

Discussion Points

Department of Transportation and NJ Transit NJ DOT RESPONSES

1. Both the Department of Transportation (DOT) and NJ Transit have implemented a hiring freeze that has lasted multiple years, and have had similar hiring freezes for sustained periods prior to the current freeze. One of the major impacts of those hiring freezes is reduction in the number and years of experience for salaried, non-union, professional staff. The DOT Organizational chart, available on the Department’s website, shows 25 vacancies or TBA (to be announced) out of roughly 120 positions. The replacement of senior staff with junior staff and leaving certain positions vacant reduces overall salary expenses.

The utility of these savings can be mitigated in a variety of non-financial ways, including the loss of institutional knowledge and increasing the workload of existing staff. Reductions in staff can reduce future productivity by constraining planning, education, and development activities. The large numbers of long time employees retiring across State government in recent years make the issue of institutional knowledge transfer more relevant than during past hiring freezes.

- **Question:** For DOT and NJ Transit in the last four years, what changes have taken place in total employment, total years of experience, and total payroll among professional planners and engineers within areas relating to capital program management, capital investment planning, and financial operations?

Answer: Over the past four years, NJDOT has lost a considerable number of engineers and planners with many years of experience in capital program management and capital investment. While we have hired several new CETs, they do not have the knowledge base or experience of those that we lost. Following is a breakdown of the number of planners and engineers that have separated, the total years of service, the total payroll, and new hires for each of the last four years:

Capital Investment Planning and Grant Administration Separations						
Year	# of Eng. & Planners separated	Total yrs of service	Avg yrs of service	Total Salaries	Avg Salary	New Hires - Eng. & Planners
2009	0	0	0	\$0	\$0	6
2010	6	179	30	\$561,200	\$93,533	1
2011	4	81	20	\$325,400	\$81,350	0
2012	2	48	24	\$173,100	\$86,550	17
	12	308				24

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Capital Program Management Separations						
Year	# of Eng & Planners separated	Total yrs of service	Avg yrs of service	Total Salaries	Avg Salary	New Hires - Eng & Planners
2009	19	597	31	\$1,710,400	\$90,021	20
2010	25	738	30	\$2,264,200	\$90,568	1
2011	38	1025	27	\$3,528,200	\$92,847	5
2012	15	362	24	\$1,262,500	\$84,167	70
	97	2722				96

Note: Financial Operations did not have any engineers or planners separate in the last four years, but they did hire one CET in 2012.

- Question:** What approaches have DOT and NJ Transit taken to retain the institutional knowledge of high level professionals upon retirement? In the midst of a long-running hiring freeze, how is each organization replacing the productivity of professionals as they retire?

Answer: DOT has used the following approaches to maintain its workforce:

- By engaging in recruitment efforts to try to locate highly qualified candidates. Postings for engineering positions are sent to a wide-variety of colleges and universities throughout the tri-State area and beyond in order to seek out the most highly qualified candidates. If the candidate pool for a particular position is unsatisfactory, the position will be re-posted, in order to find a suitable candidate. Vacancies are often posted to fill specific needs; for example, a posting for a Civil Engineering Trainee may reference the specific engineering specialty preferred, rather than a generic engineering degree.
- By backfilling vacancies of high level professionals as these positions become vacant. In the case of retirements, the unit losing the employee will “succession plan” in the way best suited to the unit. For example, one Director who plans to retire is having someone “shadow” her for the next 4 months so that her successor has knowledge of the position and can run the unit when the Director retires. Another unit has determined to reorganize and realign duties in order to accommodate the reduction in high level staff.
- By contracting out work that was previously done by in-house professionals. While we prefer to use in-house experts, if the expertise is no longer available due to retirements, we rely on engineering and planning consultants to perform some of the work.
- By having extensive policies and procedures in place. All employees, new and otherwise, can access these documents to clarify any questions concerning how things should be done. Additionally, the Department still has many subject matter experts (SMEs), who can train new SMEs for the future.

Discussion Points (Cont'd)

- **Question:** How many authorized professional positions at DOT and NJ Transit are currently vacant? Are there any plans to permanently eliminate these positions? If not, are there any plans to fill these positions? If so, on what timeframe?

Answer: As set forth in the FY 14 Governor's Budget Message, the Department has an authorized FTE count of 3,114. Through pay period 04/13, date ending February 8th, 2013, the Department's FTE count was 3,097, yielding 17 positions currently vacant. The Department is actively seeking to fill the positions within the maintenance, planning, and engineering areas. In addition, as employee attrition occurs, an analysis will be undertaken to determine whether the organizational need exists to back fill, or whether the vacated position could be better utilized elsewhere within the Department.

- **Question:** Have DOT or NJ Transit altered their practices with regard to the hiring of outside professionals or consultants in recent years? If so, which professional engineering or planning functions that once were performed internally are now performed externally or vice versa?

Answer: No, DOT has not altered its practices with regard to the hiring of outside professionals or consultants in recent years.

2. The enactment of the most recent Federal-aid authorizing legislative act, Moving Ahead for Progress in the 21st Century (MAP-21), provides two years of federal funding for highway and transit projects at current funding levels, with minor adjustments for inflation. The makeup of individual programs under MAP-21 has considerably changed, as some programs have been eliminated and others have been consolidated. For example, the "Highway Bridge Program" has been rolled into the newly created "National Highway Performance Program" and other existing core highway formula programs; the "Transportation Enhancements", "Recreational Trails", and "Safe Routes to School" programs have been combined under one new program, "Transportation Alternatives"; and there has been a significant increase in the funding made available under the Transportation Infrastructure Financing and Innovation Act (TIFIA). Also, there was a streamlining of provisions governing tolling on federal highways, making it easier to establish new toll roads. The planning and environmental review processes have also been amended in an attempt to encourage faster and more cost effective project delivery.

- **Question:** What are the most significant changes to the capital plan that have been required as a result of MAP-21? What new projects have been included in the capital plan which would not have been included under SAFETEA-LU? What projects were not included which might have been included under SAFETEA-LU? Have the new provisions in MAP-21 lowered any cost estimates on existing projects?

Discussion Points (Cont'd)

Answer: The federal program revisions under MAP-21 have not precipitated any significant changes to our capital plan. The elimination of the dedicated federal Bridge Program funds and creation of the National Highway Performance Program has not required us to make any changes. There are no new projects that have been included as a result of MAP-21. The new provisions in MAP-21 have not lowered any cost estimates on existing projects, but should yield benefit on future projects that fall in certain categories based on the streamlined environmental approval process.

- **Question: DOT has a performance based planning and budgeting approach that was implemented prior to the passage of MAP-21. Is that approach consistent with the performance-based provisions in MAP-21? In what ways, if any, has DOT altered the capital program to conform to the new requirements of MAP-21?**

Answer: NJDOT’s performance-based planning and budgeting approach is consistent with MAP-21 and has not required NJDOT to alter the capital program. One area that will require focus as we move forward is the provision that performance measures and targets will need to be established for pavement condition on the National Highway System. The National Highway System includes not only Interstate Routes and State Highways, but also many county-owned roads. NJDOT will need to coordinate closely with the metropolitan planning organizations and the counties to ensure that the pavement condition of the county-owned roads on the National Highway System are maintained.

- **Question: The Transportation Alternatives program provides spending flexibility that may allow investment in bicycle and pedestrian assets to be lowered significantly from levels under SAFETEA-LU. What is the total level of bicycle and pedestrian funding in the capital program for FY 2012, FY 2013, and FY 2014? In what ways, if any, is DOT changing its approach to planning and funding non-motorized transportation as a result of MAP-21?**

Answer: Bicycle and pedestrian mobility and safety are important to NJDOT. Funding for dedicated bicycle and pedestrian projects for FY12, FY13 and proposed FY14 are provided below. These figures do not include bicycle and pedestrian related grants under the Transportation Enhancement Program, Transit Village Program, and other Local Aid competitive grant programs that support bicycle and pedestrian improvements. In addition NJDOT also implements bicycle and pedestrian improvements as part of our highway and bridge projects all the time. The figures below do not account for these improvements.

Although the table below indicates a reduction in funding for these dedicated bicycle and pedestrian projects, the FY2012 figure included \$13.5 million of federal earmark funding and FY2013 included \$6.5M of federal earmark funding for particular projects. FY2014 contains only \$1.6 million of federal earmark funds.

Bicycle/Pedestrian Focused Projects in the Capital Program	FY 2012	FY2013	FY2014 Proposed
	\$37.2 million	\$25.8 million	\$18.4 million

Discussion Points (Cont'd)

Under MAP-21, three dedicated federal programs were consolidated under the Transportation Alternatives Program. NJDOT, in cooperation with New Jersey's three metropolitan planning organizations, intends to continue to maintain a separate Transportation Enhancement Program, Recreational Trails Program and Safe Routes to School Program.

NJDOT has been recognized for its Complete Streets Policy, which ensures consideration of bicycle and pedestrian mobility in project development and design. New Jersey has also been recognized as one of the most "bike-friendly" states in the nation.

- ***Question:* TIFIA represents a significant source of new federal funds in the form of loans rather than direct aid. How will DOT and NJ Transit capitalize on the availability of these funds? What projects if any have been identified that would be good candidates to apply for TIFIA assistance? What legal constraints exist to accepting federal loans that will prevent DOT or NJ Transit from securing funds for priority projects?**

Answer: Federal MAP-21 legislation provided a ten-fold increase in the amount of TIFIA loans that are available nationally. This program, which is competitive in nature, provides loans at rates that are fixed for up to 35 years and are typically less than TIFA debt.

The Attorney General's Office is investigating how potential debt issued under the TIFIA program would be treated in light of New Jersey's constitutional restrictions on debt issuances and the associated requirement for voter approval.

3. In previous reauthorizations of the federal-aid highway program, the level of federal assistance to states increased by an amount greater than inflation. This reflected the growing size of the country and its transportation system. MAP-21 breaks with that history by maintaining a funding level that is the same as under SAFETEA-LU, except for inflation increases. Policy changes were made that provided other opportunities to acquire additional funding and/or reduce costs.

The amount of loan funds available through TIFIA was increased and policies were enacted to make it easier to establish toll roads. This appears to be a clear policy signal that in the future, additional direct federal support for the transportation system will be supplemented through tools that permit states to adopt new user fees, loans, and increase the involvement of private capital and private partnerships.

- ***Question:* Are current State laws regarding public-private partnerships including, but not limited to, the laws concerning design-build projects sufficient to allow for the advancement of projects currently being explored by DOT and NJ Transit? Are there any types of potential partnerships which current law does not provide for but may be beneficial in New Jersey?**

Answer: Current State laws are sufficient for advancement of all projects being explored by NJDOT. However, State laws do not provide the Department the authority to enter into public-private partnerships or design build.

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- **Question:** Are there any new tolling opportunities that DOT would consider as a result of the relaxation of regulations regarding tolling on federal roads?

Answer: The Department has not identified and is not pursuing any new tolling opportunities as a result of changes in federal law.

- **Question:** What role does DOT and NJ Transit see for private partnerships in the capital program in the coming years? What are the potential savings from these partnerships? What is the level of additional private capital that might be brought into the system through the use of public-private partnerships?

Answer: As the Department does not have statutory authority to enter into certain public-private partnerships, including design-build authority, the capital program and Statewide Transportation Improvement Program do not currently see a role for public-private partnerships beyond the current contracting practices.

- **Question:** Considering that New Jersey already has an extensive transportation infrastructure which entails significant maintenance and repair needs and that there are few current plans for significant expansions to the current system, what future opportunities exist for the implementation of new user fees or opportunities for major projects constructed through public-private partnerships?

Answer: This question correctly points out that there are few current plans for significant expansion of New Jersey's current transportation infrastructure system. As the Department is focused on keeping the current transportation system in a state of good repair, the opportunities for new user fees that might be tied to system expansion are very limited. The Department envisions that the types of public-private partnerships that would be more suited to reconstruction and repair of New Jersey's infrastructure, would be those found in design-build arrangements.

4. The Legislature receives regular information about the projects and spending in the transportation capital program but is provided little information about how individual projects are chosen. Information provided about the projects after their inclusion in the capital plan generally allows the Legislature to measure DOT and NJ Transit's effectiveness in completing capital projects within targeted time and spending goals. However, this information does not help the Legislature to determine whether actual projects included in the capital program are the most effective expenditures of capital funds relative to other projects that could have been funded, or to evaluate the relative effectiveness of the capital program in terms of meeting the State's transportation needs.

The Statewide Capital Investment Strategy (SCIS) provides an overview of DOT and NJ Transit objectives with the capital program and the rationale for spending targets across spending categories. The State Transparency Center and the NJ Transit Scorecard initiative provide basic information about overall DOT and NJ Transit operations, but little insight into the actual effectiveness of any single capital project.

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The Legislature knows how much it is spending each year and why funds are being spent in a certain way, but it is not at all clear how effective any given line item in the capital program is relative to another line item, or what project alternatives would be available in the event that an item in the capital program were to be removed by the Legislature.

Question: For each major capital project (over \$50 million) in the current capital plan and the three preceding capital plans, please identify the measurable impact that each project is expected to have on relevant performance indicators and/or SCIS objectives.

Answer: NJDOT uses various management systems and screening processes to identify and prioritize problem locations for review, and to screen and assess problem locations for potential solutions that meet performance objectives. We want to make sure we do the right projects before we start them.

Because of the sheer size of the transportation system it is very difficult to demonstrate the effect of one project on the performance of the system. NJDOT's performance-based asset management approach is used to identify the right projects to work on and feed the project pipeline accordingly to maximize performance of the system.

Once a project is in the pipeline, our objective is to complete it in timely manner.

- ***Question:*** Please identify the measurable impact on key policy objectives of various technology based investments, including, but not limited to, signal optimization on high traffic corridors, variable message signage, traffic cameras, and other investments in traffic control management software. What marginal increases in effectiveness for these key policy objectives could the State realize with further investment in these areas? To what extent are these technologies being deployed at the local and county level and are resources available for local implementation?

Answer: NJDOT is supportive of technology-based investments to relieve congestion on our roads. Environmental, right-of-way and funding limitations make widening of roads a difficult proposition. The use of technology such as signal optimization, advanced traffic control measures, etc., can help us maximize the operation of our transportation network to improve the reliability of travel times and to make our transportation network safer.

NJDOT is supportive of technology implementation where it makes sense and it may make sense on the county and municipal network. Counties and municipalities may make use of the State Aid program for such improvements.

While it is often difficult to capture the effectiveness and net benefits of intelligent transportation systems (ITS), signal optimization is perhaps the exception. One prime example is NJDOT's recent upgrade to the traffic signal system along Route 1. A comparison of travel times before and after that optimization project verified that motorists benefited anywhere from a 9.27% average reduction in travel time on one section of Route 1 (in Linden and Woodbridge Township) to 17.18% average reduction in travel time on another

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section of Route 1 (between Trenton and North Brunswick) following the full implementation of that improvement.

Along with technology, the Division of Traffic Operations has employed a combination of other initiatives such as Incident Management and the Safety Service Patrol, to decrease the average incident duration time from approximately 2.5 hours in 1994 to roughly 40 minutes in 2012. (An incident is defined as a crash or accident that would occupy a travel lane and the clearance time is the time from when NJDOT is notified to the actual clearing of the incident and opening all travel lanes to traffic.)

Involvement of local governments in ITS is spotty, as counties and municipalities often lack expertise and experience with such projects. Most localities are primarily focused on building and maintaining their highways and streets. Nonetheless, a handful of counties have reaped huge benefits from applying technology to mitigate congestion and thus reduce user cost, carbon footprint, and stress levels, and NJDOT continues to support such efforts.

- **Question:** The pavement management report issued pursuant to N.J.S.A. 27:1B-21.23 and N.J.S.A. 27:1B-21.24 provides a formula based benefit calculation for over 400 pavement projects in Appendix A. Is there a comparable benefit formula that is calculated for candidate projects in the other CIS categories? If so, where can those benefits values and candidate projects be found?

Answer: Each management area develops prioritization lists via a methodology that is relevant to that subject matter area. In some cases this may be guided by Federal Highway Administration requirements.

5. A frequent policy criticism that has come from transportation and transit advocates around the State has been that despite DOT's "fix-it-first" approach of emphasizing state of good repair projects over increases in roadway or transit capacity, an insufficient amount of capital program funding has been dedicated to actual bridge, rail, and pavement repair. Advocates argue that DOT and NJ Transit should have more aggressive bridge, rail, and pavement repair targets and avoid all system expansions until more aggressive state of good repair targets can be met and sustained.

- **Question:** What are the 10 largest sections of State roadway that are not in "acceptable" condition and the 10 most distressed sections of State roadway which are not included in the capital program? For each section, please list the route number, county, average annual daily traffic count, distress rating, and cost estimate. As a point of reference, also please provide average scores for traffic count, distress rating, and cost for comparable projects that are included in the capital program.

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Answer: The latest pavement condition data in the 2012 Pavement Management System database indicated that there were 527 pavement sections in deficient condition when the data was collected; after eliminating sections that are currently in construction or design, 227 sections remained. Essentially all of the worst sections have already been programmed for inclusion in the capital program over the next 3 or 4 years, but a significant amount of deficient pavement sections remain.

Table 1 below lists the 10 worst deficient pavement sections. As shown, essentially all of these sections have already been included in the 10 year Capital Program.

Table 2 below lists the 10 largest (by lane mile measurement) deficient pavement sections. As indicated, a vast majority of these sections have already been programmed in the Capital Program. The small areas remaining have been recommended by the Pavement Management System for inclusion in future capital funding.

For the remaining deficient pavement sections which have currently not been programmed in the capital program, Table 3 shows the worst and Table 4 show the largest. These tables also show comparable statistics for these areas.

As mentioned in the responses to Item 8 questions, NJDOT has dedicated the majority of its pavement improvement efforts to reducing the backlog of deficient pavements, but this process will take time and continued dedicated funding for pavement system improvement projects.

