



New Jersey Turnpike Authority

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JON S. CORZINE
GOVERNOR

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October 7, 2008

Honorable Jon S. Corzine
Governor, State of New Jersey
New Jersey State House
P.O. Box 101
Trenton, NJ 08625

RE: Meeting New Jersey's Transportation Needs

Dear Governor Corzine:

In response to the current economic conditions as well as the public comments gathered at three public hearings and written comments submitted to the New Jersey Turnpike Authority, you directed me to lessen the burden on New Jersey families by lowering the Authority's recently proposed toll plan.

Based on that mandate, I have outlined for your review and approval a revised New Jersey Turnpike Authority proposal that meaningfully reduces the previously proposed toll increase. The proposal achieves your goal of meeting the Authority's financial obligations and funding critical transportation needs, including the mass transit tunnel between New Jersey and New York. I recommend that the Authority reduce the proposed toll increase, offer new discounts to motorists, cut its operating budget and scale back its capital program.

The Authority intends to present this proposal to the public at an additional hearing on Friday, October 10, 2008 at 9 a.m. at its Woodbridge headquarters, and submitting for consideration and approval by the Authority Commissioners at a special meeting.

Outlined below are the highlights of the proposal.

The Revised Toll Schedule

As you know, the Authority's previously proposed toll plan included a toll increase for the average passenger trip on the New Jersey Turnpike of 60¢ in 2008, an additional 90¢ in 2012, and an additional 30¢ by 2023. Garden State Parkway drivers would have paid 15¢ more in 2008, 25¢ more in 2012, and 10¢ more by 2023. The toll for the average truck trip on the New Jersey Turnpike would have increased by \$2.55 in 2008, \$3.80 in 2012, and \$1.15 by 2023. The toll for the average truck trip on the Garden State Parkway would have increased by 55¢ in 2008, 95¢ in 2012, and 30¢ by 2023.

Under the revised plan, the Authority would reduce the toll increase that was previously proposed. I now recommend that the average Turnpike driver, who currently pays \$1.20, would pay \$1.70, or 50¢ more, in 2008, and \$2.60, or an additional 90¢, in 2012. The Parkway drivers under the Authority's revised proposal would pay 15¢ more in 2008 and an additional 25¢ in 2012. Therefore, a Parkway driver who currently pays 35¢ would pay 50¢ in 2008 and 75¢ in 2012. Ramp tolls, where applicable, would increase 10¢ in 2008 and 5¢ in 2012. The toll for the average truck trip on the New Jersey Turnpike would increase by \$2.05 in 2008 and \$3.75 in 2012. The toll for the average truck trip on the Garden State Parkway would increase by 60¢ in 2008 and 95¢ in 2012.

Discounts

In conformance with the spirit and intent of your mandate, I am recommending that the Authority lessen the burden on drivers by maintaining existing off-peak passenger car discounts for E-ZPass customers, modifying its current commercial vehicle discount, and instituting new discount plans for senior citizens and those who drive fuel efficient cars. These discount proposals are targeted for off-peak hour drivers in order to provide the maximum benefit and relieve congestion. Consistent with the current definition of off-peak hours, the following proposed discounts would be offered 20 hours per day.

- The 25 percent off-peak E-ZPass discount program for cars on the Turnpike would continue as it is currently constituted.
- Since many senior citizens live on fixed incomes and face acute financial pressure during economic downturns, drivers who are at least age 65 would receive an additional 10 percent, off-peak E-ZPass discount.
- Truck drivers are experiencing added financial pressures due to the high cost of diesel fuel. Reducing truck drivers' financial burden and encouraging them to travel during less congested travel times and to continue to use the Turnpike and Parkway, rather than local roads, are important objectives. Therefore, I propose an across-the-board, five percent, off-peak E-ZPass discount to all truck drivers using the Turnpike and Parkway.
- Finally, rewarding those who drive low emission vehicles will enable the Authority to support your broader goal of reducing greenhouse gas emissions. Therefore, I recommend an additional 10 percent, off-peak Green-Pass discount to drivers of low emission vehicles that obtain at least 45 miles per gallon or meet the California Super Ultra Low Emission Vehicle (SULEV) standard.

