation projects and other transportation
44 projects contemplated to be financed under this act, the
45 department shall submit a master plan, as provided in subsection
46 (a) of section 5 of P.L.1986, c.301 (C.27:1A-5). Notwithstanding
47 the provisions of that act, the plan shall be for a period of five
48 years and shall be submitted to the Commission on Capital
49 Budgeting and Planning, the Chairman of the Senate
50 Transportation and Communications Committee and the
51 Chairman of the Assembly Transportation, Communications and
52 High Technology Committee, or their successors, and the
53 Legislative Budget and Finance Officer, on or before
54 December 15, 1984, and at five year intervals thereafter.

1 On or before March 1 of each year, the commissioner shall
2 submit a report of proposed projects, including but not limited to
3 public highways, to be financed in an ensuing fiscal year,
4 including therewith a description of the projects, the county or
5 counties within which they are to be located, a distinction
6 between State and local projects, and the amount estimated to be
7 expended on each project and also including a financial plan
8 designed to implement the financing of the proposed projects.
9 The financial plan shall contain an enumeration of the bonds,
10 notes or other obligations of the authority which the authority
11 intends to issue, including the amounts thereof and the conditions
12 therefor. The financial plan shall set forth a complete operating
13 and financial statement covering the authority's proposed
14 operations during the ensuing fiscal year, including amounts of
15 income from all sources, including but not limited to the proceeds
16 of bonds, notes or other obligations to be issued, as well as
17 interest earned. In addition, the plan shall contain proposed
18 amounts to be appropriated and expended, as well as amounts for
19 which the department anticipates to obligate during the ensuing
20 fiscal year for any future expenditures. The report shall be
21 submitted to the Senate and General Assembly. Within 30 days of
22 the receipt thereof, the Senate or the General Assembly may
23 object in writing to the commissioner in regard to any project or
24 projects it disapproves or which it is of the opinion should be
25 modified or added to or any additional or alternative projects
26 considered or in regard to any element of the financial plan. The
27 commissioner shall consider the objections and recommendations
28 and resubmit the report within 10 days, containing therein any
29 modifications based upon the commissioner's consideration of the
30 objections or recommendations. The report of proposed projects
31 required by this section shall not include toll road projects.

32 (cf: P.L.1987, c.460, s.5)

33 13. Section 3 of P.L.1948, c.454 (C.27:23-3) is amended to
34 read as follows:

35 3. (A) There is hereby established in the State Department of
36 Transportation a body corporate and politic, with corporate
37 succession, to be known as the "New Jersey Turnpike Authority."
38 The authority is hereby constituted an instrumentality exercising
39 public and essential governmental functions, and the exercise by
40 the authority of the powers conferred by this act in the
41 construction, operation and maintenance of turnpike projects
42 shall be deemed and held to be an essential governmental
43 function of the State.

44 [(B) The New Jersey Turnpike Authority shall consist of six
45 members, as follows: the Commissioner of Transportation, ex
46 officio, or his designee; and five members appointed by the
47 Governor, with the advice and consent of the Senate, each of
48 whom shall be a resident of the State and shall have been a
49 qualified elector therein for a period of at least one year next
50 preceding his appointment. Each appointed member of the
51 authority shall serve for a term of five years and until his
52 successor is appointed and has qualified; except that of the first
53 appointments hereunder, one shall be for a term of two years and
54 one for a term of three years, and they shall serve until their

1 respective successors are appointed and have qualified. The term
2 of each of the first appointees hereunder shall be designated by
3 the Governor. Each appointed member of the authority may be
4 removed from office by the Governor, for cause, after a public
5 hearing. Each member of the authority before entering upon his
6 duties shall take and subscribe an oath to perform the duties of
7 his office faithfully, impartially and justly to the best of his
8 ability. A record of such oaths shall be filed in the office of the
9 Secretary of State. Any vacancies in the appointed membership
10 of the authority occurring other than by expiration of term shall
11 be filled in the same manner as the original appointment, but for
12 the unexpired term only.

13 (C) The Governor shall designate one of the members of the
14 authority as chairman thereof and another member as vice
15 chairman thereof. The chairman and vice chairman of the
16 authority so designated shall serve as such at the pleasure of the
17 Governor and until their respective successors have been
18 designated. The authority shall elect a secretary and a treasurer
19 who need not be members. At the option of the authority the
20 same person may be elected to serve both as secretary and
21 treasurer. Four members of the authority shall constitute a
22 quorum and the vote of four members shall be necessary for any
23 action taken by the authority. No vacancy in the membership of
24 the authority shall impair the right of a quorum to exercise all
25 the rights and perform all the duties of the authority.]

26 (B) The New Jersey Turnpike Authority shall consist of five
27 members, who shall be the persons who from time to time shall
28 hold the office of members of the New Jersey Transportation.
29 Toll Road and Trust Fund Authority. The chairman and the
30 vice-chairman shall be the chairman and vice-chairman,
31 respectively, of the New Jersey Transportation, Toll Road and
32 Trust Fund Authority. The authority shall elect a secretary and a
33 treasurer who need not be members, and the same person may be
34 elected as both secretary and treasurer. The powers of the
35 authority shall be vested in the members thereof from time to
36 time and three members of the authority shall constitute a
37 quorum at any meeting thereof. Action may be taken and
38 motions and resolutions adopted by the authority at any meeting
39 thereof by the affirmative vote of at least a majority of the
40 members present. No vacancy in the membership of the
41 authority shall impair the right of the quorum of the members to
42 exercise all of the powers and perform all of the duties of the
43 authority.

44 (C) Anything herein to the contrary notwithstanding, the
45 authority, or upon its dissolution, the Turnpike Administration as
46 successor to the authority, shall retain its separate legal status
47 and corporate existence and continue to exercise all its powers
48 and duties as required by law and by agreement with holders of
49 its bonds or notes.

50 (D) [Each member of the authority shall execute a surety bond
51 in the penal sum of \$25,000.00 and the] The treasurer shall
52 execute a surety bond in the penal sum of \$50,000.00, [each] such
53 surety bond to be conditioned upon the faithful performance of
54 the duties of the office of [such member or] treasurer, [as the

1 case may be.] to be executed by a surety company authorized to
2 transact business in the State of New Jersey as surety and to be
3 approved by the Attorney General and filed in the office of the
4 Secretary of State.

5 (E) The members of the authority shall not receive
6 compensation for their services as members of the authority.
7 Each member shall be reimbursed by the authority for his actual
8 expenses necessarily incurred in the performance of his duties.
9 Notwithstanding the provisions of any other law, no member shall
10 be deemed to have forfeited, nor shall the member forfeit, the
11 member's office or employment or any benefits or emoluments
12 thereof by reason of the member's acceptance of the office of ex
13 officio member of the authority or the member's services therein.

14 (F) No resolution or other action of the authority providing for
15 the issuance of bonds, refunding bonds or other obligations or for
16 the fixing, revising or adjusting of tolls for the use of any
17 turnpike project or parts or sections thereof shall be adopted or
18 otherwise made effective by the authority without the prior
19 approval in writing of the Governor and at least one of the
20 following: the State Treasurer and the Director of the Division of
21 Budget and Accounting in the Department of the Treasury. A
22 true copy of the minutes of every meeting of the authority shall
23 be forthwith delivered by and under the certification of the
24 secretary thereof, to the Governor. No action taken at such
25 meeting by the authority shall have force or effect until 10 days,
26 exclusive of Saturdays, Sundays and public holidays, after such
27 copy of the minutes shall have been so delivered. If, in said
28 10-day period, the Governor returns such copy of the minutes
29 with veto of any action taken by the authority or any member
30 thereof at such meeting such action shall be null and of no
31 effect. The Governor may approve all or part of the action taken
32 at such meeting prior to said 10-day period. The powers
33 conferred in this subsection (F) upon the Governor, the State
34 Treasurer and the Director of the Division of Budget and
35 Accounting in the Department of the Treasury shall be exercised
36 with due regard for the rights of the holders of bonds of the
37 authority at any time outstanding, and nothing in, or done
38 pursuant to, this subsection (F) shall in any way limit, restrict or
39 alter the obligation or powers of the authority or any
40 representative or officer of the authority to carry out and
41 perform in every detail each and every covenant, agreement or
42 contract at any time made or entered into by or on behalf of the
43 authority with respect to its bonds or for the benefit, protection
44 or security of the holders thereof.

45 (G) The ex officio member of the authority may designate an
46 employee of his department to represent him at meetings of the
47 authority. A designee may lawfully vote and otherwise act on
48 behalf of the member for whom he constitutes the designee. The
49 designations shall be in writing and delivered to the authority and
50 shall be effective until revoked or amended by a writing delivered
51 to the authority.

52 (H) Notwithstanding any provisions of this section or any other
53 law to the contrary, the members of the authority appointed by
54 the Governor pursuant to section 3 of P.L.1948, c.454 (C.27:23-3)

1 shall, after the date of dissolution of the New Jersey Turnpike
2 Authority pursuant to subsection (I) of this section, continue to
3 serve until the expiration of their appointment but the members
4 shall serve exclusively as an advisory body to the members of the
5 New Jersey Transportation, Toll Road and Trust Fund Authority.
6 Any vacancy occurring in the membership of the advisory body
7 established by this subsection, whether by expiration of the term
8 of an advisory member or occurring other than by expiration of
9 term, shall not be filled and there shall not be an appointment of
10 a member to another term as an advisory member.

11 (I) On or before the ninetieth day after the effective date of
12 P.L. , c. (C.)(now pending before the Legislature as this
13 bill), the members shall prepare or cause to be prepared a final
14 and complete audit of the financial accounts and records of the
15 New Jersey Turnpike Authority and shall submit the same to the
16 Treasurer of the State of New Jersey; provided, however, that
17 the treasurer in his discretion, may extend the time for the
18 members to submit the audit beyond the 90 days if the extension
19 is necessary to complete the audit. The audit shall contain an
20 appraisal of the value of the facilities of the authority. Upon
21 receipt of the audit, the treasurer shall certify the exact
22 indebtedness of the authority owing to creditors and bondholders
23 as of the effective date of P.L. , c. (C.)(now pending
24 before the Legislature as this bill), and upon such certification
25 the New Jersey Turnpike Authority is dissolved and the facilities,
26 files, books, papers, records, equipment and other property,
27 including all the rights, title and interest of the authority in any
28 of its records and papers, are hereby transferred to the Turnpike
29 Administration established under section 25 of P.L. ,
30 c. (C.) (now pending before the Legislature as this bill), to
31 be held, used and applied for the purposes of the Turnpike
32 Administration.

33 (cf: P.L.1988, c.177, s.8)

34 14. Section 1 of P.L.1970, c.184 (C.27:23-3.2) is amended to
35 read as follows:

36 1. Notwithstanding any inconsistent provisions of the act
37 hereby supplemented or any other law, the New Jersey Turnpike
38 Authority, or upon its dissolution as provided in subsection (I) of
39 section 13 of P.L. , c. (C.)(now pending before the
40 Legislature as this bill), the Turnpike Administration, shall submit
41 to the Governor, the Chairmen of the Appropriations Committees
42 of the Senate and General Assembly, and the Director of the
43 Division of Budget and Accounting of the Department of the
44 Treasury, the following reports:

45 a. Within 90 days after the end of each of its fiscal years, a
46 complete and detailed report of (1) its operations and
47 accomplishments during said year; (2) its receipts and
48 disbursements, or revenues and expenses, during said year in
49 accordance with the categories or classifications established by
50 the authority for its own operating and capital outlay purposes
51 and in accordance with such other categories and classifications
52 as may be designated by any of the persons enumerated in section
53 1 of this act; (3) its assets and liabilities at the end of said year,
54 including the status of reserve, depreciation, special or other

1 funds and including the receipts and payments of these funds; (4)
2 a schedule of its bonds and notes outstanding at the end of said
3 year, together with a statement of the amounts redeemed and
4 incurred; and (5) a listing of all contracts exceeding \$100,000.00
5 entered into during said year;

6 b. Before the close of each of its fiscal years, a complete and
7 detailed report of its operating and capital construction budget,
8 in the form and detail established by the authority for its own
9 operating and capital outlay budget and in such form and detail as
10 may be designated by any of the persons enumerated in section 1
11 of this act for the next succeeding fiscal year, including its
12 receipts and disbursements or revenues and expenses, for the
13 prior fiscal year and its estimated receipts and disbursements, or
14 revenues and expenses, for said year and for the succeeding fiscal
15 year.

16 (cf: P.L.1970, c.184, s.1)

17 15. Section 4 of P.L.1948, c.454 (C.27:23-4) is amended to
18 read as follows:

19 4. As used in this act, the following words and terms shall have
20 the following meanings, unless the context shall indicate another
21 or different meaning or intent:

22 (a) The word "authority" shall mean the New Jersey Turnpike
23 Authority, created by section 3 of this act, or, where appropriate,
24 the Turnpike Administration established under section 25 of
25 P.L. , c. (C.)(now pending before the Legislature as this
26 bill) or, if said authority and subsidiary administration shall be
27 abolished, the [board, body or commission succeeding to the
28 principal functions thereof or to whom the powers given by this
29 act to the authority shall be given by law] New Jersey
30 Transportation, Toll Road and Trust Fund Authority.

31 (b) The word "project" or the words "turnpike project" shall
32 mean any express highway, superhighway or motorway at such
33 locations and between such termini as may hereafter be
34 established by law, and constructed or to be constructed under
35 the provisions of this act by the authority, and shall include, but
36 not be limited to all bridges, tunnels, overpasses, underpasses,
37 interchanges, entrance plazas, approaches, toll houses, service
38 areas, service stations, service facilities, communications
39 facilities, and administration, storage and other buildings,
40 directly related to the use of the express highway, superhighway
41 or motorway, intersecting highways and bridges and feeder roads
42 which the authority may deem necessary for the operation of
43 such project, together with all property, rights, easements and
44 interests which may be acquired by the authority for the
45 construction or the operation of such project.

46 (c) The word "bonds" or the words "turnpike revenue bonds"
47 shall mean bonds of the authority authorized under the provisions
48 of this act or bonds of the Turnpike Administration authorized
49 under P.L. , c. (C.)(now pending before the Legislature as
50 this bill).

51 (d) The word "public highways" shall include all public
52 highways, roads and streets in the State, whether maintained by
53 the State or by any county, city, borough, town, township, village,
54 or other political subdivision.

1 (e) The word "owner" shall include all individuals,
2 copartnerships, associations, private or municipal corporations
3 and all political subdivisions of the State having any title or
4 interest in any property, rights, easements and interests
5 authorized to be acquired by this act.

6 (cf: P.L.1969, c.197, s.1)

7 16. Section 5 of P.L.1948, c.454 (C.27:23-5) is amended to
8 read as follows:

9 5. [The] Except as otherwise may be provided by P.L. ,
10 c. (C.)(now pending before the Legislature as this bill), the
11 authority shall be a body corporate and politic and shall have
12 perpetual succession and shall have the following powers:

13 (a) To adopt bylaws for the regulation of its affairs and the
14 conduct of its business;

15 (b) To adopt an official seal and alter the same at pleasure;

16 (c) To maintain an office at such place or places within the
17 State as it may designate;

18 (d) To sue and be sued in its own name;

19 (e) To maintain, repair and operate turnpike projects at such
20 locations as shall be established by law;

21 (f) To issue turnpike revenue bonds of the authority, for any of
22 its corporate purposes, payable solely from the tolls, other
23 revenues and proceeds of such bonds, and to refund its bonds, all
24 as provided in this act;

25 (g) In the exercise of any of its powers, to fix and revise from
26 time to time and charge and collect tolls for transit over each
27 turnpike project constructed by it;

28 (h) To establish rules and regulations for the use of any project;

29 (i) To acquire, hold and dispose of real and personal property in
30 the exercise of its powers and the performance of its duties under
31 this act;

32 (j) To acquire in the name of the authority by purchase or
33 otherwise, on such terms and conditions and in such manner as it
34 may deem proper, or by the exercise of the power of eminent
35 domain, any land and other property which it may determine is
36 reasonably necessary for any turnpike project or for the
37 relocation or reconstruction of any highway by the authority
38 under the provisions of this act or for the construction of any
39 feeder road, which the authority is or may be authorized to
40 construct and any and all rights, title and interest in such land
41 and other property, including public lands, parks, playgrounds,
42 reservations, highways or parkways, owned by or in which any
43 county, city, borough, town, township, village, or other political
44 subdivision of the State of New Jersey has any right, title or
45 interest, or parts thereof or rights therein and any fee simple
46 absolute or any lesser interest in private property, and any fee
47 simple absolute in, easements upon, or the benefit of restrictions
48 upon, abutting property to preserve and protect turnpike projects.

49 Upon the exercise of the power of eminent domain, the
50 compensation to be paid thereunder shall be ascertained and paid
51 in the manner provided in chapter one of Title 20 of the Revised
52 Statutes insofar as the provisions thereof are applicable and not
53 inconsistent with the provisions contained in this act. The
54 authority may join in separate subdivisions in one petition or

1 complaint the descriptions of any number of tracts or parcels of
2 land or property to be condemned and the names of any number
3 of owners and other parties who may have an interest therein and
4 all such land or property included in said petition or complaint
5 may be condemned in a single proceeding; provided, however,
6 that separate awards be made for each tract or parcel of land or
7 property; and provided, further, that each of said tracts or
8 parcels of land or property lies wholly in or has a substantial part
9 of its value lying wholly within the same county.

10 Upon the filing of such petition or complaint or at any time
11 thereafter the authority may file with the clerk of the county in
12 which such property is located and also with the Clerk of the
13 Superior Court a declaration of taking, signed by the authority,
14 declaring that possession of one or more of the tracts or parcels
15 of land or property described in the petition or complaint is
16 thereby being taken by and for the use of the authority. The said
17 declaration of taking shall be sufficient if it sets forth: (1) a
18 description of each tract or parcel of land or property to be so
19 taken sufficient for the identification thereof, to which there
20 may or may not be attached a plan or map thereof; (2) a
21 statement of the estate or interest in the said land or property
22 being taken; (3) a statement of the sum of money estimated by
23 the authority by resolution to be just compensation for the taking
24 of the estate or interest in each tract or parcel of land or
25 property described in said declaration; and (4) that, in compliance
26 with the provisions of this act, the authority has established and
27 is maintaining a trust fund as hereinafter provided. Upon the
28 filing of the said declaration, the authority shall deposit with the
29 Clerk of the Superior Court the amount of the estimated
30 compensation stated in said declaration. In addition to the said
31 deposits with the Clerk of the Superior Court, the authority at all
32 times shall maintain a special trust fund on deposit with a bank or
33 trust company doing business in this State, in an amount at least
34 equal to twice the aggregate amount deposited with the Clerk of
35 the Superior Court, as estimated compensation for all property
36 described in declaration of taking with respect to which the
37 compensation has not been finally determined and paid to the
38 persons entitled thereto or into court. Said trust fund shall
39 consist of cash or securities readily convertible into cash,
40 constituting legal investments for trust funds under the laws of
41 this State. Said trust fund shall be held solely to secure and may
42 be applied to the payment of just compensation for the land or
43 other property described in such declarations of taking. The
44 authority shall be entitled to withdraw from said trust fund from
45 time to time so much as may then be in excess of twice the
46 aggregate of the amount deposited with the Clerk of the Superior
47 Court, as estimated compensation for all property described in
48 declarations of taking with respect to which the compensation
49 has not been finally determined and paid to the persons entitled
50 thereto or into court.

51 Upon the filing of the said declaration as aforesaid and
52 depositing with the Clerk of the Superior court the amount of the
53 estimated compensation stated in said declaration, the authority,
54 without other process or proceedings, shall be entitled to the

1 exclusive possession and use of each tract of land or property
2 described in said declaration and may forthwith enter into and
3 take possession of said land or property, it being the intent of this
4 provision that the proceedings for compensation or any other
5 proceedings relating to the taking of said land or interest therein
6 or other property shall not delay the taking of possession thereof
7 and the use thereof by the authority for the purpose or purposes
8 for which the authority is authorized by law to acquire or
9 condemn such land or other property or interest therein.

10 The authority shall cause notice of the filing of said
11 declaration and the making of said deposit to be served upon each
12 party in interest named in the petition residing in this State,
13 either personally or by leaving a copy thereof at his residence, if
14 known, and upon each party in interest residing out of the State,
15 by mailing a copy thereof to him at his residence, if known. In
16 the event that the residence of any such party or the name of
17 such party is unknown, such notice shall be published at least
18 once in a newspaper published or circulating in the county or
19 counties in which the land is located. Such service, mailing or
20 publication shall be made within 10 days after filing such
21 declaration. Upon the application of any party in interest and
22 after notice to other parties in interest, including the authority,
23 any judge of the Superior Court assigned to sit for said county
24 may order that the money deposited with the Clerk of the
25 Superior Court or any part thereof be paid forthwith to the
26 person or persons entitled thereto for or on account of the just
27 compensation to be awarded in said proceeding; provided, that
28 each such person shall have filed with the Clerk of the Superior
29 Court a consent in writing that, in the event the award in the
30 condemnation proceeding shall be less than the amount deposited,
31 the court, after notice as herein provided and hearing, may
32 determine his liability, if any, for the return of such difference or
33 any part thereof and enter judgment therefor. If the amount of
34 the award as finally determined shall exceed the amount so
35 deposited, the person or persons to whom the award is payable
36 shall be entitled to recover from the authority the difference
37 between the amount of the deposit and the amount of the award,
38 with interest at the rate of six per centum (6%) per annum
39 thereon from the date of making the deposit. If the amount of
40 the award shall be less than the amount so deposited, the Clerk of
41 the Superior Court shall return the difference between the
42 amount of the award and the deposit to the authority, unless the
43 amount of the deposit or any part thereof shall have theretofore
44 been distributed, in which event the court, on petition of the
45 authority and notice to all persons interested in the award and
46 affording them an opportunity to be heard, shall enter judgment
47 in favor of the authority for such difference against the party or
48 parties liable for the return thereof. The authority shall cause
49 notice of the date fixed for such hearing to be served upon each
50 party thereto residing in this State, either personally or by
51 leaving a copy thereof at his residence, if known, and upon each
52 party residing out of the State, by mailing a copy to him at his
53 residence, if known. In the event that the residence of any party
54 or the name of such party is unknown, such notice shall be

1 published at least once in a newspaper published or circulating in
2 the county or counties in which the land is located. Such service,
3 mailing or publication shall be made at least 10 days before the
4 date fixed for such hearing.

5 Whenever under chapter one of Title 20 of the Revised Statutes
6 the amount of the award may be paid into court, payment may be
7 made into the Superior Court and may be distributed according to
8 law. The authority shall not abandon any condemnation
9 proceeding subsequent to the date upon which it has taken
10 possession of the land or property as herein provided;

11 (k) To designate the locations, and establish, limit and control
12 such points of ingress to and egress from each turnpike project as
13 may be necessary or desirable in the judgment of the authority to
14 insure the proper operation and maintenance of such project, and
15 to prohibit entrance to such project from any point or points not
16 so designated;

17 (l) To make and enter into all contracts and agreements
18 necessary or incidental to the performance of its duties and the
19 execution of its powers under this act;

20 (m) To appoint such additional officers, who need not be
21 members of the authority, as the authority deems advisable, and
22 to employ consulting engineers, attorneys, accountants,
23 construction and financial experts, superintendents, managers,
24 and such other employees and agents as may be necessary in its
25 judgment; to fix their compensation; and to promote and
26 discharge such officers, employees and agents, all without regard
27 to the provisions of Title [11] 11A of the [Revised Statutes] New
28 Jersey Statutes;

29 (n) To receive and accept from any federal agency, subject to
30 the approval of the Governor, grants for or in aid of the
31 construction of any turnpike project, and to receive and accept
32 aid or contributions, except appropriations by the Legislature,
33 from any source, of either money, property, labor or other things
34 of value, to be held, used and applied only for the purposes for
35 which such grants and contributions may be made; and

36 (o) To do all acts and things necessary or convenient to carry
37 out the powers expressly granted in this act.

38 (cf: P.L.1984, c.73, s.41)

39 17. Section 1 of P.L.1966, c.8 (C.27:23-5.8) is amended to read
40 as follows:

41 1. The New Jersey Turnpike Authority shall have, in addition
42 to the powers heretofore granted to it, power:

43 a. To pay or make any advance or contribution to the United
44 States Government or the State of New Jersey or any agency
45 thereof for the purpose of paying the State's share or any portion
46 thereof under the federal aid highway laws of the cost of
47 construction of any highway improvement determined by the
48 authority to be a major improvement necessary to restore or
49 prevent physical damage to the turnpike project, for the safe or
50 efficient operation of such project, or to prevent loss of revenues
51 therefrom.

52 b. Subject to the rights and security interests of the holders
53 from time to time of bonds or notes heretofore or hereafter
54 issued by the New Jersey Turnpike Authority, to enter into

1 contracts with the State or the New Jersey Transportation Trust
2 Fund Authority established by section 4 of the "New Jersey
3 Transportation Trust Fund Authority Act of 1984," P.L.1984, c.73
4 (C.27:1B-4), providing for the payment from the revenues of the
5 New Jersey Turnpike Authority or the Turnpike Administration
6 established within the New Jersey Transportation, Toll Road and
7 Trust Fund Authority, as the case may be, to the State or to the
8 New Jersey Transportation Trust Fund Authority of the amount
9 or amounts of revenues that may be set forth in or determined in
10 accordance with the contracts. Any contracts authorized
11 pursuant to this section may include conditions and covenants
12 necessary and desirable to facilitate the issuance and sale of
13 bonds, notes and other obligations of the New Jersey
14 Transportation Trust Fund Authority. Any agreements entered
15 into between the State and the Turnpike Authority pursuant to
16 this subsection shall terminate upon the effective date of any
17 agreement entered into between the Turnpike Authority and the
18 New Jersey Transportation Trust Fund Authority providing for
19 the payment of revenues of the Turnpike Authority directly from
20 the Turnpike Authority to the New Jersey Transportation Trust
21 Fund Authority.

22 (cf: P.L.1984, c.73, s.30)

23 18. Section 3 of P.L.1952, c.16 (C.27:12B-3) is amended to
24 read as follows:

25 3. As used in this act the following words and terms shall have
26 the following meanings, unless the context shall indicate another
27 or different meaning or intent:

28 (a) "Authority" means the New Jersey Highway Authority,
29 created by section 4 of this act, or, where appropriate, the
30 Parkway Administration established under section 25 of P.L.
31 c. (C.) (now pending before the Legislature as this bill), or, if
32 said authority and subsidiary administration shall be abolished,
33 the [board, body or commission succeeding to the principal
34 functions thereof or to whom the powers given by this act to the
35 authority shall be given by law] New Jersey Transportation, Toll
36 Road and Trust Fund Authority.

37 (b) "Commissioner" means the Commissioner of
38 Transportation.

39 (c) "Department" means the Department of Transportation.

40 (d) "Project" or "highway project" means any express highway,
41 superhighway or motorway at such locations and between such
42 termini as herein established or as may hereafter be established
43 by law, and acquired or to be acquired or constructed or to be
44 constructed under the provisions of this act by the authority, over
45 which abutters have no easement or rights of light, air or direct
46 access by reason of the fact that their properties abut thereon,
47 together with such adjoining park or recreational areas and
48 facilities directly related to the use of the express highway,
49 superhighway or motorway as the authority, with the concurrence
50 of the Department of Environmental Protection, shall find to be
51 necessary and desirable for the convenience and comfort of users
52 of the highway project and feasible for development pursuant to
53 this act, and shall include but not be limited to all bridges,
54 tunnels, overpasses, underpasses, interchanges, traffic circles,

1 grade separations, entrance plazas, approaches, toll houses,
2 service areas, service stations, service facilities, communications
3 facilities, and administration, storage and other buildings which
4 the authority may deem necessary for the operation of such
5 project, together with all property, rights, easements and
6 interests which may be acquired by the authority for the
7 construction or the operation of such project.

8 "Project" or "ferry project" also means a ferry service for the
9 transportation of passengers and freight between such termini as
10 are herein established or as may hereafter be established by law,
11 and shall include but shall not be limited to ferries and other
12 craft, bulkheads, docks, piers, wharves, warehouses, ferry
13 terminals and stations, parking areas, service stations, service
14 facilities, communications facilities and administration and other
15 buildings which the authority may deem necessary for the
16 operation of such project, together with all property, rights,
17 easements and interests, including land under water and riparian
18 rights, which may be acquired by the authority for the
19 construction or operation of such project.

20 (e) "Bonds" or "revenue bonds" means bonds of the authority
21 authorized under the provisions of this act or any amendment
22 thereof or supplement thereto.

23 (f) "Public highway" means and shall include any public
24 highway, road or street in the State, whether maintained by the
25 State or by any county, city, borough, town, township, village, or
26 other political subdivision.

27 (g) "Feeder road" means any road which in the opinion of the
28 authority is necessary to create or facilitate access to a project.

29 (h) "Owner" means and shall include all individuals,
30 copartnerships, associations, private or municipal corporations
31 and all political subdivisions of the State having any title or
32 interest in any property, rights, easements and interests
33 authorized to be acquired by this act.

34 (cf: P.L.1988, c.177, s.1)

35 19. Section 4 of P.L.1952, c.16 (C 27:12B-4) is amended to
36 read as follows:

37 4. There is hereby established in the State Department of
38 Transportation a body corporate and politic, with corporate
39 succession, to be known as the "New Jersey Highway Authority."
40 The authority is hereby constituted an instrumentality exercising
41 public and essential governmental functions, and the exercise by
42 the authority of the powers conferred by this act in the
43 construction, operation and maintenance of projects shall be
44 deemed and held to be an essential governmental function of the
45 State.

46 [The New Jersey Highway Authority shall consist of eight
47 members, as follows: the Commissioner of Transportation, ex
48 officio, or his designee; and seven members, each of whom,
49 except the Commissioner of Transportation, shall be a resident of
50 the State and shall have been a qualified elector therein for a
51 period of at least one year next preceding his appointment. Each
52 member of the authority, except the Commissioner of
53 Transportation, shall be appointed by the Governor, with the
54 advice and consent of the Senate, for a term of five years and

1 shall serve until his successor is appointed and has qualified. Of
2 the two members first appointed pursuant to this amendatory act,
3 one shall be for a term of four years and one for a term of five
4 years. Each member of the authority, except the Commissioner
5 of Transportation, may be removed from office by the Governor,
6 for cause, after a public hearing. Each member of the authority
7 before entering upon his duties shall take and subscribe an oath to
8 perform the duties of his office faithfully, impartially and justly
9 to the best of his ability. A record of such oaths shall be filed in
10 the office of the Secretary of State.

11 Any vacancies in the appointed membership of the authority
12 occurring other than by expiration of term shall be filled in the
13 same manner as the original appointment, but for the unexpired
14 term only.

15 The Governor shall designate one of the members of the
16 authority as chairman thereof and another member as
17 vice-chairman thereof. The chairman and vice-chairman of the
18 authority so designated shall serve as such at the pleasure of the
19 Governor and until their respective successors have been
20 designated. The authority shall elect a secretary and a treasurer
21 who need not be members. At the option of the authority the
22 same person may be elected to serve both as secretary and
23 treasurer. Five members of the authority shall constitute a
24 quorum and the vote of five members shall be necessary for any
25 action taken by the authority. No vacancy in the membership of
26 the authority shall impair the right of a quorum to exercise all
27 the rights and perform all the duties of the authority].

28 The New Jersey Highway Authority shall consist of five
29 members, who shall be the persons who from time to time shall
30 hold the office of members of the New Jersey Transportation,
31 Toll Road and Trust Fund Authority. The chairman and the
32 vice-chairman shall be the chairman and vice-chairman,
33 respectively, of the New Jersey Transportation, Toll Road and
34 Trust Fund Authority. The authority shall elect a secretary and a
35 treasurer who need not be members, and the same person may be
36 elected as both secretary and treasurer. The powers of the
37 authority shall be vested in the members thereof from time to
38 time and three members of the authority shall constitute a
39 quorum- at any meeting thereof. Action may be taken and
40 motions and resolutions adopted by the authority at any meeting
41 thereof by the affirmative vote of at least a majority of the
42 members present. No vacancy in the membership of the
43 authority shall impair the right of the quorum of the members to
44 exercise all of the powers and perform all of the duties of the
45 authority.

46 Anything herein to the contrary notwithstanding, the authority,
47 or upon its dissolution, the Parkway Administration as successor
48 to the authority, shall retain its separate legal status and
49 corporate existence and continue to exercise all its powers and
50 duties as required by law and by agreement with holders of its
51 bonds or notes.

52 [Before the issuance of any bonds or notes under the provisions
53 of this act, each member of the authority shall execute a surety
54 bond in the penal sum of \$25,000.00, and the] The treasurer shall

1 execute a surety bond in the penal sum of \$50,000.00, [each] such
2 surety bond to be conditioned upon the faithful performance of
3 the duties of the office of [such member or] treasurer, [as the
4 case may be,] to be executed by a surety company authorized to
5 transact business in the State of New Jersey as surety and to be
6 approved by the Attorney General and filed in the office of the
7 Secretary of State.

8 No resolution or other action of the authority providing for the
9 issuance of bonds, refunding bonds or other obligations or for the
10 fixing, revising or adjusting of tolls for the use of any highway
11 projects or parts or sections thereof shall be adopted or otherwise
12 made effective by the authority without the prior approval in
13 writing of the Governor and at least one of the following: the
14 State Treasurer and the Director of the Division of Budget and
15 Accounting in the Department of the Treasury. The powers
16 conferred in this section upon the Governor, the State Treasurer
17 and the Director of the Division of Budget and Accounting in the
18 Department of the Treasury shall be exercised with due regard
19 for the rights of the holders of bonds of the authority at any time
20 outstanding, and nothing in, or done pursuant to, this section shall
21 in any way limit, restrict or alter the obligation or powers of the
22 authority or any representative or officer of the authority to
23 carry out and perform in every detail each and every covenant,
24 agreement or contract at any time made or entered into by or on
25 behalf of the authority with respect to its bonds or for the
26 benefit, protection or security of the holders thereof.

27 A true copy of the minutes of every meeting of the authority
28 shall be forthwith delivered by and under the certification of the
29 secretary thereof, to the Governor. No action taken at such
30 meeting by the authority shall have force or effect until 10 days
31 (Saturdays, Sundays and holidays excepted) after such copy of the
32 minutes shall have been delivered or the approval thereof by the
33 Governor prior thereto. If, in said 10-day period, the Governor
34 returns such copy of the minutes with veto of any action, except
35 action to negotiate or execute a collective negotiation agreement
36 with a certified public employee organization representing
37 employees of the authority, taken by the authority or any
38 member thereof at such meeting, such action shall be null and of
39 no effect.

40 The members of the authority shall not receive compensation
41 for their services as members of the authority. Each member
42 shall be reimbursed by the authority for his actual expenses
43 necessarily incurred in the performance of his duties.
44 Notwithstanding the provisions of any other law, no member shall
45 be deemed to have forfeited, nor shall the member forfeit, the
46 member's office or employment or any benefits or emoluments
47 thereof by reason of the member's acceptance of the office of ex
48 officio member of the authority or the member's services therein.

49 The ex officio member of the authority may designate an
50 employee of his department to represent him at meetings of the
51 authority. A designee may lawfully vote and otherwise act on
52 behalf of the member for whom he is the designee. The
53 designation shall be in writing and delivered to the authority and
54 shall be effective until revoked or amended by a writing delivered

1 to the authority.

2 Notwithstanding any provisions of this section or any other law
3 to the contrary, the members of the authority appointed by the
4 Governor pursuant section 4 of P.L.1952, c.16 (C.27:12B-4) shall,
5 after the date of dissolution of the New Jersey Highway
6 Authority as provided by this section, continue to serve until the
7 expiration of their appointment but the members shall serve
8 exclusively as an advisory body to the members of the New
9 Jersey Transportation, Toll Road and Trust Fund Authority. Any
10 vacancy occurring in the membership of the advisory body
11 established by this section, whether by expiration of the term of
12 an advisory member or occurring other than by expiration of
13 term, shall not be filled and there shall not be an appointment of
14 a member to another term as an advisory member.

15 On or before the ninetieth day after the effective date of
16 P.L. , c. (C.)(now pending before the Legislature as this
17 bill), the members shall prepare or cause to be prepared a final
18 and complete audit of the financial accounts and records of the
19 New Jersey Highway Authority and shall submit same to the
20 Treasurer of the State of New Jersey; provided, however, that
21 the treasurer in his discretion, may extend the time for the
22 members to submit the audit beyond the 90 days if the extension
23 is necessary to complete the audit. The audit shall contain an
24 appraisal of the value of the facilities of the authority. Upon
25 receipt of the audit, the treasurer shall certify the exact
26 indebtedness of the authority owing to creditors and bondholders
27 as of the effective date of P.L. , c. (C.)(now pending
28 before the Legislature as this bill), and upon such certification
29 the New Jersey Highway Authority is dissolved and the facilities,
30 files, books, papers, records, equipment and other property,
31 including all the rights, title and interest of the authority in any
32 of its records and papers, are hereby transferred to the Parkway
33 Administration established under section 25 of P.L. ,
34 c. (C.)(now pending before the Legislature as this bill), to be
35 held, used and applied for the purposes of the Parkway
36 Administration.