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ITEM #5, QUESTION 1 –TABLE 1
TEN WORST PAVEMENT SECTIONS IN DEFICIENT CONDITION

Benefit Rank (out of 527)	Rte	Dir	MP Start	MP End	CL Len	Lane Miles	County	Avg AADT	Avg FPR	Project Benefit	Estim Cost (Millions)
1	018	S	5.1	11.3	6.2	12.1	Monmouth	20407	0.13	4.554	\$3.630
2	034	S	12.0	12.5	0.5	1.0	Monmouth	8280	0.09	4.488	\$0.300
3	001	S	36.7	38.1	1.4	4.2	Middlesex	34728	0.43	4.402	\$1.260
4	033	E	37.0	37.9	0.9	1.8	Monmouth	10095	0.24	4.366	\$0.540
5	208	N	0.3	1.8	1.5	3.0	Bergen	36025	0.51	4.341	\$0.900
6	022	E	0.9	3.2	2.3	5.8	Warren	19318	0.44	4.268	\$1.740
7	033	E	26.8	28.9	2.1	4.2	Monmouth	9335	0.35	4.263	\$1.260
8	033	W	24.3	29.0	4.7	9.4	Monmouth	9642	0.38	4.240	\$2.820
9	022	E	20.3	31.5	11.2	22.4	Hunterdon, Somerset	15282	0.51	4.169	\$6.720
10	130	S	80.4	82.2	1.8	3.6	Middlesex	20524	0.59	4.137	\$1.080
Total Lane Miles						67.5					

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ITEM #5, QUESTION 1 –TABLE 2
TEN LARGEST PAVEMENT SECTIONS IN DEFICIENT CONDITION

Benefit Rank (out of 527)	Rte	Dir	MP Start	MP End	CL Len	Lane Miles	County	Avg AADT	Avg FPR	Project Benefit	Estim Cost (Millions)
309	094	B	0.7	22.5	21.8	43.6	Sussex, Warren	6432	1.53	3.149	\$13.080
166	322	B	36.7	45.9	9.2	36.8	Atlantic	16878	1.22	3.476	\$11.040
218	030	B	7.5	16.4	8.9	35.8	Camden	25046	1.37	3.369	\$10.740
264	057	B	3.9	21.1	17.2	34.7	Warren	13244	1.45	3.246	\$10.410
63	030	B	40.5	48.9	8.4	33.6	Atlantic	18234	0.80	3.857	\$10.080
94	004	W	0.0	10.8	10.8	28.6	Bergen, Passaic	44851	1.23	3.763	\$8.580
371	080	W	57.3	64.9	7.6	28.2	Bergen, Passaic	55311	2.20	2.980	\$8.460
87	004	E	0.1	10.8	10.7	28.1	Bergen	45112	1.21	3.782	\$8.430
237	009	B	57.2	70.7	13.5	27.6	Burlington, Ocean	13862	1.36	3.330	\$8.280
75	034	B	12.5	24.0	11.5	26.6	Middlesex, Monmouth	14670	0.82	3.825	\$7.980
Total Lane Miles						323.6					

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ITEM #5, QUESTION 1 –TABLE 3
NOT PROGRAMMED-WORST DEFICIENT PAVEMENT SECTIONS

Benefit Rank (Out of 227)	Rte	Dir	MP Start	MP End	CL Length	Lane Miles	County	Avg AADT	Avg FPR (Distress Rating)	Project Benefit	Estim Cost (Millions)
1	022	E	2.0	3.2	1.2	2.5	Warren	18188	0.50	4.199	\$0.750
2	078	E	9.4	9.9	0.5	1.5	Hunterdon	45494	0.84	4.120	\$0.450
3	019	S	0.6	1.4	0.8	2.2	Passaic	16517	0.58	4.119	\$0.660
4	003	W	4.3	6.2	1.9	5.7	Bergen, Passaic	62955	1.01	4.089	\$1.710
5	022	E	4.0	4.5	0.5	1.0	Warren	18111	0.68	4.038	\$0.300
6	030	B	46.2	47.6	1.4	5.6	Atlantic	17018	0.60	4.030	\$1.680
7	040	E	56.6	57.1	0.5	1.0	Atlantic	16734	0.69	4.023	\$0.300
8	018	S	39.7	40.5	0.8	2.2	Middlesex	39038	0.91	4.008	\$0.660
9	009	S	135.7	136.4	0.7	1.8	Middlesex	23304	0.78	3.990	\$0.540
10	040	B	50.6	51.5	0.9	2.3	Atlantic	29228	0.74	3.958	\$0.690

ITEM #5, QUESTION 1 –TABLE 4
NOT PROGRAMMED-LARGEST DEFICIENT PAVEMENT SECTIONS

Benefit Rank (Out of 227)	Rte	Dir	MP Start	MP End	CL Length	Lane Miles	County	Avg AADT	Avg FPR (Distress Rating)	Project Benefit	Estim Cost (Millions)
92	035	B	52.2	58.1	5.9	23.6	Middlesex	21332	1.37	3.356	\$7.080
113	009	B	57.2	66.0	8.8	17.6	Burlington, Ocean	12306	1.46	3.241	\$5.280
105	094	B	5.5	13.8	8.3	16.6	Warren	6322	1.37	3.295	\$4.980
76	034	N	0.2	7.7	7.5	15.4	Monmouth	15787	1.34	3.427	\$4.620
186	094	B	28.6	35.6	7.0	14.0	Sussex	10958	2.09	2.665	\$4.200
78	124	B	0.2	4.7	4.5	12.0	Morris	12684	1.25	3.424	\$3.600
68	322	B	18.3	24.1	5.8	11.6	Gloucester	13096	1.23	3.446	\$3.480
14	080L	E	64.7	68.1	3.4	11.2	Bergen	35269	0.98	3.914	\$3.360
145	027	B	34.1	36.9	2.8	10.6	Essex, Union	13286	1.66	3.062	\$3.180
22	033	B	1.4	5.1	3.7	10.5	Mercer	15388	0.84	3.805	\$3.150
56	035	S	34.5	39.4	4.9	10.2	Monmouth	16211	1.24	3.522	\$3.060

Discussion Points (Cont'd)

- ***Question:*** Please list State, county, or local bridges, that are not included in the capital program, which have a structural score of 3 or below (requiring high priority of corrective action) for deck, superstructure, or substructure. For any such project, please provide the location, an estimate of the cost of rehabilitating the bridge, and when DOT expects that work would be able to begin on any such bridge under current capital funding constraints.

Answer: Due to security concerns the Department does not make public the detailed information that has been requested. Instead, we are providing the following summary information:

Bridges <3

State system 12. Cost to Repair \$40 million

County/Municipal system 11. Cost to Repair \$43 million

Toll system 2. Cost to Repair \$37 million

Bridge Decks <3

State system 8. Cost to Repair \$18 million

County/Municipal system 1. Cost to Repair. \$.419 million

Bridge Superstructures <3

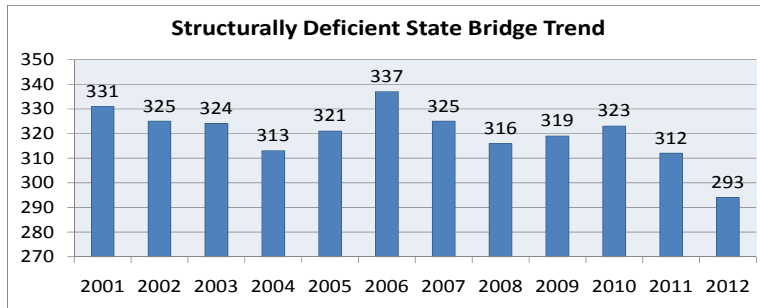
State system 2. Cost to Repair \$2.3 million

CountyMunicipal system 2. Cost to Repair \$3.8 million

NJDOT is confident that under current funding levels for bridges, which averages about \$700 million annually, all structures in need of repairs can be funded over the next 10 years as individual projects in the capital program or through "line items" in the capital program specifically for bridge decks and superstructures.

Under the current funding scenario for bridge repair, rehabilitation and replacement significant progress has been made at reducing the number of structurally deficient bridges on the state system (See chart below).

Discussion Points (Cont'd)



As for structures on the county and local system, current funding levels also support a remedial treatment for all on the list within the next 10 years. How those structures are prioritized is in large degree dependent on local authorities with input from the associated Metropolitan Planning Organization. But significant progress has been made with respect to reducing structurally deficient (SD) bridges on the county system. In 2007 there were 356 SD bridges on the county system representing 14% of the total county bridge universe. In 2013, there are 274 SD bridges representing 10.3% of total county bridges.

- **Question:** Please provide a listing of the 10 most distressed rail assets, which are not included in the capital program, with a distress measurement that can be compared against projects currently in the capital program. Please also provide the location of the assets, the cost of repairs, and the number of times in the last year that issues with that asset have resulted in transit delays.
- **Question:** Using examples from the capital plans of the last three years, please explain the conditions in which a roadway expansion or new infrastructure project is included in the capital program over a state of good repair project. What benefits or needs did those expansion projects provide over the first repair project that was not included in the capital program? How can the Legislature best understand why the first state of good repair project not included in any of the most recent capital plans was bypassed for a different type of capital investment?

Answer: NJDOT seeks to balance various transportation objectives in its capital investment strategy. These objectives include safety, state-of-good-repair of our infrastructure, mobility of people and goods, and local system support.

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Our investments are made across several investment categories and NJDOT uses performance data and performance objectives to guide our investment in each of these categories.

While safety and state-of-good-repair of infrastructure are our priorities, it does not mean that we will forego funding of projects that support mobility of people and goods or provide local system support.

What it does mean is that we will provide funding priority for infrastructure preservation programs that will allow us to achieve our performance objectives.

- ***Question:* What is the monetary level of benefit calculated for the last projects included in the capital plan each year? As DOT and NJ Transit conduct cost benefit analyses on their projects, what is the lowest ratio of costs to benefits for projects included in the plan?**

Answer: NJDOT uses an Asset Management/Performance Management approach to attain performance objectives on the transportation system as a whole. For example, we are striving to reach 80% acceptable pavements, therefore we are initiating projects that will help us most effectively reach that 80% target.

6a. The 2012 federal emergency relief allocation for Hurricane Irene and Tropical Storm Lee was \$89 million. The final allocation provided for Super Storm Sandy will be substantially higher, with at least \$148 million having been released for New Jersey to date. This funding is intended to provide for the costs of rebuilding infrastructure damaged as a result of Super Storm Sandy. In testimony provided to the Assembly Transportation, Public Works, and Independent Authorities Committee (ATR) by NJ Transit Executive Director Weinstein on December 10, 2012 the damage estimate for NJ Transit estimates alone was approximately \$400 million.

- ***Question:* What is the most current full estimated cost to DOT, NJ Transit, and the transportation authorities for the repair of transportation assets damaged by Hurricane Irene and Tropical Storm Lee? How much of that total cost will be covered by federal emergency relief aid?**

Discussion Points (Cont'd)

NJ DOT			
	Cost of Storm	Reimbursement	Comments
FEMA			
Hurricane Irene	\$1,385,499	\$1,039,124	
Tropical Storm Lee	\$175,358	\$131,518	Reimbursement for 5 eligible counties
FHWA			
Hurricane Irene/Tropical Storm Lee	\$13,000,000	\$9,018,504	Infrastructure related capital construction costs reimbursed to the Transportation Trust Fund

SJTA

The total cost for repair of SJTA assets damaged by Hurricane Irene is \$841,793. The estimated recovery by FEMA for Hurricane Irene: \$627,098.

NJTA

The New Jersey Turnpike Authority did not apply for relief for damage caused by Tropical Storm Lee. For Hurricane Irene, the NTJA submitted documentation to FEMA seeking \$1,500,000 for reimbursement in damages. To date, NJTA has received \$1,016,400. NJTA anticipates it will receive an additional \$79,200.

- Question:** It was stated in the ATR hearing that NJ Transit engages in a post event analysis after major weather events. For DOT and NJ Transit, please provide the findings of any such studies or analysis performed in the aftermath of Hurricane Irene and Tropical Storm Lee, and the actions that had been taken as a result of these studies and analysis prior to Super Storm Sandy. Have any of the studies or analysis conducted after Super Storm Sandy been made publicly available? If so, where?

Answer:

DOT

After Hurricane Irene/Tropical Storm Lee, the NJDOT Operations unit implemented two improvements which helped in the response to Hurricane Sandy:

1. Along with our FHWA partners, the NJDOT Operations unit built and distributed a "Disaster Kit" which streamlined the way NJDOT captures and reports transportation infrastructure disaster damage. Standard forms were created as well as a check list for field personnel to ensure photos were taken, straight line diagrams were printed and sufficient descriptions of damage were recorded. This allowed the NJDOT Operations unit to quickly understand, organize and better respond to Hurricane Sandy. It also allowed a more thorough and rapid process for reimbursement from FHWA for qualified disaster relief funds.

Discussion Points (Cont'd)

2. The NJDOT's response in mobilizing our on-call emergency contractors to assist in repairs after Hurricane Irene and Tropical Storm Lee was very quick and effective. For Hurricane Sandy response time was further improved by mobilizing the management teams of our emergency construction contractors prior to land fall of Hurricane Sandy. Those individuals sat with NJDOT Operations leadership at the State Traffic Management Center (STMC) in Woodbridge immediately after the storm to obtain firsthand knowledge of the damage assessments that were being reported. As a result, emergency construction partners were able to immediately deploy their resources to begin to stabilize and restore New Jersey's transportation infrastructure.

During and following a significant weather event NJDOT monitors stream gauges to regularly check the condition of scour critical bridges. In addition, bridge inspection teams, in-house and consultant, are sent out to visually inspect all bridges. Consultants submit reports to NJDOT on their findings. Repairs are made immediately if needed. These reports, like all bridge inspection data, is not made available to the public. Following Super Storm Sandy, the NJDOT has developed a list of projects that address the "hardening" of the transportation infrastructure, which will be advanced with federal funding as it becomes available.

SJTA

Prior to each of these events, as well as other named storms that did not have the impact of these three, the Executive Director requested that all emergency operating plans and policies be reviewed internally with the executive leadership. Additionally, subsequent to these events we conducted a post incident response evaluation (P.I.R.E.). The working group consists of the department directors and some middle managers. The object is to ensure that all had the same understanding of the role each would play in a worse-case scenario, with a focus on safety and infrastructure as our first priorities and moving onto continuity of operations and recovery.

Universally we found that our interagency plans, that included our regional partners, worked well with regard to mitigation and the subsequent clean-up. We had no issues with our partners at the state and county levels. Equipment availability and lending between agencies went very well and the resources needed to close highways and remove debris was available. Acceptance of the debris, at Atlantic County Utilities Authority (ACUA) went very smoothly.

The coordination to close adjacent highways still eluded us during the events. We have improved upon our equipment needs, but the coordination between front line supervisors, on an interagency basis was not as effective as it should have been. To this end we have instituted a process whereby our Authority frontline supervision reaches out to other agency's supervision and includes them in our planning process much earlier.

But, it was observed that while communication between like-disciplined agencies went well, the communications efforts between unlike disciplined agencies fell short of ideal. We found this was due to not having an understanding of each other's needs and requirements to fill those needs. We believe we have corrected this within our sphere of influence – SJTA / NJSP / DOT / GSP / ATLANTIC COUNTY.

As a single example, we have discussed with law enforcement what it actually requires to safely close a limited access highway and establish a work zone, as well as what is entailed in removing such closures. Additionally, we have increased the frequency with which we discuss our emergency operating plans such as supervision meetings and events. This has increased the familiarity with the plan requirements and created a sense of ownership amongst our yard supervision and their managers. Our plan is to continue to roll these sessions out and include our

Discussion Points (Cont'd)

local law enforcement personnel more frequently, as there is a frequent turn-over of State Police on the Expressway.]

None of our reviews were made publicly available.

NJTA

NJTA did not do a formal study following Lee, Irene, or Sandy. After Irene and Sandy, however, NJTA did review its Hurricane Preparedness plan and its actions before and after each storm. As product of those reviews, NJTA identified opportunities to improve communication, response time, and allocation of resources. Indeed, NJTA is currently updating its hurricane preparedness manuals and planning tools to reflect the comments and observations gathered and thus provide a current and comprehensive planning resource for NJTA.

For example, with respect to communications, one of the biggest challenges NJTA encountered during Hurricane Sandy was with its Variable Message Signs (“VMS”) which display messages to motorists and also house cameras and traffic sensors. With the massive power outages, NJTA lost power at many its VMS across both roadways and it lost power at its communications towers which “speak” to the VMS. Thus, NJTA’s ability to use and communicate with the signs was lost. At one point, only 12 of the 45 recently installed VMS were operating. Consequently, since Sandy, NJTA staff began examining potential remedies to this power issue including installation of generators at the signs or alternative sources of energy.

- ***Question:* What are the full operating cost impacts of Super Storm Sandy on DOT, NJ Transit, and the transportation authorities related to delays in service, traffic impacts, and cleanup costs attributable to respective operating budgets?**

Answer:

DOT

The estimated impact of Super Storm Sandy on the DOT operating budget is \$10 million for labor, material and equipment. The costs are primarily for debris removal and emergency protection measures. The Department is anticipating \$7 million in federal reimbursement for these costs. These amounts may change as the Department continues to assess the impact of the storm and to submit requests for federal reimbursement.

The Department does not have information about the cost of traffic impacts. The Department did search several websites to identify reports that may have been done by other entities assessing the impact of the storm but did not find any relevant information.

We can talk in general terms about traffic impact.

The greatest impact on state roads was on Routes 35, 36 and 37. Traffic was not allowed on these roads until the department determined the infrastructure was stable and safe for travel. Access to the barrier island was restricted for about nine days, and then for the next two weeks public access to the islands was limited and controlled because of safety concerns about the non transportation structures not the roadway. The Route 71 drawbridge linking.

Discussion Points (Cont'd)

Belmar and Avon-by-the-Sea was flooded and required significant mechanical and electrical repairs. The drawbridge was closed in the up position for about six weeks.

NJTA

On a systemwide basis, it is estimated that the impacts of Superstorm Sandy reduced total NJTA toll revenue by about \$15 million. Although NJTA lost toll revenue as a result of waiving tolls for a period of time on the roadways, the loss of toll revenue was primarily driven by the absence of vehicles on the roads on the day before Sandy, the day Sandy made landfall, and the days after the storm.

NJTA incurred approximately \$6.5 million in operating costs related to cleanup following Sandy. NJTA is making a submission to FEMA to recover these costs. NJTA estimates it will receive from FEMA \$5.3 million of these operating impacts attributable to the storm cleanup.

The food services facility at the Grover Cleveland Service Area on the Turnpike was damaged as a result of Sandy and is currently closed. The estimated annual revenue loss due to the closure of this food services facility is \$550,000. The damage to the food service facility is not included in the \$6.5 million in operating costs above.

SJTASJTA operating cost impacts are as follows:

<i>Revenue:</i>	
Airport	\$ 68,000
Roadway	\$ 828,900
Total Revenue Loss	\$ 896,900
<i>Expenses:</i>	
Airport	\$ 30,086
Roadway	\$ 199,029
Total Expense	\$ 229,115
Total Cost Impact	\$1,126,015

- Question:*** What are the most current estimates for the eventual cost to DOT, NJ Transit, and the transportation authorities for rebuilding transportation assets damaged by Super Storm Sandy? Please list the projects to be financed using federal emergency relief funds that have been released so far, the date those funds were made available, the date those projects are expected to begin construction, and the expected project completion dates. Also please identify what percentage of repair costs will be covered by federal aid. What other sources of federal aid will be available for DOT and NJ Transit recovery efforts?

Discussion Points (Cont'd)

Answer:

Hurricane Sandy Overview

Programmatically, costs for debris removal, emergency protective measures to ensure public safety, repair of facilities, and marine dredging are reimbursable by the Federal Emergency Management Agency (FEMA). Costs for repair and reconstruction of transportation assets such as roads and bridges are reimbursable by the Federal Highway Administration (FHWA).

FEMA reimbursement is typically set at 75% for all Public Assistance funding categories, including debris removal, however important exceptions are outlined below:

- 100% for the fifteen day period immediately following the storm, from October 30, 2012 to November 14, 2012 for emergency power restoration and emergency public transportation assistance;
- 75% for a consecutive 30-day period chosen by the entity requesting reimbursement, including straight time;
- 90% if Public Assistance costs exceed \$1.2 billion. (Currently, Public Assistance for the State and affected localities is below the amount required to qualify, however the threshold is likely to be exceeded once costs for debris removal are taken into account.)

FHWA reimbursement is typically set at 80%.

As stated above the estimated impact of Super Storm Sandy on the DOT operating budget is \$10 million, with anticipated reimbursements of approximately \$7 million. Contractor costs for work such as debris removal, emergency protection measures and repair work is currently an estimated at \$128 million. Of this amount the Department is expecting approximately \$109 million in Federal reimbursement. The Department is developing requests for funding that will provide for resiliency/hardening of the transportation infrastructure. A list of those projects is provided in response to point 6.b. below.

A spreadsheet is attached for SJTA. SJTA has not been approved for any mitigation/resiliency projects.

The current estimate to repair all NJTA capital assets is \$11.8 million. To date, NTJA has not received any federal emergency relief funds for these capital repairs. The Authority is anticipating \$7.0 million in reimbursements from FEMA for capital repairs related to Sandy.