The total cost of the new discount program is \$12.8 million a year. Operating budget cuts will fully pay for the discounts described above.

Operating Budget Cuts

Since the merger of the Turnpike and the Parkway in 2003, the Authority has made significant progress in reducing its operating budget. For example, it has cut 403 full-time positions for a savings of \$87 million. The revised proposal will impose even greater efficiencies, consistent with your mandate to cut more of the Authority's operating budget.

The Authority's current annual operating budget is \$481 million, including \$242 million in mandatory expenditures like health care, pension benefits, State Police, and E-ZPass. In other words, the discretionary portion of the operating budget is \$239 million.

Under this proposal, the Authority will cut \$13.8 million, or 5.8 percent a year, from a baseline of \$239 million. The Authority can achieve these savings by immediately eliminating 30 positions, saving \$1.9 million per year. In addition, 50 positions will be eliminated during each of the next four years through attrition, saving \$3.4 million per year. A hiring and promotional freeze will be implemented for non-aligned and non-safety-related employees for the next four years, saving \$2.7 million per year. Overtime will be reduced by 10 percent in each of the next four years, saving \$765,000 per year. Finally, 150 personally assigned vehicles will be eliminated over the next four years, saving \$174,000 per year. The Authority is committed to identifying additional opportunities to cut its operating budget and improve efficiency. In the meantime, I respectfully ask you to support the operating cuts proposed above.

Capital Plan

The Authority's original toll plan proposed funding for a \$9.7 billion capital program for the Turnpike and Parkway as well as a \$1.25 billion contribution for the mass transit tunnel project between New Jersey and New York. The capital plan would have funded safety and congestion relief projects, drainage and facilities projects, and resurfacing projects. The projects included in the original plan are important to the operation of a safe and efficient toll road system. I understand, however, your mandate to scale back the capital program in order to reconcile it with the broader economic realities now confronting the State and region. The new capital plan strikes the right balance.

The revised toll proposal funds a \$7.0 billion, ten-year capital plan and makes a \$1.25 billion contribution to the Transportation Trust Fund Authority (TTFA) for the mass transit tunnel. Attached for your review is a list of Tier I projects that will be funded by the \$7.0 billion capital plan, as well as a list of Tier II plans that will move forward should additional funding become available.

The Authority's \$1.25 billion contribution to the mass transit tunnel project is essential to relieving congestion on the Turnpike and is clearly within its legal authority. The enabling statute gives the Board discretion to invest in projects, such as the mass transit tunnel, that will serve the needs of the Authority. Under the Board's original and revised proposals, the Authority will contribute to the tunnel only after its bondholder obligations are met, operating expenses paid, and special project and maintenance reserve programs fully funded. Investing in the mass transit tunnel will benefit the Authority by preserving capacity on the Western Spur and Eastern Spur of the Turnpike. Preserving that capacity will obviate the need to expand the Western Spur, which would require an additional expenditure of no less than \$3.5 billion. For a third of the cost, the Authority will achieve the same or greater transportation and congestion relief benefits, and it will do so in a more environmentally friendly manner.

Proper investment in our transportation system is crucial to mitigating the impacts of the current economic recession. This proposal has the potential to employ hundreds of thousands of New Jersey workers. In fact, pursuant to your mandate, the Authority plans to expedite the implementation of several important capital projects in the fourth quarter of this year and in 2009, which will immediately employ thousands of people and positively affect the State's economy.

The Turnpike Authority has a fiduciary obligation to act affirmatively to meet its debt service obligations and fund critical safety and congestion relief projects. I believe these recommendations satisfy your mandate to reduce the proposed toll increase by proposing to cut the Authority's operating budget and scale back its proposed capital plan. I hope that you agree that this revised proposal achieves your objectives by meeting the Authority's essential transportation needs at the least possible cost to the public.

