
Committee Meeting

of

SENATE LEGISLATIVE OVERSIGHT COMMITTEE ASSEMBLY JUDICIARY COMMITTEE

*“The Committees will receive testimony concerning the Gateway Program
and other Federal mass transit issues.*

*The Committees will hear from John Porcari, Executive Director of the
Gateway Development Corporation, and other invited guests”*

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

DATE: September 25, 2017
10:00 a.m.

MEMBERS OF COMMITTEES PRESENT:

Senator Robert M. Gordon, Chair
Senator Loretta Weinberg, Vice Chair
Senator Thomas H. Kean Jr.
Assemblyman John F. McKeon, Chair
Assemblyman Joseph A. Lagana
Assemblywoman Elizabeth Maher Muoio
Assemblyman Erik Peterson



ALSO PRESENT:

Miriam Bavati
Sarah A. Fletcher
*Office of Legislative Services
Committee Aides*

Mark J. Magyar
Senate Majority
Kate McDonnell
*Assembly Majority
Committee Aides*

Christopher Emigholz
Senate Republican
Glen Beebe
*Assembly Republican
Committee Aides*

***Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***



ROBERT M. GORDON
Chairman

LORETTA WEINBERG
Vice-Chair

M. TERESA RUIZ
PAUL A. SARLO
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JOSEPH M. KYRILLOS, JR.

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New Jersey State Legislature

SENATE LEGISLATIVE OVERSIGHT COMMITTEE
STATE HOUSE ANNEX
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COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE

FROM: SENATOR ROBERT M. GORDON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - SEPTEMBER 25, 2017

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The Senate Legislative Oversight Committee will jointly meet with the Assembly Judiciary Committee on Monday, September 25, 2017 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The committees will receive testimony concerning the Gateway Program and other federal mass transit issues. The committees will hear from John Porcari, Executive Director of the Gateway Development Corporation, and other invited guests.

Issued 9/14/17

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New Jersey State Legislature
ASSEMBLY JUDICIARY COMMITTEE
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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY JUDICIARY COMMITTEE
FROM: ASSEMBLYMAN JOHN F. McKEON, CHAIRMAN
SUBJECT: COMMITTEE MEETING - SEPTEMBER 25, 2017

The public may address comments and questions to Miriam Bavati, Committee Aide, or make bill status and scheduling inquiries to Denise Darmody, Secretary, at (609)847-3865, fax (609)292-6510, or e-mail: OLSAideAJU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

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

This joint meeting of the Senate Legislative Oversight Committee and the Assembly Judiciary Committee will come to order.

Would you all please rise and join me in the Pledge of Allegiance?

(all recite pledge)

Thank you.

May I have a roll call, please?

MS. FLETCHER (Committee Aide): Senator Gordon.

SENATOR GORDON: Here.

MS. FLETCHER: Senator Weinberg.

SENATOR LORETTA WEINBERG (Vice Chair): Here.

ASSEMBLYMAN JOHN F. McKEON (Chair): May I ask the same, on the Assembly side, if I can get my microphone to work?

MS. BAVATI (Committee Aide): Assemblyman Peterson.

ASSEMBLYMAN PETERSON: Here.

MS. BAVATI Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Here.

MS. BAVATI: Assemblyman Lagana is on his way.

Chairman McKeon.

ASSEMBLYMAN McKEON: Present; yes. And Assemblyman Lagana is five minutes out.

SENATOR GORDON: Thank you; and welcome again, everyone.

I have a brief -- well, not a brief, but an opening statement.

Good morning; I am Senator Bob Gordon, and I serve as Chair of the Senate Legislative Oversight Committee, which has been holding hearings on New Jersey Transit issues, with Assemblyman McKeon's Assembly Judiciary Committee, ever since a New Jersey Transit train crashed in Hoboken one year ago. This coming Friday marks the one-year anniversary of that fatal crash, and so I would like to ask that we observe a moment of silence for Fabíola Bittar de Kroon, a 34-year old mother from Hoboken, who was killed that day; and also for the 114 passengers who were injured.

(moment of silence observed)

Thank you.

Ladies and gentlemen, we come here at a critical time. Over two years ago, in August 2015, our Senate Legislative Oversight Committee held a hearing in this room to call upon the Governors of New Jersey and New York to join the Federal government and Amtrak in making a financial commitment to the Gateway project. We spoke in one voice on a bipartisan basis. Our Republican colleagues, Senators Kean and Kyrillos, were as fervent in their support for the project as any Democrat.

One month later, Governors Christie and Cuomo agreed to commit their states together to put up 50 percent of the construction costs; and since then, the commitment of the state governments has not wavered. In fact, the bi-state Port Authority of New York and New Jersey stepped up to provide the staffing for the Gateway Development Corporation, and included \$2.7 billion for Gateway in its revised 10-year capital plan. Gateway's John Porcari is our opening witness this morning.

Today our concern is not the commitment of the states, but of the Federal government.

We are ready to begin construction of a new Portal Bridge to replace the antiquated swing bridge over Hackensack River that is the worst chokepoint on the Northeast Corridor. But the funding isn't there yet. Amtrak Chairman Tony Coscia says construction could begin on the tunnels themselves in March; but again, the funding isn't there yet.

That's our worry with the overall Gateway project. Despite Transportation Secretary Chao's positive comments, and despite the apparently optimistic tone coming out of the recent meeting of Governors Christie and Cuomo, and both states' congressional leaders with President Trump, there is no clear Federal funding commitment to Gateway. And unfortunately, we are in a race against time.

This summer we pushed the capacity of our PATH system to the limit. We added ferries from Hoboken to midtown; and increased bus service from the Morris and Essex rail stations to the already-overcrowded Port Authority Bus Terminal, to handle a 25 percent reduction in train capacity at New York Penn Station for eight weeks. We were lucky. We had no train breakdowns in the tunnels, no major derailments in the station, no serious disruptions in PATH service. But our trans-Hudson mass capacity system was strained to its limits, with a 25 percent reduction in capacity. And that was during the low ridership of the summer months.

If one of the existing North River tunnels, that were so severely damaged by Superstorm Sandy, has to close for emergency repairs -- possibly for as long as 18 months -- we would lose 75 percent of our trans-Hudson rail capacity. Instead of 24 New Jersey Transit and Amtrak trains

during rush hour, we would be down to 6. We would be facing commuter Armageddon, and we would certainly trigger a regional economic recession, much like the one that followed the 9/11 attacks.

We will do everything we can at the State and regional level to increase capacity in the PATH system, to speed construction of additional capacity at the Port Authority Bus Terminal, and to encourage expansion of ferry service. But we cannot make up for the failure to expeditiously complete the new Gateway tunnels.

Even if all of the Federal funding commitments were currently in hand, completion of the new tunnels would take at least 10 to 13 years. That would mean we would have to pray that the existing tunnels hold up until between 2027 and 2030. We cannot afford to tempt fate or the long-term effects of saltwater corrosion in the tunnels by pushing off the Gateway project any further.

And that is the focus of today's hearing -- to understand where we are in Gateway, to understand what the timetable for completion for each of Gateway's stages could be and should be, and to examine alternatives that have been proposed to expand upon or improve the project.

Gateway will double trans-Hudson rail capacity for both New York Transit and Amtrak. The project includes the expansion of the Northeast Corridor from two tracks to four between Newark and Secaucus; building the Bergen Loop, which will enable New Jersey Transit to offer one-seat rides to Manhattan on all of its commuter lines; and the construction of the New York Penn Station South.

We will hear today, first, from John Porcari, Executive Director of the Gateway Development Corporation. We will then hear from some of the leading transit experts and advocates in the region: Tom Wright of the Regional Plan Association, David Peter Allan of the Lackawanna Coalition; former Long Island Rail Road planner Joe Clift; and Janna Chernetz, of the Tri-State Transportation Coalition.

Finally, we will hear this afternoon from New Jersey Transit Executive Director Steve Santoro, who will talk not only about Gateway, but also about the timetable and Federal funding needs for the Hudson-Bergen Light Rail extension to Englewood and the Jersey City waterfront. We will also have follow-up questions on other issues, including the implementation of Positive Train Control.

Before we turn to Mr. Porcari, let me ask my Co-Chair, Assemblyman John McKeon, and other Legislators, for any opening remarks.

Mr. Chairman.

ASSEMBLYMAN McKEON: Yes, thank you very much, Mr. Co-Chair. And as always, I appreciate your diligence and hard work.

And as we both always do, thanks not only to our colleagues for giving their time and diligence to this, but to our partisan and nonpartisan staff who have worked so hard so we are well prepared for today's hearing.

Today's a day to look forward; but as the Senator touched on, we should think about, maybe, where we could have been. You know, we've done a lot, through this Committee; I think it's been about six hearings at this point. I still carry around with me a photograph -- I think that's you in it, Bob, as a matter of fact -- but taken from the back of the

Amtrak train, looking at the inside of the tunnels coming through. And quite frankly, I think all of us would agree, it was frightening; it was frightening on a lot of levels, and particularly as it relates to the number of commuters who really rely upon that as their lifeblood, who rely upon it -- this entire region as the primary tenant of our economy.

Where we could have been today was six months away from a third tunnel; as opposed to six months away, potentially, from the environmental impact statement of being improved. Where we could have been today is having the dollars all locked into place, with New Jersey's contribution at \$2.2 billion.

Instead, where we are is -- we're at a minimum of 12 years away, and that's if everything goes perfectly. At a minimum, it's going to cost New Jersey an additional \$1 billion. And guess what? It's not going to be our asset, as it was going to be, but rather Amtrak's. And we can see, for a lot of reasons, how those priorities have never ended up being New Jersey Transit, New Jersey commuters.

So I do want to look forward; and I can say this to all of our representatives on the Federal side of this, whether they be Democrat, Republicans, or otherwise. Shame on you if you don't get this funding in place for us. New Jersey has been a *donor state*, historically, for decades -- meaning that the monies that our taxpayers pay go to other places throughout the Federal government, in their expenditures, as opposed to us getting a return, as we well deserve.

So this is the challenge to our Federal legislators to make certain that this funding is in place.

So I'll look forward to hearing from the experts that we will today. I have to say I have some concerns, particularly about the Port Authority Bus Terminal and a proposal in the regional plan, as it -- to me, what looks to be very New York-centric, as opposed to worrying about our commuters, particularly those in the Bergen County area.

And thank you all.

SENATOR GORDON: Senator Kean, any comment?

SENATOR KEAN: Thank you, Mr. Chairman.

Gateway has been one of those issues that actually brought people together. It's an issue that, regardless of where you live in the state, regardless of your partisan affiliation, whatever your responsibilities are in life, it's something that brought us together as citizens because we understand how important it is to our state's future. We also understand how important it is to our nation. This is not a New Jersey issue alone; this is a national issue, of which New Jersey is an important part.

So I thank you, Mr. Chairman, for volunteering to highlight this. It is true; Congressman Frelinghuysen has done an extraordinary job, not only on this very specific issue but, 20 years ago, on the issue of dredging and making sure that one of the benefits to New Jersey is the ability to get products, and goods, and services in and out of the state, through the state; whether it be on the issues of (indiscernible) Port Authority of New York and New Jersey, generally; whether it be this Gateway project.

And I think we saw, in a vote in the House, that he was successfully, with bipartisan support from the members of the House, in getting that \$900 million secured. And it's a start. We need to make sure

the Senate lives up to that responsibility, because they are known, historically, as a *never-meant* -- the number that the House has had on any of these types of infrastructure projects.

And so it is important that we get together on a bipartisan basis, and as citizens of the state are proud people who want generations to continue to be able to afford to live in New Jersey. Because this is, at the end of the day, about affordability -- it's about accessibility, it's about affordability, and it's about making sure we have the best infrastructure opportunities in the country.

Thank you, Mr. Chairman.

SENATOR GORDON: Thank you.

Senator Weinberg.

SENATOR WEINBERG: Thank you.

I'm going to identify with the remarks of both the Co-Chair, John McKeon; and my colleague, Senator Tom Kean.

This is of extraordinary importance; and it is of extraordinary importance to our nation. This is not a New Jersey or New York project; this is the Northeast Corridor of the entire United States. This is the linkup to east-west in the United States. And I know that our Federal representatives understand that, and I know that they are, on a bipartisan level, fighting hard for that money. But we really have to make the Federal representatives of the rest of our country understand how part of the United States economy is built on that Northeast Corridor. And we can't fail; we can't fail for the future of our state and, really, for the future of the infrastructure of our country.

So you are right, Senator Kean. The Gateway, or the lack of the tunnel, is the thing -- is one of the things that brought us together on a bipartisan basis. And you are right, Chairman McKeon, that we have to look back to see how we got here. But I'm glad today we are going to be looking ahead to figure out how we're going to take the next steps.

So thank you both.

SENATOR GORDON: Anyone else on your side?

ASSEMBLYMAN McKEON: Colleagues, any comments? (no response)

None; thank you.

SENATOR GORDON: Very well.

Our first witness--

SENATOR KEAN: I'm sorry; Erik-- I'm sorry.

ASSEMBLYMAN McKEON: Oh, I'm so sorry.

SENATOR GORDON: I'm sorry.

ASSEMBLYMAN McKEON: I looked to the left; I apologize, Assemblyman. (laughter)

SENATOR WEINBERG: So do I. (laughter)

ASSEMBLYMAN McKEON: I lean to the left.

ASSEMBLYMAN PETERSON: So I'm that unforgettable. (laughter)

I just want to make a comment on behalf of Assemblyman Carroll, who can't be here today because his father is very ill, and he needs to be nearby his side; because it's that severe of an illness.

So I wanted to let the Committee know why he's not here today.

Thank you.

SENATOR GORDON: Thank you.

ASSEMBLYMAN McKEON: Thank you for letting us know.

SENATOR GORDON: Okay.

Our first witness today will be the Interim Executive Director of the Gateway Program Development Corporation, Mr. John D. Porcari.

Mr. Porcari, welcome.

J O H N D. P O R C A R I: Thank you, Mr. Chairman.

Good morning, Chairman Gordon, Chairman McKeon, and Members of the Joint Committee.

Thank you for the opportunity to testify today about the Gateway Program and its importance to mass transit in New Jersey.

UNIDENTIFIED MEMBER OF COMMITTEE: Is his red light on? (referring to PA microphone)

UNIDENTIFIED MEMBER OF COMMITTEE: Sir, the red button; yes. One more time.

SENATOR WEINBERG: In New Jersey, red means "go." (laughter) That always amuses me.

MR. PORCARI: The red light's on.

UNIDENTIFIED MEMBER OF COMMITTEE: No, the *right* red isn't on. Hit it again.

MR. PORCARI: I guess I had to hit it harder. (laughter)

Good morning, Chairman Gordon, Chairman McKeon, and Members of the Joint Committee.

Thanks for the opportunity to testify today about the Gateway Program and its importance to mass transit in New Jersey.

I'm John D. Porcari, Interim Executive Director of the Gateway Program Development Corporation, which is a New Jersey-based non-profit, created to effectuate the engineering, financing, and construction of the Gateway Program.

I refer to Gateway as the *most urgent infrastructure program in America* because no other project seeks to address the multiple single points of failure that put 10 percent of America's Gross Domestic Product at risk every day. Where most of the Northeast Corridor consists of three or even four tracks, here, at the busiest point -- the 10-mile stretch between Newark, New Jersey and New York City -- the Corridor necks down to just two tracks, reliant on aging infrastructure and supporting tremendous demand.

In a nutshell, Gateway is about taking that two-track railroad and making it four, preserving existing levels of service in the near-term, enabling much more operational flexibility, eliminating that single point of failure, and ultimately creating the capacity needed to support the region's projected growth.

Gateway is a well-engineered, realistic plan designed to be modular in its approach to take advantage of funding opportunities as they become available, while not sacrificing the principles of the long-term vision.

As members of the Committee well know, the 107-year-old North River Tunnel was severely damaged by Super Storm Sandy and requires comprehensive reconstruction -- essentially rebuilding the tunnel, and its associated infrastructure, from the inside out. No engineer can say with certainty when the tunnel may become so unreliable that it cannot

sustain the level of service we enjoy today. We are literally in a race against time.

What we do know is that work to rebuild the tunnel will require taking each tube out of service for roughly two years. Without an alternate route into Manhattan, that would create a nightmare scenario where, instead of the 24 trains per hour that currently operate, the system could support only 6 trains per hour -- a 75 percent reduction in capacity. The implications for the region's economy, and New Jersey's economy in particular, would be devastating. It's a situation we cannot allow to happen.

It's important to note the tunnel is safe for operations. A comprehensive analysis conducted after Sandy concluded that the structural integrity of the crossing was not compromised. It's not a safety issue we're talking about, as much as it is a question of reliability and resiliency. As Hurricanes Harvey, Irma, and Maria have reminded us, our climate is changing; and it's just a matter of time before another storm event, like Sandy, makes its way up the East Coast. If and when that happens, our transportation network must have the resiliency to bounce back and keep the region's people and its economy moving.

That's what Gateway is designed to do. Work is well underway on Phase I. Phase I of the Program includes the Portal North Bridge Project, to replace the aging swing bridge over the Hackensack River; and the Hudson Tunnel Project, to build a new, two-track tunnel under the Hudson and rehabilitate the existing two tubes.

Led by New Jersey Transit and the Federal Railroad Administration, an accelerated environmental review on the tunnel is

quickly nearing completion in roughly half the time that's typically required for projects of this magnitude.

The draft Environmental Impact Statement, released this summer, kicked off a public comment period that included three public hearings, one of which we were pleased to see Chairman Gordon attend. Public input is a crucial component of the EIS process, and the comments received are now being analyzed by the project team. Responses will be incorporated into the final EIS, which is on schedule for completion by March 2018, when we anticipate receiving a simultaneous Record of Decision and Army Corps of Engineers Section 404 permit. This is a major milestone for the tunnel portion of the project that clears the way for construction to begin.

With funding in place, early construction activities on the tunnel could begin in Calendar Year 2018, with major construction to begin in 2019.

The expedited environmental review is precisely the kind of innovative approach the Federal government has asked for. The project's concurrent reviews and other reforms helped shorten the process and can serve as models for other projects going forward.

We appreciate the strong technical assistance we have received from the U.S. Department of Transportation, without which such expedited review would not be possible.

While this environmental review advances, Amtrak, New Jersey Transit, and the Port Authority of New York and New Jersey are working together under the framework of the Gateway Program Development Corporation to solidify the financial plan for the project. As outlined in the

draft EIS, the estimated cost of the Hudson Tunnel project is \$12.9 billion; \$11.1 billion for the new tunnel and \$1.8 billion for rehabilitation of the existing tunnel.

I would note that this is a preliminary number, based on 10 percent design; it's nearly certain to change as the project is advanced and design moves forward.

The financial plan for Gateway envisions a combination of Amtrak and Federal Railroad Administration grants, RRIF loans, private capital, and a New Starts Capital Improvement Grant through the Federal Transit Administration for the tunnel. In 2016, the project was accepted into the FTA's Project Development pipeline, and last month the partners submitted a rating package that seeks inclusion in the U.S. Department of Transportation's Federal Fiscal Year 2019 budget.

In support of this plan, the GDC is engaging private sector and industry experts through a Request for Information. It was published in August, and this RFI seeks input on project delivery, risk allocation, and funding and financing. The responses which have now been received will inform the GDC's thinking about alternate delivery opportunities, and help shape the procurement and financing approach to the Hudson Tunnel Project with the goal of driving innovation, containing cost, and mitigating risk.

With the RFI, the partners are seeking the best and brightest ideas from around the world. We are pleased to have a great response, and will next set up one-on-one meetings to gather additional information and refine the financial plan for the tunnel -- as needed to strengthen our case for Federal funding.

The other Phase I project in the Capital Improvement Grant project development pipeline is, as I mentioned, the Portal North Bridge. By replacing the existing century-old swing bridge over the Hackensack River with a higher-clearance fixed-span, the project will eliminate what some refer to as the *Achilles heel* of the Northeast Corridor. With 53 feet of clearance above the river, a new Portal North Bridge won't have to open for marine traffic. The new bridge will permit higher speeds for trains, allowing New Jersey Transit to increase some train consists, delivering new capacity, and a more reliable, more resilient Northeast Corridor system that no longer relies upon technology dating to the Civil War.

This project is fully designed, fully permitted, and, quite literally, it's the definition of shovel-ready. With local funding commitments already in place from New Jersey Transit, the Port Authority, Amtrak, and the FRA, the only remaining piece of the puzzle is Federal funding to make up the remaining 50 percent of the \$1.5 billion estimated project cost.

Earlier this month the partners submitted an updated financial plan that we believe further strengthens the original rating application that resulted in what's known as a *medium-high* rating. Not only is the project *shovel-ready*, it's *shovel-worthy*.

In the coming weeks, early construction activity will begin at Portal Bridge. It's funded by a \$16 million TIGER grant, and \$4 million local match by New Jersey Transit. This work includes utility relocation, access road, and a retaining wall that's set up for the full construction of the Portal North Bridge.

