
Committee Meeting

of

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

“The Committee will take testimony from invited guests concerning the operation of ferry services and subsidization of those services, including the subsidy provided for ferry service connecting the Atlantic Highlands with Jersey City and Hoboken”

LOCATION: Stevens Institute of Technology
Hoboken, New Jersey

DATE: September 18, 2017
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblywoman Valerie Vainieri Huttle, Vice Chair
Assemblyman Daniel R. Benson
Assemblywoman Annette Chaparro
Assemblyman Nicholas A. Chiaravalloti
Assemblyman Thomas P. Giblin
Assemblyman James J. Kennedy
Assemblywoman Sheila Y. Oliver
Assemblyman Robert Auth
Assemblyman Robert D. Clifton



ALSO PRESENT:

Philip M. Mersinger
Lauren M. Vogel
*Office of Legislative Services
Committee Aide*

Jillian Lynch
*Assembly Majority
Committee Aide*

Glen Beebe
*Assembly Republican
Committee Aide*

***Meeting Recorded and Transcribed by
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JOHN S. WISNIEWSKI
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VALERIE VAINIERI HUTTLE
Vice-Chair

DANIEL R. BENSON
ANNETTE CHAPARRO
NICHOLAS A. CHIARAVALLOTTI
THOMAS P. GIBLIN
JAMES J. KENNEDY
PAUL D. MORIARTY
SHEILA Y. OLIVER
ROBERT D. CLIFTON
BETTYLOU DeCROCE
JOHN DiMAIO
GREGORY P. McGUICKIN



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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN JOHN S. WISNIEWSKI, CHAIRMAN

SUBJECT: COMMITTEE MEETING - SEPTEMBER 18, 2017

The public may address comments and questions to Philip M. Mersinger, Lauren M. Vogel, Committee Aides, or make bill status and scheduling inquiries to Melinda Chance, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideATR@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Transportation and Independent Authorities Committee will meet on Monday, September 18, 2017 at 10:00 AM in the Stevens Institute of Technology, Howe Center, 1 Castle Point Terrace, Bissinger Room, 4th Floor, Hoboken, New Jersey.

The committee will take testimony from invited guests concerning the operation of ferry services and subsidization of those services, including the subsidy provided for ferry service connecting the Atlantic Highlands with Jersey City and Hoboken.

Issued 9/12/17

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TABLE OF CONTENTS

	<u>Page</u>
Nariman Farvardin, Ph.D. President Stevens Institute of Technology	2
Ravinder S. Bhalla Councilman-at-Large City of Hoboken	6
Armand Pohan President and CEO New York Waterway	14
James Barker President SeaStreak, LLC	36
Thomas Wynne, Esq. Vice President and General Counsel SeaStreak, LLC	36
Cristina Lado Director Government and Community Relations The Port Authority of New York and New Jersey	57
Michael G. Massiah Chief Capital Planning, Execution, and Asset Management The Port Authority of New York and New Jersey	57
Roland Nichols Senior Director Private Carrier Affairs New Jersey Transit	67

TABLE OF CONTENTS (continued)

	<u>Page</u>
Scott Thorn Project Manager Pulaski Skyway Rehabilitation Project New Jersey Department of Transportation	72

APPENDIX:

Testimony submitted by Armand Pohan	1x
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Testimony submitted by Michael G. Massiah	4x
---	----

Testimony submitted by Ronald Nicholas	12x
--	-----

Testimony submitted by Scott Thorn	15x
--	-----

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): Good morning, everyone.

Welcome to the off-campus meeting of the Assembly Transportation Committee.

Let's start with a roll call.

MS. VOGEL (Committee Aide): Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Here.

MS. VOGEL: Assemblywoman DeCroce. (no response)

Assemblyman DiMaio. (no response)

Assemblyman Auth.

ASSEMBLYMAN AUTH: Present.

MS. VOGEL: Assemblywoman Oliver. (no response)

Assemblyman Kennedy. (no response)

Assemblyman Giblin. (no response)

Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTI: Here.

MS. VOGEL: Assemblywoman Chaparro.

ASSEMBLYWOMAN CHAPARRO: Here.

MS. VOGEL: Assemblyman Benson.

ASSEMBLYMAN BENSON: Here.

MS. VOGEL: Vice Chair Vainieri Huttle.

ASSEMBLYWOMAN VALERIE VAINIERI HUTTLE (Vice Chair): Here.

MS. VOGEL: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Present.

There are some empty seats up here; traffic has been unusually difficult this Monday morning. As I came up the extension, I went through the toll plaza. There were only two working booths; everybody else was queued up. I'm not sure why; maybe they did that just for me. (laughter) But everybody else is on their way.

We're going to give members an opportunity to make some opening remarks; but I first would be remiss if I didn't allow our hosts an opportunity to welcome us to his wonderful facility with an outstanding view of New York City.

For that purpose, I'd like to welcome President Nariman Farvardin.

P R E S I D E N T N A R I M A N F A R V A R D I N, P h . D . :

Thank you very much, Mr. Chairman.

Let me take this opportunity to welcome-- Does this work (referring to Hearing Unit microphone); or do you want--

ASSEMBLYMAN WISNIEWSKI: It's just for recording, so just speak as loudly as you can.

PRESIDENT FARVARDIN: But you can hear me all right?

ALL: Yes.

PRESIDENT FARVARDIN: I wanted to welcome you and the members the Committee to Stevens. I am Nariman Farvardin, President of Stevens Institute of Technology.

I apologize for the traffic problems that you all have experienced. But as you know, we have very little to do with that. We are hoping that the distinguished members of your Committee will address these problems in the years to come. (laughter)

ASSEMBLYMAN WISNIEWSKI: Maybe we could have ferry service directly here. (laughter)

PRESIDENT FARVARDIN: You may remember that it was approximately four years ago this month that Stevens hosted the Assembly Transportation and Independent Authorities Committee for a hearing here--

ASSEMBLYMAN WISNIEWSKI: That's right.

PRESIDENT FARVARDIN: --and I'm very pleased to welcome you back to Stevens, especially at a very exciting time for our university.

I thought I would take just a couple of minutes--

ASSEMBLYMAN WISNIEWSKI: Please.

PRESIDENT FARVARDIN: --to tell you a few words about Stevens, because these opportunities don't arise for me every day.

Just a few short weeks ago, we welcomed approximately 2,000 new undergraduate and graduate students to the university. The freshman class of 2021 is the largest, the most academically talented, and the most diverse class in the history of this university. The class consists of about 810 freshmen from more than 30 states and 10 different countries. For your information, 62 percent of our incoming class is from New Jersey. The students are part of a community of approximately 7,000 students, undergraduate and graduate combined, who collaborate with more than 300 full-time faculty members in a very interdisciplinary, student-centric, entrepreneurial environment to advance the frontiers of science and to leverage technology to confront some of the most pressing problems of our country and the world.

I hope you all agree that science and technology play a critical role in human progress and are key drivers of economic development.

Stevens has been on an unbelievably impressive upward trajectory over the past six years. I am very proud to report that, as of last week, Stevens is now the second-fastest rising university in the entire country. This is important; I want all of the members of the Assembly to be aware of this achievement. This is according to *U.S. News and World Report* “Best Colleges” rankings.

Our faculty research and rigorous academic programs have been featured in the media -- major media outlets, such as NPR, *Popular Science*, BBC News; and *Forbes* recently cited Stevens as one of the most desirable STEM colleges in the nation.

We are also in the process of expanding and modernizing our campus. In the past year, Stevens completed a number of major construction projects. We completed the American Bureau of Shipping Engineering Center, which is a new maritime engineering laboratory complex. And a new building, called the North Building, which is the site of a living laboratory which features experimental raingardens, multiple bio-retention planters, and multiple green roof setups to improve approaches for managing stormwater runoff.

We’ve begun the preconstruction of a major 90,000-square-foot, state-of-the-art academic building which will provide extremely high-tech classrooms and laboratory spaces to our students and faculty.

And I wanted to take this opportunity to express my gratitude to the New Jersey Legislature for providing \$19.25 million in bonds and capital improvement funds toward this particular building, through the Building Our Future Bond Act.

I'd like to take this opportunity to thank you for your help in making this project a reality, and I want to emphasize that facilities like this enable this university to educate more than 2,000 highly skilled graduates who come out of this university every year. These graduates translate new knowledge into innovative technologies; into products, services, and businesses; they create jobs; and they provide solutions for some of the most pressing societal problems that we have. And quite frankly, this university is one of the major suppliers of technically skilled workforce for the State of New Jersey.

I will conclude my remarks by welcoming you once again; hoping that you have a wonderful discussion today, and hope that you don't have to wait another four years to come back here.

Thank you all very much.

ASSEMBLYMAN WISNIEWSKI: Mr. President, thank you for your hospitality, first of all. You always make your university available to this Transportation Committee, and I appreciate it.

And I also just want to congratulate your remark on your reference to science and technology. We are in a very complicated position in this state; whether we're dealing with our transportation infrastructure, our educational system, and the list goes on. Science and technology has to play an important role in the decisions that we, as a Legislature, make. And universities, such as yours, provide a resource to make sure we're making the right decisions.

So thank you very much.

PRESIDENT FARVARDIN: I appreciate it; thank you.

ASSEMBLYMAN WISNIEWSKI: And next, for a welcome to the City of Hoboken, I'd like to invite up Councilman Ravi Bhalla.

C O U N C I L M A N R A V I N D E R S. B H A L L A: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Just speak as loudly as you can.

C O U N C I L M A N B H A L L A: Good morning, Mr. Chairman, Vice Chairwoman, and members of the Transportation Committee.

My name is Ravi Bhalla; I'm a Council member of the City of Hoboken. I first want to welcome you all to Hoboken.

Just to tell you a little bit about our city -- and I am also honored to have Assemblywoman Chaparro, my Assemblywoman, here with us. She understands the challenges that Hoboken faces as a municipality when it comes to mass transit.

Hoboken is the fourth-largest most densely populated city in the United States. We have the highest rate of ridership of any municipality in the country that relies on mass transit; 55 percent of Hoboken residents rely upon mass transit to get to and from work.

So this issue we're discussing today is critical, not just to the region, but to our community, specifically, here in Hoboken.

We have a number of options, but there are limitations to those options. For example, we can take the bus -- in this case, New Jersey Transit offers the 126 bus service into New York City -- but there are limitations, in terms of capacity there.

We can also take the PATH train through the services of the Port Authority; but we're currently at capacity with respect to PATH service coming in and out of Manhattan.

The other option, of course, is taking the ferry service; and we have a wonderful ferry system in Hoboken that operates out of both the north end of Hoboken, as well as the south end of Hoboken, to and from midtown and southern Manhattan. The challenge, though, is that in relation to bus service and PATH service, ferry service is cost prohibitive. So a one-way ride on a ferry is over \$10; compared to a bus line or a train line, which is under \$3.

So what I look forward to doing in the coming years, in partnership with relevant stakeholders -- whether it's the next Governor, the next Legislature, next State Senate, mass transit agencies, the development community -- is to find ways we can make it easier for residents to utilize ferry service as a means of transportation in a manner that's not so cost prohibitive.

So that would entail some sort of methodology by way we can actually find ways to lessen the cost of ferry rides. In New York City, certain routes have been successfully subsidized to match the price of a subway fare at \$2.75. Whether it's investments from the private sector as a condition of growth or whether it's investments from the public sector, I'm looking forward to working with the members of this Committee, as well as all the relevant stakeholders -- the Port Authority, New Jersey Transit -- to make sure ferry service can also be an affordable means to come to and from New York City.

So thank you very much, and welcome to Hoboken.

ASSEMBLYMAN WISNIEWSKI: Councilman, thank you.

COUNCILMAN BHALLA: Have a great day.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.
Thank you for your hospitality.

Let the record reflect that since we started, Assemblyman Giblin, Assemblyman Benson, and Assemblyman Kennedy have joined us. Welcome, gentlemen; thank you.

What I would like to do is give members an opportunity to make any opening remarks they would like to make.

Vice Chair, would you like to say anything to start off?

ASSEMBLYWOMAN VAINIERI HUTTLE: Sure; thank you.

First of all, to the Chairman, for arranging this special Transportation Committee meeting this morning.

I would like to just highlight a couple of things, as we're sitting in Stevens, that the President did highlight for us. I think, as Assembly members, we should be very proud that Stevens Tech is one of the fastest-rising STEM tech universities in the United States.

ASSEMBLYMAN WISNIEWSKI: That's right.

ASSEMBLYWOMAN VAINIERI HUTTLE: And I think, as New Jerseyites, we should be proud.

Secondly, Hoboken is a terrific city; really, the jewel in the Gold Coast, and we have a great view.

I would like to say, though, when it comes to transportation, we all know that we are really in a quagmire here in New Jersey. We are stifled with traffic as most of you see the arrival of our members -- arriving late, most likely due to traffic, and due because we have no mass transit, we have

no ways of transportation other than some cars; and we need to get more cars off the road.

I want to highlight the fact that ferry service is terrific, but it is cost prohibitive. And I have to thank the Chairman for really revealing and highlighting the subsidy of SeaStreak ferries from the Highlands to here, and how still it is cost prohibitive even with the subsidy.

So I'm hoping that-- I think Staten Island has received some discounted fares, thanks to Mayor De Blasio, for some of the ferry rides. I'm hoping that we can do that in New Jersey. I see that Waterway is here, doing a terrific service. And I think we need more ferry service, but we need to make it equally affordable for all the residents to help take some of the relief and the burden off the roads.

And so, Mr. Chairman, as always, you are really highlighting some of the issues and challenges that we face, especially with SeaStreak.

So I'm happy to be here in Hoboken, and I am happy to be here at Stevens. And I am here to listen, and hopefully we can try to resolve some of the issues when it comes to transportation.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Vice Chair.

Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTI: Yes, thank you Chairman.

Let me begin by thanking you for having this Committee hearing in Hudson County. Welcome to all my colleagues. Annette and I had the shortest commute, although it still took me 45 minutes to get here

from Bayonne. (laughter) She just had to walk across the park. Unfortunately--

ASSEMBLYMAN WISNIEWSKI: Did you take the Light Rail? (laughter)

ASSEMBLYMAN CHIARAVALLOTI: No, I did not take the Light Rail; but unfortunately, the traffic in this area is not as unusual or as infrequent as we'd all like and hope for.