Thank you for your consideration of this proposal. I look forward to discussing this proposal with you and the public.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kris Kolluri', written in a cursive style.

Kris Kolluri
Chairman, New Jersey Turnpike Authority

C: Commissioner Michael Du Pont, Esq.
Commissioner David G. Evans
Commissioner Harold Hodes
Commissioner Raymond M. Pocino
Commissioner Clive Cummis, Esq.

**Turnpike Authority 10 Yr Investment
\$7 Billion Program
Tier I Projects**

Tier I Projects		Project Descriptions	Estimated Cost
1	Turnpike Interchange 6 – 9 Widening	This project is currently underway with the preliminary engineering having been completed. Final design is now being initiated. The project involves the construction of 3 additional lanes, both northbound and southbound, between Interchanges 6 and 8A, a distance of approximately 25 miles. The project also includes the addition of one lane between Interchanges 8A and 9. Upon completion, the widening project will result in 6 mainline lanes being provided between Interchanges 6 and 9. In addition, the project will include interchange improvements within the project limits as determined to be necessary to meet traffic demands in the design year of 2032.	\$2,500,000,000
2	Widening of GSP Int. 63 – Int. 80	This project provides for a third travel lane with full shoulders in each direction of the Parkway and Express E-ZPass/One-Way Southbound Tolls at the Barnegat Toll Plaza. Three (3) individual design and construction contracts will provide for widening the 17-mile section in both travel directions of the Parkway, new sign structures, ten bridge replacements, realignment of the Parkway at the Barnegat Toll Plaza to provide for the elimination of tolls in the northbound direction and Express E-ZPass operation in the southbound direction and a new Toll Utility Building located on the southbound side.	\$200,000,000
3	Parkway Mullica River Bridge Widening/Redecking	This project provides for the design and construction phases of improvements at the Parkway crossing of the Mullica River. The primary work includes the construction of a new parallel bridge and bridge redecking, structural repairs and seismic retrofit on the existing bridge, Structure No.49.0.	\$75,000,000
4	Parkway Bass River Bridge	This project provides for the design and construction phases of improvements at the Parkway crossing of the Bass River. The primary work includes the construction of a new parallel bridge and bridge redecking, structural repairs and seismic retrofit on the existing bridge, Structure No. 51.9.	\$125,000,000
5	Newark Bay Hudson County Extension (NBHCE) Bridge Redecking	This project provides for the design and construction phases for the redecking of various structures on the Newark Bay-Hudson County Extension, including the Newark Bay Bridge, Structure No. N2.01. This project also provides for the interim repairs needed to maintain the structures within this area in a serviceable condition prior to the scheduled larger scale construction.	\$250,000,000
6	Turnpike Hackensack Easterly Bridge Rehabilitation	This project provides for the design and construction phases of the rehabilitation on the Turnpike's existing Eastern Hackensack River Bridge, Structure No. E109.83. The primary work includes bridge redecking, structural repairs and seismic retrofit.	\$135,000,000
7	Turnpike Interchange 16E – 18E Bridge Improvements	This project will provide for the widening and redecking of Structure No. E112.58A and widening of Secaucus Road, Structure No. E112.10.	\$15,000,000
8	Parkway Interchange 142 Improvements	This project is a joint cooperative project between the Authority and NJDOT that provides for the design and construction of missing ramp connections between the Parkway and I-78. The project will also provide improvements to the interchange's existing ramp network, toll plaza and to the I-78 mainline. The project is funded by the FHWA, NJDOT and the Turnpike Authority. This item represents the NJTA share.	\$65,000,000
9	Parkway Interchange 125 Phase I	Interchange 125 is presently configured with a southbound entrance and northern exit ramp. This project will provide a northbound entrance and southbound exit ramp. The southbound exit ramp will be tolled to be consistent with one-way tolls at the Raritan Toll Plaza.	\$20,000,000

