
Committee Meeting

of

SENATE LEGISLATIVE OVERSIGHT COMMITTEE

“The Committee will hear testimony from transportation officials and experts on New Jersey Transit and Amtrak budgetary and operating issues, the Gateway Tunnel project, and New Jersey’s long-term transportation capital funding needs”

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: August 10, 2015
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Robert M. Gordon, Chair
Senator Loretta Weinberg, Vice Chair
Senator M. Teresa Ruiz
Senator Paul A. Sarlo
Senator Thomas H. Kean Jr.

Senate President Stephen M. Sweeney



ALSO PRESENT:

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Office of Legislative Services
Committee Aide

Mark Magyar
Senate Majority
Committee Aide

Lisa Torres
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
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COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE
FROM: SENATOR ROBERT M. GORDON, CHAIRMAN
SUBJECT: COMMITTEE MEETING - AUGUST 10, 2015

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The Senate Legislative Oversight Committee will meet on Monday, August 10, 2015, at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The committee will hear testimony from transportation officials and experts on New Jersey Transit and Amtrak budgetary and operating issues, the Gateway Tunnel project, and New Jersey's long-term transportation capital funding needs.

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SENATOR ROBERT M. GORDON (Chair): Good morning, everyone.

This session of the Senate Legislative Oversight Committee will come to order.

Could you all please rise and join me in the pledge of allegiance? (all recite pledge)

May I have a roll call, please?

MR. MOLIMOCK (Committee Aide): Senator Kean.

SENATOR KEAN: Here.

MR. MOLIMOCK: Senator Sarlo.

SENATOR SARLO: Here.

MR. MOLIMOCK: Senator Ruiz.

SENATOR RUIZ: Here.

MR. MOLIMOCK: Senator Weinberg.

SENATOR LORETTA WEINBERG (Vice Chair): Here.

MR. MOLIMOCK: Senator Gordon.

SENATOR GORDON: Here.

Again, thank you, ladies and gentlemen, for coming today to this hearing on transportation issues.

Last month, New Jersey Transit rail commuters endured hours and hours of delays for several days because of problems in the 105-year-old tunnels that carry 90,000 New Jerseyans a day to and from New York City. The tunnel repairs forced the diversion of Midtown Direct trains to

Hoboken, severely over crowded PATH trains and buses, and exacerbated traffic delays for motorists.

The delays came as no surprise to New Jersey Transit commuters already smarting from an impending 9 percent fare hike, or to transportation experts who have warned repeatedly about the consequences of our failure to invest in our transportation infrastructure. Nor did the delays come as a surprise to legislative leaders. We had already scheduled a hearing on the challenges facing New Jersey Transit three weeks earlier.

This is the first of two Senate Legislative Oversight Committee hearings that will focus not only on getting answers to what caused the delays on New Jersey Transit and Amtrak last month, but on what we need to do in the future to create the 21st century transportation infrastructure New Jersey needs to compete in the global economy.

I do not believe that it is an overstatement to say that the future prosperity of the state will depend on how we respond to the challenge of improving passenger transportation. We hear much talk in these halls about driving people and jobs from this state with high taxes and high costs. I believe the quality of one's commute to work is just as important. The duration and comfort of getting to and from work has a huge impact on the quality of life of our citizens. We cannot expect passengers or their employers to accept the continuing deterioration of mass transit and commuting times. At some point, people will simply move and employers will seek locations where passenger transportation is less arduous.

We address this challenge today. We are very pleased that Stephen Gardner, Amtrak's Vice President for Northeast Corridor Infrastructure Development, has joined us this morning. We will hear what

Amtrak is doing to push the Gateway rail tunnel project forward. And in September, at a date to be determined, Transportation Commissioner Jamie Fox and New Jersey Transit Executive Director Ronnie Hakim will report to the Committee and respond to questions. We will also hear from panels of transportation experts at both hearings.

We are focusing today on the following questions: One, what were the specific causes for the breakdowns on the Northeast Corridor that caused a week of delays for New Jersey Transit and Amtrak riders, and to what extent are these delays a harbinger of future problems? Two, what is the status of the Gateway project, and what can be done to speed up financing and construction to ensure that the new tunnels are built before the existing 105-year-old tunnels need to be closed for repairs? Three, what contingency plans have Amtrak and New Jersey Transit made in case either of the Sandy-damaged tunnels needs to close for 18 months for repairs? Four, what are the long-term capital and operating budget challenges that New Jersey Transit will face next year and in succeeding years, even with a 9 percent fare hike scheduled to take effect in October? And finally, and more broadly, what are the funding needs of New Jersey's overall transportation network -- rails and buses, highways and bridges -- that the next Transportation Trust Fund will need to address?

Transportation policy is not a Democratic or Republican issue. And I expect that today's hearing will continue the tradition that the Legislative Oversight Committee is establishing: focusing on complex public policy issues rather than making partisan points. It is appropriate that Senator Kean is here today, because it was Governor Tom Kean, his father, who counted the creation of the Transportation Trust Fund and investment

in first-class transportation infrastructure as one of his proudest accomplishments.

And I think at that point, Senator Kean, if you would like to make some remarks.

SENATOR KEAN: Thank you, Mr. Chairman.

Thank you to the members who are going to be testifying here today -- (indiscernible). An efficient transportation system is extraordinarily important -- not only for the regions that we represent and the state as a whole, but also all of the United States. Ensuring that there is ease of access, a convenient way to make sure that people are getting to and from loved ones, to and from work, will ensure that New Jersey continues to grow and to thrive.

Towns and cities across New Jersey will be stronger than they are even today with an efficient transportation infrastructure. It is extraordinarily important that we have this hearing and we have this type of oversight, and that the citizens around the state get the answers to the questions that were just raised -- as to what is happening; why is it happening; and how can we ensure that, on a bipartisan basis, solutions can be found so that the people who we represent have a more efficient transportation network in place.

Thank you.

SENATOR GORDON: Thank you.

Let me extend my welcome to Majority Leader Loretta Weinberg, and Senators Ruiz and Sarlo.

With that, I would like to call our first witness, Mr. Gardner of Amtrak. And I understand you have a presentation to make.

STEPHEN J. GARDNER: Good morning.

Thank you, Chairman Gordon, ranking member Kean, and the other members of the Committee for the opportunity to testify today on the challenges facing the Northeast Corridor and the Hudson River tunnel linking New Jersey and New York.

With the Chairman's permission, I'll start with a brief written statement and then proceed to a presentation on the Northeast Corridor and the Gateway Program.

I'd like to begin by offering my apologies for the recent series of Northeast Corridor delays in the vicinity of New York's Penn Station which severely affected New Jersey Transit and Amtrak service for several days. Amtrak's first priority is to ensure safe and reliable operations of our trains and infrastructure, and our employees pride themselves on being able to keep our complex, and often aged assets and systems functioning in a variety of situations. Thus, we treat any significant disruption to our operating partners' services with the utmost seriousness.

We're very much aware of how many people depend on us in this region. So when disruptions do take place -- as they did the week of July 20 -- every effort is made to quickly and safely restore service and to coordinate with our transportation partners, like New Jersey Transit, so that they can best serve their impacted customers. Amtrak regrets the delays; and, again, I offer my sincere apologies to all who were affected.

Before I describe the events that gave rise to these disruptions and our actions since then, I'd like to provide some context regarding our tunnels under the Hudson River. Every day, approximately 350 New Jersey Transit and 100 Amtrak trains, carrying a combined 200,000 riders, operate

through the two tubes that make up the Hudson River tunnel. This tunnel, opened in 1910 -- now 105 years old and the only existing rail crossing of the Hudson River south of Albany -- was built and operated by the Pennsylvania Railroad until bankruptcy of its successor, Penn Central, led to the Federal government's creation of Conrail and the transfer of much of the Northeast Corridor to Amtrak in 1976.

While the tunnel has seen some improvements and renewal since Amtrak took over, much of the tunnel elements -- and notably, parts of the electric traction and power supply equipment in them -- date from the 1930s. At the peak period of rush hour, trains enter the tunnel every 2 minutes and 40 seconds in the peak direction, carrying up to 30,000 passengers an hour and 17 percent of the total rush hour traffic that enters Manhattan from New Jersey. This level of traffic on just two mainline tracks makes this section likely the highest density passenger rail operation in all of North America.

Yet the elements of this tunnel, and the other NEC infrastructure that enable this tremendous level of service, are outdated, less reliable than required, and already operate at maximum capacity. Simply stated, every day we push the limits of this infrastructure by making such extensive use of such fragile assets.

In doing so, when the inevitable problems arise, the impacts on the network can be very dramatic. A related byproduct of this heavy use is the series of challenges it places on our ability to maintain the tunnel. Since the line is so busy, we can only do most maintenance work in the limited window every evening, during the weekdays, of 3 to 4 hours. And

we must reserve most of our heavy maintenance work for the weekends when we take one tube of the tunnel out of service for 55 hours.

It's against this backdrop that I'd like to discuss now the impacts of Superstorm Sandy. As most know, both tubes of the Hudson River tunnel and two of our four East River tubes connecting Manhattan and Queens were inundated during the storm, resulting in their closure and the first prolonged cessation of rail service between New Jersey and New York since their opening.

Millions of gallons of brackish water filled these tubes and flooded other key assets in the area. After herculean efforts by our employees -- that I believe clearly demonstrate the depth of Amtrak's commitment to this railroad -- the Hudson River tunnels were back in service, with limited service, approximately four days later.

However, that was hardly the end of Sandy's impacts on the tunnel, as a detailed review of the tunnel structure and key systems after the storm revealed chlorides are now deposited from the flooding, and they've infiltrated various elements of the tunnel and are now causing progressive deterioration.

While the fundamental structure of the tunnel is safe, this ongoing deterioration is likely to lead to various failures of tunnel elements that could significantly impact reliability, increase unplanned outages, and disrupt regular operations.

The only feasible approach to stopping this deterioration is the complete removal and replacement of the track structure and bench walls that line the interior sides of the tunnel, and house the various power, signal, and other lines -- including the high-voltage cables responsible for

some of the recent failures that I will discuss shortly. Such extensive demolition and reconstruction of the tunnel can only occur during a complete shutdown of each tube, which will last for more than a year.

All this is to point out the depth of the challenges we are facing with the existing tunnels. Surely there are many examples of old infrastructure still in service today across America, but I'm not aware of a comparable instance where we so heavily rely on something so fragile working nearly perfectly every day.

With this context, I'll now turn to the week of July 20.

As I'll explain, the disruptions of this week stem from several different problems cropping up simultaneously -- the timing of which may be coincidental, or it might be indicative of the challenges we are likely to face with more frequency in the years to come.

On Monday, a vintage circuit breaker tripped in a substation just west of the tunnel, causing a 20-minute power outage during the evening rush hour. Shortly thereafter, a New Jersey Transit train suffering mechanical issues in the south tube became disabled for a little under an hour, limiting service to only the north tube and delaying dozens of Amtrak and New Jersey Transit trains.

Next came an electric traction system fire on Wednesday morning before 5 a.m., which led to the extensive loss of power effecting the south tube and Penn Station. At 5:28 a.m., all traffic was stopped between Penn Station and Secaucus, until limited service was restored to the north tube at 6:09 a.m. It wasn't until 7:45 that both tubes were returned to service with no restrictions. This was caused by a burned 1930s-era insulated electrical terminal.

Finally, on Friday at 4 a.m., an electrical feeder line to one of the tubes, that is housed in the tunnel bench walls, failed. There are four such feeders; one of the three was already out of service and awaiting repairs. So the resulting electrical supply limits forced operations to observe a three-train limit in the tunnel. Amtrak surged maintenance crews and contractors to repair the 80-year-old segment of feeder and restored an offline connection to the Sunnyside static frequency converter, which helped with the power problems.

Just as an example, Mr. Chairman: This is a portion of the feeder cable that failed (gestures). These are 1930s vintage lead-lined, oil filled, paper-insulated copper cables, and they do a pretty amazing job. As you can see here they are quite an antique, and we rely on them every day.

Our crews and contractors worked intensively to perform the necessary immediate repairs, and we remain focused on preventing or responding to any such failures as quickly as we can. But I need to be clear: That given the age, the ongoing damage from Superstorm Sandy, and the intense utilization of these tunnels, issues like the recent disruptions are not likely to be entirely preventable and, in fact, may increase over time until the tunnel can be renewed and modernized.

The challenges we face ultimately stem from long-term underinvestment in the Northeast Corridor by all parties: the Federal government, the states, and the commuter authorities that all rely on these assets. Today's predicament-- with perhaps the exception of Superstorm Sandy -- has been foreseeable for decades and, in fact, Amtrak has been sounding the alarm for nearly that long about the needs to modernize the Northeast Corridor as a whole, and the tunnel under the Hudson River.

In the meantime, we've been stretching our people and our scarce resources to keep the NEC going -- focused on holding together this complex system and this national asset amidst increasing growth and ever-greater demands. Along the way, some progress has been made and, in many respects, the Corridor as a whole is significantly better than when we took it over in 1976, thanks to occasional major investments made by the Federal government, and various states, and commuter authorities. But these investments have been far too limited and far too sporadic compared to the true need, reflecting the lack of a dedicated Federal funding program for Amtrak and intercity passenger rail; and the understandable tendency for commuter authorities up and down the entire Northeast Corridor to focus capital dollars on expanding their service over the NEC, rather than investing in the NEC's core assets that make the service possible in the first place.

Thankfully, I believe we're making progress towards recognizing and addressing this core issue. In 2008, Congress required the creation of a new body, the Northeast Corridor Commission, to serve as a cooperative forum for planning and development of the NEC, with membership from the U.S. Department of Transportation, the states, and Amtrak. Working together, the Commission -- on which I serve as a Vice Chair -- has created the first-ever comprehensive NEC five-year capital plan to lay out the full capital needs of the Northeast Corridor, including the elements here in New Jersey; and has fulfilled its mandate to establish a new cost-sharing model between Amtrak and the commuter authorities that will require all users of the Northeast Corridor assets to pay their fair share of maintenance and operating costs based on usage.

Finally, the Commission put forth a comprehensive proposal to Congress for the creation of a new Federal capital 80/20 matching program to invest on the Northeast Corridor -- in partnership with states, commuters, and Amtrak -- along the lines of what exists today already for our highway, transit, and aviation investments.

It is from this new cooperative paradigm that solutions to the tunnel crisis, I believe, can be found. What is needed, to both rehabilitate our existing infrastructure and to create the future capacity for growth, is a long-term, coordinated partnership between Amtrak, New Jersey Transit, New York's Metropolitan Transportation Authority, the states of New York and New Jersey, and the Federal government to advance the Gateway Program. The Gateway Program is a comprehensive set of infrastructure improvements between, roughly, Newark, New Jersey, and New York's Penn Station that will preserve existing service levels and ultimately permit significant growth in trans-Hudson service. By modernizing existing assets, strengthening system resiliency, and increasing track, tunnel, bridge, and station capacity, the program can protect today's 450 daily trains under the Hudson while creating the capacity eventually to allow a doubling of passenger trains into Manhattan.

Most urgently, the Gateway Program's Hudson tunnel project would create a new Hudson River tunnel, which would permit the closure of the existing century-old tunnel for the required improvement work while supporting current volumes of daily traffic.

In my upcoming presentation, I'll go over the main aspects of this program, and I hope to convince you that it is fundamental to the long-range economic future of New York, New Jersey, and the entire region. We

have taken great care to develop the Program to address what we know are New Jersey Transit's long-term needs and the New York MTA's needs. But we've essentially reached the limit of where we can take the program on our own, and we now require the partnership of others to really advance it.

With crucial actions now upon us -- such as starting the environmental and engineering work for the new tunnel, or constructing a new Portal Bridge -- we urgently need New Jersey, New York, and the Federal government to truly join in the planning, development, and funding of this program.

Again, I appreciate the opportunity to discuss the Northeast Corridor, the tunnel, and the Gateway Program with you today, Mr. Chairman and Committee members. This issue is critically important to so many New Jersey residents, and Amtrak takes very seriously our responsibility to provide a safe and dependable link between New Jersey and New York.

We look forward to working together with all the relevant stakeholders to address the challenges posed by our aging infrastructure, consistent passenger growth, and the needs for the future.

Many thanks again for your time today. And I will now proceed to my presentation.

SENATOR GORDON: Thank you; thank you very much.

And I know there a number of questions for you. I think we will hold those until you've completed your PowerPoint presentation.

MR. GARDNER: Thank you.

SENATOR GORDON: Please proceed.

MR. GARDNER: Thank you. I'm going to begin by laying out some of the context for the Northeast Corridor and really set the table for the need for the Gateway Program.

Quickly, just to describe the Northeast Corridor: This is the mainline of passenger railroading in America. This is essentially a railroad that extends from Washington D.C. -- and actually a bit south to Richmond -- all the way north to Boston, with three important branches off this main stem.

It's a very busy, complex railroad and it hosts roughly 2,200 daily trains. This is double the train volume when the railroad was taken over by Amtrak in 1976.

An important fact to understand is that the majority of the trains -- 2,000 of those daily 2,200 trains -- are, in fact, commuter trains operating up and down the Corridor, including, as I mentioned before, about 350 here in New Jersey.

