



**2009-2010**  
**State Issues**  
**Briefing Book**

**[www.NJSEED.org](http://www.NJSEED.org)**

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## Introduction

The New Jersey Society for Environmental, Economic Development (NJ SEED) is a unique coalition of New Jersey's most prominent labor and business leaders. Our diverse membership includes labor advocates, construction trade groups and electrical workers unions, energy providers, environmental consultants, telecommunications firms, banks, residential and commercial development interests, insurance firms, educators, law enforcement and firefighters, food manufacturers and retailers, water utilities, chemical industries, pharmaceutical companies and health care interests. What we all have in common is our belief that economic growth and environmental protection are not mutually exclusive. For more than thirty years, NJ SEED has supported balanced public policies that create private sector jobs, bolster our economy and enhance our environment.

Good things happen when labor and business leaders sit down together. We are proud to present this 2009-2010 edition of our State Issues Briefing Book. The book is a companion to our Congressional Briefing Book published each spring. We thank all of the NJ SEED members and staff who contributed to this document.

This Briefing Book is being shared with the Governor, members of the Legislature, the New Jersey Congressional Delegation and other policy leaders.

Since NJ SEED was founded, New Jersey has realized many significant environmental gains. Our air is cleaner, our water is purer, and our soil is less contaminated. New Jersey has often led the nation in environmental enforcement. On occasion, environmental zeal has led to exceedingly burdensome regulation on business, thereby impeding economic and job growth. Although there are many problems yet to be solved, New Jersey remains a great place to live, to work and to run a business.

The issues presented on the following pages represent a challenge to the Governor and Legislature to address many important areas of our state's economy particularly with respect to its transportation infrastructure, the environment, telecommunications and energy. We look forward to working with them.

Joseph McNamara, President  
**NJ LECET**

James Benton, 2nd Vice President  
**NJ Petroleum Council**

John Torok, Secretary  
**The Torok Group, LLC**

Art Guida, Member at Large – Business  
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Linda Doherty, Treasurer  
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# NJ SEED POLICY COMMITTEES

## NJ SEED Economic Development Issues Policy Committee

Chairman: John Maddocks, Somerset County Business Partnership

<b>AT&amp;T</b> Charlene Brown	<b>Associated General Contractors of NJ</b> Brian Tobin	<b>Building Contractors Association of NJ</b> Darlene Regina
<b>Donald Sico &amp; Co. LLC</b> Donald Sico	<b>HealthCare Institute of NJ</b> Haskell Berman	<b>NJ Business and Industry Association (NJBIA)</b> Art Maurice
<b>NJ Council of Carpenters</b> George Laufenberg	<b>NJ NAIOP</b> Michael McGuinness	<b>NJ LECET</b> Joseph McNamara
<b>PSE&amp;G</b> Art Guida		<b>Steamfitters, Local 475</b> Thomas Manning

## NJ SEED Energy Issues Policy Committee

Chairmen: Art Guida, PSE&G and Ed Salmon Salmon Ventures, Ltd.

<b>Atlantic City Electric</b> Robert Revelle	<b>NJ BIA</b> Sara Bluhm	<b>NJ Utilities Association</b> Karen Alexander
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## NJ SEED Environmental Issues Policy Committee

Chairman: Dick Dewling, Dewling Associates, Inc.

<b>NJ Asphalt Pavement Association</b> Carol Fulton	<b>NJ NAIOP</b> Michael McGuinness	<b>NJ Petroleum Council</b> Jim Benton
<b>NJ State Chamber of Commerce</b> Joan Verplanck	<b>NJ BIA</b> David Brogan	<b>NJ State Chamber of Commerce</b> Michael Egenton

## NJ SEED Transportation Issues Policy Committee

Chairman: Roger Ellis, Local 472

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<b>NJ Building &amp; Construction Trades Council</b> William Mullen	<b>NJ State AFL-CIO</b> Charlie Wowkanech	<b>NJ State Troopers Fraternal Association</b> David Jones
<b>NJ State Troopers Fraternal Association</b> Chris Burgos	<b>Operating Engineers, Local 825</b> Mark Longo	<b>Port Authority of NY &amp; NJ</b> Tina Lado
<b>State Troopers NCO Association</b> Fred Gordon	<b>United Transportation Union</b> Daniel O'Connell	<b>UTCA NJ</b> Evan Piscitelli

# ECONOMIC DEVELOPMENT OVERVIEW

## A Challenge to the Administration and the Legislature

New Jersey is an economic engine for the nation and especially for the East Coast. Our well-educated work force has helped our economy become a national leader. Also, our ports are the entry point for a very substantial amount of the commodities coming to the United States, as well as the point of export for many products. It is imperative that New Jersey's economy continues to grow. The economic growth benefit that occurs as a result of efficiently moving goods and people is directly linked to investment of capital in our state's infrastructure. This development is a multiplier for job growth.

Outside researchers identified problems in the state's retention and attraction of employers, compared to how other states retain and attract firms, and recommended policies New Jersey can adopt to make its business environment friendlier.

Building the human environment-jobs, homes, places to shop and play is what fuels our economy. In order to position itself to prosper as the national economy recovers, New Jersey needs to implement policies now to attract new businesses, allow established businesses to expand, promote urban redevelopment, increase state revenues and keep New Jersey working.

NJ SEED's labor and business members call upon the Administration and Legislature to enact balanced policies that increase mobility, drive regulatory efficiency and create a competitive advantage for New Jersey.

Our recommendations listed below are an abbreviated extension of the detailed policy discussion found in the pages of this book.

### Infrastructure and Economic Development

- Establish a **long term financial solution that prioritizes infrastructure investment and secures a dedicated source of funding for transportation capital investments.** This is critical to New Jersey's economic future.
- **Support and continue funding for the Access to the Region's Core (ARC)** project is critical as certain parts of the project remain unfunded. Completed, this project will: double commuter rail capacity; provide more one-seat ride opportunities for more commuters and reduce environmental pressures caused by single-occupancy vehicles; create jobs and consumer spending power; add flexibility to the rail system to respond to security concerns; and support economic growth along New Jersey's rail corridors.
- Develop initiatives that **strengthen New Jersey's ports and economy.** Supporting the port and the network of businesses and jobs operating therein, along with the many businesses, consumer markets and regions that are beneficiaries will help to maintain the quality of life for our citizens across the country who benefit directly or indirectly from this industry. It makes good fiscal

sense to continue to wisely invest public funds in our regional and national economy and environment.

- With a proven record, the **New Jersey State Police deserve continued support from policy makers in any and every way possible.** The administration and legislature are encouraged to ensure that New Jersey receives an appropriate share of funding for homeland-security and anti-terrorism activities.
- Continue to partner with the federal and state governments to maintain and **improve the nation's deep-draft navigation system** through the sound investment of federal funds for the accelerated, consolidated Harbor Navigation project and removal of choke points. The deepening plan for the New York and New Jersey Harbor Navigation project must be completed without interruption by lawsuits, if the Port of New Jersey and New York is to continue its economic contributions as the nation's third largest seaport.
- Continue to support programs that **encourage work zone safety** as this is a critical component of New Jersey's transportation infrastructure improvement.
- Foster a diverse **energy production portfolio** that will meet the requirements of the NJ Energy Master Plan, reduce carbon emissions and promote efficiencies amongst the largest consumers.
- Upgrade the state's transmission infrastructure and **support the Susquehanna-Roseland Transmission Network expansion.**
- Work collaboratively with regulatory agencies to actively **promote a balanced portfolio of electric generation options, including nuclear facilities.** Nuclear energy produces virtually zero carbon emissions and yields the greatest output of energy in comparison to all other carbon emission production.
- Recognize that **fostering innovation can lead to greater energy efficiency.** Support the siting of Liquefied Natural Gas (LNG) facilities in New Jersey and begin to consider the vast resources of energy production off shore in wind, oil and natural gas.
- There is no economic development without real estate development. Policymakers must consider initiatives to **expedite and incentivize the redevelopment process** and improve business location and expansion Incentives
- To remain a leader in the technological innovation, which underpins a strong economy, **New Jersey must follow the national trend to deregulate, not over regulate, telecommunications services.** New Jersey can maintain its status as a technology leader by continuing to promote fair and effective deployment of broadband and the regulatory and tax policies that make it possible.

- Support policies that **encourage the growth of the life-sciences industry in New Jersey**. Policy makers can never assume that its past and present leadership in this industry is an automatic guarantor of such future dominance.
- New Jersey's educational facilities are an integral part of its infrastructure. State-of-the-art schools, from pre-school to college, provide a better environment for learning and preparing our children for the future. **Capital investment in the state's infrastructure, whether for roads, ports or schools**, also provides the foundation for a sound economy.

## Environment and Economic Development

- Require the development and use of **streamlined management systems by all government agencies that eliminate waste and provide for an efficient regulatory process**. These changes should improve the government's responsiveness and minimize the cost of regulatory compliance to allow more funds for job creation, research, training, wages and employee benefits, while helping to ensure the global competitiveness of New Jersey's business community.
- Support the ongoing **reinvigorating recycling efforts** by the Department of Environmental Protection and various stakeholders by encouraging education and informing students, businesses, and the average citizen that the ultimate goal of improving New Jersey's recycling rates can be achieved.
- Enact legislation and regulatory revisions that **encourage the voluntary use of green building technology** to: promote water efficiency, optimize energy usage, reduce and manage the amount of materials used in construction and waste, ensure good indoor air quality and encourage market-driven innovation.
- Enact legislative and regulatory revisions that further remove **barriers to the development of contaminated brownfields sites** so that these properties can once again contribute to New Jersey's economic growth while mitigating public health concerns. Streamline and accelerate the local and state permit review process, clarify and reduce the potential for legal liability (including natural resource damages claims), add financial and tax incentives to encourage the cleanup and redevelopment of brownfields, and simplify regulatory and oversight processes during cleanup.
- Consider the financial fallout associated with inadequate support and action tied to **beach replenishment**, as the tourism is one of New Jersey's leading industries.