So much has been done and great progress has been made; but we have only just begun. The project partners are doing all they can to advance the Gateway Program so that when funding is available at the Federal level, we're ready to move to construction as quickly as possible.

We appreciate the support of this Committee and all the regional stakeholders who recognize the urgency behind this work.

Thank you, Chairman Gordon and Chairman McKeon, for the opportunity to testify before you today. I look forward to answering any questions you may have.

SENATOR GORDON: Thank you very much, Mr. Porcari.

Just to start with a more general question; and your answer may have to be speculative.

I'm looking at a memo, which was prepared by our Office of Legislative Services, listing all of the -- it looks like something like 20 projects around the country that would draw on the New Starts program. And our staff -- it approaches something like \$26 billion; it's clearly a lot of money.

The staff is concerned that given all of these competing projects that, one, there may not be enough money for these many projects; and certainly it would be difficult to even find the money to complete the Portal Bridge phase of Gateway. Are you able to comment on what the situation looks like now in Congress, given the competing forces at work here?

MR. PORCARI: It is an excellent question, Mr. Chairman.

The Core Capacity and New Starts programs -- the two parts of the Capital Improvement Grant Program for the Federal Transit Administration -- are chronically oversubscribed. It has been true in the

past, it's certainly true in the future -- that there are more projects at any given time than there is available funding. It often leads to the multi-year cash flows being done in a way that make it a little more difficult for projects.

But starting with the Portal North Bridge -- what we refer to as *Phase 1A* -- which, again, has a medium-high rating; so it's a very highly rated project in terms of the national competition. That's because of the tremendous benefit that the region will have with the Portal North Bridge. I believe it will compete well. And it is clear -- and it's clear through actions, for example, on the House level by Chairman Frelinghuysen -- that this is a project that has real merit and that will compete successfully.

At the risk of underscoring the obvious, I think it's really important to note that we led with a local commitment, and we're waiting for the Federal commitment for the Portal North Bridge. And it wasn't long ago that the Federal commitment would often be in place, or be available at least, before the local commitment was in place. So what the Administration is asking for -- a more streamlined process -- we are doing. Maximize private sector participation -- we intend to evaluate that for Phase 1B, the tunnel project; and have the local commitment in place -- we are absolutely doing that. We have met all the ground rules; we are simply awaiting Federal funding to get to construction.

Having worked on projects across the country, I can't think of another one that's in a similar position -- where it's not only fully permitted, fully designed, literally ready to go to construction any day the Federal funding arrives. But on the down side, you have a single point of failure if the existing 107-year-old bridge has operational issues.

So those factors together bode well for competition relative to other projects. And again, as I think you know, transit projects are, in essence, competing with each other for a fixed pot of funding around the country, unlike other modes of transportation; even given that the merits of this project and the urgency of this project, I think, bode well for it.

SENATOR GORDON: Okay.

We've all heard about the \$900 million that was, really, put together by Congressman Frelinghuysen in a House bill. Do you have any read on what's happening in the Senate?

MR. PORCARI: I do know that this project has a lot of horsepower behind it, in the sense that you have the combined New Jersey and New York Senate delegations completely unified on this, with their House colleagues working hard on the funding side.

While we don't know yet exactly where we're going to end up on the Senate side, the high water mark set on the House side is very helpful; and the urgency of the project, and the unity of the delegations in both New Jersey and New York, I think will help momentum on the Senate side as well.

SENATOR GORDON: Okay. I mean, we need to consider all the scenarios here. Worst case scenario -- we don't get adequate Federal funding. What's Plan B?

MR. PORCARI: Mr. Chairman, there is no Plan B for this. This is -- as you've described, this is a nationally significant project. It's not just serving northern New Jersey, or New Jersey and New York, or the larger metropolitan region. It's serving the entire country.

There's a definition of projects of regional and national significance; this certainly meets it. In my experience, again, nationwide, I have never seen a project of national significance that didn't have a Federal funding component. It's simply beyond the capacity -- even the combined capacity of the two states, New Jersey and New York, to do on their own. And I would point out and underscore that this is a project that, in essence, serves the entire nation. It's not just a single point of failure for the nearly 200,000 daily commuters; it's a single point of failure for the entire Eastern seaboard and, in fact, a big chunk of the nation's economy.

SENATOR GORDON: Forgive me if you covered this in your opening statement and I missed, but could you tell us something about the timeline for the North Portal Bridge project, and how much do you expect to be spending each year over the next few years, and what's going to be done in the next few years?

MR. PORCARI: Yes, Mr. Chairman.

So just to recap briefly -- the Portal North Bridge is shovel-ready, shovel-worthy, 100 percent ready to go. Preconstruction work -- you'll actually see activity out there over the next several weeks as the TIGER grant-funded work begins out there.

The local commitment is in place; we would expect to work with our Federal partners, when they make the Federal funding commitment on the grant, to work out the exact cash flow. And on a major project, it's not always exactly 50-50 in any given year between the local and the Federal commitment. We would have some flexibility; and we would stretch as far as we needed to, to make sure we got under

construction right away, and that the Federal funding commitment, together with the local one, met the cash flow need.

So it's a little bit nebulous because we don't know what the Federal funding commitment will be; but we know the construction interval, we know the local funding commitment, and we'll adapt to get it to construction and get it completed as quickly as possible.

SENATOR GORDON: What do you anticipate the total timeframe being for the Portal Bridge project; how many years?

MR. PORCARI: We anticipate a five-year construction interval; it can be longer, it could be shorter as well. We expect that we would have a contractor, or contractors, that would be highly motivated to get it done.

I would point out that there are some environmental and other restrictions that drive the timing for it; for example, the ability to work in the river only during certain parts of the year to protect fish species. So we have to work around that construction interval. But a major project like this -- a construction interval of five years is about right. And we would -- it's all the more reason to get it underway because we know that we're in a race against time.

SENATOR GORDON: Okay.

Chairman Coscia has said that he thought that construction on the tunnels themselves could actually begin in March if the Federal funding were there. How much Federal funding would need to be in place to make something like that happen?

MR. PORCARI: We would need the equivalent of what we're asking for on Portal North Bridge, which is a Federal commitment through

a full-funding grant agreement for the Federal share, which can be up to 50 percent. We are-- To be clear, in the grant application that we submitted last month, we're asking for 49.4 percent Federal funding, and that was calibrated to give us the highest possible rating, relative to other projects around the country.

Chairman Coscia is correct; we'll have the EIS in final form, Record of Decision, and a Corps of Engineers Section 404 permit to work in the water next March. And at that point, we could sequence the project so early construction work, preconstruction activities -- which are considerable -- could be underway at that point.

I'd also point out that we have-- I mentioned the Request for Information process. The Gateway Program Development Corporation put out an RFI to get the best ideas from around the world on how to construct that tunnel efficiently, with the lowest possible risk, in the quickest possible time. It could, for example, as one alternative, be done through a public-private partnership. And I mention that because that provides, potentially, an opportunity to shorten the construction interval and have some of the important project risks assumed by the private sector, as opposed to the public sector.

SENATOR GORDON: I have been intrigued by the idea of a public-private partnership. And many of the projects in the New York region have not been financed or organized that way. We already have toll revenue being dedicated to the public sector. Could you tell us how a public-private partnership might work for a tunnel project?

MR. PORCARI: Yes, Mr. Chairman.

In a previous life as a State DOT Secretary, having done three public-private partnerships -- a port one, highway, and a transit one -- for the right profile of project, it has some real benefits. So it is-- There's no free lunch involved in a public-private partnership, in the sense that it still requires a significant public financial commitment that's usually coupled with a private financial commitment. In my opinion, the greatest advantage of a public-private partnership is the allocation of risk. And what that means is, typically in a public-private partnership the cost and schedule risk -- risk of cost overruns, late delivery -- are borne by the private sector. So they are highly incentivized to deliver efficiently.

The same can be true -- depending on the public-private partnership -- of the operation of it. The private sector, in many cases, is responsible for the operation of the transit facility, or tunnel, or port facility. And any operating-cost risk is theirs as well.

So there are tradeoffs involved in all these different construction methodologies. But the primary advantage for a public-private partnership is the assumption of significant risk by the private sector, so the public commitment, in financial terms, is *capped*.

SENATOR GORDON: Let me turn to Senator Weinberg.

Do you have a question about the P3?

SENATOR WEINBERG: Is the idea of the public-private partnership on the table for discussion, or following up, or--

MR. PORCARI: Yes, Senator. The discussion for public-private partnership for the tunnel is very much on the table. What we did was, we put out our Request for Information process -- which is not technically a procurement -- to get the best ideas from around the world.

That informs the type of procurement that we'll be doing on it, which may well be a public-private partnership. We don't know, at this point.

I would point out that the Portal North Bridge is separate because it's 100 percent design -- so that is design-bid build. And essentially, New Jersey Transit has done all the work on that already. But for the tunnel, we are very actively considering public-private partnership, which has been successful around the world, but also in the U.S. If you look at, for example, the Port of Miami Tunnel project -- which has a lot of similarities to the Hudson Tunnel project -- it was a very successful public-private partnership.

SENATOR GORDON: But my understanding is that under these P3 arrangements, the private sector partner is looking for a stream of income. What would be the source of that? Would they be getting a portion of the toll revenue?

MR. PORCARI: Again -- yes, that's right. So there has to be some kind of revenue stream that makes the deal make sense for the private sector. There are a lot of ways to do it. In the examples I mentioned, the ones at the State level I have been personally involved in -- for example, on transit, it's what's called an *availability payment*. It's an annual payment by a public entity -- in that case, the state of Maryland -- that guarantees the private sector a set return on investment, provided they meet all the performance parameters. If they don't, they don't get the same return.

SENATOR GORDON: Okay.

Just a couple of other questions.

How large is the staff that you have devoted to this project; and do you have information about how much staff the Port Authority is devoting to this?

MR. PORCARI: Yes, Mr. Chairman. You're looking at 50 percent of the staff of the Gateway Program Development Corporation right here (laughter), in the sense that it's, as with most major projects these days, it's a hybrid organization. And it's a credit to New Jersey Transit, the Port Authority of New York and New Jersey, and Amtrak that they have essentially detailed staff. So we have staff from all three agencies working on this project, supplemented by technical consultants and others.

We anticipate that-- Now that the corporation itself is incorporated and it's up and running, they are hiring a permanent CEO -- and are close to that point, at which point, I'll be actually paroled from my Interim Executive Director role here -- with a permanent CEO, they will be bringing on more permanent staff. And it will be headquartered in New Jersey; actually co-located, essentially, with New Jersey Transit. But the idea is that you're bringing the best specialized talent from all three of those public organizations and supplementing, as you need, with actual hires for the Gateway Program Development Corporation and outside consultant help.

SENATOR GORDON: Okay.

Recently, we've read that the U.S. DOT withdrew from the organization. What kind of impact did that have?

MR. PORCARI: In practical terms, the withdrawal of the U.S. DOT as the fourth trustee of Gateway Program Development Corporation didn't impact the operations at all. I think there was a concern on the part

of U.S. DOT leadership that they would be in a potential conflict situation. I would point out that there are multiple other examples -- in the past and currently around the country -- where U.S. DOT is represented on similar corporations, and they recuse themselves as necessary.

But in practical terms, we're moving full speed ahead. It has not slowed down anything. And I do want to emphasize the extraordinary technical cooperation and help that we've had from the technical staff at U.S. DOT from the beginning. They have really gone out of their way to help this project, recognizing what's at stake here.

SENATOR GORDON: Okay.

I want to give my colleagues an opportunity to ask some questions.

Chairman.

ASSEMBLYMAN McKEON: Yes, thanks.

And it's time I've had the pleasure of hearing you and meeting you; and thank you for your professionalism. And we're counting on you.

I just want to pick up on the Chairman's questioning regarding the U.S. DOT, because it's my understanding that they -- certainly in June, they recused themselves from this project. But that as to Moynihan and as to Gateway (*sic*), based upon the law, I guess, through an act of Congress, they are members of the team on those particular projects. Is that accurate?

MR. PORCARI: Yes. U.S. DOT, the Deputy Secretary, chairs the Moynihan Station Development Corporation and also the Union Station Development Corporation in Washington.

ASSEMBLYMAN McKEON: Now, I'll trust in what you're saying; it doesn't make a difference from a practical perspective? It would

seem to me to have them sitting as a trustee as it relates to Gateway could only help.

MR. PORCARI: As I mentioned, we certainly had great technical cooperation from U.S. DOT. What we are waiting to hear about is the policy level part of it, which is the funding for both Portal North Bridge and the Tunnel.

ASSEMBLYMAN McKEON: Well, the funding, I would imagine, is a little bit out of their control, as it relates to that. The appropriation has to be there to begin with, and I'm going to ask you about that in a second.

But would you recommend that if our congressional delegation could move forward with a piece of legislation -- like they did with Moynihan and like they did with Union Station -- to allow them to be a part of our group, that that would be helpful?

MR. PORCARI: Mr. Chairman, everything else being equal, we'd love to have U.S. DOT represented as one of the trustees. This is -- it's a great representation of Federalism in action, in the sense that this is really a Federal-local partnership, which you need with any major project. And we'd love to have them at the table; we're prepared to operate either way, with or without them as a trustee.

ASSEMBLYMAN McKEON: You know, I'm going to defer on the funding for a minute, because I want to get to the Hudson Tunnel project. And God knows, as important-- Any time *Portal Bridge* and the *Civil War* are stated in the same sentence, (laughter) we should all be ashamed of ourselves.

But as essential as that is, getting into the tunnel -- from my perspective -- New Jersey Transit, for example, ridership is up 20 percent just in the last eight years. I think we're going to hear from a gentleman in a little while who's going to talk about hundreds of thousands of new jobs in the next several decades in Manhattan that hopefully we in New Jersey can get to, to continue our economic prosperity on our side of the Hudson.

So relative to the numbers with the tunnels -- as I understand it, if it went forward, based on where we are in 2018, give or take, it would be completed by 2030; is that correct?

MR. PORCARI: That's correct. But again, part of the reason of soliciting -- formally soliciting private sector input is to ask for ways to do it faster, better, cheaper. And based on the responses we've gotten, there are some pretty encouraging possibilities out there.

ASSEMBLYMAN McKEON: Well, it's interesting. So you're thinking that-- And again, I'm using the numbers that I pulled off; I think, \$14 billion, and that includes 10 percent overrides, which I guess is standard. You're thinking that the likelihood is that we will have this built before 2030 and at a cost less than \$14 billion? That's surprising to me.

MR. PORCARI: I can't commit to that; it is certainly possible. And again, the reason we really want to get the best thinking from around the world, is if there are technical, financial, and other ways to speed up the project and deliver it less expensively, we want to do that. And one of the good points about having the Gateway Program Development Corporation as a stand-alone corporation is it has the procurement ability to do it whatever way is most efficient -- whether it's design-bid build, or design-build, or a public-private partnership. We really have the flexibility of

following whatever path works best in terms of cost, schedule, and the risks involved.

ASSEMBLYMAN McKEON: Got it.

Now, I want to go back to the funding; because while I certainly respect your opinion, and hopefully and truthfully-- In a bipartisan way, our entire delegation is locked in on this funding. But the way that currently sits, based on the Trump budget, it's frozen as it relates to New Starts; that's my understanding. I think there's \$5.4 billion; the only thing committed out of all of Gateway is Moynihan at this point. So where we sit today -- today, without CNN talking head prognostication as what might be -- the money isn't there.

MR. PORCARI: It is true. So we put the application in for the Portal North Bridge for the Federal grant in September 2016; it has been in for 13 months. What the President proposed in the so-called *skinny budget* was no funding for any project that didn't already have a full funding grant agreement.

ASSEMBLYMAN McKEON: And Moynihan was the only one that was in that position.

MR. PORCARI: Moynihan Phase I was actually funded by Recovery Act funds; Moynihan Phase II is a public-private partnership between the state of New York and its funding in the private sector.

ASSEMBLYMAN McKEON: Well, you know -- and could you just, in general terms-- Because I don't understand it well; I think I have a good handle on a lot of the eight pieces of the Gateway project, but Moynihan I don't, maybe, understand. It seems to me like a pretty building, as opposed to something that's very practical.

MR. PORCARI: First, the Moynihan project is not formally part of the Gateway program. It certainly helps New Jersey, New York, and other residents who are coming through there. But it's the existing platforms and existing capacity of Penn Station, with much better access and a 21st century, as opposed to a 19th century, facility.

We don't get new--

ASSEMBLYMAN McKEON: I just want to tease that out with you.

So it's really not the guts of transport that Moynihan changes; it's from the ground up concerning the station.

MR. PORCARI: It's a station improvement, and it's a very big station improvement. What it does not do is double the capacity of Penn Station, which is what the latter stages of Gateway does. It's important to distinguish between Phase I and Phase II of Gateway. Phase I is eliminating a single point of failure that could cripple the region. So it's the 107-year-old bridge, 107-year-old tunnel, both of which were carrying passengers while the Titanic was under construction, and while the Wright brothers were switching from the Model A to the Model B Flyer.

ASSEMBLYMAN McKEON: It's better than the Civil War.
(laughter)

MR. PORCARI: The design actually goes back that far.

But Phase I actually eliminates that single point of failure. But the capacity improvements are in Phase II of the Gateway project, when you're doubling the capacity of Penn Station, when you're doing all the improvements from Newark Penn Station to New York Penn Station -- including the Bergen Loop and all the other really important elements of

Gateway -- that make for a much better commuter experience for citizens in both New Jersey and New York.

ASSEMBLYMAN McKEON: Maybe it's just me, but I think it sounds, to me, backwards; like, you know, you build the station after you have the capacity and all the things that have to do with actually moving people, as opposed to making them comfortable while they're delayed. That's just me, but I-- Sometimes people like to take their pictures in front of buildings, you know?

MR. PORCARI: The benefit of the Moynihan Station project moving ahead now, first, is that it is financially separate and can move ahead because of the private sector investment in it. And in the latter stages of Gateway, as you get significant new capacity at Penn Station, you will really need it. So it moves on its own path; it's not competing for funding at the Federal level with the Gateway project; it's independent in terms of funding. All that is very helpful in it.

But I just want to underscore the urgency of the Portal North Bridge project and the new tunnel, because we're not even getting to new capacity until we get to eliminating that single point of failure that is, in my opinion, unprecedented in the infrastructure of the United States.

ASSEMBLYMAN McKEON: Well, sir, you said it better than any of us could. That's a true statement, and what we all have concern with, in the bigger picture.

And just a last area -- and again, you could comment or not -- just also, from what I understand, as much as the New York delegation may be in lockstep at the present time, there's a big issue in New York as it relates to the MTA and the competing dollars regarding the subway system;

which again, is forever expanding and in need of a lot of the same attention as the system on our side of the river and going under the river.

So I just throw that out as it relates to an internal conflict in our partner on the other side of the river, as far as where they want to see money spent.

MR. PORCARI: The experience so far in the Gateway project has been that both states, New Jersey and New York, have been there for the funding commitments, and have been strong advocates. And having both states, their delegations, and their Governors aligned in pushing for it has been a tremendous help for the project. In fairness to New York, they have been there every step of the way; and the financial commitment has been there when we've needed it, every step of the way so far.

ASSEMBLYMAN McKEON: You know, the last question that I have, and then I'll defer -- are you able to provide us with any information as to the September 7 meeting in the White House with the respective New York and New Jersey delegations and our Governors?

MR. PORCARI: I was not at that meeting. I would tell you that what was reported back was very positive; that in a regional, bi-state way, the delegation and both Governors made a strong case of the urgency of the Gateway project. You can ask them directly, but they certainly came away from the meeting believing that they had strong support from the Administration for this project.

The proof will be in the pudding. We'll see on-- We have two specific grant applications in -- Portal North Bridge and the Tunnel -- and that will determine where we actually are.

ASSEMBLYMAN McKEON: I appreciate that; thank you very much.

And I'll defer.

SENATOR GORDON: Any other members of the Committee?
Senator Weinberg.

SENATOR WEINBERG: Just a suggestion, about which I am serious; I am not joking.

Why don't we ask our two Governors and our Federal representatives of both states to invite the President to come and take a look firsthand at the Tunnel project, at the Portal Bridge? He spends -- he has a home in New York, and obviously a home in New Jersey. So when he is visiting either of those places it wouldn't be so difficult for him to come over.

So perhaps both our Governors and the Federal reps could undertake that.

SENATOR GORDON: We'll pass that on to the President.
(laughter)

SENATOR WEINBERG: Thank you.

SENATOR GORDON: Any other member of the Committee?

ASSEMBLYMAN McKEON: Yes; Liz.

Oh, I'm sorry.

ASSEMBLYWOMAN MUOIO: I have just a couple of questions.

Do we have any formal agreement right now -- and I know you just talked about the White House meetings -- is there formal agreement in

place right now in terms of cost sharing for this project, whether with the Federal government or between the states?