And this complex rail network isn't just serving any region; it's serving, arguably, the best region for passenger rail in America. The Northeast megaregion, with 17 percent of the population on 2 percent of the land mass, is North America's best rail market, similar in density and population to six rail corridors in Europe. It has unique features -- of big cities roughly a hundred or so miles apart or less, with their transit systems. And this Northeast Corridor serves as a connector linking the entire economy of the region.

The NEC is vital to local economies up and down the Corridor. It provides access to good jobs, it enlarges the labor market, and it provides

reliable, safe transportation between major cities and the many communities in between.

As you can see here on the map -- which shows the New York/New Jersey metropolitan region -- commuter rail is a major means of transport into Manhattan. And an income earned by commuters is a major source of value throughout the region. Here you can see that many of the counties, both in New York and New Jersey, rely on rail service as a primary means of transport for commuting into the city. And it is true to say that the entire region relies very heavily on the Northeast Corridor and other transit infrastructure for the region to work.

In addition to the local needs that are supported by the Northeast Corridor, it's also a vital link for the entire region. Since the introduction of Amtrak's Acela service, the Northeast Corridor intercity ridership has grown substantially. Today, there are roughly 17 million intercity riders on the Northeast Corridor between our long-distance trains, the Acela, and regional service. And here you can just see what's happened relative to the air market and rail market between Washington and New York (gestures), where Amtrak now carries three times as many passengers between Washington and New York than all the airlines put together.

And this picture of success isn't over. Looking ahead -- whether it's our own studies or other studies now underway by other entities -- we see a very significant increase in demand, projected to essentially double by 2040 to 2050. And the real question that's facing us here in New Jersey -- and also elsewhere on the Corridor -- is how much of that demand do we expect or want the rail system to accommodate, and how much will we be willing to invest to make that happen?

That growth, currently, is threatened by a number of factors. The first I want to talk about is bottleneck. And as I alluded to in my testimony, the Hudson River tunnel is, perhaps, one of the most significant of all. Here you see a map (gestures) of the different train volumes up and down the Northeast Corridor with, on your left, Richmond, and all the way to the right being Boston. Each one of these colors represents a railroad operator using the Northeast Corridor. And what you can see, and what we sort of jokingly refer to as the *Himalaya Range*, there, in the middle, is Penn Station. That's where New Jersey Transit, in pink; Amtrak, in blue; and the Long Island Railroad, in green all come together in incredible density of traffic, all funneling into Penn Station.

And literally, we are out of room, both at Penn Station itself and in the tunnels. So our ability to add any more service into the existing system is very, very truncated. Without being able to add more trains, the Corridor simply will not be able to grow anywhere near the levels necessary to support the coming demand.

We have an interesting situation where we have strong growth with commuter and intercity rail -- growing roughly 2.5 to 3 percent annually over the past decade -- and yet we're relying on century-old assets to support this existing and growing service. Here, you just see a collection of some of the assets that are up and down the Northeast Corridor; obviously, the Hudson River tunnel we have discussed, but there are others -- probably the most glaring being the Baltimore and Potomac tunnel, which was built in 1873 and is still in service today. It's the main line between Washington and Baltimore.

Needless to say, these assets have been doing amazing work for their century or so, but the time to replace them has come -- in fact, has come quite a while ago. And failure to address these assets will be a restriction both on capacity and reliability of the Corridor in years to come.

Station capacity is another critical issue. Here you have a picture of Penn Station (gestures); I know all of us here are very familiar with the kind of crowding that happens there. But I want to put Penn Station in context. You have 410,000 daily passenger trips in Penn Station, and that's the equivalent of the entire city population of Miami in one facility. Raleigh, North Carolina -- similar size. So imagine moving the entire population of Miami and putting them in a single place. That's what Penn Station handles every day. It is filled to the brim, and in need of improvement and expansion. When you add the facilities of the New York Transit Authority, this is clearly the most heavily used transportation facility in America. And again, it's really past the point of being able to accommodate additional service and additional ridership.

As I mentioned in my testimony, Superstorm Sandy added to the challenges facing the Corridor. We had flooded substations, and the inundated East River and Hudson River tunnels. There was ongoing damage, as I mentioned, from the deposit of salts and chlorides, which have infiltrated and worked their way into the various tunnel systems. Tunnel reconstruction will require a closure of each tube for more than a year. But we don't believe you can realistically begin this rebuilding of these tunnels until we have built a new tunnel, because of the dramatic loss of capacity associated with reducing one of the tubes of the current tunnel.

To illustrate this, you can see on the presentation -- we have a graphic that explains. Today we have two tubes; we have traffic in each direction. And if we have to reduce one tube, and permit only one tube to function, we will cut our capacity by essentially 75 percent -- going from 24 trains an hour down to 6. So 6 trains an hour. You roughly have 30,000 passenger capacity per hour. You'd have to reduce that by 75 percent.

Finally, let me just focus for a second on the decade of underinvestment -- the decades of underinvestment in the Northeast Corridor. This is just to give you a scale, roughly. On the Corridor, on sort of average basis, there is approximately about \$400 million a year that goes through the traditional funding sources of Amtrak funding and the capital funding from some of the commuter authorities. And the railroad clearly needs something more like \$1 billion a year just to bring the current assets up to a state of good repair. So these are all the old bridges and all the old systems that are past their useful life but need to be improved.

Raise that \$1 billion to about \$4 billion a year to actually fully eliminate all of the major projects that need to be done, all the major backlog projects, and to modernize the Corridor. So we are spending roughly 10 percent of what's necessary to really bring this Corridor up to modern standards able to accommodate the future growth necessary and to reliably serve today's riders.

Let me turn to the Gateway Program itself.

As I mentioned, the Gateway Program is focused on addressing the bottleneck between Newark and New York's Penn Station, and improving the reliability and performance of that railroad.

I think it's best to think about the program in sort of three areas: one, is its focus on the tunnel itself -- which is the need to build a new tunnel, and then rebuild the existing tunnel so that we can create a reliable means of serving the existing 450 trains a day.

Additionally, we need to improve the railroad between Newark and those tunnels. Today, the tracks are between two and three tracks wide there, which is actually a reduction of track capacity compared to south of Newark and into Penn Station. So we funnel this huge amount of traffic -- 450 trains -- across just two tracks. And it is very, very difficult to maintain reliable performance with that level of track density. And, as I said, there's literally no room to expand trains on that track infrastructure. So we must expand the tracks between Newark and New York to four tracks, served by four tunnels into Penn Station.

And as we do that, we need to rebuild the aged infrastructure between Newark and New York -- several bridges, electrical traction system, other assets -- that need to be brought to a state of good repair and modernized.

Finally, we must expand Penn Station in New York itself. Because if we expand the capacity into Penn Station but we don't address the station itself, there will be no room to accommodate either the trains or the people who come with the expanded capacity between Newark and the station.

All three of these elements make up the heart of the Gateway Program.

Our principles are quite clear: Our first focus is to preserve the existing traffic and to make the infrastructure more resilient. We're looking

to secure critical alignment for future infrastructure investment; undertake design and construction when required and necessary; preserve existing service into Penn Station; rebuild existing infrastructure; provide resiliency and storm protection in case future storms follow us here; and bring the railroad to a state of good repair.

We also seek to increase the capacity to handle the future service needs, by providing 100 percent increase in trans-Hudson capacity; a 38 percent increase of Penn Station capacity.

This work has been underway by Amtrak for several years. We started with a feasibility study to both initially define and understand the feasibility of, in fact, undertaking this work. After successfully completing that work, we moved to system-level design work to understand the types of throughput and the initial engineering challenges necessary for this program. We are now in the program development phase -- looking at how to deliver this program; defining, finally, its scope; and looking at options for funding, partnership, and the like.

We also aim to begin the NEPA and preliminary engineering processes -- this is the Federal environmental process -- for various elements of the program.

The first focus is on the Hudson Tunnel project (gestures). Here you can see the existing study area; we'll be looking at options to connect from the Northeast Corridor just to the eastern north of Secaucus Station and into Penn Station.

The environmental permitting process and preliminary engineering is likely to take two to four years. We aim to start that this fall. FRA, the Federal Railroad Administration, will serve as the U.S. DOT

Federal lead agency, and we are evaluating options to try and expedite this process so that we can get this work done as quickly as possible.

And it goes without saying that to do this work and to develop this program will require regional participation. We need the partnership of New Jersey Transit, the partnership of New York and the State of New Jersey to advance this work.

The schedule, as I've laid out here, for the NEPA work would have us complete this through -- by 2019, if we can start now. And I make that last point because every day we delay is a day that we add on, typically, to the end. So it is urgent that we begin the permitting process. And our hope is, of course, to reduce this time to get this work done as soon as possible. That will take partnership at the Federal level, state level, and, of course, through Amtrak.

I am glad to be able to report that we have started on this Hudson Tunnel project, in a sense, already by preserving possible future right-of-way through the western portion of Manhattan -- in what's known as the *Hudson Yards Development Site*. There, as you can see on the left, is a major development that's now underway. And if it had been built without (*sic*) us failing to secure right-of-way, there never would be a Gateway Program. It would be impossible to serve Penn Station in the future with additional tunnels.

So we were able to act, with the support of the Federal government and help from the region, to construct a concrete casing underneath this development and to secure a future right-of-way -- to permit, one day, additional tunnels to serve Penn Station. As you can see some of the images here today -- I'm happy to say that the work between

10th Avenue and 11th Avenue is nearly complete. You go there, you won't see anything because it's already buried underground and done. We are continuing to work right now under 11th Avenue, and in the coming years we will need to begin to move west through the remainder of the site. Having done this, we'll have secured an absolute right-of-way that can be available for future tunnels.

We also talk about some early actions for the Gateway Program; one is the Portal Bridge. I think all of you are probably familiar with this; this asset is another famous problem child on the railroad. We are complete with the design and permitting work necessary to construct a new bridge. It's a \$1 billion construction project. What it now awaits is a partnership on funding to advance this construction. As you know, this bridge is a moveable bridge; it sometimes has problems when it needs to move to permit maritime traffic on the river. And it is essential to the reliability of both Amtrak and New Jersey Transit that this work commence.

We're also in partnership with New Jersey Transit and the TRANSITGRID project, working to build a new Substation 41 -- to improve that substation. This substation was flooded during Superstorm Sandy, and it led to the loss of service there because we simply didn't have the power necessary to support full service. So one of the early actions is to improve this asset.

Let me turn next to the Penn Station Concourse. As I said, if you think about the railroad from Newark to New York as a pipe, and you think about it today as a constrained, two-track system, and you say we expand that pipe to four tracks and handle -- to essentially double the

number of trains, all that capacity needs a home when it arrives in New York. And that home has to be an expanded Penn Station.

We've proposed a new Concourse just to the south of Penn Station, which we refer to as *Penn South*, which would contain the proper level of tracks and platforms to permit the full capacity of the new tunnels to be utilized in Penn Station. Additionally, we're anticipating future growth, and will preserve the opportunity for either more tracks or platforms underneath in the future -- so that those who follow me in this position, and others, won't be left wondering where else they can grow capacity in Penn Station as the needs of the Corridor increase.

I want to reference here an ongoing Federal study -- the *NEC Future*, which is sponsored by the Federal Railroad Administration -- which I encourage all of you to look at and to note this fall when they issue the initial environmental impact statement -- a draft of the statement. This is an effort to look at the future of the Northeast Corridor, to the service levels that will be expected and can be accommodated by 2040.

I mention this work because it's essential that this work be completed in order for us to plan the capacity elements such as the increase in capacity of Penn Station for the Gateway Program. And we expect this work to be completed in 2016, meaning that the work that we would like to undertake for the Gateway Program could begin thereafter.

Here I'm going to show a conceptual schedule -- and let me just note that this is conceptual; it's certainly based on funding being available to advance each of these elements. But if funding is available, we would like to begin construction on Portal North -- the new Portal Bridge; begin the NEPA environmental permitting and preliminary engineering work on

the Hudson Tunnel; and undertake some preliminary engineering on the Sawtooth Bridge -- which is the bridge that is between Newark and the existing tunnel in New Jersey. And then advance this over the course of several years, which would lead to completion of a new tunnel in the 2025 period, and completion of the rebuilding of the existing tunnels by the end of the decade.

Simultaneously, after the Federal environmental process is complete, the NEC FUTURE process, we could begin the new capacity work: looking at expansion of Penn South; development of what are sometimes called the *Bergen* or *Secaucus Loops* which would connect NJT service into the Northeast Corridor, permitting a one-seat ride -- a very important feature, I know, to many in New Jersey; another Portal Bridge necessary to permit the four-track crossing of the Hackensack River; and renewal of that railroad between Newark and the tunnels, known as the *Highline*.

All this would lead to project completion in, essentially, the end of the 2020s, early 2030. And it all depends on us getting started right now. This is a multi-decade effort; it will take many years to develop the planning and the engineering work to support it, and then to undertake the construction.

With that, Mr. Chairman, I complete my presentation. I look forward to answering any questions the Committee members have.

Thank you very much.

SENATOR GORDON: Thank you very much, Mr. Gardner, for a very comprehensive presentation and overview of the Gateway project. I know we have a number of questions.

You alluded to the delays we experienced the week of July 20. Is it fair to say that delays of that kind are going to become the norm?

MR. GARDNER: I don't think we know that yet, sir. I think it's fair to say that the tunnel is under stress. And given current traffic levels and just the sort of unrelenting time, and impact of time, I think that maintaining current service and current reliability will continue to be an increasing challenge. As it relates to the feeder cables and the impacts of the electrical traction system in the tunnels, we have sent the materials off to a laboratory for testing to try and determine if the failures there were the result of, or impacted by, the inundation of chlorides from Sandy. But we don't yet have answers there. So as I mentioned, I do think that when you have assets of this age under this level of service and stress, it's not feasible, really, to imagine that you're going to get perfect performance.

We continue to do our best to put every ounce of effort into maintaining this railroad. But given the limited times we have to access the tunnel, and the condition, it's quite possible that these delays will become the norm at some point.

SENATOR GORDON: You mention in your testimony that for the work to be done as it should be on the existing tunnels we really need to have the Gateway tunnel in place and operational to divert the traffic away. It's easy to say, but what happens if we have this worst-case scenario -- where, for whatever reason, the existing tunnels are not operational anymore? There's a tunnel failure or something, and they just can't be used. And you're telling us that the Gateway project, if we were to start right away, wouldn't be completed until the late 2020s, early 2030s. What happens if we have a tunnel failure two years from now? What

happens to those hundreds of trains and tens of thousands of commuters? What happens to the region? What do we do? Is there a contingency plan in place for this worst-case scenario?

MR. GARDNER: Well, Senator, certainly our hope and our belief is that we can keep the asset and the tunnel serviceable and in working order, and supporting the service we have today.

We have been maintaining these tunnels for a long, long period now; we understand them. As I had mentioned, I think the more likely situation is that the disruptions we have, the minor issues that come up happen with more frequency over time. And it's true -- the earliest we think a new tunnel could be built is 2025; and you could go ahead and start rebuilding the existing tunnels. It's a long time to wait. Certainly none of us wish to be in this position.

But if a tube needs to be taken out of service to be repaired, the impacts are very significant. We know what they are; essentially, that's what happens every weekend. We take one tube out of service and we have to single track in and out of Penn Station. And as I had mentioned, this leads to about a capacity of roughly 6 trains an hour into the station.

So from our perspective, Amtrak runs 4 of the 24 trains an hour into Manhattan and through the tunnels on a peak period; 20 trains are New Jersey Transit. We would be left with having to handle 24 trains worth of demand across 6 slots, spread between Amtrak and New Jersey Transit. I mean, the impacts here would be dramatic. And I know of no viable contingency, in the sense that there's not another railway into Manhattan. The question becomes: How does -- primarily because the burden undoubtedly would fall very significantly on New Jersey Transit's

riders -- how to accommodate the more than 180,000 or so folks who normally would ride the train into Manhattan?

Our first goal here would be to ensure that it doesn't happen. We, of course, always will make sure that the tunnel is safe; that is our first requirement, and we will work to do that. And we anticipate if we have outages, they will be of the type that we've had here, where we have delays and we have short-term outages. The tunnel itself is structurally safe, so it's a matter of fixing the things that break, when they break. So we do not expect a total shutdown in the near term.

Our hope, of course, is to focus on getting this new tunnel built. Every day that we defer is a day of extending, frankly, our risk. And as soon as we get the tunnel built, we are able to provide the level of support and surety around the current service and repair the existing tunnels.

SENATOR GORDON: We had an ARC project underway until it was canceled; I believe it was 2010. My memory is that it was supposed to be completed by 2018. Is it fair to say that because of the cancelation of that project we've lost 10 years?

MR. GARDNER: Well, I would say this project that we're proposing -- Gateway project -- is a different project because of its connection to Penn Station, because of its focus on the existing tunnel and the existing infrastructure between Newark and Penn Station. So from my perspective, the work that we have to do would need to be done, and has always needed to be done, and must be done now -- particularly because of the damage inflicted from Superstorm Sandy. So even in a situation where the ARC project was completed, you would still have this work that needs to be done here. And frankly, our focus is on convincing everyone of the

need to act expeditiously now so that we can reduce the risk in the future associated with the existing tunnels.