- ***Question:* For local and county transportation infrastructure damaged by Hurricane Sandy, what are the sources of funds available to those localities for repairs? How much aid will they receive from the federal emergency relief funds? How much will they receive from other federal sources of aid for transportation system repairs? Are estimates available for the amount of local and county transportation repairs that will not be covered by federal assistance?**

Answer: Municipalities and counties are eligible for FEMA funding and apply directly to FEMA for such funds. Local government does apply through the Department for FHWA emergency relief aid. It is estimated that local government is eligible to receive approximately \$19 million in FHWA reimbursement--\$15.8 million for emergency repairs and \$2.8 million for permanent repairs.

Discussion Points (Cont'd)

6b. As transportation infrastructure is repaired and rebuilt in the coming years, there will be an opportunity to incorporate storm resiliency and security concerns into construction practices and building standards. In testimony provided to the Assembly Transportation, Public Works, and Independent Authorities Committee (ATR) by NJ Transit Executive Director Weinstein on December 10, 2012 the NJ Transit identified approximately \$800 million in potential resiliency projects in response to Super Storm Sandy in addition to reconstruction costs.

- Question:** Please provide a candidate list of current and future resiliency projects, or the portion of repair projects attributable to increased resiliency, that have been developed in response to Super Storm Sandy. Please rank or categorize these resiliency projects according to their importance in protecting the State transportation system from future storm events.

Below is a list of resiliency projects for which the Department plans to request federal funding. A commitment for funding in the amount of \$172 million has been received for the Rt. 35 Reconstruction. These projects are in priority order.

Resiliency/Hardening Projects	Project Cost (in millions)
Route 35 Reconstruction 12.5 miles	\$215.00
Mile Post 0-4 (Berkeley to Toms River)	
Mile Post 4-9 (Toms River to Brick Twp.)	
Mile Post 9-12.5 (Boro. of Matoloking to Boro. of Bay Head)	
Scour Counter Measures 130 bridges	\$40.00
Install emergency generators statewide at Maintenance Yards	\$12.00
Traffic Signal Hardening	\$10.00
Relocation of Secaucus Maintenance Yard	\$4.50
Drawbridge hardening	\$20.00
Movable Bridge Flood Prevention Reconstruction Work at the Rt. 71 Shark River Bridge & Rt. 7 Passaic River Bridge	\$28.00
Replacement of Rt. 37 EB movable bridge over Barnegat Bay	\$260.00
Route 72 Manahawkin Trestle Bridge Replacement	\$80.00
Expand Capacity of Fuel Tanks	TBD
Route 152 Sheeting Flood Prevention Measures	\$0.72
Waterway Linear Segmentation for Asset Mgt.	\$0.35
Aluminum Sign Structure Replacement (220 signs)	\$105.00
Rehab Rt. 40/322 Over Grassy Sound Movable Bridge	\$35.00
Replacement & Hardening of Cold Storage Structure	\$0.06
Hardening of Newark Maintenance Yard	TBD
Relacement of Liberty State Park Barge (Hudson)	TBD
Route 30 Cooper River Tide Gate	\$40.00
Total Cost Estimate	\$850.64

Discussion Points (Cont'd)

- **Question:** What approach is DOT and NJ Transit taking to increase the resiliency of the transportation system in the most vulnerable areas? How does this approach mesh or conflict with the “fix it first” and “safety first” principles guiding the current transportation capital strategy? How much funding and which projects have been programmed for infrastructure resiliency? What portion of those projects will be funded through federal emergency relief, and what portion will rely on the State and Federal funds regularly made available to the capital program?

Answer: Transportation system resiliency is being factored into the department’s planning and engineering.

NJDOT is working to ensure that resiliency is factored into our problem prioritization processes. New construction or rehabilitation of existing facilities will consider needs for resiliency. Resiliency considerations do not conflict with the department’s primary transportation principles of safety, state-of-good-repair of our infrastructure, and mobility of people and goods. Rather, resiliency is an important factor to ensure we are making the best decisions for our transportation system.

NJDOT does not focus a category of funds for resiliency projects. Resiliency is a factor in prioritization and design.

Although this project was programmed for construction prior to Hurricane Sandy, the Route 35 pavement restoration project will now be funded with Emergency Relief funding and will contain elements to make it more resilient. The project cost is estimated at \$215 million and we are expecting FHWA Emergency Relief Program funds to cover 80% or more of the project cost. The balance will be funded with State Transportation Trust Fund funding.

- **Question:** In light of the impacts of Super Storm Sandy, has DOT or NJ Transit changed its policies with regard to evaluating and assessing the need for infrastructure improvements to protect against the harmful impacts of major weather events? Please provide examples of any projects that have been included or will be included in the capital plan as a result of Hurricane Sandy related policy changes which would not have been included in the absence of such policy changes.

Answer: No policies have been changed at this time, however, see response to question above.

- **Question:** Has DOT or NJ Transit altered their design or construction guidelines as a result of the impacts of Hurricane Sandy? Will new roads and bridges along the shoreline and major rivers be constructed differently than they had been prior to Hurricane Sandy? If so, what impact will those changes to construction and design practices have on the cost of construction for these projects?

Discussion Points (Cont'd)

Answer: NJDOT projects are currently designed to meet criteria for a “100-year” storm event and a “500-year” flood event. We do not expect any significant changes in the design of infrastructure, nevertheless, NJDOT has charged a task force to examine current practices to identify areas where resiliency may need stronger consideration.

7. DOT has failed to meet several budgetary performance targets established by the administration as part of the performance-based budgeting initiative and displayed monthly on the yourmoney.nj.gov website. For the September to December 2012 report, the department has failed to achieve its goals in the areas of traffic fatalities, inspected signals needing repair, planned projects awarded, County Aid projects awarded, and average response time for emergency pothole repair.

- **Question:** Please discuss the challenges experienced in achieving these targets and what actions the Department is taking to bring its performance level up to the established target levels.

Answer: This response addresses each of the identified performance indicators individually.

Number of traffic fatalities per 100 million vehicle miles travelled

The Department’s goal is to reduce the 2008 number of traffic fatalities per million miles travelled from .77 to .62 by 2018 a reduction of 20%. The 2011 number of .72 traffic fatalities shows that the Department is making progress towards achieving our goal.

Average response time for emergency pothole repair (in hours)

Although the Department’s response time has improved significantly from 2.9 hours in FY 2011 and 2.5 hours in FY 2012 our ultimate goal is to respond within 2 hours. This indicator measures how well this particular activity is being performed since it is based upon complaints received but it is not an indicator of how well the Department is filling all potholes or preventing them from happening in the first place. In fact, potholes reported as complaints comprise only 2% of the total potholes addressed by the Department. In FY 2012, NJDOT repaired 180,534 pot holes and resurfaced 819 lane miles as the result of an aggressive investment in pavement restoration. One of the factors that influences pothole repair is the pavement condition of State highway system. The percentage of State highway pavement in acceptable condition increased from 50% in CY 2011 to 59% in CY 2012. The Department’s goal is to increase this percentage to 80% by CY 2021.

Percentage of county aid funds awarded by counties within 36 months (CY)

This indicator reflects the performance of counties in getting projects to construction. Because counties have 36 months to award to construction, this indicator is reported in a delayed manner. For county aid, the CY 2011 numbers are based on 2011 expenditure reports of FY 2009 and prior year balances. In CY 2011 only 59% were awarded within 36 months. Although NJDOT has limited ability to directly influence these figures we believe that 90% is a reasonable goal. The fact that it is only at 59% is an indication of the rate at which the counties are spending their funds.

Discussion Points (Cont'd)

Percentage of planned construction projects that have been awarded

The data for this performance indicator for the September- December quarter was recently revised from 70% to 100% for FY 2012. In addition the target was changed from 90% to 95%. The reason for the revision is that the number of maintenance projects in the original goal were double counted which adversely impacted the percentage of goal attained. The Department's goal for FY 2012 was 100 projects and 104 awards were actually made.

Percent of traffic signals inspected needing repair

The performance target of 15% was met in FY 2010 and FY 2011 and the Department feels that the 15% will be achievable in FY 2013 and FY 2014 given the current hiring activity in Electrical Operations. In addition, major storms were a significant factor in the Department not reaching its goal for this performance indicator in FY 2012.

- **Question: What impact has the failure to meet these targets in previous years had on the DOT budget? Have total funding levels increased or decreased as a result? How have funds been reallocated within DOT?**

Answer: NJDOT reviews actual and projected performance results to make capital investment decisions and to make changes in the administration of programs so that they can be more effective.

An example of the use of performance information is the increase in funding for pavements over the last several years. This increase in funding has resulted in a 12% improvement in the state's pavement over a five-year period.

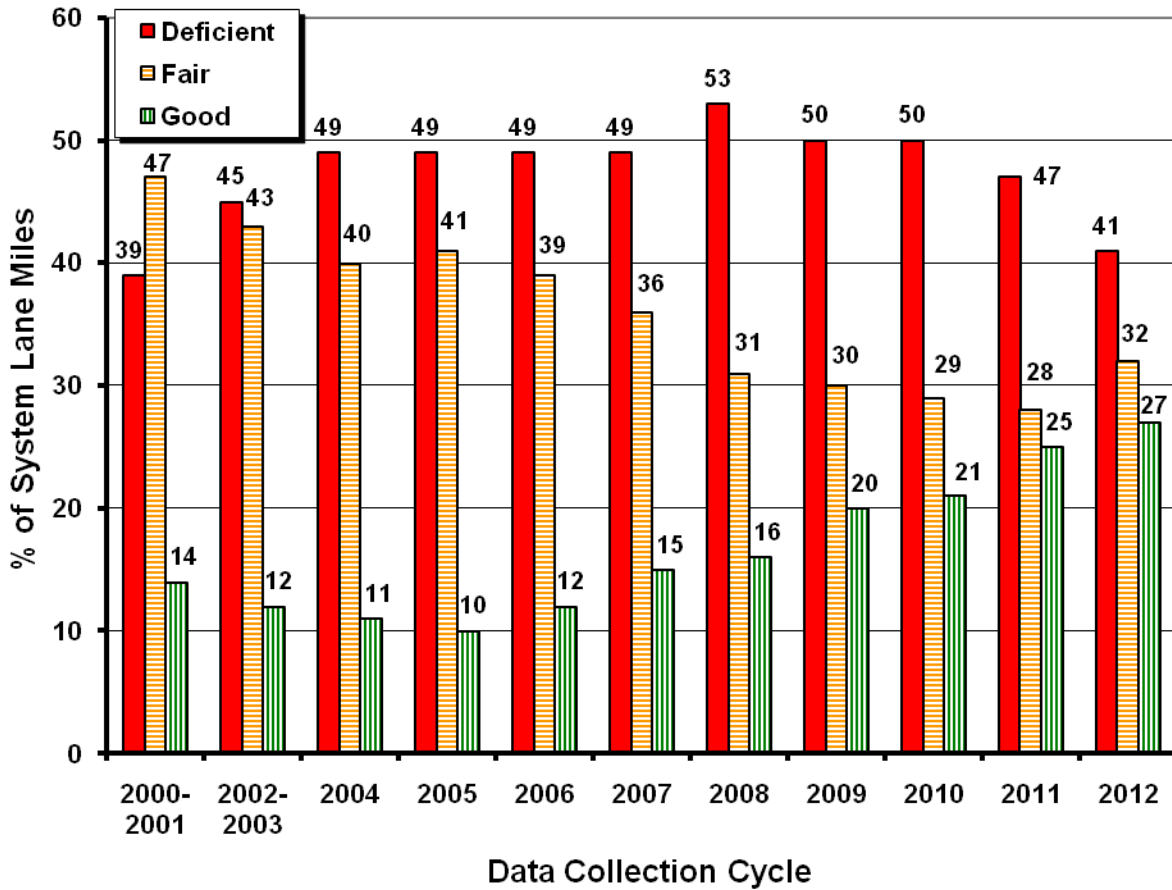
NJDOT is also in the process of establishing new rules for the County Aid Program to improve its effectiveness.

8. Appendix A to the State pavement report identifies over 400 candidate projects for pavement rehabilitation with a benefit value for each calculated based upon pavement condition and traffic load. The main report indicates on figure 4 of page 10 that approximately 500-600 lane miles of major work is completed each year, out of an inventory of 8,410 mainline miles. The number of miles that are deficient is over 4,200. Over the last 7 years of the report, the amount of deficient miles has fluctuated between 49% and 53% of total miles. This suggests that current funding levels are insufficient to reduce the current level of deficient roadway. Figure 3 on page 4 indicates that the Department has only made significant progress in reducing the amount of roadway in fair condition, from over 40% of total miles to less than 30%, thus attaining a comparable increase in the proportion of roadway in good condition.

Answer: The statement above makes reference to a pavement report for which much of the pertinent information has been updated. The updated information shown below will be included in future reports.

Discussion Points (Cont'd)

FIGURE 3 OF PAVEMENT REPORT - UPDATED
Multi-Year Status of State Highway System



Source: NJDOT Pavement Management System

Discussion Points (Cont'd)

FIGURE 4 OF PAVEMENT REPORT - UPDATED
NJ State Highway System
Lane Miles of Major Pavement Work Completed
 (Total system mainline lane miles = 8409)

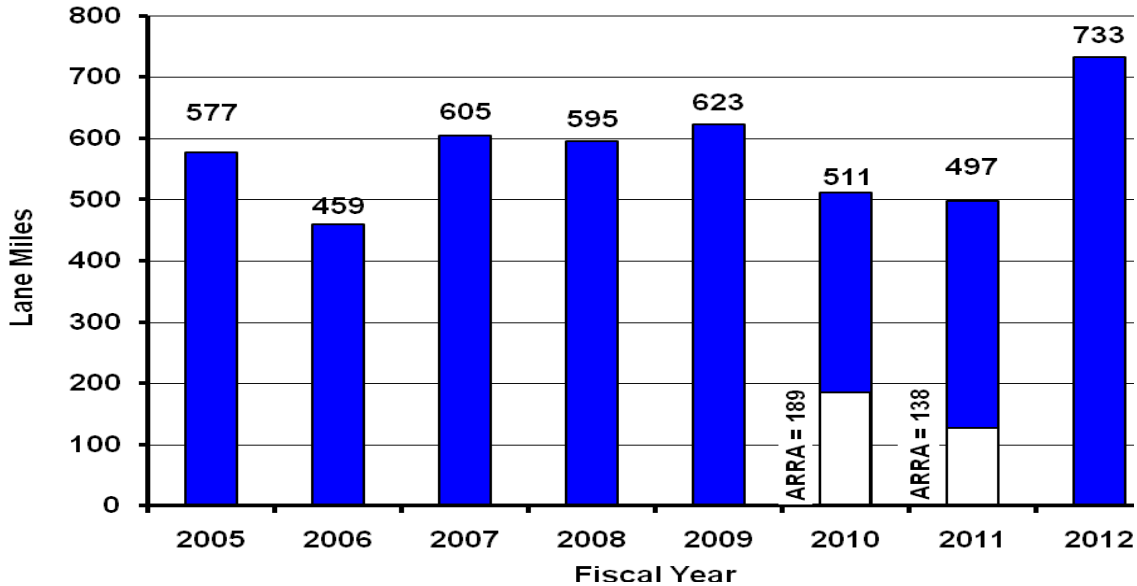


TABLE 3 OF PAVEMENT REPORT – UPDATED
PROGRAMMED PAVEMENT FUNDING FOR FISCAL YEAR 2012

Program Category	Description	Funding (Millions)
Highway Capital Maintenance - Betterments (State Funding)	This is an ongoing program of minor improvements to the state highway system for miscellaneous maintenance repair contracts, repair parts, miscellaneous needs for emergent projects, handicap ramps, and drainage rehabilitation/maintenance.	\$10
Highway Capital Maintenance - Pavement Preservation (Fed. Funding)	This program provides funding for eligible federal pavement preservation activities which help to keep New Jersey's highway system in a state of good repair.	\$6
Highway Resurfacing - Operations Projects (State Funding)	This is a comprehensive program of providing renewed riding surfaces to state highways to prolong the life of the pavement and provide a smoother ride for users of the system.	\$70
Highway Resurfacing / Rehab & Reconstruct - Capital Program Mgt. Projects (State & Fed. Funding)	This program funds larger scale projects administered through Capital Program Management which are primarily involved with pavement restoration.	\$255
Total		\$341

Discussion Points (Cont'd)

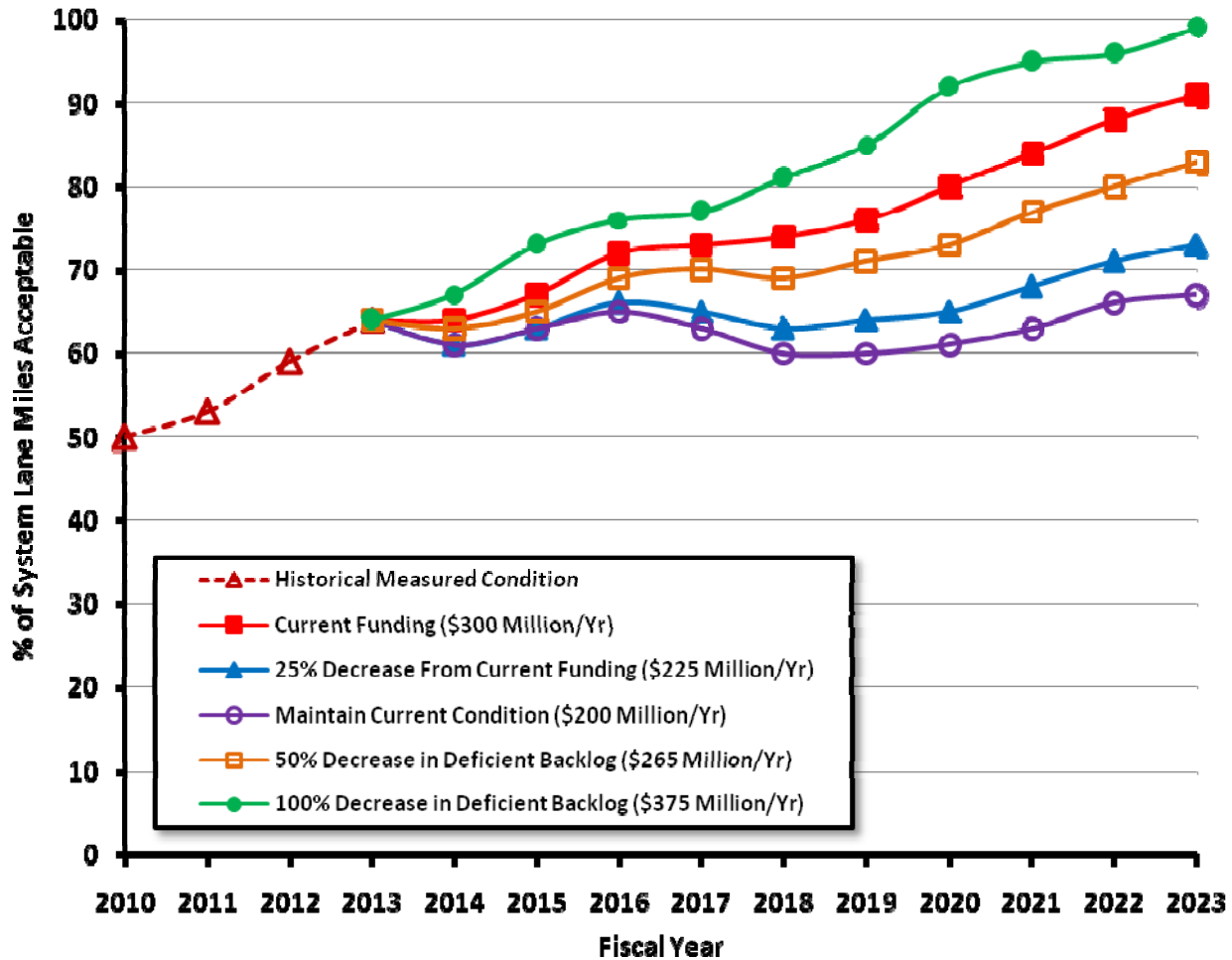
Based on updated information, the statement in Item #8 is inaccurate. The latest data shows that non-acceptable (i.e. deficient) pavement sections total roughly 3450 lane miles (41% of NJDOT system). Deficient lane miles have reduced from a high of 53% to the current 41%. The number of lane miles receiving major pavement treatment has varied based upon the allocation of funding for pavement related work in each prior fiscal year. In order to predict system trends and funding levels required to achieve goals, you cannot look at static year-to-year graphs. The condition of the pavement system over time is controlled by a number of complex factors such as:

- Amount of consistent pavement funding over a period of time.
 - Deterioration rates of pavement. Pavements in one condition category are constantly deteriorating with time. Pavements that are currently good are slipping to fair and those that are fair are slipping to deficient. Deficient pavements that receive resurfacing or rehabilitation are moving into the good category, while fair pavements that are treated with lower cost preventive maintenance can be moved to good or slowed in their deterioration to deficient.
- ***Question:* How much of the funds identified in Table 3 on page 5 for pavement preservation were expended on the repair of roads in fair condition and how much was expended on the repair of deficient roads?**

Answer: An updated Table 3 is shown above. All of the Highway Capital Maintenance – Pavement Preservation funding (\$6 million) was spent on roads that are in fair condition. All of the other categories (total of \$335 million) were spent on pavements which are deficient.