MR. PORCARI: There is a Memorandum of Understanding, between the U.S. Department of Transportation and the delegations from both states, for a 50-50 cost share over the whole program of projects that is Gateway. That was signed by the previous Administration in Washington, and the expectation is that that commitment will continue.

ASSEMBLYWOMAN MUOIO: And that's between -- that was between the Administration and the delegations -- the congressional delegations for the two--

MR. PORCARI: Yes.

ASSEMBLYWOMAN MUOIO: Anything from the Governors of the two states and the Committee?

MR. PORCARI: The congressional delegations and the Governors were party to that as well. So it's both states, it's both delegations, and U.S. DOT.

ASSEMBLYWOMAN MUOIO: Okay. So there's a formal document that lays this out.

MR. PORCARI: There is. It's basically a statement of principles -- this Memorandum of Understanding -- and it was a really important step forward.

ASSEMBLYWOMAN MUOIO: But not a contract.

MR. PORCARI: I'm not an attorney, but it's a Memorandum of Understanding.

ASSEMBLYWOMAN MUOIO: Okay.

Second, I have a question about the Hudson Yards box project.

MR. PORCARI: Yes.

ASSEMBLYWOMAN MUOIO: My understanding is that the first phase-- And correct me if I'm wrong, but without this box in place there will be no way to connect up the tunnel traffic with the station itself.

MR. PORCARI: That's correct.

ASSEMBLYWOMAN MUOIO: Okay; which was one of the issues with the ARC project, supposedly. That was a concern, right?

MR. PORCARI: Yes; a little different alignment, but a similar concern.

ASSEMBLYWOMAN MUOIO: Okay.

So without this box, we can't do any of this; or we can't connect them, and they'll have to get to the station some other way. And my understanding is that the first phase was constructed with Federal hurricane relief funds?

MR. PORCARI: Yes, the first and second stage -- first and second phases.

ASSEMBLYWOMAN MUOIO: Okay. But it still requires over \$400 million in funding to complete?

MR. PORCARI: Yes; there's a third and final stage at the tunnel box. This is a box that's in the Hudson Yards project that will connect the tunnel with Penn Station, essentially. The third piece of it is about \$400 million. It's part of -- currently part of the cost estimate for the tunnel project.

ASSEMBLYWOMAN MUOIO: Okay. Who is on the hook for that \$400 million; is it the states?

MR. PORCARI: As it stands today, the Gateway partners are on the hook for that. We would like to see a scenario where there's a -- either a developer contribution or through a public-private partnership -- a way to build that. That's something that we're actively exploring. But that third piece of the tunnel box has to be built; there's no possibility of Hurricane Sandy funding for that third piece, so it's the Gateway partners at this point.

ASSEMBLYWOMAN MUOIO: When you say the *Gateway partners*, are you including the Feds in that partnership, or just the states?

MR. PORCARI: Yes. So broadly, it's the states and it's the Federal government.

ASSEMBLYWOMAN MUOIO: Even though the Feds have already put in the first half of the funding for the project?

MR. PORCARI: I think the argument is -- and having been at U.S. DOT when that happened -- we thought it was an important use of Hurricane Sandy relief money to build those first two pieces of the tunnel box. It does not preclude the Federal government paying for all or part of the third tunnel box.

ASSEMBLYWOMAN MUOIO: Right; okay. But they've already paid for a significant portion, so we can expect an argument, I guess.

MR. PORCARI: Well, and I think if you ask New York state, they would say that that was part of the Hurricane Sandy relief money allocated to New York state, and came at the expense of other projects; so that was state money at that point.

ASSEMBLYWOMAN MUOIO: Okay.

My last question -- and Chairman McKeon touched upon it -- I'm concerned about the competing interests of-- I know you said that the delegations from New York and New Jersey were, sort of, in lockstep in their support of this project. But my understanding from OLS is that through Fiscal Year 2020, there are over \$26 billion in projects that will be seeking nearly \$13 billion in New Starts funding from a pool of less than \$6 billion in available funding, under the existing statutory authorization. And that that number does not include the Gateway Program projects. And that the Gateway Program itself represents an additional \$29 billion in projects that will be seeking \$15 billion in additional Federal funds.

As Chairman McKeon mentioned, the subway system is looking to begin Phase II of the Second Avenue subway project in 2020; they'll be seeking at least \$2 billion toward their \$6 billion project at that time. They have other work on the Tappan Zee, Fulton Street Station, East Side access. You said there was no formal agreement in terms of who's going to be paying for what. I mean, an MOU is great, but it's not a contract.

What is the likelihood of the New York delegation being onboard with paying for their 25 percent of this project if, indeed, the Federal government is going to commit to 50 percent?

MR. PORCARI: The New York delegation and Governor have been very strong on this -- that they will keep that commitment. Every state has multiple priorities for transit; and as you point out, historically there has always been much more requests and eligible projects than there's been transit funding. That's accommodated, historically, in part by sometimes stretching out or backloading the Federal commitment, which

increases the borrowing costs for the local jurisdiction, but results in full Federal funding over time.

We have no indication of anything but united and really strong support for the Gateway project as a strong priority of the New York delegation, and no discussion of tradeoffs among other state priorities. The answer is larger than Gateway or the other MTA projects that you mentioned. The answer is having a national transit program that's adequately funded for today's needs.

ASSEMBLYWOMAN MUOIO: Okay; thank you.

And one -- just one last thing I wanted to highlight.

You made mention of the fact that this Gateway area -- this Northeast Corridor represents 10 percent of America's Gross Domestic Product, which is at risk every day. I thought that was a stunning fact.

MR. PORCARI: It's really true. What we're usually talking about in major infrastructure projects -- and they all have merit -- but they're typically building for tomorrow, or relieving congestion with the idea for tomorrow. This isn't a transportation project; this is an economic development and quality of life project. This is basically ensuring that we don't inadvertently do something catastrophic to our regional economy by severing the one link. If we have a problem with one of the bridges connecting the two states, there are alternative bridges. There's no other rail route, period, nothing between Boston and Washington. Those two tracks are all we have.

So we have this unique single point of failure; and we're putting all of our eggs in a 107-year-old bridge and 107-year-old tunnel, hoping that they are around and operable long enough to get replacement. That's why

we're separating Gateway into a Phase I, which is really redundancy and resiliency; eliminating the single point of failure. Phase II, as important as it is, as important as new capacity is -- that's building for today and for future generations. We're first trying to make sure that something catastrophic doesn't happen to the regional economy.

ASSEMBLYWOMAN MUOIO: Well, and if nothing else strikes a chord in D.C., what Chairman McKeon mentioned -- that New Jersey is a *donor state*, and that we send so much of our tax dollars down and get less in return -- part of that is because 10 percent -- we are responsible for so much of the Gross Domestic Product. So that goes away if we have an issue here.

MR. PORCARI: And if you think about Penn Station today -- it's busier than any of the three regional airports. It's like losing the fourth airport, but it's for our daily commuters.

ASSEMBLYWOMAN MUOIO: Thank you.

SENATOR GORDON: Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman; through you. I guess getting back to this issue.

As opposed to, certainly, the later stages of the ARC tunnel, this is a fundamentally different approach. Number one, we are all functioning equal partners -- 25 New Jersey, 25 New York or Port Authority -- 50 Federal. And that Memorandum of Understanding, Memorandum of Agreement is the only structure we can organize that under. We can't contract with the Federal government, so that's the strongest possible terms on a Federal level, as well as on a State level. I think people who are

involved in that process need to be commended, because that was a game changer for the region, don't you think?

MR. PORCARI: Yes, very much so, Senator.

SENATOR KEAN: Okay. And so I think everyone is basing off of that. So therefore, any cost overruns would be equally borne throughout that -- the lifetime of that agreement, correct?

MR. PORCARI: Overall, yes. It may vary on each individual project within that.

SENATOR KEAN: Correct -- the overall number; I'm looking at getting Gateway as a totally Newark to--

MR. PORCARI: The overall program or projects -- the idea is a shared burden by everybody.

SENATOR KEAN: Right. Which is something that is different from the ARC tunnel. I mean, not only-- I mean, I can't imagine that the ARC tunnel, as it was seen at the end of the process, where it was a dead-end tunnel-- That would not have been the IA or a top-tier capacity for both regional and national significance when competing with Federal funding. This is a much better, much more complete, well thought out project that actually solves a problem.

MR. PORCARI: The Gateway project serves a slightly different purpose and need than ARC did, in the sense that Gateway also accommodates inner city passenger rail and is directly tied into Penn Station in a way that maximizes operational flexibility.

SENATOR KEAN: Right. And it is also the only project -- the Bergen Loop is something that I know everybody, regardless of what their

geography, cares about. It's the only -- the Gateway project is the only one that actually has ever funded the Bergen Loop.

MR. PORCARI: The Bergen Loop is not funded yet; but it is -- it's--

SENATOR KEAN: But it's a part of the overall Gateway--

MR. PORCARI: It's part of the overall Gateway--

SENATOR KEAN: It's not funded yet, but it is part of the overall project.

MR. PORCARI: That's right.

SENATOR KEAN: I'm saying it's incorporated within the context of the overall project; and has a funding approach, over time, that is new. It wasn't funded in the past.

MR. PORCARI: It is; it was not included in the previous project.

SENATOR KEAN: Okay. And it seems to me that, in the past, part of the reason is that the ARC tunnel, as it was approached, changed over the course of 10 to 20 years, didn't it? I mean, it ended up -- and the destination endpoint changed, the purpose changed, the conflict between New York -- and between LIRR, MTA, and others -- and the New Jersey side-- There was a great deal of different moving parts; as opposed to now, where there is a unification, not only on scope and capacity, direction, cost overruns, but the significant import for the region and the nation, right? So it's a very different approach.

MR. PORCARI: It is a-- Gateway is a fundamentally different project. I don't know the entire evolution of the ARC project. I was there at its untimely death; but frankly, we're interested in moving forward at this

point, and making sure that the Gateway project, Phase I, is built as quickly as possible.

SENATOR KEAN: Okay.

A quick question, through the Chair -- what is it that we can do?

MR. PORCARI: Thank you for asking, first of all.

I mentioned that both Governors, both delegations, are unified behind this. Having both legislatures -- which have been supportive -- voice that support helps as well. And for your constituents, making sure that they understand what's at stake here. No one wants to be alarmists; the tunnel is safe today, the Bridge is safe today. They are not operationally reliable. And at some point, they will be out of service and replaced or rehabilitated.

So making sure your constituents know -- not just for them, but for their children and grandchildren -- what is actually at stake here. Because this is-- Make no mistake, this is a generational project. It's urgent; it arguably should have been done 50 years ago. But we are where we are, and we don't have a minute to lose on this. And there is no alternative, as I mentioned before. There's no ferry, no passenger vehicle bridge, no tunnel option that can actually take the place of Gateway. There's no combination of options that can accommodate that nearly 200,000 commuters a day.

That's why it's a single point of failure for 10 percent of America's GDP.

SENATOR KEAN: Asked and answered; thank you, Mr. Chairman.

SENATOR GORDON: I'd like to follow up on that.

You know, we've all heard a great deal about the risk of a failure of the tunnels. What is it that will fail; is it the electrical system as a result of the corrosion that's occurring? That's one question. Secondly, I've heard it said that it could happen at some point during the next 10 years. Do we have any idea of what-- I mean, do the probabilities of failure change over time because of ongoing corrosion? I mean, is there a lower probability of failure this year than eight years from now? I mean, when-- Do we really have to be worrying about a potential failure six months from now; or is this more likely to occur in a number of years?

MR. PORCARI: It's a great question, Mr. Chairman. It's one that's difficult to answer precisely.

But right after Hurricane Sandy, when the tunnel first went back into operation, almost immediately, operationally we started to see degradation of service. So if you asked some of the high-voltage electricians who have maintained those cables for years, they will tell you, flat-out, it's not as reliable as it was before Sandy. And it's the chlorides and other deposits that have done that.

A more modern tunnel will be designed, for example, with submarine cables that, in a natural disaster, are designed for immersion in salt water. These were not. So we have already seen, operationally, the impact on it.

Structurally, the tunnels are safe today. It has accelerated the decline of the tunnels, but it's hard to answer precisely because they are far beyond their design life. They were over-engineered, and we're thankful that they were. But they were never designed, first of all, for the volume

that they have today; but most importantly, for the kind of salt water immersion that they went through, which is clearly having impacts from the inside out. They were designed to withstand salt water from the outside in, but not from the inside out.

SENATOR GORDON: Okay.

Any other questions from Committee members?

ASSEMBLYWOMAN MUOIO: I just have one quick follow-up, I promise.

ASSEMBLYMAN McKEON: Yes, Liz.

ASSEMBLYWOMAN MUOIO: Just really quick.

Just a follow-up to my colleague Senator Kean's remarks about the MOU.

The MOU -- while I applaud the previous Federal Administration's signing on to an MOU committing to 50 percent, it is not a binding agreement, correct? Because when you came out of that September 7 meeting with President Trump, seeking to get a commitment on the 50 percent from the earlier MOU, that meeting was inconclusive. Am I correct?

MR. PORCARI: It was very positive--

ASSEMBLYWOMAN MUOIO: Okay.

MR. PORCARI: --but nobody signed a piece of paper.

The Federal government commitment is binding; or at least should be binding when they signed a full-funding grant agreement. Now, even that can be unwound. But typically, in the transit process, when the Federal Transit Administration and the Secretary of Transportation sign a

full-funding grant agreement, that is a formal commitment for that funding share of up to 50 percent.

ASSEMBLYWOMAN MUOIO: And we do not have that right now?

MR. PORCARI: We do not have that.

ASSEMBLYWOMAN MUOIO: So we have the document that the Obama Administration signed for the 50 percent, but we don't have anything from this Administration.

MR. PORCARI: We don't have anything from this Administration.

ASSEMBLYWOMAN MUOIO: Okay.

MR. PORCARI: What we do is, we have called the question with them. So we have a grant application for both the Portal North Bridge and, now, the tunnel into U.S. DOT, and both of those grant applications, if approved, lead to a full-funding grant agreement. That's when we can be reasonably sure that we're locked in.

ASSEMBLYWOMAN MUOIO: If approved.

MR. PORCARI: If approved.

ASSEMBLYWOMAN MUOIO: Okay; great. Thank you.

SENATOR GORDON: Senator Kean.

SENATOR KEAN: Through the Chair, the budget process in the Federal government is fundamentally different than what we have here, which is-- Here, it's one document, recommended by the Governor in February, and then, basically, kept whole until June. In the Federal government, they have various appropriations bills -- the skinny budget or anything else is simply a recommendation. It's really the House that has --

obviously, the Senate following thereafter -- having the power for implementation in that regard. So for the purposes of the budget process, that's a recommendation. It's a very different approach than we have here, functionally, (indiscernible) because we appropriate the resources. But the appropriations is a very important part of the process, versus a little bit different than here.

SENATOR GORDON: Yes.

Any other member of the Committee with questions? (no response)

Seeing none, I want to thank you, Mr. Porcari, for your very useful testimony. I'm sure we'll hear from you again as this process unfolds.

Thank you very much.

MR. PORCARI: Thank you, Mr. Chairman. And thank you all for your great support of the Gateway project. It really makes a difference.

SENATOR GORDON: Thank you.

ASSEMBLYMAN McKEON: Thank you.

SENATOR GORDON: We will next hear from Tom Wright, who is President of the Regional Plan Association.

Welcome, Mr. Wright.

T O M W R I G H T: Thank you, Senator Gordon, Senators.

I'll apologize, first, in advance to the folks behind me who won't be able to see the slides that I'm showing; and also, if I'm sneezing -- my allergies and hay fever are pretty severe this morning.

SENATOR GORDON: I can relate to that.

MR. WRIGHT: Good morning.

Thank you for the opportunity to testify to this Committee. My name is Tom Wright; I'm President of the Regional Plan Association, the nation's oldest regional planning and civic advocacy group. Since 1922, we've been preparing long-range, strategic plans for the tristate metropolitan region. And on November 30 of this year we're going to be releasing *A Region Transformed*, RPA's fourth plan for the region.

(refers to PowerPoint as he speaks)

Much has changed since we released our third plan in 1996. Climate change and rising seas threaten our coastal communities and generate stronger and more frequent storms. Technology has changed how we communicate and receive information in virtually every aspect of our lives, including how we travel and get around. And our economy has gone through a fundamental shift. No longer are the suburban office parks of Morris, Somerset, and Mercer counties -- the famous *Wealth Belt* -- the most desirable location for new businesses. Instead, New York City has become the economic powerhouse of the region, even the nation.

As this chart demonstrates, while northern New Jersey -- and I'm sorry if you can't see this chart -- shows job growth, all starting equally in 2003, over a 12-year period. The green line on the top is New York City; the others are the other subregions of the tristate Metropolitan region, with the red one, kind of in the middle, New Jersey.

As this chart demonstrates, while northern New Jersey and other regions have struggled to regain the jobs lost in the Great Recession, New York City experienced a temporary set-back on its way to dramatically increasing employment.

And job growth in New York City is not just robust, it is diverse -- including jobs in technology, health care, and hospitality -- and it is very well-paying.

Twenty years ago, at RPA, we were arguing about the continued importance of New York City after a generation of job growth outside the region. When I was growing up in New Jersey in the 1970s, and 1980s, and 1990s, 90 percent of job growth in the tristate metropolitan region, during that generation, was outside New York City -- largely in northern New Jersey, and also Fairfield, Westchester, and Nassau counties. For the last 10 years, 90 percent of the job growth in this region is inside the five boroughs of New York City.

Today, in fact, New York is struggling to provide housing for all the people who want to work in the City; and New Jersey and the other parts of the region need to find ways to better connect themselves to this extraordinary economic engine.

All of this depends, of course, on the extraordinary transit network in this region -- incorporating New Jersey Transit, the Long Island Rail Road, Metro-North, and Amtrak -- which brings almost 400,000 commuters daily on trains into Manhattan, where they have access to almost three million jobs.

But transit access is not equal across the region. This chart, which was produced by the Port Authority of New York and New Jersey, shows how commuters currently reach their jobs. You can see all the green and blue dots, where New York City residents have access to subways, and Long Island and Metro-North riders have access to commuter railroads.

New Jersey shows a very different pattern, with some subway service around the PATH system in Hudson County, and commuter railroads serving Mercer, Union, and Essex counties. But New Jerseyans are far more reliant on buses and cars to access jobs in Manhattan.

And the links between New York and New Jersey face a growing crisis of capacity, connectivity, and potential collapse. Each of the three primary trans-Hudson facilities -- the Northeast Corridor rail tunnel, that serves all Amtrak and New Jersey Transit trains into Manhattan; Penn Station itself; and the Port Authority Bus Terminal -- suffer frequent service failures, serve far more people than they were designed to handle, and they need major repairs and upgrades to prevent a catastrophe. The derailments, delays, and emergency repairs at Penn Station this summer are mild -- mild -- compared to what will happen if one of the tunnels under the Hudson River fails before replacement tunnels can be built.

Losing such a vital part of the regional network would have ripple effects across the entire metropolitan region, affecting everyone who commutes by any mode across the Hudson River, businesses on both sides that rely on these connections, and communities that thrive because of our robust metropolitan economy.

Each day 1.6 million people commute into Manhattan. And for the last 25 years, more and more of these people have been coming from west of the Hudson River. Over that time, the number of jobs in Manhattan has only increased by about 75,000; while the number of daily New Jersey commuters grew by 70,000 -- from 250,000 -- about a quarter-of-a-million, to 320,000. As a result, over this time period, rail trips in and

out of Penn Station nearly tripled; bus trips have grown by 83 percent; and even PATH ridership is up by 27 percent over this 25-year period of time.

Now, looking forward, we expect that this trend could continue, if we have the capacity to serve it. And we've done our own analysis of what we would call an *unconstrained forecast* of what is the job growth and the economic growth of this region, if we have the capacity to serve it. Our research projects that this trend could continue over the next two decades, requiring far more capacity than the existing facilities can provide. Work trips to Manhattan could increase by 72,000, or 24 percent, by 2040; while trips to all of New York City could increase by 148,000, a 38 percent increase, as job growth in other parts of New York City -- the other boroughs outside Manhattan -- are actually rising even faster.

Let me just, kind of, put a point in that. About half of the job growth that we expect to occur in New York City, that New Jerseyans want to access, will happen in Manhattan; and about half of it we expect will be in Brooklyn, Queens, even the Bronx and Staten Island -- although primarily Brooklyn and Queens.

Our current system of trains, buses, ferries, subways, and roads does not have enough capacity to serve another 72,000 -- let alone close to 150,000 people -- commuters every day. Without that capacity, overcrowding and delays will get even worse, and jobs will depart to other regions. Furthermore, we all know our rail network fails to serve many communities, forcing us to rely on all these other systems to a greater degree than the rest of the metropolitan region.

And our commuter rail service, from all directions, terminates in Manhattan, rather than directly connecting our suburbs to each other.