# TRANSPORTATION

## Overview

A solid infrastructure is the key to success in the future. It provides new opportunities for international trade, improves quality of life for people and fosters successful economies. There is a fundamental link between investments in transportation and our state's ability to compete nationally and globally. No state or nation can thrive without a highly advanced transportation infrastructure to support the many complex activities that characterize modern society. Without continuous investment in its transportation infrastructure, a modern economy fails to grow. Delays in funding, needed maintenance, and repairs are the most expensive form of under investment.

There are few other regions in the country where the intermodal mix of highways, bridges, mass transit, airports and marine facilities are as critical or as concentrated as here in the Northeast. It is fair to say that there is no other region where economic and quality of life issues are as intertwined with transportation.

NJ SEED recognizes that New Jersey continues to be in fiscal crisis. New Jersey faces an on-going structural deficit in its budget, as well as a diminished ability to continue funding its transportation capital program. The 2009 Department of Transportation (DOT) capital program is \$1.6 billion. However, a recent analysis of NJ's transportation needs found that over \$3.2 billion was required per year to maintain our roads, bridges, and highways and to make modest improvements in their efficiency. A recent report released by the New Jersey DOT states that \$13.8 billion is needed over the next ten years to bring New Jersey's deficient and obsolete bridges up to standard. If a funding solution is not implemented before FY 2011, New Jersey will not have the resources to address its growing transportation needs.

Federal Stimulus money has been a catalyst to get "shovel ready" projects moving. However it does not solve the problem of a vastly underfunded Transportation Trust Fund.

NJ SEED urges the New Jersey Legislature to remain open to the consideration of all funding proposals until the merits and deficiencies of each can be adequately assessed in a bipartisan fashion. The funding needs for NJ's transportation infrastructure have grown beyond the capacity of government only and public/private partnerships will need to be considered as well as other creative sustainable funding sources. NJ SEED believes in a balanced approach to policy creation and that, through good economic planning and environmental safeguards, a solution can be found to our transportation funding crisis.

## New Jersey Transportation Trust Fund

New Jersey relies upon its Transportation Trust Fund (TTF) as the primary mechanism for investing in its transportation infrastructure. Yet, aside from some refinancing of existing TTF debt and some minor tinkering on the margins, the TTF has been allowed to teeter on the brink of insolvency.

The precarious position of the TTF can be directly linked to decisions made over the past decade to increase its reliance on bonding, to extend the terms of bonds, and to raise spending caps without additional revenues. Failure to find a long-term solution before FY2011 will leave New Jersey without any way to maintain or improve its transportation infrastructure. A short-term solution will keep the program solvent, but New Jersey will fall further behind in its abilities to meet its current and future transportation needs.

It is estimated that New Jersey must invest over \$3 billion annually in its transportation infrastructure to make the improvements necessary to maintain a strong economy and improved quality of life. To do so, \$1.6 billion per year in new revenues will be needed to finance the capital program. Additionally, reforms must be implemented to ensure that the TTF remains financially solvent. These include:

- greater reliance on “pay as you go,” rather than bonding for projects
- eliminate the practice of diverting capital funds to maintenance as soon as fiscally possible.
- ensuring full-revenue yield is achieved from existing sources
- continued independent oversight over financial plan with authority to ensure that acceptable practices are utilized
- creating new revenue streams, preferably related to use and impact on the system, including but not limited to public/private partnerships.

***NJ SEED encourages New Jersey policy makers to find a long term financial solution that prioritizes infrastructure investment and secures dedicated sources of funding for transportation capital investments as well as for ongoing maintenance. We urge the New Jersey Legislature to remain open to consideration of all funding proposals until the merits and deficiencies of each can be adequately assessed. This is critical to New Jersey’s economic future.***

## **Fund Our Vital Transportation Infrastructure**

New Jersey’s yearly cost of congestion exceeds \$7.3 billion (or \$1,255 per licensed driver). Longer travel times and higher costs for truck freight operations have a negative impact on the manufacturing industry and the service sector, which leads to increased costs to consumers and increases greenhouse gas emissions.

New Jersey is a vital transportation link for the movement of goods around the region. Our ability to attract and retain businesses and jobs is linked to our ability to transport people and goods safely and efficiently.

NJ SEED supports a permanent, stable and broad-based source of funding (e.g., an increase in the gas tax) for the maintenance, expansion and improvement of our aging transportation infrastructure.

## **Access to the Region’s Core (ARC)**

Recently, the ARC project broke ground, and is expected to be completed in 2013. It will provide new track capacity to Manhattan, enabling NJ Transit to double the number of trains it can operate at rush hour from 23 to 48, thus significantly reducing the demand

for vehicular travel for commuting purposes, as well as ensuring a one-seat ride for residents of Bergen County and Northern New Jersey.

Although the project is now under way, it will require vigilance to ensure that all the funding that is needed is provided. Certain parts of the project remain unfunded, and NJSEED urges the State to work with all available sources to find the additional funds needed to complete the full project as envisioned.

***NJ SEED strongly supports the ARC project because it will make a tremendous improvement in regional mobility, create jobs and improve air quality. This is a unique opportunity to shape our future to benefit everyone.***

## **NJ Leads in Work Zone Safety**

During the mid 1990's the New Jersey Work Zone Safety Partnership was formed representing public and private sector members from labor, government, trade associations and highway contractors to support the New Jersey State Police Construction Unit in reducing work zone fatalities. The group of full-time state troopers specializes in work zone safety enforcement on New Jersey highways. New Jersey Department of Transportation and Occupational Safety and Health Administration (OSHA) representatives trained these troopers in worker safety compliance and work zone inspection. Additionally, the NJDOT has required a Traffic Control Coordinator be designated on each of their jobs. As a result of this collaborative effort, the number of work zone fatalities has continually decreased to one of the lowest national rates, which is an accomplishment for the most congested state.

The partnership has also teamed with the Rutgers Center for Advanced Infrastructure and Transportation (CAIT), New Jersey Local Technical Assistance Program (LTAP), the New Jersey Division of Highway Traffic Safety, and New Jersey Police Traffic Officers' Association (NJPTOA) to address work safety on local roadways. They sponsor the New Jersey Police Work Zone Safety Train-the Trainer Program for Municipal Police Officers.

Additionally, police officers and public works employees are kept informed of best practices in work zone safety when attending the Annual Work Zone Safety Conference an event that is scheduled during National Work Zone Safety Week. The partnership sponsors this program that attracts over 300 participants from enforcement, engineering, and the transportation industry who unite and renew their interest in saving lives through the promotion of work zone safety.

***NJ SEED supports the New Jersey Work Zone Safety Partnership and its continued vigilance. Safe construction zones are a critical component of any transportation infrastructure improvement. New Jersey is a leader in this area and in keeping our roads safe means keeping them open.***

## **Critical Staffing and Equipment Needs within the New Jersey State Police (NJSP)**

Chronic understaffing places the New Jersey State Police (NJSP) in an increasingly untenable position to protect the health and safety of the citizens of New Jersey. In

1989, the NJSP had 3,035 Troopers, serving a population of 7.7 million people.

As of October, 2009, the NJSP have just over 3000 Troopers, well below an authorized strength goal of 3400 Troopers. The responsibilities and duties of the NJSP have increased dramatically during that 20 year span, now serving a population estimated at 9 million people that call NJ home. With the number of senior trooper retirements of all ranks increasing each month, including the group of “1000 Troopers hired in 1000 days” during the mid 1980’s reaching 25 years of service, personnel issues are at the forefront of critical issues for the NJSP. The immediate need for additional and continuing NJSP academy Trooper classes, which are funded from a \$1 motor vehicle registration surcharge, is crucial.

Equipment issues are not far behind. Aging and antiquated equipment issues (an aging vehicle fleet, helicopters, marine vessels, etc.) have continued to be addressed, and it is important that we remain vigilant in an effort to see these efforts come to fruition. With a large percentage of the National Guard deployed overseas, the NJSP is at the forefront of New Jersey’s defense efforts.

The NJSP Aviation Bureau consists of two separate operations: the police mission side of the house and the “Medevac” side, both of which provide round-the-clock service to the people of NJ. We are encouraged that plans to order 5 new helicopters (the Medevac program is funded from a \$3 motor vehicle registration surcharge) that are desperately needed are in the pipeline. Today, in the post 9-11 world, the unit is increasingly being utilized to protect the citizens of New Jersey from terrorism threats, as well as maintaining its medevac responsibilities. Colonel Rick Fuentes, Superintendent of the NJSP, continues working on the expansion plan, which would include three full-time medevac bases, with a patrol helicopter and crew also assigned to these locations. Homeland security patrol flights are currently high on the list of law enforcement priorities, and New Jersey has no shortage of bridges, tunnels, transportation hubs and other sensitive locations.

The New Jersey State Police Marine Services Bureau is responsible for all waterways in and around NJ. The duties also include round-the-clock patrols of ports of entry in the Newark and Delaware Bay regions and other sensitive areas. Within the last decade, the unit has been drastically depleted. Efforts to strengthen staffing levels is a priority, as well as all of NJSP’s areas of responsibility. Our Congressional delegation continues to label the Newark/Jersey City port areas as the “two most dangerous miles” in the nation. The NJSP continue to do more with less. It is imperative that they be given the resources needed to continue their critical mission.

## **The Bayonne Bridge**

Recent changes in the economics of shipping have led to the construction and deployment of larger and larger vessels. Container vessels have grown from ships capable of carrying 3000 or 4500 TEUs to ever larger sizes, with ships of 6000 and even 8000 TEU capacity becoming increasingly prevalent, while the largest vessels are capable of carrying as many as 14,500 TEUs or more. Concurrently, Panama has undertaken a \$5.7 billion project to widen the canal to permit ships of as much as 8000 TEU to pass. These ships will be serving the Asia to East Coast market, Ships of this

size already are capable of transiting the Suez Canal, serving the growing market between South Asia and the US.

The primary container facilities for the region are located in Newark, Elizabeth and Red Hook on Staten Island. Ships serving these facilities must pass under the 70 year old Bayonne Bridge, which is too low to permit the passage of these new, larger vessels. With an “air draft” of 151 feet, the bridge cannot accommodate passage of newer ships which are often as much as 175 feet from water line to top of the masts.

