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RAIL SERVICE PROBLEMS IN THE MID-ATLANTIC REGION

[illegible] Committee on Interstate and Foreign Commerce. Subcommittee on Transportation and Commerce.

HEARING

BEFORE THE

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SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE

OF THE

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

RAIL SERVICE PROBLEMS IN THE MID-ATLANTIC REGION

APRIL 19, 1979

Serial No. 96–26

Printed for the use of the
Committee on Interstate and Foreign Commerce

U.S. GOVERNMENT PRINTING OFFICE
48-501 O WASHINGTON : 1979

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RAIL SERVICE PROBLEMS IN THE MID-ATLANTIC REGION

THURSDAY, APRIL 19, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
New Brunswick, N.J.

The subcommittee met, pursuant to notice, at 9 a.m., in the Middlesex County Administration Building, Kennedy Square, Hon. James J. Florio (chairman) presiding.

Mr. FLORIO. Ladies and gentlemen, the Subcommittee on Transportation and Commerce of the full Interstate and Foreign Commerce Committee will come to order.

The subcommittee is holding hearings today on rail service problems in the mid-Atlantic region. This is a critical time in the history of rail service. Crucial decisions are being made which will have a lasting impact on our transportation needs in the future.

These hearings this morning are aimed at exploring the rail service problems in the mid-Atlantic region. The nine Northeast States represent less than 7 percent of this nation's land mass, yet contain some 23 percent of its population. Furthermore, 83 percent of this population resides along the Northeast corridor. It is this population density and other demographic factors which make rail passenger service an essential component of an overall transportation system.

I support such rail passenger service in areas where passenger trains are well utilized, and think we must provide sufficient funds so rail service can become what we all know its potential to be.

As you know, there are many issues which will be facing us during this session of Congress.

Contrary to what some believe, I do not believe that the Secretary of Transportation's final report on the Amtrak route restructuring signals a demise of rail passenger service in this nation. Rather, it should serve as the beginning of serious decisionmaking about a future transportation system for this nation.

One recommendation of the Secretary's, which will have a significant effect on this area, relates to commuter services. At present Amtrak is not fully compensated for the commuter services it provides. The law requires that at least what I call avoidable costs must be returned to Amtrak. The report states that in order to continue operation of such trains beyond October 1, 1979, the cost of these trains must be reimbursed to Amtrak either by increasing commutation ticket fares, or by State or local agency subsidies. Unfortunately, the Secretary's recommendation does not allow the States sufficient time to meet and discuss this proposal. Additional-

ly, there is great uncertainty over what should be included in avoidable costs and these, of course, must be specifically defined before any further steps are taken.

I will therefore be supporting a postponement of the Secretary's decision in order to give State legislatures and others the opportunity to plan and assess their ability to pick up these costs.

The Northeast corridor project is the centerpiece of the rail transportation system in this region. As you know, there have been serious problems associated with the construction of this project. Its original goal of completion by 1981 will not be met, and the original funding which was provided will not be sufficient to complete the project.

As chairman of this subcommittee, which has jurisdiction over the corridor project, I intend to make certain that the project moves along according to the new schedule, without the delays that have been seen in the past, and to fight for the additional funding needed to complete this project. The Northeast corridor provides the best opportunity to demonstrate that efficient and reliable rail service is a serious and effective alternate means of transportation.

The necessity of providing good rail service is emphasized by the ever-present energy crisis this country is facing. While the automobile continues to dominate transportation in the United States, severe fuel shortages in the 1980's and 1990's will challenge this reliance. The message is clear, we must reduce our dependence on petroleum. Otherwise, shortages and sky-high prices will produce a mobility crisis for our citizens. Rail transit, especially under fully loaded conditions, is highly energy efficient. We must plan now to meet the transportation needs of citizens who will be forced out of automobile use by prohibitive costs and inevitable fuel shortages.

At the hearings today we are very pleased to have a high caliber of witnesses who appear before us, will provide us with the benefit of their thoughts.

We are aware that some of our witnesses have other pressing engagements, and we will therefore feel free to adjust the agenda to meet the needs of those who have already made their other commitments known to us.

Our first witness is someone from whom we are very pleased to hear, Hon. Louis Gambaccini, commissioner of transportation, who has a very fine reputation in this field. He has already been of great assistance to this committee, and we look forward to his comments. Commissioner?

STATEMENT OF LOUIS J. GAMBACCINI, COMMISSIONER OF TRANSPORTATION, STATE OF NEW JERSEY, ACCOMPANIED BY MARTIN ROBINS, DIRECTOR, OFFICE OF POLICY ANALYSIS

Mr. GAMBACCINI. Thank you, Mr. Chairman.

I have with me this morning, Mr. Chairman, Martin Robins, who is the director of our office of policy analysis for the department. I established that office shortly after taking office myself some 11 months ago, and I must say that I am very proud of the work of that office and the work that Martin is doing. He has been very, very active with me in a variety of Transportation Committee activities in Washington and in New Jersey, and he also will be

available to answer any questions you might have at the end of my presentation.

Mr. FLORIO. We certainly welcome Mr. Robins to the committee. We have had long experience with him, and I reinforce the point regarding the value of his contribution.

Mr. GAMBACCINI. Thank you.

Good morning, Chairman Florio, my name, for the record, is Louis J. Gambaccini. For almost a year, I have had the pleasure to serve as commissioner of transportation for the State of New Jersey. Prior to my assuming my current post last May, I served as director, or deputy director, of rail transportation for the Port Authority of New York and New Jersey for 16 years, where I supervised the operation of the PATH rapid rail system.

I would like to take this opportunity to thank you, Mr. Chairman, for conducting this hearing. I applaud your timely decision to review the concerns of rail commuters in New Jersey and to examine the importance of this mode of transportation to our State and Nation. By holding this proceeding in New Brunswick, an important rail center and leader in the urban renaissance in our State, you demonstrate both your sensitivity to the problems facing the riding public and your understanding of the critical interrelationship between rail transportation, urban revitalization and the petroleum import problem.

In his speech before the Nation on April 5, the President restated his assertion that the United States has long confronted, but has to date failed to overcome, a mounting petroleum import crisis. I strongly concur that the time has come to recognize that our excessive use of imported petroleum must decrease and that we adopt a comprehensive approach—both short and long term—to petroleum conservation.

We must recognize that we have entered a time during which large available quantities of petroleum have begun gradually to disappear. We must forcefully move toward long-range reductions in our dependence on petroleum. Despite much public cynicism about month to month petroleum shortages and price hikes, it is an inescapable fact that our economy has already begun to suffer grave consequences arising from our payments for imported petroleum. We face the reality today that we are undermining the value of our currency, exacerbating inflation, and aggravating the possibility of another severe economic recession by our huge payments for imported petroleum. We are also threatening to compromise our ability to continue our independent conduct of foreign affairs.

I also believe that the time has come to recognize, in Congress and throughout the country, that reduced dependence on imported petroleum is integrally related to, and largely dependent upon, effective transportation and urban development policies.

Transportation consumes a dominant portion of our petroleum: A full 52 percent of our petroleum is currently used for transportation purposes. From another angle, a full 94 percent of the energy used for transportation is petroleum. Our patterns of transportation—our excessive reliance on the automobile for personal mobility—represent a conspicuous element in our failure thus far to reduce petroleum consumption. So, under sharply higher petroleum prices or chronic and acute shortages, as U.S. Secretary of

Transportation Brock Adams has acknowledged, the Nation would certainly confront a mobility crisis unless our patterns of transportation are properly and expeditiously altered.

New York City, densely populated and highly dependent on rail public transportation, is the most energy-efficient city in this Nation.

New Jersey, the most densely populated State in the Nation, can, with its extensive commuter rail and bus operations, boast of being one of the most energy efficient. Yet, New Jersey over the past 30 years has lost some of its edge in energy efficiency. Our once densely populated cities have lost substantial residents and businesses. Suburban sprawl—with its consequent reliance on the automobile—has spread rapidly. Our public investments have not been able to catch up to the advanced deterioration of our public transportation system. Through both dispersion of homes and business and absence of firm control over, and adequate refurbishment of, our transit operations, we have lost ridership and have become more dependent on petroleum.

The restoration and expansion of our public transportation systems must comprise a key component of any successful petroleum conservation program. It may be prudent to re-emphasize just how much more energy efficient rail public transportation would help us to be. Even without any of its derivative social benefits, rail transit under fully loaded conditions is 50 times more energy efficient than an average commuter automobile. Electric rail service, such as provided in this city, need not be generated by petroleum at all.

