

## APPENDIX

**Statement of  
ARMAND POHAN, Chairman, NY Waterway  
Before the  
Transportation and Independent Authorities Committee  
New Jersey State Assembly  
September 18, 2017**

Good morning, Chairman Wisniewski and members of the Committee. Thank you for inviting me to speak here today.

My name is Armand Pohan and I am Chairman of NY Waterway, the largest privately owned and operated commuter ferry service in the United States. NY Waterway was started by my stepdad Arthur Imperatore Sr. 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 NJ TRANSIT and by the Port Authority and has been formalized into emergency services agreements with NY Waterway which provide respectively for the cross-honoring of NJ TRANSIT or PATH tickets, and for supplemental ferry services upon request. Our NJ TRANSIT cross-honoring agreement has been implemented on numerous occasions since Hurricane Sandy, and as recently as the Penn Station disruptions this summer.

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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 NY 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. NJ TRANSIT derives only about half its revenue from the farebox. The PATH system, which loses about \$400 million a year, is subsidized at a cost of about \$5.00 per rider. These, of course are public systems, and there may be an understandable hesitancy in public subsidy of a private operator. That barrier, 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 \$5.00 per passenger, in order to deliver a \$2.75 commuter fare which matches the subway fare.

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Having studied this issue intensively, we believe that NJ 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 ferry 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 \$1.00 per trip could divert approximately 3000 riders per day----an annual subsidy of a less than \$1 million. A six-month pilot program on one route alone might divert about 1000 riders at a fraction of that cost.

If such a program proved successful on the East Bergen bus routes, it could be expanded to additional Bergen and Hudson routes, and also to a combination train-ferry ticket at Hoboken.

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 NY Waterway terminal at Weehawken, or at the Hoboken train station, to see at first-hand what we do.

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 have been a 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 helps 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 and the Real Estate service and Operations Services Departments.

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 ten-year capital plan, which was authorized by the Board of Commissioners in February of this year. The \$32.2 billion

plan, 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 – New York metropolitan region. Our ten- year plan focused on four key priorities: \$8.8 billion for renewal of existing assets; \$11.1 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.

As of 2011, New Jersey infrastructure that provided access to Port Authority facilities in New York and New Jersey 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 were 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 the New York/New Jersey

metropolitan region, and to ensure successful industrial and commercial operations, the Port Authority and the New Jersey Department of Transportation 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 the New York/New Jersey 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, in cooperation with the New Jersey Department of Transportation, in the Pulaski Skyway/Route 139, WittPenn Bridge, and Route 1&9T projects, and to enter into an agreement or agreements with the New Jersey Department of Transportation in connection with such Port Authority participation.

Based on that 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 of each of the NJDOT and the Port Authority would jointly manage a fraud prevention program, which among other items will include an independent integrity monitor.

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 with the New Jersey Department of Transportation I have described. Upon



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

The OIG 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 seventeen hundred investigations, resulting in over 500 arrests. The OIG was the lead investigating office on a series of recent high-stakes, high-visibility investigations

Based on 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 ~~of the~~ OIG investigation, it would be inappropriate for me to make any further comment regarding the reimbursement payments for the ferry subsidies.

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-Eighties, 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, Port Authority awarded a contract to NY Waterway to operate a ferry service, between Hoboken Terminal and Battery Park City in Lower Manhattan under a 20-year contract.

Under the agreement, the Port Authority provided access to landing sites in Hoboken and Battery Park City, and agreed to build permanent ferry terminals at both locations. NY Waterway provided the vessels and 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 dollars to build the Battery Park City Ferry terminal and to share with NJ 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, require our ongoing capital investments, manpower 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.

**Testimony of Ronald Nichols**

**Senior Director – Private Carrier Affairs, NJ TRANSIT**

**Assembly Transportation and Independent Authorities Committee**

**September 18, 2017**

- Good morning Mr. Chairman and members of the Committee.
- NJ TRANSIT is pleased to appear before this committee to provide information concerning our role in supporting ferry operations in New Jersey.
- Although NJ TRANSIT does not itself provide ferry service, we support ferry service as a vital component in 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.
- NJ TRANSIT's founding statute specifically recognizes the ferry services' integral role in the public transportation system. And two years ago, NJ TRANSIT 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 NJ TRANSIT's involvement with ferry service.