I also want to thank Stevens for hosting us today. You know, Stevens is one of those anchor institutions that is not only an economic engine for Hoboken and for Hudson County, but for the entire region. And one of the things or facts that the President didn't touch on-- which I think they do take great pride in -- is the fact that over 90 percent of their graduates are employed six months after graduation. And I think it says a lot about the institution and the program they run.

I think we're here for a couple of reasons. One, we do want to get more information on this subsidy -- who knew what, when -- because it's always difficult, as a public servant, to find out information, especially when it's in the millions and billions, and you learn it in the *New York Times* or the *Star-Ledger*. That's frustrating and extremely annoying.

Secondly, I think we need to talk about what our strategy is. You know, the Vice Chairwoman mentioned New York City's ferry plan. That's a plan that was originated and discussed, and that Mayor Bloomberg has continued. And there is a comprehensive strategy on how to use ferries to move people in New York City. There is no reason why New Jersey shouldn't be undertaking the same sort of project.

And finally, from a purely self-interest standpoint -- and New York Waterway knows what I'm going to say -- Bayonne has been working with New York Waterway to establish a ferry in the City of Bayonne to coincide with all the new economic redevelopment at the former military Ocean Terminal, the peninsula at Bayonne Harbor. And I know those conversations are ongoing, with New York Waterway and other players in the market, to understand if there is a market for it.

But we also need the assistance of the Port Authority, since the Port Authority owns the land on which we need to operate this ferry from. It's the only piece of property that we could operate the ferry from. So we are discussing with, negotiating with, working with, fighting with -- use whatever adjective (*sic*) you want -- with the Port Authority. And we're hopeful that we will be one of those communities that has ferry services in the next 12 months.

But Chairman, let me just conclude by thanking you again; and welcome to Hudson County. And Annette, thank you for allowing us into this great City of Hoboken.

ASSEMBLYWOMAN CHAPARRO: You're welcome.
(laughter)

ASSEMBLYMAN WISNIEWSKI: Any other members wishing to say anything to start with? (no response)

I'd also like to recognize Speaker Emeritus Sheila Oliver, for joining us; thank you, Speaker.

ASSEMBLYWOMAN OLIVER: Good morning, Chairman.

ASSEMBLYMAN WISNIEWSKI: Let me just start -- a couple of ground rules.

We have a number of individuals invited to testify, and I know you all have prepared remarks. We encourage you to deliver those prepared remarks, but to try to contain those within five minutes. It would be a great opportunity to give members of this Committee an opportunity to probe your knowledge and to ask questions about this issue.

The reason that I decided to call this meeting together and discuss ferries is because we see, every single day, the experience that we all had this morning: that New Jersey is a congested state. In part, we are a victim of our own success; the economy is starting, finally, to pick up, business is doing better, and people are getting around. Which means you sit in traffic.

One of the goals that I've often had and long sought is to find ways to get people out of their private passenger vehicles and into public transportation. And traditionally, that's always been looked at as rail -- either heavy rail or light rail -- or buses. But only recently -- really within the last decade -- has ferry service become a practical reality. And while we made legislative changes to give New Jersey Transit the authority to also get engaged in ferry operations, that's not yet taken place -- and maybe it shouldn't. But what we do need to recognize is that there are a number of communities that want to have ferry service; and I think it's a laudable goal. But we also have to recognize that we have a limited reservoir of resources. And so while there are a number of communities all that want ferry service, we have to engage in the policymaking to decide, do all of those towns really -- will they succeed in having ferry service? Because if we commit the capital dollars to build ferry terminals, and we commit those dollars either in the subsidizing of the infrastructure -- the boats or the fare, as we've seen

in the SeaStreak case -- long-term, we'd like to see that succeed and not continually be dependent on more and more government money.

And so we have to make our choices wisely. We have to recognize that not every proposed site is going to be a successful site. What are the rules that the legislature can help create that make those determinations? How do we take advantage of the knowledge of those engaged in the industry today in helping us create those rules? And what are the benchmarks that we should look at for success? Getting 50 people on a 500-person ferry I wouldn't imagine, at least from my position, is successful. Somebody else can tell me otherwise, but we have to establish those benchmarks so that we know what we're doing makes sense, what we're doing moves the greatest number of people, and what we're doing gets drivers out of their private passenger vehicles and into public transportation.

And I'll conclude my opening remarks on this. When I first became Chair of this Committee 16 years ago, one of the questions that had always daunted me is, "How do commuters make that decision?" How do they literally decide, "Am I driving or am I taking public transportation?"

So I went to train stations and bus stations in central New Jersey; and then I stood at gas pumps. And of course, when I was talking to drivers at gas pumps, they would greet me with, "Fill it up, regular." (laughter) But I wasn't there for that purpose.

But what I found is that commuters want reliability. They want to know that when they entrust their business day, their careers, to a third party, that they're actually going to get there relatively close to when they thought they were. They want convenience. You know, if you're

offering really good ferry service at a really cheap price, but you really have to go out of your way to get there, then that's not necessarily going to be successful.

And they want to know that it's going to be there for the long term. Because if you're making a choice as to where to work or where to live, and figuring out how to get between the two, an evanescent ferry service that lasts a year only means you have to change your commuting patterns, and that doesn't work for any of us.

And so with that, I'd like to call our first invited witness, President and CEO of New York Waterway, Armand Pohan.

Good morning, Armand.

A R M A N D P O H A N: Good morning, Chairman Wisniewski and members of the Committee. Thank you for inviting me to speak here today.

And thank you to Stevens, also, for hosting us; and also being a very important partner to us in the construction of ferryboats. Stevens has one of the most sophisticated operations to test the potential speed of a new design of ferryboat -- in a tank, where you can put a model boat in, modeled along the lines that you're discussing. They can model that boat to tell us how fast it will go with what power. So Stevens is not only a great place to educate students, but it's also a great resource for the private sector as well.

So my name is Armand Pohan, and I am Chairman of New York Waterway. And we are the largest privately owned and operated commuter ferry service in the United States. New York Waterway was started by my stepdad, Arthur Imperatore, in 1986. We now own or

operate a fleet of 31 vessels, carrying over 8 million passengers per year. We operate this service between numerous points in New Jersey and points in New York.

Rivers may appear, at first, to be impediments to transportation; but ferryboats turn rivers into opportunities. There is no more expeditious method of providing short-term relief for trans-Hudson service disruptions than the use of ferries. This proposition has been proven time and time again in the past 25 years, as ferries have stepped into the breach created by massive disruptions of the public transit systems -- the World Trade Center bombing in 1993, the terrorist attack of 9/11, the 2003 blackout, Hurricane Sandy and, most recently, the disruptions to train service this spring and summer.

The redundancy which ferries provide is well recognized by New Jersey Transit and by the Port Authority; and has been formalized into emergency services agreements with New York Waterway, which provides respectively for the cross-honoring of New Jersey Transit or PATH tickets, and for supplemental services on request. Our New Jersey Transit cross-honoring agreement has been implemented on numerous occasions since Hurricane Sandy, and as recently as the Penn Station disruptions this summer, during which we carried 266,000 passengers through the cross-honoring agreement.

Beyond their redundancy in providing short-term relief, ferries can also provide a relatively inexpensive means of providing a longer-term solution to capacity problems in the public transportation systems. At the present time, the Regional Plan Association estimates that by 2040 trans-Hudson commuter traffic will grow by an additional 26 percent, or roughly

100,000 additional trips per day. This additional ridership simply cannot be accommodated without rehabilitating and expanding the existing public infrastructure. The Port Authority Bus Terminal is already at overcapacity. The rail tunnels and tracks into Penn Station, which are already aged and failing, cannot accommodate additional trains.

At a fraction of the cost of new bridges, tunnels, or other massive infrastructure projects, new ferryboats and facilities can be built much more quickly and cheaply by utilizing the cheapest infrastructure of all, New York Harbor. In order for ferries to provide meaningful overspill relief, however, the public sector needs to address the great fare disparity between public and private commutation. Our 30 years' experience at New York Waterway has shown that, in certain areas, there may be sufficient ridership to support a private ferry service at market rates. But to divert a substantial number of additional riders to ferries may take the same kind of government support for commuter fares which is already provided for other modes of public transportation. New Jersey Transit derives only about half its revenue from the fare box. The PATH system, which loses about \$400 million a year, is subsidized at a cost of about \$5 per rider. These, of course are public systems, and there may be an understandable hesitancy in public subsidy of a private operator. That barrier, however, has already been broken -- not only by the existing cross-honoring agreements for emergency services, but also on a major scale by New York City, which is now subsidizing the privately operated Citywide Ferry Service at a projected cost in excess of \$5 per passenger, in order to deliver a \$2.75 commuter fare, which matches the subway fare.

Having studied this issue intensively, we believe that New Jersey Transit and the Port Authority could divert a significant number of East Bergen and North Hudson commuters from the bridges and tunnels by offering those commuters a combination ticket which would provide a bus ride to the Weehawken terminal, a ferry ride to our terminal in midtown Manhattan, and then a bus ride to the commuter's final midtown destination. If such a combination ticket could be offered at a price equivalent to the current bus fare to New York, plus a subway fare to final destination -- and it is estimated that 50 percent of bus commuters take an ongoing subway trip -- we believe that a public subsidy of roughly \$1 per trip could divert approximately 3,000 riders per day, an annual subsidy of a less than \$1 million.

A six-month pilot program on one bus route alone might divert about 1,000 riders at a fraction of that cost.

The public sector has already made a significant investment in ferry terminals in Weehawken, Hoboken, Edgewater, and Monmouth County, as well as in New York City. These facilities, however, have far more capacity than their present utilization. In order to achieve full utilization of that capacity, a modest program of subsidy would enable the public agencies to maximize the benefit from their large capital investment, and reduce the magnitude and cost of further capital investment.

Government support would benefit the passengers, your constituents; it would benefit ferry passengers directly, and other commuters indirectly by encouraging more people to move away from the train, the bus, or the highway and take the ferry.

Thank you for your time and attention. I am happy to entertain any questions the Committee may have.

I also invite the members of the Committee to come to the New York Waterway terminal at Weehawken, or at the Hoboken train station, to see, first-hand, what we do.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Armand, thank you very much.

Members of the Committee -- any members have questions?

ASSEMBLYWOMAN VAINIERI HUTTLE: Just to thank him--

ASSEMBLYMAN WISNIEWSKI: Okay.

ASSEMBLYWOMAN VAINIERI HUTTLE: --just to thank you, Mr. Pohan, because we know how reliable the Waterway services are. And I think you're absolutely right; I think government needs to become more of a partner, since we do subsidize many of the other transportation projects. And I think it behooves (*sic*) me that the Port Authority is not involved, at this point, trying to promote more ferry service for our constituents.

But I want to thank you for what you do for some of the commuters in the Northeast region.

MR. POHAN: Thank you, Assemblywoman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Chiaravalloti, and then Assemblyman Auth.

ASSEMBLYMAN CHIARAVALLOTI: Yes; first of all, I appreciate your testimony and New York Waterway's efforts, particularly here in Hudson County.

You talked about this combo ticket.

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: And there were several numbers and costs thrown in there. Do you have data that you could share with the members of the Committee -- that aren't necessarily confidential internal documents -- so we could better understand? The challenge with a subsidy is always, you know -- one dollar becomes five dollars, becomes--

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: You know, what was it -- \$95? But if you have data that you can share, I'd appreciate it.

MR. POHAN: We can certainly do that. We're actually in the process of preparing a policy -- a draft policy paper for the transition teams, because I think that the new Administration, whoever it is, should be fully educated in all of this.

The basic math right now is that to ride from East Bergen-- We have focused on East Bergen because transit has been -- considers that their fastest-growing bus route right now, and one for which there's just insufficient room in the Port Authority Bus Terminal to address it. And we have come up with a joint ferry-bus pass at the present time. But it is unsubsidized, and the fact is that, for many people, for all the convenience of ferries and the reliability, price is still a factor. And the less money you make, the more of a factor it is -- as to how much you're going to spend on your commute.

So we have achieved a modest additional ridership through that program; but there's clearly a price issue here that we cannot bridge without some kind of a subsidy. The math of a trip to the Port Authority Bus Terminal right now-- If you take the bus, it's about \$3.50. And then if you take the subway beyond that, it's another \$2.62. So it's about \$6.10.

And our regular fare into the City is \$9. If you buy a monthly pass, it's about \$6.70. In the combination program, we are willing to cut our fare to \$4.70. And then with a \$1 subsidy from the whoever -- the government; I'm not going to say the Port Authority or the State -- the commuter, who would spend about \$1.50 to get to the Weehawken Terminal, we could equal that combination bus and subway fare; Transit would get the same revenue share that they get from a trip to Weehawken--

ASSEMBLYMAN CHIARAVALLOTI: Right; and I appreciate all that.

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: I think -- I just want to also point out -- and you and I have talked about the Bayonne site--

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: --and the desire for a ferry. But there's also another partner -- right? -- which is the private sector.

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: I mean, one of the things that -- you know, it's kind of the chicken and egg: do you need the ferry or do you need development first? I know on the Bayonne side, in

particular, there's been a lot of discussion about the developers and the market providing a subsidy for that service.

MR. POHAN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: So there are multiple models to reduce that cost.

MR. POHAN: Yes.

Other than providing infrastructure, which is no small expense -- the subsidization of private service on a new service is not something that we have ever seen in our experience. It may be more entrepreneurial, and the government should undertake it, and it should really be something more between the developer and the private sector. The place where the government really has to address, I believe, is where the existing services and the existing infrastructure are being strained to overcapacity. And that's where the relief-- The need is already there; whereas, the need for a new service gets a little bit speculative.

ASSEMBLYMAN CHIARAVALLOTI: Okay; thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Auth, and then Assemblyman Benson.

ASSEMBLYMAN AUTH: Thank you very much, Chairman.

Just a couple of quick question, briefly, is on security and what particular security apparatus do you have going in right now -- cameras, the gates that you walk through -- metal detectors? Any of that stuff going on with your operation currently?

MR. POHAN: In just about all of our terminals we have cameras that are hooked up into a centrally displayed system. We also have cameras on the ferryboats; we also have cameras on the new buses that we

have recently purchased. We do not have metal detectors going on to the boats at this time. What we do have is the cooperation of many of the State and local police agencies that quite frequently come down to conduct checks and audits; sometimes they bring sniffing dogs, sometimes they're doing bag checks. Our captains and our deckhands are all trained on what to look for. But there is no check as people go on the boat, other than the eyeballing of people by the deckhands.

