STIMULATING NEW JERSEY'S ECONOMY

A Plan to Invest in Our Infrastructure and Create Jobs
November 26, 2008

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

RE: Stimulating New Jersey’s Economy Through Transportation Investment

Dear Governor Corzine:

In October, you addressed the New Jersey Legislature regarding the need to mitigate the impact of the national recession on New Jersey families. Specifically, you directed the State’s transportation agencies to develop an infrastructure investment plan and expedite construction projects where possible in order to create and support jobs and stimulate economic growth.

Based on that mandate, we present for your review a unified transportation plan that will invest $2.8 billion. Of this sum, nearly $1 billion is either new capital allocated towards projects which were previously unfunded, or revenue allocated toward projects that have been accelerated. This investment plan will improve our transportation assets and support/create approximately 26,000 jobs through December 2009. We look forward to maintaining this level of productivity in 2010 and beyond as well. The infrastructure projects were selected based upon the State’s transportation priorities of bridge safety, improvement of the mass transit network and roadway operation.

You have appealed to the federal government for an economic stimulus package that would enable New Jersey and other states to create additional jobs and improve our infrastructure. New Jersey is prepared to advance at least $1.2 billion in additional transportation projects should federal economic stimulus become available. An infrastructure investment of this magnitude would enable New Jersey to create and support approximately 10,000 additional jobs, thereby blunting the effects of the economic crisis.

As we await additional federal aid, the New Jersey Department of Transportation, the New Jersey Turnpike Authority, NJ TRANSIT, and the South Jersey Transportation Authority will stimulate New Jersey’s economy by delivering the transportation infrastructure projects listed in the attached report. Creating tens of thousands of family-wage construction jobs and improving our transportation assets will diminish the impacts of the current recession and help New Jersey’s economy to remain solvent.

We look forward to discussing this report and its implications for New Jersey. Thank you for your time and consideration.

Sincerely,

Kris Kolluri  
Commissioner  
New Jersey Department of Transportation

Stephen Dilts  
Deputy Commissioner  
New Jersey Department of Transportation
On October 16, 2008, Governor Jon S. Corzine outlined an economic assistance and recovery plan for New Jersey. The cornerstone of the Governor’s plan to stimulate the economy is investment in public infrastructure projects. At his direction, various State transportation agencies have developed a unified investment plan targeted at repairing our infrastructure and creating thousands of jobs. Under this program, New Jersey will stimulate economic growth and invest in the long-term vitality of our transportation assets by accelerating critical construction projects on the State and Interstate highways, the mass transit system, the Atlantic City Expressway, the Garden State Parkway, and New Jersey Turnpike.

The rising national and New Jersey unemployment rates underscore the need for investment in infrastructure. New Jersey lost 27,200 total jobs, including 3,800 construction jobs, since December 2007. A total of 1,179,000 jobs in the United States were lost from December 2007 through October 2008. In the month of October 2008 alone, New Jersey lost 6,000 jobs. New Jersey’s unemployment rate is now at 6 percent, the highest monthly statewide rate since July 2003. The national unemployment rate is 6.5 percent, a 14-year high.

Economists estimate that the recession will be protracted and will impact working families in the long term. In testimony before the House Transportation and Infrastructure Committee, Dr. John Irons of the Economic Policy Institute recently stated that “evidence from the last two recoveries suggests that employment levels would not fully recover until mid-2010 or beyond… it took 32 months and 48 months to regain the total number of jobs that existed prior to the downturn.” Nobel Prize winning economist Paul Krugman recently projected that the unemployment rate may surpass 8 percent, which would make this recession the most severe in the last 25 years. Rather than wait for this recession to pass, New Jersey must use its existing financial resources to create aggregate demand and employment opportunities for residents while investing in the long-term viability of our infrastructure.

Capital investment in infrastructure projects can create economic prosperity while tempering the impacts of unemployment. Dr. Irons of Economic Policy Institute notes that investment in the construction and transportation sectors would generate jobs and financial benefits throughout the economy. Krugman specifically cites the trans-Hudson Mass Transit Tunnel as an infrastructure project that can help to overcome the financial crisis. In a recent Brookings Institution study, Manasi Deshpande and Douglas W. Elmendorf emphasized the potential of infrastructure investment to create jobs and increase overall standard of living for all residents.
The State of New Jersey’s planned $2.8 billion transportation investments through December 31, 2009 will generate approximately 26,000 jobs. Charts 2 and 3 illustrate the investments and the number of jobs that each transportation agency will create under this investment plan through December 31, 2009.

Mitigating the impact of the recession on New Jersey is as important as creating new jobs. As previously noted, New Jersey lost a total of 27,200 jobs from December 2007 through October 2008. Under this investment plan, New Jersey has the potential to support/create 26,000 jobs through December 2009 (see Chart 4).