Yet, it is not the petroleum saved directly by rail transit that is most important; rather, it is the total petroleum efficiencies of the urban and more centralized suburban society, designed and built around rail systems, and bus systems as well, that holds the promise for a more energy-efficient future. Urban designs linked by rail transportation could induce a lifestyle by which a person's residence, shopping, and recreation are more efficiently intertwined at one end of the line haul and his workplace conveniently located at the other end. We need a comprehensive policy of support for public transit and effective financial incentives for attracting people back to the New Brunswicks of this nation.

Of course, public transportation operations are costly, but more costly is the transfer of dollars to oil-producing countries for imported petroleum. If we want a petroleum-efficient society then, in highly urbanized areas, such as New Jersey, we should consider public transportation as an integral part of an effort to reshape our petroleum-extravagant lifestyles and land use patterns and consider its finance and operation as a necessary public service benefiting the entire community as well as the individual directly served. We must think beyond the deficits of an individual rail line or service where the costs of rehabilitating neglected track, and even symbolic caps to the Federal budget deficit, and think instead of petroleum conserved and dollars not exported as a result of our spending decisions.

The President, in his call for an oil windfall profits tax, recognized the role of public transportation in a long-term conservation program by promising to dedicate a portion of these taxes for

public transportation development. Yet, the President's fiscal year 1980 budget falls grievously below congressional authorization levels set just last fall and the real needs of commuter rail transportation. While looking toward improved public transportation as a means of effective petroleum conservation the administration repeatedly seeks to unload rail costs onto financially overburdened local transit agencies.

Mr. Chairman, this inconsistency is rife throughout the Federal budget now being considered by Congress and I urge that you and your colleagues correct this contradictory public policy.

On urban mass transportation capital assistance, the administration requested only $1.3 billion, almost 10 percent less than the authorization level of $1.4 billion. The underfunding of this program pointedly jeopardizes the completion of several critical projects for the rehabilitation and modernization of heavily patronized existing commuter rail lines in New Jersey, on which the commuters of New Jersey and the commerce of New Jersey's major urban areas have historically depended.

Our State began to plan these capital improvements upon a firm commitment of $400 million in Federal funding, and we are presently prepared for the orderly implementation of these projects and our Transpac projects as well. Incidentally, I think Transpac appears at this point in the testimony for the first time. This is a reference to a new $600 million package, including $120 million of Port Authority funds which would attract $480 million of Federal funds for needed and overdue mass transit improvements throughout the State.

However, we have been advised by UMTA that under the current budget, with its artificial deficit limitations, these solemn commitments cannot be met. Moreover, this bad news has been compounded by the UMTA policy that the urban initiatives program which could have represented a creative, effective new application of federal, local and private dollars to combine transit facility improvements to urban redevelopment in the vicinity, will be implemented only with the already scarce Federal capital funds, and not with additional appropriations and therefore will divert money away from already committed projects. The result is that projects may be delayed or redesigned and public confusion, cynicism, and outrage will intensify.

The administration's approach to such offloading of costs is repeated in its handling of the long brewing issue of adverse effects to commuter agencies resulting from the Northeast corridor improvement project, the one bright spot in the administration budget for our State. As a result of the engineering decision to change the electric traction system on the corridor through New Jersey and Pennsylvania, the administration is imposing on New Jersey DOT and the Southeastern Pennsylvania Transportation Authority the costs of some expensive replacements and modifications of rolling stock. New Jersey DOT and SEPTA, in effect, are being asked to pay upwards of $100 million out of their own scarce resources to overcome these adverse effects of the Northeast corridor project.

The irony of this sad situation is that USDOT continues to demand that New Jersey DOT should finance the correction of

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these adverse impacts of the corridor project with UMTA capital funds, while at the same time the administration attempts to break its commitments to New Jersey, seeks a budget reduction, and directs another sizable slice for urban initiatives. That is why New Jersey DOT and SEPTA have asked your subcommittee for support on an amendment to cover these costs in an increased authorization for the Northeast corridor improvement project. We urge your most careful consideration of this plea for equity.

Mr. Chairman, the failure to deliver on prior financial commitments resulting in the thwarting of schedules for long promised capital rail improvements constitutes a recipe for failure. Were the early space program or the interstate highway system, or so many other programs of which we are rightly proud as a nation, subjected to similar inconsistencies of objectives and sharp fluctuations of financial support, they almost certainly would have been doomed to failure at the outset.

The same grim story can be told about the administration's budgetary position on operating assistance for mass transportation. Budgeted operating subsidies of $1.37 billion stand $205 million below the $1.58 billion authorization. The direct result of such reduced funding throughout the nation is that fare increases and service cuts will certainly result. These actions usually result in public transportation reduced ridership. At the very time when national policy should be encouraging people to use public transit and conserve imported petroleum, this budgetary policy will produce contrary results. And, experience has demonstrated that ridership once lost is not easily regained.

But that is not the end of the administration's offloading of costs on the States and agencies which finance commuter rail operations. USDOT through its Amtrak route restructuring report also seeks to shift the operating costs of the Philadelphia to New York trains—historically intercity Amtrak service—onto the financial shoulders of the State of New Jersey.

These trains, the so-called 200 series, which operate on an hourly basis between New York and Philadelphia, serving intermediate points in New Jersey, are one of the most heavily patronized, cost effective, and energy efficient in the intercity system. They constitute an essential part of the fabric of the intercity services on the Northeast corridor which are so important to our region.

In closing, Mr. Chairman, I hope that you can empathize with our concern over unfocused Federal policy on public transit's role in petroleum conservation, and attempts to shift rail transit costs from the Federal to the State levels. Vague promises of long-term dedication of windfall profits for public transportation must be matched with a short-term undertaking by the Federal Government to meet solemn commitments to provide full financial support to ongoing rail improvement and expansion programs, and to adopt a responsible attitude toward maintenance of rail fare levels and services.

I seek your assistance, Mr. Chairman, and that of the other members of the New Jersey delegation, to achieve better integration of Federal policies so that they recognize the inextricable link between urban density, public transit and petroleum conservation. New Jersey is a State which can lead the Nation on the long

march to petroleum conservation. We need a comprehensive Federal policy of urban development, suburban clustering and improved and expanded public transportation based on stable funding sources. We cannot afford short-term steps which continue to undercut these goals.

Thank you, sir, for allowing us this time.

Mr. FLORIO. Thank you very much.

As you may have heard during my opening statement, I am aware of the hardship that would be imposed upon the States or the commuters in the event that the proposal Secretary Adams has put forth were to go into effect on October 1. Accordingly, it will be my recommendation—and I suspect the committee will be inclined to support it—that there be a deferment or postponement for at least 1 year in order to ascertain the impact.

Amtrak and the Secretary of Transportation make the point that commuters currently carry only 7 cents of the dollar for operating cost, as contrasted to intercity passengers who carry 37 cents of the dollar for these costs. So, on the surface, there seems to be an argument in favor of a need for some tightening up.

I was wondering what your thoughts would be, once we get over the crisis of the immediacy of DOT's recommendation, regarding a long-term approach, and also who should carry the burden. Amtrak, of course, is already highly subsidized and the question whether everyone should pay their fair share. We acknowledge their fair share at this point is only 37 cents on the dollar.

Mr. GAMBACCINI. Mr. Chairman, let me first say that I applaud your leadership and efforts, and I hope and trust they will be successful in deferring that problem.

If there is one thing we do not need it is the kind of aggravating of events like this to throw us completely off balance as we are trying to get on with the much more massive problems of improving public transportation and catching up with tremendous backlog. We do not need additional funding crises in a context where we are beset with crises from all directions.

The statistics you mentioned, I think, are probably something that ought to be looked at over time, but I see no reason to give that any sense of urgency at this point. Indeed, as we looked at our own transit subsidies within the State, both bus and rail, there is great diversity from line to line in the level of subsidy.

At a point you have to assume that there is a basic system rationality to whatever service is provided; there is also historic background. Historically that service was provided in the present fashion, has maintained a good ridership and, as I mentioned in my testimony, has produced one of the most cost effective, energy efficient rail lines in the country.

Among the array of problems confronting USDOT and Amtrak that should rank as a relatively low item. Indeed, I do not know that it is a problem whatsoever. There are a thousand ways you can look at the measurement of performance. I clearly believe that there has been an overpreoccupation with the cost accounting basis with respect to public transportation as contrasted with almost every other aspect of Government. For example, the preoccupation in public transit for deficits, subsidies, and profit and loss in no way are similar measures applied to highways, for example. I

submit that if the same effort on a cost accounting basis to judge the profitability or unprofitability of rural highways were applied, as was applied to the Amtrak restructuring, that we would dry up perhaps a third of the highways in the country. Nobody seriously has suggested that.

I submit that we really should compel a backing away from this overexaggerated cost accounting preoccupation and apply a little vision on what it is that rail and public transportation can do for this country. I submit that the Northeast corridor and that the infrastructure of rail in New Jersey is a major national asset in energy conservation, air pollution control, and conservation of a whole host of other resources.

