
Committee Meeting

of

ASSEMBLY TRANSPORTATION COMMITTEE

“Overview of the current status of the E-ZPass system”

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey

DATE: March 21, 2002
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chairman
Assemblyman Reed Gusciora, Vice-Chair
Assemblyman John J. Burzichelli
Assemblywoman Linda Stender
Assemblyman Matt Ahearn
Assemblyman Francis J. Blee
Assemblyman Paul R. D’Amato



ALSO PRESENT:

Nancy M. Lipper
Office of Legislative Services
Committee Aide

John Fuller
Assembly Majority
Committee Aide

Jerry Traino
Assembly Republican
Committee Aide

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

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Gregory J. Soriano
Senior Vice President
Parsons Brinckerhoff-FG, Inc.
Project Manager

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chairman): Good morning, everybody. I'd like to call to order the meeting of the Assembly Transportation Committee. Today, our agenda is a continuation of our hearings on E-ZPass.

I'd just like to remind all of the members of the Committee that the proceedings today are being transcribed by the Office of Legislative Services. In addition, the proceedings are broadcast live over the Internet. And the fat microphones on the desk are the transcription microphones. And your normal speaking microphones are those that take it over the Internet. And I would just, again, remind everybody that the Internet picks up a lot more than you would think. So if you're unsure you want something broadcast, just get away from the microphones.

Again, a reminder to those in the first row, usually what's said in the first row can be picked up over the Internet, as well. So just be careful with your comments.

Today, we're going to hear testimony from Parsons Brinckerhoff, which was the -- or is the project manager of the E-ZPass system. We had also invited the New Jersey Turnpike Authority. But the subject of that testimony was going to be essentially a response to what WorldCom had testified to on Monday, and owing to the fact that the transcript is not yet complete and a desire on the Turnpike's part to want to be thorough-- That's going to be delayed until our next Committee meeting, which tentatively is looking at the third week of April. The Committee is going to meet in executive session, at some point in the near future, to discuss future dates and future targets of our inquiry. And we will let you know as soon as we make those decisions.

I also wanted to announce to those in attendance, and to the Committee members, that I received correspondence from Mr. Ed Gross yesterday in a telephone call. Mr. Gross said that he was unaware of our prior attempts to have him come and testify today, but that he would love to come and testify. But his schedule did not permit today. But he did commit to come and testify at our next Committee meeting, again, which will be probably in the third week of April.

So with that, I'd like to have our OLS aide take the roll.

MS. LIPPER (Committee Aide): Assemblyman Blee, substituting for Assemblyman Bodine.

ASSEMBLYMAN BLEE: Here.

MS. LIPPER: Assemblyman D'Amato, substituting for Assemblyman DeCroce.

ASSEMBLYMAN D'AMATO: Here.

MS. LIPPER: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Here.

MS. LIPPER: Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Here.

MS. LIPPER: Assemblyman Ahearn, substituting for Assemblyman Impreveduto.

ASSEMBLYMAN AHEARN: Here.

MS. LIPPER: Vice-Chairman Gusciora.

ASSEMBLYMAN GUSCIORA: Here.

MS. LIPPER: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

Thank you.

I'd like now to call up Parsons Brinckerhoff to take a seat at the table.

We have Greg Soriano.

For the Committee members, Mr. Soriano had been here on our first day and started a presentation and answered some questions. I'd like to continue what we started that day, but also use the benefit of the testimony that we had received the other day as a basis of questions for Parsons Brinckerhoff.

Thank you, Mr. Soriano.

Is there an opening statement that you'd like to make?

The red is on. (referring to PA microphone)

G R E G O R Y J. S O R I A N O: Yes. If I could just say a few words about what our role was on the job and how we came to be the program managers.

ASSEMBLYMAN WISNIEWSKI: Sure. If you could just spell your name for the transcript.

MR. SORIANO: Last name is Soriano, S-O-R-I-A-N-O.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MR. SORIANO: Parsons Brinckerhoff has been working in New Jersey for over 30 years, and we have been working mostly on transportation related projects, both for the State of New Jersey and for the various agencies in New Jersey.

We were selected in July of 1997, as the program managers, in response to a request for a proposal that was issued by the Consortium, looking

for a program manager to assist them in the oversight of a design/builder that had yet been under contract with the Consortium.

The program management role on this particular job is different from job to job. And our role in this job is to actually act as an extension of staff of the various agencies in assisting them in the oversight of the design/builder. The majority of our services -- I'd say roughly 50 to 60 percent of it -- have been dealing with the oversight of the construction that's been going on in the field. This job actually represents one of the largest construction -- physical construction jobs done in the State of New Jersey. And at various times, there is anywhere from between 250 to 300 laborers working throughout, over the 400 miles of roadways, laying both fiber and doing the improvements necessary at the plaza for the construction of electronic toll collection.

To assist the Consortium-- The Consortium was organized in a setup of various committees. Those committees were broken down into technology, design, construction committees to oversee the Service Center and the Violation Processing Center, as well as committees dealing the marketing and the oversight of the fiber system, as well as the finance and audit committees.

Parsons Brinckerhoff had an active role in all of the committees, other than the marketing and the fiber, and on the finance and audit. We provided guidance and resources, in particular, on the technology, the engineering, and the construction oversight side. We reported directly to the deputy and the project director, as well as interfaced directly with the executive directors of all the agencies.

What I wanted to give the Committee is an idea of just where this project stands today. We have constructed this project in phases, as (indiscernible) is aware, the initial phase being the operation of E-ZPass in a dedicated-lane-only operation. But the full deployment of this job actually involves the complete change out of the toll collection systems for the roadways, as well as to allow E-ZPass transactions in every lane of both the Turnpike, the Parkway, as well as the Delaware DOT.

Currently, we have completed Phase I, which was the dedicated lane phase. And we have been working, since September of 2000, to complete the full deployment phase.

When we do construction for full deployment, we do it in two steps. We do all the work that's done out in the lanes. And then, once all the lane work is done, lane by lane, we then remove the equipment that's in the booths and change it over. And that's typically overnight, lane by lane. And by the next morning, that particular lane is now fully operational for full deployment.

So to give you an idea of where we currently stand with the physical construction, on the Garden State Parkway, we have fully installed E-ZPass in 167 out of 344 lanes. And that encompasses mostly the area from the Raritan North Plaza, all the way up to the northern borders. The lane work is completely done in another 134 lanes. And the next step in the process, once we get beyond issues dealing with software and audit issues-- We have 134 lanes ready to be turned over and commissioned overnight into E-ZPass, which would only leave us approximately about 40 more lanes that we need work, physically, in the lanes and in the booths.

And on the New Jersey Turnpike, we've only fully commissioned, at this point in time, 16 lanes. And again, we have software issues relating to audit capabilities, which had put that on hold. We currently have 277 lanes completely constructed, waiting to go into the commissioning phase, which, again, would only leave us with about 70 lanes that we still need to work in both the booths and the lanes.

The fiber system is completely done in operation. It has not gone through final system acceptance at this point in time. However, it is fully operational and functioning in accordance with what we would expect.

At this point, I leave myself open to any questions that you may have on both the operations of the systems and our roles that we played in the project.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Soriano.

Let me start off the questioning. If you would be so kind as to give the Committee the benefit of a background of Parsons Brinckerhoff, the type of company it is, what it does.

And then after that, I'd like to go through the RFP process that wound up with Parsons getting this in 1997. But if you'd start with a background for Parsons.

MR. SORIANO: Parsons Brinckerhoff, as a firm, has over 9000 employees, located throughout the world. Our primary focus and core business of our company has always been in transportation infrastructure and transportation related projects. We have been involved in other electronic toll collection projects. The Port Authority project in New York, when that was installed, we acted as the engineers to Lockheed Martin, in not doing the

design of the system, but what we actually designed was the -- not the functionality of the system, but you need to do the electrical engineering. You need to do the engineering in the booths. We acted as their engineers to -- for the installation of that particular system.

ASSEMBLYMAN WISNIEWSKI: Were there any other electronic toll collection systems that Parsons was the project manager or contractor on, other than the Port Authority in New Jersey?

MR. SORIANO: Currently, in Denver on E-470, we do back office work in terms of violation processing. And also, on the Florida Turnpike, we do both actually toll collection and assist, as well, in the back office.

ASSEMBLYMAN WISNIEWSKI: Are there any others in which you served as project manager -- or Parsons served as project manager?

MR. SORIANO: On those others, when I say project manager -- not program manager--

ASSEMBLYMAN WISNIEWSKI: Program manager. I'm sorry.

MR. SORIANO: Not as program manager. We served as project managers for-- In the case of Denver, doing the back office work, we don't-- We assist that particular agency in running that back office. We're evaluated on the performance and the quality of service to the contractors. But we did not set up that back office.

ASSEMBLYMAN WISNIEWSKI: That role differs--

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: --than from the role you have here in New Jersey, in which you are the program manager -- or project manager, overseeing the implementation and construction.

MR. SORIANO: Yes, absolutely.

ASSEMBLYMAN WISNIEWSKI: Just, if you would, and I think you covered a lot of it during the opening statement you made -- if you would differentiate what exactly you do as a program manager that's different from what WorldCom does as the prime contractor. How do we -- to allay then, at least-- You look at this and say, "We have two engineering firms here -- or two firms that, essentially, look like they're doing the same thing." What's the value added to the State in having Parsons oversee WorldCom?

MR. SORIANO: The first thing to remember about the project itself is it was, in WorldCom's role -- is they are a design/builder. And design/build projects are relatively new to the State of New Jersey, as well as to the industry. And actually design/build, even though it's been a method of contracting that's been used extensively overseas, it has been relatively new to the U.S. However, in the last five years, it has -- there has been more and more design/build type contracts.

The essence of the design/build type contract basically says that you're bringing on board a designer and a contractor, collectively together. And that unit, together, has to design and construct that project. Typically, in New Jersey, on a typical roadway type job, you would have had a design, bid, build type approach, where you have a different entity, typically an engineering company, do the design bid documents. And then the State of New Jersey would then go out and competitively bid the construction phase of

it. And in that sort of scenario, the construction phase is then overseen by the State of New Jersey.

On a design/build project, the design/builder has the responsibility to both design, construct, and oversee the construction. And the program managers, or the Consortium in this role, need to provide oversight in terms of making sure that they're getting the quality that they would expect.

So our role, and I'm going to simplify it to one of the easiest ones. Let's look at the construction phase of this job. When the job started, we did not anticipate that we would have a big effort in overseeing the actual contractor doing the construction out there, because that was the responsibility of WorldCom. However, I would say that the construction activities were not going as well as we had thought, and the Consortium, I think, wisely so, said, "We need to increase the amount of oversight that we have in that area," which increased our oversight out in the construction arena.

I believe a lot of this is driven by the fact that electronic toll collections are being done by telecom companies, and they're not typically in a role of overseeing an infrastructure -- a transportation infrastructure type construction like was necessary for the construction at the plazas.

So our value added on there was, in particular, to make sure that that construction was being done, and that the quality and the operation of what was being constructed was made in accordance of what you would expect for this type of job.

In addition, I would say our resources at PB allowed us, during the software development phases-- The engineering and drawings that were developed allowed us to go back and reach for resources that the agencies just

don't have available to them. So, in particular, resources that might be dealing with programming, resources that might be dealing with electrical engineering and civil engineering that's necessary -- even though they have people on staff, they're also running their agency, their roadway at the same time. So we allowed that extension of staff to get those reviews done in accordance with their requirements.

ASSEMBLYMAN WISNIEWSKI: If I'm correct, I think one of the things you talked about at the beginning of your answer was the benefits of design/build. And it also seems now that perhaps there's not a benefit to design/build if you need to engage in all of this oversight to make design/build work.

I mean, there was a contract amount awarded when Parsons Brinckerhoff was awarded the project manager's role. As I understand it, that has now been extended, augmented, and renewed and has gone up in price considerably.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Could you go through that price escalation and explain to us why the cost of Parsons's role has gone up so dramatically?

MR. SORIANO: Yes. Like you said, we were originally awarded a contract in July of 1997.

ASSEMBLYMAN WISNIEWSKI: For how much?

MR. SORIANO: The actual contract signing by MFS at that time, for their role as the design/builder, I believe occurred in March of 1998, even though we were on board, in terms of a contract, long before the signing of

their contract. We had some start-up mobilization in terms of document control and other elements to be put in place, waiting for the design/builder to start executing.

Our original duration of time being spent on a job was approximately anticipated to be about 15 months, even though there was a late start in terms of getting the design/builder on board. That generally, really didn't add a significant amount of cost of our services at that point in time.

What happened, back in November of 1998, is we were laying almost the 400 miles of fiber optics throughout the system. And that required-

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ASSEMBLYMAN WISNIEWSKI: Well, wait. In November of '98--

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: When you say you, you're talking about WorldCom.

MR. SORIANO: When I say-- Yes. We-- I guess I'm talking the project. WorldCom was--

ASSEMBLYMAN WISNIEWSKI: And I don't mean to nitpick.

MR. SORIANO: You're absolutely correct. I thank you for that correction.

ASSEMBLYMAN WISNIEWSKI: But I don't want to have everybody get confused here.

MR. SORIANO: Yes. I thank you for that correction. We were overseeing the construction of fiber on the project. Our original role was the fiber and the work at the plazas -- were supposed to be occurring at the same

time. So there is anticipated to be a tremendous amount of effort at each one of the plazas, while in between the plazas, there's also going to be work in the laying of fiber.

Our role was anticipated to be concentrated at the plaza, where a lot of the activity was going to be in terms of the construction of E-ZPass. What we were going to -- then travel down the road and just keep an eye on the fiber construction. The way the job evolved, fiber started well before any construction at the plaza. And that was because the design development of the plazas took longer than what was anticipated.

During the construction of fiber, the methodology used by the design/builder was in advance of any construction. They would use the 1-800 CALL facility in New Jersey to identify any utilities that could be in their paths. And they would then proceed, once they had the clearance and the mark-outs from the 1-800 CALL to proceed with the construction of fiber.

We started to run into some problems -- we -- say the project -- where certain utilities started that were not identified -- were being damaged by some of the construction. And in November of '98, I believe the aqueduct was hit up around the Route 3 area, along the Garden State Parkway. It actually serves Jersey City, which really caused quite a disruption.

