

Honorable James S. Simpson
Testimony on proposed NJDOT FY2012 budget
New Jersey State Assembly Budget Committee
March 31, 2011

Chairman Greenwald and Budget Committee members: thank you for the opportunity to testify before you today on behalf of Governor Christie's Fiscal Year 2012 Budget Request for Transportation.

We have an excellent Transportation Capital Program for FY 2012. I will focus on NJDOT, while my colleague Jim Weinstein, Executive Director of NJ TRANSIT, will discuss budget details for Transit. Our colleague, Chief Administrator Ray Martinez, will summarize the MVC budget. Also with us today is Gary Brune, Executive Director of the N.J. Transportation Trust Fund Authority and NJDOT's CFO.

I am pleased to present to you a \$3.5 billion Capital Program. This figure represents \$1.6 billion in Federal funds, and a \$1.6 billion State funded program that includes Transportation Trust Fund and Port Authority monies. In addition, the \$3.5 billion Program includes \$300 million in other project support from the Turnpike and Port Authority.

The funding split for this Program is \$1.164 billion for NJ Transit and \$2.34 billion for NJDOT.

The Port Authority funded projects are the Route 1&9 Pulaski Skyway, the Route 7 Wittpenn Bridge, the Route 139 Viaduct, and the Route 1&9 Truck Extension, also known as New Road. These projects will receive a total of \$1.8 billion in Port Authority funding over the next five years.

For local systems, we have programmed \$420 million in Transportation Trust Fund and Federal funds. These funds provide assistance to counties and towns for their transportation infrastructure needs.

When I appeared before you last year, I spoke about my priorities for transportation in New Jersey, and also my commitment to applying the best practices in the public and private sector to measure outcomes and improve performance.

A perfect example of this is reflected in our efforts these past two winters fighting snow and ice. Since the Christie Administration took office, these winters rank in the Top 5 over the past 80 years.

We dealt with incredibly difficult storms, with over 130 inches of total snow accumulation these past two winters. We responded to 37 winter storm events, which lasted a total of 51 days. We applied lessons learned and improved our response. We at NJDOT believe improving our winter storm response is a continuous effort that must occur year round.

Now it is imperative that we keep our roads in a state of good repair, requiring a concerted effort to fill potholes and repair damage caused by the winter.

We have filled thousands of potholes, and I expect the amount we spend on pothole repairs will meet or exceed the \$1.9 million we spent last year.

In our major program categories of safety, bridge, pavement and congestion relief, we are proposing the following:

For safety: we are maintaining the level we had the previous fiscal year -- \$88 million. We have doubled funding for the Pedestrian Safety Line Item -- it is now at \$4 million for FY 2012.

For bridges: \$780 million is programmed for the upkeep, repair or replacement of NJDOT bridges -- a 19 percent increase from last year.

For pavement preservation: we have programmed \$308 million -- a 27 percent increase from last year.

For congestion relief: funding is at \$342 million, which is down from the previous year's \$442 million. We are seeking to address congestion through low-cost, quick fix strategies. Simple projects, such as maximizing technology to coordinate traffic signal operations can yield significant time-saving, along with reduced pollution, congestion, and fuel consumption.

For example, last year we optimized signals on the following corridors: routes 440 in Jersey City, 63 in Fort Lee and Route 1 in Edison. This year, we plan to do routes 38 in Cherry Hill, Mount Laurel, and Mount Holly, 1 in Elizabeth, and 9 in Freehold and Old Bridge.

Mr. Chairman, I also wish to point out that funding remains in place to support our largest congestion relief project – the I-295/42/76 Direct Connect. Construction of the first of four planned contracts for this project will start in FY 2012 for this \$1 billion investment in South Jersey.

In looking at the overall five year plan for the renewal of the Transportation Trust Fund, we have been able to maintain an equitable distribution statewide, while still meeting our safety and state of good repair goals.

The Governor's plan for renewing the Transportation Trust Fund for another five years is a key component of our plans for New Jersey.

It provides for \$8.0 billion over the five years, and does not increase taxes. It ends our over-reliance on debt to finance projects, and increases "Pay As You Go" from 10 percent to 37 percent over the five years. The plan relies on cash from the General Fund, New Jersey Turnpike Authority funding, bonding, and funding from the Port Authority.

It provides \$1.6 Billion each year for the five years – and ensures that we can leverage all the federal dollars available to New Jersey.

Now I would like to take a few minutes to apprise you of our ongoing efforts to improve performance and save tax dollars.

Over the past year, we have begun to reorganize DOT, which resulted in the consolidation of four divisions into two. We are underway with a realignment of our Emergency Service Patrol that will transfer approximately 25 ESP staffers to Operations and will reduce the program cost by \$6 million in federal funds – money that can be reprogrammed for pavement. We will also be saving \$250,000 in fuel costs per year.