Mr. FLORIO. As you know, there has been a relatively recent change in the law related to this that would authorize Amtrak to become involved in running commuter operations. In addition, the State has from time to time expressed, as I understand it, some unhappiness with the way ConRail conducts its operations.

Is the State in any way considering, or have you opened negotiations with anyone other than ConRail to operate commuter trains? I am particularly interested to know if Amtrak is being considered.

Mr. GAMBACCINI. We have not officially or formally opened up negotiations. There have been a couple of informal conversations with the senior staff of Amtrak. Amtrak ranks as one of six or seven possible alternatives to ConRail.

I do not at this point have any feeling that it is either a probable or likely outcome, but we would certainly be delighted to have at least that as an additional option if indeed it makes sense down the line.

Mr. FLORIO. I may recount to you a conversation I had with Secretary Adams when two points were raised. One point was in regard to the electrification question. This is on the record in a hearing, I believe the New Jersey representative was present. When I put the question to him as to the cost that would be placed on the State as a result of electrification, he indicated unequivocally that DOT would pick up all costs associated with electrification in terms of retrofitting and modifications, but was not inclined to support purchases of new equipment. Is that your understanding?

Mr. GAMBACCINI. Not completely. There are some gray areas where we disagree as to what are the direct related costs of electrification. For example, there is a stretch below Rahway, from Rahway to South Amboy, that we understood would be included within their budget since it becomes a consequence of the electrification of the route. They are now taking the position that they will not in fact cover those costs.

But we also basically disagree on the costs of equipment. If indeed the equipment retrofitting or replacement can be demonstrated to be a consequence of that electrification, we think it is an appropriate charge against the national corridor budget.

Mr. FLORIO. It would be very helpful to the committee as we go into markup, and as you know, we are going into markup before too long on the Northeast corridor project, if your Department would be inclined to send to us a specific itemization of what you anticipate will be the costs for the State.

Mr. GAMBACCINI. We would be happy to submit that to you, Mr. Chairman.

Mr. FLORIO. On the other point that was raised in the same conversation when I asked about the $480 million UMTA capital funds that the State is seeking. You represented here today that you needed those moneys for an orderly implementation. The Secretary's response was that an orderly implementation did not entail having that entire sum provided to you virtually at once. He stated that it was his intention to see that those moneys were allotted to you in an orderly way. His definition of orderly was something like 3, 4, or 5 years. Can you respond?

Mr. GAMBACCINI. Yes, I think that is probably the central most point of conflict between us and the Federal approach to the funding for New Jersey rail projects. New Jersey has the third largest rail infrastructure in the United States in the most densely populated State. We have demonstrated probably the highest order of self help and commitment to public transportation proportionally of any State in the Union. I found to my amazement that our operating budget for public transportation in this State is greater than our highway budget. I do not think any State in the Union can make that statement.

Now, that represents very substantial commitments of State funds to public transportation, compared to any other State. Yet, as the most densely populated State, we are eighth in rank after Georgia in the amount of funding that we received for rail transportation. Georgia has gotten a commitment in the order of $800 million for a new system. We have 450 miles of active commuter rail track with existing markets that have collapsed over 50 to 60 years of deferred maintenance and deterioration. We desperately need help to get that physical plant in shape.

We are now at the point of readiness, as a result of recent planning efforts, over the last couple of years, to move quickly to commit the funds to get that infrastructure back in shape.

In effect, the Department is saying that there is no way that we can catch up to our rightful place in line in rank order and to receive the funding that we should have gotten but have not gotten. They are completely oblivious to our need. They are only completely directed by what the budget permits. I submit, again, that if we did that kind of thing in most other program areas we would never have attained any kinds of our goals.

To make the matter perhaps tenfold worse, the budget shrinks as against what we have been actually committing, and yet, we are told with that lower budget we must do many more things, including retrofitting all of our buses to permit access by the handicapped; including allocating a portion of that reduced budget for a new program of urban initiatives.

I submit to you, it is almost a "Catch 22" situation. It is impossible even to catch up with promises, programs and goals of 5 to 10 years ago, much less begin to accommodate all these new hoops that have to be gone through.

Mr. FLORIO. To just clarify the Secretary's position: It is true that the money has been available to New Jersey for a long time and New Jersey has not seen fit to take advantage of it, however, now

that New Jersey is ready to go they cannot expect us to be ready to go on an immediate basis.

Mr. GAMBACCINI. There is an element of validity to that. New Jersey has not in fact had its act together in the last several years, and that is why we have dropped to the eighth rank. We for many years did not draw a single dime of Federal resources, while other States were racking up regularly $100 to $200 million a year.

So, there is no question there is validity to that. That should not, however, justify a position that we should only get a fair share of the reduced budget which is required to do other things. There is a basic, fundamental need that has to be addressed. I have likened it in our discussions with DOT to affirmative action. If we have been underfunded and we have all of this need, we need an extra measure of help to get us at least on a catchup kind of pattern.

I do not expect ever to make up for the losses, for the fact that we did not get what we should have gotten in the last several years, but at least we can work to try to reduce the extent of that gap, not to build a pattern of continuing to have that gap expand between need and equity on the one hand, and the funding on the other.

Mr. FLORIO. You accurately described the silliness of creating the new program, the urban projects program, and then relying upon inadequate funding from the existing UMTA program. Is it your understanding the matching grants, or the matching provisions are the same for both programs?

Mr. GAMBACCINI. Yes. It is a component of the UMTA program.

Mr. FLORIO. The same matching requirements?

Mr. GAMBACCINI. Yes.

Mr. FLORIO. What is the State's involvement in the 403 program, and to what degree do you participate in the 403(b) program for Amtrak?

Mr. GAMBACCINI. We do not currently participate.

Mr. FLORIO. Do you have any intentions of participating, is that conceivable? Congress is going to consider liberalizing that program under the Amtrak authorization.

Mr. GAMBACCINI. We have further planning work to do in that area, and at this point I cannot say for sure whether we will, or will not participate in that.

Mr. FLORIO. The last question I would ask you is whether or not the Department or the State has a position favoring approval or disapproval of the Secretary's restructuring proposal for Amtrak.

Mr. GAMBACCINI. On a philosophic plane—you are talking about the route abandonments in the West. On a philosophic plane I personally have some reservation. And yet, given all of the other extreme crises, priorities of funding, I have not, frankly, gotten into it deeply enough to know the full justification for those abandonments.

I support the proposal that if the abandonments are absolutely required and must be implemented, that those rights-of-way be maintained in a condition to permit immediate restoration of service in the event of a serious energy problem.

As I say, at a philosophic level it does seem to me incompatible to dismantle a national system of rail at the very time that we are also beset with such overwhelming problems of energy shortfall

and economic disarray through balance of payment deficits. Indeed, I keep trying to measure or weigh the volumes of dollars. For example, I understand the value of those cuts is on the order of $200 million savings potential.

Mr. FLORIO. Yes.

Mr. GAMBACCINI. If you compare that kind of funding to funding in many other areas, it does not seem like an awful lot of money. In a context of budget constraint it is a lot of money and I can understand the pressures to save wherever possible. On the other hand, when you consider the thing broadly from a broad national perspective, that if you invest those couple of hundred millions for at least a couple of years to keep the system functioning as against the uncertain immediate future scenario on energy, I submit that a case can be made that we speculate and buy a little bit more time in order to see if we cannot use that as an important strategy in the energy picture.

Mr. FLORIO. Commissioner, we certainly thank you for your cooperation. We know you have another obligation, and we appreciate your coming before us.

Mr. GAMBACCINI. Thank you very much for having us.

Mr. FLORIO. Our next witness, who we are very pleased can be with us, and who assisted us in making the arrangements today, is freeholder David Crabiel, chairman of the transportation coordinating committee of Middlesex County.

Freeholder, I would appreciate your introducing your colleagues for the record.

STATEMENT OF DAVID B. CRABIEL, CHAIRMAN, MIDDLESEX COUNTY, N.J., TRANSPORTATION COORDINATING COMMITTEE, ACCOMPANIED BY HERMAN VOLK, TRANSPORTATION MANAGER, AND ALAN K. MAIMAN, TRANSPORTATION ANALYST

Mr. CRABIEL. Good morning, Mr. Chairman. My name is David B. Crabiel, for the record, and I am a member of the board of chosen freeholders of Middlesex County and chairman of the Middlesex County Transportation Coordinating Committee. On my immediate right is Herman Volk, who is the transportation section manager for the county planning board staff, and on my left Alan Maiman who is a transportation analyst for the county planning board staff.