Discussion Points (Cont'd)

**Multi-Year Performance Analysis
State Maintained Pavement System Acceptability**



- Question:** The data suggests that DOT has prioritized the improvement of roadway conditions from “fair” to “good” while leaving almost half of the State roadway network in deficient condition. Why is this approach to roadway repairs preferable for motorists?

Answer: NJDOT’s priority is to reduce the backlog of deficient pavements over a period of time while at the same time slowing the deterioration of acceptable pavements. The data in the updated Figure 3 and the projections in the Multi-Year Performance Analysis above indicate that we are on track if we continue to allocate sufficient funding to the appropriate pavement line items.

Discussion Points (Cont'd)

- **Question:** Given what DOT knows about the lifecycle maintenance costs of roadways, assuming that the entire roadway network was in good condition, what would the annual cost be to maintain the network in that condition?

Answer: Assuming that the entire state-owned road network was in good condition today, NJDOT estimates that it would cost on average \$150-200 million per year to keep it in that condition.

- **Question:** Does DOT or any other entity collect and aggregate information from counties and municipalities about the condition of their roadway networks? If so, what percentage of local roads are in fair or deficient condition?

Answer: NJDOT does not perform this function for county and municipal roadways. Since NJDOT supplies condition information for the state highway system to the three Metropolitan Planning Organizations, it is possible that these agencies have some of the requested information from their counties and municipalities.

- **Question:** In response to the FY 2013 budget questions, the DOT noted that “with annual funding of approximately \$300 million annually from any and all funding sources, we project that 80% acceptability (pavement) can be achieved by FY 2020.” The pavement report indicates in Table 3 that total pavement preservation funding was just \$209 million for FY 2011. It is not clear which individual line items in the capital program comprise the amounts listed on Table 3. Please list the individual capital program line items that comprise pavement preservation funding for FY 2013 and 2014. If those amounts are below \$300 million, what impact will that have on the target date for achieving 80% pavement acceptability?

Answer: In formulating the multi-year performance curves shown above, “Pavement Preservation Funding” was taken from the following line items (all included in the Road Assets Program Category):

- Highway Capital Maintenance-Betterments
- Highway Capital Maintenance-Pavement Preservation
- Highway Rehabilitation/Reconstruction
- Highway Resurfacing

The allocations of these amounts which total \$341 million for FY 2012 are provided in the updated Table 3 shown above.

As mentioned previously, NJDOT has set a realistic goal to be 80% of the NJDOT system in acceptable condition (i.e. good or fair combined) by a target year. As shown in the multi-year performance curves above, \$300 million is required with a target year of 2020.

NJDOT’s reported target on the governor’s website, yourmoney.nj.gov, indicates a target year of 2021. Inspection of the curves indicates that this would require \$280-\$290 million per year. The impact of lower funding levels is also indicated on the curves.

Discussion Points (Cont'd)

In summary, the NJDOT Pavement Management System indicates that to achieve our goal of 80% acceptable pavements by 2021, it will require \$280-\$290 million per year dedicated to the Pavement Preservation Funding described above.

9a. In DOT responses to the budget questions for FY 2012, the following table was provided which describes the anticipated sources and uses of funds for the five year capital program, above and beyond the \$895 million revenue and debt service base that was in place at the time:

**NJ Capital Transportation Program
Composition of Appropriations**

Description	Fiscal Year					FY 12-16 Total
	2012	2013	2014	2015	2016	
Sources						
NJ Turnpike	76.0	260.6	324.0	324.0	324.0	1,308.6
State Appropriations						
Motor Fuels Tax	52.0	40.8	40.8	40.8	40.8	215.2
Petroleum Products Gross Receipts	22.5	22.5	22.5	22.5	22.5	112.5
Sales and Use Tax	65.8	152.7	248.2	407.3	566.4	1,440.4
Subtotal, State Appropriations	140.3	216.0	311.5	470.6	629.7	1,768.1
Total TTFA:	216.3	476.6	635.5	794.6	953.7	3,076.7
Port Authority of New York/New Jersey	343.0	353.0	376.0	375.0	368.0	1,815.0
NJ Capital Transportation Program:	559.3	829.6	1,011.5	1,169.6	1,321.7	4,891.7
Uses						
Pay-As-You-Go (PAYGO)	76.0	260.6	374.8	489.7	605.2	1,806.3
Debt Service	140.3	216.0	260.7	304.9	348.5	1,270.4
Total TTFA:	216.3	476.6	635.5	794.6	953.7	3,076.7
Port Authority of New York/New Jersey	343.0	353.0	376.0	375.0	368.0	1,815.0
NJ Capital Transportation Program:	559.3	829.6	1,011.5	1,169.6	1,321.7	4,891.7

Since the production of this table, the amounts of revenues made available to the Transportation Trust Fund from the New Jersey Turnpike Authority have been less than anticipated in order to provide operating assistance to NJ Transit. There have also been language provisions included in the budget which conditionally de-appropriate sales tax revenue when the amount made available to the authority is in excess of that which is actually needed for debt service during the budget year.

Discussion Points (Cont'd)

- **Question:** Please provide an update for this table to account for the FY 2013 decisions and FY 2014 budget recommendations as they affect the amount of borrowing, debt service, pay-as-you-go funding, and sales and use tax appropriations. Please identify the specific sources of each annual amount of “pay-go” listed in the table.

Answer: See the attached chart entitled “NJ Transportation Capital Plan – Projected Approp. Increases vs. \$895m Base”. This chart reflects actual sources and uses for fiscal years 2012 and 2013, budgeted figures for fiscal years 2014, and projected amounts for fiscal years 2015 and 2016. With regard to the funding sources, the State appropriation amounts represent the incremental increase that, when added to the \$895 million appropriation base that existed prior to fiscal 2012, results in the total appropriation that was provided to the Transportation Trust Fund in each respective fiscal year. The amounts listed for the Port Authority of New York and New Jersey (PANYNJ) reflect the spending authorization identified in the agreement between the PANYNJ and the NJ Department of Transportation for the Pulaski Skyway, Wittpenn Bridge, and New Road projects that feed traffic to the Holland Tunnel.

9b. The current proposed budget identifies the same level of schedule 2 revenue from the NJ Turnpike Authority for NJ Transit operations as last year, \$295 million. The above table indicates that the amount the State is to receive from the Authority is to increase by \$63.4 million in this fiscal year.

- **Question:** Where does the proposed FY 2014 budget anticipate and appropriate that additional amount? Please identify all sources of funding provided or to be provided by the Autonomous Transportation Authorities in FY 2012 through FY 2016. For each source of funding, please indicate the regulatory mechanism (contractual agreement, statute, etc.) by which the State receives those funds. Also please identify whether those funds will be received by the State or whether they will be provided directly to some other entity such as the NJ Transit or the Transportation Trust Fund Authority.

Answer: The Fiscal Year 2014 Governor’s Budget Message recommends that \$324 million of revenue derived from the NJTA be used to support NJ Transit’s operations. The proposed Budget accomplishes this in two language items (see page D-363 of that document), each of which existed in the FY2013 Appropriations Act.

The first language item, reprinted below, authorizes NJ Transit to receive the \$295 million that also appears as appropriated revenue on Schedule 2 in the FY2014 Governor’s Budget Message:

“Notwithstanding the provision of any law or regulation to the contrary, in addition to the amount hereinabove appropriated for New Jersey Transit Corporation, there are appropriated such sums as are received from the New Jersey Turnpike Authority, pursuant to a contract between the Authority and the State for such transportation purposes.”

Discussion Points (Cont'd)

The second language item, which is juxtaposed next to the provision shown above, offsets part of NJ Transit's proposed appropriation with \$29 million of revenue derived from the NJ Turnpike Authority:

“Notwithstanding the provision of any law or regulation to the contrary, of the amounts hereinabove appropriated for New Jersey Transit from the General Fund, an amount not to exceed \$29,000,000 thereof shall be paid from funds received or receivable from the various transportation-oriented authorities pursuant to contracts between the authorities and the State for transportation purposes.”

With regard to the complete view of funding provided to the State by the various transportation-related authorities from fiscal year 2012 through 2016, see the attached chart entitled “Autonomous Transportation Authorities – Funding Assistance to the State of NJ”. (Funds provided via contract with the State Treasurer are first received by the State, while funds provided via cost sharing agreements are forwarded directly to the Department.)

10. The Treasurer is quoted in an NJ Spotlight article on March 4, 2013 as having said that “*we have \$250 million in bond premiums in hand because we were able to offer attractive interest rates on our previous bond sales...As a result, we will be able to fully fund the Transportation Trust Fund without borrowing any more money and without pay-as-you-go financing.*” A report issued on March 13, 2013 by Standards and Poor's on New Jersey's 2014 proposed budget notes on pages 5 and 6 that, “*The state received approximately \$250 million in bond premiums through previous TTFa bond sales and expects to use those funds together with additional federal funds to continue to fund projects on a pay-as-you-go basis without the need for increased borrowing. Investors purchase bonds at a price above face value in exchange for receiving a higher interest payment. Because the premium is not considered principal, the state is able to obtain more funds upfront without exceeding their caps on debt issuance. In the long term, however, New Jersey pays more in interest rates.*” Section 3 of P.L.2012 c.13, provides the authority with \$849,200,000 of bonding authority for FY 2014. At this level of bonding authority, pay-as-you-go funding of \$375 million was needed to support a total FY 2014 capital program of \$1.6 billion.

- **Question:** Where will the State obtain the pay-as-you-go component of the FY 2014 State capital plan? If the amount is to also be derived from bond premiums, what amount of new money bond issuance will be necessary to generate such a large premium, and at what additional interest cost? Is it realistic to assume that credit market conditions will allow significant bond premiums without incurring higher true interest costs?

Answer:

- The Transportation Trust Fund Authority's Fiscal Year 2014 financing plan involves the drawdown of bond premium cash for the payment of eligible construction costs. Also, as part of the Fiscal Year 2014 capital plan, the State will be exercising a priority on federally-eligible projects thereby reducing the Transportation Trust Fund Authority's need for cash derived from bonds for Fiscal Year 2014. Overall, the financing plan does not rely on

Discussion Points (Cont'd)

additional borrowing and keeps the overall transportation programs the same size at \$1.6 billion.

- The Transportation Trust Fund Authority's Fiscal Year 2014 financing plan is not predicated on the generation of additional bond premium in Fiscal Year 2014. The Authority's total cash carryforward, which includes the aforementioned \$254 million in bond premiums, and the \$849 million in bond cap that is statutorily authorized for Fiscal Year 2014, are expected to provide sufficient resources to support the Transportation Trust Fund Authority's capital expenditures for next fiscal year.
- It is realistic to assume that credit market conditions allowed significant bond premiums without incurring higher true interest rates. In fact, market considerations make it clear that the existence of some bond premium can be expected to result in a lower true interest cost to the State. The Transportation Trust Fund Authority offers to the market place the par amount of bonds which par amount counts against the statutory debt cap. If the market pays a premium for this par amount of bonds, that premium does not change the par amount of bonds. Bond premium is derived from the mathematical calculation of a bond's price relative to the rate of return to the investor, as determined by the financial market. Depending upon market conditions, bonds can be sold at a discount (which doesn't reduce the par amount of the bonds) or at a premium (which doesn't increase the par amount of the bonds).
- ***Question:* Does the Transportation Trust Fund Authority (TTFA) consider bond premiums a debt instrument that counts against the bonding limitation of N.J.S.A. 27:1B-9 above the par value of the bond issuance? Please explain why a bond premium is or is not considered additional debt subject to the statutory debt limitation and how the premium differs from the par value of the bond with regard to the statutory debt limitation.**

Answer:

- The Transportation Trust Fund Authority does not consider bond premium as part of the statutory bond cap. Most importantly, the Attorney General's Office, Bond Counsel, and the Wall Street Community are all in agreement that bond premium is not considered part of the Transportation Trust Fund Authority's statutory bond cap.
- The Transportation Trust Fund Authority offers to the market place the par amount of bonds which par amount counts against the statutory debt cap. If the market pays a premium for this par amount of bonds, that premium does not change the par amount of bonds. Bond premium is derived from the mathematical calculation of a bond's price relative to the rate of return to the investor, as determined by the financial market. Depending upon market conditions, bonds can be sold at a discount (which doesn't reduce the par amount of the bonds) or at a premium (which doesn't increase the par amount of the bonds).

Discussion Points (Cont'd)

11. According to budget evaluation data, total snow and ice removal costs in recent years has been as follows: FY 2010: \$39.77 million, FY 2011: \$48.89 million, FY 2012: \$17.27 million, and FY 2013: \$40.34 million. An article in the Star Ledger on March 20, 2013 provided a table of snow removal costs provided by DOT with amounts as follows: FY 2010: \$43.8 million, FY 2011: \$56 million, FY 2012: \$20.7 million, and FY 2013: \$50.8 million.

During the FY 2012 budget hearings, Commissioner Simpson testified that the FY 2010 and 2011 winters both ranked in the top five over the past 80 years. In a Philadelphia Inquirer article on March 7, 2013, it was reported that the compensation rate for snow removal contractors had increased by 25% this year, and that there has been a significant increase in the amount of standby time for plow operators. The Department was reported as having attributed the increased costs for FY 2013 to an increase in the number of statewide storms.

- **Question:** Please explain the discrepancy between the snow removal costs provided to the Star ledger and those listed in the budget evaluation data. Please break down the components of snow removal costs between labor, materials, and outside contract costs.

Table 1 New Jersey Department of Transportation Reimbursable Snow Removal Costs Budget Evaluation Data (in millions)				
	FY 10	FY 11	FY 12	FY 13(a)
Labor (Overtime)	\$8.69	\$9.65	\$5.27	\$8.57
Reimbursable Material Costs	\$13.66	\$16.01	\$6.54	\$10.96
Contractor Costs	\$17.42	\$21.23	\$5.46	\$20.81
Total Reimbursable Costs	\$39.77	\$46.89	\$17.27	\$40.34

a) Represents costs through 2/12/13

Table 2 New Jersey Department of Transportation Snow Removal-All Costs (in millions)				
FY	FY 10	FY 11	FY 12	FY 13(b)
Labor (Overtime)	\$7.3	\$9.7	\$5.3	\$11.5
All Material Costs	\$13.6	\$18.2	\$6.5	\$11.7
Contractor Costs	\$17.5	\$21.2	\$5.8	\$23.0
Straight Salary	\$3.0	\$4.0	\$1.9	\$1.2
Equipment	\$2.4	\$2.9	\$1.2	\$3.4
Total Costs (All Sources)	\$43.8	\$56.0	\$20.7	\$50.8

b) Represents costs through 3/18/13

As illustrated above, Table 1 reflects the reimbursable costs associated with the Department’s snow removal operation. These costs are what comprise the supplemental appropriation provided to the Department of Transportation for snow removal costs, as well as what is reported within the Evaluation Data section of the Governor’s Budget Message.

Discussion Points (Cont'd)

The categories of reimbursable costs are:

- a) Overtime Costs
- b) Reimbursable Material Costs-defined as those materials purchased and applied in the given fiscal year
- c) Contractor Costs

As reflected in Table 2, the Department also incurs additional costs that are not typically reimbursed through the supplemental appropriation process, however are being captured as part of total snow removal costs for the Department.

These additional costs are:

- a) All Materials Costs-defined as the cost of all materials applied, including any material inventory which was purchased in a prior fiscal year
- b) Straight Salary-defined as labor costs attributed to an employee's designated work hours
- c) Equipment-defined as costs associated with the utilization of equipment, such as repairs, fuel and depreciation

The total cost, which includes the reimbursable cost categories, as well as salary and equipment utilization, is the information which the Department provides for media inquiry, and is what is reflective in the Star Ledger article of March 20th, 2013.

- ***Question:* Please provide data about the number of snow events over the last four fiscal years, and the aggregate number of hours that snow plow contractors have been deployed in each of the last four fiscal years for standby time and actual billed plow time.**

Answer: Stand-by time has been limited this year to a maximum of 2 hours per call out, rather than an unlimited number of hours. Therefore, stand-by time for contractors has been decreased. Actual hours paid for regular or premium time has increased, partially due to the emphasis on maintaining black pavement, and partially due to the decrease in stand-by time.

- ***Question:* Please identify the major cost factors in snow removal and how DOT works to control those cost factors. Also please describe how those cost factors are expected to change in upcoming years.**

Answer: The Budget Office, in cooperation with Operations staff, monitors snow removal costs and works to ensure that the effort is carried out in the most efficient, fiscally sound method as possible. However, first and foremost is the Department's responsibility to protect the motoring public during hazardous weather related road conditions. It is unacceptable to have snow and ice on our highways and the goal is to have black pavement at all times. Even though this may not always be achievable due to the rate of snow fall and resources available to fight it, black pavement remains the goal. This means that our response level over the past two years has been raised.

Major cost factors in snow removal are salaries, material (rock salt and liquid calcium chloride) and contractor costs. If the amortized cost of equipment is considered, this would also be a factor.

Discussion Points (Cont'd)

Last year, we reached out to the contracting industry to ask why contractors would not bid on our snow sections, as we typically received bids on fewer than 50% of our snow sections. The answer was clear that the contracting industry avoided our contracts because we were not being competitive with other government agencies and private sector clients. We recognized that we had to change and be willing to accept a more competitive bid rate, as well as change some of the other factors in our contracts that made them less than desirable to contractors, such as stand-by time rates. This resulted in a truly market driven price, rather than an artificially created price cap on contract costs. The result was approximately a 25% increase in average hourly rates for a snow plow truck and driver.

- **Question: What process does the DOT use when procuring the services of snow plow operators? Why was it necessary to increase the pay rate for outside contractors by 25 percent?**

Answer: Contracts are bid through the state procurement process. The decision to accept or reject bids is based on cost. Please see the response to the above question for information about the pay rate increase for outside contractors.

12. The New Jersey Turnpike Authority is currently engaged in a 10 year, \$7 billion capital program that will involve a significant improvements and widening of the New Jersey Turnpike and Parkway. Responses to FY 2013 budget questions by Senator Sarlo indicated that after the completion of a traffic and revenue study, which was completed by CDM Smith in July 2012, that adjustments to the capital plan or refunding of debt could be done in response to any revenue shortfalls predicted by the study.