ASSEMBLYMAN AUTH: Thank you.

And one follow-up, Chairman, if I may?

ASSEMBLYMAN WISNIEWSKI: Sure.

ASSEMBLYMAN AUTH: Just to switch gears a little bit-- Assemblywoman Huttle and I have constituents in the north; specifically, Northvale would be a town she represents, and I have some additional towns that might have easy access to your ferries from Piermont, New York, or from the Alpine Boat Basin, Exit 4 on the Palisades Parkway. Any future plans for either of those two stops to run ferry service?

MR. POHAN: Off and on, over a period, now, of 20 years, we have explored the possibility of running ferry service out of the Palisades Interstate Park, along the river there -- which is already one of the obstacles, because the Park is not particularly enamored of the idea of turning this recreational resource--

ASSEMBLYWOMAN VAINIERI HUTTLE: You had a hard time in Edgewater.

MR. POHAN: --into a commuter ferry stop.

The second challenge is the road system getting down the Palisades to the ferry docks, especially in the winter time. You have roads

that are barely two-lane roads going down to those locations. And I think that we might very well be in a situation of shutdown on any kind of a snow day in the wintertime, which is a serious obstacle to providing reliable service.

And the third thing is the question of density. Ferries are not simply, if you build it, they will come. You need a certain critical number to make it work. And as a rough rule of thumb, that number is probably in the order of 600 to 800 people -- trips a day -- which we were able to achieve in Edgewater pretty early on. You don't expect to see it the first day, but it has grown since then, and it's grown because of the density of housing that is being built in the Borough of Edgewater. We just do not see that the density is up that way. There are certainly some people who would come; but would it be enough people? We have our doubts about that. And as I say, the question of getting there, of just getting to the ferry -- which is always an issue for any ferry service, is how do you get to the ferry -- is a challenging one once you're north of the Bridge, and below the Palisades.

ASSEMBLYMAN AUTH: Thank you; and thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Benson.

ASSEMBLYMAN BENSON: Yes, we've talked a lot about that kind of a combo ticket in terms of making that competitive in price. How does that compare in terms of time for the person taking the Transit -- because that's the other competing factor oftentimes for those choosing ferries or other.

MR. POHAN: Interestingly, we've done a lot of studies. And I will -- I'll share all this data. I didn't bring it all with me here today.

But we have done heat maps, and studied the time from Fort Lee to various final destination points in New York City. Because we run a -- we don't just run a ferry service; we run a ferry-bus service. And within five blocks of the Port Authority Bus Terminal, we can't beat the time of the bus. Within three blocks of Grand Central Station, where people can take the shuttle, we can't beat the time of the bus.

But you get north of 45th Street, you get south of 38th Street, and any points to the east -- we can beat the bus. Even the one-seat ride bus, we can beat with a three-seat ride, which combines bus to Weehawken, ferry across, bus to final destination. And we've plotted it -- we have maps that will show you the area where we could save people 5 minutes, 10 minutes, 20 minutes. And that's why I say -- you know, I threw some numbers out here of how many people could be diverted -- there are about 21,000 people a day who take the bus in East Bergen. And probably half of those people, when they get to the City -- by Transit's studies or the Port Authority's studies -- take the subway beyond that point. They get to the Port Authority Bus Terminal and they take the subway, or they walk 10, 15 blocks.

So now you're down to 10,000 people who take the subway-bus. How many will you -- could you divert, if you equaled the price? Conservatively we think 3,000 people a day, maybe more, could be diverted.

ASSEMBLYMAN BENSON: Okay. And the other question I had was, you had mentioned that, obviously, on day one, you don't reach

the break-even passenger ride. What is a reasonable time to assess that; is it six months, is it a year? You said--

MR. POHAN: You probably have to -- you know, I'm going to say, "It depends." Because if, after six months, you're carrying a hundred people, that's not a very good indication. After six months you're carrying 300 or 400 people, and it's been rising -- you know, then you would let it go to a year. And you base that, in part too, on whatever it is in the first place. How many people can access your location, and what are the competing modes?

We have a situation right now -- since the emergency service ended in Hoboken -- we said, "Well, this is very good. We'll try to do this on a market basis," which is what we're trying to do right now. Well, the daily ridership for the emergency service was about 2,400 trips a day. And so-- But mostly that was people who were taking -- used to taking the train to Penn Station, and they had no alternative. So now, most of them have gone back to Penn Station.

So we started, the day after Labor Day, with now what is a private service without subsidization. And you know, we're climbing above 200 trips a day. Whether or not we'll get there remains to be seen. But you do have to give it some time. The first week we started the service in Weehawken, I think day one we carried about 12 people; and that was on a free trip. (laughter) So you just have to give these things some time.

ASSEMBLYMAN BENSON: And my last question is -- because obviously we're talking about subsidies of a private entity--

MR. POHAN: Right.

ASSEMBLYMAN BENSON: --because other modes of transportation are at capacity, what are the benefits to the entire transportation system with expanded ferry? Is that subsidy not just benefiting the person who's riding the ferry, but are there benefits for those other modes of transportation, even if they are not taking the ferry; and can that be quantified?

MR. POHAN: Yes; I don't know how you could quantify it by determining what the diversion would be, and what have you saved by reason of the diversion. The Port Authority Bus Terminal is at capacity. Do you have to replace it with a \$10 billion facility, an \$8 billion facility, a \$6 billion facility? And how long will it take to do that? Well, if you could say, "Well, if we could divert another 5,000 people, another 10,000 people, you know, and measure the cost of that in terms of subsidy, what would that save you in terms of building a terminal that cost \$1 billion less to build, you know, at 3 percent?" That's -- what's that; that's \$30 million a year of capital carry costs, plus the maintenance of another floor, maybe, of the Terminal. There's a way of measuring what that benefit would be.

I don't have the tools to do that, because I don't know what the costs are for the alternative infrastructure project. But you can say, "If we could divert this many people, what will that save us in additional capital construction expense in some other mode?" If you're going to build another -- if the alternative is to build another tunnel or another bridge, I guarantee you, you could move a lot of people by ferry for a lot cheaper than you could build a new bridge or a tunnel.

ASSEMBLYMAN BENSON: Thank you.

That's all.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Armand, just a couple of follow-up questions; I don't think any other members have questions.

ASSEMBLYWOMAN OLIVER: Yes; I have a question, when you're done, Chairman.

ASSEMBLYMAN WISNIEWSKI: Oh, Speaker Emeritus; go ahead.

ASSEMBLYWOMAN OLIVER: Yes; thank you.

I'm interested in knowing about the workforce required to operate an expanded ferry operation. What are the qualifications and training? And as you look at the industry now, do you have challenges recruiting people to ferry the vessels; or is it necessary to begin examining -- preparing people to do this type of work?

MR. POHAN: That's a very interesting question.

The easy part is to get deckhands; because a deckhand is basically an unskilled job. We have lots of young kids -- 18, 19, 21 years old, 22 years old -- who come to us with no previous experience in the industry. And we can train them to become deckhands.

After six months, they are eligible to become senior deckhands and actually learn how to steer the boat in an instance of an emergency. Because most of our boats run with a captain and one to three deckhands, depending on the size of the boat.

I must say one thing that is also very much appreciated -- we are -- our deckhands and our captains are all in the Seafarers International Union. And we have an excellent relationship with the union, and the union tries to run their union as a craft union. They have a very large

training facility down in Piney Point, Maryland. And we put just about all of our deckhands through that Piney Point program, just as an initial program -- lifesaving, how do you pull people out of the water. And then, beyond that, they have additional programs that -- you could take a deckhand and upgrade him to become a captain. The greater challenge is to get captains; because to be a captain, you need a license. And that license is a little harder to get than to become a tractor-trailer driver; you need more training and more experience before you can get that captain's license.

But can it be done? We were quite surprised, frankly -- we were the unsuccessful bidder for the Citywide Ferry Service last year. And one of the questions that we were very concerned with is, had we gotten that bid-- That they're now putting an additional 15 boats a day out on the water. Well, to put 15 boats a day, 7 days a week, takes more than 30 captains because you have two ships a day, and you have Saturday and Sunday as well. You need to get 40 new captains. Well, they've somehow managed to do that. So it looks like it's possible to get the people if you needed to expand the service. And what we're talking about for a small subsidy program here now -- some kind of a pilot program -- you just need a couple of additional captains and deckhand, and that would not be a problem.

ASSEMBLYWOMAN OLIVER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Speaker Emeritus.

Armand, just a couple of questions.

There are barriers to providing ferry service; one is capital. Boats cost money. On average, the type of boats we're talking about -- what do they cost?

MR. POHAN: Well, we operate a number of different sizes of vessels. The smallest one, the 99-passenger vessel, these days, would probably cost about \$1.5 million, \$1.75 million to build. The 149-passenger vessels that we run, these days would cost, probably, around \$3 million, \$3.2 million to build. I believe -- my understanding is, that's about what it costs for all of the boats that Hornblower built for the Citywide Ferry Service.

The 400-passenger boats that we run would probably cost about -- they're slower boats, they don't have as powerful an engine in them -- they would probably run about \$4 million. And the boats that we run to Monmouth County -- the big boats; the ones that we tank-tested at Stevens -- they would run about \$5 million to \$6 million. That's the range of capital.

Now, the boats at Weehawken right now -- even in the peak of the peak -- 8:30 in the morning -- run at about 30 percent of capacity; 150 people, 180 people on those boats. So you could already add -- which is what I testified at the other hearing before Senator Gordon -- you know, you could probably put another 3,000 people on those boats without adding any boats at all. They would just be incremental ridership. The point at which you would definitely engender additional cost is in the buses -- New York City, which we operate at a higher capacity in the peak. We'd have to put on more buses to handle another 3,000, 4,000 people.

ASSEMBLYMAN WISNIEWSKI: And if I remember correctly, you had said that for about a \$1 million subsidy--

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: --you could attract 3,000 additional riders a day.

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: And they'd be coming off buses?

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: And that \$1 million, as I understand it, would be to make the price comparable to the price those commuters would be paying otherwise?

MR. POHAN: Yes, for-- Which-- Comparable to what the commuter who takes the bus and then the subway--

ASSEMBLYMAN WISNIEWSKI: Right.

MR. POHAN: --would pay; \$6.09, \$6.10.

ASSEMBLYMAN WISNIEWSKI: So that subsidy has nothing to do with the capital costs, because you have the capacity. It's really about homogenizing the price.

MR. POHAN: Correct, correct.

ASSEMBLYMAN WISNIEWSKI: Now, the other obstacle is not capital, it's not money; but it's physics.

MR. POHAN: Right.

ASSEMBLYMAN WISNIEWSKI: There are speed limits which you can operate your ferries, depending on the waterway you're in. Can you elaborate on that?

MR. POHAN: Yes. There are-- First of all, you know, if you want to create something less than a tsunami, it's not a good idea to be running ferry boats for more than about 30 knots per hour. You can achieve that; I remember the boats that used to go -- I don't know whether they are still going to the Indian casino up in Connecticut -- they used to start on the lower East River. And when they would go up the river, they were going 40 knots-plus. And the wake was tremendous. (laughter) That was 15 years ago.

Today, you could not do it; there's more traffic on the river than there was before. And you just can't run that kind of a speed.

There are certain areas where the Coast Guard has what they call a *slow bell*, where you can't run more than a certain speed. One of those areas is in the Kill Van Kull, between Staten Island and New Jersey. You cannot run through there at a speed of more than about 10 knots. So it creates a situation-- Take a town like Carteret, which is about halfway along that stretch. You know, if by -- as the crow flies, you'd go north to go to Manhattan; but counterintuitively, it's faster to go south and come around. But either way, it's a long trip. And so that makes-- And that's at a point where you are still competing with the train.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. POHAN: And so we've looked at that, and we see that town as a challenge.

South Amboy has a better shot at all of this, and we have been talking on and on for years with South Amboy about the possibility of running there.

ASSEMBLYMAN WISNIEWSKI: And the difference between South Amboy and Carteret is, one is on that constrained waterway; the other, really, has the Raritan Bay.

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: And so your speed limits are less -- or greater, rather.

MR. POHAN: Correct, correct. And they also have a very large parking facility already there at South Amboy; access by road and access by train, as well. It's a multi-modal connection point.

ASSEMBLYMAN WISNIEWSKI: So it's a function of having the infrastructure, the ferries--

MR. POHAN: Right.

ASSEMBLYMAN WISNIEWSKI: --making sure you have the riders, which is a function of how quickly can the ferry operate and how does it compete with other modes of transportation.

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: So just because there's a body of water and a slip that you can pull a ferry up to, doesn't necessarily mean that it makes sense.

MR. POHAN: Correct.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. POHAN: Absolutely correct.

ASSEMBLYMAN WISNIEWSKI: Armand, thank you very much for your testimony.

Any other questions?

ASSEMBLYWOMAN CHAPARRO: Yes, I have a couple of questions.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman.

ASSEMBLYWOMAN CHAPARRO: I just wanted to bring up a couple of points.

Here in Hoboken -- we're a square mile; we have over 52,000 people. I'm thinking more like 60,000 and beyond.

But my concern is, if you drove to Hoboken, you'd see how our streets are. We have a very busy waterfront, right?

MR. POHAN: Yes.

ASSEMBLYWOMAN CHAPARRO: We have -- the water is very busy with jet skis, kayaking; there's so much going on. Clearly your ridership in Hoboken -- it would be good. But it's not just for Hoboken; other towns are going to come in, and that creates a lot of traffic. Our infrastructure is in need of repair. Policing -- there's so many that come with it, which is a concern.

Of course we want more ferries; subsidizing something like this is great, but we're not just doing it for the obvious -- the people who live here, but other areas too. They're going to come in and do this.

So it is much needed; but still, there's our town I have to think about that takes the brunt of the commute. People go through Hoboken all the time; it's just not traffic in Hoboken. We're between the Lincoln and Holland tunnels; let's not even talk about the Helix that's going to happen. There are going to be a lot of things going on.

So although it's very nice to have the ferry here expand, these things concern me too. Because it leaves our city to man it, and deal with

it; and, God forbid, there's some kind of emergency -- it's our emergency services that are going to rush to that area.

MR. POHAN: Understood, Assemblywoman.

