RESPONSIBILITY AND RESPONSIVENESS

REPORT OF THE

SENATE TRANSPORTATION SUBCOMMITTEE

MONITORING

NEW JERSEY TRANSIT AND THE PORT AUTHORITY

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INTRODUCTION

New Jersey's public transportation system is at a serious crossroads. The highly publicized TRANSPAC program is in disarray. New Jersey Transit has not yet fulfilled its primary purpose of purchasing Transport of New Jersey - and may never be the owner, only the lessee. The PATH strike was unnecessarily long and pointed out the vulnerability of that vital transit link. The bus fleet is deteriorating. ConRail fails to provide clean, safe, efficient, economical, on-time performance. The Port Authority seeks to raise its tolls and fares, and reneges on its public transportation commitments. Despite enormous State subsidies, the quality of public transportation service has not improved and fares have increased.

Something is wrong, and public transportation is too vital a service for such a situation to continue. It is almost trite to restate that transportation affects energy consumption, economic development, land use, housing patterns, employment and travel. Transportation services affect everyone, be they rich or poor, black or white, urban or suburban. Transportation Commissioner Gambaccini has worked to correct this situation. Through his efforts, the New Jersey Transit Corporation was formed and the 1979 bond issue was passed. More "federal money" for public Transportation purposes has flowed into the State.

But improving public transportation in New Jersey is not simply a matter of money. Millions have been and are being spent. Many millions more will be spent. The problem is not solely a lack of funding. The problem is a lack of responsible and responsive management. The problem is the multiplicity of transportation providers who can easily "pass the blame" for the current situation from their organization to another agency. The problem is the dependence of automobile and bus commutation across the Hudson River on an institution which does not view transportation as its primary function. The problem is the return of taxpayers monies by a federal government department that attaches too many strings, imposes too many restrictions, and acts with too little consistency. The problem is one of organizational structure on state, regional and federal levels.

This report will address these problems. It is intended to initiate debate and discussion, and hopefully change. We wish to thank the many persons who have testified before this subcommittee. Valuable information has been received from commuter organizations such as the Irate Shore Commuters, the Commuters Wives Organization, and the Shore Commuters for On-Time Service. Labor and local officials have appeared before us as well. This subcommittee has held four public meetings. Besides commuter, labor and local government representatives, we have heard from the League of Women Voters, Port Authority Chairman Alan Sagner, Port Authority Executive Director Peter Goldmark, Commissioner of Transportation Louis Gambaccini, New Jersey Transit Executive Director Jerome Premo, and ConRail spokesmen.

We do not issue this report in the belief that the report itself is a cure for the problems discussed. We intend to advocate the enactment of its legislative proposals, and to actively exercise oversight over the Department of Transportation, the New Jersey Transit Corporation, and the Port Authority. It is the role of the Legislature to act in the public interest and to make sure that those agencies it creates are doing their job.

PART I

A RESPONSIVE NEW JERSEY TRANSIT

The New Jersey Transit Corporation was created pursuant to P.L. 1979, c.150. It was intended that New Jersey Transit would own and operate certain public transportation services and subsidize or regulate others. The legislation lacked specificity as to how the corporation would be structured and what functions it would perform. This was a mistake. The structure and functions of New Jersey Transit should have been clearly spelled out. This subcommittee recommends legislation to correct that mistake.

It is the recommendation of this subcommittee that New Jersey Transit not only own rail passenger lines but operate them as well. The operational service provided by ConRail has been dismal. Moreover, New Jersey commuters have been faced with a situation where the Department of Transportation can blame ConRail, ConRail can blame Amtrak, and they can all blame each other or the federal government. We must eliminate this multiplicity of service providers. The place to start is with ConRail. New Jersey Transit must be made responsible for the provision of this passenger rail service. It must be structured so that it is responsive to the interests of rail riders. This subcommittee recommends that there be created in New Jersey Transit an Assistant Director for Rail Services who will report directly to the Executive Director. Reporting to this Assistant Director will be a North Jersey Coast Line Division, a Raritan Valley Line Division, a Northeast Corridor Line Division, a Seashore Line Division, a Reading Line Division, a Pascack Valley Line Division, a Bergen County Line Division, a Boonton Line Division, and a Morristown Line Division. Each division will have a director who will be responsible for all aspects of performance on that line. Commuters will know whom to blame (or whom to acclaim). By assigning responsibility, we can begin to provide for responsiveness.