The Port Authority of New York, the New York Shipping Association and Nation’sPort are actively promoting a solution to this problem. The Port Authority currently is funding a study being carried out by the Army Corps of Engineers to evaluate the economic feasibility of replacing the bridge. The two states and the federal government need to urgently develop a replacement or other solution to this problem to avoid forcing trade destined for the New Jersey and New York markets to divert to other ports such as Norfolk and Savannah, thereby necessitating long trips by truck to replace the sea routes.

NJ SEED strongly supports efforts to find a solution to this problem. Failure to address this issue will reduce the capacity of the port to serve its natural market, thereby reducing trade, economic activity and employment connected to the Port. It is estimated that should the Bayonne Bridge not be replaced with a suitable structure, as much as 50% of all the traffic serving the port could be lost to the region.

## **The Arthur Kill-Channel Improvements**

The Arthur Kill waterway is a crucial petroleum supply line into New Jersey as well as the entire Northeast region. Without this waterway, New Jersey remains at higher risk from supply disruptions and possible terrorist impact. Recent events, such as Hurricanes Katrina, Ike and others, demonstrate the need for maintaining vital waterway access into the supply distribution network.

***NJ SEED supports initiatives that will lower the depth of the Arthur Kill waterway, from Morses Creek to Perth Amboy, to an approved ship channel depth.***

## **Port Development – Port of New York and New Jersey**

Throughout this nation’s history the Port of New York & New Jersey (PONYNJ) has been the gateway through which the world traded with the United States. In the 1980’s, the Pacific Rim’s manufacturing power and exports, later to grow elsewhere in Asia, dominated global commerce. Major United States ports emerged on the Pacific, Gulf and Atlantic coasts and the NY/NJ port’s market share declined. In response to the challenge, the New York New Jersey port community, with significant effort on the part of business and labor, developed a strategy to make the Port more price and service competitive.

International trade activity is projected to double by 2020, with some predictions calling for the region to develop the capacity to handle over 15 million containers by 2040 – nearly six times the volume of containers currently handled by the Port. The Port region

is positioned to expand its role as a major national and international center for the logistics industry for this new century.

## The Economics

The ships operating in and out of the Harbor of New York are a part of an integrated global supply chain stretching from manufacturing plants in Asia, Europe and South America to homes and stores throughout the region and the Northeast. Maintaining this chain requires constant adjustments and improvements to make sure that it is capable of delivering goods on time, where needed and at the lowest possible price. Inefficient links in the chain are removed as soon as alternatives become available.

In 2004, ships calling at the port carried nearly 4.45 million Twenty-foot Equivalent Units (TEUs), or \$114 billion in cargo; in 2005, the volume increased to nearly 4.8 million with a value of \$132 billion. It must be noted that this is only the value of containerized cargo. The ports handles an additional \$50 billion in bulk and break bulk commodities, including automobiles, fuels, grain, chemicals and construction materials. The Port Authority of New York & New Jersey reported a 7 percent increase in container volumes alone, and a 10 percent increase in general cargo tonnage. The New York/New Jersey goods movement industry contributed nearly \$5.8 billion in local, state and federal taxes, moving 100 million tons of cargo.

Over 240,000 residents within the region are employed directly or indirectly as a result of goods moving through the Port of New York and New Jersey. Nearly 501,000 people are employed in goods movement in trucking operations, water transportation, rail freight, air cargo, warehousing and logistics services throughout the region. Home to the third largest port in the United States, the Port of New York and New Jersey serves over 35 percent of the nation's consuming public within a one day truck drive.

Over 8.6 million people in New Jersey (1134 per square mile or more than 14 times the national average) join the nearly 20 million others resident in New York, Connecticut, Pennsylvania, Maryland and Delaware in consuming over 80 percent of the cargo delivered to the Port of New York and New Jersey.

The current economic downturn provides a major opportunity to plan and invest in upgrading and modernizing the infrastructure to provide greater efficiency from the entire logistics system that includes the port and its supporting industries. Preparing for the next period of expansion is critical to maintaining the strength of the port and its economic role and employment.

### Assets

- **Location/Market:** The Port of New York & New Jersey serves the tri-state region, the largest and most affluent consumer market in the country, as well as Boston and Philadelphia, and from the Wilmington Corridor west to Chicago.
- **Transportation:** Transportation assets serving this market include port, airport, road, rail and waterway infrastructure.
- **Distribution Facilities:** Existing warehousing and distribution facilities. Significant market demand exists for locations for distribution centers within the

region. However the high cost of land acquisition has driven up the cost of space leaving numerous vacancies.

- **Labor:** Ready workforce, ranging from entry-level laborers to the highly skilled and educated, are here to serve in this trade and logistics industry.
- **Commitment:** The Port Authority of New York & New Jersey and New Jersey have committed to port development.

## Opportunities

- Based on these assets, many already established or under construction, investing in the sustainability and efficiency needs of this industry will provide the following benefits:
  - high-paying sustainable jobs will be created in the maritime, trucking, railroad, aviation and logistics industries for individuals with a high school education and technical skills.
  - infrastructure development and construction jobs resulting from new investments will have a six-fold economic impact in the economy.
  - consumers and businesses will benefit by competitively priced goods that enter the region at our port without the collateral “net negative” impacts on environment, transportation, infrastructure, and quality of life that results when those same goods, destined for our region, enter the country via another port and are trucked into our region.
  - expanded transportation and distribution center development will occur, consistent with smart growth principles, to meet the existing demand — in North Jersey alone - for 20 million square feet of distribution center space. Investment in expanded transportation and distribution center development will provide significant urban employment while supporting the needs of international shippers.
  - regional partnerships with South Jersey, Eastern Pennsylvania and Southern New York will be established where new distribution center clusters are developing.

## Competition

Since the 1980s, the Port of New York & New Jersey has experienced tremendous competition for port growth.

Competition along the Atlantic coast for port and logistics jobs is especially acute in Norfolk, Charleston and Savannah where advantages can include, among other things, developable “greenfields,” lower business operating costs and less congestion.

The ports of Norfolk, Charleston and Savannah are making aggressive public/private efforts to market their respective gateways, transportation assets and available development sites to shippers. The strength of an achieved consensus on an overall

strategy between the public and private sectors in each of those ports has been an effective means to attract new commerce.

Those South Atlantic ports differ significantly from New York/New Jersey where the State (Port Authority) role is primarily as facilitator of private sector development and operation. Norfolk, Charleston and Savannah are the flagships of their respective state port authorities, which directly operate most of the marine terminals and are materially supported by their legislatures.

These three regions are investing in transportation infrastructure to connect the intermodal assets necessary to serve a larger market area, including the Midwest and our own New York/New Jersey market, particularly through Norfolk. One carrier coalition reports that nearly 19 percent of its New Jersey bound cargo is routed through the Norfolk port and is subsequently trucked to New Jersey on our roadways.

For years the towns of Savannah, Charleston and Norfolk, Virginia have been undertaking successful asset-specific marketing of existing and to-be-developed distribution centers and inland terminals.

The competing states have recognized the importance of the industry to their existing economic well-being and future growth and have taken significant actions to exploit the opportunities presented. The Port of New York & New Jersey's competitors are successful because:

- Savannah's explosive growth this decade to become one of the top East Coast container ports is founded on an innovative strategic plan centered on developing new distribution centers near the port
- Norfolk has 50-foot channels and in 2007 will have new private terminal capacity on line concurrently with its \$300 million "Heartland Corridor" double-stack rail project. This strategic corridor to the Midwest is funded with state, federal and private monies
- Charleston is developing a large rail terminal on the former Navy base to be linked to inland intermodal distribution parks via short haul rail (among other routes)

## **Challenges**

While the Port of New York & New Jersey enjoys New Jersey's landside infrastructure, assets and advantages there are challenges that, if not addressed through a unified strategy, will preclude the region from being successful in sustaining or expanding its international trade-market share and corresponding employment base.

Nation'sPort is working to prepare such a unified strategy, covering both New York and New Jersey, and has partnered with both NJDOT and PANYNJ for parts of this effort.

New Jersey and the region have yet to fully embrace the economic and societal benefits — cost, convenience, employment, tax revenue and environmental "savings" — derived from consumer and industrial goods arriving directly to our region through the Port.

Although New Jersey and the region have made some important investments in critical infrastructure, there is a need to quickly undertake and promote the state's investment in goods movement-related projects to demonstrate New Jersey's commitment to industry.

Roadways lack sufficient capacity; travel lanes are too narrow; intermodal connections are lacking and rail clearances cannot handle high-cube freight. Shippers are changing their logistics practices and maximizing their returns by bringing international containerized goods to distribution centers close to ports, then sorting and reloading those goods into domestic containers for delivery to stores or other distribution centers.

While several transportation agencies have responsibility for freight-related infrastructure, there is limited collaboration on the development of a single approach to easing congestion, maximizing land use, and integrating the workforce resources necessary to make our gateway more competitive. To maintain our current market share and to move toward a greater share, New Jersey and the region need to adopt a marketable strategic plan that integrates transportation (both land and water), land use and development and workforce assets into a seamless high-speed system. The development and delivery of the plan will require a unified and steadfast public/private partnership that showcases that this region can achieve consensus between and among the public and private sectors.

See Appendix A for more on the Port of New York and New Jersey's Vision and future.

## **Regional Transportation Linkages**

Northern New Jersey's economic viability is linked to the efficiency of the area's transportation infrastructure. As traffic volume between New Jersey and New York City continues to increase and commerce from our ports grows, it is critical to the economic future of this region that our transportation linkages are expanded.

New Jersey provides only very limited coordination and management of traffic signals and operations, resulting in severe congestion on many routes. There is an urgent need to incorporate modern technology into the management of traffic on truck routes to minimize congestion and delay. This problem is exacerbated by the failure of the multiple jurisdictions along most routes (NJDOT, counties and municipalities) to provide coordinated signal operations, consistent through lanes (roads that do not significantly change capacity from town to town) and adequate truck capacity.

Modern computerization of control over multiple signals is relatively easy to install, inexpensive and effective. For instance, the ATSAC installation covering downtown Los Angeles is estimated to have added as much as 15% to the capacity of the street system.