The Consortium, I think, wisely so, said this 1-800 CALL system, even though it's good, is not working to the fullest, and we need to provide additional oversight and make sure that we have no other problems going forward. And they asked us to provide that additional oversight in terms of additional field personnel, to advance clear, even though we had a 1-800 CALL

clear to advance, walk those sites and make sure that there was no other utilities in the way so that we didn't--

ASSEMBLYMAN WISNIEWSKI: Mr. Soriano, you're saying that during the construction, even though they used the one-call number, they nevertheless hit an aqueduct?

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Okay. Go ahead.

MR. SORIANO: That's correct. And I think, prudently so, we had to raise our level of oversight to not repeat that particular issue again. And that added a lot of services on my part, in terms of personnel, working seven days a week, typically at night and during the day, to clear and make sure we walked along every foot of each of that layout of duct to confirm that there was nothing in the way that could be damaged again.

ASSEMBLYMAN WISNIEWSKI: Answer me this question. Why shouldn't that be the responsibility of the contractor? I mean, it seems to me that if you hire somebody to dig a ditch and put in cable, they should be competent enough to be able to figure out whether there's anything in the way of that path. And there shouldn't be the need to bring a third party in. It almost seems like a make-work project to me.

MR. SORIANO: Well, the contractor did partake, as well, in those walk-throughs. We needed to make sure that, as we do these walk-throughs, we had assurances ourselves that there was nothing else in the way.

The fact that we hit a waterline raises an eyebrow and says, how can that happen. It shouldn't happen. And I believe, prudently so, you need to raise your level of oversight, because you don't want to hit a gas line, and

you don't want to create something that's a lot more -- that could be a lot more damaging. And I think, prudently, the Consortium raised that level of oversight and asked us to provide that.

ASSEMBLYMAN WISNIEWSKI: Does that speak to a failing on the one-call system?

MR. SORIANO: There's been a lot of discussions on that, as to what caused the failure on that particular day. And other investigations, I believe, went on during the 1-800 CALL. I don't know what the determinations of that were, but I can just say, based upon this event, it wasn't a 100 percent perfect system.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Stender, then Assemblyman Gusciora.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

I don't think you answered the original question that the Chairman was asking, which was about your contract, meaning, how much was your contract for that was originally signed, and at what point, when it was increased, what was it increased to?

MR. SORIANO: Originally, our original contract was for \$6.2 million. And that was to take us through the 15 months of oversight required for the E-ZPass project. When we reached this event in November of '98, that raised our level of services. It did not increase our contract value at that time.

After November of '98, we went into the concept of a two-stage deployment of E-ZPass, phase deployment and full deployment. And an amendment to our contract, I believe, was issued at the end of 19 -- excuse me, June of 1999, which increased, by another \$5.1 million, our contract to cover

the added oversight for construction that was necessary to allow for the extended duration of the implementation of E-ZPass for two phases. E-ZPass was originally programmed to be completed by the first quarter of 2000. Phase deployment was scheduled to be completed by June of 2000. Full deployment was then extended until June of 2001. So the first amendment to our contract actually added costs for us to carry those extensions of time and to add the additional resources for construction oversight.

ASSEMBLYWOMAN STENDER: So, to date, you've been paid \$11.3 million?

MR. SORIANO: No. After the second amendment, negotiations were entered into with Adesta, looking at, again, a completion date that had previously been established -- full deployment of June 2001. And phase deployment was originally scheduled for June of 2000. Phase deployment actually came in, in September of 2000. Full deployment was scheduled to come in December 31 of 2001. That was purely caused by delays in the implementation of the project and was a responsibility that should have been borne by the design/builder.

The Consortium, in negotiations with the design/builder, requested that they provide the dollars and the funding for our added services. And that was negotiated at \$4 million, and our contract was amended by \$4 million. And the deductions were made from the design/builders payments to cover that \$4 million.

ASSEMBLYWOMAN STENDER: So you were paid \$11.3 million, but not all by the State. Four of it came from--

MR. SORIANO: No, \$11.3 million-- The first two were strictly moneys that were provided, I think, by the State through Federal dollars. The \$4 million on top of that, which raised the contract value, I believe, to \$15.3 million, at that point in time-- So, you had add \$11.3 million plus the \$4 million that Adesta now was going to cover -- to \$15.3 million. And that was to take us to December 31 of 2001 for full deployment.

ASSEMBLYWOMAN STENDER: Okay. Going back, you said that the -- your contract was signed in July of '97.

MR. SORIANO: Correct.

ASSEMBLYWOMAN STENDER: But the MFSNT contract wasn't signed until March of '98.

MR. SORIANO: Correct.

ASSEMBLYWOMAN STENDER: So, you were actually hired to manage a project that wasn't in place yet. So were you there to help design the bid?

MR. SORIANO: No. We were-- I guess the execution of the contract of design/build took longer than what it was supposed to. We were actually brought on board to oversee that project. Our services were started only at a minimal effort to allow us to mobilize. And then we provided no more services until the design/builder came on board.

ASSEMBLYWOMAN STENDER: Okay. And then-- But you were brought in to make sure that this contract was working. You've been paid a lot of money to oversee implementation. How come it's such a mess?

MR. SORIANO: That's a broad term. It's certainly not functioning the way everyone would expect it to be. And our role, in terms of

oversight, is to make sure that it does function the way it's supposed to. And we continue to provide that oversight and work with WorldCom and the Consortium members to reach that point in time. Until they develop the-- Until they get the right responses out in the lanes, until they get the lanes working, we will continue to oversee their data to us. Their data to us says, "Hey, it's working." Our review of their data says, "No, it isn't." And we continue to work through that process. We need to work through the final construction. And we need to work through their programming. Their electronic toll collection system needs to work to the criteria in the contract.

We did not design the project, nor do we have any culpability in the design of the project. Our role is to oversee that, as they design and implement, it meets the requirements for this particular contract.

ASSEMBLYWOMAN STENDER: But knowing-- You had to know that it wasn't working, and you're saying that you have no responsibility in terms of dealing with them or dealing with the State to say that it worked -- make it work.

MR. SORIANO: Well, we have a responsibility, in terms of assisting the Consortium, in working with Adesta on getting a working system that's acceptable to the State of New Jersey. We do not have a responsibility in designing this system so that it works. That is the design/builder's responsibility.

ASSEMBLYWOMAN STENDER: So there's no reasons for you -- for Parsons Brinckerhoff being paid all these millions of dollars to make sure that when it got done, the State was delivered a system that was functioning properly.

MR. SORIANO: Well, when you say there's no reason-- If you look at the amount of work that's been done at the plazas and look at the electronics that's been installed-- And I say electronics -- strictly wiring, strictly a new toll collection system, toll terminals, the electrical engineering and the civil engineering that goes into that construction-- That equipment, that wiring, is all functional and is at a quality that we would expect to get in workmanship for that equipment.

The software to drive that equipment and the design of the configuration of the lanes to produce the criteria that you would expect to see in a good electronic toll collection project is not there yet. We still need to get it to that point of functionality. That's why we continue to work on that project today.

ASSEMBLYMAN WISNIEWSKI: Mr. Soriano, I think that the simple question that, perhaps, we haven't gotten to articulately is the fact that as a project manager, it would seem to us, at least, as nonengineers up here, that the role of Parsons Brinckerhoff is to make sure that the E-ZPass system was installed and worked properly.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: So, you're confronted with members of the Legislature here who have seen \$16 million paid out to Parsons and an E-ZPass system that doesn't work properly. So the natural question that everybody up here is asking is, what did we get? I mean, we paid a lot of money. Obviously, in terms of the overall contract, \$16 million is a small number, but it's still a lot of money. What type of overseeing role did we get for our money if, after all of that money is spent and all of that time is invested

and all of that oversight has taken place, you still have, as we saw in the last hearing, the Motor Truck Association come through with stacks of violations because for one reason or another, what works in New York and everywhere else isn't working properly here? And I think that's the question. What did we get? If it's not working, what didn't happen on your part to make sure it happened?

MR. SORIANO: We first have to say, "Okay, what's not working?" And when you look at the Motor Truck Association coming in and saying, "We're getting a lot of violation notices," well, there's back office work that's not going on, because they should not be receiving those notices.

ASSEMBLYMAN WISNIEWSKI: Don't address the Motor Truck Association, but--

MR. SORIANO: Okay.

ASSEMBLYMAN WISNIEWSKI: What is it in the E-ZPass system that you were given the oversight role on that didn't get done? I mean, that's the million dollar question here, because it's not working anywhere near as any of the projections were, in terms of being able to process violations, in terms of generating revenue from toll violations. All of these issues have just fallen flat.

You're here as a representative of Parsons Brinckerhoff, and Parsons Brinckerhoff was charged with overseeing the project, and the project's not working properly. We want to know, how could that happen with \$16 million of oversight?

MR. SORIANO: To me, the failure of the design/builder to reach the levels that we need them to reach is at the root of it. I can look at their

programming. I can analyze what their programming is supposed to do. And then I need to say, "Is it doing that?" But I cannot do their programming for them, nor is it my expertise to do the program for them.

ASSEMBLYMAN WISNIEWSKI: But was there a point in time-- Clearly, you saw problems happening with one-call and aqueducts being hit, and you saw problems because the implementation in the construction was delayed. There must have been a point in time where Parsons Brinckerhoff fired off a memo to the Turnpike or to the Consortium or to somebody saying, "Folks, this isn't working the way you planned. You better start thinking about doing it a different way." I mean, we're into this project a long time, and it seems to me, from my experience sitting on this Committee, and other members of the Legislature, that up until very recently, everybody kept saying, "Just trust us. This is going to work. Don't be so quick to judge. It's going to work." And now suddenly we're all sitting around saying, "Hey, it doesn't work." We knew it wasn't going to work. Nobody wanted to fess up.

So, was there a point in time when Parsons went to the Turnpike, to Ed Gross, to somebody and said, "You've got to change this. It's not working"?

MR. SORIANO: There's a lot of documentation in the files in terms of what wasn't working at what particular time, what corrective action was taken, and then moved forward.

When we say the project isn't working, it's not working, I believe, from a revenue generation standpoint, which is not the responsibility of us. It's really the ability to issue APRs and what the extent of those APRs are and

what cash those APRs are going to bring in. That has nothing to do with our particular role on that particular job.

ASSEMBLYMAN WISNIEWSKI: Let me just interject there, because, with all due respect, I think that's really the crux of the matter. The number of people violating the tolls, certainly, is nowhere near the projections. And I would agree that you can't control how many people choose to violate. We're not arguing that. But the very fact that the system through which those violations are processed, which was part of this contract that WorldCom had, isn't functioning properly and has not functioned properly from day one.

There must have been a point in time where, as the oversight folks, somebody looked at this and said, "Slot A is not going into Tab B. You need to redesign this. You've got to fix it." Did that ever occur at any point?

MR. SORIANO: I don't think it's as black and white as that. When we say it's not working, it hasn't reached the levels that we hear it's reached at the other agencies. I will say it is fairly close to reaching those levels.

ASSEMBLYMAN WISNIEWSKI: What do you mean by that? I mean, when we look at other states, it doesn't match.

MR. SORIANO: Well, let's talk a little bit about violation rates, because that's really what's driving this particular project.

In the lanes, we capture, out of every car that passes through with a transponder -- 100 cars go through a lane and 96.5 is accurately recorded as an E-ZPass transaction, and the toll is accurately paid and deducted from a person's account. So 3.5 percent -- we run at a 3.5 percent violation rate in the lanes. And when you start looking at what are the components of that 3.5

percent, you start seeing some are true violators. They are absolutely true violators. Others are improperly mounted tags, which is, I'm going to say, a responsibility of the design/builder to properly educate their customers to where a tag has to be properly mounted in order for it to be read.

Some of it is accounts that, for whatever reason, had run out of money. They're cash payers, and there is no more balance, and they're tagged as a violator in that lane. And we're running somewhere around 1 percent to 1.5 percent that, for whatever reason, it appears that there is a properly mounted tag in a car, and for whatever reason, we have not read it. So what we're dealing with, in terms of trying to resolve, is, what is happening with that 1 to 1.5 percent.

Now, I'm not trying to deminimize the number of 1 to 1.5 percent. We do 1.2 million transactions a day. And 1 and 1.5 percent is an awful lot of transactions that are not properly read. That is software generated. That is design configuration generated, which driving that, we believe, is built upon configuration in the lanes, could be built upon the software that has been developed, could be built around the environment at any particular plaza, which is different from another plaza. And that's what we've been working through with Adesta, with WorldCom at this point in time, and other companies, to sort through.

ASSEMBLYMAN WISNIEWSKI: Let me make a request, Mr. Soriano.

In your response, you talked about records, correspondence, memos, perhaps, that went from Parsons to the Consortium or to WorldCom or Adesta about issues or problems that were identified. I'd like you to accept

a request from the Committee to make those documents available, so that the Committee can understand exactly what was communicated by Parsons during its course of oversight to the Consortium about problems that were coming up.

MR. SORIANO: When I say there were documents, there's a review of a multitude of documents on the job, test plans being developed. We would review test plans. If it wasn't accepted, it would go back. The test plans would be resubmitted, resubmitted, resubmitted and eventually approved by both us and the Consortium. And then we moved forward.

So, if someone's looking for one letter that's going to one person and says, "This project won't work, and we need to move elsewhere," they're not going to find that particular letter. How the project was working in its pieces -- and it's been painstakingly, slowly moving forward -- has been the result of iteration and reiteration of reviews that have not met with -- that have not been able to meet what we in the Consortium feel is acceptable. And then the resubmission of those documents, again.

So, it's been a painstaking process to get us to where we're at. Before we opened E-ZPass at all, there was testing, and there were test plans that had to be developed and physical testing in the lanes to see that the functionality was where we didn't want it to be.

We passed those tests. Those tests were passed.

ASSEMBLYMAN WISNIEWSKI: Okay. But with regard to documents that -- and I don't know how you would characterize them -- but I guess, perhaps, review documents or problem documents that Parsons Brinckerhoff, in their role as project manager, would have generated, either to

the Consortium or to WorldCom or to Adesta, identifying any kind of difficulty or problem.