I first, Mr. Chairman, would like to welcome you and your staff and Mr. Gambaccini to the great county of Middlesex on behalf of our board of chosen freeholders. I might say that we are the third largest county by population now in the State, exceeded only by Bergen and Essex Counties, and you really cannot go from Philadelphia or, Mr. Chairman, from Camden to New York City without either going through our county on the turnpike, or Route 1, or Route 27, or over our county in an airplane.

I would like to also say that I was with Mayor John Lynch last evening and he asked to bring personal greetings, he is represented at this hearing by Peter Hendricks of the city administration.

I would like to make a statement and then be available for any questions you might have.

Middlesex County is a county with a population of 600,000 people and a great deal of industrial and commercial development. As a part of the Northeastern United States, we are keenly aware of the

pressing energy, environmental, and traffic congestion problems that are continually mounting. Our county has a unique geographic location. Our highways are the central portion of the densely traveled commuter corridor from New York to Trenton and Philadelphia. This prime location has resulted in commuter traffic congestion that uses up all of our highway capacity, particularly during peak usage hours. When coupled with internal county trips by local residents, the result is a spillover of large numbers of vehicles to roads that were never constructed for the kind of traffic that they are forced to handle.

We therefore have inadequate highway capacity to carry our workers, commuters, shoppers, and all other citizens. Overcrowded roadways have been a major factor in causing higher energy consumption, increased levels of pollution, and long, uncomfortable rides for auto users. A survey recently done shows that it takes 50 percent longer in our county now to go to work and to come home from work than it did 10 years ago, and that means if it was a half-hour ride to work 10 years ago, it is now 45 minutes. That means a disgruntled employee and of course reduced production and adverse morale involving our industry.

We in Middlesex County have taken steps to improve those conditions. We have been planning and seeking to implement improvements to ease traffic congestion through our federally funded transportation systems management—TSM—project, and we are quite proud of the fact that our county was the only county in the Nation selected to participate and be a pilot project of a TSM project.

Highway improvements, although extremely needed, are simply not the answer to our long-range problems, however. Our desperate needs for energy conservation, an improved environment, increased safety and greater efficiency can only be realized through a comprehensive mass transit system, utilizing buses and trains to their maximum potential.

Our county planning board, in conjunction with bus operators and our county transportation coordinating committee which provides active public input, has implemented bus route changes in the past 18 months which have made service more rational and resulted in significant ridership increases. We are constantly working to improve bus service throughout the county and one of our goals is to increase the use of buses as feeders to our rail stations, especially those serving the Northeast corridor.

We strongly agree with the request for increased authorization for the Northeast corridor improvement project. We do, however, see some problems with the proposal before your committee concerning Amtrak operations and authorizations.

The trains that we have deep concern about are the Amtrak 200 series trains. These trains are intercity runs from New York to Philadelphia which operate 15 times throughout the day. Of the 15 runs, 8 make stops here in New Brunswick, and 3 make stops at Metropark in Woodbridge. Those 11 trains provide a significant amount of the total Amtrak service to New Brunswick and a portion of the service to Metropark.

New Brunswick is the county seat of Middlesex County and serves as the transit hub for the county. Commuters make exten-

sive use of the New Brunswick station and many bus lines feed this facility. The city of New Brunswick has been undergoing massive urban redevelopment. Johnson & Johnson has cooperated in both financial and planning efforts to revitalize the community. The city plans call for a major upgrading of the station as part of a new transportation center facility with a large hotel and meeting complex within easy walking distance. We feel that the efforts already underway and those planned for the near future warrant as much rail service as can possibly be provided for New Brunswick, which is the county seat.

The Amtrak 200 series trains serve a large number of New Jersey commuters along the New York to Philadelphia corridor. These trains accept regular Amtrak one-way and round-trip tickets and also allow ConRail multiride commuter ticket passholders to ride. These commuter passes are good for either 10 or 46 rides and are sold to passengers at a discount rate. The average daily commuter ridership accounts for approximately 40 percent of the total ridership on 200 series trains.

Due to the nature of commuter ticket procedures where no stub is given to the conductor, it is not possible at this time to break down the commuter patronage by individual stations. We do have figures representing Amtrak ticketholders using individual stations, however. During 1977, the on/off passenger count for the New Brunswick station was over 135,000 patrons for a daily average of 520 passengers. Over 99,000 passengers got on or off at Metropark in 1977 for an average of 380 daily. Amtrak officials have told us that 1978 counts will indicate a significant increase in use of these stations, especially the one at Metropark. I might say that we have people coming from Monmouth and even Ocean County and the northern counties to utilize the Metropark station.

These figures provide a clear indication that these station stops are highly utilized and are an important part of the county transit network, and really the transit network for the central part of our State. We also have every reason to believe that with increased marketing efforts by the county, the State, and Amtrak, ridership of these trains can be increased even more. We are in the process of considering entering into an agreement with the State department of transportation on the Metropark parking lot itself to make improvements so that the lot will hold a greater number of cars in the future.

There are currently no plans to discontinue the 200 series trains, but there is a major dispute as to who will pay for the continuing service. It is the opinion of the Federal Department of Transportation that Amtrak is not designed to provide commuter service but rather to solely be concerned with intercity rail service. By accepting State-subsidized commuter tickets without receiving a subsidy themselves, it is believed that Amtrak is providing New Jersey commuters with a so-called free ride. The proposal before you, therefore, is that New Jersey State and local sources should pay for the operating losses of these trains by making up the difference between commuter discount fares and full Amtrak fares. If State funding is not provided, commuter tickets would no longer be accepted.

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We would like to address ourselves to these issues which appear to jeopardize a significant portion of our rail service. First of all, New York-Philadelphia trains are intercity runs. It is not the fault of New Jersey commuters that a 90-mile corridor encompasses three States and two major cities. Due to the high density of the area, intercity service along the Northeast corridor is logically utilized by many commuters. It is the commuter patronage, in fact, that keeps the Northeast corridor operating as the most highly used Amtrak service. It is not legitimate for the Department of Transportation to suddenly determine that New York-Philadelphia service is not of an intercity nature, simply because New Jersey commuters use it. This use should be encouraged rather than discouraged.

The second issue is the question of subsidy to Amtrak for carrying commuter passengers. We agree that Amtrak should not provide free rides to commuters. Amtrak is currently conducting negotiations with the New Jersey Department of Transportation to determine a fair rate of payment to Amtrak on a per commuter basis. We believe that as an independent corporation Amtrak should be given complete freedom to negotiate with New Jersey on this matter so that a reasonable compromise can be arrived at.

The third important issue is concerned with who will pay for the 200 series rail service. The Federal Railroad Administration wants New Jersey to pick up a 100 percent of the operating losses incurred from carrying commuters. This request is completely unreasonable and can only result in disaster. The State of New Jersey has limited funding available for transportation projects and has had difficulty in receiving Federal Urban Mass Transportation Administration funding. We believe that any money available to the State must be used for a long overdue transit project such as rehabilitation of equipment, improvements to rail stations which are in a woeful state of disrepair, and electrification of commuter lines. And, I might add, to repair some of our bridges that are over our railroads and under our railroads. These projects are an immediate necessity and any funding that is available must go to them.

It would be a most unfortunate situation if all existing funds had to be used to maintain existing service levels, rather than to expand and improve service in these times of energy shortages and environmental problems.

We strongly urge, therefore, that the congressional authorization for Amtrak continue to provide for operation of these trains as they are today. Amtrak should continue to negotiate with the New Jersey Department of Transportation in efforts to arrive at a reasonable rate of commuter subsidy. Under no circumstances should commuter ticketholders be denied access to the 200 series trains. If commuters themselves had to pay full fares, ridership would decline. As history has shown us, when Amtrak trains show significant ridership losses, the trains are slated for discontinuance. The true loser in that case is the train rider, who may then be forced onto our highways once again in his car.

When Congress created Amtrak in 1969, there was a contradiction as to its main purpose. Amtrak was supposed to be a for-profit corporation at the same time as it was given the responsibility to protect the public interest in providing comprehensive rail passen-

ger service. The past decade has shown that for the immediate future, Amtrak cannot possibly make a profit. Increased congressional funding authorizations have indicated through the decade that Amtrak's congressional mandate is to provide the public with rail service. This year, your committee is faced with the stiffest challenge ever to rail transit. If Amtrak is forced to begin a cycle of service limitations and funding cuts, it is inevitable that rail service of an intercity nature will disappear. Congress has promised to look for answers to our severe energy and environmental crises. The best solution is to encourage and support mass transit wherever and whenever possible.

Our position is simple: Give the Federal dollars to Amtrak so the trains on which large numbers of people ride can continue to exist. Let limited State funds be utilized for needed maintenance and improvement work; and finally, let Amtrak negotiate an equitable settlement on the commuter subsidy issue by themselves without forcing them into a corner which will only result in losses for train riders.

Thank you very much, Mr. Chairman.