- **Question: What if any actions were taken by the Authority in the last year as a result of the findings of the CDM Smith report? How have traffic and revenue results in the months since the issuance of the report compared with the estimates provided by CDM Smith? Please provide a revenue and expenses display for the Authority in the same format as provided for the budget question last year with estimates for 2014 and 2015.**

Answer: CDM Smith, the NJTA's Traffic Engineering Consultant, issued its investment grade traffic and revenue study on July 27, 2012. The NJTA annual revenues for 2012 were within less than one percent (1%) lower than the revenue projected by CDM Smith. Because NJTA's revenues were in line with projections, the Authority did not take any unanticipated actions.

It should be noted that if the NJTA does not achieve its revenue targets it would look at several options to close a budget gap. The NJTA would look to further control operating expenses or refunding of debt to produce debt service savings if market conditions are favorable. For example, the NJTA is currently preparing to refinance a portion of its variable rate debt portfolio to achieve debt service savings. In addition, the NJTA could lengthen the time frame of its \$7 billion capital program which would allow the NJTA to delay the timing of planned borrowings thereby reducing interest costs in the near term.

Discussion Points (Cont'd)

It should be noted that the NJTA has been aggressively managing its Operating Budget. The NJTA recently cut its Operating Budget so that its 2013 Operating Budget is lower than its 2012 Operating Budget. In fact, the 2013 Operating Budget is the lowest budget in six (6) years. Since 2004, the NJTA has reduced the number its full-time employees by about 27% with the NJTA reducing headcount for ten (10) consecutive years.

The 5-Year Transportation Capital Projects Funding Agreement with the State clearly specifies that payments to the State are subordinate to the obligations of the NJTA under its General Bond Resolution and that payments can be made only out of amounts on deposit in the General Reserve Fund. Obviously, if amounts are not available, the payments cannot be made. The NJTA, however, is committed to managing and controlling its costs to help offset any potential shortfalls.

Discussion Points (Cont'd)

New Jersey Turnpike Authority			
Projected Revenue, Expenditure and Debt Service Coverage (\$000s)			
(Based on General Resolution Provisions, not in accordance with GAAP)			
	Estimated	Estimated	Estimated
	2013	2014	2015
Revenues			
Toll Revenue			
Turnpike (1)	1,010,072	1,024,545	1,047,686
Parkway (1)	407,040	415,002	419,670
ETC Project Fees	48,261	49,227	50,211
Federal Subsidy for Series 2009F and 2010 Bonds (2)	78,113	81,665	81,665
Concession Revenue	35,400	36,100	36,800
Other Revenue	27,754	30,411	34,356
Total Revenues	1,606,640	1,636,949	1,670,388
Operating Expenses (3)	(474,000)	(478,801)	(491,845)
Total Revenues Available for Debt Service	1,132,640	1,158,148	1,178,543
Future Debt Issuance	-	750,000	915,000
Net Debt Service (4)(5)(6)	(604,611)	(613,995)	(745,925)
Total Revenues Available After Debt Service	528,029	544,153	432,618
Payment to Charges Fund (7)	(2,750)	(2,750)	(2,750)
Cash Flow Available for Reserves	525,279	541,403	429,868
Maintenance Reserve Fund (8)	(72,635)	(74,814)	(77,058)
Special Project Reserve Fund (9)	(37,044)	(38,155)	(39,300)
Net Revenues Available for General Reserve Fund	415,600	428,435	313,510
TTF Payments	(22,000)	(22,000)	(22,000)
Feeder Road Projects with DOT	(12,500)	(12,500)	(12,500)
State TCP Funding Agreement	(324,000)	(324,000)	(324,000)
Available former ARC/Feeder Road Payments/Revenue			
Supplemental Capital Funding (9)	(50,000)	(35,500)	(35,500)
Net Annual General Reserve Fund Increase	7,100	34,435	(80,490)
Ending General Reserve Fund Balance	191,783	226,218	145,728
Debt Service Coverage Ratio			
Net Revenues/Debt Service	1.87	1.89	1.58
Net Revenues/Debt Service and Reserves	1.59	1.59	1.37

Discussion Points (Cont'd)

Footnotes:			
(1) From Traffic Report by CDM Smith dated July 27, 2012 and Draw Down Letter Dated February 15, 2013			
(2) Assumes 8.7% reduction in BAB subsidy for remainder of federal fiscal year 2013 and 100% BAB subsidy of 35% thereafter			
(3) From Consulting Engineers Report by HNTB Corporation dated March 7, 2013			
(4) Existing debt service includes applicable spread of floating rate notes and unhedged portions of the Series 2009A Bonds at 5.0% and assumes swapped debt will achieve synthetic fixed rates			
(5) Includes Series 2013A Projected Debt Service			
(6) Debt Service for future planned capital program borrowing is assumed at 5.0% for all future borrowings			
(7) Reflects projected on-going annual fees and charges related to variable/auction rate bonds of the Authority			
(8) From Consulting Engineers Report by HNTB Corporation dated March 7, 2013			
(9) Minimum amount needed to cover extraordinary snow, truck replacement and other capital projects not funded elsewhere			

- Question:* How much additional bonding will need to take place to finance the remainder of the plan? What is the Authority’s anticipated debt service schedule over the next 30 years upon completion of the capital plan?**

Answer: The NJTA has to borrow another \$3 billion to complete its \$7 billion capital plan. The next borrowing will be in 2014 in an amount of about \$750 million. The NJTA plans for its debt service to continue to increase from the current approximate \$600 million/year to approximately \$900 million per year by 2019. As a result of the borrowing related to its \$7 billion capital program, NJTA plans that it will have approximately \$900 million/year of debt service into the early 2040’s.

Discussion Points

Motor Vehicle Commission

16. There are currently 17 dedicated cause plates listed on the Motor Vehicle Commission (MVC) website. The statutes establishing these dedicated cause plates permits the MVC to recover its costs in designing, producing, and publicizing the plates before the cause being supported by the plates receives the fees paid by those who purchase the plates.

- **Question:** For each of the 17 plates, please identify the year that the plates went into circulation, the number of plates that are currently in circulation, the costs that the MVC needs to recover for each plate, any amount that has been provided to the dedicated cause, and the total amount of fees collected from the plates.

NEW JERSEY MOTOR VEHICLE COMMISSION							
DEDICATED CAUSE PLATES							
FY 2007 - February 2013							
Speciality Plate	Year in Circulation	Number of Plates	Cost Per Plate	Total Expenses	Dedicated to Cause	Total General Fund	Total Fees Collected
Agriculture*	2001	4,321	\$ -	\$ -	\$ -	\$ 135,181.50	\$ 135,181.50
Animal Welfare/ Animal Cartoon	1994/2002	8,731	\$ 8.69	\$ 99,709.01	\$ 1,546,940.77	\$ 43,208.22	\$ 1,689,858.00
Battleship	1996	4,250	\$ 8.69	\$ 37,578.26	\$ 987,726.61	\$ 22,120.63	\$ 1,047,425.50
Conquer Cancer	1998	15,092	\$ 8.69	\$ 125,767.19	\$ 2,351,559.17	\$ 73,876.14	\$ 2,551,202.50
Deborah Hospital	2000	452	\$ 8.69	\$ 4,145.13	\$ 82,089.87	\$ 2,552.50	\$ 88,787.50
Law Enforcement	2002	27,179	\$ 11.79	\$ 307,267.71	\$ 2,329,058.01	\$ 83,705.78	\$ 2,720,031.50
Historic Preservation	1998	791	\$ 11.79	\$ 11,128.83	\$ 136,214.11	\$ 3,932.56	\$ 151,275.50
Liberty State Park	2000	1,993	\$ 11.79	\$ 29,287.79	\$ 305,176.26	\$ 6,631.45	\$ 341,095.50
Maritime Bay	1998	1,204	\$ 11.79	\$ 15,465.93	\$ 226,839.42	\$ 3,133.65	\$ 245,439.00
Meadowland	2001	1,095	\$ 11.79	\$ 12,582.87	\$ 133,700.95	\$ 4,999.68	\$ 151,283.50
Olympic	1996	1,466	\$ 11.79	\$ 18,971.99	\$ 186,984.49	\$ 6,448.02	\$ 212,404.50
Organ Donor	2003	2,168	\$ 11.79	\$ 26,320.51	\$ 271,044.86	\$ 10,707.63	\$ 308,073.00
Pineland	1998	1,816	\$ 11.79	\$ 22,694.87	\$ 340,926.20	\$ 9,330.93	\$ 372,952.00
Treasure Our Trees/ Commercial	1998/2002	2,600	\$ 8.69	\$ 30,082.88	\$ 430,267.08	\$ 10,885.54	\$ 471,235.50
Shore Protection	1994	27,818	\$ 8.69	\$ 234,448.63	\$ 4,836,773.81	\$ 215,269.06	\$ 5,286,491.50
Wildlife	1994	6,441	\$ 8.69	\$ 56,791.42	\$ 1,092,138.13	\$ 42,895.83	\$ 1,191,825.38
United We Stand	2004	7,658	\$ 8.69	\$ 93,724.12	\$ 898,364.77	\$ 21,771.61	\$ 1,013,860.50
Totals:		115,075		\$ 1,125,967.14	\$ 16,155,804.51	\$ 696,650.73	\$ 17,978,422.38

*All monies go to the Department of Agriculture

The Motor Vehicle Commission (MVC) offers 17 dedicated cause plates. The data noted above includes financial information from FY 2007 through February 2013 using the Commission’s Oracle financial reporting system that is part of the MATRX solution. The statutes for each of these plates varies and therefore provides different amounts for the expenses of issuing the plate, the amount dedicated to each cause, and the amount that is dedicated to the General Fund.

17. During the Chief Administrator’s testimony last year before the budget committees, the new temporary license plate placard was passed around to committee members. This

Discussion Points (Cont'd)

new placard was printed on a higher quality cardstock and was considered durable enough to be placed outside of the vehicle, where a permanent license plate would be displayed.

- **Question:** Please describe the MVC's experience with these new temporary plates. Are drivers required to display one of these temporary plates on the rear license plate holder as well as the rear window? Now that they have been in circulation, does the MVC have any information about how many of these plates have been damaged due to weather exposure?

The new temporary license plates (temp tags) were made available in March of 2012.

By July of 2012, all dealers were required to discontinue use of the old style paper temp tags. To date, over 750,000 of the new temp tags have been issued directly by the new and used car dealers at their dealerships. To date, 658 new and 1,769 used car dealers have registered to utilize the new Temp Tag system. This has resulted in greater convenience for the dealers and less dealer foot traffic in our agencies which has allowed the MVC to further focus on retail customers. In addition, over 402 law enforcement agencies throughout the State are now able to look up these temporary tags at traffic stops in a similar fashion to how they look up standard permanent tags. This is a tremendous safety and security improvement over the previous Temp Tags which were displayed inside tinted windows and could not be verified electronically 24/7. The new temp tags are only to be displayed in the rear license plate holder. Dealers are required to print them only on a durable card stock that has been defined by the MVC using only a laser printer. The card stock that is required is available to the dealers through three different suppliers. A laser printer must be used to ensure that the ink is bonded to the paper. In the event that the dealer is not utilizing the proper stock and/or printer, the Commission has established a policy which requires an investigator to visit the dealership to discuss corrective action.

There have been no instances reported concerning temp tags that have been printed on the correct card stock using laser printers being affected by weather.

The Commission is also partnering with the toll road authorities in identifying toll violators due to the ability to now read the temp tag which is placed in the rear license plate area. The entities and individuals identified by the New Jersey Turnpike Authority (NJTA) in 2012 each owe more than \$1,000 in unpaid tolls and administrative fees and collectively represent over \$2.5 million in unpaid tolls. Out of the approximately 157 violators, 38 (24%) have settled their toll violations. The Commission is also providing services to the South Jersey Transportation Authority (SJTA) whose unpaid tolls and administrative fees represent over \$520,000.

18. Responses to FY 2013 budget questions indicated that the Motor Vehicle Automated Transaction System (MATRX) was scheduled to have release 2 in March, 2013 and will include "business module of vehicle, title, and registration" functions. Release 3 is scheduled for the spring of 2014 and will feature "driver licenses, business licenses, and event history."

Discussion Points (Cont'd)

Additionally, the MVC announced that it was in the process of converting all driver's licenses over to ones that meet the REAL ID federal regulations. It was noted that in May of 2012 the MVC would begin issuing these licenses to older residents. The progress of MATRX and REAL ID were also supposed to enable the MVC to begin renewing licenses through the internet and by mail, requiring just one license-related MVC visit every eight years.

- **Question: Please provide an update on the status of the MATRX program. Has release 2 been delivered by the contractor? Is release 3 proceeding according to schedule?**

Release 2 will not be implemented until August 2014 and Release 3 is scheduled to be implemented in October 2015.

One of the main requirements of the MATRX contract is for HP to provide a prototype that allows MVC to assess requirements and usability of the business module. The contractual requirement for Release 2 included a prototype for each of the following business modules: Vehicle/Title/Registration Business Module, Customer Manager Module and Web Based Transaction Center Module (On-line MVC Services).

After the evaluation of the prototypes, the State identified additional work that was not components of the original requirements. The negotiations took seven months during which impacted the overall schedule for both Release 2 and Release 3.

After a contractual amendment was signed delineating the responsibilities of HP and MVC, HP proceeded to plan and schedule the additional work. The time necessary to complete the agreed upon work was added to the Release 2 schedule.

- **Question: How has the implementation of REAL ID and MATRX progressed in the last year? Are all drivers currently issued licenses meeting the REAL ID regulations? Are all drivers currently able to renew by mail and through the internet?**

Question: What will the total project costs be for implementing the REAL ID requirements? Outside of the costs to the MATRX vendor, what costs will the MVC face internally as it integrates these new capabilities into its operations?

While the work continues for the MATRX project, MVC has embarked on two new programs that are consistent with our core mission of improving customer identification and document security.

New Jersey has among the most secure driver license documents (the NJ Enhanced Digital Driver's License or EDDL) and driver's license issuance process in the country. This document and the process for issuance was developed over a period of 7 years as a state

Discussion Points (Cont'd)

initiative, for state purposes, regardless of, but in many ways, complimentary to the Federal Real ID law. Consequently, the NJ driver's license is already essentially "Materially Compliant" with the federal standards. The federal government has extended the date for all states to be fully compliant with the new minimum standards. NJ currently is in the top tier of states with regard to driver's license security, due in great part, to its completion of long term projects stemming from the "Fix DMV" initiative, beginning in 2002, that created the MVC through to the roll-out of our EDDL and other security and customer service related projects. Given the existing high quality of the NJ driver's license document and issuance process, NJ will have the ability to issue licenses that are fully compliant with the new minimum national standards if or when actually required by federal law.

While work on MATRX has continued on its own course and project schedule, the MVC began work on two additional (and inter-related) state driver's license initiatives that were not required by the Federal Real ID law that have helped NJ continue to achieve a high standard of security and have also provided additional customer convenience. These are the use of Facial Recognition technology to clean up and protect the integrity of our database, and the first phase of our central issuance "Skip the Trip" program.

Our "Skip the Trip" program was available to eligible drivers in November, 2012. From reviewing best practices, MVC chose to phase this project into two parts. By August 2013, all eligible drivers will be able to "skip the trip". At the present time, this program has saved over 200,000 customers the need to visit an office and we are averaging an over 50% participation rate. When MATRX is fully implemented, we will be able to offer this program through the mail or internet. The "Skip the Trip" program does not allow commercial drivers or temporary visa restricted license holders to participate in this program.

The Facial Recognition Project "Operation Facial Scrub (FS-12)" which utilizes facial recognition technology to identify any duplicative photo records that may indicate administrative error or potential customer fraud. To date the MVC has identified the following: over 4,868 matters that required corrective administrative action by the MVC; 2,617 acts of criminal fraud against the MVC; and over 738 criminal investigative cases have been referred to the Office of the Attorney General or other law enforcement entity for action. These cases have included the following: over 185 identity fraud cases related to driver's license suspensions; 75 related to DWI histories; 65 related to Commercial Driver License holders; 6 sex offenders; 31 related to child support; 44 individuals wanted in NJ or elsewhere, and over 300 cases involving as yet undetermined motives.

Both of these programs included a one-time cost to set up and implement central issuance capability from a contractor owned and operated central print facility. The cost was \$504,900 and was funded through MVC's base budget. The current contract provides for ongoing maintenance of this system.

- **Question:** The MVC noted last year that it was analyzing the impact of increased web transactions on future agency volumes. Is that analysis complete? What impact does the MVC expect its new internet based transactions to have

Discussion Points (Cont'd)

on agency volumes? What does it expect the impact to be on agency costs and staffing levels?

- **Question:** As the MVC increases the number of transactions it conducts online, what are the short term costs of setting up this online capability and what are the expected recurring benefits of no longer conducting these transactions in person? How much of these costs and benefits are reflected in the FY 2014 budget?

Currently, MVC's online services include registration renewals, change of address, organ donor declaration, sports plates, personalized plates and restoration fees. A new addition to the online services this year is the Next-of-Kin Registry known as Sara's law. This is a New Jersey statewide web-based system that allows individuals at least 14 years of age to voluntarily submit and maintain emergency contact information through the New Jersey Motor Vehicle Commission. This non-public information will only be used to by law enforcement officers to locate designated emergency contacts in an event that a person is involved in a vehicle crash that renders him or her unable to communicate.

As part of the MVC's Performance Indicators as noted on the Governor's Performance Budgeting website, the Commission has made every effort to improve service delivery levels that maximize automatic transactions and minimize transactions at the agencies. As of February 2013, the number of customers conducting registration renewal services at local motor vehicle agencies has decreased while the number of registrations conducted through the mail has increased which is consistent with our desires for the Commission's performance indicators. The average number of registrations conducted online has a twelve month average of 24.9% which is the highest level over the last three years. Furthermore, the reduction in foot traffic at the agencies allows staff to more readily provideservices to those customers that are required to visit an agency for specific transactions.

The Commission does not foresee any reductions in staffing in FY14 until the MATRX Project and other technology projects, such as Central Issuance, are fully implemented.

19. In the FY 2012 annual report issued in December, 2012, the MVC provides a financial statement for the FY 2013 budget. This statement serves as an update to the information provided as a response to FY 2013 budget questions which asked for the FY 2013 requested budget amounts. A notable difference between the two displays was a decrease in MVC expenditures on additions, improvements, and equipment which fell from \$24.482 million in the budget response, to \$7.694 million in the FY 2012 annual report.

- **Question:** Please discuss the reduction in expenditures for FY 2013 on additions, improvements, and equipment from the original budget request.

The Commission separated the capital costs from the 'Additions, Improvements and Equipment' account as part of its ongoing efforts for improved financial reporting. The reconciliation for this account is as follows:

Discussion Points (Cont'd)

DESCRIPTION	AMOUNT in thousands)	(\$\$\$)
FY 2013 Response Issued at the 2012 Budget Hearings		\$ 24,482
Capital Construction		(\$ 12,100)
Wayne Construction	\$ 10,100	
Eatontown Renovation	\$ 2,000	
Capital Equipment		(\$ 1,597)
Lg Mailroom Inserting Machine	\$ 600	
Sm Mailroom Inserting Machine	\$ 142	
Security Cameras	\$ 855	
Capital Other		(\$ 2,275)
Agency Fit-Outs	\$ 1,875	
Vehicle Inspection Remediation	\$ 400	
Other Variances		(\$ 816)
Driver and Road Test Scheduling System laptop reconfiguration accelerated to FY 12 and reallocated to pay for the SAVE Program because of the increased usage to look up all aliens for immigration SAVE expenses increased from \$6k to \$175k.	\$ 137	
OIT Data Security Solutions with deferred per OIT and reallocated to the special purpose object for unanticipated expenditures.	\$ 679	
FY 2012 Annual Report (FY 2013 Budget)		\$ 7,694

- **Question:** Please provide a financial statement in the same format used for the annual reports which describes the MVC budget request for FY 2014.