Again, I'd like to make that request that Parsons make those documents available to the Committee, so that we can look at them and understand exactly what was identified as being problematic and at what time. And whether or not that amounts to a notion that this is not working, we'll make that determination, but we'd like to see the documents.

Can you comply with that?

MR. SORIANO: Yes, I can.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Assemblyman Gusciora.

ASSEMBLYMAN GUSCIORA: Thank you, Mr. Chair.

Mr. Soriano, I wanted to take you back before you hit the \$5 million aqueduct -- back to the beginning. Did you negotiate the contract on behalf of Parsons with the State?

MR. SORIANO: Myself directly?

ASSEMBLYMAN GUSCIORA: Yes.

MR. SORIANO: No. The original contract of the \$6.2 million was negotiated by someone else in my firm.

ASSEMBLYMAN GUSCIORA: And who was that?

MR. SORIANO: He's no longer with the firm. His name is Michael DelRocca. (phonetic spelling)

ASSEMBLYMAN GUSCIORA: DelRocca?

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: Are his records still available?

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: And do you know who he approached at the State?

MR. SORIANO: I believe he negotiated with the members of the Consortium. I don't-- I'd have to look up who those names were.

ASSEMBLYMAN GUSCIORA: You don't know any specific contacts?

MR. SORIANO: No.

ASSEMBLYMAN GUSCIORA: And you were the program manager for the entire project.

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: Parsons Brinckerhoff. But yet, in the Consortium from West Virginia to New Hampshire, you had not been in that role in any other state. Is that correct?

MR. SORIANO: As program manager of another electronic toll collection project?

ASSEMBLYMAN GUSCIORA: Yes.

MR. SORIANO: No.

ASSEMBLYMAN GUSCIORA: And for the \$6.2 million, how-- Now, you-- Parsons has a contract with the State. Is that available, that contract that you entered with the State?

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: Could we get a copy of that contract?

MR. SORIANO: Sure.

ASSEMBLYMAN GUSCIORA: What were the specific duties that were delineated in the contract with the State that the program manager was going to do?

MR. SORIANO: Again, it was to act as an extension of the staff of the Consortium. It was to provide oversight in the areas of construction, provide -- to assist the Consortium in the oversights areas of design, technology, and CSC, VPC -- customer service and violation processing.

ASSEMBLYMAN GUSCIORA: Okay. Was there a provision for overseeing the costs of the project?

MR. SORIANO: The costs of the project strictly relating to the design/builder -- would submit progress in terms of payment of construction. There's a schedule of values dealing with the physical construction out in the field and the software development.

We had oversight and review of those disbursement certificates and approval of those disbursements.

ASSEMBLYMAN GUSCIORA: Were any of your requirements to specifically keep the contract within cost on behalf of the taxpayers of the State of New Jersey?

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: Was that a concern of yours?

MR. SORIANO: Yes. The total cost of the project?

ASSEMBLYMAN GUSCIORA: Yes.

MR. SORIANO: Yes.

ASSEMBLYMAN GUSCIORA: So it would be your responsibility to keep that project within the realm of costs that was estimated at the beginning.

MR. SORIANO: Yes. The costs--

ASSEMBLYMAN GUSCIORA: This is prior to the \$5 million aqueduct?

MR. SORIANO: That's correct. And the cost of this project has stayed the same since the project began. It has not increased.

ASSEMBLYMAN GUSCIORA: So only your aspect was the one that went into overruns or any other--

MR. SORIANO: No. If you want to talk about the cost of the project, the project was roughly \$500 million. And roughly in that \$500 million, which included the operation of the service centers -- were built into that fund -- was a budgeted amount for contingency of \$30 million for unforeseen. That overall cost of \$500 million has not changed. That contingency fund still has \$3 million, I believe, left in it. There has not been added cost to the project.

ASSEMBLYMAN GUSCIORA: Was there \$30 million set aside to pay your fees?

MR. SORIANO: No. My fees cannot be paid out of the project fund, by contract. The project fund, dealing with design/build of electronic, could not pay for my fees. That had to come out of the separate funding mechanism.

The \$30 million contingency that was set up within the budgeting of the project was set up to handle unforeseen circumstances. We've all heard

about front cameras and the need for front cameras. Well, when we added front cameras into the project, we had to utilize some of that contingency fund to cover that additional cost. But the overall budgeted cost for the project has not exceeded what it was originally set up for in 1998.

ASSEMBLYMAN GUSCIORA: Now, once you hit the aqueduct-- And who negotiated with the State that it would -- envisioned that it would cost you \$5 million to make sure you didn't hit another aqueduct?

MR. SORIANO: Just remember, I didn't hit the aqueduct.
(laughter)

ASSEMBLYMAN GUSCIORA: But you stuck the taxpayers with the bill, though. The end result--

MR. SORIANO: No, I didn't.

ASSEMBLYMAN GUSCIORA: --was \$5 million.

MR. SORIANO: I didn't stick them with anything.

ASSEMBLYMAN GUSCIORA: You said that you needed \$5 million to make sure that they weren't going to hit another aqueduct.

MR. SORIANO: What happened was that the design/builder's contractor, for whatever reason -- in the 1-800 CALL -- they didn't mark out, or the marking wasn't there -- hit an aqueduct. And that created an issue for us. And, I think, prudently so, we needed to raise our level of oversight to make sure that that did not occur again, and that the safety of the people in New Jersey was always maintained.

ASSEMBLYMAN GUSCIORA: Who negotiated that it would cost \$5 million more to make sure that we didn't hit another?

MR. SORIANO: I actually negotiated that.

ASSEMBLYMAN GUSCIORA: Okay. And who did you negotiate that with?

MR. SORIANO: That was negotiated with the Turnpike, with the Executive Director -- actually, all the agencies had a review of that particular amendment.

ASSEMBLYMAN GUSCIORA: Is that Edward Gross?

MR. SORIANO: Ed Gross, at the time. Yes.

ASSEMBLYMAN GUSCIORA: Any other officials you talked to in the Whitman administration?

MR. SORIANO: No. At the Turnpike-- I mean, as we come down from Ed Gross, they're chief engineers and the technical people who were going to review the extent of the services that we were providing.

ASSEMBLYMAN GUSCIORA: Okay. And then there came a time when your contract is up to \$11 million -- that you needed to renegotiate again. I guess you had a design/build contract in and of itself. Who negotiated the next increase?

MR. SORIANO: I did.

ASSEMBLYMAN GUSCIORA: And who did you negotiate that with?

MR. SORIANO: That was negotiated, again, with the Consortium, under Ed Gross.

ASSEMBLYMAN GUSCIORA: Ed Gross. Okay.

MR. SORIANO: And that was the \$4 million that was covered by the design/build.

ASSEMBLYMAN GUSCIORA: And what, specifically, were you to do additionally for that extra, I guess, another \$5 million, because the contract is up to \$16 million now?

MR. SORIANO: Yeah, there was a last amendment that was just recently executed, because my costs and contract had actually run out at the end of December to take me through the end of April of this particular year.

ASSEMBLYMAN GUSCIORA: Okay. But originally, you said that this was going to take 15 months, and now this is--

MR. SORIANO: Originally, the contract requirements given to me by the Consortium was that this project was going to be a 15-month project.

ASSEMBLYMAN GUSCIORA: And you said you could do that, though, in 15 months. You were prepared to oversee a project that would take 15 months.

MR. SORIANO: Yes, that's correct.

ASSEMBLYMAN GUSCIORA: Okay. When did you know that it wasn't going to take 15 months?

MR. SORIANO: I think, certainly, when the project got extended into a two-phased operation, which was actually by our second amendment to our contract, which encompassed that. And that goes back to April of 1999, I believe, when the negotiations were taking place in terms of where we were going to go with the implementation of E-ZPass in two phases. It became clear to everyone that that project was going to extend out to, at least, June of 2001.

ASSEMBLYMAN GUSCIORA: Okay. And how long do you estimate the project to take place? Now, I know WorldCom said it's 90 percent installed. Is that correct?

MR. SORIANO: Yes. Right now, my estimates are from a construction standpoint, installed standpoint, around 92 percent.

ASSEMBLYMAN GUSCIORA: How long will it take to get the remaining 8 percent?

MR. SORIANO: To finish the remaining construction activities and get all the lines operational is roughly four to six months.

ASSEMBLYMAN GUSCIORA: Okay. And do you estimate any more costs to Parsons? Are you going to have to extend the contract again? Are you currently under negotiations to extend the price of the contract?

MR. SORIANO: I'm not under any negotiation to extend it beyond the end of April.

ASSEMBLYMAN GUSCIORA: Okay. How many employees work for Parsons on this project?

MR. SORIANO: During the major components, when there was a lot of construction activity going on out there, I mentioned somewhere between 250 to 350 laborers.

ASSEMBLYMAN GUSCIORA: They're your employees?

MR. SORIANO: No, those were the contract -- the construction company's employees, of which we over--

ASSEMBLYMAN GUSCIORA: How many employees do you have?

MR. SORIANO: At that point in time, I had roughly about 40 to 45 people working on the project, of which roughly 30 were situated in the field overlooking the construction.

ASSEMBLYMAN GUSCIORA: Okay. How many employees of Parsons are in the field right now, today?

MR. SORIANO: Right now, in the field today, there's only five -- excuse me, six -- six in the field, three on each roadway.

ASSEMBLYMAN GUSCIORA: Okay. And how many people to administer the remaining \$5 million the last time the contract was extended -- how many people did that encompass?

MR. SORIANO: In terms of the construction again?

ASSEMBLYMAN GUSCIORA: Your employees.

MR. SORIANO: Okay.

ASSEMBLYMAN GUSCIORA: What did we get for \$5 million?

MR. SORIANO: On the original contract--

ASSEMBLYMAN GUSCIORA: The last leg, right now.

MR. SORIANO: The \$4 million.

ASSEMBLYMAN GUSCIORA: Bringing this up to \$16 million.

MR. SORIANO: Again, that's--

ASSEMBLYMAN GUSCIORA: Is that just five employees -- you're getting \$16 million?

MR. SORIANO: No, that's the-- What's on the job right now is five employees. What was on the job during the construction--

ASSEMBLYMAN GUSCIORA: So \$1 million a piece?

MR. SORIANO: No, what was on the job during the construction of that last segment is-- I had roughly 10 people in the field. I had roughly five people, full-time, back in the office. And then, as needs come in, in terms of software reviews, I have--

ASSEMBLYMAN GUSCIORA: So \$500,000 a person, for the last leg of the \$5 million?

MR. SORIANO: No, I had roughly--

ASSEMBLYMAN GUSCIORA: You said 10.

MR. SORIANO: I had roughly 10 people in the field, 5 back in the office.

ASSEMBLYMAN GUSCIORA: Ten into \$5 million is \$500,000 a piece, right?

MR. SORIANO: And then, additional people that need to do reviews. And that was spread over the duration of that time period.

ASSEMBLYMAN GUSCIORA: I have no further questions. But I would hope the State would not engage in any more design/build contracts, because it's kind of make-it-up-as-it-goes-along for the State. And unfortunately, the taxpayers are the ones who lose out. I've never seen a design/build contract that came out on budget. And I think that this was a complete debacle for the State of New Jersey. And for people to come here so cavalierly and not expect people to be upset, we have-- We spent more than \$500 million on this contract.

Your contract costs increased over 150 percent. I just think that that's gross negligence. At the beginning of the day, if these contractors would come to us and just be honest, "This is what it's going to cost. This is how

much it's going to take." But to just cavalierly say, "This is a design/build contract, and we'll do what we can," and then keep coming back to the State-- I think that-- I hope our mission is to prevent this from happening again, because it is a travesty of what happened. And when we talk about E-ZPass and Parsons, the list goes on and on. And we talked about a \$6 billion budget deficit, it's not hard to come up with why there's a deficit today.

MR. SORIANO: I think it is important to say that the \$500 million cost that was anticipated to be spent on this project has not increased. And that cost has remained stable since the first day.

ASSEMBLYMAN GUSCIORA: Then why does your cost go up 150 percent? If you said that you have a contract that's remaining within budget, there should be no problem with your costs going up.

MR. SORIANO: It was the need for additional services to make sure that the quality and the work was maintained.

ASSEMBLYMAN GUSCIORA: Well, if somebody hits an aqueduct, you should hold them responsible. You shouldn't say, "Well, we want to prevent this, so we're going to charge you another \$5 million so we don't hit another aqueduct."

MR. SORIANO: Well, I just think we were being prudent at that point in time, in raising the level of oversight, so that another accident, more serious accident would not occur.

ASSEMBLYMAN GUSCIORA: Well, I think a 10-man operation made out pretty good for the last five years of this contract.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.
I know Assemblywoman Stender has a question.

I just wrote one down here in the very first few moments of you're testimony. I wanted to ask it before I forgot it.

When you started talking about the history of Parsons's involvement in this-- And I think your testimony was that the Parsons contract was awarded, essentially, before the contract with MFS was awarded.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: You were onboard beforehand.

You said that, in 1997, Parsons interacted with the executive director, the project director, and the deputy. Could you explain to me who those people were that you interacted with?

MR. SORIANO: When you're saying 1997, I'm confused by that statement in terms of the interaction. In 1997, we were brought onboard by contract.

ASSEMBLYMAN WISNIEWSKI: But there was no contract to oversee at that point in time.

MR. SORIANO: The design/builder was not actively onboard. They did not have a contract with the design/builder at that time. They were in negotiations.

ASSEMBLYMAN WISNIEWSKI: So what was it that Parsons was being paid for, from the date of the contract being awarded to the time when there was actually a contract to oversee?

MR. SORIANO: The only thing provided at that point was a minimal service to set the job up, get document control rolling. And then our services really didn't-- We did nothing.

ASSEMBLYMAN WISNIEWSKI: But that's-- I mean, that's the thing that is curious, because to set the job up and get document control-- There wasn't a job to set up because the job wasn't awarded.

MR. SORIANO: Well, when I say set up document control, there's process in terms of, "Okay, how are we going to handle all these documents that we're expecting to get in on this project? How are we going to handle the flow of these documents?" That's a process that every project, I think, goes through. And the initial part of the setup of any oversight of a project would include those elements.

