

**The Honorable Stephen Dilts
Commissioner, New Jersey Department of Transportation**

**New Jersey Assembly Transportation Committee
March 12, 2009**

Mr. Chairman and Members of this distinguished Committee, thank you for inviting me to testify today.

By signing the American Recovery and Reinvestment Act (ARRA), President Obama delivered over \$1 billion to New Jersey just for our transportation system, including road, highway, bridge, transit, safety and pedestrian improvements. This funding only represents the transportation funding for New Jersey, as the Recovery Act will provide other funding opportunities for the State and our residents.

Under Governor Corzine's leadership the Department has implemented an extensive effort to deliver projects more efficiently and accelerate our work. The Governor's charge has put the Department in the best position possible to make sure we take advantage of the Recovery Act funding to deliver good transportation projects for New Jersey.

Through transportation funding in the Recovery Act, we have an opportunity to make increased investments to improve New Jersey's transportation system.

The value of this stimulus funding -- \$469 million for NJDOT, approximately \$424 million for NJ TRANSIT, and \$162 million for our three MPOs -- is further enhanced because of the increased flexibility this critical funding will allow us in our upcoming FY 2010 Capital program to be presented to you in the coming weeks.

I will discuss NJDOT's Recovery Act funding and my colleague Executive Director Richard Sarles will follow with NJ TRANSIT's Recovery Act funding.

We are eager to provide information to you and will actively implement accountability and transparency provisions of the Recovery Act.

I do not want to miss an opportunity to recognize the hard work of the staff of the New Jersey Department of Transportation and NJ TRANSIT and our partners at the Federal Highway Administration, the Federal Transit Administration and the Metropolitan Planning Organizations as we continue to implement the Recovery Act.

On March 5th, NJDOT and NJ TRANSIT released their list of projects that will utilize funds from the Recovery Act.

The lists total approximately \$892 million for transportation investment.

Separately, the Metropolitan Planning Organizations (MPO) will determine the distribution of an additional \$162 million for projects.

Each MPO has its own prioritization process and each county has a seat on the MPO's board. However, readiness for advancement and location on the federal aid system both play a major role in the selection process, because the \$162 million must be obligated in one year.

In addition to NJDOT, NJ TRANSIT and MPO projects, the Department has \$19.5 million in Transportation Enhancement funds for pedestrian & bicycle ways, streetscapes and other similar projects. This funding will be available for counties and municipalities to use for local projects.

The Department is finalizing the process for awarding these funds, but we anticipate utilizing a combination of eligible applications previously submitted for funding from local governments and using the balance of the Recovery Act funds to supplement the available funding for the next round of Transportation Enhancement requests. All federal eligibility requirements would need to be met for funding through this program.

We will be sure to communicate to the counties and municipalities the final determination on how these funds will be available for local projects, the application process and the eligibility requirements.

It is important to note that the Recovery Act also contains critical funding that we plan to pursue for the Mass Transit Tunnel.

We understand that you and your colleagues in the Legislature, local and county officials, and the general public have questions about the stimulus funding for transportation. We look forward to the ongoing dialogue we expect on this topic.

In order to address specific questions, NJDOT developed a list of FAQs which is available through the State's Recovery and Investment Plan website (www.state.nj.us/recovery/) and through the Department's website as well. We will continue to update this information as needed. A list of funded projects and information on project selection is available on those sites as well.

We have also shared information with such groups as the New Jersey League of Municipalities and New Jersey Association of Counties.

Going forward, the Recovery Act funding will help the Department invest in and address specific system needs.

The Recovery Act funding will not function in a silo, but will supplement our existing capital investments. The Department has approached this as an opportunity to build upon our ongoing efforts.

Coordinating these efforts will enable the State to maximize job creation.

The Governor has charged the Department with delivering its projects faster and more efficiently.

On average, we have reduced final review times from eight weeks to less than three weeks. We also reduced the bid period from approximately five to three weeks for most projects.

In addition, we reduced the contract award timeframe from an average of four weeks to one and half weeks for projects as possible.

We are taking a smarter approach to preparing plans that ensures quality, but saves significant time between design completion and advertisement.

This approach has allowed the Department to be in a good position in preparing for stimulus funding.

The Recovery Act allows us to obligate half of our funding within 120 days and the other half over the next year. We want to move quicker than that.

All of the projects we have identified can be obligated for Recovery Act funding within 120 days. These construction, design and right of way projects are located throughout the state.

The Department applied sound engineering principles and extensive infrastructure management data in order to determine which bridge, pavement and drainage projects to pursue.

The selected projects represent an opportunity to improve New Jersey's infrastructure based upon the need for each project and the specified timelines of the Act.

The projects address our aging bridges by replacing movable bridges, rehabilitating bridge decks and beams, and other bridge maintenance and repairs.

Further, we will use Recovery Act funding to reconstruct and resurface highways and improve drainage systems and highway safety.

NJDOT selected these projects based on each project's readiness to start construction, ability to generate jobs, regional balance and system performance needs and we identified critical design and right of way initiatives so that future construction projects can be ready for delivery sooner than planned.

The selected projects are also all within the federal highway aid system and required to meet all federal requirements including environmental approvals.

We will include Disadvantage Business Enterprise (DBE) and Emerging Small Business Enterprise (ESBE) objectives for contract awards so that all segments of the contracting and small business communities can have an opportunity to benefit from the Recovery funds.

Congress also set up a \$1.5 billion discretionary program, through the US Department of Transportation, under which New Jersey can receive funding for projects that cost more than \$20 million but not more than \$300 million. In addition, no one state can receive more than 20% of the funding. These funds may be available for local governments as well as states across the country to apply for.

The Secretary of the US Department of Transportation has not posted the criteria for this program yet, but once he does, we will be prepared to submit the appropriate applications and also make counties and municipalities aware of the opportunities.

Along with all other recipients of Recovery Act funds, we will be subject to strict oversight and reporting requirements.

We embrace the transparency and accountability that must serve as the cornerstone concepts in ensuring that the transportation dollars from the Recovery Act funds are used in the most effective manner possible in New Jersey.

Every step of the way, we will certify that we are spending stimulus funds in a manner consistent with the public interest.

We will be prudent to make sure that we are transparent as projects move forward.

We will be responsible for submitting periodic reports to the federal government on the use of the stimulus funds. The reporting requirements will continue at 180 days, one year, two years and three years after date of enactment.

We will be required to submit progress reports on a variety of items including, but not limited to, amount of funds appropriated, allocated and obligated under the Recovery Act.

And we will have to report on the number of direct jobs associated with the projects funded.

All of this information will be made available through New Jersey's Recovery website as well for review and monitoring.

In addition, we look forward to working with the oversight group created by Governor Corzine to oversee the execution and implementation of the American Recovery and Reinvestment Act funds coming to New Jersey.

Thank you, Mr. Chairman, for providing this opportunity to highlight our plans and the deliberative process that we undertook to ensure that the projects meet the high standards of the public trust.

The Recovery Act will provide New Jersey an opportunity to amplify the investments that we are already making to improve and sustain our transportation system.

While it will not address all of our immense needs, it will enable us to invest in our assets, improve their value, and make them function more effectively for our citizens, generating a strong return on our investments.

As I noted earlier, the Recovery Act funds will only supplement our existing efforts to fund capital projects.

They will increase our ability to find funding opportunities for project that we may not have otherwise been able to fund in the FY2010 program.

Now, I will turn it over to Executive Director Sarles and look forward to your questions and input.

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