## **Rail Expansion**

New Jersey and New York ports continue to experience increased traffic and process a larger volume of containers every year. Once off loaded, a ship's cargo needs to be able to move with the same efficiency and ease that it experienced when it was transported in. A cross-harbor rail freight tunnel would increase the flow of products into market, while decreasing road and bridge congestion.

New York is the only major port city in the United States that has never built a rail freight connection across its harbor or river. Most products entering or passing through the port on rail are either detoured 280 miles to a bridge in Selkirk, or loaded onto trucks and transported over the roads. The impact on New Jersey's roads and traffic congestion is stifling to our transportation infrastructure and economy. The tunnel would remove at least one million tractor-trailer trucks per year from our roads, and would result in cleaner air, reduced congestion, lower-cost consumer goods and a generally reduced cost of doing business.

***NJ SEED will continue to monitor possible tunnel expansion and supports these investments in our regional transportation linkages. Expanded freight rail is universally good for the environment and a priority for our port. Rail safety and improvement projects are critical to New Jersey as our need for product mobility grows and the amount of space on our highways diminishes.***

## **Contaminant Assessment and Abatement**

The Contaminant Assessment and Reduction Program (CARP) is designed to track down sources of contaminants to the New York/New Jersey Harbor and abate them. Approximately \$25 million has been committed by the states of New York and New Jersey to this project.

Decontamination technologies have the potential to clean harbor sediments. The state and the federal government have committed approximately \$40 million to test the feasibility of such technologies. Stringent water quality standards set by state and federal regulations have resulted in a cleaner harbor over the past several years.

***NJ SEED supports contaminant reduction/abatement and the development of new technologies.***

# ENERGY

## Our Economy and Energy Infrastructure

The barriers to investment in our electric, natural gas, telecommunications and water infrastructure are, by very definition, barriers to our economic future. Unless we keep investing in that infrastructure, continue to modernize it, and enable it to meet the increasing demand for reliable and essential services, our future economic development will be put into serious question. Infrastructure improvement not only supplies energy, water and communications, but provides thousands of construction and permanent jobs, and millions of dollars in new tax revenues.

NJ SEED wishes to engage in public policy that helps spur investment in our infrastructure in this state, increase its energy efficiency, remove obstacles to growth and expand the use of emerging energy technologies. NJ SEED also wants those that are the best and brightest to join our workforce and be attracted to a career in the energy industry.

## New Jersey Energy Master Plan

Experts predict that the world will require almost 40 percent more energy in the year 2030 than it did this past year. Population and economic growth in developing countries will drive much of that increase, but energy demand is expected to increase in the United States as well. To meet this demand, a balanced portfolio of energy production including nuclear, coal, natural gas and renewable sources should be considered. Additionally, our leaders need to embrace sound policy in the area of energy exploration.

In April 2008, the Governor's administration released the Draft Energy Master Plan (EMP) for New Jersey. The EMP sets very aggressive goals in its blueprint for New Jersey's energy future.

The five major goals set out in the Draft Plan:

- maximize conservation and energy efficiency
- reduce peak electricity demand
- meet 30 percent of the state's energy needs through renewable sources
- developing new low carbon-emitting power plants; and
- investing in innovative, clean energy technologies to stimulate economic growth

Throughout the discussion we have heard a consistent message that there is no single approach, or silver bullet, to address these issues. That means all options must be considered – conservation, and efficiency and new supply – including renewable energy, traditional fossil and nuclear generation and transmission sources. All of these options have a place in the portfolio of energy sources at our disposal.

There are a few issues of critical importance to the NJ SEED as we evaluate the Energy Master Plan – a reliable supply of energy, at a reasonable price that can help foster a competitive stance for our state's businesses and citizens and meets New Jersey's tough environmental considerations and a level of certainty and predictability in policy and permitting.

This strategy must also balance the supply, economic development and environmental impacts as well as the associated costs and benefits of these choices.

***NJ SEED applauds Governor Corzine for this undertaking and fully appreciates the opportunity to participate in this effort. NJ SEED encourages the development of a long term strategy that will ensure a reliable, affordable supply of energy for the citizens and businesses of New Jersey.***

## **Agency Coordination**

It is critical that the State include in the EMP measures for increased agency coordination and regulatory certainty for the development of new generation facilities. This would require collaboration between the legislature, BPU, and DEP in establishing a standardized and integrated permitting process that includes a timeframe and cost of all review procedures. At present, the lack of regulatory certainty acts as a disincentive for energy investors. A standard timeline and cost for building new generation must be established, whether it applies to wind farms, cogeneration, or larger base load such as nuclear. In other words: a one-stop shop for new energy that simplifies and cuts-down the process. **Active cooperation of the approval agencies would provide regulatory certainty without adding more government.** Coordination would clarify the approval processes and timelines, both of which are fundamental to the planning process of developing new generation facilities. They are also most important to investors seeking to provide capital for significant investments within the timeframe established by the EMP.

## **Transmission**

**Upgrading the state's transmission infrastructure is a critical component to be highlighted in the NJ EMP.** PJM, the regional transmission organization responsible for ensuring the reliability of the high voltage electric power system in our area, has determined that the reliability of our supply of electricity will be jeopardized over the next several years, unless steps are taken to address the state's electricity demand and supply. Since PJM is responsible for planning and operating the transmission grid reliably, it is in the process of directing upgrades to the grid that will enable New Jersey to import more electricity to enhance reliable supply. Some critics of increased transmission capability suggest that it will be a conduit for 'dirty coal'. In reality, it will ensure the reliability of the regional transmission grid and allow for additional capacity and access to out of state sources, including renewable as well as traditional sources. New Jersey currently imports about 25 percent of its electricity needs annually.

New transmission facilities will be required to support the transportation of proposed renewable energy resources in addition to new base load or nuclear energy in the state. However, it is equally important that New Jersey does not isolate itself, but collaborate with upgrades in surrounding states to maximize the stability of our region. The completion of the Mid-Atlantic Power Pathway (MAPP) will provide the additional infrastructure needed to support proposed clean energy projects in the mid Atlantic. It will also complement New Jersey's energy efficiency and demand-side management initiatives. MAPP will improve the flow of electricity, ensure a reliable, long-term supply,

deliver lower cost power during periods of highest demand, reduce the cost of power by reducing congestion and create a bigger corridor for delivering new, clean energy solutions.

## **Susquehanna-Roseland Transmission Network**

NJ SEED supports the construction of the New Jersey portion of the proposed upgrade to PSE&G's Susquehanna-Roseland Transmission Network and the positive economic benefits it will bring to New Jersey's economy. NJ SEED supports the upgrade and expansion of our electric transmission and local distribution networks to meet the growing demand for electricity, to insure reliability and to provide the opportunity for new renewable sources of electric power to reach consumers. The proposed upgrade would add 500 kV of additional power transmission capacity to the existing 230 kV network. In order to accommodate the increased transmission capacity, construction of two switching stations, a transmission line, and 249 towers would be required. If all 249 were lattice structures, the estimated total expenditures for the project would be approximately \$649 million, whereas if all the towers were monopole structures, the estimated expenditures would total \$750 million.

Economic benefits for the state of New Jersey include both direct impacts and indirect impacts. Direct impacts are those directly associated with the project expenditures, such as construction employment required for the project and purchase of material to be used in the construction of the switching stations and towers. The indirect impacts are those generated by the multiplier effects of initial expenditures, such as the salaries paid to workers and the business revenue by the expenditures made on materials from New Jersey, which are then re-spent throughout the economy, creating further economic activity and impacts in the form of employment, gross domestic product, compensation, and tax revenues.

The construction of the switching stations, transmission line, and tower is estimated to generate from 3,415 to 3,931 total jobs. In addition, it is estimated that the construction will produce between \$396.1 and \$428.1 million in gross domestic product for New Jersey. The construction phase will generate between \$8 and \$9 million in state taxes, and between \$7.9 and \$9.9 million in local taxes.

***NJ SEED believes that balance between economic development and environmental practices are paramount. NJ SEED supports building PSE&G's Susquehanna-Roseland Transmission Network will generate employment, build the gross domestic product, and generate local and state tax revenues.***

## **A Business Case on Energy**

The largest consumer of power in New Jersey is business, approximately 64% of all electric consumption. Yet the greatest amount of incentives are directed at the private/home user. In the area of electricity, our state is already exceeding demand projections for 2010.

In 2007, the clean energy program spent \$678 million in actual rebates grants and incentives which resulted in 9943 metric tons of CO<sub>2</sub> reduction. The program spent 323 on C&I which resulted in 589 metric ton reduction in CO<sub>2</sub>.

How many times have you sat in traffic? How many times has a truck sat next to you? This costs business in both cases. As the major consumer and ratepayer in this state, business has a vested interest in the supply, distribution and impact of congestion related to our energy.

This situation is also being aggravated by a pronounced shift in public policy. Governments used to focus on ensuring that the public had access to a plentiful supply of affordable energy. Today, however, the focus is on making energy generation and use more environmentally friendly regardless of cost.

Unfortunately, in New Jersey we are trying to apply the old regulation and enforcement model to the problem. This is a mistake, not only because it does not account for how we are going to meet our energy needs in the future, but also because it does not allow for new ideas that could dramatically improve our environment. For example, Thomas Edison invented the light bulb. For many years it didn't change. Then the compact fluorescent was introduced. Today, LED lights are available which are even smaller and more efficient. Yet government regulations and rebates do not always keep pace with the innovation and improvement by the business community.

The sense of urgency presented by the impacts of climate change will require a regulatory model that relies more on a public-private partnerships than the historical command and control approach. If New Jersey is serious about reducing CO<sub>2</sub> emissions and the state is also serious about investments that stretch across our state, including our cities and all economic strata, then we need to streamline our processes, set clear direction and get all sectors of the economy involved. Otherwise, these investments will not be made in a timeframe that is consistent with the Governor's leadership. There is no 'silver bullet' here and the solution requires an 'all hands on deck' approach. The draft EMP reports there are 3.7 million buildings in New Jersey and cost effective efficiency upgrades in all existing building stock will get us approximately three-quarters of the way to the 20,000 Gwhr efficiency goal.

Business and public interest should not be pitted in competition as they are intertwined and linked together. The examples of the expanded use of solar power and wind power, the advances in green building, development of ethanol fuel etc are developments that occurred as a result to the market demands for alternative energy sources to lower consumption costs.