Mr. FLORIO. Thank you very much as well, freeholder Crabiel.

I would just like to state an observation at the outset: I think that most fairly sophisticated people have come to realize that the whole concept of Amtrak becoming a profitmaking organization, is not going to happen. In fact, the cost of carrying rail passengers is something that is, appropriately, a governmental cost.

Having said this, I don't mean to imply that our responsibility to make the system as cost effective as possible is relieved or reduced.

I am interested in your observation that ridership decreases with fare increase, and I am sure that is probably the case. I was just wondering if perhaps your committee has done anything to attempt to measure what the impact would be of percentage increases in costs and the resulting decrease in passenger utilization. Has your committee in any way become involved in attempting to calculate those figures?

Mr. CRABIEL. I have one comment, and Mr. Volk may have a comment or two at the staff level.

We have a real problem, and we got involved in the PATH situation, whether PATH should be extended. It does not come directly into our county but it is very close to our county, bordering on Somerset County. We found that the tendency now is, for the commuter into New York City, to use buses. Of course, that creates problems on our highways. We have tried to encourage getting back into rail wherever possible. Now, on specifics, Mr. Volk?

Mr. VOLK. The committee has not done specific studies to determine what the impact would be with fare increases, but studies that I have seen do demonstrate that there are percentage decreases in ridership with increases in fares. The order of magnitude is something like a 1 percent increase in fares results in something like a 0.2-percent decrease in ridership, something on that order. It is not a one-for-one situation, certainly.

Mr. FLORIO. Because we are talking about potential, and you addressed yourself to the potential for losing riders if the commuter fare were increased, there is no question that the intent of Amtrak is to increase fares on the intercity part of the operation.

They are attempting to increase the proportion that the passengers will in fact be paying; their goal is to shoot for—they are currently paying 37 percent—44 percent in the relatively immediate future and, I believe, by 1985 to go to 50 percent. So, the goal is to increase the percentage that the passenger will be paying, and we will be checking to see what that impact is on the utilization of the system because, as I am sure you are aware we are trying to increase utilization. Yet, at the same time there is a need to attempt the reduction of the Government's contribution to greatest the extent possible.

Mr. CRABIEL. Well, whatever is done on fare increase involving the rail, in my opinion, has to be consistent with what is done on bus because the tendency by many of our people in our county is, if there is an equal choice between bus and rail, for some reason they favor bus, which gets it back onto the highway.

Mr. FLORIO. A recent GAO study dealing with the relationship between buses and Amtrak found that, unfortunately, the competition between those two modes is exclusive and in no way has any impact on the automobile traffic. The results in an interesting situation because the buses would like to obtain more Federal assistance than they have now, in which case the Federal Government would be subsidizing the two competing modes against each other, having no specific impact on the real problem of automobile traffic.

Mr. CRABIEL. That is an interesting point.

Mr. FLORIO. I am wondering if your committee has made an attempt to coordinate bus schedules with rail schedules, so the two would work harmoniously rather than competitive.

Mr. CRABIEL. We have a weakness, particularly in Metropark, that we do not have appropriate bus transportation going into Metropark and there is consideration on that. We have extended schedules to increase ridership involving the southern part of the county—when I speak of the Old Bridge section going toward Monmouth County—bringing people into the county seat, extending to the rail station in the city of New Brunswick, we recognize that more has to be done on that level.

Mr. FLORIO. One other last question, which is not really related to this committee's jurisdiction, but I am interested in as an aside because of so much industry in this area: Has anything been done by your committee to encourage vanpooling?

Mr. CRABIEL. Yes, we are into quite a vanpool situation. Prudential Insurance Co., for one industry, has an elaborate vanpool program. With our county employees—we have 3,000 county employees—we are just now starting a vanpool program with 85 people of the 3,000. My thought was 85 was not very substantial and yet, the second reaction was, we have to start somewhere. We have some of our other industries which are doing vanpooling. We also are considering staggered work hours and working that out with some industries, and even shifts within the same industry so that the highway congestion is at least alleviated in some way.

We are exploring the concept of putting a parking facility down in the Old Bridge section so that people who are coming up from Toms River to work in the greater New Brunswick area might be

able to park there and be bused in to the county seat or their industry.

Mr. VOLK. If I could just point out with respect to ride sharing, also, freeholder and Congressman, not only has Middlesex County taken a lead in this by having tried to promote vanpooling by county employees, but they have attempted to promote it throughout Middlesex County. Interestingly enough, one of our largest municipalities, Piscataway Township, have themselves attempted to make a number of commuter matches that are necessary prerequisites to start a vanpool.

As a matter of fact, there are something like 10,000 commuter matches that have already been undertaken by Piscataway Township. As a result, primarily, of their efforts and Middlesex County's efforts, tomorrow morning at 10:30 we will be meeting with deputy commissioner Jamison of the New Jersey Department of Transportation and the head of his Office of ride sharing; the New Jersey Department of Energy officials; the New Jersey Department of Environmental Protection, and the Metropolitan Planning Organization, Tri-State Mutual Planning Commission, to see how Middlesex County could participate even more with the Department of Transportation in receiving upwards of $250,000 in Federal money that is available to 10 ridesharing demonstration project proposals throughout the United States.

So, we see even greater efforts being made in the area of ridesharing, and the transportation coordinating committee that Freeholder Crabiel heads is looking at not one set of actions to improve the congestion problems we face in Middlesex County, but we are looking at a whole host of actions that include, as you mentioned, ride sharing; that include fixed-route bus transportation promotion; that includes fixing up the highway system through a number of low-cost transportation improvements; and that also includes, as freeholder Crabiel alluded to, the county getting more involved in making contributions to fix up rail stations to provide ample parking, so that there are intermodal transfer facilities that are convenient.

We do not see the answer in any one solution, but we see the answer in a whole set of solutions. One of the lynch pins of that, as freeholder Crabiel has mentioned, is the maintenance of the existing service on the rail line that runs through Middlesex County, and that is some 27–30 miles through Middlesex County.

Mr. CRABIEL. I would just like to make two brief comments, Mr. Chairman. Commissioner Gambaccini has indicated to our county that wherever we can run with something, he is going to let us do it. We are in the process of working out where we, as a county, may operate Metropark which, incidentally, is being named after Senator Harrison Williams. In the case of rail stations in our county and throughout the State the thought is to put those stations into appropriate condition and then municipalities.

We hope to see if we can work something out with the city of New Brunswick where the municipality will operate and maintain that rail station. So, in the interest of home rule there is a lot being done in a cooperative venture.

The transportation system's management study, which was federally funded—and we are appreciative of it—was one of the great-

est studies that we have ever had in our county because on the New York side of the river, Woodbridge, Highland Park, Perth Amboy, they are highly developed and it is almost impossible to enlarge roads there, or to build new roads. It gets to be an impossible funding problem.

In South Kent, down in Plainsboro, South Brunswick, that area, going toward Trenton, it is still farmland. There we can build new roads.

The transportation system's management study took the major corridor of route 1 and route 27, which runs the entire width of our county, and then took a minor corridor between four municipalities, South River, Miltown Road between North Brunswick, Miltown, East Brunswick, and South River and did a lot of little things of intersection improvement and staggered work hours we got involved in, and vanpooling, and so forth; and how we can improve with a right-turn lane, and so forth, to try to alleviate that congestion because at 5 p.m. at night this county is jammed and we have great difficulty for about an hour's period of time of freeing that traffic.

So, it has been a cooperative venture, funding from the State to the county, and we are appreciative of that.

One final comment, we have a $114 million budget in our county, $69 million is raised by county property taxation. Of course, that is the only funding source for a county under our form of government, except for grants and subsidies from the Federal and/or State level. So, it is really at a point where we cannot saddle our property taxpayer with much more impact than we are doing at this time.

Mr. FLORIO. Gentlemen, let me say that I am very impressed with the comprehensive approach your committee, and I am sure the board of freeholders, has taken toward the transportation problems in this county.

We certainly appreciate both your coming today and the contribution you have made to the deliberations of the committee. So, thank you very much.

Mr. CRABIEL. Thank you, Mr. Chairman.

Mr. FLORIO. Our next witness, representing the mayor of New Brunswick, Hon. John A. Lynch, is Mr. Peter Hendricks.

Mr. Hendricks, we welcome you to the committee.

STATEMENT OF PETER HENDRICKS, ON BEHALF OF HON. JOHN A. LYNCH, Jr., MAYOR OF NEW BRUNSWICK

Mr. HENDRICKS. On behalf of Mayor John A. Lynch, Jr., may I welcome all of you, and especially our guests, Congressman James Florio, Chairman of the House Subcommittee on Transportation and Commerce, department of transportation commissioner Louis Gambaccini, Middlesex County freeholder Dave Crabiel, and Prof. Alain Kornhauser of Princeton University, as well as the professional staff, to New Brunswick, the hub of Middlesex County.