And for that reason, this pilot program that I was discussing would not be for the automobile driver; it would only be for people who take the bus. And they already take the -- the bus already passes the Weehawken Ferry Terminal. So instead of-- Now they would get off there; and, in fact, if you diverted -- if you took one pf every third bus and made it a dedicated bus for the ferry, you would reduce the number of buses that go beyond the Weehawken Terminal into the tunnel, which actually might be of some benefit to Hoboken people as well.

We don't conceive of anything we're talking about as something that would be available to an automobile driver. We're looking to take people not off the road with this program, but out of the bus terminal.

The same program -- which we haven't studied as well -- could possibly be of use on the 126 route, where people, instead of taking the bus up to the Lincoln Tunnel on the 126 -- there could be some kind of accommodation that they could avail themselves of, either at 14th Street or at the Hoboken Train Station. We haven't studied that one as deeply. But I don't think that a subsidy program-- We're trying to-- I think the first thing is to provide relief to the public systems, not to provide relief to the private automobile driver.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblyman Kennedy.

ASSEMBLYMAN KENNEDY: You mentioned Carteret and South Amboy. Has Elizabeth been considered at all, or does that make any sense?

MR. POHAN: Years ago -- and I'm going to struggle to remember the developer's name--

ASSEMBLYMAN KENNEDY: Dil Hoda?

MR. POHAN: --where the property -- there's property right near Jersey Gardens.

ASSEMBLYMAN KENNEDY: Right.

MR. POHAN: And at one point, the County of Union was looking to acquire the property and establish a ferry service there, in conjunction with a large residential project which would be right there on that site. But this would also make ferries available with a bus connection to Newark Airport, and for traffic to Jersey Gardens as well.

That, as was Bayonne -- it's one of those things that died as the real estate market fell apart.

ASSEMBLYMAN KENNEDY: It was a bit more than that; there were a couple of jail terms.

MR. POHAN: Oh, that I don't know about. (laughter)

But since that time, we have heard nothing from Elizabeth. I guess that's what you call a toxic site now; I don't know.

ASSEMBLYMAN KENNEDY: I think eventually it'll rebound. It is a peninsula there--

MR. POHAN: Yes.

ASSEMBLYMAN KENNEDY: --and it's a great site.

MR. POHAN: Yes.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman. Armand, thank you very much for your testimony. We appreciate it.

MR. POHAN: Thank you.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call, from SeaStreak, Tom Wynne and Jim Barker.

J A M E S B A R K E R: Yes.

ASSEMBLYMAN WISNIEWSKI: Good morning, gentlemen.

MR. BARKER: Good morning.

T H O M A S W Y N N E: Good morning.

ASSEMBLYMAN WISNIEWSKI: Please proceed.

MR. BARKER: Thank you, Mr. Chairman and Committee members.

I'm the President of SeaStreak, and Tom Wynne is Vice President and General Counsel of SeaStreak; and we work closely together. Tom is a graduate of New York Maritime, a licensed deck officer as well.

But we are here today, and happy to answer any questions you have about our service with New Jersey DOT, from Atlantic Highlands to Jersey City and Hoboken, which we have been performing over the last several years.

ASSEMBLYMAN WISNIEWSKI: Correct. Do you have any opening that you wanted to provide?

MR. BARKER: I did not prepare any opening.

ASSEMBLYMAN WISNIEWSKI: That's fine.

So since I extended the invitation, let me start.

I tried to take your service from the Atlantic Highlands; I went down last week, the one day it was canceled--

MR. BARKER: Yes.

ASSEMBLYMAN WISNIEWSKI: --at 7:45 in the morning. And a lot of the folks there had to scramble to find another way to get into the City.

You know, a lot of people get dropped off; and this is a parking lot, of course, and some people had their cars. And they were given the opportunity to go down, I guess, to the Highlands -- there's a ferry that leaves shortly thereafter.

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: But there didn't seem to be any mechanism for when a ferry is canceled -- since there are so many other ferry services in that area -- to address that. Do you have any plans to do something like that?

MR. BARKER: We typically have a backup boat. That particular morning, the backup boat was out of service with some scheduled maintenance. But we like to have a backup boat available so that we can come in and cover those runs. We're currently building a new vessel right now.

Our large ferries hold 500 people; and they're unsubsidized. So when one of those ferries goes down, and you have a full boat, you really have a problem. So our new boat is going to carry 600 people; it's being constructed at a cost of \$14 million. So that is the best solution.

You know, we apologize that that boat did have a mechanical issue right at the last minute on the way over for your run. That's very

unfortunate, obviously, for the passengers and yourself who were trying to get to work.

Although we do let the customers board our regular service into the City -- so the next boat was at 8:00 a.m., even though it was in our Highlands location--

ASSEMBLYMAN WISNIEWSKI: Right.

MR. BARKER: --which we have to have, because we don't have enough parking in one location. But in any case, we do also reimburse the customers for the New York Waterway service to get them over to Jersey City and Hoboken.

ASSEMBLYMAN WISNIEWSKI: Yes, they had mentioned that.

MR. BARKER: Yes.

ASSEMBLYMAN WISNIEWSKI: They had mentioned that.

So you have -- out of the Atlantic Highlands, you have two services.

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: You have the subsidized service--

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: --that's on the green card; and then the non-subsidized service.

So the subsidized service only came about when, I guess, there was a request for proposals?

MR. BARKER: That's correct.

ASSEMBLYMAN WISNIEWSKI: Okay. Tell me about that process. Was that a request for proposals from New Jersey DOT or from the Port Authority?

MR. BARKER: New Jersey DOT; yes.

ASSEMBLYMAN WISNIEWSKI: Okay. And tell me about that process.

MR. BARKER: Okay.

MR. WYNNE: And Jim, I can-- If you'd like, I can do that.

We were contacted on several occasions, almost a year before the service actually started. During the timeframe -- I believe we started in April of 2014; is that right? So back in the fall of 2013, some folks from New Jersey DOT had contacted people in our office, asking about whether or not we would be able to establish a service. It was sporadic phone calls now and then. But then, in the spring of 2014, that's when -- that's my first recollection of when I became involved.

ASSEMBLYMAN WISNIEWSKI: Sure.

MR. WYNNE: And New Jersey DOT was interested in starting a service. One of the principle requests was that there be parking available. And we had, about a year earlier, a year-and-a-half earlier, purchased some additional parking. That's one of the big impediments to ferry service -- is being able to provide enough parking if you're serving people who drive into your lot, as opposed to coming in by public transportation.

So we did have some additional space available; space that we wouldn't have had a year-and-a-half earlier, but we picked up this additional property in New Jersey.

So we had discussions with the New Jersey DOT; we presented a proposal, and that proposal was negotiated and accepted in April 2014.

So to correct the question that Jim answered for you -- I do not believe there was an RFP for the initial commencement of the service.

ASSEMBLYMAN WISNIEWSKI: It just was a negotiation?

MR. WYNNE: It was questions, and us making answers, and providing a proposal, and some negotiation, and then we started the service. So I think you would have to direct those questions to the New Jersey DOT folks. But it was very clear that that was a short period of time; and then there was an RFP later that year, which we responded to.

ASSEMBLYMAN WISNIEWSKI: Okay. So initially, it was a negotiation, then there was an RFP.

MR. WYNNE: That's correct.

ASSEMBLYMAN WISNIEWSKI: The question I have is that - - for instance, at the Atlantic Highlands facility you already have ferry service; and that ferry service doesn't go directly to Jersey City. But you can get to Jersey City by using that ferry service.

MR. WYNNE: You could take our service into the City, and then take New York Waterway across to New Jersey.

ASSEMBLYMAN WISNIEWSKI: Right. And in fairness, the ferry -- you're getting subsidized for that one run, but not for the others.

MR. WYNNE: That's correct.

ASSEMBLYMAN WISNIEWSKI: Right. So the question I have is -- and maybe you might not know the answer to this -- but you had started your answer by talking about having the additional parking. But the

ferry service wasn't about parking; it was about going to Jersey City, wasn't it?

MR. WYNNE: Well, again, these are questions you probably want to ask New Jersey DOT. But what we understood was that whoever was going to operate the service needed to be able to accommodate or facilitate the cars being driven in by the people who would ride it.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. WYNNE: So you're right -- it was about people getting to Jersey City and to Hoboken.

ASSEMBLYMAN WISNIEWSKI: So for instance, it wasn't about going to any of your existing locations.

MR. WYNNE: That's correct.

ASSEMBLYMAN WISNIEWSKI: It was about going to a new location.

MR. WYNNE: That's correct; that's right.

ASSEMBLYMAN WISNIEWSKI: Okay. And were you made aware of any ridership numbers; were you given any projections as to how many riders you could expect in return for-- Like, how did the subsidy get calculated?

MR. WYNNE: I have no idea. And I don't recall -- and maybe Jim does -- I don't recall whether anybody told us about studies or ridership data.

MR. BARKER: No, we weren't given any; we just bid on the service.

ASSEMBLYMAN WISNIEWSKI: So when you bid on the service, did you know how much of a subsidy there was going to be?

MR. BARKER: No; we had no idea. We just bid a number that we could provide the service for.

ASSEMBLYMAN WISNIEWSKI: Subsidized or unsubsidized?

MR. BARKER: We were asked to bid -- basically, charter the boat on a daily basis for over a period of time. And that it would be subsidized.

ASSEMBLYMAN WISNIEWSKI: No; but what I'm trying to get at is that you submitted to them a proposal; maybe not an official bid, but some kind of proposal. Was that based on how much it would cost per passenger; was that based on how much it would cost -- what you needed to earn in revenue? What was your proposal based on?

MR. BARKER: What we needed to earn in revenue. We, I believe, had projections of about four times as many -- internal projections - - about four times as many people than actually showed up. So the numbers were a lot lighter than we had anticipated.

ASSEMBLYMAN WISNIEWSKI: So the-- I'm just trying to get to-- So when you submitted a number to New Jersey Transit--

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: --you said, "We need to get paid X dollars for each boat."

MR. BARKER: For each day.

ASSEMBLYMAN WISNIEWSKI: For each day. And it's two services in, two services out.

MR. BARKER: I believe it's two runs in and three runs out.

ASSEMBLYMAN WISNIEWSKI: Okay. So you calculated what your costs would be, and you gave that number to New Jersey Transit.

MR. BARKER: That's correct.

ASSEMBLYMAN WISNIEWSKI: Then how did the subsidy get calculated? At some point in time, you had a conversation -- or somebody in your organization had a conversation -- saying, "We'll give you this much; you have to charge this much."

MR. WYNNE: Well, they were essentially renting the boat. They essentially said, "What would it take to get this boat in our--"

ASSEMBLYMAN WISNIEWSKI: But you're charging \$12.

MR. WYNNE: We are charging--

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. WYNNE: --a fare; correct. But we're charging -- we were charging a per diem for the use of the boat.

ASSEMBLYMAN WISNIEWSKI: Understood. But I'm saying is that as part of that conversation with New Jersey Transit at the time, did they say, "Well, we want to keep the fare at \$12"? I mean, you're charging \$27 for your other service.

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: Why not charge \$27 for this service?

MR. WYNNE: You know, I don't remember-- We had talked about it ahead of time. I don't remember how the fare came to be; and maybe, Jim, if you--

MR. BARKER: Yes, it was a combination of a fare and a per diem that we submitted. That's what we--

MR. WYNNE: I mean the actual fare, though. I think the Chairman is asking about the actual fare -- the passenger fare.

MR. BARKER: Oh; we needed the fare to be somewhat competitive, I think, for DOT purposes. I think they wanted the lowest fare that we could give them.

ASSEMBLYMAN WISNIEWSKI: So when you were submitting the number, you knew there was going to be some kind of subsidy?

MR. WYNNE: Absolutely.

MR. BARKER: Oh, yes. There was the fare and the subsidy.

ASSEMBLYMAN WISNIEWSKI: So how did you submit your bid if you didn't know what the subsidy would be?

MR. BARKER: We bid the subsidy.

MR. WYNNE: We explained to them what we needed to run the boat. We had chartered-- I mean, this wasn't a new type of a situation. We had to charter a boat after the hurricane to the folks in New York -- to the New York Economic Development Corporation. We used the same exact model when we were contacted by the DOT.

ASSEMBLYMAN WISNIEWSKI: So who chose the \$12 fare?

MR. BARKER: We did.

ASSEMBLYMAN WISNIEWSKI: You did; okay. So your proposal to New Jersey Transit was, "If you pay us X , we can provide a service at \$12 a person each way."

MR. BARKER: That's correct.

ASSEMBLYMAN WISNIEWSKI: Okay. So my question is, is why not propose -- like, why wasn't the proposal-- Since you're already charging \$27, why offer that \$15 discount on that one particular service?

MR. BARKER: I don't recall exactly what the conversations were, but I believe that they wanted to keep the fare as reasonable as possible.

ASSEMBLYMAN WISNIEWSKI: So they chose the fare?

MR. BARKER: No; I think we chose the fare.

ASSEMBLYMAN WISNIEWSKI: So you chose the \$12?

MR. BARKER: Yes, as the lowest point that we could go. And I think, also, some of the reasoning was that, you know, if you go really low, then people could actually use the service to go to Jersey City and then transfer back to Manhattan on New York Waterway for \$5. So you didn't want to create an incentive also for our normal commuters to take advantage of that.

ASSEMBLYMAN WISNIEWSKI: Now, what's been the average ridership on this line? It's lower than you expected.

MR. BARKER: Oh, definitely.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. BARKER: Yes.

ASSEMBLYMAN WISNIEWSKI: I mean, I read one newspaper report that said less than 100 folks on a boat.

MR. BARKER: Some days; I think more recently, it's been about 115, probably.

MR. WYNNE: It was 99 this morning.

ASSEMBLYMAN WISNIEWSKI: Okay. And what was your expectation?

MR. WYNNE: That's not per boat; that's for the morning.

ASSEMBLYMAN WISNIEWSKI: For the morning; two boats.

MR. WYNNE: So it was -- on one run, we had 70-some-odd this morning; and then on another, we had about 30.

ASSEMBLYMAN WISNIEWSKI: Right. You have two boats and 99 for the whole day--

MR. WYNNE: Correct.

ASSEMBLYMAN WISNIEWSKI: --going in.

MR. WYNNE: Correct.

ASSEMBLYMAN WISNIEWSKI: And your expectation was about four times that number?

MR. BARKER: That's correct.

ASSEMBLYMAN WISNIEWSKI: Okay. So you're earning less revenue than you expected to be able to run this service.