	FY 2014 PROPOSED BUDGET (\$\$\$ in thousands)
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Discussion Points (Cont'd)

RESOURCES		
Reappropriation		\$ 7,427
Operating Resources		
MVC Base Budget		\$291,090
Security Surcharge (\$7)		\$41,100
Digital Driver License Fee (\$6)		\$ 15,200
Sub-Total Operating Resources		\$ 347,390
Dedicated Resources		
Commercial Vehicle Enforcement Fund		\$ 12,900
Commercial Bus		\$ 695
School Bus		\$ 1,500
Motorcycle Safety		\$ 473
Omnibus		\$ 49
Security Responsibility		\$ 18,527
Sub-Total Dedicated Resources		\$ 34,144
TOTAL RESOURCES		\$388,961
EXPENDITURES		
Operating Expenditures		
Salaries & Fringe		\$ 163,562
Materials & Supplies		\$ 13,769
Services Other Than Personal		\$ 47,299
	Parsons Inspection Contract	\$ 39,034
Maintenance & Fixed Assets		\$ 7,309
Claims & Indirect		\$ 510
	Special Purpose	\$ 1,181
Additions, Improvements, Equipment		\$ 5,819
Sub-Total Operating Expenditures		\$ 277,858
Dedicated Fund Expenditures		
Commercial Vehicle Enforcement Fund		\$ 7,129
Commercial Bus Inspections		\$ 2,038
School Bus Inspections		\$ 7,415
Motorcycle Safety Education Fund		\$ 370
Omnibus Safety Enforcement		\$0
Security Responsibility		\$ 18,527
Sub-Total Dedicated Expenditures		\$ 35,479
Capital Program		
Capital Design		\$ 0
Capital Construction		\$ 0
Capital Equipment*		\$ 761
Capital Other		\$ 0
Capital Program		\$ 0
Sub-Total Capital Program		\$ 761
State Budget Contributions		\$ 72,209
TOTAL EXPENDITURES		\$ 386,932
TOTAL RESOURCES		\$ 388,961
TOTAL EXPENDITURES		\$ 386,932
BALANCE/(DEFICIT)		\$ 2,029

*Capital Equipment includes \$761k for security cameras.

- **Question:** Please discuss any major differences in operating expenses impacting the MVC in FY 2014. What does the MVC estimate for the FY 2013 year end surplus?

Discussion Points (Cont'd)

The Commission's FY 2014 Budget operating expenses are proposed to be \$18.4 million less than the FY 2013 Budget submission. The most notable is a net reduction of \$17.5 million that can be found within the 'Additions, Improvements and Equipment' account primarily due to anticipated one-time expenses for capital projects comprised of:

- (\$ 10.1 million) Wayne Construction
- (\$ 2.0 million) Eatontown Renovation
- (\$ 1.9 million) Fit-Outs of Three New Leased Sites
- (\$ 3.9 million) Kiosks
- (\$.4 million) Remediation of Closed Vehicle Inspection Sites
- \$.3 million IRP Auditor Vehicles Increase
- \$.5 million Parsons Amendment Partial Increase

As the Commission prepares its financial plan for the ensuing years, all fund balances are utilized for operating and capital program needs. The Commission has identified specific agencies for construction or remodeling, especially in those areas with large population centers. For example, the Wayne, Eatontown and Kiosk projects may be deferred to FY 2014 and will require funds not encumbered in FY 2013.

The Salaries & Fringe benefit line will also increase in FY 2014. This is largely due to the \$9.3 million increase in the fringe benefit rate from 37.95% to 45.35%. The Commission also projects a \$2.3 million increase in regular salaries attributable mostly to the Cost-of-Living-Adjustment (COLA) and increments that are part of the union contracts, as well as, the need for IFTA/IRP auditing positions.

The Commission is projecting a \$7.4 million balance which is intended for renovations of our Newark motor vehicle agency, and will utilize those funds for operating or capital initiative in FY 2014.

20. In the proposed FY 2014 budget, evaluation data indicates that the MVC will add 52 positions for FY 2014, bringing total employment to 2,233, roughly the same employment level seen in FY 2011.

- **Question:** Please discuss the increase in MVC staffing levels over the last year and the anticipated change in staffing levels for this fiscal year. Are the positions being added the same ones that had been reduced since FY 2011, or are these positions fulfilling different functions within the agency?

MVC's staffing is determined by evaluating our changing needs and applying sound management principles.

Discussion Points (Cont'd)

As stated in our Discussion Points in 2013, the Commission embarked on an aggressive campaign to reduce wait-times at the agencies to ensure adequate customer service and attain the targeted performance measure for wait-time limits. Staffing adjustments were necessary for the revised hours of operations, for conducting business, and compliance processes that ensures that MVC keeps moving forward. The hiring of part-time staff and through a title consolidation effort which broadened the scope of work, the Commission was able to cross-train individuals leading to greater flexibility in servicing customers. In comparing wait times from July 2012 to February 2013 at our three busiest agencies, Lodi, Wayne and Eatontown a reduction has been accomplished: 70 minutes to 36 minutes, 17 minutes to 9 minutes, and 40 minutes to 22 minutes, respectively.

The Commission also hired additional staff for investigative purposes related to the Facial Scrubbing/Recognition Project. These personnel are responsible for assisting in the prosecution of criminal intentions by those individuals who commit identity fraud through motor vehicle submissions and processes. Any impediment to hire the sufficient number of investigators to adequately handle this type of fraudulent activity will inhibit the facial recognition project and jeopardize the security efforts to capture fraud. To date the MVC has identified the following: over 4,868 matters that required corrective administrative action by the MVC; 2,617 acts of criminal fraud against the MVC; and over 738 criminal investigative cases have been referred to the Office of the Attorney General or other law enforcement entity for action. These cases have included the following: over 185 identity fraud cases related to driver's license suspensions; 75 related to DWI histories; 65 related to Commercial Driver License holders; 6 sex offenders; 31 related to child support; 44 individuals wanted in NJ or elsewhere, and over 300 cases involving as yet undetermined motives.

In addition, the Commission hired staff within the Inspection Services Division to properly carryout its commercial and school bus inspection programs which were consolidated last year. The MVC performs annual inspections on 4,000 commercial buses and semi-annual inspections on 24,000 school buses and 2,000 for New Jersey Transit buses. Inspections on these types of vehicles include both emissions and safety. In addition, over 30,000 re-inspections are performed annually on these vehicles.as well. MVC implemented cross-training of bus personnel for greater flexibility in assigning inspection duties.

In FY 2014, the Commission will be adding 17 new hires. These positions include 3 additional Investigators to assist with the Facial Scrub Project (FS-12) to identify fraud as well as assisting other State agencies with fraud prevention efforts. The remaining 14 positions will be assigned to auditing functions in order to satisfy the requirements associated with agreements with the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA). These agreements allow interstate truckers to register and pay mileage based on fees and fuel taxes in a single jurisdiction. Each jurisdiction must audit a minimum of 3% of its registered carrier accounts. Failure to meet these mandates can result in the expulsion of New Jersey from the programs.

Discussion Points

Department of Transportation and NJ Transit – NJ TRANSIT RESPONSES

1. Both the Department of Transportation (DOT) and NJ Transit have implemented a hiring freeze that has lasted multiple years, and have had similar hiring freezes for sustained periods prior to the current freeze. One of the major impacts of those hiring freezes is reduction in the number and years of experience for salaried, non-union, professional staff. The DOT Organizational chart, available on the Department's website, shows 25 vacancies or TBA (to be announced) out of roughly 120 positions. The replacement of senior staff with junior staff and leaving certain positions vacant reduces overall salary expenses.

The utility of these savings can be mitigated in a variety of non-financial ways, including the loss of institutional knowledge and increasing the workload of existing staff. Reductions in staff can reduce future productivity by constraining planning, education, and development activities. The large numbers of long time employees retiring across State government in recent years make the issue of institutional knowledge transfer more relevant than during past hiring freezes.

- **Question:** For DOT and NJ Transit in the last four years, what changes have taken place in total employment, total years of experience, and total payroll among professional planners and engineers within areas relating to capital program management, capital investment planning, and financial operations.

Between July 2009 and February 2013 the actual headcount within the capital programming function remained flat. Going forward, given the strategic importance of developing, managing and implementing the annual capital program, NJ TRANSIT will continue to ensure that capital program related positions are strategically managed so that the capital program is not impeded due to a lack of human resources.

- **Question:** What approaches have DOT and NJ Transit taken to retain the institutional knowledge of high level professionals upon retirement? In the midst of a long-running hiring freeze, how is each organization replacing the productivity of professionals as they retire?

As part of an integrated Human Resource Management function, succession planning is a fundamental component of NJ TRANSIT's overall human capital planning priority. It supports workforce planning by providing direction for managing critical leadership development resources and helps ensure the best use of those resources to achieve organizational goals and objectives. It also provides a mechanism for assuring continuity of leadership by creating a methodical process to identify leadership needs and to develop plans to meet those needs.

- **Question:** How many authorized professional positions at DOT and NJ Transit are currently vacant? Are there any plans to permanently eliminate these positions? If not, are there any plans to fill these positions? If so, on what timeframe?

Discussion Points (Cont'd)

At the end of February, NJ TRANSIT had a total of 3 administrative vacancies, which are in the process of being backfilled. On average, this comprehensive hiring process may take up to three months.

- **Question:** Have DOT or NJ Transit altered their practices with regard to the hiring of outside professionals or consultants in recent years? If so, which professional engineering or planning functions that once were performed internally are now performed externally or vice versa?

The stable headcount within the Capital Planning function has not necessitated a change in the strategic use of consultants.

2. The enactment of the most recent Federal-aid authorizing legislative act, Moving Ahead for Progress in the 21st Century (MAP-21), provides two years of federal funding for highway and transit projects at current funding levels, with minor adjustments for inflation. The makeup of individual programs under MAP-21 has considerably changed, as some programs have been eliminated and others have been consolidated. For example, the “Highway Bridge Program” has been rolled into the newly created “National Highway Performance Program” and other existing core highway formula programs; the “Transportation Enhancements”, “Recreational Trails”, and “Safe Routes to School” programs have been combined under one new program, “Transportation Alternatives”; and there has been a significant increase in the funding made available under the Transportation Infrastructure Financing and Innovation Act (TIFIA). Also, there was a streamlining of provisions governing tolling on federal highways, making it easier to establish new toll roads. The planning and environmental review processes have also been amended in an attempt to encourage faster and more cost effective project delivery.

- **Question:** TIFIA represents a significant source of new federal funds in the form of loans rather than direct aid. How will DOT and NJ Transit capitalize on the availability of these funds? What projects if any have been identified that would be good candidates to apply for TIFIA assistance? What legal constraints exist to accepting federal loans that will prevent DOT or NJ Transit from securing funds for priority projects?

NJ TRANSIT’s enabling legislation does not allow independent bonding authority.

3. In previous reauthorizations of the federal-aid highway program, the level of federal assistance to states increased by an amount greater than inflation. This reflected the growing size of the country and its transportation system. MAP-21 breaks with that history by maintaining a funding level that is the same as under SAFETEA-LU, except for inflation increases. Policy changes were made that provided other opportunities to acquire additional funding and/or reduce costs.

The amount of loan funds available through TIFIA was increased and policies were enacted to make it easier to establish toll roads. This appears to be a clear policy signal that in the future, additional direct federal support for the transportation system will be supplemented through tools that permit states to adopt new user fees, loans, and increase the involvement of private capital and private partnerships.

Discussion Points (Cont'd)

- **Question:** Are current State laws regarding public-private partnerships including, but not limited to, the laws concerning design-build projects sufficient to allow for the advancement of projects currently being explored by DOT and NJ Transit? Are there any types of potential partnerships which current law does not provide for but may be beneficial in New Jersey?

Current law provides sufficient authority for NJ TRANSIT to advance public-private partnerships. NJ TRANSIT is fully vested to undertake design-build-finance-operate-maintain projects.

- **Question:** What role does DOT and NJ Transit see for private partnerships in the capital program in the coming years? What are the potential savings from these partnerships? What is the level of additional private capital that might be brought into the system through the use of public-private partnerships?

NJ TRANSIT sees public-private partnerships as a means of supplementing the basic capital program, which is primarily focused on state of good repair. While track and bridge replacement projects do not necessarily lend themselves to public-private partnerships, expansion, efficiency and some station projects offer opportunities to improve the customer experience, bringing in new customers and generating revenue.

NJ TRANSIT anticipates advancing the Northeast Corridor midline loop project through a public-private partnership. The project lends itself to this approach because it generates a cost savings by reduction of deadhead moves. The middle zone of the Northeast Corridor is one of the fastest growing demographics on NJ TRANSIT's rail system. In order to serve this growing market, NJ TRANSIT currently must start trains in Pennsylvania and "deadhead" them to stations like Metropark before traveling on to New York. This timely exercise is both inefficient and costly. By constructing a loop track, trains can turn in North Brunswick to serve these middle line stations. These results in an annual cost savings which can be incorporated into the design-build-maintain-finance-construct. This is a mechanism similar to the approach used for the first segment of Hudson-Bergen Light Rail.

Costs savings can include expedited construction through design-build contracting; more efficient maintenance through public-private maintenance agreements; and increased revenue from additional customers.

- **Question:** Considering that New Jersey already has an extensive transportation infrastructure which entails significant maintenance and repair needs and that there are few current plans for significant expansions to the current system, what future opportunities exist for the implementation of new user fees or opportunities for major projects constructed through public-private partnerships?

Discussion Points (Cont'd)

New station construction offers opportunities for additional fare, parking and advertising revenue. In addition, efficiency projects that offer cost savings also provide that opportunity for public-private partnerships.

4. The Legislature receives regular information about the projects and spending in the transportation capital program but is provided little information about how individual projects are chosen. Information provided about the projects after their inclusion in the capital plan generally allows the Legislature to measure DOT and NJ Transit's effectiveness in completing capital projects within targeted time and spending goals. However, this information does not help the Legislature to determine whether actual projects included in the capital program are the most effective expenditures of capital funds relative to other projects that could have been funded, or to evaluate the relative effectiveness of the capital program in terms of meeting the State's transportation needs.

The Statewide Capital Investment Strategy (SCIS) provides an overview of DOT and NJ Transit objectives with the capital program and the rationale for spending targets across spending categories. The State Transparency Center and the NJ Transit Scorecard initiative provide basic information about overall DOT and NJ Transit operations, but little insight into the actual effectiveness of any single capital project.

The Legislature knows how much it is spending each year and why funds are being spent in a certain way, but it is not at all clear how effective any given line item in the capital program is relative to another line item, or what project alternatives would be available in the event that an item in the capital program were to be removed by the Legislature.

- **Question:** For each major capital project (over \$50 million) in the current capital plan and the three preceding capital plans, please identify the measurable impact that each project is expected to have on relevant performance indicators and/or SCIS objectives.

Bus Rolling Stock:

NJ TRANSIT's capital plan includes the purchase of over 1,000 transit buses to replace buses in its fleet that are over 12 years of age. NJ TRANSIT's relevant performance indicator for bus is the average age of the bus fleet. The measurable impact this project has on the performance indicator is stabilizing the average age of our fleet at 7.5 years of age.

Rail Rolling Stock:

NJ TRANSIT's capital plan includes the purchase of 100 multi-level coaches to replace the Arrow III self propelled rail cars which are over 35 years of age. NJ TRANSIT's relevant performance indicator for rail is the average age of our rail fleet. The measurable impact this project has on the performance indicator is that replacement of the Arrow III fleet will decrease the average age of our fleet to approximately 15 years of age.

- **Question:** Please identify the measurable impact on key policy objectives of various technology based investments, including, but not limited to, signal optimization on high

Discussion Points (Cont'd)

traffic corridors, variable message signage, traffic cameras, and other investments in traffic control management software. What marginal increases in effectiveness for these key policy objectives could the State realize with further investment in these areas? To what extent are these technologies being deployed at the local and county level and are resources available for local implementation?

- *Question:* The pavement management report issued pursuant to N.J.S.A. 27:1B-21.23 and N.J.S.A. 27:1B-21.24 provides a formula based benefit calculation for over 400 pavement projects in Appendix A. Is there a comparable benefit formula that is calculated for candidate projects in the other CIS categories? If so, where can those benefits values and candidate projects be found?

- 5. A frequent policy criticism that has come from transportation and transit advocates around the State has been that despite DOT's "fix-it-first" approach of emphasizing state of good repair projects over increases in roadway or transit capacity, an insufficient amount of capital program funding has been dedicated to actual bridge, rail, and pavement repair. Advocates argue that DOT and NJ Transit should have more aggressive bridge, rail, and pavement repair targets and avoid all system expansions until more aggressive state of good repair targets can be met and sustained.

- *Question:* What are the 10 largest sections of State roadway that are not in "acceptable" condition and the 10 most distressed sections of State roadway which are not included in the capital program? For each section, please list the route number, county, average annual daily traffic count, distress rating, and cost estimate. As a point of reference, also please provide average scores for traffic count, distress rating, and cost for comparable projects that are included in the capital program.

- *Question:* Please list State, county, or local bridges, that are not included in the capital program, which have a structural score of 3 or below (requiring high priority of corrective action) for deck, superstructure, or substructure. For any such project, please provide the location, an estimate of the cost of rehabilitating the bridge, and when DOT expects that work would be able to begin on any such bridge under current capital funding constraints.

- *Question:* Please provide a listing of the 10 most distressed rail assets, which are not included in the capital program, with a distress measurement that can be compared against projects currently in the capital program. Please also provide the location of the assets, the cost of repairs, and the number of times in the last year that issues with that asset have resulted in transit delays.

In 2009, the Federal Transit Administration finalized a draft report on NJ TRANSIT's asset condition concluding that the NJ TRANSIT system is generally in a state of good repair. This places NJ TRANSIT in a unique position among larger transit agencies. However, state of good repair requires ongoing

Discussion Points (Cont'd)

investment to maintain. NJ TRANSIT's capital program provides funding to address distressed assets.

Rail Fleet Replacement/Arrow III Electric Multiple Units (EMU) Replacement – NJ TRANSIT strives to fund regular replacement of its rail fleet of close to 1,300 railcars and locomotives. Currently, the highest priority rail fleet replacement project is NJ TRANSIT's fleet of 230 Arrow III EMUs which were first placed into service in 1977. As such, they are already 5 years beyond their 30 year designed useful life. Equipment failures on these vehicles are frequent and regularly delay passengers. The vehicles are being replaced with new multilevel equipment. The capital program provides funding for the new multilevel equipment. The next type of equipment to be replaced after the Arrow III cars will be the Comet IV single level coaches, which were placed into service in 1997. Funding is provided for their replacement in the outyears of the program.

Fixed Bridges - NJ TRANSIT maintains an inventory of 570 fixed span undergrade rail bridges throughout its system. Bridges are inspected on an annual basis. Bridges are rated and deficiencies are identified. Those that rate in the lowest category are prioritized as "high priority", "medium priority" and "low priority". To date, NJ TRANSIT has addressed almost all of the high priority bridges. The capital program provides continued bridge funding for the medium priority bridges. Once those bridges are addressed, low priority bridges will be addressed.

Portal Bridge/Movable Bridges - In addition to movable bridges on Amtrak's Northeast Corridor, NJ TRANSIT maintains 12 movable bridges of its own. The highest priority among those bridges is the replacement of Amtrak's Portal Bridge, which carries the Northeast Corridor over the Hackensack River. Bridge openings for maritime traffic frequently cause delays. The capital program provides funding for early action construction work on this critical project, including relocation of utility towers. NJ TRANSIT continues to work with Amtrak to identify means of funding construction. Beyond Portal Bridge replacement, the next highest priority is Brielle Drawbridge, which carries the North Jersey Coast Line over the Manasquan.