SENATOR GORDON: I know a number of my colleagues must have some questions. I see Senator -- Senate President Sweeney is here. I want to ask just one more, and that is: What is it that we can do at the State level to facilitate this process? We know that so much of what we're going to achieve here depends on Congressional appropriations, Congressional action. What can we do as a State -- the things that we have under control here, presumably -- what can we do to facilitate this process? And if you could comment on both New York and New Jersey.

MR. GARDNER: Thank you. I think fundamentally what we need from the states of New York and New Jersey, both, is commitment to this process, commitment to developing this program, undertaking the work that's necessary to define it and to build a path forward.

Clearly, resources will be a very significant piece of that. We all expect the Federal government, of course, to be a major investor in this program. But we also expect that both states will be required to make investments as well.

So I think New Jersey Transit absolutely needs the resources to be a partner in a project like this. Additionally, New Jersey Transit needs the capital resources to fully invest in today's Northeast Corridor to maintain and improve the existing railroad between now and the completion of this project, hopefully in the next decade.

So I think a strong commitment from both states that this project is central to the region, and a commitment to develop the resources over time. Again, it's a long-term project. Right now, what we mostly need

is people -- and their passion and their expertise from -- the Transit agencies and from the states to work with us to take this conceptual program, based on our initial work, and to develop it and then to follow through with the investment levels necessary for construction when the time comes for the various aspects.

Things like Portal Bridge are ready to go today. If we had a partnership between New Jersey, and Amtrak, and the Federal government we could begin that work immediately. And there are a number of things like that that are waiting on this commitment; and it is our hope, sincerely, that we can develop this urgently with both states.

SENATOR GORDON: With regard to contributions between the states and the Federal level, I would only observe that at least based on my calculations, New Jersey and New York contribute 11 percent of the Gross Domestic Product of the United States of America; and the Mid-Atlantic States, over 20 percent. And so this is a project of national significance, and we would argue for a commitment on the part of the Federal government on the order of the Interstate Highway System, or the Manhattan Project, or the Panama Canal. And I think as Governor Cuomo has said, our resources at the State level are limited.

With that, I want to give Senator Kean an opportunity--
Senator Weinberg.

SENATOR WEINBERG: Thank you, and good afternoon. And thank you, Mr. Gardner, for being here and for giving us this amount of information.

And just a comment, first. I would like to shine the light on the phrase you used several times: *the entire region*. There are-- Amtrak now

carries, on the Northeast Corridor from Washington D.C., more people than all the airlines combined. So though New Jersey Transit is so highly impacted by all of this, I think you touched on, in your opening comments and in the display here, the importance of these tunnels to the entire economic region of the Northeast. Just a point.

And now, if I may, I have some questions.

Can you comment at all, or do you know anything about New York, New Jersey, or any other portion of Amtrak -- what is going on in terms of negotiations with Congress currently on funding?

MR. GARDNER: Certainly. And let me just, first, agree with your point that the Northeast Corridor, and the tunnel in particular, are absolutely regional and really national assets. Trains-- Our long distance network, that many of our trains begin out of New York, proceed all the way to Chicago, New Orleans, Miami -- they use the tunnel. There are impacts up and down the entire region. And that's very consistent with our view -- of Amtrak's view, and I think the view shared by many of the states in the Northeast Corridor, that we would expect a Federal partnership of 80 percent -- similar to the partnership that exists for the highways, the aviation system, transit properties generally -- in terms of these types of investments because of the national impact that they have.

Amtrak has, for many years, been focused telling the story to the U.S. Congress and to the Administration. As I think all of you know, the U.S. DOT Secretary, Secretary Foxx, and his staff have made very supportive comments about the urgency and the need for this program. We appreciate that very much. And we have had strong supporters in Congress as well. Currently, I think, as many of you know, there's both an effort to

reauthorize Amtrak and the intercity passenger rail program, and an effort to reauthorize the surface transportation program -- the highway and transit programs and the Highway Trust Fund. Those are underway. We've been making a strong push to create a dedicated Federal investment program for intercity passenger rail, for Amtrak's capital needs.

And certainly we talk about the Gateway Program as the very shining example of the type of program that needs dedicated, Federal, reliable funding. Today, Amtrak receives its funding on an annual basis based on the appropriations process. It's very difficult to run a \$3-plus billion enterprise when you don't know what your capital budget is several months into your fiscal year, which is often the case that we encounter.

So it's really almost impossible for us to undertake programs of this type, duration, and size without some level of certainty around capital investment from the Federal side.

And to your point, Mr. Chairman: With a strong Federal base, we are able to then try and build the responsible and appropriate partnerships with the other agencies and the states who are beneficiaries of this program; but recognizing that there is an absolute interstate commerce fundamentalness of this program, and that the region -- and, in fact, the entire nation -- relies on the level of mobility provided by this asset.

SENATOR WEINBERG: You did say that Amtrak is looking toward an 80 percent Federal funding.

MR. GARDNER: That's right. Historically the Federal government has made investments into the Northeast Corridor -- sometimes entirely Federal dollars. But they have been very sporadic; currently we receive about \$1.4 billion a year -- roughly \$300 million of that is available

for investment into the Northeast Corridor infrastructure, a very small amount compared to the need.

So our focus is on trying to establish the type of partnerships -- successful partnerships that have existed for aviation, highway, and transit, which are mostly 80/20 programs, where the Federal government puts forward 80 percent of the project cost and then the local beneficiaries contribute the remainder. Our view is that that 20 percent should be shared by the different parties that benefit. So, in fact, we would sort of split that 20 percent based on usage of the various assets here between New York and New Jersey, and Amtrak.

SENATOR WEINBERG: We've been told that there is something called the *Railroad Rehabilitation Finance Program (sic)*, which has approximately \$30 billion currently in its coffers for a loan program or a grant program?

MR. GARDNER: It's a loan program.

SENATOR WEINBERG: At 2 percent.

MR. GARDNER: Well, the rate depends on Federal treasuries, and also something called the *creditors premium*. But yes, it's very attractive -- can be very attractive financing. We have made use of this program; the shorthand for it is the *RRIF* program. It's a Federal Railroad Administration loan and loan guarantee program. And we think it's a very attractive opportunity for the Gateway Program, because it has very significant capacity and it can provide dollars for projects like this -- where you might need upfront capital and you want to finance that over the term of 35 years. And it has the possibility that you don't have to begin repayment for up to 6 years. So it's a very attractive program through the

Federal government, and we think it could be well-suited for both Gateway and other projects on the Northeast Corridor. But it is a loan program, so it requires that folks dedicate or develop a revenue stream or some sort of financial stream to repay. But at the current interest rates, for a program of this size, I think it would be hard to find a better opportunity to finance -- for whatever portion that needs to be financed -- a program like this. And again, our expectation is the Federal government still would need to make a very significant grant investment, but we might also be able to use these financing tools to advance it.

SENATOR WEINBERG: I have one or two more questions, if I may.

First, a little bit on the parochial side -- back to Bergen County, after I accentuated the regional aspect. (laughter) Is Amtrak looking into the ability to provide a one-seat ride to Manhattan for commuters on the various railways we have here -- Bergen, Pascack Valley, Mainline, Raritan Valley? Is that included in any of your plans?

MR. GARDNER: It is; it is, Senator. And in fact, if you just go to our program overview, you'll see those little purple lines there that say *Secaucus Loop*, and this would permit that connection between the Northeast Corridor and those three Bergen County lines that permit a one-seat ride for both New Jersey Transit riders, and also for the Orange and Rockland County Metro North passengers who use those routes into the City. We've included it in the planning; it's part of the program. Again, it's something that we need to advance in partnership with the states of New York and New Jersey. But we've always included it as something to protect and

include in the program, because we know it's vital to the region and the interests.

SENATOR WEINBERG: Well, I think we're happy to hear that.

And in answer to one of Senator Gordon's questions about what you need from us -- you said, I believe, *people* and *passion*. I think the commuters on New Jersey Transit, after their experience of the last few weeks -- you have plenty of passion and emanating from that group of folks. We have seen it all over Facebook, we have seen it on their own pages, we've all heard it; and I'm sure, hopefully, the Governors of both our states -- both New York and New Jersey -- have heard it.

And I think with the leadership, on a bipartisan basis, of the people sitting here -- including our Senate President, and our Minority Leader, and our Budget Chair, and our Education Chair -- we can help move this forward in a positive manner. Because it is of the utmost importance to the quality of life of the people we all represent. And I would like to-- Besides talking about the economic engine of this region, and the jobs, and kind of these words that don't really represent what people have to go through and what their quality of life is about-- And that's hopefully the kind of leadership you're going to see from the people sitting around this dais.

So again, thank you for being here.

MR. GARDNER: Thank you, Senator.

SENATOR GORDON: Senator Ruiz.

SENATOR RUIZ: Thank you, Chairman.

It's wonderful to have this conversation, even though it's staggeringly very late in the process. We're talking about it in a very proactive, positive approach. My concern is that the inability to run these trains, or to have a complete shutdown, can paralyze our whole infrastructure and commerce literally at one stroke. We've seen it temporarily in certain circumstances, and I think my bigger concern is we're seeing numbers projected into 2025 -- the project -- into 2030. Are those studies taken into long-term capacity issues, or is this a Band-Aid approach to the stemming (*sic*) problem -- or a visionary kind of long-term growth plan for the Transit system?

MR. GARDNER: Thank you, Senator.

We think it's both. The program is designed, really, to do both things: one is to protect the current service that we have by essentially repairing and replacing those existing assets that are like this (gestures), past their prime.

At the same time, both because of the need to build new capacity in order to, in fact, repair the existing lines, we can provide growth for the future so that at the end of this program-- And again, in the 2025 period we can have, hopefully, a new tunnel constructed that will protect the current 450 trains. And in the next several years after that -- certainly, throughout that whole process -- we'll be, hopefully, expanding capacity to Penn Station, and expanding line capacity between Newark and the tunnels to permit a doubling of train volume into Manhattan.

So I would like to think that that capacity will certainly accommodate the next several decades. But, as I mentioned before, as we look at Penn Station capacity and elsewhere, we are, in fact, planning for

the future. Each of these assets should be 100 years at least in life. So we need to look ahead and say, "Are we building to capacity that not only is going to meet our immediate needs but, in fact, hopefully my grandchildren's needs?" And we take that responsibility very seriously.

So the Gateway Program is both what we need to protect today's service and to grow for the decades ahead.

SENATOR RUIZ: In your presentation there is expansion of New York Penn Station. And I guess that would be over several years. Is there any reason why the Newark Penn Station is not in this presentation, as far as expansion?

MR. GARDNER: Well, there are a number of improvements actually at Newark that are part of the program. But the station itself is-- Well, there are some constraints in terms of track capacity to the station, and so those would need to be addressed, I think -- adding an additional track. But we think at the moment the station itself, in its general footprint, is big enough to handle the growth. But we are working and will work with New Jersey Transit, which owns the facility, to do that. And that's why we need the kind of partnership I've mentioned. We are, in a way, having to-- I mean, this isn't guesswork; we certainly have a great partnership with New Jersey Transit and we've been working together for decades now. But we need them at the table to help us understand the growth they anticipate and the future of facilities like Newark Penn Station, so that we can make sure that the Gateway Program accomplishes what needs to be done there, and so that this whole system works together. And that's really the sort of fundamental of the program -- is that all these pieces

link together to create, in the end, a modern, high-capacity, four-track railroad and expanded capacity for passengers.

SENATOR RUIZ: In the last question, the Majority Leader asked about Amtrak providing a one-seat stop to Manhattan. Is there any reason why Amtrak would be doing that and Transit wouldn't be allowing for those seats? It seems like you would be -- it's a function of New Jersey Transit.

MR. GARDNER: It is, it is, Senator. What we are talking about here is creating a the track connection which would permit New Jersey Transit trains to essentially loop up onto the Northeast Corridor and make use of, eventually, the four tubes of the two tunnels. So it would be New Jersey Transit service; it's just in the infrastructure plan we put forward.

SENATOR RUIZ: And just to echo the Chairman and the Majority Leader's comments -- and I'm sure all of the Committee members -- you keep talking about the entire region, and we recognize it. As someone who lives in Newark, I recognize the importance of the rail system and what it does for the national economy, and what it does for the viability of quality of life for all our residents in the region.

The 20 percent that you keep talking about -- and this wouldn't be cementing you to any number, but is there any random cost, what that 20 percent would look like, or what-- Nothing?

MR. GARDNER: Well--

SENATOR RUIZ: Or you're afraid to give the number.

MR. GARDNER: Yes, it's-- (laughter)

SENATOR RUIZ: Either one, it's okay.

MR. GARDNER: Again, we are just at the beginning of the design phase, right? So at this point, we have to go through the environmental process, through the engineering work -- which will establish costs. But again, using Portal Bridge as an example -- there's a project that has a very clear cost: it's been designed, it's been through the process; it's a billion dollar, roughly, five-year project. So if we could get \$800 million over that period of time in Federal investment, you'd be left with \$200 million. And you'd have Amtrak, and New Jersey Transit, and maybe we'd have a larger partnership with the region to then deal with that \$200 million over five years.

So clearly the project is -- as a total, Gateway Program is many-billions of dollars over this 20-year period. But right now, the major expense -- other than Portal Bridge and securing the right-of-way in Manhattan at the Hudson Yards program -- is in planning and engineering, which is not all that expensive compared to the total project. We just need partnership and, frankly, willing participants who share the sense of urgency and commitment.

SENATOR RUIZ: All right. I can't stress how critically important it is to undergo this project. As someone who rides the rail systems in and out of Manhattan on the holiday season -- sometimes the inability to get in and out in a timeframe, or when you're coming home and you have to pull over because the Amtrak train takes precedence on the track -- is hugely frustrating for New Jersey residents, or at least for me.

And I'll just speak of myself on that. I just-- This is an exciting conversation that we're having today, and critically long overdue, in my estimation. I just want to echo the sentiment that I started with at the

beginning of the conversation: Government is very good about creating short-term Band-Aid approaches; this is one that has to have a collective, all-hands-on-deck, long-term, systemic approach so that when we make the investment we're doing it for future generations in the state.

So thank you.

MR. GARDNER: Thank you.

SENATOR GORDON: Thank you, Senator.

Senator Kean, some questions?

SENATOR KEAN: Please.

Thank you, Mr. Chairman.

Mr. Gardner, thank you for your -- and through the Chair -- your comprehensive statements. I thought you really gave an extraordinarily detailed approach on how we can get to the endpoint that we all want -- which is that the transportation infrastructure entities and rail lines are truly operating like arteries, where they have a much more free-flowing approach throughout the entire region. And I want to thank you for your hard work today, and your hard work going forward.

To that extent-- I mean, because, in the end-- I think we've talked about mobility, we've talked about the economic impact, but in the end there is also a national security component you hear -- which is, the mobility includes a national security component to ensure that you have many different ways of getting your efforts around the country. The interstate highway system was created for just that purpose. And I view this entity with that same importance.

And I thought it was extraordinary to see that you have already blocked out the access tunnels on the far sides -- there is already a concrete

effort to get those tunnels through. So that was an important effort, I think, on behalf of New York/New Jersey and also Americans like.

As you're working-- This is the parochial effort, to the extent that Senator Weinberg talked a little bit about the parochial effort. You know, when we talk to my constituents who I represent along the Raritan Valley Line-- On the way back from New York, when you hear *Track 5*, what that means -- through the entire day, people who are commuting from New York on a multiple-seat ride back to -- every seat along the Raritan Valley -- that has a significant impact, or significant meaning. So I would argue that part of that parochial approach -- which makes sure that people have that immediacy and fluidity of motion -- Hunterdon Flyover -- because the Raritan Valley Line, as you know, has a stop at grade, and that means you have to then go over and then-- It makes it easier for everybody to have (indiscernible) infrastructure.

So just as you're talking about, I don't think the loop would necessarily impact that, would it -- the loop up in Secaucus?

MR. GARDNER: No, sir. We understand the interest, particularly the strong desire for increased service and increased one-seat service into -- from the Raritan Valley to Penn Station. And a flyover, as you mentioned, is a very important project. So we are-- All of our plans include that effort as a baseline effort -- something that we hold in our planning to make sure that it can be accomplished and that none of the work we do here in any way impacts that; and, in fact, it anticipates increased service from the Raritan Valley.

SENATOR KEAN: Thank you. And that's the one parochial question.

The one broader question is: There is nothing that, over time, is going to change the course of how this rail system gets into New York Penn Station? Because one of the criticisms of some earlier trans-Hudson efforts is that they would dead-end and, as a result, you would have no expansion opportunities. I think you spoke a little bit about how you're building it now and expanding Penn Station, and you have the capacity to go under the large projects on the West Side coming in. But right now, you're not anticipating that this tunnel will be an endpoint -- it will be able to go throughout the entire country, effectively, won't it?

