

New Jersey Transit

OFFICE OF LEGISLATIVE SERVICES ANALYSIS OF THE NEW JERSEY BUDGET FISCAL YEAR 2011-2012

SUPPLEMENTAL BUDGET QUESTIONS FOR THE DEPARTMENT OF TRANSPORTATION MOTOR VEHICLE COMMISSION NEW JERSEY TRANSIT

1. The FY 2011 Appropriations Act reduced Department of Transportation funding for Salaries & Wages within the Maintenance & Operations program class by \$4,515,000 to \$21,658,000. This included a reduction of the maintenance and operations program staff by 57 budgeted positions for an expected savings of \$1,454,783. These staff reductions were expected to result in snow and ice packing on some highways, rather than the preferred “black pavement” policy during winter snow storms. In the DOT response to the FY 2011 OLS Discussion Points, it was also noted that these same employees are responsible for routine maintenance functions such as drainage maintenance, road and bridge repairs, sign repair, electrical repairs, and moveable bridge repairs. While the DOT has its own schedule for implementing these various maintenance functions, it also has a phone hotline and web reporting tool for citizens to report safety and maintenance issues that they observe at <http://www.state.nj.us/transportation/commuter/potholeform.shtm>

- **Question: What impacts have these staff reductions had on the DOT’s ability to maintain pavement conditions this year?**
- **Question: Has the DOT incurred personnel expenses beyond the amount budgeted (\$21,658,000) for FY 2011 in order to handle winter storms or resultant pothole repairs this year? Specifically, have there been any additional overtime costs?**
- **Question: What is the number of commuter reports of pothole and other highway maintenance issues between December 1, 2010 and March, 2011 on a monthly basis compared with the same period a year ago?**
- **Question: Has there been an increase in average response time for fixing commuter reported highway maintenance issues from the previous year? What was the average response in January 2010 and January 2011?**

2. In the MVC response to FY 2011 OLS Discussion Points, the MVC announced that it would be closing four locations in FY 2011. The expected closing date for these locations was January 2011, and the savings were expected to be \$1.7 million.

According to news announcements by MVC on their website, the Lodi location closed on December 4, 2010; the Wyckoff location closed on December 11, 2010; the Bridgeton and Elizabeth locations closed on December 31, 2010.

- **Question: Have these closings resulted in any cost savings so far, and if so are these savings in line with expectations?**
- **Question: What impact have these closings had on customer traffic at the MVC locations closest to the ones that closed?**

3. Director Weinstein stated before the Assembly Budget Committee during the FY 2011 budget hearings that NJ Transit would focus on developing underutilized real estate assets that were currently sitting fallow. He specifically referred to working with communities on developing land around existing transportation facilities. The development of this land would presumably bring in additional lease revenue from the use of the land, while increasing ridership by increasing activity around the station. He also stated that NJ Transit should be doing a better job of promoting travel and tourism in New Jersey and cited summer service to the New Jersey shore, Six Flags, and other transportation services to attractions around the State.

- **Question: What progress has NJ Transit made in developing its real estate assets? Please list any upcoming development projects, the current progress, an estimate of when they might be finished, and any estimate of revenue (or cost) that will be generated by these projects.**

Answer: The Highlands opened at NJ TRANSIT's Morristown station in July, 2009. This mixed-use development consists of 217 rental apartments, 8,000 square feet of retail space and a multi-level parking deck including 415 spaces dedicated to NJ TRANSIT commuters.

At the Hoboken Terminal, development plans are progressing for a new bus station, public plaza/market space, expanded pedestrian connections, cycling paths and a new office building as well as the impending completion of the ferry terminal area of the terminal which lays groundwork for further development and leasing activities.

NJ TRANSIT, in conjunction with the Boroughs of River Edge and Somerville, is proposing to develop property located adjacent to NJ TRANSIT train stations. The components of this proposal are mixed-use development and a parking deck.

- **Question: What are the potential recurring revenues that NJ Transit believes it could obtain from developing underutilized real estate assets and how long would it take to realize those revenues?**

Answer: Although an Expression of Interest for the River Edge project has been solicited, it is very early in the process to be able to assess the viability of the project much less assign either a revenue projection or implementation timetable.