For the record, my name is Peter Hendricks. I serve as director of program services for the Housing and Urban Development Agency of New Brunswick, as well as representative of the mayor on the Middlesex County Transportation Coordinating Committee, of which freeholder Crabiel is chairman.

At present New Brunswick is going through a period of revitalization through the efforts of the city's departments and agencies, New Brunswick Tomorrow, Johnson & Johnson, New Brunswick Development Corp., the county, State, and Federal Government. It is a time when all aspects of housing, transportation, business, and labor must join forces to make New Brunswick a more attractive community in which to live. An all out effort must be made to improve upon the maintenance and expansion of services which will be available to the community as an important part of our redevelopment plan.

This brings us into the reason for today's meeting. It has been brought to the attention of New Brunswick that there is a possibility of some of the rail service provided to us might be in danger, especially the 200 series trains. It is our understanding that there is a problem concerning the subsidizing of commuter operating costs on these trains between Amtrak and ConRail. We are vaguely familiar with this problem because of the limited time for research. My research was done through the county—Alam Maiman and Herman Volk. We know these trains travel to and from New York and Philadelphia, an intercity service, and they also serve as a commuter service to the cities in between. We understand that presently Amtrak honors the ticket discount books sold by ConRail for commuters and Amtrak receives no compensation for it. This constitutes the problem of who will pick up the cost difference if these discount ticket books are no longer honored.

It is our opinion, not knowing all the specifics, that Amtrak should continue to provide the 200 series trains through its present operating arrangement. At the same time, the State and Federal Government should continue negotiations toward rectifying the situation at hand. We feel that the State cannot afford to incur any additional costs for rail services, nor should the commuter be forced to pay the difference.

It is a fact that eight of the fifteen 200 series trains stop in New Brunswick and any cutback in service would adversely affect our revitalization efforts. The city is depending on the maintenance and expansion of our mass transit systems to supplement our growth.

We have made renovations to our railroad station and more improvements are planned with the aid of the State and Federal Government. We want to be able to provide a service which will be more economically conservative and energy conservative to the citizens of our city.

Basically, that is the statement from the mayor of New Brunswick.

Mr. FLORIO. Let me just express to you and express to the mayor our appreciation for his assistance in making today possible.

As I think you have already realized your apprehensions with regard to termination of commuter services by October 1 will, we fell probably be relieved because of the committee's intention to defer that decision for at least a period of a year.

All of the nice things I said to the previous speaker with regard to the transportation coordinating committee equally apply to the mayor inasmuch as it is my understanding that he is a very important part of that committee as well.

So, we pay tribute to the mayor and to New Brunswick. I have always been impressed with New Brunswick. It is a very progressive community that is trying to restore the quality of life to the area. Because it is an old city, it suffers from some of the same problems from which other old urban areas suffer. However, I have seen here, on the number of occasions, a spirit of revitalization which, in no uncertain terms, was brought about by the high degree of responsibility on the part of the city administration.

So, I would commend you and thank you for your contribution. May I ask you to give our regards to the mayor.

Mr. HENDRICKS. Thank you very much.

Mr. FLORIO. Our last witness is Mr. Alain Kornhauser, associate professor of civil engineering and director of the transportation program at Princeton University. Professor, welcome to the committee.

STATEMENT OF ALAIN L. KORNHAUSER, PH. D., DIRECTOR, TRANSPORTATION PROGRAM, AND ASSOCIATE PROFESSOR, CIVIL ENGINEERING DEPARTMENT, PRINCETON UNIVERSITY

Dr. KORNHAUSER. Thank you very much for your invitation, it is a pleasure being with you again this morning after your seminar yesterday.

In my testimony this morning I would like to focus on several long-range policies that will impact New Jersey's future energy requirements for transportation. My comments center about a research project that is being conducted in this area which is sponsored by the Tri-State Regional Planning Commission. In this study I am being assisted by my colleagues, Profs. Reggie Caudill, Michael Munson, and Jerome Lutin, and Mr. Rasin Mufti, all of Princeton University.[1]

Our research is focused on formulating and evaluating various policies directed toward the reduction in the consumption of transportation energy in New Jersey. Our research is not complete, however, I feel that several issues that we have studied deserve your attention.

The battle to reduce transportation energy consumption in New Jersey can be fought on two fronts. Improved vehicular efficiency for one, and reduced automobile vehicular miles traveled—termed VMT for short—is the other.

We can dispense with improved auto efficiency very quickly because the Federal Government has and is continuing to make full use of its powers to achieve these ends. The machinery has been set in motion, the momentum is there, and we simply need to remain vigilant and the evolutionary process will deliver to us a fleet of more efficient vehicles. With more or less diligence, we can be slightly more or less efficient sooner or later, but the major steps have already been taken.

With respect to VMT, we have yet to do very much. We talk about carpooling, price elasticities, operating subsidies and low fares for transit, but we have yet to bite the bullet to develop policies that will either greatly reduce VMT or provide sufficient

[1] "Energy Impacts and the Rule of Normalized Costs Models on the Allocation of New Jersey's Mass Transit Financial Resources." Research sponsored by Tri-State Regional Planning Commission Contract.

alternatives to transportation to serve New Jersey in case of a drastic curtailment in the availability of transportation energy resources in the future.

Let us consider a few policies, carpooling for one; shifts to mass transit for another, and indirect land-use policies as a third.

Carpooling is certainly a great idea if only someone could figure out how to bring it off. If average auto occupancy could be increased to just an average of two persons per car during the rush hour, this would itself save energy consumed in going to and from work by approximately 50 percent. The problem is that not enough people both live and work near each other and choose to go to and from work at about the same time every day. Too often the alternative to those who carpool is transit and in these cases carpooling reduces transit ridership rather than VMT. Carpooling for other trip purposes has similar timing and location problems. In particular, with respect to recreational trips on which New Jersey's economy is so dependent, auto occupancy is already high. During weekends and on vacation trips the whole family tends to travel together and there is little room in the automobile for anyone else.

With respect to modal shift, New Jersey has close to 3 million workers traveling to work every day. More than 74 percent of them, over 2 million, commute by auto, while 14 percent or over 400,000 commute by mass transit. Auto drivers outnumber transit riders by almost 5 to 1 in the work trip. If due to fuel shortages even 10 percent of New Jersey's auto commuters switched to mass transit, the load on the transit system would increase by 50 percent. Since most transit systems already operate at or near capacity during peak hours, an increase in this magnitude would, without proper planning, create intolerable congestion with thousands of riders encountering extensive delays. In addition to work trips, school trips, shopping trips, and other trips, would incur delays or simply would not be made. Losses in revenue to business and industry would amount to millions of dollars.

The financial impact of future energy shortages on public transit is unclear. While of course it is different, one may gain a perspective from the period during World War II. At that time auto use was restricted; transit ridership reversed its downward trend; the transit operator enjoyed a respite from red ink and declining profits. Yet, the war effort stimulated employment and hence increased commuting. At the same time, rationing of critical materials such as rubber for tires and the cessation of civilian auto production led to the use of transit for shopping and recreational trips in the offpeak hours as well. During the war the transit systems were efficiently utilized and were able to achieve high loadings throughout the day.

However, shortages of strategic materials and labor led to deferred maintenance on vehicles and rights-of-way and impaired quality of service. While such hardships were endured patriotically during the war, postwar riders found new automobiles to be an irresistible alternative to decrepit public transit. Transit operators found the backlog of maintenance to be a serious drain against their diminishing resources. On balance, the wartime experience demonstrated that short-run gains in transit revenues could be

achieved in time of crisis, but that longrun losses may result unless there are comparable increases in capital investment.

In the face of a peacetime energy shortage, individuals should be willing to pay higher fares for transit, and the industry should be able to demonstrate its effectiveness to a larger segment of the market. Rail service, as well as bus service, may show a decrease in average cost per passenger since some capacity increases can be made at very low costs. If travel demand can be efficiently managed, and individuals convinced to tailor their travel patterns to available services, then efficient commuter rail and bus operation would be possible, reducing or even eliminating the need for operating subsidies.

Thus, if forced to greatly reduce transportation energy consumption, operating subsidy programs may not be needed, but significantly larger State and Federal capital programs will be required if the commuter rail and bus systems are to accommodate even a modest percentage of the travel previously accomplished by auto.

But the biggest battle that New Jersey, as well as other States, face in their effort to reduce VMT is land use. If people could simply become interested in living half the distance to where they work, or living on commuter rail or bus routes serving their workplaces, the energy savings would greatly outweigh the effects of any other policy short of the utopian carpooling policy. This perspective may also be utopian; however, nothing is being done in this area—in fact, present trends and policies are in the other direction.