**Turnpike Authority 10 Yr Investment
\$7 Billion Program
Tier I Projects**

Tier I Projects		Project Descriptions	Estimated Cost
10	Parkway Interchange 9, 10 & 11 Improvements	There are three traffic signals on the Garden State Parkway in Cape May County at Interchanges 9, 10 and 11. This project will eliminate the traffic signals by providing three bridges to carry the Parkway over the local streets at each interchange. This project also provides for full access to the Garden State Parkway northbound and southbound at each interchange.	\$125,000,000
11	Turnpike Interchange 8A to Route 130 Connection	This project will address significant traffic congestion outside of Interchange 8A. The project limits include the section of Route 32 between Interchange 8A and the interconnection of Route 32 with Route 130. Middlesex County has requested that the Authority undertake appropriate improvements on the basis that a majority of the traffic within the corridor is destined to or from the Turnpike.	\$100,000,000
12	Parkway Interchange 44 Improvements	Presently Interchange 44 provides access to the Garden State Parkway to and from the north. This project will compl	\$25,000,000
13	Parkway Interchange 41 Improvements	Presently local traffic accesses the Garden State Parkway through a service road to the Atlantic City Service Area from Jimmie Leeds Road. This project will provide two additional ramps to allow access to Jimmie Leeds Road to and from the south.	\$25,000,000
14	Turnpike Interchange 14A Reconstruction	This interchange currently possesses serious operational limitations because of its urban environment in that it is located within the city of Bayonne. The redevelopment of the Military Ocean Terminal in Bayonne is currently underway and this proposed commercial and residential development will result in a significant increase in traffic utilizing the Interchange 14A toll plaza. It is anticipated that the existing toll plaza will need to be relocated in order to address the operational and capacity deficiencies of the existing plaza.	\$500,000,000
15	Parkway Interchange 88 Improvements	This project is a joint cooperative project between the Authority and Ocean County that provides missing ramp movements at this partial interchange along with modifications to the existing ramp movements to and from the north and relocation of ramp toll collection facilities. Project also includes the construction of two new bridges over NJ Route 70 for a collector/distributor roadway being constructed between this location and Interchange 89. A commuter lot will also be constructed within the northbound loop ramp.	\$50,000,000
16	Tremley Point Connector Road	This project provides an elevated roadway structure and bridge over the Rahway River between Tremley Point Road (Linden) (brownsfield redevelopment areas) and Industrial Highway (Carteret). This new roadway will provide a direct connection for commercial vehicles to access the Turnpike without traveling through the local roadway network.	\$125,000,000
17	Parkway Interchange 91 Improvements	This project is a joint cooperative project between the Authority and Ocean County that provides missing ramp movements at this partial interchange along with the reconstruction and safety improvements to the existing northbound ramp toll plaza. Project also includes the construction of two extended service roads and county road improvements that will eliminate the complexity of the current traffic flow pattern, relieve congestion on local roads, and enhance safety. Reconstruction / Replacement of the Burnt Tavern Road bridge over the GSP is anticipated.	\$50,000,000
18	Parkway Mainline Shoulder Improvements	Since the late 1980's the right and left shoulders were reduced in width to create a driving lane to provide additional capacity to meet the traffic demands along various sections of the GSP. This project will reconstruct the mainline roadway to provide right and left shoulder widths that meet current standards.	\$250,000,000

