



EXECUTIVE SUMMARY

NEW JERSEY TRANSIT CORPORATION RAIL OPERATIONS

July 1, 2016 to October 31, 2019

We found weaknesses related to the timeliness of New Jersey Transit's (NJT) efforts to implement federally required rail safety technological initiatives as well as the monitoring of vendors contracted by NJT to design and install those safety initiatives. Our review of capital funds transfers found capital funds are being utilized for allowable maintenance that extends the useful life of the equipment over five years, however we also observed reclassification of appropriations to capital projects other than their intended purpose. We also found NJT has an adequate process in place to ensure Federal Railroad Administration inspections are addressed timely. We further noted NJT has not adequately documented the prioritization for the repair or replacement of some bridges with main components determined to be in poor or bad condition. In addition, we made an observation regarding NJT's on-time performance for its rail operations.

AUDIT HIGHLIGHTS

- NJT is behind schedule on its federally required safety system installation of Positive Train Control (PTC), and it is debatable whether NJT will meet the full implementation deadline of December 31, 2020.
- The initial budget for the PTC installation totaled \$225 million. As of September 2019, the total budgeted PTC project costs are \$500 million including an initial consultant (\$41.4 million), a contractor (\$210.3 million), a new consultant (\$47.4 million), and other costs totaling \$200.9 million (including in-house).
- NJT has not collected approximately \$9.1 million in contractually allowable liquidated damages from the PTC contractor as of September 2019.
- A total of 174 of 679 railroad bridges owned by NJT had at least one of its main components assessed as poor or bad. A total of 47 of the 174 bridges have not been included on NJT's repair plan.
- Manpower and equipment shortages contributed to NJT Rail Operations not achieving its on-time performance goals. We noted that 38 percent of the delays during calendar year 2017 through May 2019 were due to circumstances that may have been preventable by NJT.

AUDITEE RESPONSE

New Jersey Transit was not in complete agreement with a number of the report's findings and recommendations. The auditors chose to include follow-up responses to two specific items in NJT's response.

For the complete audit report or to print this Executive Summary, click [here](#).