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: You've been doing this service for about two-and-a-half years now.

MR. WYNNE: April of 2014.

ASSEMBLYMAN WISNIEWSKI: Has the subsidy changed to match that lowered expectation?

MR. BARKER: No.

MR. WYNNE: It's actually lower.

MR. BARKER: Yes, we rebid this, through an RFP process, and we reduced our rates, our subsidy, by \$800.

ASSEMBLYMAN WISNIEWSKI: So I have to ask you the business question. You're earning less on it than you expected; why did you rebid it? You have so little ridership on it.

MR. WYNNE: Well, when we rebid it, it was only six months - less than six months after it started. It started in April of 2014; the RFP came out, I believe, in September of 2014. And we submitted early October.

ASSEMBLYMAN WISNIEWSKI: But you've signed up again, serially; I mean, it's been in six months installments. So we're now two-and-a-half years later. So that's five renewals -- four renewals. If the ridership is a quarter what you expected and you're earning less money than you had, why keep signing up?

MR. WYNNE: New Jersey DOT asked us to continue to do the service. And we had the availability, so we did.

MR. BARKER: There was a bid -- you know, we assumed we were bidding against other potential ferry operators. So we sharpened our pencil.

ASSEMBLYMAN WISNIEWSKI: But you're losing money on it.

MR. BARKER: No.

MR. WYNNE: We're not losing money; no.

ASSEMBLYMAN WISNIEWSKI: Okay. So--

MR. BARKER: Less money than -- we're making less money than our projections, but--

ASSEMBLYMAN WISNIEWSKI: But you have a quarter of the total ridership you expected, and it's still working out.

MR. WYNNE: Yes.

MR. BARKER: Yes.

ASSEMBLYMAN WISNIEWSKI: Okay. And when is the last time you renewed that contract?

MR. WYNNE: New Jersey DOT renews with us.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. WYNNE: So--

ASSEMBLYMAN WISNIEWSKI: But you had to sign for it, so--

MR. WYNNE: Yes.

ASSEMBLYMAN WISNIEWSKI: So when was the last time you signed up?

MR. WYNNE: March 13, 2017; a six-month extension from May 2017 through October 31, 2017.

ASSEMBLYMAN WISNIEWSKI: And as we're speaking today, you're still getting the subsidy money?

MR. BARKER: Yes.

MR. WYNNE: Yes.

ASSEMBLYMAN WISNIEWSKI: And that's paid to you by New Jersey Transit.

MR. BARKER: New Jersey DOT.

MR. WYNNE: New Jersey DOT.

ASSEMBLYMAN WISNIEWSKI: DOT; okay. And you have no idea on where that money comes from when it comes from New Jersey DOT?

MR. BARKER: No, sir.

ASSEMBLYMAN WISNIEWSKI: Okay.

Any other questions?

ASSEMBLYWOMAN VAINIERI HUTTLE: I do.

ASSEMBLYMAN WISNIEWSKI: Yes, Vice Chair.

ASSEMBLYWOMAN VAINIERI HUTTLE: I'm a little confused.

First of all, I only, really, have the background by reading some articles. So I didn't realize that-- So I just want, for clarification-- You started the process because the Pulaski Skyway was under construction. Would that be correct?

MR. BARKER: That's what we were told.

ASSEMBLYWOMAN VAINIERI HUTTLE: So that was in 2014.

MR. BARKER: Right.

ASSEMBLYWOMAN VAINIERI HUTTLE: I thought the Port Authority was subsidizing, not the DOT. I thought it was Port Authority giving you the subsidies, is what I read.

MR. WYNNE: That's what I read as well. But I think the first time -- at least, speaking for myself -- the first time I saw Port Authority mentioned in any way, shape, or form, with respect to what we're doing for New Jersey DOT, was in that article.

ASSEMBLYWOMAN VAINIERI HUTTLE: Now, so, just-- Is there another ferry service providing transportation, other than SeaStreak? Does Waterway provide that as well? Are there other ferries going back and forth from the northern Highlands area?

MR. BARKER: Waterway does compete against us down the road; but it's several miles away from that location.

ASSEMBLYWOMAN VAINIERI HUTTLE: But you have always been doing the service; it's just that now you got the RFP for a subsidy. Would that be correct?

MR. WYNNE: No, our service was to Manhattan. Our service is from Highlands and Atlantic Highlands to Manhattan; that was our traditional route.

ASSEMBLYWOMAN VAINIERI HUTTLE: And now the subsidy is bringing you to Jersey City.

MR. BARKER: Right.

MR. WYNNE: That's correct.

ASSEMBLYWOMAN VAINIERI HUTTLE: And then someone else picks up Jersey City to go over to Manhattan.

MR. BARKER: Waterway runs--

ASSEMBLYWOMAN VAINIERI HUTTLE: You don't provide that service.

MR. BARKER: --between Hoboken and Jersey City and Manhattan; so, not us.

ASSEMBLYWOMAN VAINIERI HUTTLE: Okay. What's the status of the Pulaski Skyway? Do we know? Is it completed; it's still--

ASSEMBLYMAN WISNIEWSKI: It's under construction.

ASSEMBLYWOMAN VAINIERI HUTTLE: So do we know-- So in other words, this subsidy will probably continue, when you do your RFPs, until the completion of the Pulaski Skyway?

MR. WYNNE: We don't know; that's a question for New Jersey DOT.

MR. BARKER: I think October is the expiration of our contract.

MR. WYNNE: Our current contract.

ASSEMBLYWOMAN VAINIERI HUTTLE: So right now, you're the only ferry service with subsidies from -- whether it's Port Authority, DOT -- because of this situation with the Pulaski Skyway.

MR. BARKER: Yes, I believe so.

ASSEMBLYWOMAN VAINIERI HUTTLE: And I'm just trying to understand this -- but you thought you were getting four times the ridership, and you're getting less, and you're still able to provide that service for under 100 people. It just doesn't make-- I'm trying to grasp how sensible it is.

MR. BARKER: Yes. Obviously, the service wouldn't exist without a subsidy.

ASSEMBLYWOMAN VAINIERI HUTTLE: But it seems to me that the people -- under 100 people-- There's really not a real clamoring need for it. And to subsidize, I think-- Is it \$7,200 a day--

MR. BARKER: Yes.

ASSEMBLYWOMAN VAINIERI HUTTLE: --comes out to how much -- millions of dollars?

ASSEMBLYMAN WISNIEWSKI: It's \$1.8 million.

ASSEMBLYWOMAN VAINIERI HUTTLE: What's the figure?

ASSEMBLYMAN WISNIEWSKI: It's \$1.8 million.

ASSEMBLYWOMAN VAINIERI HUTTLE: We could have a Light Rail for that amount of money. I'm just saying it seems to be an astronomical amount of money thrown into -- no disrespect to SeaStreak -- but thrown into an area where there's really not a clamoring need, and it just doesn't make sense. I feel -- I don't know where the waste or inefficiencies exist -- whether it's in DOT, whether it's in Port Authority, whether it's in SeaStreak. I'm just trying to understand where the inefficiencies-- You would agree that there is something wasteful there, or inefficient there, I should say.

MR. WYNNE: Well, as Jim said, we could not operate this route without the subsidy. We would lose a lot of money without the subsidy.

ASSEMBLYWOMAN VAINIERI HUTTLE: I understand that. But maybe the route doesn't even need to be operated, is the question, I guess. I don't know; that's a question.

MR. BARKER: Right. You know, that is a good question. But we were asked, by New Jersey DOT, to bid on this; they wanted to run this service, so we provided the bid. The number that we bid -- the \$7,200 a day that you are referring to -- is in line with market rates. We charged, I believe, New York City closer to \$8,000 a day after Hurricane Sandy, with a similar boat to the Rockaways; a similar distance run to New York City recently. In fact, we had to charter in a boat this summer to cover for us when we had a boat down, and the boat cost us \$7,700 a day. So we lost \$500 a day on having to charter in another vessel.

So it's expensive, I think, to run a boat; it's very costly with fuel, maintenance. These engines are expensive; these boats are expensive,

as you heard before. Crews have to be trained; there are insurances involved. But I think that is a fair market rate for the boat. I can't control how many people come.

ASSEMBLYMAN WISNIEWSKI: Are you done, Val?

ASSEMBLYWOMAN VAINIERI HUTTLE: (looking at SeaStreak pamphlet) No, I'm just looking at how outrageous I believe that the fares seem to be. But then again, you know, I think there needs to be further, I would think -- not *investigation*; I don't want to use the word -- but further--

ASSEMBLYMAN WISNIEWSKI: Looking into. Same thing.

ASSEMBLYWOMAN VAINIERI HUTTLE: --looking into, or getting the answers, quite frankly, for the reasoning and the rationale. It just seems to me a wasteful amount of money, and where there could be consolidation of partnerships.

But yes; thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Kennedy.

ASSEMBLYMAN KENNEDY: You had mentioned that you're in process of purchasing another boat for 600 people for ridership. Is that for this location?

MR. BARKER: That is for the Atlantic Highlands-Highlands-to-Manhattan route. So our current vessels are-- On some runs we have more demand than seats for our 500-passenger vessels, which we have four of. And so we specialize in the big, longer-haul market into the City. Also we do the longest ferry run in the United States, from the Jersey Shore to Manhattan, to the Vineyard and Nantucket, on Friday nights. So that boat would be utilized in that service as well.

But yes, we're pushing the capacity of 500 on our unsubsidized run, which has a ticket price of \$675 a month. It is not subsidized, and that's what we need to charge. The price is high.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

So I just want to come back to-- Let me ask you this question. Given the low ridership, would you agree that there doesn't seem to be much utility in this line?

MR. BARKER: Ridership is certainly disappointing, and it would not be a run that I would try to initiate without a subsidy, you know, such as an example New York Waterway made recently. They are trying to run unsubsidized on a run. I would probably not choose to do that in this case, based on that ridership. The price would have to go up unsubsidized, so that would probably mean fewer riders.

ASSEMBLYMAN WISNIEWSKI: You know, because reading through the *New York Times* story about this particular ferry service, and a number of the riders remarked, "How could you beat a ferry ride for \$12 to get to Jersey City?" Was there ever any discussion-- I mean, your other ferries out of the same location are \$27. They go to Manhattan, but was there ever any discussion about, "Well, we'll just take them from Manhattan, right across the river; it's a short distance"?

MR. BARKER: We don't run that, so that would be--

ASSEMBLYMAN WISNIEWSKI: But you could.

MR. BARKER: We could, possibly; but New York Waterway runs that service. Maybe-- I'm not sure what discussions were had with New York Waterway, but that--

ASSEMBLYMAN WISNIEWSKI: No, no; I'm just talking about-- So you have entered into a business arrangement where you have allocated equipment and a backup piece of equipment to service this one subsidized route. And the goal you were given is to get people to Jersey City.

MR. BARKER: Right.

ASSEMBLYMAN WISNIEWSKI: Now, isn't it true that you could have accomplished the same thing by using your existing service and just running a ferry from your Manhattan location across to Jersey City.

MR. BARKER: That would be true.

ASSEMBLYMAN WISNIEWSKI: And since you already have that service of people going into New York City, the only subsidy you really would've needed would be the subsidy to go across the Hudson.

MR. BARKER: That could have been accomplished; certainly.

ASSEMBLYMAN WISNIEWSKI: Okay.

Any other questions?

Assemblyman Chiaravalloti.

ASSEMBLYMAN CHIARAVALLOTTI: I don't want to beat a dead horse; and I know there are a lot of questions that are better posed to - - whether it's the State or Port Authority; we'll figure it out as this goes on.

This \$12 ticket cost -- that's an internal decision. That was not done through negotiations with DOT?

MR. BARKER: No, it was not, to my best recollection. We were asked to provide a fare as reasonably priced as possible. And so we came up with that internally.

ASSEMBLYMAN CHIARAVALLOTI: Based upon the subsidy, you had testified that the line is making money, basically, because of the subsidy. Let me just ask you, point blank: Do you even need to charge the \$12 to make money off this line?

MR. BARKER: I don't have that information in front of me at this moment; but I'd have to look at that.

ASSEMBLYMAN CHIARAVALLOTI: Because when you calculate, on average, 100 rides a day for a 5-day work week; and you factor that out, and you calculate that number -- which is about \$300,000, compared to the \$1.8 million -- it just doesn't-- Quite frankly, it's almost 100 percent subsidy. I mean, this line only exists because of DOT's request and subsidy. And when we're talking about subsidy, I think it's a little bit confusing -- certainly to me -- because you don't perceive it as a subsidy, because this is a per diem rental. Okay.

Look, I appreciate you guys coming in. I do think we, sort of, need more details on what the thinking was on how this was going to alleviate street traffic because of the Pulaski Skyway. Quite frankly, I'm confused by that notion. But that's not a question you can answer.

But thank you, guys.

MR. BARKER: Sure.

ASSEMBLYMAN WISNIEWSKI: The Assemblyman had asked a question; I don't know if you were-- I know you said you didn't have it currently, but could you provide that information to the Committee?

MR. BARKER: Yes, I think we could. I think your statement is probably factually correct, though.

ASSEMBLYMAN CHIARAVALLOTI: Okay; thank you.

ASSEMBLYMAN WISNIEWSKI: Yes; if you would get that to us, I would appreciate it.

Anyone else? (no response)

Gentlemen, thank you.

MR. BARKER: Sure.

MR. WYNNE: Thank you.

ASSEMBLYMAN WISNIEWSKI: I'd like to call on Michael Massiah, Chief of Capital Planning at the Port Authority.

Good morning, Tina; good morning, Michael.

C R I S T I N A L A D O: Chairman.

ASSEMBLYMAN WISNIEWSKI: Do you have an opening?

M I C H A E L G. M A S S I A H: Yes.

ASSEMBLYMAN WISNIEWSKI: Please proceed.

MR. MASSIAH: Well, good morning, Chairman Wisniewski and members of the Committee. Thank you for the opportunity to attend today's hearing on behalf of The Port Authority of New York and New Jersey.

My name is Michael Massiah, and I have been with the Port Authority employee for 36 years. I currently serve as the Chief of Capital Planning, Execution, and Asset Management. In that role, I am responsible for services that help ensure the agency's capital plan is achieved and that prioritized projects are advanced within the financial capacity of the agency.