MR. GARDNER: So the way that the program is designed is that the new tunnel will be able to serve roughly 18 of the 21 tracks at Penn Station -- so the vast majority of those -- and some of those tracks are used only by Long Island Railroad. So essentially the tunnels provide universal access to Penn Station, so that regardless of when they're built, you know, you have the old tunnels, the new tunnel -- regardless of which tunnel, you'll be able to access anywhere you need to in Penn Station -- which will permit use of the existing East River tunnels, east to New England, and to Queens and so forth.

Penn South, as a concept, is a terminal that would originally be -- is conceived to be built as the lower tracks today in Penn Station are -- as a stub-end terminal. But we have done the initial feasibility work and design work to be able continue, actually, to the east so that from this terminal we could, in fact, build a fifth and sixth tunnel east across Manhattan to connect to other stations, to connect to Queens, to connect to New England. Because as to Senator Ruiz's point, growth is -- one, it's upon here. We see it very significantly now, and we know it's coming in

this region; we know rail is a very important and viable solution to the transportation mobility challenges here. So we are looking at every aspect of this to make sure that it can, in fact, grow when we need it, in whatever the period is -- 2040, 2050, 2060 -- so that the folks who come behind me have an option to expand the capacity for the future of the system.

SENATOR KEAN: Through the Chair, I want to thank you and your agency for that foresight.

MR. GARDNER: Thank you.

SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: Thank you, Mr. Chairman and thank you Mr. Gardner.

I'm going to take off my Budget Chairman's hat for a moment and put on my engineering hat.

You said something in your presentation -- you had indicated that we have these two tunnels, and if one tunnel goes out of service for maintenance like it did, or a problem like it did back in July, that you would go from 24 trains per hour to 6 trains per hour. Is that correct? So I think it's safe to say, unfortunately, that we will continue to have problems -- as we sit here, we all hope and we pray that there will be no future problems -- that there will be, unfortunately, additional maintenance problems and additional shutdowns.

Amtrak owns the track, correct? They own the tunnels.

MR. GARDNER: Correct.

SENATOR SARLO: So as you're sitting there, and Amtrak has to shut one of these tunnels down because of an emergent condition, the

trains that will get first priority, per hour, will be the trains that are running on the Northeast Corridor -- not New Jersey Transit trains, correct?

MR. GARDNER: Well, we do our best to accommodate-- I mean, when something happens that's unplanned, obviously we're in a situation where we have a lot of trains that are out there with people, and we try and get all -- we need to get all of those trains into the facility.

SENATOR SARLO: I understand -- we only have 6 an hour, right?

MR. GARDNER: That's right. So-- That's right.

SENATOR SARLO: And you can only get 6, so you're sitting at the control booth, and you only have 6 an hour. You're going to move people from D.C. to Boston, and you're going to choose them over New Jersey Transit riders.

MR. GARDNER: Well, we-- Again, when we have a short-term problem we try to get all the trains we can through. But the reality is, is that if you have only 6 trains an hour -- I mean, again, New Jersey Transit normally has 20 -- so you're talking each train maybe has a 1,400-person capacity. I mean, it's a very significant reduction. But we manage the system when we have an outage as we do on the weekends. I mean, this is really the example. On the weekends is a perfect situation. We have a number of Amtrak trains and a number of NJT trains that utilize the tunnel on the weekends where there's only one tunnel. So that shows you that we balance the respective needs. But certainly Amtrak intends to continue to run trains through the tunnel, and New Jersey Transit. But it's 6 versus 24--

SENATOR SARLO: I'm not faulting Amtrak.

MR. GARDNER: Yes.

SENATOR SARLO: As we've all said, this is a regional project for the entire Northeast region. And it needs to be funded by the Northeast region. But I'm being practical. And if I'm sitting there operating and in charge of making the decisions, and we're down to 6 trains an hour for a full day, or a full 24-hour period because of a shutdown, I think Amtrak's going to make the decision that trains that are moving passengers from D.C. to Boston are going to get first priority over the New Jersey Transit trains. I mean, being practical; I mean--

MR. GARDNER: Right. Well, again, we only have 4 trains an hour. So if we ran every train you'd still have 2 available slots. But, in fact, what we would do is work with New Jersey Transit to try and figure out how to accommodate as much service--

SENATOR SARLO: It's safer to say that New Jersey Transit riders would have a bigger impact.

MR. GARDNER: Absolutely; there's no -- that's just pure and simple math, yes.

SENATOR SARLO: Okay.

MR. GARDNER: Yes, there's no way--

SENATOR SARLO: Which leads to my question with regards to -- and our Chairman touched upon it -- the Access to Core. Senator Weinberg and I were just talking about this. Clearly the Gateway project is a better project for the region as a whole. It provides more capacity, more opportunities, and it focuses on New York Penn Station, correct?

MR. GARDNER: That's correct.

SENATOR SARLO: Okay. However, if the Access to Core was built today -- okay? -- if it was in place today-- And I know if you funded it, the funding was in place, and if it was not canceled, we'd be pretty close -- probably a year out -- from having portions of that online.

If that was in place today, wouldn't it make it much easier for Amtrak to be able to go in and rehab your tunnels, one at a time?

MR. GARDNER: Well, Senator, I think certainly having additional trans-Hudson capacity of any type provides more opportunities for New Jersey Transit to serve its customers into Manhattan. And, again, the ARC program, as it was envisioned, as I understand it, would have still relied very heavily on existing Penn Station capacity and the new capacity created through the program. So to accommodate all the growth that was anticipated there, you would need both sets: the existing tunnel and the new one. But, I mean, if there were more -- if there were tunnels into Manhattan, certainly that would provide New Jersey Transit with additional capacity into New York in the case of the Hudson River tunnels being out.

SENATOR SARLO: The people who we've been elected to represent-- And it just happens, the members of this Committee, three are from Bergen, Essex, and Union counties; the northern part of New Jersey who spend a lot of time in Manhattan and commute -- New Jersey Transit riders who depend upon New Jersey Transit. Clearly if the Access to Core was up and running, as Amtrak -- and a project that I support; I support this Gateway project wholeheartedly. And it's something that is going to take much more than New York's and New Jersey's economy to fund this; it's going to take the Federal government and Congress to be a major, major

partner in this. But as I sit here and worry about the people who I drive by who are going into the train stations in Woodbridge and other parts of northern New Jersey, today, as Amtrak struggles because of Superstorm Sandy and a 100-year-old tunnel -- as they struggle to keep these tunnels operational and safe, there would be a sort of a safe haven for some New Jersey Transit riders. We would have tunnels that were dedicated to New Jersey Transit riders -- am I correct in saying that? -- if Access to Core was built.

MR. GARDNER: Yes.

SENATOR SARLO: Okay. Thank you.

Funding. In addition to the capital ends of it, there is a body called the Northeast Corridor Operations and Infrastructure Advisory Commission -- is that correct?

MR. GARDNER: Correct.

SENATOR SARLO: What does New Jersey Transit contribute to that today? What is our annual contribution? And that's not for capital, right? That's just for operational?

MR. GARDNER: Well, the Commission, sir, is a body that was created by statute, and it represents the states, U.S. DOT, and Amtrak. But I think you're referring to what New Jersey Transit contributes to Amtrak for the operations and capital investment.

SENATOR SARLO: Yes.

MR. GARDNER: Roughly, I think in 2014 -- in Federal Fiscal Year 2014, New Jersey Transit payments to Amtrak were a little more than \$90 million. The majority of that is for operating costs; so roughly \$25 million or so of that was just for the power bill associated with New Jersey

Transit train; and then other fees that paid for our maintenance, and our dispatching, and the operating costs that are out there.

SENATOR SARLO: So it's about \$90 million right now?

MR. GARDNER: That's correct.

SENATOR SARLO: And they will increase just because -- older tunnels, more maintenance, more--

MR. GARDNER: Well, it will increase, first, because today's New Jersey Transit payments to Amtrak are based on an old model that is being replaced by the work of the Northeast Corridor Commission. New Jersey Transit was paying its incremental costs for operations and capital, not its full costs associated with the use. So the contribution just to maintain and operate the existing railroad would go up for New Jersey Transit, and those numbers would go up because they're paying more of the share associated with their use. And then, as you say, the costs of maintaining this railroad increase every year because it's so old, frankly, and also because there's so much traffic on this railroad. It's very difficult to get productive maintenance time with a two- or three- or four-hour window. So it's a very expensive asset to maintain because it's, frankly, too busy and it's very old.

SENATOR SARLO: And none of the money that we contribute from New Jersey Transit -- the \$90 million or so -- goes towards operations expense, power expense to pay for your utility bill, and maintenance, but not long-term capital; none of that money towards long-term capital?

MR. GARDNER: Well, in 2014, it was about \$14 million in capital investment for renewal and investment for long-term capital. But yes, and that's--

SENATOR SARLO: That's part of the \$90 million, not in addition to the \$90 million?

MR. GARDNER: That's part of. And that's been, frankly, reducing over the years from New Jersey, but it will need to increase substantially, as part of the Northeast Corridor Commission work and to address any of these future elements.

SENATOR SARLO: But the more and more maintenance problems you have, you're going to eat into that \$14 million. You're going to siphon that off, right? You have to pay the bill.

MR. GARDNER: That's right. That \$14 million and New Jersey's future contributions are really just for the basic stuff -- tracks, ties, the overhead wires, the signal system. Things like Portal Bridge are on top of that.

SENATOR SARLO: Correct.

MR. GARDNER: And absolutely, the increasing rate of failure with these aged assets means there is more cost. So it's really-- As I said in my testimony, we are in a hole, decades deep, from the lack of regular investment in this asset. And we now have to try and dig ourselves out of that, as a partnership between, again, the Feds, and the states, and the commuter authorities -- all of us who rely on it.

SENATOR SARLO: I didn't want you to think-- Before, I was not asking you to choose between the Gateway and the Access to the Core. Clearly, they are separate projects, clearly separate endpoints; clearly, if you

look at them, the Gateway is a much greater project for the region as a whole, and it should be funded by the Federal government -- or a much greater share by the Federal government.

But we hear from our constituents, who we have been elected to represent, who use New Jersey Transit from Bergen, Passaic, Essex, Union, and Hudson counties. And clearly the Access to the Core was not, perhaps, nearly as phenomenal as the Gateway project. But as we sit here today, over the next 5 to 10 years, until we all -- everybody gets their act together and finds funding, New Jersey Transit riders are going to take the greatest brunt here. They're going to take the greatest brunt -- every time one of these Amtrak tunnels has a problem, New Jersey Transit riders are going to take the greatest brunt here. It is what it is. The Access to Core would have helped alleviate that, and would've taken care of our New Jersey Transit riders. But as we sit here today, until everybody gets in a room and comes up with the dollars necessary to build these two tunnels, New Jersey Transit riders are unfortunately going to take the brunt of it. And that's something we, as New Jersey elected officials, need to take into consideration.

Thank you.

MR. GARDNER: Thank you very much

SENATOR GORDON: Thank you, Senator Sarlo.

I would just like to follow up on one of the questions that you asked.

We were talking about a \$14 million capital contribution from Amtrak. Do you have any thoughts on how that number is going to change

over, let's say, the next three fiscal years? We hear that it may go up to \$60 million, or \$100 million. Are you able to comment on that?

MR. GARDNER: So currently, in Federal Fiscal Year 2014, New Jersey Transit capital contributions -- part of what's called the *Joint Benefits Program*, which is a program where they invest and Amtrak matches that investment-- And we direct these dollars to improvements in New Jersey on the Northeast Corridor. They made a \$14 million contribution.

Under the Northeast Corridor Commission cost allocation policy -- which is set to take effect in Federal Fiscal Year 2016, so this coming October 1 -- there will be a substantial increase. I think New Jersey Transit can give you their specifics, but it will be -- between the increase in operating costs and capital costs -- just in 2016, in the range of roughly \$70 million to \$80 million between the two. And it will increase over time.

And I would just say that this is not unique; I mean, up and down the Northeast Corridor where commuter railroads have been paying only incremental costs and not the full costs of their use of the assets, this is having to change. And Amtrak as well is paying more where we use commuter railroad assets, because we too have been paying only on an incremental basis. So this changes the basis and says users, in partnership with the Federal government, need to be contributing because, frankly, the lack of contributions is what got us all to the place we're in today -- which is decades of underinvestment.

SENATOR GORDON: Okay.

And regarding your plans for the next segment of upgrades on the Northeast Corridor -- at least in New Jersey -- you've completed the segment from Trenton to New Brunswick; when do you anticipate work

would be done north of New Brunswick, and how much might that cost and what would New Jersey Transit's contribution to that be?

MR. GARDNER: Senator, the work underway -- the work is still underway. We're in construction now between a spot north of Trenton and New Brunswick, as you said. That work is funded by a \$450 million ARRA grant, so a Recovery Act grant -- a special, one-time contribution. It was 100 percent Federal money.

And that really points to what I alluded to in my testimony, which is every once in a while the Federal government or a partner will come in with a significant investment and we'll be able to tackle a piece of our infrastructure that's long been in need of work. And so that's where -- we've started there.

Our hope would be to continue, in fact, that work -- in 2018, 2019 -- keep our gangs, the expertise we've built up -- keep them working north; we could also head south. But as of now, as I alluded to, we don't have a Federal program that provides that level of resource. And we don't have a way to plan for and, in fact, count on Federal investment of that sort.

So our hope would be that we could work, again, on this 80/20 process, build a similar program that would continue the work north with New Jersey Transit in that time period, and look for 80 percent of the funds from the Federal government; and between us and New Jersey Transit come up with the remainder.

But that work, of course, needs to also to be timed relative to the work for the Portal Bridge and other things here. There are a lot of needs, and we will have to judiciously, with New Jersey Transit, try and

accommodate the different elements here. Our focus, as I said, is maintaining the level of traffic we have at a reliable service level. But there's no question that the work that's going on on the south end of our Corridor in New Jersey will be a very significant improvement. And we need to extend that work throughout the Corridor so that we can have a modern railroad to support the growth and current traffic and, frankly, service the citizens of New Jersey as they should be served.

SENATOR GORDON: Do we have any other questions from other members? (no response)

Seeing none, I want to thank you, Mr. Gardner, for an excellent presentation -- for investing the time and taking the train up to Trenton.

And also, I'd just like to thank Amtrak for just keeping the concept alive of a trans-Hudson crossing, and the need to reinvest in this critical piece of infrastructure. We're going to do what we can to unleash that passion that our commuters are feeling right now and get this project underway. It is a project that is absolutely critical to the economic future of our state and it, of course, has national significance. And I think we really need to unleash the kind of energy we had when we have undertaken other major projects in our history, to get this done.

And I thank you for all the work that you're putting into it.

Thank you very much.

Do you have any other comments to make at this time?

MR. GARDNER: No, I would just say thank you for the opportunity. This is a massive priority for Amtrak, and we have been, as you said -- we've sort of been out there, in a way, alone because we feel most acutely responsible for the existing infrastructure. But we think if a

partnership between the two states can be built with us, I think the Federal government will be responsive. Because I think the power of that message is very clear. And we haven't yet been able to build that, but I'm optimistic we can, and we can make great progress.

SENATOR GORDON: Great.

I think, given the time, I'm going to suggest a 20-minute recess so that those who want to continue hearing this hearing will have a chance to get something to eat. So I am going to recess the Committee at this point. We will reconvene in 20 minutes.

Thank you.

(Committee recesses)

(Committee returns from recess)

SENATOR GORDON: Good afternoon. We're going to reconvene.

And the first thing that is obvious -- is that 20 minutes in Trenton is not like 20 minutes in most places. But it's a special time zone here.

We're going to have two panels this afternoon: one focusing on mass transit issues, and the second one dealing more broadly on long-range transportation funding needs.

And our first panel includes Tom Wright of the Regional Plan Association; Janna Chernetz of Tri-State Transportation Campaign; Cyndi Steiner of the Bike and Water (*sic*) Coalition--

UNIDENTIFIED MEMBER OF COMMITTEE: Walk.

SENATOR GORDON: I'm sorry, Walk Coalition; and Albert Papp Jr., Director (*sic*) of the National Railroad Passengers Association.

And so let me just, perhaps -- Mr. Wright, if you would like to begin.

T H O M A S K. W R I G H T: Sure. Is this on? (referring to PA microphone)

Thank you for the opportunity to talk to this panel. And I do have a few slides that I'll just -- I'll cue up in a moment. I'll just say Regional Plan Association has been around since the 1920s preparing long-range strategic plans for the tri-state -- New York, New Jersey, and Connecticut -- metropolitan region. We did a first plan in 1929 that laid out, essentially, the highways and transit systems of the region; in the 1960s, we were very concerned about the consumption of open space and isolation of our urban communities; and then in 1996 we released our third regional plan called *A Region at Risk*, the hallmark of which was the need for the leadership of the region to come together and build three critical projects: East Side Access would connect the Long Island Railroad to Grand Central terminal, allowing over half of the 100,000-plus daily riders on the Long Island Railroad to knock about 20 minutes off their commute to get a one-seat ride to Grand Central and east Midtown, where their jobs were.