- **Question: Has NJ Transit created any new services to travel and tourism locations this past year, and does it have plans to create any new ones in FY 2012?**

Answer: Given the continuing fiscal austerity, NJ TRANSIT has not added any new bus or rail service over the past couple of years and does not anticipate adding any new service in FY 2012. However, it should be noted that NJ TRANSIT continued to support the casino industry's ACES train from New York to Atlantic City, and has partnered with more than half a dozen tourist attractions in Atlantic City. Overall, we promoted a number of tourist attractions around the state including Six Flags Great Escape where we carried more than 100,000 people to the park. In addition, our Jersey Shore beach packages saw an uptick of 75 percent over last year, and ridership to Mountain Creek Ski Resort nearly tripled during the last two years with nearly 3,000 people traveling to the resort this winter. Other highlights include partnering with All Points West and Red Bulls Air Show at Liberty State Park; Barclay's Golf Tournament at Liberty National; and the new Meadowlands Arena where we shuttled more than 200,000 people to football and soccer games as well as concerts this year.

4. Director Weinstein also announced before the Senate Budget Committee, during the FY 2011 budget hearings, a plan to investigate partnerships with private firms to operate some of its 45,000 parking spaces. He noted that parking operations were not necessarily a core function of NJ Transit. The partnerships for management of the Trenton and Metropark parking facilities were used as examples of the types of partnerships that NJ Transit would be looking to replicate/duplicate with other facilities. He also noted that such partnerships would not be a move to sell parking facilities.

- **Question: What progress has been made in seeking out new partnerships and what are the expected savings/revenues to NJ Transit from these partnerships?**

Answer: NJT issued an RFQ in October 2010 to qualify potential partners to operate our parking facilities. As a result, NJT has pre-qualified seven viable bidding teams. Given this level of participation, a competitive procurement process is expected that will not only generate a recurring revenue stream but also improve the passenger commuting experience.

As mentioned in a previous answer, it is too early in the process to provide a revenue projection at this time.

- **Question: Which parking lots are under consideration for these private management partnerships and what impact might these partnerships have on parking rates?**

Answer: A provisional list of approximately 80 assets was included within the pre-qualification proposal. However, as indicated within the proposal, this list will continue to be revised and evolve during the due diligence process.

As part of the concession agreement NJ TRANSIT will establish guidelines that will balance the needs of our customers with the expectations of a reasonable rate of return by the team selected to manage the concession.

- **Question: Have any RFP's been issued to solicit partnership arrangements? If so, please provide copies. If not, what process is the NJT using to solicit participation?**

Answer: No RFP's have been issued as of this date. As mentioned above seven firms have been pre-qualified to bid on the proposal to operate NJ TRANSIT parking facilities

5. During the Assembly Budget Committee FY 2011 budget hearing, Commissioner Simpson claimed that a cost-benefit approach was being developed at DOT for highway projects, similar to that being utilized at NJ Transit with the "New Starts" program. A cost-benefit approach to highway projects could more clearly identify the projected benefits of a capital project and balance those benefits against the monetary and possibly environmental costs of constructing the project. It would also theoretically provide metrics to compare projects to one another, ensuring more prudent project selection.

- **Question: When will this approach be fully implemented for highway projects?**
- **Question: A cost-benefit approach will necessarily entail some quantification of expected benefits of a project. Will this approach result in DOT publicly providing additional project-level details about the projected value/benefits of individual projects? If so, where would these details be published?**

6. During the department's FY 2011 budget hearings before both the Senate and Assembly Budget Committees, there were discussions of potential new sources of funding for the Transportation Trust Fund. Commissioner Simpson stated that \$40-100 million might be found in NJ Turnpike Authority operating efficiencies, such as the development of an internal employee appraisal system. Commissioner Simpson said that on the Capital side design-build could result in significant savings and that up to 10% of the cost of individual capital projects could be saved through improved

procurement practices. Commissioner Simpson also stated that up to \$100 million in potential revenue could be realized through new rest area concessions. Commissioner Simpson stated that current rest areas were not friendly to truck drivers and often lacked adequate truck parking facilities, so truck drivers often travel through the state without stopping. Truck friendly rest areas would entice a much larger number of truck drivers to refuel and rest inside New Jersey rather than waiting until they reach another state. This could generate additional lease and tax revenue for the State, while addressing an existing shortage of available truck parking in the State.

