
Committee Meeting

of

ASSEMBLY TRANSPORTATION COMMITTEE

Assembly Bill No. 1478/1482

Assembly Bill No. 3674

*(Requires systematic maintenance check program for
intermodal chassis and allocates responsibility for equipment defects)
(Permits New Jersey Transit authority to acquire and operate
passenger ferries and ferry operations and to construct ferry capital facilities)*

LOCATION: West New York Middle School
West New York, New Jersey

DATE: February 14, 2005
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblyman Wilfredo Caraballo, Vice Chair
Assemblyman John J. Burzichelli
Assemblyman Upendra J. Chivukula
Assemblyman Gordon M. Johnson
Assemblyman David R. Mayer
Assemblyman Vincent Prieto
Assemblyman Brian P. Stack
Assemblywoman Linda Stender
Assemblyman Peter J. Biondi
Assemblyman Kevin J. O'Toole
Assemblyman John E. Rooney



ALSO PRESENT:

Nancy M. Lipper
Maureen McMahon
*Office of Legislative Services
Committee Aides*

Christopher Jones
*Assembly Majority
Committee Aide*

Jerry Traino
*Assembly Republican
Committee Aide*

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): Good morning, everyone. If you could kindly take your seats.

My name is John Wisniewski.

This is the Assembly Transportation Committee. We are meeting today in West New York, thanks to the hospitality of our Speaker, Albio Sires. We are considering two pieces of legislation today: Assembly Bill 1478 and Assembly Bill 3674.

If you wish to testify on either of those bills, there are slips of paper to the front, right in front of this tripod. I would appreciate it if you would fill it out and hand it to one of the Committee Aides so that we could have your name for the record.

In addition, we are creating a transcript of today's hearing. That's what the microphones are for, as well as for amplification. If you wish to testify, it would be important that you come up to the table, and state your name for the record, and testify clearly so that we could have the record for future reference.

If you have any cell phones, pagers, blackberries, if you would at least put them on vibrate so as not to disturb the hearing, we'd appreciate it.

And with that, Nancy, would you please call the roll?

MS. LIPPER (Committee Aide): Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Here.

MS. LIPPER: Assemblyman Gibson. (no response) Absent.

Assemblyman Rooney substituting for Assemblyman Bodine.

ASSEMBLYMAN ROONEY: Here.

MS. LIPPER: Assemblyman Biondi.

ASSEMBLYMAN BIONDI: Here.

MS. LIPPER: Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Here.

MS. LIPPER: Assemblyman Stack.

ASSEMBLYMAN STACK: Here.

MS. LIPPER: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Here.

MS. LIPPER: Assemblyman Mayer.

ASSEMBLYMAN MAYER: Here.

MS. LIPPER: Assemblyman Johnson.

ASSEMBLYMAN JOHNSON: Here.

MS. LIPPER: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Here.

MS. LIPPER: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Here.

MS. LIPPER: Vice Chairman Caraballo.

ASSEMBLYMAN CARABALLO: Here.

MS. LIPPER: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

MS. LIPPER: We have a quorum.

ASSEMBLYMAN WISNIEWSKI: We have a quorum.

Thank you.

All right then. We'll go into the first piece of legislation. It is 1478. It requires a systematic maintenance check for intermodal chassis. The bill, if you recall, has been before this Committee and the Assembly

Appropriations Committee. It was recommitted to the Transportation Committee to make some additional amendments. And those amendments are the subject of the bill today.

Nancy, if you would, read the summary of those amendments.

MS. LIPPER: Certainly.

The Committee amended the bill to clarify that the penalties imposed for failing to comply with Sections 2, 7, and 9 of the bill are civil administrative penalties to be assessed by DOT, and may be collected by DOT in accordance with the Penalty Enforcement Law of 1999.

The Committee amended the bill to clarify that the authorization given to the New Jersey State Police officer to enter any intermodal equipment facility for the purpose of conducting inspections of chassis as part of an audit by DOT does not, in any way, limit the authority, otherwise, of the State Police or Port Authority Police.

The Committee amended the bill to remove references to an agreement between intermodal equipment provider and a motor carrier, which would allocate responsibility for equipment and contain indemnity provisions. Language was added by the amendment to clarify that the bill is not intended to affect any indemnification agreements concerning intermodal chassis.

The Committee amended the bill to clarify that the purpose of the bill is to determine which party should be cited on a summons complaint or violation report relating to an intermodal chassis.

The Committee amendments make provision concerning reimbursement for a penalty or a fine imposed as a result of a summons or

complaint, and make clear that those provisions apply to both the intermodal equipment provider as well as the motor carrier.

Similarly, the Committee amendments provide that the intermodal equipment provider, as well as the motor carrier, may petition to have a violation report not be used against its overall compliance report.

The Committee amended the bill to clarify that provisions concerning summons, complaints, and violation reports apply only prospectively to summons, complaints, or violations issued after the effective date of the act.

The Committee amended the bill to provide that it is a violation of the act to interfere with, or attempt to interfere with, the duties, obligations, rights, or remedies of a motor carrier or its driver, an intermodal equipment provider or an SMC inspector.

And just recently, and not reflected in Version 5 yet, the Committee will amend the bill to change the record retention period from two years to three years.

ASSEMBLYMAN WISNIEWSKI: Thank you.

We have several individuals who have signed up to testify -- actually have signed up indicating support but no need to testify. Joe Simonetta, Public Strategies Impact, representing Norfolk Southern, okay with amendments, no need to testify; Al Gaburo, Princeton Public Affairs, representing OCEMA, okay with amendments, no need to testify; James Cobb, New York Shipping Association, also okay with the amendments and no need to testify; Sam Cunninghame, Association of Bi-State Motor Carriers, again in favor of the bill, no need to testify; and from the Department of

Transportation, Rick Gimello, Executive Director of Intermodal Services, okay with the amendments, no need to testify.

Any questions on the Committee? (no response)

If not, do we have a--

ASSEMBLYMAN CARABALLO: I move the amendments.

ASSEMBLYMAN WISNIEWSKI: Move the amendments, by Assemblyman Caraballo.

ASSEMBLYMAN JOHNSON: Second.

ASSEMBLYMAN WISNIEWSKI: Seconded.

Roll call.

MS. LIPPER: On the motion to amend, Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Yes.

MS. LIPPER: Assemblyman Gibson is absent.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Yes.

MS. LIPPER: Assemblyman Biondi.

ASSEMBLYMAN BIONDI: Yes.

MS. LIPPER: Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Yes.

MS. LIPPER: Assemblyman Stack.

ASSEMBLYMAN STACK: Yes.

MS. LIPPER: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MS. LIPPER: Assemblyman Mayer.

ASSEMBLYMAN MAYER: Yes.

MS. LIPPER: Assemblyman Johnson.

ASSEMBLYMAN JOHNSON: Yes.

MS. LIPPER: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Yes.

MS. LIPPER: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Yes.

MS. LIPPER: Vice Chairman Caraballo.

ASSEMBLYMAN CARABALLO: Yes.

MS. LIPPER: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

Motion to release the bill as amended.

ASSEMBLYMAN JOHNSON: Second.

MS. LIPPER: Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Yes.

MS. LIPPER: Assemblyman Gibson is absent.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Yes.

MS. LIPPER: Assemblyman Biondi.

ASSEMBLYMAN BIONDI: Yes.

MS. LIPPER: Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Yes.

MS. LIPPER: Assemblyman Stack.

ASSEMBLYMAN STACK: Yes.

MS. LIPPER: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MS. LIPPER: Assemblyman Mayer.

ASSEMBLYMAN MAYER: Yes.

MS. LIPPER: Assemblyman Johnson.

ASSEMBLYMAN JOHNSON: Yes.

MS. LIPPER: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Yes.

MS. LIPPER: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Yes.

MS. LIPPER: Vice Chairman Caraballo.

ASSEMBLYMAN CARABALLO: Yes.

MS. LIPPER: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

The bill is released.

Thank you.

Next, we will consider Assembly Bill 3674, Sponsored by Assemblyman Speaker Sires. It permits New Jersey Transit the authority to acquire and operate passenger ferries.

Maureen, would you read the statement?

MS. McMAHON (Committee Aide): Assembly Bill 3674 grants New Jersey Transit Corporation the authority to operate passenger ferry service for the purpose of carrying passengers, for compensation or hire, by waterborne craft in this state, or between points in this state and points in other states. The bill grants the corporation the power to build passenger ferry capitals such as terminals, approach roadways, pedestrian accommodations, parking, docks,

ramps, and other necessary land-side improvements, and acquire passenger ferries and ferry operations.

There is a purely technical amendment to the bill.

ASSEMBLYMAN WISNIEWSKI: Thank you.

As I said earlier, we are up here in West New York today. It's always good to take the work of Trenton outside the boundaries of Trenton so that the people we affect with our legislation have an opportunity to come forward, and discuss legislation, and give us their opinions.

Assembly Speaker Sires was gracious enough to set up this wonderful school for this Committee hearing. And Assembly Speaker Sires has a very busy schedule today. And I'd like to call on him first to testify on his bill.

Assembly Speaker.

If you would give your name. (laughter)

A S S E M B L Y S P E A K E R A L B I O S I R E S: Absolutely, Chairman.

Can you hear me? (referring to PA microphone)

ASSEMBLYMAN WISNIEWSKI: Always, Speaker. (laughter)

SPEAKER SIRES: Well, first of all, I want to thank everybody for--

First of all, I want to thank you, Chairman Wisniewski, for holding this hearing.

ASSEMBLYMAN WISNIEWSKI: Actually, you need both. One's for amplification and one's for record keeping. (referring to PA and recording microphones)

SPEAKER SIRE: First of all, I want to thank you, Chairman, for holding and -- agreeing to hold this meeting here in West New York.

And I want to thank all the members. Some of you came from far. I do appreciate that -- some of you, not as far. But I do appreciate your participation in this.

This is a very important issue for this region -- not only West New York, but the entire region. Hudson County, and the greater Metropolitan area, has always, in the last few years, been served by a ferry system. And I'm going to talk a little bit about the ferry, and then I'm going to talk a little bit about the legislation.

The ferry system has become an important component of North Jersey's transportation network. Roughly, about 15,000 job commuters rely on the ferry services every day. The availability of ferry service helps to mitigate the traffic congestion on our local roads and in our communities.

You are in a community that, per square mile, has the largest density in the country. We share with Union City that distinction. Per square mile, we have the largest density of people in the country.

So the ferry helps to reduce the number of vehicles using the tunnels and the bridges, linking New Jersey and New York City. Ferry riders praise the comfort, the dependability, and the speed of these vessels.

