



**NEW JERSEY DEPARTMENT OF TRANSPORTATION**

**COMMISSIONER  
DIANE GUTIERREZ-SCACCETTI  
NJ Senate Budget & Appropriations Committee Testimony  
May 9, 2019**

Chairman Sarlo, Vice-Chairwoman Cunningham, and distinguished members of the Senate Budget & Appropriations Committee, good afternoon!

For those on the committee whom I have not yet met, I am Diane Gutierrez-Scaccetti. With me are Executive Director Kevin Corbett from NJ Transit, and Chief Administrator Sue Fulton from the New Jersey Motor Vehicle Commission.

They will be speaking separately about their agencies respective spending plans and budgetary priorities.

I have been looking forward to coming before this committee again to provide a year's worth of perspective and to respond to questions you may have about the Department of Transportation's Fiscal Year 2020 budget and Capital Program.

Last year, when I was here I provided you an overview of what was in store for the NJDOT in Fiscal Year 2019.

This included:

- Transforming DOT into an agency that is customer-service oriented.
- Collaborating with all of DOT's stakeholders.

- Helping local governments maintain and improve their transportation infrastructure.
- Explaining with transparency how Transportation Trust Fund dollars are being spent.

A lot has happened in a year.

In all of my travels around the state – and I have logged about 35,000 miles on the road from High Point to Cape May – the one question that I have been asked the most is:

Where is my 23-cents-per-gallon (now 27.4 cents) going?

Attached to my opening statement are two charts, the first titled “Impact of TTF Reauthorization,” the second is “Proposed NJDOT SFY 2020 Capital Program.”

These charts provides an important overview of how the additional tax at the gas pumps is invested and how the annual capital program is allocated by investment category.

As many on this committee know county roads and local streets comprise 90 percent of New Jersey’s roadway system.

The Trust Fund reauthorization law permitted annual capital spending on transportation to grow from \$1.6 billion per year to \$2 billion per year in each year of an eight-year period.

There is no doubt that the TTF reauthorization was a critical step in securing the statewide transportation infrastructure. Its greatest benefactor, though, is the Department’s Local Aid programs.

The majority of the \$400 million delta was unequivocally allocated to local governments for infrastructure work on their systems with the intent of relieving the burden on local property taxpayers.

The chart you have illustrates that municipal and county aid programs doubled in size. Other allocations are targeted to fix bridges on the local system, enhance infrastructure that supports freight service, and to fund the transportation infrastructure bank which provides low cost loans to local governments for higher cost projects that require more funding than can be provided through average local aid grants.

The transportation I-Bank is a remarkable and desirable program for local governments to meet the needs of their systems.

All in all, local aid allocations grew from \$190 million to \$430 million, an increase of \$240 million.

NJDOT received only \$49.5 million and NJ Transit only \$93.5 million additionally for their respective capital programs.

The Fiscal Year 2019 budget included a \$50 million diversion of TTF dollars to support NJ Transit, and \$25 million of NJ Turnpike revenues for the same purpose. The TTF diversion put the Department back to pre-reauthorization spending – it actually reduced it by \$500 thousand.

The Fiscal Year 2020 budget proposes allocating \$100 million to NJ Transit with NO diversion from the TTF.

While some argue that this is only a \$25 million increase for NJ Transit, it is a \$100 million increase for transportation.

It is my hope that this “no diversions” budget proposal will be embraced and supported to the betterment of our statewide transportation infrastructure.

Now...back to my regularly scheduled remarks....

So, where does the 23-cents go? The answer to the question of where the additional revenue at the pumps is going is to the local roads and streets you drive on every day.

Fiscal Year 2019 municipal aid grants were recently announced and were awarded to **537 towns**. That’s **95 percent** of all municipalities in New Jersey. In Fiscal Year 2018 we awarded grants to 505 towns or 89 percent.

And when we add in the other local aid programs supported by the TTF, and our desire to award FY2020 local aid grants in this calendar year, we will have allocated nearly **\$1.5 billion** to local governments since the trust fund reauthorization.

This is a noteworthy number and one that you as legislators should feel good about because it demonstrates that TTF dollars are being spread around the state to the benefit of your constituents.

Fixing local streets and county roads is crucial to providing widespread mobility across the state and to holding down local property tax rates.

We can achieve maximal mobility for the surface transportation system when local governments have the resources to improve their road networks in concert with the NJDOT's annual capital spending.

The money that is being paid at the pumps is indeed going to where it was intended.

The DOT is also committed to offering a variety of assistance to local governments through our "Commitment to Communities" initiative.

This initiative was launched in 2018 specifically to make sure local governments were aware of local grant application cycles, and to offer technical assistance in filling out those applications.

Recently, the department opened a "Local Aid Resource Center," which is a dedicated service that will serve as a hub for a variety of information and services needed for local governments to manage and deliver transportation projects.

The Resource Center is a prime example of our Commitment to Communities initiative to proactively help local governments find solutions to problems and concerns they face.

It benefits no one to have local aid funds go unspent because right now all I can do is direct those dollars back to the locality that could not spend it in the first place.

The Resource Center is the tool that we will use to help turn the dollars into projects.

The Department recently launched the first in a series of new newsletters about our Commitment to Communities initiative. I hope these will be informative and show all our stakeholders the value of the work at NJDOT that is supported by their tax dollars.