Stakeholders need to be considered partners in solution development as opposed to a traditional command and control model that does not encourage innovation or free-market development.

The Clean Energy Program spent over \$56 million on residential customers to achieve 27,978 MWh savings and reduce 19,032 metric tons of CO<sub>2</sub>. While nearly \$22 million was spent on commercial and industrial programs to achieve 98,377 MWh savings and 67,969 metric tons of CO<sub>2</sub>. Clearly, ratepayer dollars invested in business see a greater return on investment.

New Jersey needs an integrated approach that maximizes energy conservation and efficiency opportunities first. This represents the low-hanging fruit and considering that for every dollar invested in efficiency initiatives in the commercial and industrial sector returns about \$11 in savings; this is clearly an area that deserves more attention. Renewable technologies need to be deployed where they make sense. For New Jersey, that means primarily wind and solar. While New Jersey does not have the solar radiation intensity the likes of the Southwest US, we have a number of flat roofs that provide opportunities for solar. New Jersey's onshore wind potential appears to be the best in the extreme northwest and extreme southeast areas of the state. New Jersey's best wind sites are offshore. New Jersey needs new sources of low and no-carbon central station power, including nuclear.

One thing to keep in mind throughout the debate is that traditional electric -generating stations cannot simply be replaced by like-sized renewable sources as some would have you believe. For example, one issue that plagues wind and solar energy is the intermittent nature of their ability to produce energy. All power sources face maintenance and cost issues that impact their capacity factor – the ratio of the actual output of a power plant over a period of time and its output if it had operated at full nameplate capacity the entire time. Wind and solar face an added issue - their 'fuel' is not always available. Nuclear plants have average capacity factors in excess of 90 percent. Average wind capacity factors are around 30 percent and solar is in the 10-15 percent range. To replace the energy produced by all the nuclear power plants in the country with wind power would require an area the size of the state of West Virginia. In order to produce that level of energy from solar, every square inch of the state of New Jersey would have to be covered in solar panels.

***NJ SEED requests that the state acknowledge the importance of increased funding for business incentives at a higher rate if it aims to meet efficiency goals as well as environmental goals.***

## **Green Jobs**

If New Jersey is to meet its EMP and climate change goals and transition to a green economy, it must begin to develop its green workforce today. Meeting this challenge will require careful analysis and planning, and close collaboration among industry, government, labor, non-profits and educational institutions.

While we are becoming familiar with the litany of consequences of failing to combat climate change, there are equally compelling and positive benefits to be realized if we meet this challenge. Chief among them is economic growth and the creation of well paying green jobs. NJ SEED is committed to working with partners across the state to develop our green workforce so that New Jersey can realize the full potential of the green economy.

## **Nuclear Energy**

The need to protect our fragile environment while providing New Jersey residents and business with affordable and reliable sources of energy is clearly a challenging but achievable goal. Clean and abundant sources of energy to light our lives, power our

businesses, schools, and hospitals is a critical need. But so too is the need to halt environmentally damaging climate change.

NJ SEED believes that the energy landscape in New Jersey will be achieved through a mixed basket of options. The EMP accounts for many of these solutions: developing renewable sources, increasing energy efficiency, decreasing peak demand and investing in new clean energy technologies. However, as clearly stated under goal four of the plan even if the state fulfills its goals for all of the aforementioned initiatives, projected demand increases leave 54,000 giga-watt hours of energy unaccounted for by 2020. This staggering figure can only be met with new baseload energy.

According to the United States Department of Energy, the nation will need 40 percent more electricity by 2030. The Mid-Atlantic region alone will need at least 13 percent more electricity by 2030. In fact, the draft EMP suggest that under a business as usual scenario, New Jersey's demand for electricity will increase by 25 percent by the year 2020 over the 2005 levels. New Jersey must find a way to meet this increasing demand in a smart and timely manner.

***NJ SEED supports a balanced energy portfolio including all types of environmentally smart production types including nuclear energy.***

With that in mind, ensuring that New Jersey's current nuclear power facilities remain in operation and that new nuclear generation is developed is an absolute necessity in achieving the goals of the EMP. Currently, nuclear power is the largest and most vital source of baseload electricity in the state. **Most notably, nuclear power produces virtually zero carbon emissions.** This fact alone makes nuclear power the best contender to increase energy supply while simultaneously meeting Governor Corzine's Executive Order 54 to reduce carbon emissions by 2020. While investment in renewable energy is an exciting and crucial part in our clean energy future, it will never replace the need for a strong, baseline, reliable and constant energy supply.

The 2003 blackout that crippled the Northeast stands as a stark reminder of how dependent our lifestyle and security is on a reliable supply of electric power. Furthermore, while most people believe that global warming is threatening our quality of life, a vigorous debate exists on the best strategies to meet that threat.

We believe the nuclear plants in the state should be granted license extensions, the development of new technologies should be facilitated, new nuclear facilities should be built, energy efficiency programs should be aggressively promoted and improvements to our electric infrastructure should be made where needed.

Nuclear power represents a proven technology. There are more than 100 nuclear power stations in the country. It is the commercially available carbon-free source of energy. Other countries, such as France produce 80 percent of their power from nuclear sources, but only about 20 percent in the United States. NJ SEED believes that any reasonable state energy plan should preserve the nuclear option.

***NJ SEED encourages the New Jersey Legislature to work collaboratively with regulatory agencies and to actively promote a balanced portfolio of electric generation options, including nuclear facilities.***

## Diesel Fuel

Diesel fuel has recently undergone a major transformation by removing almost 90 percent of sulfur from the product that was sold most recently. This new product is called Ultra Low Sulfur diesel (ULSD) and is presently available for highway use. This product successfully debuted this past fall, and there are federal mandates to expand this product to off-road diesel, as well as locomotive and marine engines. It is important the New Jersey energy policy be respectful of the federal schedule for product introduction to avoid precipitation supply difficulties during this transition period. Looking forward, consideration of lowering sulfur levels in heating oil is underway with policy discussions within the industry and government regulators.

## Liquefied Natural Gas (LNG)

Under its goal of investing in low carbon-emitting power plants, the EMP calls for the development of more cogeneration natural gas fueled facilities. The value of natural gas is that it is cleaner than other fossil fuels, its worldwide supply is projected to peak later than other fossil fuels, and the efficient cogeneration plants that it has the potential to power can easily meet peak demand. Natural gas already plays a significant role in meeting energy needs and it is therefore important that a stable and cost-effective infrastructure is developed that will maintain current natural gas needs and support the addition of cogeneration facilities. **Investment in Liquid Natural Gas (LNG) facilities within the state must be included in this infrastructure to ensure stability in both the natural gas market and the supply.** The EMP does briefly comment on LNG as part of its proposed feasibility analysis of this fuel source, but it is the recommendation of our Energy Coalition that LNG be brought to the forefront of this issue and that the State adamantly pursue advancements in this technology as part of any and all developments in the natural gas infrastructure.

Natural gas desperately needs a new infusion of supply, such as the proposed Liquefied Natural Gas (LNG) terminal in South Jersey. Our port system is expanding, yet our transportation and logistics system has not been upgraded. Traditionally, natural gas has not been transported in significant distance because of the difficulty of shipping a gas. Technology now allows us to store and ship the gas safely at extremely low temperatures in a liquid state. It will take ongoing public education and forward-looking policy makers to make this clean energy source accessible. LNG is the increasingly preferred mechanism for delivering ample supplies of clean burning natural gas to location in New Jersey. BP, Liberty Natural Gas and Blue Ocean Energy are leaders in developing LNG facilities in New Jersey.

**NJ SEED believes that the NJ EMP policy should work to aggressively facilitate development of these proposed LNG plants.**

## Development of Domestic Recourses

A major component of any useful energy strategy entails the development of domestic US resources. NJ SEED agrees with many people that urge States to move forward with a safe and environmentally friendly method of tapping in to our US oil and natural gas supply. The US Outer Continental Shelf, (OCS) federally controlled lands off of the

east and west coasts and in the Eastern Gulf, is estimate to hold 77 billion barrels of oil and 420 trillion cubic feet of natural gas. These resources would be enough to heat 100 million homes for 60 years. However, the vast majority of this land remains off limits to energy exploration. As the only developed country that substantially restricts access to known domestic energy resources, we must take a realistic look at the impending long-term effects of this circumstance. Increase dependence on foreign oil is one of these very real potential effects. US energy demand is not declining; and if not met by domestic sources, foreign sources will set in to fill that disparity.

**NJ SEED believes that by developing more of our own oil and natural gas resources, we can provide more domestic fuel for consumers, add to well paying jobs and bring much needed revenue into state and federal coffers. At a minimum, we need to encourage initiation of an inventory of resources in the OCS using technology not available when previous resources estimate were made.**

# ENVIRONMENT

## Regulatory and Managerial Efficiency and Overall DEP Accountability

State regulatory agencies have made substantial progress to be more accountable. The Regulatory Reform Act, enacted in January 2001, provides for more reasonable time frames on rule-making procedures, mandates the publication of regulatory actions on the Internet, strengthens the regulatory impact analysis and codifies the provision to sunset all rules after five years, unless readopted in a formal rule-making procedure. A great deal of work remains to be done. To the extent possible under the law, each government agency should incorporate into its operating procedures adherence to regulatory reform guiding principles that assure fairness, timeliness, equitability, predictability and cost-effectiveness to permit applicants. These principles include:

- base fee and penalty schedules on work performed or the demonstrated impact
- establish objectives, information needs and time constraints early in the project review process to promote understanding and certainty
- promote innovative technology or performance options that allow for cost-efficient alternatives
- establish integrated information management systems and practices that simplify and reduce information for use by multiple agencies, and allow for on-line submittal of permit applications
- eliminate redundant requirements and promote consistency
- establish project and permit review processes with milestones and time intervals
- promote the creation of research and development activities through incentives
- develop criteria to simplify requirements to lower operating costs of targeted manufacturers and small businesses
- formalize a process for legislative and regulatory bodies to periodically review and, where appropriate, revise or eliminate provisions that are outdated or ineffective
- subject all new rules and policies to a regulatory impact analysis prior to their implementation to ensure less-costly processes, more predictable and better defined standards and consistency with legislative intent
- require the Department of Environmental Protection to compile and submit to the Governor and the Legislature an annual report detailing the appropriated and inappropriate balances of special funding accounts under the department's jurisdiction.
- The DEP administers a variety of funds for environmental purposes, some of which are derived from bond acts while others are statutorily, constitutionally or federally funded. In the interest of providing transparency, the DEP should provide the Governor, the Legislature and the general public information regarding how those funds are being spent, as well as current fund balances.
  - NJ SEED believes that State government must ensure that all money dedicated for specific purposes is actually being used for those purposes, and if not, an explanation should be provided or a change in fiscal policy should be made.