It is the recommendation of this subcommittee that there also be created the position of Assistant Director for Bus Services who will report to the Executive Director. He will be responsible for corporation owned and operated bus service. It is recommended that the State end its bus subsidy program and that the corporation either own and operate service or allow private non-subsidized carriers to own and operate service. Such non-subsidized service should be regulated by the Department of Transportation. Duplicative service must be eliminated, route rationalization must occur, and a route by route analysis of service must be developed. The welter of conflicting and competing routes must be eliminated.

It had been expected that part of the "rationalization" process promised in P.L. 1979, c.150 would involve New Jersey Transit owning and operating Transport of New Jersey. The Commissioner of Transportation argued that such ownership was necessary to properly order and structure our bus transportation system. It would provide the State with needed "control". It now appears that the Corporation intends to divert some $45 million of "Port Authority" funds, promised to this State for the purchase of new buses, for the acquisition of TNJ. Thus, as opposed to new buses, we will get an old bus company. The Port Authority will own the former TNJ facilities, garages, and many of the buses and lease them to New Jersey Transit. The subcommittee finds this arrangement intolerable. It was intended that the Corporation would own and operate service now provided by TNJ. If New Jersey Transit is to operate such service, it should own all property as well. If the Port Authority does not transfer such title, we call upon the Governor to veto Port Authority minutes until such title is transferred.

Besides specifying the structure of the New Jersey Transit Corporation, we must take steps to avoid creating a duplicative bureaucracy. It is recommended that the position of Assistant Commissioner for Public Transportation be abolished and that there be no duplication of services, offices, bureaus, or divisions by the Department of Transportation and by the Corporation. It is recommended that the Legislature review the existing structure of the

Department to assure its efficiency and economy. In addition, it is incumbent upon the Legislature to closely monitor the Department's and Corporation's performance and programs.

Finally, we should take advantage of the wealth of knowledge and experience we have in our commuters. This subcommittee feels the best way to do this is to establish a commuter Rail Service Review Board and a commuter Bus Service Review Board.

PART II

RESTRUCTURING THE PORT AUTHORITY

A REDEFINED PURPOSE

The Port Authority was established in 1921 by the States of New York and New Jersey with a broad mandate to foster commerce and transportation. Since then, the Authority has become a multi-purpose planning, transportation, commercial and development agency for the New York - New Jersey metropolitan area. One cannot help but notice its presence. The Authority owns and operates bus terminals, the PATH system, bridges and tunnels. The Twin Towers of the World Trade Center dominate the Manhattan skyline. It has offices in Europe and Asia. Passengers flying into Newark, Kennedy or La-Guardia Airports use Port Authority facilities. Its marine terminals send and receive goods around the world. The Port Authority has played a vital role in the development of our metropolitan area. It plans to become involved in the areas of industrial development and energy co-generation.

The Authority is not without its critics and a number of its policies and practices have been strongly challenged. This subcommittee has itself engaged in that public debate and has criticized the Port Authority for reneging on its $120 million public transportation commitment to New Jersey. There are many questions that can be raised, but the overriding one is: What should be the role and function of the Port Authority? It has been in existence for 60 years. What should its role and function be for the next 60 years? As New York State Comptroller Edward Regan has suggested, New York and New Jersey should "control and shape the future direction of the Port Authority" and "develop a clear public definition of Authority priorities in the next decade".

The question thus becomes, what should the Port Authority be doing? A partial answer is that it should only be doing those things which New York and New Jersey cannot do for themselves. It should only do these things requiring co-operation between the two states. A second partial answer is that it should be doing only those things it can afford to do. The Authority's resources are not unlimited. It cannot attempt to do "everything" and do it well or in a fiscally responsible manner.

It is the proposal of this subcommittee that the 1921 compact between New York and New Jersey be revised so that the Port Authority becomes solely a trans-Hudson transportation agency. A new name will reflect its redefined role: The Hudson River Transportation Authority (HRTA). Its purpose will be to facilitate the transit of people between New York and New Jersey. A bi-state authority is the only agency capable of doing this. Other functions currently performed by the Port Authority can be performed by the States of New York and New Jersey. Both states have their own development, planning, and commerce agencies. But both states need each other if their residents are to cross the Hudson River.