**(Cross-Honoring)**

- One major aspect of NJ 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 NJ 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 have the smoothest travel experience possible under the circumstances.
- When this occurs, NJ TRANSIT customers simply show their transit ticket or pass and board the ferries. NY Waterway monitors the number of Transit customers using its service, and we reimburse Waterway for these trips at a discounted rate.

**(Summer Service Cross-Honoring)**

- This past summer's Amtrak emergency repairs at Penn Station in New York provided the most prominent example of cross-honoring with the ferries.
- As you know, Amtrak's repair work necessitated that NJ TRANSIT 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<sup>th</sup> through September 1<sup>st</sup>, NY Waterway's ferries accommodated more than 266,000 trips by NJ TRANSIT customers.
- Many of these customers took advantage of a new ferry service that was specially operated between Hoboken and 39<sup>th</sup> Street. This service provided ferries operating every 15 minutes between the hours of 7 am to 10 am and 4 pm to 8 pm.
- The summer NY Waterway cross-honoring not only provided a valuable travel option, it introduced many of our customers to the convenience and experience of riding the ferry. And customer feedback was highly positive.
- In addition, NY Waterway also cross-honored NJ TRANSIT ticketed passengers on its existing ferry service from Hoboken Terminal to the World Financial Center and to Pier 11 in Manhattan.

**(Ferry Capital Improvement Program (FCIP))**

- NJ TRANSIT also has a role in supporting the capital needs of the ferry operators.
- NJ TRANSIT receives increased federal funding based on the mileage of the private ferry trips that we report to the Federal Transit Administration.
- This arrangement has allowed NJ TRANSIT to establish a Ferry Capital Improvement Program (FCIP) that funds capital acquisitions and infrastructure improvements for ferry operators such as NY Waterway and BillyBey Ferry, who have been submitting NTD data to NJ TRANSIT for a number of years.
- These capital improvements include projects such as rehabilitating interiors of the ferry boats and upgrading 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 also will pay for retrofitting ferry boat propulsion systems for NY Waterway. Federal money has also helped maintain and improve the Weehawken ferry terminal facility, which is owned by NJ TRANSIT.

**(NJ TRANSIT and NY Waterway Joint Ticketing Program)**

- In addition to helping obtain Federal funding that supports ferry service, NJ TRANSIT and the ferry operators pursue creative ways to encourage greater use of the ferries.
- For example, to improve connectivity at Weehawken Terminal, NJ TRANSIT and NY Waterway have collaborated to make available joint Ferry/ Hudson-Bergen Light Rail (HBLR) monthly passes and 10-trip tickets at NJ TRANSIT's ticket vending machines (TVM) along the HBLR line, and NY Waterway's TVM at the Weehawken Ferry Terminal.
- And we will continue to team with the ferry operators and other stakeholders to help ferry service grow.

**(Conclusion)**

- I hope I have been able to provide the Committee with a fuller understanding of NJ TRANSIT's involvement in supporting ferry operations, including our role in helping to fund these critically important services.
- Mr. Chairman, thank you for providing NJ TRANSIT the opportunity to be part of this hearing.
- I look forward to addressing any questions you may have.
- Thank you.

Good morning, 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 for the Pulaski Skyway Rehabilitation Program.

On behalf of New Jersey Department of Transportation Commissioner, Richard Hammer, I 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 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 this Committee would agree, the Skyway, which was originally opened to traffic on Thanksgiving Day 1932, 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 AM period in an already congested region, the Department 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 the "Travel Demand Management and Transit" sub-committee, 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 & ride lots serviced by new bus 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 being offered to mitigate the impacts and seeking

input on how the Department could better mitigate the anticipated congestion concerns. During those meetings, especially with those businesses located along the Jersey City Waterfront, the Department repeatedly heard of the potential benefits of a ferry service to Paulus Hook. Unlike some of the other mitigation components such as the Turnpike Extension and additional bus routes, the ferry, along with enhanced rail service, would further reduce congestion by keeping commuters off the road.