I also oversee the Project Management Office, the Planning and Regional Development Department, Office of Business Diversity and

Civil Rights, the Office of Environmental and Energy Programs, World Trade Operations, Real Estate Services, and Operations Services as well.

Capital Planning and Asset Management has primary responsibility for establishing the annual capital budget for, monitoring performance of, and providing technical assistance for the delivery of the Port Authority's 10-year capital plan, which was authorized by the Board of Commissioners in February of this year. The \$32.2 billion plan is the agency's largest ever. The plan focuses on the agency's core mission to develop and manage critical transportation infrastructure for the New Jersey and New York metropolitan area.

Our 10-year capital plan focuses on four key priorities: \$8.8 billion for renewing existing assets; \$11.1 billion for projects to expand, improve connectivity, and meet the future transportation demands of the region; \$4.7 billion partnering with Federal and regional stakeholders for resiliency and new transportation initiatives; and \$7.6 billion to complete and deliver projects currently under construction.

Now, a little background on our involvement with the New Jersey Department of Transportation.

As of 2011, New Jersey infrastructure that provided access to Port Authority facilities in the New York and New Jersey area was hard-pressed to support the then-current level of economic activity. Roadways and other access routes had deteriorated and were overburdened because use of those assets was beyond their capacity. Improvements to the main routes in the area of Port Authority facilities would improve and strengthen access to and between the Hudson River crossings.

In order to move people and goods throughout our metropolitan region, and to ensure successful industrial and commercial operations, the Port Authority and the New Jersey Department of Transportation -- which I will refer to as *DOT* -- agreed to work together to make improvements to approaches and connections to the Lincoln Tunnel, to facilitate the movement of this traffic to the Lincoln Tunnel, and address traffic congestion and issues that hamper economic competitiveness for our metropolitan region.

On March 29, 2011, the Port Authority adopted a resolution authorizing the Executive Director, in consultation with the Chairman of the Committee on Operations, for and on behalf of the Port Authority to effectuate the Port Authority's participation with the New Jersey Department of Transportation in the Pulaski Skyway/Route 139, Witt Penn Bridge, and Route 1 and 9T projects. Also it was agreed that we would enter into an agreement -- or agreements with the New Jersey Department of Transportation in connection with the Port Authority's participation.

Based on the action by the Board, the Port Authority executed a Program Management Agreement with the New Jersey Department of Transportation, dated July 29, 2011. Under the agreement, the Port Authority was required to provide funding for these projects in an aggregate amount not to exceed \$1.8 billion, the availability of such funding being subject to Board approval. The agreement was later amended, making NJDOT solely responsible for the design, procurement, and construction of the improvements; and the Port Authority's sole responsibility was to provide the funding as outlined in the Program Management Agreement.

Additionally, the Inspector General at each agency -- New Jersey DOT and the Port Authority -- would jointly manage a fraud protection program which, among other items, will include an independent integrity monitor.

In July 2017-- Now, to the present. Now, in July 2017, the then-Chairman and Executive Director of the Port Authority learned from press reports that the Port Authority had reimbursed the New Jersey Department of Transportation for subsidies paid to the operator of ferries from Atlantic Highlands, New Jersey, to Hoboken and Jersey City, New Jersey, based upon the agreement which I have described.

Upon learning of the payments, the Chairman and Executive Director immediately directed such payments be stopped, and requested that the Port Authority Office of Inspector General investigate the circumstances surrounding the payments to the New Jersey Department of Transportation.

The OIG's investigation is pending. I am confident that the OIG will conduct a thorough and full investigation of the matter of the reimbursement for the subsidy payments made by the New Jersey Department of Transportation.

Pursuant to Section III J of the Port Authority by-laws, the OIG is an independent office within the Port Authority, responsible for receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third-party individuals or organizations doing business with the Port Authority. The OIG reports directly to the Board of Commissioners, and not to the management staff of the Port Authority.

The OIG routinely works with Federal prosecutors, State prosecutors, and local prosecutors. Since its inception in 1992, the OIG has conducted more than 1,700 investigations, resulting in over 500 arrests. The OIG was the lead investigating office on a series of recent high-stakes, high-visibility investigations.

Based upon the foregoing, as I said I am confident that the OIG will conduct a thorough and full investigation of the matter of the reimbursement for the subsidy payments made by the New Jersey Department of Transportation.

In view of the pending OIG investigation, it would be inappropriate for me to make any further comment regarding the reimbursement payments for ferry subsidies.

Now, onto our role in ferries, from a historical perspective.

The Port Authority's interstate transportation role, historically, has included consideration of multiple modes to meet the region's demand for transportation between New York City and New Jersey. In the mid-1980s, the agency included revival of passenger ferry service between Hoboken Terminal and Lower Manhattan as part of a broader strategy to ease peak-period pressure on PATH services.

In 1988, the Port Authority awarded a contract to New York Waterway to operate a ferry between Hoboken Terminal and Battery Park City in Lower Manhattan under a long-term contract. Under the agreement, the Port Authority provided access to landing sites in Hoboken and Battery Park City, and agreed to build a permanent ferry terminal at both locations.

New York Waterway provided the vessels, temporary terminals, and operated the service at no expense to the Port Authority. During the past decade, the Port Authority invested a total of \$150 million to build the Battery Park City Ferry Terminal and to share, with New Jersey Transit, the cost of rehabilitating the historic Hoboken Ferry terminal.

The Hoboken to Lower Manhattan services, sponsored by the Port Authority, are part of a larger complement of trans-Hudson ferry services. In total, they carry about 30,000 total trips on an average weekday. Currently, the various routes serve 12 locations in New Jersey and four locations in New York City.

The Port Authority, working with our regional transportation partners in both New Jersey and New York, continues its efforts to address the issue of cross-Hudson commutation. The agency's facilities, whether the PATH Rail system, or the bridges and tunnels, or bus terminals require our ongoing capital investments, human resources, and our transportation planning investments for the future. That is a role in which we are proud to serve.

With that in mind, I am available to answer your questions.

ASSEMBLYMAN WISNIEWSKI: Thank you for taking the time to be with us.

What does the Port Authority currently do, in this current fiscal year, in terms of subsidizing -- providing operational subsidies for ferries?

MR. MASSIAH: We do not subsidize operations for our ferry services that I mentioned.

ASSEMBLYMAN WISNIEWSKI: Okay. Up until, of course, the--

MR. MASSIAH: The news that we all--

ASSEMBLYMAN WISNIEWSKI: --Chairman and the Executive Director halted the subsidy payments that were being made, correct?

MR. MASSIAH: That was revealed to us via the news article that you all referenced.

ASSEMBLYMAN WISNIEWSKI: But that was the only other subsidy; but that's not currently being paid out now -- is your testimony.

MR. MASSIAH: Correct.

ASSEMBLYMAN WISNIEWSKI: So the question I have is, when you led into that, you talked about the \$1.8 billion, that the Port Authority made sure that New Jersey DOT had available, for the Pulaski Skyway and associated projects. Was that subsidy part of that \$1.8 billion, or was that a separate amount?

MR. MASSIAH: Chairman, again, the Office of--

ASSEMBLYMAN WISNIEWSKI: I'm not asking about the investigation; I'm just asking about the numbers. I mean, if you want, I'm sure we can go dig through the Port Authority budget; but I'm sure it's something that you are probably a lot more familiar with. Was the subsidy part of the \$1.8 billion, or was it a separate item, outside the \$1.8 billion?

MR. MASSIAH: And I'm answering you the way I know it.

ASSEMBLYMAN WISNIEWSKI: Which is?

MR. MASSIAH: And that is -- that is part of an investigation.

ASSEMBLYMAN WISNIEWSKI: So you don't know the answer.

MR. MASSIAH: I don't know the answer.

ASSEMBLYMAN WISNIEWSKI: Okay; you could have said that.

So right now, is the reason for the investigation because the Port Authority doesn't know whether or not that money was part of the \$1.8 billion; or is it separate and apart from where the money came from?

MR. MASSIAH: Again, Chairman, I don't know the specifics as it relates to that matter. I know that we provided \$1.8 billion to the Department of Transportation for projects that I listed in my opening comments.

ASSEMBLYMAN WISNIEWSKI: So, take this as a representative of the Port Authority.

In my 22 years in the Legislature, my 16 years chairing this Committee, the Port Authority has been one of the least transparent agencies. A simple question -- like, is the subsidy part of the \$18 billion or not -- is greeted with what I'm sure counsel has advised you that you should be saying -- is that, "It's part of an investigation." It's a budget number. Either the Port Authority is in control of its budget, or it is not. If the testimony today is the Port Authority is not sure where \$1.8 billion a year came from that went to New Jersey Transit, that's alarming. And that underscores part of the frustration that I have had, as a Legislator and Chair, and other members of the Legislature has had with the Port Authority.

When you talked about the Office of Inspector General, and you said -- and I'm sure you meant it in a laudatory sense -- that there were 500 arrests resulting from OIG investigations, my initial thought was, "Oh my God, the Port Authority has that little control -- internal control over what it's doing that 500 people had to be arrested because of it." This is an agency that is neither transparent, nor accountable. And it is very frustrating to try to make policy for the State of New Jersey when we couldn't get answers.

And I'll just leave you on this note. Last time we couldn't get answers this Committee had to resort to subpoena authority. This Committee was given subpoena authority, and we started investigating the operations and finances of the Port Authority. And in that time we found an e-mail that said, "Time for traffic problems in Fort Lee." I don't think the Port Authority wants to have this Committee go back down that path again with further subpoena authority.

And with that, I'll open it up to other members.

ASSEMBLYMAN GIBLIN: Mr. Chairman.

When did the actual Office of Inspector General begin their inspection -- or their investigation of this issue dealing with the money -- the subsidy for ferry service? When was this article you're talking about--

ASSEMBLYMAN WISNIEWSKI: July.

MR. MASSIAH: July.

ASSEMBLYMAN GIBLIN: July, what year?

ASSEMBLYMAN WISNIEWSKI: This year.

MR. MASSIAH: It was 2017.

ASSEMBLYMAN GIBLIN: So is there any expected date for completion?

MR. MASSIAH: As you know, with investigations of this type, they will go anywhere and everywhere. They will be fearless and they will have no consideration of who they have to go after in terms of getting information to address this matter.

ASSEMBLYMAN GIBLIN: Thank you.

ASSEMBLYWOMAN VAINIERI HUTTLE: Just a quick--

ASSEMBLYMAN WISNIEWSKI: Vice Chair.

ASSEMBLYWOMAN VAINIERI HUTTLE: Just to follow up on that.

It seems to me that there would have never been an OIG investigation had there not been an article revealing --

ASSEMBLYMAN WISNIEWSKI: That's a good point.

ASSEMBLYWOMAN VAINIERI HUTTLE: --the \$1.8 billion -- billion?

ASSEMBLYMAN WISNIEWSKI: Billion.

ASSEMBLYWOMAN VAINIERI HUTTLE: It's amazing, because it seems that that number was thrown out there first, and then they worked backwards to bring that \$1.8 billion--

ASSEMBLYMAN WISNIEWSKI: Well, the subsidy was \$1.8 *million*--

ASSEMBLYWOMAN VAINIERI HUTTLE: Yes, but--

ASSEMBLYMAN WISNIEWSKI: Right.

ASSEMBLYWOMAN VAINIERI HUTTLE: --but it seemed that it was out there, and they grabbed the \$1.8; it seems the \$1.8 is

million, billion -- both numbers. But it's unfortunate that an investigative reporter had to highlight the need for accountability in the Port Authority. And you know -- and we wonder, again -- it goes back to the toll hikes and everything else about transparency in the Port Authority, and we've been dealing with these challenges for years -- how a reporter got his hands or her hands, on that. The Chairman didn't know or wasn't aware; and then, of course, now there's a pending investigation. It just raises a lot of questions. And it does; it's very alarming and it's very unfortunate.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

Thank you both.

MR. MASSIAH: Thank you.

MS. LADO: Thank you, Chairman.

ASSEMBLYMAN WISNIEWSKI: Our final two -- and I'll call them together, since they're from the same family, different addresses -- from New Jersey Transit, Ronald Nichols; and from New Jersey DOT, Scott Thorn.

So let me start with New Jersey Transit first.

R O N A L D N I C H O L S: Yes.

ASSEMBLYMAN WISNIEWSKI: Do you have any opening remarks?

MR. NICHOLS: Yes, I do.

ASSEMBLYMAN WISNIEWSKI: If you can keep them within five minutes; because Stevens has told us that this room turns into something else at 1:00 p.m.

MR. NICHOLS: Okay.

ASSEMBLYMAN WISNIEWSKI: And so we're trying to keep our testimony confined into that space.

MR. NICHOLS: I'll go through it quick.

I'm Ronald Nichols, Senior Director of Private Carrier Affairs for New Jersey Transit.

Good morning, Mr. Chairman and members of the Committee.

New Jersey Transit is pleased to appear before this Committee to provide information concerning our role in supporting ferry operations in New Jersey.

Although New Jersey Transit does not, itself, provide ferry service, we support ferry service as a vital component of the trans-Hudson commutation and travel system.

As you may know, the ferries are the only trans-Hudson travel mode today that has additional peak-hours customer capacity; and as such, they are a very valuable adjunct to bus, commuter rail, and PATH services.

New Jersey Transit's founding statute recognizes the ferry services' integral role in the public transportation system. And two years ago, we adopted regulations to make Federal funding available to support important capital projects for ferry services.

It may be helpful to provide a brief overview of New Jersey Transit's involvement with ferry service.

One major aspect of New Jersey Transit's relationship with the ferry operators -- and perhaps the one that our customers are most familiar with -- is *cross-honoring*. We have long collaborated with the ferry operators to provide our customers with the option of using the ferries to make their

trips -- at no additional cost to them -- if, for instance, there is a significant disruption to regular bus or rail service.

Under New Jersey Transit's agreement with NY Waterway, both our organizations can react quickly to conditions in the trans-Hudson transportation system that may require cross-honoring, so that customers can have the smoothest travel experience as possible. When this occurs, New Jersey Transit customers simply show their transit ticket or pass and board the ferries. New York Waterway monitors the number of Transit customers using its service, and we reimburse Waterway at a discounted rate.

This past summer, Amtrak's emergency repairs at Penn Station necessitated us to cross-honor with ferries. As you know, the Amtrak work required us to operate a special summer schedule and divert a number of trains, that usually travel to Manhattan, into Hoboken instead. There, our customers had the option of using either a ferry or the PATH system to complete their trips to and from New York.