For example, 60 percent of the planned dwelling units in New Jersey are in residential areas having less than three dwellings per gross acre—and I provided a figure 1 [see p. 24] and map 1 [see p. 25] that sort of indicates those numbers. Planned industrial, commercial, and office investment is scattered throughout the State—and that is shown on map 2 [see p. 26]. Most sewer projects, which are the first sign of future growth, are located outside the State's designated growth areas. The sewer projects are shown on map 3 [see p. 27] and the designated growth areas on map 4 [see p. 28]; and even the designated growth areas are widely distributed throughout the State.

While these plans in and of themselves do not certainly imply higher future transportation energy consumption, unless policies that are intended to encourage persons to live close to where they work are also implemented, little doubt exists that the State will not reduce its thirst for energy consumption. In fact, if shortages of energy do materialize, it may drastically affect the economic viability of the planned development as well as the State as a whole.

However, since a great deal of migration both within and in and out of the State goes on continuously, one should be focusing policies that will manage that migration in a way much like the fuel consumption of the entire automobile fleet is being managed through an evolutionary replacement of older, less efficient automobiles by more efficient ones.

Policies that would lead those who are making housing location choices to voluntarily choose places closer to where they work, or along transit lines that serve their workplaces could in an orderly

process insure both the economic viability of the planned construction and reduce State transportation needs for the future.

In much the same way that home mortgage policies led to the migration to the suburbs and strong economic growth of the fifties and sixties, similar policies could lead to reduced transportation energy consumption and strong economic growth in the eighties and nineties. Preferred mortgage interest rates and downpayment schedules to prospective home buyers who buy homes in the neighborhood of their workplaces, or on transit lines that serve their workplaces, may be one reasonably painless way to achieve these objectives.

I submit to you that at least one institution, Princeton University, has such a policy that has kept commuting distances very short for a large portion of its own work force. If similar policies were instituted by the State's banks, savings and loan associations and major employers, the State could begin to protect its economic interest against the whims of those who control the energy supply.

Thank you.

[The following material was received for the record:]

FIGURE 1.

PERCENTAGE DISTRIBUTION OF PLANNED DWELLING UNITS BY GROSS DENSITY CATEGORY
(JANUARY 1977—OCTOBER 1978)

Density Category	County Number of Dwellings					Total Dwellings	% of Total
0-1.0	Middlesex 5,148	Warren 123	Hunterdon 36	Essex 13		5,320	17.1
1.1-3.0	Morris 1,370	Monmouth 2,075	Ocean 4,036	Burlington 5,148	Somerset 733	13,362	43.0
3.1-5.0	Gloucester 1,503	Camden 5,407				6,910	22.2
5.1-10.0	Mercer 1,715	Bergen 2,358				4,073	13.1
10.1-100.0						—	
Z100.1	Atlantic 500	Hudson 942				1,442	4.6
Dwellings Per Gross Acre						31,107	100

Source: Subdivision Log, New Jersey Department of Community Affairs

MAP 1

PLANNED HOUSING DEVELOPMENTS
(JANUARY 1977 – OCTOBER 1978)

• LOCATION OF RESIDENTIAL DEVELOPMENT

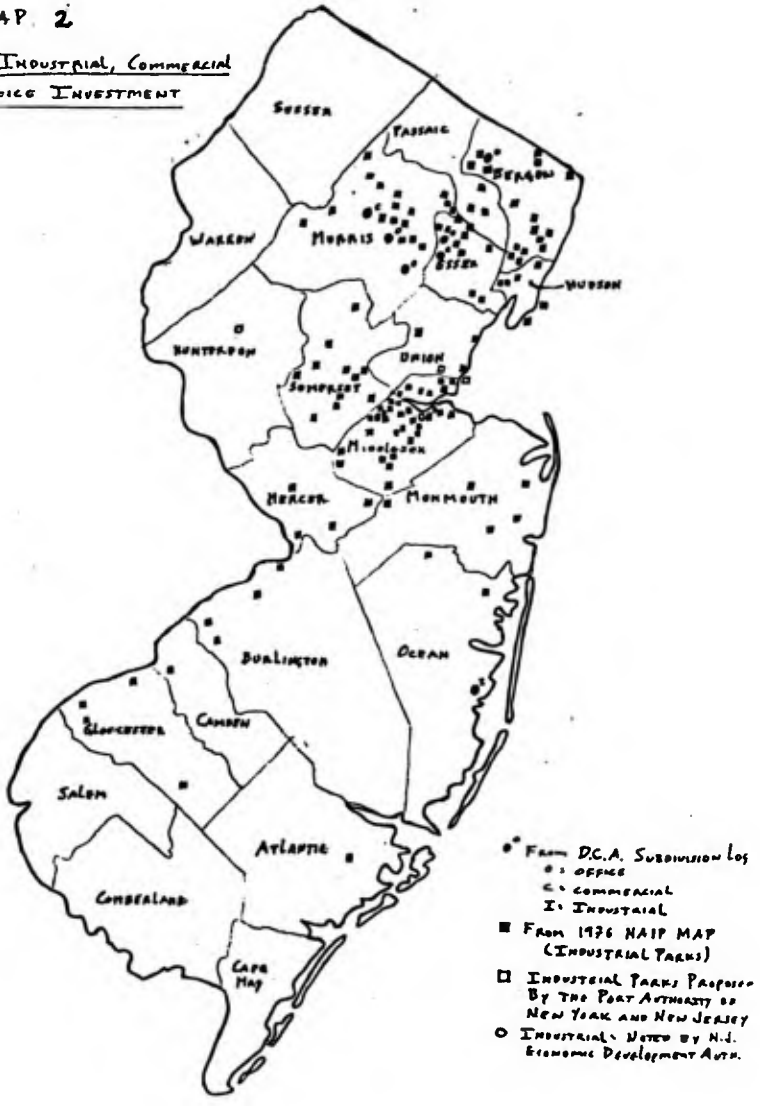
(•) DEVELOPMENT OUTSIDE OF DESIGNATED "GROWTH AREAS"

1234 NUMBER OF DWELLING UNITS PLANNED IN EACH COUNTY

SOURCE: SUBDIVISION LOG AND MAP, NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS

MAP 2

PLANNED INDUSTRIAL, COMMERCIAL AND OFFICE INVESTMENT



MAP 3

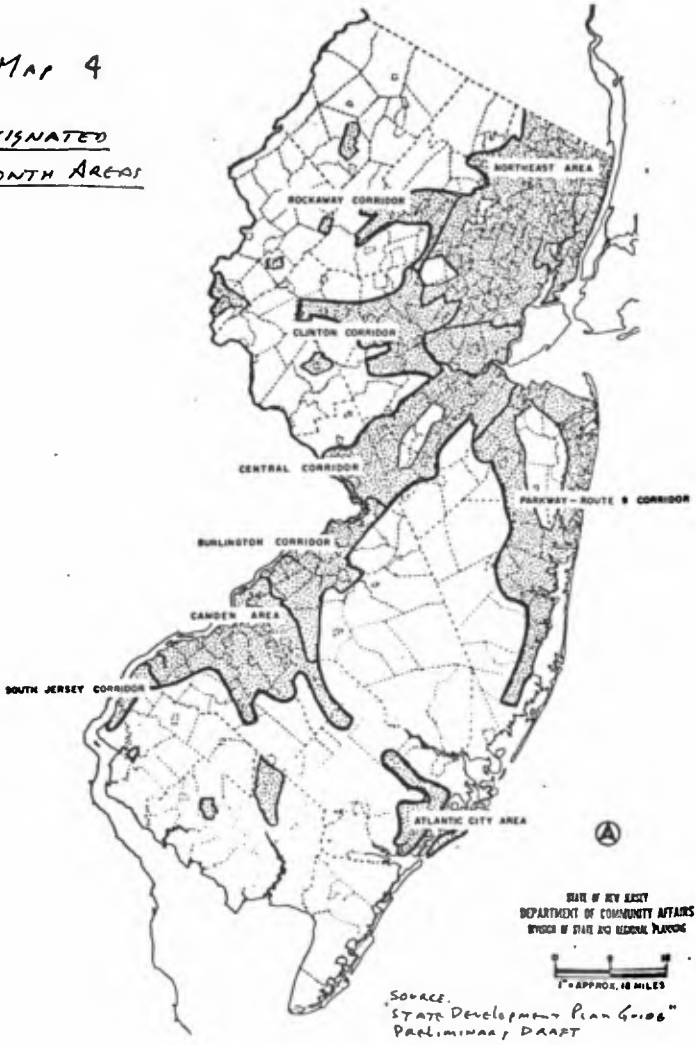
PLANNED SEWER COLLECTOR PROJECTS

× LOCATION OF PLANNED SEWER COLLECTOR PROJECT

SOURCE: "PRELIMINARY FISCAL YEAR PROJECT PRIORITY LIST," DIVISION OF WATER RESOURCES, NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

MAP 4

DESIGNATED GROWTH AREAS



SOURCE.
"STATE Development Plan Guide"
Preliminary DRAFT

Mr. FLORIO. Thank you very much. You bring up a number of points we have not considered with regard to transportation. I am particularly interested in the land-use initiatives that you are advocating, or appear to be advocating. However, I just wonder if in fact some of these things are not already designed to happen. For example, in the Carter administration budget there is a substantial reduction in sewerage money. The exclusion of some anticipated $5 billion signals to me—as you indicated—a cutback in what is generally an indication of expansion.