The Second Avenue Subway would create new capacity on the East Side of Manhattan, allowing decongesting Grand Central with all those new riders. And Access to the Region's Core at that time, or a new tunnel under the Hudson River, would double capacity under the Hudson River

And we pushed for those three projects in 1996.

Later next year the first phase of Second Avenue Subway, running from 63rd to 96th Street, will open and will serve several hundred thousand passengers, essentially, on its opening day.

The East Side Access is behind schedule and overbudget, but around 2023, in about 8 years, that project will open up. And some 65,000, 70,000 Long Island riders will see improved benefits there. But we, obviously, as this Committee knows, have not moved ahead with Access to the Region's Core -- or now Gateway, as we call it.

I'll just pull up a few slides to talk about -- just to show a little bit in terms of ridership. And Stephen Gardner talked about this some during his testimony.

But when you think of the Hudson River and the ridership across it, what you see is that New Jersey Transit and Amtrak -- the tunnels actually carry fewer people than currently travel by auto, by bus -- many of them from Bergen County, of course -- and the PATH system, and ferries. But when you look at the change of ridership over a 20-year period, you see that the enormous amount of the growth has been on the Northeast Corridor line -- essentially, these tunnels under the Hudson River. In fact, in 1990, northern New Jersey had about 3 million workers in it, and 228,000 commuters of those 3 million were commuters into New York City. In 2010, New Jersey had seen about a 5 percent increase in northern New Jersey in its total number of workers -- from about 3 million to 3.15 million. But the number of commuters into New York City had grown to 295,000.

Another way to put that would be that over that 20-year period, total employment for New Jersey residents outside commuting to

New York City grew by about 5 percent; and that the population that commuted into New York City grew by almost 30 percent over the same period.

New York City is growing; the economy of New York has recovered more rapidly--

SENATOR WEINBERG: Can I interrupt?

SENATOR GORDON: Yes.

SENATOR WEINBERG: Would you repeat that statistic that you just gave about the population growing in New Jersey and who stays in New Jersey? Is that--

MR. WRIGHT: These are workers in New Jersey. So we saw-- If you take out the increase -- if you take out the population that's commuting to New York City, we saw about a 5 percent growth in jobs for New Jersey residents -- excluding New York City.

SENATOR WEINBERG: Jobs for New Jersey residents where?

MR. WRIGHT: In New Jersey, in Pennsylvania -- anywhere outside New York City.

So our total workforce -- the residents of New Jersey, either working in New Jersey, or working in Pennsylvania, or anywhere outside New York City -- grew by about 5 percent over that period -- that time frame. Meanwhile, the number of commuters into New York grew by 29 percent over the same period.

SENATOR WEINBERG: From New Jersey--

MR. WRIGHT: From New Jersey to New York City. Actually, New Jersey accounts for almost half of the new jobs that came into New York over that time period.

So the relationship--

SENATOR GORDON: Excuse me. I had been under the impression that in the recent decade that the growth was in suburb-to-suburb commuting within New Jersey. But what you're saying is that New York remains the engine?

MR. WRIGHT: New York remains, and is increasingly, the engine of economic growth for the State of New Jersey. I would say that the most important industry for the State of New Jersey is called *commuting to New York City*. (laughter) Those jobs bring home about 60 percent higher wages, on average, and New York is poised for extremely robust growth.

SENATOR WEINBERG: And with the length of the commute, it probably is the main portion of the job. (laughter)

MR. WRIGHT: Yes, it will be. People are--

SENATOR GORDON: Although with the de Blasio Administration, many of those jobs may be coming back to New Jersey. (laughter)

MR. WRIGHT: I wouldn't want to just count on that. (laughter)

So I think that's the message that I wanted to deliver to this Committee this afternoon -- is just the incredible importance of that economic link across the Hudson River to New Jersey's economy. We project -- as Stephen Gardner talked about earlier -- we think that over the next 25 years we will see roughly a doubling of transit ridership into Penn Station, if we have Penn Station. That is to say, in some ways, that we're talking about a tunnel that would only come on in 15 to 20 years -- come

on line -- and we can use up all of that capacity, probably, within one generation. So that demand is enormous.

Just to click through a few-- This kind of shows that 65,000 new commuters from New Jersey are going into Manhattan over this 20-year period. And one of the things to recognize is how little growth there was from the Hudson Valley and Connecticut; and Long Island, essentially, had no change. I think that there were two factors really driving this over that time period. Part of it was that we were building housing, and the second was we had capacity in the system -- because we invested. In the 1990s, we created -- through the Montclair connection, Midtown Direct Service, and the Secaucus Transfer -- we created capacity for people, for New Jersey residents to get to those good, high-paying jobs in New York -- and they went there. But as we've heard earlier today, we no longer have this capacity. And indeed, now with the East Side Access project coming online, Long Island is going to have more capacity -- it's going to be increasing their capacity. There's a proposal called *PennAccess* whereby Metro North would come down through Brooklyn and Queens into Penn Station, and take some of the slots that the Long Island Railroad is going to be vacating and will create more capacity for Connecticut into Penn Station also.

Yes?

SENATOR GORDON: Question: The 65,000 new commuters -- was that a function of housing opportunity and capacity, or was it a function of the growth of the economy in New York in certain industries? It was really the opportunity for people to live in New Jersey, as opposed to--

MR. WRIGHT: Sure.

SENATOR GORDON: --what was being generated from New York?

MR. WRIGHT: From New York. I would have to say I think it was both. On the one hand, New York was creating this opportunity for these new jobs, and of course there's also robust growth within the city. The city created another 65,000 jobs for New York City residents over this time too.

SENATOR GORDON: And what kind of jobs, what kind of industries? Is it software -- Goggle moving into New York?

MR. WRIGHT: More recently, of course, we have been seeing tech as a major piece; the other one is tourism. New York City sees over 50 million tourists a year -- an enormous amount of growth -- probably a doubling of tourism over this time too, which has also created enormous economic opportunity in terms of retail and other services.

So as we mentioned, we do expect for new-- And we have to address the Post Authority Bus Terminal project. And we see a potential 50 percent projected increase in ridership to the bus terminal, but really a doubling of demand at Penn Station. By the way, those 400,000 daily riders in and out of Penn Station equals the ridership at Newark, LaGuardia, and Kennedy airports on a daily and annual basis too. So just again, to kind of compare what Penn Station handles: It handles the same ridership as all three of our major airports. And think about the level of investment that we're putting into those.

SENATOR GORDON: And the ceilings are still leaking.
(laughter)

MR. WRIGHT: Stephen Gardner used this graphic earlier, so I won't go into too much again. Except that I would say, that the question you asked him, "Would we be better off if we had more capacity now, or coming online in a few years?" -- yes, we absolutely would be. But the main thing is to make sure that we move as quickly as possible on this.

And I guess I'll just close by saying I was at several conferences over the last few weeks that the Transportation Secretary, Anthony Foxx, spoke at. And I saw him talk about the importance of this project and what a critical priority it was for the nation as a whole. And then he would say, "But until New York and New Jersey come together, we can't really do anything." I think what we need to get past is this dynamic where each of the main participants is looking to the others to step up, and instead start to try and get further out ahead of them. If Washington is able to do-- It's going to have to be some combination, of course, of grants and loans -- probably the largest loan package that the U.S. DOT has ever issued before.

But if it's going to have to be some combination of that, and if the U.S. DOT has authorization to do loans, but not grants, right now, then what I would urge for this Committee and the leadership in New York and New Jersey to do is to figure out what it is that we can finance out of the riders and those who will benefit from the system. And then go to Washington and say, "Here's the gap that remains, and it's up to Congress to come forward and fill this." Instead of waiting for them to lead, we need to really put the onus back on them by showing them that we're willing to do our part, and that the riders and the public in New York and New Jersey will pick up their fair share of the cost of this -- but it is also a national

priority. And so Congress is going to have to dedicate substantial funds towards it.

And I'll just put as one last piece: Each spring we have a major conference in New York City where we convene many of the transportation, economic development, and land use planning civic leaders and public officials from the region to talk about these issues. And this past spring, in the morning, I got up in front of about 600 people at the Waldorf Astoria and asked them to take out their phones. And we did a little instant poll, and we asked people -- and these are the people who are engaged in these issues already -- and I asked them, "What do you think is most likely to happen first: that we build the new tunnels that we need, or that we lose the existing tunnels for some extended length of time?" Eighty-five percent of those -- the most informed people -- thought it was going to be *B* -- that we would lose capacity before the new one comes on. That is a lose-lose situation all around.

Congress will have to come up with money in a disaster recovery relief situation. We will be without those tunnels and the capacity for an extended period of time. Our economy will suffer enormously.

So I urge this Committee and the leadership here to try and move everything -- heaven and earth, and everything we can -- to try and get this project going. Because right now, that cynicism, I think, is well-founded.

Thank you very much.

SENATOR GORDON: Thank you.

Ms. Chernetz.

J A N N A C H E R N E T Z, Esq.: Thank you; thank you Chairman and Vice Chairwoman for the invitation to speak here today.

As a New York City commuter, your last line scared me a little bit. (laughter)

But I just wanted to add just to your statistics. I think 12 percent of Manhattan employees are New Jersey commuters -- just further illustrating the importance of making sure that New Jersey residents continue to have access to jobs and to well-paying jobs. And approximately 50 percent of those commuters are within 25 miles of New York City. When you think about that, some of the riders experienced two, three hours to get home in the past couple of weeks because of the delays on Amtrak. And as a runner, I just think of it that marathoners can cover that in two hours on their feet. So three hours to go 25 miles or less is completely unacceptable.

Our commuters are in for more of those types commutes, if not worse, should we not have a tunnel before the tunnels need to be taken out.

With that said, a lot of the discussions surrounding Gateway have been reinvigorated by the Governor's comments. But I have to say that this conversation and the attention by our Governor to the need to have increased capacity should have occurred on October 28, 2010. And certainly, within the last five years, there have been a number of opportunities to push that dialogue -- Sandy being one of them; we lost \$100 million a day in our economy with the shutdown of the tunnels.

Last February, New Jersey Transit riders saw record delays, another opportunity which -- to discuss the need for this. And certainly the fair hikes.

We've wasted those five years in which we could have been planning, moving forward with this tunnel. And there was a new article out this morning in the *Record* -- some new analysis that shows that we spent \$1.2 billion towards a tunnel that doesn't even exist -- theoretically or figuratively, at this point -- because we have nothing really other than some wonderful but small steps that Amtrak has been able to make.

We also, within the last five years, have gone deeper and deeper into debt. And our state certainly lacks a transit infrastructure -- that we weren't able to do.

Also this morning, Governor Cuomo was talking about this project needs to be grants, and not loans. And he's not entirely off the mark. But as Tom put it, this project will require what I would call a *melting pot* of financing mechanisms, so that every player who benefits from this project has to have skin in the game -- and that includes New Jersey.

But in order to do that New Jersey needs to get its transportation fiscal house in order -- which it is not. Our funding structure, as you know, is broken -- it's broken in terms of capital, and it's broken in terms of operating.

Just to illustrate -- because New Jersey is going to have to put money into this. We need to figure out how we're going to finance Gateway and address the trans-Hudson problem -- but also figure out at the same time how we're going to fix our State financing problems, because they go hand-in-hand. We need to make sure that we're getting people to the region in order to reap those benefits from Gateway.

So in terms of that, we need to look at how we're going to fix our Transportation Trust Fund, which we all know is out of money as of this year; this is the last year.

And we've looked at the gas tax. The gas tax has been on the table. And I have come up with some interesting statistics, just to put in perspective just how dire the situation is in New Jersey. Our gas tax is 14.5 cents; the average gas tax in the United States right now is 48.88 cents. We're the second-lowest gas tax in the country. And the last time the gas tax was raised was 1988. And I took a little look at the history of our gas tax. In 1933, our gas tax was 3 cents. Now, if you adjust that to inflation, that would be equivalent to a 55 cent gas tax today. Our value of our gas tax has been shrinking substantially, to the point where it's at an all-time low.

And I also compared -- because I can't look at the gas tax without looking at transit fare hikes. We have seen one, two, three, four, five, six fare hikes in the time that we've -- since 1988, the last time the gas tax was raised. So I looked back to 1984, which was when the Transportation Trust Fund was created. And I looked at the fares between Trenton and New York Penn. They have surpassed inflation by 17 percent. The average fare on New Jersey Transit outpaces inflation by 25 percent.

Now, let's look at the gas tax. Had the gas tax received the same treatment as the transit fares have, we would be looking at a 21 cent gas tax today. So we have a substantially unbalanced transportation funding structure in New Jersey -- and that's for capital.

In terms of operating -- which is the reason why we had the 9 percent fare hikes with the service cuts -- that funding structure is also

broken. If you look at the State subsidy, in 2005 it was \$300 million; the State subsidy today is \$33 million, which has resulted in moving over money from the Turnpike, which is set to expire at the end of this year -- \$295 million in raids on clean energy.

What does Transit have to do besides raise fares? They have to transfer money out of their capital budget. How much money have they transferred? A total of \$2 billion since 2012. That's money that could have funded the Hudson-Bergen Light Rail; it's money that could have funded the Camden-Glassboro Line; and enough money to fund Portal Bridge. This is what we've lost just in the past five years. And not to mention, we've lost out on growing our economy; and the failure to have a long-term plan -- which New Jersey does not have at this point because we don't have any funding.

So with that said, thank you very much for the opportunity to testify today.

SENATOR GORDON: Thank you, thank you very much for that very interesting analysis.

Ms. Steiner.

C Y N D I S T E I N E R: Thank you for inviting me here today. I appreciate the opportunity to speak.

I'd like to talk with you about our transportation system now, and how we really need to focus on a multi-modal system rather than one that is solely car-dependent. And biking and walking complements mass transit and really should be considered as part of that system, as it works very well with mass transit.

When you integrate these two modes -- biking and walking -- in addition to enhancing the Transit and building out our street infrastructure, we make the system much more efficient at very low cost. Biking and walking extends the catchment area for transit services and provides greater mobility to customers at the beginning and end of their transit trips. It extends the train and bus network without actually physically extending the train and bus network. This is what we refer to as the *first mile, last mile solution*.

It increases the flexibility that passengers have to reach destinations at the end of a transit trip; it provides seamless transportation between these different modes; and it allows those walking and biking to use transit to avoid things like damaged roads and high traffic volumes.

When we favor one modal system -- mainly car travel -- over a multi-modal system, we put more cars on the road, further deteriorating roads that don't have sufficient funds to actually repair them. What this does is make this much more dangerous for bikers and walkers. A pothole is an inconvenience to a car; it can be a catastrophe to a bike rider.

Multi-modal systems also provide failover and resiliency in times of disaster. Riders can reach transit through biking and walking immediately after a disaster. If you recall, after Hurricane Sandy the folks who were making it to transit were more likely walking or riding a bicycle than they were in their cars.

Biking and walking extend the effectiveness and accessibility of the rail network at very low cost. Capital investment of simple things like bike racks, bike storage, and parking at transit hubs is a very small percentage of the overall capital costs of these items. And I'll give you an

example: We built a bike station, or a bike depot, at the Bay Street Train Station in Montclair solely through private funding. And the average cost of a single bicycle parking spot -- secure, weather-protected, key fob access -- is \$1,300, versus over \$25,000 for a car parking spot at that parking deck. And we all know that New Jersey Transit parking decks in this state are all oversubscribed.

When communities provide street infrastructure, such as bike lanes, crosswalks, way-finding signage to ensure safe bike and ped routes to transit, they further increase ridership at minimal cost. So this is a partnership between the communities and the State. All of these benefits help communities reduce their reliance on single-occupancy vehicle travel, and make their transportation system work more efficiently -- in addition, they improve the air quality and better help outcomes for commuters.

There are equity considerations as well. Biking and walking enables many economically disadvantaged to reach transit to complete their commutes. While fare hikes may cause many of us to dig deeper into our pockets, scaling down mass transit can cause personal upheaval for these individuals, who those with resources cannot begin to contemplate -- a job change, a move closer to work; or worse, a move away from family and friends to another state where mass transit is cheaper.

On the other side of the economic spectrum, today's millennial who will be tomorrow's leaders are choosing to live and work in cities and towns that provide transportation options such as mass transit, walking, and biking. This generation is opting out of the car-centered lifestyle that saw their parents waste away hours per week trapped on congested roads as this state crept towards having the nation's longest commutes.

Millennials choosing communities that offer these options basically represent a brain drain for New Jersey if we cannot provide them.

Our transit villages benefit from a transit system that integrates biking and walking. Transit-oriented development, while characteristically defined as the quarter-mile radius around a train station, that's based on a typical walk, can be expanded exponentially when bicycle accommodations are available. Rather than a quarter-mile TOD, think three miles outside TOD -- that's now 27 square miles that a downtown can turn into successful development projects.

Rutgers University published a report in 2012 that showed active transportation adds about a half a billion dollars to New Jersey's economy. By the same token, we have half the national average of people biking -- commuting to work by bike. Transportation research boards surveyed 56 transit agencies across the country that had integrated bike service into their systems. And every agency says an increase in ridership -- again, at minimal cost. What these numbers tell us is that New Jersey has substantial potential to increase ridership at very low cost by integrating biking and walking into their systems

In short, providing a variety of transportation options, including biking and walking, makes our transportation system more efficient, makes our roads safer, supports economic vitality for towns, increases resiliency in times of disaster, and ensures a transportation system that accommodates all levels of our workforce.

