



New Jersey Gasoline, C-Store, Automotive Association (NJGCA)

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TASK FORCE ENDORSES NJGCA-BACKED PLAN TO PRIVITIZE INSPECTIONS

*Moving to privatized inspection system puts Garden State in line with other states;
Measure would end \$250 million Parsons contract and ease taxpayer burden;
Switch will better serve motorists and boost small business owners.*

Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (NJGCA), made the following remarks in response to the findings outlined in Governor's Privatization Task Force report:

“In early May, I was asked to appear before the Governor's Privatization Task Force to submit a proposal on how the State of New Jersey could save millions in taxpayer dollars. My goal was to inform the committee members on the benefits of eliminating the Parsons-run Central Inspection Facilities (CIF) and migrating to an all Private Inspection Facility (PIF) program. As we've seen today, the Task Force has endorsed this plan and I urge lawmakers to act on it swiftly,” stated Risalvato.

In 1998, New Jersey partnered with Parsons Commercial Technology Group to implement a public-private partnership. The agreement permitted Parsons to operate the 31-state owned CIF locations, and perform inspections and re-inspections. The contract was valued at \$560 million over ten years.

This partnership was recently renewed in 2008 in which, after a bidding process, Parsons was again selected to operate the state's inspection system under a 5 year contract worth \$286 million – or roughly \$57 million a year.

“Since its inception in 1998, the implementation of this public-private partnership has left

a great deal to be desired. Not only have there been repeated blunders along the way, but it has cost taxpayers a great deal of money and heartache. With our continuing fiscal crisis, and after nearly 13 years of agony, one undisputed fact rings true: New Jersey should NOT be in the vehicle inspection business – PERIOD!” exclaimed Risalvato.

As cited by the Task Force, fully one-third of states use a private inspection system to conduct mandatory emission inspections. In making this transition, New Jersey would follow neighboring states like Pennsylvania and New York which implement an all PIF program. In fact, with the exception of New Jersey, all states in the northeast – from Maryland to Maine – have already migrated to a private inspection program.

“Not only is moving to a private inspection program fiscally sound, it would be far more convenient for motorists and help the state’s small business community. New Jersey currently has 1,100 PIF locations that routinely conduct vehicle inspections and re-inspections. Since New Jersey requires vehicle inspection every two years, they are more than capable of handling the required 2.5 million vehicle inspections currently conducted each year. For proof, you only have to look to Massachusetts, whose motorists have to have their car inspected every year. Their private inspection program performs 4.7 million inspections through 1,600 PIF locations with little or no difficulty. New Jersey should follow this example and privatize the system as soon as possible,” Risalvato said.

Facing a multi-billion dollar shortfall, NJGCA had offered state officials a means of saving \$13 million a year during the recent year’s budget cycle by simply mandating all re-inspections be performed at PIFs rather than the Parsons-run CIFs. However, the proposal was ultimately rejected by the Governor.

“Governor Christie proposed to save the state \$12 million a year by eliminating Safety Inspections. I offered him a plan that would not only save an additional \$1 million a year, but would retain safety inspections and denied Parsons the \$21.95 they receive for each re-inspection performed. It was incredibly frustrating and ultimately disappointing to have this plan go unnoticed in the current economic climate,” Risalvato said.

NJGCA strongly feels that Safety Inspections should have been maintained to promote public safety. Now with Safety Inspections eliminated, Parsons will have no choice but to cut 30-50% of their work force to compensate. And since Safety Inspections are no longer required, PIFs will have no need to hire these displaced workers.

“It would have been a far better transition to maintain Safety Inspections while moving to an all PIF program. Once the CIF lanes are eliminated, those Parsons inspectors will need to find new jobs. The small business owners running PIF locations will eagerly hire them to perform inspections at their shops,” said Risalvato.

The Task Force report states that New Jersey must pay a \$7.9 million to Parsons to buyout the existing contract. While a great expense, the measure would provide a net savings of \$28 million. Furthermore, once the CIF locations are no longer in use, the state would have the option of returning those presently tax-exempt parcels of land to private industry, creating ratables for local municipal governments and new opportunities for developers.

“In privatizing the inspection program, everyone wins. Taxpayers get a break; motorists get to avoid long-lines at the 31 CIF locations to have their cars re-inspected and have over 1,100 locations to choose from; small business owners get a boost; and workers who would have been jobless will now have a means of employment after the Parsons contract ends. This is a no-brainer: The Legislature should adopt this proposal quickly and take an additional burden off our collective backs,” Risalvato concluded.

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