The tremendous value of the ferries was demonstrated in the wake of the 9/11 terrorist attack and on the August 2003 blackout. Both times, ferries helped in evacuation of people from New York City when rail and motor vehicle travel was interrupted.

For nearly two decades, New York Waterway has provided a quality service in this area. The company, in fact, has been an important player in the ongoing revitalization of the Hudson County waterfront. But last year, after the restoration of the PATH service to lower Manhattan, New York Waterway experienced financial difficulty, stemming from the fact that ridership dropped after PATH opened.

As a result, New York Waterway came perilously close to a total shutdown. The region breathed a collective sigh of relief when a private investor -- an attorney by the name of William Wachtel, from New York, came forward with a financial plan to keep New York Waterway's service afloat. We are all grateful that the shutdown was averted.

But a question arose in the wake of this recent experience. What if this vital ferry service were to one day fall into the hands of a private owner less responsible than New York Waterway? It was this question that led to the drafting of this legislation today.

Assembly Bill 3674 will help the State address such a situation. The bill will give New Jersey Transit officials the authority, if they choose to use it, to assume control of ferry services in the event private ownership works against the interest of New Jersey commuters and fails to provide a satisfactory service. This would be strictly a contingency safeguard for commuters. It would not be an arbitrary takeover. It would be a fallback mechanism in the event new private ownership proves a failure for the commuters.

Given the near shutdown of the New York Waterway last year, it's prudent that we put a contingency plan in place to protect commuters from burdensome fares or less-than-optimum service. We want to ensure that as

many people as possible have access to a comprehensive mass transit system at a reasonable price. New Jersey Transit, in my view, is the ideal agency to ensure the delivery of such quality service if private ferry ownership ever goes awry.

Hopefully, New Jersey Transit will never have to exercise this option of assuming control of the ferry services. But we must be ready if changing market conditions, private ownership changes, new commuting patterns, or an emergency situation necessitates government intervention.

That is the point of this bill. And I urge you to support this legislation. This is something that is optional. This is not something that requires an allocation of money. This is simply a backup plan, in case something happens with our ferry system.

And, again, I think it's only prudent that we have a backup plan. We are not asking, we are not telling, we are not urging New Jersey Transit to get involved in this. We simply want to have a backup plan. And I would hope that all of you will see this for what it is, a backup plan, and support this bill.

I want to thank you for listening.

And pizza is going to be served hot at 12:00 in the cafeteria.

(laughter)

But, again, you guys are terrific. And it's a pleasure for me to be in front of you, testifying on a bill that I think is so necessary.

Thank you, again.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Speaker.

ASSEMBLYMAN O'TOOLE: Chairman.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: At some point I have questions. I know the Speaker has to go. So if I could have -- direct my questions, I assume, to you, as a co-prime--

ASSEMBLYMAN WISNIEWSKI: Sure, absolutely.

ASSEMBLYMAN O'TOOLE: I just have a series of questions I would like to address at some point.

ASSEMBLYMAN WISNIEWSKI: Absolutely. I'd be happy--
If you want to--

ASSEMBLYMAN O'TOOLE: I could do it now, if you don't mind.

ASSEMBLYMAN WISNIEWSKI: If you want to address it now.

ASSEMBLYMAN O'TOOLE: Sure.

Thank you.

I want to thank the Speaker for his hospitality, welcoming us into this very beautiful facility.

Chairman, I've heard the Speaker, in his opening -- as to why we should, as a last ditch effort, allow New Jersey Transit the authority to acquire or operate ferries. And I will tell you, I have wrestled with this issue. I have read many articles and have heard from many concerned residents. And I would agree with the Speaker that, as a last resort, we should allow some State authority to acquire and operate--

The ferry system, it seems to me, has provided an invaluable service to those throughout New Jersey -- not just here in West New York, but throughout -- from Monmouth County on up -- providing a reliable source of

transportation -- not continue to congest the roadways -- Lincoln Tunnel, Holland Tunnel, Turnpike. I think it's become a viable alternative for travel.

What I find somewhat disturbing is the -- and I pose the question to you, Mr. Chair -- is the private concern that is currently handling the ferries that we're talking about-- It seems to me, from my reading of the local newspapers, that, post-9/11, there seemed to be an overleverage of some \$50 million or so to try to create, I guess, more opportunity for the ferries, given the fact that New Jersey Transit was having a decline in riders for, the obvious reasons.

And it seems to me there's been some poor business practice, which has allowed for this ferry system to be in, somewhat, jeopardy. I think it's unfair to the public -- where they have had to worry, week to week, as to whether they're on the ferry, they're off the ferry, and whether they have to scramble for other means of transportation. You have workers, you have vendors who have not been paid for a period of time.

And my question-- My first question to the Speaker and to you, Mr. Chairman: Does this Committee have any authority or oversight, currently, that will allow us to probe the business practices of any of the private concerns that are currently operating ferries within the State of New Jersey?

ASSEMBLYMAN WISNIEWSKI: Every standing reference committee has the ability to undergo investigations. As you know, when we've done the E-ZPass and other issues, the limit of our investigatory powers is limited by the fact that, under normal circumstances, we can't compel anyone to share information with us, or testimony, or testify, or provide documents.

If the Legislature were to consider expanding that power, that might be an option.

One of the concerns that's always been raised is, first and foremost, everyone wants to see the ferry service continue. Everyone's hope is that it can continue to operate in private hands so that taxpayers don't need to be involved in subsidization. And there's certainly a concern that as the rescue by the New York attorney is underway, to engage in an investigation might, in fact, bring about its demise prematurely.

I think it's a valid concern. I just think that there are concerns about going ahead with that, that might actually precipitate what we don't want to happen.

ASSEMBLYMAN O'TOOLE: Well, Chair, I mean, at some point, if this uncertainty continues with the private concern, private vendors, perhaps we should invite -- or you should invite -- them to a hearing. I'd like to just get a sense as to where the financials are and what the stability of that service is, as we're considering this legislation.

We talk about this A-3674 being a last ditch, last resort. My question is, is there some flash point that allows the NJ Transit to make a determination that it's time for them to acquire and/or operate a passenger ferry? And perhaps we should think about either amending this bill or, perhaps, putting another bill in, Mr. Chairman, that would allow this Committee to have oversight to ferries, private or public.

ASSEMBLYMAN WISNIEWSKI: Well, I think it's a valid point, and it's certainly worth considering. I know that New Jersey Transit has signed up to testify. And in terms of answering the question as to what that

point is at which Transit -- assuming this bill is law and they have the authority -- at what point does Transit want to step in, I think that would be a question we should ask when Transit comes up to testify, because I don't know the answer to that.

But, clearly, I think what the Speaker said -- and I think what we all agree on -- is, if we can keep this operating as a private enterprise, and avoid subsidization, that's the goal. If, at some point in time, there were to be a bankruptcy, there were to be some event that caused it to stop operating, this legislation at least gives the State the ability to continue to provide that service under the auspices of Transit.

ASSEMBLYMAN O'TOOLE: And, Chair, last point.

ASSEMBLYMAN WISNIEWSKI: Let me just-- One last--

And I have informally asked New York Waterway for financial information about the current status. I have not received a response.

ASSEMBLYMAN O'TOOLE: Mr. Chairman, last point. You raised a very interesting point about subsidization. I think it's imperative that we -- and certainly through your leadership on this Committee -- continue to ask that this remain in private hands and that the State do everything--

And perhaps, Chairman, through your office, we can encourage the Governor's Office to work with either this vendor or other private vendors to make sure the State's doing everything in their power to keep this in private hands, so that we do not have to step in and enlarge the State bureaucracy any more than it has been.

ASSEMBLYMAN WISNIEWSKI: I think those are excellent points.

ASSEMBLYMAN O'TOOLE: Thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Just one issue on the subsidization. We're looking at no subsidization for the ferry service, and yet part of the problem seems to be the fact that when the PATH tubes came back in, people left -- the ridership pretty much went in half. And part of that problem was the fact that we do subsidize the PATH tubes. The PATH tubes are extremely low cost. They have been for years. There's a huge subsidization that occurs. The rates do not go up. And what happens is, because they lost ridership, they had to increase fares even more.

So I think we have a problem here. It's pretty much a self-fulfilling prophecy that we're going to have a problem with the ferries, because they're going to continue to lose ridership to a subsidized fare on the PATH tubes. So I think we have to address that problem and start looking, in comparison, to perhaps even out some of this, or subsidize the ferry fares. It just doesn't seem fair -- and I use that pun intended -- fair, F-A-I-R, or F-A-R-E -- when you have one entity competing against the other. And the fares are so disproportionate.

So I've got a real problem with that.

ASSEMBLYMAN WISNIEWSKI: That's a fair statement.

(laughter)

Assemblyman Biondi.

ASSEMBLYMAN BIONDI: Thank you, Chairman.

I just have one question. Permissive legislation -- it's a fallback, a safety net if you will.

The capital cost for getting into the acquisition of the ferries-- Where would that be coming from? And would there then be a dedicated fund to support the ferries, or would it be subsidized from railroads or other areas?

ASSEMBLYMAN WISNIEWSKI: That's a good question, and I could only speculate. I know that Transit is scheduled to testify. We have them signed up. That might be an appropriate question for them.

Clearly, when they run bus service, or they run train service, there is a certain subsidy they provide. It doesn't all come out of fares. Something like that might exist if it operates the ferry service, as well.

ASSEMBLYMAN BIONDI: I'll hold then.

ASSEMBLYMAN WISNIEWSKI: Seeing no other questions, I'd like to call the County Executive of the county of Hudson, Tom DeGise.

T H O M A S A. D e G I S E: Good morning.

ASSEMBLYMAN WISNIEWSKI: Good morning. Thank you for being here.

MR. DeGISE: Thank you for being here and moving your hearing to Hudson County. Welcome to Hudson County.

I will do my best not to be repetitive as to what the Speaker/Mayor -- we call him Mayor up here in Hudson County -- Sires had to say.

Just to try to add a few -- a couple of different points for your perspective-- I've been -- just as a way of general background -- the city council president in Jersey City from '93 to 2001. And now I'm in my third year as Hudson County Executive.

When the ferry issue -- which most of you know -- came to us through our Hudson County Improvement Authority -- when the demise of the

New York Waterway became eminent -- for that -- there was never an issue that I had faced in my public life that had more of a reaction from the people of Hudson County, from the press, and in general. It fell along the line, with the public, that those who use the ferry used the phones, and the e-mails, and any other forms of communication to let me know that they thought that the ferries were an important and critical part of our infrastructure. And those who didn't use the ferries used the same types of media to get to me to say that they didn't think that the public should -- the public dollars should be involved in this.