37 (cf: P.L.1988, c.177, s.2)

38 20. Section 5 of P.L.1953, c.164 (C.27:12B-5) is amended to
39 read as follows:

40 5. [The] Except as otherwise may be provided by P.L. ,
41 c. (C.)(now pending before the Legislature as this bill), the
42 authority shall be a body corporate and politic and shall have
43 perpetual succession and shall have the following powers:

44 (a) To adopt bylaws for the regulation of its affairs and the
45 conduct of its business;

46 (b) To adopt an official seal and alter the same at pleasure;

47 (c) To maintain an office at such place or places within or
48 without the State as it may designate;

49 (d) To sue and be sued in its own name;

50 (e) To acquire, construct, maintain, repair and operate
51 projects;

52 (f) To acquire, lease, build, improve, maintain and operate one
53 or more ferry boats and other craft between a point in Cape May
54 county, New Jersey, and a point in Lewes, Delaware, and to

1 transport passengers and freight between said points by means of
2 such boats;

3 (g) To acquire in cooperation with the Department of
4 Environmental Protection limited roadside areas adjoining said
5 projects and transfer any or all of such areas to the Department
6 of Environmental Protection, so that said department may
7 maintain such areas as roadside parks;

8 (h) To issue bonds or notes of the authority and to provide for
9 the rights of the holders thereof, as provided in this act;

10 (i) In the exercise of any of its powers, to fix and revise from
11 time to time and charge and collect tolls or other charges for
12 transit over or use of any project acquired or constructed by it;

13 (j) To establish and enforce rules and regulations for the use of
14 any project;

15 (k) To acquire, hold and dispose of real and personal property
16 in the exercise of its powers and the performance of its duties
17 under this act;

18 (l) To acquire in the name of the authority by purchase or
19 otherwise, on such terms and conditions and in such manner as it
20 may deem proper, or by the exercise of the power of eminent
21 domain, any land and other property, including land under water
22 and riparian rights, within or without the State of New Jersey,
23 which it may determine is reasonably necessary for any project or
24 for the relocation or reconstruction of any public highway by the
25 authority under the provisions of this act or for the construction
26 of any feeder road, which the authority is or may be authorized
27 to construct and any and all rights, title and interest in such land
28 and other property, including public lands, parks, playgrounds,
29 reservations, highways or parkways, owned by or in which any
30 county, city, borough, town, township, village, or other political
31 subdivision of the State of New Jersey has any right, title or
32 interest, or parts thereof or rights therein and any fee simple
33 absolute or any lesser interest in private property, and any fee
34 simple absolute in, easements upon, or the benefit of restrictions
35 upon abutting property to preserve and protect projects;

36 (m) To locate and designate, and to establish, limit and control
37 such points of ingress to and egress from each project as may be
38 necessary or desirable in the judgment of the authority to insure
39 the proper operation and maintenance of such project, and to
40 prohibit entrance to such project from any point or points not so
41 designated;

42 (n) To take title or any lesser interest to any land or other
43 property in the State of Delaware in any manner permitted by the
44 laws of Delaware. Whenever such property located in the State
45 of Delaware cannot be acquired by the authority in its name or in
46 that of its nominee or trustee by agreement, and the Highway
47 Department of the State of Delaware is willing to condemn such
48 property for the use of the project, if reimbursed by the authority
49 for the condemnation money or damages awarded in such
50 condemnation and the expenses thereof, the authority is
51 authorized and empowered to enter into an agreement of
52 reimbursement with the Highway Department of the State of
53 Delaware for such condemnation money or damages and expenses
54 and to secure the same by a deposit of cash or otherwise and to

1 reimburse the Highway Department of the State of Delaware or
2 other proper department or agency of the State of Delaware for
3 all condemnation money or damages and costs legally awarded or
4 incurred in such condemnation;

5 (o) To make and enter into all contracts and agreements
6 necessary or incidental to the performance of its duties and the
7 execution of its powers under this act;

8 (p) To construct, maintain, repair and operate any feeder road
9 or any public highway connecting parts of a project or two or
10 more projects, which in the opinion of the authority will increase
11 the use of a project or projects, to take over for maintenance,
12 repair and operation any existing public highway as a feeder road,
13 and to realign any such existing public highway and build
14 additional sections of road over new alignment in connection with
15 such existing public highway;

16 (q) To appoint such additional officers (who need not be
17 members of the authority) and employ such consulting engineers,
18 attorneys, accountants, construction and financial experts,
19 superintendents, managers and other employees and agents as the
20 authority deems advisable and as may be necessary in its
21 judgment; to fix their compensation; and to promote and
22 discharge such officers, employees and agents, all without regard
23 to the provisions of Title [11] 11A of the [Revised Statutes] New
24 Jersey Statutes;

25 (r) To receive and accept from any federal agency, subject to
26 the approval of the Governor, grants for or in aid of the
27 acquisition or construction of any project, and to receive and
28 accept aid or contributions, except appropriations by the
29 Legislature, from any source, of either money, property, labor or
30 other things of value, to be held, used and applied only for the
31 purposes for which such grants and contributions may be made;

32 (s) Subject to the rights and security interest of the holders
33 from time to time of bonds or notes heretofore or hereafter
34 issued by the New Jersey Highway Authority, to enter into
35 contracts with the State or the New Jersey Transportation Trust
36 Fund Authority established by section 4 of the "New Jersey
37 Transportation Trust Fund Authority Act of 1984," P.L.1984, c.73
38 (C.27:1B-4), providing for the payment from the revenues of the
39 Highway Authority or the Parkway Administration established
40 within the New Jersey Transportation, Toll Road and Trust Fund
41 Authority, as the case may be, to the State or to the New Jersey
42 Transportation Trust Fund Authority of the amount or amounts of
43 revenues that may be set forth in or determined in accordance
44 with the contracts. Any contracts authorized pursuant to this
45 section may include conditions and covenants necessary and
46 desirable to facilitate the issuance and sale of bonds, notes and
47 other obligations of the New Jersey Transportation Trust Fund
48 Authority. Any agreements entered into between the State and
49 the Highway Authority pursuant to this subsection shall terminate
50 upon the effective date of any agreement entered into between
51 the New Jersey Transportation Trust Fund Authority and the
52 Highway Authority providing for the payment of revenues of the
53 Highway Authority directly from the Highway Authority to the
54 New Jersey Transportation Trust Fund Authority;

1 reimburse the Highway Department of the State of Delaware or
2 other proper department or agency of the State of Delaware for
3 all condemnation money or damages and costs legally awarded or
4 incurred in such condemnation;

5 (o) To make and enter into all contracts and agreements
6 necessary or incidental to the performance of its duties and the
7 execution of its powers under this act;

8 (p) To construct, maintain, repair and operate any feeder road
9 or any public highway connecting parts of a project or two or
10 more projects, which in the opinion of the authority will increase
11 the use of a project or projects, to take over for maintenance,
12 repair and operation any existing public highway as a feeder road,
13 and to realign any such existing public highway and build
14 additional sections of road over new alignment in connection with
15 such existing public highway;

16 (q) To appoint such additional officers (who need not be
17 members of the authority) and employ such consulting engineers,
18 attorneys, accountants, construction and financial experts,
19 superintendents, managers and other employees and agents as the
20 authority deems advisable and as may be necessary in its
21 judgment; to fix their compensation; and to promote and
22 discharge such officers, employees and agents, all without regard
23 to the provisions of Title [11] 11A of the [Revised Statutes] New
24 Jersey Statutes;

25 (r) To receive and accept from any federal agency, subject to
26 the approval of the Governor, grants for or in aid of the
27 acquisition or construction of any project, and to receive and
28 accept aid or contributions, except appropriations by the
29 Legislature, from any source, of either money, property, labor or
30 other things of value, to be held, used and applied only for the
31 purposes for which such grants and contributions may be made;

32 (s) Subject to the rights and security interest of the holders
33 from time to time of bonds or notes heretofore or hereafter
34 issued by the New Jersey Highway Authority, to enter into
35 contracts with the State or the New Jersey Transportation Trust
36 Fund Authority established by section 4 of the "New Jersey
37 Transportation Trust Fund Authority Act of 1984," P.L.1984, c.73
38 (C.27:1B-4), providing for the payment from the revenues of the
39 Highway Authority or the Parkway Administration established
40 within the New Jersey Transportation, Toll Road and Trust Fund
41 Authority, as the case may be, to the State or to the New Jersey
42 Transportation Trust Fund Authority of the amount or amounts of
43 revenues that may be set forth in or determined in accordance
44 with the contracts. Any contracts authorized pursuant to this
45 section may include conditions and covenants necessary and
46 desirable to facilitate the issuance and sale of bonds, notes and
47 other obligations of the New Jersey Transportation Trust Fund
48 Authority. Any agreements entered into between the State and
49 the Highway Authority pursuant to this subsection shall terminate
50 upon the effective date of any agreement entered into between
51 the New Jersey Transportation Trust Fund Authority and the
52 Highway Authority providing for the payment of revenues of the
53 Highway Authority directly from the Highway Authority to the
54 New Jersey Transportation Trust Fund Authority;

1 houses, service areas, stations and facilities, communications
2 facilities, administration, storage and other buildings, and other
3 structures, directly related to the use of the express highway,
4 superhighway or motorway, intersecting highways and bridges and
5 feeder roads which the authority may deem necessary for the
6 operation of such project, together with all property, rights,
7 easements and interests which may be acquired by the authority
8 for the construction or the operation of such project;

9 (k) "Public highway" means and shall include any public
10 highway, road or street in the State, whether maintained by the
11 State or by any county, municipality or other governmental
12 subdivision; and

13 (l) "Real property" means lands within the State, above or
14 below water, and improvements thereof or thereon, or any
15 riparian or other rights or interests therein.

16 (cf: P.L.1988, c.177, s.3)

17 22. Section 5 of P.L.1962, c.10 (C.27:12C-5) is amended to
18 read as follows:

19 5. [The authority shall consist of the following members: the
20 Commissioner of Transportation, ex officio, or his designee; and
21 five members appointed by the Governor, with the advice and
22 consent of the Senate, as follows: one resident each from the
23 counties of Camden, Cape May and Gloucester, and two residents
24 from the county of Atlantic. No more than three of the county
25 representatives shall be members of the same political party.
26 Each appointed member shall have been a qualified voter of the
27 State for at least one year preceding the appointment.

28 Each member of the authority, except the Commissioner of
29 Transportation, shall serve for a term expiring on April 30 of the
30 year ensuing after his appointment which corresponds in number
31 to the number of the members of the authority then authorized;
32 provided, that the terms of the members first appointed shall be
33 so arranged that one of such terms shall expire on April 30 in
34 each successive year ensuing after such appointments. Each
35 member, except the Commissioner of Transportation, shall hold
36 office for the term of his appointment and until his successor
37 shall have been appointed and qualified. Any vacancy among the
38 appointed members shall be filled by appointment only for the
39 unexpired term but such appointment shall not be made sooner
40 than 15 days after the occurrence of such vacancy.]

41 The New Jersey Expressway Authority shall consist of five
42 members, who shall be the persons who from time to time shall
43 hold the office of members of the New Jersey Transportation,
44 Toll Road and Trust Fund Authority. The chairman and the
45 vice-chairman shall be the chairman and vice-chairman,
46 respectively, of the New Jersey Transportation, Toll Road and
47 Trust Fund Authority. The authority shall elect a secretary and a
48 treasurer who need not be members, and the same person may be
49 elected as both secretary and treasurer. The powers of the
50 authority shall be vested in the members thereof from time to
51 time and three members of the authority shall constitute a
52 quorum at any meeting thereof. Action may be taken and
53 motions and resolutions adopted by the authority at any meeting
54 thereof by the affirmative vote of at least a majority of the

1 members present. No vacancy in the membership of the
2 authority shall impair the right of the quorum of the members to
3 exercise all of the powers and perform all of the duties of the
4 authority.

5 Anything herein to the contrary notwithstanding, the authority,
6 or upon its dissolution, the Expressway Administration as
7 successor to the authority, shall retain its separate legal status
8 and corporate existence and continue to exercise all its powers
9 and duties as required by law and by agreement with holders of
10 its bonds or notes.

11 Notwithstanding any provisions of this section or any other law
12 to the contrary, the members of the New Jersey Expressway
13 Authority appointed pursuant to P.L.1962, c.10 (C.27:12C-1 et
14 seq.) may, after the effective date of P.L. , c. (C.)(now
15 pending before the Legislature as this bill), continue to serve
16 until the expiration of their appointment but the members shall
17 serve exclusively as an advisory body to the board of the New
18 Jersey Transportation, Toll Road and Trust Fund Authority. Any
19 vacancy occurring in the membership of the advisory body
20 established by this section, whether by the expiration of the term
21 of an advisory member or occurring other than by expiration of
22 term, shall not be filled and there shall not be an appointment of
23 a member to another term as an advisory member.

24 On or before the ninetieth day after the effective date of
25 P.L. , c. (C.)(now pending before the Legislature as this
26 bill), the members shall prepare or cause to be prepared a final
27 and complete audit of the financial accounts and records of the
28 New Jersey Expressway Authority and shall submit same to the
29 Treasurer of the State of New Jersey; provided, however, that
30 the treasurer in his discretion, may extend the time for the
31 members to submit the audit beyond the 90 days if the extension
32 is necessary to complete the audit. The audit shall contain an
33 appraisal of the value of the facilities of the authority. Upon
34 receipt of the audit, the treasurer shall certify the exact
35 indebtedness of the authority owing to its creditors and
36 bondholders as of the effective date of P.L. , c. (C.)(now
37 pending before the Legislature as this bill), and upon such
38 certification the New Jersey Expressway Authority is dissolved
39 and the facilities, files, books, papers, records, equipment and
40 other property, including all the rights, title and interest of the
41 authority in any of its records and papers, are hereby transferred
42 to the Expressway Administration established within the New
43 Jersey Transportation, Toll Road and Trust Fund Authority, to be
44 held, used and applied for the purposes of the Expressway
45 Administration.

46 (cf: P.L.1988, c.177, s.4)

47 23. Section 7 of P.L.1962, c.10 (C.27:12C-7) is amended to
48 read as follows:

49 7. [The] Except as may otherwise be provided by P.L. ,
50 c. (C.)(now pending before the Legislature as this bill), the
51 powers of the authority shall be vested in the members thereof in
52 office from time to time. Four members of the authority shall
53 constitute a quorum and the vote of four members shall be
54 necessary for any action taken by the authority. No vacancy in

1 the membership of the authority shall impair the right of a
2 quorum to exercise all the rights and perform all the duties of the
3 authority.

4 The ex officio member of the authority may designate an
5 employee of his department to represent him at meetings of the
6 authority. A designee may lawfully vote and otherwise act on
7 behalf of the member for whom he constitutes the designee. The
8 designation shall be in writing and delivered to the authority and
9 shall be effective until revoked or amended by a writing delivered
10 to the authority.

11 (cf: P.L.1988, c.177, s.5)

12 24. Section 11 of P.L.1962, c.10 (C.27:12C-11) is amended to
13 read as follows:

14 11. [The] Except as may otherwise be provided by P.L. _____
15 c. (C. _____)(now pending before the Legislature as this bill), the
16 authority shall be a public body corporate and politic and shall
17 have perpetual succession and shall have the following powers:

18 (a) To adopt bylaws for the regulation of its affairs and the
19 conduct of its business;

20 (b) To adopt and have an official common seal and alter the
21 same at pleasure;

22 (c) To maintain an office at such place or places within the
23 State as it may designate;

24 (d) To sue and be sued;

25 (e) To acquire, construct, maintain, improve, repair and
26 operate projects;

27 (f) To construct, maintain, improve, repair and operate feeder
28 roads;

29 (g) To issue bonds or notes of the authority and to provide for
30 the rights of the holders thereof, as provided in this act;

31 (h) In the exercise of any of its powers, to fix and revise from
32 time to time and charge and collect tolls or other charges for
33 transit over or use of any project acquired or constructed by it;

34 (i) To establish rules and regulations for the use of any project;

35 (j) To acquire, lease as lessee, hold and dispose of real and
36 personal property or any interest therein, in the exercise of its
37 powers and the performance of its duties under this act;

38 (k) To acquire in the name of the authority by purchase or
39 otherwise, on such terms and conditions and in such manner as it
40 may deem proper, or by the exercise of the power of eminent
41 domain, any land and other property which it may determine is
42 reasonably necessary for any project or for the relocation or
43 reconstruction of any public highway by the authority under the
44 provisions of this act or for the construction of any feeder road,
45 which the authority is or may be authorized to construct and any
46 and all rights, title and interest in such land and other property,
47 including public lands, parks, playgrounds, reservations, highways
48 or parkways, owned by or in which any county, municipality or
49 other governmental subdivision of the State has any right, title or
50 interest, or parts thereof or rights therein, and any fee simple
51 absolute or any lesser interest in private property, and any fee
52 simple absolute in, easements upon, or the benefit of restrictions
53 upon abutting property to preserve and protect projects;

54 (l) To locate and designate, and to establish, limit and control

1 such points of ingress to and egress from each project as may be
2 necessary or desirable in the judgment of the authority to insure
3 the proper operation and maintenance of such project, and to
4 prohibit entrance to such project from any point or points not so
5 designated;

6 (m) Subject to the limitations of this act, to acquire,
7 construct, maintain, improve, repair or operate any public
8 highway connecting with any one or more projects, which in the
9 opinion of the authority will increase the use of a project or
10 projects, to take over for maintenance, improvement, repair or
11 operation any existing public highway as a feeder road, and to
12 realign any such existing public highway and build additional
13 sections of road over new alignment in connection with such
14 existing public highway;

15 (n) To receive and accept from any federal agency, subject to
16 the approval of the Governor, grants for or in aid of the
17 acquisition or construction of any project, and to receive and
18 accept aid or contributions from any other source, of either
19 money, property, labor or other things of value, to be held, used
20 and applied only for the purposes for which such grants and
21 contributions may be made;

22 (o) Subject to the limitations of this act, to determine the
23 location, type and character of any project and all other matters
24 in connection with such project;

25 (p) Subject to the rights and security interests of the holders
26 from time to time of bonds or notes heretofore or hereafter
27 issued by the New Jersey Expressway Authority, to enter into
28 contracts with the State or the Department of Transportation or
29 the New Jersey Transportation Trust Fund Authority established
30 by section 4 of the "New Jersey Transportation Trust Fund
31 Authority Act of 1984," P.L.1984, c.73 (C.27:1B-4), providing for
32 the payment from the revenues of the New Jersey Expressway
33 Authority or the Expressway Administration established within
34 the New Jersey Transportation, Toll Road and Trust Fund
35 Authority, as the case may be, to the State or to the New Jersey
36 Transportation Trust Fund Authority of the amount or amounts of
37 revenues that may be set forth in or determined in accordance
38 with the contracts, provided, that the payments shall be used
39 solely for financing highway and transportation projects in the
40 counties of Ocean, Burlington, Camden, Gloucester, Atlantic,
41 Salem, Cumberland and Cape May, including the payment of
42 principal and interest on any bonds, notes or other obligations
43 issued or entered into by the New Jersey Transportation Trust
44 Fund Authority, the proceeds of which shall be allocated by the
45 New Jersey Transportation Trust Fund Authority to highway and
46 transportation projects within the counties aforesaid; any
47 contracts authorized pursuant to this section may include
48 conditions and covenants necessary and desirable to facilitate the
49 issuance and sale of bonds, notes and other obligations of the New
50 Jersey Transportation Trust Fund Authority. Any agreements
51 entered into between the Department of Transportation and the
52 Expressway Authority or Expressway Administration, pursuant to
53 this subsection shall terminate upon the effective date of any
54 agreement entered into between the Expressway Authority or

1 Expressway Administration and the New Jersey Transportation
2 Trust Fund Authority providing for payment of revenues of the
3 Expressway Authority or Expressway Administration directly
4 from the Expressway Authority or Expressway Administration to
5 the New Jersey Transportation Trust Fund Authority;

6 (q) To enter into any and all agreements or contracts, execute
7 any and all instruments, and do and perform any and all acts or
8 things necessary, convenient or desirable for the purposes of the
9 authority or to carry out any power expressly given in this act.

10 (cf: P.L.1984, c.73, s.29)

11 25. (New section) There is hereby established within the
12 authority three separate and distinct subsidiary administrations
13 to be known as: the "Turnpike Administration," the "Parkway
14 Administration" and the "Expressway Administration." Each
15 such administration is hereby constituted as a political
16 subdivision and an instrumentality of the State exercising public
17 and essential governmental functions. Each administration shall
18 be governed by a board consisting of five members who shall be
19 the persons who from time to time shall hold the office of
20 members of the New Jersey Transportation, Toll Road and Trust
21 Fund Authority. The members of the administrations shall not
22 receive compensation for their services as members of the
23 respective administrations. Each member shall be reimbursed by
24 the respective administration for his actual expenses necessarily
25 incurred in the performance of his duties. The responsibilities of
26 the three subsidiary administrations shall be mutually exclusive.

27 The Turnpike Administration shall have the sole responsibility
28 for the financing, construction, enlargement, maintenance,
29 improvement, repair, operation and support of the New Jersey
30 Turnpike and turnpike projects including, but not limited to, the
31 responsibility for issuing bonds, refunding bonds or other
32 obligations for turnpike projects, for fixing, revising or adjusting
33 of tolls, for collecting turnpike revenues and for meeting all debt
34 service and reserve requirements and all other reserves and
35 payments required by the terms of the New Jersey Turnpike
36 Authority's contracts with its bondholders or noteholders. The
37 Turnpike Administration shall be headed by an executive director
38 who shall be a person of recognized ability and experience, who
39 shall be appointed by the members of the New Jersey
40 Transportation, Toll Road and Trust Fund Authority and who shall
41 serve at the pleasure of that authority. The executive director
42 may employ such officers and employees as may be necessary for
43 the proper effectuation of the duties and functions of the
44 Turnpike Administration and may determine the qualifications of
45 such persons; however, the members of the New Jersey
46 Transportation, Toll Road and Trust Fund Authority shall approve
47 such positions and fix compensation for such officers and
48 employees all without regard to the provisions of Title 11A, of
49 the New Jersey Statutes except that such officers and employees
50 appointed or hired by the authority after January 1, 1989 and who
51 are not subject to the "New Jersey Employer-Employee Relations
52 Act," P.L.1941, c.100 (C.34:13A-1 et seq.) shall receive sick and
53 vacation leave only as provided for State employees in Title 11A
54 of the New Jersey Statutes and if supplemental compensation

1 upon retirement is to be paid to those officers and employees, it
2 shall be calculated and limited as in N.J.S.11A:6-19.

3 Except as may otherwise be herein provided, the Turnpike
4 Administration shall be the successor to the New Jersey Turnpike
5 Authority and shall succeed to all rights, obligations, contracts,
6 debts and properties of such authority relating thereto, including,
7 but not limited to, the issuance of bonds, refunding bonds or other
8 obligations relating to turnpike projects, the fixing, revising or
9 adjusting of tolls for the use of any turnpike projects or parts or
10 sections thereof, the collection of turnpike revenues and the
11 meeting of all debt service and reserve payments and all other
12 reserves and payments required under the contracts between the
13 New Jersey Turnpike Authority and its bondholders or noteholders.

14 The Parkway Administration shall have sole responsibility for
15 the financing, construction, enlargement, maintenance,
16 improvement, repair, operation and support of the Garden State
17 Parkway, the Garden State Arts Center and all other parkway
18 projects including, but not limited to, the responsibility for
19 issuing bonds, refunding bonds or other obligations for parkway
20 projects, for fixing, revising or adjusting of tolls, for collecting
21 parkway revenues and for meeting all debt service and reserve
22 requirements and all other reserve and other payments required
23 by the terms of the New Jersey Highway Authority's contracts
24 with its bondholders or noteholders. The Parkway Administration
25 shall be headed by an executive director who shall be a person of
26 recognized ability and experience, who shall be appointed by the
27 members of the New Jersey Transportation, Toll Road and Trust
28 Fund Authority and who shall serve at the pleasure of that
29 authority. The executive director may employ such officers and
30 employees as may be necessary for the proper effectuation of the
31 duties and functions of the Parkway Administration and may
32 determine the qualifications of such persons; however, the
33 members of the New Jersey Transportation, Toll Road and Trust
34 Fund Authority shall approve such positions and fix compensation
35 for such officers and employees all without regard to the
36 provisions of Title 11A, of the New Jersey Statutes except that
37 such officers and employees appointed or hired by the authority
38 after January 1, 1989 and who are not subject to the "New Jersey
39 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
40 et seq.) shall receive sick and vacation leave only as provided for
41 State employees in Title 11A of the New Jersey Statutes and if
42 supplemental compensation upon retirement is to be paid to those
43 officers and employees, it shall be calculated and limited as in
44 N.J.S.11A:6-19;

45 Except as may otherwise be herein provided, the Parkway
46 Administration shall be the successor to the New Jersey Highway
47 Authority and shall succeed to all rights, obligations, contracts,
48 debts and properties of such authority relating thereto, including,
49 but not limited to, the issuance of bonds, refunding bonds or other
50 obligations relating to parkway projects, the fixing, revising or
51 adjusting of tolls for the use of any parkway projects or parts or
52 sections thereof, the collection of parkway revenues and the
53 meeting of all debt service and reserve payments and all other
54 reserve and other payments required under the contracts between

1 the New Jersey Highway Authority and its bondholders or
2 noteholders.

3 The Expressway Administration shall have sole responsibility
4 for the financing, construction, enlargement, maintenance,
5 improvement, repair, operation and support of the Atlantic City
6 Expressway and expressway projects including, but not limited to,
7 the responsibility for issuing bonds, refunding bonds or other
8 obligations for expressway projects, for fixing, revising or
9 adjusting of tolls, for collecting expressway revenues and for
10 meeting all debt service and reserve requirements and all other
11 reserves and payments required by the terms of the New Jersey
12 Expressway Authority's contracts with its bondholders or
13 noteholders. The Expressway Administration shall be headed by
14 an executive director who shall be a person of recognized ability
15 and experience, who shall be appointed by the members of the
16 New Jersey Transportation, Toll Road and Trust Fund Authority
17 and who shall serve at the pleasure of that authority. The
18 executive director may employ such officers and employees as
19 may be necessary for the proper effectuation of the duties and
20 functions of the Expressway Administration and may determine
21 the qualifications of such persons; however, the members of the
22 New Jersey Transportation, Toll Road and Trust Fund Authority
23 shall approve such positions and fix compensation for such
24 officers and employees all without regard to the provisions of
25 Title 11A, of the New Jersey Statutes except that such officers
26 and employees appointed or hired by the authority after January
27 1, 1989 and who are not subject to the "New Jersey
28 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
29 et seq.) shall receive sick and vacation leave only as provided for
30 State employees in Title 11A of the New Jersey Statutes and if
31 supplemental compensation upon retirement is to be paid to those
32 officers and employees, it shall be calculated and limited as in
33 N.J.S.11A:6-19;

34 Except as may otherwise be herein provided, the Expressway
35 Administration shall be the successor to the New Jersey
36 Expressway Authority and shall succeed to all the rights,
37 obligations, contracts, debts and properties of such authority
38 relating thereto, including, but not limited to, the issuance of
39 bonds, refunding bonds or other obligations relating to expressway
40 projects, the fixing, revising or adjusting of tolls for the use of
41 any expressway projects or parts or sections thereof, the
42 collection of expressway revenues and the meeting of all debt
43 service and reserve payments and all other reserves and payments
44 required under the contracts between the New Jersey Expressway
45 Authority and its bondholders or noteholders.

46 26. (New section) Each such subsidiary administration of the
47 New Jersey Transportation, Toll Road and Trust Fund Authority
48 shall be created as a subsidiary of the authority, shall constitute
49 a public body corporate and politic and an instrumentality of the
50 State, and shall be organized by the authority by executing and
51 filing with the Secretary of State of New Jersey a certificate of
52 incorporation, which may be amended from time to time by
53 similar filing, which shall set forth the name of such subsidiary
54 administration, its duration, the location of its principal office,

1 and the purposes of the incorporation. The members of each such
2 subsidiary administration shall be the same persons holding the
3 offices of members of the New Jersey Transportation, Toll Road
4 and Trust Fund Authority. Each such subsidiary administration
5 and its property, functions and activities shall have all of the
6 privileges, immunities, tax exemptions and other exemptions of
7 the predecessor authority and of the predecessor authority's
8 property, if any. The property, revenues, and assets of the three
9 subsidiary administrations shall be separate and distinct from
10 each other and shall be separate and distinct from the property,
11 revenues, and assets, if any, of the New Jersey Transportation,
12 Toll Road and Trust Fund Authority. Each subsidiary
13 administration shall separately account for its assets, liabilities,
14 revenues and expenses and no one of the administrations shall be
15 responsible for any obligations or debts of the other or for any
16 obligations or debts of the New Jersey Transportation, Toll Road
17 and Trust Fund Authority. No revenues, funds or other assets of
18 one administration shall be available for any use whatsoever,
19 directly, contingently or otherwise, by any other administration
20 or by the New Jersey Transportation, Toll Road and Trust Fund
21 Authority.

22 Each administration shall ensure that all its revenues derived
23 from toll road operations are dedicated to toll road projects of
24 that administration or to the payment of debt service obligations
25 or reserve payments or other reserves or payments required under
26 the contracts between that administration and its bondholders or
27 noteholders, including, but not limited to, the provisions of the
28 agreements entered into by the predecessor authorities pursuant
29 to subsection (s) of section 5 of P.L.1952, c.16 (C.27:12B-5),
30 subsection (p) of section 11 of P.L.1962, c.10 (C.27:12C-11), and
31 subsection b. of section 1 of P.L.1966, c.8 (C.27:23-5.8).

32 A subsidiary administration may be dissolved by resolution of
33 the authority or by act of the Legislature on condition that such
34 subsidiary administration has no debts or obligations outstanding
35 or that provision has been made for the payment or retirement of
36 such debts or obligations. Upon any such dissolution of a
37 subsidiary administration, the property, funds and assets thereof
38 shall pass to and be vested in the State and the toll roads and toll
39 road projects shall become part of the State highway system and
40 thereafter be operated and maintained by the Department of
41 Transportation as toll roads and toll road projects. The
42 employees of any such subsidiary administration, except those
43 who are also employees of the authority, shall be deemed
44 employees of the State.

45 27. (New section) Upon the transfer of the functions, powers
46 and duties of the predecessor authorities as provided in P.L. ,
47 c. (C.)(now pending before the Legislature as this bill), all
48 projects or facilities of the predecessor authorities shall be
49 transferred to the respective subsidiary administrations and all
50 toll roads and toll road projects shall thereafter be maintained
51 and operated by the separate subsidiary administrations. The
52 subsidiary administrations shall cause tolls for the use of the toll
53 road projects to be charged and collected at the same rates as
54 were charged and collected by the predecessor authorities

1 immediately prior to the transfer of the functions, powers and
2 duties of the predecessor authorities. Notwithstanding any law,
3 rule or regulation to the contrary, no change or revision shall
4 thereafter be made in those rates by the subsidiary
5 administrations without the approval of the Governor at least 45
6 days prior to the date on which the change or revision is proposed
7 to become effective. For the purposes of this section, the
8 approval of the Governor means receipt of written notice from
9 the Governor advising the administration to proceed with the
10 notice and hearing concerning the adoption of a resolution or
11 other action necessary to change or revise the rates.

12 28. (New section) Upon the transfer of the functions, powers
13 and duties of the predecessor authorities to the respective
14 subsidiary administrations as provided for in P.L. ,
15 c. (C.)(now pending before the Legislature as this bill), all
16 employees of the predecessor authorities shall be transferred to
17 their respective subsidiary administrations established under
18 section 25 of this P.L. , c. (C.)(now pending before the
19 Legislature as this bill) and shall become employees of the
20 respective subsidiary administration. All records and property of
21 the predecessor authorities, except as otherwise provided herein,
22 shall be transferred to the respective subsidiary administrations
23 and all outstanding obligations and commitments lawfully
24 undertaken or contracted for by the predecessor authorities shall
25 be assumed and performed by the respective subsidiary
26 administrations.

27 29. (New section) The members of the New Jersey
28 Transportation, Toll Road and Trust Fund Authority shall ensure
29 that the authority and subsidiary administrations of the authority
30 have adopted a code of ethics to govern the conduct of State
31 officers and employees, and special State officers and employees,
32 pursuant to P.L.1971, c.182 (C.52:13D-12 et seq.). The members
33 shall further ensure that such officers and employees of the
34 authority or the subsidiary administrations of the authority,
35 receive a copy of the appropriate code of ethics and submit a
36 signed certification to the authority or subsidiary administration,
37 as the case may be, stating that the officer or employee has
38 reviewed the code of ethics and agrees to be bound by the
39 provisions thereof. The signed certifications shall be retained as
40 part of the permanent records of the authority and subsidiary
41 administrations.

42 30. (New section) The chairman of the authority shall
43 establish, in addition to other committees which may be
44 established by the bylaws of the authority, a committee on
45 capital program oversight which shall include the chairman or his
46 designee, the State Treasurer and not less than two members.
47 The capital program oversight committee shall, with respect to
48 any approved or proposed capital program plans of the subsidiary
49 administrations, perform the following functions:

50 a. Monitor the current and future availability of funds to be
51 utilized for such plans approved or proposed by the subsidiary
52 administrations;

53 b. Monitor the contract awards of the subsidiary
54 administrations to insure that such awards are consistent with

1 affirmative action provisions, collective bargaining agreements,
2 State labor laws and State bidding requirements, and any other
3 relevant requirements established by law;

4 c. Monitor the award of contracts to determine if such awards
5 and any change orders related to the awards have been submitted
6 to and approved by the members of the appropriate subsidiary
7 administration and that the actions taken with regard to such
8 awards are specifically enumerated in the minutes of the
9 meetings of that subsidiary administration;

10 d. Review the relationship between capital expenditures
11 pursuant to each such capital program plan and current and
12 future operating budget requirements;

13 e. Monitor the progress of capital elements described in each
14 capital program approved by the subsidiary administrations;

15 f. Monitor the expenditures incurred and to be incurred for
16 each such element; and

17 g. Identify capital elements not progressing on schedule,
18 ascertain responsibility therefor and recommend those actions
19 required or appropriate to accelerate their implementation.

20 The committee shall issue reports of its activities and findings
21 on a quarterly basis, and shall in connection with the preparation
22 of such quarterly reports, consult with the Division of Budget and
23 Accounting in the Department of the Treasury, the State
24 Department of Transportation and any other group which the
25 committee deems relevant, including at least annually, a
26 nationally recognized transportation consulting firm. Such
27 reports shall be made available to the members of the authority,
28 members of the Legislature and the Governor.

29 31. (New section) In addition to the capital program oversight
30 committee and any other committees which may be formed by
31 the bylaws of the authority, the chairman shall establish a
32 committee to review the personnel policies and procedures of the
33 subsidiary administrations. The committee shall consist of the
34 chairman of the authority, or his designee, and at least two other
35 members of the authority. The purpose of the committee shall be
36 to consider how gains in economy and efficiency may be achieved
37 in the operations of the subsidiary administrations through
38 reductions in expenditures made possible by certain items,
39 including but not limited to the following:

- 40 a. Reductions in overtime;
- 41 b. Elimination of consultant fees;
- 42 c. Less temporary help;
- 43 d. Elimination of budgeted positions;
- 44 e. Improved methods of communication;
- 45 f. Improved systems and procedures;
- 46 g. Better deployment and utilization of manpower;
- 47 h. Elimination of unnecessary travel;
- 48 i. Elimination of unnecessary printing and mailing;
- 49 j. Elimination of unnecessary payments of advertising,
50 memberships, dues and subscriptions;
- 51 k. Elimination of waste, duplication, and practices of doubtful
52 value;
- 53 l. Improved space utilization;
- 54 m. Proven cost reduction techniques; and

1 n. Any other items considered by the committee as
2 representing true savings.

3 The committee shall issue a report within one year of the
4 effective date of P.L. , c. (C.)(now pending before the
5 Legislature as this bill) containing a written description of the
6 changes in personnel practices and procedures or work methods
7 which it finds will produce gains in the economy and efficiency of
8 the operations of the subsidiary administrations. Such report
9 shall be made available to the members of the authority,
10 members of the Legislature and the Governor.

11 32. (New section) Nothing in P.L. , c. (C.)(now
12 pending before the Legislature as this bill) shall be deemed or
13 construed so as to limit, alter or impair in any way the rights and
14 obligations of the New Jersey Turnpike Authority, the New
15 Jersey Highway Authority or the New Jersey Expressway
16 Authority, or their successors, under the provisions of the
17 contracts made with the holders from time to time of bonds and
18 notes heretofore or hereafter issued by said authorities or in any
19 way impair the rights and security of such holders under such
20 contracts.

21 33. (New section) All acts and parts of acts inconsistent with
22 any of the provisions of P.L. , c. (C.)(now pending before
23 the Legislature as this bill) are to the extent of such
24 inconsistencies, superseded and shall be deemed inoperative.

25 34. (New section) If any clause, sentence, paragraph, section
26 or part of P.L. , c. (C.)(now pending before the
27 Legislature as this bill) shall be adjudged by any court of
28 competent jurisdiction to be invalid, such judgment shall not
29 affect, impair or invalidate the remainder thereof, but shall be
30 confined in its operation to the clause, sentence, paragraph,
31 section or part thereof directly involved in the controversy in
32 which such judgment shall have been rendered.

33 35. (New section) a. Whenever in any law, rule, regulation,
34 order, contract, document, judicial or administrative proceeding
35 or otherwise, reference is made to a predecessor authority, the
36 same shall mean and refer to a subsidiary administration of the
37 authority.

38 b. The transfer of the predecessor authorities in accordance
39 with the provisions of P.L. , c. (C.)(now pending before
40 the Legislature as this bill) shall not affect the orders, rules and
41 regulations heretofore made or promulgated by the predecessor
42 authorities. These orders, rules and regulations insofar as they
43 are not inconsistent herewith shall continue in effect until
44 amended or repealed pursuant to law.

45 c. The provisions of P.L.1952, c.16 (C.27:12B-1 et seq.),
46 P.L.1962, c.10 (C.27:12C-1 et seq.), and P.L.1948, c.454
47 (C.27:23-1 et seq.), insofar as they are not inconsistent with the
48 provisions of P.L. , c. (C.)(now pending before the
49 Legislature as this bill), shall continue in effect and any
50 reference therein or in any other law to the predecessor
51 authorities, to the chairman or any member thereof shall be
52 deemed to mean and refer to one of the subsidiary
53 administrations, or the chairman or member thereof as the case
54 may be.

1 36. (New section) All transfers directed by this act shall be
2 made in accordance with the "State Agency Transfer Act,"
3 P.L.1971, c.375 (C.52:14D-1 et seq.). Except as may otherwise
4 be provided by P.L. , c. (C.)(now pending before the
5 Legislature as this bill), nothing herein shall be construed to
6 deprive employees of their rights, privileges, obligations or status
7 with respect to any pension or retirement system.

8 37. (New section) a. Upon transferral of the employees of the
9 predecessor authorities to the subsidiary administrations of the
10 authority, the employees shall retain all of their rights and
11 benefits under existing labor agreements or contracts until such
12 time as new or revised agreements or contracts are agreed to or
13 these agreements or contracts shall expire. All existing
14 bargaining agents shall be retained to act on behalf of these
15 employees until such time as the employees shall, pursuant to
16 law, elect to change such agents.

17 b. Except as may otherwise be provided by P.L. ,
18 c. (C.)(now pending before the Legislature as this bill), all
19 officers and employees who hold office or are employed by the
20 predecessor authorities and whose functions, powers and duties
21 have been transferred to the subsidiary administrations of the
22 authority under P.L. , c. (C.)(now pending before the
23 Legislature as this bill) shall upon the effective date of P.L. ,
24 c. (C.) (now pending before the Legislature as this bill) be
25 transferred from the predecessor authorities to the subsidiary
26 administrations of the authority and shall continue in that or
27 similar office or employment with the subsidiary administrations,
28 and shall not be dismissed from such office or employment,
29 except for good cause and after an opportunity to be heard, for
30 one year after the effective date of P.L. , c. (C.)(now
31 pending before the Legislature as this bill). Except as provided
32 herein, nothing shall affect the civil service status, if any, of
33 those officers or employees or their rights, privileges, obligations
34 or status with respect to any pension or retirement system. Any
35 collective bargaining agreements entered into by the predecessor
36 authorities with any of its employees shall continue in effect for
37 the term of the agreement, notwithstanding that the employees
38 affected by the agreement shall be employees of the subsidiary
39 administrations, but the agreement shall be binding for both the
40 employees and the subsidiary administrations. The provisions of
41 this section shall not apply to any officer or employee appointed
42 or employed, or any collective bargaining agreement entered
43 into, on or after the date of enactment of P.L. ,
44 c. (C.)(now pending before the Legislature as this bill).

45 38. (New section) a. In hiring employees after the effective
46 date of P.L. , c. (C.)(now pending before the Legislature
47 as this bill), the authority and its subsidiary administrations shall
48 comply fully with the affirmative action policies and procedures
49 of the State of New Jersey. The authority and its subsidiary
50 administrations shall ensure equal employment opportunity for all
51 of its employees and applicants seeking employment, including
52 not limited to recruitment, selection, hiring, training, promotion,
53 transfer, layoff, return from layoff, compensation and fringe
54 benefits. Equal employment opportunity further includes

1 policies, procedures, and programs for recruitment, employment,
2 training, promotion, and retention of minorities, women and
3 handicapped persons.

4 b. The authority shall appoint at least one person with the
5 responsibility for equal employment opportunity as the
6 affirmative action officer. The authority and its subsidiary
7 administrations shall develop, in consultation with the Division of
8 Equal Employment Opportunity and Affirmative Action in the
9 Department of Personnel, an affirmative action plan with goals
10 and timetables and submit quarterly and annual affirmative
11 action reports to the division. The affirmative action plan shall
12 identify existing inequities in hiring, promotion, and all other
13 conditions of employment and provide specific remedies for those
14 inequities and establish the time periods for the accomplishment
15 of remedial action.

16 c. The Division of Equal Employment Opportunity and
17 Affirmative Action in the Department of Personnel shall assist
18 the authority and its subsidiary administrations in developing
19 affirmative action plans. The division shall notify the Division on
20 Civil Rights in the Department of Law and Public Safety of any
21 possible violations of the "Law Against Discrimination,"
22 P.L.1945, c.169 (C.10:5-1 et seq.).

23 39. (New section) In order to assist in the transition to the
24 new structure and responsibilities of the New Jersey
25 Transportation, Toll Road and Trust Fund Authority set forth in
26 P.L. , c. (C.)(now pending before the Legislature as this
27 bill), the State Treasurer and the Commissioner of Transportation
28 shall prepare and submit to the members of the authority upon its
29 organization after the effective date of P.L. , c. (C.)(now
30 pending before the Legislature as this bill) a transition budget to
31 provide for the continuation of services previously performed by
32 the authority and its subsidiary administrations, and for the
33 commencement of new responsibilities to be performed by the
34 authority and its subsidiary administrations, which budget shall
35 govern the financial operations of the authority and its subsidiary
36 administrations until they shall adopt budgets for a full fiscal
37 year. The State Treasurer and the Commissioner of
38 Transportation shall, in preparing the transition budget, take into
39 account all revenues, assets and liabilities of the predecessor
40 authorities and any appropriations provided by the Legislature to
41 the authority. The transition budget shall be submitted as part of
42 the minutes of the authority, along with any amendments or other
43 changes made by the members of the authority.

44 40. (New section) All officers, departments, boards, agencies,
45 divisions and commissions of the State are hereby authorized and
46 empowered to render any and all such services to the authority
47 and its subsidiary administrations as may be within the area of
48 their respective governmental functions as fixed or established by
49 law, and as may be requested by the authority or any of its
50 subsidiary administrations. The cost and expense of any such
51 services shall be met and provided for by the authority or its
52 subsidiary administrations.