***NJ SEED believes the enactment of these reform measures represents sound public policy that demonstrates government's responsiveness to the many constituencies that it serves without sacrificing the environment, health, safety or economic vitality of the state.***

***NJ SEED supports the development and use of streamlined management systems by all government agencies that eliminate waste and provide for an efficient regulatory process. These changes should improve the government's responsiveness and minimize the cost of regulatory compliance to allow more funds for job creation, research, training, wages and employee benefits while helping to ensure the global competitiveness of New Jersey's business community.***

## **Site Remediation Program Reform**

NJ SEED supported the recently passed Site Remediation Reform Act (SRRA), P.L. 2009, c. 60, which makes a number of changes to the State's Site Remediation Program and also creates a Licensed Site Professional (LSRP) program in NJ. While NJ SEED is optimistic about the potential of an LSRP program in New Jersey, we feel that in order for this program to work, the State must be vigilant in:

- 1) meeting statutory timeframes;
- 2) educating the regulated community about the new requirements being placed on them;
- 3) providing the necessary tools to incentivize remediation; and,
- 4) ensuring that adequate staffing is provided within the program structure.

With increasing State budget deficits, and staffing shortages in the DEP, the LSRP program is the only viable way to reduce the backlog of over 20,000 known contaminated sites in New Jersey. Furthermore, NJ SEED believes that a vibrant site remediation program is a critical component of a workable economic growth strategy. How effectively the LSRP is implemented will be crucial to accomplishing the dual goals of cleaning up contaminated sites and improving our economy.

**NJ SEED urges the Governor and the Legislature to monitor the progress of the NJDEP, provide input if necessary, and assist in making sure that this program reaches its full potential.**

## **Solid Waste Management**

Recycling provides many benefits, both environmental and economic. For example, recycling in New Jersey alone saves over three million tons of iron, ore, coal and limestone were saved by recycling scrap metal; nearly 10 million trees by recycling various paper grades, and nearly 700 million gallons of gas used in the primary production process of converting virgin raw materials to product. Additionally, nearly 135,000 tons of air and water pollutants are eliminated in that same initial production process. Recycling plastics reduces this nation's demands for petroleum, which is a raw material used in production. Every ton of plastic that is recycled reduces greenhouse gas

emissions by nearly one and a half tons. The energy used in primary plastic production is nearly eliminated when producing a product from recycled feedstock.

*NJ SEED recognizes the importance in meeting the challenge to boost New Jersey's municipal trash recycling rate from 33 to 50 percent. We also recognize the need to jump start recycling and our organization is committed to working with DEP and other stakeholders towards education and outreach to meet this important goal.*

***NJ SEED supports the ongoing Reinvigorating Recycling effort by the DEP and various stakeholders. We support the need to educate and inform students, businesses and the average citizen so that the ultimate goal of improving New Jersey's recycling rates may be achieved.***

***However, NJ SEED believes that money dedicated for the specific purpose of improving recycling efforts should not be touched. The Recycling Enhancement Act of 2007 established a \$3-per-ton fee on solid waste to generate an estimated \$34 million per year. Those funds, in their entirety, were statutorily dedicated to provide recycling grants to counties and municipalities and to support Statewide recycling programs. We have recently seen the State divert those funds for other purposes. SEED urges the Governor and the Legislature to refrain from reallocating those funds for any other purpose, and ensure that such funds are used for the to support statewide recycling efforts.***

## **Plastic Bag Recycling Mandate**

NJ SEED strongly opposes the myriad of bills mandating the recycling of plastic bags, banning plastic bags, taxing plastic bags or mandating the use of compostable bags. These proposals will add unnecessary burdens on business and ultimately increase costs for consumers at the register. Furthermore, by eliminating plastic bags and forcing retailers to use a more costly alternative such as paper, the state would be undermining any environmental benefit that it hoped to gain through any of these proposals.

Industry has taken initiatives through the Green Agenda by putting in place a voluntary plastic bag recycling program to assist retailers whose customers seek this option. The industry asks the Legislature to abandon costly mandates and support the industry's voluntary recycling and education efforts as the most effective ways to protect the environment in both a business-friendly and cost-effective manner.

## **Smart Container Act “Bottle Bill”**

NJ SEED opposes the enactment of a bottle deposit bill in New Jersey. New Jersey currently has a mandatory, curbside recycling program in effect. This program works and brings in much needed revenue to counties and municipalities. By implementing a bottle bill, these funds will be depleted.

New Jersey has also recently passed into law the Recycling Enhancement Act, a \$3 per ton fee on solid waste, which is intended to reinvigorate recycling programs statewide. This program should be given the chance to work. NJ SEED members support the Clean Communities Program through the Litter Tax that provides money for local clean-

up projects and anti-litter programs for children. Other concerns with a bottle deposit bill include sanitation issues, fraud from out of state containers that are passed off for redemption; over redemption of items, the high labor and operational costs associated with implementing a bottle bill; and, increased costs to the consumer, in the neighborhood of 30 cents per item.

## **Green Building Technology**

New Jersey's densely structured landscape and preciously guarded open spaces present unique opportunities and challenges in the construction of new commercial development. Given these site constraints, the development community is called upon to better integrate energy efficient design and conservation practices. It is equally important that business community employers provide employees with a comfortable, safe and healthy work environment that enhances productivity. The United States Green Building Council (USGBC) has been instrumental in stimulating green competition, raising consumer awareness and facilitating positive environmental results through their internationally recognized LEED (Leadership in Energy and Environmental Design) rating system guideline. These guidelines provide the definitive green building standards for the design of sustainable buildings. Together, these elements will ultimately transform the marketplace as our need to conserve energy and resources grows, which in turn will increase the value of commercial property.

While some federal funding is available to help jump-start commercial green building initiatives, state incentives are necessary to help offset the first costs of energy-efficient equipment. To meet this challenge, government should work closely with the commercial real estate community to develop creative incentives including expedited permitting, increased densities, tax credits and subsidies for buildings that voluntarily pursue performance based standards or LEED certification focusing on energy efficient building practices.

Government leadership in green building technology, innovative thinking in the search for new ways in which to conserve energy, reduce operating costs, enhance occupant health and productivity, and protect the environment, are a necessary initiative that will continue to be pursued in meeting these increasing future challenges. The need for raising awareness and training of professionals in green building practices is essential in facilitating the transformation of the commercial market.

***NJ SEED supports the voluntary use of green building technology to: promote water efficiency, optimize energy usage, reduce and manage the amount of materials used in construction and waste, ensure good indoor air quality and encourage market-driven innovation. We also support educational programs and the use of incentives, including expedited permitting, increased densities, tax credits and subsidies for the use of green building technology.***

## **The New Jersey Environmental Infrastructure Trust**

The New Jersey Environmental Infrastructure Trust (NJEIT) provides low-cost financing for the construction of environmental infrastructure projects that enhance and protect ground and surface water resources, ensure the safety of drinking water supplies and make possible responsible and sustainable economic development.

The first program of its kind in the nation, the NJEIT was created in 1985. It has played a major role in helping New Jersey meet one of its most fundamental environmental priorities - maintaining and improving the quality of its water resources.

New Jersey is blessed with a diversity of natural resources in its lakes, rivers, coastline, bays wetlands etc. Yet at the same time, it is home to a great deal of industrial development, as well as some of the most densely populated land areas to be found anywhere in the world. This presents a special challenge as we work to foster personal and economic growth without allowing the inevitable waste products of a growing state to degrade the quality of our ground and surface waters.

Controlling pollution and providing safe, abundant drinking water requires heavy capital investment. Environmental infrastructure is costly to build and that expense is ultimately borne by the individual ratepayer and taxpayer. Keeping costs to the public as low as possible has been the role of the NJEIT since its inception.

Working in partnership with the New Jersey Department of Environmental Protection (NJDEP), the NJEIT has devised a system to leverage the funds available from the federal government to make more money available at the lowest possible cost. Since 1985, the financing program has provided more than \$1.5 billion to local and county government units, and some private water companies to finance wastewater systems, combined sewer overflow abatement, non-point source pollution control, safe drinking water supplies [and open space acquisition], and the acquisition of land surrounding critical water resources. (source: njeit.org)

***NJ SEED believes that the NJEIT is a critical tool in keeping New Jersey's natural resources clean and economic development strong. NJEIT is a shining example of how government and industry can work together for the betterment of New Jersey, its businesses, workers and citizens and NJ SEED supports it efforts.***

## **Beach Replenishment**

NJ SEED is very concerned about the negative impact on our State's beaches and tourism economy if the Governor's proposal to cut Shore Protection Funds becomes law. The proposed cut would reduce the Fund from its statutorily guaranteed \$25-million per year to \$18.75-million, a cut of 25%. This is on top of the \$9-million borrowed from the Fund in the 2009 budget that was amended to guarantee it as a "one-time" legislative action. The Fund has an 18-year successful track record in attracting Federal matching funds of \$2 for every \$1 of a local share from the state, and in some cases from counties and municipalities.

The New Jersey Shore is integral to the quality of life of New Jersey residents. Beaches are a major business in our State. Beach communities along our 127-mile coastline provide \$19-billion—one half of the State's \$38-billion tourism industry—to the State's economy. Our beaches promote investment in residential and commercial development. Create jobs, and attract visitors from throughout the region and from Canada.

