



New Jersey Turnpike Authority

MEMORANDUM

December 1, 2011

MEMORANDUM TO: James S. Simpson, Chairman
Ronald Gravino, Vice Chairman
Michael R. DuPont, Treasurer
Harold L. Hodes, Commissioner
Raymond M. Pocino, Commissioner
Ulises E. Diaz, Commissioner
Daniel Becht, Commissioner

RE: Authorization to Adopt 2012 Annual Budget

Attached for your consideration is the 2012 Annual Budget, which includes the Authority's Operating Budget, Maintenance Reserve Fund Budget, Special Project Reserve Fund Budget, and Supplemental Capital/General Reserve Fund Budget. The Authority arrived at the 2012 Annual Budget proposal by engaging in a comprehensive budget preparation process, which directed departmental managers to think strategically and identify all opportunities to achieve operational efficiencies. With a critical eye, directors reviewed their respective departmental budgets and evaluated all positions and line item expenditures, as well as all proposed project budgets.

The proposed Operating Budget for 2012 is \$475,500,000, which is the same amount as the 2011 Operating Budget. A schedule detailing departmental operating expenses is attached. As a result of the departmental reviews, the 2012 Operating Budget proposes to eliminate one hundred and forty one (141) full-time positions, all of which will be achieved by way of attrition. This reduction will result in the Authority having an authorized headcount of 2,011 full-time positions. This is the ninth consecutive year that the Authority has reduced its authorized headcount. The 2012 Operating Budget continues the Authority's practice of controlling the expenses over which it has discretion in order to offset anticipated contractual increases in state police, pension, and health benefit costs.

Also attached for your consideration is the 2012 Maintenance Reserve Fund budget, which totals \$70,519,000 and includes spending for the maintenance and resurfacing of roadway and bridges on the New Jersey Turnpike and Garden State Parkway. Approval is also requested to have any unspent funds from the 2011 Maintenance Reserve Fund Budget carried over and added to the approved 2012 Maintenance Reserve Fund budget.

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The 2012 Special Project Reserve Fund budget, which totals \$35,965,000 and is attached, includes spending for, among other things, the Authority's annual bridge inspection program and environmental work. Finally, the 2012 Supplemental Capital/General Reserve Fund budget totaling \$416,001,000 is attached. This budget includes Supplemental Capital Projects totaling \$50,500,000, with funding for, among other things, an E-ZPass tag swap program, which will begin in 2012, and extraordinary snow costs. This budget also provides for \$365,501,000 in General Reserve Fund payments which include the Authority's contractual payments to the Transportation Trust Fund and Statewide Transportation Capital Plan, among others.

The Authority's proposed 2012 Annual Budget keeps Operating Budget costs flat while maintaining the quality of its roads and services and adequately funds the Authority's other project and reserve accounts. It is recommended that the Authority adopt the attached 2012 Annual Budget which includes the Operating Budget, Maintenance Reserve Fund Budget, Special Project Reserve Fund Budget and Supplemental Capital/General Reserve Fund Budget. The General Consultant, HNTB Corporation, concurs with this recommendation.



Veronique Hakim
Executive Director

**New Jersey Turnpike Authority
Operating Budget**

	<u>2011 Budget</u>	<u>2012 Budget</u>	<u>Increase (Decrease)</u>
Executive Office	923,500	707,600	(215,900)
Law	1,255,100	1,336,700	81,600
Human Resources	2,025,000	2,125,000	100,000
Office Services	1,905,100	1,755,300	(149,800)
Finance	5,886,400	5,749,700	(136,700)
Technology	12,928,400	12,962,100	33,700
Inventory	2,647,800	2,626,100	(21,700)
Maintenance	66,153,000	67,258,100	1,105,100
Tolls	69,130,000	53,521,300	(15,608,700)
Operations	6,381,800	6,381,700	(100)
Patron & Constituent Services	1,338,200	1,306,200	(32,000)
Automotive Services	1,735,000	1,799,900	64,900
Purchasing	1,075,000	1,224,900	149,900
Engineering	3,391,800	3,347,600	(44,200)
Internal Audit	1,667,900	1,774,600	106,700
Non-Departmental	21,651,600	21,175,000	(476,600)
Utilities	18,533,000	19,165,000	632,000
Snow	9,500,000	9,683,100	183,100
	<u>226,128,600</u>	<u>213,899,900</u>	<u>(14,228,700)</u>
State Police	60,000,000	61,700,000	1,700,000
Pension & Retirement	30,177,700	31,385,000	1,207,300
Health Benefits	67,054,700	72,334,700	5,280,000
ETC Operating	90,139,000	96,180,400	6,041,400
	<u>476,600,000</u>	<u>476,600,000</u>	<u>0</u>
		% Increase over 2011	<u>0.0%</u>

Approved:


 Veronique Hakim, Executive Director



 James Beattie, Vice President, HNTB Corp.

**New Jersey Turnpike Authority
Maintenance Reserve Fund**

<u>Project Number</u>	<u>Project Name</u>	<u>2012 Budget</u>
03010001	TPK-Bridge Repairs	20,119,000
03010002	TPK-Pavement Restoration	16,800,000
03020001	GSP-Bridge Repairs	16,800,000
03020005	GSP-Pavement Restoration	16,800,000
		<u>70,519,000</u>

Authorization is also given to carry all unexpended funds from 2011 Authorized Budget to 2012.

Approved:


 Veronique Hakim, Executive Director


 James Beattie, Vice President, HNTB Corp.