Thanks for your time today.

SENATOR GORDON: Thank you very much.

Mr. Papp.

ALBERT L. PAPP Jr.: Thank you for allowing me to make a few remarks this afternoon.

My name is Albert L. Papp Jr., and I am representing the New Jersey Association of Railroad Passengers. We're about 300 members here in the State of New Jersey, as well as the 28,000-member National Association of Railroad Passengers that has members in all 50 states. Both organizations are not funded by consultants, contractors, or labor organizations. Our funds are sourced solely from members, so we would like to maintain that impartiality.

There is a handout that I assume most of you have already received, so I don't want to repeat what's there.

I do want to go into a few specific areas; and that is, how we are going to finance this tunnel. All three speakers previously have indicated the magnitude of the financial challenges that are facing us. What we need here in New Jersey right now is identification of champions. We need champions in the State Senate; we need champions in the Assembly. Hopefully, we'll get a champion in the Governor's Office. The same holds true for New York. In Washington, I need to compliment Senator Booker for his unstinting efforts in getting a Passenger Rail Title included in the transportation bill that the Senate proposed -- all 1,037 pages of it -- but which was not acted upon by the House prior to its recess and the July 31 deadline, in order to get a highway-bill -- if you will -- can kicked down the road yet another three months.

When I was young in the 1950s -- a teenager -- the interstate highway program -- the Eisenhower Interstate Highway Program was being proposed. And I remember the debates, the acrimony, the downright fights

between Northeastern, Midwestern, and far Western states as to where the Federal dollars were coming from. People in the east didn't feel that it was fair for our tax dollars here to go to building miles of endless interstates in the West where the traffic would not be heavy.

The interstate highway system was conceived as just that -- interstate. I remember when the New Jersey Turnpike opened in 1952. We've all ridden on it at one time or another. What's unique about it is it doesn't go through major urban areas. When the New York State Thruway opened about three years later, it too left New York City and it didn't see a major terminal -- or a major downtown urban area until it arrived at Buffalo.

But because the interstate highway system was so successful in attracting traffic, communities and cities around the nation asked for spurs so that their downtown businesses would be able to survive. In essence, the interstate highway program became primarily used as a commuter road. If you look at the vehicle miles traveled over the interstates, you'll see that the largest proportion of it is for daily commuting -- not necessarily anymore for interstate travel.

Why do I say this? Because the project of national significance -- which I think we've all agreed typifies the Gateway project -- is, indeed, one of national significance, and it affects states from Maine to Florida and as far west as Illinois. You can get on an Amtrak train anywhere in New Jersey and go to many destinations. With one change -- just one change, mainly in Chicago, you're able to go throughout the entire country.

So we've prepared our press release to rebut question, which we know have already been questioned, as to why people in Wyoming, or

Utah, California, Florida should support the Gateway project. And it is part of an integrated, national passenger rail transportation system.

So I think the main challenge facing us today is how do we put together a suitable financial package where the burden will be spread fairly around all stakeholders -- and that includes people who ride Amtrak trains, those New Jersey Transit commuters, those from New York who are going to get into the new Penn Station -- how is this package going to be put together? This, I think, is the challenge that faces all of us, and especially you on this Committee, and in the State Senate and the Assembly. Put together that package, and you'll be able to say, "You are the champions."

Thank you.

SENATOR GORDON: Thank you very much, all of you.

One question that I pose to anyone on the panel who would care to answer is, I wonder if you could comment on the challenges facing New Jersey Transit as it's trying to make investments in the things we have been talking about today -- in terms of trans-Hudson projects and Portal Bridges, and so on -- while it is facing a \$295 million loss of Turnpike money. I mean, what kind of impact do you envision that having, and how do you think New Jersey Transit should respond to that?

MR. PAPP: Well, I can start with that.

Roughly, every penny of our Motor Fuels Tax -- correct me if I'm incorrect -- but the number we've been using is \$50 million. So basically, a 6-cent rise in the Motor Fuels Tax -- which would be spread evenly and perhaps more fairly with social equity among the people who use I-78, I-80, I-195 -- 6 cents alone would be one way to make up that \$295 million difference.

MS. CHERNETZ: In addition to that-- I mean, I think that's why I tried to draw that parallel between -- or the relationship between the inabilities to adequately fund Transit's operating needs and the TTF. Because they're both broken, and one is-- New Jersey Transit is relying on their capital budget to meet their operating needs. And that capital budget is not adequately funded. So that's going to stifle New Jersey Transit's ability to get those needed capital programs off the ground. So you can't just fix operating, and you can't just fix capital. You need to fix both, because we are losing a substantial amount of money; as I said, the \$2 billion since 2012. That's a lot of projects that could have been completed.

And we talked about the 12 percent of Manhattan employees coming from New Jersey. But it's not just commuters in this state; there are 12 percent of households that don't even have access to a vehicle -- whether that is by choice or because of the high burden that vehicle ownership presents to New Jersey residents. So just picture: If all of those 12 percent of households now needed to get access to a vehicle because they no longer -- mass transit is no longer a viable option, that's going to add to the congestion that we already have in this state; that's going to add to the roads and bridges, the wear and tear, which I know additional panelists will address.

When 40 percent -- I know Senator Ruiz just stepped out; but 40 percent of Newark residents, the largest city in New Jersey, don't have access to a vehicle. And I was surprised when I delved deeper into looking at where New Jersey residents live who don't have access to a vehicle -- there are 11 municipalities where at least one-third of households don't

have access to a vehicle. And I will provide you with all those, without having to spew them off to remember.

Hudson County had the most in their county, with 33.9; and then the next-highest was Essex. So if you can just imagine all of these households either, one, having to move out of New Jersey, or two, now having to have a car. You know, this is that marriage and that relationship to gas tax and to transit, and how all of this works together. So those who don't have choice, but want to use their car, benefit from having mass transit because it reduces congestion and takes people off the roadways.

MR. WRIGHT: If I could add to that, I would say, from our perspective, the gas tax is -- being so low -- provides kind of the fastest, quickest way to try and remedy the situation.

But the other thing to keep in mind is that investments in these systems do pay for themselves over time through the economic growth that they will generate. And some of you may be familiar with the study that RPA did a couple of years ago looking at property values and transit usage. And it was a highly researched project; we were able to collect the data of over 60,000 residential home sales and create a regression analysis that looked at: what is the value of a home worth relative to other homes within that community and its proximity to a train station -- being closer or further from a train station? And finally we looked at the major investments that New Jersey Transit had made over the last 20 years in Midtown Direct, the Montclair Connection, and the Secaucus Transfer. And, in each case, we were able to estimate what the time savings was for riders from every one of those stations, and then figure out what's the relationship between the time savings and the added value of those homes. And what we saw was, on

average in New Jersey, every minute you knock off of the commute to Midtown Manhattan adds about \$3,000 to the value of a home within a half-mile of a train station. It adds about \$2,300 to the value of a home from a half-mile to a mile, and on, and on out to two miles.

This is to all of the homes within two miles of the train station -- not just the commuters, but actually everybody benefits from the investment in the transit system because they see their home values increase.

We then drew a half-mile circles around all of the train stations and figured out what kind of improvements would each of the stations in our system see if we were to double the capacity with a tunnel -- and then added up those values. And it essentially comes out at something like \$18 billion -- that creating a tunnel under the Hudson River, which might cost, say, \$12 billion, for every dollar that we spend digging that tunnel, we're going to put \$1.50 in the pocket of a New Jersey homeowner. So these things pay for themselves if we make these investments.

MS. STEINER: And I just have one quick thing to add.

With regard to the gas tax, you have to remember that there's a certain significant percent -- and I apologize for not having the number -- of out-of-staters who drive to New Jersey and refuel their cars and leave. They're adding further congestion to roadways and causing roads to deteriorate, and contributing absolutely nothing to the economy.

SENATOR GORDON: I know we're going to hear from another panel; and to those on the other panel, you'll be coming up quickly.

We're going to hear from others on the Transportation Trust Fund.

Aside from a Motor Fuels Tax, are there other potential sources out there? One hears about a tax on casino revenues in the north, and a wide range of ideas. Have you heard of other proposals that would generate the kind of revenue that would be needed?

MR. WRIGHT: I'll just say quickly: Since we know that the gas tax will be a declining source of revenue in the future, as cars become more efficient -- and vehicle miles traveled in this nation has been declining for several years -- we are seeing kind of attempts to try and diversify funding sources for transportation in other parts of the nation.

Out on the left coast in Portland, Oregon, they have been experimenting with what we call a *mileage-based user's fee* -- MBUF, for short. With modern technology it's very easy now to have people opt out of essentially paying the gas tax, and instead they can pay a few pennies on the mile based on their usage of the system.

One of the big attractions of this is that it's not a, kind of, flat fee, but it can also be calibrated towards people who are riding during congested times on systems that are stressed. You shouldn't have to pay the same for a kind of country road, where there's very little congestion, as you will on a road that, say, is going to need more repair or where there's more traffic. So it allows there to be a management piece of this too.

And that experiment, I would say, is going well out West, and is probably going to be the wave of the future. And I would just say, for New Jersey, we can either let others lead on this issue and try and follow them, or we could try to get out too. And I would certainly encourage us to be thinking more proactively on these issues.

MS. CHERNETZ: I echo that diversifying our revenue sources would be the best. But the gas tax right now is the most lucrative.

But what's been more important -- and actually there are two more important things -- besides trying to figure out where we're going to increase our revenues from -- one, that they be long-term. So instead of -- making sure that that revenue that's coming in is going to grow. It's going to grow as things become more expensive. And there was a report that was done by OLS back in 2012 just showing that with our stagnant Transportation Trust Fund being at 1.6, we've been doing less

So we need to make sure that our revenues are growing to match that so we can continue to not only maintain-- You know, we can't just maintain; we have to increase. And are we going to build that increasing mechanism into any legislation that increases revenues from whatever sources it may be? And again, diversifying would be the smartest way to go with that, so we don't have to come back and have the same argument over and over again -- whether it be 5 years, 10 years, 2 years -- these stop-gap measures are never going to work because we can't have that long-term planning that the State needs.

And then the second part of that is to make sure that we are investing that money wisely. You can increase revenues to \$10 billion if you wanted to, but if you're not spending that money wisely, it's going to be all for naught. So we need to make sure that those things are going hand-in-hand.

SENATOR GORDON: Mr. Papp.

MR. PAPP: Just one quick comment.

Governor Rendell of Pennsylvania, about a year, year-and-a-half ago, proposed placing tolls on Interstate 80 in Pennsylvania. For those of you who have not driven that particular road, I have, unfortunately. It's basically wall-to-wall trucks. What happens is, because 80 is not tolled and the Penn Turnpike is tolled, the trucks basically, if they're going west to Pittsburgh and beyond, will go ahead and use 80. And for a car, the Penn Turnpike is perhaps a lot easier to drive.

What often came up in discussions in many of the organizations I participate in is why is the New Jersey Turnpike and New York State Thruway tolled, and yet many of the interstate road -- I-78, I-80 -- are not tolled? One can think economically if you are a resident of New Jersey or a new resident, and you look at your commutation costs -- which can be high -- you're going to choose the one that manages to vacuum the least amount of money from your wallet. So there's no equity there either.

One answer to your question is, maybe -- and I don't know if it would be acceptable -- would be to think about tolling the interstates of New Jersey. Today, with electronic tolls -- and I see it in France, I've seen it in other countries -- it's a very easy way to do it. I fly to Denver about five or six times a year; I have friends there. There's a multi-billion dollar project to widen U.S. 36 from Boulder to Denver, and they are going to have HOT lanes there -- High Occupancy Toll. There's an old saying, "Time is money, money is time." If someone has a dentist appointment and they're late, or they have a meeting in New York, or Newark, or Trenton, or New Brunswick, they might just want to pay a little bit more money in order to make that appointment. That additional money could

well be siphoned off and put into the Transportation Trust Fund along with any possible toll increase.

So I think it's incumbent upon everyone to start, really, thinking outside the box and looking toward creative solutions to get out of New Jersey's perfect storm -- and I'm not talking about another hurricane; I'm talking about the dollar perfect storm which we all discussed today.

Thank you.

SENATOR GORDON: Thank you.

I have one other question, and then I will allow my colleagues to pose their questions.

We've been talking a lot about Gateway. What would be the next priority in terms of mass transit projects for the region? (laughter)

MS. CHERNETZ: There's a laundry list of them: Port Authority Bus Terminal; right now, two-thirds--

SENATOR WEINBERG: Okay, you can stop. (laughter)

MS. CHERNETZ: Okay. Should I drop the mike and walk away? (laughter)

SENATOR KEAN: Quit while you're ahead; that's it.

MS. CHERNETZ: Obviously, the Port Authority Bus Terminal. We've had -- two-thirds of New Jersey commuters are using bus. Again, we've been talking about railroad to rail, but we have another time bomb on our hands with the Port Authority Bus Terminal.

I touched on this during my discussion -- the Hudson-Bergen Light Rail, which needs to go to Bergen. Camden-Glassboro Line; there was talk about the MOM Line. There is a lot of potential. Lackawanna -- there is a lot of need.

And then you look at South Jersey -- Cumberland and Salem counties. We have very little going on there. So I think there are a number of much-needed projects, but those would be the ones that I would put on the top of the list.

MR. WRIGHT: I agree with that, largely. I'd say the Bus Terminal needs to be addressed; it's going to be an enormously expensive and long-term project. The one thing we worry about is making sure that we don't put everything else aside while we try to do that.

Many of the other projects -- say, the Hudson-Bergen Light Rail -- really requires new capacity -- or, say, the Secaucus Loop. You can't do some of these projects until you have capacity under the Hudson River. There's no reason to build the Secaucus Loop to strand people on the west side of the Hudson River. So we kind of need Gateway to unlock many of those others.

I will just say -- other priorities that we've identified at RPA: expansion of the airports in this region is going to be a critical issue. We're going to go from about 108 million annual passengers at the three airports -- Newark, LaGuardia, and Kennedy -- to about 150 million; that's two more LaGuardia Airports in the next 40, 45 years. And we've looked extensively at capacity issues at the three airports and have concluded that, in addition to Federal funding of NextGen -- the air traffic control system -- we're going to need new runways at both Newark and Kennedy airports. And a new runway at Newark Airport would be an incredible economic generator for the region.

And then we also support, very strongly, extending the PATH system out to the Newark air train system, not only because we think that

it provides a one-seat ride to one of the airports, but it also creates more capacity and redundancy in the rest of the system. Every time the Hudson River tunnels are shut down -- and I speak from experience -- commuters at Penn Station are told that PATH is cross-honoring tickets. And what do those people do? They have to walk over to Herald Square, or they have to try and get on to the PATH system to get to Newark. Extending the PATH system out to the Newark air train station and including a new terminal, a new rail yard for that, would increase capacity of the entire PATH system. And I think that that's a worthwhile project -- in addition to providing access in the South Ward of Newark, which is one of the poorest communities in the entire Northeast. So I would put those on there too.

MS. CHERNETZ: And also just to include the Hunter Flyover, which is a huge chokepoint for the Raritan Valley Line -- which I am a regular rider on so I experience those delays, waiting at a certain point right before we get to Newark, which has caused-- You have a two-seat ride right now during peak hours. And being held at Hunter could definitely affect, and does affect, your ability to get into New York City on time. And in order for the Raritan Valley Line to grow and to potentially have more trains and one-seat rides -- which, of course, would increase the property value along the Raritan Valley -- we need to address that. And I know that's an Amtrak project.

MR. WRIGHT: Right; and Gateway is necessary too.

MS. CHERNETZ: And Gateway is necessary too. So there is a lot of need for that.

MS. STEINER: And I have a quick one.

At a very low cost compared to the projects -- and I agree with what they've said here -- but increased bicycle access on trains. New Jersey Transit can do a better job of just accommodating bicycles on car trains at pennies to the dollar compared to the projects that we've described here. And you would dramatically increase the usefulness and efficiency of the system.

MR. PAPP: Again, going back to my misspent youth in the 1950s, one of the things I always used to do in the summer --- other than walking the mile and a quarter to Maplewood rail station, which I still do -- is to ride the ferries from Hoboken over to Chambers and Courtland Street. For those of you who have not been in Hoboken recently, the restoration of the ferry piers, from my perspective, is nothing less than absolutely amazing. New boats are a very, very low capital cost investment.

Midtown Direct-- And when I was Chair of the Lackawanna Coalition back in the 1980s, believe it or not Midtown Direct was -- 1996; it will be 20 years old in 2016; it opened June 7, 1996. It's been so successful the ridership on the M & E has doubled. However, given the crunch that we may be facing -- someone referred to New Jersey Transit's *Plan B*, which they are working on. One way to encourage additional riders who can access Hoboken -- the main Bergen, Pascack, Gladstone, Morris and Essex trains; and with the Kearny connection, even those from the Corridor and the North Jersey Coastline -- would be offering them a monetary incentive -- that is, causing monthly commutation and roundtrip excursion fares -- which should be reinstated, and they're not; is to lower the fares to increase people's commutation into Hoboken, and then let them go across one transportation artery that's already there -- and that's

the Hudson River. And get them into New York City with bus services from the current ferry terminals, as well as new ones, and have the buses and/or the subways distribute those riders and collect those riders in New York City. And this is something we do all have to be thinking about -- is, again, if funding does not materialize, where is the Plan *B*?