Rail Signal Systems/North Jersey Coast Line Signal Renewal/Signal Renewal/Positive Train Control - Rail signal systems are the backbone of NJ TRANSIT's rail train control system. NJ TRANSIT funds an in-house workforce to continually maintain these critical systems. The capital program provides funding to replace the signals on the North Jersey Coast Line, some of the oldest signal infrastructure on the network. Funding is also provided to install positive train control as required by the Federal Railroad Administration (FRA). FRA requires systems to be compliant by 2015.

Overhead Catenary Power Systems/Gladstone Poles/Substations – Many of NJ TRANSIT's rail lines are electrified via a network of overhead catenary wire,

Discussion Points (Cont'd)

substations and control units. This system requires constant maintenance in order to ensure reliable operation. Like signals, NJ TRANSIT funds an in-house workforce to maintain this vital equipment. Funding is provided in the capital program to replace wooded catenary poles on the Gladstone Branch with steel. Funding is also provided for substation renewal. Importantly, NJ TRANSIT is coordinating these efforts with resiliency efforts after Superstorm Sandy.

Station Improvements/Newark Penn Station, Elizabeth Platform Replacement - With 164 rail stations, NJ TRANSIT must continually invest in passenger facilities to ensure ongoing state of good repair. Priority projects include Newark Penn Station and Elizabeth Station. Newark Penn Station platforms have deteriorated significantly since their construction in 1935. While deterioration of the platforms does not delay trains, the station must still be maintained. The capital program includes funding for the ongoing rehabilitation of the platforms, platform by platform as track outages allow. Similarly, Elizabeth Station platforms are in need of replacement. Funding is provided for Elizabeth Station as well. Additional stations are scheduled based on condition assessments and the availability of track outages. Funding is also provided in the capital program to make Perth Amboy Station and Lynhurst Station accessible to persons with disabilities.

- **Question:** Using examples from the capital plans of the last three years, please explain the conditions in which a roadway expansion or new infrastructure project is included in the capital program over a state of good repair project. What benefits or needs did those expansion projects provide over the first repair project that was not included in the capital program? How can the Legislature best understand why the first state of good repair project not included in any of the most recent capital plans was bypassed for a different type of capital investment?

NJ TRANSIT typically builds capacity expansion projects into state of good repairs when possible. Many projects are not strictly state of good repair or strictly capacity projects. In many cases, projects are prioritized in the capital program because they address multiple issues. For example, NJ TRANSIT replaces aging single level equipment with multilevel railcars in order to both maintain state of good repair and expand capacity. In addition, platform replacement projects may include an extended platform to provide additional capacity. NJ TRANSIT is replacing its aging bus radio system, but also integrating real time customer communication through *MyBUS Now!* NJ TRANSIT is advancing the replacement of Portal Bridge, but at a height sufficient to avoid delays caused by marine traffic. NJ TRANSIT is rebuilding a deteriorating retaining wall at Summit Station using the same track outages that are required to construct a pocket track to improve rail consist manipulation and efficiency. NJ TRANSIT is advancing the construction of a new loop track on the Northeast Corridor to improve efficiency of train movement, reduce deadhead costs and improve on-time performance, but it is also investing in ongoing efforts to assist Amtrak in maintaining the Northeast Corridor in a state of good repair.

Discussion Points (Cont'd)

- **Question:** What is the monetary level of benefit calculated for the last projects included in the capital plan each year? As DOT and NJ Transit conduct cost benefit analyses on their projects, what is the lowest ratio of costs to benefits for projects included in the plan.

The vast majority of NJ TRANSIT's capital program funds ongoing efforts to maintain the projects in a state of good repair. State of good repair projects and customer service projects do not have a monetary benefit per se. However, older buses, trains and light rail vehicles require more repairs and break down more frequently, thereby increasing operating costs. Split rail causes service disruptions leading to increased overtime costs. Beyond state of good repair, NJ TRANSIT's capital program provides funding for some projects that improve efficiency and add capacity, including the construction of a midline loop track in North Brunswick, which will allow trains servicing the Northeast Corridor's middle zone region (primarily Metropark) to serve those stations without needing to turn in Pennsylvania. A similar project in Summit will allow for more efficient turn backs. In addition, the increased capacity of replacing aging Arrow III self propelled railcars with multilevel units will provide for 15% more capacity per train-set. NJ TRANSIT anticipates the midline loop project, in conjunction with the increased capacity of multilevel railcars, will generate approximately \$10 million annually in net savings or new revenue when complete.

6a. The 2012 federal emergency relief allocation for Hurricane Irene and Tropical Storm Lee was \$89 million. The final allocation provided for Super Storm Sandy will be substantially higher, with at least \$148 million having been released for New Jersey to date. This funding is intended to provide for the costs of rebuilding infrastructure damaged as a result of Super Storm Sandy. In testimony provided to the Assembly Transportation, Public Works, and Independent Authorities Committee (ATR) by NJ Transit Executive Director Weinstein on December 10, 2012 the damage estimate for NJ Transit estimates alone was approximately \$400 million.

- **Question:** What is the most current full estimated cost to DOT, NJ Transit, and the transportation authorities for the repair of transportation assets damaged by Hurricane Irene and Tropical Storm Lee? How much of that total cost will be covered by federal emergency relief aid?

The financial impact of Hurricane Irene totaled \$7.7 million of which NJ TRANSIT received \$2.1 million from FEMA (75% reimbursement rate for eligible costs).

Tropical Storm Lee did not impact the Bus or Rail system.

- **Question:** It was stated in the ATR hearing that NJ Transit engages in a post event analysis after major weather events. For DOT and NJ Transit, please provide the findings of any such studies or analysis performed in the aftermath of Hurricane Irene

Discussion Points (Cont'd)

and Tropical Storm Lee, and the actions that had been taken as a result of these studies and analysis prior to Super Storm Sandy. Have any of the studies or analysis conducted after Super Storm Sandy been made publicly available? If so, where?

In the aftermath of Superstorm Sandy, NJ TRANSIT is working with the nationally recognized Texas Engineering and Extension Service (TEEX) to prepare an analysis of the response to this event. The report has not yet been finalized. TEEX is recognized by both the Department of Homeland Security and the Federal Emergency Management Agency as the National Emergency Response and Emergency Training Center.

- **Question:** What are the full operating cost impacts of Super Storm Sandy on DOT, NJ Transit, and the transportation authorities related to delays in service, traffic impacts, and cleanup costs attributable to respective operating budgets?

The financial impact of Superstorm Sandy on NJ TRANSIT's operating budget is approximately \$28 million. Of this amount, \$20 million is due to lost revenue that is not reimbursable from either the Federal Transit Administration or insurance. The remaining \$8 million is related to providing supplemental bus and ferry service. Costs related to the cleanup, rebuilding and resiliency are capital related and will not impact the operating budget.

- **Question:** What are the most current estimates for the eventual cost to DOT, NJ Transit, and the transportation authorities for rebuilding transportation assets damaged by Super Storm Sandy? Please list the projects to be financed using federal emergency relief funds that have been released so far, the date those funds were made available, the date those projects are expected to begin construction, and the expected project completion dates. Also please identify what percentage of repair costs will be covered by federal aid. What other sources of federal aid will be available for DOT and NJ Transit recovery efforts?

NJ TRANSIT has estimated the overall repair cost of the damages caused by Superstorm Sandy at \$460 million, with the federal share estimated at \$160 million. Recently, the FTA approved NJ TRANSIT's first grant application totaling \$144 million which will fund initial cleanup costs and supplemental bus and ferry service. FTA funding is the only anticipated source of federal funds that NJ TRANSIT expects to receive to cover Sandy related costs.

- **Question:** For local and county transportation infrastructure damaged by Hurricane Sandy, what are the sources of funds available to those localities for repairs? How much aid will they receive from the federal emergency relief funds? How much will they receive from other federal sources of aid for transportation system repairs? Are estimates available for the amount of local and county transportation repairs that will not be covered by federal assistance?

Discussion Points (Cont'd)

6b. As transportation infrastructure is repaired and rebuilt in the coming years, there will be an opportunity to incorporate storm resiliency and security concerns into construction practices and building standards. In testimony provided to the Assembly Transportation, Public Works, and Independent Authorities Committee (ATR) by NJ Transit Executive Director Weinstein on December 10, 2012 the NJ Transit identified approximately \$800 million in potential resiliency projects in response to Super Storm Sandy in addition to reconstruction costs.

- **Question:** Please provide a candidate list of current and future resiliency projects, or the portion of repair projects attributable to increased resiliency, that have been developed in response to Super Storm Sandy. Please rank or categorize these resiliency projects according to their importance in protecting the State transportation system from future storm events.

The North Jersey Transportation Planning Authority approved the inclusion of the resiliency projects detailed below in their Transportation Improvement Program (TIP). They are listed in priority order.

Rail Rolling Stock Resiliency (\$565.000 million)

Funding is provided for Rail Rolling Stock Resiliency projects. The largest two yards in the State of New Jersey available to NJ TRANSIT – Meadows Maintenance Complex and Hoboken Yard – have experienced severe flooding, and will require evacuation in future impending storms. Funding is provided to construct or purchase/lease temporary and permanent yard locations, re-inspection facilities and access tracks. Potential project elements include new or upgraded yards in Linden and New Brunswick, and Westbound Waterfront Connection to improve the ability to evacuate trains from the yards to the Northeast Corridor. Funding is also provided for yard resiliency projects system-wide and emergent storage.

Meadows Maintenance Complex/Rail Operations (\$150.000 million)

Funding is provided to improve the resiliency of the Meadows Maintenance Complex (MMC) and NJ TRANSIT's Rail Operations Center (ROC), Kearny, NJ. The MMC is NJ TRANSIT's primary maintenance facility, and the adjacent Rail Operations Center controls NJ TRANSIT's entire network. While the yard will be evacuated for future storms, the MMC and ROC buildings and shops must weather future storms in place. Potential resiliency projects include flood walls, berms, spare parts solutions, hardening of the ROC and/or relocation of the facility.

Rail Infrastructure Resiliency (\$194.250 million)

Funding is provided for rail infrastructure resiliency throughout the NJ TRANSIT commuter rail system. During Superstorm Sandy, NJ TRANSIT's rail network experienced substation flooding, track washouts, overhead catenary wires downed, and signal systems damaged. Potential projects include raising substations that are now subject to flooding, replacing wooden catenary poles with steel poles on the

Discussion Points (Cont'd)

Gladstone Line, constructing seawalls along the North Jersey Coast Line, installing sheeting at bridge approaches and raising signal bungalows.

Interoperational Communications Resiliency (\$30.000 million)

Funding is provided for upgrades to telecommunications systems and facilities to ensure critical personnel have the ability to communicate and have the necessary command and control capabilities during future storms, and service recovery period following storms, including upgrades to NJ TRANSIT's police capabilities.

Light Rail Resiliency (\$26.600 million)

Funding is provided to improve the resiliency of Hudson Bergen Light Rail and Newark City Subway. Newark Light Rail was flooded at Penn Station during Superstorm Sandy, and Hudson Bergen Light Rail experienced washouts, downed catenary and debris throughout. Resiliency projects include raising substations, improving drainage, installing pumps and other flood mitigations. Funding is also provided for resiliency of ferry facilities adjacent to Light Rail at Hoboken Terminal.

Rail Station Resiliency (\$150.000 million)

Funding is provided to make NJ TRANSIT's rail stations, adjacent yards and tracks more resilient to future storms. Hoboken Terminal/Yard and Secaucus Junction were impacted by Superstorm Sandy, as were other stations throughout NJ TRANSIT's system. Funding is provided for flood mitigation at those locations, including the potential filling of Long Slip in Hoboken Yard, constructing flood walls, flood proofing, and improving stormwater detention systems. Funding is provided for improvements to crew quarters in Bayhead, Hoboken and other locations to ensure the availability of crew's post-storms. Funding is also provided for rail stations resiliency system-wide.

- **Question:** What approach is DOT and NJ Transit taking to increase the resiliency of the transportation system in the most vulnerable areas? How does this approach mesh or conflict with the "fix it first" and "safety first" principles guiding the current transportation capital strategy? How much funding and which projects have been programmed for infrastructure resiliency? What portion of those projects will be funded through federal emergency relief, and what portion will rely on the State and Federal funds regularly made available to the capital program?

NJ TRANSIT is advancing a program of resiliency through the federal process to receive funding under the Disaster Relief Appropriation Act of 2013. The Act provided \$10.9 billion for the Federal Transit Administration's Public Transportation Emergency Relief Program (Section 5324 of Title 49, United States Code). NJ TRANSIT sought approval of a \$1.1 billion resiliency program through the North Jersey Transportation Planning Authority (NJTPA). NJTPA is the Metropolitan Planning Authority of jurisdiction. Their consent is required in order to receive federal funding under the program. On March 8, 2013, NJTPA's

Discussion Points (Cont'd)

Planning Prioritization committee approved the program for consideration by the full board. On March 11, 2013, NJTPA's Board approved NJ TRANSIT's resiliency program. NJ TRANSIT is currently awaiting the promulgation of regulations for resiliency projects from the Federal Transit Administration to advance the program to the next phase.

- *Question:* In light of the impacts of Super Storm Sandy, has DOT or NJ Transit changed its policies with regard to evaluating and assessing the need for infrastructure improvements to protect against the harmful impacts of major weather events? Please provide examples of any projects that have been included or will be included in the capital plan as a result of Hurricane Sandy related policy changes which would not have been included in the absence of such policy changes.
- *Question:* Has DOT or NJ Transit altered their design or construction guidelines as a result of the impacts of Hurricane Sandy? Will new roads and bridges along the shoreline and major rivers be constructed differently than they had been prior to Hurricane Sandy? If so, what impact will those changes to construction and design practices have on the cost of construction for these projects?

7. DOT has failed to meet several budgetary performance targets established by the administration as part of the performance-based budgeting initiative and displayed monthly on the yourmoney.nj.gov website. For the September to December 2012 report, the department has failed to achieve its goals in the areas of traffic fatalities, inspected signals needing repair, planned projects awarded, County Aid projects awarded, and average response time for emergency pothole repair.

- *Question:* Please discuss the challenges experienced in achieving these targets and what actions the Department is taking to bring its performance level up to the established target levels.
- *Question:* What impact has the failure to meet these targets in previous years had on the DOT budget? Have total funding levels increased or decreased as a result? How have funds been reallocated within DOT?

8. Appendix A to the State pavement report identifies over 400 candidate projects for pavement rehabilitation with a benefit value for each calculated based upon pavement condition and traffic load. The main report indicates on figure 4 of page 10 that approximately 500-600 lane miles of major work is completed each year, out of an inventory of 8,410 mainline miles. The number of miles that are deficient is over 4,200. Over the last 7 years of the report, the amount of deficient miles has fluctuated between 49% and 53% of total miles. This suggests that current funding levels are insufficient to reduce the current level of deficient roadway. Figure 3 on page 4 indicates that the Department has only made significant progress in reducing the amount of roadway in fair condition, from over 40% of total miles to less than 30%, thus attaining a comparable increase in the proportion of roadway in good condition

Discussion Points (Cont'd)

- *Question:* How much of the funds identified in Table 3 on page 5 for pavement preservation were expended on the repair of roads in fair condition and how much was expended on the repair of deficient roads?
- *Question:* The data suggests that DOT has prioritized the improvement of roadway conditions from “fair” to “good” while leaving almost half of the State roadway network in deficient condition. Why is this approach to roadway repairs preferable for motorists?
- *Question:* Given what DOT knows about the lifecycle maintenance costs of roadways, assuming that the entire roadway network was in good condition, what would the annual cost be to maintain the network in that condition?
- *Question:* Question: Does DOT or any other entity collect and aggregate information from counties and municipalities about the condition of their roadway networks? If so, what percentage of local roads are in fair or deficient condition?
- *Question:* In response to the FY 2013 budget questions, the DOT noted that “with annual funding of approximately \$300 million annually from any and all funding sources, we project that 80% acceptability (pavement) can be achieved by FY 2020.” The pavement report indicates in Table 3 that total pavement preservation funding was just \$209 million for FY 2011. It is not clear which individual line items in the capital program comprise the amounts listed on Table 3. Please list the individual capital program line items that comprise pavement preservation funding for FY 2013 and 2014. If those amounts are below \$300 million, what impact will that have on the target date for achieving 80% pavement acceptability?

9a. In DOT responses to the budget questions for FY 2012, the following table was provided which describes the anticipated sources and uses of funds for the five year capital program, above and beyond the \$895 million revenue and debt service base that was in place at the time:

Since the production of this table, the amounts of revenues made available to the Transportation Trust Fund from the New Jersey Turnpike Authority have been less than anticipated in order to provide operating assistance to NJ Transit. There have also been language provisions included in the budget which conditionally de-appropriate sales tax revenue when the amount made available to the authority is in excess of that which is actually needed for debt service during the budget year.

- *Question:* Please provide an update for this table to account for the FY 2013 decisions and FY 2014 budget recommendations as they affect the amount of borrowing, debt service, pay-as-you-go funding, and sales and use tax appropriations. Please identify the specific sources of each annual amount of “pay-go” listed in the table.

9b. The current proposed budget identifies the same level of schedule 2 revenue from the NJ Turnpike Authority for NJ Transit operations as last year, \$295 million. The above table

Discussion Points (Cont'd)

indicates that the amount the State is to receive from the Authority is to increase by \$63.4 million in this fiscal year.

- *Question:* Where does the proposed FY 2014 budget anticipate and appropriate that additional amount? Please identify all sources of funding provided or to be provided by the Autonomous Transportation Authorities in FY 2012 through FY 2016. For each source of funding, please indicate the regulatory mechanism (contractual agreement, statute, etc.) by which the State receives those funds. Also please identify whether those funds will be received by the State or whether they will be provided directly to some other entity such as the NJ Transit or the Transportation Trust Fund Authority.

10. The Treasurer is quoted in an NJ Spotlight article on March 4, 2013 as having said that *“we have \$250 million in bond premiums in hand because we were able to offer attractive interest rates on our previous bond sales...As a result, we will be able to fully fund the Transportation Trust Fund without borrowing any more money and without pay-as-you-go financing.”* A report issued on March 13, 2013 by Standards and Poor’s on New Jersey’s 2014 proposed budget notes on pages 5 and 6 that, *“The state received approximately \$250 million in bond premiums through previous TTFA bond sales and expects to use those funds together with additional federal funds to continue to fund projects on a pay-as-you-go basis without the need for increased borrowing. Investors purchase bonds at a price above face value in exchange for receiving a higher interest payment. Because the premium is not considered principal, the state is able to obtain more funds upfront without exceeding their caps on debt issuance. In the long term, however, New Jersey pays more in interest rates.”* Section 3 of P.L.2012 c.13, provides the authority with \$849,200,000 of bonding authority for FY 2014. At this level of bonding authority, pay-as-you-go funding of \$375 million was needed to support a total FY 2014 capital program of \$1.6 billion.

- *Question:* Where will the State obtain the pay-as-you-go component of the FY 2014 State capital plan? If the amount is to also be derived from bond premiums, what amount of new money bond issuance will be necessary to generate such a large premium, and at what additional interest cost? Is it realistic to assume that credit market conditions will allow significant bond premiums without incurring higher true interest costs?
- *Question:* Does the Transportation Trust Fund Authority (TTFA) consider bond premiums a debt instrument that counts against the bonding limitation of N.J.S.A. 27:1B-9 above the par value of the bond issuance? Please explain why a bond premium is or is not considered additional debt subject to the statutory debt limitation and how the premium differs from the par value of the bond with regard to the statutory debt limitation.