Over the course of the special schedule, from July 10 through September 1, NY Waterway's ferries accommodated more than 266,000 trips by New Jersey Transit customers. Many of these customers took advantage of a new ferry service that was specially operated from Hoboken to 39th Street. This service provided ferries operating every 15 minutes, from the hours of 7:00 a.m. to 10:00 a.m. in the morning, and from 4:00 to 8:00 p.m. in the evening.

This summer, New York Waterway also cross-honored not only that service, but their own service as well. This was their service, from the

Hoboken Terminal to the World Financial Center and to Pier 11 in Manhattan.

New Jersey Transit also has a role in supporting the capital needs of the ferry operators. New Jersey Transit receives increased Federal funding based on the mileage of the private ferry trips that we report to the Federal Transit Administration. This is referred to as *NTD Reporting*. This arrangement allowed New Jersey Transit to establish a Ferry Capital Improvement Program -- we refer to as the *FCIP program* -- that funds capital acquisitions and infrastructure improvements for ferry operators, such as NY Waterway and Billybey Ferry, who have been submitting NTD data to New Jersey Transit for a number of years. These capital improvements include projects such as rehabilitating interiors of the ferry boats and upgrading their camera systems.

FCIP funds totaling \$3.75 million and \$1 million have been allocated to NY Waterway and Billybey Ferry, respectively, in each of the last two fiscal years.

In addition to the FCIP Program, Federal grant funds will also pay for retrofitting ferry boat propulsion systems for NY Waterway. And Federal money has also been used to maintain and improve the Weehawken ferry terminal, which is owned by New Jersey Transit.

In addition to helping obtain Federal funding to help support ferry service, New Jersey Transit and the ferry operators pursue other creative ways to encourage greater use of the ferries. For example, to improve connectivity at Weehawken Terminal, New Jersey Transit and New York Waterway have collaborated to make available a joint ferry and Hudson-Bergen Light Rail monthly pass and 10-trip ticket. These tickets

are sold at our ticket vending machines along the Hudson-Bergen Light Rail line, and at NY Waterway's Weehawken Ferry Terminal.

We will continue to team up with the ferry operators and other stakeholders to help ferry service grow.

I hope I have been able to provide the Committee with a fuller understanding of New Jersey Transit's involvement with ferry operations, including our role with helping to fund critical services.

Mr. Chairman, thank you for providing New Jersey Transit the opportunity to be part of this hearing. I look forward to addressing any questions.

ASSEMBLYMAN WISNIEWSKI: Thank you for the testimony.

So there is, in a sense, a subsidy that New Jersey Transit provides to ferry operations. It's capital, and that's based on the route miles that are included in your overall transportation plan.

MR. NICHOLS: That's correct.

ASSEMBLYMAN WISNIEWSKI: And each year, that money comes from what you receive from the Federal government.

MR. NICHOLS: Yes, that's correct.

ASSEMBLYMAN WISNIEWSKI: And so you're just basically passing through that money.

MR. NICHOLS: Correct.

ASSEMBLYMAN WISNIEWSKI: In the current fiscal year, how much has that amounted to?

MR. NICHOLS: In the current fiscal year, for New York Waterway--

ASSEMBLYMAN WISNIEWSKI: For all of them.

MR. NICHOLS: For all of them? Approximately about \$4 million that's allocated back to them.

ASSEMBLYMAN WISNIEWSKI: Okay. And that money goes, as you said, to rehabilitate interiors, perhaps upgrade engines--

MR. NICHOLS: Yes; all capital maintenance.

ASSEMBLYMAN WISNIEWSKI: --all of those. Well, any capital item.

MR. NICHOLS: Capital purchases; correct.

ASSEMBLYMAN WISNIEWSKI: Okay.

Are there any New Jersey Transit fare dollars that you collect that go to subsidize any of this?

MR. NICHOLS: No.

ASSEMBLYMAN WISNIEWSKI: Okay.

Other questions? (no response)

And just one last thing. The money that is being paid to SeaStreak -- the subsidy -- that's not coming out of New Jersey Transit?

MR. NICHOLS: No, that's not coming from New Jersey Transit.

ASSEMBLYMAN WISNIEWSKI: Okay.

Any other questions? (no response) No?

Okay; thank you.

Yes, sir.

S C O T T T H O R N: Yes; good afternoon, Chairman Wisniewski and members of the Committee.

My name is Scott Thorn, and I have been an employee at the New Jersey Department of Transportation for over 31 years. I am the Department's Project Manager on the Pulaski Skyway Rehabilitation Program.

On behalf of New Jersey Department of Transportation Commissioner, Richard Hammer, I would like to thank you for this opportunity to discuss the ferry service that was implemented as an alternative means of travel, to help mitigate the displaced traffic during the closure of the northbound lanes of the Pulaski Skyway.

Nearly five years ago, in January 2013, the Department announced plans to begin work on the complete rehabilitation of the Pulaski Skyway, a program that, when completed, will cost approximately \$1.5 billion.

Shortly after that announcement, then-Assistant Commissioners Anthony Attanasio and Richard Hammer were afforded the opportunity to testify before this Committee regarding those plans, which included the long-term full closure of the northbound lanes of the Skyway. It was clear from the testimony that we heard that day, in February 2013, that many Committee members, local officials, and constituents, harbored serious concerns regarding the potential for severe regional congestion resulting from the planned closure, impacting not only commuters, but also the residents and businesses along the local roadway network that would be expected to absorb the displaced traffic.

As I believe all on the Committee would agree, the Skyway, which was originally opened in 1932, Thanksgiving Day, is a vital commuter route connecting areas south and west of the region to Jersey

City and, ultimately, New York City; and that the structure was in need of rehabilitation if it were to continue to safely serve the motoring public.

Prior to the closure of the northbound lanes, the structure carried approximately 74,000 vehicles a day, 37,000 in the northbound direction. During the morning rush hours the northbound lanes toward Jersey City carried approximately 3,500 vehicles per hour. The long-term closure of a facility carrying such a high volume of traffic is unprecedented, not only in New Jersey, but throughout the nation.

With the daunting task of mitigating 3,500 vehicles per hour during the peak hour -- the A.M. peak hour -- in an already-congested region, the Department, along with our design consultant, WSP USA, convened a task force comprised of local officials, sister agencies, and other major stakeholders to develop a comprehensive Transportation Management Plan. The task force established six sub-committees to address various aspects of the project, one of which was Travel Demand Management and Transit, which was charged with developing a list of alternative travel options, with alternative modes and routes for impacted motorists, which fully mitigated the displaced 3,500 vehicles in the AM peak hour.

The Travel Demand Management and Transit sub-committee met three times between late January 2013 and mid-March 2013, reporting back to the full task force on three separate occasions.

Recommendations coming out of the sub-committee, and endorsed by the full task force, included the implementation of a third lane on the I-78 Turnpike Extension; enhanced and additional rail service; enhanced PATH service; park and ride lots serviced by new train (*sic*)

routes; a vanpool subsidy; and the potential for a new ferry service carrying passengers to Paulus Hook and Hoboken.

In addition, the Department conducted an extensive outreach program, meeting with major businesses throughout Jersey City and the region, educating both employers and employees on the impacts of the closure, services--

ASSEMBLYMAN WISNIEWSKI: I'm going to ask to just intercede here--

MR. THORN: Okay.

ASSEMBLYMAN WISNIEWSKI: --because we're really here about ferry service. And I appreciate the history of what's going on with the Pulaski Skyway. But since we are limited in our use of this room, I really would like to just kind of cut to the chase and ask some questions.

MR. THORN: Sure.

ASSEMBLYMAN WISNIEWSKI: We heard the gentleman from SeaStreak testify that they were approached by DOT in offering this ferry service. Can you enlighten the Committee on how that process worked? Who chose SeaStreak, and why choose them to do the pilot program, as opposed to Billybey, or New York Waterway, or anybody else?

MR. THORN: Okay. Shortly after we had those subcommittee meetings and it became apparent that a ferry service would be a possibility, we actually contacted New York Water Taxi, New York Waterway, and SeaStreak. We had preliminary discussions with each. As SeaStreak mentioned, they were very preliminary discussions. They never really went anywhere because we weren't sure if we were actually going to carry through with that service.

At the end of January 2014, when it looked like -- we were two months before the closure of the Skyway, we really wanted to have all options on the table for motorists -- whether it be vanpools, whether it be the third lane on the Turnpike--

ASSEMBLYMAN WISNIEWSKI: Let's talk about ferries.

MR. THORN: --buses, this and that. We decided to, again, reach out to the service providers. New York Water Taxi was not interested; New York Waterway and SeaStreak both had some interest. As SeaStreak testified, parking was a consideration; we wanted to make sure that those people coming to the new service had somewhere to park and-- We needed parking as part of the service.

New York Waterway did not have the available parking; at times, they were overcapacity; hence, the reason why we went to SeaStreak. As they mentioned, they had just added additional parking.

ASSEMBLYMAN WISNIEWSKI: So let me ask you about the route, because this is a ferry that goes from Atlantic Highlands to Jersey City.

MR. THORN: Yes.

ASSEMBLYMAN WISNIEWSKI: A very narrow window of commuters coming from that location to Jersey City. What studies did the Department of Transportation do to ascertain that a ferry worth of people, twice a day, would be commuting from the Atlantic Highlands to Jersey City?

MR. THORN: Prior to the closure -- and as was referenced in the testimony back in 2013 -- we did a survey of Pulaski users. We actually

-- it was an online; we received, I believe, it was 4,500, 4,600 responses. And there was some desire to have a ferry service provided.

ASSEMBLYMAN WISNIEWSKI: Out of the 4,500 or 4,600, how many -- as a percentage or raw number in that response -- said, "Yes, I'd take a ferry."

MR. THORN: It was about 5 percent.

ASSEMBLYMAN WISNIEWSKI: It was 5 percent; okay.

MR. THORN: In addition, we had the business owners -- businesses along the waterfront who also, when talking to their employees, also mentioned the fact that a ferry would be a good option.

ASSEMBLYMAN WISNIEWSKI: And in terms of the location, these were people who were specifically commuting to Jersey City?

MR. THORN: Yes, they were.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. THORN: Approximately 72 percent of those who responded to the survey said that they use the Pulaski Skyway every day, and they were going to Jersey City for work.

ASSEMBLYMAN WISNIEWSKI: So 5 percent of them said they would be interested in ferry service.

MR. THORN: Yes.

ASSEMBLYMAN WISNIEWSKI: And that's what precipitated the Department of Transportation making that decision to ask SeaStreak, New York Waterway, and others if they would offer ferry service?

MR. THORN: What we were looking for was a comprehensive plan to mitigate those 3,500 vehicles in the peak hour. It's not any one part that is the answer; it's a comprehensive plan.

ASSEMBLYMAN WISNIEWSKI: No, I understand that. But one of the parts -- one of the parts was ferry.

MR. THORN: One of the parts was ferry.

ASSEMBLYMAN WISNIEWSKI: And is it correct that the Department of Transportation made that decision -- entirely or in part; you tell me -- on that survey.

MR. THORN: It was on that survey, and also an origin and destination survey that was done with traffic.

ASSEMBLYMAN WISNIEWSKI: And how was that done?

MR. THORN: License plates are tracked to see where they go; E-Z Pass is tracked to see where cars start and go.

ASSEMBLYMAN WISNIEWSKI: So these reports exist?

MR. THORN: Yes.

ASSEMBLYMAN WISNIEWSKI: All right. On behalf of the Committee, I'm going to make a request of the Department of Transportation to provide that analysis, that data -- either the online survey, the license plate search, or the E-Z Pass tag search -- so that we could understand exactly how DOT made this decision.

MR. THORN: Okay.

ASSEMBLYMAN WISNIEWSKI: Now, when we asked SeaStreak about the money, they said, "Well, we're getting it, but we don't know where they get it from." (laughter) So we heard in July, the Chair -- or the Executive Director, or perhaps both -- of the Port Authority said they

were discontinuing the subsidy. But the subsidy didn't go from the Port Authority to SeaStreak; the subsidy apparently went from the Port Authority to the Department of Transportation. So explain that pass-through of money.

MR. THORN: The way the \$1.8 billion and our expenditures at the DOT works is, Treasury is fronting that money. We have the \$1.8 billion through the New Jersey Treasury; we pay our bills; on a quarterly basis, we submit an invoice to the Port Authority with line items for each and every expenditure, plus invoices for each one of those expenditures--

ASSEMBLYMAN WISNIEWSKI: One of them being the subsidy.

MR. THORN: One of those being the subsidy.

ASSEMBLYMAN WISNIEWSKI: And that's all part of the \$1.8 billion?

MR. THORN: That's all part of the \$1.8 billion.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. THORN: There's nothing more than \$1.8 billion.

ASSEMBLYMAN WISNIEWSKI: So the \$1.8 billion was already committed; or was it committed to the extent that you submit bills?

MR. THORN: It was committed to the Department to utilize for those three projects.

ASSEMBLYMAN WISNIEWSKI: But what I'm saying -- if the Department wound up submitting \$1.5 billion in bills to Treasury to get money from the Port Authority, was the deal that the Port Authority had to fork over another \$300 million?

MR. THORN: No.

ASSEMBLYMAN WISNIEWSKI: So it was only to the extent that bills totaled up to \$1.8 billion that you would get money back.

MR. THORN: Correct. And at the same time, we knew that the entire program was going to be well over the \$1.8 billion; early estimates were somewhere around \$2.1 billion. So we knew that we were going to spend the entire \$1.8 billion.

ASSEMBLYMAN WISNIEWSKI: So now the Port Authority has said, "We're not paying a subsidy." So when you submit your bills to Treasury, and Treasury submits them to the Port Authority, there's a number that's going to be excised out in what they send back.

MR. THORN: That is correct.

ASSEMBLYMAN WISNIEWSKI: So how is the Department of Transportation making up for that difference? Because you're still paying the subsidy, correct?

MR. THORN: Yes, we are.

ASSEMBLYMAN WISNIEWSKI: How do you make up that difference?

MR. THORN: As I said, the entire program is a \$2.1 billion program; we have spent some State money on the program to this date, and we will -- if the Port Authority does not reimburse us, we will be using State money for that.

ASSEMBLYMAN WISNIEWSKI: But as you heard in testimony, there are barely -- slightly over 100 people a day using these ferries. The operator of SeaStreak said that, from a business decision, if they had to do it themselves they wouldn't do it. Does it make sense to be spending \$1.8 million a year subsidizing a ferry with only 100 riders a day?