ASSEMBLYMAN WISNIEWSKI: Did Parsons have any involvement -- I mean, at that point in time, the contract not having been awarded -- but there had been a request for proposals put out and responses made-- Did Parsons have any involvement in reviewing those responses, analyzing what might be coming in, how the project might be run?

MR. SORIANO: No, I don't believe we had any involvement at all in terms of the negotiation with the design/builder or what was going on.

ASSEMBLYMAN WISNIEWSKI: Well, not just in negotiation. But clearly the Consortium was responding to documents they received. And there was a negotiation back and forth between the Consortium and, at that time, the two suitors, MFS and Lockheed.

Was Parsons's role, at that point in time, to advise the Consortium about what it was receiving and how to respond and what to look for?

MR. SORIANO: Let me go back in time. First of all, when we were awarded the contract in July of '97, there were no longer two suitors.

Prior to July of '97, I believe it was March of '97, MFS had been selected as the design/builder.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. SORIANO: The only activity going on with the Consortium at that point in time was the negotiation of that contract. Documents associated with that negotiation were not part of my document control. I do not have those documents.

ASSEMBLYMAN WISNIEWSKI: All right. I guess, maybe just a simple way to really bring this to a conclusion is, you're saying that Parsons Brinckerhoff, even though you were onboard as project manager for a project which had not yet started, Parsons had no involvement in reviewing any documents received by the Consortium by MFS?

MR. SORIANO: To the best of my knowledge, no.

ASSEMBLYMAN WISNIEWSKI: And you're saying that Parsons did not provide any advice to the Consortium about what they would want in this contract at that time?

MR. SORIANO: To the best of my knowledge, again, no.

ASSEMBLYMAN WISNIEWSKI: Okay.

Assemblywoman Stender, and then Assemblyman Burzichelli.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

A couple of separate things.

First of all, on the contract issue-- I mean, the-- It seems to me, based on what -- how you've explained the role of Parsons in all of this and how it evolved is that there was, apparently, nothing in your contract that gave value to making sure the system worked properly, because the more that it

didn't work, the more that you could get paid to try and fix what was never going to work.

MR. SORIANO: I guess I don't look at it from that point of view. I think my responsibilities lie in making sure it does work. And the fact that the people who are doing the project and doing the design have not -- are not producing documents to me that I can approve, and therefore move it forward, is creating more work for the Consortium and to myself.

So by being-- By having a strong oversight and being very stringent with the design/builder -- that, "We're not going to allow you to advance this forward until you get it right," I think we're doing our job.

What you're saying is that's resulting in more fees to me. To me, it was the inability of the companies at that point in time to give a product that they had contracted with the State of New Jersey to give. I think it was my job not to allow them to advance forward until they met -- until they were able to meet each step to the level that we would expect them to be at that step. And that did create delays in the project and did extend the project out from where my contract was originally 15 months to three years.

So, their inability to perform did add cost to the State. I don't deny that. But their inability to perform-- You can't say I didn't do my job because they didn't perform.

ASSEMBLYWOMAN STENDER: Except that the thing hasn't been working well. I mean, the fact that this whole violation piece-- And that was my other thing I wanted to ask you about -- was this violation side. You talked about -- that it's at like a 3.5 percent rate that's getting triggered. We've already heard from other people in front of us that talk about how, in

other places, 2 percent is more the norm out of the State of New Jersey. So right off the bat, especially when there's such a high volume, that percentage difference increases the numbers tremendously.

MR. SORIANO: Yes, it does.

ASSEMBLYWOMAN STENDER: So how can that be working? How do you see that as working?

MR. SORIANO: No one is saying that's working. And that's what we continue to still work on in terms of bringing this project to a successful conclusion. And when I say we, the design/builder needs to work out the solutions in the lanes so that we're not dealing with a 3.5 percent violation rate. And that violation rate is what you expect to be seeing at other agencies. And we have not reached that point yet. We have assisted, in terms of doing analysis in the lanes, to help determine what is going out in the lanes that is creating a higher violation rate than what you would expect in New Jersey than elsewhere. And we continue to spend resources and moneys to investigate that, along with WorldCom.

ASSEMBLYWOMAN STENDER: But you're also, if I heard you right earlier, promoting the concept that we should be finishing the project, because if we would just finish the project, this would be all better.

MR. SORIANO: No, we should finish the construction of the project. If you're asking me my opinion, I think we should finish the construction, because we're almost at the point of finishing the construction of a project.

I think we need to figure-- We need to find the solution in the lanes. I think we heard from WorldCom that they're working with Mark IV

and others to work towards that solution in the lanes. I think, if you don't finish the construction in the lanes-- Right now you are working with an old system and a new system. So the agencies are working with two systems right now. And I don't think, in the long term, that that's a benefit to the operation of the agencies.

I think we need to finish the system. I'm not saying we need to increase E-ZPass transactions. Whether you finish the construction or not, the amount of transactions you have are not going to increase. They're going to stay the same. You're not going to see more transactions because now you've finished construction.

So we're still going to be dealing with the same violation rates until we find a solution, and we're still going to be dealing with the same numbers. We're not going to see added numbers or higher numbers because we're finishing construction.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblywoman.
Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Thank you, Mr. Chairman.

Mr. Soriano, if you could help us along here. If I'm correct in understanding Parsons's role, one of the areas that you're engaged in helping oversee for our side, meaning the State, is on the technology engineering side.

MR. SORIANO: Yes.

ASSEMBLYMAN BURZICHELLI: Do you have-- One of the excuses we heard from WorldCom, with regards to the frustration of not being able to make the lanes work to the level we would all expect them to be

working at, was that they were not permitted to be involved in the proprietary technical information that was the Mark IV system. That's how that was explained to us. They were told how to install them, but they weren't involved in that flow of understanding. Is Parsons involved in that? Do you have access to that proprietary information?

MR. SORIANO: No, we don't have access. And I would disagree with WorldCom in terms of that response. WorldCom is the integrator and is the designer of this particular system. And they have the responsibility to integrate that particular piece of equipment into the lanes and have it function as you would expect it to function.

ASSEMBLYMAN BURZICHELLI: We all thought that, unless I completely misunderstood what WorldCom told us -- that they are not privileged, they are not permitted access to Mark IV's technology, that what occurs between the transponder and the receiver -- that they become involved just simply installing the receiver where the receiver is supposed to be. And then they pick it up on side with the software. But now you're telling us that you think they should be entitled to that.

MR. SORIANO: WorldCom is the designer and integrator of the system. And they have the responsibility to make sure that those lanes are functioning within the parameters that you would expect and that you do see elsewhere at other agencies. Yes.

ASSEMBLYMAN BURZICHELLI: Would you then think -- and I shouldn't say would you think-- You're supposed-- I understand you're representing our interest, meaning the people of New Jersey.

MR. SORIANO: Yes.

ASSEMBLYMAN BURZICHELLI: Are you aware that they have said, for the record, that they are not privileged to that information, and it's at a roadblock to getting this thing resolved?

MR. SORIANO: I do know there is proprietary information that the Mark IV equipment has, governed, I assume, by patents and other things. Mark IV has worked, I think, effectively with other integrators. This is not the first integrator that Mark IV has worked with. And I think Mark IV and WorldCom are working together currently.

The sharing of the actual information, in terms of the proprietary nature-- I'm not versed in that technology, but I think these two companies need to work together to resolve that solution in the lanes. And I think WorldCom has the ultimate responsibility to make sure that that solution in the lanes brings us what we've expected and are seeing elsewhere.

ASSEMBLYMAN BURZICHELLI: You've been on the job for three and a half or four years and now have had participation in the contract up to \$16.6 million. Are you telling me, with certainty, that Mark IV and WorldCom have shared that information?

MR. SORIANO: I can't say. In terms of proprietary information, I don't have any knowledge of what they've shared, proprietary or not. Each one of them would have to say that.

What I will say is that WorldCom needs to work with Mark IV, and it's not just a proprietary issue here. They're an integrator. Mark IV has worked with many other integrators. And Mark IV, with many other integrators, has had a successful system. And WorldCom needs to carry on that exact role. And Mark IV needs to work with them exactly as they worked

with others to make that successful. If that requires the sharing of proprietary information, then it does.

ASSEMBLYMAN BURZICHELLI: Would you recognize our surprise if we were to tell you, sitting here today, talking to you -- supposed to be representing our interest and, for that matter, representing the Consortium's interest at being the expert in reporting back to the various committees -- that we would expect you to know if that information was being shared or not being shared? And we're told by WorldCom it's not being shared, and you're telling us it should be, but you can't tell us for certain that it has been.

MR. SORIANO: I'm saying what should be shared is what needs to be shared to make them function now in the lanes. But I will tell you I don't have the ability to look at their proprietary information, as well as anybody else. That's governed by other laws driven by patents.

ASSEMBLYMAN BURZICHELLI: I would think your role would have caused you to have more awareness of this -- of what they're suggesting as a roadblock. But maybe they just made up this as an excuse to try and work that over laymen, as we are here.

MR. SORIANO: Like I said, I do not agree with that statement--

ASSEMBLYMAN BURZICHELLI: Well, they made it.

MR. SORIANO: --that they do not have the responsibility.

ASSEMBLYMAN BURZICHELLI: If I may ask you one other, just from a date line. If I understand what you said correctly, your \$4 million increase that occurred would have occurred in June, or thereabouts, in June of 2001, thereabouts. Is it fair to say that?

MR. SORIANO: That's correct.

ASSEMBLYMAN BURZICHELLI: So, therefore, from June to -- if I understand it correctly, again -- to December of 2001, that \$4 million was supposed to come from Adesta's share.

MR. SORIANO: That's correct.

ASSEMBLYMAN BURZICHELLI: Of course, Adesta, we're told, moved for their bankruptcy protection in September or October of 2001.

MR. SORIANO: That \$4 million was actually deducted. Every time Adesta would submit a disbursement certificate for payment, I believe 15 percent of each disbursement certificate was deducted and put into a separate account to offset the engineering and professional fees on the job. That \$4 million was fully deducted from those disbursements.

ASSEMBLYMAN BURZICHELLI: Do you have any thought or any knowledge as to what effect that \$4 million hit on Adesta -- what percentage, or what level, that contributed to their being forced to go bankrupt? If they did not get hit with the \$4 million, would they have stayed around a little longer, do you think?

MR. SORIANO: I do not know.

ASSEMBLYMAN BURZICHELLI: Okay.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

I just wanted to clarify--

I know Assemblyman D'Amato has a question, and then Assemblyman Ahearn.

But the issue that, quite frankly, surprised us, when we were last here, was that WorldCom's testimony was they were told by the Consortium, "We've awarded a contract with Mark IV. This is the technology you will use and install in the lanes." And according to WorldCom's testimony, they simply took the equipment out of the box, looked at the instructions, hooked it up, and that was it.

You're saying that's not quite how it happens?

MR. SORIANO: No. It's not-- It's certainly not that simple. And, certainly, integration of the Mark IV equipment is not -- does not allow someone to draw a line in the sand and say, "I don't have responsibility on the other side of that line." Mark IV equipment has successfully been integrated in systems throughout the northeast.

ASSEMBLYMAN WISNIEWSKI: We see that, because it works in New York, and it doesn't work here.

MR. SORIANO: It is the same equipment. The designer places that equipment in the lane. You can put it in the center of a canopy. You can put it -- in our case, our antennas hang more towards the front of the canopies.

ASSEMBLYMAN WISNIEWSKI: Let me just do the follow-up on that then. What you're saying is that the toll lanes have to have this equipment installed in precisely certain spots in order for it to work.

MR. SORIANO: For our particular design that WorldCom came up with, that antenna has to be in a specific spot in each lane.

ASSEMBLYMAN WISNIEWSKI: Okay. Does that entail reconfiguring the design of the lanes?

MR. SORIANO: If you were to move that antenna to another location?

ASSEMBLYMAN WISNIEWSKI: No. What I'm saying is that the toll booths in New Jersey-- When they were built so many years ago, no one ever thought we would be putting in antennas.

MR. SORIANO: No.

ASSEMBLYMAN WISNIEWSKI: So in certain lanes or all the lanes or some of the lanes, in order to comply with the Mark IV specifications to integrate it, did that require moving things, redesigning things, widening things, changing things in any of the lanes?

MR. SORIANO: Well, it required getting wiring up in the canopies and putting up structures to hold the antenna. But in terms of its placement in a forward-backward direction, as you're driving into the lane, so where it sits, as you're coming into the lane -- if it's out front, is it in the middle, is it in the back. The physical placement of where that is in a lane geometry -- we refer to all the equipment, all lane geometry -- is solely up to the design/builder, not Mark IV.

ASSEMBLYMAN WISNIEWSKI: And I understand that. But what I'm saying is, as the project manager, are you aware, yes or no, whether or not lanes had to be modified in order to comply with the specifications of Mark IV. The information we have is that in order to expedite the process, the specifications were modified so that they fit into the toll booths, as opposed to modifying the toll booths to work with the equipment.

MR. SORIANO: No, I'm not aware of that at all. The specifications for Mark IV, that I'm aware of, is those antennas have to be at

a certain height. They need to be projected at a certain angle so that we can get the right caption.

ASSEMBLYMAN WISNIEWSKI: We understand that.

MR. SORIANO: All those specifications were met.

ASSEMBLYMAN WISNIEWSKI: What I'm saying is, you're saying that the specifications the manufacturer of the equipment had were complied to, to the letter.

MR. SORIANO: Correct. There is no-- To my knowledge, there is no leeway given in terms of--

ASSEMBLYMAN WISNIEWSKI: That's not what I'm asking. I'm not asking whether there was leeway. My question is, were these specifications complied with, because we have information that says they weren't?

MR. SORIANO: I believe they were.

ASSEMBLYMAN WISNIEWSKI: Okay. And as project manager, you would be in a position to know whether they were complied with.

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: Okay.

Assemblyman D'Amato.

ASSEMBLYMAN D'AMATO: Thank you, Mr. Chairman.

Sir, I haven't had the pleasure of meeting you before. What is your professional occupation?

MR. SORIANO: My occupation is consulting engineering. My particular background is in civil engineering and transportation.

ASSEMBLYMAN D'AMATO: And how long have you been employed by Parsons?

MR. SORIANO: About 10 years.