I think, to add a little bit to what the Speaker had said, in Hudson County, in this general North Jersey region, the ferries are not a luxury, they're a necessity. Besides keeping cars off of our roadways, in some areas of Hudson County -- particularly the North Hudson -- there isn't an alternative to getting across the river without driving your car into the crowded streets of Hoboken and Jersey City, which some of you may have experienced.

In Jersey City, there are PATH tubes. When you get into the North Hudson region, there isn't that option. Much of the development that New Jersey brags about along Hudson County, with its job growth and all the tall buildings that have come into our county in the great development over the last 10 to 15 years, has been a plan of integrating our infrastructure to plan for this.

The State has put a lot of money into a light rail system that links to ferry links along the Hudson River. And it's no coincidence that investment has followed where this infrastructure is going. But we're not done yet.

Mayor Doria, Senator Doria is standing behind me and will no doubt testify after I do. There is the peninsula in Bayonne that still needs more development, that is just beginning its development at this port, that will also not be too close to any other way of crossing the river other than ferries.

If you go up into the North Hudson area of North Bergen, West New York, Weehawken, Guttenberg, heading up towards Bergen County and the George Washington Bridge, there are still vast tracks of land that are still waiting for more investment to come. These will become more and more important. The ferry lines will become more and more important to them. So we're not done yet with that investment. And if the State would like to see the continued development and reinvestment in New Jersey, I think it's important that you continue to support our ferry lines.

The issue of homeland security that the Speaker spoke about is one that I don't think you can emphasize too lightly. Besides the obvious 9/11 -- and many of us in Hudson County and in Jersey City were there on that day when people were coming off of the ferries just looking for a place to go. "How do you get to Brooklyn," were some of the questions. They didn't really care how they got off of that island or where it was going to take them. But the ferries were the major way that got people off of that island.

To a less catastrophic event, the blackout of '02, in August, was also a way-- The general way that people got off of the island was to come to New Jersey by way of ferry. My Office of Emergency Management, in Hudson County, was privy to many of the meetings that were planning for the security of the Republican National Convention last summer. And, logistically, there

was a great amount of planning that went on there in the case of a -- some sort of attack or catastrophic event.

But, logistically, in a nutshell, what the plan was, was to put everybody on a boat on the island of Manhattan and take them to Liberty State Park, and then use the Turnpike and whatever infrastructure we had there to start evacuating them or getting them the medical help that they needed.

This can't be left to the whims of a business person who may just use the profit motive to -- how many boats that he has, what types of structure, what type of service that he'll be providing. Or if he makes mistakes-- And there were mistakes made after 9/11, with the overextending of the credit, and the buying of too many boats, and not anticipating that PATH would open at a certain point -- that led to the financial problems that New York Waterway encountered at that point. We can't allow something that is this important to our homeland security and to our national security to just close up.

I would just enter, finally -- trying to close up -- the talk about a government entering into the field of -- where private development, or private concerns have always provided this service -- that having, as I said, spoke -- having heard from many of the public about not wanting public dollars, or public resources be used to this-- I don't think many people realize that every time a PATH ride is taken that it's subsidized with State dollars. Or if a bus crosses through the tunnels going into the Port Authority building, or across the George Washington Bridge, that each one of those passengers are being subsidized in some way. If they were asked to do that, they would probably say, "No. If I don't use the bus, then I don't want money used for that."

But I think that what the Assemblyman had said in the discussion previous to this is quite true. It's very hard to ask for a nonsubsidized industry to compete with a subsidized industry.

That being said, when we looked at the books very closely when we were, as a last resort, looking to enter into it at the county level to ensure that the service would continue, we were convinced that, run right, the ferry services could be a profit-making proposition, that there is enough of a market out there for it, and that as I tried to explain a little bit earlier, this market could grow as the growth of Hudson County came with it.

So I thank you very much for your consideration.

I speak here in full support of allowing New Jersey Transit the ability to enter into what we think is a matter of not only local and regional, but national security type of issue.

Thank you, folks.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

Does anyone have any questions?

Assemblyman Johnson and then Assemblyman Biondi.

ASSEMBLYMAN JOHNSON: Thank you, sir, for your testimony.

MR. DeGISE: To me, right?

ASSEMBLYMAN JOHNSON: Yes.

Would you know, off hand, how many jobs are generated because of the system that's in place -- the ferry system that's in place in Hudson County -- those supporting--

MR. DeGISE: In the industry itself, Assemblyman, or--

ASSEMBLYMAN JOHNSON: Yes, those supporting this industry there.

MR. DeGISE: At one time we were privy to those numbers. I'm thinking that it's in the hundreds. But, quite possibly, Mayor Turner of Weehawken may be able to answer that a little bit more accurately. But I think that many jobs, if not directly related to the ferries, have also come--

Most people assume that when the Assemblyman talked of 15,000, 16,000 people using the service every day, that everyone is using this in the morning to go from New Jersey over into New York. That isn't quite true. There are many people, right now, if you--

Goldman Sachs now has its headquarters on the Jersey City side. Up in North Hudson, Paine Webber came over from New York to New Jersey and then struck a deal with New York Waterway to guarantee that ferry service would continue so that the people from the New York side could come to New Jersey. That is one of the reasons that the North Hudson routes were more profitable than some of the other routes. So while they weren't being subsidized by the government, they were being subsidized by private industry that was there.

So I think the amount of people that you're talking about within the industry -- the people who work on the boats, and on their maintenance, and on the docks, and everything is in the hundreds. But I would think that the people who use the -- that have jobs that have grown in New Jersey, is well into the thousands.

ASSEMBLYMAN JOHNSON: Yes, I was referring to not just those employed by the ferry company itself, but the small industry, the small

business that's developed because of it, such as the person selling newspapers, or whatever support services that are out there that are there because of this ferry service.

So I will ask the Mayor when he comes up.

MR. DeGISE: He may have a better ring on that number.

ASSEMBLYMAN JOHNSON: Okay. Thank you.

MR. DeGISE: Am I off the hook?

ASSEMBLYMAN WISNIEWSKI: No, I think you have one more question.

Assemblyman Biondi.

ASSEMBLYMAN BIONDI: Thank you, Chairman.

Thank you for your testimony.

You had stated that the county had looked into this service and felt that, correctly run, it was profitable.

MR. DeGISE: Yes.

ASSEMBLYMAN BIONDI: Would this legislation then prevent the county from getting into the business? If it faltered, right now Transit would be the failsafe. That would then preclude the county from entering this business.

MR. DeGISE: Well, if the-- When we first started attending meetings as to what to do -- because we weren't going to sit idly by while it closed down -- the two entities that were mentioned most prominently -- "Why doesn't Transit get involved, or why doesn't the Port Authority get involved?" The Port Authority was at the table and said that they were not interested in

operating a competitor to the service that they were already providing. And Transit said they couldn't because of their charter.

So it wasn't a matter of our wanting to do it. It was a matter of -- that if no one else was going -- no other governmental entity was going to step forward to make sure that the service would continue, then we would do it. And we weren't looking to do it, nor are we looking to do it. But if no one else was going to do it, we were going to do it.

The reason-- And we did feel, right to the end, that we could operate that at a profit, that we could pay off our bills and not cost the taxpayers any money. It failed at the Trenton level, where the Division of Local Government Services did not approve, in time, the legislation that would have been necessary for me to bring it to the freeholder board -- the bond issue for the freeholder board, for adoption. So we abandoned it at that point.

ASSEMBLYMAN BIONDI: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you. We appreciate your testimony.

MR. DeGISE: Thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblyman, just to correct the record, too. The legislation would give Transit the ability, but would not operate, to the exclusion, much like Transit can operate bus service. It doesn't prevent Coach, or Academy, or anybody else from operating a bus service.

ASSEMBLYMAN BIONDI: But it would be extremely difficult for private, nonsubsidized business to compete with the subsidized business. So if Transit went in, I don't think there's a private enterprise that would be able to compete with it.

ASSEMBLYMAN WISNIEWSKI: Right. I think one of the issues, though, is -- and we've heard the testimony -- that part of the difficulty that's facing the current operator is a bad business plan, or perhaps not anticipating that PATH would be back on line as soon as they were, and buying more than they could chew. Operated properly and narrowly -- and I think that's what the Executive and the Speaker said -- this could be a profitable operation. It could be run by a private enterprise.

Next, I'd like to call State Senator and Mayor Joe Doria.

Senator, Mayor.

SENATOR JOSEPH V. DORIA JR.: Thank you very much, Mr. Chairman. It's a pleasure to be here. I want to welcome you, obviously, and all of the members of the Committee to Hudson County. And I want to thank you for the opportunity to testify on the Assembly bill.

And I have, together with Senator Kenny, the companion Senate bill, which is 2228.

I want to commend yourselves, Speaker Sires, Assemblywoman Stender, as the sponsors of the Assembly bill.

I think we've already heard, from Assembly Speaker Sires, as well as from County Executive DeGise, a lot of the genesis of why this piece of legislation is necessary. I think the important element here to discuss is that this is the stop-gap measure. It is here to protect the citizens, not only of Hudson County, but of the state, who presently use the ferry service as a means of mass transit between New Jersey and New York.

I think, as we look at the history of New Jersey Transit, we see that this is not an unusual situation. New Jersey Transit, which is the third largest

transit operation in the country, was basically created to handle the problems that were created when the Central Railroad of New Jersey basically went out of business, and also when Public Service Bus Company -- both private entities -- were no longer able to serve the needs of the citizens of the State of New Jersey. In both instances, those operations, which were private operations, eventually became public, because there was a need to provide for mass transit for the citizens of the State of New Jersey, to enable them to get to work.

In this instance, ferries, really, are bringing back what had existed in the past. Ferries were very common plying the waters between New York and New Jersey in the beginning of the 20th century to the middle of the 20th century, in the Second World War, as were trollies. And we here in the State of New Jersey have, once again, moved back to trollies. We call them light rail, presently. But it's basically going back to the system that existed prior to the Second World War, and was the means by which people were able to go back and forth to work.

This country fell in love with the automobile after the Second World War, and we found ourselves having to deal with more and more environmental problems, more and more congestion, more and more difficulties, especially in urban areas such as Hudson County.

