

Bulletin #9

“Got Funds?”

Why isn't there enough money to fix New Jersey's transportation problems?

September 2008

Morris County Division of Transportation



The Morris County Division of Transportation, in coordination with the Morris County Planning Board, is developing the Circulation Element of the Morris County Master Plan. A series of ten transportation bulletins is currently under development to reflect major county-wide and regional transportation issues that affect our daily lives. In addition to the bulletins, a technical document is being developed. This document will reflect detailed county projects, demographics, issues, and projections. It is anticipated that these broad-based bulletins, which will have a large distribution, will create an exchange of ideas, therefore becoming an important part of the plan's development.

PREVIOUSLY PUBLISHED

Bulletin #1: It's Not Cool to Drive to School – An Examination of School Related Congestion (June 2006)

Bulletin #2: Putting the Brakes on Congestion! – Will it only get worse? (February 2007)

Bulletin #3: Not Another Accident! – Improving roadway safety and enhancing emergency response. (March 2007)

Bulletin #4: Exercise Your Right to Bike or Walk!! – How can we enhance the bicycle and pedestrian facilities in Morris County? (July 2007)

Bulletin #5: Get a move on freight, before it's too late! – Managing and supporting efficient freight movement. (September 2007)

Bulletin #6: It's a Bird, It's a Plane... It's Another Plane! – The importance of the aviation industry and its impact on our quality of life (December 2007)

Bulletin #7: Life, liberty, and the pursuit of a parking space – How can we meet current and future transit parking demand? (February 2008)

Bulletin #8: All Aboard Public Transportation! – Improving access and mobility for Morris County residents through public transportation (June 2008)

Bulletin #9: The ability to meet all funding requirements for transportation operations, management, maintenance, and construction far exceeds New Jersey's budget. As a result, a significant number of necessary, but unfunded projects have accumulated. Some recommendations have been proposed such as toll increases, congestion pricing and an increase in gas tax; however, many of these suggestions have met political and public opposition. This bulletin discusses the necessary policy changes which strive to make the most efficient use of the state's money and new policies which could act to generate more funds.

This bulletin, as well as the previous bulletins mentioned above, can also be found on the Morris County Division of Transportation's (MCDOT) website at www.MorrisDOT.org. Questions may be directed to Deena Cybulski of the MCDOT at mcdot@co.morris.nj.us or by using the contact information provided below.

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got funds?



why isn't there enough money to fix new jersey's transportation problems?

After the August 2007 Minnesota Bridge collapse, New Jersey, along with many other states, reassessed the safety of its bridges. NJDOT projected that nearly \$14 billion over ten years would be necessary to bring all of New Jersey's structurally deficient and functionally obsolete bridges to a state of good repair (*Highway Carrying Bridges in New Jersey: Final Report*, NJDOT, October 2007). To illustrate the magnitude of the problem, the 75-year-old Pulaski Skyway, connecting Jersey City to Newark, is NJDOT's top priority for repair among a long list of structurally deficient bridges. It alone will cost \$530 million to repair. It is further estimated that \$4.6 billion in future funding will be needed to replace the bridge. This is just one bridge of many, and just one element of our multi-faceted transportation network in need of significant attention. The ability to meet all funding requirements for transportation operations, management, maintenance, and construction far exceeds New Jersey's budget.



Granville-Paris Express wreck at the Gare Montparnasse Train Station on October 22, 1895

facilities are showing their age. US 1&9 and US 35, along with the New Jersey Turnpike, Garden State Parkway, and sections of I-80 are all over 50 years old. Parts of I-287 and I-78 were built in the '60s and '70s, respectively. As this infrastructure continues to age, repairs become more frequent and costly.

While the cost of maintaining existing infrastructure is daunting, the cost of improving these facilities to meet increasing demand will further strain financial resources. It is no secret to those who sit in traffic on I-80 or stand packed together on a crowded train that our highways and transit services are running at capacity during peak hours.