This limits the destinations that passengers can get to without transferring, and reduces the number of trains that operate in peak periods.

Amtrak has proposed the Gateway project -- which John Porcari just testified about -- two new tracks under the Hudson River connecting New Jersey to Penn Station. Gateway solves the immediate maintenance needs of the tunnels, and it doubles capacity into the Northeast Corridor. But I want to be clear here. From RPA's perspective, it will not meet the long-term demands and service options that we need, because it maintains Penn Station as a terminus, rather than allowing through-running between New Jersey and Long Island.

And current plans to improve Penn Station and build Moynihan Station -- which the Senators were asking about -- will make some important improvements in circulation and the passenger experience, but that will not be enough to handle all of the additional riders brought in by Gateway. We believe that an expansion of Penn Station must also be part of Gateway project -- this is what has been referred to as *Penn South* -- and we need it to take full advantage of the capacity that it will bring to the region.

There is also talk -- and I won't focus too much on this -- but there is also talk about an expanded bus terminal in Manhattan; and the Port Authority, I believe, later this week will be releasing their own plans for how to expand on the existing facility. We need more capacity in Manhattan, and that's going to be both rail and buses. We have concerns with the proposals to try and expand on top of the Port Authority, and look forward to hearing what the Port Authority can do -- how they can make sure that this can be done with the budget that we have, without causing

hardship to existing commuters, and work with other plans within the community.

Our concern about this, of course -- expanding at this bus terminal -- is that we need to provide better coverage for New Jersey commuters also. The concern we have here is both capacity and coverage, and trying to reach as many parts of Manhattan as possible and its growing job markets.

RPA, earlier this summer, released a report called *Crossing the Hudson* that talks about other complementary investments that we think are necessary. And the two I'm just going to highlight here, to kind of close, are that we've talked about looking for another bus terminal on the West Side, in addition to the existing one on 42nd Street. We think that a second terminal can be built, with less disruption to existing commuters, more quickly and expand capacity.

And with regards to Gateway, we believe that the highest and most important project in the entire nation is building the Gateway tunnel; but doing so in a way that it can eventually be extended out to Sunnyside Queens. A through-running Gateway project can provide more capacity than a dead-end project. If the project terminates at Seventh Avenue, it will double the capacity of the existing train system. We think that if it, instead, is expanded out to Sunnyside, it can provide an additional 150 percent capacity.

I know that that's a lot to ask, even as we try to talk about the Federal commitment and others to these. But I think that it behooves all of us to keep our eye on the long term here, and think about a system that

provides even more capacity, coverage, and expansion than we currently have. Because again, as I've talked about, really, we see the future.

Let me close here. An integrated region is one where New Jerseyans can fully prosper and benefit from the job growth -- the prosperity being created in New York City. Both sides of the river benefit from this arrangement, and so we want to try to think of ways to build this capacity as aggressively as we possibly can.

Thank you very much.

SENATOR GORDON: Thank you very much, Mr. Wright.

I have to tell you that, whenever I talk to a group about the regional transportation needs, I usually start with your data, and explain what the potential can be in terms of the job growth in the region, and the necessity of increasing the capacity so that New Jerseyans can take advantage of those jobs.

MR. WRIGHT: Thank you.

SENATOR GORDON: So I thank you for your work.

I do have some concerns about your proposal to expand the project to include the line out to Sunnyside, Queens. I mean, we have, as you heard earlier this morning -- we have great concerns about where we're going to get the money for the project as currently conceived. My understanding is -- and correct me if I'm wrong -- that the extension to the Queens option would add another \$7 billion or so to the project.

MR. WRIGHT: That's the rough estimate we have. But yes, we think it would probably be somewhere on the order of that, which may be looked at as a kind of 30 percent increase in the cost of it for a 50 percent increase in potential capacity. I would say that through-

running -- in addition to providing more capacity underneath the Hudson River, and up to a potential, we think, 30 trains an hour capacity under the tunnels -- also makes this an even stronger regional proposal. It adds-- By running Gateway all the way out to Sunnyside, it provides much more capacity under the East River, which would be available to Long Island Rail Road and Metro-North riders.

In Connecticut, in particular, they also have a real concern about their access. Frankly, Connecticut's budget situation and its economic future is more in danger than New Jersey's. And they see a link -- better links to New York as being vital to their future. A Gateway project that goes out to Sunnyside, Queen, makes it easier for the New Haven line to run trains directly to Penn Station also. And that means that there are two more Senators and several members of Congress who are going to really push for this project.

SENATOR GORDON: You know, I'm concerned about the -- just the political dynamics of the congressional budgeting process. I mentioned before, we have a list of 20-some-odd projects in Arizona, and the Bay Area, and in Minnesota that are all competing for this; and a Congress in which urban and, certainly, New York metropolitan area representatives, are a distinct minority. So it's tough just to compete for what we're describing now.

But let me ask you this. If we view the Portal Bridge and the tunnels as Phase I, and the Pennsylvania Station -- Penn South project as Phase II; is there any reason why the Queens portion, the East River portion, couldn't be a Phase III, funded separately at some point in the future?

MR. WRIGHT: No. There's no reason it shouldn't be; and it should be looked at that way, exactly.

But let me just say that my understanding from engineers is that there are certain things that should be done in the design of Penn South, as part of Phase I, to make Phase III more feasible and viable. But I think that's exactly the right approach to take.

SENATOR GORDON: So theoretically, we could -- the design of Penn Station could be modified to allow that Queens option at some point in the future.

MR. WRIGHT: I think that's right. And really what I want to try and impart to the Committee this morning is just how important that is. And the fact that as heavy a lift as Gateway is, it doesn't solve all of our problems; that we need even more.

SENATOR GORDON: Okay.

I know Senator Weinberg has some questions about our beloved Port Authority Bus Terminal. (laughter) But, you know, I have a question about the financing of Gateway.

I believe RPA has proposed that Gateway could be financed by a surcharge on rail tickets.

MR. WRIGHT: Yes.

SENATOR GORDON: Wouldn't that have the practical effect of New Jersey commuters subsidizing a project that we heard today has national significance?

MR. WRIGHT: We don't-- I wouldn't say that that should be the primary, or even the sole, or even the main focus of it. Our feeling is that the funding of this is going to require everybody to pitch in. We think

that the Federal commitment of 50 percent of this is absolutely vital, and we really support the work of John Porcari and his terrific staff; and I think our leadership -- our political leadership has been terrific on this issue recently.

But when we're looking to come up with a local match of this, we're going to need to get creative. Because the Port Authority won't have, within its existing funding, the ability to do the debt service on the local portion of this. So we would look for public-private partnerships which -- you talked about earlier with John -- I think are vital. But also, whether it's value recapture, surcharges on riders -- I think that a diverse and broad-based funding formula is going to be absolutely necessary to get this going.

And one of the things I just want to stress, from our perspective: We're going to be releasing a report in just a few weeks looking at case studies of subway construction projects in New York City -- the No. 7 extension, East Side access project to Grand Central, and the Second Avenue Subway -- and why those projects have been so far behind schedule and so much above budget. And one of the things that has come out to us is that time -- in these projects, time is money cubed. Delays on these kinds of things drive up the cost of them dramatically. If you think of the entire Gateway project as a potentially \$20 billion project, often costs on these projects escalate at about 5 percent a year. Every single year that we delay building Gateway adds, roughly, a billion dollars to the cost of the project. Every month we delay adds almost \$100 million to the cost of the project.

And so while we're kind of focused on who's going to pay and where the money is going to come from, I think that one of the real key

things for us is to try and get this project built as quickly as possible because it will only get more expensive over time.

SENATOR GORDON: Okay. Thank you very much.

Senator Weinberg has some questions.

SENATOR WEINBERG: Well, actually not.

I've met with Mr. Wright; I know--

SENATOR GORDON: I'm neglecting the Assembly.

ASSEMBLYMAN McKEON: I'll defer to the Senator, and pick it up after that.

SENATOR WEINBERG: No, because I'm not going to ask any questions, in this case. (laughter)

I've met with Mr. Wright, and we know the reasons, well thought out, that he has for building another bus terminal, rather than improving the one in place. And since the Port Authority will be giving us more information, I'd prefer to wait until we hear from them.

SENATOR GORDON: Okay.

MR. WRIGHT: Great.

SENATOR WEINBERG: So you can defer back. (laughter)

SENATOR GORDON: Okay; let me turn to the Assembly; and then I know Senator Kean would like to--

ASSEMBLYMAN McKEON: Sure; thanks.

And God forbid, it makes sense to hear what additional information will be coming out before being conclusory, for sure.

MR. WRIGHT: Sure.

ASSEMBLYMAN McKEON: But Mr. Wright, can you, just, for my edification and for the public's -- the Regional Plan Association --

just talk about the structure of it; is it -- how is it put together, who appoints the members? I just want to understand that.

MR. WRIGHT: Sure. We're a 501(c)(3) private nonprofit organization, governed by a large and diverse Board of Directors. And then we have state committees that look at, kind of, New York, New Jersey, and Connecticut issues.

ASSEMBLYMAN McKEON: Who funds -- when you say 501(c)3, where does the money come from that funds the organization?

MR. WRIGHT: About half of our money comes from our members, from individuals who make generous contributions, and corporations that are members of the RPA and support us. We have a major event in the spring each year; and we were pleased to have Senator Gordon speak at it this year, and Vice President Joe Biden was a speaker. And then about half of our funding comes from foundations -- philanthropy, largely. We do a little bit of public sector work; we helped New Jersey Transit's Transit Village Program. But that generally would be less than 5 percent of our budget.

ASSEMBLYMAN McKEON: And with Vice President Biden and Senator Gordon -- you get my attention as being a prestigious--

SENATOR GORDON: We were a pretty good team, I (indiscernible).

ASSEMBLYMAN McKEON: A good team, there, together. (laughter)

MR. WRIGHT: They were great.

ASSEMBLYMAN McKEON: And I'm not saying this with any lack of respect, but I was wondering, in some way, if funding might have

come out of the development community at the Hudson Yards. And I say that because, I mean, the development there is just at a pitch that's unprecedented; I think there are 13 towers--

MR. WRIGHT: Yes.

ASSEMBLYMAN McKEON: --that are put into place.

MR. WRIGHT: We were--

ASSEMBLYMAN McKEON: And this kind of helps them -- to take the \$3 billion and put a bus station there, as opposed to spending the money at Penn Station.

MR. WRIGHT: Sure, sure.

Look, the work that we did specifically on this was funded by two foundations -- primarily the Milstein Foundation in New York and the Fund for New Jersey. And we are very, very serious about our independence in the work we do. The related company sits on our Board and supports us, as does Vornado and other New York real estate groups.

But Hudson Yards -- I'll say, specifically -- in the Bloomberg Administration, when the Mayor and his team were proposing a football stadium be built over on the Yards there, we researched -- we looked at that plan; we did not oppose the Mayor lightly. We did major research on the economic benefits of a stadium, on the transportation impacts of it, on the community impacts of it. And we opposed building a football stadium, and essentially proposed what's being built on the West Side now, the Hudson Yards, before there was any plan or anything.

We lost half of our corporate funding that year; that's public record. We took on a controversial issue; it was not politically-- We were pretty alone on that issue. But we believed--

ASSEMBLYMAN McKEON: I don't know; not if you live there. You have a lot of well-heeled people who were very much against that.

MR. WRIGHT: Yes. The civic community and the business community were pretty silent on the issue. We thought that a third business district was more important to the economic vitality of the region. And I think that what's happening at Hudson Yards is good for all of the tristate metropolitan region.

ASSEMBLYMAN McKEON: I don't disagree with it; but our focus is on Penn Station, and then putting the money at Transit.

And again, I-- Who knows what the future will be 50 years from now; and I know that's, in part, why you're trying to think ahead. And I think we would all love -- if it's available to us -- to get a copy of the PowerPoint you went through.

MR. WRIGHT: I'd be happy-- I've actually already sent it to Mark, and would be happy to share that. And I brought some copies of the report.

Let me say that, from our--

ASSEMBLYMAN McKEON: Let me just finish my thought--

MR. WRIGHT: Sure.

ASSEMBLYMAN McKEON: --and then I'm sure you'll have something to respond to it.

There's one subway, the No. 7, that comes off of 111th Street; as opposed to eight different subway lines that currently exist out of Penn Station. So while the No. 7, maybe, could take people from Penn Station back to Hudson Yards without too much of a problem, to get everybody

who needs to go elsewhere -- it just doesn't seem to make sense to me. And, you know, I'm just a cranky guy from New Jersey who is going to look out for our commuters, as opposed to the New York perspective.

MR. WRIGHT: Sure.

ASSEMBLYMAN McKEON: But to me, this is a very New York-centric plan, versus one that's in the best interest of our state.

MR. WRIGHT: I don't know what you mean when you say *New York-centric plan*. Right now, commuters from New Jersey have access to two points in New York City. They can get to 42nd Street and the bus terminal, or they can get to the 34th Street and Penn Station.

ASSEMBLYMAN McKEON: Right.

MR. WRIGHT: What we're proposing, with the approach we're saying, does not reduce the number of people who can get to the bus terminal at 42nd Street.

ASSEMBLYMAN McKEON: The Senator said that -- and when the GW Bridge is open--

MR. WRIGHT: Yes; that's absolutely right.

SENATOR GORDON: Right; there's 175th Street.

MR. WRIGHT: Thank you for correcting me.

And frankly, the PATH improvements-- And to be clear, the expansion of capacity on the PATH, from 8- to 10-car train sets and the improved signals, are absolutely vital. And I think pushing the Port Authority to include that and make sure to fully fund that; and the extension of the PATH out to Newark Airport, which I think is a priority.

But in terms of Midtown Manhattan itself, the vision that I'm talking about, that we're laying out, does not -- it provides just as much

capacity for commuters to get to 42nd Street; it provides capacity for twice as many people to get to 34th Street; but it would also add two new destinations in addition to that -- one on the West Side near the Hudson Yards, which is dramatically increasing employment; and the other on the East Side of Manhattan, say, around Third Avenue, which has also just been rezoned, and we expect to see more commercial development there too.

So what we want to try to do is not to reduce any capacity to any of the destinations that we have today; but to provide New Jersey residents with more one-seat rides to more future job markets.

ASSEMBLYMAN McKEON: But Mr. Wright, if there's going to be 900,000 new jobs in New York alone, in the next 25 years, delivering the people to Penn Station -- where they have at least nine different options to get to all different places -- I'm sure all 900,000 jobs are -- for that matter, the majority of them -- aren't going to be in the Hudson project. I mean, isn't most of that going to be residential? I mean, who's--

MR. WRIGHT: No. Quite a lot of it-- It's about 50-50, between residential and commercial.

ASSEMBLYMAN McKEON: So half of it; and I'm not a developer, but commercial is -- they're doing nothing but converting it to residential in New York, for the most part. So--

MR. WRIGHT: Yes, yes.

Our goal is to try and provide as many New Jersey residents with a one-seat ride to their job as possible. And so to allow them to, kind of, access more parts of New York City's employment opportunity; in particular, giving New Jerseyans access to the East Side of Midtown

Manhattan -- was originally part of the -- 20 years ago, the ARC project -- and, yes, I was working on ARC 20 years ago -- was part of the goal. And even, again, the growing job centers in Brooklyn and Queens are really going to be, I think 20 years from now -- it's going to be very important to New Jerseyans to have good direct access to those growing job centers.

ASSEMBLYMAN McKEON: Well, one thing we certainly can agree on -- good direct job access to job centers is vital--

MR. WRIGHT: Yes.

ASSEMBLYMAN McKEON: --to our state. And that's what, I guess, this is all about.

MR. WRIGHT: Thank you.

SENATOR GORDON: I know Senator Kean has a question.

SENATOR KEAN: A couple of different things; thank you.

And I know we're waiting for the Port Authority Bus Terminal recommendations and things--

I share Chairman McKeon's and, I think, the allusions that both Senator Weinberg and Senator Gordon have said -- that this report seems to be very strongly weighted towards a New York-centric point of view, for a variety of reasons; through the Chair, if I may.

The data sets you brought -- I'm not questioning the data that you bring. And we've had a very strong set of conversations over the years regarding current community patterns. But they were all based off of an assumption that New York is going to be, and forever more should be, the economic growth center and the residency growth center. Every single commuter who goes into New York -- the tax benefits, in the first instance, go to New York state. And so therefore, I would argue that part of what

you're premise and your plan is based off -- on data -- is the failed tax policy in Connecticut. As you know, they did chase GE out, which moved from Connecticut to Massachusetts, in Boston. We are trying to build a bipartisan coalition to attract Amazon, but they're leaving Washington state, functionally, for a reason. Boeing left Oregon for a reason. I would argue that part of the problem is that Connecticut, through their tax policies; and New Jersey, through its tax policies for the last couple of decades, have not out-competed Connecticut (*sic*), and have not out-competed New York state or City.

So I would argue that this is a clarion call for a present-tense point of view, with respect, based on historical data. But if we are really going to do what we need for New Jersey, as well as New York, as well as the region, and as well as for our kids and grandkids, we have to out-compete New York, we have to out-compete Connecticut, we have to out-compete Pennsylvania. We are losing citizens -- as we know, last year, 55,000 more people left the State of New Jersey than came in. And if we have projects that are installed only for the residential and the construction benefit, and commercial focus of New York state -- and it seems to me that this seems to be weighted -- that hurts the future development and opportunity growth on this side of the Hudson.

And I would argue, if I may, with -- I would recommend very clearly-- There was a very important panel -- if I may take a quick second, Mr. Chairman; two Mr. Chair people -- last week, the Chamber of Commerce and the Business and Industry Association had a very important set of panels that are, I think, going to be transformative for the future of New Jersey thinking. One of the panels was something called *Reseeding the*

Garden State. But the whole series of panels, both by those two collective organizations-- I think we need to change -- and I'll step off my soap box in a second -- but we need to focus the attention and focus here; again, get the Gateway project done without delays. You said every single change adds 5 percent to cost. So let's focus on being smart there. But also let's focus on -- use the clarion call that we can have, on a regional and bipartisan basis, to say, "Let's focus on job growth in New Jersey," so some of those commuters come across the river *towards* New Jersey.

SENATOR GORDON: If I could just join you on the soapbox for a moment. (laughter)

I share Senator Kean's concerns; I think every legislator should read the *Reseeding the Garden State* report. And one of the major conclusions of that report is that our economic development programs have focused on job retention, as opposed to job creation; have focused on large, mature companies, as opposed to the younger start-up companies, where much of the job growth is created.

And as a result, we're spending -- if I remember the numbers -- \$161,000 in State incentives per job created, compared to a national average of \$62,000 -- a number far higher than Pennsylvania, New York, or any of our regional peers. So I'm hoping that we're at a stage where we can really hit the reset button on our economic development programs and just take a fresh look at that.

And just one other observation. There was a press report recently -- I can't recall the source -- but I thought it was very significant. There was an analysis of the New Jersey contribution to income tax revenue in New York.

MR. WRIGHT: Yes.

SENATOR GORDON: It was an astounding, as I recall, 10 percent of New York's income tax revenue comes from New Jersey commuters. That's a number higher than that generated by any one borough of the City of New York, and far surpasses other sections of New York, like upstate New York and the Buffalo area. And so what it says to me is that New Jersey really needs to be, certainly, an equal player in regional planning with New York. We're all in this together.

SENATOR WEINBERG: But may I add to that soapbox?
(laughter)

SENATOR GORDON: Sure; there's still room.

SENATOR WEINBERG: Well, that same 10 percent -- those people -- New Jersey is educating their children, providing them roads, providing them all the services that one gets from government when you live in New Jersey. But they are paying taxes to another state that is not obligated to provide those services to them. And I have several ideas that, hopefully, we'll be able to address on how we equalize that, starting out with a new film tax credit. But I'll save that for a more appropriate place.

Thank you.

SENATOR KEAN: Through the Chair, and to the Majority there, have I got ideas for you (laughter), if we're focusing on ways to reduce the tax burden on people in New Jersey, and creating more affordability.

SENATOR WEINBERG: I'll be happy to work with you on it.

SENATOR GORDON: We have-- Any other members of the Committee with questions? (no response)

Well, thank you very much, Mr. Wright.

MR. WRIGHT: Thank you.

SENATOR GORDON: I'm going to exercise the prerogatives of the Chair and take a recess at this point, a brief recess for lunch. Some of us have other commitments in the building and need to step away for a few minutes.

But we will reconvene after about 30 minutes.

ASSEMBLYMAN McKEON: Thirty minutes? Perfect.

SENATOR GORDON: Thirty minutes for lunch; at which point we will hear from a panel of our regional transportation experts, as well as Mr. Santoro of New Jersey Transit.

Thank you very much.

We stand recessed.

(Committees recess at 12:26 p.m.)

(Committees reconvene at 1:33 p.m.)