ASSEMBLYMAN D'AMATO: So if you-- When this project started in July of 1997, you had been with this project up until today.

MR. SORIANO: Actually, my involvement in the project, in terms of day-by-day and full-time, actually began in November of 1998, which was about five or six months after the design/build contractor actually came on. There was a previous project manager that had been on board.

ASSEMBLYMAN D'AMATO: And who was that man or woman?

MR. SORIANO: The name?

ASSEMBLYMAN D'AMATO: Yes.

MR. SORIANO: It's Bruce Podwal.

ASSEMBLYMAN D'AMATO: How do you spell his last name?

MR. SORIANO: P-O-D-W-A-L.

ASSEMBLYMAN D'AMATO: Is he still employed by Parsons?

MR. SORIANO: Yes, I believe he's down in Houston, Texas on another project.

ASSEMBLYMAN D'AMATO: But you would agree that Parsons has been involved with this project for about 56 months, if my math is right?

MR. SORIANO: Yeah. I haven't done that math, but you're probably right.

ASSEMBLYMAN D'AMATO: Now, did Parsons submit a response to a request for a proposal?

MR. SORIANO: Yes.

ASSEMBLYMAN D'AMATO: Who were your competitors?

MR. SORIANO: I don't remember. I believe there was either one or two other competitors. I'd have to get you that information.

ASSEMBLYMAN D'AMATO: The response that you submitted was to the Consortium?

MR. SORIANO: Yes. Well, it was for the lead agency, the New Jersey Turnpike.

ASSEMBLYMAN D'AMATO: All right. Do you still have a copy of that response to the request?

MR. SORIANO: Yes.

ASSEMBLYMAN D'AMATO: And in that response to the request for proposal, did Parsons offer any services regarding an analysis of the projected financing and potential revenues from this project?

MR. SORIANO: No.

ASSEMBLYMAN D'AMATO: Do you know if your competitors did?

MR. SORIANO: I don't know.

ASSEMBLYMAN D'AMATO: Did you have an opportunity to review their responses to the request for proposal?

MR. SORIANO: No.

ASSEMBLYMAN D'AMATO: Now, I'm a little confused of something. Is it your testimony that the original timeline was 15 months for the entire state?

MR. SORIANO: For the entire project to be completed, our original duration was supposed to be 15 months. The project should have been completed in 15 months.

ASSEMBLYMAN D'AMATO: That's for the entire state, all the highways?

MR. SORIANO: Everything.

ASSEMBLYMAN D'AMATO: Were you ever asked whether that was a reasonable timeline?

MR. SORIANO: I was never asked whether that was a reasonable-- Again, I wasn't on that project right at its very initial, but it has not ever become a topic since I've been on the job.

ASSEMBLYMAN D'AMATO: No one's ever asked you if that original timeline was a reasonable timeline? Is that what you're saying?

MR. SORIANO: No one's ever asked me that question.

ASSEMBLYMAN D'AMATO: Well, I want to ask you today. Do you think it's a reasonable timeline?

MR. SORIANO: In hindsight, no.

ASSEMBLYMAN D'AMATO: Why not?

MR. SORIANO: If you look at the amount of activity that had to take place on the project -- and again, I am answering this in hindsight-- We're dealing with very high-speed roadways, and probably the most traveled roadways in the State of New Jersey. So safety is always paramount.

And to try and construct a project -- to, first of all, do a design before you can even begin constructing, and then construct the amount of work you have to have at each plaza under traffic type of conditions-- To me,

the amount of workforce you would have to have out there would be a tremendous workforce, 500 or 600 people. I don't think you can do that effectively within a 15-month period of time. I think it would be very difficult to get that sort of, even, labor force from the union halls to be able to do that.

And I am speaking in hindsight. And maybe I would have thought differently back at the beginning of the project because no one had ever done that in New Jersey as of yet. But in hindsight, I think a 15-month duration was just not a doable schedule because of all the activity that would have had to take place.

ASSEMBLYMAN D'AMATO: Did Parsons have a responsibility to review the response to request for proposal submitted by MFS?

MR. SORIANO: Their actual response? No.

ASSEMBLYMAN D'AMATO: Do you know of any person or entity that had that responsibility?

MR. SORIANO: I believe you're talking about the process that went through in terms of selecting MFS.

ASSEMBLYMAN D'AMATO: Yes.

MR. SORIANO: We were not involved in the project at that point in time. I do not know who was responsible for the review of those documents.

ASSEMBLYMAN D'AMATO: You have no idea whatsoever?

MR. SORIANO: No.

ASSEMBLYMAN D'AMATO: Did you ever review MFS's response to the request for proposal?

MR. SORIANO: I personally, have-- If I've looked at it, I've looked at pieces of it. I probably never looked at the entire thing, only because it's very complex and encompassing. I believe people in my company dealing with the different elements of the job, have reviewed the response in that regard. It provides schedules and everything else. So schedules and everything else was part of our oversight.

ASSEMBLYMAN D'AMATO: Was Parsons aware that MFS did an analysis of the projected revenues from individuals paying the tolls and revenues from the prosecution of toll violators?

MR. SORIANO: We were never involved in the projection -- revenue projection or the funding of this particular project. So if it was in their proposal, we would have not reviewed it, because it was not part of our role to review the revenue stream that may have been in their proposal.

ASSEMBLYMAN D'AMATO: Was Parsons ever requested to bring in a consultant to do that analysis and review of the originally proposed financing and the toll violator prosecution scheme?

MR. SORIANO: No. Again, a lot of that activity, I think, was taking place during contract negotiations and prior to contract negotiations with MFS and in the State.

ASSEMBLYMAN D'AMATO: My colleagues here have asked some questions about this. I just want to ask one final question. Did Parsons ever receive, whether in writing, in E-mails, in fax, or verbal communication, either in person or on the telephone, any complaints, before coming here today, about these cost overruns from anybody?

MR. SORIANO: Again, where we differ, I think, is on the term of cost overruns. I do not believe there are cost overruns on the job. The ability to fund the job through revenues collected by APRs is where the deficits occur.

ASSEMBLYMAN D'AMATO: What's an APR?

MR. SORIANO: APR is actually the violation notice that gets sent out to a person who is a violator in the toll lanes.

ASSEMBLYMAN D'AMATO: Well, then let's get an answer to which-- I think you just rephrased my question. Did you ever receive -- not you personally, Parsons -- any communication from anybody about the, shall we say, miscalculation in the projected revenue, whether it's from people that are obeying the law, paying the toll, or, conversely, violating the toll?

MR. SORIANO: What we've been involved in, in terms of knowing, is how many APRs are being sent out each month, how many APRs are being collected each month, what is the outstanding amounts of APRs, whether that amount of money is reaching levels, in terms of some financial model. It has not been our role to oversee that, nor be involved.

ASSEMBLYMAN D'AMATO: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.
Assemblyman Ahearn.

ASSEMBLYMAN AHEARN: Yes, sir.

You mentioned, I believe earlier on, that this design/build contract concept is relatively new or unusual.

MR. SORIANO: It's new to New Jersey. I think it's been over the last five years where it's been used on a number of projects.

ASSEMBLYMAN AHEARN: And has Parsons been involved in supervising design/build contracts elsewhere?

MR. SORIANO: Yes.

ASSEMBLYMAN AHEARN: Was anyone at Parsons at all involved in the State's determining to use the design/build form of contract for this project?

MR. SORIANO: No.

ASSEMBLYMAN AHEARN: Do you know where that decision was made?

MR. SORIANO: It was made long before our involvement on the job.

ASSEMBLYMAN AHEARN: Okay. Within the context of what might be required to, I guess, finish the project, we kind of got the impression here that there was an issue between WorldCom and Mark IV with some proprietary information.

In the event that there's a cost involved unanticipated -- for example, Mark IV has to get personnel back involved to work with WorldCom as the integrator to resolve the issue, is that something, under the current contract, setup -- would New Jersey's taxpayers have to pay that additional cost? Is that something WorldCom would have to eat, out of its profits, as the integrator? How would that come to pass?

MR. SORIANO: That would not be something that would have to be paid for out of the project fund nor the taxpayers of New Jersey. It would be paid for strictly by WorldCom.

ASSEMBLYMAN AHEARN: Do you have any indication as to whether or not that may be why that hasn't happened yet?

MR. SORIANO: No. What I will say, and I don't want to make the impression that WorldCom and Mark IV are not currently working together. Whether they're sharing the information that needs to be shared, I don't know. But they are working together in terms of the retuning of the lanes along the Garden State Parkway. Tuning of the lanes is one method to help increase the ability to read tags and, hopefully, should have an effect on reducing the inappropriate no tag reads that we're having. And that is something that Mark IV is doing, and it is something that WorldCom is paying them to do. And those payments are not being paid for out of the Consortium's fund.

ASSEMBLYMAN AHEARN: And that's in process now?

MR. SORIANO: That's in process now. That's correct.

ASSEMBLYMAN AHEARN: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Assemblywoman Stender, did you have a question?

ASSEMBLYWOMAN STENDER: On a separate subject, the issue of the Customer Service Center--

MR. SORIANO: Yes.

ASSEMBLYWOMAN STENDER: Now, you had a role in terms of overseeing that, as well?

MR. SORIANO: We had an extremely limited role in dealing with the Customer Service Center. Our only role was to, again, help assist the authorities as they developed their business plans in terms of how the

customers would be treated. But the actual work in the service center on the actual physical servicing of the customers, we had no role in that whatsoever.

ASSEMBLYWOMAN STENDER: So does that mean that you helped them design the system that was supposed to respond?

MR. SORIANO: Certain things, like databases, needed to be built, databases to capture all this information. And we certainly would have had input as to what sort of databases are being created, and is that the right database and the right information to collect. That's all in the development of the database for it. But the actual service center operations, the customer calls and stuff like that, we've had no input into that.

And other Consortium people have been involved with the service center, but our role has been very, very, very minimal in that area. I've had people at the Violation Processing Center monitoring the Violation Processing Center, but a very minimal role at the service center.

ASSEMBLYWOMAN STENDER: So if you were involved with the database gathering, wasn't that inherently part of the problem with the customer service? I mean, all these people were getting violation notices. It had to be something in the database, as well.

MR. SORIANO: No. The Customer Service Center doesn't deal with the violations. It is the Violation Processing Center that deals with the violations. And the Violation Processing Center is not working up to performance. And it has not in the past, and it does not today. And part of the reason some of our customers, or a lot of our customers, receive inappropriate APRs is strictly because the performance there is not good. And they should not receive APRs. The back office-- Regardless of how bad or how

good those lanes are functioning, the back office should effectively screen out E-ZPass customers. And their E-ZPass customers should not get an inappropriate violation. And that is the responsibility of the Violation Processing Center, not just to process violations that are valid, but also determine the invalid ones and make it transparent to our clients and charge the appropriate toll, but to not put them through the process of sending them a violation that they're not responsible for.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblywoman.

Mr. Soriano, just a couple of follow-up questions about Mark IV. We started talking about Parsons's review or involvement with Mark IV. I'm correct in that Parsons was not called upon to review the arrangement between the Consortium and Mark IV?

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: So the decision to procure equipment from Mark IV was totally outside any area that Parsons was contracted to oversee.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: This was just a matter to be implemented as part of the design/build contract.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: So your role, with regard to Mark IV, was simply working to make sure that it got implemented correctly.

MR. SORIANO: Correct.

ASSEMBLYMAN WISNIEWSKI: Would that involve having an understanding of the specifications for the Mark IV equipment?

MR. SORIANO: Specifications in terms of height-angle installations sort of specifications -- not specifications dealing with electronics in their reader.

ASSEMBLYMAN WISNIEWSKI: But you would have-- Parsons Brinckerhoff would have an understanding on -- and put it in laymen's terms -- the transponder needs to be here and the antenna needs to be there, and all that stuff.

MR. SORIANO: Absolutely. We would know where it had to go and whether it was put in the right place.

ASSEMBLYMAN WISNIEWSKI: Now, as part of your role in this contract, did Parsons Brinckerhoff go out and inspect that placement and, essentially, provide a sign-off saying that in each of these lanes, at each of these plazas, this equipment is installed correctly?

MR. SORIANO: What happens in each lane is Mark IV actually tunes their antenna. And by tuning it, let's say, puts the--

ASSEMBLYMAN WISNIEWSKI: The question is, does Parsons go out and check up to make sure this is installed correctly?

MR. SORIANO: We have, but we don't do that in every lane, because Mark IV provides the certification for the lane. Mark IV will tell us is it hung right, is the angle right, is it in the right spot. And then we'll know the discrepancy. It might not warrant a lane. They might say, "Hey, the height of that antenna in that lane is out of spec." We will--

ASSEMBLYMAN WISNIEWSKI: Who would say that?

MR. SORIANO: Mark IV would, in a report that they would issue. And then we would--

ASSEMBLYMAN WISNIEWSKI: So basically, they self-police the installation of their equipment. Mark IV would go out and say, "Yes, in lanes one through ten, it was installed correctly. In lane 11, it wasn't. And here are the problems."

MR. SORIANO: Mark IV warrants the readability of their equipment. And I believe the warrant to the Consortium on this job is 99.95 percent. But in order to get that warrant, they need to do that certification. So, yes, they do go out and measure and certify that.

ASSEMBLYMAN WISNIEWSKI: And Parsons's role, with regard to those certifications, is to provide oversight?

MR. SORIANO: Is to review them and make sure that the lanes have met spec according to that particular--

ASSEMBLYMAN WISNIEWSKI: But when you say to make sure the lanes have met spec, you're not going out and looking at the lanes. You're looking at the certification provided by Mark IV.

MR. SORIANO: I'm looking at the report. And if the report is out of spec, then I would make sure that Adesta or WorldCom addresses that particular issue.

ASSEMBLYMAN WISNIEWSKI: But if the reports were, for some reason, inaccurate or incomplete, you wouldn't know whether a lane was out of spec.

MR. SORIANO: That's correct. However, I have done my own independent surveys.

ASSEMBLYMAN WISNIEWSKI: As an audit of--

MR. SORIANO: Just as a third-party check on a number of lanes. They have not done them on all the lanes -- only to get a third party to look at it and see what we're dealing with and see what's inaccurate. So we have done that, as well.