Therefore, with the endorsement from the full Task Force to further investigate the potential for a ferry service and input received from employees of the Waterfront businesses in Jersey City, the project team began an in-depth study of past ferry services and the potential for a new service. During meetings with the three main regional service providers -- NY Waterway, NY Water Taxi and SeaStreak -- we learned of a site in South Amboy which, between 2001 and 2006, was utilized for a run between South Amboy and Pier 11 in Lower Manhattan, operated first by SeaStreak and later by NY Water Taxi. During that time period, the daily ridership ranged between 400 and 530, and the site provided ample parking. The service was terminated in 2006 to make way for redevelopment of the property which included a new ferry terminal and parking. We began discussions with the Town of South Amboy to resurrect that service as part of the mitigation plan, however, because the planned development of the site had stalled, it became apparent that establishing the necessary infrastructure on this property by the planned closure date of the Skyway in April 2014 was not feasible.

The Department then looked to another property in South Amboy owned by the NRG Energy Company. The project team met and worked with representatives from NRG through January 2014,

negotiating necessary site improvements and a lease agreement for the property. However, this site was also ruled out because it was undergoing demolition of the old power plant, which resulted in access and parking constraints. As such, further consideration of the site was eliminated.

With a little over two months to go before the planned closure of the Skyway, and with the continued fears of “*carmageddon*”, if I can borrow the term coined by the closure of the 405 Freeway in Los Angeles in 2011, the Department was concerned about ensuring that all feasible mitigation alternatives were covered and available to the motoring public. As such, the project team looked to the existing ferry services being operated out of both Belford and Atlantic Highlands, and began discussions with NY Waterway and SeaStreak, respectively, to determine the feasibility of adding a run from one of the sites to both Paulus Hook and Hoboken Terminal. Both service operators voiced their ability and desire to work with the Department to provide the new service by the April 2014 closure date.

During evaluation of the Belford terminal site, we found that while NY Waterway could provide the additional boats, they could not guarantee sufficient parking in the event that a large number of people switched modes. In fact, the existing parking was already at capacity based on the ferry service provided by NY Waterway to New York City.

Therefore, since the Atlantic Highlands site had sufficient available parking, with extra capacity if needed, and SeaStreak could provide the boats and was amenable to a new service, it was determined that the Department would seek a sole source waiver through the Department of Treasury and enter into a six-month agreement. The agreement for the temporary service was executed on

April 10, 2014 with service to begin on Monday, April 7, 2014, and run through October 3, 2014.

On April 12, 2014, the Department closed the northbound lanes of the Skyway, confident in the comprehensive plan put into place. While there were a few speed bumps encountered in the early days of the closure, it soon became clear that the "*carmageddon*" that was anticipated by many had been successfully mitigated and the plan was working. However, we did not sit back on the apparent success, but continually monitored the plan, collecting daily ridership tallies for all mitigation modes and monitoring the signed detour routes. While all mitigation services started out slow, they gained momentum with time, and most, including the ferry service, reached their anticipated level of ridership within a few months. The ridership of all mitigation measures continue to be monitored to this date.

Because the ferry service met the Department's anticipated levels of ridership, it was determined that the service was a success and would be continued. Therefore, with the initial sole source waiver expiring in October 2014, NJDOT asked the Department of Treasury to issue a Public Request for Proposals to provide a ferry service to Paulus Hook and Hoboken as part of the continued mitigation for the Skyway closure. Both NY Waterway and SeaStreak submitted proposals for the service and the contract was awarded by the Department of Treasury to SeaStreak, which was the responsible low bidder, for a period of six months, with options to extend the agreement in six-month increments. The ferry service, along with other components of the mitigation plan, continued to be monitored to ensure their effectiveness.

With work now nearing completion on the Skyway, and the restoration of two-way traffic in sight, the Department does not

anticipate asking for another extension to the SeaStreak agreement beyond the current termination date of October 31, 2017.

In conclusion, the Department, working collaboratively with local officials, regional and local stakeholders, developed a comprehensive Transportation Management Plan which successfully mitigated the unprecedented long term displacement of 37,000 vehicles a day in an already heavily congested region. The success of that plan is not predicated on any one service that was implemented, but on a comprehensive traffic mitigation plan consisting of many services provided to the motoring public.

That concludes my prepared remark, Mr. Chairman. At this time I will gladly respond to your questions.