53 41. (New section) The State of New Jersey does hereby pledge
54 to and covenant and agree with the holders of any bonds or notes

1 heretofore or hereafter issued by the predecessor authorities or
2 the subsidiary administrations of the New Jersey Transportation,
3 Toll Road and Trust Fund Authority that the State will not limit
4 or alter the rights or powers hereby vested in the predecessor
5 authorities or the subsidiary administrations of the authority to
6 acquire, construct, maintain, improve, repair and operate its toll
7 roads and toll road projects in any way that would jeopardize the
8 interest of such holders, or to perform and fulfill the terms of
9 any agreement made with the holders of such bonds or notes, or
10 to fix, establish, charge and collect such tolls, rents, fees, rates
11 or other charges as may be convenient or necessary to produce
12 sufficient revenues which, together with other available funds,
13 shall be sufficient to meet all expenses of the predecessor
14 authorities or subsidiary administrations and fulfill the terms of
15 any agreements made with the holders of such bonds or notes,
16 together with interest thereon, with interest on any unpaid
17 installments of interest, and all costs and expenses in connection
18 with any action or proceedings by or on behalf of such holders,
19 until the bonds and notes, together with interest thereon, are
20 fully met and discharged or otherwise provided for.

21 42. (New section) All bondholders and other creditors of the
22 predecessor authorities and persons having claims against or
23 contracts with any predecessor authority of any kind or character
24 may enforce such debts, claims and contracts against the
25 subsidiary administration created as the successor to that
26 predecessor authority on or after the effective date of P.L. ,
27 c. (C.)(now pending before the Legislature as this bill), and
28 the rights and remedies of bondholders, creditors and persons
29 having claims or contracts shall not be limited or restricted in
30 any manner by P.L. , c. (C.)(now pending before the
31 Legislature as this bill).

32 43. (New section) The provisions of P.L. , c. (C.)(now
33 pending before the Legislature as this bill) and any rules and
34 regulations adopted thereunder shall be in all respects subject to
35 the rights and security interests of the holders from time to time
36 of the bonds or notes heretofore or hereafter issued by any of the
37 predecessor authorities or subsidiary administrations of the New
38 Jersey Transportation, Toll Road and Trust Fund Authority.

39 44. This act shall take effect immediately.
40
41

42 STATEMENT

43
44 This bill creates three subsidiary administrations within a
45 single successor authority to be known as the New Jersey
46 Transportation, Toll Road and Trust Fund Authority. The bill
47 provides that the three subsidiary administrations shall assume
48 the operational and capital planning functions of the State's
49 three toll road authorities. Under this new organization, the
50 Turnpike Administration would assume these functions for the
51 New Jersey Turnpike Authority, the Parkway Administration
52 would assume these functions for the New Jersey Highway
53 Authority and the Expressway Administration would assume these
54 functions for the New Jersey Expressway Authority.

1 This bill further provides that the five members of the New
2 Jersey Transportation, Toll Road and Trust Fund Authority would
3 replace the current members of each of the three toll road
4 authorities and would thereby govern and manage the operations
5 and planning for each of the three toll roads as well as for the
6 New Jersey Transportation, Toll Road and Trust Fund Authority.
7 The Commissioner of Transportation, who is designated as the
8 chairman of the New Jersey Transportation, Toll Road and Trust
9 Fund Authority, would also serve as chairman of each of three
10 subsidiary administrations. The officers and employees of the
11 toll road authorities whose duties involve those functions relating
12 to the construction, operation, maintenance, and repair of toll
13 road projects would be transferred to the respective subsidiary
14 administrations. All actions of the authority as well as its
15 subsidiary administrations would remain subject to gubernatorial
16 veto to ensure complete public accountability.

17 The bill also provides that the toll road authorities would retain
18 their separate legal status as subsidiary administrations of the
19 New Jersey Transportation, Toll Road and Trust Fund Authority
20 and would retain exclusive powers to issue revenue bonds, if
21 needed, for any of their corporate purposes, to refund bonds
22 heretofore or hereafter issued by the administrations, and to fix,
23 revise, charge and collect tolls for transit over the State's three
24 toll roads. The bill further provides that the members of the
25 authority may appoint one executive director for the authority
26 and for the subsidiary administrations of the authority who shall
27 serve at the pleasure of the authority.

28 The purpose of the subsidiary administrations is to exercise
29 those powers formerly reserved to the authorities to acquire,
30 construct, maintain, repair, improve and operate toll road
31 projects. In addition, the bill mandates that the administrations
32 shall ensure that all revenues derived from toll road operations
33 shall be dedicated to toll road purposes and projects of the
34 respective administrations except where existing agreements
35 between the State and the predecessor authorities require
36 payments to the New Jersey Transportation, Toll Road and Trust
37 Fund Authority. The bill also provides that upon dissolution of
38 the authority and the administrations, all funds and other
39 properties of the authority shall vest in and be delivered to the
40 State.

41 The intent and purpose of this bill is to ensure that the
42 management, operations, maintenance and capital programs
43 affecting the State's three toll roads are subject to greater
44 accountability by placing the responsibility for these functions
45 within three separate subsidiary corporations under the common
46 control of the members of the New Jersey Transportation, Toll
47 Road and Trust Fund Authority which includes the Commissioner
48 of Transportation, to exercise greater oversight, to achieve
49 economies of scale through centralized planning and purchasing
50 decisions, and to effect greater coordination of the
51 transportation policies and projects for the State, while keeping
52 the financial structure and borrowing powers of the predecessor
53 authorities intact in the form of subsidiary administrations.

1

2

3 Establishes three subsidiary administrations under the supervision
4 and control of the New Jersey Transportation, Toll Road and
5 Trust Fund Authority.

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* * * * *

mjz: 1-143

ASSEMBLYMAN ALEX DeCROCE (Chairman): Good morning, ladies and gentlemen. For those of you who may want to testify, there are slips in the back. If you will sign in, we will take your names and will be more than happy to accommodate you, if we can, during this morning's hearing. I expect this hearing to continue from now until approximately 2:00 p.m., at which time we will adjourn to a later date.

This meeting of the Assembly Transportation and Communications Committee has been convened to begin deliberations on the issue of dismantling the current administrations of the New Jersey Highway Authority and the New Jersey Turnpike Authority. Our goals are the following:

We will explore placing the operations of the Garden State Parkway and the New Jersey Turnpike under the State Department of Transportation, thereby streamlining these agencies, eliminating their bloated bureaucracies, and controlling costs. We will identify the financial responsibilities facing the State necessary for the retirement of all outstanding debt of the Parkway and the Turnpike. We will seek to phase out, or eliminate tolls, particularly on the Parkway.

This is no small undertaking. Turnpike and Highway Authority debt combined stands at \$3.5 billion. Debt service alone requires payments of well over \$150 million per year. Maintenance of the roads at current standards requires another \$70 million. These costs are supported by tolls, and do not go away if toll collections are stopped. It is clear that the State budget cannot support payments of this magnitude. Therefore, there must be concessions made on the part of all parties -- the toll road authorities, the State, the citizens. This will not happen overnight, but I assure you that we will arrive at a plan in a timely fashion which will meet our goals.

Our purpose today is to hear preliminary testimony from the State Department of Transportation and representatives

of the Highway Authority, the Turnpike Authority, and a few members of the general public. I hope many of the people in the audience will want to testify on the issue, but it is our intention today to take testimony first from a few of the agencies, so we can get an idea of what we are into, frankly.

The Turnpike and DOT Treasurer, financial analysts, and others will probably be called on at a later date to testify. We will take comments from the public for as long as we can today. We ask those of you who have come in in groups to designate a single spokesperson, and that your comments be limited to seven to ten minutes, if possible. Anyone may submit written testimony to the Committee, which will be made part of the record of these hearings. All Committee hearings on this issue are open to the public, and the public is urged to attend. However, due to time constraints, we will be limited in what we can hear.

The Committee tentatively plans to hold hearings on this issue on Monday, May 4, and Thursday, May 14. These hearings, again, are open to the public, but time will not allow us to take comments from the public due to the legislative schedules on those dates. We may have to take just a limited amount of public testimony.

On May 21, the Committee will hold a public hearing beginning at maybe 10:00 a.m., for the express purpose of taking comments from the general public. They will probably be able to go for a long period of time that day, if they would like to.

I would also like to emphasize to you that despite the fact that we have named a particular bill this morning, the purpose of that bill, frankly, is just to get these hearings going. It is not the bill we expect to come out with. It is not the bill that this Committee is intending to put forth before the General Assembly. Therefore, I want you to understand that what we are doing here, is trying to get all

the information we can from all of you, in order to craft a bill that will be able to be handled by the Legislature, the administration, and the general public. That may take time; it cannot be done overnight. But we are here to listen to all of you, in order to give a good proposal in bill form to the Legislature.

With that, I would like to call this morning a representative from the Department of Transportation, Ms. Kathy Stanwick.

K A T H Y S T A N W I C K: Thank you, Mr. Chairman, and members of the Committee. Commissioner Downs asked me to be here today. Unfortunately, he was unable to attend; he is not in the office. He did, however, want me to express his personal commitment to working with you as you develop and evaluate proposals related to the future of New Jersey's toll road facilities. He also wanted me to indicate that all of the resources of the Department would be made available to you, in whatever way you would like to use those resources.

My remarks today will not specifically address whether NJDOT can assume responsibilities for operating and maintaining those parts of our highway network that are current facilities. Rather, since this is the initial hearing, the Commissioner asked me to outline some of his thoughts about the issues that State policymakers will have to grapple with as they struggle with restructuring the way we deliver transportation services in New Jersey.

The other thing he asked me to do was to share with you some observations about how other states are approaching issues related to transportation policies and investments, since we think there are some lessons there that will be helpful as you begin your deliberations.

To date, as you are aware, our transportation system is dependent on Federal, State, and local government dollars, and, in the case of the three toll authorities in New Jersey,

user fees. There are many questions that must be answered before we begin the process of altering the way New Jersey operates and finances its transportation system. These questions basically fall into four general categories:

1) The impact on the authorities, including both their facilities and their bondholders; 2) the impact on the NJDOT budget as an operating unit of State government and on the State's financial condition overall; 3) the impact on the allocation of Federal highway dollars to the State, and I might add, we are not sure exactly what the impact would be; that is going to require some further study. And finally, the impact on the users of the system. Let me outline quickly a few of the questions that the Commissioner has asked us to raise this morning related to the authorities.

As you pointed out, Mr. Chairman, the outstanding debt of the three highway toll roads is over \$3.5 billion. How would that debt be repaid? The authorities have a responsibility to their bondholders to provide a certain level of maintenance of their facilities. We need to explore how restrictive those provisions are; what it costs to maintain that service now; could the State assume that responsibility and, if so, how?

The authorities have significant capital investment programs underway, particularly the New Jersey Turnpike Authority. How would eliminating tolls affect the ongoing and planned construction, if at all?

On the State's side, how much would need to be added to NJDOT's general operating fund budget to maintain those facilities? Would the NJDOT be required to maintain them at a level that becomes cost prohibitive for the State? We are particularly concerned, as you know, given that our maintenance employment is down 21 percent and our maintenance expenditures have decreased by 25 percent since 1989.

Can the State afford to assume the outstanding debt of the toll roads? Is it permissible, given existing bond covenants? Would our State's credit rating be affected by significantly increasing the outstanding debt? Those are a number of questions that I know you have identified as needing to be answered.

Currently, the three toll roads combined contribute \$24.5 million annually to the State's Transportation Trust Fund. If the tolls are eliminated, would this annual contribution be stopped, and how would this impact the financial condition of the Transportation Trust Fund?

On the Federal side, as I indicated before, there are still some questions that we do not have answers to. They are going to require some additional research. However, there is one thing that is certain: The formula for allocating Federal funds to New Jersey already takes into account the vehicle miles traveled on New Jersey's toll roads. That means that the same number of capital dollars would need to be stretched over a significantly larger highway system. Inclusion of those systems under NJDOT's jurisdiction would add 25 percent more land miles, and over 45 percent more vehicle miles traveled to the State highway system. Given that these are heavily used systems with very significant capital repair costs, how many dollars would we need to divert from other programs around the State, in order to accommodate the capital needs of these facilities that are currently tolled?

With the new flexibility and the enactment of the "soft match" provision within the Intermodal Surface Transportation Efficiency Act, affectionately referred to as ISTEA, New Jersey toll road capital investments allow us to free State capital dollars and expand the pool of projects we can finance. In Fiscal Year 1993, that will amount to approximately \$245 million. How will the proposals affect the new flexibility we fought for and received through the new

Federal guidelines? Will we lose the \$245 million in soft match? Will that result, in essence, in our having an even smaller pool of dollars available for a much larger State, county, municipal, and authority road and bridge network?

There is a significant number of issues, finally, that deal with the users of the system. Eliminating barrier tolls could speed the flow of traffic, but is it possible that volume and congestion will increase on these highways? Is there likely to be more truck traffic, particularly on the New Jersey Turnpike? Will that have a negative impact on drivers on those systems?

Eliminating tolls will save money for users of the three toll authorities, but how much will actually be saved by New Jerseyans? I am sure my colleagues from both the Highway Authority and the Turnpike Authority can talk about how many of their fees are generated from cars and trucks from other states.

Finally, we need to grapple with the fundamental question that I think all 50 states around the country are now dealing with: Do we finance transportation improvements and investments through user fees in the form of tolls, through user fees such as gas taxes, through across-the-board financing, such as income taxes, or through a combination of some or all of these? Or, do we encourage the private sector to build, operate, and finance, through tolls, our transportation facilities?

The national trend is pretty clear. Most states around the country are moving toward more toll facilities. Let me just give you a kind of very quick overview of some of what other states are doing:

California is in the process of beginning five demonstration projects for privately financed and built toll roads. The California DOT has played a significant role in establishing the standards and overseeing the projects. These roads, ultimately, would be turned over to the state in 25

years, but meanwhile their construction and the tolls would remain on those roads for 25 years.

The State of Florida is financing a new expressway in the Orlando area. They are doing it by making it a toll facility.

The Oklahoma Turnpike Authority has taken a rather unique approach. They have several unconnected "legs" to their system, since the system was established in the late '40s. The various legs are labeled separately, but all tolls are collected by the Oklahoma Turnpike Authority. About a year ago -- and this was one of the things that was interesting as we did our research -- they established a "Pike Pass" electronic toll collecting system similar to that which we have been talking about in New Jersey. Already, after one year, 30 percent of in-state vehicles use this pass, even though 50 percent of their vehicular traffic is from out-of-state.

Virginia has three toll roads. Their models are a little bit different. They are all separate systems, but they are operated by the DOT and a Board called the Commonwealth Transportation Board. All the employees are state employees. In that particular area, any excess revenues generated by the toll roads are earmarked for transit investment to be parallel to the existing toll facilities.

In Connecticut, as I am sure you are all familiar, the tolls were removed from the Connecticut Turnpike in 1985. There have been increases in truck travel on the road, and safety has decreased. At the same time that the tolls were eliminated, there was a significant increase in the gas tax in Connecticut.

Finally, the Chairman asked us to share some information, because he had spoken to the Commissioner previously, about how Maryland finances its transportation system. Maryland operates a Consolidated Transportation Trust Fund. Under this model, money from motor vehicle licenses,

motor vehicle registrations, a 23.5-cent gas tax, a share of the corporate income tax, and revenues generated by its transportation facilities, including transit, airport, and port fees, all go into the Consolidated Transportation Trust Fund. Any surpluses from the existing toll facilities in Maryland -- and they do have toll facilities, which are basically bridges and tunnels -- are also deposited in this Fund. However, tolls have been retained. These toll facilities, under an entity called the Maryland Transportation Authority, maintain their own budget, but are directly accountable to the Secretary of Transportation.

I have included at the back of my written testimony, an organization chart. You can see that it is a unified, multimodal agency, with responsibility for both maintaining and directly operating all transportation facilities and services. All planning is coordinated. There is a single annual state transportation capital program. All transportation funding and revenues for all modes are collected, managed, and allocated under the general umbrella of the Department and Secretary of Transportation. Therefore, the various transportation arms are directly accountable to the Secretary, and therefore to the Governor and the legislature, for their budgetary decisions.

Let me close by reiterating our commitment to working with you as you move forward with discussions on how the State should deliver transportation services. We share the opinion of the Chairman of the Committee that the process will require careful deliberation, in order to protect the State's best interests and maintain the integrity of our transportation network.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you very much, Ms. Stanwick. I appreciate the fact that you came here this morning to come before this Committee, but I want you to know that I am really displeased about the fact that someone from

your Department couldn't have come -- someone in authority. I know you are always here for us and you always have good backup and good information. But, frankly, I think this is an important issue, and I think the Deputy Commissioner, or certainly an Assistant Commissioner, could have gotten here, those who are in the area of policy. I think they should have been here this morning, and I want you, frankly, to bring that back to the Commissioner. I plan to bring the Commissioner back at a later date. I realize he had a problem this morning; I understand that. But I will be asking him to come back before this Committee at a later date, because I want to talk to him about policy decisions.

MS. STANWICK: I will share that with him, and I assure you that he will be here.

ASSEMBLYMAN DeCROCE: Thank you very much.

Before we go any further, let me introduce the members of this Committee, since everyone is in: I would like to start off with Assemblyman Jeff Warsh; Assemblyman Ernest Oros; Assemblyman Fred Nickles; Vice-Chairman of the Assembly Transportation and Communications Committee, Assemblyman Frank Catania; myself, Alex DeCroce; Assemblyman David Kronick; and Assemblyman Jerry Green. Thank you all for being here this morning, by the way.

With that, does anyone have any questions for Ms. Stanwick?

ASSEMBLYMAN OROS: I have one, Mr. Chairman, through the Chair: In the Asbury Park Press on August 24, 1990, Transportation Commissioner Downs authorized a study for the removal of the tolls on the Parkway. Are there any results from that study?

MS. STANWICK: We have a draft of the study. I don't know what the time frame for finishing that is, but I will get back to you with the date, and we will provide you with a copy of it as soon as it has been completed.

ASSEMBLYMAN OROS: This is the same one we are talking about, the one from 1990?

MS. STANWICK: Right.

ASSEMBLYMAN DeCROCE: Anyone else? (no response) If I may follow-up on that, are you telling me that this study began in 1990? How much has been spent on that study, does anyone know?

MS. STANWICK: I don't know.

ASSEMBLYMAN OROS: Fifty thousand to \$600,000, it says here. Would it cost more than \$50,000 but much less than \$600,000?

ASSEMBLYMAN DeCROCE: It is not completed as yet, Kathy?

MS. STANWICK: We have a draft. It should be completed fairly quickly, and we will share it with you.

ASSEMBLYMAN DeCROCE: Can we have a copy of that draft?

MS. STANWICK: I will ask the Commissioner, absolutely.

ASSEMBLYMAN DeCROCE: Jeff, do you have any questions?

ASSEMBLYMAN WARSH: I would like to commend you for appearing here today, and I would like to echo the Chairman's remarks, that I am not happy at all-- The first thing I thought of was that I am not happy at all that there is nobody from the policy arm here today to speak to this.

The questions you have raised are questions we have all raised. What I was hoping we would get from the Department of Transportation were some answers to these questions. The questions raised are rather obvious ones. We are moving down the road toward eliminating tolls in the State of New Jersey, and that raises a lot of questions. It has raised a lot of questions for generations in New Jersey. Most of the tolls that are on the highways were to be retired at some point. They were to pay for themselves. Instead, they have gone up and up and up, particularly on the Turnpike.

So, these questions you have raised are questions that have existed for quite some time. As the Chairman mentioned, we will have hearings on May 4, May 14, and May 21.

ASSEMBLYMAN DeCROCE: Bring your mike closer in. I don't know if they can hear you.

ASSEMBLYMAN WARSH: I would hope, at that point, that the Department would come before the Committee with some of the answers to the very excellent questions you have asked.

MS. STANWICK: We can certainly respond to some of the questions as they relate specifically to the Department of Transportation. But it does require, as the Chairman pointed out, some additional analysis of bond covenants, maintenance requirements, etc. It is very hard to answer some of those questions. I think that as we move forward and work together and really outline the specifics, we will be able to respond to those.

ASSEMBLYMAN WARSH: Thank you. Thank you, Mr. Chairman.

ASSEMBLYMAN CATANIA: Mr. Chairman?

ASSEMBLYMAN DeCROCE: Mr. Catania?

ASSEMBLYMAN CATANIA: Ms. Stanwick, may I ask, how many miles of roads does the Department of Transportation take care of right now in the State of New Jersey?

MS. STANWICK: I just happen to have that with me. I probably have how many they take care of in Oklahoma, too, this morning. I will just respond--

ASSEMBLYMAN CATANIA: I think we are interested in New Jersey, not Oklahoma today.

MS. STANWICK: Exactly.

ASSEMBLYMAN CATANIA: I see in certain instances in your opening remarks with regard to California and the other states, they're going ahead and putting tolls on their roads. I don't pay any credence to those remarks, because I think what we should be looking at is what is happening here in New

Jersey, not anywhere else in the country, because of our particular circumstances with regard to the population density and the number of roads we have. We can't build many more roads in New Jersey. I think we have to make do with what we have, and improve those.

So, if we can get back to that--

MS. STANWICK: Fine.

ASSEMBLYMAN CATANIA: How many road miles do we have under your jurisdiction?

MS. STANWICK: We maintain 2274 highway miles, which translates into 8052 lane miles.

ASSEMBLYMAN CATANIA: Do you have in that information how many highway miles are included in the Garden State Parkway?

MS. STANWICK: The Garden State Parkway has 173 highway miles; 762 lane miles.

ASSEMBLYMAN CATANIA: How about the New Jersey Turnpike?

MS. STANWICK: He said more. (Ms. Stanwick consulting with associate sitting in the audience) Twelve hundred, he is saying.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Lane miles.

MS. STANWICK: Lane miles, sorry. The New Jersey Turnpike has 133 highway miles; 975 lane miles.

UNIDENTIFIED SPEAKER FROM AUDIENCE: About 1200.

MS. STANWICK: Twelve hundred now. So they are both about 1200 lane miles.

ASSEMBLYMAN CATANIA: Maybe you can just explain that to me. When you are talking about highway miles, that is the actual mileage of the highway itself?

MS. STANWICK: Yes. It is, like, the mileage, for example, on Route 1 from New Brunswick to Trenton. However, in terms of lane miles, there are, in some areas, two or three lanes the entire length. So that is why you have the increase in lane miles.

ASSEMBLYMAN CATANIA: Okay. If, at any time, the Legislature, by any legislation or by an act-- If any of the tolls were taken off these roads, would the Department of Transportation be able to handle the maintenance of the Garden State Parkway?

MS. STANWICK: There are two questions I think we would need to look at: Number one is the question, what level of maintenance would you like to see on the facility? That level of maintenance would translate, I think clearly, into the need for additional forces in order to perform the maintenance on that system. We could not do it given our existing maintenance force.

ASSEMBLYMAN CATANIA: Do you have any idea how many-- Let me ask you this: How many people do you have in maintenance right now in the Department of Transportation, statewide?

MS. STANWICK: I don't have an exact number, but I would say somewhere between-- (consults with associate in audience) Okay. Approximately 1800.

ASSEMBLYMAN CATANIA: Eighteen hundred maintenance people for approximately 8000 lane miles.

MS. STANWICK: Right.

ASSEMBLYMAN CATANIA: Do you have any idea how many maintenance people are on the Garden State Parkway?

MS. STANWICK: No, I don't. I'm sure that Mr. Davis could respond.

ASSEMBLYMAN CATANIA: Is there any distinction, or any difference in the amount of money that someone who is working in maintenance in the Department of Transportation -- what he makes, or she makes, per hour, as compared to whomever works on the Garden State Parkway, or the New Jersey Turnpike Authority, or the Atlantic City Expressway? Is there any difference in the amount of money these people make?

MS. STANWICK: I can't respond specifically. I would imagine it deals-- Certainly within our Department it deals in terms of what the seniority is and where they rank in terms, you know, of being on the structure. I don't have the specifics to compare that. I'm sure, if you would like, we could work with both the Highway Authority and the Turnpike to provide you with that data, in a chart or something.

ASSEMBLYMAN DeCROCE: A good idea.

ASSEMBLYMAN CATANIA: I would appreciate that, if you don't mind.

ASSEMBLYMAN DeCROCE: Mr. Nickles?

ASSEMBLYMAN NICKLES: Yes. Being from Atlantic County, I have taken notice that the Atlantic City Expressway has purposely been eliminated from your report. Can you explain why?

MS. STANWICK: Well, all of my remarks included the Atlantic City Expressway. When I first-- In the bill, as I recall, we had some discussion as to whether it would be all the toll facilities or only the two toll facilities -- the Turnpike and the Parkway. But all of the figures I gave you really include all three authorities.

ASSEMBLYMAN NICKLES: What about the actual miles of the Expressway, as well as the lane miles?

MS. STANWICK: Yes. The Atlantic City Expressway has 44 highway miles; 176 lane miles.

ASSEMBLYMAN NICKLES: Okay.

ASSEMBLYMAN DeCROCE: Mr. Kronick?

ASSEMBLYMAN KRONICK: Yes. Ms. Stanwick, perhaps you could tell us the amount the State DOT is proposing to spend under the Transportation Trust Fund in the year 1993? Would you happen to know that?

MS. STANWICK: Approximately, let's see-- It is \$585 million, minus whatever the figure is-- It is around \$530 million.

ASSEMBLYMAN KRONICK: That's the total?

MS. STANWICK: From the State, correct. It is a \$1.46 billion program, including Federal and State dollars.

ASSEMBLYMAN KRONICK: Am I correct in understanding that of that money, you could use part of it for repair, expansion, etc.? Is that correct -- on the tolls?

MS. STANWICK: We could use-- You're asking me whether or not those moneys could be allocated?

ASSEMBLYMAN KRONICK: That is correct.

MS. STANWICK: I believe -- and this is one of the things that we need to further clarify with looking at the Federal legislation-- I believe that the dollars would not necessarily be available to those roads if tolls remained on the roads. I believe.

ASSEMBLYMAN KRONICK: The question I am really trying to ask is, if the tolls were done away with, could we then utilize that money for the Parkway and Turnpike maintenance?

MS. STANWICK: Yes, but it would not be a larger pool of money. It would be the same amount of money that we have coming into the State now from the Federal government.

ASSEMBLYMAN KRONICK: That is my understanding. Thank you.

MS. STANWICK: You're welcome.

ASSEMBLYMAN KRONICK: Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Mr. Green?

ASSEMBLYMAN GREEN: Mr. Chairman, I am rather surprised. I think this issue has come before the public since 1986, if I am correct. To have not been able to be more prepared, especially this Department-- I echo your feelings in terms of-- It is obvious from the conversation I have heard so far that nobody knows what anybody is doing.

ASSEMBLYMAN DeCROCE: Let me assure you, Mr. Green, I can obtain, if I have to, the necessary subpoena powers to bring whomever we need in at any given time. I am prepared to

use them, if necessary, because I think this issue is too important to the people in the State of New Jersey not to have a better communication than what we are having today.

ASSEMBLYMAN GREEN: I think that if this is the way this is going to start off, then maybe you have to use that power to bring the people in--

ASSEMBLYMAN DeCROCE: We may do that.

ASSEMBLYMAN GREEN: --who have to make the decisions. It is obvious that we should have more information after almost five years on an issue of this magnitude, rather than still asking each other questions.

ASSEMBLYMAN DeCROCE: Let me say this: We are going to have a series of hearings, and I expect a cooperative attitude on the part of all parties. But, should that not happen, we are prepared to make a move.

ASSEMBLYMAN GREEN: As a member of this Committee, I would not want to entertain any more questions that are not going to lead us into any particular area, because it is obvious now that on this issue, I feel, and I presume every member of this Committee feels, we have to make some tough decisions. If we do not have the right information--

ASSEMBLYMAN DeCROCE: We are going to make some tough decisions, but we have to gather as much information as we can, and as long as the people are here and willing to testify before us, I think we should take that information.

Anyone else for Ms. Stanwick?

ASSEMBLYMAN WARSH: I just have one last question, Mr. Chairman: In my research, one of the things that became apparent, particularly with respect to the Garden State Parkway, is, they expend \$25,000 per highway mile on maintenance of the roads, whereas overall the Department of Transportation spends \$9000 per lane mile. Do you believe, in your judgment, that if the tolls were eliminated and the Garden State Parkway became a part of DOT's purview, that the

maintenance would suffer; that the Garden State Parkway, which everyone recognizes is probably the single best-maintained highway in the nation-- Do you believe that would suffer?

MS. STANWICK: I think there is a direct correlation between the amount of dollars that are available for specialty grooming and the plantings and making a road look much more like a scenic parkway than a regular road. I think there is definitely a dollar-to-dollar correlation. That would not necessarily have to change, provided there were the resources there to maintain it at the same, or a similar level. That is a decision that I think we, as policymakers -- we together, both branches of government -- need to grapple with.

ASSEMBLYMAN WARSH: Does that \$25,000 include landscaping and beautification projects, or is it just roads? It does include that?

MS. STANWICK: Yes.

ASSEMBLYMAN WARSH: Well, I guess at some point we will find out what percentage of that \$25,000 goes to trees and what goes to asphalt and cement and steel -- at a later point. Is the Department of Transportation comfortable with the \$9000 it currently expends on every highway mile in this State?

MS. STANWICK: Well, I think if we had an ideal situation, we would prefer that there were more resources available. I suspect that with the weather out here, that within the next week or so, many of the people around this table, and other colleagues from the Legislature, will begin to call us and ask us when the lawns are going to be mowed along the State highways. So, in that sense-- We have, over the last three or four years, made some significant cutbacks. Clearly, we would like to be able to maintain the highways at a higher standard, but, you know, there is a correlation between resources and what we have to do.

ASSEMBLYMAN WARSH: Route 287-- Is that a road you are responsible -- the Department of Transportation is responsible for the maintenance of?

MS. STANWICK: Yes, it is.

ASSEMBLYMAN WARSH: Would you consider that to be a beautiful highway, in terms of landscaping, trees, etc.?

MS. STANWICK: I am not necessarily prepared to describe a highway as not beautiful or beautiful. I am not going to get into that. Route 287 is a relatively new interstate highway, relative to some of the older segments of the roadway that we need to maintain, so the level of our ability to maintain a newer highway-- As you know, you can do a lot more with less dollars when a highway is new, relatively speaking.

ASSEMBLYMAN WARSH: I know it might be cumulative, but we have asked for the draft study. Will that draft include what would happen if you were to include all the lane and highway miles from the three authorities -- as to what that would do to the \$9000 per highway mile maintenance?

MS. STANWICK: I don't believe-- As I understand it, I think the scope of the study really was going to look at the cost of removing the tolls on the toll road. I am not sure the scope of the study included that. But I'm sure that even if the scope of the study didn't include that, we could put some of that information together, once the Committee gives us some guidance on what level of maintenance, and once we know from a bondholders' point of view what level of maintenance is required.

ASSEMBLYMAN WARSH: Through the Chair, I think it would be very helpful for us to know what impact that would have on the maintenance effort.

Thank you, Ms. Stanwick.

MS. STANWICK: You're welcome.

ASSEMBLYMAN KRONICK: Mr. Chairman?

ASSEMBLYMAN DECROCE: Mr. Kronick?

ASSEMBLYMAN KRONICK: Ms. Stanwick, I would imagine there is a correlation of dollars spent for maintenance-- We

just spoke about aesthetics, but then there is also the factor of safety. Do you have any idea what DOT's record is, say, versus the Authority, Garden State, or the Turnpike, as far as safety, based on a per mile, or whatever factor you use?

MS. STANWICK: I know that the Parkway and the Turnpike are both very safe roadways. How they actually stack up in comparison to the Department, I don't think I have ever seen on one sheet of paper in one area. Again, I am sure that is information we could provide to you.

ASSEMBLYMAN KRONICK: I think that is something we would like to see.

I just have another question, Mr. Chairman: If I understand the numbers you gave before, you now maintain 8000 lane miles with a force of 1800 maintenance people, and the Garden State and the Turnpike come up to 306 miles. I don't know what that is translated into lanes. Would you know what their numbers of maintenance people are? I would imagine that you don't necessarily have to go mile by mile. At a certain point, I would imagine less people can handle greater miles because of the efficiencies of size, etc.

Would you be able to give me any sense of what you think DOT might need in additional maintenance people to pick up the other two roadways?

MS. STANWICK: In response to your first question, I am sure that Mr. Davis and Mr. Watson can talk about the numbers of employees they have when they get here. I think the issue depends on the level of maintenance that you want on a roadway. So I mean, ultimately there is a range of maintenance levels that I think we need to determine. Based on that, we could probably give you sort of a bottom range and a top range, based on what the levels of maintenance would be.

ASSEMBLYMAN KRONICK: I think we all agree that safety should be the number one consideration, and the aesthetics would be secondary. Certainly, we would not want to see less

than what we have now, and would probably strive for even greater safety than we have now.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Okay. Anyone else? (no response) Hearing none, I would like to thank you for coming before us.

I do have an additional question, though: With regard to that study, I would also like the Commissioner, or someone, to furnish the total cost of that study and the evaluation.

MS. STANWICK: Okay.

ASSEMBLYMAN DeCROCE: Okay? Let me just assure you that we, also, are interested in the Maryland program. We are going to be taking a long, hard look at that program.

MS. STANWICK: If you would like, I could send over some additional information.

ASSEMBLYMAN DeCROCE: If you could, we would appreciate it.

MS. STANWICK: Absolutely.

ASSEMBLYMAN DeCROCE: Thank you very much for coming.

MS. STANWICK: Thank you.

ASSEMBLYMAN DeCROCE: Now I want to call on the Highway Authority, Mr. Dave Davis to come before us. Good morning, Mr. Davis, and thank you for coming. Is there anyone from your Authority with you?

D A V I D W. D A V I S: There are a number of folks from the Authority with me.

ASSEMBLYMAN DeCROCE: Any of your Commissioners?

MR. DAVIS: No, there are no Commissioners.

ASSEMBLYMAN DeCROCE: Here we go again. I just want you to know, I think these hearings are that important, frankly, that your Commissioners, the people who actually make the policy that you carry out as the Executive Director, should be here to testify before us. If I have to, I will get the necessary subpoena power I need to bring these people in. I

want to be cooperative, but I would like them to be cooperative. But again, someone from your Commission should have been here today. We don't say they all should be here, but certainly someone who has a voice in the Authority with regard to policy decisions, should have been here. I'm sorry they're not.

With that, I would ask you to go on, if you will.

MR. DAVIS: Well, to that point, let me begin by saying that while I am not accompanied by Commissioners today, I have very carefully gone over my testimony with the Chairman and other Commissioners. I want to assure you that there is nothing in the testimony that they would disagree with, or would not support.

ASSEMBLYMAN DeCROCE: I don't question that, but that is not good enough. They make the policy; you carry it out. My argument is that they should be here to tell us how that policy is being brought forth.

MR. DAVIS: If I may, before I begin my prepared testimony, I have the uncomfortable feeling that I may have misled the Committee just a bit in a whispered answer to the preceding speaker; that is, the study I referred to, and that I believe you referred to, is not the very large six-figure study that we discussed. Indeed, it is my understanding that that study, which had been started to be put into place by the previous edition of the Legislature, died in Committee.

Instead, we have responded to a series of questions by the Department of Transportation that deal with the kinds of subject matter you are talking about. The Department of Transportation has our answers, and that is the draft that I was referring to. There is no additional cost to the study, except for the considerable amount of staff time that went into the analysis. I just wanted to straighten that out for you, so I could not be accused of dissembling in any particular way.

Let me begin by saying, Mr. Chairman, and members of the Committee, that I have been at my position for a little more than a year. Though I have been at the Highway Authority a relatively short amount of time, I have to tell you that I am very proud of my agency, as well as of my Commissioners, as well as the talented women and men who work there. Recently, I heard some foolish accusations about the Highway Authority, though I hasten to add, not from members of this Committee. I think these accusations are untrue, but they also serve to camouflage the legitimate issues that this Committee is rightfully investigating.

This agency has a proud record of accomplishment. It built, and continues to operate, the heaviest trafficked, safest, most attractive toll roadway in the nation. A progressive agency, as early as 10 years ago, for example, the Authority took the lead in demonstrating to other public agencies that self-insurance provided an efficient and economic alternative to ever-increasing insurance costs. Even now we are moving towards reducing the cost of employee benefits by exploring a flex benefit approach. Additionally, the Parkway has been found to be one of the least expensive toll roads to travel in the nation.

When the recession struck our State, the Authority responded with a comprehensive reorganization and cost containment program which eliminated 59 jobs -- mostly in management -- removed half the assigned vehicles, curtailed travel and overtime, and, ultimately, saved approximately \$4 million a year in the operating budget. I could go on, but I won't at this point. Suffice it to say that I believe my agency bears no relation to the cartoon boogeyman we have often heard described.

Additionally, I have heard that this is an agency which is completely independent from State government. That is not the case. The Authority is part of State government, and

its actions are not outside the regulations and philosophies which guide our sister agencies. As you know, the Commissioner of the Department of Transportation is one of the eight Commissioners who set policy for the Authority, and, of course, the Governor maintains a veto over any action the Authority might take. Like any other agency, we are subject to the permit and other processes of such agencies as the DEPE, CAFRA, and the Pinelands Commission. Add to that the important oversight legislative committees such as this provide, and you will see that, far from independent, we are part of State government and subject to the checks and balances that rightfully apply to us. And this is just the way we want it to be.

The issue of removing the tolls from the Garden State Parkway and having the road operated by the State of New Jersey has been put to us by this Committee.

Before offering a discussion of the various facts and figures which surround this issue, I would like to say that the Highway Authority has never tried to convince anyone that tolls are the only way to finance the Garden State Parkway.

As in the case of lunches, there are no free roads. Therefore, the question is not whether the Parkway should be free, but rather whether its operation should be paid for by the toll payers who use it, or by taxpayers -- whether they use the road or not.

In 1952, the New Jersey State Legislature set up the New Jersey Highway Authority and empowered it to float bonds to finance the construction of the Garden State Parkway. Furthermore, it stipulated that the Authority would continue to operate the Parkway by collecting tolls and using those funds to provide for its continuing maintenance and improvement.

That was not our decision. It was the determination of the New Jersey State Legislature. Our job has been to operate the roadway safely and properly, and collect tolls to

provide for its maintenance and repair. It is the job of the State Legislature to change the way we operate, if they wish to do so. To assist them in their deliberation, we will be happy to provide this Committee with whatever assistance and information you may need.

In an effort to do that, please allow me to examine the way we got here:

Pursuant to the original charge from the Legislature, the Authority was created, a public question to allow the Authority to borrow \$285 million was approved by the voters, and the original roadway was constructed.

In the enabling Act passed by the State Legislature and in the public question approved by the voters, there was no statement that tolls would ever be removed from the Parkway. Indeed, the actual enabling legislation provides for the continued collection of tolls as the funding for continued maintenance and improvement of the roadway.

Over the last 37 years, the Authority has greatly increased the carrying capacity of the Parkway by expanding its lane miles. As traffic grew, the Parkway had to grow to keep pace, sort of like middle age. We didn't get taller, we got wider. (laughter)

The bonds which financed the original four-lane Parkway -- two lanes in either direction -- have been retired. But the original four-lane Parkway has also been retired, replaced by the multilane roadway we have today. Today, we are looking at a Parkway consisting of 87 miles of four-lane roadway; 32 miles of six-lane roadway; 16 miles of eight-lane roadway; 34 miles of ten-lane roadway; and 3 miles of twelve-lane roadway.

Today, 50 percent of the Parkway is six lanes or larger, with 31 percent eight lanes or larger. And, even with those widenings, we are at capacity in certain sections of the roadway.

Over \$900 million has been spent over the last three decades to improve the original roadway. Of that sum, approximately \$502 million, or 55 percent, came from revenues collected by the Authority, with the remainder raised from bond issues.

Thus, the idea that the Parkway was built and paid for is simply not the case. The Parkway was built, and rebuilt, and rebuilt again with toll money and bond issues -- all answering the continued needs of our motorists.

Does the Parkway still need expansion and other capital improvements? The answer is yes. With its present toll-financed structure, those improvements can be financed as they have been in the past. Without tolls, they can only be financed through taxes.

A word about those improvements: For some time, the Highway Authority has been deeply involved in implementing a unified solution to New Jersey's transportation problems under the leadership and coordination of the Department of Transportation. As a member of DOT's Transportation Executive Council, we have been seeking new ways to combine our resources to solving problems, not just on our road, but also throughout the State. Our present capital program provides \$16.6 million to improve State and county roads which interface with the Parkway.

Let me repeat that: \$16.6 million of toll payers' money spent on tax-supported roads. In the 40 years that the Highway Authority has been in business, we have never seen one penny of State tax money spent on our toll road.