A REDEFINED STRUCTURE

A redefined purpose will mean a redefined structure. It is proposed that the Hudson River Transportation Authority continue to own and operate what is now the Port Authority Bus Terminal, the Journal Square Transportation Center, the Port Authority Trans-Hudson System (PATH), the Bayonne Bridge, the George Washington Bridge, the George Washington Bridge Bus Station, the Goethals Bridge, the Outerbridge Crossing, the Holland Tunnel, and the Lincoln Tunnel. These facilities will allow HRTA to serve its function as a Trans-Hudson Transportation Authority.

Decisions concerning tolls, fares, fees and operating procedures would be made by the authority's board. It is proposed that HRTA be governed by an eight member board comprised of:

1) The New York State Comptroller
2) The New Jersey State Treasurer

3) The New York State Commissioner of Transportation

4) The New Jersey Commissioner of Transportation

5) Two public members appointed by the Governor of New York with the advice and consent of the New York Senate

6) Two public members appointed by the Governor of New Jersey with the advice and consent of the New Jersey Senate

The Board will establish policies and procedures for the Authority and appoint an executive director. Having two cabinet officers from each State would assure HRTA's responsiveness and accountability to the government and to the citizens of the respective States.

No longer in the property development and commercial office space business, HRTA could sell the World Trade Center facilities to private interests. Such a sale would not only provide a substantial amount of money which could be used to pay the Port Authority's bonded indebtedness, but would augment New York City's tax base, since ownership by a private corporation would allow for an increase in property tax revenues derived from the complex.

HRTA would be an authority more limited in size, scope, and purpose than the existing Port Authority. Its role would be clearly defined and its accountability and responsiveness would be assured.

STATE RESPONSIBILITIES

The responsibilities of New York and New Jersey would increase if this restructuring takes place since the Port Authority currently performs many other functions in addition to its bridge, tunnel and PATH service. Agencies of both states would perform these functions. Such responsibilities will give the states greater control over their development and eliminate the concern that one State is "getting more" than the other from the Port Authority.

It is proposed that Newark International Airport, Teterboro Airport and the Boonton Heliport be owned and operated by either New Jersey Transit or the New Jersey Department of Transportation. Kennedy and LaGuardia airports and the West 30th Street Heliport will be owned and operated by any New York State agency which that state decides to designate.

Port commerce activities will also be performed by each state. The Elizabeth Marine Terminal, the Hoboken Marine Te inal, the Newark Union Motor Truck Terminal and Port Newark can be owned and operated by an existing or especially created agency of the State of New Jersey (e.g. the Economic Development Authority or the Department of Labor and Industry). The Columbia Street Marine Terminal, the Erie Basin Marine

Terminal, the Brooklyn Marine Terminal and the New York Union Motor Truck Terminal can be owned and operated by an appropriate agency of the State of New York. Industrial park development would be done by the cooperation of the respective states with their municipalities. Both states would, thereby, gain greater control over their industrial and economic development and possibly achieve their goals in a shorter time span.

CONCERNS AND FISCAL CONSEQUENCES

Obviously, any proposal such as this raises legitimate concerns. Steps would have to be taken to insure that the rights of Port Authority bondholders are protected. This is not an insurmountable legal or financial problem if both States decide that this proposal offers a correct policy course. The rights and benefits of existing Port Authority employees would have to be protected. Other problems will ensue during the transition period between abolishing one authority and establishing another, but they can be solved if New York and New Jersey agree that this is a correct policy course.

Such a proposal would have a significant financial impact. The following tables, based upon information provided by the Port Authority, indicate financial aspects of such a restructuring.

Proposed Hudson River Transportation Authority
Revenues and Expenses*

FACILITY	REVENUES	EXPENSES	INCOME/(DEFICIT)
P.A. Bus Terminal	$ 15,366,000.00	$ 18,739,000.00	($ 3,373,000.00)
Holland Tunnel	17,689,000.00	15,695,000.00	1,994,000.00
Lincoln Tunnel	26,695,000.00	18,695,000.00	8,000,000.00
G.W. Bridge	65,311,000.00	23,393,000.00	41,918,000.00
JSTC	1,990,000.00	3,336,000.00	(1,346,000.00)
G.W. Bridge Bus Station	917,000.00	2,101,000.00	(1,184,000.00)
PATH	13,789,000.00	48,197,000.00	(34,408,000.00)
Bayonne Bridge	2,957,000.00	2,077,000.00	880,000.00
Outerbridge Crossing	10,534,000.00	4,191,000.00	6,343,000.00
Goethals Bridge	13,218,000.00	5,491,000.00	7,727,000.00
TOTALS	$168,466,000.00	$141,915,000.00	$26,551,000.00

* Based on 1979 calendar year revenue and expense figures provided by the Port Authority (depreciation or appreciation calculations not included).