SENATOR GORDON: Okay, we are going to reconvene. That's 30 minutes by Trenton standards. (laughter)

We are going to hear first from a panel consisting of David Peter Alan, the Chair of the Lackawanna Coalition; Joe Clift, former Director of Planning, Long Island Rail Road; and Janna Chernetz, Senior New Jersey Policy Analyst for the Tri-State Transportation Campaign.

And I'm going to ask Ms. Chernetz to lead us off with her presentation.

Welcome.

JANNA CHERNETZ, Esq.: Thank you, and good afternoon, Chairman.

Again, my name is Janna Chernetz; I'm the Director of New Jersey Policy for the Tri-State Transportation Campaign.

Thank you once again for the invitation to testify before these Committees. I believe your leadership on all transportation policy issues in New Jersey has been outstanding, and I look forward to continuing to work with you in the future.

I have sat here and listened to the testimony this morning, and I would like to take the opportunity to react to some of the things that I have heard.

I had testimony prepared to talk about the importance of the Gateway project; but I think, at this point, that is well understood -- that this is the most important infrastructure project in this country, and that we need to find a way to get it built, especially given the tunnel damage from Superstorm Sandy.

So I'm not going to address those issues, as I know that they are well understood by this Committee at this point.

How I feel that I could best use my time is to share my thoughts about what New Jersey can do, specifically, as everybody moves forward with trying to get this project funded. And I've come up with five action items that I think are important.

The first one is to continue to be strong advocates for Federal funding for this project, because this project will outlast multiple administrations in Albany, Trenton, and D.C. So it's important that this leadership continue over the course of that lifespan, and we need to call upon, obviously, the leadership here, our New Jersey delegation, and even mayors and other elected officials from the towns in New Jersey. Because

this is important to them, as the economic growth that we can expect from this project will no doubt help their communities thrive, as well as help the members of their communities have a quality and productive life.

While the Feds, it sounds like, are holding back as a funding source of last resort, the risks from this delay outweighs those concerns. Thirteen percent of New York City's workforce comes from New Jersey; we've heard about the GDP -- 20 percent coming from the Northeast Corridor, 10 percent just here in the metropolitan region. And Tom Wright testified as to every month and year that this project is delayed adds billions of dollars to the cost of the project. But let's not also forget the millions and billions of dollars that are lost in the economic opportunity gains from this project. We are simply delaying -- delaying realizing those assets.

There was another question that came up regarding the first phase of the project. Because as I see it, it's in two phases: One is the immediate concern about the failure of the tunnels and the Portal Bridge. Because without those projects, none of the full realization of the Gateway program can be captured.

But one of the them is particularly, extremely important, and that is the tunnel box under Hudson Yards. The question was where we were with the progress of getting that built. I was at the press conference with Schumer when the first phase of funding had been secured. Because it was critical that this be built, because the Hudson Yards project is being built rapidly -- I know, because my office in New York City overlooks that project, so I can see it and the progress every time I go in -- and there was that sweet spot in that construction where this tunnel box needs to be built, otherwise you can't build it. So that was the urgency.

And what I heard today was kind of alarming, but I think it might have slipped under the radar -- and I want to bring this out, because I think it's a very important aspect of this project that needs to be explored by this Committee, as well as advocated for in D.C. -- and that is that third phase of funding that's not secured at this point. But the Hudson Yards project is continuing to be built. So where are we on that timeline, in terms of getting that funding done? If it's wrapped up in the bigger piece, are we going to lose the ability to finish that project, rendering Gateway moot? I think that's a very important question that needs to be asked and answered as soon as possible.

The second part is taking care of Plan B. Amtrak does not have a Plan B. New Jersey does not have a Plan B. I think that is a very critical piece that needs to be worked on, in what's left of this Administration and, certainly, on into the next Administration. We have learned from a contingency plan from the New Jersey Transit rail strike that nearly -- only 40 percent of rail riders could be accommodated. That's not going to be enough to get us through however many years of contingency plan that we're going to need, should the tunnels fail before we have secured a new tunnel.

As we know in New Jersey, not one mode of transportation can absorb the other, therefore making a Plan B critical. And that would start with -- we can start looking internally at New Jersey Transit, what they can do now and in the future; as well as advancing other cross-Hudson capacity projects, such as the Bus Terminal and PATH. The Bus Terminal, I believe, when Chairman Diegnan testified, is roughly eight years to build; don't hold me to that, I believe it was that period of time. But in the 10- year

capital plan, we only had 3 years of progress. I think that that project needs to be looked at to expedite -- and I am looking forward to seeing what the Port Authority has at their upcoming Board meeting -- as well as the PATH extension project that Tom Wright addressed before -- the extension of the platforms and the existing service.

So I think those are important, but it's also important that New Jersey Transit starts to come up with a Plan B.

And what's tied into that -- and my third point -- is shoring up funding for New Jersey Transit. This is extremely critical, especially with that Plan B component. We have to restore fiscal health to operating and capital. Operating, so that when Gateway is built, and when the Port Authority Bus Terminal built, that they have the capacity to have the engineers, to have the bus drivers to fully realize that capacity. Without that funding we're not going to be able to drive the buses or drive the trains to fully realize it; and in terms of staffing as well. That's why it's critical that the next Administration look at shoring up funding.

The fourth part is to continue to seek transparency in this process. I think that's the key to everything -- to make sure that you all are well informed, as are the advocates and experts, so that we can make sure that we are doing everything we can to lobby the decision makers, as well as do some internal planning of our own here in New Jersey.

And finally, Senator Kean, you made a point about making sure that New Jersey can out-compete our neighbors for economic growth. And I think transportation policy is the way we are going to do that. In order to bring the headquarters, in order to bring the businesses here, we're going to see them around the transit hubs. But if we don't have reliable transit,

we're not going to have that growth. And I, too, have my eye on Amazon, because I feel like wherever they're going to land, that's going to be the key to indicate where the economic prosperity is going to be in the future.

So I think the transportation policy is really going to be key to maintaining New Jersey's presence and to really increase our economic power, not only in the region, but in the country.

So those are the five points that I believe are critical and germane to this hearing; and I thank you for the opportunity.

SENATOR GORDON: Thank you very much.

You know, from your perspective, I mean, it sounds inconceivable -- but is it possible that Gateway might not get the funding from Washington and get built?

MS. CHERNETZ: There are a lot of moving parts, and the more moving parts, the more opportunity there is for failure. And while the discussions might be optimistic, we don't have, as I said, anything in writing. And not only are we working with a timeline of the existing strength of the tunnels, but you have a very unpredictable player in here, and that is Mother Nature.

When I testified before -- for the Gateway DEIS -- that was the same morning that NOAA announced that we're going to have a more active than usual hurricane season; and obviously that has come to fruition. It's only a matter-- It's really only a matter of time until we are affected by that. And it's not going to take the strength of Superstorm Sandy to take one of those, or both of those, tunnels out for good, because they already severely leak. So we need to be concerned about that. And our hurricane season isn't over yet, and that storm could happen this year. We just don't

have -- we don't know; we're working with some uncertainty here. So that expedites the urgency, I think, a little bit more.

SENATOR GORDON: We keep referring to this *Plan B*. What are the-- Aside from trying to bolster New Jersey Transit with a long-term source of funding and some of the other things you mentioned, what are other things that we can do, in the worst-case scenario that either the tunnel fails or we don't get -- the Federal government decides not to appropriate funds for it?

MS. CHERNETZ: Well, I wish I had the golden ticket answer to that. But I think what we need to do is, we need to get a group of people in the room and to come up with that Plan B. I think the rail strike was a good start for that contingency plan; but I think we need to take that plan and grow from there. We need to see what the potential is under New Jersey Transit's current financial circumstances, what they can do now; and what they could do if they had a certain level of funding, and what is that level of funding. I think we all need to work together to figure that out because, as I said, not one mode can absorb the other. You know, there are some people who can opt to work from home; and that's great. There was a report that came out this morning that talked about people's commutes, and our commutes are growing. They are actually 18 seconds longer than they've been in the past couple of years; which might not seem like a lot, but that's 2.75 hours a year. But that's on top of New Jersey having the biggest commutes out of everybody; we have the highest percentage of people who have *mega commutes*, which are 90 minutes or more. That's a lot of time spent commuting, when they could be spending it at home, or it could even be spent with work productivity.

So I think we have a real big challenge ahead of us; but I think it's time to start getting in the room and planning for that, starting with the rail contingency plan.

SENATOR GORDON: Okay.

Any questions from any of the other members, Chairman?

ASSEMBLYMAN McKEON: No; none from myself.

Members? (no response)

Thank you very much for your thoughtful testimony and your advocacy.

SENATOR GORDON: Anyone on the Senate side?

SENATOR KEAN: If the panel is going to go on hold, we can probably look at this as-- I just think this meeting--

If I may, through the Chairs -- I would just reemphasize the need for a tax policy focus, going forward. Because part of the reason that the commuters are going-- And I agree with you, that we need to focus on transportation infrastructure; it's what we've all been focused very aggressively on. We worked together on Midtown Direct; on the Raritan Valley Line. We've worked together on a couple of other issues, including all that is and has become -- this big project now with-- But we need to keep our eyes on making sure that people are commuting within the state, as well as across the river.

SENATOR GORDON: Okay.

Mr. Clift; thank you.

J O S E P H M. C L I F T: Good afternoon.

Let me make a couple of comments on top of what Janna said.

Plan B for Portal is to spike the Bridge closed. In 2004 or 2005 -- I don't recall which year -- one of the other bridges over the Hackensack -- it's the HX Bridge, another New Jersey Transit bridge -- had a pin fail. They had to shut the bridge down; they closed it; and there was no marine traffic on the Hackensack River for 39 days and 39 nights. It was almost a Noah experience in the process.

But for those 39 days and nights, Little Ferry -- which is a secondary sewage treatment plant that ships its sewage by barge normally over the Passaic River for tertiary treatment -- trucked the sewage over. And no one-- I mean, there were more trucks on the road, yes; but that is, in mind, Plan B for Portal Bridge. Managed properly, there are almost no bridge openings that affect rail traffic. George Warrington pulled that off in, I think, 2006; so I just wanted to mention that.

And regarding the tunnels, in terms of Plan B -- if you look at the HNTB report, they talk of various -- from either 10 percent or 20 percent of the tunnel distance actually was hit with the brackish water. If you can imagine a tube like this (indicates), the water runs down the middle of the tunnel, goes down and starts to fill the tunnel up at the bottom. So only 10 to 20 percent, depending on where you measure the water, of the tunnel distance was actually affected. They're talking about repairing the entire tunnel, but it's really a fraction of that that got the brackish water with the chlorides that are now causing the concrete of the benchwalls to fail. I just wanted to mention that.

And, what else? There was a mention of the north river tunnels being flooded by Sandy. You probably don't know this -- they are 1910 tunnels-- The 1910 tunnels were fine; it was the 1987 Long Island Rail

Road West Side Yard that flooded. They didn't have backflow preventers in their drainage system. The water came in from the river, went through the Yard, went down to where the tracks go into Penn Station, made a right turn, and went into the tunnels. The North Tunnel got more flooding than the South Tunnel. So the century-old tunnel did not flood of its own accord; it was the more modern, my generation of engineers that screwed up. The tunnel itself was fine.

I mentioned Portal-- Penn South -- and I mentioned this to Chairman Gordon a little earlier -- according to Drew Galloway, who was the principal planner for the Northeast Corridor for Amtrak, you had a Hobson's choice with the Penn South addition to Penn Station. You could either build at a level where, when the tunnels came up -- the new tunnels came up under the river -- those tunnels either could go into the old station where you could serve the old station tracks with the new tunnel tracks, and also serve the new station tracks in Penn South with the old tunnel tracks. Everything had to be on the same level. The problem was, that was so high you could not extend beyond Penn South to the east to get under the subway tracks under Sixth Avenue. There are two express tracks that are lower.

And so from Drew's point of view, you had a choice: either make the new tunnels redundant with the existing station -- which was the preferred thing to do -- or be able to extend them east. And if you look at the Amtrak plans at that time, you will see a ghost station that would have been hollowed out underneath Penn South to go east. That's when they were working with their next generation.

But the existing tunnel-- If you want to extend to Queens, you're not going to do it through a Penn South extension.

The issue of access to the West Side -- you all were talking about the new jobs on the West Side; how do you get to them from New Jersey Transit. I mention it in my testimony but, right now, you cannot use the West End Concourse -- which is the beginning of the Moynihan Train Hall Station -- to get from New Jersey Transit trains, because Tracks 1 through 4 are too short. If you know Penn Station, there are only about half of New Jersey Transit trains, basically all of the off-peak and weekend trains, that run off Tracks 1 through 4. They're too short; they don't go to this new, really nice extension called the *West End Concourse*, which, by the way, was built with no New Jersey money; all New York and Federal money. And unless those platforms are extended, people who are working in Manhattan West -- which is the new project between 9th and 10th; and then the Hudson Yards East, which is between 10th and 11th -- will have a longer walk. So if you want New Jersey people to have the best access to these new jobs, you have to extend the existing Penn Station platforms to the new facilities that are there.

And one last thing: We were talking about -- Janna talked about the need for full funding to right New Jersey Transit's problems financially. If you look at the increase in New Jersey Transit's operating budget, Fiscal Year 2017 to 2018, 98 percent of that is paid for by converting extra capital money to operating support. Only 2 percent is actually coming from State sources of operating funds. And we're talking \$700 million to \$800 million a year of capital that's converted to operating, to maintain New Jersey Transit's budget. This is over a series of Governors

and a series of Legislatures, because you all passed the appropriations budget. But it's obvious that part of the problem -- the reason that you don't have more capital to spend on things like Gateway is you've been spending it on operating support. And when I say *you*, I mean the people of New Jersey who you represent.

And let me be brief on my prepared remarks.

I'm a past head of planning at the Long Island Rail Road. And while I was there, we did the Ronkonkoma project. We did an alternatives analysis, we did a plan, we did a preliminary design, it got funded. And what we found in that process is, the operators -- the long-term operators at the Long Island Rail Road -- wanted the first thing on this single-track, diesel-hulled line, with hand-thrown switches 50 miles away from New York at Ronkonkoma, they wanted a double-tracked railroad with modern signaling. And then later, at some point, when more money was available, they would electrify it. If you know the Long Island Rail Road -- at that time, if you weren't an electric train, you got dumped off at Jamaica and had to change trains. So everybody wanted that one-seat ride.

And what we chose to do -- some of us with a background in freight operations -- we built a little bit of second track and used the rest of the money to electrify it. They are just now building that second track. For 30 years they've had the advantage of electrification. I'd like to say that because of the way we did it, you have a whole generation of people who were able to use this additional facility.

And when you look at Gateway, what I find is that the way Amtrak has organized the pieces, it's like the Ronkonkoma project. They want to do all the infrastructure stuff first, but not in such a way that you

can get something done quickly. And you'll see in my asks -- I asked for-- The first thing is, come on a tour with me and see this. It helps a lot to see things; it makes you understand better and, hopefully, you become an advocate for a different way of thinking.

But the three specific asks -- one is to change the Hudson Tunnel project so it's not a separate two-track railroad, starting on the river, and going all the way across the Meadowlands. But instead, it comes up and ties into the existing corridor the way the original ARC EIS process did. If you do that, you're tying into a three-track railroad east and west of Secaucus that allows you to run three tracks -- two in in the morning, two out in the evening -- and you can run more trains that way.

And the same thing with the Portal North Bridge. Right now, it's two tracks. Imagine you need three tracks to run more trains, at least, four preferably. You're going to build a new bridge for \$1.5 billion, and how many tracks are you going to have? Two? And you have to tear down the old bridge, because the new bridge is designed; there's a menace to navigation in the process?

My request is to push to have -- I know it's going to take time; nobody likes it; they've invested over \$100 million. But as you say in Business School-- What's the term, Dave?

DAVID PETER ALAN, Esq.: Forget about some costs in making your decisions.

MR. CLIFT: Yes, some costs are irrelevant.

The simple reality here is that first bridge needs to be the last bridge they build over the river. It needs to be able to handle three tracks immediately and four tracks eventually. Otherwise, someday in the distant

future, they'll build a Portal South Bridge, and that's the first time you're even going to be able to think about more trains into New York.

The third item is to do these improvements at Penn Station -- the nominal improvements to extend platforms 3 and 4. If you do those three things, you can run up to another 12 trains into New York in the peak hour. And you have a whole series of operations that need that service. And you have this background growth -- you heard RPA talk about it, Janna has talked about it -- a lot of growth in the jobs going into Manhattan are going to come from New Jersey. And I believe -- and the last item to say is --\$30 billion is the current price tag for Gateway; six years ago it was \$13.5 billion. Now, almost \$2 billion of that is to rebuild the existing tunnels, but you're still talking about doubling in the price. When the handshake agreement -- the Memorandum of Understanding was done with the Obama Administration, the price tag was half, I think, of what it is today. It's easy to make promises; how long does it take to carry out that promise? And there is a total of \$2.7 billion that's now in the 10-year program from the Port Authority; and only \$200 million is in New Jersey Transit's 10-year capital outlook for Gateway. You're talking \$2.9 billion total. Even if you use that as debt service, you still cannot build any -- you cannot go anywhere close to \$30 billion.

So what I'm asking for is to push for changes and additions. As I said, come on a tour with me; we can see it. But do something within a \$10 billion price tag that actually can be funded. I honestly don't see how more of that can be funded.

So that's basically my statement; and questions later, if you're interested.

Thank you.

SENATOR GORDON: Okay, thank you very much.

ASSEMBLYMAN McKEON: Thank you.

SENATOR GORDON: Any questions, at this point? (no response)

Okay, let's proceed on.

SENATOR KEAN: If I may?

SENATOR GORDON: Sure; Senator Kean.

SENATOR KEAN: Just as you were talking about spiking the Portal Bridge and all those things -- have you looked at-- And you talked about the diminution of Hackensack River traffic when it was done for the North, in Bergen County. Have you looked at what the similar economic impact-- Who would be impacted by the spiking of the bridge?

MR. CLIFT: The only change when the other bridge was shut down and you could not go on the river for these -- marine traffic, barge traffic on the river -- the only effect was they had to truck the sewage sludge, the secondary sludge to the tertiary treatment plant.

SENATOR KEAN: Right, but-- I understand.

MR. CLIFT: So there was no other--

SENATOR KEAN: I understand that. But what I'm saying -- but you spiked the Portal Bridge.

MR. CLIFT: Yes.

SENATOR KEAN: What would be -- who would be--

MR. CLIFT: That's it.

SENATOR KEAN: Have you done an analysis as to who would be impacted up and down the river?

MR. CLIFT: The only major marine cargo going under that bridge about every six days is a tugboat pushing sewage barges. That's it. There's a-- Hess has a tank -- tanks upstream, but the main use of the opening of that bridge is to handle the sewage traffic, which is obviously not terribly time-sensitive. Which means you can do it at night when the trains aren't running.

I just wanted to point out that the Plan B for-- John Porcari was saying he did not have a Plan B for Portal. And the simple answer is, you have the bridge shut; if it fails, you crank it shut, and the marine traffic suffers. But that, from what we've seen from the past, is handleable.

SENATOR KEAN: I probably have some more details, if I may, through the Chair -- potentially have some questions to some of the other testimony from this morning.

Thank you.

MR. CLIFT: Thank you.

SENATOR GORDON: Mr. Alan.

MR. ALAN: Okay, thank you, Senator.

I am David Peter Alan, Chair of the Lackawanna Coalition. We advocate for improved transit for riders on the Morris and Essex, Montclair-Boonton, and Gladstone Lines, and all connecting services, including other lines on New Jersey Transit. We represent the riders and their communities, and have done so since 1979.

Personally, I live and practice law in South Orange. Nationally, I'm on the Board of the Rail Users Network -- RUN; and I wrote for Destination Freedom, a national publication, for 12 years, including chronicling the ARC and Gateway issues.

We are not salaried transportation professionals; we are civic-minded volunteers who ride transit and who care about transit. And my law practice is completely separate from my transit advocacy activity.

We are deeply concerned about continued access to Penn Station, New York, since it was our constituents who had to live without it for 40 weekdays this past summer. Things went better than we feared they would. New Jersey Transit had a good plan -- a reasonably good one -- and they implemented it well, and we have complimented them on that. If they had been willing to listen to our suggestions, the summer would have gone even better than it did. So we hope that they will establish a dialogue with us in the future, if there should be more such service outages.

The issue before you today is access to Penn Station, New York, generally, and the Gateway program, in particular. We have heard from proponents of the Gateway project -- from Mr. Porcari, from Mr. Wright, Attorney Chernetz -- and I urge you please do not confuse the concept of *tunnels* with the concept of *Gateway*. They are certainly not one in the same, and I will be addressing that.

As I will explain, we are not convinced that the Gateway project, in its entirety, is the most cost-effective way to give our constituents the access to New York City that they want and they should have. We are also not convinced that the political reality now in effect will allow sufficient funding for all of the Gateway Project. So it is time to consider more affordable means to produce the desired result.