**New Jersey Turnpike Authority
Special Project Reserve Fund**

<u>Project Number</u>	<u>Project Name</u>	<u>2012 Budget</u>
04008003	Design Standards	1,245,000
04008019	CapEx System Improvements	300,000
04008062	Ent GIS Dev/Imp Phase III	275,000
04010018	Bridge Inspection	7,440,000
04010019	Environmental Remediation	4,600,000
04018044	Electronic Bid Implementation	300,000
04028054	Holmdel HVAC	275,000
04028038	Touch Screen Terminal Replacement	47,000
04010002	State Police Fleet Replacement Vehicles	3,130,000
04028049	All Electronic Tolling Study	100,000
04028050	Wage Analysis	25,000
04028051	Health Benefit Analysis	35,000
04028053	Parkway Audit	200,000
04008053	Repair of Security Gates	175,000
04008022	Claims Settlement	1,000,000
04010001	Surplus Property	30,000
04000010	Linestripping	1,050,000
04000011	Energy Conservation Program	100,000
04000012	Solar Panels	165,000
04008028	Guardrail/Guiderail Replacement Program	2,550,000
04008030	Clear Zone	1,065,000
04008033	Equipment Replacement Under \$50,000	4,441,000
04008043	Right of Way Fencing	300,000
04010003	Roofing Upgrades	625,000
04010027	Immediate Facility Repairs & Other Misc. Building Improvements	400,000
04000022	IBM Servers Project	30,000
04008056	Lane Closing Application	100,000
04028047	Web Site Enhancement	25,000
04018043	Secaucus Tower Replacement	150,000
04010008	Toll Treadle Replacement	175,000
04010022	Bird Repellant	50,000
04999999	Contingency	1,000,000
NEW	Lane Controller/VES Camera Replacement	52,000
NEW	ETC System Upgrade Support	171,000
NEW	VTDM H.264 Upgrade	466,000
NEW	Peoplesoft Upgrades & Support	687,000
NEW	Rutgers Assignment	200,000
NEW	Paint Sandblast Building	600,000
NEW	Upgrade of Spear Maintenance Management System	37,000
NEW	Managed Secure File Transfer Solution	40,000
NEW	Plaza Workstation Refresh	125,000
NEW	Feasibility Study for Truck Parking Facility at 4S	200,000
NEW	GSAC Pedestrian & Parking Improvements	200,000
NEW	CMS Repairs on Turnpike No & So Mixing Bowls	300,000
NEW	GSP & Turnpike Roadway Improvements	500,000
NEW	Board Room Sound System	50,000

NEW	Traffic OPS Safety Component Upgrade	134,000
NEW	Radio/GPS Study	250,000
NEW	Network Security (IPS)	250,000
NEW	App for Smartphones	400,000
		<u>35,965,000</u>

Approved:



Veronique Hakim, Executive Director



James Beattie, Vice President, HNTB Corp.

**New Jersey Turnpike Authority
Supplemental Capital/General Reserve Fund**

<u>Project Number</u>	<u>Project Name</u>	<u>2012 Budget</u>
Authority Projects		
08007003	Immediate Repair Contracts	1,500,000
08020001	GSP-I/C 10 Improvements	1,200,000
08020001R	GSP-I/C 10 Improvements - Reimb	(1,200,000)
08020012	Driscoll Bridge Security	70,000
08007032	Parkway & Turnpike Plaza Server Upgrade & Replacement	1,517,000
08007000	Snow	8,125,000
08007996	Prior year adjustments (Standby Liquidity Facility)	2,500,000
08027013	GSAC Recovery	(300,000)
08007997	Arbitrage Expense	100,000
08007033	Toll Collection Security Systems	2,000,000
08007019	Roofing Replacements	500,000
08007021	Major Fleet Augmentation	8,000,000
08007022	Salt Storage Facilities	1,200,000
08007023	Vehicle Washing Systems	1,600,000
08010017	Const of PreFab Storage Bldg	1,500,000
08017027	Building Improvements	1,000,000
08020014	Maintenance Warehouse	400,000
08007025	Microwave Replacement	825,000
08007029	Wi Max	4,700,000
08007036	Distribution Network Upgrade	775,000
08027014	CUGNET North/Rt 37	146,000
08027014R	CUGNET North/Rt 37 - Reimb	(146,000)
08027015	Route 20 DWDM Connection	300,600
08027015R	Route 20 DWDM Connection - Reimb	(300,600)
08027016	DWDM Clifton to TOC Elmwood Pk	22,000
08027016R	DWDM Clifton to TOC Elmwood - Reimb	(22,000)
08999999	Contingency	5,000,000
NEW	Replacement of Garden State Parkway EZPass Readers & Ant	515,000
NEW	ORT Network Based Cameras	1,080,000
NEW	UPS Upgrade Phase II & III	1,115,000
NEW	EZ Pass Tag Swap Program	4,538,000
NEW	Subsurface Utility Engineering GIS Program	435,000
NEW	Upgrade to Gasboy System	435,000
NEW	IR Drainage Repair	435,000
NEW	Telephone Architecture Upgrade	935,000
		<u>50,500,000</u>
Feeder Roads		
08007015	Feeder Road Reimbursement NJDOT	8,001,000
08007018	North Avenue Corridor	4,500,000
State Transportation Capital Plan		
08007037	State Transportation Capital Plan	331,000,000

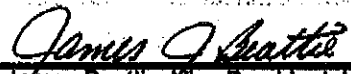
08007007	Transportation Trust Fund Transportation Trust Fund	22,000,000
		<u>416,001,000</u>

Approved:



Veronique Haklm, Executive Director

Transportation Trust Fund
08007007 Transportation Trust Fund



James Beattie, Vice President, HNTB Corp.