SENATOR GORDON: Any questions?

Senator Weinberg.

SENATOR WEINBERG: Thank you very much, and thank you all for being here.

Somebody mentioned Senator Booker's advocacy, and I just want to make mention that there is a representative from Senator Booker's office in the audience and, hopefully, will be taking back to him all of the great ideas that have been generated today.

And one comment you-- From our New Jersey Association of Railroad Passengers -- back to the regional aspect of this. I'm just going to quote a line from the handout you gave us. "The states that have Amtrak service with just one change of trains using these tunnels are every state served by Amtrak with the exception of Alaska, Hawaii, South Dakota, and Wyoming." Every other state in the nation has--

MR. PAPP: And the reason for that is Alaska and Hawaii, obviously, are not connected to the lower 48 -- as they say up in Alaska. And the Dakotas--

MS. STEINER: Don't have any people. (laughter)

SENATOR WEINBERG: The Dakotas are busy using our trains to send their Bakken oil through our area. (laughter)

MR. PAPP: Right, right -- the Bakken, yes.

SENATOR WEINBERG: That's another subject.

MR. PAPP: We're trying to get a second train to reinstate the North Coast Hiawatha to give better transcontinental service. But unfortunately, to restore any long-distance train is in the billions of dollars. I know I doubted the number too, but we sat down with the officials and it's extremely costly. Once you lose a passenger route, it is extremely difficult, if not impossible, to have it restored. Two that come quickly to mind are the Pioneer, which went from Salt Lake to Portland and Seattle, and the Desert Wind, which went from Salt Lake to Los Angeles, through Las Vegas. Las Vegas is the second- or third-largest passenger market in the United States to Los Angeles, and there is no passenger train between Las Vegas and Los Angeles.

SENATOR WEINBERG: And anybody who has ever been on Route 5 between Los Angeles and Las Vegas knows it. (laughter)

MR. PAPP: I-15, I think it is.

SENATOR GORDON: It's 15.

SENATOR WEINBERG: That's the main route?

MR. PAPP: Yes.

SENATOR WEINBERG: So thank you for that.

MR. PAPP: You're welcome.

SENATOR WEINBERG: But I just wanted to point out that, obviously, Amtrak service affects the majority of our country in one way or another.

And just one question: I don't know how many of you have reviewed what's going on at the Port Authority in terms of capital planning.

But if you have any comments on what -- on how you think the Port Authority is facing its priorities.

MS. CHERNETZ: One comment: I've been at a number of the Port Authority board meetings, as well as attending the subcommittee hearings and been before the board. I just noticed that, number one, one of the most important projects has not made it into the capital program. I think when the 10-year capital program was approved, it was approved without -- one of the biggest needs was the Port Authority Bus Terminal. I think there was a lot of backpedaling on that. And there was recently -- I think two months ago we were talking about some additional Transit needs at the airport; once again, that project was not in the capital program. So I seriously have to question the capital programming process if it's moving forward without addressing their most pressing needs.

MR. WRIGHT: I would say we've been working very closely recently with the Port Authority. For a few years, we were kind of frozen out of certain conversations there; but lately, with the new leadership, have been very actively working with them. And we co-sponsored a conference in May on this trans-Hudson topic. And I think that the leadership at the Port Authority these days is really doing an exemplary job of kind of putting the issues on the table. And it's always a complicated negotiation between the two states, in terms of what's going to make it into the capital plan and how they're going to fund it and other things.

The Bus Terminal is the big unfunded ticket that they're going to have to confront. I think we're kind of waiting for more briefing to see what their staff and what their research is showing them, because, so far, we'd like to see whether there are opportunities to have a more distributed

network in terms of bus ridership. It's going to be enormously costly to rebuild a terminal -- with all the riders coming into it at the same time -- and then replace where it currently is. And how much of that demand can be kind of brought down by investments in anything from ferries to the Secaucus Loop, or other things, is something worth looking at, I think, before kind of stepping into it.

I mean, let me be very clear. The bus terminal, the bus ridership issue has got to be addressed. But unlike the Gateway situation, I don't think that we know yet what the best proposal for doing that is. But I do think that the Port Authority leadership is honestly trying to figure that out right now, and figure out how to get the resources that they're going to need to do that. And I would just really commend them for doing that in a kind of open and honest way. And I think that they're doing a very job of that.

MR. PAPP: I would be remiss if I didn't add the one project that I don't think was discussed today. And our organization has endorsed not only Gateway, but this other extension -- and that is the Number 7 to Secaucus Junction. If you think about it, and go back to 1995 at the inception of ARC, one of the prime drivers -- pun intended -- was to drive to get New Jersey residents a one-seat ride to upper East Midtown -- the Grand Central area. And if I remember correctly -- and I'm sure Martin Robins here will correct me if I'm right -- or wrong -- there were four finalists: *A*, *B*, *C*, and *D*; Gateway was one, and I believe one of the others was the extension of this Number 7.

Since the bus terminal was mentioned, think about this: Mayor Bloomberg financed, I believe totally out of New York City coffers, the

extension of the Number 7 from its Times Square terminus over to the Javits Center on the West Side. I don't think it would be too much of a leap of faith to imagine Number 7 eventually being extended somewhere through Hoboken and terminating at Secaucus Junction. Why Secaucus Junction? Because it's basically the nexus of all New Jersey Transit lines, save for that the Atlantic City rail line.

Think of it also as *Port Authority Bus Terminal West*. If riders could access the Number 7 subway at the Secaucus Junction -- Frank R. Lautenberg Secaucus Junction, they wouldn't have to use a bus to get to the Port Authority. You would already be on New York City Transit right there; you could go all the way to Grand Central; you could go to Times Square; you could go north on the 1, 2, or 3 or go south on the 1, 2, or 3; pick up the N, pick up the R, soon the Q -- which will be the Second Avenue subway extension to the Upper East Side.

This is one project that really hasn't gotten the attention we at NJ-ARP and NARP believe it should have gotten, all right? It's not going to cost that much money to extend from the Javits Center, through Hoboken to Secaucus. But just think of the choices -- the options that you allow a rider if you have another rail access point at Secaucus Junction. It's a straight shot into Manhattan, and if the bus traffic is, indeed, to increase by the percentage we heard today -- and that was, what, 100?

MR. WRIGHT: It was 50.

MR. PAPP: It was 50? That's a big number. Wouldn't those riders on the bus going through a clogged Lincoln Tunnel -- and I don't think we're going to get any more lanes under the Hudson in a vehicular tunnel -- wouldn't it be better if you could do a modal shift and take those

riders from the bus and put them on a subway train right at Secaucus Junction? It's a thought, and I wish you would consider it.

SENATOR WEINBERG: I think that that has been discussed.

And just let me add something else -- you talked about the ferry transportation. We also have Port Imperial in, I guess it's in Hudson County.

SENATOR GORDON: Weehawken.

SENATOR WEINBERG: Weehawken. And we're talking about what we can do to have more direct bus service directly to the ferry and across the Hudson River from Weehawken also. So I think that there are people exploring all of these ideas. We just don't have a great luxury of too much time to explore before we come to some kind of a unified decision here on what is the best road to take to actually see all this come to fruition.

So again, thank you, each of you, for adding to the discussion.

MS. CHERNETZ: Can I just--

SENATOR GORDON: Thank you.

Senator--

MS. CHERNETZ: Can I just make one point that comes off of what the Senator has said?

I was asked a question the first time I ever testified before the Legislature, which was, "Well, where should we be spending our money? Should we be investing it in roads, should we be investing it in Transit? Should we be investing it in bike/ped?" And my answer then is the same as -- it continues to be the same -- is we need to invest in all, because not one mode of transportation can absorb another. We can't move everybody off of buses onto rail; we can't move rail to bus; and we certainly can't move

everybody off of public transportation to the roads. So that's another thing to consider -- is that we have to adequately invest and channel our money into all modes of transportation in New Jersey.

SENATOR GORDON: Senator Kean -- some questions?

SENATOR KEAN: Thank you, Mr. Chairman.

Through you, I toured the PATH station in downtown New York -- it was soon to be completed -- just last week. And the question that I guess came up in sort of a number of conversations-- Irrespective of the new subway -- potential -- through to the Secaucus transfer issue, is there any sense that the Port Authority Bus Terminal would be anywhere but in New York City?

MR. WRIGHT: Well, I would say that I think there are still more questions on this than we actually can answer. The possibility of extending the 7 Subway to Secaucus, or some folks talk about trying to do it to Hoboken; the PATH system runs in the same gauge as the L subway, and so there could be an opportunity to try to integrate -- and, frankly, the PATH probably needs to be integrated into the New York City subway system, in the long-term.

There are a lot of different kinds of systems that have been looked at. But I think that trying to build a bus collector system on the west side of the Hudson River and then find other ways to get-- I don't think it will replace -- I mean, just to be clear, I agree with the other panelists -- it will not replace the need for a bus terminal, or maybe several terminals, in Manhattan. But when I talked earlier about a distributed network trying to create-- One of the things we've really learned, especially post-Sandy, is that we have a very brittle

system; and that when one piece of it gives out, there are not many other options for our riders. Ferries fill-- One of the critical things about ferries is that is the easiest way to try and increase capacity in the short-term, as we saw, tragically, after 9/11.

We need to look for investments that will create more robust resiliency within our systems. And probably-- And thinking about a bus system on the west side of the Hudson River with a transfer there is probably part of that also.

SENATOR KEAN: I agree with you on redundancy. I think the question for a lot of our commuters is that they already have a one- or two-, and then soon to be three- or four-transfer experience in the morning and in the afternoon. I mean, through the Chair, I mentioned my Track 5 conversation earlier, which is everybody on the Raritan Valley Line knows exactly what that means in the afternoon, and everybody is trying to rush from one train and up to the other platform. So we experience, as New Jerseyans, a host of times we have to transfer. And it seems to me to have the bus terminal -- the main bus terminus in New Jersey-- I know Loretta and I were at a Port Authority meeting together. That doesn't make a whole heck of a lot of sense to me to have the main Port Authority terminus in New Jersey which would seem to add a stop for us.

SENATOR WEINBERG: Unless you get on a subway.

SENATOR KEAN: I mean, the subway is a different issue.

SENATOR WEINBERG: Yes.

SENATOR KEAN: But I'm saying that-- I mean, again, getting back to the nimbleness and the redundancy issue, they're not necessarily mutually exclusive. But I want to make sure that you're not saying, through

the panel, that the focus should be putting the terminus -- the main focus in New Jersey.

MR. WRIGHT: I'm not. I'm saying that all of these ought to be looked at because of the extraordinary growth and demand that we're going to have.

SENATOR KEAN: Okay. And then, through the chair, for the panel: Just for a point of conversation: Some have said-- There's a great deal of conversation about increasing the gas tax, and the fact that that is about a \$50 million-per-penny input into the TTF at the current moment. Obviously, it's protecting in a lot of different ways, and we can talk about that and the process in the next panel.

There were also individuals who said that that tax is one of the most regressive, and it impacts the people who can least afford to pay it. And those individuals who have higher-mileage cars or electric vehicles or other things-- I know you've talked in the first instance about Oregon, and even Virginia and some other places that have had a variety of modes to deal with that. But there has only been one TTF that's lasted any longer than 5 years. The first TTF was supposed to be 4; it was 3 years. The second one, 7; every one since then has been a 5-year plan. So the question is, in the next 5 years, is the gas tax a regressive form of taxation?

MS.CHERNETZ: Well, if you're-- I mean, if you're increasing the gas tax also, as I explained before, it helps expand mass transit and provides mass transit with the ability to offer more service -- more frequent service. So the people are benefiting from the gas tax by being able to take Transit. So people who don't have a vehicle will then be able to continue to take mass transit and have it be affordable.

And that's-- When we were looking at these fare hikes, it's turning a transportation option into a transportation luxury. So I think that's why we need to continue to have that balance in the equity. If we're going to increase fares, we need to increase the gas tax because everything works together.

And also, people who have choice: Do I take the train, or do I take my car? For example, I lived in Plainsboro; I worked in New Brunswick -- I worked at the courthouse in New Brunswick. I drove and took the train from Princeton Junction to New Brunswick. I got there faster and I saved money. And that took one more car off of Route 1 -- which we all know Route 1 is highly congested. So we need to continue to present that as a transportation option.

MS. STEINER: If I could add to that.

Sure, it's a fair question about whether or not the gas tax is a regressive tax. But aren't New Jersey Transit fare hikes also regressive? And we have had 5 in the last 15 years. We should be asking the same question. Those are hitting the folks who can least afford it the hardest. So it's just as much a regressive as a gas tax.

MR. PAPP: We all know that New Jersey Transit just approved a 9 percent across-the-board fare increase. But for a minute, I just want you to think about riding on an airline. We've all ridden on an airline. We ride on Amtrak trains. All of them have a fare structure at this point that rewards people who book early and who travel a lot. When the railroads began commuter service in the 1880s and 1890s, in order to grow their passenger business, they reduced the fares that they charged their riders in the peak time. This is backwards. Whether it's the Holland Lincoln

Tunnel, George Washington Bridge, United, Southwest -- they all charge you a higher fare in the peak period. We don't do that on Transit; in fact, the fares are higher for the occasional rider than they are for the regular rider. Should this be? Shouldn't we really look, philosophically and ideologically, at over a 100-year outmoded fare structure and say, "Let's adopt this to modern realities"? You have an asset that is overcapacity -- the tunnels and the railroad. And yet, from the railroad perspective, you are charging the rider the least amount at the most congested time. Congestion pricing is well accepted all over the world, in every country. But it isn't with a lot of commutation urban rail systems. The only one that I know is Amtrak, and they go ahead and they give you a discount if you go on an off-hour or a time in which there isn't a great demand. But I think in this potpourri of the mix that we've been discussing today, we really should take a look at that.

The thing that upset us is when the last fare increase -- five years ago -- was instituted, NJT completely eliminated the off-peak, round-trip fare. And this basically raised fares 47 to 48 percent. Now, the question I asked New Jersey Transit is, was this revenue-neutral? Did you lose more money, or did you gain money? And believe it or not, their numbers -- especially on the Northeast Corridor, showed that there was such demand on the weekends for sporting events and theater in New York, that even though they raised the off-peak fare by almost 50 percent, that they were still revenue-positive.

So fare structures, whether it's bus and rail, need to be looked at. If I go from Maplewood on Midtown Direct it's \$3.25. If I take the

107 bus, it's \$2.95. It's a few cents difference. But I have the option to do either when I get to Midtown Manhattan. We need to do that.

Senator Kean, I just want to add one thing. After 9/11, RPA convened -- what was that--

MR. WRIGHT: Listening to the City.

MR. PAPP: Listening to the City. Several friends of mine were part of that. There was a plan to connect the downtown PATH to the Trade Center area with the IRT East Side Line. Physically, the cars are just about the same. Their truck centers -- the distance between the wheel assemblies at each end of the car -- differed. It would have involved a little bit of physical change to the platforms at certain stations, but you would have had -- for, I believe it was like 1,300 or 1,400 feet -- a physical connection between the IRT and the PATH. You could have gotten on a train at Newark and gone all the way to the Upper East Side. We presented that to the Lower Manhattan Development Corporation as well as the Port Authority, but because -- and I want to be nice about this -- jurisdictional squabbling, it never went past the stage of showing the maps and looking at the potential ridership. But that was one aspect that we did want to present to you. We know the Calatrava station is just about developed; we thought that this would be a good way to integrate New York and the New Jersey subway-like systems together. Unfortunately, it never got legs.

SENATOR KEAN: Governor Cuomo had a panel that was put together to look at some of the transportation issues in the decade before he came into office. I think that was mentioned as one of the (indiscernible) things that was studied.

Thank you.

MR. PAPP: Thank you.

SENATOR GORDON: I want to thank you all for this very, I think, useful conversation.

I'd like to bring on the next panel. But before I do, I would just point out that I, for one, have been -- in an effort to try to address the regressive nature of a higher gas tax, I've looked at the idea of providing some kind of tax credit based on income levels and miles driven. And the dilemma that we face is, to have any kind of real impact on the consumer in terms of reducing the burden of a tax, you really end up losing a great deal of revenue. So I'm not sure that that's a viable solution for this, and it may well be -- the answer may be in diversity of revenue sources.

So anyway, thank you all very much.

I'd like to bring on the next panel that has been waiting very patiently -- for which we're grateful -- and that is Tom Bracken of Forward New Jersey and Anthony Attanasio of the Utility Transportation Contractors Association, who will be talking about transportation funding needs.

Gentlemen.

You have a presentation to make?

THOMAS A. BRACKEN: I'm Tom Bracken; I'm the President of the New Jersey State Chamber of Commerce; and the Chairman of Forward New Jersey, a coalition of 75 organizations that represents about 14,000 companies and probably 1,500,000 people within those organizations and members.