But we have to realize that the people who utilize the ferries that we're discussing are not just Hudson County residents. They're residents coming from Morris County, from Bergen County, from Passaic County, and Monmouth County, Somerset. All of those counties, presently-- Those individuals are coming into the county, whether it be by mass transit -- many of them taking the New Jersey Transit trains to Hoboken and then getting on

the ferries. And the ferries provide a much more comfortable, as well as much more expeditious method of transportation between the two states.

They cost more money. But those who make the decision to use them make that decision based on either convenience or comfort, rather than going on the PATH trains, or staying on trains that go directly into New York City.

One of the problems I see here, that is important to emphasize, is that we in New Jersey are really concerned about a problem that New York state and New York City should be concerned about. These are people who are going to work in New York City. They're going to businesses in New York City.

Now, we're concerned because there are citizens, in most instances, who are taking these ferries. But also, there's many New Yorkers who are taking the ferries back to New Jersey. And, unfortunately, at this point -- and I have to say that we should begin to put some pressure on the New York-New Jersey Port Authority that they have some responsibility and that New York City has some responsibility.

In the end, we here in New Jersey must deal with this issue because it impacts upon the quality of our life, when you deal with the issue of the environment. The more vehicles that come into Hudson County rather than using mass transit, the greater the impact upon the quality of our air. The roadways, the congestion, all of those things have a negative impact. So mass transit is the solution. That's why we all have supported New Jersey Transit and support it very strongly. And I commend all the members of this Committee, because I know you do that.

But now we need to look in the future and hope that the private company that presently is operating the ferries -- and there's more than one, but there's one basic company that has been doing it here in Hudson County -- that they will have a better business plan. They overexpanded. They didn't take into consideration what would happen once PATH came back on line -- ran from Jersey City and Hoboken, down to the old World Trade Center site, downtown New York. And that has really had an impact upon them. They overexpanded. They bought more ferries. The ferries are very expensive. And they're only taking delivery on some of those ferries at the present time. So it was a very bad business decision on their part.

But now we have to begin to deal with that. And we have to begin to realize that we cannot, at this point and juncture in our history, begin to go backwards and say that ferry commutation between New York and New Jersey, and New Jersey and New York should not exist. Rather, it is one of the better means of transit between the two states for the citizens who have to commute on a daily basis.

So this piece of legislation, as the Speaker pointed out, and as our County Executive pointed out, is a stop-gap measure. It is here to guarantee that if, unfortunately, the private companies cannot function, then we have a means by which the State of New Jersey, through New Jersey Transit, can take over operation.

Whether it would be subsidized or not would depend upon how it was operated and what the costs were. There is no question at the present time, a ferry ride is much more expensive than a PATH ride or a train ride. But it is much more convenient and is much more comfortable.

So we, I think, are taking a very positive step forward. And I commend the Committee for having this hearing. I commend the Committee for reviewing the situation. We need to be prepared in the future so that we are not totally dependent upon the vagaries of private business as it impacts upon the citizens of the state who need to get to work and who want to use this transportation.

The other important point is that the other means of mass transit, at the present time, are overcrowded. There is not enough room on PATH trains today for all the citizens who want to take the PATH trains. The cars are overcrowded, they're bursting at the gills. There's no way you can get on PATH in some instances during rush hour. So that's a problem. At the same time, the tunnels cannot take the amount of cars that are going through. And as we read recently, there's a need for a new rail tunnel because of the demand that's being placed on the rail system and the rail tunnel at the present time to get the commuters from New Jersey to New York.

So we're at a point of major capacity needs. And the ferries serve to deal with that capacity -- over 30,000 trips per day -- that otherwise would have to be taken either by rail, whether it be PATH or hard rail -- heavy rail -- or by car, or bus. Again, the bus adds to the environmental problems and also the traffic congestion on this side of the river, as well as New York City.

So we are at a point where we need to prepare for the future. I think this bill will do that. It will put us in a position for us to be successful in the future. Hopefully, we will not need it. Hopefully, we will not have to take over the private enterprise. Because I personally feel, if we can have a private enterprise running the operation, it's always better.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

SENATOR DORIA: Thank you. Thank you, all.

ASSEMBLYMAN O'TOOLE: One question, Senator.

ASSEMBLYMAN WISNIEWSKI: Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Thank you.

Through the Chair -- and I love saying Senator Doria. (laughter)

SENATOR DORIA: Thank you. Thank you very much, Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Through the Chair, it seems to me that you-- I assume that you're pointing the finger -- bad business plan, which we have heard is the cause for, you know, overcapitalization, which has caused--

After the ridership doubled after 9/11, I would assume that the company we're talking about had saved for this capitalization plan. And my question is, what interaction do you think the State should have, number one, to see that the current concerns stay solvent? And, two, what type of interaction should the State have, should that concern go bankrupt, in attracting other private concern? Is there tax credits? Is there some mechanism you would see the State utilizing to keep the private concern, so Transit doesn't have to step up into that -- into their shoes?

SENATOR DORIA: Well, obviously, we're at a little bit of a disadvantage, because it is a private business, and we don't have the authority to really control their operations, nor should we. I'm getting into -- it's a capitalistic system. We need to guarantee that we don't interfere.

But we do have, obviously, a public interest in knowing that they can continue to operate. So I think, as was pointed out earlier by yourself and Chairman Wisniewski, the need to maybe provide information by this private concern to the Committee -- and to have, maybe, some discussions. But, again, you cannot compel them to do that unless the Assembly, by majority vote, issues subpoenas, which is a very rare instance. It's very rare to have this happen. There's very few times, in my memory, over the last 25 years that I've been around-- And I don't know if that, again, would be necessary or would necessarily be good.

But I think we want to ask for their cooperation. We want to tell them we want to be helpful. And maybe, as much as possible -- as we worked with some of the private bus companies -- and New Jersey Transit does that -- provide for some kind of support or some kind of input in the process to, maybe, help them plan a little better.

I mean, the people who run this company, obviously, don't want to lose money. They want to make money. That's what all businesses are in business for. But, unfortunately, they did overcapitalize. They did borrow significant sums of money for the new ferryboats. And now they find themselves in a very difficult situation.

So I think your point is well taken. And that would be the best of all possible solutions. Whether it's going to be feasible or not, we don't know. This new group -- this Wachtel group that's taking over, hopefully, will have a better business plan and will be able to deal with the situation. But there's no guarantee that they will. But I think--

I'm sure -- and we'll hear from New Jersey Transit later -- I'm sure that they would be willing to be whatever help they could in providing some technical expertise wherever possible to deal with, maybe, just the numbers crunching of how many commuters they can expect, and what the kind of demand there would be, based upon what's going on with PATH, as well as with the New Jersey Transit trains and buses.

ASSEMBLYMAN ROONEY: Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: One second, Assemblyman.
Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Thank you, Mr. Chairman.

Senator, I want to commend you and the Assembly sponsors for putting this bill forward.

Yes, this is a permissive legislation. It is going to -- it's a stop-gap measure. But we also need to think about the State -- the financial status of the NJ Transit. Currently, whatever fares they're collecting is only going towards 42 percent of operating the NJ Transit. So they're depending on the State for subsidies. And given what is going on in Washington, in terms of reducing the subsidy for Amtrak, do you think that this puts a tremendous burden on NJ Transit? I mean, I know we need to think about -- as a Legislature we need to think about long-term -- how we can help public transportation. I'm a strong believer in public transportation. But somehow I feel that if NJ Transit is permitted to -- if they have to jump in, we need to also think about other ways of subsidizing and supporting NJ Transit.

Do you have any comments?

SENATOR DORIA: Well, I agree with you that, obviously, there's a need for us to review the situation. New Jersey Transit does a superb job in providing mass transit for the citizens of the state. And the subsidy is, obviously, something that costs all the citizens. But also the fares that are paid -- and we're just talking right now about increases in fares.

I think that what we're doing here is enabling New Jersey Transit, Assemblyman Chivukula, to basically begin to prepare, and to look at, and realize that this might be something that will be coming their way in the future.

Just this discussion today -- even without the passage of the bill -- and I'm very hopeful the bill will pass both houses and become law -- enables them to begin to understand that this is an issue that they need to -- have to deal with, that this is a need that exists. That need is present and future.

And I had -- did not mention that -- and it was brought up by the County Executive -- and I'll mention it. In Bayonne, we have a development of over 400 acres on the Hudson River -- one of the largest development areas on the Hudson River and the harbor area -- that will be -- need a ferry service. And we were in the process of actually working to obtain that service when the problems occurred with the present operator. So there will be greater needs, as the expansion takes place.

I do not foresee the population of Hudson County going down or the population of any of our cities going down. When you look at the State's development plans -- the Smart Growth plans promulgated by former Governor McGreevey and supported by present Governor Codey -- and Governor Whitman was also moving in that direction with the State plan. The

State plan calls for more growth in the urban areas. Well, Hudson County is one of those urban areas. And if you look at the trend between 1990 and 2000, our population has gone up. Mayor Stack -- Assemblyman Stack can tell you how fast his population in Union City has gone up over the last 10 years. And I see that happening in the future in Bayonne, and Jersey City, and all the cities. Going back to the population figures that existed in the 1930s and '40s, when Hudson was even a bigger county--

But with the State plan, and the Smarth Growth initiatives, and the movement towards brownfields development we're going to need more transportation on this side of the river, because the people living here will have to travel someplace to work, either east or west. There will not be all of the necessary jobs in this county. So we begin to plan for the future.

So I think your question is well taken, Assemblyman Chivukula. We need to now look at how we can plan for the future. We need to see if we can bring in other partners, such as the Port Authority, which should have an obligation here, since this is a bi-state issue. We need to bring in New York City and New York state who, at this point, have ignored the situation and do not want to deal with it. We need to make sure that everyone starts to think and plan for the future, because the problem is not going to go away. The problem, whether it be a new rail tunnel, whether it be more cars on PATH if they can handle it, whether it be ferries-- We need to start dealing with that, because there is, presently, a point at which we have reached saturation on the number of commuters who can travel from New Jersey to New York. And, actually, the number is even increasing in the reverse.

ASSEMBLYMAN CHIVUKULA: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Thank you.

And I also like saying, Senator, since I was the beneficiary of the dean -- as the dean of the Assembly since you've left--

I apologize for not really being prepared today. I only found out Thursday I'd be substituting on this Committee, so I haven't had time to do some research.

But I am a former resident of Hudson County. As a matter of fact, right after the Air Force, I lived in Union City. So I know the problems of commuting into the city. That's exactly what I did. I looked out my window on Palisade Avenue, looked across the reservoir -- because I was right across the street from the reservoir -- and saw the city. And I had to get there every morning, because that's where I worked. And that's what happens to many of the people in Hudson County. It's a great place to live and to commute into the city.