Revenues and Expenses at Facilities
Reverting to the State of New Jersey*

FACILITY	REVENUE	EXPENSES	INCOME/(DEFICIT)
Newark Airport	$ 73,090,000.00	$37,899,000.00	$35,191,000.00
Teterboro	564,000.00	314,000.00	250,000.00
Port Newark	16,979,000.00	8,613,000.00	8,366,000.00
Hoboken	257,000.00	621,000.00	(364,000.00)
Elizabeth	21,669,000.00	5,339,000.00	16,330,000.00
Newark Truck Terminal	319,000.00	417,000.00	(98,000.00)
TOTALS	$112,878,000.00	$53,203,000.00	$59,675,000.00

* Based on 1979 calendar year revenue and expense figures provided by the Port Authority (depreciation or appreciation calculations not included).

Revenues and Expenses of Facilities
Reverting to the State of New York*

FACILITY	REVENUE	EXPENSES	INCOME/(DEFICIT)
JFK	$160,654,000.00	$100,080,000.00	$60,574,000.00
La Guardia	55,654,000.00	35,179,000.00	20,475,000.00
30th Street Heliport	20,000.00	237,000.00	(217,000.00)
Downtown Heliport	84,000.00	281,000.00	(197,000.00)
Columbia Street Marine Term	131,000.00	152,000.00	(21,000.00)
Erie Basin	539,000.00	632,000.00	(93,000.00)
Brooklyn	3,968,000.00	5,296,000.00	(1,328,000.00)
NYC Passenger Ship Term	3,885,000.00	7,370,000.00	(3,485,000.00)
NY Truck Terminal	702,000.00	413,000.00	289,000.00
TOTALS	$225,637,000.00	$149,640,000.00	$75,997,000.00
World Trade Center	$95,821,000.00	$61,497,000.00	$34,324,000.00

* Based on 1979 calendar year revenue and expense figures provided by the Port Authority (depreciation or appreciation calculations not included).

PORT AUTHORITY REVENUES AND EXPENSES*

FACILITY	REVENUES	EXPENSES	INCOME/(DEFICIT)
P.A. Bus Terminal	$ 15,366,000.00	$ 18,739,000.00	($ 3,373,000.00)
Holland Tunnel	17,689,000.00	15,695,000.00	1,994,000.00
Lincoln Tunnel	26,695,000.00	18,695,000.00	8,000,000.00
G.W. Bridge	65,311,000.00	23,393,000.00	41,918,000.00
JSTC	1,990,000.00	3,336,000.00	(1,346,000.00)
G.W. Bridge Bus Station	917,000.00	2,101,000.00	(1,184,000.00)
PATH	13,789,000.00	48,197,000.00	(34,408,000.00)
Bayonne Bridge	2,957,000.00	2,077,000.00	880,000.00
Outerbridge Crossing	10,534,000.00	4,191,000.00	6,343,000.00
Goethals Bridge	13,218,000.00	5,491,000.00	7,727,000.00
JFK	160,654,000.00	100,080,000.00	60,574,000.00
La Guardia	55,654,000.00	35,179,000.00	20,475,000.00
30th Street Heliport	20,000.00	237,000.00	(217,000.00)
Downtown Heliport	84,000.00	281,000.00	(197,000.00)
Columbia Street Marine Term	131,000.00	152,000.00	(21,000.00)
Erie Basin	539,000.00	632,000.00	(93,000.00)
Brooklyn	3,968,000.00	5,296,000.00	(1,328,000.00)
NYC Passenger Ship Term	3,885,000.00	7,370,000.00	(3,485,000.00)
NY Truck Terminal	702,000.00	413,000.00	289,000.00
World Trade Center	95,821,000.00	61,497,000.00	34,324,000.00
Newark Airport	73,090,000.00	37,899,000.00	35,191,000.00