Now we are asked to speculate as to what may happen if the tolls are removed. Obviously, the simple answer is that you can remove toll income but not, unfortunately, the expenses it pays for. Snow will continue to have to be plowed, maintenance still performed, bills paid, guide rail installed,

lanes repaved, bridges repaired, and 100 other tasks completed -- all of them costing money.

Whether these are paid for by toll payers or taxpayers is a legitimate public question. However, it is not our decision to make. It is yours.

In making that decision, you should have some facts:

In 1992, in our operating budget, we project that we will realize \$164 million in toll income on the Garden State Parkway. Add to that projections of \$11.5 million in income from service areas, \$2.3 million -- nearly \$2.4 million in miscellaneous income from other sources such as telephones, permits, and damage recovery, and \$8.7 million in income from investments, for a total of \$186.6 million.

For purposes of clarity, I have not included the expenses and revenues associated with the operation of the Garden State Arts Center, since, number one, they almost balance one another -- they about balance one another -- and, number two, we are really here to discuss the roadway, naturally. Of course, we can discuss the Arts Center later on, if you would like to do so.

ASSEMBLYMAN DeCROCE: We would.

MR. DAVIS: Having said that, where will that \$186.6 million go in 1992?

Toll collection will account for \$32.4 million. By the way, this figure, and all the other figures I will give you, are from our 1992 operating budget, and include all aspects of these expenses, including: salaries, benefits, equipment, supplies, heating, lighting, furniture, and so forth.

Day-to-day maintenance -- not capital improvements or repairs -- will be about \$33 million in 1992.

State Police and traffic safety will account for \$17.6 million.

Finally, administration costs will be \$25.6 million.

These projected operating expenses will total \$108.7

million for 1992. Our debt service for 1992 will be about \$53 million. Our Capital Improvement Program will see \$14.7 million in toll money earmarked towards the funding of capital projects.

Finally, to these you must add the annual \$10 million payment we make to the State of New Jersey's Transportation Trust Fund in order to help to maintain roads other than the Parkway.

It is interesting to note that since these payments began in 1984, the Parkway has contributed \$75 million in toll payers' money to improve other roads in the State, without once having received a single penny of Federal or State taxpayers' money. As we said before, in 1991 alone, the Highway Authority allocated approximately \$16.6 million -- that is in addition to the \$10 million I just mentioned -- of toll payers' money to make needed improvements to State and county roads.

Let's look at it another way. Let's divide up the 35-cent toll that is collected at most of the barriers on the Parkway: 6.2 cents goes to maintenance; 6.1 cents to toll collection; 3.3 cents to State Police costs; 4.8 cents to administration; 1.9 cents to the State; 9.9 cents to debt service; and 2.8 cents to capital funding. In real numbers, the grand total of our projected expenses in 1992 is the same \$186.5 million -- the same figure that represents our total income for the upcoming year. There is no surplus.

That is what we anticipate as our operating revenues and expenses for 1992. The question you would like us to answer is, what would be saved if the roadway was administered with taxpayers' money, instead of toll payers' money?

Obviously, in 1992, what you would lose in income is the projected \$164 million in toll revenue, leaving revenues of only \$22.5 million.

With expenses at \$186.5 million and income now at \$22.5 million, the taxpayers of New Jersey would have to find

that \$164 million to operate, repair, and maintain the Parkway in the same way it is done today. Let me repeat that figure: \$164 million in taxes to replace the \$164 million now taken in tolls. Of course, you can remove all costs associated with toll collection. That figure, as I said before, is \$32.4 million. That still leaves \$131 million in taxes.

I can't tell you what else you could cut in terms of expenses. I can tell you that whatever you cut will result in changes to the way the Parkway is operated. Perhaps the most significant change is in the area of safety. Nationally, toll roads are nearly three times as safe as all U.S. roads. The Garden State Parkway has enjoyed a fatality rate consistently below that of this State, or this nation.

Our State Police response time to breakdowns and accidents is also quicker than that on other roads in the State. Additionally, our levels of State Police assignments to safety details on the Parkway are superior to those on State roads. If you add to that the innovative engineering and maintenance techniques that tolls help to pay for, you can see that safety and the level of funding are inextricably tied together.

If I may be excused a pun, it's no accident that our Garden State Parkway motorists are riding on one of the safest roads in the nation. It is because we take the time and spend the money to make it safe. If the Parkway is no longer funded with the same amount of tax dollars that are presently available from the tolls, the result may be a significant reduction in the safety of the people who ride it.

No discussion of the removal of tolls from the Garden State Parkway would be complete without a discussion of how the taxpayers would have to deal with the Authority's \$621 million in outstanding bond indebtedness. I outlined to you before how the roadway had grown from its original four lanes to where it is today. That growth, as I said, was funded, in part, by a

number of bond issues. The Authority has been paying off these bonds each year. We have done so in a responsible manner, never missing a payment, obviously, and, as a consequence, the New Jersey Highway Authority enjoys the highest bond rating of any toll road in the nation: an A1 from Moody's and AA- from Standard and Poor's.

The collection of tolls is a pledged asset to the bondholders. If you remove the tolls, you must immediately -- and I stress the word "immediately" -- pay off every penny of outstanding bonds. You can't simply take over the debt service payments -- \$53 million in 1992 -- nor renegotiate a new deal with the bondholders. You've got to pay it all up front. That means that the taxpayers of New Jersey must find \$621 million in a lump sum to pay up these bonds, before you can remove the tolls. How you do that is obviously a question that this Committee must address.

In an effort to find the money to do that, I suppose the State could, and probably would, issue new bonds to pay off the \$621 million. Anyone who pays a mortgage off on a home knows that when they are done paying it off, they will have paid far more money than what they originally borrowed. In exactly the same manner, I can tell you that the Authority estimates that it will pay back approximately \$1.5 billion over the 30-year life of the bonds. Whether or not that \$1.5 billion is paid by the toll payers who have benefited from those improvements the bonds helped to finance, as is presently the case, or by New Jersey's taxpayers, is the question you must address.

Another question that must be answered is the level of capital improvements that the Parkway would enjoy after the tolls were removed. These types of improvements -- and we are talking about bridge repair, guide rail replacement, and pavement restoration, all of which contribute to roadway safety -- and other projects that the motorists demand, have been

averaging the Authority about \$40 million a year. With the tolls gone, the taxpayers would have to fund the major portion of these types of improvements. The Parkway is 37 years old and, should the State decline to make any capital improvements in the future, it is unlikely that the road would continue to be as safe or able to meet the current needs of the motorists who use it.

In the 1992 "Business Plan," a copy of which has been furnished to this Committee, we list a number of vital capital improvement projects involving the very structural integrity and safety of the roadway, which we feel must be addressed. These projects alone add up to a cost of \$22.7 million a year.

You might also want to examine how tolls provide a dedicated revenue for capital improvements, safety, police patrols, and other items important to our patrons. Take the tolls off, and the Parkway will have to compete with other roads for funding. Will they get what they need to continue keeping it safe? Who knows? This is especially important when you consider that a toll-free Parkway will see a corresponding rise in traffic -- perhaps heavy truck traffic that is now prohibited.

The DOT does as good a job as its restricted funding allows in maintaining the roads it has. If you give them 1243 new lane miles, without the toll revenue that now supports them, and with corresponding increases in traffic, can they operate it at the level it now enjoys? Again, who knows? It is, however, a question I am sure this Committee will want to address.

I have tried to lay out for you what we take in and what we spend. Additionally, I have tried to give you an idea of what the State would still realize in revenue without the tolls and what you would still have to spend from that revenue. I apologize if there have been other areas where I could not speculate as to how much tax money the State would

need to spend if it operated the Parkway without tolls. I believe that this Committee is obviously going to pursue these answers as it pursues this issue.

But there are other costs associated with removing tolls from the Parkway, such as an estimated one-time cost of \$66 million to demolish the toll plazas. Layoff costs for the 377 toll collectors might cost approximately \$3.5 million in unemployment insurance. Together these would total an additional \$69.5 million bill for New Jersey's taxpayers.

Before I close, I would like to give you several other facts that I believe need to be considered as you examine this question:

1) Forty percent of the people of New Jersey do not use the Parkway because they live in the western or southern portions of the State. Right now, they do not pay for the road because they never travel it. Change over to a tax base and they will start paying for a road they never use.

2) Twenty percent of the people who do use the Parkway pay no tolls because they do not encounter a toll booth on their trip. Of the Parkway's 90 interchanges, only 19 have any toll lanes. Change over to a tax base and that 20 percent will now have to pay for using a road that, previously to them, had been free -- both toll and tax free.

3) One out of every five vehicles -- one out of every four vehicles in the summer -- that travel the Parkway are from out-of-state. Right now, they pay for the road's upkeep like anyone else. Take off the tolls and make the New Jersey taxpayer foot the bill, and the out-of-staters -- as high as a quarter of a million vehicles -- ride free of charge.

4) Parkway capital expenditures help the State in obtaining Federal funds, as these expenditures can be used by the State under the new ISTEA regulations as a soft match to fund other needed projects, including mass transit. Eliminate the Authority's capital program -- which receives the vast

majority of its funding from tolls -- and you eliminate an equally significant portion of the State's ability to qualify for these Federal funds -- perhaps as much as \$160 million in lost funding.

These are all important issues to consider along with the financial questions which arise from the removal of tolls.

Finally, I would urge this Committee, and, indeed, the members of the press and general public, to look at two neighboring states: New York and Connecticut. Recently, an official commission investigated whether the tolls should come off of the New York State Thruway. Their conclusion was that the taxpayers of New York could not afford it.

Connecticut offers an even more interesting comparison. Connecticut removed its tolls in 1985. The net result was a loss in revenue of about \$60 million annually. Demolition of the toll booths cost Connecticut taxpayers an additional \$10 million. The Federal funds that proponents of toll removal predicted would now help pay for the road never reached the levels of the lost revenues. Traffic rose as high as 25 percent in some sections, and truck traffic increased as high as 48 percent on other segments. Safety decreased.

Anyone who has been following recent trends in that state will know that Connecticut taxpayers are now going through a very painful period wherein budget gaps and shortfalls have, in part, resulted in the first income tax in that state's history.

By the way, some of your colleagues in the Connecticut State Legislature wound up introducing legislation to put tolls back.

Whether the Parkway should be funded by the toll payers who use it or the taxpayers who may or may not use it, is a question which needs an answer. I know this Committee will carefully examine all of the evidence, and I know that it

will act in the best interests of both the toll payers of the Garden State Parkway and the taxpayers of New Jersey.

I have been directed by our Authority Chairman, Robert Jablonski, to assist you in every way possible as you pursue this inquiry, and I assure you that the New Jersey Highway Authority will continue to cooperate fully by providing whatever information you might require.

I would now be happy to answer any questions you might have.

ASSEMBLYMAN DeCROCE: The first thing I require is a copy of your statement. If you will take this opportunity to give us extra copies, we will appreciate it.

MR. DAVIS: Yes, we will do that, sir.

ASSEMBLYMAN DeCROCE: Secondly, I would like to know the existing amount of debt the Authority has presently.

MR. DAVIS: Six-hundred, twenty-one million dollars.

ASSEMBLYMAN DeCROCE: Do you have an actuarial figure of how long it may take to pay off that amount of debt?

MR. DAVIS: Yes, sir, we do.

ASSEMBLYMAN DeCROCE: Actuarial?

MR. DAVIS: As is the case with many toll authorities, we have basically a level payment structure, except for the last couple of years. I believe the debt is ultimately termed in 2019.

ASSEMBLYMAN DeCROCE: In 2019? Would you provide us with a schedule, please?

MR. DAVIS: Of course.

ASSEMBLYMAN DeCROCE: You mentioned Connecticut-- Most recently, traveling through Connecticut from time to time-- There may be bills in the hopper presently to replace tolls, but they are not there yet. Frankly, that is the easy way out. Obviously, everyone knows it sounds good. I don't think we have discussed taxing anyone, at this point. You have in your statement, frankly. That has to be looked at and,

frankly, determined by virtue of this Committee. All of us together, frankly, are going to take a good hard look at how this may be accomplished.

You also said that you have no surplus at the end of any year. Is that a fact?

MR. DAVIS: Yes, sir. I mean, toll authorities, freestanding revenue bond authorities, tend to invest their surplus in capital improvements on the road. That is exactly what happens. In the case of the Parkway, over the years, our payments out-of-pocket -- equity payments, so to speak -- have about equaled, or more than equaled the payments from bond proceeds. That is one of the reasons we are considered a very healthy -- financially healthy agency. Indeed, that is one of the basic reasons for our good credit ratings, which I mentioned before.

ASSEMBLYMAN DeCROCE: Will you tell me one other outside income you have besides the Arts Center, and can you give me the figures on each of those entities and what they bring in?

MR. DAVIS: Yes, sir. I would say that our service area income, that is the income from the service areas at Montvale or Cheesequake or wherever we see those areas down the road, in aggregate, are about-- Just a second, I have it here in my speech. Maybe Mr. Flynn, who is our Director of Finance, can-- I think that is on the order of \$11 million or \$12 million a year. Our service area income-- Well, I am a little eager, I guess. It is about \$9.5 million a year.

The other income from just a plethora of sources, such as, well, the pay phones, whatever you see along the Parkway, aggregate about \$3 million a year. Then there is investment income of about \$9.8 million, and that is shrinking fast because of the interest rate market -- about \$9.8 million a year. I would be quick to add that that investment income mostly accrues from a couple of sources: reserves that our

trust agreement requires us to have in place, as well as proceeds from the previous bond issue, which are reinvested.

ASSEMBLYMAN DeCROCE: Thank you. What do you invest your dollars in -- what types of--

MR. DAVIS: Our investments are very carefully prescribed by an enabling Act. They include Treasury bills, and those kinds of investments.

ASSEMBLYMAN DeCROCE: Relatively safe securities?

MR. DAVIS: We do not go into the equity market.

ASSEMBLYMAN DeCROCE: Assemblyman Catania?

ASSEMBLYMAN CATANIA: Mr. Davis, if I may-- I commend you, first of all, on the Parkway being a very, very safe road. I am sure it is safe because I just came down it this morning traveling 20 miles an hour from Bloomfield to Union. I paid 70 cents to use it and stand in bumper-to-bumper traffic, which is normally the way I get down here every session day, and I have a problem with that.

However, I would like to get into some of the administrative costs. Right now, how many maintenance people do you have working with the Garden State Parkway?

MR. DAVIS: We have 375 maintenance personnel of all levels.

ASSEMBLYMAN CATANIA: Basically, what is the average salary of one of those maintenance workers?

MR. DAVIS: I would have to get that for you, and I would certainly be happy to do that. I have no way of calculating average salary.

ASSEMBLYMAN CATANIA: What is the starting salary?

MR. DAVIS: I provided starting salaries to the Committee this past week.

ASSEMBLYMAN CATANIA: I don't happen to have a copy of it. Can you tell me what the starting salary of a maintenance worker is?

MR. DAVIS: Somewhere on an hourly basis-- It is between \$7.50 and \$8.00 an hour.

ASSEMBLYMAN CATANIA: Okay. Is that a permanent worker?

MR. DAVIS: Yes.

ASSEMBLYMAN CATANIA: How about someone who has been there for a number of years? What is an average salary, or what is a top range salary for a maintenance worker?

MR. DAVIS: Well, at that entry level, that probably increases by about 40 percent over a long period.

ASSEMBLYMAN CATANIA: How does someone become an employee of the Garden State Parkway or the New Jersey Highway Authority?

UNIDENTIFIED SPEAKER FROM AUDIENCE: It's not recommended, is it?

MR. DAVIS: He puts in an application, or is often recommended by one of your colleagues or a Commissioner. He puts in an application, passes a test -- an aptitude test in the case of toll takers because that deals with the kind of mathematics he will have to face -- plus other qualities. Then he is eventually appointed. There have been very few appointments from the outside, press to the contrary, over the past year. I think in 1991, we appointed a grand total of some 17 toll takers, which just goes to show you how difficult the job market is on the outside and how little turnover there is.

ASSEMBLYMAN CATANIA: So, basically, there is very little for someone in the general public. If they don't know someone in the Legislature, or don't have any political pull, they cannot get a job with the Garden State Parkway. Is that correct?

MR. DAVIS: No, I wouldn't say that, sir. Since I have been here, I have made it a policy to fill many of those positions from part-time help, who come, very often, without any kind of recommendation, but who do very good jobs at the

Parkway. I have made it a policy to promote to permanent positions the best of the part-timers who want full-time jobs.

ASSEMBLYMAN CATANIA: Okay. So you're saying that there is the ability for people to become--

MR. DAVIS: There is a way in, yes, sir.

ASSEMBLYMAN CATANIA: There is a way in. All right.

I guess we can look at something even a little bit more extensive. Was it Chester Johnson? Was he employed by--

MR. DAVIS: He was--

ASSEMBLYMAN CATANIA: May I finish my question?

MR. DAVIS: Surely.

ASSEMBLYMAN CATANIA: Was Chester Johnson employed by the New Jersey Highway Authority?

MR. DAVIS: He was engaged as a consultant with the New Jersey Highway Authority.

ASSEMBLYMAN CATANIA: What was his position?

MR. DAVIS: He was a financial adviser.

ASSEMBLYMAN CATANIA: How long did he work there?

MR. DAVIS: I presume a half a dozen or more years. I don't know. It was before my time.

ASSEMBLYMAN CATANIA: Do you have any idea what the bond rating of the New Jersey Highway Authority was at the time Mr. Johnson became associated with it?

MR. DAVIS: I do not know, but I imagine it was a tick below where it is now.

ASSEMBLYMAN CATANIA: Is he still there?

MR. DAVIS: No, sir, he is not.

ASSEMBLYMAN CATANIA: He is not there. Why is he no longer there?

MR. DAVIS: Because there was a decision made to take a look at other investment advisers, and another investment adviser has been engaged.

ASSEMBLYMAN CATANIA: Who is now in that position of Mr. Johnson? What is that person's name?

MR. DAVIS: Dennis Enright.

ASSEMBLYMAN CATANIA: Dennis Enright. Does he have any-- First of all, what is his salary? Did he make a proposal to you as to how much he was going to be paid?

MR. DAVIS: His proposal was at precisely the same hourly rates as were paid before.

ASSEMBLYMAN CATANIA: He never made a proposal to you to be paid a percentage of the bonding he did?

MR. DAVIS: He made that proposal, and I responded that that was unacceptable.

ASSEMBLYMAN CATANIA: Did he work for Hudson County at all?

MR. DAVIS: I think he did, sir.

ASSEMBLYMAN CATANIA: Oh, he has worked for Hudson County. Were there any recommendations by any particular branch or did anyone recommend Mr. Enright to the New Jersey Highway Authority?

MR. DAVIS: I'm sure there were, sir.

ASSEMBLYMAN CATANIA: Okay. Was there an application? Was there a letter sent in saying, "I would like to work for the New Jersey Highway Authority. Here is my resume"?

MR. DAVIS: There was more than that. There was a request for an interview. He came in and said that.

ASSEMBLYMAN CATANIA: So, he had a political godfather then, more or less?

MR. DAVIS: That would be-- Other than myself, who comes from out-of-town and out-of-state, I have found that most folks know their Congressman, their legislator, their Governor, whomever. There is no shortage of political godfathers in any state that I have worked with.

ASSEMBLYMAN DeCROCE: Who was his godfather, if you don't mind?

MR. DAVIS: I'm sorry, sir, I don't--

ASSEMBLYMAN DeCROCE: Do you know who his godfather was? Do you recall?

MR. DAVIS: I don't know who his chief connection is.

ASSEMBLYMAN CATANIA: I ask you a question: You had an engineering post -- a Mr. Conlon, I believe--

MR. DAVIS: Yes, sir.

ASSEMBLYMAN CATANIA: Mr. Conlon was the top engineer with the New Jersey Highway Authority for several years. Can you tell me what his salary was at the time he left? Has he since retired?

MR. DAVIS: He is still with us, but he is in his last couple of weeks of service.

ASSEMBLYMAN CATANIA: Do you have any idea what his salary is?

MR. DAVIS: I suppose it was about \$100,000 -- probably around \$100,000 a year.

ASSEMBLYMAN CATANIA: About \$100,000 a year?

MR. DAVIS: Yes. I would be glad to get you the precise number.

ASSEMBLYMAN CATANIA: Do you have any candidates for that position?

MR. DAVIS: I had a number of candidates from within the agency. I have made the choice of the successful candidate, a gentleman who has been with the Authority for 22 years in a number of capacities, including that of a professional engineer. His name is Charles McManus. I am very pleased with that choice. To anticipate your next question, I did not receive any advice about that choice.

ASSEMBLYMAN CATANIA: You did it on your own? I congratulate you. It is not many times I see that happen.

What about-- You are getting a lot of questions. I guess you are getting a lot of referrals from legislators and other people in New Jersey politics. Is that the reason you employ Public Strategies, Inc. as your lobbyist?

MR. DAVIS: I think that is the reason, but I think our relationship down here in Trenton is probably the more important reason.

ASSEMBLYMAN CATANIA: Do you have any idea how much you pay for your lobbyist yearly? How much is that?

MR. DAVIS: I think it aggregates about \$90,000 a year.

ASSEMBLYMAN CATANIA: Excuse me?

MR. DAVIS: Ninety thousand a year.

ASSEMBLYMAN CATANIA: Oh, I thought you said \$9000. Ninety thousand a year. What, if I may ask you, has Public Strategies done for you in Trenton over the last year? Give me one example.

MR. DAVIS: Well, they have not, obviously, saved me from this experience, so I guess-- (laughter) So, I suppose we will have to put a black mark on a very large chart. But they do keep me generally -- more than generally, very specifically apprised of the issues and the activities of both this Legislature and the administration.

ASSEMBLYMAN CATANIA: Mr. Davis, if I may, is the New Jersey Highway Authority-- Is that bound by the same bidding rules as other governments, such as county government, State government, municipal government? Are they bound by the same rules?

MR. DAVIS: Generally speaking, yes, sir.

ASSEMBLYMAN CATANIA: Generally speaking? Okay. Whenever you hear anybody say, "Generally speaking," that means, "Well, we are really not." Tell me what the differences are.

MR. DAVIS: I am not aware of any differences. The reason I used the word "generally," is that generally when I make a statement like "never," I will find an exception. But clearly, when we are bidding engineering work, we take the lowest qualified bidder, for better or worse. When we are bidding engineering consultants, we have had the practice of

taking the lowest qualified bidder, although the State, for example, and almost every other jurisdiction across the country, goes through a RFP process and attempts to make more of a qualitative judgment than we do.

In the case of attorneys -- and I apologize; I know there is at least one attorney on the Committee -- we do not require bids, but I don't believe that other entities do, and obviously, in the case of financial advisers, or whatever, we have not. We are in the process of selecting a chief -- or a lead underwriter for a bond issue which may or may not happen. It won't be to expand, basically, our debt, but to take advantage of lower interest rates, if those interest rates need taking advantage of. In that case, we are 80 percent through a competitive process. Picking that underwriter by that competitive process is driven by a qualitative set of judgments, as opposed to a bid on price.

ASSEMBLYMAN CATANIA: Well, all right. You are using all of this to run a roadway, but I am seeing in my readings that the New Jersey Highway Authority does much more than just run a roadway. If that were all you did, I think your budget would be a lot less. However, I do see that you want to-- First of all, you have the Garden State Arts Center. Is that correct?

MR. DAVIS: That is correct, sir.

ASSEMBLYMAN CATANIA: You run the Garden State Arts Center, and you are entitled to under the New Jersey Highway Authority. I understand that there is some speculation that you want to build an office complex somewhere right near the Garden State Parkway; that you want to get involved in the Airline Travel Center; and that-- You know, you are branching out. I think what is happening is that-- I think what the public is upset about is-- It is the same as your big brother, the Port Authority. It has just gone beyond what the intent of the Legislature was in organizing it.

You are there to run a roadway; to make sure that people are able to get from the northern terminus to the southern terminus safely and as quickly as possible. I think what you have done now is, you have expanded. By making your existence more palatable, you want to expand, so that there are more areas of your involvement.

Myself, I see some problems with that. I see some problems beyond the running of a road. I see that if you were just running the Garden State Parkway, your budget would be a lot less, in that you, the Authority, would be able to-- Instead of always increasing tolls, and talking about increasing tolls in 1993 and 1995, you would be able to look at it and say, "Well, maybe we will want to cut back on certain tolls."

My first statement in the beginning was with regard to that stretch between the Bloomfield toll and the Union toll. I'll tell you right now, I come down-- I pay 70 cents to sit in that traffic. You know, economically, maybe it wouldn't be wise, but there should be some discussion about eliminating certain tolls at least, and that is only a beginning.

MR. DAVIS: Sir, I would like to respond very briefly to each of the four points -- and I hope I can remember all four -- that you have made:

First of all, without belaboring the point, the Arts Center. The Arts Center is basically self-sufficient. The overall income and expense are on the order, I suppose, of about \$11 million. It is totally self-generating. In that \$11 million, we pay for about 20 free performances for senior citizens and for young people. Indeed, in addition to that, we subsidize -- and some people would argue with me for doing this -- some six performances of the New Jersey Symphony. However, what is important to note is that the Arts Center is, in a budget sense, treated separately, and is self-contained, and does not cost the toll payer money.

Point number two--

ASSEMBLYMAN CATANIA: Let me just stop you there. You are talking about \$11 million with regard to the Arts Center. Do you have any employees specifically working for the Arts Center?

MR. DAVIS: We have them, and I have counted them in that total.

ASSEMBLYMAN CATANIA: In your part of the budget. However, in the administrative costs, aren't there people who administer those employees who are part of the toll road itself? So, can't we contribute part of their salaries to them specifically?

MR. DAVIS: We have done that in our analysis. I thought it was very important, when I got here, to really understand what the bottom line of the Arts Center was. We commissioned Deloitte and Touche to do exactly what you have suggested, even to the point, I think, on an almost hypothetical basis, of allocating some of my salary to the Arts Center.

Point number two: The office building -- that complex that you discussed-- I was here last week but, unfortunately, we were not able to meet. You were obviously otherwise engaged. As I explained to the Committee at that time, the office center is a proposal out there that three developers are looking at, considering whether to spend their money on that proposal, not the Highway Authority's money. We thought it might be an interesting idea if the income from low investment, other than the use of some land, would go into the income stream and tend to help with the toll side. I don't know that it will happen. Very clearly, this Legislature -- probably this Committee -- will have a couple of additional shots at that question, as the offer matures.

The so-called transportation center at Montvale: Here again we are proposing -- although we may spend some money in

refurbishing a building that we have -- that outside entities, such as travel agents, or whatever, might want to use it. It is precisely the question of you sitting in traffic that drives us to this. We want to get people into larger vehicles -- buses, limousines -- limousines of a van type -- going to Newark Airport, rather than going on the road. We think that a transportation center--

ASSEMBLYMAN CATANIA: Excuse me. Mr. Davis, is this part of your-- Did we charge the New Jersey Highway Authority with doing this, or did we charge the Department of Transportation?

MR. DAVIS: I think you have given us a--

ASSEMBLYMAN CATANIA: Excuse me. Shouldn't it be the Department of Transportation's job to handle that, and not the New Jersey Highway Authority? Again, you have taken this responsibility out of the Department of Transportation. I think Commissioner Downs and his staff are capable of handling this. So if you have an idea like this, why can't you share that with them?

MR. DAVIS: I have shared it with them. They are enthusiastically in favor of it. We have the ideal location at Montvale. It is an area, as you know, where there are many, many corporate headquarters, and a lot of people fly from that area. I think it would be good if an airline passenger could show up at Montvale, park his car, take a bus, get off directly at his airline terminal, and get on the plane. I think that would be good for you because it would take several cars off the road during critical hours. And I think it is good transportation policy. It has the support of DOT.

I might also say that perhaps we have erred. We have 4000 -- nearly 4000, not quite -- free spaces up and down the road to encourage carpooling. I don't think that is the wrong thing to do. I think that is the right thing to do in terms of transportation policy. It just causes less congestion on the

road. I think -- I suspect -- that this Committee would agree with me that it is good transportation policy for the operator of a road to provide for parking spaces, so that folks can car pool or take buses into work, rather than further cluttering up the road with single-occupant vehicles.

That is three of the points. I can't remember the fourth, but I suppose it wasn't that important.

ASSEMBLYMAN CATANIA: Mr. Chairman, let some other members--

ASSEMBLYMAN DeCROCE: Assemblyman Oros?

ASSEMBLYMAN OROS: Was there ever a period in Parkway history when it was self-sustaining?

MR. DAVIS: The Parkway has been self-sustaining since day one.

ASSEMBLYMAN OROS: Well, you have outstanding debts, though.

MR. DAVIS: Oh, surely. Yes, sir.

ASSEMBLYMAN OROS: Was there ever a time when this didn't happen?

MR. DAVIS: When there was no debt?

ASSEMBLYMAN OROS: Yes.

MR. DAVIS: Not to my knowledge, sir.

ASSEMBLYMAN OROS: Okay. Have you ever had any thoughts about eliminating tolls on the Parkway? You know, I'm talking about, not exits -- keep exit tolls, but not on the Parkway.

MR. DAVIS: Yes, sir. The Garden State Parkway, for better or worse, operates on a barrier system, and there have been many suggestions that we go to the closed system, such as our friends on the Turnpike have. The problem, basically, is that we would either have to close a lot of exits, or build a lot more tollbooths, because we have 93 -- about 90 exits and entrances on the Parkway, and the Turnpike has, what?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Eighteen or 28.

MR. DAVIS: Twenty-eight, okay. It is a different thing. We would have to acquire a lot of land at those exits and hire a lot of toll takers. We have done some analyses. It is part of the work that I mentioned earlier that we have done in-house and forwarded to DOT. But I believe the impact of that would be to double -- or more than double the tolls, if we went to the closed system.

ASSEMBLYMAN OROS: I do have another question here: You referred, in your talk, to several national statistics.

MR. DAVIS: Yes.

ASSEMBLYMAN OROS: The one particular statistic that caught my eye was the 22,500 per lane mile for maintenance. Is there a national average for that? Have you ever checked on that?

MR. DAVIS: I have looked at it. Our lane mile figure looks high. Obviously, the road is maintained. It is an old road, and it is maintained to a high standard. I will caution you, as you compare statistics, to be aware of at least two factors: Factor number one is, people put different things in their statistics. For example, the DOT statistic, which was quoted today, does not include a lot of equipment that DOT uses because it is purchased on a central basis, for whatever reason. I don't know what their accounting system is. Ours does. Ours is a fully loaded cost.

Factor number two is a little bit like the ad we used to see for air filters for automobiles: "You can pay me now, or you can pay me later." We have the philosophy on the toll road that we pay for maintenance now. We do not defer it. I think we save a great deal in doing that on large capital expenditures later on, as entire bridges must be replaced -- that sort of thing. So, these are hard figures to compare.

ASSEMBLYMAN OROS: I understand that, but have you ever made a comparison with other states, say Illinois, we'll say, or--

MR. DAVIS: I have never done that. I am sure our department has. If you would like some comparisons, you tell me what you want compared, and I will compare them.

ASSEMBLYMAN OROS: I would like to compare the maintenance for--

MR. DAVIS: But I caution you that we may have an apple/orange situation, even in these comparisons.

ASSEMBLYMAN OROS: Understood.

ASSEMBLYMAN DeCROCE: Assemblyman Kronick?

ASSEMBLYMAN KRONICK: Thank you, Mr. Chairman. First, Mr. Davis, I want to say that somebody I know with New Jersey Transit gave you very high marks when I spoke to him last week and said that you would be appearing before the Committee. He said that you come highly recommended from Massachusetts.

MR. DAVIS: I hesitate to wonder what your feedback to him may be, but that is another-- (laughter)

ASSEMBLYMAN KRONICK: First, my Assembly colleague, Catania, Public Strategies -- just for the record -- I believe, started with the agency in 1988, and that was the Kean years.

ASSEMBLYMAN CATANIA: Assemblyman Kronick, I am not here-- I am not going to question anything whether it be Republican or Democrat. We are looking at the Garden State Parkway and the New Jersey Turnpike Authority, which have increased the tolls on everyone. I am not putting the blame on anyone in particular. I think both parties may have been to blame. But now is the time whether or not-- What are we going to do about it?

ASSEMBLYMAN KRONICK: That's what we are here for. I agree.

ASSEMBLYMAN CATANIA: Through you, Mr. Chairman, I apologize for that.

ASSEMBLYMAN KRONICK: Thank you. I did a quick calculation, Mr. Davis, and it looks like the DOT and the Parkway have a similar ratio of people to miles, something like

1.4 and 1.3, respectively, so you are a little bit better, on that quick calculation. I just thought I would leave that with you.

What is interesting is, you know, there is a direct correlation between amount of roadway built and traffic. Traffic expands to meet the roadway. And that leads me to a very important issue: The answer to New Jersey's transportation-- The real answer is not bigger and more roads. It is clearly mass transit, vis-a-vis light rail. That is really where we have to address our future moneys, right there, if we are to ever resolve this problem satisfactorily and clean up our air also.

MR. DAVIS: I totally agree with you. That is one of the reasons we do our small thing by commuter parking and bus service, and that sort of thing.

ASSEMBLYMAN KRONICK: Probably that could better be done under the umbrella of DOT, I would imagine, since they have a broader spectrum and an overview that permits them to see it in that total perspective.

On a specific question: Could you tell me whether it is true that a 1988 review of the Parkway's proposed capital program found that approximately \$649 million, which represents about two-thirds of the proposed capital program, was inappropriate or unjustifiable?

MR. DAVIS: Sir, that was before my time here. I will go back in the records and see what I can find for you.

ASSEMBLYMAN KRONICK: With all due respect, I want to acknowledge that you are only here a year, but that came out of this report. (holds up report)

MR. DAVIS: But I will tell you that at this point in time, every dollar in our capital budget is essentially agreed to through the Committee that I am -- the Technical Executive Committee that I mentioned before. It was agreed to with DOT, and, indeed, I think the Turnpike undergoes the same beneficial

exercise, to be sure that our capital programs are well coordinated.

ASSEMBLYMAN KRONICK: You can just appreciate and understand our concerns, then, is what you are really saying.

Would you know how many reserved funds your Authority has?

MR. DAVIS: I can mention several types of funds, at the risk of omitting one or two, and I would be glad to give you a piece of paper with the specific answer. But let me tell you first about the various kinds of reserves that we maintain:

Most importantly, there is a reserve that is required by our bond covenant that covers a major part of the cost of the next debt service. It is kind of a belt and suspenders arrangement that bondholders generally insist on. That would probably be as large, or the largest fund we have. Obviously, that kind of a fund turns over on a yearly kind of basis.

We also are, for the most part -- not entirely, but for the most part -- self-insured, after a careful analysis of the insurance market. To be self-insured does not mean that you don't spend any money. It means that you reserve amounts that are roughly equal to premium payments on insurance policies, and then look at your experience and pay the losses out of those reserves, and then eventually liquidate those reserves.

Those are the main reserves that we maintain today. As I say, I will be pleased to-- Then, of course, I don't know if you would consider it a reserve, but there are unspent bond proceeds which we are working our way through, per our agreements with bondholders. I don't think that is a reserve, but that is an amount of money available for some very specific projects that we borrowed the money for.

ASSEMBLYMAN KRONICK: Let me ask you: If tomorrow a benevolent body -- a benefactor, if you will -- came along and paid off all of your outstanding bond debt, would the money in

these reserve accounts then be available for you to use for other purposes?

MR. DAVIS: In the case of the reserve against repayment of debt, obviously that would be available. That is a relatively small amount compared to the \$600 million. But, yes, that would be available. Insurance reserves, obviously would not.

ASSEMBLYMAN KRONICK: One last point: I wrote down the numbers that you gave in your representation, and your projected 1992 revenue is \$186.6 million. Correct?

MR. DAVIS: Not including the Arts Center proceeds. I took the Arts Center out of the equation.

ASSEMBLYMAN KRONICK: If you deduct administration at \$25 million, collection at 32, and debt service, because if there were no tolls -- right? -- it comes to \$110 million, so the shortfall the State would have to make up then would come to about -- about -- \$76 million.

MR. DAVIS: I think you are making some assumptions that are very hard for me to follow. I think somebody is going to have to pay the debt service.

ASSEMBLYMAN KRONICK: Well, if we had that benefactor, then--

MR. DAVIS: Well, if you had the benefactor, of course. If you had the benefactor, the debt service would be gone.

ASSEMBLYMAN KRONICK: Thank you very much, Mr. Davis. Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Mr. Green?

MR. DAVIS: If you know that benefactor, I would like to meet him. I have some propositions for him.

ASSEMBLYMAN GREEN: Mr. Davis, I have some questions to ask you financially, but before I ask you those questions I would just like to-- This godfather issue-- I would like to have a better understanding about it. It is obvious that if

such an issue exists in another world, I want to make sure it doesn't exist in State government. Have you, more or less, been influenced by anyone since you have become--

MR. DAVIS: I have made a number of executive appointments in the year-and-a-half I have been here. I have appointed a Director of Administration and Financial Planning, an extremely important position. I have appointed a Director of Human Services, a very important position. I have appointed a Manager of Labor Relations, and more than half of our people are organized. Believe me, that is a very important position. I mentioned that I have just appointed a Chief Engineer, a hugely important position. I could go on some more.

I have to tell you that while I have received comments from legislators and other folks that, "This is a very good person," in no way has my decision on any of those major appointments been compromised, nor have I been pushed to change my mind at all on any of those appointments.

ASSEMBLYMAN GREEN: So you can say publicly that--

MR. DAVIS: I can swear to it.

ASSEMBLYMAN GREEN: --you have changed how people are hired and fired in your department in terms of their qualifications, rather than political influence?

MR. DAVIS: We certainly have had that situation. Now there is, to be candid, a different situation, interestingly enough-- I don't think I have ever seen a toll-taker application that didn't have some recommendation on it that had a political connection. I guess that makes it easier to deal with, because they all have these kinds of connections.

We do require a test to be sure that our people can perform competently. As I said to the Committee earlier, I have been making it more and more policy to appoint the top three, or four, or five, or however many we have at the time, temporary employees, who mostly come on just off the street as

there are no benefits and the salaries are less, but who have performed well and who want to enter permanent positions.

So, I don't know if the world has changed, but I am telling you that that is the way I find my world.

ASSEMBLYMAN GREEN: On this issue here today in terms of abolishing the tolls, have you been influenced one way or another on this particular issue?

MR. DAVIS: I, with my staff, wrote the testimony you have before you. I took the testimony to my Chairman and to other Commissioners, saying, "This is what I intend to say." There were no substantive changes -- no substantive changes -- resulting from that process.

ASSEMBLYMAN GREEN: Was the administration approached about this particular issue?

MR. DAVIS: I shared copies of my testimony with both my colleague, Mr. Watson, of the Turnpike, and with staff of the Governor's Office. I again received no editing, simply the statement, "Go ahead."

ASSEMBLYMAN GREEN: Through the Chair also, I would like to go along with my colleague in terms of saying this is not a Republican/Democrat issue. This is an issue I feel the majority of us recognize. In November, the public made it very clear that they do not have much faith in any of us as politicians. With regard to the Parkway track record, they don't have much happiness about that either, because obviously we would not have gotten to this particular point.

I am just happy the Chairman said he is going to bring back some more of your staff, because I think there are going to be some questions about the history. It is obvious that you have only been there for a year, and some of us have only been here for four months. I find it very disturbing when you paint such a rosy picture in terms of the Highway Authority's past history, when, in fact, from 1980 to 1987, the Highway Authority doubled its operating budget, but yet and still,

during the course of that period only 6 percent of the revenue was coming in. I don't consider that good business. Would you say yes or no?

MR. DAVIS: I don't have the numbers before me, but I understand--

ASSEMBLYMAN GREEN: That's what I'm saying. My earlier remark to the Chairman was that, unfortunately, all of the toll road's past history-- There has been a lot of abuse, and also within government there has been a lot of abuse, that has brought us to this particular point. Not to have the data, or the information to kind of like take us in the direction we want to go, to me, is very misleading.

When you mention the fact that it is a profit revenue at this particular point, I find that not to be true. Just last week, I think, you came before the same Committee, and were ready to go into the commercial building business, which then again, when people hear this thing, they feel, again, that it is going to cost the taxpayers dollars.

When we talked about, early on, the negative part about if we demolish the toll roads how much the taxpayers are going to have to pick up-- It is obvious, listening to you, that our sin is not costing us any money; the service areas are making money. If we demolish these toll roads, what is going to happen to this money? It is obvious that this money has to go someplace.

These are the questions, the answers to which I am thinking long range we can get. Based upon the information I have received up to this point, maybe since you have taken over the Parkway is in good shape financially. Administration-wise there are no godfathers, etc. But over the last 10 years, my information shows me a different picture. Those are the kinds of questions I am hoping we can get some true answers to. It is obvious, listening to your testimony, as well as Transportation's testimony, that the Turnpike testimony is

going to be the same thing. Then I think we are going to have to do a whole lot of soul-searching before we can even begin to take a direction in terms of whether we want to demolish these tolls or not.