I am inclined to think that there is a subtle feeling prevailing in this country, particularly in governmental circles, that perhaps suburban sprawl and redevelopment has gone too far and that we should be targeting revenues back into the urban areas for the purpose of trying to induce people to stay in those areas by making the quality of life there better. If in fact people stay there, it seems that the traditional approach of jobs being located at a site and employees moving there will be reversed, and we will have the employers, our service industries in particular, coming back to where the people reside. Does any of this strike a responsive cord in you?

Dr. KORNHAUSER. I agree with you that that certainly is one component and we need to move that way. Part of my argument, I think, goes a little bit beyond that. I am not necessarily advocating that we do not build the sewer systems, that we do not continue to expand these very land uses out into the suburban or exurban areas, I am simply saying that if there is to be that development out there, it should be both for residential and industrial and working purposes, and to make sure that the people that live out there also work out there; live and work in about the same area.

The example with Princeton, while being a little bit within my own backyard, I must explain, certainly is not within a very urbanized area, it is somewhat in the exurban area. A policy that encourages those that happen to work in that exurban area to also live in that same exurban area is one that reduces the consumption and requirements on the transportation system. So, if the development is to be in the outer reaches of the State, let us make sure that there exist both the housing and the workplaces so that the people that live out there also work out there.

Similarly with the urban areas. There it is much simpler, there already exists some infrastructure for the workplaces and for the housing; and again, we must make sure that the people who happen to live in the urban area also work in the urban area, that they do not work in the suburban area, and that we then bring people together instead of indulging in this immense thirst for energy and consumption of transportation that really is not all that necessary.

Mr. FLORIO. Now, to discuss an area a little bit more related to our major concerns today. I think you probably heard me ask one of the previous witnesses if he had any information about the correlation between fare increases and the tradeoff in reduced usage. Do you have any information with regard to that general thumb rule, or specific analyses that have been conducted?

Dr. KORNHAUSER. The thumb rule that was mentioned earlier of a price elasticity of 0.2 is about correct, that being for a 1-percent

increase in fares there is about a 0.2-percent decrease in ridership. It indicates that transit ridership is not extremely sensitive to price.

Mr. FLORIO. Is not?

Dr. KORNHAUSER. Is not. I mean, for each 1-percent increase you only get a 0.2-percent decrease in ridership. That is not a very strong elasticity. So, in a sense there is certainly some room there for transit fare increases, in my belief. That is not to say that is what we should go out and do, there are all sorts of other issues that need to be addressed, but people are not riding and using public transportation because of price.

Your comments on the GAO study with respect to competition in the intercity market between bus and rail is one that is not price competitive with the automobile, there is no price incentive to get people out of the automobile. That issue does not even come in there, and the reason is that the people are using those public transportation facilities because they do not have an automobile available for that trip and in a sense the price elasticity with respect to the automobile just does not appear.

Mr. FLORIO. You made a couple of suggestions with regard to Amtrak and the intercity traffic between Philadelphia and New York. If in fact you feel there would not be a great loss of ridership by virtue of fare increases and we know that it is the intention of Amtrak to increase fares to place a greater proportion of the costs on the passenger? Do you feel that there is some point of diminishing returns? I will give you some indication of the order of magnitude: We are saying that 7 percent is what the commuter pays of the total operating dollar on the commutation passes and 37 percent is what the normal Amtrak rider pays. The intent of Amtrak is to go to 44 percent and then to 50 percent.

Is a 50-percent figure, as a share of revenues to costs, a reasonable one?

Dr. KORNHAUSER. That is a broad question that you have asked me. To try to break it up a little bit if I may and just spend a minute on it, the issue with respect to commutation fares has two and possibly a third greatly offsetting positions. One, it may be argued that in fact the commuter on the series 200 trains is essentially the marginal rider and therefore should incur the marginal cost of provision of that service.

In other words, much of even the operating cost is fixed and therefore is already borne by just having to put the trains out there, even if you had zero passengers on there. Much of the commuter rider is then put out there on the margin in which the marginal costs, if one would compare the commuter fares to the marginal costs at that level, pays a great portion of that marginal cost. The marginal cost is much, much less than the average cost at that point.

So, in a sense there is some argument that can be made, well, this is just one more passenger, or a few more passengers to load onto the series 200 trains, it really does not cost very much more for Amtrak to provide that additional service and therefore the rider should in fact not be charged that much more because he is in fact a marginal rider. That is on one end.

On the other end, though, there is some question about the capacity aspect, and is the only reason why Amtrak is running some of these series 200 trains for the purposes of the commuter service. If it is brought out in that light, then the average cost is the much, much more appropriate measure for determining the relative standpoint of whether or not the commuter is paying his fair share than is the marginal perspective. Even if one looks at congestive effects as to some of the congestion caused, one can look at some very classical results of transportation supply that, as you approach a point of congestion your costs go up very, very rapidly, and since it is the marginal rider, in that case, which causes the congestion, maybe one should charge him the capacity costs, or those costs at that particular end.

So, from one perspective, it almost costs nothing for Amtrak to carry those commuters; from another perspective it can be very, very expensive, and in a sense both perspectives can be argued and it depends which one you want to present in some sense as to how well you want to make the argument for the commuter fare.

There is even possibly a third argument with respect to the commuter fare, that that may be the least sensitive of any in terms of price. The person has to go anyway, and if one looks at trying to drive to New York City, that is not even a close alternative for most of those people that take that particular service.

So, in a sense they may be willing to pay almost anything to continue to ride the train. Possibly they may switch to the bus instead of the train but, certainly, they probably would not go to the automobile in terms of going to New York City because the auto alternative is so very, very bad.

So, in a sense maybe the commuter can be placed in one of these positions that we discussed yesterday, where the commuter may be gouged by Amtrak since in fact he has no real alternative besides taking the railroad into New York City.

So, these are three different perspectives that lead to very, very different answers and conclusions to your question.

Mr. FLORIO. One last question. Amtrak, or rather DOT, has taken the position that the States, the commuter-operating agencies, or the passengers should pay 100 percent of the avoidable costs.

One of the difficulties we have come up with are the differences of definition. Can we ask what your thoughts would be with regard to avoidable cost, and the way it should be defined?

Dr. KORNHAUSER. I guess I would have to beg off that one. I am not an accountant and I think in terms of those specific cost elements, that is a much more detailed perspective than really economic theory and some of the general cost principles that I was speaking of. I mean, there you really have to deal with whether or not a tie that is in there for 30 years should be considered as fixed or variable; various other aspects of the physical plant, what is and what is not avoidable; whether you could or could not tear up one, two, or three of the four tracks out there; how many passing sidings and so on. It goes on and on, and on. I really would not like to say any more about that at this point. It is a very, very difficult issue.

The avoidable cost issue could be basically the crux of the first position that I mentioned with respect to the commuter. What is

the avoidable cost to Amtrak for the provision of the additional services on the series 200 trains for the additional capacity needed for commuters. Since they have the engine hooked up on there, you are going to need so many cars anyway, you have to have so many conductors whether you have passengers on there or not; you have to run it; the incremental energy consumption is very, very small, and the avoidable cost to Amtrak on providing additional capacity to service the commuter on those morning and evening runs is small. So, if you take that argument, the commuter fare should be small.

If you take the other argument, they may not run those trains at all, therefore the commuter would have to pay it all.

I hate to leave you without an answer, but that is what the political process is supposed to do, decide between these competing ends.

Mr. FLORIO. We certainly do appreciate your coming before us today. I want to publicly acknowledge my appreciation for the opportunity I had yesterday to speak at your seminar. I was tremendously impressed with your physical plant and the individuals there.

This committee will feel no inhibitions about reaching out to you and to your establishment, if you do not mind, to seek further guidance and information in the future.

Dr. KORNHAUSER. We will assist you whenever we can and whenever we feel it is appropriate.

Mr. FLORIO. Thank you very much.

Dr. KORNHAUSER. Thank you.

Mr. FLORIO. The committee stands adjourned.

[Whereupon, at 10:40 a.m. the subcommittee adjourned.]

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