



NEW JERSEY DEPARTMENT OF TRANSPORTATION

COMMISSIONER DIANE GUTIERREZ-SCACCETTI
NJ Assembly Budget Committee Testimony
May 2, 2022

Good morning Chairwoman Pintor-Marin, Vice Chairman Wimberly and members of the Assembly Budget Committee.

Thank you for the opportunity to appear before you today to provide an update on the work of the New Jersey Department of Transportation (NJDOT) is doing and our outlook for Fiscal Year 2023.

Primary members of the NJDOT team with me today are Joseph Bertoni, Deputy Commissioner; Lewis Daidone, the Department's CFO; Chuck Maciejunes, our Budget Director; and Chris Feintheil, Senior Director of Operations.

Under Governor Murphy's leadership, the Department of Transportation has undertaken an historic level of infrastructure investment that provide the foundation for a safe, efficient, and equitable multimodal transportation system.

We are ensuring our transportation network is more resilient and equitable, and we are doing so in a way that improves our economy and the quality of life for New Jersey's residents and everyone who travels through our state.

Capital Program

In the last fiscal year, in the midst of COVID, NJDOT was able to complete its largest ever Capital Program, resulting in over \$1.6 billion in consultant and construction awards.

In FY21 there were 118 construction contracts awarded with a total value of \$1.2 billion, and 144 consultant selections for design and inspection work totaling \$359 million.

This year, it is estimated that the FY22 Capital Program awards will total more than \$900 million. So far, this fiscal year, which ends on June 30, we have awarded 66 construction contracts valued at \$486.8 million.

And we remain optimistic that we'll meet our goal of 112 contracts awarded this fiscal year at a value of approximately \$900 million.

In addition to that, there have been 113 consultant selections valued at nearly \$283.9 million this year, and we expect to complete another 40 to 50 selections before the end of the fiscal year to help keep our project pipeline moving.

Staff Augmentation

One tool that has benefitted the Department's project delivery efforts is Staff Augmentation. It has been a valuable resource to continue to move projects through the design pipeline.

Consultants have been deployed to perform a range of tasks that our newer employees will eventually have the skill to perform as they gain knowledge and experience. NJDOT staff augmentation has increased over the last three years.

During that time, the Department expended almost \$11 million on staff augmentation and is on track to spend or obligate additional amounts, over \$30 million, in the upcoming fiscal year.

Local Aid

In addition to our Capital and Maintenance projects, NJDOT provides hundreds of millions of dollars to counties and municipalities for local transportation projects that improve our communities without burdening local taxpayers. In fact, 95 percent of our cities and towns received Municipal Aid grants in FY22.

I would be remiss if I did not thank the Legislature for providing \$13.5 million in additional funding for the Grants-in-Aid programs and another \$1.8 million in additional Pedestrian Safety funding this year. These additional funds for the Bikeways, Safe Streets to Transit, and Transit Village programs meant NJDOT was able to provide more funding to more communities.

The FY22 grants represent the largest amount of funds provided in a single year for each of these programs that help promote alternate forms of transportation and ensure we have a safer, more equitable transportation network.

Besides providing funding for local transportation projects, our Local Aid Resource Center provides support and technical assistance to counties and municipalities to help facilitate those projects.

Since 2018 the Division of Local Aid and Economic Development has processed 4,500 grant applications totaling more than \$2.5 billion and serves approximately 1,000 customers per month through the Local Aid Resource Center website.

TTF

While we have been getting billions of dollars of work out on the street, we've been doing it in a fiscally responsible manner.

The State Transportation Trust Fund, supported by the gas tax, provides \$2 billion annually for NJDOT and NJ TRANSIT. There is \$430 million for Local Aid, \$810 million for NJDOT and \$760 million for NJ TRANSIT.

The TTF is projected to end FY22 with a strong cash position of over \$1 billion. We have prudently managed our debt. We estimate that we will only use \$4.8 billion of the \$12 billion of available bonding authority by the end of FY22.

Over the last three years, we took advantage of low interest rates to refinance and remarket older debt with bonds carrying lower interest rates. By refinancing over the past three fiscal years, we realized more than \$650 million in net present value savings. And the current year's refundings resulted in another \$189 million in net present value savings.

Investments Paying Off

All of this investment has resulted in real improvements that have enhanced the quality and experience of traveling through New Jersey.