- **Question: What operational efficiencies have been found and implemented at the Turnpike Authority for the upcoming year, and what cost savings will be realized as a result of these efficiencies?**
 - **Question: Has the implementation of improved procurement practices resulted in the scheduled cost of any projects in the capital program being reduced? If so, please list the projects and the budgeted amount before and after the change.**
 - **Question: What progress has been made to address the adequacy of tractor-trailer related conveniences and parking spaces? Are any new rest areas being developed? Is there an update on the amount of revenue that may be generated through these facilities?**
7. During the FY 2011 budget hearings before the Senate and Assembly Budget Committees, Commissioner Simpson made reference to \$4.1 billion in State transit projects currently under development or consideration that did not have a federal match. The reason these projects lack a federal match is presumably because the projects do not meet the federal standards necessary to qualify for a federal match. Commissioner Simpson also stated that the Obama administration has loosened restrictions so that it is now easier for transit projects to qualify for federal matching funds than it was under the Bush administration. Given that the State contribution to transit capital projects from the Transportation Trust Fund over the last few years has been stable at \$600 million per year, a future commitment of \$4.1 billion to projects without a federal match would have a significant fiscal implications, especially if the State would also forego \$2.05 billion worth of federal matching funds over the period in which these projects are constructed. Without knowing the identity of these projects and the time period in which they are planned for construction, the full implications of prioritizing them is unclear.
- **Question: Please identify each project Commissioner Simpson referred to that does not qualify for a federal match, the planned years in which it will be constructed, and the reason it does not have a federal match.**
 - **Question: What progress has been made over the last year in making each of these projects eligible for federal matching funds?**

RiverLINE Camden to Glassboro

This project, currently in the hands of the DRPA, is following the Federal process in order to ensure that this project is eligible for federal funding. The project is in the Study and Development/EIS Phase. NJ TRANSIT has completed the Federal Alternatives Analysis process for the project.

Northern Branch Rail Project

NJ TRANSIT is following the Federal process in order to ensure that this project is eligible for federal funding. The project is in the Study and Development DEIS/FEIS Phase. NJ TRANSIT has nearly completed the draft DEIS for the project.

Monmouth-Ocean-Middlesex (MOM)

NJ TRANSIT is following the Federal process to ensure that this project is eligible for federal funding. The project is in the Study and Development Phase/DEIS. NJ TRANSIT is working with North Jersey Transportation Planning Authority (NJTPA) to develop new ridership forecasts for the region.

Route 1 - Bus Rapid Transit

NJ TRANSIT is following the Federal process to ensure that this project is eligible for federal funding. The project is in the Study and Development/Planning Phase. NJ TRANSIT is working with the locals to determine how the project will be phased and to select the best alternatives.

Hudson Bergen Light Rail Transit (HBLRT) Extension Route 440

NJ TRANSIT is following the Federal process to ensure that this project is eligible for federal funding. The project is currently in the Alternatives Analysis Phase. NJ TRANSIT completed the Alternatives Analysis and will be recommending the Locally Preferred Alternative (LPA) at NJ TRANSIT's April Board meeting.

North East Corridor (NEC) - Portal Bridge (North Bridge) Design

NJ TRANSIT followed the Federal process to ensure that this project was eligible for federal funding. The project is in the Final Design Phase. NJ TRANSIT applied for and will be receiving a Federal grant award for Final Design in the amount of \$38,500,000.

8. During FY 2011 NJ Transit increased fares by 22% and eliminated certain fare discounts, including the off-peak round trip discount for train service. This was expected to generate an additional \$126.6 million in fare revenue. The fare increase was also expected to result in a decrease in ridership due to the fare increases. Director Weinstein stated before the Senate Budget Committee in the FY 2011 budget hearing that using generally accepted models, it was expected that a 3.5% decrease in ridership would be experienced due to the fare increases.

- **Question: What impacts have fare increases had on ridership in the past year? Please provide monthly ridership numbers by rail, light rail, and bus**

for the month prior to the fare increase and each month since the fare increase, including the change in ridership from the previous year for each month and mode of travel.

Answer: The impact of the fare increase on current ridership trends can be misinterpreted given the juxtaposition of an historic economic downturn and other variables such as weather. Given this background over the nine month period preceding the fare increase ridership was down 2.2% with the most precipitous drop occurring in February 2010 (-7.5%). During the nine months subsequent to the fare increase the average ridership decline was 3.7% with the steepest drop occurring in January 2011 (-7.4%). It should be noted however that February 2010 and January 2011 were months of extraordinarily heavy snow that had a greater impact on service and ridership than did the fare increase.