Thank you, Mr. Chairman.

MR. DAVIS: If I may say so, sir, I think it would be more efficient if we could have those questions ahead of the next hearing, so that I can be sure we have precise answers. Obviously, the questions may take us in a number of different directions, but if you have a series of questions, I would be delighted to deal with them.

Let me say that I can't give you the numbers on the last 10 years. For other reasons, I did take a look at our budget increases over the past nine years, and up until 1991, the average increase was on the order of 10 percent. It seems too high to me, although it was close to that number.

In 1991, the increase was 4.9 percent. This year, we are anticipating 3.9. I don't think many public agencies can come in with the same percentage increases.

ASSEMBLYMAN GREEN: I think that during the course of your testimony, the majority of it was about the roads, the conditions. I think we are pretty proud of the State of New Jersey with our highways. I think the people are more concerned about the administrative aspect of it; how many dollars are being wasted; where the dollars are going.

A prime example: In 1988, when there was a lot of pressure put on that Authority, they were still able to hire two new deputy directors at almost \$100,000. It was not justified why this was being done. So I think it is more about the waste of money in these authorities, rather than the services they are rendering at this particular time.

MR. DAVIS: Oh, I think that is a good point. Indeed, those two, for better or for worse, are not with us today.

ASSEMBLYMAN DeCROCE: Assemblyman Nickles?

ASSEMBLYMAN NICKLES: Through you, Mr. Chairman-- Mr. Davis, I will be brief. One of the frustrations we are dealing with today, of course, is the tolls that everyone has to pay as they travel across our toll roads. The other frustration, as mentioned by one of our fellow Assemblymen, is the frustration that comes from traffic congestion and delay.

As I have had the opportunity of traveling around, there is a certain similarity between the Golden Gate Bridge in San Francisco, the Coronado Bridge in San Diego, the Chesapeake Bay Bridge and Routes 301 and 50 in Maryland, as well as I-95 in Maryland and the Susquehanna River. What all of these agencies have done is eliminate the tolls coming east or west, north or south, depending upon the roadway. They have elected to eliminate one of those toll sides of the road, and therefore they charge a double toll going in one direction, thereby eliminating them. We talk about the Garden State Parkway, with its barrier tollbooths and the problems we have with them and the traffic congestion. We have also discussed the problems with changing to the exit ramp tollbooths, as the Turnpike Authority has established.

I was wondering, has any consideration been given to eliminating a number of the tolls, based, as an example, on what some of these other agencies have done, thereby trying to help traffic to move at a quicker, less frustrating, delayed, and congestion-type rate?

MR. DAVIS: I think some consideration, but probably not enough. I suspect there are sections of the roadway where there are not too many alternative routes, where that might be appropriate. Simply take out a tollbooth and double, you know, the other side.

The problem is, of course, you don't want to have too many alternative routes, or you will find the northbound, or southbound, whichever it may be, traffic flooding into the local streets to avoid, you know, the double toll payment.

But I do think it is a legitimate area of inquiry, and I would be glad to take a quick and dirty look at it for you, although I would not pretend to have it be a well-engineered look immediately.

ASSEMBLYMAN NICKLES: Being a country boy from the South, I was always amazed when I came up to North Jersey and saw all the tolls, sometimes within five or ten miles of each other, the stopping and the starting. It was once shared with me that the reason for that was that each county had its own tollbooth facility. Is there any truth to that? Why are there so many tollbooths located in the northern portion of the State, as opposed to the South?

MR. DAVIS: At the risk of being thrown out, I can point to one county that does not have its own tollbooth.

ASSEMBLYMAN NICKLES: Okay. Which one is that?

MR. DAVIS: I think it's Atlantic.

ASSEMBLYMAN NICKLES: No, Atlantic has one right in Somers Point -- Somers Point, New Jersey.

MR. DAVIS: I don't know the history. I will tell you that, as you said, you boys from the South have done a very good job. If you look at the average toll payer, of course, the users at the northern stretches of the road pay more on any kind of basis, than the users at the southern stretches. So, you have done a very good job at this point.

ASSEMBLYMAN NICKLES: Just for the record, there is one tollbooth in Atlantic County. It is at the Great Egg Harbor River in Somers Point, but you are trying to construct the second one in Galloway Township.

Thank you.

ASSEMBLYMAN DeCROCE: Assemblyman Warsh?

ASSEMBLYMAN WARSH: Thank you, Mr. Chairman. Mr. Davis, I am referring to a 1991 Annual Report of the New Jersey Highway Authority.

MR. DAVIS: Yes, sir?

ASSEMBLYMAN WARSH: Looking under the ledger Construction Accounts, for 1991, it shows a balance at the beginning of the year -- I hope I am correct -- of \$788,326,947. Is that correct?

MR. DAVIS: I would assume so. If I could have Roberta O'Gibney sit here for a minute. This is one of those appointments I mentioned -- Roberta O'Gibney -- who is the Authority's Director of Administration and Financial Planning, although Mr. Flynn could contest her for this job, if he wanted to. They both know the answers to this very well.

Now, can we go back?

ASSEMBLYMAN WARSH: Ma'am, is it correct that the balance at the beginning of the year 1991 was \$788,326,947?

ROBERTA O'GIBNEY: Yes.

ASSEMBLYMAN WARSH: So, we are looking at the same chart?

MS. O'GIBNEY: Yes. The 1990 fund balance, \$798 million.

ASSEMBLYMAN WARSH: If the tolls are to be eliminated and the Department of Transportation would assume jurisdiction over the Garden State Parkway, what happens to that \$798 million?

MS. O'GIBNEY: That is not a cash balance. That is an accumulation over the years of the amounts of money that had been spent improving the roads. So, that does not represent a cash balance. That is--

ASSEMBLYMAN WARSH: That is not cash?

MS. O'GIBNEY: No.

ASSEMBLYMAN WARSH: But, it says "Balance," beginning of the year.

MR. DAVIS: That is a term of the art. It really refers-- If you want that \$700-odd million, you have to look at pavement overlays and bridge repairs and that sort of thing. That is investments in the property.

ASSEMBLYMAN WARSH: That represents no cash whatsoever?

MS. O'GIBNEY: No.

ASSEMBLYMAN WARSH: Investments: You mentioned earlier, and I am looking at an earlier page showing -- page 3 of the 1991 Annual Report -- two different investment amounts. One is earnings on investments available to meet debt service requirements; that is \$9.8 million. And the other is earnings on investments, other, \$12.8 million.

MS. O'GIBNEY: You've got a different Annual Report. Say that again. I'm sorry.

MR. DAVIS: What is the title of the schedule?

ASSEMBLYMAN WARSH: "Statements of Operations, Years Ended December 31, 1991 and 1990."

MS. O'GIBNEY: Okay.

ASSEMBLYMAN DeCROCE: Could this young lady identify herself for the record? I'm sorry, I thought--

MR. DAVIS: Yes, excuse me. This is Roberta O'Gibney. She is the Highway Authority's Director of Administration and Finance -- or, Financial Planning, excuse me.

ASSEMBLYMAN WARSH: Is it correct to say that there are two different ledger amounts -- \$9.8 million and \$12.8 million -- for a total of, like, \$22.6 million in investments?

MS. O'GIBNEY: Earnings on investments available are \$9.8 million in 1991.

ASSEMBLYMAN WARSH: Yes.

MS. O'GIBNEY: That is the amount of money the Authority made on investments in 1991 which were used towards debt service requirements.

ASSEMBLYMAN WARSH: Then, is the \$12.8 million item-- Is that--

MS. O'GIBNEY: That is other forms of debt, so the \$9.8--

ASSEMBLYMAN WARSH: Other forms of investments?

MS. O'GIBNEY: Right. That is correct.

ASSEMBLYMAN WARSH: So it is correct to say that you get about, what, \$22.6 million in interest--

MS. O'GIBNEY: In total.

ASSEMBLYMAN WARSH: --on investments that the Highway Authority makes?

MS. O'GIBNEY: Yes. However, the investments within the Parkway Construction Fund -- the Fund that pays for the capital improvements -- are dedicated to Parkway construction funds. They earn money in their own account, and it remains there. Then the earnings we make in the other funds, such as the Insurance Fund that Mr. Davis mentioned, at the end of the year, are also transferred over towards use of the debt service.

ASSEMBLYMAN WARSH: Is that standard operating procedure for other authorities around the nation? Do they actually invest moneys?

MR. DAVIS: Absolutely.

ASSEMBLYMAN WARSH: Why is that?

MR. DAVIS: Well, there are a number of reasons: One of them is that the trust agreements, the agreements with the bondholders, require that there are certain reserves set up, basically against the repayment of debt. It would be very poor business, indeed, if we did not invest those reserves and take advantage of that income stream.

Secondly, we have, as I said before, made the decision to go into self-insurance, but self-insurance truly administered means that you set up reserves that pay basically premiums to yourself, and losses out of those reserves. Again, it would be poor business if one did not take interest out of those.

Thirdly, you occasionally have bond proceeds. You have several years under the Treasury laws to spend down those proceeds. And before you spend them down, again it would be very poor business not to reinvest those proceeds to take advantage of, just the market.

ASSEMBLYMAN WARSH: Thank you. Again I refer to the Annual Report, and I am showing, for the year ending 1991, that your total operating costs for the maintenance of roadway, buildings, and equipment were \$32.1 million. I did some quick math and divided that out by your 173 highway miles, and I am showing \$27,500 per lane mile, not \$22,000 per lane mile.

MR. DAVIS: Did you divide it by 173 or by 1248?

ASSEMBLYMAN WARSH: I did it by 173.

MR. DAVIS: Well, I think that sort of understates the roadway. The roadway, in some cases, is 8, 10, even in the three miles, 12 lanes wide. As I said before, it is a road that started off as a young road as very slim, four lanes. But it has thickened with age.

ASSEMBLYMAN WARSH: Excuse me, Mr. Davis. If you were to go by what you are suggesting and divide it by lane miles, you would wind up with about \$3000. You said earlier that--

MR. DAVIS: That is a better comparison, is all I'm saying. It is a more realistic--

ASSEMBLYMAN WARSH: In an attempt to compare apples to apples, you said earlier that we run about \$22,000 per highway mile, which is a cause of great concern to the Legislature, because if we are going to eliminate the tolls, certainly no one in New Jersey wants the Garden State Parkway to wind up like the Connecticut Turnpike with four bridges collapsing into the many rivers it goes over.

So it is a question of how much money is being spent on the highways -- on the lane miles, and how much money will we lose, potentially, if we are to wipe out the tolls?

MS. O'GIBNEY: However, I think the reason you are coming up with a different figure is because this does also include the cost of buildings. Okay? That is buildings for the entire operation, not just the maintenance operation.

ASSEMBLYMAN WARSH: So when you figure out how much is expended per highway mile, you take out buildings and equipment?

MS. O'GIBNEY: We take out buildings, but, no, we leave in equipment. We leave in the roadway and all the equipment and manpower that is needed to run the roadway, but we do not include the cost of buildings, because that includes administrative buildings, toll buildings, and such.

ASSEMBLYMAN WARSH: Does that include any of the buildings at the Garden State Arts Center or the Convention Center?

MS. O'GIBNEY: No.

ASSEMBLYMAN WARSH: No? They are separate budget items.

When you said earlier -- and this is a number that just keeps going up and up as we get closer and closer towards hopefully eliminating the tolls-- Now it is up to \$66 million to eliminate the tollbooths. How do we arrive at a number like that? It sounds, to me, like a huge amount of money to get rid of the tollbooths.

MS. O'GIBNEY: We took the number that it cost Connecticut to demolish their tollbooths a few years ago and estimated the number of plazas or lanes that they actually demolished, and multiplied it by the number of plazas or lanes -- or toll barriers that we would have to demolish, and allowed, I believe, for a 5 percent inflation factor.

ASSEMBLYMAN WARSH: And you came up with? What number do you have?

MS. O'GIBNEY: Sixty-six million.

ASSEMBLYMAN WARSH: Thank you. Just to support what Assemblyman Catania indicated about Public Strategies, it is not unusual for authorities to hire their own lobbying arms. But, for the benefit of this Legislature, and for the public, do you also have public relations people on your actual staff?

MR. DAVIS: Yes, we do.

ASSEMBLYMAN WARSH: What you indicated Public Strategies does -- which is a lobbying firm, and a very

prestigious lobbying firm in Trenton, which operates throughout the State and in Washington, I would assume, and was one of the campaign managers for Michael Dukakis and other prominent national Democratic politicians-- You indicated that they provide you with information as to what is going on in Trenton. What is it that your public relations staff and your governmental affairs people are doing?

MR. DAVIS: We have a plethora of relationships with the local press. The public relations staff obviously fields, probably, quite a few questions every day from the press, both about the roadway and, during the Arts Center season, about the Arts Center. They also have many individual contacts with local political establishments, but also individual citizens up and down the road. They frequently deal with those complaints, or whatever.

ASSEMBLYMAN WARSH: You know, one of the things you will hear, and I heard it when I was on the campaign trail, and I hear it daily on the phone from constituents, is, "What do those people do? How do you get to that kind of a size budget where you spend \$50 million a year on salaries?" I don't mean this as a cheap shot. You are going to have to take those questions from whence they came. As a former staffer, I have been involved in governmental work. I see a lot of people here from your staff whom you introduced last time. I don't see anyone taking notes.

You indicated to the Committee that the finance person -- excuse me, your other finance person (laughter)-- This is a financial issue. You indicated that it would be helpful if you had these questions in advance. That is what staff is supposed to do. Staff is supposed to take these things down and say, "Director, this question was asked. This question was asked. This question was asked." You are going to be on the hot seat for, you know, the next six to eight, 10, 12, 15 weeks, and--

MR. DAVIS: I believe that as a result of our colloquy last week -- a week ago -- we have provided you with quite a series of documents and other reports that you asked for. I think we performed 100 percent.

ASSEMBLYMAN WARSH: One last issue: You indicated when you were here last before the Committee that you do provide excellent commuter parking access up and down the Parkway, which is true. I have availed myself of it as well. But you indicated that one of the things we are looking at is that there is no free lunch and there are no free roads. You are considering looking at charging for that. Today you indicated again how important you think it is to provide that to the public. Are you still considering charging, at this point?

MR. DAVIS: I think that is the kind of small issue that the Authority has to look at, just as you have to look at the larger kinds of issues. Parking spaces are very expensive. Let me give you the example of parking spaces up at the northernmost service area of the road -- Montvale. If you were to go through that parking lot today, I would -- five would get you 10 that you would find 70 percent of the license plates are out-of-state folks who come down from Upper New York State to take advantage of our service into the City, and never pay a toll, or any other support of the road. You have to think about those kinds of issues.

ASSEMBLYMAN WARSH: When I drive by-- I mean, when you use Montvale, it is a very different situation than knowing people who live in Bergen County, and they also carry people who come down from Rockland and Orange Counties. Where I pass every day it is the Garden State Arts Center. I see, it looks like from my view going by, 300 or 400 cars a day that are there. While it may be an expense, it is a road that otherwise would be lying idle. In addition, for every car that you take off the road, it saves New Jerseyans a great deal of time.

MR. DAVIS: And, of course, Montvale already has a great deal of parking. I mean, the Arts Center already has a great deal of parking. There is no need to build more there.

ASSEMBLYMAN WARSH: So, is the answer, yes, you are considering charging for parking?

MR. DAVIS: I think we are going to consider looking at the situation in Montvale, and other places where we have to significantly expand the parking. There is no going to be any need to expand the parking at a number of locations, and certainly not around the Arts Center.

ASSEMBLYMAN WARSH: One last question, if you will, Mr. Chairman: One of the things-- You know, we get so many people who call our offices. One person called and suggested that in order to preserve the quality and integrity of the Garden State Parkway -- which again I will say is a fantastic road -- why not wipe out every single toll on the Parkway, but keep one at, let's say, Saddle Brook, because you catch people coming over from the George Washington Bridge, the out-of-staters. You get people coming out from the New York Thruway.

I will probably kill myself with my own constituents -- it is not my idea -- but the one at the Raritan River Plaza, because you catch people coming down from Staten Island, and then one way down in Atlantic County, New Gretna, or -- the one in Atlantic County -- where you at least get the people taking advantage of the casinos. Is that something that--

MR. DAVIS: I think that is a legitimate line of inquiry. I think you have to look at the traffic figures that the traffic analysts work out and see how far it goes. But there is nothing wrong with looking at issues like that.

ASSEMBLYMAN WARSH: How many toll plazas currently exist on the Parkway?

MR. DAVIS: There are 11 barriers -- major barriers -- across the road, and, I think, some 19 ramps, out of the 90 that are in existence.

ASSEMBLYMAN WARSH: Thank you, Mr. Chairman. Thank you, Mr. Davis.

ASSEMBLYMAN DeCROCE: Thank you. Mr. Kronick?

ASSEMBLYMAN KRONICK: Just a couple of brief questions: Mr. Davis, I think you know from the papers and from the public outcry that two of the areas, I think, that disturb the public most are accountability and waste which have somehow been associated with the Parkway. It is in that line of thinking that I want to ask: When people got very upset about the spending of \$7 million of, you know, toll payers' money to construct the Reception Center in the Garden State Arts Center, and then the spending of a half-a-million on top of it -- I believe that was the number to rehabilitate the fountain-- Then there were, I think, in 1988, some toll payers who were sent to -- or part-time Commissioners who were sent on a junket to Spain. That came after the 35-cent toll increase.

It is this kind of an approach, you know, these kinds of activities, that I think infuriate the public. I guess from what we heard in your presentation, this is where you are taking a hands-on kind of an approach and doing away with, watching the bottom line.

MR. DAVIS: I think I have. I have been trying to do so, sir. I think the agency went through, from just reading the newspaper clips and the history of the agency -- went through some very tough days around the toll increase, which also included the time that the Reception Center was built.

If you want my opinion -- and you may not -- about those two issues, I probably would have pursued the increase, although a little bit more publicly, and would probably have recommended against the Reception Center. Those are judgments, however, that were taken years ago.

ASSEMBLYMAN KRONICK: Thank you.

ASSEMBLYMAN DeCROCE: Mr. Executive Director, let me ask you one thing pertaining to the bonding -- the bonding

indebtedness. There was some talk from one of your Commissioners about refinancing existing debt since this Mr. Enright, whoever he might be, came aboard. I read in one of the articles where Mr. Jablonski -- I think his name is-- Is that right?

MR. DAVIS: That's right. He is our Chairman.

ASSEMBLYMAN DeCROCE: He indicated that he would be willing to go to refinancing even if it saved as little as one-tenth of 1 percent. Now I don't know how that seems to be beneficial. Somebody has to tell me how that works.

MR. DAVIS: I don't believe Chairman Jablonski said one-tenth of 1 percent. Indeed, the guideline is usually on the order of 3 percent. If the Parkway finds financing that is worth, say, three-quarters of a million or a million dollars a year in reducing costs and, indeed, which would have a present value, at three-quarters of a million dollars, of about \$12 million, we would pursue that. It will not basically increase our debt -- our total debt service. That would just be a good business proposition to pursue.

I have my doubts whether the market, as it exists today, would support that kind of a savings. We all know we are in the midst of a presidential year, and personally I think there is a good possibility that we may see some window of opportunity late in the summer or early in the fall. If we do see that window, we will be ready to take advantage of the savings.

ASSEMBLYMAN DeCROCE: Would any proposed refinancing extend the table of payoff time?

MR. DAVIS: No, sir. Well, I am sure there will be proposed refinancing that would do that, but that is not the purpose of it.

ASSEMBLYMAN DeCROCE: How much of the debt would you refinance? You can't do it all.

ASSEMBLYMAN DeCROCE: No. We probably could refinance a third to a half of it.

ASSEMBLYMAN DeCROCE: You have no idea as this point, obviously, what the cost just to refinance the debt might be?

MR. DAVIS: Well, we wouldn't do it at a cost. It would have to be an overall savings.

ASSEMBLYMAN DeCROCE: Okay. Getting back to the hiring practices of the Authority, isn't it true there is a coded program for each of the Commissioners; that when an employment application comes in, it is usually coded so that one or two or three -- or however many Commissioners you have-- There is a code on their particular applications so you will know, or someone in your hiring department will know, where that application is coming from?

MR. DAVIS: Keep track of the mail? There used to be. Right now, the codes have been simplified so that there is a code for the Legislature, there is a code for the Commissioners' office, and probably other folks, but, yes.

ASSEMBLYMAN DeCROCE: How much does it play when you are hiring?

MR. DAVIS: How much does it play?

ASSEMBLYMAN DeCROCE: What part does it play when you hire people? Does one have more authority than another -- A, B, C, D, E, or whatever it might be?

MR. DAVIS: I am not above-- If you should recommend -- and I use the word "recommend" -- somebody to my attention, and if we should happen to hire him, I am not above calling you -- I'm telling you, I have this streak in me -- and saying, "Gee, Assemblyman, I really liked so-and-so. We hired him." I am not above taking a little credit, but I hope I have hired the right person. I hope I have hired the right person. And let me tell you, there is always someone to call in this State.

ASSEMBLYMAN DeCROCE: You never called me.

MR. DAVIS: You never asked. (laughter) Gee, I will have to consider that.

ASSEMBLYMAN DeCROCE: Let me say this to you: I appreciate the fact that you came before us today. I am sure I am going to be calling you back again, but next time, frankly, I would like to see one or two of your Commissioners come along with you, because obviously we have certain questions that may pertain to policy that you are going to have to answer. Therefore, I would appreciate your getting that message back to them, that we are going to be looking to them to come back to us to testify.

MR. DAVIS: The message will be delivered.

ASSEMBLYMAN DeCROCE: Thank you very much.

At this time, I would like to call on a member of the public, John Budzash.

J O H N L. B U D Z A S H: Good morning, or good afternoon, whatever. I would like to thank you for the opportunity to come here today. I would also like to thank you for the fast action you seem to be taking on this issue, especially in light of some of the newspaper reporting that was done this past Sunday.

A lot of the newspapers had both sides of the story, but only chose to report the side that came from the Turnpike, the Parkway, and the Atlantic City Expressway Authorities. A lot of these newspapers, like The Star-Ledger, I was extremely disappointed in, which has done so many stories about waste and management problems within the Turnpike and the Parkway Authorities, and on the tunnel, which was a total waste of money, but chose not to include any of that or any of the reasons why the people of this State who are responding to this issue want to see these tolls removed, because they see such a flagrant waste of their money.

Tax dollars -- and a toll is nothing more than a tax -- are just being wasted and poured down the drain. Sam Perelli, of the United Taxpayers, was quoted in one of the -- several of the newspapers, actually. A lot of the people who do not use the roads would have to pick up the costs. Well, gee, that's true, but again, I don't use the Turnpike or the Parkway very often, if at all. I usually use some of the free roads surrounding them. I take the back roads. I travel all over the State, and I avoid the toll roads at all costs, basically, unless it is absolutely necessary that I use one of them for some reason.

But that statement also makes me wonder: Why should I pay taxes on my real estate to fund education, because I have no children? Why should I pay taxes for the roads in this State that I don't use? Why should I pay taxes for various authorities in this State that I have nothing to do with? Because it is for the benefit of the majority of the people, and that is what we are supposed to do, as a democracy -- for the majority of the people, for the betterment of society.

Now, removing the tolls-- I don't feel, and my organization, the Taxpayers Task Force, does not feel that these tolls are going to impact the taxpayers adversely. We are looking for waste at all levels -- State and Federal governments -- to be cut out, and the waste money to be used toward funding the roads. We have examples, at the State level, of \$375,000 spent for legislative lunches; a million dollar office building that has been vacant for over a year. At the Federal level, we found they spent \$421,000 to buy a Fax machine, \$511 for a light bulb, and \$640 for a toilet seat. Now, come on, there is a lot of waste that can be cut. We don't necessarily have to tax again, and this is a fear that a lot of people have.

We need accountability in our government. We need it very, very badly. We are looking for the Legislature that has

just been elected, and the ones who were reelected, to handle the accountability problems we have in government. And I would like to thank you all again for addressing these issues, because I have heard some very positive things from some of you.

We have problems, as you have already addressed, with the amount of money they spent per lane mile. With the Department of Transportation only spending \$9000, the Turnpike spending over \$25,000, and the Parkway \$22,500, why is there just a big disparity? The Parkway is much nicer than the Turnpike, and I think everybody will agree with that, but then again, is it that much nicer than Interstate 195, Interstate 287?

Now, these roads are quite well maintained. They are free, and I do drive them quite frequently. What we are looking for, as a citizens' organization, is the immediate accountability to the State for all revenues and expenditures from all three Authorities in New Jersey. We are looking for an immediate 10 percent reduction in the top paid personnel; a phaseout of toll and maintenance jobs through attrition, as possible. Maintenance workers should be transferred to the Department of Transportation, and not necessarily used strictly on the Turnpike and Parkway, possibly used on other surrounding roads. Toll collectors should receive preferential hiring status for other State jobs, but only jobs they are qualified for. In other words, if you bid on a typist's job, you must know how to type. Okay? Union workers should maintain their seniority status.

Elimination of further bonded debt entirely, until such time as these roads are brought under the control and supervision of the Department of Transportation permanently. Halt all projects and contracts that have not yet begun on any modifications, improvements, smart roads, firing ranges -- which again is another thing. I don't see any reason why the Parkway would need a firing range. Clean up the Department of

Transportation, which was found to be very lacking in the Governor's audit that was done.

Eliminate tolls as fast as the debt can be paid off, which is the primary one that is of importance to all the people here. There are many ways you can do that. Some have been mentioned here. Possibly taking northbound and tolling that; possibly just taking southbound and putting a toll on that; possibly just on the Turnpike, an entrance and an exit at the beginning and the end of the Turnpike, whatever. It is up to the Committee here to figure out and to decide the best way to do it after the debt service is paid off.

We have here many benefits to removing the tolls that some people seem to be overlooking. Getting trucks back on the Turnpike and off of Route 1 and other surrounding roads. They have pretty much forsaken the Turnpike, and any chance they can, they take the surrounding highways. Those highways are not really built for that kind of heavy volume of traffic. The impact of the trucks on those roads harms the businesses that exist on those roads, and we would be much better off getting the trucks back onto the Turnpike. The air quality would be improved from the tollbooths.

Anybody here-- From what I have heard, several of you do travel the toll roads, and you know that during rush hours especially you are backed up for quite an extended period of time. The vehicles are idling and producing nothing but pollutants that are strangling the residents of the local areas. It is not healthy for the toll collectors either to be inhaling those kinds of fumes. We do need something that is going to speed up the process.

Potentially, getting people onto the toll roads -- in other words, the truckers -- would help to lower consumer costs throughout the State. One of the first things I spoke out about almost two years ago when I started the antitax movement in 1990, was the truck tax, how it was unfair, and why it was

unfair. A lot of people were saying, "Well, let the truckers pay," which is an attitude a lot of people seem to have as far as the tolls. "So what, it is the truckers, and they are from out-of-state." What are they doing in this State? They are bringing revenues here. They are bringing merchandise to the stores. Some of the trucks do pass through, but most of them are bringing stuff into New Jersey. Others are taking things out of New Jersey, which again costs the manufacturers more money to ship, which ultimately we pay for in the end.

Accidents: I have heard how the Parkway is such a safe highway. Well, that is very true. Why is the Parkway safe? The Parkway is safe because there are few intersections. There are few reasons to stop and go. Whenever you have a reason to stop and go, you have people who are just not being attentive, and they run into the back end of somebody else. So if you take a road with no obstacles, you lessen the impact, or chances of accidents, that is.

The tollbooths are an acknowledged area for accidents, which is one of the reasons they put the big barriers in front of the tollbooths, to protect the toll collectors from people who fall asleep, who drive carelessly, are speeding, or whatever. I seem to recall about a year or two ago a pretty major accident. I believe it was in the Wood-Ridge area on the Turnpike, where the police were chasing someone and the guy went toward the tollbooths. He had a very bad accident, and he killed a couple of people there. This is something that could be avoided, and it should be looked into as far as safety is concerned.

Tourism is something else that would be increased here in New Jersey. Tourism is supposed to be one of our major industries. If you take, for example, people from New York or Pennsylvania, they want to come to New Jersey to go to our Jersey shore, or to go down to our new Aquarium. How do the people get here? They take a bridge or a tunnel, and they pay a toll. They get on the Turnpike, the Parkway, the Atlantic

City Expressway, and they pay tolls. They get down to the waterfront, and they pay another tax, which is to park. Then they want to go on the beach, and they have to pay again, in most instances -- not all, but most.

Now, these people, who are living like me, on a fixed income, cutting coupons out of the newspapers to save a nickel and a dime here and there when they go to do their grocery shopping-- When they finally get to the shore, they don't have that much money to put directly into the economy of the State, which is to buy merchandise from the merchants, or to play games, or to go on rides, or to spend money for food. The money is diminished greatly by all the tolls they have to pay just to get to the shore, again impacting the tourism industry severely.

Thirty-five percent of the traffic is from out-of-state. Well, that is possible on the Turnpike; it's possible. But how many of these trucks that have out-of-state plates on them that they are using here-- How many of the cars are registered to people who live in the New Jersey area, but register them out of the State illegally to try to save some money on insurance benefits and so forth? The trucking industry greatly uses out-of-state garages to register their vehicles, although they are based here in New Jersey. They do that because it is an extreme savings on the money they have to spend for truck taxes, registration, and so forth, and insurance here. (indiscernible comment from audience) It has to do with both, excuse me.

In closing, why do the Turnpike and the Parkway need a public relations person? Why do they need a lobbyist? These are questions that the people of the State want to see addressed. The major waste is there. We have seen it in newspaper articles and newspaper articles. We have heard about it on radio station 101.5 FM. (disturbance in audience) You can boo all you want, but it is the truth. The point is, there

is a lot of waste and a lot of insanity, really, when you get right down to it, going on in those authorities, that must be addressed. When you address this, we can either eliminate or extremely lower the tolls, and we know that.

Thank you.

ASSEMBLYMAN DeCROCE: Let me say this to you: Thank you for coming as a public member today. Let me just indicate to you that we are preparing legislation, frankly, that will be in the hopper relatively shortly, to place a moratorium on any additional bonding investments from the Authorities, both the Highway Authority and the Turnpike Authority. Of course, that has to go through the usual course of events, several weeks or months, but it is going to be done. Hopefully, it will be done bipartisanly. We are taking a good, hard look at it.

With regard to so many of the other questions you have asked, that is the purpose of this inquiry. We want to find out all of the information you have addressed, and any other subjects, frankly, and we intend to do that. We would like it if you would provide us with a copy of your statement.

Let me also say this for anyone who does not testify today, if you have any written testimony, we are willing to take it within the next 30 to 60 days so we can use it to come up with a solution to this entire problem.

At this time, are there any questions of Mr. Budzash from any of the members of the Assembly Committee? Jeff?

ASSEMBLYMAN WARSH: No.

ASSEMBLYMAN DeCROCE: No. Ernie?

ASSEMBLYMAN OROS: No.

ASSEMBLYMAN DeCROCE: Mr. Catania? (no response)

MR. BUDZASH: I do have one more thing. I would just like to give you a photograph. This is a photograph of a sign. The Asbury Park Press, several months ago, did an article on how we are paying here in New Jersey between \$2

million and \$4 million each for these signs to be erected on the major highways.

ASSEMBLYMAN DeCROCE: Say that again.

MR. BUDZASH: Okay. This is a photograph of a sign. It is not a sign from the Parkway or the Turnpike, but it is the same, exact structure that is on the Turnpike and the Parkway and the Atlantic City Expressway. The Asbury Park Press did a story on this, that we are paying between \$2 million and \$4 million each for these signs, when in Ohio they are paying only about \$7000. That is something that is a major waste, and that should be looked into also. Okay?

ASSEMBLYMAN DeCROCE: Mr. Budzash, for your information, I believe this Committee, last year under then Chairman Mazur, questioned that particular situation and found it was a series of signs, not only those two signs, let's say. But it was, I believe, down on Route 33, right down into several other areas -- about four or five miles of signs, because I personally questioned it. I think Mr. Kronick was there at that hearing. We were both Committee members at that time, and that was part of the information we got from the Department of Transportation. So maybe there is more than one sign.

MR. BUDZASH: Yes.

ASSEMBLYMAN KRONICK: Mr. Chairman, I do have one question. Mr. Budzash, maybe you could tell this Committee some specific recommendations that you may have on how we could finance the actual takeover of the Authorities so we could eliminate the tolls.

MR. BUDZASH: Well, we have revenue-generating sources on the Parkway and the Turnpike with the rest stops. We have the Garden State Arts Center. We also have other roads around the State that are in need of rest stops, and the rental that comes from those places could be put toward the maintenance of Parkway, Turnpike, other roads, whatever.

You have Routes 78, 287, and 195. Now, these highways, if you have ever needed a telephone on them, or you have ever had problems with your vehicle, you have no place to go. Recently, I was going up Route 287 to North Jersey, and I was trying desperately to find a telephone. I got off a couple of exits and, again, it was just a massive highway, no telephone service. If you have a breakdown, or whatever, these facilities would benefit the travelers, would not make anymore congestion, but would allow the people a place to go for service, a rest stop, food, beverage, whatever, and gasoline and repairs. If and when constructed, the funds from them could be put back into maintenance -- strictly into maintenance.

ASSEMBLYMAN KRONICK: Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Okay. Mr. Green, anything further?

ASSEMBLYMAN GREEN: No questions.

ASSEMBLYMAN DeCROCE: Thank you very much, Mr. Budzash.

MR. BUDZASH: Thank you.

ASSEMBLYMAN DeCROCE: We have two people who are representing Local No. 196, I believe. I am going to call on Mr. Elmer Doyle. Can you represent both parties--

E L M E R D O Y L E: No, I am a Shop Steward.

ASSEMBLYMAN DeCROCE: --because I want to bring up the Authority in a second? Can Bruno Salvatore come too, also, as long as he is here? He is also a representative of Local No. 196, as I recall. Please make a brief statement, and then we will--

B R U N O S A L V A T O R E: I am Bruno Salvatore, President of Local No. 196, of the I.F.P.T.E. I am here today to defend the existence of the toll roads and the employees who give dedicated service to the roads and to the patrons who use them.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Will you speak into the microphone, please?

ASSEMBLYMAN DeCROCE: The little black one in the back there. That's it. Bring it up as close as you can, Mr. Salvatore.

MR. SALVATORE: First, the Parkway annually contributes \$10 million to the State of New Jersey Transportation Trust Fund; the Turnpike another \$12 million; and the Atlantic City Expressway another \$8 million. That is \$30 million annually going to our State. Besides the fact that the Authorities would no longer contribute \$30 million annually, the State would now be faced with maintaining and running these roads. Absent the tolls, where would the money come from? The money would have to come from an increase in the State tax or an increase in the gasoline tax. I don't think this is what the public really wants.

If the tolls are abolished, there are investor bonds to be satisfied, plus it would cost millions upon millions of dollars to dismantle tollbooths and buildings, and the road would still need maintenance. Again, where would the money come from?

The Parkway has had one single 10-cent toll increase in 37 years. What else can you think of that has only increased 10 cents in 37 years? The Highway Authority should be praised, not trashed.

The Garden State Parkway and other toll roads are beautiful, well maintained roads, and are some of the safest roads in the country. They are something to be proud of. Please keep them that way.

Now allow me to speak for a minute on the human issue. Between the Parkway, Turnpike, and the Expressway, by abolishing the tolls, somewhere in the neighborhood of 3500 jobs would be lost, putting all of those human beings in the unemployment line. Families of four, five, six, or more would be hurt if these people are permanently displaced from their jobs. You should also consider what is going to happen when

the unemployment pool that the Authorities contribute to falls short. Who will make up the difference there?

Additionally, there would be a trickle down effect to employees of contractors, vendors, and other supplying services to these roads, so there may be additional layoffs affecting hundreds of thousands of other New Jersey residents, too. Think about what you will be doing to an already bad economy.

I urge you, please, do not give up the \$30 million a year, put thousands of people out of work, and shift the burden of maintaining these roads to the DOT. The State cannot afford it.

Further, the residents of New Jersey have the choice whether or not to use these toll roads. There are alternate toll-free roads. Why should every resident of the State pay for these roads, while out-of-state users ride free. Don't be fooled by the hype and sensationalism of a fanatical radio station.

Thank you for listening, and for giving me the opportunity to speak.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Salvatore. (applause) Please! Up to now, I really wanted to commend the crowd, because I thought you did extremely well. I really hope you won't blow it at this point. We only have a few witnesses to go, and I think we can really handle this very well. I prefer that you not have any outbursts of that nature. Thank you.

Mr. Salvatore, please stay there. I would like Mr. Doyle to-- Do you have a statement, Mr. Doyle?

MR. DOYLE: Yes, sir. What I would like to say for you to consider is: I am from the southern part of New Jersey, Cape May County. Specifically, I live in Dennis Township. I happen to be a resident who lives right off of Route 47, so don't tell me about DOT.

I am a retired man from Philadelphia. I was a boss all my life. I am concerned, being an older fellow myself, about what you are doing to do with the fellows who are ready for pension, in the event you would shut this road, which is a stupid plan? Where are you going to get the revenues to repair this road? You're talking about the mileage costs. The mileage costs is a factor that has not been taken into consideration. This includes your snowplowing, your repair, your linecasters, your grass cutting, and your greens planting.

So, it is not hard to figure. You can jockey figures, and you can bet the figures will come out. But I am concerned about the older people on the road. You have senior citizens out there. What they make out there for 20 hours a week is the difference between them living and not living.

Thank you.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Doyle. We are just as concerned as you are about the same questions. That is the purpose of these hearings, to try to ascertain those answers.

Mr. Salvatore, with regard to your union group, do you represent all the toll workers on both Authorities?

MR. SALVATORE: No, I do not. I represent the Garden State Parkway and the Atlantic City Expressway.

ASSEMBLYMAN DeCROCE: I see. What is your total?

MR. SALVATORE: Eleven hundred.

ASSEMBLYMAN DeCROCE: Eleven hundred workers, okay. Do you believe the existing framework within the tollway is necessary, or could there possibly be a reduction of the number of toll centers we have presently in the State of New Jersey? Toll centers, collection booths?

MR. SALVATORE: Collection booths, all right. I am really not able to answer. I guess it would--

ASSEMBLYMAN DeCROCE: The reason I ask you that is that obviously you are aware that Senator Lautenberg is trying

to arrange for some \$200 million to come into the State, which is probably a drop in the bucket. I didn't get to those questions yet. The fact of the matter is, that money will be used, from what I understand, to eliminate toll collection booth operators and to make it speedier for the average driver to go through and to automatically be charged a toll.

I am just wondering, do you see any correlation between the two?

MR. SALVATORE: I don't think it is possible to eliminate toll collectors entirely, because not everybody is going to have the smart card. I could see a reduction in collectors through the use of the smart card.

ASSEMBLYMAN DeCROCE: You're speaking of the electronic toll?

MR. SALVATORE: Yes.

ASSEMBLYMAN DeCROCE: Mr. Green?

ASSEMBLYMAN GREEN: What is the average salary of a toll collector?

MR. SALVATORE: A toll collector, in his first year, gets approximately \$7 and change an hour, and he progresses to roughly \$16 an hour over four years.

ASSEMBLYMAN GREEN: What does it cost the State to train these collectors? How much money is involved?

MR. SALVATORE: The Highway Authority?

ASSEMBLYMAN GREEN: Yes. How much money does it cost us to train a person to--

MR. SALVATORE: To collect tolls? Most of the new employees are trained by present toll collectors. It is usually between one and three days of training.

ASSEMBLYMAN GREEN: My only concern is, it is obvious we are talking about waste, and for some reason -- I don't know why -- the feeling it out there that we are not concerned about jobs. It is obvious, based upon the range of the salaries, that we are not talking about steel workers. It would only

cost the State more money if we did not allow these people to continuously work for the State of New Jersey.

I really feel that when it comes to losing jobs, we are putting the wagon before the horse. I think that anything we are going to do is going to be based upon the fact that we do not want to add any more taxes onto the people of the State of New Jersey. It is like a cycle. We take away, but we give back. The same thing with jobs. I am pretty sure, as a member of this Committee, that my major concern would be taxes, and, number two, the human side -- the jobs. As the Chairman said earlier, this is going to be a process that will take a long time. But I don't want anyone to leave the room with the understanding that we are not concerned about jobs, because a person like myself-- I am very close to the unions, and I am concerned about jobs. Anything that would be the bottom line of the proposed structure being put into place, would be-- Again, we would be concerned about taxes and jobs.