Today our roads and bridges are in better condition than they have been in years. In 2008, only 47 percent of roads were in good or fair condition. Today, 79 percent of New Jersey's roads are in good or fair condition.

We've also improved the condition of bridges in the state. Today, 93 percent of bridges in New Jersey are in good condition.

While we have made improvements, there is still work to do to get all of our roads and bridges in good condition.

Bipartisan Infrastructure Law

The additional funding from the federal Bipartisan Infrastructure Law will help ensure we can make the necessary investments so motorists experience a smooth and safe ride on all of our roads and bridges.

New Jersey is expected to receive a total of \$12.2 billion over five years for transportation projects. NJDOT will receive \$8.1 billion of that, and New Jersey Transit will receive \$4.1 billion.

NJDOT's portion includes \$6.9 billion for federal highway programs and another \$1.14 billion specifically for bridge replacement and repairs over five years. This bridge funding is a new program.

The \$6.9 billion in highway funding is an increase of \$1.4 billion over five years, or about \$300 million more each year.

This additional money will allow NJDOT to fund more design-ready projects, and to advance shovel-ready projects to construction sooner than they otherwise would have been built.

It is important to know that the Bipartisan Infrastructure Law will not change the way federal transportation funds are distributed and managed.

Funding allocated to New Jersey over five years will follow the same federal funding distribution methods that are currently in effect.

These resources will be included in NJDOT's annual Transportation Capital Program and in the federally required State Transportation Improvement Program (STIP).

We all know that infrastructure investment requires long term planning. And that's what this new law allows us to do.

It gives us the time to thoughtfully plan projects in advance, secure in the knowledge that we will have the resources necessary to accomplish our transportation goals.

Climate Change and Resiliency

Resiliency is an important criteria as we address the safety and state of good repair needs of New Jersey's transportation assets.

The Bipartisan Infrastructure Law includes two new formula programs related to climate change and resiliency. The Carbon Reduction program provides funding for projects to reduce transportation emissions and the development of carbon reduction strategies.

The other new formula called PROTECT (Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation) provides funding for planning, resilience, at-risk coastal infrastructure improvements, and evacuation routes.

This will create a healthy and sustainable transportation network in the future. And NJDOT is ready.

We created a Resiliency Working Group to help plan for extreme weather to ensure our infrastructure is designed to withstand whatever Mother Nature.

This group is developing tools that will inform our project design process and enhance our maintenance practices to ensure climate change resiliency is inherent in how we address these needs going forward.

NJDOT is applying innovative technologies to identify and understand flood risks to our infrastructure, and areas vulnerable to future sea level rise, which will help prioritize future projects.

These tools enable us to invest additional resiliency funding into real projects based on data analytics to keep our system in a state of good repair in a changing environment.

Whether it was installing steel submarine doors to protect critical engine components from flood waters in our 15 drawbridges or initiating new practices to enhance resiliency department-wide, NJDOT is working to ensure our infrastructure is designed to withstand turbulent weather and climate change in the near future.

The new law also makes it possible for us to promote infrastructure that will support electric vehicles. Under the Bipartisan Infrastructure Law, NJDOT expects to receive about \$104 million over five years to support the expansion of an EV charging network in the state.

That will help advance Governor Murphy's goal to cut carbon emissions by 80 percent statewide by 2050. By the year 2025, just three years from now, our state transportation agencies will have converted approximately 40 percent of our light duty fleet to electric or electric plug-in hybrid vehicles.

NJDOT is actively involved with Governor Murphy's Interagency Council on Climate Change Resilience, ensuring our internal actions are consistent with the recently released State of New Jersey Climate Change Resilience Strategy developed by the Council.

NJDOT is committed to continued collaboration with our partner agencies to address these impacts through the development and application of environmentally beneficial approaches to maintain our transportation system in a safe and efficient state of good repair.

We're excited for the opportunities the Bipartisan Infrastructure Law creates to improve existing roads and bridges, while promoting innovative designs and a new foundation to build the efficient, equitable, and resilient, transportation system of the future.

It is always a privilege to come before you to speak on behalf of the Department and its good work. I especially want to thank Governor Murphy for his unwavering support of transportation. Without his leadership and confidence— none of what I have reported would be possible.

Again, many thanks, and I look forward to your questions.

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