

## **Transportation Trust Fund Renewal and Replenishment is Critical to New Jersey's Economy and Essential to Maintaining its Infrastructure**

The American Council of Engineering Companies of New Jersey (ACECNJ), an organization representing 110 engineering firms that collectively employ over 5,300 people in the State of New Jersey, aggressively supports renewal and replenishment of New Jersey's Transportation Trust Fund (TTF) and an appropriate prioritization of funding to maximize the value of each dollar spent.

The TTF, the primary mechanism for investing in the State's transportation infrastructure, has not been consistently or adequately funded to keep pace with the growing need to repair and rehabilitate New Jersey's existing system and invest in new infrastructure necessary to meet current and anticipated demand. As a result the TTF is on the precipice of insolvency and any ability to address the critical needs of New Jersey's transportation network is severely eroded.

New Jersey needs a transportation system that will grow our economy, reduce travel times, enhance safety and protect our environment. The stewards of this system must maximize the value of each dollar spent and be responsive and accountable to the public to ensure that precious funds are spent wisely.

To meet these goals, New Jersey must immediately address the renewal and replenishment of the TTF by raising adequate revenue and dedicating it to the TTF, make appropriate investment decisions that address critical needs, and maximize the value of each dollar spent.

- **Raising Revenue:** New Jersey lacks a stable funding source adequate in size to meet critical infrastructure needs. Beginning in FY2012, all TTF revenues will be consumed by debt payments. The only way to address critical needs and reduce the State's crippling reliance on debt is to generate and constitutionally dedicate new revenues to the TTF sufficient to address current and projected needs.

The 2003 Blue Ribbon Commission Report, widely regarded as the most comprehensive overview of the transportation infrastructure challenges facing New Jersey, called for a \$3.1 billion annual capital program (more than a \$500 million increase) merely to work towards returning our infrastructure to a state of good repair. The infrastructure condition assessment in this report was alarming seven years ago and New Jersey's needs have only grown since that time. The revenues needed to adequately address these immense needs will not be easy to come by. While ACECNJ does not necessarily believe there is one panacea solution to this funding crisis, there are only so many mechanisms available to generate the enormous sums needed to properly address this crisis.

New Jersey must also end the practice of using capital dollars to fund operations at NJ TRANSIT and the New Jersey Department of Transportation. A dedicated operations revenue stream must be established.

- **Appropriate Investment Decisions:** Priority must be placed on the repair and rehabilitation of roads and bridges and bringing all infrastructure to a state of good repair. Safety investments must be prioritized. Funding must be leveraged to support growth in the right places, as determined through more focused planning.

Even more basic is the need to adequately fund front-of-pipeline design and engineering projects. The percentage of design and engineering work in relation to total capital program size is on a

troubling downward trend. The amount of planning work as a proportion of the capital program is even more anemic. As design and engineering projects will one day graduate to construction, it is essential to keep the entire project pipeline flush.

This trend is explained in part by a tendency to load the back end of the project pipeline to accelerate construction project output; however this has the effect of minimizing design and planning, thereby adverse impacting the front end of the project pipeline. This has a significant impact on TTF but also as we look to the future and the possibility of a second round of Federal Stimulus. NJDOT had a number of projects “shovel ready” to react to the American Recovery & Reinvestment Act (ARRA). Many other states (New York for example) did not utilize ARRA dollars well. New Jersey must ensure a healthy project pipeline now to make sure utilization of any future Stimulus dollars is meaningful.

- **Maximizing Value:** The need to get the most value for each dollar spent on infrastructure investments is paramount, and wasteful and unnecessary spending must be eliminated. New Jersey taxpayers cannot afford projects with extraneous add-ons, project delays and cost overruns. One important way to deliver this value is by selecting engineering firms based on their qualifications and expertise and not the lowest cost. New Jersey achieves the best value by relying on the highest level of engineering expertise and experience qualifications.

Design and engineering work on a transportation infrastructure project represents roughly 1% of the total project cost (the other 99% consists of construction, operations and maintenance). Yet it is this 1% that directly determines the remaining 99%. Numerous studies have shown that selecting engineering firms with the best qualifications and expertise have resulted in better projects with lower total project costs, reduced schedules and a significant drop in the rate of change-orders. ACECNJ aggressively supports the use of this selection method for all public transportation infrastructure projects at NJDOT, NJ TRANSIT, the New Jersey Turnpike, South Jersey Transportation Authority, and all other agencies and authorities as well as all county and local lead projects utilizing TTF monies.

***The American Council of Engineering Companies of New Jersey is the leading advocate for New Jersey's consulting engineering profession, striving to enhance the business practices of professional engineering companies in the planning, design and construction industry. ACECNJ is currently comprised of 110 engineering firms employing more than 5,300 people in New Jersey alone.***