



DEPARTMENT OF TRANSPORTATION

NEWS

URBAN MASS TRANSPORTATION ADMINISTRATION

WASHINGTON, D.C. 20590

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UMTA 75-116
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Urban Mass Transportation Administrator Robert E. Patricelli today announced UMTA's decision on the application of the State of New Jersey and the Port Authority Trans-Hudson (PATH) Corporation to extend the PATH line to Plainfield, New Jersey. Patricelli stated that the \$278 million application was being rejected, but at the same time indicated a level of UMTA funding which New Jersey might receive over the next five years under certain conditions.

The UMTA chief said that the major reason for the turn down was the project's very high capital cost to UMTA for each added transit rider. Capital cost per rider in the PATH plan was higher--by a multiple of more than two--than any other project currently pending before UMTA. Patricelli said that UMTA agreed with the State's objective in attempting to use construction of a new transit line as an element in revitalizing urban areas along the right-of-way, but failed to find the "critical mass" of supporting public and private action which might make that happen.

At the same time, Patricelli said the State might receive as much as \$300-350 million in capital grant funds from UMTA during fiscal years 1976-1980, based on the State's percentage of nationwide ridership and population weighted by density. Patricelli said that this would be in addition to \$172 million in capital grants already made to the State, \$177 million in UMTA formula grant assistance which could be used for either

capital or operating purposes during the FY 1975-80 period, and whatever Federal highway funds the State might choose to use for transit.

The UMTA Administrator strongly emphasized that the \$300-350 million planning guidance figure was not a reservation nor an entitlement to funding. The State would still have to compete with other jurisdictions for funds based on the merits of projects. He said that UMTA, under its Congressional mandate, would continue to take into account a number of other factors beyond funding equity, including transit need and ridership, local transportation management strategies, local funding commitments, and air pollution, energy conservation, and urban preservation impacts.

Patricelli noted that the State had indicated that it wanted \$605 million in capital grants in coming years (including PATH), and that given UMTA's planning guidance some priorities would have to be set or other sources of funding found. He said that UMTA would be willing to consider an unprecedented multi-year commitment to New Jersey, but only if the State submitted a comprehensive transportation improvement and funding program consistent with a regional land use plan. He said that such a program should include an updated plan for commuter rail service and should consider the establishment of a commuter rail operating authority to take the place of the bankrupt railroads.

The decision letter said that the \$278 million PATH grant application was rejected "at this time and in that amount," but that the decision was without prejudice to the resubmission of the PATH proposal or of an alternative CNJ commuter rail improvement program at a substantially lower capital cost to UMTA and consistent with a multi-year plan UMTA was calling for.

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For further information contact the UMTA Office of Public Affairs at (202) 426-4043.



DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
WASHINGTON, D.C. 20590

THE ADMINISTRATOR

December 19, 1975

Mr. Alan Sagner
Commissioner
State of New Jersey
Department of Transportation
1035 Parkway Avenue
Trenton, New Jersey 08625

Mr. Louis J. Gambaccini
Vice President & General Manager
Port Authority Trans-Hudson Corporation
One World Trade Center
New York, New York 10048

Dear Commissioner Sagner and Mr. Gambaccini:

Given the shared interest of the State of New Jersey and the Port Authority Trans-Hudson (PATH) Corporation regarding PATH's application for capital grant assistance to extend its system to Plainfield, New Jersey, I am taking the liberty of writing you this joint letter to inform you of UMTA's decision on the project.

Before I state and explain that decision, however, I want to thank you both for your diligence in responding to our many requests for information on the project and for your patience as we have worked through to this decision. I want also to be on record regarding the high quality of the analysis which we have received from both your agencies; it has materially aided our review.

Our analysis has affirmed the many merits of your proposal. In terms of improved transportation, the extension of PATH service to Plainfield would offer no-transfer access to Manhattan, shorter travel times, more frequent service, improved access to Newark Airport, and an environmentally preferable alternative to expanded automobile use. The State of New Jersey has also presented this proposal as a key element in its land use and development strategy for the area, with special emphasis on its potential for contributing to the revitalization of older cities located along the right-of-way including

Newark, Elizabeth, and Plainfield. We have recognized this urban preservation goal as an important element in our consideration of the project, even though it involves a non-transportation benefit.

Finally, I have been impressed by the personal commitments of Governor Byrne and Dr. Ronan to improving mass transportation in northern New Jersey, and UMTA wishes to support and encourage such public leadership.

For all of these reasons, our decision has been a difficult one. I must, however, reject your current application for \$278 million in UMTA funding for the proposed Plainfield project, but wish to do so in the context of indicating to New Jersey what UMTA funding may be available to the State, and under what conditions, in the coming years. Further, this decision is without prejudice to the resubmission of the PATH proposal or of an alternative Central Railroad of New Jersey (CNJ) improvement program at a substantially lower capital cost to UMTA and consistent with a multi-year transit plan and capital program for northern New Jersey or for the State as a whole.