To highlight our Commitment to Communities beyond our efforts with respect to local aid grants I want to point out that the department:

- Helped the Borough of Oakland in Bergen County stabilize the structurally unsound Patriots Way Bridge so that the residents of the Borough did not lose access to vital emergency services.
- Came to the aid of Atlantic City by paving city streets ahead of the opening of the new and highly touted Hard Rock Casino.
- Dispatched a maintenance crew in the middle of the night to remove offensive graffiti from a county road in North Jersey.

When our communities succeed, we all succeed. There is no “us” or “them.” There is just “we together.” That’s how I see it.

The TTF reauthorization has given the Department great opportunities and has helped my agency focus on its priorities

going forward. I call your attention the chart with the header “Proposed NJDOT SFY 2020 Capital Program.”

This chart provides an overview by asset category of where annual capital spending is directed and you can see that the largest share—almost 27 percent—is for local system support.

And this capital program supports important projects on the state system that will get underway this fiscal year like:

- The second contract of the Route 3 and Route 46 Interchange rehabilitation to address safety and congestion issues along a heavily used corridor in Passaic County. This contract has a \$35 million to \$45 million construction price tag as part of an overall project cost of more than \$200 million.
- Roadway approach improvements to the Route 72 Manahawkin Bay Bridges. This \$300 million bridge rehabilitation and replacement project will be completed by Memorial Day, but we still have about \$25 to \$35 million of work to approaches on the mainland and on Long Beach Island to make sure we have a safe and functional coastal evacuation route.
- The long awaited \$170 million Route 295 and Route 42 missing moves project in Camden and Gloucester counties will begin. This project provides much needed movements from Route 42 westbound to I-295 southbound and from I-295 northbound to Route 42 eastbound. Once completed this project along with the ongoing Direct Connection project will immeasurably help mobility in the region.

There is a misconception out in the public that I would like to address—that is that the NJDOT cannot put work out on the street fast enough.

We are pumping out work as fast as we can and are addressing staffing shortfalls—that were exacerbated through years of little to no hiring—with staff augmentation contracts.

The DOT has selected 21 firms to assist throughout the Department to make sure that the project delivery pipeline is full and that there is a “shelf” of shovel-ready projects should additional funding become available.

This is a short term solution until our younger staff gain the capabilities and experience necessary to move into more advanced project delivery roles.

To that end, this year the Department is initiating a new program in which our senior engineers volunteer to assist younger engineers get the project design experience necessary to sit for the state licensing exam.

Retaining our staff and providing them with incentive to stay is a cornerstone of retooling the NJDOT for the future.

In conclusion, I must say that I am fully supportive of Governor Murphy’s budget and the FY2020 Capital Program.

The Governor is passionate about the health of our transportation network and committed to ensuring that we get the funding that we need to safeguard our entire transportation system.

I am eager to work with you on this committee and in the Legislature at large to get to a place where funding is stable so that all our agencies can plan with predictability.

Thank you Mr. Chairman. I will be happy to answer any questions from the chair and from the rest of the committee members.

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## Impact of TTF Reauthorization

### Total TTF Capital Program (in millions)

	<b>SFY 2017 Program</b>		<b>SFY 2018 Program</b>		<b>Increase</b>	
	<u>Prior to Reauthorization</u>		<u>Reauthorization</u>			
NJDOT	\$ 819.50	51.2%	\$ 869.00	43.5%	\$ 49.50	6.0%
Local Aid Highway Projects*	190.00	11.9%	430.00	21.5%	240.00	126.3%
NJ Transit	582.50	36.4%	676.00	33.8%	93.50	16.1%
Rail Freight	8.00	0.5%	25.00	1.3%	17.00	212.5%
<b>Total</b>	<b>\$ 1,600.00</b>	<b>100.0%</b>	<b>\$ 2,000.00</b>	<b>100.0%</b>	<b>\$ 400.00</b>	<b>25.0%</b>

### Local Aid Allocation Details (in millions)

	<b>SFY 2017 Program</b>		<b>SFY 2018 Program</b>		<b>Increase</b>	
	<u>Prior to Reauthorization</u>		<u>Post Reauthorization</u>			
Municipalities	\$ 78.75	41.4%	\$ 161.25	37.5%	\$ 82.50	104.8%
Counties	78.75	41.4%	161.25	37.5%	82.50	104.8%
Bridge	25.00	13.2%	47.30	11.0%	22.30	89.2%
Local Aid Freight	-		30.10	7.0%	30.10	
Local Aid Infrastructure	7.50	3.9%	7.50	1.7%	-	0.0%
Local Aid Infrastructure Bank	-		22.60	5.3%	22.60	
<b>Total</b>	<b>\$ 190.00</b>	<b>100%</b>	<b>\$ 430.00</b>	<b>100%</b>	<b>\$ 240.00</b>	<b>126.3%</b>

*\*\$430M total in FY18 includes \$30M "catch-up amount." The Local Aid portion of the \$400M supplemental appropriation in FY17, \$180M, is being provided as additional local aid in the amount of \$30M/year from FY2018-FY2023.*



## Proposed NJDOT SFY 2020 Capital Program

<u>Capital Investment Category</u>	<u>Amount (millions)</u>	<u>% of Total</u>
Airport Assets	\$ 4.50	0.20%
Bridge Assets	535.94	23.53%
Capital Program Delivery	260.93	11.46%
Congestion Relief	212.91	9.35%
Local System Support	613.38	26.94%
Multimodal Programs	72.30	3.17%
Road Assets	389.62	17.11%
Safety Management	128.65	5.65%
Transportation Support Facilities	59.00	2.59%
<b>Total</b>	<b>\$ 2,277.23</b>	<b>100.00%</b>