Large costly projects are underway to address these matters. For example, 20 miles of additional highway lanes will be added to the NJ Turnpike between exits 6 and 8A, at a cost of \$1.3 billion. In upcoming years, NJ Transit and the Port Authority of New York

and New Jersey plans to construct a dual-track rail tunnel under the Hudson River into Manhattan to address passenger rail capacity. Named the Trans Hudson Express (THE) Tunnel, construction is scheduled to begin in 2009 and end in 2016. THE Tunnel is anticipated to be the most expensive undertaking in New Jersey's transportation history. At an estimated cost of \$7.6 billion, New Jersey is required to fund at least half of the

Investment for all transportation agencies in New Jersey totals \$3.5 billion annually.

Source: Statewide Capital Investment Strategy FY09-18

New Jersey pioneered innovative transportation infrastructure and set ground-breaking precedents by introducing the divided highway, the cloverleaf interchange, and the limited access elevated freeway (*Aging Infrastructure puts our Economy at Risk*, James Hughes, 2007). Even so, our once modern

Between 1993 and 2008, Morris County completed 89 bridge replacements and 120 bridge rehabilitation projects.

Source: Morris County Public Works

The Legislature has replenished the Transportation Trust Fund (TTF) at the annual level of \$1.6 billion in FY 2009-FY 2011.

Source: NJDOT's Capital Improvement Program 2009-2011



Garden State Parkway Tolls

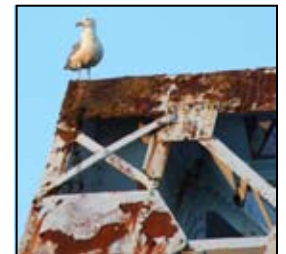
total cost in order to receive matching federal funds. To pay for this project, the state will need to prioritize other planned transportation projects.

Addressing these issues throughout New Jersey far outweighs the amount of funding available. As a result, a significant number of necessary, but unfunded projects have accumulated such as the Route 10/Jefferson Road intersection improvement project in Hanover Township and the Route 10/202 intersection improvement project in Parsippany and Hanover. Consequentially, when a project does get funded, it is typically years after the need was originally identified. The practice of postponing repairs, referred to as “deferred maintenance,” creates a backlog of projects. These delays result in higher costs than would have been needed if the structure was properly maintained from the start.

Postponing \$1 of early maintenance can result in \$4 to \$5 of repairs in the long term (*Decoding Transportation Policy & Practice*, 1997, Surface Transportation Policy Partnership). Kris Kolluri, New Jersey’s Commissioner of Transportation, stated in the 2007 Capital Investment Strategy, “...a funding level of approximately \$290 million per year would be required to reduce one-half the current backlog of deficient pavements and approximately \$500 million per year would be required to entirely eliminate the backlog in ten years.” And, this funding would only address road-related deferred maintenance.

Although the subject of much controversy, motorist fees, such as the gas tax and tolls, fall well short of covering the costs required to maintain, repair, and improve New Jersey’s transportation system. A study conducted at the University of California’s Institute for Transportation Study found that nationally “current tax and fee payments to the government by motor-vehicle users fall short of government expenditures related to motor-vehicle use by approximately 20-70 cents per gallon of all motor fuel.” (*Do Motor Vehicle Users in the US Pay Their Way?* June 2007) Monetarily speaking, U.S. drivers are underpaying local, state, and national governments by \$40 to \$105 billion a year. A study found that New Jersey drivers pay only \$.78 for every dollar expended by the government on roads (*Crossroads: Highway Finance Subsidies in New Jersey*, Komanoff & Sikowitz, 1995). Therefore, government subsidies are required to cover these funding deficits.

The same shortfalls afflict public transit. The percentage of the cost to provide public transportation that is paid by passenger fares is referred to as the Fare Box Recovery Rate. The closer the rate is to 100%, the less government subsidies are needed. In Morris County, the Morris and Essex and Montclair-Boonton rail lines’ fare box recovery rates in 2007 were 55% and 38%, respectively, according to NJ Transit. In other words, if the overall operational and capital cost for a trip on the Morristown Line is \$10.00, the passenger only pays \$5.50 of the total cost. NJ Transit’s buses experience similar





Minnesota Bridge Failure

recovery rates. Bus lines #29 and #79, which travel from Newark to Parsippany, have a 54% recovery rate. In addition, the fare box recovery calculation does not include equipment, administration, and marketing costs, which must be paid for from other sources. Again, government is called on to cover these differences.