Several years ago my colleague, Joe Clift, appeared at a Budget Committee hearing and said, "I'm here to save you money." Well, today,

both of us are here to save you money by suggesting an affordable means for providing rail access to Penn Station for the people who want it.

Mr. Porcari said there's no Plan B; but there is a Plan B, and that's what I'm about to tell you about it.

It is not possible to understand the present situation fully without some historical background.

Everyone concerned has been talking about new tunnels under the Hudson River for more than 20 years. The Access to the Region's Core, or *ARC* project, was first proposed in 1995. I was on the original Regional Citizens Liaison Committee for that project, and also the one for the companion Portal Bridge Project. So I remember these efforts to expand capacity into Penn Station.

One of the proposals, *Alternative G*, called for new tunnels to Penn Station, and expansion of the railroad to Grand Central Terminal on the East Side of Midtown Manhattan. Everyone in the advocacy community pushed for that project to be built, instead of a deep-cavern alternative near Penn Station -- which was called *Alternative P* -- or a non-revenue track to Sunnyside Yards in Queens, which was called *Alternative S*. Paul Wyckoff, who is now with New Jersey Transit, reported at the time, in the *Star-Ledger* -- I believe this was in 1999 -- that it was expected that new tunnels would be completed by 2008 or 2009.

Well, as we all know, it did not happen that way. In 2003, to everyone's surprise, New York's MTA killed *Alternative G*. There were further downgrades over the ensuing years. The track connection to Amtrak's Northeast Corridor was removed from the project; and the final

design called for a dead-end, deep-cavern terminal nearly 20 stories below 34th Street.

To make matters worse, New Jersey Transit planned to evict our trains on the Morris and Essex, and similar lines, from the existing Penn Station and force us into the deep cavern. Our concerns about life safety issues, the length of time it would take to get from the deep cavern to street level, and about connectivity to Penn Station ran even deeper than the proposed terminal itself. We vowed to fight against the proposal, and to push for the original plan to go to Penn Station and, later, to Grand Central. That was Alternative G.

We led the effort to build an alliance that fought relentlessly against the dead-end, deep-cavern terminal. The New Jersey Association of Railroad Passengers, the Empire State Passengers' Association, and other advocates in the region joined us. So did the Rail Users' Network and the National Association of Railroad Passengers, on the national level; along with State and local organizations in other states. I believe, 17 states in total joined our alliance.

Eventually, we won the struggle when Governor Christie killed the final version of the project in October 2010. The Governor said that the project had become too expensive, and he was correct about that. In addition, it had other flaws: It would not go to the East Side, it would not even go to Penn Station, and it would not be useful to Amtrak.

Gateway perpetuates some of these flaws.

We continued to push the Christie Administration to support a project that would bring tunnels into Penn Station, without the undesirable deep-cavern terminal. That effort continued until February 2011, when

Senator Frank Lautenberg and Amtrak officials proposed the Gateway project.

Reacting to that, Christie then considered himself off the hook about rail access to New York, and spent the money on highway projects instead.

Today, we are no closer to new tunnels than we were then, except that we are now facing a deadline for repairing the existing tunnels in the wake of Hurricane Sandy five years ago.

The Lackawanna Coalition is a non-partisan civic organization; but that does not prevent us from noticing events taking place in the world of politics. Mr. Porcari and the other proponents of the Gateway project are still saying essentially what they said before the election last year. We see a political reality that has changed. The Trump Administration has not been supportive of public transportation. It has already cut projects like electrification of the Caltrain commuter rail line in the San Francisco Bay area, and a light rail line proposed in Minnesota. The fiscally conservative Republicans are very strong in the House, where all funding bills originate. It is extremely difficult to believe that Washington will authorize half of the currently estimated \$27 billion, or even more, of the cost of Gateway -- even if that includes loans -- for a project that would benefit Democratic strongholds, like New York City and northern New Jersey.

To make matters worse, there is no plan proposed that would raise enough money for the local match. The Port Authority has pledged some money toward debt service, but New York and New Jersey, at the state level, have not made the pledges needed to come anywhere near funding their share of the cost of Gateway in its entirety.

For its part, New Jersey Transit has not pledged any of its capital funding toward new tunnels. Instead, the money is allocated for projects like Delco Lead and County Line, which would do little or nothing to improve mobility for New Jersey's rail riders, and do not even appear to be necessary. Instead, they wait for Amtrak, which is also financially strapped, to come up with the money. Amtrak is so strapped that they're facing cuts again. We in the advocacy community are rallying to defend Amtrak, but they're having money paying to modernize the Baltimore Tunnel, which was designed during the Civil War and placed into service in 1873.

So frankly, Amtrak doesn't have that kind of money, and they don't need new tunnels into Penn Station for themselves. Without New Jersey Transit, Amtrak could operate all of its current schedule with only a single track and tunnel, while the existing tunnels are taken out of service for repairs, one at a time. It is New Jersey Transit that needs new capacity into Penn Station, and it needs that level of capacity only during peak commuting hours on weekdays -- probably 7:00 to 9:00 in the morning, 4:30 to 6:30 leaving Penn Station.

So we need to take a hard look at what our goals actually are and how they can be achieved. In a nutshell, the overarching object is to create enough capacity at Penn Station to provide access for the peak-hour commuters and other riders who want to go there. The Gateway project, in its current form, will not provide additional capacity until all of it is completed. That is absolutely unacceptable, especially in light of what we've heard earlier today -- that costs will continue to escalate, perhaps at an exponential rate.

The current plan calls for Gateway to be completed in 2030; but Amtrak says the existing tunnels must be taken out of service for repairs by 2034. That timetable, frankly, is too close for comfort, especially since the original ARC project was proposed 22 years ago, and nobody has any idea who would pay for all of Gateway, or how. It took 73 years from the time that the RPA first proposed the Montclair Connection, until it opened for service in 2002.

We need capacity now, and we cannot afford to wait for all of Gateway to be built.

So what is really necessary to provide the access that our riders need? We need two new tunnels, each with a single track; although I suppose two tracks in one tunnel would do. They must go into Penn Station on a useful alignment; and the alignment is important, as Mr. Clift has mentioned. We need a new bridge across the Hackensack River that can support all the trains that would run over it. And that could include a three-track bridge with room for a fourth track; or it could include a new two-track bridge and rehabilitation of the existing Portal Bridge for use during peak commuting hours and in the event of services outages.

We also need improvements at Penn Station, notably extending Tracks 1 through 4, and the two platforms that support them, westward to the West End Concourse; and eventually to the new Moynihan Train Hall, under construction on the west side of Eighth Avenue. This could all be accomplished for, roughly, one-third of the cost of the entire Gateway project, an amount that it might be feasible to raise from Federal and local sources. There's a big difference between \$9 billion or \$10 billion, and \$27 billion or \$30 billion.

Some features of Gateway -- like the separate Penn South Station for New Jersey Transit and Secaucus South -- are expensive, and unnecessary, and even undesirable. They do not cure the flaws that plagued the old dead-end, deep-cavern that ARC had become in its later days. There is no plan to extend our railroad from Penn Station to Grand Central Terminal, so there will still be no East Side access for New Jersey riders.

The Penn South proposal is not as bad as the former deep-cavern proposal, but it would still leave most New Jersey riders a block further from their offices and further from the subways that take them there. They'll be stuck below 30th Street; that's even further from their offices than they are now at Penn Station.

Penn South would also be a dead-end station; a relic of 19th century railroad design. The great cities of the world -- London, Paris, Berlin, and even Philadelphia -- run trains through central stations instead. New York riders, including those from New Jersey, deserve similarly upgraded infrastructure and operations.

In the meantime, there are ways to improve capacity at Penn Station without spending a dime of capital money. Until 2010, New Jersey Transit offered reduced fares for travel outside peak commuting hours. They should offer those fares again, discounted at least 25 percent off one-way peak-hour fares. That policy would encourage price-sensitive riders to take the train at other times, when there is plenty of capacity for them. Last summer was as successful as it was, in part, because of the low Hoboken fares.

Today it costs more to commute to Hoboken and then onto New York on PATH, than to go directly to Penn Station on the Midtown

Direct service on the Morris and Essex Line. If there were lower fares for Hoboken trips, some riders would be enticed to go there and free up capacity at Penn Station. The more riders who ride outside peak commuting hours or go to Hoboken, the more room Penn Station will have for the commuters who need to go there.

To make matters worse, New Jersey Transit continues to discourage people from riding trains at off-peak hours by cutting service. They should spend their money on restoring and expanding services, and not on unnecessary projects.

It now takes 28 minutes to free up a track at Penn Station on Amtrak or New Jersey Transit. The Long Island Rail Road does it much more quickly, which effectively enhances the station's train capacity. If Amtrak and New Jersey Transit could improve their operation to the point where they could reuse a track every 20 minutes, there would be more room -- room for at least 40 percent more trains. That means 6 or 8 more trains in a 60-minute period, maybe even 11 more. That would accommodate three trains on the Raritan Line, and at least one train on every line that's going in there now, in addition to what they can now run. And all that for only a nominal capital cost.

Governor Christie's primary reason for terminating the former ARC project was its escalating cost, which was between \$12 billion and \$15 billion by October 2010. Nearly seven years later, the estimated cost of the entire Gateway project is \$27 billion or more. That is an increase of anywhere from 80 percent to 125 percent. By contrast, the Producer Price Index has only increased by 13 percent since then, so Gateway is much

more expensive than the ARC project was when Governor Christie terminated it, primarily because of its excessive cost.

Our constituents need more capacity at Penn Station. They do not need Penn South, Secaucus South, or other projects that do not improve their mobility, including their access to New York City.

We and they cannot afford to wait for a Gateway that may never open because there will probably not be enough money available to build all of it. We need tunnels and a bridge on correct alignments. In short, we do not need overpriced projects with questionable cost-effectiveness. Instead, we need an affordable project, coupled with innovative thinking, before it is too late and the existing tunnels must be taken out of service.

If things are as dire as the former presenters said, we must build useful tunnels now. We cannot wait for Amtrak; we cannot wait for Gateway; we have to do it. Time is of the essence.

Thank you; and thank you for allowing me to make these views heard today.

SENATOR GORDON: Thank you very much, Mr. Alan. That was certainly an awful lot to -- at least for me to process.

Are there any members of the Committee who have any questions?

Senator Kean.

SENATOR KEAN: Thank you, Mr. Chair.

By way of background, as you both -- if I may focus my conversation here on the last two people to testify.

As you know, in my Legislative District, I have both the Morris and Erie (*sic*) Lines, as well as the Raritan Valley Line going through. And it is true that the Hunter Flyover was not part of the, obviously, overall project -- Gateway project, because of the nature and scope. But it has always been my understanding that it was a very high priority for TTF funding. But it's important that it get done on a parallel track with anything else, because once Amtrak tries to crowd any lines, the ability for the Hunter Flyover to come over and hit at speed gets less and less likely.

So is it your analysis, between the both -- between the two of you, that the three Raritan Valley Line additional opportunities, and the one extra Morris and Erie during peak times -- is that what you're saying here -- it could happen under the proposals that the two of you are advancing?

MR. ALAN: Well, Senator, your constituents are also our constituents. So since you are on the Morris and Essex Line, and we believe that Hunter Flyover is a necessary project, we've said this to our colleagues at the Raritan Valley Rail Coalition; we have said this to New Jersey Transit.

We need infrastructure within New Jersey that makes it easier to access Penn Station, and also to have better access within New Jersey on New Jersey Transit. Mr. Clift and I have talked at length about operational improvements at Penn Station. If we can tighten up the operation -- which might require some work at Penn Station -- I don't think it's absolutely free, but it is certainly less than \$20 billion, \$25 billion, or \$30 billion. If we can reuse those tracks quickly -- every 15 minutes or, at least, every 20 minutes -- there should be room for anywhere from 8 to 11 more trains in any given

hour at Penn Station, and that could include three trains on the Raritan Line. It could include another train on each of the existing lines. It could include, possibly, more Amtrak service. We believe the key is in operations, and really speeding up the operation at Penn Station, getting people off the trains, doing the brake tests and other necessary functions, and getting the new people on the trains. We know the benefits of our Midtown Direct service on the M and E, and we're certainly in solidarity with our colleagues at the Raritan Valley Coalition, who want to see similar access for their constituents as well.

SENATOR KEAN: The Senator who was able -- were to get the off-peak hours; and we've been doing everything we can to expand that on the Raritan Valley Line.

And it's important, I guess if we're talking about -- throughout the context of this entire conversation -- it's not just important because it's going into New York City. It's important because it's got the opportunity to go west as well; not only through, for example, my Legislative District -- a Cranford, a Garwood, a Westfield; but outside my Legislative District -- Fanwood, and Plainfield, and Dunnellon and out to Somerville and beyond. We want individuals to be able, again, to have that as a really acceptable way to get in and around New Jersey in a very aggressive way.

So to the extent that we can talk about this plan -- whether here or through the Chair afterwards, or at any point, I'd love to figure out a way to make sure that we have a very aggressive approach -- making sure that the Hunter Flyover is a reality, number one.

And number two, Senator Kyrrillos is out of the country at the moment. He is an individual who represents the Monmouth County area.

You also, Mr. Clift, stated that-- Can you talk a little bit about what would happen on the North Coast Line -- the North Jersey Coast Line? What would be the best solution?

MR. CLIFT: There's--

MR. ALAN: Go ahead, Joe; then I'll take it when you're done.

MR. CLIFT: Right now, there are basically three trains in the morning that run from Bay Head all the way into New York Penn. New Jersey Transit spent a half-a-billion dollars, almost, on dual-power locomotives. Most of them don't go into Penn Station every day, but some do. With additional capacity, what I'm talking about, and what I think what David is talking about -- for, on the order of \$10 billion, you're going to run two, at least, from Bay Head; maybe three. The original idea of the dual-power locomotives -- they were going to tie into ARC; and now we're talking about, in effect, a first step in Gateway where they could be used.

And let me make one other comment, Mr. Chair. I failed to mention -- I was trying to cut my comments short because of your request -- but if you take \$30 billion, which is the current price tag for Gateway, what's the current budget for the entire State of New Jersey -- \$36 billion. Thirty billion dollars is a hell of a lot of money. It's also equal to or greater than all of the other capital -- the expansion projects, the so-called *New Starts* opportunity projects, in the nation. I just want you to see how large a number it has grown to, which is why advocating for a first step where you get some benefit, I believe, is a necessity.

Thank you.

MR. ALAN: May I continue with a response in light of what Mr. Clift just said?

We have been talking a lot about peak-hour commuters today. Personally, when I think about going down to the North Jersey Coast Line, I ride at off-peak hours. And south of Long Branch, there is service only every two hours, except for the seasonal summer service, which just ended. We do not consider every two hours to be an acceptable level of off-peak service. Not everybody commutes into Manhattan; some people go from one place in New Jersey to another place in New Jersey, and fewer people work the standard business day than was true in the past.

We in New Jersey need and deserve solid service, weekdays and weekends, so we have a train at least once an hour so our trains connect, so our trains connect with buses, so we have a mobility network that gets us to where we want to go. And that also includes the community transportation that the counties provide. I've been a member of the Senior Citizens Disabled Residents Transportation Advisory Committee for 13 years. They met today; it was important that I be here today. But I know what they're trying to do -- to bring community transit into our mobility network.

There will be more of us in the future who depend on transit than there were in the past. We will have more seniors; it's irreversible. We will have more persons with disabilities; it's normally irreversible. And there will be more people who will need transit, and we know that this Legislature and this Administration have cut New Jersey's operating funding dramatically.

Attorney Chernetz mentioned funding for New Jersey Transit as a primary issue, and she is absolutely right. At one point it had gone, from Fiscal Year 2008 to Fiscal Year 2016, to 10 percent of what it had been. And it's easy for motorists not to think about the people who need

transit. But people do not use transit voluntarily when the service isn't good. And people who depend on transit, as I do, need mobility to go about our lives. And if this state, and this region, and this nation are to be economically competitive, we need transit that not only has a strong infrastructure, but runs often enough that they can use it. I've heard Mr. Santoro and the other managers at New Jersey Transit -- when I'll suggest a modest improvement like, "Bring back the late night trains you cut," they say, "We can't afford it." Almost every suggestion we make for the smallest improvement, they say, "We can't afford it." And if that's the way our transit is funded, we are in huge trouble.

We need you people in the Legislature to look out for us, not only as taxpayers, but as transit riders. We need to have this infamous Public Law, 2016, Chapter 52 -- which started as a requirement that New Jersey let the public know before they cut service, into permission to cut service without notice for up to two hours any time they wish--

SENATOR GORDON: Mr. Alan.

MR. ALAN: Yes?

SENATOR GORDON: I think you're really pushing on an open door here. Many of these ideas that you're suggesting I believe will be found in legislation that's going to be developed out of these hearings.

The hour is getting late--

SENATOR KEAN: If I--

SENATOR GORDON: --and Mr. Santoro has been waiting here patiently throughout the day, and I would like to give him an opportunity to make a presentation.

Are there any other questions?

SENATOR KEAN: I didn't realize you were cutting off my question, sir.

SENATOR GORDON: Well, all right; proceed.

ASSEMBLYMAN McKEON: We're going to cut off Mr. Santoro, because we have Committee members who have to leave.

SENATOR KEAN: No, my closing comment was going to be -- because it's going to lead into the next presenter.

Regarding -- and it's the most recent point -- any information you have -- again, through the Chair -- regarding the mobility and the accessibility of -- whether it be M and E, or Raritan Valley Line, rail lines, and interoperability-- so that those who are in need of paratransit, or seniors-- Can you help us figure out some of the policies that exist, or what the realities are along those lines? If you've been working on this on a daily basis, I think it would be very important for the members of the Committee to hear this.

MR. ALAN: I would be delighted to talk further with the people I know on that scene. And I would be delighted to do anything I can to help. And I appreciate this opportunity, and we do appreciate Mr. Santoro.

SENATOR KEAN: Thank you.

SENATOR GORDON: Okay; thank you, Senator.

MR. CLIFT: Thank you.

SENATOR GORDON: Any other members of the Committee?
(no response)

Mr. Santoro has been very patient.

And before he makes his presentation, I would like to take advantage of the prerogatives of the Chair and, hopefully, with the help of the media, send a message to the rank-and-file employees of New Jersey Transit.

Over recent weeks I've had the opportunity to read many letters from long-time employees of New Jersey Transit. I have met, personally, with a number of long-term employees who have told me stories about the operations of this agency that have been very consistent. And so for me, they are very -- it's very credible information.

As a result of reviewing this information, I have a much better understanding of what's going on in this agency, and some of the fundamental problems. And most importantly, I have -- I understand who's responsible for many of these problems. And it is my hope that corrective action is going to be swift.

I know it has been difficult for many of these employees to watch the deterioration of service. I'm asking you to hang in there, help is on the way. That is my fervent hope.

And I'm hopeful that these hearings have allowed us to get a better understanding of what's been going on in this agency so we can rebuild it and provide the level of service that the people of New Jersey deserve.

With that, I want to welcome Mr. Santoro back to the witness chair.

ASSEMBLYMAN McKEON: If I could, Mr. Santoro--

I know we all have your statement; I think it's about nine pages long. And you're probably as antsy as the rest of us, relative to the number

of hours that we spent here. So if you could do your best to summarize that. I know we're going to have you back here at least one more time, so we're going to try to just focus on Gateway, maybe with just a separate, minor question or two.

Thank you for your professionalism.

S T E V E N H. S A N T O R O: So a good part of my opening remarks are related to Gateway; so I will skip those.

ASSEMBLYMAN McKEON: I don't want to -- we don't mean to throw you off too much. Do what you have to do, but there are several--

MR. SANTORO: No, I'll--

ASSEMBLYMAN McKEON: --members who had 3:00 marked as being on their way.

MR. SANTORO: So I will--

ASSEMBLYMAN McKEON: That's the good news for you.

MR. SANTORO: I'll skip the Gateway part; it is consistent with what you've heard today, and I'm sure I'll get some questions.

Regarding Light Rail expansion projects: As requested by the Committees, let me talk about some important projects that we're undertaking with Light Rail expansion.

An environmental hearing on the Northern Branch extension for the Hudson-Bergen Light Rail was held earlier this year in Englewood, and we expect that the FTA may issue a final Environmental Impact Statement for that project before the end of the year. In the meantime, we are moving ahead with preliminary design work that has been funded by the Transportation Trust Fund.

In Jersey City, the West Side Extension of the HBLR to Route 440 has already obtained environmental approval, so we are progressing design and engineering there, too. This project will facilitate the extensive redevelopment taking place in that part of the City.

We are assisting the Delaware River Port Authority as it progresses the environmental review for the Glassboro-to-Camden Light Rail line. The northern terminus of this line will be in downtown Camden, enabling customers to transfer to our River Line light rail service, as well as PATCO, and numerous bus lines; and furthering the economic development that is taking place in Camden's downtown.