First, I would like to explain the basis for my decision to reject the current application at the \$278 million level. Our fundamental difficulty with your proposal, as we have indicated on many previous occasions, is with its very high capital cost to UMTA's limited budget compared to the benefits to be obtained. Given the fact that we are faced with many more capital grant applications than we can fund, UMTA is naturally required to select those that offer the greatest transportation and non-transportation benefits.

In the case of the PATH proposal, the cost of the project was estimated at \$347 million, not including an additional \$55 million for system improvements east of Newark which are in part necessary to support the Plainfield extension. We believe that this project cost may be understated since no funds have been included for feeder bus and parking support for the PATH extension, nor for capital improvements in connection with continuation of some form of transit service west of Plainfield. The cost to the Federal Government would be \$278 million for the core project.

Dividing the \$278 million in proposed UMTA funding by the additional 5,600 daily one-way passengers ascribed to the PATH improvement produces almost \$50,000 in UMTA capital

investment for each added daily passenger. This is a figure which is very substantially higher -- by a multiple of more than two -- than any other major capital grant application currently pending before UMTA. On other measures of transportation cost-effectiveness, such as capital cost per passenger mile, or capital cost per passenger on the total system, the PATH proposal is at a similar disadvantage compared to other pending applications. While these cost measures are by no means the only criteria for decision, a competitive disadvantage for the PATH proposal of this magnitude proved impossible to overcome on any other grounds.

One major question raised in the course of our discussion had to do with the comparative costs between the PATH plan and alternatives involving improved commuter rail service provided by the Central Railroad of New Jersey (CNJ) in the same travel corridor. You have correctly pointed out that when operating deficits over a projected 35-year project life are taken into account along with initial capital costs, the cost difference between PATH and the so-called CNJ Maximum Diesel option was minimal. The issue for UMTA in this case, however, is not one involving the choice between two expensive alternatives in the Plainfield corridor, but one involving the choice between either of those two options and more cost-effective alternatives being presented by other urban areas.

We have sought to pay special attention to your suggestions that the PATH project will have major added benefits in terms of connecting and restoring vitality to certain of the older urban centers on the travel corridor. Secretary Coleman feels strongly that urban preservation is a valid and important criterion to take into account in awarding our discretionary capital grants for transit improvement, and I wholly support his view. I have urged you to "make your best case" on this point. In our capital funding in northern New Jersey to date, and in the possible further funding discussed below, UMTA hopes to be supportive of the State's urban preservation priorities.

We must conclude on the basis of the information provided, however, that there is still insufficient evidence that the PATH project will have more than a marginal impact on urban revival. Indeed, the 1985 ridership projections for the PATH system show little of the inter-city passenger traffic that is suggested as the key to this urban revival. We do not question the State's commitment to the objective, and indeed we support the objective. We simply do not see the necessary critical mass of State and local legislation and development activity, public

investment programs, private real estate activity, and strong land use planning that permits the cost disadvantages of the PATH project to be overridden by any reasonable likelihood of urban preservation impact.

But while I must reject the PATH application at its current \$278 million cost to UMTA, I want at the same time to provide planning guidance on funding we might be able to make available to New Jersey through Fiscal Year 1980 (the duration of the National Mass Transportation Assistance Act (NMTA),) and the conditions under which that funding could be forthcoming. While our capital grant program is discretionary in nature -- there is no allocation of the funds by formula among the States and urbanized areas -- you have a legitimate interest in knowing generally what level of Federal funding you might reasonably expect.

In this regard, both the State and UMTA have an interest in assuring that New Jersey receives equitable treatment under our capital grant program. New Jersey has received \$172 million in UMTA Section 3 funds since the initiation of the capital grant program, with \$139 million of that amount granted in FY 1975. This represents approximately 4 percent of the total \$4.3 billion in capital grants made in the FY 1965-75 period.

On the other hand, New Jersey accounts for about 300 million transit trips per year, or about 5.1 percent of the current nationwide level of 5.9 billion transit trips. (Northern New Jersey accounts for about 95 percent of the State's trips, or about 4.8 percent of trips on a nationwide basis. In terms of rail ridership (commuter rail, PATH, Newark subway), northern New Jersey comprises about 3.8 percent of the nationwide rail transit trips). If we look at the population and density formula used for distribution of UMTA's Section 5 funds, New Jersey gets 4.46 percent of the national total.

Thus, by measures of either ridership or of population weighted by density, New Jersey might expect to receive, based on formula equity factors alone, between 4.5 and 5.1 percent of the available Federal capital grant funds. Matched against the \$9.816 billion which UMTA has available for capital grants in the FY 1965-80 period, New Jersey's reasonable expectations would fall in the range of \$442-501 million. Offsetting the \$172 million in grants already made to the State, a reasonable maximum range for further funding under NMTA would be \$270-329 million. Even giving New Jersey some added weight by virtue

of being the State with the highest population density, and for its special urban problems, the State should not reasonably expect more than about \$300-350 million in additional UMTA capital assistance under current NMTA authorities, on this basis.

