



NEW JERSEY DEPARTMENT OF TRANSPORTATION

COMMISSIONER RICHARD T. HAMMER
FY18 Budget Statement
NJ Senate Budget & Appropriations Committee
April 27, 2017

Chairman Sarlo and distinguished members of the Senate Budget and Appropriations Committee, good morning. I thank you for the opportunity to offer this opening statement and answer any questions you may have on the Department of Transportation's FY18 budget and Capital Program.

With me this morning are Executive Director Steve Santoro from NJ TRANSIT and Chief Administrator Ray Martinez from the Motor Vehicle Commission. They will be speaking separately about their agency's respective spending plans.

Let me begin my remarks by saying how gratified I am that the Transportation Trust Fund is reauthorized.

I thank the legislative leadership for working effectively with Governor Christie to craft a financing plan that puts our future capital spending programs on solid ground.

This eight-year reauthorization is the longest in TTF history and it will provide the long-term funding stability that we so critically need moving forward.

I've spent my nearly 35-year career at the Department of Transportation making sure that we keep New Jersey's transportation network in a "State of Good Repair."

This Fiscal Year '18 budget continues to support the "State of Good Repair" philosophy, and as long as I am the Commissioner at the DOT I will continue to put every resource at my disposal to bear toward that goal.

In New Jersey, our bridges are at an average age of 50 years old. Over the next five or so years we expect approximately 200 bridges will require some type of mitigation.

As the most densely populated state in the nation—and as a major corridor for the movement of goods—our bridges, highways and local streets take a steady pounding, especially from heavy truck traffic. All this requires vigorous annual repair programs.

I reiterate how very fortunate we are to now have a stable and long-term funding plan in place, and I am determined to put these funds to use quickly to ensure that we stay ahead of the curve.

The new Trust Fund enables us to spend \$2 billion per year for a total of \$16 billion over the eight-year life of the reauthorization.

A new facet of the reauthorization is that it increases the total TTF outlay for Local Aid from \$190 million per year to \$430 million per year.

I am looking forward to working with the localities through our Division of Local Aid to assist them over the course the reauthorization.

I want to help them be successful and strengthen their ability to deliver what will be the largest municipal aid and county aid programs in state history.

Let me say definitively and without hesitation that we are all geared up and ready.

Despite a more than 100-day shutdown last year, DOT is poised to award the entire TTF portion of its capital program that was approved as part of the Fiscal Year '17 State Budget.

We told the public at the beginning of this current fiscal year we estimated awarding around \$950 million of construction contracts.

We have also been aggressively developing a “shelf” of unfunded projects that can be awarded if additional funding were to become available.

As you know, a supplemental appropriation of \$400 million, \$260 million of which is for DOT, was approved last month for just this type of work...work that is ready to hit the street and can be started by June 30 or soon thereafter.

The additional spending from the supplemental appropriation in this current fiscal year will likely produce the largest annual capital program ever for NJDOT.

That's with almost one-third of the fiscal year lost on TTF-financed projects due to the shutdown.

As we go forward with the over-arching financing questions laid aside we will continue to promote operating budgets and capital programs that focus our investments on those projects that will improve our infrastructure, as well as efficient agency management.

We can do that by following the course of action that has been proving successful.

As a career DOT employee, I know that our policy of “State of Good Repair” has been paying off.

Please know that we are all committed to “good stewardship.” By that term I mean we at the DOT know that through the cooperative efforts of the Governor and Legislature we have been entrusted to make sure that the newly dedicated taxpayer revenues are invested wisely.

We are being counted on to make sure that the additional money the public is paying at the pumps is quickly translated to support the most critical construction projects.

For the State, that means we can continue to stoke our economic engine by making New Jersey a desirable place to live and work.

For the travelling public it means a better ride and a better quality of life.

We have made important achievements over the last several years with respect to focusing investments on improving our infrastructure.

Currently, the FHWA holds us to a performance measure that penalizes states if less than 90 percent of the deck area for all bridges on the National Highway System is not in acceptable condition.

This metric includes state-owned bridges...AND bridges on the NJ Turnpike and on designated county routes as well.

The bad news is that the penalty is steep...requiring a state to set aside and obligate half of its annual federal apportionment solely for bridges.

The good news is that New Jersey's bridge deck area is at 93 percent acceptable!

With regard to our state-owned bridge inventory we have made great strides in bringing down the number of deficient structures, reducing that universe by more than 11 percent over the last six years.

It's always a constant battle...still, with sound and solid "State of Good Repair" programs and with a reauthorized TTF we will be able to bring the percentage of acceptable bridges even closer to 100 percent.

With respect to state-maintained pavement, we are at a 67 percent acceptable rate, which is up from a dismal 47 percent acceptable rate in 2008.

We are making great headway, especially with our strategic pavement preservation efforts.

And with this new Trust Fund we will be able to move closer to our goal of an 80 percent acceptable rate for pavement.

We know that supporting “State of Good Repair” is going to be a huge part of upcoming budgets and capital programs.

That is a given.

In every budget cycle there will be great scrutiny on us not just to spend wisely on capital projects, but to ensure to the public that we are an efficient and cost-effective public agency.

As examples:

Through electronic bill and payment processing for our snow plowing contractors we have decreased turnaround time for payments from well over 30 days to just four days!

We have dramatically reduced the time it takes to pay an invoice, of which we process approximately 35,000 per year. We have reduced turnaround time to under 20 days and, thus, have seen our “prompt payment” interest charges decline by over 50 percent since September 2014.

We have realigned our Maintenance & Operations division by reducing the total number of crews, while increasing individual

crew size without a spike in our full-time employee count. We have also implemented a new training program in fundamental highway operations and safety for field personnel.

We forged a Memorandum of Understanding with the Department of Community Affairs to recoup some \$76 million in state aid that was provided by the TTF for the reconstruction of Route 35. To date, we have recovered almost \$64 million in federal funds and reimbursed the TTF for its outlays.

As I said the outset of my remarks we now have a reliable funding source for long time.

There is great responsibility that comes with this TTF reauthorization.

On behalf of every employee at the DOT, I accept and welcome that responsibility.

As we go forward we will continue to work with you in the Legislature to keep New Jersey moving.

Thank you!