

The Honorable Steve Dilts  
Commissioner, New Jersey Department of Transportation  
Testimony before the Assembly Budget Committee  
April 28, 2009

Thank you, Mr. Chairman and members of the Committee for the opportunity to testify regarding the New Jersey Department of Transportation (NJDOT) and NJ TRANSIT Fiscal Year 2010 budget request.

Governor Corzine has been a leader in investment in transportation and has made it clear that he expects transportation to play a critical role in improving the economy by creating good paying jobs, putting people to work, and improving our transportation infrastructure.

I am proud that the State's transportation agencies have been on the front lines during these challenging economic times.

NJDOT, NJ TRANSIT, the New Jersey Turnpike Authority and the South Jersey Transportation Authority supported 9,410 direct jobs in March through capital investment.

New Jersey is well-positioned to continue to benefit from its transportation investments in Fiscal Year 2010.

NJDOT and NJ TRANSIT continue to have an experienced and skilled workforce that efficiently delivers projects and operates our transportation system.

Our professional staffs have not buckled as a result of the heavier workload we've placed on them. Rather, our team seeks new efficiencies and faster, more effective delivery of our services.

The Department of Transportation's proposed operating budget for Fiscal Year (FY) 2010 is \$61.75 million, about 18 percent less than our Fiscal Year 2009 adjusted funding level.

Our workforce has become smaller.

Our proposed staffing level for Fiscal Year 2010 is at 3,443 full time employees. This is a decrease of 505 employees or almost 13 percent since the beginning of Fiscal Year 2006.

We have reduced management and administration positions within the Department from 352 in FY 2006 to 292 in FY 2009.

The Department has adjusted to the challenges presented by its diminishing workforce by identifying ways to maximize resources and implement efficiencies.

We continue to make every effort to federalize as many NJDOT functions as possible.

We are currently reimbursed through federal funding for over 40 functions performed by the Department.

Our continued efforts to federalize our work provided the Department with \$107 million in federal earnings for FY2008.

In September, we reintroduced a crack sealing program to extend the life of pavement for 1,055 miles of our interstates and highways. We now include this function as an eligible federal cost.

Better maintenance of our pavement will extend its life by up to five years and generate savings by reducing the need for spending on more expensive resurfacing projects.

By comparison, the crack sealing program costs about \$7,500 per lane mile, whereas the resurfacing program typically costs \$400,000 per lane mile.

We have also taken steps to make sure the Department is doing what it can to close out inactive federal projects.

Through our efforts to close out projects and actively charge ongoing projects, we have freed up almost \$30 million in federal funding to use for other projects.

This effort allows the Department to maximize use of federal dollars.

We're creating efficiencies and making sure businesses – big and small – can compete for NJDOT contracts.

We awarded \$187.4 million to small business enterprises and disadvantaged business enterprises in FY 2008, improving on the \$165.6 million awarded in FY 07.

We expect to increase awards to small and disadvantaged business enterprises this year. In conjunction with our 2009 construction season, the Recovery Act funding increases opportunities for small firms to participate.

We have instituted proactive measures that highlight invoice transaction discrepancies, which enable the Department to better address patterns of processing inefficiencies.

NJDOT made available valuable employee resources by making vendor inquiries easy to handle through a single point of contact.

We have moved to Internet bidding for construction projects, saving the Department approximately \$150,000 per year.

Contractors now have 24/7 access to bid documents.

We continue to identify opportunities to become more efficient and improve the way we do business.

The Department has redeployed in-house staff as required to maintain capital program coverage strength, improved work processes, increased the use of available technology, and adjusted service standards as necessary.

We continue to implement our mowing reduction program. This reduces the acres of grass mowed each fiscal year, thus freeing up labor resources to perform previously deferred activities such as crack sealing, joint sealing, litter removal, cleaning of drainage systems, and trimming of overgrown vegetation.

Due to the loss of supervisory staff in our Operations division, we consolidated five crews and two maintenance yards in our Southern Region in order to maintain current service levels.

We have also realized savings by reducing the number of photocopy and fax machines we have.

The Department also eliminated more than 700, or 90 percent, of its voicemail accounts.

We will realize a savings of \$1.4 million in FY 2010 by terminating the use of leased office space in Newark and selling the McKee City Maintenance Yard Property.

The Department continues to utilize technology through an integrated web-based grant management system known as SAGE to become more effective and efficient and streamline federal and state transportation grant awards to counties, municipalities and local agencies.