I've seen many changes over the years. And one of the things I was doing here-- I was looking at the inequities, talking about the ferry service. I just did some quick calculations, really easy. When you're paying \$3 for a round trip on PATH, and you're paying, now, \$10 for round trip, that amounts to something like \$35 a week in difference. So it doesn't take rocket science to figure out that when the PATH comes back, and people are going to save \$35 a week by changing back to the PATH tubes, it makes absolute economic sense.

What's the problem? Now, when we get into subsidies, everything that we have in New Jersey, every method of transportation, is subsidized with one exception: the ferries. The buses are subsidized, the commuter rail is subsidized, the light rail is subsidized, the ferries are not subsidized. This seems to be the problem.

And it's, basically, a pattern that's doomed to failure. Unless we look at either equalizing the fares on all of these methods of transportation or subsidizing the ferries also, we're going to have a problem with getting ridership on the ferries to make them more competitive.

So I know that you happen to be the dean, as far as light rail is concerned. And you've done a lot of this work. I think you should start looking at putting panels up to see if we can get competitive transportation and work out the differences in these methods of transportation. Because there are areas in our state that are being really completely left out.

My area, the northern valley-- We've talked about the light rail. We just don't have a method. We have to take the bus. There's no way, except to drive into New York. And we don't need that.

The Port Authority has a major role here. And I don't know why they're not looking at the ferries. Maybe they should be looking at the ferries rather than looking at building stadiums and different things like that, and businesses they don't belong in, or subsidizing that kind of business.

ASSEMBLYMAN WISNIEWSKI: Assemblyman.

ASSEMBLYMAN ROONEY: Yes.

ASSEMBLYMAN WISNIEWSKI: Let's stick to the ferry bill.

ASSEMBLYMAN ROONEY: I think it's a valid point. These moneys are going elsewhere. We need to get more money into mass transportation. The ferries are great.

The other thing is the rails to the ferries. We've got to do more. We've got to do more on the transportation issue itself.

Perhaps next time I will volunteer to be on this Committee. (laughter) Because I think I have some thoughts that have to be addressed.

But I applaud you for what you've done in the light rail and the transportation issue. And I look for your leadership in solving this problem.

Joe, I think we've got to work together on getting these ferries to work competitively. If we're looking at a gas tax in the near future, what's going to happen to the ferry service, again? They're not subsidized. This is going to be another problem. There's going to be a huge rate hike if the gas tax goes through. So there are many things that are happening.

And I hate to say the word *subsidy*. As a good conservative Republican, I don't like the word *subsidy* at all. But I don't want to see the ferries being sunk in the Hudson River.

That's my comment.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

SENATOR DORIA: Thank you.

I just want to, again-- And I'm sure Mayor Stack is very happy that you moved from Union City, because otherwise you would have been a conservative Democrat running from Union City and be the dean from Union City. (laughter)

Geography, right, John.

It's a pleasure to have the opportunity to be here with Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Back then I voted for Kennedy, too.

SENATOR DORIA: Excuse me?

ASSEMBLYMAN ROONEY: Back then I voted for Kennedy. It was my first vote.

SENATOR DORIA: See, I told you. He would have been your competition there, Mayor Stack.

ASSEMBLYMAN STACK: I have enough there. (laughter)

SENATOR DORIA: But I wasn't aware of the fact that you had lived in Union City.

But, again, your points are well taken. I think everything you said is absolutely correct. We need to begin to look, now, at how we're going to deal with this issue. Unfortunately, crisis came -- and we've been able to get by it at this point. But New Jersey Transit, and the State of New Jersey, and the Port Authority -- and I emphasize the Port Authority -- and New York state needs to look at how we can create cooperative means to deal with the ferries and to deal with all the transportation issues, and how we provide for it at a reasonable cost.

Right now, the people who take the ferries have made a decision, based upon their own economics, whether they can afford that \$10 round trip. They like the comfort. They like the fact that it's not only comfortable, it's a much quicker ride. It takes you less than 10 minutes to get across, whereas, if you take any other means -- through the tunnels, whether it be heavy rail, or

whether it be by car or bus, or even if you take the PATH -- it's going to take you longer.

So they've made a decision because they can afford to make that decision. The question is: In the future, will people be able to still afford to make that decision?

After 9/11, there was no choice. If you wanted to get to New York, this was the only way you were going to get to downtown New York. And so everyone was willing to pay the price. And, again, the Federal government subsidized it. We didn't mention that. And I think it's important to understand that from the period of time from when 9/11 occurred -- the tragedy that impacted on all of us -- to the time that the PATH came back into service, the private carrier was subsidized by the Federal government. So there were subsidies. And they were using those subsidies to capitalize and to go out and borrow. And that was the base of the borrowing.

However, once the subsidies stopped, then they began to run into financial difficulties. And that was something I don't think anyone has mentioned this morning. And I think it's important to emphasize that that did happen. So the question is: What is the need in the future? You're absolutely right -- we don't know what the need is. Will we need subsidies? Well, depending upon what the costs of the other forms of transportation are -- and those costs keep on going up. And when they go up, obviously, the ridership is very upset. And a number of them can't afford it. So we need to look at all that.

And I think what you're doing today here at this panel -- the Assembly Committee -- is to begin that discussion to bring all of the players in.

And I know George Warrington, the Executive Director of New Jersey Transit, is here and will testify. And I'm going to get off so he can. But I think it's very important to begin to do that planning and to look at the situation for the future, and to decide how we best can afford to provide the commuters of our state the opportunity to go to work in New York City, which is important for them so they can support their families.

And on that, Mr. Chairman, unless there are any questions, I will end.

ASSEMBLYMAN WISNIEWSKI: Senator, thank you for your testimony.

SENATOR DORIA: Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call Mayor of the city of Hoboken, David Roberts.

Mayor Roberts.

MAYOR DAVID ROBERTS: Good morning, Mr. Chairman and members of the Committee -- Chairman Wisniewski -- and thank you for having this discussion here in Hudson County and very close by to the city of Hoboken.

And, again, I'm not going to be redundant -- but only to say that ferry service for the city of Hoboken is essential. And some of the discussion that was had earlier and some of the questions, as per how many jobs may have been created as a result of very reliable ferry service-- I've been putting together and compiling some of those numbers.

So just in the city of Hoboken, over the past 10 years, with reliable ferry service, the ratable base in Hoboken has grown by close to \$1 billion.

And it's a very small city. So it's a very laudable number that our ratable base has expanded with, among many other things, reliable ferry service. And the number of new jobs created in Hoboken, white collar, good jobs coming primarily from the greater metropolitan region -- over 3,500 new jobs right here in Hudson County and along the waterfront in Hoboken.

I could only tell you how important that is to our city -- the lifeblood that the ferry service has been providing. So it was distressing to all of us when, three months ago, there was the chance of interrupted ferry service and, worse than that, having to live without ferry service. Twelve thousand Hoboken residents, a day, rely upon the ferry service, rely on a reliable ferry commute.

So the risk of losing that was catastrophic. And I applaud Speaker Sires for this piece of legislation. I enjoy a good working relationship with Mayor Doria. And, more importantly than that, our County Executive, Tom DeGise, did not hesitate for a moment. He stepped up to the plate and put the authority and the resources of the county of Hudson behind what was, at that point, a stop-gap measure in order to maintain ferry service. And I applaud the County Executive, because there was a fair amount of criticism that came his way as a result of putting the government in a position to be underriding the cost of this. But he understood how essential ferry service was.

And, of course, Mayor Turner, and my dear friend Mayor Stack-- We've all worked very hard, along with Senator Kenny, who is a Hoboken resident -- and Senator Corzine is a Hoboken resident, and Congressman Menendez is a Hoboken resident. It took me so many years to become the

Mayor of Hoboken. Now I'm the fourth most important person in the city.
(laughter)

But at any rate, I just thank you for your consideration. Ferry service is essential to Hudson County.

And, Assemblyman, on the inequity between a PATH commute and a ferryboat commute-- On a beautiful day, in the Spring or Summer, when you're with your wife or dear friend, taking that ferryboat commute across the Hudson River is -- I would have to say it's probably worth five times the cost of the fare, but I don't want any fare increase. But at any rate, it is one of the great pleasures that are now -- as Senator Doria spoke about -- has now resurfaced and has made itself available again for Hudson County.

As a young boy, I can remember my uncle taking me on ferryboats back and forth. And, gee, that was a big deal. And I'm very happy ferry service is a big deal again.

So, thank you so very much.

And thank you for being here, Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mayor.

MAYOR ROBERTS: Thank you.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call Carl Goldberg, Roseland Property Company.

I'm sorry, Carl. I waited until you went in the back to call you.

C A R L G O L D B E R G: Thank you, Mr. Chairman.

I, too, am very appreciative of the Committee's appearance in Hudson County.

And as the Managing Partner of Roseland Property Company, one of the larger developers in this region, I'm really here to talk about the economics and how they pertain to the continuation of ferry service, and what that has meant to the development potential of Hudson County over the last decade.

By way of history, Roseland Property Company is one of the largest regional redevelopers with a portfolio that's almost exclusively urban. We develop in Boston, Connecticut, New York, Virginia, but our home base is New Jersey. And in the last decade, we've built nearly 3,000 homes in the northern portion of Hudson County and invested nearly \$2 billion into the economy of northern Hudson County.

A tremendous amount of that investment was catalyzed by the ferry service. Sixty-five percent of our residents at Port Imperial commute on a daily basis to their jobs in New York City via ferry. Nothing is more important to the quality of life that has brought them back to the riverfront than the adjacency of mass transportation and the intermodal connection that will take place this Spring between light rail and ferry.

An interesting thing happened this Fall when ferry service was jeopardized. I mentioned to you a few moments ago the figure of \$2 billion in private sector investment by Roseland Property Company alone. The combination of debt inequity that has to be brought to the table to put that kind of development in place is quite daunting. All of that investment is taking place with the understanding that the ferry service is here in perpetuity. The kinds of institutions -- the Prudentials of the world, the Mass Mutuals; the big equity providers, Goldman Sachs and Lehman Brothers -- have brought this

level of investment to this waterfront and triggered the kind of smart growth and urban infill redevelopment that we so desire for the State of New Jersey, partially because of this underlying knowledge that, regardless of what was to transpire, ferries would always be here.

This Fall, when it became possible for the first time that ferry service between northern Hudson County and southern Hudson County, and the Manhattan job market would be interrupted for the first time-- I will tell you, personally, it had a very chilling effect on the investment market.