**Turnpike Authority 10 Yr Investment
\$7 Billion Program
Tier I Projects**

Tier I Projects		Project Descriptions	Estimated Cost
19	Bridge Preservation and Security	This project provides for the design and construction phases for countermeasures and security improvements to the Authority's major bridges (16) on the Turnpike and Parkway. This project also provides for the design and construction phases for seismic retrofitting of the Turnpike's highest priority bridges as recommended from the Phase I Seismic Screening and Prioritization Report. This project also provides for the design and construction for the miscellaneous bridge work on the Turnpike not covered under the annual miscellaneous structural repair contracts. The primary work includes bridge bearing replacement and significant substructure repairs.	\$265,000,000
20	Deck Reconstruction Phase I	This project provides for the design and construction phases for the redecking of the highest priority Turnpike and Parkway mainline bridges.	\$150,000,000
21	Deck Reconstruction Phase II	This project provides for the design and construction phases for the redecking of the highest priority Turnpike and Parkway mainline bridges.	\$350,000,000
22	Parkway Substructure Repairs	This project provides for the design and construction phases for the repair and rehabilitation of the existing Driscoll Bridge, Structure 127.2, pier caps and columns and substructure elements on other water crossings.	\$20,000,000
23	Bridge Painting Phase I	This project provides for the design and construction for the cleaning and repainting of structural steel of the highest priority Turnpike and Parkway major and routine bridges	\$100,000,000
24	Bridge Painting Phase II	This project provides for the design and construction for the cleaning and repainting of structural steel of the highest priority Turnpike and Parkway major and routine bridges	\$150,000,000
25	Turnpike Specialized Bridge Structure Work	This project provides for the design and construction phases for the specialized bridge repairs on the Turnpike that are not covered under the annual miscellaneous structural repair contracts. The primary work includes mitigation of concrete deterioration caused by Alkali-Silica Reaction (ASR), pile replacement, cable suspender replacements and high mast lighting repairs.	\$15,000,000
26	Turnpike/Parkway Southern Improvements - Atlantic, Burlington, Camden, Cape May, Gloucester, Salem Counties	This project will provide miscellaneous improvements to mainline and Interchanges located in the southern portion of the Turnpike between Interchange 1 and Interchange 4 and on the Parkway between MP0 and MP48.	\$100,000,000
27	Improvements Roadway Appurtenances	This project provides for upgrading various guide rail and treatments and crash cushions along the Parkway and Turnpike. Also included is replacement of deteriorated guide rail along the Parkway.	\$30,000,000
28	Drainage Improvements	This project includes design services and construction to rehabilitate/replace non-functioning and substandard drainage systems and the analysis of the condition of existing median inlets along the Authority's mainline and interchange ramp roadways, and construct recommended improvements in compliance with the current NJDEP Stormwater Regulations.	\$50,000,000
29	Sign Replacements Phase I	This project includes inspection, assessment and implementation of the remedial measures necessary to bring dated Turnpike and Parkway mainline and interchange signing into compliance with current standards. This project will upgrade existing Early Speed Warning/Speed Limit signs on the Turnpike and provide upgraded Variable Message Signs on the Parkway.	\$100,000,000
30	Sign Replacements Phase II	This project includes inspection, assessment and implementation of the remedial measures necessary to bring dated Turnpike and Parkway mainline and interchange signing into compliance with current standards. This project will upgrade existing Early Speed Warning/Speed Limit signs on the Turnpike and provide upgraded Variable Message Signs on the Parkway.	\$175,000,000

**Turnpike Authority 10 Yr Investment
\$7 Billion Program
Tier I Projects**

Tier I Projects		Project Descriptions	Estimated Cost
31	Median Barrier Improvements	This project includes the inspection, and condition assessment of concrete median barrier and the implementation of a repair / replacement / upgrade program along the Garden State Parkway and Turnpike Mainline and Interchange ramps; including sections of severely deteriorated concrete median barrier that require replacement between GSP MP 146 and MP 160.	\$85,000,000
32	Facilities Improvements Phase I	This project includes inspection, assessment and implementation of the remedial measures necessary to bring 50+ year old Toll Utility Buildings, Toll Plazas and Maintenance Buildings on the Garden State Parkway and Turnpike into compliance with current building codes and operational standards. This also includes improvements to interchanges on the Turnpike and Parkway north of the Raritan River.	\$300,000,000
33	Facilities Improvements Phase II	This project includes inspection, assessment and implementation of the remedial measures necessary to bring 50+ year old Toll Utility Buildings, Toll Plazas and Maintenance Buildings on the Garden State Parkway and Turnpike into compliance with current building codes and operational standards. This also includes improvements to interchanges on the Turnpike and Parkway north of the Raritan River.	\$275,000,000
34	Turnpike Widening Int. 16W to Int. 18W	This project will provide for a third lane between Interchanges 16W and 18W where currently only 2 lanes exist in each direction. This project is required to accommodate both existing and future traffic volumes	\$200,000,000
Total			\$7,000,000,000