While we cannot foresee the time and the hour of the next severe coastal storm, we can state with certainty that the damaging storms will come. Beaches will need to be replenished and re-nourished—it's a reality. If the State continues "dipping" into the

Fund for purposes other than originally intended in order to meet short-term fiscal problems, the State will not have the match money for the Corps of Engineers to move forward with their scheduled beach replenishment programs when the need arises.

***New Jersey's beach communities and our economy as a whole, are greatly affected by tourist activities on the New Jersey shore. NJ SEED encourages state policy makers to consider the fallout associated with holding up beach replenishment funding. A clean and accessible beach front is only valuable if there is a beach beyond it.***

## **Beneficial Use of Dredged Materials**

With such significant economic and environmental benefits provided by the maritime industry operating in the Port of New York and New Jersey, dredging and deepening the harbor is essential to keeping our port open for business. Since 1995, considerable resources have been allocated to the identification, evaluation and implementation of alternative management strategies for dredged materials in the Port of New York and New Jersey. Successful strategies include brownfield and landfill remediation, sediment decontamination and environmental manufacturing, abandoned mine reclamation and confined aquatic disposal. Beneficial uses have made possible the reduction in landside contamination while providing much needed construction materials and developable real estate.

***NJ SEED supports the continued beneficial use of dredged materials for environmental conservation, economic development and revitalization purposes associated with remediation and reclamation projects.***

## OTHER NJ SEED ISSUES

### Priority Policies to improve New Jersey's Economy

Burdensome regulations, high taxes, and spiraling health care costs were the top concerns cited in a new study of New Jersey's business climate entitled "Economic Policies and Solutions: Making New Jersey a Better Place for Business."

Based on how other states create friendly commercial environments, NJPRO made a series of recommendations in the study, including five high-priority policies to improve New Jersey's business climate:

- let businesses reduce their state tax burden by carrying their losses forward for the same number of years they can for federal taxes and base their tax liability in total on what they sell in New Jersey, not whether they have a headquarters or own property in the state
- give state businesses a quick, efficient system when it comes to permits and licensing. Upgrade the state's business website to help a firm understand, apply for, pay, track and ultimately obtain the licenses and permits it needs to legally operate
- fix the state's business liability laws. New Jersey has become the destination of choice for plaintiffs wanting to sue businesses
- do a better job of funding academic Research and Development and creating research partnerships between universities and businesses
- control the costs and improve the quality of the state's health care plans

To view the full study, go to the research area of the NJPRO website at [www.njprofoundation.org/pages/respa.htm](http://www.njprofoundation.org/pages/respa.htm).

**NJ SEED believes that a balanced approach to policy making will stimulate economic development. NJ SEED supports the priorities of the NJPRO study and request that New Jersey policymakers consider these priorities with all new laws and regulations.**

### Commercial Real Estate Industry Is Key to Economic Prosperity

The commercial real estate industry is the solution to New Jersey's loss of private-sector jobs and sinking economy. There is no economic development without real estate development. The commercial real estate industry:

- creates jobs and brings work places close to families
- contributes billions in local spending and infrastructure improvements, and increases the tax base
- cleans and reclaims blighted, disused and contaminated areas, returning properties to productive use and chasing crime
- is the key to unlocking the huge potential for growth in our Port Regions.

- includes the logistics industry, which accounts for nearly \$50 billion or 10.9 percent of the total state GDP
- creates healthy and accessible work environments that meet tenants' needs with green and sustainable methods and materials

### **Improve Business Location and Expansion Incentives**

New Jersey ranks at or near the bottom on the majority of indicators of the Small Business Survival Index, including personal and corporate income tax rates, property taxes, energy costs, state and local government spending and highway cost effectiveness. Our tax policies, lengthy, costly and unpredictable permit process, unrelated impact fees, and aging and congested transportation infrastructure do not look like a welcome mat for business.

The transit hub tax credit incentive is an example of a good “smart growth” measure to attract business to targeted areas. We recommend expanding this program to include additional urban centers with high levels of mass-transit ridership, and to include light rail and ferry stations. Further refinements to better coordinate this program with the Business Employment Incentive Program (BEIP) and create incentive programs for the retention of existing tenants would serve as powerful economic development tools.

We also recommend expanding and customizing Business Relocation and Retention Assistance Grant (BRRAG) and BEIP grants for targeted growth regions, such as the Port Special Improvement region, transit-oriented developments, redevelopment areas and Planning Areas 1 and 2.

### **Expedite and Incentivize the Redevelopment Process**

- Brownfields redevelopment is an integral component of economic growth in New Jersey's cities, port region and densely populated areas.
- For every acre of brownfields redevelopment, 4.5 acres of greenfields are saved from development.
- When we redevelop a blighted area, we clean up the environment, create new jobs and add to the municipal and state tax base.
- The NJ DEP reportedly has more than 18,000 contaminated sites in its database, and nowhere near the caseworkers needed to handle the load.

### **Liquor Licensing in New Jersey Supermarkets**

New Jersey should join 45 other states that have competitive liquor laws and open a revenue stream which is currently closed. This would result in more competition, convenience for overburdened shoppers and a windfall of funding to the State Budget.

The existing law unnecessarily limits supermarkets ability to respond to customer demands and hurts their ability to grow in New Jersey. It is becoming more difficult in New Jersey to do business.

The New Jersey retail food industry operates in an extremely tough and competitive marketplace. Food stores are known in every community to be excellent corporate citizens who give back to the community, as well as provide health benefits, retirement funding and educational opportunities for its employees.

***NJ SEED supports this legislation which will lift the two liquor license cap on individuals and corporations in New Jersey (S-1608/A-732).***

## **Property Tax Reform and Education**

There is a direct relationship between the funding of education and an educated workforce, and stable and increased property values in New Jersey. However, it is time for policy makers to evaluate the current tax revenue plan, which relies too heavily on property taxes. Nationally, 42.9 percent of local property taxes are used for school spending. New Jersey gets 58.1 percent of its school spending from local property taxes.

***NJ SEED calls on New Jersey's elected officials to develop solutions to the dilemma of over reliance on property taxes for school funding. A fair plan must be established that balances tax revenues, meets state spending needs, and allows New Jersey to maintain excellence in its public schools.***

## **Rebuilding Our Educational Facilities**

New Jersey's educational facilities are an integral part of its infrastructure. State-of-the-art schools, from pre-school to college, provide a better environment for learning and preparing our children for the future. Capital investment in the state's infrastructure, whether for roads, ports or schools also provides the foundation for a sound economy.

In 2000, the legislature passed the Education Facilities Construction and Financing Act, which authorized \$8.6 billion for the rehabilitation/reconstruction of public schools throughout the state. This down payment was enhanced in 2008 with a \$3.9 billion infusion to continue the work. Yet, the need for schools is great and ongoing.

In many urban areas, new schools have not been built in over 50 years. To rebuild schools effectively, it is necessary that a full assessment be made of the statewide facility needs, so that a plan can be developed and implemented to carry it out in the most efficient manner. This plan should be routinely updated to ensure all children have access to modern and educationally adequate schools. New Jersey should create a revolving, non-lapsing fund to finance this plan.

In addition, capital improvements are necessary to modernize our higher educational facilities. This is needed to ensure that New Jersey remains a center for quality education and provides the facilities required for our students' success.

***NJ SEED supports needed capital improvements in New Jersey's educational facilities at all levels and recommends that a coordinated plan be developed to carry out this program effectively.***

## **Telecommunications - Enhancing Network Capacity and Promoting Continued Wireless Growth**

New Jersey's role as a national leader in technology and communications is of core importance to New Jersey's economy and ongoing business development in the state. According to the Information Technology and Innovation Foundation, New Jersey ranks third in the nation in deployment of residential and business broadband telecommunications; thereby demonstrating that the state recognizes the importance of broadband access among all platforms.

To promote growth and innovation, New Jersey needs policies that enhance broadband deployment, ensure accessibility and maintain the rapid growth of the wireless industry — all with the goal of bringing reliable broadband service and lower prices to consumers. Thus, the existing open marketplace has brought demonstrated benefits to New Jersey and to the nation and should be maintained.

Ensuring our nation's broadband and wireless infrastructure can keep up with development of Internet content is key to tapping the potential of the Internet. New Jersey can maintain its status as a technology leader by continuing to promote fair and effective deployment of broadband and the regulatory and tax policies that make it possible.

***NJSEED supports proposals that would promote development of new, more robust broadband lines and more effective management of Internet traffic. Additionally, NJ SEED supports existing wireless regulations as a proven example of how competition can bring new products and services to consumers at decreasing prices.***

## **Consumers and businesses continue to benefit from wireless technology**

Wireless phones have saturated nearly every facet of our lives, becoming vital tools in connecting us to friends, family, the workplace and our community. In its wireless competition report released this year, the FCC estimates that more than 8.1 million people in New Jersey subscribe to wireless service — roughly 93 percent of the state's total population, according to the U.S. Census. From the boardroom to the family room, New Jersey residents use wireless devices to talk, send e-mail, access the Internet and even play video games.

The wireless telecommunications market is a critical industry to New Jersey, but the state's industry will only thrive if New Jersey maintains the open and inviting marketplace under which wireless services have proliferated. Unlike the original structure for landline phone service, Congress has established a national framework for wireless. Additionally, at its summer meeting, the National Association of Regulatory Utility Commissioners (NARUC) endorsed the national framework approach and the National Conference of

State Legislatures (NCSL) adopted a policy position that advocates coordination among state and federal policymakers to ensure that any consumer protection proposals targeted at the wireless industry “apply within a national framework.”

As this dynamic industry continues to grow, it is critical that New Jersey’s environmental landscape allow it to be in the forefront of this vibrant economic sector.

***NJ SEED supports proposals that would promote wireless investment and jobs, as well as more innovation and lower prices for consumers. The current wireless market is a proven example of how competition can benefit consumers and the economy when allowed to flourish freely.***

## **The Life Sciences: New Jersey’s Premier Industry**

### **The State’s \$30 Billion Economic Engine**

New Jersey has long been known as the “medicine chest of the world” for its unparalleled cluster of life science companies. 15 of the 17 largest pharmaceutical companies in the world make New Jersey either their global or North American headquarters.