ASSEMBLYMAN WISNIEWSKI: And in those third-party checks, or perhaps an audit of what Mark IV has done, what have you found?

MR. SORIANO: There's been some discrepancies, but not discrepancies that you would not expect. Let's face it, sometimes two people take a measurement, and they both come up with a different answer because someone might have made a mistake.

ASSEMBLYMAN WISNIEWSKI: But incorrect measurements could result in transponders not working correctly.

MR. SORIANO: Absolutely. Now, if there's an incorrect measurement, and two people don't agree, you need to get it resolved, of which that has been resolved.

ASSEMBLYMAN WISNIEWSKI: And just one other follow-up question along those lines-- Oh, I'll get to that later. I know Assemblyman D'Amato has a question.

ASSEMBLYMAN D'AMATO: Thank you, Mr. Chairman.

During the some 56 months that Parsons has been involved in this project, did the employees have either weekly or monthly meetings -- staff meetings to review the progress of the project?

MR. SORIANO: Actually, through the duration of the project, there has been weekly meetings. There were weekly meetings, which we called

policy meetings, which included not only Consortium staff, as well as Parsons staff, but also, in the past, MFS staff, Adesta staff, and WorldCom staff.

In addition to those meetings on a regular basis, there's a whole multitude of meetings dealing with the details of the technology issues that are out there, the engineering issues. So, on any given day, there's ongoing meetings all the time dealing with each and every issue that needs to move forward.

ASSEMBLYMAN D'AMATO: But they were-- You're saying weekly meetings.

MR. SORIANO: Yes, there were weekly policy meetings held--

ASSEMBLYMAN D'AMATO: And everybody-- I'm sorry, I cut you off.

MR. SORIANO: --held both with the Consortium and with the design/builder.

ASSEMBLYMAN D'AMATO: Did Parsons have staff that took notes of what was said at those meetings?

MR. SORIANO: Yes.

ASSEMBLYMAN D'AMATO: And if the Chairman wanted those notes, you would provide them to the Chairman?

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: The Chairman wants those notes. (laughter)

ASSEMBLYMAN D'AMATO: And these would be the notes of the meetings with the Consortium, as well as -- well, everybody, in fact, right?

MR. SORIANO: We have minutes of the meetings dealing with all the issues: technology, policy. It's a lot of paper, but we can get it for you.

ASSEMBLYMAN D'AMATO: Fine.

One final question. Has a deposition been taken of any employee of Parsons relative to this E-ZPass project?

MR. SORIANO: No.

ASSEMBLYMAN D'AMATO: Okay.

Mr. Chairman, I failed to recommend to you that perhaps this Committee would want to see the Parsons response to the proposal -- request for the proposal. He mentioned he had it, but I didn't ask him to supply it to you.

ASSEMBLYMAN WISNIEWSKI: Okay. We would ask that that be supplied to the Committee.

MR. SORIANO: A copy of our response to that request?

ASSEMBLYMAN WISNIEWSKI: Response to the request for proposal first issued by the Consortium.

ASSEMBLYMAN D'AMATO: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Mr. Soriano, I wanted to just go to another issue that was raised, and that is continuation of the work. And I think that's a big issue. One of the items testified to at our last hearing, by WorldCom, was that they had wanted to proceed in continuing to install the E-ZPass on the Parkway. They were asked not to, according to WorldCom, because of a minuscule number of bad reads going through lanes. They were asked to not proceed. Are you aware of that decision to ask them not to proceed?

MR. SORIANO: Their stoppage, from what we refer to as commissioning -- that's what they're looking to move forward with is commissioning -- dates back, I believe, to November. And the reason for that stoppage dealt with the fact that data was not coming out of the lanes. We're not just talking a few transactions. We're talking data associated with the ability of the agency to complete their audits in a timely manner. And their audits are paramount. So a stoppage to commissioning was put on hold back then. WorldCom has been working forward to meet the conditions in order to get back to commissioning. I believe what WorldCom referred to the other day was at a meeting that, I believe, occurred two weeks ago or a week ago, where it appeared that all the data is coming out of the lanes. But, for whatever reason, someone had pulled three reports. And I think it indicated seven transactions, out of the lane, that there appeared to be data missing.

And the concern from the Consortium's side was, if these three reports indicate that this data is missing, we need to really do a big -- a system-wide check here and make sure this is not symbolic of something bigger that might be out there. And that's what the Consortium's been going through.

Now, maybe that resulted in only the six pieces of data missing out of two million, but again, I think it was prudent, before we move forward, to make sure it wasn't inherent of a bigger problem.

Are we at the point, at this point in time, to say, from a technological standpoint, are we ready to start commissioning again? We're just about at that point, yes.

ASSEMBLYMAN WISNIEWSKI: Your answer used a lot of terms that I'm not sure we all understand.

MR. SORIANO: Okay.

ASSEMBLYMAN WISNIEWSKI: Explain to me the difference between commissioning a lane and building the infrastructure -- putting the parts in a lane.

MR. SORIANO: We do the construction of full deployment in two stages. We put all the parts in the lane. And then when all the parts are in the lane, we go out at night, when we're ready to commission, and we tear the stuff out of the booth and put the new stuff in the booth.

So, when we refer to commissioning, it's really that night work, lane by lane, where we tear the old stuff out of the booth, put the new stuff in the booth. And at that point on, we are now operational under a full deployment mode.

ASSEMBLYMAN WISNIEWSKI: So what is it that WorldCom is saying they've been stopped from doing?

MR. SORIANO: That night work, which is changing out that booth equipment, putting the new booth equipment in and then fully converting over to their system.

ASSEMBLYMAN WISNIEWSKI: Okay. Now, how does that match up? We've been told that there are a number of lanes on the Parkway that have still not had E-ZPass installed, in that there is some -- I think the number that was given to us -- \$50 million of work left to finish fully installing E-ZPass as contemplated. Is that simply commissioning work, or is that construction work and the commissioning work?

MR. SORIANO: Well, commissioning work is dealing with the lanes and elements like that. There's still signage work that remains to be

done. There's access control that needs to be installed at each one of the plazas. There's 24-hour DDM surveillance that still is not yet complete. So there's a lot of elements on the job that are not complete that are in that \$40 million.

ASSEMBLYMAN WISNIEWSKI: But I guess the question specifically is, when I drive through the Raritan Toll Plaza, not every lane is E-ZPass accessible. My understanding is that the way the project was designed to be implemented in 15 months was to have each of those lanes E-ZPass accessible.

Now, we've heard testimony saying that it would take \$50 million to finish completing E-ZPass. My assumption is, when I hear that, having each lane have E-ZPass. Is that what you understand?

MR. SORIANO: Yeah, it's \$50 million to complete the project. And, yes, when the project is complete, every lane will have E-ZPass.

ASSEMBLYMAN WISNIEWSKI: Okay. So the work that WorldCom was told not to proceed with, what was that work?

MR. SORIANO: That work was strictly the commissioning in the lanes to change out the booth equipment.

ASSEMBLYMAN WISNIEWSKI: Does that mean they're still engaging in the construction work?

MR. SORIANO: They're still engaging in some lane construction work, yes.

ASSEMBLYMAN WISNIEWSKI: Okay. So, there's an important distinction when they say they were asked to stop working between

the commissioning, which actually makes the lane operational, and the hard construction that puts the infrastructure in the lane.

MR. SORIANO: Absolutely. The only thing that they can't proceed on is the commissioning.

ASSEMBLYMAN WISNIEWSKI: Now, where does the project stand in terms of actually the hard construction for each of the lanes? I mean, there are three toll ways in the state: the Atlantic City Expressway, the Garden State Parkway, and the Turnpike. If you could break it down for us between those three toll roads--

MR. SORIANO: For the New Jersey Turnpike, we've commissioned 16 lanes. So, all the booths, equipment, everything else, has been fully installed in 16 lanes.

ASSEMBLYMAN WISNIEWSKI: You're saying for the entire length of the Turnpike, there are only 16 lanes that have E-ZPass?

MR. SORIANO: No, there are only 16 lanes that are fully commissioned for full deployment. Remember we talked about the Phase I implementation of dedicated lanes only? So, on the New Jersey Turnpike, we have 167 dedicated E-ZPass lanes that have been fully functional since September of 2000.

What we are in the process of, is developing the full deployment component of the job, which is E-ZPass in every lane. Right now, on the New Jersey Turnpike, we have commissioned only 16 lanes.

ASSEMBLYMAN WISNIEWSKI: And how many are left to go?

MR. SORIANO: We have 277 ready to be commissioned, which means we need that nighttime work to change the booth equipment out.

ASSEMBLYMAN WISNIEWSKI: And how many are left to be constructed?

MR. SORIANO: And then after that, that would leave us with approximately 70 lanes that still need some work out in the lanes.

ASSEMBLYMAN WISNIEWSKI: Okay. It sounds like there's quite a bit of work left.

MR. SORIANO: Well, that's the four to six month duration of time I've given in order to complete the project.

ASSEMBLYMAN WISNIEWSKI: Well, I think you said there were 165 lanes that are deployed.

MR. SORIANO: There's 365 lanes on the Turnpike. Sixteen are commissioned, 277 are ready to go. So, that brings you to, what, 293, which means that I have 68 lanes that still need some work -- out, physically -- in the lane before we can start the commissioning process.

ASSEMBLYMAN WISNIEWSKI: And how many lanes are actually working right now?

MR. SORIANO: There's 167 dedicated lanes on the Turnpike.

ASSEMBLYMAN WISNIEWSKI: Right. So there's almost the same number of lanes to go as are already there dedicated.

MR. SORIANO: No, no. When I'm using the words lanes ready for commissioning, even though I have dedicated lanes out there running right now, they're not running in a full deployment mode. They don't have all the equipment that we envisioned under this job. So, those lanes, even though they've been operating E-ZPass, still need to be commissioned for full deployment.

ASSEMBLYMAN WISNIEWSKI: Okay. So, in terms of the Turnpike, break it down this way for me.

MR. SORIANO: Okay.

ASSEMBLYMAN WISNIEWSKI: What percentage of the job is done, and what has to be done in terms of percentages? Is it 50 percent complete? Is it 75 percent complete? It sounds to me that you've got lanes that work but aren't fully complete, and you have lanes that don't work, that are complete, but ready to be-- I mean, it just--

MR. SORIANO: If you're asking me a guesstimate, without working up some numbers, I'd say we were roughly between 80 and 85 percent complete on the Turnpike.

ASSEMBLYMAN WISNIEWSKI: All right. It's a surprising number, given the description of the work that you have to do just on the Turnpike. It's a surprising number.

MR. SORIANO: The lane commissioning process will not take that long. The big component of the construction is to get the lane work done. The actual physical work to change out the equipment in the booth-- We handle six lanes in a particular evening. So that goes fairly quickly.

ASSEMBLYMAN WISNIEWSKI: All right. That's all the Turnpike.

MR. SORIANO: That's the Turnpike.

ASSEMBLYMAN WISNIEWSKI: How about on the Parkway?

MR. SORIANO: On the Parkway, out of 340 lanes, we've commissioned 167. That's fully completed lanes, as we envisioned, for full deployment of this project.

ASSEMBLYMAN WISNIEWSKI: Are those mixed mode lanes or dedicated?

MR. SORIANO: They have the capability of running in mixed mode, but we are not running them in mixed mode. Like I said, from the Raritan Plaza North, every single lane on the Parkway is fully equipped and able to handle an E-ZPass transaction. It's not operating that way, but it is fully equipped to to do that.

ASSEMBLYMAN WISNIEWSKI: Okay. So, you have 340 lanes, 167 commissioned -- fully deployed.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Leaving the balance--

MR. SORIANO: We have 134 lanes that are ready to be commissioned. That's the work that WorldCom had suggested that they wanted to proceed with the other day, which gives you a number of 301 lanes that are at that point, which means we have about 39 lanes that still need some work, physically, in the lane, before we can commission.

ASSEMBLYMAN WISNIEWSKI: Okay. And then with regard to the Atlantic City Expressway--

MR. SORIANO: The Atlantic City Expressway -- the actual design and construction of the Atlantic City Expressway was a separate contract -- not associated with the Consortium. That's fully completed.

ASSEMBLYMAN WISNIEWSKI: So the work that remains is simply on the Parkway and Turnpike?

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Would you agree with the number that was given to us in terms of the value of the work that has to be done?

MR. SORIANO: That they roughly have \$40million or \$50 million to-- It's probably somewhere around that \$40million to \$50 million. I'll tell you, the project fund, in terms of what they've all been paid, is \$26 million -- is left in the project fund. They have a real cost of \$40 million to \$50 million to complete that work.

ASSEMBLYMAN WISNIEWSKI: So, there's a hard cost of \$40 million to \$50 million to finish the work in the contract, and there's \$24 million left in the project fund.

MR. SORIANO: Twenty-six million dollars.

ASSEMBLYMAN WISNIEWSKI: Twenty-six million dollars.

MR. SORIANO: That covers those elements of work.

ASSEMBLYMAN WISNIEWSKI: So there would be a shortfall of \$24 million if it was a \$50 million cost.

MR. SORIANO: Yeah. I don't know what their number is. They use \$40 million or \$50 million. They would have to make up that shortfall of \$24 million.

ASSEMBLYMAN WISNIEWSKI: So would you agree with me that once there is full deployment, and this contract is finished, there would be a cost overrun of \$24 million, assuming it's a \$50 million cost to install it?

MR. SORIANO: It's not a cost overrun to the State of New Jersey. It's a cost overrun to WorldCom.

ASSEMBLYMAN WISNIEWSKI: Well, I don't think that WorldCom is going to gratuitously put up \$24 million.

MR. SORIANO: No, I think WorldCom has said that they will finish this particular project, and we will pay them in accordance with the project amount, which is \$26 million. WorldCom has not come to us and asked us for \$40 to \$50 million to finish this particular project.

ASSEMBLYMAN WISNIEWSKI: Have they said they won't?

MR. SORIANO: No, they haven't come up to me and said, "I won't ask you."

ASSEMBLYMAN WISNIEWSKI: Okay. So they may.

MR. SORIANO: Anything is possible.

ASSEMBLYMAN WISNIEWSKI: Okay.

Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Mr. Chairman, I thought that one of the issues in front of us is that we have a contract that says that they get paid no matter -- that if the system can't pay the contract, that the State still has to pay them anyway, which I-- I'm confused, because the information so far makes it sound like no matter what it ends up costing them to do the work -- if it cost them to do the work -- then we're going to be responsible.

ASSEMBLYMAN WISNIEWSKI: Well, I could not imagine somebody coming in to finish the work that cost \$50 million and doing it for half price. So, I would imagine that there's going to be some dispute or some work not being done as a result of the fact that there's only \$24 million -- or \$26 million left in the fund, and there's \$50 million worth of work.

MR. SORIANO: I mean, WorldCom has acknowledged to us that they need to put money into this project -- their own money. Whether it's to the levels that you're talking about, whether their number of \$40 million or \$50 million is correct or not, I don't know. They have acknowledged that they need to put money into this project, which I read that as their own money. They had not come forward and said, "We need additional moneys to be paid for the work remaining on this particular project."

ASSEMBLYMAN WISNIEWSKI: And that number is, again, above the contingency fund that was built into the contract? You said there was a \$30 million contingency fund built into the contract.

MR. SORIANO: Yes, if they were to ask for the difference between the \$40 million or \$50 million and our \$26 million, that would be above and beyond what's left in the contingency.

ASSEMBLYMAN WISNIEWSKI: I think you said there's only \$4 million left.

MR. SORIANO: Yes, it's \$3 million or \$4 million or something like that.

ASSEMBLYMAN WISNIEWSKI: So, would you agree with me that when all is said and done, whether you want to term it an overrun or anything like that, the project is costing more than was anticipated when it started?

MR. SORIANO: It's costing more to this design/builder, yes.

ASSEMBLYMAN WISNIEWSKI: Now, in terms of the completion of the contract, we already heard from Assemblyman D'Amato, a question of whether or not 15 months was a reasonable amount of time. And

in retrospect, clearly, it wasn't. What is a reasonable amount of time, as we sit here today, to expect the completion of the contract?

MR. SORIANO: The completion of the contract, from a construction standpoint, would be four to six months. From a final acceptance standpoint, I don't want to guess at that one. Final system acceptance involves all the functionality in the lanes, meeting the criteria that we want it to meet. And right now, knowing the issues that we have out in the lanes, I can't estimate what that time frame is to fix that. But physical construction is probably four to six months.

ASSEMBLYMAN WISNIEWSKI: Earlier, when we were talking about the time frame to complete the work-- And, in fact, when I was asking the questions about the lanes that are in use and commissioned, you kept talking about two-stage deployment. Explain what that means. First of all, what is a two-stage deployment?

MR. SORIANO: I'm assuming that you're asking the Phase I implementation where we opened the project for E-ZPass. That was the first phase.

The second phase is really the full deployment phase. When we opened the job under Phase I for dedicated E-ZPass, we opened it strictly for people that wanted to use E-ZPass in a particular lane. It was strictly designed at that point in time-- It was envisioned to strictly read a tag, charge the appropriate account of that toll. So if someone signed up for an E-ZPass account and said, "I have a passenger car," they would have mounted that car. It would have read that tag. It said, "Okay. That tag number is this. That means it's a passenger car. We will charge it a toll."

Under full deployment, we need to classify vehicles. You can't take a tag that you signed up for in a car and put it in a truck. So, there we actually, under full deployment, analyze the type of vehicles that's passing through the lane, make a determination of the type of vehicle, and then charge the appropriate toll and see if it's matching with what's on that appropriate account. There's a lot more functionality and a lot more equipment.

So, Phase I was strictly a very, very simple -- what we refer to as an AVI stage, which was automatically read the tag. Full deployment is everything that was envisioned on the contract, including vehicle classification.

I will tell you, we went very quickly from the equipment that we had in the lane under AVI and did start classifying vehicles. So we actually got more out of phase deployment than what we envisioned. But we have been classifying vehicles for quite some time.

ASSEMBLYMAN WISNIEWSKI: The two-stage deployment-- Am I correct that that is a modification from the original intent of the design/build contract?

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: The original intent was to do the entire deployment all at once.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Do you have an understanding why there was a change made, what necessitated that change?

MR. SORIANO: I think there was a lot of concern to get E-ZPass up and running in the State of New Jersey to handle the patrons along the Parkway and the Turnpike. I think it was recognized that full deployment was

going to take longer than what was envisioned. We analyzed what can we get up and running and get functional in a phased operation. I believe other systems had to open somewhat in a phased operation, as well. So, we took that same approach and said, "How do we open this project under a phased operation?" And that was the system that we came up with.

ASSEMBLYMAN WISNIEWSKI: So, would you characterize the original intent of the contract as being somewhat overambitious, since it seems that all of the other projects went in a phased installation, and New Jersey's called for all at once?

MR. SORIANO: Today, in hindsight, it certainly was ambitious.

ASSEMBLYMAN WISNIEWSKI: At the time you got involved, did it seem overambitious?

MR. SORIANO: Again, I don't-- Myself, I have not looked, nor were we asked at that particular time frame whether that was not doable. I think it became very apparent very quickly that the schedule was not going to be met.

ASSEMBLYMAN WISNIEWSKI: The implementation of a two-stage deployment-- When was the decision made to modify the contract to go to two-stage?

MR. SORIANO: I believe that was in-- Just one second.

I believe during March-April of 1999. Let me make sure. I believe it was around June of 1999 where an amendment was processed with, then Adesta, to do phased implementation.

ASSEMBLYMAN WISNIEWSKI: And what involvement did Parsons Brinckerhoff have in advising, observing, reporting on the status of the project that resulted in the contract being changed?

MR. SORIANO: Every week at our policy meetings, we always report on the status of construction and indicate whether the construction is behind or ahead of schedule. And construction had been noted, as well as design, being well behind schedule a lot prior to that. The Consortium looked at, "How can we implement phased-- How can we implement a phased deployment of E-ZPass," and recognizing the fact that we were -- the design/builder was behind schedule.

ASSEMBLYMAN WISNIEWSKI: Is that a recommendation of Parsons?

MR. SORIANO: Parsons was asked, along with Howard Needles, to prepare a--

ASSEMBLYMAN WISNIEWSKI: Who's he?

MR. SORIANO: Howard Needles is another engineering company -- or consultant for -- general consultants to the New Jersey Turnpike.

ASSEMBLYMAN WISNIEWSKI: Could you spell that?

MR. SORIANO: Okay. Howard is obvious. Needles is, N-E-E-D-D-L-E-S.

ASSEMBLYMAN WISNIEWSKI: They are a consulting--

MR. SORIANO: They are a general consultant to the New Jersey Turnpike.

ASSEMBLYMAN WISNIEWSKI: Consulting engineering firm?

MR. SORIANO: Yes. They were asked, along with us, to look at a phase deployment approach to E-ZPass and what would we recommend or see as a possibility for a phased deployment.

ASSEMBLYMAN WISNIEWSKI: Who asked?

MR. SORIANO: That was asked by the Consortium for us to put together that report.

ASSEMBLYMAN WISNIEWSKI: And the Consortium operated through the Turnpike and Ed Gross?

MR. SORIANO: The Turnpike and Ed Gross. That's correct.

ASSEMBLYMAN WISNIEWSKI: Okay. There was a request made to Parsons and Needles to look at a phased deployment.

MR. SORIANO: That's correct.

ASSEMBLYMAN WISNIEWSKI: Now, clearly a recommendation came back recommending a phased deployment.

MR. SORIANO: Yes. We prepared a report and a presentation as to what we thought could be implemented on the phased deployment, what would be the risks associated with it in terms of operation.

ASSEMBLYMAN WISNIEWSKI: And clearly, in a phased deployment, the work of Parsons Brinckerhoff would then be longer.

MR. SORIANO: Any extension of the contract would make our work longer. Sure.

ASSEMBLYMAN WISNIEWSKI: Okay.

The report that was prepared that recommended the phased deployment, is that something you can make available to the Committee?

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

Going back to the issue of the contract, when the Acting Executive Director, Diane Scaccetti, was here in front of us, it seems to me that she said that each year the Turnpike Authority's been putting aside money to pay for the contract, which makes it sound like they were anticipating that they're going to be paying more than was bonded for. But you're saying that WorldCom's finishing the contract without extra payment.

MR. SORIANO: Again, there's no additional cost of the project. The ability to pay off the bonds through revenues collected from both fiber and APRs is less than what was envisioned in the financial model. I don't want to speak for Diane, but maybe the agencies, and I'm not privy to that, are setting up a fund to realize that there might be a shortfall.

ASSEMBLYWOMAN STENDER: I guess the issue is that the revenue is -- the bidders helped define the plan that would create the revenue source to pay off the project. But that's not working, and they get paid anyway.

MR. SORIANO: I'm sorry, can you--

ASSEMBLYWOMAN STENDER: Well, if the bonding was set up -- the financing was set up based on revenue being generated from the system, and the contractor is the one that designed this scheme-- The fact of the matter is that, apparently, the way the contract is written, whether or not the financing works, they get paid anyway.

MR. SORIANO: Yes. Again, I wasn't involved in that. I really can't speak to that portion of the contract.

ASSEMBLYWOMAN STENDER: Okay. Thank you.

ASSEMBLYMAN WISNIEWSKI: Going back to the modifications of the contract--

And I know, Assemblyman D'Amato, you have a question.

ASSEMBLYMAN D'AMATO: Just one.

ASSEMBLYMAN WISNIEWSKI: But just let me ask this question first.

Going back to the modification that was in June of '98, which was roughly three months after the contract was signed--

MR. SORIANO: I believe it was June of '99, if you're talking phase deployment.

ASSEMBLYMAN WISNIEWSKI: Ninety-nine. Okay. So there's about a year and three months after the contract was executed. Was that the first change to the contract?

MR. SORIANO: That was the first major amendment to the contract. I believe there were some letter agreements that had been executed between the two parties, dealing with the operation of the Violation Processing Center, which had been delayed. But the amendment, I think, of June of '99 was the first major amendment dealing with an issue like phase deployment.

ASSEMBLYMAN WISNIEWSKI: Now, in terms of Parsons's role in reporting as a consultant -- as project manager to the Consortium, who specifically was it at the Turnpike that Parsons would report to?

MR. SORIANO: Again, the way we were organized -- and talked about our committees -- I interfaced directly with the project director and the deputy project manager.

ASSEMBLYMAN WISNIEWSKI: And their names?

MR. SORIANO: Carol Hollows, who was the project director.

ASSEMBLYMAN WISNIEWSKI: Hollows is spelled?

MR. SORIANO: H-O-L-L-O-W-S.

ASSEMBLYMAN WISNIEWSKI: She was the project manager?

MR. SORIANO: She was the project director.

ASSEMBLYMAN WISNIEWSKI: Director.

MR. SORIANO: She was reporting to Jim Weinstein, the Commissioner of Transportation. Her deputy is Stan Ciszewski of the Highway Authority.

ASSEMBLYMAN WISNIEWSKI: Can you spell that?

MR. SORIANO: Don't ask to spell his name. (laughter)

ASSEMBLYMAN WISNIEWSKI: I think I might be able to figure that one out.

MR. SORIANO: As well as we reported to any of the executive directors that may have had a question.

ASSEMBLYMAN WISNIEWSKI: So there were times when you reported directly to Ed Gross.

MR. SORIANO: Oh, yes. Definitely. Ed would call me and ask questions, as any other executive director might call and ask a question.

ASSEMBLYMAN WISNIEWSKI: Were there times where you received calls from the Executive Director instructing you to do things or carry out certain tasks?

MR. SORIANO: Yes, I'm sure there was. I don't recollect specifically to ones offhand. And maybe this phase deployment was one of them. But yes, I did receive direction to do things.

ASSEMBLYMAN WISNIEWSKI: Now, during the course of this contract, the Commissioner of Transportation changed several times. Initially, it was under Commissioner Wilson.

MR. SORIANO: I believe, when the contract was being first advertised for a design/builder and during the negotiations, was under Frank Wilson. Yes.

ASSEMBLYMAN WISNIEWSKI: And what involvement did Parsons have in discussions with Commissioner Wilson or discussions about this contract with Commissioner Wilson?

MR. SORIANO: We had no involvement, at that point in time, with this project or Frank Wilson, on this project.

ASSEMBLYMAN WISNIEWSKI: Okay.

Assemblyman D'Amato.

ASSEMBLYMAN D'AMATO: Thank you, Mr. Chairman.

You told the Chairman that the Turnpike Authority had its own consulting engineers, is that correct, for this project?

MR. SORIANO: No, the Turnpike, as every agency has, has a general consulting engineer that they work with to deal with all matters associated with the agency. Howard Needles acts as a general consultant to the

New Jersey Turnpike in that capacity, not for this particular project but just as an oversight -- as a role as general consultant on all their projects.

ASSEMBLYMAN D'AMATO: But he has his own firm, correct?

MR. SORIANO: Yes.

ASSEMBLYMAN D'AMATO: All right. Was there an equivalent to this gentleman for the Parkway Authority or the Atlantic City Expressway Authority?

MR. SORIANO: An equivalent firm?

ASSEMBLYMAN D'AMATO: SJTA?

MR. SORIANO: Yeah, SJTA would have a general consultant. I don't know their name.

ASSEMBLYMAN D'AMATO: Did you ever have any dialogue with that--

MR. SORIANO: No, no, no. They were not involved in this project at all.

ASSEMBLYMAN D'AMATO: How about the Parkway Authority?

MR. SORIANO: The Parkway Authority, neither.

ASSEMBLYMAN D'AMATO: From the time you became involved in this project up until this moment, whom do you report to in the Parsons organization?

MR. SORIANO: Who do I report to directly?

ASSEMBLYMAN D'AMATO: Yes.

MR. SORIANO: My specific boss is the regional manager out in New York City. Give you his name?

ASSEMBLYMAN WISNIEWSKI: Yes, please.

MR. SORIANO: Michael Francese, F-R-A-N-C-E-S-E.

ASSEMBLYMAN D'AMATO: And did you, on a periodic basis, advise this gentleman in writing as to the status of this project?

MR. SORIANO: We've talked about this project many, many times, but our relationship, I guess, is somewhat informal. We don't necessarily write documents to each other other than report verbally to each other on the status of this project and other projects, as well.