**Turnpike Authority 10 Year Investment
\$7 Billion Program
Tier II Projects**

Tier II Projects		Project Descriptions	Estimated Cost
1	Newark Bay Hudson County Extension (NBHCE) Widening Study	This project will provide preliminary engineering and the preparation of an Environmental Impact Statement to provide an additional lane in each direction of the Newark Bay-Hudson County Extension. This section currently and consistently operates at unacceptable levels of service.	\$5,000,000
2	Newark Bay Hudson County Extension (NBHCE) Widening	This project will provide additional capacity on the Newark Bay-Hudson County Extension. This section of the Turnpike currently operates at an unacceptable level of service. The existing bridge over the Newark Bay only provides for 2 lanes in each direction. The project will involve the construction of a new replacement bridge and the addition of a third lane between Interchanges 14 and 14C.	\$1,000,000,000
4	Design Widening Interchange 1 to Interchange 4	This design project will provide preliminary and final design to construct an additional lane in each direction between Interchange 1 and Interchange 4.	\$125,000,000
5	Parkway Widening Interchange 30 - 63	This project is part of the overall 30 – 80 Widening, which will provide a third lane and shoulders in each direction between Interchange 30 in Atlantic County and Interchange 80 in Ocean County. The first phase of this project will provide a third lane and shoulders in each direction between Interchange 63 and Interchange 80. This project will be the second phase of the overall project and may be implemented in multiple phases.	\$600,000,000
6	Parkway Interchange 125 Improvements Phase II	The Phase II improvements at Interchange 125 will address the traffic needs for the full redevelopment of the former National Lead site. This project includes lengthening the bridge carrying the Parkway over Chevalier Ave. and construction of a modified southbound exit ramp. Chevalier will be widened to accommodate the increase in traffic generated by the redevelopment.	\$60,000,000
7	Parkway Herbertsville Inspection Facility	This project will provide for various health and safety improvements for the existing facilities and a state of the art commercial vehicle inspection station along the Parkway to ensure the passage of safe trucks and buses along the Parkway	\$20,000,000
8	Turnpike Rock Stabilization	This project will cut back the rock slopes located along the easterly alignment in the vicinity of Interchange 15X to prevent fractured rock from falling onto the roadway.	\$5,000,000
9	Underground Storage Tank Upgrades	The Authority owns a number of underground storage tanks that are utilized to store fuel and heating oil at various service areas, maintenance areas, toll plazas and state police buildings. It is intended that all of these underground storage tanks that are of single wall construction will be replaced with double wall tanks. The double wall tanks provide additional protection against the leakage of petroleum products into the environmental which then becomes very costly to remediate.	\$25,000,000
10	Water and Sewer System Upgrades	This project will provide for upgrades to the Authority's sanitary and potable water infrastructure at service areas, interchanges and toll plazas.	\$10,000,000
11	Median Barrier Improvements	This project includes the inspection, and condition assessment of concrete median barrier and the implementation of a repair / replacement / upgrade program along the Garden State Parkway and Turnpike Mainline and Interchange ramps; including sections of severely deteriorated concrete median barrier that require replacement between GSP MP 146 and MP 160.	\$35,000,000
12	Over Height Vehicle Detection System	This project will provide for the installation of a system to detect over-height vehicles at toll plazas to prevent entry of these vehicles onto the Turnpike mainline.	\$25,000,000
13	10 Year Pavement Preservation Program Remaining Phases	This project will fund the present restoration needs on the Parkway and Turnpike for the next ten years	\$825,000,000

Total

\$2,735,000,000