We undertook a fleet reduction, which reduced the number of DOT autos by 25, and we also reduced individually assigned autos by 125.

We are working with NJ TRANSIT to transfer a number of park and ride facilities to that agency for privatization – which will eliminate the need for DOT to maintain them.

We launched an effort called “Taking Things Off Our Plates” which is an employee based effort to identify things that we are doing that we either do not need to do, or can streamline for better efficiency. I have on my desk a report containing nearly 50 suggestions for possible implementation.

By partnering with the State Police, we have reduced Construction Work Zone Safety costs by \$3 to 5 million from an overall budget of \$12 million in FY 2010.

We launched the Clean Up NJ initiative last summer, and we picked up over 500 tons – yes tons – of litter and removed 51,000 square yards of graffiti. We’ll do this effort again upon completion of pothole repairs.

We completed ahead of schedule and on budget one of the largest pavement rehabilitation jobs in our history – an \$85 million project for 11 miles of I-295 in Burlington County.

In December, we opened up the new \$134 million Route 36 Highlands Bridge in Monmouth County. This bridge provides improved access to an immensely popular Shore recreational area and will reduce traffic congestion. It is a project that reflects that NJDOT listened to and responded to local concerns.

On another regionally important project, the I-78 and Garden State Parkway Interchange, we recently opened up an important ramp connection. Now motorists have a ramp for their usage connecting the GSP Southbound to I-78 Eastbound. An estimated 6,500 motorists a day benefit from this new connection. Work continues on the overall job, with completion to occur this July – six months ahead of schedule.

NJDOT has been fast-tracking median crossover protection on our interstates, freeways and expressways, with a total of 166 miles protected to date. Median cross over protection essentially entails placing a barrier in the median to prevent vehicles from crossing a highway into the opposing lane of traffic - one of the most deadly types of crashes.

In 2010, we ramped up our efforts and completed nearly 25 miles of new median protection in 2010.

We have 26 miles left to do, and in FY 2012, approximately four miles of I-80 will receive median crossover protection via a construction project we will award this fall, in addition to other median projects now under design. Similar efforts are under way for the Turnpike, Parkway and Expressway.

The Department will soon be making use of new, customized software in order to begin full, in-depth inspections of 6,000 culverts on the County and Municipal roadway system. Culverts by definition are bridges less than 20 feet in length, and it is extremely important for safety purposes that we know their condition.

And we've accomplished all of this with over 100 fewer positions than in the previous fiscal year.

The Department is also part of the Governor's ambitious multi-year performance improvement and efficiency program (known as the Governor's Performance Budgeting Initiative). Working with the Department of Treasury, we have identified four Core Mission Areas: Safety, Infrastructure Preservation, Mobility, and Program Delivery.

To build on this, during FY 2012, we will refine and identify additional performance metrics and will establish specific public performance goals that speak to the agency's operations, efficiency, timeliness and service quality.

Over the past year, I have focused much of my attention to the N.J. Turnpike Authority, and have accomplished the following:

We sold \$1.85 billion in Build America Bonds in 2010 at a significantly lower cost than 2009, and also saved \$9 million in administrative fees through a new procurement process.

We made changes to the EZ PASS contract, which resulted in \$39 Million in savings through 2014.

We eliminated 67 full time positions in 2010, and will eliminate another 66 full time positions this year.

We have also made changes to the legal and procurement process at the agency which will result in savings of over \$5 million dollars.

In October of 2010, we took action to eliminate the following for non-union staff: (1) the annual "cash-in" of unused sick and vacation time; (2) future longevity payments; and (3) separation payments to employees who retire with 10 or more years. This will result in a savings of \$2 million in 2011.

As you can see, we are operating the Turnpike like a Fortune 500 company, and the result will be a better, stronger agency with a strong customer focus, and in September, 2010, Ronnie Hakim, former General Counsel and Senior Vice President of the N.Y. MTA, joined the agency as Executive Director. She ran a \$30 billion capital program at the MTA.

At the SJTA, we have been aggressive with improvements at the Atlantic City Airport – a facility I consider to be a crown jewel of New Jersey.

This includes advancement of a project to provide a direct connection between the Expressway and the Airport, along with a terminal upgrade providing a Federal Inspection Services facility for the processing of international flights. In 2010, we saw a 35 percent increase in total passenger counts at ACY. In conclusion, we have been aggressive on all fronts to cut spending, operate at maximum efficiency, and build the right projects at the right time.

We intend to stay on track in FY 2012 in pursuit of these goals. Ultimately, what we do in transportation – in the busiest transportation corridor in the world -- will provide the necessary foundation for our collective quality of life to improve.

Now I look forward to your questions.

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