And one final initiative is revisiting the feasibility of the Passaic-Bergen system that could eventually connect to the HBLR Northern Branch extension.

We'll be going to our Board, I think, next month for another \$3.5 million to continue the environmental work for the Camden-to-Glassboro Line.

Regarding the National Transportation Safety Board: At this point, I can brief you of a little bit -- the investigation continues; and under NTSB rules, New Jersey Transit is strictly prohibited from commenting on any aspect of the investigation, including the cause or potential cause of the accident.

The NTSB has advised us that it anticipates addressing the probable cause of the accident at its Board meeting in February 2018.

New Jersey Transit can speak about some of the safety initiatives that we have already undertaken.

Sleep apnea: In October 2016, we immediately removed from service any rail employees in a safety-sensitive position who meet screening criteria for symptoms of Obstructive Sleep Apnea -- OSA -- during their federally mandated physical exam, pending a doctor's diagnosis. Employees are not returned to work until they are either treated or prove that they do not have OSA. To date, 350 of 370 engineers -- locomotive engineers have been screened for sleep apnea. And by the end of this month, all active locomotive engineers will have been tested for sleep apnea.

We believe this protocol is a necessary protocol for the safety of our customers and our employees.

Bumper Blocks: Following the Hoboken accident, we retained a consultant with expertise in bumper blocks to conduct a detailed inspection of all of the bumper blocks at Hoboken Terminal, with the primary reason to replace the damaged block on Track 5. But based on that consultant's analysis, we are replacing not only the damaged bumper block, but all of the bumper blocks at Hoboken Terminal, and the Atlantic City Rail Terminal, and the Meadowlands Rail Station -- which are all stub-end stations -- with a sliding friction bumper block that more effectively absorbs energy; so that those designs are underway.

In addition to that, we talked about applying technology at Hoboken Terminal; and we are advancing a concept of implementing a speed enforcement system for trains approaching the platforms at Hoboken Terminal. So we've determined that there is enough sense of it being a feasible technical solution to move forward on that.

Positive Train Control: I guess we'll get some questions about that, so I'll, kind of, skip that section. (laughter)

Other safety initiatives -- cameras: To date, nearly 84 percent of the trains now have forward-facing cameras; and more than 73 percent of the rail fleet has inward-facing cameras. We intend to complete all of the installation of those front- and rear-facing cameras by the end of this year.

On the bus side -- not news, but we'll be equipping our 2,500 new and existing buses with a 360-degree camera system on the exterior of each bus to help eliminate blind spots and enhance pedestrian safety.

We also have our conductors heading to the cab car of the locomotive as they approach terminals.

On the cyber front -- we've done a lot of work on the cyber front, which I won't get into.

You had asked about the incident this past week at the Summit retaining wall, so let me read the remarks here.

On two occasions -- once on Tuesday evening and once on Wednesday morning -- passengers reported hearing bangs on the side of their trains as they passed through an area of Summit where the right-of-way is adjacent to a retaining wall. It is about 18 inches between the retaining wall and the vehicle.

In both cases, train crews stopped the trains and inspected them. They found marks on the sides of some cars, and damage to a few rubber window gaskets. In both cases, crews reported the incidents to the dispatcher. The crews then determined that the trains were safe to continue on their trips after the inspection, which they did.

Inspections of the area were immediately undertaken. The first inspection, on Tuesday evening, did not immediately indicate anything that would interfere with a train, and no other trains passing through the area

that night reported any issues. Further inspections -- by both New Jersey Transit and by an outside engineering consultant-- Wednesday morning revealed areas of loose concrete on the retaining wall. Service was then suspended on the track next to the wall -- which is the Gladstone Branch track -- and crews worked to remove loose material.

When the removal work was done, the wall was inspected again, and then service to the Gladstone Branch resumed shortly after noon on Thursday.

The wall dates back to 1902, and has been gradually deteriorating with age. A plan to repair the wall, without suspending Gladstone service for an extended period of time, has been in development. Design for the first phase -- which is required in order to make significant improvements to the wall -- which consists of moving a major track switch, is expected to be complete by the end of October, and then we'll look at moving that work into construction.

In the meantime, temporary work will continue to stabilize the concrete to prevent additional incidents.

And finally, let me briefly update you on the response to the Committees' multiple requests for information. In the 11 months since I've been appointed Executive Director, I have appeared before these Committees seven times, and we have responded in writing to more than 500 questions posed by the Committees.

In addition, since November, we have produced 27,000 pages of documents requested by the Committees, including 2,400 pages which we produced this past Friday.

We are not done. New Jersey Transit continues to respond to additional questions posed by the Committees as recently as last week. And legal counsel is currently reviewing additional responsive documents requested in recent subpoenas. We anticipate being able to finalize our responses within the next few weeks.

That demanding effort has occurred simultaneously as the men and women of New Jersey Transit having provided more than 270 million rail, bus, light rail, and Access Link paratransit trips since last October. This has been accomplished while maintaining the best level of service possible during Amtrak's emergency summer repairs at Penn Station, in addition to meeting the daily challenges of providing service in the nation's most densely-populated state and region.

New Jersey Transit's top priority is to provide our customers with safe, reliable service every day. What has impressed me, over the last few months, and what has been the foundation of our success this past summer, has been the dedication and loyalty of our employees, and that our employees have shown to our customers.

We are a corporation of more than 11,000 dedicated and diverse men and women who pour their hearts and souls into their work each day.

What I want the Committees to know is that each and every person wearing the New Jersey Transit colors is counted on and contributes, whether serving as frontline employees who work directly with customers, or whether posted in important behind-the-scenes roles to support the organization and our customers.

This is a company that, by the very public nature of its 24/7 business, cannot and should not hide from its imperfections. I have always said, like any organization, there are always ways to improve. Improvements to the way we operate don't occur overnight, and I have also been open about that. Work is needed to be done, and that work continues. But we also must not lose sight of this -- that there is also much to be proud to be of.

So let me close by stressing that, as we continue to adapt the transportation system to meet the needs of New Jersey, the one constant in all the changes in all that we do is the effort and commitment of the hard working men and women of New Jersey Transit. It's what keeps New Jersey moving now and well into the future, and I applaud them for what they do each and every day.

Thank you; that concludes my remarks, and I will take questions now.

SENATOR GORDON: Thank you, Mr. Santoro. And I think all of us here would second your comments about the dedication of New Jersey Transit employees, from certainly all those who are on the line and serving our residents every day.

I have some questions about Gateway, about Positive Train Control, and staffing levels in general. And perhaps I'll start with Gateway.

Can you tell us the number of personnel who are dedicated to the Gateway project at this point?

MR. SANTORO: I would say somewhere -- around 8 to 10 or so. That would not include consultants; as well as you probably know that

New Jersey Transit is leading the environmental impact statement for the tunnels.

SENATOR GORDON: Could you supply us with names and résumés of the people who are working on that?

MR. SANTORO: Sure.

SENATOR GORDON: Okay, thank you.

Do you feel that that is a sufficient number? Did you request additional resources, either-- Was a request made through the organization to HR or to the Governor's Office?

MR. SANTORO: So that question is very relevant to the state that we're in, in terms of progressing the Gateway project.

So it may be along with the question, but I think context is important -- our answer to the question.

New Jersey Transit, for several years, has been working on the Portal project, and has advanced it to a state, as you've heard today, where final engineering is complete, permits have been acquired, certain land acquisition has been completed; there's certain land acquisition that needs to be completed for the larger Portal project. We shared, with Amtrak, the cost of developing the preliminary engineering. We received a grant from the FRA, where we contributed, I think, \$13 million out of \$60 million to perform final engineering on the Portal Bridge project. So we've been dedicating staff, resources, funding for the Portal Bridge completion over the course of the last several years.

And as you have heard -- or maybe you didn't hear it today -- but we will start construction shortly on early action work. That funding is a joint funding proposition between the FRA. We received a \$16 million

TIGER grant for this early action work, and New Jersey Transit is committing about \$4 million of that work.

So we have, now, for the Portal Bridge -- we have two large consultants on board who are working towards putting together and finalizing a construction package for the Portal Bridge project, literally as we speak, simultaneous with the early action work that's going to begin construction next week. So we've issued a Notice to Proceed to the contractor for the early action work, and we have staff dedicated from our Construction Management side to work the Portal Bridge project when the funding becomes available from the Federal government. So staffing is there.

So on the tunnel side -- as I noted before, we have dedicated staff from our Planning Department to advance the environmental impact statement, which began April 2016, I believe. That work -- we hired a consultant; it's about a \$6 million contract, if I recollect correctly. And our staff is working with both the FRA and with this consultant, under our direct contract with them, to proceed with the tunnel environmental impact statement which, as you heard today, will be completed in March 2018.

SENATOR GORDON: I was led to believe that NJT had requested additional staff resources from the Governor's Office, and that it had been turned down. Is that inaccurate?

MR. SANTORO: No, I don't believe that's the case. Right now, I think late last week we posted 13 Project Management positions, some of which will be assigned Gateway, depending on how fast that progresses. But the preponderance of those Project Management positions will be for our Sandy program and our regular program.

SENATOR GORDON: Who in the NJT organization is leading the Gateway effort?

MR. SANTORO: Well, I'm quite involved in it. We don't have one individual person who is leading that. We have several individuals with their expertise contributing to advancing the development of the application, which we just submitted; the second application for the Portal Bridge. The first application was for Federal funding for the tunnel project. We have a variety of people -- some of those 8 to 10 people who I spoke about.

SENATOR GORDON: I was advised that the lead role is being played by Amy Herbold.

MR. SANTORO: She is part of that team, yes.

SENATOR GORDON: And what is her function on that team?

MR. SANTORO: She has been helping negotiate the agreements between Amtrak, the Port Authority, and New Jersey Transit.

SENATOR GORDON: Does she have experience in managing, or in negotiating such arrangements for large infrastructure projects?

MR. SANTORO: I don't know her background in that context. I think she has experience in negotiating large real estate contracts, and agreements in general. And that's what her role is -- participating in negotiating those agreements. She's not involved in the construction management or the project management of the technical work in advancing--

SENATOR GORDON: So her role would not require the expertise that comes with doing transportation projects, per se.

MR. SANTORO: The construction -- the design and construction? That's correct.

SENATOR GORDON: Okay.

MR. SANTORO: We have others who are doing that. And like I said, on Portal Bridge our Construction Management Department has a lot of experience on building like projects. They are working on the Portal project; for the tunnel project, Amtrak has hired a consultant, actually, to do the design of the tunnel project.

SENATOR GORDON: This Gateway project, obviously, if it gets off the ground, is going to be a long-term initiative. Is there a succession plan in place at NJT so that there's a cadre of people who -- you know, as some of the more senior people leave, there will be people at a lower level prepared to move up into these managerial or supervisory roles?

MR. SANTORO: Well, that's part of these 13 Project Managers, which is not the end of the Project Management postings. They will be part of that -- they'll be either part of that, or backfilling some of the positions that could normally succeed the Gateway program.

From the Portal Bridge perspective, the answer is "yes," it's there. And again, it's construction management consultants. We have at least 30 or 35 individuals, which is my latest recollection, in the Construction Management Department. For the tunnel project, there is still discussion going on that -- in terms of how to contract that. As you heard earlier testimony, whether it's a large public-private partnership, or design-bid build, or design build -- that is still evolving.

SENATOR GORDON: We've all been seeing information about the problem of highly experienced members of the NJT staff being

coaxed to join other organizations, like MTA. Has that been a problem for the Gateway project?

MR. SANTORO: No.

SENATOR GORDON: Experienced people being -- departing?

MR. SANTORO: No. The, I guess, transfer of talent from New Jersey Transit to Metro-North has primarily been on the Railroad side, and not in the Project Management and Construction side.

SENATOR GORDON: Okay.

If I could just turn to the Positive Train Control for a moment.

As I understand it, Mr. Santoro, this was really your particular area of -- that you focused on for a long time. Is that not correct -- as part of the capital planning?

MR. SANTORO: It fell under my purview, yes.

SENATOR GORDON: And when you moved up to the Assistant Executive Director position, and now Executive Director, my understanding is that you, who had decades of experience in this area, was replaced by someone with much less experience. The information I received was three years-- Actually a Mr. Eric Daleo was your successor in that position. Am I correct in understanding that he has only a few years of experience in Positive Train Control?

MR. SANTORO: Well, Eric Daleo did replace me when I moved up to become the Executive Director. Eric Daleo is sitting behind me--

SENATOR GORDON: Okay.

MR. SANTORO: --and he'll be happy to answer any questions that you have on the current status of PTC. Eric Daleo is what I would call

a *great manager*; managers don't always need to have all the expertise at their fingertips. I just happen to be an engineer; and maybe not such a great manager, but certainly maybe-- Well, you'll judge for yourselves for that -- with that.

But going forward, Eric is a great manager; he's-- I'll ask him to explain what he did. I purposely sought him when I was an Assistant Executive Director, based on my experience dealing with him on the Sandy program.

SENATOR GORDON: Okay.

MR. SANTORO: And he can tell you what he did on the Sandy program -- managing that complex level of effort, and he can tell you that.

But I was the one, with no equivocation, who went after him to come into New Jersey Transit and help me when I was Assistant Executive Director, and then help me as Executive Director.

So I will turn it over to Eric.

SENATOR GORDON: Well, I think we certainly would like to get an update on the status of Positive Train Control; and perhaps Eric can come up and give us that report.

ERIC R. DALEO, Esq.: Sure.

Mr. Chairman and members of the Committee, hopefully you can hear me.

SENATOR GORDON: Yes.

MR. DALEO: My name is Eric Daleo; I am Assistant Executive Director at New Jersey Transit for the Capital Planning and Programs Department. Positive Train Control is a project that is implemented

through the Capital Planning and Programs, but also alongside Rail Operations. And so it involves both our Departments, working very collaboratively, to deliver the project.

In terms of our progress, two notes: First of all, NJ Transit has every expectation of meeting the Federal implementation deadline. And so in Director Santoro's written remarks that he didn't speak to today, he talked about the June 30 reporting period -- which is our last reporting period with the Federal Railroad Administration -- and our progress on it.

When it comes to retrofitting locomotives, however, and our passenger fleet with antennas and other onboard systems needed to operate Positive Train Control, we've been working with our contractors, Parsons Transportation Group, to increase the rate of production. By June, we had expected to have as many 48 locomotives and passenger vehicles fully Positive Train Control-equipped and operable; and our contractor came up short with 13 vehicles. What that prompted -- and Director Santoro previously testified to -- is a meeting that the Commissioner of Transportation, our Chairman, and Director Santoro called with Parsons North America -- their President and other senior executives -- where NJ Transit demanded from its contractor a recovery plan to show how that contractor would meet the schedule.

You'll recall, Mr. Chairman, Director Santoro has testified previously that NJ Transit entered -- in January 2017, our Board approved a change order with Parsons to provide for acceleration of the work being done on vehicle production, including the addition of an additional shift to facilitate and expedite production. And Parsons didn't meet those goals through that re-baseline schedule.

The recovery plan that we requested in August, that we received from Parsons that same month, and that we continue to work with Parsons, shows that Parsons intends to continue to meet the deadline, regardless of having failed to meet it after the change order.

SENATOR GORDON: Are there other resources, such as staff within NJT, that you feel you need to achieve the Federal deadline, that you don't have now? I mean, is there any form of resource that you need that's holding you back at this point?

MR. DALEO: Thank you, Mr. Chairman.

Our Chairman, the Commissioner, the Board, and Director Santoro have told all staff at New Jersey Transit that the implementation of Positive Train Control is the number one priority. And the management of our capital program -- it's our number one priority. In terms of staffing, we have been able to add staff to support the project; and in addition to adding staff in my Department, we need to work laterally, obviously, with existing positions in Rail Operations, on the mechanical side, on the transportation side. And so we are doing that, and it is everyone's priority to deliver it. But we have the funding, and we have had the staff to deliver it from our standpoint.

MR. SANTORO: So let me add to that.

One thing that I think, recently, we've suggested that needs to be done, is to add at least, probably, one position and some consulting support to the Railroad, in the context of having a more singular source to interface with the Railroad. As Eric said-- Well, to even back up a little bit. New Jersey Transit is a matrix when we manage projects; it's a matrix organization. We have Project Managers who report out -- up through me;

through Eric, and up through myself. We have the Railroad, we have Bus. So the way New Jersey Transit is structured, Project Managers are responsible for facilitating, coordinating, managing contracts. But they, in certain projects -- very specifically with the PTC project -- rely on the Railroad to provide resources, to review test procedures that the contractors -- to provide us, to actually perform the tests. So what we're doing is beefing up a little bit; and on the Railroad side, to create a more singular source of information that they can coordinate internally -- the Railroad with the mechanical side of things; the transportation side of the Railroad, and the infrastructure side of the Railroad. So we're doing that as we speak.

SENATOR GORDON: And you feel confident that you have a system in place to monitor the consultants so that you can track the milestones and get an early warning if they're falling behind?

MR. DALEO: Yes, Mr. Chairman. Two levels: We have dedicated staff, dedicated to the management of the Parsons Transportation Group contract, in terms of monitoring interim deadlines and overall deadlines of the project, and progress towards those deadlines.

In addition, we have consulting support for those NJ Transit staff to supplement them in performing those goals. That supplementation is provided by HNTB, a professional services corporation.

SENATOR GORDON: Okay.

I know that Senator Weinberg has some questions about what we call the *Bergen-Hudson Light Rail*. (laughter)

SENATOR WEINBERG: My name for it.

You know, I have heard from prior people who have testified here, and I just want to point out that I'm kind of jealous that we don't have enough rail in the district I represent to have a Railroad Coalition. (laughter)

So in eastern Bergen County there is hardly any rail available, which is why the Hudson-Bergen, or Bergen-Hudson Light Rail becomes so important; because it will be the first breakthrough for people in the very densely populated portion of east Bergen County.

According to the figures we were just looking at, the current TTF plan shows \$95 million in State funds for the Light Rail to Englewood, through Fiscal Year 2020; but no State funding after that. Is it because we're waiting for, hoping, praying for Federal funding, or--

MR. SANTORO: That is correct, Senator. We're planning for Federal funding. Back in 2014, when we were evolving in the NEPA process, and probably in the last DEIS -- these are in 2014 dollars, and not updated -- the total capital costs for that Northern Branch project is nearly \$1.3 billion, which includes the purchasing of vehicles.

So there have always been two choices: one is to just self-fund it through the TTF; or two, ask for Federal funds. And we have gone down the path of being eligible to -- we are retaining our eligibility to ask for Federal funds on this particular project, which is why we're going through the Federal NEPA process.

SENATOR WEINBERG: Does that Federal funding depend upon the New Starts funding continuing?

MR. SANTORO: That is correct. Right now-- Well, as of -- the program is still intact. As we've heard before, earlier today, the skinny

budget did not fund it, other than -- for any new projects to be added to the pipeline, the FTA pipeline. So that is the FTA program that would fund any expansions of Light Rail, in this state and any other state.

SENATOR WEINBERG: And if that approximately \$300 million, I understand -- if it doesn't become available, do we have a Plan B?

MR. SANTORO: Well, that would have to be further discussed in terms of whether the State can come up with the \$1.3 billion to construct the project.

SENATOR WEINBERG: Would you repeat that again for me - - what are we, as of this moment -- what is the shortfall?

MR. SANTORO: So as of this moment, as you mentioned, we have \$95 million budgeted for the next three years to advance preliminary engineering, potentially land acquisition. Once we get a Record of Decision, we can purchase land. So that \$95 million will advance this project to a point where -- which will take potentially two to three more years to get to preliminary engineering. And at some point in time, the State is going to have to decide -- or New Jersey Transit is going to have to decide whether they would put in an application and get into project -- what they call *project development*; which is the current -- under the current regime in New Starts programming -- the New Starts program -- we would have to decide whether we would want to continue with the Federal program. And if we did, we'd have to come up with a way to meet the criteria that the current program contains, which a lot of that criteria revolves around a local match.

SENATOR WEINBERG: So we couldn't make-- If that program was still in existence, or if it remains in existence, we do not meet the criteria to apply now?

MR. SANTORO: Yes, I believe that's correct. So after we get the FEIS, we can start thinking about it now; but in terms of--

SENATOR WEINBERG: Well, I would hope we're thinking about it now. (laughter)

MR. SANTORO: Well, with the \$95 million, yes, we can now do that, with the TTF reauthorization. We can now do that. But the criteria, as I understand it right now, is that once you go into project development in this program, you have two years to demonstrate to the Federal government, the FTA, that you have the technical capacity -- which I believe New Jersey Transit does, despite the conversations that have happened over the course of the last several months. But we would have the technical capacity and the experience. But we will have to come up with, I think, 30 percent of the funding committed to advance to the end of project development.

SENATOR WEINBERG: Does the \$95 million we have in the TTF -- can that be applied towards the match?

MR. SANTORO: That can be utilized to -- as the 30 percent criteria -- yes, it can.