FACILITY	REVENUES	EXPENSES	INCOME/(DEFICIT)
Teterboro	564,000.00	314,000.00	250,000.00
Port Newark	16,979,000.00	8,613,000.00	8,366,000.00
Hoboken	257,000.00	621,000.00	(364,000.00)
Elizabeth	21,669,000.00	5,339,000.00	16,330,000.00
Newark Truck Terminal	319,000.00	417,000.00	(98,000.00)
Net Operating Revenues	$602,802,000.00	$406,255,000.00	$196,547,000.00
Financial Income			+ 51,360.000.00
			247,907,000.00
Debt Service..			-182,269,000.00
			65,638,000.00
Insurance			- 3,444,000.00
TOTALS:			$62,194,000.00

* Based on 1979 calendar year revenue and expense figures provided by the Port Authority (depreciation or appreciation calculations not included).

We find that HRTA would have a significant surplus and that both states would benefit financially. Even if this proposed restructuring is not accomplished, the figures show that the Port Authority can live up to its $120 million public transportation commitment. Tolls and fares do not have to be increased for that commitment to be upheld.

PART III

A RESPONSIVE U. S. DEPARTMENT OF TRANSPORTATION

The United States Department of Transportation has become part of New Jersey's transportation problem. It returns New Jersey taxpayers monies with too many regulatory strings, it straight jackets monies into too many categorical aid programs, and it views the funds provided as "its" money and not taxpayers monies.

An example of the difficulties encountered in dealing with the U. S. DOT is provided by the federal regulations concerning transportation services for handicapped citizens (section 504 of the UMTA act). The requirement that new buses purchased with Federal Urban Mass Transportation Administration (UMTA) funds have wheelchair lifts, or be able to "kneel," adds to the costs of new buses and delays their purchase. One can even question such a regulation's cost effectiveness. Our bus fleet is becoming so decrepit that we are fortunate that our buses serve even non-handicapped transit users. This does not mean that we should not have public transportation programs for our handicapped citizens. We argue, though, that it is the State which should formulate such regulations on how the money can best be spent.

The problem goes deeper than UMTA's 504 regulations. Highway aid programs are divided into so many categories that more time must be spent designating or dedesignating roads than building them. The U.S. Department of Transportation doles out funds as if federal dollars were federal gifts and does not realize that it merely returning to New Jersey taxpayers "their" own money. What is lacking in "federal funding" of transportation is consistency. We cannot count on a constant flow of money from the U.S. DOT. We cannot count on a sum of money with no strings attached. We cannot count on money being "given" within a specific time frame. We cannot count upon anything.

This subcommittee recommends that New Jersey's representatives in the United States Senate and House of Representatives advocate reform of the U.S. DOT and the Highway Trust Fund Act. It is recommended that the functions of the U.S. DOT be as follows:

(1) to complete and maintain the Interstate Highway system;

(2) to complete improvements to and operate the Amtrak system;

(3) to provide for the non-economic (e.g. safety) regulation of interstate transportation;

(4) to provide annual transportation bloc grants to the States for any highway or public transportation program or project they choose.

To fund these functions, the Highway Trust Fund and Airport and Airway Trust Fund should be combined into a Transportation Trust Fund. Those monies would be allocated to the U. S. DOT and would be used for the above enumerated purpose.

It is difficult to get a complete financial picture of "federal funding" of transportation. Transportation programs are divided among so many federal government agencies and monitored by so many diverse committees in Congress, that no-one seems to "have a handle" on what is spent on highway and public transportation. We intend to pursue this information during hearings on the report.
It is recommended that:

(1) the Coast Guard operates bridges in the interest of public and highway transportation - not pleasure boats;

(2) the Federal Highway Administration's (FHWA) Primary, Secondary and Urban Systems Programs, Carpool/Vanpool Support Program, Highway Beautification Program, Transportation Energy Initiative Program, and the Baltimore-Washington Parkway Program become part of a bloc grant program;

(3) the National Highway Traffic Safety Administration programs become part of a bloc grants program;

(4) programs of the Federal Railroad Administration become part of a bloc grant program;

(5) Urban Mass Transportation Administration programs (UMTA) become part of a bloc grant program.

It should be up to the states to decide how funds should be spent - not to spend monies and formulate plans on the basis of what categories of "federal funds" are available.

CONCLUSION

This report should not be viewed as an end but as a beginning. It should be viewed as an effort to make transportation providers responsible and responsive so that they serve the interests of transit riders.