I think our basic concern -- and I am pretty sure you have heard this from the majority of us today -- is the waste. Now, we can eliminate waste if we can prove it is not waste. We might have to think this whole thing out, but it is obvious: We have no problem with the employees; we have no problem with the service. But I am pretty sure that the average taxpayers out there-- Again what I said earlier to some of the people who came before the mike: There is a lot of waste out there. We have to identify that waste. I don't want to make you feel, or make any member of your union feel, that we think there is a waste in employees in terms of how they conduct their jobs. Personally, myself, that is the way I feel about it.

So, I don't want any member to leave feeling that we don't care about jobs; we don't care about taxes. We are concerned about the waste that has been brought to our

attention. We want to see whether that waste can offset closing off these tolls, without hurting anybody per se.

Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Assemblyman Kronick?

ASSEMBLYMAN KRONICK: Thank you, Mr. Chairman. I, too, want to pick up on that issue, gentlemen, that we are very cognizant of the human factor and the human concern. I don't think it is our intent to put anyone out of a job. But you have to recognize that this is approaching the 21st century. There is a lot of progress ahead in transportation. I think that if we look at it in terms of by attrition, by shifting people to other jobs, so they can be absorbed into more meaningful jobs, that perhaps there will be no need for anybody -- and certainly that would be foremost in my mind -- to lose a job; anybody who is productive, who is needed in the system, who is important. But we cannot afford to create jobs for the sake of jobs to keep people working, because then, you know, we could just -- as has been said -- put tolls on every road, where we would have everyone working and everyone paying tolls, no matter where they were going.

When it is thought out and it is meaningful, people have to be protected. I think that is the intent of this Committee: to make sure that that will be foremost in our minds. I want to assure you that that certainly will be in my mind.

ASSEMBLYMAN DeCROCE: Thank you. Mr. Catania?

ASSEMBLYMAN CATANIA: Yes. I would like to reiterate and say, I think we are all concerned about jobs. However, are we concerned about jobs to the point where the State of New Jersey has to hire people just because we need people to be working? I am not here today to look at abolishing the Garden State Parkway, the New Jersey Turnpike Authority, and what have you, and to take these jobs and make these people, as Mr. Davis said, become unemployed and collecting unemployment.

We are talking about maintenance jobs of approximately 375. If the Department of Transportation has to take over the operation of the New Jersey Highway Authority and the New Jersey Turnpike Authority, I am sure that quite a few of these people would be employed by the Department of Transportation.

I have some questions for you, Mr. Salvatore: Can you tell me, how many years before an employee is eligible for retirement in your particular union, under the existing contract?

MR. SALVATORE: Ten years.

ASSEMBLYMAN CATANIA: Ten years, okay. So you are vested after 10 years. What age do you have to be before you can retire?

MR. SALVATORE: Well, there is an early retirement age of 55. That is all governed by PERS, though, not the Authority.

ASSEMBLYMAN CATANIA: Okay. Are you part of PERS -- the Public Employees Retirement System?

MR. SALVATORE: Yes.

ASSEMBLYMAN CATANIA: Everyone there?

MR. SALVATORE: Yes.

ASSEMBLYMAN CATANIA: Do you have any idea about pay raises? Is there a contract coming up now with regard to the New Jersey Highway Authority and your union as to what pay raises will be effected, or agreed upon?

MR. SALVATORE: Well, we just settled a two-year agreement in June of 1991 -- a two-year contract.

ASSEMBLYMAN CATANIA: What was the percentage of raises?

MR. SALVATORE: For 1992, July 1, 5.5 percent.

ASSEMBLYMAN CATANIA: And how about the following year?

MR. SALVATORE: That contract will expire.

ASSEMBLYMAN CATANIA: It is one year--

MR. SALVATORE: It is a two-year contract. The first year of the contract there was a 6 percent increase; the second year of the contract, which is July 1, 1992--

ASSEMBLYMAN CATANIA: Six percent was the first year?

MR. SALVATORE: Yes.

ASSEMBLYMAN CATANIA: What year was that?

MR. SALVATORE: July 1, 1991.

ASSEMBLYMAN CATANIA: Okay, so 1991 you received a 6 percent increase in salary. Is that correct?

MR. SALVATORE: That is correct.

ASSEMBLYMAN CATANIA: This next year you are getting 5.5 percent?

MR. SALVATORE: That is correct.

ASSEMBLYMAN CATANIA: Do you have any idea what the rate of inflation in New Jersey is right now?

MR. SALVATORE: At the present time, no, I don't. I believe that at the time of the negotiations, it was around 7 percent.

ASSEMBLYMAN CATANIA: Seven percent? In 1991, the rate of inflation was 7 percent?

MR. SALVATORE: From my memory. I could be wrong. If you could correct me--

ASSEMBLYMAN CATANIA: Well, I take exception to that. I don't think it was anywhere near 7 percent. I think it was more in the neighborhood of 3 percent to 4 percent -- 3.9, as Assemblyman Nickles just told me. Six percent is 2 percent higher than the rate of inflation. In fact, what I am concerned about is just that: Are we settling these contracts in order to avoid any type of labor unrest, and giving our unions more than what they have -- what the private sector, those people who are unemployed--

I just heard some discussion with regard to AT&T. They are discussing a three-year pack of under 10 percent, which means-- A 10 percent maximum is, like, 3 percent a year. In this case, you are receiving 6 percent in one year, and then 5.5 percent in the next year. Do you think this is fair, with regard to the amount of salary increases you are

receiving, as compared to what the inflation rate is in New Jersey and what the people in New Jersey have been suffering, with regard to taxes and other inflated costs?

MR. SALVATORE: Well, after 37 years, we are finally catching up.

ASSEMBLYMAN CATANIA: You're catching up? May I ask you then, what is the average salary right now? I heard that there was -- that the top at the end of four years is \$33,000 -- I would estimate. Is that right?

MR. SALVATORE: That sounds about right.

ASSEMBLYMAN CATANIA: Is there any money in the contract for longevity?

MR. SALVATORE: Yes.

ASSEMBLYMAN CATANIA: How much is the longevity?

MR. SALVATORE: Four percent after 10 years.

ASSEMBLYMAN CATANIA: Four percent? Does it go up after the 10 years?

MR. SALVATORE: It goes up after 15 years another 2 percent.

ASSEMBLYMAN CATANIA: So you're up to 6 percent. If someone is there after 15 years, they would be getting the top salary, plus an additional 6 percent on top of that.

You know, I remember something about someone retiring -- I don't recall which Authority it was -- retiring with a salary of approximately \$80,000. It may have been--

MR. SALVATORE: It was not a bargaining unit member. I can show you that.

ASSEMBLYMAN CATANIA: It wasn't?

MR. SALVATORE: It was not a bargaining unit member.

ASSEMBLYMAN CATANIA: Okay.

ASSEMBLYMAN DeCROCE: Nothing further?

ASSEMBLYMAN CATANIA: No, that will be it.

ASSEMBLYMAN DeCROCE: Anyone else? (no response)

Thank you very much, Mr. Salvatore, for coming before us, and

Mr. Doyle. We do appreciate it. We may get back to you, by the way.

MR. SALVATORE: Thank you, Mr. Chairman.

MR. DOYLE: Thank you.

ASSEMBLYMAN DeCROCE: Mr. Forst, representing Local No. 194, I.F.P.T.E. Then we are going to call on the Turnpike Authority. Mr. Watson, we will be calling on you next after Mr. Forst. Thank you for coming, Mr. Forst.

F R A N C I S A. F O R S T: Good morning, gentlemen -- and lady.

ASSEMBLYMAN DeCROCE: Good morning.

MR. FORST: My name is Frank Forst. I happen to be now a consultant with Local No. 194, but I was the organizer of the unions in the State Highway Department, on the Parkway, the Atlantic City Expressway, and the Turnpike. I appreciate the opportunity to present the views of Local No. 194, which represents about 1500 employees on the Turnpike. Our members include toll collectors, maintenance and craft employees, and office, clerical, and technical workers. We do not represent any supervisory, management, or administrative officials.

I have been associated with all three toll roads in New Jersey since the early 1960s, prior to the adoption of the Public Employment Relations Act in 1968. As a result of almost 30 years of relationships and observations, I have had to study, somewhat very carefully, the workings of these organizations, in order to understand what makes them tick, and how best to represent the members in dealing with them. In my field, as in most involving negotiations, one has to know and understand their goals and objectives, their mission, and what they hope to accomplish, in order to interweave their responsibilities with the aspirations of our members.

The Legislature is being presented with a concerted effort of uninformed, misinformed, and underinformed individuals who are being pumped up by attention-seeking media

people almost to a level of anarchy. Regretfully, some political figures and self-appointed leaders pander to mob rule. Also, unfortunately, some cannot take the heat and try to get out in front either through fear or for personal political advantage. I hope more reasoned men and women will come to rational conclusions based on all the facts.

I say, "all the facts," because it is probably true that some authorities have made some mistakes; some Commissioners have been excessively arrogant; and some well-intentioned plans have gone awry. There probably has also been some influence over the independence of these independent authorities from Governors, consultants, vendors, suppliers, financial people, lawyers, and, yes, even legislators. Or, perhaps, it is not influence, but each doing his or her job as he or she sees it.

I don't profess to have all the facts, nor do I believe they could all be presented at any one or a series of hearings. However, I believe there are a few basic truths which must be understood before reaching a conclusion.

First, all three toll roads exist because of the Governor and the Legislature. They exist in response to the demands of the people for safe, high speed access, primarily for business and commerce as they affect the Turnpike; for those reasons and tourism as it pertains to the Parkway; and for all those reasons plus regeneration of the Atlantic/Cape May area for the Expressway.

None of these roads came into being because of arrogant Commissioners. These roads came into being because the Governor said he wanted them. The Legislature said, "We can't afford them." The State Department of Transportation said, "We don't have the money to build them. So, let's find a way to do it in response to the demand of the people, and of business and commerce."

The second basic truth is that the Governor and the Legislature did not want to pay for these advantages through general taxation. When Governor Alfred E. Driscoll -- who it was my pleasure to know and work with -- proposed the Turnpike, he was a decade ahead of President Eisenhower. There was no such thing as Federal interstate highways; no such thing as a 90/10 Federal/State Highway Development Program. There was not, in fact, a broad-based tax in New Jersey, such as our sales and income taxes. I think we overlook that fact. It was in the 1940s that Governor Driscoll proposed the New Jersey Turnpike Authority, a man 10 years ahead of his time at least, and Eisenhower didn't get elected until 1952, with the 90/10 interstate highway system.

So the New Jersey Turnpike Authority, the Governor, and the Legislature were men and women ahead of their time. There were no funds available for a project the size of the Turnpike, and the State did not have the capacity to build it. The great vision and foresight of Governor Driscoll was to provide this road on a "user fee" basis, and, because of the political interferences and influences over location, rights-of-way, etc., the independence of the Authority was necessary to accomplish the mission in the most expeditious manner. One only need look at the possibility of building Route 92. Thirty years it has been on the drawing board, and for 30 years either Princeton, or Somerset, or Franklin Township, or someplace, has stopped the building of that little piece of road from Route 130 over to Route 1. Or, you can look at the overpass and underpass that is planned for Route 1 and Route 18 and Route 130. It has been on the planning board for almost 20 years, but because of political interference and different points of view, it is not being built.

But the Turnpike was built from one end to the other, and the Parkway was built -- 173 miles of it -- and the

Expressway was built, without that kind of political and sectional interference.

The independence of the Authority was necessary to accomplish the mission in the most expeditious manner. It was a success from its very beginning, and became a model, not only for other toll roads, but also for the interstate highway system.

The New Jersey Highway Authority, patterned after the Turnpike, quickly followed and also preceded the Federal Interstate Highway Program. When people ask why other states have no tolls, the question must be asked, "Which states?" The answer then becomes those which developed much later than New Jersey and the Northeast; those with much more open space and less congestion; those with much less demand than that made on the Eastern Corridor between Washington, D.C. and Boston, Massachusetts, because in order to have these roads, they built them from Washington, D.C. all the way to Massachusetts.

The third basic truth is that, even after the building of the Turnpike and far into the late 1960s, the State of New Jersey was unable and/or unwilling to dedicate sufficient funding for roads to avoid toll roads. Even as substantial funds were spent, there was not enough to go around. Into the early 1970s, the State of New Jersey failed to complete Interstate 95 north of Trenton. Those of you who complained about having to come down the Turnpike from the North, know that; that Interstate 95 is not completed from Trenton north because of interference -- political interference -- of not wanting it to go through Princeton and some of these other places. As a result, they took that money, and I guess they stated down here-- There seemed to be a positive decision to redirect the I-95 funds elsewhere, including, I believe, the construction of I-195 from Trenton to the shore. They took the money from I-95 and built the road that goes from Trenton down to the shore on I-195.

Now, that was a political decision. I don't even disagree with that decision. But what they did was, they came to the Turnpike. The Turnpike didn't come to them to dualize that road. If I-95 was built, the Turnpike would not have dualized the road. Notice that the Department of Transportation, the Governor, the Legislature, and the people in power came to the Turnpike and said, "We are going to take this money and use it over here, but we need more access to the North." So the Turnpike jumped into the breach and undertook a massive dualization program, providing 12 lanes of traffic north from New Brunswick to the end of the road. Personally, I marveled at the engineering. It was probably one of the world's greatest road-building feats of the century. Anyone familiar with the terrain, the traffic, and the older six-lane roadway couldn't help but be proud of what was accomplished.

I mean, when they talk about maintenance of the road, as I heard in earlier testimony, of \$22,000 a mile, and so forth-- If anyone can compare building the Parkway down through the farmlands and down into Cape May County with having to widen that Turnpike through Elizabeth and right past Gorny and Gorny Funeral Parlor -- and all of you drive up that way and pass that built-up area-- It was a work of genius to be able to do that.

Simultaneously, the Meadowlands complex was being developed, and the Turnpike jumped in, again, and provided a westerly roadway to assist in accessing the newly developed area.

When we hear that the authorities are "unresponsive" to the State, or that they are "uncooperative," or that they are "too independent," we should look at the fourth basic truth, which is that the authorities have been extremely responsive, totally cooperative, and not sufficiently independent. When the Governor and the Legislature wanted a Turnpike, the Authority was created and carried out its initial

charge quickly, effectively, and successfully. When the State wanted to use the I-95 funds elsewhere and still provide improved traffic access in the corridor, it charged the Authority with its accomplishment, and the Authority responded quickly, effectively, and successfully. When the State created the Meadowlands, the Turnpike sat with the leaders and worked out roadway access, toll responsibilities, and all that was necessary to make it a success.

When Governor Kean heard of accusations that the Turnpike was uncooperative, he responded by saying they did everything he expected of them, highlighting the building of Interchange 13A to provide business, industry, and the public with easier access to the Ports of Newark and Elizabeth and Newark Airport. It is important to understand that the Turnpike didn't make a nickel when they built 13A. It was for the convenience of the motoring public. And they are building this median strip, which I am going to cover -- and I am almost done -- a little further on. They don't make a nickel on that median strip, but that is going to save accidents and protect people from trucks coming up over the top of the median barriers and hitting the oncoming traffic. They don't get a nickel in extra tolls because of that. They do it for the safety of the public.

At the end of his second term, Governor Kean proposed a "circle of mobility" in the northern and easterly areas costing about \$1 billion and utilizing a substantial part of the Turnpike's latest bond funds. And we shouldn't forget, he was going to blow a hole in Weehawkin Mountain, I think, and do something there for-- Who was it, Hartz Mountain, or something, that was going to develop the area? So, the Turnpike has not been unresponsive to the Governor or the Legislature.

Which brings us to truth number five: The Turnpike is, by choice of the Governors and the Legislatures, no longer

merely a user fee project, as initially proposed, but has become a taxing agency of the State. Because the Governors and the Legislatures have been unable or unwilling to provide sufficient funding through taxation to build and maintain its transportation system, they have turned to the Turnpike, Parkway, and Atlantic City Expressway for assistance. One cannot fault the Authorities for being toll roads. Governor after Governor, and Legislature after Legislature, Republican and/or Democrat, have supported and extended the Transportation Trust Fund, to which the Authorities contribute a total of \$25 million annually above and beyond the moneys the State raises and the Federal government contributes through various grants.

It is folly to believe that one can condemn the authorities for successfully accomplishing their missions with pride and honor, without focusing on the basic truth that they exist because the Governor, the Legislature, and the Department of Transportation were unable or unwilling, over several decades, to accomplish their missions without the cooperation and assistance of the toll road authorities.

In conclusion, let me say this: Nobody likes to pay taxes. That has been the revolt of the past two years. We are all familiar with it. And, nobody likes to pay tolls. That is the latest craze of the pump-up artists and hysteria mongers, some of whom I see here today. It's a funny thing about taxes. It just depends on who pays and how much. Take the capital gains tax. Some say it should be cut to provide investment incentive. Yet, the stock market went up 30 percent last year and is going up at that rate this year. What more incentive does someone need than 30 percent? I heard an Assemblyman suggest that 6 percent was too much of a raise for workers, but I don't hear anybody condemning the 30 percent increase in the market investments -- of people in the market last year. And if you want to make comparisons of who makes how much money, let's compare invested money with workers'

money. I went to Investments 101, and that was the first issue I faced: What is the source of income? People at work or money at work; the comparison of people at work and money at work. What makes the most money, people at work or money at work? I happen to believe that people at work should do it.

But, I do not want to digress into that. I want to get into this: Decisions should be made based on facts. Those of you who are the temporary keepers of the keys to New Jersey should not be driven by hysteria, slogans, grandstanding, or political expediency. With almost 30 years of association with the toll road authorities and experiences with the State DOT, I believe they have toiled diligently, tirelessly, and effectively to accomplish the mission assigned to them by the State.

In my role as a union official, I have seen them make mistakes, errors of judgment, and sometimes things just didn't work out as planned. The plans under Chairman Bo Sullivan for improving safety and widening the road were excellent. Studies indicate that they couldn't all be achieved. The Turnpike should not be criticized for attempting to accomplish those goals, even when they had to settle for something less. All the work of the Authorities is not focused on purchasing expensive chandeliers.

If you were to ask anybody-- You know, we don't appoint the Commissioners. The Commissioners are appointed by the Governor and approved by the Senate. We haven't appointed a worker there yet, you know, and we have been in existence for 40-some years. I have not seen one union member appointed to the Commission. When you appoint "fancy Dans," people who are puffed up by themselves, sometimes they buy puffed up chandeliers. I think maybe we ought to put ordinary people back on some of these Commissions.

Safety devices, warning signals, traffic control systems, protective medial barriers, and the like, receive most of the Authorities' attention.

Before you make a decision as to the value of the Authorities and toll roads, we would appreciate it if you would carefully consider all the facts.

You have been awfully kind to listen to all of this.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Forst. It has been very enlightening, and we will consider all the facts.

Do any members of the Committee have any questions of Mr. Forst? Mr. Green?

ASSEMBLYMAN GREEN: It is obvious that you know the history from day one. Presumably you were there. How many toll increases have you experienced?

MR. FORST: Two on the Turnpike. One came as a result of the dualization of the 1970s and the widening of the road up to the Meadowlands complex, the westerly extension. The second one just came-- I guess it started five years ago with Bo Sullivan's concept of further widening the road. There is a big safety issue involved, and that is what they call the "mixing bowl," up around Interchange 14 -- going over 14A, in that direction, if you are familiar with the area up near the airport -- because all the traffic coming south runs there and the east and west traffic all runs in there. It is the site of most of the accidents, and there is a big project to try to straighten that problem out, with some widening coming down through Elizabeth. That was the second toll increase and, as you folks know without my telling you, then they took \$400 million and decided to solve some of your problems with that money also.

ASSEMBLYMAN DeCROCE: Not ours, the Governor's problems.

MR. FORST: Well, the State's problems, in any event.

ASSEMBLYMAN GREEN: Did anyone from your organization come before this Committee to testify when those particular increases occurred?

MR. FORST: Yes, we testified. They held public hearings on the tolls, usually in three different locations in the State. We testified in each instance.

ASSEMBLYMAN GREEN: The same question that I presented to the other representatives of the union: It is obvious that we don't want anyone to leave feeling that this is all over. I think the Chairman made it very clear, possibly all morning long, that we just want to get the facts and figures. I mean, you are talking about the workers, and I can respect that. I listened very carefully to your testimony, as well as I will listen when the Turnpike comes before us, or the Parkway comes before us.

But, in the middle there, there are problems. Maybe you feel there are no problems, but it is obvious that the taxpayers in the State of New Jersey feel there are problems. Do you feel there are any problems?

MR. FORST: I appreciate that kind of a question. I am opposed to toll roads. I have always been opposed to toll roads. But you see, it is a matter of choice. It is a matter of how the State wants to finance what it has to accomplish. The decision about toll roads has long been made, and the concept of user fees was a decision made long before my time. So, you know, it is my personal opinion that if you can tell the toll roads, "We don't need any more art centers--" You'll notice that the Turnpike doesn't build those kinds of things. They are much more serious about their business. We don't need buildings to hire out to people.

But the idea that Assemblyman Catania brought up, for example, about the Park n' Rides that he was talking about-- The Turnpike has had one for years. I believe that those contributions that they made to public transportation have been very good, and we have many of them. But as far as tolls are concerned, I am of the opinion now that you almost can't do it economically. I would start to cut back on their mission. If

you feel they have accomplished their mission, I would cut back on their mission, and approach it on a gradual basis and phase out over time, rather than try to absorb it.

Governor Cahill, who was here 25 years ago -- or '69, '70, 22 years ago -- wanted to create a super agency. We said, "It doesn't take a super agency to run these roads. It takes some super brains. It takes some knowledge of what you're doing, and some goals and objectives of what you want to accomplish." The type of agency doesn't accomplish them.

ASSEMBLYMAN GREEN: You did not answer my question. Maybe I will direct my question again, and try to be more clear.

MR. FORST: Go ahead.

ASSEMBLYMAN GREEN: You wear two hats: You happen to represent the union and you happen to be a taxpayer. I wear two hats: I was elected by the people of the State of New Jersey from my district, and I am also a taxpayer. Okay?

At this point, I am not happy with the whole structure of the toll roads, and I want to find out more information. As a person who wears two hats, how do you feel about the issue?

MR. FORST: I thought I just said it. I think if you limit their future activities and what direction they are going in-- I think the decision that it was going to be a toll road has come from the fact that there were insufficient resources to handle it through the State system. I think I would just limit their expansion opportunities and phase it out as time went on. I think it should be a user fee road. There is no question that over 50 percent of the traffic comes up out of Delaware and heads on up to New York, and things like that. It does not make sense to me, as a New Jerseyan, for me to have to go through that 14 miles of Delaware and pay \$1 to travel through Delaware, and then another dollar to go through the bridge and tunnel down in Baltimore, and then for them to come up here and not pay us anything for our roads. I think

inequities exist. You pay, like, \$4 to go into New York, and New York does not pay anything to help us with our roads. We help them. I think it is a counterbalancing situation.

ASSEMBLYMAN GREEN: Mr. Chairman, may I ask him the question one more time? I happened to make my position very clear. Okay? I have not been satisfied, the last 10 years, with how our toll roads have been operated. I feel there is a lot of waste. As an elected official, I am taking that position -- okay? -- and also as a member of this Committee, I am taking that position.

Again, as a leader, I feel you have a voice. Give me your opinion about how you feel about that particular issue.

MR. FORST: Oh. When it comes to buying chandeliers, and when it comes to putting up office buildings to raise funds-- The first time I heard about office buildings was when Frank Holman was Executive Director of the Turnpike. He wanted to put up some office buildings. He said we could rent them out and earn some money so we could keep tolls down. So I don't know what the motivation was when the Parkway wanted to get office buildings.

But, if you get down to the widening of the roadway, there is no waste out there. Don't let anybody kid you. There is no waste. We have the most productive workers. I don't say that for the workers. I mean, cut and dried, the enthusiasm of the people when it snows-- Sure, if you want to tell me that when they hired the Assemblyman's brother or son or something like that for \$50,000, is he doing productive work? -- I can't answer that question. That is up a little higher than our people are.

ASSEMBLYMAN GREEN: Well, maybe I will help you to answer the question. It is obvious, then, that this Committee is headed in the right direction in terms of looking at all aspects of the toll roads and at exactly how all the different

bodies function in terms of the problems we have. Would I be correct in saying that?

MR. FORST: I have no doubt that you not only should be doing it, but you are doing it, and I commend you for doing it. I just don't like seeing it being done in an atmosphere of hysteria. That is why my testimony asks you to look somewhat at the truth and the facts.

ASSEMBLYMAN DeCROCE: Well, let me say this, Mr. Forst, with regard to your statement, which was most interesting. This is going to be done extremely deliberately, and we will take an awful lot of time to get all the facts we can possibly get, so we can have the proper information before crafting a bill that we feel might be acceptable to all, including the general public and those who work with you.

Let me just ask you one last question, if I may, before you leave. The other union indicated their incomes to us. Could you give me an idea of the ranges of the incomes of your union members?

MR. FORST: Well, they are generally like-- The Turnpike runs about 35 cents an hour ahead of the Parkway because of the toll ticket concept and the processing of the different types of tolls. I mean, that has usually been the concept of why we have been able to argue for about 35 cents an hour difference from the Parkway. I don't know if we hold that position right now, but we held it over a number of years. We have been competitive. We are not competitive with private industry at all. I have been negotiating there since 1970, trying to get prevailing wage rates for my workers. I have never been successful. I would love to get paid the rates that 825 gets paid, or 472, or, like, some of the carpenters and plumbers. I can't get that money over at the Turnpike, but we make it up with benefits and perhaps a good pension system, if you don't diddle around with it too much this year.

ASSEMBLYMAN DeCROCE: Thank you very much for coming before us. We do appreciate it. We may be talking to you at a later date.

MR. FORST: I appreciate it very kindly. Thank you.

ASSEMBLYMAN DeCROCE: At this time, I would like to call upon the Executive Director of the New Jersey Turnpike Authority, Donald L. Watson. Thank you, Mr. Watson, for coming.

D O N A L D L. W A T S O N: Thank you, Mr. Chairman, and members of the Committee. You have been very patient today, and I appreciate what you are about.

What I passed out to you is a folder that contains three documents. I will be as brief as I can as I go through them. The first document is a statement by our Chairman. He regrets that he was not able to be here -- he had a commitment out of town -- but he told me that he will be at all future hearings.

ASSEMBLYMAN DeCROCE: Let me just stop you right there. That is my problem here today. We have three major authorities, with three important people we have spoken to: DOT, the other Authority, and yourself. Even if the Chairman of your Authority could not make it today, there are other Commissioners on that Authority, Mr. Watson. I thank you for coming. I do appreciate that, but I think they have an obligation. When a subject as important as this particular subject is, obviously, some of these fellows, wherever they may be, could take off a day. The fact of the matter is, it is my understanding that the Turnpike Authority has the day off today, so I can't understand why they can't be here.

ASSEMBLYMAN CATANIA: They have the day off today, Mr. Chairman?

ASSEMBLYMAN DeCROCE: They have the day off today. It is a holiday, the day after Easter. I can't believe it, but it is. The fact of the matter is, it seems to me that a Commissioner, somewhere along the line, should have been here

today. I hope you take that message back. I expect to see at least the Chairman to be here with us the next time we hold a meeting, and maybe additional Commissioners.

MR. WATSON: I will take that message back, Mr. Chairman--

ASSEMBLYMAN DeCROCE: Thank you.

MR. WATSON: --and they certainly will be here. At least the Chairman has promised me he would, and I am sure he will.

ASSEMBLYMAN DeCROCE: Thank you very much.

MR. WATSON: There are three pieces of documentation there. I would like to just read the Chairman's statement briefly, and then I would give two or three minutes of my observations and my testimony. Attached to my testimony are several exhibits which I believe will--

ASSEMBLYMAN DeCROCE: Wait a minute.

ASSEMBLYMAN CATANIA: Mr. Chairman--

ASSEMBLYMAN DeCROCE: I don't know that I want to hear his statement today. I think I would rather hear your statement, frankly. You have a statement. Let him come here and present his statement to us. That is his obligation to this Committee.

ASSEMBLYMAN CATANIA: Mr. Chairman, if I might, being on the Transportation Authorities Committee last year, Mr. Goldberg, as Chairman of the New Jersey Turnpike Authority, testified on many occasions when we were selling part of I-95 up in North Jersey to the New Jersey Turnpike Authority. Is it maybe because of the time -- that today is a day off for him -- that he is not here?

MR. WATSON: No, sir, that is not the reason. He had an out-of-state family affair that he just couldn't cancel. That is the reason.

ASSEMBLYMAN DeCROCE: That's unfortunate, Mr. Watson, really.

MR. WATSON: It is, and he was very sorry about it. But he will be here for future--

ASSEMBLYMAN DeCROCE: See, that is my point. Obviously, besides the Chairman of the Authority, there has to be a Vice-Chairman, or a Secretary, or somebody in an official position, who could have come here today before us. Nobody is here except you. Unfortunately, you were sent. I prefer you, frankly, to some degree, but I think that we want some policy information from some of those people, also.

MR. WATSON: Yes, sir. I will see that they are here next time. If you do not want me to read the statement, I would like to at least enter it into the record.

ASSEMBLYMAN DeCROCE: It will be entered into the record.

MR. WATSON: All right, I will go on with my brief statement. I do have some exhibits which I think will help to answer some of the questions that have been raised earlier about the Turnpike's operation.

My name is Don Watson, and I am the Executive Director of the New Jersey Turnpike Authority. On May 1, I will complete my second year as Executive Director. Earlier it was mentioned about how people get their jobs, so I have added to my statement some of my background.

I am a transportation professional with 38 years of my life dedicated to providing the public with safe and efficient transportation. I spent 36 years of my transportation experience in California, where I rose through the ranks of that 18,000-person California organization to the number two position as Deputy Director. In my last assignment, I was responsible for developing California's \$4 billion annual transportation budget, and for recommending to the Highway Commission their \$13 billion five-year transportation program. Following what I understood to be a nationwide search, I agreed to join this administration, which was looking for, as I

understood it, a transportation professional, to apply my experience to finding solutions to New Jersey's growing transportation needs.

For 40 years, the New Jersey Turnpike has been recognized as one of the safest and best operated toll roads in the country. This reputation was earned through the efforts of a competent, qualified group of employees, and I was proud to be part of their team.

During my two years at the Turnpike, I have seen no evidence of an "independent" authority. The "Business Plan," which is also attached to your documents, prioritizes the projects to be constructed from the bond proceeds. It was adopted by the Authority and was approved by the Governor's Transportation Executive Council. It was developed after intense discussions with other transportation agencies to assure that each of our planned construction projects would result in improved mobility for the users of the statewide system.

To keep operating expenses down, which is one of the issues you are addressing today, I immediately: consolidated the departments; tightened up expenditure controls; called in over 100 permanently assigned vehicles; reduced our out-of-state travel; computerized our financial management system; reduced overtime expenses; and eliminated 23 top management positions, with the result that the Turnpike Authority's operating budget growth rate is now down from what it was before I got here of 10 percent a year all during the '80s, to a 3.3 percent projection in 1992, which I understand is below the rate of inflation. This is the lowest growth rate in operating expenses in Turnpike history, at least for the last 20 years that I am aware of. Reducing the operating expenses growth rate continues to be my high priority.

One observation I would make, based on my past experience, is that whether you are on the West Coast or the

East Coast, the overriding bottom-line transportation issue today is how to pay for a safe, efficient, and well-maintained transportation system; that is, does the "user" pay, as is now the case with the toll road authorities, or does the State pay through some dedicated revenue system that some may call a "free" road?

After being in California for 36 years, I had the opportunity to be in on most of the policy decisions that were made in the past five years. I was there when they raised their gas tax from nine cents to 18 cents. I was there, as a member of the Orange County Transportation Commission, when that County decided to construct toll roads for the first time, because the gas tax was not supporting what they wanted in Orange County. I was there when 11 counties in the State of California decided to raise, themselves, their county sales tax and dedicate that increase money to highway construction within their county, or for transit. So I have been in policy positions as recently as three or four years ago, and I watched that state wrestle with the same question that you are wrestling with here today. As you examine this question, the Turnpike Authority is going to participate fully.

Now, let me go through the three or four exhibits I have attached to my testimony. I was brief because of the time, Mr. Chairman, but I think these exhibits -- if you can find them attached to my testimony -- are Exhibits A through E. Do you have those?

ASSEMBLYMAN DeCROCE: Yes.

MR. WATSON: Thank you, sir. The first exhibit, Exhibit "A," shows the operating budget for 1992. Using that as a base, it identifies, based on our 1991 recent bond resolution, which resulted from a restructuring, how the money flows from the tolls we collect. In 1991, we collected about \$286 million from tolls; about \$11 million from our concessions; \$18.8 million from our investments; and about \$5

million from some other miscellaneous sources, to arrive at the \$321 million we raised in 1991. We are projecting those revenues at about \$345 million from those various funds in 1992.

The Operating Fund, which is the first bucket you see, is the fund from which we get our operating expense budget. It is the only portion of the funds you see here where the Authority, me or anyone else, has any opportunity to create efficiencies.

The Debt Service Fund is the next bucket, and in 1992 we are estimating about \$99.4 million for debt service.

The next fund, set up by our bond covenants, is called the Maintenance Reserve Fund. All of the moneys in that fund go to maintaining the roadway through capital improvements.

The next fund is the State Payment Fund, which has been mentioned several times today. That is the \$12 million that the State Turnpike Authority pays, by law -- the law created in 1984 -- for State transportation improvements. Since that time, we have contributed \$96 million to the State.

The next fund is called the Special Project Reserve Fund. All of these are requirements in the bond resolution. Those moneys, which can have a cap at \$25 million, can be allocated for maintenance also, and that is where we are using it.

The last fund is a General Reserve Fund in case there is any money left; the revenues that go into that Reserve Fund to be reinvested or circled back to the other funds if they are short.

Now, Exhibit "B" is our budget for 1992 as it was adopted in January. I would like to briefly just highlight a couple of items on it. As you look at the \$306 million total, which is the 3.3 percent growth rate, you will see a couple of big ticket items. You will see under General Administration, Insurance of \$20 million. Those are the insurance payments that are going out for our health insurance and benefits for

our employees and our liability insurance for our structures and roadway at the Turnpike. The other departments -- Finance and Budgets, Human Resources, and Administrative Services -- are departments within the funding for those departments within the Turnpike.

Under Operations, you'll see-- These are the departments that help to keep the road operating on a day-to-day basis. Under Toll Collection, you'll see the number \$52 million, roughly. That is what we are estimating we will pay for toll collection in 1992. Maintenance of \$38.8 million: That is the money we use in-house for our routine maintenance for our own people to perform the work. Operations, again, are the people we use to operate the facility. The State Police payment: We have 220 State troopers on the Turnpike operating enforcing the road, \$16 million, and so forth. The Maintenance Reserve Fund you see estimated at \$18.4 million; the Special Project Reserve Fund at \$12 million.

The last two items are the State Payment of \$12 million, and the estimated \$99 million for Debt Service in 1992.

On Exhibit "C," we have identified the words I said in my testimony about the operating budget. When I got to the Authority two years ago, I found that the Authority had been growing at the rate of 10 percent a year during the '80s. I don't know whether that was unusual. I know that all departments and agencies in the '80s were experiencing growth. The '80s seemed to be a good time for everybody, and they grew like everybody else.

My first mission when I got there was to reduce the operating budget, knowing that if there was any waste there, I would find it. We instituted the zero based budget concept, where every director and department head had to prove to me that they needed every dollar they are asking for. In the past, it was, "I had 10 units of this, and this year I want

11." On the zero based budget, you challenge every dollar; you challenge every program. Through that process, you can see that we are coming in at about a 3.3 percent growth rate. As I said, I think that is under inflation -- I think I heard the number 3.9 -- and that is the lowest it has been in 20 years. Looking for ways to be more efficient is something I have been about for two years.

The next list, Exhibit "D," lists all the things we have been doing in order to get that rate of growth. I am not going to tick them off -- they are there for you to read -- but it only happens if you have commitment at the top. It doesn't happen just by talking about it. All of those items have been implemented. The last item, Reduce the Number of Authorized Positions-- I mentioned in my testimony that 23 percent of our top management positions have been reduced. For the first time in the Authority's history -- at least so I have been told -- we had to, through a reduction in force, remove five of our top managers in our last budget process. It came about as a result of the zero based budget.

Now, Exhibit "E" is the one I would like to spend just a little time on, because it deals with maintenance, and maintenance is one of the most easily misunderstood subjects to talk about. On our Exhibit "E" we are showing, on the top portion of the budget, a pie cut into three pieces. Remember, I mentioned-- If you look back at our budget portion, I said there is \$38 million for maintenance in our budget. That is the day-to-day routine maintenance that we perform with our own staff, everything from fixing guard rail to fixing signs, to litter pickup, to mowing, to snow and ice control.

The other two items that are in our budget that we can also use take care of the major maintenance which we call the capital portion of our program. That is the \$18.3 million, plus the \$12 million, or over \$30-some million. So, in 1991, when we put those budget sources together for the various

budget maintenance activities that we perform, one, the daily routine maintenance, which is the number that gets most often quoted, and the major maintenance, which doesn't get quoted, because of its revenue source, for some reason, we are showing that in 1991 we spent \$65 million for maintenance, 37 percent of our operating budget. In 1992, we are projecting \$76 million on maintenance, 39 percent of our operating budget. You don't get to those numbers, unless you are able to look at the budget and identify the three funding sources that I mentioned. If you only look under maintenance, you are not seeing the total revenue picture or the funding sources from which we do the maintenance budget.

On Exhibit "F" we are showing toll collection costs. You can see on the bottom portion of the chart that since 1989 we have been spending, from \$47.5 million, to what we are projecting in 1992, \$52 million for toll collection. Toll collection is people intensive. Ninety-five percent of that \$52 million goes to people, paying for our 1051 toll collectors.

Let me just go back and give you the number of employees we had, because that will come up. We had 1881 employees: 1051 are in the toll collection portion of our program; 546 are in maintenance; and 284 are in all the other departments -- engineering, operations, administrative services, and so forth. So for the toll collection portion of our budget you see \$52.3 million. That is 27 percent of our operating budget. So we are spending 39 percent of our operating budget for maintenance, and 27 percent to collect.

What do we get for the 27 percent? As I say, we pay for the 1051 toll collectors. The toll collectors in 1991 processed over 185 million vehicles, and they collected for us \$286 million. How much do we pay toll collectors -- let me anticipate your question? We pay them about \$11 an hour to start. That grows, I would judge, based on the average age of our toll collectors who have been there for some time, up to as

much as \$15 an hour. Some of our average toll collectors can make \$30,000, \$35,000. Eighty or ninety percent of them, I would say, are between the \$30,000 to \$40,000 range, and, yes, we did have one or two out of the 1051 who made over \$70,000, because they were willing to do a lot of overtime work. But it was one or two out of the 1051.

The next exhibit, Exhibit "G," shows what we are projecting for maintenance over the next eight years. As we look ahead, we are developing a business plan, since I have been there, on a 10-year basis. That is what I was used to in California. We have developed a five-year construction program, and then a five-year planning program beyond that. So we look at all of our expenditures out for 10 years. You will see the \$76 million in 1992, which is the maintenance expenditure I showed you on the earlier chart. We are projecting, at eight years, that that expenditure will be at \$127 million. That does not include, as some agencies might, what we pay for State Police enforcement, which could be included under maintenance, but we didn't include it here, of about \$16 million in '92, going to \$20 million eight years from now.

Mr. Chairman, the Authority is committed to helping you wrestle with these tough questions as you deal with how the transportation system should be funded. We will be providing, as we have today, valuable -- what we believe to be very important information on our bonds. I wasn't prepared today to talk about all of our bonds and how we got there -- I can do that at length -- how we got to where we are, and how we used the money to carry out our construction program.

Let me just say something on the bonds, and then I will stop. With the bond issue that was made in 1985, where the Authority decided to borrow \$2 billion to expand the road-- The only way we get money to do anything in expansion is through the bonds. We had about \$1,300,000,000 left when I

got here. I wanted to find out how much was left, because I didn't want to be in a position where I was told there was a lot of money and I didn't know what we had. We did an independent audit and determined that I had \$1.3 billion. We then put together the Business Plan you have in your package, which describes how we planned to use every dollar of that remaining bond money to construct the projects that had been agreed to by all the transportation agencies in the State, over the next five years. Then, in the second tier, or the second part of the program, were five or six projects that had been identified through the process of dealing with all of the agencies, what these other agencies had said, not the Turnpike, because most of them won't do us any good; where they had said, "We would like the Turnpike to spend Turnpike money to build these projects." We said, "We will look at that. We don't have the money to construct them, but we will at least plan them." So you will see in our program those two tiers of projects.