11. According to budget evaluation data, total snow and ice removal costs in recent years has been as follows: FY 2010: \$39.77 million, FY 2011: \$48.89 million, FY 2012: \$17.27 million, and FY 2013: \$40.34 million. An article in the Star Ledger on March 20, 2013 provided

Discussion Points (Cont'd)

a table of snow removal costs provided by DOT with amounts as follows: FY 2010: \$43.8 million, FY 2011: \$56 million, FY 2012: \$20.7 million, and FY 2013: \$50.8 million.

During the FY 2012 budget hearings, Commissioner Simpson testified that the FY 2010 and 2011 winters both ranked in the top five over the past 80 years. In a Philadelphia Inquirer article on March 7, 2013, it was reported that the compensation rate for snow removal contractors had increased by 25% this year, and that there has been a significant increase in the amount of standby time for plow operators. The Department was reported as having attributed the increased costs for FY 2013 to an increase in the number of statewide storms.

- *Question:* Please explain the discrepancy between the snow removal costs provided to the Star ledger and those listed in the budget evaluation data. Please break down the components of snow removal costs between labor, materials, and outside contract costs.
- *Question:* Please provide data about the number of snow events over the last four fiscal years, and the aggregate number of hours that snow plow contractors have been deployed in each of the last four fiscal years for standby time and actual billed plow time.
- *Question:* Please identify the major cost factors in snow removal and how DOT works to control those cost factors. Also please describe how those cost factors are expected to change in upcoming years.
- *Question:* What process does the DOT use when procuring the services of snow plow operators? Why was it necessary to increase the pay rate for outside contractors by 25 percent?

12. The New Jersey Turnpike Authority is currently engaged in a 10 year, \$7 billion capital program that will involve a significant improvements and widening of the New Jersey Turnpike and Parkway. Responses to FY 2013 budget questions by Senator Sarlo indicated that after the completion of a traffic and revenue study, which was completed by CDM Smith in July 2012, that adjustments to the capital plan or refunding of debt could be done in response to any revenue shortfalls predicted by the study.

- *Question:* What if any actions were taken by the Authority in the last year as a result of the findings of the CDM Smith report? How have traffic and revenue results in the months since the issuance of the report compared with the estimates provided by CDM Smith? Please provide a revenue and expenses display for the Authority in the same format as provided for the budget question last year with estimates for 2014 and 2015.
- *Question:* How much additional bonding will need to take place to finance the remainder of the plan? What is the Authority's anticipated debt service schedule over the next 30 years upon completion of the capital plan?

Discussion Points (Cont'd)

NJ TRANSIT

13. NJ Transit's follow-up response to Assemblyman Singleton during the FY 2013 Assembly Budget Committee hearing noted that NJ Transit on-time performance along the Amtrak controlled northeast corridor was 4% lower than it was along the rest of the NJ Transit controlled rail network. It also noted that while NJ Transit contributes nearly \$100 million per year to Amtrak for use of the northeast corridor, it has not been sufficient to bring the corridor into the same state of good repair that NJ Transit has been able to reach on the NJ Transit controlled portion of the rail network. It was also noted that 81% of NJ Transit rail trips utilize Amtrak trackage at some point in the trip, and 44% of all NJ transit trips are along the northeast corridor.

- ***Question:*** When was the last Joint Benefits agreement between Amtrak and NJ Transit established? When is that agreement due to be renewed? What are the basic terms of that agreement? Is Amtrak required to meet any specific targets for the physical condition of the northeast corridor?

Amtrak and NJ Transit negotiate the Joint Benefit Program on an annual basis, based on Amtrak's fiscal year (October 1 through September 31). New Jersey has invested approximately \$400 million in NEC capital improvements in New Jersey and at PSNY over the past 15 years in a joint work program with Amtrak, under which Amtrak matched that investment. Meanwhile, New Jersey on its own also has built many other significant NEC investments over the past two decades, such as the Lautenberg Station and the Kearny Connection (which allowed for MidTown Direct service.)

All told, these investments total over \$1 billion, and have prevented Corridor operations from becoming even more unreliable. Currently, NJ TRANSIT plans \$256 million of mutually-beneficial NEC investment from 2012 to 2017.

- ***Question:*** Amtrak shares the northeast corridor with a variety of regional transit agencies along various portions of the rail line. How does NJ Transit's joint benefits agreement compare to the agreements that Amtrak has with those other entities? Under any of those agreements, does Amtrak turn over control of the rail infrastructure? If NJ Transit were to control the NJ portion of the northeast corridor, would it be able to restore the line to a state of good repair comparable to the rest of the NJ Transit rail network?

To our knowledge, NJ TRANSIT is the only commuter agency that has an explicit commitment to fund general normalized capital replacement projects on an annualized basis. SEPTA and the LIRR contribute to specific projects of mutual interest. MARC contributes a calculated annual charge for normalized replacement that has been negotiated into its operating contract.

14. The Scorecard initiative begun in March, 2011 is now two years old. In responses to the FY 2013 budget questions, it was stated that information from the Scorecard surveys was

Discussion Points (Cont'd)

used to identify a need for additional investment in the northeast corridor and to improve on-time performance. The NJ Transit website now has results displayed from four Scorecard Surveys: FY 2011, 1st quarter FY 2012, 4th quarter FY 2012, and 1st quarter FY 2013. In reviewing the Scorecard results, it appears that the scores across the survey are relatively stable between the first and second survey and between the third and fourth survey, with most scores varying by one tenth of a point or less. The scores between the second and third survey were far more volatile with many scores changing by up to a full point.

- **Question:** Does NJ Transit have any insight into why the scores moved so much between the second and third survey? Were there any methodological changes in how the survey was conducted?

In the baseline survey conducted in April 2011, customers gave NJ TRANSIT an overall satisfaction score of 5.2. Using the results of this initial survey to improve customer satisfaction, NJ TRANSIT established Scorecard working groups designed to address and improve key drivers of Bus, Rail and Light Rail service.

This more in-depth focus on the key drivers coupled with improved customer communication increased the overall score to 5.8. For example, the increase in the Bus score was the result of Bus customers raising their scores on key drivers such as weekday pm peak schedule, on-time performance and fares. Regarding the increase in Rail, the growth was due to higher scores on key drivers such as fares, handling of service disruptions, announcements, and the level of information during service disruptions, mechanical reliability and on-time performance.

There have been no changes to the initial survey methodology.

- **Question:** What does NJ Transit know generally about the makeup of respondents to the Scorecard survey? Do the respondents conform generally to the known makeup up the NJ Transit ridership base? Are certain types of riders over or under represented in the survey, requiring adjustments to the raw survey results? How has the response rate for the Scorecard survey varied from one survey to the next? Have respondents become less willing to participate now that the survey has become a regular occurrence?

In every quarter that the survey has been conducted it has been noted that in broad terms it is more representative of peak-period customers since this is the predominant group that responds.

Logistically, the survey is conducted on-line and is hosted for three weeks each quarter. A survey is sent to each customer who expresses an interest to participate, as well as to customers from internal customer databases. An extensive campaign to publicize the survey is conducted. “We are Listening” forums are held by senior management at major Terminals during the Scorecard period. A “Behind the Driver” flyer is posted on all buses and flyers are prepared for seat drops on Access

Discussion Points (Cont'd)

Link vehicles, train cars, and light rail cars. Posts on Twitter and Facebook beginning the first day of the survey are also made available. Additionally, NJ TRANSIT Employee Ambassadors distribute survey business cards at key locations. Due to this integrated team approach customers continue to respond. Although the response rates have varied in each quarter, from 4.4% registered in the baseline survey, to 2.9% in March 2012, the response rate for the most recent survey was 3.4%.

It should be noted that response rates are based on overall ridership, with the data weighted by market and normal statistical methods to ensure the results are representative of the sixteen markets that NJ TRANSIT tracks.

- **Question:** How has NJ Transit identified the “key driver” attributes in the survey? Are these driven solely by survey responses, or are there external information that goes into establishing those designations?

The key drivers were developed by asking customers to rate forty-one attributes of service, including their overall satisfaction with five key areas of the agency – facilities, scheduling, vehicles, communication, and, overall satisfaction with NJ TRANSIT.

Customers are then asked to select three attributes of service (excluding the overalls) most important to them. These attributes are ranked based on customer responses. NJ TRANSIT uses only customer responses to determine key drivers so that their choices are not influenced by other activities. This method of determining key drivers is widely used in customer satisfaction research in other transit organizations as well as in the private sector.

The survey data, which is collected on a quarterly basis, is specifically used to determine if NJ TRANSIT is targeting its efforts towards areas identified by our customers. In addition, the operating divisions of the corporation are also using the key driver analysis to develop targeted improvements within their respective areas. Once identified, these improvements are shared with NJ TRANSIT stakeholders, customers and the public.

15. The Mass Transit Assets CIS category in the capital program provides far less detail about capital expenditures than can be found in the other capital program categories. While the other capital line items typically identify a specific bridge or route number, location, project cost, and then describe the specific improvement to be made at that location; the NJ Transit projects typically are organized by the type of capital activity to take place, the dollar amount, and then no detail is provided about the number of specific projects to be funded with those dollars or the locations.

- **Question:** For Mass Transit Asset spending on rail, please break down the spending for FY 2013 and FY 2014 in each capital program line item by rail line or facility

Discussion Points (Cont'd)

location, if the investment is not rail line specific. For spending on bus service, please break down the spending in each capital program line item by major local and regional bus service areas.

Details of the breakdown of NJ TRANSIT's capital plan will be provided as part of the annual submission of the capital program to the Legislature.

NJ Transportation Capital Plan - Projected Approp. Increases Vs. \$895m Base

<u>Description (\$mil)</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY12-16 Total</u>
<u>Sources</u>						
NJ Turnpike	\$ 66.0	\$ -	\$ -	\$ 324.0	\$ 324.0	\$ 714.0
State Appropriations						
Motor Fuels Tax	\$ 52.0	\$ 57.0	\$ 48.0	\$ 57.0	\$ 57.0	\$ 271.0
Petroleum Gross Receipts Tax	\$ 22.5	\$ 28.0	\$ 28.0	\$ 28.0	\$ 28.0	\$ 134.5
<u>Sales and Use Tax</u>	<u>\$ 65.8</u>	<u>\$ 114.4</u>	<u>\$ 189.6</u>	<u>\$ 390.9</u>	<u>\$ 565.3</u>	<u>\$ 1,326.0</u>
Subtotal, State Approp.	\$ 140.3	\$ 199.4	\$ 265.6	\$ 475.9	\$ 650.3	\$ 1,731.5
Total, TTFA	\$ 206.3	\$ 199.4	\$ 265.6	\$ 799.9	\$ 974.3	\$ 2,445.5
<u>Port Authority of NY and NJ</u>	<u>\$ 343.0</u>	<u>\$ 353.0</u>	<u>\$ 376.0</u>	<u>\$ 375.0</u>	<u>\$ 353.0</u>	<u>\$ 1,800.0</u>
NJ Capital Transportation Prog.	\$ 549.3	\$ 552.4	\$ 641.6	\$ 1,174.9	\$ 1,327.3	\$ 4,245.5
<u>Uses</u>						
<u>Pay As You Go (PAYGO)</u>						
NJ Turnpike PAYGO	\$ 66.0	\$ -	\$ -	\$ 324.0	\$ 324.0	\$ 714.0
<u>General Fund PAYGO</u>	<u>0</u>	<u>0</u>	<u>\$ -</u>	<u>\$ 165.7</u>	<u>\$ 296.2</u>	<u>\$ 461.9</u>
Total, Pay As You Go	\$ 66.0	\$ -	\$ -	\$ 489.7	\$ 620.2	\$ 1,175.9
<u>Debt Service</u>	<u>\$ 140.3</u>	<u>\$ 199.4</u>	<u>\$ 265.6</u>	<u>\$ 310.2</u>	<u>\$ 354.1</u>	<u>\$ 1,269.6</u>
Total, TTFA	\$ 206.3	\$ 199.4	\$ 265.6	\$ 799.9	\$ 974.3	\$ 2,445.5
<u>Port Authority of NY and NJ</u>	<u>\$ 343.0</u>	<u>\$ 353.0</u>	<u>\$ 376.0</u>	<u>\$ 375.0</u>	<u>\$ 353.0</u>	<u>\$ 1,800.0</u>
NJ Capital Transportation Prog.	\$ 549.3	\$ 552.4	\$ 641.6	\$ 1,174.9	\$ 1,327.3	\$ 4,245.5

Autonomous Transportation Authorities – Funding Assistance to the State of NJ (\$mil)

Authority	FY12	FY13	FY14	FY15	FY16
South Jersey Transp. Authority					
TTF*	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5
<u>DOT *****</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>
SJTA Subtotal	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2
 NJ Turnpike Authority					
TTF*	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5	\$ 9.5
TTF - Pay As You Go	\$ 66.0	\$ -	\$ -	\$ 324.0	\$ 324.0
DOT: Appropriated Revenue***	\$ 8.0	\$ 8.0	\$ 8.0	\$ 8.0	\$ 8.0
DOT: Approp. Offset	\$ 36.5	\$ 12.5	\$ 12.5	\$ 12.5	\$ 12.5
DOT: North Avenue****	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.5
NJ Transit **	\$ 29.0	\$ 289.6	\$ 324.0	\$ -	\$ -
<u>Feeder Roads**</u>	<u>\$ 110.0</u>	<u>\$ 34.4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NJ Turnpike, Subtotal	\$ 263.5	\$ 358.5	\$ 358.5	\$ 358.5	\$ 358.5
 Grand Total	\$ 266.7	\$ 361.7	\$ 361.7	\$ 361.7	\$ 361.7

Contracts - NJ Turnpike

- * TTFA Contract #1 with Treasurer
- ** TTFA Contract #2 with Treasurer
- *** Cost Sharing Agreement #3 w. DOT
- ****Cost Sharing Agreement #4 w. DOT

Contracts - SJTA

- ****Cost Sharing Agreement #5 w. DOT



SOUTH JERSEY TRANSPORTATION AUTHORITY
Estimated Superstorm Sandy Emergency Repair and Future Mitigation Expenses

<u>Description of Service</u>	<u>Location</u>	<u>Amount</u>	<u>FEMA</u> <u>Funded</u>	%	<u>SJTA</u> <u>Funded</u>	%	<u>Received</u> <u>FEMA</u>	<u>Balance</u> <u>FEMA</u>	<u>Completion</u> <u>Dates</u>
<u>REBUILDING TRANSPORTATION ASSETS</u>									
ACY Terminal Roof Repair	Airport	\$ 31,514	\$ 23,636	75%	\$ 7,879	25%	\$	23,636	1/31/2013
VMS Repair at MP 3.8 EB & Lighting Repair at ACE Ramp A-1	Roadway	\$ 3,167	\$ 2,375	75%	\$ 792	25%	\$	2,375	12/28/2012
VMS Repair at MP 3.8 EB & Lighting Repair at ACE Ramp A-1	Roadway	\$ 1,604	\$ 1,203	75%	\$ 401	25%	\$	1,203	12/28/2012
Pavement Repair	Roadway	\$ 31,700	\$ 23,775	75%	\$ 7,925	25%	\$	23,775	1/31/2013
Jet Units and CCTV Units to Video and Clean Storm Pipe	Roadway	\$ 79,488	\$ 59,616	75%	\$ 19,872	25%	\$	59,616	2/1/2013
Intelligent Transportation System (ITS) Facility Repairs	Roadway	\$ 50,901	\$ 38,176	75%	\$ 12,725	25%	\$	38,176	1/31/2013
Lighting Replacement at Visitor Center Parking Lot	Roadway	\$ 8,460	\$ 6,345	75%	\$ 2,115	25%	\$	6,345	3/12/2013
Undermining Repair at ACE MP 4.0 WB	Roadway	\$ 7,624	\$ 5,718	75%	\$ 1,906	25%	\$	5,718	2/28/2013
Stormwater Treatment	Roadway	\$ 115,238	\$ 86,428	75%	\$ 28,809	25%	\$	86,428	2/28/2013
Removal of tree debris at various locations along the ACE from MP 5.2 to 43.6	Roadway	\$ 19,542	\$ 14,657	75%	\$ 4,886	25%	\$	14,657	1/31/2013
Drainage Cleaning MP 1 to 4	Roadway	\$ 16,332	\$ 12,249	75%	\$ 4,083	25%	\$	12,249	1/31/2013
Undermining Repair at MP .09	Roadway	\$ 8,580	\$ 6,435	75%	\$ 2,145	25%	\$	6,435	2/28/2013
Sewer Pump Station Repairs at Pleasantville Toll Plaza & Backup Pump	Roadway	\$ 26,440	\$ 26,440	100%	\$ -	0%	\$	26,440	2/15/2013
Sewer Pump Station Repairs at Pleasantville Toll Plaza & Backup Pump	Roadway	\$ 5,438	\$ 4,078	75%	\$ 1,359	25%	\$	4,078	3/26/2013
Various work including erosion repair and sign repair along Expressway	Roadway	\$ 14,296	\$ 10,722	75%	\$ 3,574	25%	\$	10,722	1/31/2013
Repair at NYAG	Roadway	\$ 1,980	\$ 1,485	75%	\$ 495	25%	\$	1,485	1/31/2013
Tree Removal at Various Locations	Roadway	\$ 19,065	\$ 19,065	100%	\$ -	0%	\$	19,065	1/31/2013
Fence Repair at Various Locations	Roadway	\$ 3,496	\$ 2,622	75%	\$ 874	25%	\$	2,622	1/31/2013
Tree Removal	Airport	\$ 2,477	\$ 2,477	100%	\$ -	0%	\$	2,477	1/31/2013
Fence Repair	Airport	\$ 20,468	\$ 15,351	75%	\$ 5,117	25%	\$	15,351	1/31/2013
Facility Inspection, Engineering and Construction Inspection	Roadway	\$ 99,229	\$ 74,422	75%	\$ 24,807	25%	\$	74,422	2/15/2013
Facility Inspection, Engineering and Construction Inspection	Airport	\$ 23,241	\$ 17,430	75%	\$ 5,810	25%	\$	17,430	2/15/2013
SUB-TOTAL CAPITAL FACILITY IMPROVEMENTS		\$ 590,277	\$ 454,703		\$ 135,574		\$ -	\$ 454,703	

Mitigation Projects

Raise the last 4.5 miles of the Atlantic City Expressway	ACE	\$ 250,000,000	\$ 250,000,000	100%	\$ -	0%	\$ 250,000,000	TBD
Raise portion of the Atlantic City Expressway Connector roadway	ACE	\$ 15,000,000	\$ 15,000,000	100%	\$ -	0%	\$ 15,000,000	TBD
Improvements to the primary electric service to the NJ State Police station located at the Farley Service Plaza on the Atlantic City Expressway,	ACE	\$ 3,500,000	\$ 3,500,000	100%	\$ -	0%	\$ 3,500,000	TBD
Scour protection for the A.C. Expressway Connector bulkhead	ACE	\$ 12,000,000	\$ 12,000,000	100%	\$ -	0%	\$ 12,000,000	TBD
Pleasantville Toll Plaza sanitary sewer system improvements	ACE	\$ 6,000,000	\$ 6,000,000	100%	\$ -	0%	\$ 6,000,000	TBD
Enhanced detection system on the eastern end of the ACE	ACE	\$ 18,000,000	\$ 18,000,000	100%	\$ -	0%	\$ 18,000,000	TBD
SUB-TOTAL MITIGATION PROJECTS		\$ 304,500,000	\$ 304,500,000		\$ -		\$ - \$ 304,500,000	
TOTAL PROJECTS		\$ 305,090,277	\$ 304,954,703		\$ 135,574		\$ - \$ 304,954,703	