I offer this analysis by way of planning guidance to the State for purposes of assisting you to set priorities among projects. You understand, of course, that this is only planning guidance and in no way constitutes any entitlement to funding. Such funding would only be forthcoming pursuant to the submission of meritorious projects. Moreover, general equity in funding distribution is only one factor which UMTA considers in making capital grant decisions; other factors include need, any emergency repair problems, local commitment to non-Federal funding, impacts on air pollution, energy conservation, and urban preservation, the presence of effective Transportation Systems Management (TSM) programs, and transportation costs and benefits. Our capital grant program will not be operated on a de facto formula grant basis; Congress did not intend that. Funding based solely on a formula approach to equity among jurisdictions would pre-empt most new start opportunities and many needed system improvements throughout the country. UMTA will continue to fund highly meritorious new start projects even where they would consume a portion of our capital grant dollars in excess of amounts available under any strict formula approach. Therefore, your application will still have to compete on the merits with those from other jurisdictions and show responsiveness to all the factors I have named.

The above planning guidance figure is separate from and does not constrain the use of the \$177 million in UMTA Section 5 funds which the State will receive in the FY 1975-80 period, nor does it relate to funds which might be applied to transit uses under the transfer provisions of the Federal-Aid Highway program. In that connection, we note that northern New Jersey has available to it about \$65 million apportioned but uncommitted Urban Systems highway funds, as well as over \$200 million available under the 1975 cost estimates for construction of uncompleted Interstate Highway links in the area.

As against these possible Federal funding sources, the State has indicated to UMTA its interest in seeking our capital grant funds for the following projects:

	<u>\$ in millions</u>
Erie-Lackawanna RR electrification and modernization	137
New York and Long Branch RR electrification and modernization	120
Erie-Lackawanna RR direct rail access program (initial phases only)	40
PATH to Plainfield	278
Bus purchases	30
Total	<u>\$605</u>

It is apparent that we will not be able to accommodate all these needs from UMTA resources.

Therefore, I would urge the State together with appropriate regional planning bodies to develop and submit to UMTA a comprehensive plan for transit development and an all-source capital program which set the necessary priorities and which can guide both Federal and State funding decisions.

This transportation plan and capital program should be consistent with a comprehensive land use plan for northern New Jersey, and any transit investments sought primarily or importantly for urban preservation purposes should be supported by a reasonable range of other public and private commitments.

As part of this program, UMTA would be especially interested in seeing an update of your existing plans for commuter rail operation and improvement, given the changes being brought about by the railroad reorganization in the Northeast. We believe that such a program should examine the possibilities for further equipment standardization, and should consider the establishment of an authority to operate commuter rail services within New Jersey or on a bi-State or tri-State basis. We share your concern for the growing operating deficits of commuter rail service, including that of the CNJ, and stand ready to assist you in working toward solutions to that problem. Finally, given the fact that over 75 percent of all transit trips in northern New Jersey are made by bus, we hope that you will give careful attention to the improvement of bus service. UMTA recognizes that all of these issues are equally of concern to the State and that much work has already been accomplished.

If such a comprehensive, multi-year transportation plan and capital program were forthcoming, UMTA for its part would be willing to consider a multi-year commitment in support of it. Such a multi-year, multi-project commitment would be an unprecedented step for us, as we have confined such multi-year actions in the past to a few new system starts.

In summary, then, our decisions today are as follows:

1. The PATH Plainfield extension proposal calling for \$278 million in UMTA funding is rejected at this time and in that amount. This decision is based on the comparatively very high UMTA capital cost per passenger involved in the project. This decision is without prejudice to the resubmission of the PATH proposal or of an alternative CNJ improvement program at a substantially lower capital cost to UMTA and consistent with a multi-year transit plan and capital program for northern New Jersey or for the State as a whole.
2. A level of \$300-350 million in UMTA funds for the FY 1976-80 period under current authorizations in the National Mass Transportation Assistance Act is suggested for purposes of planning guidance to the State. This does not constitute a reservation nor an entitlement to funds, and grant applications will still have to compete on the merits with those from other jurisdictions. Nor does it include any UMTA Section 5 funds, or any Federal-Aid Highway program funds which the State might wish to transfer to transit uses.
3. To qualify for any multi-year funding commitment pursuant to the above guidance, the State together with appropriate regional planning bodies should prepare and submit a comprehensive plan and capital program for transit development consistent with a land use plan.

This effort should give special consideration to the need for a commuter rail plan, a rail operating authority, and means to reduce operating deficits.

We look forward to the opportunity to work constructively with the State and with PATH along the above lines. I would be happy to meet with you to discuss and explain any aspects of this letter.

Sincerely,


Robert E. Patricelli

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