You can't expect the continuation of the level of investment that's driven the kind of quality urban infill redevelopment that's taken place in Hudson County over the last decade to continue if there's going to be uncertainty as to the continuation of this adjacent mass transportation system.

People come back to the cities, not only for the homes, for the mix-use redevelopment, but for the quality of life. We're trying to create a quality of life when we bring people back to our urban communities. And I think Mayor Doria said it best when he talked about the population increases that have taken place in West New York, Weehawken, Jersey City, Hoboken, and Bayonne.

Roseland Property Company, alone, has built, as I said, 3,000 homes in the communities of Guttenberg, West New York, and Weehawken, and Jersey City over that last decade. We would have not had access to the kind of capital necessary to drive that ratable growth, to provide the jobs, and to create the quality urban infill redevelopment absent a dependable, reliable, and perpetual mass transportation system. And I think Assemblyman Rooney said it best. Ferries are an integral part of that.

And I think the concept of having New Jersey Transit as a stop-gap to ensure that, regardless of what transpires in the private sector, ferries will always operate, is a necessary panacea to ensure that the kind of equity and debt available to continue to fuel this smart growth along this segment of New Jersey will continue for the foreseeable future.

As a private sector redeveloper, I urge this Committee to pass the legislation that will allow New Jersey Transit to enter and operate the ferries, should need arise.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you. Thank you for your testimony.

And next we'd like to call Edward Roggermann to come and testify.

Mr. Roggermann.

Take your time.

EDWARD ROGGERMANN: I want to thank you for letting me speak.

Ladies and gentlemen, I want you to look back in your mind and think of how many people put their businesses in their sons' hands and wind up in trouble. Arthur is a good businessman. He put it in his son's hands to run the ferry business. He bought too many ferries, because he thought it was going to keep going like after they knocked those two buildings down -- those terrorists.

I was born in Hudson County. I'm 83 years old. (cellular phone rings)

This thing here -- I'm sorry.

"Hello." (laughter)

Okay. Let me get off here.

ASSEMBLYMAN WISNIEWSKI: Was that Mr. Imperatore calling?

MR. ROGGERMAN: This damn thing. I never can work it. They didn't have them when I was a kid.

In fact, I drove a team of mules in West New York, with a covered wagon, many years ago when I came out of the service.

Arthur is going to take back the reins from this ferryboat -- ferry system. It's needed badly. (cellular phone rings)

Shut up. How do you shut this damn thing off? (laughter)

ASSEMBLYMAN WISNIEWSKI: Don't worry about it. Let it ring.

MR. ROGGERMAN: It's hard enough for me to talk.

Maybe I shut it off. Who knows?

It's the third one I've had so far. Two of them I lost, and this one I'm going to throw in the river, because it bothers me all the time.

I want you to look at this seriously. Arthur may need financial help. I don't know. But if he doesn't run it, the New Jersey Transit would be an ideal move. They have to keep this ferry going.

I've been in Hudson County all my life. We need transportation. New Jersey Transit would be an ideal company to take over, because they're in the transportation business. They have buses and--

You need to subsidize this thing, gentlemen and ladies. Please, look into this seriously. This is very important to Hudson County, because people want to get to New York any way they can. And the ferry system is ideal for them. So, please, look at this more seriously. If Arthur doesn't run it, then let the New Jersey Transit run it.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

I'd next like to call Mayor Richard Turner, Township of Weehawken.

Mayor.

MAYOR RICHARD F. TURNER: I was hoping to testify after New Jersey Transit.

ASSEMBLYMAN WISNIEWSKI: Oh, I'm sorry.

MAYOR TURNER: That's okay.

If I have to do any rebuttal, I'll come back. I don't know what their position is going to be.

Mr. Chairman, welcome to North Hudson -- Committee members.

It's a pleasure to be here today. And I thank the Speaker.

I'm also the Business Administrator in West New York. I thank the Speaker for hosting this today.

Weehawken, as you know, is the hometown for New York Waterway. We always thought it should have been New Jersey Waterway, and hopefully over time, it will become the New Jersey Waterway again.

What you see here today, though -- from the comments I hear from most Committee members -- is whether we're from the rural areas,

suburban areas, or the urban areas -- everyone seems to agree the ferry service is vital to -- on numerous areas -- vital to the State of New Jersey.

I made some comments in answer to some of the questions that have been raised -- whether it's economic development. One of the questions, I believe, from one of the Assembly people -- how many jobs are created? Weehawken is host to, now, UBS. It used to be Paine Webber -- moved from Manhattan, moved about 18, 20 years ago -- 3,500 jobs, most of which, today, are New Jersey jobs. But they have a good contingent that comes from Manhattan.

When they moved, we required -- and they felt it was a necessity -- to have a ferry stop at Lincoln Harbor, where they're located, in Weehawken. They subsidize it every year. It's that critical to them. Without that ferry service, they would not have moved to Weehawken -- I do not believe they would have moved to New Jersey. They did not want to move inland. They wanted to stay as close to the center of Manhattan as possible.

We have a housing market that is booming up and down the waterfront. The residents take the ferries for a commute, they take the ferries for recreational purposes. It's something that they believe is critical to their reason for moving to the area. If you look at the whole concept behind the State -- it used to be called the *State Master Plan*. I don't know what the terminology is right now. But putting growth back in the urban areas-- It's critical that people know that they will have as many mass transit links as possible to Manhattan.

Commuters-- We are inundated, in Hudson County. We are inundated. Weehawken is also the home of the Lincoln Tunnel. Weehawken

has the Lincoln Tunnel, two light rail stations, and two ferry stops. We are inundated with commuters. One of the key elements, whether it's North Bergen, Union City, Weehawken, West New York, Guttenberg, the commuters will find a way to get to that tunnel. We are a car-oriented society.

We try trains. We encourage them to take trains, we encourage them to take buses. We also have 15,000 commuters per day, 30,000 trips, that take the ferry system. In Weehawken alone, there are 2,500 cars that come down River Road from the northern portion of the state, that park in the waterfront, that otherwise -- the vast majority would clog our local streets to get to the tunnel. It has a tremendous impact.

Boulevard East, which you may not be familiar with, used to be backed up all the way to almost the West New York border in the morning. Now you have to get pretty close to the tunnel before you have a traffic backup, because of the ferry terminal.

New Jersey Transit is spending about \$45 million to \$50 million to build a new ferry terminal in Weehawken. Obviously, the concept is they believe the ferries are a vital component of our intermodal transportation system or they wouldn't be spending the money. One of the ironies of this whole discussion -- the Port Authority, which has not expressed any interest in operating ferry service, brags they spent a lot of money on ferry terminals. And New Jersey Transit spends a lot of money on ferry terminals. The Port Authority is not interested. New Jersey Transit does not have the legal authority.

As you've heard, we all prefer that the ferries stay in private hands. I think there's also a consensus on that. How to guarantee a successful ferry

operation, as one of the Assemblymen brought up, I don't know. That's a tricky one. It deals with private enterprise, it deals with government oversight. One of the problems all along has been -- with the ferry service even in private hands -- is there's no control over rate increases. And we get hit with that many, many times.

As the operations escalated downward, they had, I believe, two increases -- fare increases in approximately six or nine months. And it escalated the decline in the ridership after the PATH opened up. But also, there is no format for public input. And I think it adds to the problem.

Probably, if New Jersey Transit indeed does not have to operate -- giving them the ability to deal with ferry operations will become critical as we go forward. I don't know how you ensure that the private sector -- which is, again, you've heard it before, the only nonfunded mass transit operation that we're aware of in the country, especially to this degree -- how you can ensure that the private sector will succeed.

If the private sector does succeed, giving New Jersey Transit the authority to deal with ferry issues on a broader scale may enable us to come up with that middle road, with some degree of oversight that's not crippling, at the same time letting the private sector operate the best it can, whether it's fare increases, or capital purchases, or routes.

Obviously, when you deal with homeland security issues, which you've heard, you have to ensure some form of continuity of the system. Weehawken alone, on 9/11, had 70,000 people brought to the township by various boats, predominantly New York Waterway, as a rescue service. And taking the opportunity, with all the neighboring communities in all of North

Jersey, with their assistance, we were able to successfully evacuate all those people out of Weehawken. But it was a critical link. People did not care where they were. They had to get out of the city. And they came in all kinds of conditions and with all kinds of medical problems. We were able to deal with it.

It is, indeed, part of our modern world, and someone has to ensure that it's there, whether it's through a subsidy, whether it's through operational, whether it's through some form of government control, to give it -- again, the private sector -- maximum opportunity to operate, but also some form of oversight.

No matter how you look at it, it's vital to our economic development. (cellular phone rings)

Mr. Roggerman comes to town council meetings, also, with his phone. We're used to it. (laughter) He usually hands it to somebody, and they sit in the back of the room -- somebody who knows how to turn it off.

No matter how you look at it, from whatever angle, it is vital to Hudson County's future progress, the State's future progress. Those 3,500 jobs in Weehawken alone do not all come from Hudson County. A good portion do. They come from other areas of the state, also. For our commuter operation, for our housing market-- There's an astounding product in Hudson County. Again, it goes back to the State growth concepts. And if you're going to encourage housing, you have to encourage a variety of mass transit.

In Weehawken, the light rail system, which is a New Jersey Transit operation, and the ferry system come together, tied with a major tunnel and a major elevator on the Union City-West New York border, to hopefully bring

commuters not only to the PATH station in Hoboken, but also to the ferry terminal -- the new ferry terminal.

So where-- No matter how you look at it, opening the door for New Jersey Transit is a critical link to ensure that, in the future, we will have this service.

And I thank you all, and I think there's been some questions that have been referred -- from the past. I don't know if anybody still has them.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mayor. Thank you for your testimony.

We're coming to a close on our testimony. I'd like to call, next, the Executive Director of New Jersey Transit, George Warrington; and Rick Gimello, Executive Director of Intermodal Services, from DOT.

Gentlemen, since you're both testifying at the same time, just identify yourself as you start to speak so we can make heads or tails out of the transcript.

G E O R G E D. W A R R I N G T O N: Thank you very much, Mr. Chairman, for the opportunity to appear before the Committee this morning.

I want to thank you and Speaker Sires for your leadership on the effort, and commend you for your leadership in working very hard to, obviously, preserve ferry service and, from our point of view, protect the trans-Hudson commuters.

I will tell you, as many folks who've testified this morning before me-- I will reinforce the fact that, over the past 20 years, the ferry system connecting New Jersey and New York has emerged as a very, very important niche and safety valve in its own right, with respect to the entire trans-Hudson

network, particularly in places like Weehawken and Hoboken, where 5,000 people make that trip in the morning and 5,000 folks make that trip home at night, and several thousand elsewhere across that maritime network into and out of Manhattan.