We have restructured the Capital Program Management unit and have implemented new procedures and processes to increase efficiency.

We are using more in-house staff for project design. Over the last five years, we have increased in-house road and bridge design from approximately five percent to over 35 percent of the capital program while decreasing staffing levels.

We are taking a smarter approach to preparing plans to ensure quality and save time between design completion and advertisement.

We have accelerated our contract bid and award process to create jobs faster.

On average, we have reduced the final project review period from eight weeks to less than three weeks.

We also reduced the bid period from approximately five to three weeks for most projects.

In addition, we reduced the contract award timeframe from an average of four weeks to less than two weeks.

We continue to use our Smart Solutions value engineering initiative to identify cost savings by focusing on a project's priorities and purpose rather than on improving every design element within the project

The Federal Highway Administration noted that New Jersey had the largest value engineering savings in the country at \$327.2 million for Fiscal Year 2007.

In FY 2008, we saved \$183 million and so far in FY 2009 we've saved \$36 million on projects through this process.

The smart solutions process has been fully incorporated into our business model, which allows us to improve a project's value from its inception.

Governor Corzine's charge to deliver projects more efficiently and accelerate work has put the Department in the best position possible to take advantage of Recovery Act funding and deliver much needed transportation improvement projects for New Jersey.

The American Recovery and Reinvestment Act provides over one billion dollars for New Jersey's transportation system.

We will receive almost \$652 million for highways, roads and bridges and approximately \$424 million for transit projects.

\$469 million of the highway and bridge funding will be spent on projects to meet infrastructure needs through the Department of Transportation.

An additional \$19.5 million in the Recovery Act is dedicated to Transportation Enhancement projects for which counties, municipalities, non-profits and other agencies can apply through NJDOT.

\$164 million will be spent on projects at the county and local level through the state's three Metropolitan Planning Organizations.

For our projects, NJDOT examined our entire 10-Year Capital Program and selected projects that could be accelerated and become candidates for stimulus funding within the strict timeframes identified by the Recovery Act.

Instead of selecting only a few large jobs, our projects represent a diverse pool of infrastructure improvements across New Jersey.

The transportation projects impact as many sectors of the construction community as possible in order to stimulate the economy.

Our investments include resurfacing projects, bridge replacements, relieve congestion and will address drainage and improve safety.

NJDOT has already obligated well over 50 percent of its federal stimulus funding, meeting the requirement to do so within 120 days.

We plan to obligate all of the remaining funding in the next 60 days.

We have oversight mechanisms to manage and monitor the implementation and delivery of the stimulus funding without adding to our workforce, as we do with our Capital Program.

We will be subject to the strict authorization, oversight, and reporting requirements of the Federal Government, USDOT Federal Highway Administration, the US General Accountability Office, and the New Jersey Recovery Accountability Task Force.

We will continue the high level of transparency we have instituted so that the public knows exactly where stimulus dollars are going.

We embrace the transparency and accountability of this process in an effort to give the public full confidence in its government.

Every step of the way, we will ensure that we are spending stimulus funds in a manner consistent with the public interest.

But the Recovery Act is only a part of our planned and targeted investment in the States transportation system. Earlier this month, we submitted the Fiscal Year 2010 Capital Program to the Legislature.

The plan continues to adhere to the principle of "fix-it-first" while aligning the State's transportation needs in a comprehensive manner.

We will have a combined \$3.6 billion Capital Program with \$2.2 billion for NJDOT and a \$1.4 billion for NJ TRANSIT.

Performance measures, data systems and policy objectives guided our resource allocation decisions and project selection.

I am also happy to report that this capital program will include an additional \$50 million to enhance local aid for municipalities and counties.

Specifically, we will provide \$25 million more in County Aid and \$25 million in Municipal Aid in addition to the \$78.75 million provided to each in the Fiscal Year 2009 program.

This will allow municipalities and counties to fund more improvements to pavement, bridges and other transportation assets on county and municipal roads, and put more people to work.

The program will advance our strategic goals by:

- Continuing to increase funding for bridge projects. Over the next two years, NJDOT will repair or replace 75 bridges on the State's structurally deficient list.
- Continuing our "safety first" efforts.
- Investing in necessary road preservation projects.
- Fighting congestion.
- Stimulating economic growth. Our capital program will create or support tens of thousands of jobs and encourage economic development.

While NJ TRANSIT's program:

- Keeps the system in a state of good repair;
- adds to the safety of the system; and
- builds capacity.