And for the last year, we have been testifying ad nauseam at hearings with the Assembly and around the state, talking about the need to

replenish our Transportation Trust Fund -- which is broke, as you know, and has a very strong need for a long-term, sustainable funding source. Because this deplorable situation we have is impacting our economy, it's impacting the safety of every individual we have in this state every day. And it's really very bad that we have been talking about this for a year and there's been no action taken.

I'm not going to sit here today and talk about statistics, because you've heard them all. There's not been any new statistics generated in the last year about the deplorable state of our bridges and roads and rails; you know what it is, you know the statistics. You've heard stories today from other panelists about the statistics. All I'm here to say is that we have a fundamental problem. The fundamental problem with our infrastructure is that it is the foundation of our economy. If we don't solve this problem, our competitiveness as a state is going to continue to get worse and worse. We are not going to be able to add jobs at a rate our neighboring states are, and we will have a problem that is monumental from an economic standpoint.

So my plea today is that hopefully this will be the last hearing; hopefully the Legislature will take this up from a solution standpoint, and we'll get something done. Because come next June, as you all know, there is no money. And not just money to repair the roads; we haven't put a new project in our infrastructure in years.

And look at what happened last week with one accident on one artery -- the Turnpike. It ground this state to a halt. And that's how vulnerable our infrastructure is. We not only need to repair what's there,

we need to add to our infrastructure. And the only way we can do that is to have a long-term, sustainable funding source.

So I can't implore upon you enough -- please address the fundamental issue. You've heard a lot of wish list things today from the previous panel and other people. We're never going to get to those wish list items until we solve the fundamental problem.

So with that, I'll turn it over to Anthony.

ANTHONY ATTANASIO: Thank you, Tom.

Mr. Chairman and members of the Committee, thank you very much for the opportunity to testify today on this ever-increasingly important subject. I'd also like to thank the Senate President for his leadership to keep this in the forefront during the quiet summer months.

One of the things that -- I enjoy working with every member of this panel during my time, both at New Jersey Transit and at the Department of Transportation. And quite often, the question-- Chairman Bracken talked about wish list projects, and that goes all the way down to small intersection improvements and things that you have in your individual districts. And the answer quite often was, "We don't have the money for that." And obviously, it's becoming glaringly obvious that that wasn't us just trying to get off the phone; it was the reality of the situation -- that there is no money, yet the needs are ever-increasing.

And what are those needs? They're safety needs; it's capacity and congestion; and convenience; and quality of life. You know, quality of life is important; and our citizenry will benefit from better commutes and less commute times. But the reality is that we're talking safety, and economic vibrancy, and survival.

The Chairman was very eloquent in pointing out the fact that we are losing our ability to compete, both regionally and nationally. We have something that most other states will never -- well, will never have: they will never connect the first- and fifth-largest cities in this country. New Jersey does. We are the heart and spine of the Northeast Corridor.

So what happened to ARC? Folks talk about how the need for a new trans-Hudson tunnel is of regional and national significance -- and it is. Well, why did ARC die? ARC died because New York wasn't putting a penny into it. The Port Authority was putting in money, the Feds were putting in money -- \$3 billion a piece, in fact -- and New Jersey was responsible for the rest. Well, it sounded good when the project was given a false price tag of \$8.7 billion. The reality is, is that ARC is going to cost \$12 billion to \$15 billion -- or would have, I should say.

But the reality is, is that you can't support megaprojects without a well-funded and robust Transportation Trust Fund. So what happened to ARC? ARC was killed because the Governor felt he wasn't going to leave New Jersey on the hook for all the overruns that we knew, but weren't on paper yet. Well, the reality is, is that we probably should have waited for the Federal government to try to step up their game and keep that project alive, because the time we've lost now on a project that would have been in construction -- versus, we're talking about a project that now won't be done until 2025 -- the reality is, is that to be a partner in Gateway there's going to be a local match. Even if we do get the 80 percent Federal portion of the project funded, where is the New Jersey portion going to come from? When ARC was killed, the money that was supposed to go to ARC ended up going to help pay for the Pulaski Skyway and the Witt

Penn Bridge, and other Port region-related projects. Those are projects that previously would have been funded through the Transportation Trust Fund, but the Trust Fund was unable to fund them.

You know, the Pulaski Skyway is a great example. You know, the Department of Transportation put almost \$100 million in Band-Aid fixes into that bridge before this project to fully rehabilitate it. I mean, think about that: \$100 million just to keep an 80-year-old structure open. You know, it's a disgrace that our Trust Fund, which was founded by a visionary -- Governor Kean -- to prop up our State so that we didn't have to keep coming back to the well again, and again, and again, and asking people for more, when it should have been a fund -- that it should have been self-sustaining and revolving.

You know, what are we going to do now as far as Gateway? Until we have a Trust Fund that is funded, we need the Administration to lead on this. Any initiative of this magnitude needs to begin and end with the leadership from the Administration, supported by the Legislature.

To Chairman Bracken's point, this is my seventh time -- actually I've been counting -- this is my seventh time in the last year testifying on this issue. My passion has not subsided, but I am getting tired of saying the same things over and over again to most people. I have to admit, on the Legislature, you get it; you guys get the need for investment. And investing in infrastructure used to be something in this country that wasn't partisan and didn't have as much rancor around getting together to get done. So what I do is, I offer myself as a resource; we offer ourselves as a resource -- both business, and the construction, transportation infrastructure policy. So please allow us -- if there are any other questions

left unanswered, or any other information you need, please let us know; and just if it will help us get to the finish line, we're there to help.

So Chairman, thank you very much for the opportunity.

MR. BRACKEN: I'd just like to add one thing, if I could, please.

Just to emphasize the importance of this, and I think how much our coalition has kind of turned the tide a little bit. A year ago when we started this, a gas tax poll came out and I think maybe 20 percent of the people said they would favor a gas tax -- maybe. That's probably high. The recent polls have come out, many of which now have people favorably inclined to accept a gas tax. We're not proposing that as the ultimate solution; I'm just saying that's been the one item that's been talked about the most.

So when you turn the -- when you educate the marketplace as to the importance of our infrastructure so much that you can turn something from a 20 percent positive to over a 50 percent positive, I think that's pretty indicative of the importance of the infrastructure.

We also just completed a survey of 500 businesses around the State of New Jersey -- all the major Chambers in New Jersey worked with us. And we interviewed the CEOs and the owners of companies throughout the State of New Jersey. The second-most important issue to the -- the first was taxes -- probably is no surprise -- the second-most important issue to the business community was our infrastructure. And nothing else even came close. The third, fourth, and fifth were well below that.

We're having a summit on September 17 and 18 to talk about a lot of these issues. The Transportation Trust Fund will get a lot of time

and a lot of discussion. But this is a serious issue that the business community ranks very highly. And again, I can't emphasize enough -- this is one of the fundamental reasons why our economy has not kept pace with some of our neighboring states -- without question.

SENATOR GORDON: Thank you, both.

I know Senator Kean has some pressing issues to get today -- so Senator Kean, if you have some questions.

SENATOR KEAN: Thank you, Mr. Chairman, for your consideration on this.

I did want to get this point. And first and foremost, thank you, through the Chairman, for your attention to these matters; and also recognizing, when you first started this issue about a year ago, and then some, one of the issues you talked about was also making sure that there was efficiency within the system, and making sure we were prioritizing projects -- but also prioritizing how we pay for projects, what they cost. The fact that the -- what was originally a 10-year revolving fund then went to 20, and then 30 -- which was sort of the wrong direction to go -- in the past, they did. But I thought that as we addressed this, one of the issues I was very impressed by is making sure -- in both our individual conversations as well as our broad panel conversations -- making sure we prioritize the resources and how we pay for these resources directly. So for example, you shouldn't use 30-year bond money to pay for a vehicle that's going to last 7 years. And I think since we're looking at the Transportation Trust Fund, in addition to the dedicated nature -- which is what is going to be very important at the endpoint, when the voters are going to have to further dedicate these types of resources -- is making sure that we are efficient in

determining what those answers are. But also how these funds are used, and not misapplied over time.

I want to thank you both for your industry in this regard.

And thank you, Mr. Chairman and Madam Majority Leader.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: Yes, thank you.

Just a comment for both of you and the prior panel.

Mr. Gardner talked about people and passion. And I think the prior panel and both of you are in a position to help us with both of those things -- with the memberships in your organizations, with your e-mail lists, with your advocate groups -- to get more grassroots folks to actually raise their voices.

MR. BRACKEN: Senator, we have done that. The Forward New Jersey Coalition has done that.

SENATOR WEINBERG: I know that; I'm just reminding everybody we have to keep it up.

MR. ATTANASIO: Senator, if you'd like, I'm sure we could arrange to have several hundred pieces of construction equipment, labor, and businesses to come to State Street, if you'd like. (laughter) But we would like to solve this in a more diplomatic manner, if possible.

To your point, though, there is no lack of passion for this. And the reality is, is this touches every single New Jerseyan and, unfortunately, it's negatively affecting them -- and has been for, some could say, over a decade now -- the lack of investment in this. So there's no shortage of passion. Tell us how to apply it.

One of the things I think we were -- we recognized when we thought this problem was going to get solved last winter was that there seemed to be a bipartisan swell of support around the issue -- from leadership, and from members of the Legislature. And then something happened at the beginning of this calendar year and all of a sudden the issue was done. So you know, we're eager to apply that grassroots power that we do have as an organization. We're proud members of Forward New Jersey; UTCA is one of the founding members. Tell us where to apply it and we'll be there. What we would love to see is a piece of legislation aimed at solving this issue that we could rally around.

MR. BRACKEN: Yes, that's exactly the point. We need something on the table that we can advocate for and support you with. To date, there's nothing on the table for us to do that with.

SENATOR WEINBERG: Well, hopefully we will be able to focus on that in the not-too-distant future. Certainly the distraction of national politics--

SENATOR GORDON: Really?

SENATOR WEINBERG: -- if I'm being diplomatic -- played a role in what happened. So maybe we will see a culmination of that in the not-very-far-off future, and we'll be able to refocus.

SENATOR GORDON: I have sort of a wonky question -- (laughter) -- not surprisingly.

You know, my public finance professor would say that the fairest tax is a user tax, and clearly the gas tax would be a version of that. But we also know that miles driven seems to be declining, vehicles are becoming more fuel efficient. How do you address those who are concerned

that just because of those kinds of changes there may be a long-term, downward trend in revenue? Does that suggest that we need to supplement a gas tax with other forms of revenue?

MR. BRACKEN: Well, Senator, the only way I would answer that is, right now that's not the issue. Down the road, it might be an issue. But let's get down the road; let's get to the point where we have to address the fact that maybe there's more electric cars, maybe there's more solar cars, or whatever there are. We can, I think, have the ability -- and I think the Legislature and the Administration -- whoever is in power at that time -- will have the ability to deal with those effectively. But let's get something going right now so we have something on the table we can start with, and the flexibility will kick in and we'll deal with those in the future.

MR. ATTANASIO: If I could add-- There always seems to be an excuse as to why not to raise a dedicated revenue for transportation. You know, now it's fuel efficiency or miles traveled that's going to diminish the return on investment. Well, I mean, if you put a CPI on it-- I also think what gets lost in all of this is, folks want to start poking holes through a particular revenue raisers to solve the problem. But what's been happening over the last 30 years -- which is since the last time we raised any real dedicated revenue for this issue -- is the problem itself continues to grow. You know, we spend \$1.6 billion a year -- so we say -- on transportation capital investments. But what actually gets awarded contracts -- when you actually look at what work is actually being awarded-- You know, last year -- I think in FY 2015, the last fiscal year -- \$800 million of that \$1.6 billion was actually what DOT put out. And Transit -- their capital program has, in essence, become nonexistent especially since the

death of ARC -- put out, by our estimation, less than \$100 million in actual contracts. So we say we're spending \$1.6 billion; but Forward New Jersey commissioned an economic study as to what the actual needs of our infrastructure network are. And true, necessary investment to get us back to where we need to be -- just to be competitive is \$3 billion a year for the next 10 years. Now, I think we all recognize that no Legislature or governor, regardless of party or makeup, is going to raise enough money to spend \$3 billion a year for the next 10 years.

So what does that mean? That means that we're not investing the necessary minimum to even just stay competitive -- to utilize our location and the plusses we have as a state. We do not have a friendly tax structure to begin with; the cost of living structure-- I mean, it's getting harder and harder to stay in New Jersey. Well, if you can't get from point *A* to point *B*, if it's taking you two hours to get home to your family at night, if we can't get goods and services to flow across our roads in a reliable method, folks will find alternative ways to ship those and they'll find alternative places to live.

So folks can poke holes -- and I know folks want to talk about waste, fraud, and abuse, and how we can better spend the money. Are there better ways and more efficient ways to spend the dollars we have? Yes. And as a former executive in the State transportation network, I'd be happy to talk to you about that. But we don't even raise enough money today to just keep pace. So before we start poking holes through solutions, we should be focusing on what we need -- the problem -- and then we can come up with a multitude of ways to fund it.

SENATOR GORDON: Well, thank you, thank you both very much for keeping the conversation going. And I'm optimistic that we're going to find a solution to this.

Before the press takes off, I see Martin Robins in the audience -- a former Director of the Voorhees Center on Transportation, and certainly a thought leader on transportation policy. And I took the liberty of asking him if he would offer some concluding thoughts based on what he's heard today.

And so, Professor Robins.

I should tell you also that I sprung this on him at the last minute. (laughter)

We don't need to swear you in. (laughter)

PROFESSOR MARTIN E. ROBINS, Esq.: Thank you very much for calling upon me, Senator Gordon and Senator Weinberg.

I'll be very quick because this has been a long afternoon. And you've heard some excellent testimony; it has been a very worthwhile hearing today.

I want to make three points. Number one, that time is precious in trying to deal with this Gateway funding issue. New Jersey hasn't done anything much to deal with trans-Hudson problems for five years now; five years of inaction. And in May, we had a Federal official -- a high Federal official pleading with New Jersey and New York to come to the table and take advantage of the high priority that the Obama Administration puts on the Gateway project. In just the last few hours, over this weekend, we've seen -- after Secretary Foxx called upon the Governors to meet -- we've seen

still another setback. And the effort to embrace the Gateway project has been derailed temporarily.

What I would like you to consider is what can the State Senate do to jumpstart this process. What can you do to raise people's awareness and the political awareness of this problem; to not let months go by -- and easily, months could go by -- maybe years could go by, and we will turn around and find the situation impossible to deal with.

So this is maybe a last-ditch effort on the part of the people on this panel to do something about this. And exactly what that would be? I would urge you to confer with Senator Booker and see if there's anything you can do in concert with him. He's already done terrific work in getting this process moving as far as it did move.

The second thing I want to mention is that Stephen Gardner gave very enlightening testimony. He talked about New Jersey having contributed a declining amount of money recently in the Northeast Corridor capital. That's part of the reason that the problem is what we experienced in July. We can't ignore that. But the thing that is so compelling is that Federal law requires that New Jersey's contribution to that capital deal with Amtrak is going to rise to \$60 million a year, and then \$80 million, and then \$100 million. And that is mandated by Federal law to keep the relationship going with Amtrak. So that is a sobering matter that all of you are going to have to deal with when you face how the Transportation Trust Fund -- if it does get rescued -- how does that money get divvied up. That is another major claim on Transportation Trust Fund monies that just makes us all that much more worried about the future.

And the final point I want to make, is another piece that Stephen Gardner added, is to talk about-- And I know Senator Weinberg mentioned this in her pre-hearing commentary -- is that the Fiscal Year 2017 budget -- the operating budget for New Jersey Transit -- is a potential disaster. With the possible loss of the \$295 million from the Turnpike, that is a very big amount. New Jersey Transit was worried this year about a \$60 million hole. That will be \$295 million; you add on that labor settlements and retroactivity, that is going on as we speak, and you add what Amtrak was talking about -- it's another \$20 million in operating costs directed by the Northeast Corridor Commission -- and you have just evermore problems arising.

I don't have an answer to this except to say that I think that this is going to be an emergency problem and that the State Legislature, especially the State Senate, should try to take this matter under its wing now -- not wait until the budget process in the spring, in April and May. But to try and anticipate this, get answers from the Administration, and try to avoid coming to a cliff where there is a \$350 million, \$400 million gap in the New Jersey Transit operating budget. Can you imagine what kind of a fare increase would be imparted to meet that?

The Governor and the State Legislature have got to start thinking about this, and working together and trying to avoid it so that we don't run into an absolute and total crisis on that particular subject.

So those are the three messages that I have for you, from what I heard today.

SENATOR GORDON: Thank you very much for that excellent summation. And certainly we have heard the clarion call, for

government action to avoid that emergency, today. And it's incumbent on us in the Legislature to take advantage of that and start getting some options together, and working with the Governor's Office in trying to address this.

We've had a long afternoon. I'm going to adjourn the meeting at this point. Thank you all for your participation, and we'll see you in September for chapter two of this continuing saga.

Thank you very much.

(MEETING CONCLUDED)