New Jersey’s life sciences industry:

- employs more than 80,000 employees in the pharmaceutical, medical technology, diagnostics and biotechnology sectors;
- is responsible for more than 200,000 spin-off jobs elsewhere in the state economy that are directly dependent on the life sciences industry, according to a 2004 study of the Milken Institute,.
- spends more than \$1.5 billion on capital construction projects annually in the state;
- spends more than \$3.8 billion annually in vendor contracts with New Jersey businesses for goods and services;
- spends more than \$7.5 billion annually on research and development; and
- distributes more than \$220 million annually in philanthropic donations.

The industry is the second highest compensated of all job categories in the state, averaging well over \$141,000 annually, which includes salary, bonus and benefits, exceeded only by stock and securities brokers. The main area of growth in this well-paying sector is in research and development, and investing in the employees who discover new medicines and new technologies.

Governor Corzine’s 2006 Economic Growth Strategy recognizes the continued importance of the life sciences, and NJ SEED looks forward to working with the administration to protect this great sector of our economy.

However, although the life sciences industry calls New Jersey home, many other states are taking aggressive initiative to attract industry investment. Over the past 20 years, states such as Massachusetts, North Carolina, Texas, California and Indiana have experienced tremendous industry growth while New Jersey has not. Concern was rightfully expressed through a late 2005 report done for the Commission on Science and Technology by Drs. James Hughes and Joseph Seneca of Rutgers University, at New

Jersey's decline in the overall percentage of life sciences jobs nationally. New Jersey should never assume that its past and present position as the industry leader will guarantee its future perch.

Furthermore, health care reform, depending on how it is finally defined and implemented, may have a significant impact on the life sciences industry, and therefore the New Jersey economy.

#### NJ SEED:

- Calls on the Legislature to embrace, nurture, protect and promote the state's life sciences industry much like other states do for their leading industries, i.e. oil in Texas, automobiles in Michigan, and textiles in North Carolina.
- Calls on the Legislature to advocate on behalf of the industry and New Jersey's health care and economic interests with the state's congressional delegation.
- encourages state incentive policies, such as the BEIP and BRRAG programs, public/private venture capital funds that will effectively allow New Jersey to compete with other states for new life-science jobs and programs
- opposes policies that restrict access to medicines to patients in government programs through preferred drug lists or bulk purchasing agreements. If such programs were to be adopted in New Jersey, other states would assume it is alright to adopt similar or more restrictive policies regulating the industry;
- opposes duplicative and unnecessary restrictions on medical research involving animals. NJ must not hinder the Research and Development activities that lead to innovative new therapies. Stringent FDA protocols are already in place that regulate animal research.
- calls on New Jersey's higher education system to adopt policies and competitive protocols to improve and promote collaboration with the industry.

***NJ SEED recognizes that a growing and vibrant life sciences industry is key to growing the New Jersey economy and therefore supports state policies that will promote and expand the state's life sciences industry.***

***NJ SEED support efforts to improve the life sciences workforce through strategies identified in the May 2007 Heldrich Report on workforce needs in the pharmaceutical and medical technology industry. We applaud the actions taken by the Corzine Administration's industry advisory groups established under the direction of Labor Commissioner Socolow and the Innovation Partnership Institute (designed to address curriculum needs for the jobs identified) being headed by Dean David Feingold of the Rutgers School of Labor and Management Relations.***



# APPENDIX

## Port Authority of New York and New Jersey Vision

The Port of New York & New Jersey is a significant economic engine that must remain the premier gateway on the Atlantic coast. Enhanced intermodal infrastructure and a strengthened logistics industry will make New Jersey and the region a model American transportation center for the new century. The environment will realize improvements through the greater use of rail and reduced-emission vehicles and equipment, more efficient freight handling practices and the smart-growth planning of new development.

**Keys to the Vision** - Governor Corzine's Economic Growth Strategy and dedicated funding streams like the Liberty Corridor program are keys to meeting the challenges and achieving the vision of a more competitive State and Port region. Major elements of the model transportation center will be:

- **Logistics Support Zone** - The near-port zone, the area immediately around the port and airport in Southern Hudson, Eastern Essex, and Union Counties — must contain warehousing and distribution centers, maritime equipment maintenance and repair facilities, electrified and secure truck and refrigerated container parking facilities, and other port-related activities that do not need to be located on the piers. The Logistics Support Zone's near-port and airport support facilities will move freight efficiently from ship or plane to the end user.
- **Freight Villages** - Regional Freight Villages will be built around existing and developed transportation infrastructure. Transportation investments can be focused on the roads and rails serving these locations.
- **Improved Infrastructure** - Improvements to infrastructure, notably roads and rails, must be made to remove chokepoints, enhance system capacity and improve safety for passenger and freight vehicles. The emphasis will be on making existing roadways work more efficiently and building on existing rail facilities and rights of way. In addition, the construction of the port's system of channels will be completed to the depth of 50 feet by approximately 2012. The widening of the Panama Canal will increase traffic of Super Tankers. The Tankers cannot pass through our waterway system unless identified choke points are mitigated. With a slowdown of federal funding, meeting the 2014 deadline is becoming a daunting task.
- **Improved Operations** - The port and freight movement sectors will improve operational practices that will be more efficient and will serve to reduce congestion at the port and in the metro area.

## Where to Start

In order to take advantage of these opportunities and address the region's competitive challenges to make this vision a reality, it is critical to take the first steps towards building the industry as a growth sector for the region's economy. It is these initial actions, including investments made to date that form the platform for future success.

**A Unified Strategy** - There are many entities, both public and private, that play major roles in the development of a unified strategy to build this business sector – especially in this bi-state region. The strategy must be the outcome of a committed partnership between the public and private sector entities who share a major stake in the success of growing this industry. Achieving consensus on both the content and the economic necessity of a significant investment in the logistics industry is the critical first step to building the momentum necessary to deliver the plan, the projects and the financial investment required to make New Jersey the center for logistics in the Eastern United States.

New Jersey's Departments of Transportation and Environmental Protection along with its major transportation authorities and the Port Authority of New York & New Jersey are the significant public agencies with responsibilities for the public portions of the freight system. Significant planning and analysis of specific freight movement related projects and their corresponding issues have been completed by the North Jersey Transportation Planning Authority. New Jersey's Department of Transportation is in the final editing stages of its state-wide freight rail plan, and has addressed a number of roadway improvements in its capital plan. The Port Authority of New York & New Jersey is undertaking the development of a significant capital plan developed, in part, in collaboration with other private and public sector partners.

**Logistics Support Zone and Freight Villages** - The identification and accumulation of existing and potential sites for distribution center development contained within a kind of "sweep" surrounding the port is the first step in attracting job producing facilities to the state and region. The Port Authority and the New Jersey Economic Development Authority, along with some local governmental units, have already begun to catalog and market sites for this type of development within the Support Zone in Hudson, Essex and Union Counties. The Port Authority/EDA's "Portfields" initiative should be expanded to include assembling additional sites for development including sites for port, airport and trucking support services that support the development of distribution centers.

Simultaneously, the state should facilitate focused, cost-effective development in line with smart growth principles by designating as Freight Villages those existing and proposed geographic clusters of distribution centers and complementary logistics support services that are located in close proximity to existing transportation infrastructure (both road and rail).

Finally, incentivizing appropriate development within the Logistics Support Zone and Freight Villages reduces the need for sprawl-related transportation investments and enables greater levels of investment in improving upon the state's existing assets. In addition, the creation of the Zone and Freight Villages:

- improves the operational efficiency of the logistics industry by strategically co-locating interdependent services, thus reducing the unrecoverable losses in time and productivity inherent in geographically disbursed logistics networks;
- diminishes the negative environmental impact of unnecessary vehicle miles traveled (VMT); and maximizes the value and subsequent increase in rates resultant from appropriate re-use of industrial and commercial land.

**Infrastructure Improvements** - As a result of the federal appropriation of the \$100 million Liberty Corridor, New Jersey's transportation leadership team, including the Commissioner of New Jersey's Department of Transportation, the Chairman of the Port Authority of New York & New Jersey, representatives of the shipping and port terminal industry (New York Shipping Association), advocates of environmentally-beneficial transportation systems (Tri-State Transportation Campaign) and the federally designated metropolitan transportation planning authority for the region (North Jersey Transportation Planning Authority) have worked collaboratively to develop a critical priority project list and the requisite documentation necessary to move the Liberty Corridor money into the design and construction of necessary infrastructure improvements including expanded rail. While every investment afforded by the Liberty Corridor initiative will help to address New Jersey's congestion challenge, the following project investments that will most immediately and primarily serve the needs of the region's largest economic engine, the Port of New York and New Jersey.

#### **North Avenue Corridor Improvement**

Over one-third of all port truck traffic uses this corridor as it enters and exits Newark-Elizabeth Seaport, sharing the roadway with passenger vehicles as they seek access to large retail venues and the airport. Improvement of this service corridor will produce major positive mobility and economic benefits.

#### **North Jersey Railroad Doublestack Clearance/National Docks**

A critical component of the goods movement system supporting the PONYNJ, the National Dock improvements will increase the vertical clearance on the two rail tunnels linking New Jersey's port to the rest of the North American rail system. In addition, expanded rail capacity dramatically lessens the local emissions generated by trucking, thus improving the quality of life for New Jerseyans living in this critical freight corridor.

#### **Tremley Point Connector Road**

Tremley Point connector road will facilitate the development of over 2,000 new jobs and 6 million square feet of industrial space. There are significant security concerns that need to be considered while developing this project.

#### **Route 7 Wittpenn Bridge Replacement**

Needed to address a major choke point in the system, replacement of the Wittpenn Bridge over the Hackensack River will dramatically alleviate congestion and improve safety for both passenger cars and the trucks that move the region's economy. This investment, again, optimizes the existing transportation system and improves connectivity to significant brownfield properties including Koppers Coke, Standard Chlorine and Diamond Shamrock properties.

#### **Port Reading Junction**

This project will support continued growth at the PONYNJ by alleviating a structural chokepoint where New Jersey railways connect to the nation's rail system. Currently serving an average of 56 freight trains a day, the reconfiguration of the CP Port Reading Junction to provide double track train operations between the CSX-Trenton line and the NS-Lehigh line investment, optimizes the current Lehigh line double-tracking project.