SENATOR WEINBERG: I mean, as far as I know, it's the first money, at least, that has actually been committed to what has been, for 15 years, known as the *Hudson-Bergen Light Rail*. And the only thing wrong with it is it never got into Bergen County.

MR. SANTORO: That is a fact.

SENATOR WEINBERG: That is a fact. Thank you very much; I was pretty sure of that fact. And this is the first time we've actually committed dollars to that, if I'm correct.

MR. SANTORO: Well, it's certainly the first time we've committed that amount of funding. We have committed funding to get to the point we're at, which is advancing the environmental work and doing some preliminary work, which is -- did not cost nearly \$100 million.

SENATOR WEINBERG: Okay. So what we need to watch here is-- When will that two-year time limit start running?

MR. SANTORO: It starts when we actually submit an application. So the timing of submitting the application -- one could argue is that we would have to have some level of surety that all of the criteria -- that we can meet all the criteria in that project development process, assuming the project development process remains intact. We would have to meet all those criteria, and funding being one of them. So we may have to, looking forward, determine a way to set aside that funding for this particular project to advance.

SENATOR GORDON: And that would be about \$300 million, is that correct -- that we would need?

MR. SANTORO: Yes.

SENATOR WEINBERG: And I know I'm probably being a little parochial about all this, but I don't think there's another project around that would answer the kind of issue that Senator Kean so rightly talked about -- and that's how we get people within New Jersey moving inward to get a job; where people from Hudson County could be brought to--

SENATOR GORDON: Bergen.

SENATOR WEINBERG: --to Englewood Hospital, that has such a demand for medical providers, support staff, etc. So this is a project that really would answer some of those issues, particularly in northern New Jersey -- again, to an area that has no access to rail right now.

SENATOR GORDON: And the number I remember is, it's a 31-minute ride from Englewood Hospital to the Hudson waterfront. I mean, it opens up the whole option of expanded ferry service.

SENATOR WEINBERG: Absolutely. And Englewood Hospital has agreed to a public-private partnership--

MR. SANTORO: Yes, they have.

SENATOR WEINBERG: --to build a park-and-ride--

MR. SANTORO: So I would even proffer--

SENATOR WEINBERG: --for people to get there.

MR. SANTORO: --that it's a two-fold benefit. Yes, it's a benefit to local transportation within New Jersey; but since Hudson-Bergen connects with ferries -- and ferries have been mentioned before as a very potential mitigation, and certainly in the short term -- for cross trans-Hudson; Hudson-Bergen Light Rail has several locations -- one being in Weehawken -- to enhance the trans-Hudson capacity as well. So you kind of get that benefit as well.

SENATOR WEINBERG: That is true, and thank you for reminding me of that, Senator, and Mr. Santoro. Because God forbid there are any tunnel problems in the future, it's going to be ferries and buses that are operating. So this becomes doubly important.

Thank you.

SENATOR GORDON: Any questions for Mr. Santoro from the Senators?

Senator Kean.

SENATOR KEAN: Thank you; thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Sure, we'll go last. No problem.
(laughter)

SENATOR KEAN: Thank you for your longitude and your latitude, Chairman McKeon. (laughter)

A couple of things -- and this is not being parochial, though it does exist in my district, Mr. Santoro.

The Summit Gladstone -- you feel, from your testimony, that that is safe, and you feel confident that the Gladstone Line is a solid connection?

MR. SANTORO: I do feel it's safe. Even over the weekend we've done some work on the top of the wall, and we will continue to do that on the weekend outages that the Gladstone Line is undergoing for their catenary pole -- from wood pole to steel pole replacements. So the answer is "yes."

SENATOR KEAN: Okay, thank you.

Secondly, just to reinforce-- I appreciate the testimony from both of you regarding Positive Train Control. You are confident that that is going on the date, as expected, to meet Federal standards?

MR. SANTORO: I missed that; sorry.

SENATOR KEAN: Positive Train Control is actually going to be completed on time?

MR. SANTORO: Yes, we have every expectation. And as I already testified, we need to keep on top of that and apply all the resources that we need in dedication to keeping that project meeting the deadline.

MR. DALEO: Director Santoro, if I could just add.

And we will hold our contractor accountable.

SENATOR KEAN: Okay.

Thank you; if we could just be assured of that, that would be very helpful to all of us. Thank you.

Mr. Santoro, as you've looked at the testimony of Mr. Clift and Mr. Alan, regarding everything from the spike in the bridge and other logistical changes that are very detailed, can you, through the Chairman, get back to us regarding your analysis of those proposals in writing?

MR. SANTORO: We can, but I'd like to comment now--

SENATOR KEAN: Please.

MR. SANTORO: --if allowed; possibly on a broader level, though, not the detail level.

So it's interesting -- it's been an interesting discussion with all those testifying and all the different views that we have heard about the tunnel; and those discussions have been going on for the last decade. And we talked about the ARC project; we've talked about the RPA suggesting that there's going to be phenomenal growth in New York City that we need to accommodate through trans-Hudson. I think Chairman McKeon mentioned the issues that New York York has, in terms of funding, and even in terms of capacity.

So if the jobs are growing in New York, where are they going to go on the subways, sidewalks? So that was mentioned a year-and-a-half ago

at one of the RPA's big symposiums. So if more people move to the City, where are they going to go? How are they going to get transported within the City?

We talked about Sandy, which kind of changed things a little bit, and accelerating the need for the tunnel to be replaced. We talked about keeping jobs in Jersey. All of those things kind of-- And then there's Joe Clift suggesting that we need to take a step back -- a half-a-step back and look at the designs for both the bridge and the tunnel.

Well, I think you heard today from both the RPA and Mr. John Porcari that the most important thing to do -- that's in my opinion -- is to stay focused on the project at hand, which is the Portal Bridge project and the tunnel project. Any wavering from that, the Federal government -- if they do not see, from New Jersey and New York, congressional, legislative, administrative support for this project, they will question our resolve.

So any distraction, in my mind, from moving Portal Bridge forward -- moving the tunnel forward, in a responsible way, for sure, is something that I think we all need to do; we need to stay focused on and move those projects forward. And then we'll talk about capacity.

SENATOR KEAN: That's helpful; thank you.

Fourth, is a regional issue of importance. We've talked about that Hunter Flyover and how that should be a priority for TTF funding and growth. I want to make sure that that is on your radar screen.

MR. SANTORO: It is on our radar screen, yes.

SENATOR KEAN: Okay; because I think, as we're looking at doing things in parallel -- making sure that, again, the line comes down in parallel if the Amtrak line -- before Amtrak starts to take up more and more

potential space, it's important that it gets slotted in the right way for the entire region.

MR. SANTORO: That is correct. And we have preliminary designs -- maybe somewhere between conceptual and preliminary designs. We had to do that and get Amtrak's blessing on that. Moving that project forward any further than where we are will require Amtrak's support, and then that prioritization will need to occur as well. So we cannot advance Hunter Flyover by ourselves; we need Amtrak to work with us to do that.

SENATOR KEAN: If there's anything that we can do, through the Chair or individually, to help that -- enhance that conversation, please let me know. Because it's important to the entire central section, as well as the entire State of New Jersey.

Finally, you and I talked a little bit about an incident in Roselle Park, and I was hoping we could have conversations regarding paratransit access to stations and between stations. Can you either now, or at some point in writing back to the Chair, get back to us regarding your plans on how we make sure that these platforms, upper and lower, are more accessible over time?

MR. SANTORO: Yes, I can get back to you on that. I don't have any specifics on it, but my comment on paratransit services that New Jersey Transit provides-- In broad terms we do have a very robust -- what we call *Access Link* program. There are certain criteria that individuals need to meet in order to access our Access Link program -- the set aside, around five regions, I think we spend about \$72 (*sic*) million a year to provide those services. I think there was prior testimony that the expectation is that that's going to -- the population is getting older and we'll need to -- we will

need to grow that into our operating budgets, going forward. We're very conscious of that. And we also supply local municipalities funding, for them to provide local transit as well. They are much funded by the casino revenue funds which, as probably we all know, have been going down. I think they've gone up last year, so that's encouraging. But there is always a need to keep our eye on the ball, in terms of paratransit services in general in the State of New Jersey.

SENATOR KEAN: Thank you, Mr. Chairman.

SENATOR GORDON: Chairman McKeon, did you have questions?

ASSEMBLYMAN McKEON: Yes, just a couple of things.

I just want to get back to Summit for a moment.

The good news and the bad news is that we, in these positions, and publicly being involved with NJ Transit -- you often hear directly from the commuters now. And in that sense, just part of what I understand-- How weighty, give or take, were the approximate weights of the chunks of concrete that were coming off the retaining wall?

MR. SANTORO: I don't have that information; but as I testified, they were enough to -- or maybe I didn't -- but the details-- They did scrape the side of the--

ASSEMBLYMAN McKEON: The window gaskets?

MR. SANTORO: --vehicle, and then the window gaskets were impacted by this.

ASSEMBLYMAN McKEON: And you know, often because of the tragedy from a year ago and from other things, there are concerns within other lines around the metropolitan area; safety is a great concern.

And so I heard, literally, from a mother of a commuter who said, you know -- from Summit, again, which is not my district; I don't look at it that way -- who talked about the fact that her child could have been killed by concrete coming through a window as they passed through the station, and, "What was I going to do about that?"

And I'm glad I didn't know that that retaining wall was around since 1902, because maybe I would have felt even more embarrassed.

So I don't know what the answer is, other than just to channel the frustration of families. I know you're a family person and can empathize with how folks feel as their loved ones are getting on those trains. I wish Assemblyman Zwicker was here, because he could talk a little bit about the speed of a train, and the force, and the poundage of concrete; and what that might have really done to injure somebody. And I beseech you on behalf of all -- and I'm sure you have the best intentions -- to look at all like areas on all lines that we're responsible for. I mean, it's just-- Concrete coming off a retaining wall and hitting a train is crazy.

MR. SANTORO: I wholeheartedly accept your beseeching, and it is a serious matter. We will be inspecting that wall, and other walls of that ilk, every 30 days. As you may or may not know, the outage that we incurred -- out of service -- was for the purpose of scaling all the concrete off of that wall that was loose. And we are advancing a project, as I mentioned -- I won't go into detail -- to repair the surfacing. It may take some time, but we need to be very diligent, as you have stated, in terms of making sure that doesn't happen again at that location, and other locations that are similar to that. And I know of one, and I directed the Rail Operations Department to make sure that all of the areas that might have that type of

risk be checked, and then followed up on. And I have the Safety Department checking the Railroad Department to make sure that they are doing that.

ASSEMBLYMAN McKEON: I don't think anybody here has any question as to your intention in doing so. And we just appreciate all those efforts -- with as much, by way of suspenders and belts, as you can -- because it's that important.

Regarding-- The Chairman mentioned it earlier -- there was a report as to a number of engineers who recently have left the employ of NJ Transit to go to other agencies. Is there a percentage -- is there a number you can give us, in the last year? I mean, this isn't going back into history, but just a more recent percentage?

MR. SANTORO: I don't have numbers, because we don't -- and I'm not trying to be evasive; we just don't ask people where they go. So any number that I would give you would be anecdotal, for sure. But if I had to give you a number, just from anecdotal information, I would say, since January, 5 to 10 at the most. But again, I don't have that specific information. I don't know the percentage of -- and this is locomotive engineers; this is not total. I'd have to go back and look at the others, Metro-North -- or others from New Jersey Transit who went to Metro-North. But I think it's a low percentage, but obviously locomotive engineers are leaving New Jersey Transit. And as I've testified before, it takes some time to train a locomotive engineer. That's clearly an issue that New Jersey Transit needs to -- more than keep their eye on; but focus on how we hire, who we screen, and then get them on board as quickly as possible. And then, to your point, build the suspenders.

Where the sweet spot is, in terms of cost versus locomotive engineers, I would lean towards it's less about the cost and more about the customer service, and making sure that we have enough engineers to safely operate our trains and provide the services that we promise our customers each and every day.

ASSEMBLYMAN McKEON: I'm glad to hear that that would be the philosophy.

I know that the Chairman wanted to follow up on that question, but maybe-- And I'm going to keep the word *evasive* in my mind until I get back to you, because there are a few things I want to discuss about the subpoena responses.

But, Senator.

SENATOR GORDON: Yes.

On the subject of people leaving their positions -- you know, we've been reading about engineers who have left. Let me try to be specific about this. I would like to know, for one, how many people have left-- Both in non-agreement positions and the craft positions, how many people have left the transportation, infrastructure engineering, and mechanical departments, let's say, since January 1, 2015 to whatever a recent endpoint would be. Because there have been allegations -- we've been reading about it in the press and elsewhere -- that thousands of years of experience has departed New Jersey Transit, and that is supposedly at the root of some of the problems we're seeing.

So I would certainly like to see that kind information to see if there is any justification to those allegations.

MR. SANTORO: Yes, we can provide that. And as I have testified before, we have attempted to distinguish between retirements and non-retirements.

SENATOR GORDON: Well, if you can indicate those who are -- people who are leaving to other positions, or retiring -- you know, that certainly would be useful information to have.

MR. SANTORO: We will do that, certainly.

SENATOR GORDON: Senator Weinberg, did you have additional questions?

SENATOR WEINBERG: Yes; and you might not have the answers for this right now, but you know -- as if there isn't enough out there.

This morning's *Record* had a rather lengthy article -- the *Bergen Record* -- about New Jersey Transit and the purchase of office space. According to news reports, the purchase of office space -- again, according to the newspaper -- is for employees who are in temporary positions who are working for specific projects -- Positive Train Control and another Sandy issue -- that supposedly have an end-sight. Office areas that you have rented -- that NJ Transit has rented; spent a fair amount of money redoing -- again, according to what I read -- and now is thinking about purchasing.

So I don't know if you have comments you could make about that now, or if that is something you will get back to us on.

And also, what I read is that the New Jersey Transit Board approved this purchase. Now, I have another ancillary question. Does the Governor have veto power over NJ Transit minutes? Yes?

MR. SANTORO: Yes.

SENATOR WEINBERG: Okay. I was just unclear about that, so I wanted to ask; okay.

MR. SANTORO: So I could comment on the 10th floor.

As you've heard, over the course of several months in my appearances here, we have been hiring additional people for various offices. Back several years ago when Sandy hit, I actually was approved to hire 62 new -- I was given 62 new slots to support the Sandy program. We received over \$2 billion worth of funding for the Sandy program, and we needed a place for those people to sit. We hired more -- we've expanded the Safety Department; we're expanding-- And that was somewhat significant, in terms of the numbers; I don't have the exact number. And we're expanding-- Well, since I started as Executive Director, we're expanding some of our support departments as well.

So we need floor space. We did purchase -- or, I don't know if we closed yet, but we're in the process of closing for the purchase of that. Yes, it went through the Board of Directors; yes, it was a very public process. And what we're doing is waiting for a Certificate of Occupancy. And when we get that -- hopefully we'll get that very shortly -- we'll be moving people up to the 10th floor.

And then when they do that, we'll outfit the space that they vacate and move people into that. And as we move forward, other floors will be-- As we hire people, and then replace people, and move people, we'll be reconfiguring some of those floors to our so-called *standard office configuration*.

SENATOR WEINBERG: Thank you. And any further information you can give us, I'd be happy to have, vis-à-vis what was said in

the article today. But just a bottom line comment -- I'm a little bit confused, because we keep on talking about *understaffing*--

SENATOR GORDON: Well, it seems like we're--

SENATOR WEINBERG: --people leaving. And what we're hearing now--

SENATOR GORDON: --adding support staff, but--

SENATOR WEINBERG: --is that we've added so much more staff, we need more space.

SENATOR GORDON: Where are the engineers? I guess they don't need office space.

MR. SANTORO: Well, we're continuing to hire them, and our goal is to hire-- I think I testified there were 599 vacancies back in the Budget hearings. Not all of them are going to individuals in the office; many of them are in field. But we did not want to be short of space.

SENATOR WEINBERG: Okay, thank you.

SENATOR GORDON: Any other questions?

ASSEMBLYMAN McKEON: Well, I want to get back to where we left off.

SENATOR GORDON: Sure.

ASSEMBLYMAN McKEON: But I'm going to defer for the moment to Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Okay; just one quick-- And I probably should have asked this this morning.

But over the past several hearings, we've talked about the catenary wires that run the length of the track, and what bad shape they're in, they need to be replaced; millions and millions of dollars. Do you know

if the funding for that project is included somewhere in the proposal going to the Feds as part of the Gateway or anything? Where does that fall, and is that going to be one of the projects we referred to earlier that's going to be competing for Federal dollars with Gateway?

MR. SANTORO: So, no. The catenary replacement -- the aging catenary replacement is not part of the Gateway program. The Gateway program, Phase I, is new bridges -- and (indiscernible) bridge, which will have, obviously, new catenary wire; and the new tunnels will have catenary wire in them as well.

The other areas of-- Our Northeast Corridor alignment that have aging catenary are pretty much from north of New Brunswick to what we call *Swift Interlocking*. The money to replace that is part of the Northeast Corridor Commission, and PRIA, and Amtrak; and us, and our contribution. So that's not a special project, per se, to replace the catenary; that's part of the maintenance of the Northeast Corridor.

I might add, though, that right now Amtrak is replacing catenary south of--

ASSEMBLYWOMAN MUOIO: Right, New Brunswick.

MR. SANTORO: --I think, Elizabeth and New Brunswick, with money that was received from high-speed rail many, many years ago when-- I think they're supposed to be finishing it up shortly.

ASSEMBLYWOMAN MUOIO: But we've been told repeatedly that there's no money for the rest of the replacement. Is that--

MR. SANTORO: Well, it's part of the annual budgeting process that New Jersey Transit and Amtrak go through each and every year. My recollection of a longer-term forecast is that there is some money,

but not-- I think there's a program right now that Amtrak set up to replace the catenary.

ASSEMBLYWOMAN MUOIO: Okay, thanks.

ASSEMBLYMAN McKEON: Just a couple of things.

It's been a long day for all of us, and thank you again.

And when I address these comments -- especially on a day that's supposed to be about the future -- I don't address them to you, Director; but really at the institution. Because I assume that it's not you, but rather a small army of Deputy Attorneys General who are looking at our requests and are responding with -- what is it, 27,000 pages to our various requests and subpoenas.

So let's start with the fact that this has been deemed from the beginning, going back to April, as a *rolling submission*. I don't know what that term even means. There is no such term in a court of law. And what is equally as frustrating is that it's deemed -- a lot of things are deemed to be privileged, but you've yet to give us a privilege log to let us know what that even is, because it's a rolling submission. So I guess we'll get this privilege log to put us in a position to know what it is that you've kept from us and from the public, for whatever reasons -- valid or invalid, we might differ on -- and we still don't have that.

So at least we should be given the courtesy of having a rolling privilege log, so we know what it is that you haven't sent us so far, number one.

Number two: My colleague Assemblywoman Muoio had asked back in August, in a very informal way, for dated job postings; it was an e-mail to yourself. Then a formal letter, right in the beginning of September.

Nothing; nothing back, not one dated job posting. Back in June we had requested the private carrier expenses that went into the repairs, the number of riders lost. The Governor's involvement, correspondence memorandum or otherwise, that you testified to in his changing the fare diminution from 25 percent to 50 percent. Nothing back. In June, we requested New Jersey Transit and Amtrak Northeast Corridor maintenance issues and correspondence back and forth, the contracts -- nothing back.

The 26,000 pages that we got are a bunch of garbage; a bunch of garbage that's unresponsive, that has wasted the time of the AGs in your office, that has wasted the time of partisan and nonpartisan staff -- when 90 percent of it has been unresponsive to some very pointed requests that we made.

So do we want to go to court? We can hire lawyers, and go to court, and we can fight over this. Is this what we really want to do in the spirit of trying to get better? I mean, what's the past, is the past. Decisions that were made -- we can only look forward. If we're going to work collaboratively -- whether it's legislative fixes, whatever it might be -- we have to be forthcoming with each other.

And I just, again -- I'll use *beseech* for the second time. As opposed to forcing us into court, and to have some kind of high-profile and, frankly, embarrassing fight over requesting a pretty simple -- and we're entitled to be responded to. Please, to the extent that you can, direct those Attorneys General to take a close look what we're asking for. If it's deemed *privileged*, tell us why. But stop with the death by a thousand cuts. You're proud that, on Friday, before this hearing, we got 2,400 pages? I mean,

what-- Should we have stayed up, as a lot of us did, through the weekend, to try to get through it? I mean, that's just crazy.

But we will be undeterred; and we will, as Co-Chairman and as a Committee, have you back when we have a chance to at least know what you're not providing to us. And then, I guess, do our best to do the job that we've been asked to do.

That's all I have.

SENATOR GORDON: Okay.

Any other questions or comments by members of the Committee? (no response)

Seeing none, I think we'll wrap it up for the day.

Thank you very much, Mr. Santoro and Mr. Daleo.

The Committee is adjourned.

(MEETING CONCLUDED)