MR. THORN: Again, it's a comprehensive plan--

ASSEMBLYMAN WISNIEWSKI: No, I understand it's comprehensive.

MR. THORN: --when all the pieces are put together--

ASSEMBLYMAN WISNIEWSKI: With only 5 percent are ferry -- only 5 percent of those surveyed-- So you don't even know if you had 100 percent -- only 5 percent of them said they would take ferry service. You have 100 riders a day, which means of the 3,500 cars you needed to mitigate, you're mitigating a fraction of a percent. Does it make sense to spend \$1.8 million a year to-- And it's a redundant ferry service. I mean, the folks who are taking the ferry from Atlantic Highlands could just as easily then take a ferry across to Jersey City. This is a unique ferry; why continue to spend taxpayer money on it?

MR. THORN: It's not really a redundant service. Yes, they could go to Manhattan and then take the ferry across. What was that cost again of SeaStreak service to Manhattan? I think it was \$27?

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. THORN: Why would anyone get out of their car, when going from the Highlands to Jersey City, where they're spending \$10 in tolls, \$12 in tolls, plus gas? And spend the \$27, plus the ferry, across the water? They just wouldn't get out of their cars. You needed to make--

ASSEMBLYMAN WISNIEWSKI: How do you know that?

MR. THORN: Because they're doubling the cost of their commute.

ASSEMBLYMAN WISNIEWSKI: There are people paying \$27 right now.

MR. THORN: But they're going to New York City.

ASSEMBLYMAN WISNIEWSKI: Well--

MR. THORN: It would be the tolls, plus the toll through the river -- through the tunnel, which is another \$13.

ASSEMBLYMAN WISNIEWSKI: The folks who took the ferry, when you read the newspaper report -- they kind of look at it almost as a joke: \$12 to take a ferry being subsidized at the rate it is. You know, this is a classic example-- Look, when all of us, as legislators, have to take a vote, and we have to say to the people in the State of New Jersey, "We're going to ask you for more money to fund our transportation system." When people see a ferry service being subsidized that barely has a quarter of the riders anticipated, they look at us and say, "How are you managing our money?"

So again, the question is, is how does a quarter-filled ferry make sense, when we have so many other priorities that are going without funding?

MR. THORN: I understand the question; and again, I will say that it is part of a comprehensive plan.

The plan was to mitigate those 3,500 vehicles each and every morning. The goal was to get 5 to 10 percent of those commuters out of their cars and put them in either a vanpool, put them on a ferry, put them telecommuting -- other means to get them off the road. This was all about getting traffic off the road; reducing the congestion in this area when we diverted 37,000 vehicles a day in the northbound direction. It was all about getting traffic off the roads and reducing the congestion.

ASSEMBLYWOMAN VAINIERI HUTTLE: Through the Chair, if I may just follow up on that--

MR. THORN: Sure.

ASSEMBLYWOMAN VAINIERI HUTTLE: --mitigation theory, or solution. You had a task force and you had surveys; and this was done two to three years ago, right? -- when the Pulaski Skyway was under construction with the 2000--

MR. THORN: We did a survey; we did our origin and destination prior to--

ASSEMBLYWOMAN VAINIERI HUTTLE: But when was that originally done; 2014?

MR. THORN: It was 2014 when we closed the Skyway.

ASSEMBLYWOMAN VAINIERI HUTTLE: Oh, right. So that's when you did your poll, and your survey, and your task force to help mitigate the traffic.

So now, fast-forward to 2017. You know, you can all play Monday morning quarterback and revisit it. Has this mitigation or has the traffic -- and let's just talk about the ferry service; I understand a comprehensive plan, but let's just focus in on ferries -- has this ferry service mitigated the traffic that you were anticipating from your surveys and your polls? Because it's great to take a poll; but then, as you move forward, you'd like to, maybe, keep up with if it's correct or not, and to revisit it. Because to continue to award a bid -- no disrespect to SeaStreak; I would be taking the money too -- but is it-- Did you revisit it, and is it making sense?

So did it help mitigate the traffic, number one; and did you revisit it, currently, to see if it still makes sense?

MR. THORN: One of the-- For all of the options that we put into place, we do collect ridership information on a daily basis.

ASSEMBLYWOMAN VAINIERI HUTTLE: Okay.

MR. THORN: And we do analyze that, and we do make sure that we are reaching the goals that we were looking for. We are mitigating the 3,500 vehicles.

ASSEMBLYWOMAN VAINIERI HUTTLE: You are.

MR. THORN: We are. That goes on daily until the end of the project.

ASSEMBLYWOMAN VAINIERI HUTTLE: Okay.

MR. THORN: We revisit whether we would like to continue a service. If it's not reaching its goals -- and we have cancelled some services -- we do that, usually, on about a six-month basis. SeaStreak -- while the boat is a quarter empty -- it actually is reaching the goals that we had set prior to the closure of the Skyway. It is a piece of the puzzle, which is giving us the numbers that we want to mitigate.

ASSEMBLYWOMAN VAINIERI HUTTLE: And it makes economic sense to you.

MR. THORN: As SeaStreak mentioned, if this was a business decision it would not be something that the DOT would be doing. This is about mitigating traffic. We're doing it for an emergency reason -- to keep traffic flowing through the area, to keep businesses not impacted. And we plan, at the end of October 31, with the light at the end of the tunnel, with the Pulaski Skyway work being finished, we will not be renewing this contract at the end.

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank goodness.

ASSEMBLYMAN WISNIEWSKI: What kind of data are you collecting from the current riders of the ferry?

MR. THORN: We did a survey back in 2014, late 2014 as where the origin of these people are coming from, where they're going. We have not done another study like that. Basically--

ASSEMBLYMAN WISNIEWSKI: I'd like you to make that survey available to the Committee as well.

MR. THORN: Yes. Basically what we're doing now is simply counting ridership in all mitigation efforts.

ASSEMBLYMAN WISNIEWSKI: Other members?

Yes; Assemblyman Chiaravalloti, Assemblywoman Chaparro, and Assemblyman Benson.

ASSEMBLYMAN CHIARAVALLOTI: Yes.

First of all, Mr. Thorn, I appreciate your testimony. Thank you for the work on the Pulaski Skyway, which is America's first superhighway. I still think it's a pretty road, even though it wasn't designed terribly efficiently. (laughter)

And clearly this was a-- I will take at face value the argument that this is a mitigation effort. I believe that; there was a lot of concern in Hudson County, particularly in Jersey City, about local traffic.

I will tell you, though, there are two points of contention I have with your testimony. The first is, I think the ferry is redundant, and let me explain. There is a ferry running out of Belford to Paulus Hook, right?

MR. THORN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: So it's not a question of redundancy; there was a decision made at the DOT that parking was more

important -- was the most important element of the additional ferry service. Is that fair?

MR. THORN: Parking was a consideration, yes.

ASSEMBLYMAN CHIARAVALLOTI: But it is a redundancy, because there are ferries currently running from that area, within a few miles, to Jersey City.

MR. THORN: Yes.

ASSEMBLYMAN CHIARAVALLOTI: Okay.

The second concern I have is overall costs and negotiations. And at some point -- and I am not picking on you; Mr. Nichols and Mr. Thorn, Mr. Massiah before -- you're all public administrators. As a Professor of Public Administration, dedicating your time to government service, I think, is admirable, right? I'm trying to train the next generation to go and do what you're doing. And I know this isn't the fun part.

But when we just break it down on numbers-- And I admit, I'm an attorney and a professor; I am not an accountant -- when you look at \$1.8 million, okay? -- and you calculate in addition to the \$12, right? -- the \$12 that the current riders pay -- and you have another redundant service operating at \$22 (*sic*) a ride. At \$22 a ride for, on average, 100 riders, 5 days a week, 52 weeks a year, it comes out to less than \$600,000 a year.

So I guess my question is, during this negotiation how did we arrive that \$1.8 million was a reasonable number to pay the operator, whoever the operator is?

MR. THORN: I was not involved in those negotiations. Again, we requested Treasury to provide us with a sole-source waiver, and they

actually contracted with SeaStreak. It was not the DOT. So I am not privy to those negotiations.

I can say that the \$12 was developed, in a sense, to make it palatable to get people off the road. If they're going to spend--

ASSEMBLYMAN CHIARAVALLOTI: But my point is, you can give -- you can pay an operator less than \$600,000 and they would still be getting \$22 per rider. That, in addition to the \$18 million that the State and, through the Port Authority, through the ARC funding -- yada, yada -- is subsidizing the operation -- in addition to that, they're charging \$12. But for the ridership they have, at \$22 a head, it's about-- My math isn't great, but it's about \$575,000. And yet we're giving them \$1.8 million and, in addition to that, allowing them to charge an additional \$12. Look, it's a great deal, okay? It's a great deal for the operator; and I don't blame the operator. But what we see here is a complete lack of oversight, okay? This is basic understanding of the market.

And I'm not blaming you; I understand you weren't there doing the negotiations, okay? But expending \$1.8 million for multiple years, when we could have just rented them the ferries full stock and barrel, charge zero dollars to the customers, for less than \$600,000 is bewildering.

And I, again -- I understand your role, okay? I understand the importance of the mitigation; I understand the importance of fixing the Pulaski Skyway, especially to my constituents in Ward B. But this doesn't make any sense, okay? This is a complete failure of -- whether it's Treasury, whether it's the State. But this is why we get yelled at by our constituents; because anyone who balances a checkbook can look at this and say, "It could have been done more efficiently."

Thank you, sir.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Chaparro.

ASSEMBLYWOMAN CHAPARRO: This is painful to watch.

No doubt you are here trying to answer our questions, but we're not going to get answers to our questions.

I know there was a lot of planning; I know that decisions were made; I know that you spoke with New York Waterway and they were at full capacity, which tells you that their service is being used a lot. But that wasn't an option.

I was thinking that, after six months, when it didn't work so much as how many people are riding SeaStreak ferry, that you would abort the mission and say, "Well, let's look back at New York Waterway, or another way." But that didn't happen.

I could ask you a million questions, and I don't think we're going to get answers to any. This is starting to sound a lot like that United Airlines flight, and it doesn't look pretty. It's just starting to sound like that.

And people want answers, and we don't have answers; 3,500 vehicles -- we still don't see -- the number doesn't weigh. So I agree with my colleagues. This stinks, and we don't know where to get the answers. And DOT is not here; "We don't know; there's an investigation."

So at this point, it just doesn't make any sense. I wish you would tell me one thing (indiscernible) well maybe, I could see where they were going; but nothing makes sense.

And you know, we're talking about subsidy. And there are a lot of people who are still struggling with bus fare, train fare. They're not being

subsidized. Or when there's a derailment -- none of that stuff -- they don't get their money back. So we're dealing with a large NUMBER of constituents who want answers and want better transportation, and here we are with this amount of money and we don't know how much planning went into this. Did you really hear the people, and where are they? They are not taking that ferry.

So it's a disappointment.

That's all I have.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Benson.

ASSEMBLYMAN BENSON: So you had an overall mitigation strategy at the beginning; 3,500 vehicles.

MR. THORN: Yes.

ASSEMBLYMAN BENSON: Initially, you assumed it was going to be 400 going by ferry. What was the assumption -- what percentage of that did you assume was going to go by ferry?

MR. THORN: We were looking at 150.

ASSEMBLYMAN BENSON: It was 150?

MR. THORN: Yes.

ASSEMBLYMAN BENSON: And we're getting 100 now?

MR. THORN: The other day, they said it was 115.

ASSEMBLYMAN BENSON: Okay. The other 3,350 out of that mitigation strategy -- what's the per-person cost on that, the subsidy?

MR. THORN: Each mitigation has a different cost. I don't know; I don't have the exact numbers to give you, but I could develop those.

ASSEMBLYMAN BENSON: You would say it's less than the ferry though?

MR. THORN: Yes.

ASSEMBLYMAN BENSON: Significantly less than the ferry?

MR. THORN: Some mitigations, yes.

ASSEMBLYMAN BENSON: Are there any other mitigation strategies around the same cost as the ferry?

MR. THORN: No.

ASSEMBLYMAN BENSON: Any mitigation strategies more than half of what that subsidy is?

MR. THORN: Per person?

ASSEMBLYMAN BENSON: Yes.

MR. THORN: Again, I don't have those numbers, so I really couldn't tell you. But ferry service is, as you heard today from--

ASSEMBLYMAN BENSON: It's clearly the most expensive.

MR. THORN: It's absolutely the most expensive. And as you heard from New York Waterway--

ASSEMBLYMAN BENSON: I'm just curious what the second-most expensive strategy was.

MR. THORN: --and SeaStreak, it is an expensive business.

ASSEMBLYMAN BENSON: What would you say is the second-most expensive strategy that you're using, per driver?

MR. THORN: Per driver? It could be the bus service; it could be the rail service. I'm not sure.

ASSEMBLYMAN BENSON: Okay. How much do you think that is, ballpark?

MR. THORN: I have no idea; but I will get those numbers for you.

ASSEMBLYMAN BENSON: If you could.

MR. THORN: Absolutely.

ASSEMBLYMAN WISNIEWSKI: Any other members of the Committee? (no response)

So I'll agree with you that -- and I think we heard the testimony that for the ferry operator, who has his contract -- we really can't fault them. They signed up; somebody said, "Would you bid on a contract like this?" They said, "Yes." They're operating, they're getting paid.

For the ferry rider -- I was down there waiting for the ferry that never came. And I talked to people, and they were, "This is a phenomenal deal; \$12? A phenomenal deal."

The one group of people that this doesn't work so well for are the taxpayers, because this is an over-subsidization for an underutilized route. And we could, as Assemblyman Chiaravalloti had mentioned -- we could have done the same thing a lot more cheaply. And the real question is, why do we continue to waste transportation dollars in this fashion when we have already blown through one Trust Fund? We really, by God, can't do it again.

But also I want to say that I understand your role. You don't make the decisions; you are, unfortunately, the person who has to come and explain them.

So I appreciate you taking the time this morning to be with us.

And thank you, both, for your testimony.

MR. THORN: Thank you.

MR. NICHOLS: Thank you.

ASSEMBLYMAN WISNIEWSKI: Seeing no other persons signed up to testify, if no other members have anything to say, this meeting is adjourned.

(MEETING CONCLUDED)