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Governor Chris Christie  
State of New Jersey



Governor Andrew M. Cuomo  
State of New York

August 18, 2011

Dear Chairman Samson and Vice Chairman Grayson:

Two weeks ago, the Port Authority proposed a significant toll hike in order to address a potentially destabilizing fiscal deficit facing the authority and its capital budget. Without new revenue, the authority has said that it would have been unable to complete current projects and execute a capital plan that is needed to meet the critical and growing transportation needs of the region and jeopardize 167,000 jobs and \$9.7 billion in wages at a time when our economy desperately needs to grow.

However, shortly after the Port Authority made the proposal, we jointly indicated both publicly and privately that such a significant toll hike was unacceptable and we would not approve it. We then directed our appointed commissioners to look at how the authority could immediately reduce costs and the future needs of the capital program in order to reduce the proposed toll hikes. We further directed our commissioners to work with the authority's leadership to craft a toll increase proposal that reduced the burden on drivers and businesses but still ensured that the authority's finances would be stabilized.

As directed, those commissioners conducted a review of the current financial situation as well as the obligations under the proposed long-term capital plan and have informed our administrations that those reviews have identified \$5 billion in savings that can be immediately achieved within the capital plan.

While we did not want to see any toll increase, given the crisis facing the Port Authority and its finances, and the potential safety and economic risks to commuters and businesses, an increase cannot be avoided. However, in this economic climate, a toll and fare increase can only go forward if coupled with a stringent audit of the Port Authority practices that led to the fiscal mismanagement that made these increases the only financially solvable solution in the first place.

As such, we have directed the Port Authority to put before the board a two-part approach to restore fiscal health to the authority by demanding accountability, reviewing and improving internal practices and tracking how dollars are being spent. This two-part plan is centered on a clear mission – protecting the value of every dollar paid into the Port Authority and spent by the Port Authority.

First, we will not oppose a revised proposal which reduces the first year toll increase from \$4.00 to 1.50 and reduces the proposed \$6.00 increase over four years to \$4.50 over five years. (Full details of the revised toll proposal are below.)

This is a responsible alternative that balances the infrastructure needs of the region with toll and fare payers' economic realities. To that end, this proposal will allow for the completion of the World Trade Center as well as hundreds of other capital projects that will ensure the safety and economic viability of a transportation system that millions of New Yorkers and New Jerseyans rely on. It will prevent a default by the authority as well as a downgrading that would prevent the authority from borrowing money to pay for existing and future projects. These more affordable step increases will provide better predictability and stability for hard-working New Yorkers and New Jerseyans and preserve tens of thousands of jobs.

Secondly, as a condition for not blocking the proposed toll hike, the commissioners of the Port Authority need to approve and immediately commence a comprehensive audit of the authority. The reports of cost overruns, excessive overtime, and exorbitant spending must stop immediately. We will assure that every toll dollar is well spent and waste and abuse is immediately attacked. This audit will be twofold – it will focus on both a financial audit of the authority's 10-year capital plan to further reduce its size and cost and a top to bottom management review of the authority's finances and operations to find ways to lower costs as well as increase efficiencies.

As we said from the outset, we recognize the Port Authority is facing severe financial issues but so are families in the states of New York and New Jersey, and the answer cannot always be an indiscriminate and exorbitant increase in the cost to the toll payer. As families must carefully and effectively manage their finances at this difficult time, so must government.

We are pleased that our work together resulted in lowering of the original toll increase and going forward will result in a less costly, more efficient, more accountable authority than ever before. We thank the board for their cooperation and look forward to continuing to work with you to achieve the needed reforms within the authority to reduce costs, improve efficiency, and enhance our regional transportation network in order to create jobs and grow our states economies.

Sincerely,



Governor Andrew M. Cuomo



Governor Chris Christie

#### Revised Toll Proposal

- Tolls on cars using EZ-pass will increase \$1.50 in September 2011 and then 75 cents in December of each year from 2012-2015
- Tolls on cars paying with cash will have the same increase but will be subject to an additional \$2 penalty (rounded up to the nearest whole dollar)
- Tolls on trucks using EZ-pass will pay an additional \$2 per axle in September 2011, and then an additional \$2 per axle in December of each year from 2012-2015
- Tolls on trucks paying cash will have the same increase but will be subject to an additional \$3 per axle cash penalty
- Fares on the PATH train will increase 25 cents a year for four years