ASSEMBLYMAN D'AMATO: You said not necessarily, but if I can-- The question is, did you ever advise him in writing from the time you became involve in this project up until this moment?

MR. SORIANO: Not-- I will check but not that I remember.

ASSEMBLYMAN D'AMATO: You will advise the Chairman if you find something?

MR. SORIANO: Yes, I will.

ASSEMBLYMAN D'AMATO: Okay. Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Any other questions from members of the Committee? (no response)

I just have a couple of follow-ups.

The recent contract extension for approximately \$700,000, is that intended to take Parsons through the four to six month period that you, I think, said would complete this contract?

MR. SORIANO: That was not intended to take this project through its completion. That particular amount was based upon a request made to me that said, assuming this design/builder were to finish in earnest, starting again in March, what would be the services necessary to continue through the end of April. And that's how that \$700,000 figure came about.

ASSEMBLYMAN WISNIEWSKI: So, would it be a correct assumption that should this work then continue through completion, Parsons would be looking for an additional amendment to the contract?

MR. SORIANO: There would be additional services that would be necessary that we would negotiate. Yes.

ASSEMBLYMAN WISNIEWSKI: And is there an anticipated cost?

MR. SORIANO: I don't know what that cost is.

ASSEMBLYMAN WISNIEWSKI: What would it be predicated on?

MR. SORIANO: It would be predicated, again, on the activity and the amount of time. And again, there's a lot of work to be done to put this job through final system acceptance, a lot of inspections. So, if someone were to say, "He's going to be done -- this design/builder will be done in June, and we will close out this project in August," I will then know the amount of time and the amount of effort to get that work done.

ASSEMBLYMAN WISNIEWSKI: Is there any money being saved right now by the Consortium because the commissioning has stopped?

MR. SORIANO: Yes, absolutely. I'm not spending my dollars to the levels that I would say I would have anticipated when we drew up that

particular contract, because this design/builder has not moved forward with commissioning at this point in time.

In other cases, I had spent dollars doing additional testing that is necessary to try and resolve this issue in the lanes that we might not have figured we had to do. But I would not expect those moneys to run out in the end of April.

ASSEMBLYMAN WISNIEWSKI: We spent a fair amount of time talking about installation of the Mark IV equipment in the toll lanes and Parsons's role in overseeing that. One of the things we did not talk about was the service center and the Violations Processing Center, which, as I understand it from your opening statement, was part of the oversight or the project managerial role that you were to oversee.

MR. SORIANO: Yes. Again, on the service center side, we had a very minimal role, and it's been more of a role on the Violation Processing Center service center side. Basically, we had not been up there, nor was it requested to monitor the day-to-day activities going on at the service center.

ASSEMBLYMAN WISNIEWSKI: Well, what was anticipated to be your function -- Parsons's function with regard to the service center?

MR. SORIANO: Again, Assemblyman, strictly to act as an extension of the staff. And the level of effort, in many of those cases, is being determined on how a particular portion of the job is moving forward. And the service center becoming operational became operational on time. So the level of oversight that was being done by us in that regard was minimal. That's not to say that there were a lot of people within the Consortium agencies

themselves that spent a lot of time doing oversight, but our particular role in oversight of that service center was minimal.

ASSEMBLYMAN WISNIEWSKI: Would it be accurate that because there were not concerns raised to the Consortium about the implementation of the service center, you were not -- Parsons was not called upon to then look over it and check it out?

MR. SORIANO: Concerns did not come to light that would require an increased effort of oversight for that particular service center by us.

ASSEMBLYMAN WISNIEWSKI: The oversight that you provided was to make sure it got built?

MR. SORIANO: Yeah. We just wanted to make-- What they develop are business rules and how they handle accounts. So we reviewed business rules. We wanted to make sure that it was an appropriate, logical approach to running a service center operation.

ASSEMBLYMAN WISNIEWSKI: What is Parsons's experience in reviewing business rules for a service center?

MR. SORIANO: Again, we do run some back office activities in Denver at the violation processing center. I would not say that we're certainly equivalent to a Chase in terms of service center operation. And that's one of the reasons I believe our role was extremely minimal. It was strictly to make sure that this database contained the information that was going to be necessary -- but not necessary -- the operation of how do you answer calls.

ASSEMBLYMAN WISNIEWSKI: Okay. Now, going to the Violation Processing Center. You said your role was greater.

MR. SORIANO: At the Violation Processing Center, we have had ongoing people that basically sit up at the violation center to make sure that the daily processes are being done, to make sure that the image reviews are being done in accordance with what you would expect.

ASSEMBLYMAN WISNIEWSKI: But in terms of the construction of the Violation Processing Center, was it Parsons's role to oversee that to make sure it was integrated properly with the technology coming in, the license plate reads, the transponder reads?

MR. SORIANO: Again, we worked with the Consortium members determining that the processes that would take place, like the DMV reads and stuff, would be in place and operational at that point -- by a specific point in time.

ASSEMBLYMAN WISNIEWSKI: In the other electronic toll collection systems that Parsons is involved with, are they all split with a separate service center and VPC?

MR. SORIANO: The ones we are involved with, I believe-- I believe we're unique, in that regard, in New Jersey in that we do have separate operators at each individual center.

ASSEMBLYMAN WISNIEWSKI: Is there a reason that you understand or that Parsons understands as to why they were separated?

MR. SORIANO: It was strictly the design/builders which, when they came in -- had established a subcontractor for the service center and a different operator for the Violation Processing Center. I mean, on the surface, you would not expect that they could not work, because the subcontractor

reports to a prime anyway, which has the total control. We have not worked as efficiently as you would expect under that sort of scenario.

ASSEMBLYMAN WISNIEWSKI: Has Parsons notified the Consortium of that opinion?

MR. SORIANO: That it would be better to operate as one unit?

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SORIANO: I believe, in a matter of conversations over the years, every one of us has probably talked amongst each other.

ASSEMBLYMAN WISNIEWSKI: How about in writing?

MR. SORIANO: I don't remember in writing.

ASSEMBLYMAN WISNIEWSKI: Would that be in any of the reports you could supply, if it existed?

MR. SORIANO: I don't believe that would be in our report.

ASSEMBLYMAN WISNIEWSKI: Even though it was your role to oversee these two centers.

MR. SORIANO: It was our role, again, to act as an extension of the staff to work with that design/builder in terms of oversight. We did not have a very -- again -- an active role, at all, on the service center side of it. And on the violation processing side, we don't have a lead role.

ASSEMBLYMAN WISNIEWSKI: It sounds to me-- Would it be accurate to say that at no time was it Parsons's role to second guess the decisions made by the Consortium or the contractor?

MR. SORIANO: It would always be our role to make a recommendation if we felt a recommendation to make this project either work better or work in accordance with the contract. And we were asked many

times for our recommendations. But if we were not involved in something, and therefore did not have a recommendation, there would not be one.

ASSEMBLYMAN WISNIEWSKI: But you use a very important phrase to make sure that it worked in accordance with the contracts. Are you saying that Parsons's role was not to look at what was going on if it was part of the contract and say, "You know what? This isn't working. Do it a different way?"

MR. SORIANO: In terms of the Violation Processing Center, we continue today, as to what's going on, and we continue, say, in regular meetings and reports that are prepared, as to where the Violation Processing Center is not meeting the goals and objectives of what is supposed to be met.

ASSEMBLYMAN WISNIEWSKI: I'm just trying to understand why it is that you would do reports about why it's not meeting its goals, but not do reports saying maybe it's not meeting its goals because you shouldn't have two separate centers. How do you explain that distinction?

MR. SORIANO: Well, again, looking at the Violation Processing Center, where we actively know what's going on day to day, we can make a recommendation as to what has to be done to it to improve it. I can't stand here today and say I can make a recommendation that, even though I personally feel if these two service centers worked together, it would work efficiently and a lot better.

ASSEMBLYMAN WISNIEWSKI: But you also have experience. Your firm has experience in the other endeavors with regard to electronic toll collection and seeing combined centers work.

MR. SORIANO: But there's nothing in the contract with this design/builder that precluded two separate entities.

ASSEMBLYMAN WISNIEWSKI: No, I'm not suggesting that. Again, it is being, perhaps, a conscience of the Consortium and saying, "You've got this in the contract, but we're experienced engineers. We've worked with other electronic toll collection systems, and it doesn't work this way." You're saying that at no time did Parsons make those recommendations.

MR. SORIANO: I do not remember any formal recommendations in that regard.

ASSEMBLYMAN WISNIEWSKI: Okay. What other contracts, and this is entirely off the particular subject of design/build, etc.-- What other contracts does Parsons Brinckerhoff have with the State in terms of project management and project oversight?

MR. SORIANO: We do a large amount of work in the State of New Jersey dealing with the infrastructure of transportation projects, whether it be just road rehabilitation, bridges, roadways, the tunnel in Atlantic City. We've been involved in, mostly, a lot of the transportation projects in New Jersey. That's our core business, and that's the business that we do.

ASSEMBLYMAN WISNIEWSKI: Does Parsons Brinckerhoff have any role with the auto inspection system?

MR. SORIANO: We had a program management role with the DMV.

ASSEMBLYMAN WISNIEWSKI: You had?

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: That is now concluded?

MR. SORIANO: Our role, I believe, on the DMV project is strictly a subcontractor that has ongoing work on that project.

ASSEMBLYMAN WISNIEWSKI: As a project manager?

MR. SORIANO: No, we no longer have a project manager role on that. That role as project manager on that particular job ended, I believe, June of last year. And we just have ongoing services being provided through a subcontractor.

ASSEMBLYMAN WISNIEWSKI: Parsons Brinckerhoff's role as project manager on that-- Would it be correct to say that it was substantially similar to your role as project manager on E-ZPass, where you provide the oversight and the managerial integration?

MR. SORIANO: To a certain degree but two totally different projects, two totally different types of oversight roles. This particular project had consortium agencies. That was one particular agency. It's hard to really-- And it would be somewhat unfair to try and look at similarities -- or even if there are similarities between two projects -- two totally different animals.

ASSEMBLYMAN WISNIEWSKI: No, I'm not looking for similarities between the projects. I'm just trying to understand, in a sense, the pedigree of Parsons with the type of work it does.

MR. SORIANO: Yes, yes.

ASSEMBLYMAN WISNIEWSKI: Questions by the--
Assemblyman D'Amato.

ASSEMBLYMAN D'AMATO: It's not my fault. You just ask such good questions. You open up these windows, and I've got to push them up a little further.

You said the magic word: reports. Tell us about all the reports that Parsons generated: the types of reports, the frequencies of the reports regarding this project, so this way the Chairman can know what he would like to see.

MR. SORIANO: There's status reports and minutes of meetings. I think I mentioned reports when we were talking Violation Processing Center. There's performance levels that need to be met by this design/builder at the Violation Processing Center, and on a regular basis. I believe it's a monthly basis. There's a status report that's issued in terms of just where they are in meeting those performance levels.

And these status reports aren't just prepared by us, they're also worked with WorldCom. In other words, we'll say, "Hey, you haven't met this particular, let's say, response time." They might say, "Yes, we have," or, "No, we're working towards that completion by next month." So those are status reports saying what are the driving issues and when do we expect those issues to be resolved and what is the current status of them.

ASSEMBLYMAN D'AMATO: Do you have an itemization that you can provide the Chairman?

MR. SORIANO: I have an entire documentation control system on this job that probably encompasses 40,000 or 50,000 pieces of information. I can extract from that status reports and minutes of meetings and items like that to help you and others.

ASSEMBLYMAN D'AMATO: Would you have a table of contents for the Chairman, so he can look at it and see what he would like the Committee to look at?

MR. SORIANO: Okay.

ASSEMBLYMAN WISNIEWSKI: Yes, maybe that would be helpful, some type of summary of the types of documents.

MR. SORIANO: What we could generate -- I just have to make sure we can -- is basically on a-- I'll say on a summary sheet, it just might list a document number and give a -- and in a very short sentence, say what the topic was. And then we can have copies of the full document in the background in that particular order so you can look and say, "Well, that document is of interest to me." And I can have it in a--

ASSEMBLYMAN WISNIEWSKI: Sure.

MR. SORIANO: That might work.

ASSEMBLYMAN WISNIEWSKI: That would be helpful.

MR. SORIANO: And should we focus that strictly on minutes of meetings and status reports at this point in time?

ASSEMBLYMAN WISNIEWSKI: Well, I think, clearly the concern and the inquiry of the Committee is about how this project developed and the changes that took place and what level of oversight was being provided in terms of identifying problems, identifying lack of integration, issues that may have come up with the audit or independent, third-party review of, say, the Adesta certifications -- I'm sorry, the Mark IV certifications -- those types of construction implementation oversight -- minutes, reports, documentation.

But in addition, if-- It seems to me that there's probably a table of contents, as Assemblyman D'Amato said, of the categories of documents that are in your document control system. That certainly would also be a helpful tool for the Committee to understand whether there are other

categories of documents that we're, perhaps, not asking specifically for, but that we may want to see. So I make a two-prong request there.

MR. SORIANO: I will do my best to make it as easy to follow as possible. And it is just a lot of documents. But I will try and put it into an order that makes it easy for you to follow that chain. And if you need more information, we'll be able to disseminate from that.

ASSEMBLYMAN WISNIEWSKI: Are there any other questions by members of the Committee? (no response)

Mr. Soriano--

Oh, I'm sorry. Assemblyman Gusciora.

ASSEMBLYMAN GUSCIORA: One quick question.

Mr. Soriano, did your company oversee the Route 29 Tunnel project?

MR. SORIANO: No.

ASSEMBLYMAN GUSCIORA: Thank you.

ASSEMBLYMAN WISNIEWSKI: Mr. Soriano, I'd like to thank you on behalf of the members of this Committee for being here today to testify.

One of the difficulties we have with this topic is that, as we ask more questions, we wind up with more questions that we want to ask. And it may be, at some future date, we may have more questions for you, and we'd certainly like to have you come back if that becomes necessary.

Will you agree to that?

MR. SORIANO: Yes.

ASSEMBLYMAN WISNIEWSKI: Thank you.

This meeting is adjourned.

(MEETING CONCLUDED)