With that, Mr. Chairman, I will stop and answer any questions.

ASSEMBLYMAN DeCROCE: Thank you very much, Mr. Watson. I want to assure you that you are going to get to know this Committee very well in the next several weeks, because I expect to bring you back several different times. Obviously, you can't always have all the answers just like that, right off the top of your head.

I know the Committee is going to have a lot of questions pertaining to a lot of different subjects once we have all of the material and are able to digest it and put together what we want to ask all of you. I'm sure that you, as well as the Executive Director of the New Jersey Highway Authority and the Department of Transportation, certainly will be back, as well as other members of the general public. We expect to have Treasury in here, and people from the

administration. So, it is going to be a long, arduous task to accomplish everything we would like to do.

With that, I would ask the members if they have any questions?

ASSEMBLYMAN CATANIA: May I, Mr. Chairman? First of all, Mr. Watson, I would like to compliment you for being well-prepared today. What you have given us is very informative.

My first question is: How did you get here from California, when everybody else is coming from Massachusetts?

MR. WATSON: Well, as I mentioned in my statement, sir, I understood it to be a nationwide search. I had risen to the number two spot in California, and my goal was to be number one someplace. When this opportunity came up, it was too good to pass up. My wife had a tough decision to leave our new home and come 3000 miles. I'll tell you, I wrestled with that for days. But, to her credit, she was willing to come with me because she saw it as one of the goals I always wanted to fulfill.

ASSEMBLYMAN CATANIA: Well, I have to commend you for that, because I think being from Massachusetts gave everybody the edge, you know, with the current administration and all of our people coming in from Massachusetts. Your coming from California must show that you are qualified for the job.

My question is: You know, today is the day after Easter. What is the significance of having the Monday after Easter off for a holiday? Are you aware--

MR. WATSON: I wondered the same thing when I got here. I wondered about a lot of things like that when I got here. Unfortunately, I am not in a position to change some things. I understand that years ago it was determined to give up some other holiday -- I'm not sure which one it is -- and take this day in its place. So there is another day that they don't recognize at the Turnpike. This is one they took as an

option, or as an alternative to that. But it goes back-- Do you know how many years?

UNIDENTIFIED SPEAKER FROM AUDIENCE: A long time.

MR. WATSON: A long time. If I could change that, I certainly would. There are some things they won't let me deal with.

ASSEMBLYMAN CATANIA: Does that mean that the people who are working today-- Are they getting any special benefits? Are they being paid double time or any type of extra benefit because of the fact that they are working on a holiday?

MR. WATSON: None of us who are here today--

ASSEMBLYMAN CATANIA: No, not you. What about someone who is working on maintenance, or a toll collector? Are they getting anything more?

MR. WATSON: They do get an additional-- I think it is 1 1/2 percent on holidays; yes, about 1 1/2 percent.

ASSEMBLYMAN CATANIA: That is just the best thing that could happen today. You know, I am not blaming this on you, but this, as you can see, is where the Authorities have gone rampant in spending, and where the public is really annoyed.

MR. WATSON: I can understand it.

ASSEMBLYMAN CATANIA: And I can see you having the same concerns. I think your being there, you may be able to straighten some of this out.

MR. WATSON: I misstated something; let me correct it. I said 1 1/2 percent. It's time and a half.

ASSEMBLYMAN CATANIA: Time and a half. I understood what you were saying.

MR. WATSON: Yes, I'm sorry.

ASSEMBLYMAN CATANIA: May I ask you another question: How many holidays are there under the current contract?

MR. WATSON: Twelve holidays.

ASSEMBLYMAN CATANIA: Twelve holidays, okay.

MR. WATSON: I guess that is the same as the State, I don't know.

UNIDENTIFIED SPEAKER FROM AUDIENCE: It's fewer than the State.

MR. WATSON: Oh, it's fewer than the State. They tell me it is fewer than the State.

ASSEMBLYMAN CATANIA: It's fewer than the State, okay. I thought there were 12 in the State, if I am not mistaken. I am not sure what holidays you get. You know, there are so many holidays out there, you get kind of confused as to when you are going to be off.

MR. WATSON: Right, but I am very seldom able to take them.

ASSEMBLYMAN CATANIA: One of the things I am concerned about -- and I heard testimony on this last year -- is, on March 17, 1991, we had an increase of almost 100 percent in tolls, and some were 70 percent in tolls. During that entire issue when it was discussed before the Committee I was part of last year, there was also something out there about future tolls in 1995. Can you tell us a little bit about that? Are you anticipating a toll raise in 1995?

MR. WATSON: I can tell you exactly about it: When the Authority-- (coughs) Sitting here a long time without water got me. When the Authority decided to raise \$2 billion in 1985 -- and I get this from looking at the record; I wasn't here, have no ax to grind, just looking at the record-- The Authority also told the bondholders, and everyone else who would listen, that when you borrow that amount of money, you are going to need a toll increase. They said they would raise the tolls 40 percent in 1986; 40 percent in 1990; and 20 percent in 1992. I can't tell you why they didn't do it.

Given the fact that they didn't do it, when I got here we were facing a major, major deficit. Because, I believe, they were living off of some of their reserves during those

years, they didn't raise tolls, and the toll increase had to be the significant size it was. No one wanted to raise tolls 70 percent; no one wanted to raise them 100 percent. But to make up for those years when they did not do it -- and I can't tell you why, '86 would have been a great year to raise tolls; things were going well in '86-- They chose not to do it, so the Authority was behind. Seventy percent for cars and 100 percent for trucks barely enabled them to catch up.

Now, as to 1995, what we do is, each year, as required by the bond resolution -- and I am not an expert on it-- As I understand it, we have to, each year, to satisfy our bondholders, look and make a financial estimate of what our available revenues are, and what our commitments are, and then make a decision on toll increases. At the present moment, based on all the assumptions we are making about what traffic is going to look like over the next few years and what our expenditures will be, we have gone on the record as saying, "There will be no toll increase in '92; no toll increase in '93 or '94." When we get to '95, it looks shaky. When '95 comes about, we will have to see how it goes.

ASSEMBLYMAN CATANIA: Mr. Watson, you said you came here and were facing a major deficit at the New Jersey Turnpike Authority, yet we discussed last year the refinancing, restructuring of the existing debt; to take the second half of the 1990s -- taking that money and buying part of I-95. Four hundred million dollars?

MR. WATSON: Four hundred million dollars.

ASSEMBLYMAN CATANIA: Taking that \$400 million-- What benefit was it to the New Jersey Turnpike to have that road?

MR. WATSON: Well, let me back off just a little bit. When we were developing our Business Plan -- which I mentioned earlier -- as to how to spend the available money that was here when I got here -- that was still remaining in the original bond issue construction account -- it is in a separate account;

it cannot be mixed -- we determined that we needed about \$900 million or so to finish what I believed to be the projects that should be constructed.

We also said, and this is on the record, and my testimony is before the Commission, that the remaining money that was in that construction account, staff believed, should be reserved for the second tier projects, some of which were going to have a difficult environmental clearance problem, and none of which we could identify at that point as to which ones could be constructed. But we thought it was better to at least hold on and take a look.

Shortly thereafter -- and, you know, the dates by days slip my memory, but it wasn't long after I made that statement in that report -- it was determined that the State needed some additional funds for their budget, and an asset could be sold by the State, and you know the history of the legislation that followed.

The \$400 million was a negotiated amount as to what that road was worth. Now, as to whether it is the right road, from a transportation professional standpoint, if we bought anything, that was the right piece. It looks like the Turnpike, acts like the Turnpike. It is a four-mile extension of the existing road. Many people I have talked to since I have been in New Jersey thought the Turnpike owned it. So, it was the right piece to buy. The \$400 million, as I say, was negotiated.

Two things I said I wouldn't do when I came to New Jersey-- It wasn't such a big trip. I grew up in Pennsylvania -- I am from Bethlehem -- and went to Penn State, so coming back was a little easier than I made it sound. That portion of the road was the right road for the Turnpike. We couldn't build it today for \$400 million. And, since we can't toll it, we, from an engineering standpoint -- and I am a civil engineer

-- should have that as part of our system. So I believe it was the right road.

ASSEMBLYMAN CATANIA: Let me ask you, Mr. Watson: If you had that \$400 million that you paid the State of New Jersey last year still available to you, would it be so shaky in 1995 for the toll increase?

MR. WATSON: Well, let me go back. I didn't finish. I guess I started a point, and then I didn't finish it. When we looked at the legislation, once it was passed, that said that NJDOT shall sell, and the Turnpike shall buy, I had no option. I said that one thing I would do would be, I would obey the law when I got here. I am too old to go to jail, and I would obey the law.

I then asked our bond counsels -- and again, I am not a bond expert -- the best that we could find, could the Authority use the existing revenues that bondholders had given us in 1985, and for which specific projects were identified? Could we, in all legality, take those funds and buy an asset? The answer we got back from people who understand the laws, said that we were in danger; the threat was great; the possibility was strong that we could be sued by our bondholders if we took that particular \$400 million that was there and bought the asset. It was not a purpose for which the bonds were issued. So, that is how we got to the restructuring.

ASSEMBLYMAN CATANIA: But, my question was: If you had the \$400 million now, would 1995 be so shaky as to whether or not there was going to be a toll raise -- three years from now? My question was not on the legality of the bond issue, because I am sure the counsel to the New Jersey Turnpike Authority and the counsel to the State of New Jersey made sure of that, and they brought in, with various opinions, that it was perfectly legal. I still question whether there is any legality -- New Jersey Turnpike buying a roadway in order to fund the budget hole of \$400 million.

My question is, specifically: Would it still be so shaky, this toll increase?

MR. WATSON: Well, \$400 million would probably carry us into-- I am estimating now. I wish you wouldn't hold me to it, because when we come back and talk about the bonds in a future meeting, I am sure we will be able to do a better job. But off the top of my head, without anything else, I would say it would probably get us by a year. Maybe you would be looking at '96.

ASSEMBLYMAN CATANIA: So it looks as though we could have forestalled this increase if we had not taken that \$400 million. We are looking at another further increase somewhere down the line in the 1990s. Am I correct?

MR. WATSON: In the '90s, you are going to have another one. Once the Turnpike decided to borrow \$2 billion, that triggered -- believe me, that triggered -- future toll increases more frequently than in the past. There have only been two. There was a minor adjustment in '75. I don't know whether you would call that a toll increase or not. Then there was a toll increase in '80, and the last one in March of last year. If the Authority had held to their original plan when they borrowed the money, there would have been three others. So, obviously, the plan had to be completely restructured.

ASSEMBLYMAN CATANIA: Do you have any anticipation of any contracts being negotiated with regard to salary increases, you know, similar to what the New Jersey Highway--

MR. WATSON: Yes, we do.

ASSEMBLYMAN CATANIA: What kind of increases are we talking about?

MR. WATSON: With Local No. 194 that was here, we are in negotiations right now. Their contract expires June of this year. I am not prepared to discuss what increases we are looking at, because of the negotiations.

ASSEMBLYMAN CATANIA: I wouldn't ask you to discuss it. I would just caution you, and ask you, please, to bear with what the sentiment of the public is. You know, when we are talking about those large increases in salaries, if they be 6 percent or 7 percent, that is not keeping in line with inflation. We ought to look at what the concerns are about State spending.

My last questions, basically, are with regard to the health benefits plan of those employees. It is my information that it is one of the richest plans in the State. It is much, much better than the State Health Benefits Plan. Actually, the cost of insurance is going down, but the benefits keep on rising.

MR. WATSON: The contracts that have been negotiated over the years, as I looked at them, have been fair and equitable, and maybe liberal on the health benefits side. Whether they will continue to be now that I am here and looking at those things, I am not at liberty to say today.

ASSEMBLYMAN CATANIA: I have nothing further, Mr. Chairman. I would just like to commend Mr. Watson, you know, on what he has done since he has been here. He is showing some initiative in his thinking that we have to start saving money, instead of spending it.

MR. WATSON: Thank you very much.

ASSEMBLYMAN DeCROCE: Let me say this to you, Mr. Watson: It seems to me that with regard to the tier two spending, you're talking about \$1,200,000,000 in additional capital that has to be brought forth. It has to be paid for by someone, so wouldn't that be part of what you are concerned with regarding additional toll increases?

MR. WATSON: That is correct. The costs of those projects -- which I mentioned to you earlier, sir-- If someone said, "Don't build them," we don't need to build them. The transportation process suggested that they are good projects

for the State system. What we are doing now, which I think is another thing that is unique, is to say that we will plan the projects only in tier two. We will spend \$25 million and see if we can get through the environmental process. Some of those projects won't get built. They won't make it through air quality and environmental issues. And rather than go ahead and say they are, and commit money up front, we are taking the other approach.

You're right. The cost of those five projects is over a billion dollars.

ASSEMBLYMAN DeCROCE: Well, I recall that Route 92 was a very hot issue. In fact, it only passed by one vote in the Assembly during a lame duck session. There was quite a question as to whether or not that particular project was even going to get through.

MR. WATSON: Yes, and all we have agreed to do, based on your legislation, is to examine it to see if it is feasible, and at the end of our study we will come back and say, "We can get the permits. We ought to build it," or, "We can't get them. Forget Route 92 for the rest of your lives." It has been around for 30 years, and somebody needs to make a decision.

ASSEMBLYMAN DeCROCE: Gentlemen, we have 15 minutes left. Does anyone have a question?

ASSEMBLYMAN KRONICK: Thank you, Mr. Chairman. First, I want to say that California's loss has been New Jersey's gain. I say that also about Massachusetts. I think we have two top administrative people, and it is reassuring to know that.

Mr. Watson, does the Turnpike Authority gather data on who is paying tolls by classification of vehicle and state of origin?

MR. WATSON: Not in that sense. We do classifications. Wilbur Smith is our Traffic Engineer and Consultant. Because I was aware there would be questions

relating to who pays on the Turnpike, the out-of-state motorists or in-state motorists-- There has been no recent study, but we had them do a quick update. In my testimony -- or in the Chairman's testimony, which I didn't read -- you will find that we are estimating today that 35 percent of the revenues that we collect, which translates in '92 to \$115 million, comes from out-of-state motorists. We are going to sit on that number until Wilbur Smith tells us we are off.

ASSEMBLYMAN KRONICK: I follow up that question with: What about the breakdown of commercial versus passenger vehicles?

MR. WATSON: Of the out-of-state?

ASSEMBLYMAN KRONICK: No, total.

MR. WATSON: Oh, in general, okay. In general, we get-- Commercial vehicles are 13 percent of our traffic, as I recall, and they generate 35 percent of our revenues. So then the cars would be 87 percent.

ASSEMBLYMAN KRONICK: You know, I would like to go back -- and this is before your time, obviously -- to 1985 for a moment. It seems that shortly after the November landslide of Governor Tom Kean, the Turnpike Authority announced a surprise \$2 billion bond sale which would require a 115 percent toll increase. It was reported that the highly touted Mr. Sy Grossman of Standard and Poor's agency testified before this Legislature that Wall Street had no idea that this huge deal was in the works. It seems it was handled in total secrecy by the Turnpike staff and Commissioners.

What I am wondering is, how and why such a major financial deal, and a huge projected toll increase, planned in total secrecy, was kept from the public?

MR. WATSON: I can't answer that, sir. The people who were here would have to do that -- the people who were here at that time. I can tell you--

ASSEMBLYMAN DeCROCE: Most of us weren't.

MR. WATSON: Most of us weren't. I can tell you that there has been no such thing since I have been there. When we did our restructuring it was very public. When we did our toll increase we had three public hearings and one public meeting. We went up and down the State doing it, because that is the way I am used to doing things, in the open and in public. So, I can't speak for '85, but I can tell you that since '90, when I got here, we do not do that anymore.

ASSEMBLYMAN KRONICK: We are glad to hear that. Let me just ask you one other thing: Do you welcome, say, technological advances like smart systems, etc. coming about? Do you see that as a significant savings in the future?

MR. WATSON: I welcome them. In fact, I was on most of the-- When I was with Cal Trans, I was one of the policy people who worked with smart highways, with HOV lanes. We had a catastrophe with the first one, with our HOV lanes, in California, you may recall, but we stayed with them. While I was Director in Los Angeles, overseeing Los Angeles, Orange, and Ventura Counties, we put in over 100 miles of HOV lanes. Getting more people through our existing capacity is part of my expertise. That is why you are hearing us talk about HOV lanes on the Turnpike. You never heard that before a recent time. We are constructing three Park n' Ride lots as part of our program. I don't think you have heard that before.

I believe in a balanced system. The only way New Jersey is going to be able to get through the transportation growth it is experiencing -- California practically missed it -- is to have a balanced system. The thing you have going in New Jersey is, you have the elements of a good transit system. You just don't have enough money to put it together. But if you ever get to the place where you can put that transit money -- commuter money together along with your road system, you will be way ahead of the game.

ASSEMBLYMAN KRONICK: Do you support the concept of, say, more light rail? Is this really the final solution to our transportation problems?

MR. WATSON: I wouldn't call it the final solution. As I said, I think it is a balanced system you're after. You have to have some other means to get people around. You can't have them all in a car. The air quality standards won't permit it anymore. You are not going to be able to build your way out of anything. So it has to be part of the menu; it has to be part of the program; and, of course, I support it. That is what I was doing in California for some years.

ASSEMBLYMAN KRONICK: Thank you very much. Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you.

ASSEMBLYMAN OROS: I have several questions, but if he is going to come back -- if Mr. Watson is going to come back--

ASSEMBLYMAN DeCROCE: If you have questions, you may ask them. We still have two other speakers.

ASSEMBLYMAN OROS: Back to the \$25,000 per lane mile--

MR. WATSON: Yes?

ASSEMBLYMAN OROS: How does that compare with California?

MR. WATSON: Well, as Mr. Davis said, you have to be careful about how you compare them. I would say that as far as the freeway system in California, not the state highways in California, because they are not able to maintain state highways as well as their freeway system because of the 90/10 match-- I would say that \$25,000-- Again, the \$25,000 is the day-to-day maintenance portion. Remember on the bar chart I gave you -- this little bar -- that is the black portion of the bar. I would say that is fairly comparable. Twenty-five thousand, \$30,000 a lane mile should get you a pretty good level of maintenance service. Of course, that's roadway, structures. I am not talking about mowing, and I am not

talking about some of the niceties of aesthetics. I am talking about the hard stuff of the roadway, the structures. Most of the structure improvements you never see. They are underneath the bridge. Those hard things-- I would say that is the right ballpark.

ASSEMBLYMAN OROS: Aside from that, does California have a value on it?

MR. WATSON: Pardon?

ASSEMBLYMAN OROS: Do they have a value on it -- California? Do you have a value on that -- per lane mile -- in California?

MR. WATSON: Yes, I can get it for you. I'm sure we have it. I should know it off the top of my head, but I can certainly get it. I will get it for you.

ASSEMBLYMAN OROS: Do you have enough toll collectors?

MR. WATSON: We have 1051. We have 310 lanes to man, and they are open 24 hours a day. We have what we think we need to operate. We are looking at the overtime picture next. The next item on my agenda is to bring down the overtime costs. We have to keep the booths open, and someone has to be there. We are looking at such things as a part-time force, to help us out. We do have a summer group that comes on to help us during the summer and on holidays. But right now, I would say, yes, we do.

ASSEMBLYMAN OROS: So you have enough. I have other questions, but I will wait until you come back another time.

ASSEMBLYMAN DeCROCE: Mr. Green?

ASSEMBLYMAN GREEN: Since he is coming back, Mr. Chairman-- My more technical questions, I have already asked, but I would feel uncomfortable if I didn't ask you the same question I asked Mr. Davis, in terms of: It is obvious, based upon your testimony today, that you have done a great job over there for the last two years. My concern is, have you been able to do that with a free hand? Have you had any political

pressure put on you in terms of hiring personnel or making decisions?

MR. WATSON: I have had no pressure. One of the things I have done since I have been here, is open up the process. Every management position that we have had available since I have been there we have advertised for. I don't know that they did that always before, but we advertised. I hired a Chief Engineer since I have been there. We had almost 200 applications from all over the State, from New York, and I even had one from California, because they knew I was here. We selected someone from within the organization.

I hired a Human Resources Director since I have been there. We had 200 applications. What I am saying is, I have opened up the process. We advertise for every position that I know about, and we hire the best qualified person in our management ranks.

ASSEMBLYMAN GREEN: To go from 10 percent to 3.3 percent on your operating budget growth rate, it is obvious there had to be some major areas where you had to make some major cuts. Was it basically in waste, or would you say it was in personnel? I would be curious to see a long-range idea on how you were able to accomplish that, because I think that is what the public wants to hear.

MR. WATSON: If you look at my Exhibit "D," it gives you the menu we have used so far. This is the menu, and you have to do it in all areas. You can't focus on any one place. The most important thing is the commitment. You have to have a commitment to get it done, and then you can do all of these things: You can consolidate departments; you can eliminate positions; you can take away cars; you can do all these things, and that is what we have done so far. This is just a preliminary list. Now we are looking at next year, adding to this list. But this alone got us down to 3.3. You can imagine what we can do when we look at the rest of the areas.

ASSEMBLYMAN GREEN: It is obvious: You have been here two years, and this is nothing new to you or anybody else in the State of New Jersey. This is an idea that has been brought to the table finally, to make a final decision on whether we are going to eliminate tolls in the State of New Jersey, etc.

Based upon your experience at this point, how do you feel about this particular issue?

MR. WATSON: Well, I would say this -- and again, since I have no ax to grind, you know-- The key thing to having a good transportation system is having a dedicated revenue source -- dedicated. Some of the gas tax that you now collect in New Jersey-- All of it does not go to transportation. In California, the gas tax is 18 cents a gallon, and all of it goes to transportation. You have to have a dedicated source.

If this Committee -- and it is a tough question for you because a lot of states are doing just exactly what you're doing--

ASSEMBLYMAN GREEN: It is a tough question for all of us, not just for this Committee.

MR. WATSON: For all of us. I agree with that -- for all of us -- because I want to be part of the decision. If we can, together, figure out a way to come up with the additional revenues to keep the maintenance at least up to where it should be, and take care of all the other financial commitments that the Authority, right or wrong, has, and could be satisfied that when the tough choices are made between the competition between fixing up the Turnpike and fixing up Interstate 80, and the Turnpike wins, if it is part of this total picture-- If we could be satisfied with those tough decisions, then you could eliminate tolls.

ASSEMBLYMAN GREEN: Thank you, Mr. Watson. Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Watson. Do you have questions, Mr. Warsh?

ASSEMBLYMAN WARSH: A couple.

ASSEMBLYMAN DeCROCE: I'm sorry.

ASSEMBLYMAN WARSH: Those people at the end of the alphabet--

ASSEMBLYMAN DeCROCE: I'm sorry. You didn't signal me, Mr. Warsh.

MR. WATSON: I've gone through that all my life -- Watson.

ASSEMBLYMAN WARSH: Yeah, Warsh, Watson.

One of the things I wanted to know is, how much cooperation is there between you and the Highway Authority and the Department of Transportation?

MR. WATSON: Thank you for asking that. The reason I mentioned in my statement that I haven't seen the so-called "independent"-- I wasn't trying to be coy or anything. I understood that two years before I got here there wasn't much cooperation. That is what I was told. I don't know whether it was true or not. One of the best things, I think, that Governor Florio and Tom Downs have done, is create this Transportation Executive Council. What that does is force-- It brings all of the Authorities together, all the transportation agencies, whether it is just a small bridge down in Delaware or all of it -- together to look at transportation in a statewide sense. You can't look at transportation in isolation of a corridor, the Turnpike, or Interstate 80. It has to be the total picture.

What that permits us to do is to examine, to question, and to challenge each of our programs and come up with the best programs for the State. I think that has been one of the real winners, as far as having cooperation exist now. We meet monthly. The Chairmen of the various authorities have their committee, and the Executive Directors, like Mr. Davis and I,

are the workers. We put together the programs consistent with what we think the State should be doing. I don't think that was happening before. Maybe that is why there was the term, "independent."

ASSEMBLYMAN WARSH: My concern about what I perceive to be a lack of cooperation between the various transportation entities is, when you increased the tolls on the Turnpike by 100 percent for trucks, not to mention 70 percent for individual riders, you caused a good portion of those trucks to go onto alternate routes, including Route 1, which cuts not only through my district, but through my hometown, about a half a mile from my house. (laughter) Oh, yeah, I have a personal interest here.

How is something like that done? I mean, when a decision is made to increase the tolls, and we are talking about the potential for an increase in tolls in 1995-- Let's face it, when government says, "It may happen," in terms of increased tolls or taxes, it almost always does happen. Was it taken into consideration that, "Hey, we are going to push those truckers onto Route 1"?

MR. WATSON: We didn't push them onto Route 1. I have seen no studies. I am not being argumentative on this; this is just a fact. I have seen no studies which suggest that the toll increase has forced traffic onto Route 1. What we are doing, though-- As part of our Business Plan, you can see that the State is benefiting from our activities. We are taking over Route 92. We are going to construct-- I mentioned the \$96 million in State funds. We are going to construct the Hightstown Bypass. I don't know whether that is in your district or not, but that has been talked about for years. The State can't do it. It doesn't have the money to do it. And we are going to do it. That is part of the State system. It does nothing for the toll payer. It does nothing for me. If I

didn't have to do it, I wouldn't do it. But it is part of making the total system work.

So, we may, in some instances, appear to be nonresponsive, or insensitive to other portions of the highway system, but I can tell you, we are.

ASSEMBLYMAN WARSH: Are you saying that you have seen studies that suggest there is higher truck traffic on Route 1, but you don't believe them?

MR. WATSON: I said I hadn't seen the studies.

ASSEMBLYMAN WARSH: You have not seen the studies?

MR. WATSON: I have not seen studies which would suggest that. I do know -- and maybe DOT could help you -- that they did a preliminary-- The only way it works is: You have to have an O&D survey before, an O&D survey after arguing a destination, in order to make a comparison. As I understand it, there was no such O&D study done before, so anything that would be done after, would be suspect.

ASSEMBLYMAN WARSH: Well, I can just tell you from a JAW perspective that there is a huge truck increase on Route 1 as a result of that. But, I do not want to beat a dead horse.

The other thing I want to discuss is: Some time back, there was an article in The Star-Ledger that a private developer was interested in putting in -- I believe it was called "Allied Junction," up in the Meadowlands, an enormous, \$4 billion privately funded development. But one of the things they needed was an interchange set up. I don't remember whose quote it was -- this is probably going back to September or October of 1991 -- but it was, "This isn't going to happen. It isn't going to happen any time soon. It might not have even been considered." It was something like that. "It may happen in five years; it may not." What is the status of an interchange in that area?

MR. WATSON: Well, the whole project, not just the interchange-- Allied Junction is one of the buzzword, public

partner projects. New Jersey Transit wants to build a transfer station. This is part of that balanced system. They believe they could get more people on the trains if they had a transfer station and did some realignment of the tracks, and so forth, in that area. A developer believes he can build some commercial development. It is millions of square feet. I don't know, but I think there is a hotel involved. The current thinking -- understanding -- of everyone who looks at it is that neither project would be very successful, or as successful as they would like it to be, without an interchange on the Turnpike.

If you look in our Business Plan, in tier two, you will see a Secaucus Interchange Project. As part of this process we went through, Mr. Chairman, the process determined that the Turnpike should look at building an interchange at that facility as part of the overall program. What we have agreed to do, at this point, since it is in tier two, is to do the planning and feasibility studies to see if it is feasible for us to physically construct the interchange there. What we have also said, as loudly as anyone could hear, and hopefully listen, is that because it is in tier two, we have no money to build it. I think that may have been the quote.

ASSEMBLYMAN WARSH: One last question: You mentioned that you are in the process of constructing three Park n' Ride lots. Where will they be?

MR. WATSON: We are working with New Jersey DOT. One is around Interchange 8A; Interchange 10; and Vince Lombardi, which is ours, will be expanded. Those are the three Park n' Ride lots we are looking at. Through this process, again, it was determined that those are the ones the Turnpike should build that would help the system.

ASSEMBLYMAN WARSH: If I may just make one request for information, through the Chair: Mr. Watson, if you would be so good as to provide the status of the Route 92 project to the

Committee, that would be helpful, because at one point you said, "Well, we are not sure if we can do it or not." And then when I was asking you questions, you said, "We are in the process of building--"

MR. WATSON: Okay. Let me just take 30 seconds to do that, and I will give you the information. Route 92, again, is in our tier two, which means that we have started studies -- preliminary studies -- to see if it is feasible to get from Route 1 over to the interchange. Those studies, we have said, will take us about two years. That includes the environmental assessments that have to be made. At the end of that two years, we will report back that, "Yes, it is feasible to get a permit to get through and get the project underway." But at that point, that is as far as we can go without additional money to construct it. That is what I said.

ASSEMBLYMAN WARSH: Again, I won't belabor this, because I know we have two more speakers. But the two years just rings enormously loud in my mind. I know you can blame it on us lawyers and all that, but two years sounds like a huge amount of time for a road that seems, at least in design, to have the potential to relieve an enormous amount of congestion.

MR. WATSON: It isn't two years in design. You misunderstood me. What I said we were going to do were the preliminary studies, which do not include the final design. It is really the environmental process that takes two years. Just to give you an example, the Authority was working on the widening from 11 to 14 for five years to get a permit, and we were successful finally, when I got here, after one year.

So, the environmental processes, if you build anything today -- and if you have been involved in any building, you will know this -- do take time. Two years is not a long time to see if you can get a permit. Believe me, it isn't.

ASSEMBLYMAN WARSH: Mr. Chairman, it is not only the private sector that is having DEPE problems. It is the public sector, as well. It is done on brother agencies.

MR. WATSON: Well, it is not just DEPE. It is complying with the air quality standards, which are Federal, and also complying with the hazardous material types of things.

Mr. Chairman, thank you very much. You have been very kind and patient.

ASSEMBLYMAN DeCROCE: Thank you very much. We appreciate your time, also, and we will look forward to seeing you again.

MR. WATSON: I will be back, and so will the Chairman and a couple of my Commissioners.

ASSEMBLYMAN DeCROCE: Thank you very much.

ASSEMBLYMAN KRONICK: Mr. Chairman, not with this speaker, but I am just wondering-- I see on the agenda we have A-352. Is that going to be-- I don't see Assemblyman Felice.

ASSEMBLYMAN DeCROCE: We are not going to vote on that. That was only a vehicle to start these hearings. It was never meant to be a part of the process.

ASSEMBLYMAN KRONICK: Oh, I see.

ASSEMBLYMAN DeCROCE: The fact of the matter is, we used that in order to get this process going. Hopefully, we will do a bipartisan bill that we can all live with -- put a bill together that will be acceptable to the Legislature, as well as the administration. We hope we can do that.

ASSEMBLYMAN KRONICK: Thank you.

ASSEMBLYMAN DeCROCE: I would like to call upon N. F. Glover, Jr., President, South Jersey Limousine Association, who wants to testify before this Committee. Then we have one other person, Bernard Laufgas, The Public Watchdog.

N. F. G L O V E R, JR.: Thank you, Mr. Chairman, members of the Committee. I appreciate the opportunity to speak. I come here as a citizen of New Jersey. I do not actually represent my group at this time, because we have no formal position on it. We haven't voted, or anything like that.

There has been a consensus among my members. We are realists; we are businesspeople. We understand what the Turnpike does, and what the Turnpike has done for us. The Parkway, the Atlantic City Expressway Authority-- We are commercial users of all three.

So, where I am coming from, to qualify my position as a commercial user: I have been a professional truck driver for the last 24 years, running 48 states. The last five years, I have run mostly local. For six years, I have owned my own limousine company at the same time. I am past Chairman of the State Limousine Association. I am presently President of the South Jersey Limousine Association.

I would like to address a few points quickly, and I will get them over with. Safety: As they said, the safety factor on the Turnpike and the Parkway is three times that of any other highway. From personal observation, I would like to say that I agree with that, for the simple reason that, if you have ever been in a truck and tried to run Route 1 with a load of hazardous material-- I run a tanker everyday. Federal law requires me to stay out of populated areas. The Turnpike affords me that ability.

In the southern part of the State, I can run the Parkway. It keeps me out of areas that are environmentally very touchy. If there were an incident, whether it be my fault or anyone else's, we could have a catastrophe, because what I haul-- If it can't kill you, I don't haul it. It's as simple as that.

There have been a few comments made -- I have heard them in the past; I am glad I did not hear them here this morning -- that I personally take offense to. One is the position of the New Jersey State Police on all three highways. Their performance is exemplary. I have heard people say, "All they do is run speed traps." We all know better. I have watched them spend more time helping people, scraping people up

because of their inability to drive, and they do, probably, the best job of any I have seen throughout the country, and, believe me, I have seen a lot of idiots.

As far as how the Turnpike conducts itself, and the other highways, in terms of shutting down during bad weather, my personal belief is, if it were done more on the other roads, things would be a lot safer in New Jersey, and people would not be out joyriding in snowstorms.

Engineering: The Turnpike itself, having traveled the whole country, is probably one of the best in the country. The enforcement agencies in the State -- commercial vehicle inspection, DOT, ABC -- all use all three highways to conduct their investigations, and they do a very good job of it, with the cooperation of the authorities and the New Jersey State Police.

On the Parkway, in my opinion-- Probably one of the most dangerous things in the highway system in this State are the barrier tolls. If there is a way they could correct that, or would correct it, it would be greatly improved.

The traffic load on all three highways is unbelievable. I don't think that in other countries-- In fact, New Jersey could be likened to the lower part of a tunnel. Everything in the country that goes to New York, goes through New Jersey. That is just the way they go. There are no free rides; there are no free lunches.

As a limousine owner who conducts transportation for the elderly, the handicapped-- We get them to hospitals; we get them to their doctors, at prices that they cannot afford through a taxi. Otherwise, they can't get there. New Jersey Transit cannot perform it due to economic constraints.

We would like to see discounts for high occupancy vehicles, if there is a way that that can be done.

I would like to move on to maintenance on the toll roads. As I stated before, the New Jersey Turnpike is the best

highway in the country, and I am not affiliated with it in any way. Without the toll, I am afraid that that road will digress to the condition of Route 1, as many of us know. When I was a youth, I rode with my father since I was two years old, in a truck. Many of you here may remember the "Cannonball Express" on television, but I was the little guy who rode with my dad. I remember coming out of New York, getting on Route 1 coming out of the Holland Tunnel. If you could time the first light and get 51 miles an hour, you could get to Philadelphia without a stop. I dare anybody to try to do that now. It can't be done. We used to do that, and I had to buy the hamburgers if I lost.

Improve the maintenance: As was said, we need a dedicated source of revenue for the highways. As long as it would all go to the highways, I think we could greatly improve the maintenance.

I am afraid, or I fear, that if the tolls are taken off and it becomes part of DOT -- and, no offense to anyone -- the highway projects in maintenance-- The improvements would become political footballs, and, depending on whatever administration, or whoever wanted something, they would get traded off. The curve at the intersection of 295 and 42-- There are no plans right now to correct that. That is one of the worst in the State.

The Atlantic City Expressway, where it does not connect to the New Jersey Turnpike-- That is sorely needed because of traffic problems.

I feel that if the tolls were taken away, those projects would never even be looked at, nor would they happen.

I would like to move on. I believe that more money has been spent in the northern part of the State. I represent a group that is from 195 south. I don't think there is anyone here who is below that line.

Contractors who are used by these Authorities-- As a New Jersey citizen, I would like to see them use New Jersey contractors. I do not like getting on part of the interstate system, or part of a toll road, and seeing an Ohio contractor in here fixing the highway. It bothers me a lot when I am paying taxes to pay unemployment.

As far as the tolls, as I said, I am a realist. I know they cannot be eliminated. Maybe possibly there could be a reduction, or a consolidation of the three Authorities into one, in order to reduce the administration costs.

Cut waste: I believe there could be a committee, or something, set up to do internal audits, to keep them under control.

I would like to see more people of the caliber of Mr. Watson in other portions of government, and portions of the Authorities.

As a commercial vehicle operator, I am afraid that if the tolls go, I will take the shaft worse than I ever did. I am presently taking it on registrations, on this fair contribution, on the tax hikes that were made for a luxury limousine in the ballpark of \$50,000. I have to pay a tax on that. A truck owner or a bus owner does not. They are not obligated, as common carriers, to provide transportation for the handicapped or anyone else. I cannot discriminate in any way, as a common carrier. Hey, I get no subsidies at all. With the toll roads gone, I just feel it would be pushed into my registration costs, and it would cost me much more.

To end it, I would say, "Cut the waste, and maintain the roads as best as possible." I think the toll roads are probably the best in the country, as I said. As a gentleman before said, "a benefactor." Let's face it: There is no Santa Claus. It is not going to happen. Nobody is just going to walk in and buy the toll road and say, "Here, you can ride for free."

As I said, cut the bureaucracy. Do not let the highways of New Jersey become like the Port Authority. We don't need the two tallest office buildings.

Hopefully, gentlemen, when you finish this process, we will see something real come out of this, and it will not be press conference legislation.

I thank you for your time. The Turnpike and I were born in the same year. I think the Turnpike has fared much better than I; at least it looks a lot better. Thank you again. I appreciate it.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Glover. Does anyone have any questions of Mr. Glover? One question, Mr. Kronick.

ASSEMBLYMAN KRONICK: One quick one. I am surprised that as a commercial user, you are not in favor of removing the tolls. Why do you suppose so many people are in favor of removing the tolls?

MR. GLOVER: My personal opinion is, I believe you will find that the majority of them are not commercial users. You pay for speed, whether it is for priority mail or postage or anything like that. You pay for speed. No matter what you do in your life, you pay for speed. If you want to get there more quickly, it is going to cost you, whether you buy a Corvette or you buy a Hyundai, or however you say that word. You pay for speed.

So if you want to get there quicker, if you want to get there the most efficient way, you go on a toll road. If not, get on Route 1 and go through every red light, and you won't get there. As I said, I haul hazardous material. I don't want to put up with every little car. I don't want to put up with Fred and Ethel, as I call them, coming out of this shopping center and going into that shopping center in front of me, when I haul some of the worst things in the world. I don't want to be involved with them.

The corporation I work for-- Their policy is, "Stay on the Turnpike and stay away from the traffic." There was a time, and I believe it is still true, that some insurance companies and their actuaries did an audit to see how much time you spend on interstate highways and toll roads, which is a much smaller risk. If you show a large enough percentage on those highways, your premium will be reduced because their exposure is less. Now, that is on real big numbers, but it does come down to that.

ASSEMBLYMAN KRONICK: But I would imagine that your consumer, your customer, is paying for the tolls you have to pay -- the \$4 or \$5.

MR. GLOVER: Oh, I have to pass it through.

ASSEMBLYMAN KRONICK: You have to pass it through.

MR. GLOVER: But at the same time, that same person-- If I changed a flat rate to the airport to an hourly rate, and to save money didn't run the toll road, he would pay much more. You pay for speed -- that is what it comes down to -- and efficiency.

ASSEMBLYMAN KRONICK: Thank you. Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Glover.

MR. GLOVER: Thank you.

ASSEMBLYMAN DeCROCE: Mr. Laufgas, The Public Watchdog.

B E R N A R D L A U F G A S: Good evening, Mr. Chairman. My son would like to make a short statement. He asked me to bring him along today. Go ahead, David.

D A V I D L A U F G A S: My name is David Laufgas. I asked my father to bring me to this hearing because I read in the newspaper that you might take down the tolls.

In history I learned they had the famous Boston Tea Party. As you will recall, that was "Taxation Without Representation." The Commissioners on the Parkway and Turnpike

making up the Authorities are no better than those for whom the Boston Tea Party was held.

I remember the time while on the Parkway I asked my father to buy me a soda. He said, "I cannot. I need the money for the tolls." Just a week ago was the famous April 15, the day we all had to pay our taxes. Why should we pay another tax on the roads, when we are paying heavily in taxes already?

I believe being in this country, the roads should be free, because America was freed at the time of George Washington. Good old George never told a lie. So, let's do what George did, chop down the toll trees. I believe all the tolls in New Jersey should be taken off.

Thanks for letting me talk.

ASSEMBLYMAN DeCROCE: Thank you.

MR. B. LAUFGAS: I want to help my son on another point.

Good afternoon, Mr. Chairman, members of the Committee. I am Bernard Laufgas, Executive Director of The Public Watchdog.

The tolls have to go. It is as simple as that. That doesn't mean overnight. It should take up to three to five years. You heard today a great number of people who spoke in favor of keeping the tolls. Keep one thing in mind: They have something to gain by your keeping the tolls. It is their jobs. You didn't hear any member of the public favoring keeping the tolls, except for this one gentleman you just heard.