The infrastructure improvements that this investment will yield will enable New Jersey to more quickly recover from the existing recession. The condition of New Jersey’s infrastructure is critical to our economic vitality. New Jersey’s location provides a competitive advantage for commercial investment and makes it an attractive place to live and work. We are located in the heart of the northeast corridor, in close proximity to 80 million people. New Jersey’s ports, airports, highways, and rail lines connect the State to the national and global economies. The State boasts the largest port on the East Coast, and operates the largest state-owned mass transit system in the country.

However, New Jersey residents cannot expect a 21st Century economy to run on a 20th Century transportation system. The State for too long deferred the maintenance and improvement of the infrastructure on which its economic vitality depends. New Jersey’s historic lack of adequate infrastructure investment impacts the quality of life of its residents as well as the condition of its transportation assets.
Congestion significantly impacts New Jersey’s economy and quality of life. New Jersey residents waste more than a full work-week, or 52 hours per year, stuck in traffic. The cost of congestion in New Jersey is $8.6 billion. New Jerseyans consume between $345 million and $400 million annually in fuel due to traffic congestion. By 2015, total traffic will grow by 18 percent more vehicle miles traveled on New Jersey’s highways and freeways.

Nearly 1,400 bridges on the State and interstate highway system as well as the Atlantic City Expressway, New Jersey Turnpike and Garden State Parkway are classified as structurally deficient and/or functionally obsolete. Expediting the repair, replacement and rehabilitation of these bridges will enable the State of New Jersey to immediately put residents to work while ensuring the continued safety of our bridges and the viability of our roadway network.

The State of New Jersey’s investment of approximately $2.8 billion in infrastructure projects through December 2009 will accelerate long-needed repair projects and expedite improvements that will benefit motorists and mass-transit riders for decades. The transportation projects to be advanced under the State of New Jersey’s infrastructure investment plan will improve bridge safety, highway safety, congestion management, and mass transit system operation.

For example, NJDOT will expedite structural improvements to the Route 7 Wittpenn Bridge over the Hackensack River in Jersey City as well as the Route 1 and 9 Pulaski Skyway in Jersey City, Kearney and Newark. NJDOT also will rehabilitate the I-295 southbound bridge over Burlington-Mount Holly Road.

New Jersey will invest heavily in improving roadway safety and reducing congestion. The Turnpike Authority will relieve congestion by investing in the reconstruction of Interchange 14A, expanding capacity by widening the Garden State Parkway between exits 63 and 80 and the New Jersey Turnpike between interchanges 6 and 9 and by eliminating traffic signals at Garden State Parkway interchanges 9, 10 and 11. The South Jersey Transportation Authority will widen the Atlantic City Expressway westbound between mileposts 8 and 31 and widen the Berlin Cross Keys Road Bridge at Interchange 41 of the Atlantic City Expressway. NJDOT also will improve traffic flow and safety at the Route I-80 interchange with Route I-287 by reconstructing two ramps in order to prevent truck overturn accidents.
Under this investment plan, NJ TRANSIT will expand capacity on the Portal Bridge, a two-track bottleneck on the Northeast Corridor over the Hackensack River. NJ TRANSIT also will expedite the Northern Branch and Passaic-Bergen rail service projects and improve rail and bus facilities.

In order to maintain New Jersey’s competitive advantage, the infrastructure plan also invests heavily in protecting the State’s critical freight corridors, including improvements to I-78, I-80, I-287, I-295, and the New Jersey Turnpike. For example, NJDOT will expedite the I-80 eastbound resurfacing project from the vicinity of Madison Avenue to Polifly Road, as well as a resurfacing project on I-295 in Burlington and Mercer counties. In addition, NJDOT will replace bridges on I-78.

New Jersey has been working with the American Association of Highway Transportation Officials (AASHTO) to advocate for a federal stimulus bill with robust investment in transportation infrastructure. On October 29, Governor Corzine testified before the House Transportation and Infrastructure Committee to highlight the need for immediate investment in infrastructure as a means to abate the effects of the recession while repairing a decaying transportation system. New Jersey alone could advance an additional $1.2 billion in transportation projects should such aid become available. An investment of this magnitude would enable New Jersey to create approximately 10,000 additional jobs.

Under this scenario, NJ TRANSIT would advance a $600 million construction contract for the trans-Hudson mass transit tunnel. This project is critical to regional security and economic well-being. In addition, NJDOT could advance critical bridge and congestion relief projects including the Route 72 Manahawkin Bay bridge project and the I-295 Direct Connect project in Bellmawr, Camden County.

The Governor recognizes that transportation and economic growth are interdependent. Investment in safe and efficient highway and mass transit networks will act as the foundation to our economic growth in the coming years. New Jersey can mitigate the impacts of the national economy’s recession by advancing a transportation infrastructure plan that generates tens of thousand of jobs and improves our highway and mass transit infrastructure.