We're delivering results as we continue to work to improve how we do our business.

In Fiscal Year 2009 alone, NJDOT will issue over \$1 billion in construction contracts, the largest amount ever, breaking the \$743 million mark in FY 08.

In the past 5 fiscal years, we will have awarded more than 575 construction contracts. This compares to 479 projects awarded from FY2000 to FY2004.

We are doing work in all corners of the state, addressing our aging infrastructure and improving the transportation system for all our residents.

NJDOT has made a concerted effort to manage the state highway system more proactively to make our roadways safer for the motoring public.

This includes reducing the average length of traffic incidents on our highways.

Our ongoing efforts have reduced the average total incident duration in New Jersey for the majority of incidents from an average of 2.75 hours in 1995 to slightly under an hour in 2009.

And I am thankful to be able to say that the number of traffic fatalities on New Jersey's roadways declined to 594 in 2008 from 724 in 2007. You have to go all the way back to 1948 to find fewer than 594 fatalities.

NJDOT is proud of the role we have played in this safety effort.

We pledged a few years ago to put up median barriers on 100 miles of New Jersey highways where the medians are less than 60 feet wide.

We have now met this commitment by constructing 103 miles of crossover protection to date. And we will continue our efforts to add more miles of protection along our highways.

That decision, which exceeds the national standard for median barrier installation, has paid dividends. We've seen dramatic decreases in cross-over crashes on the roads where we installed median barriers.

The number of median crossover accidents on Interstate, freeways and expressways has been reduced from 69 in 2004 to 16 in 2007.

And injuries have been reduced from 151 people in 2004 to 38 in 2007.

Crossover fatalities were reduced from 17 in 2004 to 5 in 2007.

In addition, we have been utilizing the latest technology to provide information for the people who use our transportation system to make informed travel choices and reduce delays.

NJ511 is a free phone and web service that consolidates transportation information into a one-stop resource for commuters and motorists.

Motorists are taking advantage of this system. Our NJ511 system has received over 350,000 calls since we started it last summer, averaging 35,000 to 40,000 calls per month.

On top of that, our web page offers Google maps and real time traffic conditions, including incidents, construction, weather and special events.

At the end of 2008, we had 216,000 visitors to the NJDOT webpage and close to 2.5 million page views.

And we are now providing real-time travel times on I-78.

The world class, state-of-the-art Statewide Traffic Operations Center has been fully operational for a year and has functioned smoothly, greatly increasing our ability to manage traffic flow and coordinate response of traffic incidents statewide across NJDOT, the Turnpike, the Garden State Parkway, the Atlantic City Expressway and State Police.

I am also happy to say, we will now be able to report to you and the public quarterly on the Department's progress on these and other programs through a report we will publish on our website called the Milepost.

While creating efficiencies and improving how we do business, we are progressing on some of our generation's hallmark transportation projects.

Let me cite a few of this year's milestones:

The issuance of the Record of Decision for the Mass Transit Tunnel and its entry into Final Design.

This project will increase our service, give riders a one-seat ride to and from Manhattan, and enable us to offer new commuter rail lines.

The issuance of the Record of Decision for the \$900 million I-295/I-76/Route 42 Direct Connect project.

This project will separate drivers on I-295 from local traffic, improving safety and mitigating congestion.

The issuance of the Record of Decision for replacing the Portal Bridge. This project will replace a 100-year old bridge and ease this bottleneck for the users of the Northeast Corridor rail line, including Amtrak riders.

The Turnpike Authority will begin construction on the widening of the Turnpike between interchanges 6 and 9 and Garden State Parkway between mileposts 63 and 80.

On top of those milestones, NJDOT has completed projects sooner than projected.

We completed work to replace the Essex Street Bridge over Route 17 in Bergen County 20 months ahead of schedule.

We completed the Route 52 Causeway Contract A job eight months earlier than projected.

We also reconstructed a nine mile stretch of I-295 in Gloucester County four months earlier than scheduled.

We will complete the Route 70 Manasquan Bridge Replacement in Point Pleasant, Wall, and Brielle in May 2009 instead of December 2010 – saving 19 months of work.

Mr. Chairman, the Fiscal Year 2010 budget enables NJDOT and NJ TRANSIT to continue meeting the mobility needs of our citizens in the safest manner possible while creating jobs and facilitating commerce.

I will now turn to my colleague, Rich Sarles, Executive Director of NJ TRANSIT to discuss Transit's FY2010 budget in greater detail.

# # #