The Authorities consist of the Highway Authority, the Garden State Parkway, the Turnpike Authority, and the Atlantic City Expressway. That is an Authority also. Very few people spoke about that. If you are going to get rid of the tolls, consider all three. I think we are one State. It is not south; it is not north. I think we finished with that in the 1860s, when we had the Civil War.

The Authority is nothing short of a blob, as you have seen in the movie. It builds upon itself, as a snowball keeps building upon itself in the wintertime. The monsters -- the Authorities -- have taken three tolls. You must remember, part of the Parkway authority was Route 100. Part of the Turnpike, I believe, was Route 4. Those were free roads, and they make them into a bureaucracy which built a wall around itself. The wall is called "bonding." As long as we have bonding, they will be in existence. So long as there is outstanding bonding, the Authority thrives upon itself; in short, a bottomless pocket. The more they need money, the more they go and bond, and you really have nothing to say about it. They just do whatever they please. Once the projects have been completed, and there is no more bonding, guess what? They might be on the unemployment line; they might go to DOT for a job.

They have spoken about one project after another project, but they didn't speak about the most important thing, which concerns everyone. When are those projects going to be finished? Granted, the Parkway was very nicely built; the Turnpike was very nicely built, they all say, but when is enough enough? That is what the people who are paying for it want to know. But you hear about more projects, and more intersections, more debt. If any of you wanted to build an entrance or exit to any of the communities, it would be almost impossible, if somebody in Woodbridge didn't want to do it. They have tried in my town for a number of years to have an entrance to the Parkway going southbound. You can't do it, including petitions. At least when we petition the Legislature, and you don't listen to us, guess what happened last November? We got rid of some of you.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Right on.

MR. B. LAUFGAS: You can't get rid of those evil people.

Now, we are paying twice for State Police. Why is it that the Authorities have their own rent-a-cop? They have their own State Police. The State Police are for the State, not for the Authorities. We are paying through tolls. I grant you, they do give some money back to the State, but the State Police are not rent-a-cop. They want a rent-a-cop, let them go to Wells Fargo. They have plenty of rent-a-cops. It is unfair to ask the taxpayers; we pay for the State Police through our tax dollars.

Towing service: That is a private matter. Somebody makes a deal with the Parkway or a deal with the Turnpike, and those are the only ones you can use. It is as simple as that.

They also have their own legislators. Under the Administrative Code, they have their own laws, and you can't do anything about that. Okay?

Now, gasoline on the toll roads is much higher. A hot dog or a hamburger is much higher. If the toll barriers are taken down, you will save money on toll collectors, State Police, administration, and other expenses.

We believe there should be an immediate stop to all bonding. We believe in a phasedown of all tolls. Not over the period of a year, that would be unfair to the employees. Those employees should have first preference for State jobs. I don't mean from the higher echelon. I mean the workingmen, because they have nothing to do with this scenario.

An immediate stop to all projects. I read over the weekend that DOT pays \$9.5 million for a lane mile. The Turnpike and the Parkway pay 25. I don't know if any of you are in business, but I don't think you would run your business that way for long.

The Authorities should go completely under DOT. This way, you would have control over them. If they are bad boys, you will spank them. As it stands now, the Authorities do unto themselves. They make legislation, bond us to death, and own

their own rent-a-cops, as I said. They go along with this so-called evil empire.

If the Berlin Wall and the evil empire came down in Germany, East Germany, and in the Soviet Union -- and I am sure all of you are familiar with that -- I don't see why we cannot take a simple thing like the tolls down. Why can't we just take down the three Authorities and stop this snowballing? I believe winter is over; the sun is going to be out very shortly. We can see a ray of light. Let the Authorities be melted down.

We told Governor Florio that the \$2.8 billion that he raised in taxes is wrong. A few years later, you voted that down. I believe it is sitting on the Governor's table for him to sign. I don't know why we can't do the same thing with the Authorities. Likewise, the Authorities must be rolled back to make America free. We must see the light at the end of the tunnel.

Thank you, and have a nice day.

ASSEMBLYMAN DeCROCE: Thank you, Mr. Laufgas. I appreciate your statement, and I appreciate that of your son. He is a good citizen. I am glad to see a youngster come before us to make a contribution.

Does anyone have any questions for Mr. Laufgas?

S T E V E N S Z A R A W A R S K I: (speaking from audience) No, but if you have a minute I would like to make another comment. I didn't hand in my slip, because I didn't know if I would be here this long. I promise not to take too long.

ASSEMBLYMAN DeCROCE: This will be our last speaker, Steven Szarawarski, 305 Hunters Lane, Plainsboro.

MR. SZARAWARSKI: There was some talk about the traffic in Connecticut increasing. If the traffic in Connecticut increased when the tolls came down, I think that is a good thing. I would rather see people driving on the highway than trying to make their way through the back roads to avoid the tolls. It could be an increase in commerce, too.

The safety issue has been mentioned. The good safety record is due to limited access, good engineering, and no traffic lights. Tolls, per se, do not contribute to the safety. In fact, they are quite a detriment to safety.

I don't use 98 percent of the roads in this State. Using some of the logic I have heard here today, I don't know why I should pay for that 98 percent. We all pay for thousands of miles of road which we will never use. The roads we are talking about today are no different.

I have also heard that the Parkway didn't use any taxpayer money. Well, I am a taxpayer, and they have used plenty of my money, and they used plenty of other taxpayers' money. Whether it is a toll or a tax, or whatever you would like to call it, it really doesn't matter. It is money out of the private sector; money out of the public. There is really no difference between the tolls and taxes.

Also, out-of-state riders -- or out-of-staters -- ride free on all our roads. If we have to charge them for our Turnpike and our Parkway, using that logic we should be charging them at the borders, or whatever. We ride free on their roads. I think if they ride free on our roads, that makes a lot more sense than trying to nickel and dime each other to death every time you cross a state boundary or county boundary or whatever.

I have a few suggestions: Abolish the tolls on the Turnpike, the Parkway, the A.C. Expressway. Eliminate the three agencies completely. We should sell the Arts Center; sell the Reception Center, the office buildings, the gas stations, the restaurants, and anything else that doesn't look like a road. If we can privatize these things, make them run as businesses in the private sector, collect taxes from them-- If they can't make money, they should be sold to someone else who can make money. Get these things on the tax rolls, and get them out of the bureaucratic mess.

If you look at the debt structure, the Turnpike picked up the \$2 billion in debt. Well, they have \$1.3 billion in debt. They gave the Governor \$400 million last year. That right there -- or, \$1.7 billion-- That practically covers the whole \$2 billion. Why they needed the \$2 billion in the first place is an interesting question.

No one has talked about where the money is going to come from. I have heard a lot of questions about, "Gee, how can we pay for all this. We need \$200 million a year." Well, the Governor's own Commission has identified \$1.5 billion in waste in the agencies he has identified so far. No one has mentioned the \$1.5 billion. I don't know why the Governor isn't here to say, "Hey, you know, you guys are looking for money. I've got \$1.5 billion."

We can talk about the other agencies. Almost half of the agencies have not been audited. That should produce another billion in savings, based on the \$1.5 billion. That is \$2.5 billion right there. We've got the Homestead Rebate Program, which is a payment to the State; a payment back from the State. Sending money around in circles like that is a real flimflam. I think we should get rid of that.

Then there are other places within the State budget where money could be saved. Just to mention one or two, things like the conflicts of interest in the school boards. I won't bore you with all of the other items, but I think we all agree that there is plenty of fat within the entire State budget. The Governor, himself, has a billion-and-a-half that is pointing toward. Two hundred million goes into \$1.5 billion quite a few times, and the rest could be used to get rid of the sales tax. The rest of the 2.5 and the Homestead Rebate pretty much covers the sales tax. If we could get rid of that, I think this State would be a lot better off.

So basically what I am looking for is less government spending, less pork, less patronage, less obscene financial

flimflam, like that \$400 million. That was a total outrage, using long-term debt from the toll payers to finance current expenses in the budget; absolutely an outrage.

This process started two years ago after the Governor declared war on the taxpayers and war on the Bill of Rights. I hope it will continue after today. I invite you all to push it along in the right direction.

Thank you.

ASSEMBLYMAN DeCROCE: Thank you very much. We intend to do that. That is our charge, and that is what we intend to do. We are going to look this whole situation over as thoroughly as possible. We don't have the answers today, and we won't have them tomorrow, but we will get into it as best we can in order to come up with the proper answer.

Thank you so much for coming before us.

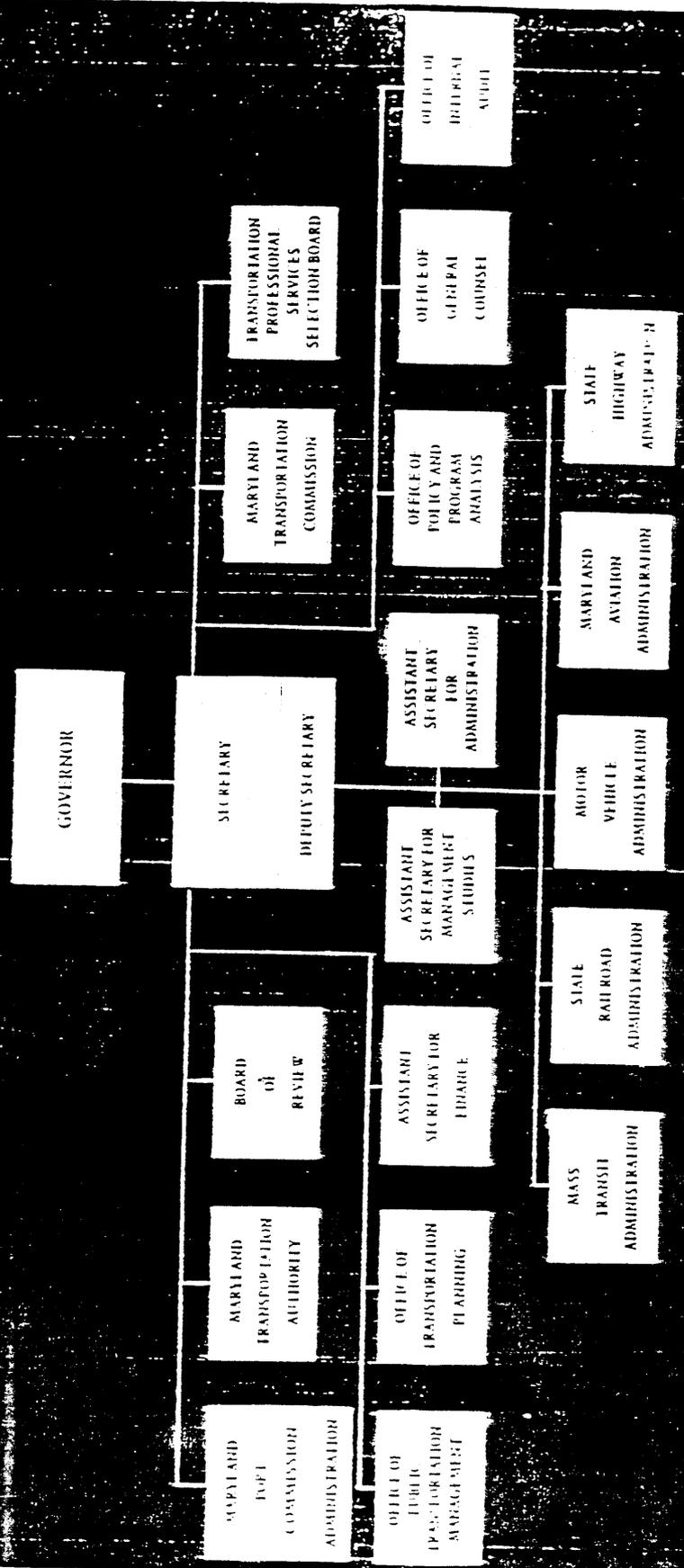
That's it for today. We will be adjourned until May 4.

(MEETING CONCLUDED)

APPENDIX



MARYLAND DEPARTMENT OF TRANSPORTATION



STATEMENT BY DAVID J. GOLDBERG, CHAIRMAN
NEW JERSEY TURNPIKE AUTHORITY
TO ASSEMBLY TRANSPORTATION
AND COMMUNICATIONS COMMITTEE

Monday, April 20, 1992

In my absence, I have requested Donald L. Watson, Executive Director of the Turnpike Authority, to submit this prepared statement on my behalf. Unfortunately, the scheduling of this hearing conflicts with long-standing personal commitments to be out-of-State and I cannot be personally present. It is my understanding that this Committee intends to schedule additional hearing dates which I certainly will endeavor to attend.

Since this hearing was scheduled on short notice, the Authority is not certain exactly which areas of its operations are of particular interest or what basic policy issues are being considered. This statement, therefore, must of necessity be preliminary in nature. It will be supplemented as appropriate in any subsequent hearings that are scheduled.

The Turnpike Authority has already responded to the request received from the Office of Legislative Services for documents relating to its financial situation. I will briefly summarize some of this information which can be commented upon more specifically by Mr. Watson.

The New Jersey Turnpike is forty years old. During the first 10 years of operation, the number of vehicles using this super highway climbed slowly to 50 million vehicles in 1960. By the end of 1990, the total number of vehicles using the Turnpike had grown nearly fourfold to 197 million vehicles per year. This tremendous increase in traffic load has required extensive upgrading and improvements to the facility. In addition, the necessity for extensive reconstruction and maintenance has increased with the age of the road itself.

Over the years, the Turnpike Authority has maintained this highway as one of the safest roadways in the nation. Moreover, the condition of the road compared to the surrounding non-toll freeway network is far superior. One of the important benefits that every Turnpike user receives from toll payments is a safer, better maintained highway. Without a dedicated toll structure, I believe I can state with total confidence and accuracy, that this condition would not exist.

The best confirmation of this statement can be found by comparing the Turnpike with the portion of Interstate 95 which we have just recently acquired from the State of New Jersey. In 1990, Interstate 95 had 532 accidents over the 4.4 miles of highway, or 121 accidents per mile. The Turnpike had 4,900 accidents over the 132 miles, or 37 accidents per mile.

Interstate 95 also experienced twice the fatality rate over the 4.4 mile section of highway than was experienced over the 132 miles of the Turnpike. If maintenance of the Turnpike declined to the point where the accident rate is equivalent to this section of I-95, we could expect annually 9,800 additional accidents and 24 additional fatalities. We give the highest priority to maintaining or improving our safety record.

Moreover, the physical condition of this portion of Interstate 95 is far below Turnpike standards. In recent years, because of budget constraints and other factors, the NJ Department of Transportation has allocated only \$250,000 annually to this critical stretch of highway. We plan to spend over \$30 million over the next five years to improve this road.

The Authority has spent an average of 37% of its operating budget on maintenance over the last four years. In 1992, we will spend \$92 million, including State Police enforcement. Within eight years, we will spend \$147 million, including police enforcement, on maintenance.

To the extent that this Committee intends to focus on the issue as to whether it is in the public's interest to continue tolls on the New Jersey Turnpike, there are several observations I would make today.

Most of the Turnpike's existing indebtedness does not relate to the costs involved in the original construction of the Turnpike itself. The major portion of our debt was incurred as a result of the \$2 billion borrowing made in 1985. The decision to increase the Turnpike Authority's indebtedness fivefold at that time was based on the prior administration's belief that the Authority should proceed with an extensive widening program. A small portion of that program was carried out prior to my tenure with the Turnpike Authority. The decision to abandon the widening of the western spur, with the concomitant loss of \$70 million in design funds which had been expended, was made prior to my arrival.

Based upon the reanalysis we undertook at the direction of Governor Florio, it was our judgment that the remainder of the widening program with a few modifications should proceed. In the past two years, we were successful in obtaining critical environmental permits. This has enabled us to proceed with the portion of the widening program between Interchange 11 and Interchange 15E, including the southern mixing bowl. This section of widening alone will cost approximately \$500 million.

In the five years following the 1985 borrowing of \$2 billion, the Turnpike Authority expended directly on construction less than \$250 million. In the five-year period that will follow

my appointment to the Authority, we expect that the construction program will be approximately \$1 billion. This investment will provide a more adequate, safer highway for the 200 million vehicles that will be using this facility every year.

The continuation of tolls, therefore, relate directly to this most recent borrowing and to the construction program that has been carried out on a continuing basis in recent years.

It is correct that a significant percentage of Turnpike revenues are devoted to toll collection costs. In 1992, this will amount to a little more than \$52 million. During the past two years, however, we have been successful in reducing tolls as a percentage of operating expenses from 30% to 27%. Moreover, 95% of this expenditure is directly related to the salaries paid to toll collection personnel. The use of toll collectors generates substantial employment opportunities for New Jersey. At the present time, 1,051 of 1,881 Turnpike employees are engaged in toll collection activities. While employment is not the purpose or intention of the toll program, in these times of economic stress, the creation of employment opportunities for this number of people has a clear benefit to the State of New Jersey, provided it is carried out in connection with an otherwise essential public activity. Our employees' salaries are spent largely in New Jersey for the benefit of New Jersey.

In considering this matter, this Committee may want to examine carefully certain aspects of this issue.

1. The elimination of toll collection costs can only be achieved through the termination of the 1,051 toll collection personnel. Using the 1992 budget, this reduction in cost would approximate \$52 million. The elimination of tolls, however, will cost the State of New Jersey over \$300 million in 1992 resulting in the State being responsible for approximately \$250 million from general tax revenues.
2. Debt service costs alone in 1992 approximate \$100 million and will increase to \$229 million in three years.
3. At the present time, the entire cost of the Turnpike, including those programs which help underwrite state government costs, are now paid for exclusively by the users of this facility. This is a "user pay" system. Any motorist who does not wish to pay the tolls may use the existing network of non-toll roads. The fact that many motorists do not choose to use "free" roads reflects the fact that the "free" road system has grown increasingly inadequate over the years, while the Turnpike has been able to provide a far superior

facility. The growth in traffic on the Turnpike exists because our users vote every day with their tolls. Increasingly, they have voted to pay for a better transportation system than the State of New Jersey has been able to offer on the "free" side of the ledger.

4. The elimination of tolls will also eliminate the revenue derived from out-of-state users. While there are no current studies, we estimate that 35% of the toll revenues are derived from out-of-state motorists. This equates to about \$115 million in 1992 and far exceeds the cost of toll collection. The remaining \$210 million in revenue is from New Jersey automobiles and commercial traffic. The State of New Jersey, therefore, will not achieve any net financial benefit through the elimination of toll collection costs. The loss of out-of-state revenue alone will off-set any alleged "benefit" that New Jersey residents would obtain. Moreover, the costs of paying for this facility, which is now placed exclusively on users and proportioned to the extent that they use the facility, will now be placed on the general taxpayer, even if the taxpayer never drives on the Turnpike.

In summary, this Committee is undertaking consideration of interesting and important policy matters. The Turnpike

Authority welcomes the opportunity to participate in this discussion. We recognize our obligation to provide the information helpful to a proper public decision on an issue of this importance. In addition, we recognize our responsibility to account for our stewardship over the past two years, as well as the conduct of prior administrations. We are pleased to have the opportunity to do so.

STATEMENT BY DONALD L. WATSON, EXECUTIVE DIRECTOR
NEW JERSEY TURNPIKE AUTHORITY
TO ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

Monday, April 20, 1992

Good morning, Mr. Chairman and Members of the Committee. My name is Donald L. Watson and I am the Executive Director of the New Jersey Turnpike Authority. On May 1, 1992, I will complete my second year as Executive Director. I am a transportation professional with 38 years of my life dedicated to providing the public with a safe and efficient transportation system. Approximately 36 years of my transportation experience took place in California, where I rose through the ranks of that 18,000 person organization to the number two position as Deputy Director. In my last assignment, I was responsible for developing their \$4 billion annual transportation budget; and recommending their \$13 billion five-year transportation program. Following a nation-wide search, I agreed to join this administration, which was looking for a transportation professional, and apply my experience to finding solutions to New Jersey's growing transportation needs.

For 40 years, the New Jersey Turnpike has been recognized as one of the safest and best operated toll roads in the country. This reputation was earned through the efforts of a competent, qualified group of employees and I am proud to be a part of this team.

During my two years at the Turnpike, I have seen no evidence of an "independent" authority. The "Business Plan," which prioritizes and identifies the projects to be constructed from the bond proceeds, was adopted by the Authority and was approved by the Governor's Transportation Executive Council. It was developed after intense discussions with other transportation agencies to assure that each of our planned construction projects would result in improved mobility for the users of the State-wide transportation system. To keep operating expenses down, we consolidated departments, tightened expenditure controls, called in permanently assigned vehicles, reduced out-of-State travel, computerized our financial management system, reduced overtime expenses, eliminated 23 management positions with the result that the Turnpike Authority's operating expenses growth rate is down from 10% a year, prior to my arrival, to 3.3% projected in 1992. This is the lowest growth rate in twenty years. Reducing the operating expenses growth rate continues to be a high priority.

One observation that I would make is that whether you are on the west or the east coast, the overriding bottom-line transportation issue today is how to pay for a safe, efficient and well-maintained transportation system, i.e., does the "user" pay, as is now the case with the toll road authorities; or does the State pay through a dedicated revenue system that some may

characterize as "free." California chose to construct its highways and freeways through a dedicated state gas tax, that started out at \$0.02 per gallon and was recently raised to \$0.18 per gallon. They also rely on the \$0.14 per gallon Federal gas tax. Recently, California has concluded that their transportation needs have exceeded this dedicated funding source and they are adding to their revenue stream, tolls, and county sales taxes dedicated to transportation. There are no "free roads in this nation--somebody pays. Many states are facing this fundamental policy issue. As you re-examine this policy question, the Turnpike Authority will participate fully in these discussions.

I would like to briefly discuss several exhibits attached to my testimony on the Turnpike Authority's financial condition. In future hearings, we will discuss other important elements such as the Authority's outstanding bond indebtedness.

New Jersey Turnpike Authority

Operating Budget

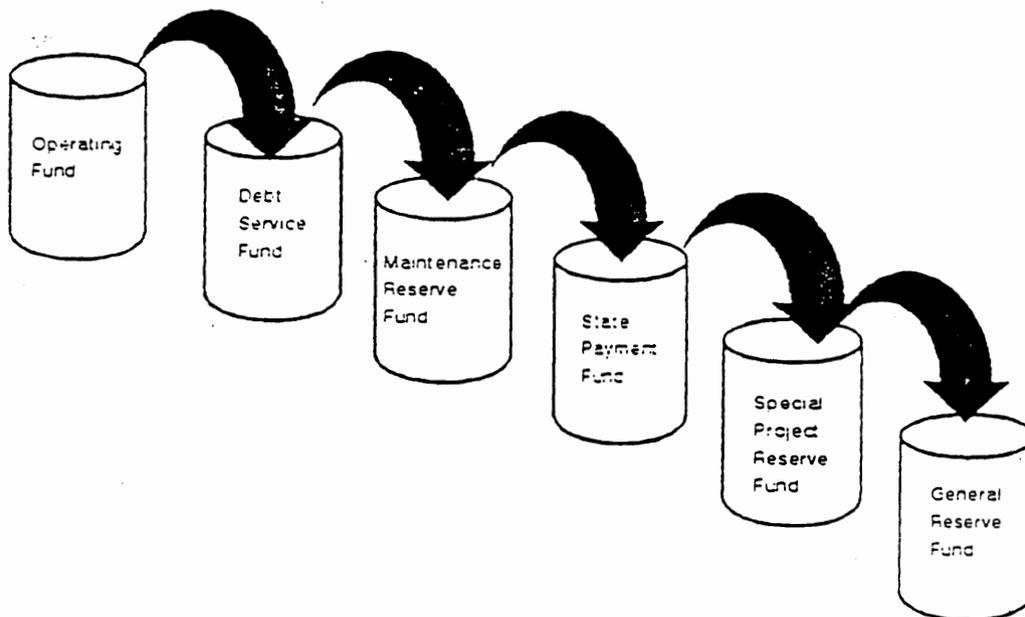
Fiscal Year 1992

Income:

Tolls - 93%

Concession - 4%

Investment - 3%



1991 BOND RESOLUTION

Revenues are used to cover expenses of the Authority in the order shown above. The funds are used for the following purposes:

- | | |
|---------------------|--|
| OPERATING FUND | - Day-to-Day operating costs |
| DEBT SERVICE FUND | - A portion of the bond interest and principal repayments |
| MAINTENANCE RESERVE | - Major road paving and bridge repairs |
| STATE PAYMENT | - Pursuant to State Law of 1984 |
| SPECIAL PROJECT | - Major maintenance projects such as bridge repairs, sound walls, drainage corrections, etc. |
| GENERAL RESERVE | - Cover deficiencies in previous funds |

NEW JERSEY TURNPIKE AUTHORITY
OPERATING BUDGET
FISCAL YEAR 1992

General Administration

Executive Office	\$514,100	
Public Affairs	394,400	
Law	1,552,200	
Insurance	20,556,300	
Finance & Budgets	2,394,700	
Human Resources	1,389,500	
Administrative Services	7,217,100	\$34,018,300

Operations

Toll Collection	52,362,800	
Maintenance	38,818,600	
Operations	2,053,100	
State Police	16,094,600	
Engineering	3,040,400	112,369,500

Non-Departmental

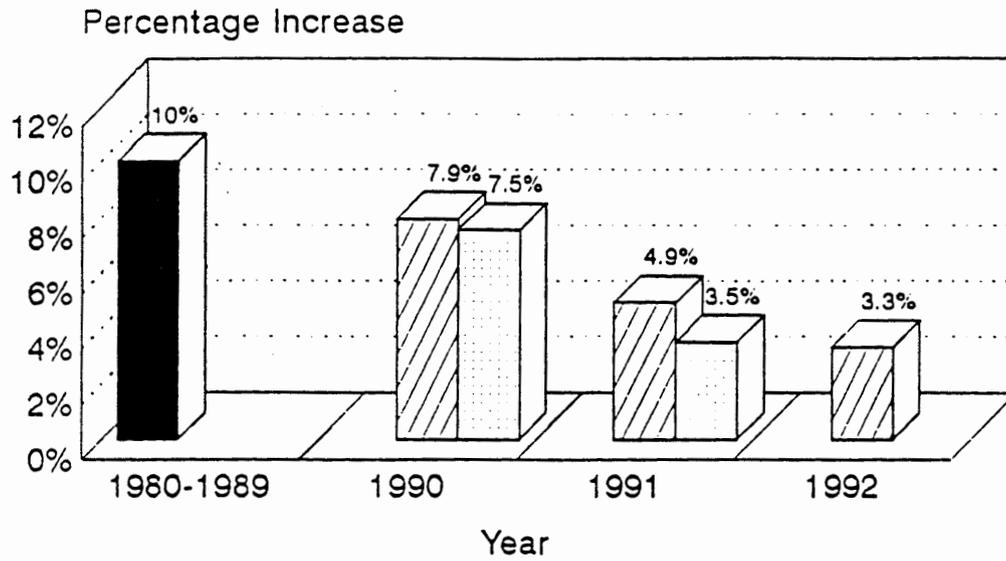
Professional Fees	994,000	
Pension & Retirement	12,260,000	
Taxes	350,000	13,604,000

Total Budgeted Operating Expenses		159,991,800
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Early Retirement		3,211,400
I-95		1,937,900
Maintenance Reserve Fund		18,360,000
Special Project Reserve		12,000,000
		195,501,100

State Payment		12,000,000
Debt Service		99,375,000
		\$306,876,100
		=====

New Jersey Turnpike Authority
New Cost Containment Policy
Change in Operating Budget Growth Rate *



■ Average Growth Rate ▨ Budgeted Growth □ Actual Expenditures

* Includes Operating Expenses, Maintenance Reserve & State Payment

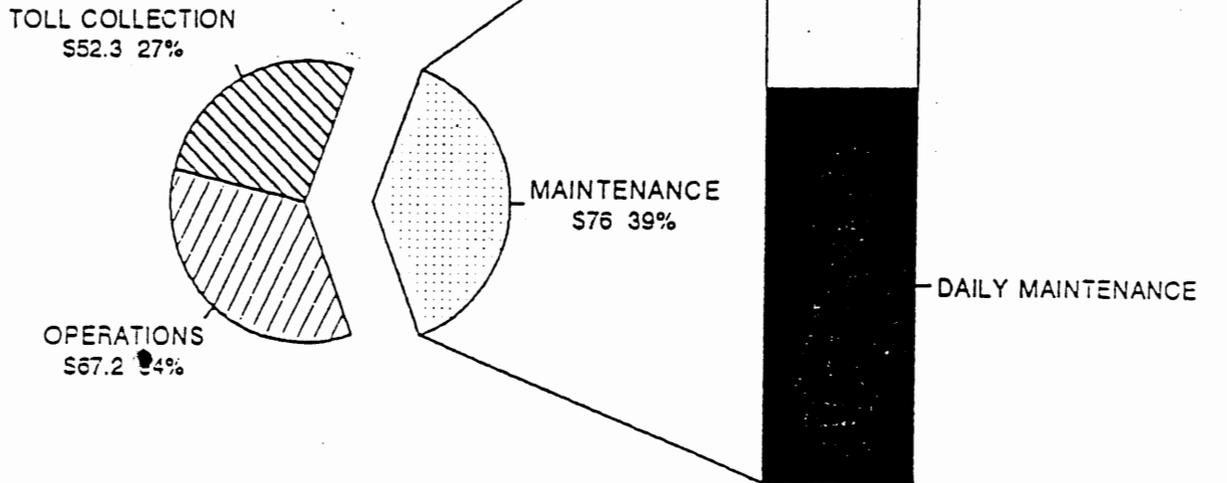
- The 1992 Operating Budget growth rate represents the lowest increase in 20 years.
- Our increase was held below the current national inflation rate.

New Jersey Turnpike Authority

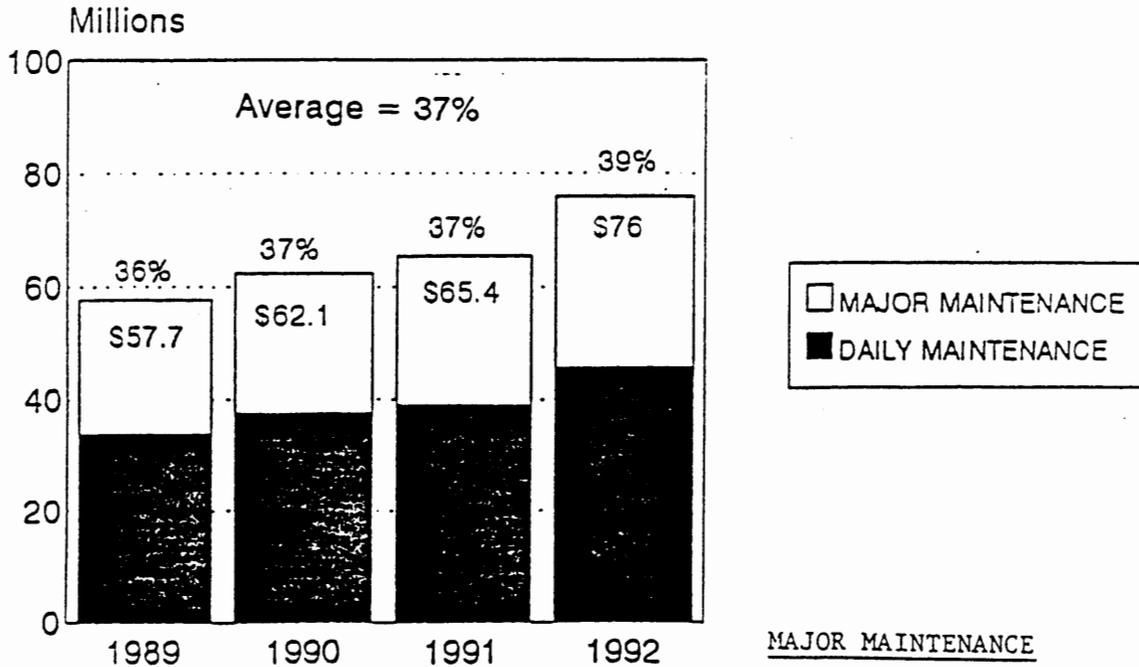
Cost Containment Measures

- ▶ Eliminated the Deputy Executive Director Position
- ▶ Consolidated 12 Departments into 8 Departments
- ▶ Reduced Program Managers from 12 to 5 Reporting to Executive Director
- ▶ Tightened the Expenditure Approval and Control Procedures
- ▶ Called-In Permanently Assigned Turnpike Vehicles to Central Motor Pool
- ▶ Reduced Out-of-State Travel to National Conferences
- ▶ Implemented Revisions to the Financial Management System
- ▶ Implemented Zero-Based Budgeting
- ▶ Called for a 2% Staff Reduction in 1991 Budget
- ▶ Reduced Overtime Expenses
- ▶ Reduce the Number of Authorized Positions by the following methods:
 - Eliminate Positions Upon Retirement
 - Abolish Positions and Transfer Staff
 - Abolish Positions (RIF) Reduction in Force

1992 BUDGETED EXPENDITURES
\$195.5 MILLION



MAINTENANCE COSTS



1989 - 1991 Actual Expenditures
1992 Budgeted Expenditures

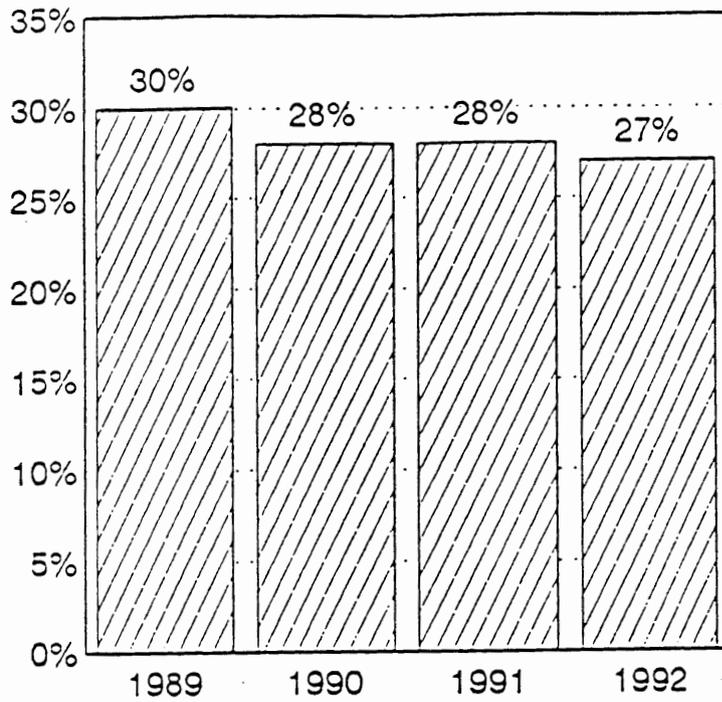
MAJOR MAINTENANCE

Roadway Resurfacing, Bridge Deck Repairs, Noise Walls, Guardrail Replacement, Major Bridge Inspections

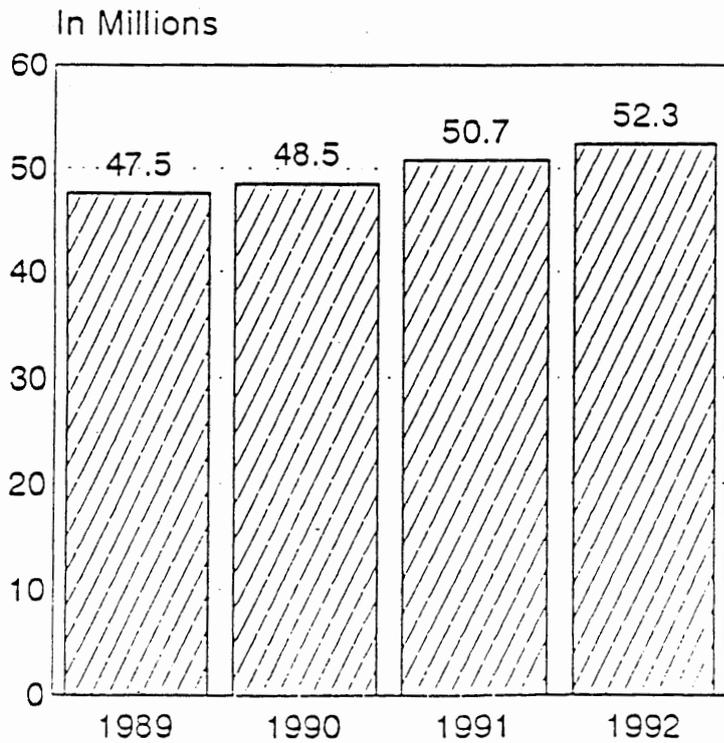
DAILY MAINTENANCE

Day-to-Day Roadway and Bridge Repairs
Snow and Ice Removal, Facilities,
Traffic Engineering (Safe Operations)

NEW JERSEY TURNPIKE AUTHORITY
TOLL COLLECTION COSTS
% OF EXPENDITURES

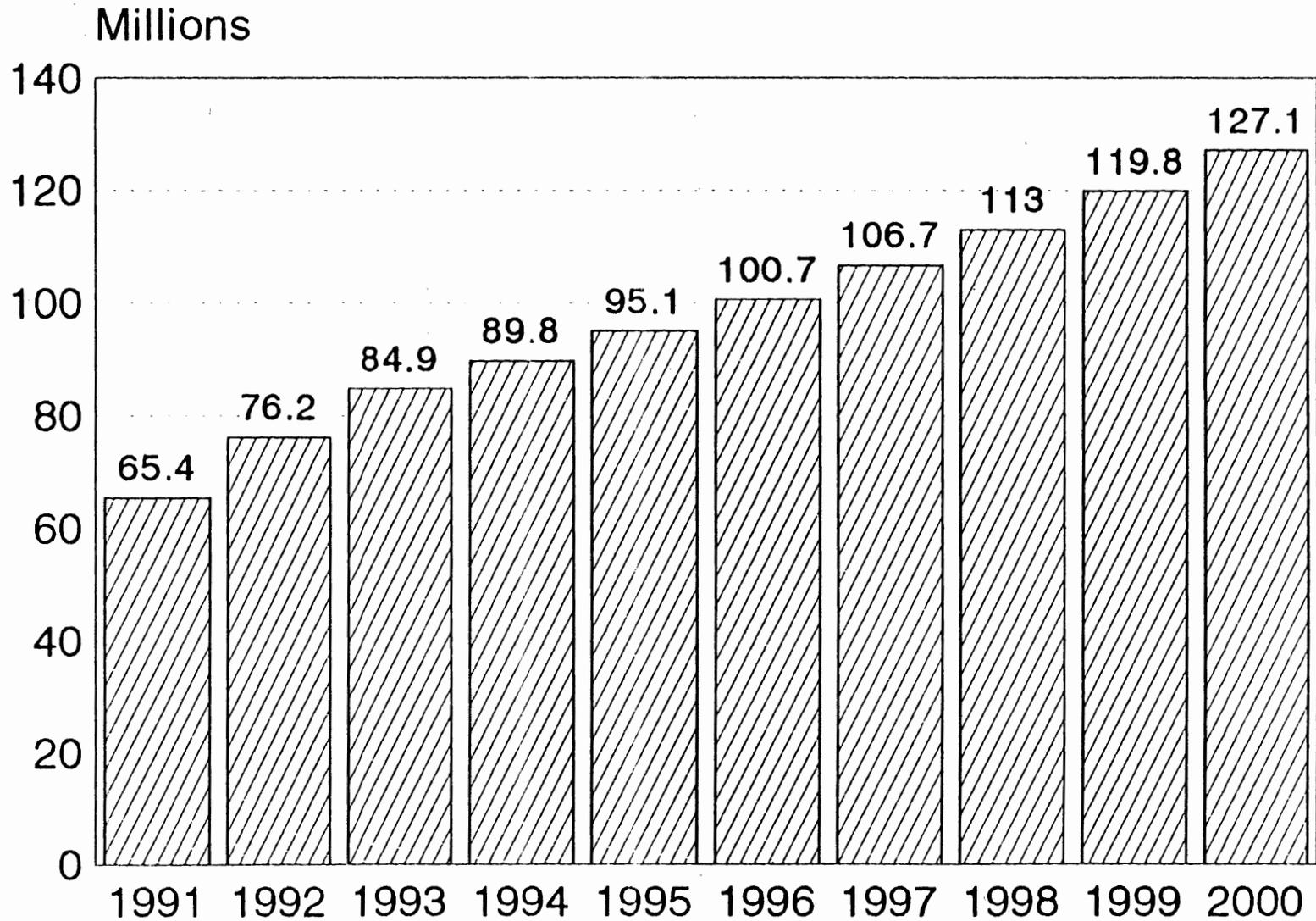


TOLL COLLECTION COSTS



NEW JERSEY TURNPIKE AUTHORITY

Projected Maintenance Expenditures



1961

Exhibit "G"