And I will tell you -- against the backdrop of, as you've probably read recently, a very, very, very stressed and strained entire trans-Hudson bus, and commuter rail, and PATH network -- the ferry has really emerged as a very, very important safety net, and relief valve, and substantial operation in its own right, as the balance of the trans-Hudson system has become more and more stressed.

I will tell you, in my own personal experience, August 13 -- or August 14, 2003, punctuated that criticality for me. You may recall the blackout that day. And the ferry system, in a fairly, frankly, unorganized way, provided a major evacuation capability for the entire trans-Hudson network, which was down, which included Penn Station New York, the Northeast Corridor, as well as the entire Port Authority Bus Terminal operation.

And, frankly, on the heels of that, we at New Jersey Transit took a leadership role in convening all of the interests on both sides of the river -- in New York City, as well as in New Jersey -- OEMs. All transportation providers: bus, rail, Amtrak, New Jersey Transit, as well as the ferry operators, principally New York Waterway. And looking forward, as a result of the learning experience, we worked very hard to create a backup plan in the event we encounter that kind of a problem, looking forward. And I will tell you that that plan fundamentally calls for, in effect, the commandeering of all maritime operations on the river, through New Jersey Transit, and the establishment of

a beachhead, basically, at Liberty State Park, which would enable a fairly orderly evacuation of folks in the event of a major problem at Penn Station New York, Port Authority Bus Terminal, PATH, or other trans-Hudson facilities. And, in effect, what would occur is that the Port Authority Bus Terminal would move west, and connecting service home would occur from Liberty State Park. And, in fact, we've worked together with the Department of Transportation to install additional ferry slip capacity over the last year at Liberty State Park in the event, someday, we have to pull that trigger. And the ferry network will play a central role in enabling the orderly and safe evacuation of Manhattan in the event of that kind of difficulty.

I will tell you also that the aging trans-Hudson network itself, and obviously the modern-day security concerns we all have on the heels of 9/11, and the aged aspect of that infrastructure -- and, particularly, I've been reading up on the Northeast Corridor's age over the last several weeks -- it just reinforces, once again, the fact that the ferry network is absolutely critical for, as Mayor Turner said, continuity, and I call it *redundancy*, of a fairly fragile trans-Hudson system.

With respect to capital investment by public agencies -- and, in effect, it is a direct or indirect subsidy, which avoids debt service and costs being loaded into the profit/loss statement of a private ferry operator. Between New Jersey Transit, the New Jersey Department of Transportation, and the Port Authority of New York and New Jersey, collectively, all of the organizations -- including the city of New York -- have all invested about \$200 million in capital investment, primarily terminal facilities, on both sides of the river: \$95 million to revamp Hoboken terminal; \$53 million for a new facility

at the Port Imperial, in Weehawken; and about \$77 million to renovate facilities at 38th Street in New York and the World Financial Center. That's a fairly substantial public engagement, to date. And as I said earlier, what that enables, as a (indiscernible) matter, is a requirement that the cost of capital does not have to be recovered through the fare bonds and is, in effect, directly and indirectly covered by those public agencies, so that the farepayer does not have to cover the cost of recovering, through the fare box, that fairly extensive cost of capital.

And with respect to terminal operations, like the rest of the transit industry, it's a very capital-intensive business, which is like-- Historically, public agencies have invested substantially in the capital side of transportation operations, whether they be public or private. As a matter of fact, for the past 25 years or so, the State of New Jersey, originally through the DOT and these days through New Jersey Transit, purchased a substantial portion of the private bus carrier -- bus fleet in the State of New Jersey. And we lease those buses to private carriers for basically a dollar a year. Once again, that avoids those costs of capital, which are pricey, being passed along to the customer, through the fare box.

Looking forward, in law today, as you know -- and as many folks have mentioned here this morning -- there's no defined public role for passenger ferry operations in the State of New Jersey. And what the bill properly does is identify New Jersey Transit as the agency for the State of New Jersey, looking perspectively -- particularly if one is, in the end, as a matter of safety net or a matter of last resort -- if one is looking for an agency to engage

what this bill is -- I think properly places that responsibility with and through New Jersey Transit.

The Committee has my assurance that, as a matter of last resort, if we're called upon by the Legislature to assume a public role in ferry operations-- I will tell you that we would undertake, number one, a comprehensive review of the operation, we would review very carefully the entire route network, the operating as well as the capital needs associated with the service, and, obviously, make sure that any service which we would be engaged in directly or indirectly was operated in as safe, reliable, efficient, and cost-efficient way as possible. And we would, obviously, need to thoroughly understand both the business model for today's operation, as well as what is really behind profit/loss of the P and L statement for today's operation. What are the drivers behind that P and L that have caused the current condition to exist over the last couple of months?

Like every other mode -- rail, bus, light rail, access link -- publicly operated ferries would require capital. And we've put up a substantial amount of capital, which I indicated earlier, as well as operating funds. While we would need much more detail about the economics of this business model, I suspect that certain high-density ferry routes that, in particular, are fed by our own core transit system and that carry the most passengers -- the highest number of passengers in the mix -- could probably be self-sufficient, particularly if they didn't have to handle excessive debt service and have to pass that debt service along to the customer, which makes it uneconomic and, obviously, unattractive to be able to -- running an operation.

Just as with other modes, public funding would need to be identified to provide capital support and any operating expenses necessary to sustain critical operations.

I will tell you, finally, though -- in conclusion -- that short of direct engagement by New Jersey Transit, there are opportunities beyond capital investment where we can be helpful, looking forward. And we've had discussions with New York Waterway about where we might be able to be helpful and supportive, short of direct engagement. And there's a full range of business opportunities to, perhaps, save the operation money and enable their P and L to look more healthy, with respect to a number of pieces of their operation.

I'll give you a couple of examples. Ticket: We have our own quick-tick operation today -- ticket by mail -- for monthly tickets. New York Waterway contracts that through a commercial third party. I suspect -- and we've raised this with them -- that we could probably provide that service at a fraction of the cost that they're paying to a commercial, third-party ticket vendor.

Now, we've recently had discussions about fuel prices -- not sure whether there's an opportunity there. We consume 40 million gallons of fuel a year in our diesel rail and bus operation. They consume about six million gallons of fuel a year in their entire operation. We will explore, with them, if there are opportunities for us to leverage, based upon the volume -- opportunities to save a few pennies here and there on a gallon. And I will tell you, in our operation, one cent savings is worth \$325,000 a year.

I think there's also probably some opportunities around connecting bus services. We run a fairly rich array of service that runs by and to the ferry operation, as does New York Waterway. And there's probably some opportunities to rationalize some of that service and, perhaps, save a few dollars.

My commitment is that we will continue to work with them to find opportunities to provide a more seamless operation, to seek opportunities to help them identify ways to save money. And we will be watching this situation very carefully with you, Mr. Chairman, and members of the Committee, going forward.

Thanks very much for the opportunity to share what we are doing. We look forward to working with you as you keep a close eye on this operation.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Executive Director. We appreciate you being here to testify.

Mr. Gimello.

RICHARD GIMELLO: Thank you, Mr. Chairman and members of the Committee, for the opportunity to testify today.

My name is Rick Gimello. I'm the Executive Director of Intermodal Services for the Department of Transportation. And it's that focus on the intermodal nature of our transportation system that brings me here this morning.

I'm going to summarize my comments. Redundancy may be something desirable in the transportation system, not so much so, I think, in Committee testimony. (laughter)

There are three points I'd like to emphasize, because as Mr. Warrington and others have indicated, we've come full circle with ferry services. There was a time, in the early 19th century, when ferries were the primary mode of transportation across the Hudson. And they're a critical relief to a rather overburdened system. So this marine transportation system, and the ferries that use it, are key now and, perhaps even more so, going forward.

The points I'd like to emphasize is that I think this near crisis of the ferry operations does provide an opportunity for us to refocus and ask ourselves some of the questions that the other members of the Committee have been asking. I think, for that, we very much appreciate raising the issue to this level, through this legislation. The Department supports it wholeheartedly, because we believe that having a relief (indiscernible) -- the opportunity where we don't have to get in the room in the midst of a crisis and figure out how this would all work is, I think as the Speaker said earlier, a prudent step that's worth taking.

The second point I'd like to emphasize is that there are a lot of governmental agencies. Let me just tick off a couple. Whether it's Mr. Warrington's agency, or the Department of Transportation-- We've had a substantial involvement from the Federal Highway Administration, the Federal Transit Administration, the Maritime Association Coast Guard, the Port Authority of New York and New Jersey, as well as a number of agencies in the city and state of New York who have, in one way or another, supported -- either financially or through other kinds of services -- the workings of the trans-Hudson and other ferry service. And we have a very robust ferry service

operating out of Monmouth County. It brings a substantial clientele up here to lower Manhattan, as well.

So we will continue-- And I think, again, this bill gives us the opportunity to put those agencies at greater focus, as it applies to the trans-Hudson crossing and the importance of this intermodal link in our transportation system.

And, thirdly -- and I think it can't be emphasized enough, and Mayor Turner spoke to it quite precisely -- that the notion of security now, in this post-9/11 world-- We need the ferry service and the kinds of contingencies that that marine option provides this state and the region, and will continue in the future. And as Mr. Warrington indicated, we've already taken steps to put infrastructure in place to facilitate the movement of commuters on ferries and other modes of transportation in the event of crisis.

So this bill provides us a greater emphasis there and gives us an opportunity to answer some of the questions that you've raised today. The Department supports it, and we look forward to working with Mr. Warrington and the other agencies that I enumerated -- and you, Mr. Chairman and the members of this Committee -- in resolving this issue and, hopefully, avoiding the kind of near crisis that brings us here today.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.
Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.
Good morning.

Obviously, as one of the sponsors, I support this and appreciate the insight that you've both offered on this topic.

My question is about the Federal aspect of this. I was kind of curious, because it appears that we really no longer have the Federal transportation policy in place. And they basically appear to be abandoning any support for mass transportation. What is their role, or what do they offer for ferry service?

MR. GIMELLO: Let me speak about it, historically. And perhaps Mr. Warrington can help me, going forward.

We have, through the Federal Transportation Authority, over the past five years, gotten \$25 million in discretionary funding that has been targeted, if you will, towards the improvement of ferry operations. So we expect, even in this uncertain time at the Federal level -- for some continued level of funding in what we call *discretionary funding* again. So we hope -- and our indications are that, at some level, that will continue to be. And that has helped us expand the system of ferry terminals and operations throughout the region, including in Monmouth County.