Solutions to persistent funding shortages need to be developed; otherwise, New Jersey's infrastructure will continue to deteriorate faster than it can be repaired. Various officials and researchers have proposed solutions to generate more funds. Unfortunately, these solutions come with a cost and are largely unpopular.

One recent attempt made to generate additional revenue was Governor Corzine's toll hike proposal. Its purpose was to pay down the state's debt and replenish the Transportation Trust Fund. This request, evidently, came with much public resistance and is currently politi-



I-80 and I-287 cloverleaf



Pulaski Skyway

cally dead. Another attempt to raise transportation revenues was New York City Mayor Bloomberg's congestion pricing plan, which would charge motorists and truckers a fee to enter below 86th Street between the weekday hours of 6 a.m. and 6 p.m. It was very unpopular among commuters and political officials, and is no longer on the table.

Other suggestions have been introduced, such as former Governor James McGreevey's Blue Ribbon Commission Report's (November 2003) recommendation to increase the gas tax. New Jersey has the third lowest gas tax in the country at 14.5 cents a gallon, which hasn't been raised since 1988. The original proposal was to raise the tax by 12.5 cents; however, due to the delay in decision making after the release of the Commission's report, the gas tax would have to be raised significantly more than 12.5 cents to meet the same needs of today. Dedicating the raise in gas tax to transportation projects would help address funding shortages, but this idea has been met with heavy public and political opposition.

One method to reduce future costs would be the implementation of a "Fix-it-First" policy that would require maintenance to take place before costly reconstruction is necessary. Ensuring that project budgets include long-term maintenance costs would also ease the burden of locating funds in the future. Forty-four percent of FY 2009 capital spending for transportation will go to rehabilitation, repair, and resurfacing projects. This is critical given the state's pressing infrastructure needs. Also, it is important that a Fix-it-First policy is consistent between all state transportation agencies; otherwise it would defeat the purpose of the program.

Tackling all of New Jersey's transportation needs is an extremely costly undertaking. The funds available simply do not cover all the costs. The following are a few ideas to help alleviate the financial burden the state is under, as well as provide suggestions to be more efficient with the transportation money already available:



| | | |
|------------------|-----|----|
| Regular Gasoline | 389 | 10 |
| Plus Gasoline | 399 | 10 |
| Premium Gasoline | 409 | 10 |





Proposals



1 ♦ Generating More Transportation Funds

Identify revenue sources and dedicate funds to maintain transportation infrastructure.

COUNTY ACTIONS

- ▶ Continue to apply for state and federal grants to offset the costs of transportation projects funded by Morris County.
- ▶ Provide support for municipal grant applications that meet the county and regional transportation objectives.
- ▶ Explore the feasibility of expanding Morris County's shared services program, providing technical assistance to local governments or other surrounding counties for transportation related projects.



A rusted support beam of the 12th and 14th St. Viaduct in Jersey City, N.J. (October 2007)

GENERAL ACTIONS

- ▶ Limit funding impacts by encouraging NJ Transit to parallel their fare increases with inflation. Instead of waiting years to implement a large fare increase, smaller predictable yearly increases would reduce the backlog of debt and reduce fare hike opposition by riders.
- ▶ Align highway toll increases with inflation each year.
- ▶ Investigate potential Transportation Development Districts (TDD). TDD's act as the entity responsible for developing, improving, maintaining, or operating a project relative to the transportation needs of the area.
- ▶ Share road maintenance equipment among various jurisdictions.



2 ♦ Changes In Transportation Funding Policy

Adjust funding policy to efficiently distribute limited transportation budgets.

GENERAL ACTIONS

- ▶ Allocate more funding in line with the Fix-it-First policy. A focus on preventative maintenance results in lower costs than for major repairs ultimately required when maintenance is deferred.
- ▶ Ensure that budgets for new construction include long-term maintenance costs.
- ▶ Include municipal and county governments in the NJDOT's Smart Solutions review process to develop a consensus. This new initiative reexamines the scope of projects to find ways to reduce costs.

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A Publication of the Morris County Division of Transportation