We also-- Right after 9/11, the region got \$100 million in, actually, DoD money, that was funded through FTA, for infusion into the system, as (indiscernible) -- you know, mundane things like dredging of the slips that need to accommodate the vessels. This is a very shallow estuary here and maintenance dredging and those kinds of activities are things that have to happen on a regular basis. So there is ways, as Mr. Warrington and others have indicated, for us to subsidize, if you will -- though not through direct

operating subsidies -- the infrastructure that supports ferries. And we hope that that will continue.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other questions?

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Thank you very much, Mr. Chairman.

You addressed some of the issues that I had on subsidies. One of the things I was curious about was the bus subsidies. And you answered that -- they actually get a bus for a dollar a year. That's an excellent subsidy.

The other thing I was looking -- as you mentioned the fuel -- buying it through you might save some dollars. There's also the issue of tax. It's, I guess, 10-and-a-half cents on gasoline, 14-and-a-half cents on diesel fuel. If they had that benefit, that would be a huge savings for them.

Some of the other questions I had were things like the facilities themselves. I know Port Imperial is owned by Imperitor. You said that there's been a rehab of that of \$53 million. How does the actual property factor in? Do they charge a rent -- or they claim a rent on that property? I'm just trying to see if there's something else that could be looked at, as far as-- I'm looking at, like, the PATH bus terminal. The buses that use it don't pay. That's a Port Authority facility. It's the same thing with the PATH stations. It's all Port Authority facilities. And there's all of these subsidies that go into it. I'm looking at possible ways of doing something like -- maybe we should acquire the terminals, the ferry terminals themselves. I don't know if that factors into the fare.

Can you shed any light on that?

MR. WARRINGTON: For the record, we do pay the Port Authority a departure fee for every bus that does use the facility.

ASSEMBLYMAN ROONEY: Okay.

MR. WARRINGTON: And that does amount to several million dollars a year, but that's a different subject.

We do have a contract with New York Waterway that will kick in upon opening of the new ferry terminal at Port Imperial. Given their financial condition, I am sure that they might be interested in revisiting that. There is a-- That's a business arrangement. And I think the Port Authority is examining whether or not there might be any relief possible at the port facilities on the New York side of the river. And I suspect that we will probably be reopening that agreement, looking forward, on the New Jersey side of the river.

ASSEMBLYMAN ROONEY: One other thing for my own benefit. In the future, if you could provide the various means of transportation and the subsidies that go to each one, such as PATH, the bus lines, the commuter rail, the light rail, the ferry. Actually, the ferry at this point is zero. But it would help me, and I think the Committee, if we had that kind of information.

People ask us -- people in our districts ask us about transportation, and the fares, and the composition of those fares. And I'd like to be able to tell them, "Well, part of that is subsidized by the State government." So if you have -- not today -- at some point in time, I'd appreciate it. And I'm sure the Committee could use it.

MR. WARRINGTON: Certainly, Assemblyman.

ASSEMBLYMAN WISNIEWSKI: If you can get that information to us, we'd appreciate it.

Thank you for your testimony today.

Thank you, Assemblyman.

Final pair we have to testify: Fred Brody, from Brody Incorporated; and John Waggoner, from Hornblower Marine Services.

And I just want to remind you gentlemen that you two are the only thing standing between this Committee and a vote. (laughter)

FRED M. BRODY: There you go, time for brevity.

Mr. Chairman and members of the Committee, I really appreciate this opportunity to appear in front of you. I was thinking this morning, it's kind of apropos that today's Valentine's Day, because my heart has been in transportation for over three decades. The last time I was in front of this Transportation Committee was when you unanimously passed the Personal Rapid Transit bill, which they're going to begin the study on this month. That's great.

That's innovative technology. What we're here about today is a potential alternative. I was involved in a project in 2000 -- development project with a start-up ferry operation to link Kennedy airport and New Jersey. Unfortunately, after 9/11, the airline support weaned, and we weren't able to go forward. But in preparation for that project -- this is when I got to know Mr. John Waggoner, who's the President and CEO of Hornblower Marine Services, because we had to select an operator for that project. And we went through everyone -- the incumbents in this area, and a lot of other operators. We chose Mr. Waggoner. That's when our relationship was built.

And I would just like-- I know he's been considered an expert in the ferry business. He speaks all over -- literally all over the world. And I'd like to turn it over to John Waggoner, President of Hornblower Marine Services.

Thank you.

JOHN W. WAGGONER: Thank you, Fred.

Thank you very much.

I will keep my comments fairly brief, because I know we are the last people, and I know what it's like to be the very last one. And so I'll try to keep the rhetoric down, and I'll keep the storytelling fairly light.

But I am the President and CEO of Hornblower Marine Services. And one of the things I'd like to talk about briefly is public-private partnerships. And it's something that Hornblower Marine Services has made a name in.

And it's interesting, as I sat here in the audience and listened-- I'll tell you three short stories about other operations that have really been in the same position that you are, and some of the solutions they found.

First, let me tell you that we operate dinner cruises. We are the largest operator of dinner cruise vessels in the nation. We operate 29 dinner cruise boats on the West Coast. We are the largest operator of high-speed car passenger ferries in the nation. We just recently opened up three new projects. One is a high-speed car passenger ferry running from Milwaukee to Muskegon; one was running from Florida to the Grand Bahamas; one was the project that was failed here in New York, running from Rochester to Toronto. And we're currently working on a project called H-4, which is Hawaii Super Ferries,

building two, 105-meter vessels that will carry 900 passengers, 256 cars running between the four Hawaiian islands.

But briefly, I'd like to tell you about a couple of projects. We are also very involved in public-private partnerships, because other legislators, municipalities have found they're in the same position as you folks which -- "We have a transportation problem. How do we fix that?"

First, I'd like to tell you a little story about the city of Jacksonville. There was a 50-year-old ferry system that was operated by the state of Florida, running from Mayport across the Saint John's River. They were having financial problems. They were going to shut that ferry system down. There was an outcry from the local citizens. The state said, "I think we'll just give this ferry system to the city of Jacksonville." The city of Jacksonville didn't know what to do with the ferry. So they called us, and they hired us as a private operator.

We took the 50-year-old ferry system, running the same route, the same boats, charging the same ticket price-- In the two years of operation, we increased ridership a full 50 percent, we decreased cost 19 percent, and improved the customer service index from a 4.7, when the state ran it, to a 9.2, which is really unbelievable.

We just opened a ferry system for the Delaware River Port Authority, not too far from here, running a 600-passenger ferry that they had a current operator running it for several years. They called us and said they had had problems with their operator and wanted to know if we could start that ferry system in six weeks. We told them we could, and we have an unbelievably successful system.

We're also currently working on a project with Alabama Historical Commission, running to-- They had a ferry that's been running for almost 19 years to one of their historic forts, Fort Morgan. And yet, when I talk -- when I hear about controls and everything else, that was one of the issues they had. It was a private operator that owned the ferry. And yet, when he found he could make more money elsewhere, he would take that ferry and go elsewhere. That caused a disruption in service.

What they did was something that we found many municipalities are doing right now. And they're going for Federal funds, getting Federal funds to purchase their own ferry, and bringing a private operator in. One of the advantages that you have is, being a municipality or a State agency -- is you do have Federal funds that you can acquire boats and also use those boats -- those funds for facilities and the purchase of those ferries. An operation that I would point you to look at is Baylink, in Vallejo, where they operate. The city of Vallejo actually purchased the ferries, they own the landings, they subcontracted with a private operator to run those boats. They run at 97 percent utilization.

And when you talk about controls, the nice thing about a public-private partnership is -- because you own the boat. You can basically set those rates. In Jacksonville, we could have made that operation profitable by raising the ticket price from a current \$3 -- just raising it slightly. But the city of Jacksonville decided they would rather keep the fares low and provide a public transportation service. And they only subsidize that to the tune of about \$300,000 a year.

So I would encourage you, as you move forward with this project, to look at all options. I would certainly look at the option of a public-private partnership. I think that will give you the control that you folks would like; also the ownership, but more importantly, the level of service that you need to develop economic growth in the area.

Thank you very much.

ASSEMBLYWOMAN STENDER: Thank you very much.

The Chairman's passed me the gavel, so I will just see if there's any questions? (no response)

Thank you very much, gentlemen.

ASSEMBLYMAN JOHNSON: Good job.

ASSEMBLYWOMAN STENDER: I need a motion to amend.

ASSEMBLYMAN CHIVUKULA: Moved.

ASSEMBLYMAN JOHNSON: Second.

MS. McMAHON: On the motion to amend Assembly Bill 3674.

Assemblyman O'Toole indicated yes.

Assemblyman Gibson is absent.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Yes.

MS. McMAHON: Assemblyman Biondi indicated yes.

Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Yes.

MS. McMAHON: Assemblyman Stack.

ASSEMBLYMAN STACK: Yes.

MS. McMAHON: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MS. McMAHON: Assemblyman Mayer indicated yes.
Assemblyman Johnson.

ASSEMBLYMAN JOHNSON: Yes.

MS. McMAHON: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Yes.

MS. McMAHON: Assemblyman Burzichelli and Vice Chairman
Caraballo indicated yes. So did Chairman Wisniewski.

UNIDENTIFIED SPEAKER: Move the bill.

ASSEMBLYMAN CHIVUKULA: Second.

MS. McMAHON: On the motion to release the Assembly bill,
Assemblyman O'Toole indicated yes.

Assemblyman Gibson is absent.

Assemblyman Rooney.

ASSEMBLYMAN ROONEY: Yes.

MS. McMAHON: Assemblyman Biondi indicated yes.
Assemblywoman Stender.

ASSEMBLYWOMAN STENDER: Yes.

MS. McMAHON: Assemblyman Stack.

ASSEMBLYMAN STACK: Yes.

MS. McMAHON: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MS. McMAHON: Assemblyman Mayer indicated yes.
Assemblyman Johnson.

ASSEMBLYMAN JOHNSON: Yes.

MS. McMAHON: Assemblyman Chivukula.

ASSEMBLYMAN CHIVUKULA: Yes.

MS. McMAHON: Assemblyman Burzichelli, Vice Chairman Caraballo, and Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

ASSEMBLYWOMAN STENDER: The bill has passed.

Chairman, you're back in time to adjourn the meeting.

ASSEMBLYMAN WISNIEWSKI: Meeting's adjourned.

Thank you all for your attendance.

(MEETING CONCLUDED)