

Testimony before the NJ Assembly Budget Committee
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- Good afternoon Mr. Chairman and members of the Committee.
- I appreciate the opportunity to appear before you today in my second year as NJ TRANSIT's Executive Director. It has been quite a year.
- Mr. Chairman, since I last appeared before you and the committee, NJ TRANSIT has weathered a number of enormous challenges – record heat and snow fall; ridership impacts due to fare and service modifications and diesel gas prices that continue to climb.
- We continue to press on.
- Last year, we worked hard to balance the NJ TRANSIT budget and create a sustainable, fiscally responsible plan that preserves New Jersey's robust, multimodal transit network. This year, we must continue to do our part to become the safest, most efficient agency possible, so that we can respond to the transit needs of New Jersey citizens. We continue to look for ways to do more with less—making the most efficient use of our resources and reducing operating expenses while maintaining a quality public transportation system.
- Moving forward, NJ TRANSIT will pursue new and creative ways to generate even more revenue from its assets. Today, nearly five percent of our operating budget comes from non-farebox revenue sources, as the agency continually looks for ways to maximize revenue through advertising, real estate, strategic marketing partnerships and other commercial revenue opportunities.
- As part of our effort to make the most of our assets, we are currently pursuing a public-private partnership that will rationalize, improve and unify parking for customers while addressing the growing cost of operating parking facilities and reducing taxpayer support for parking operations.
- We are also working toward making the entire system less reliant on taxpayer subsidy. Notably, NJ TRANSIT has one of the highest farebox recovery rates of any transit system in the nation at 50 percent, and we intend to continue to raise the bar.

- As an agency, we are beginning to reform and transform ourselves. And to achieve that vision, today employees are actively engaged and working on building performance measurement systems for their departments and for the agency as a whole.
- NJ TRANSIT's new initiative, the "Scorecard" as we call it, creates corporate-wide metrics that will demonstrate the return on the taxpayers' investment, and illustrate how we are managing our bottom line.
- As a public document, for the first time, the Scorecard will provide the taxpayers of New Jersey and our customers alike a clear window into how we are performing.
- The Scorecard will show both our strengths and our weaknesses, providing clear insight into where we need to improve in order to provide a greater return to the taxpayer.
- To support this effort, we are developing a system of metrics to provide a baseline for measuring NJ TRANSIT's performance in the areas of customer satisfaction, safety and security, financial health and service accountability.
- The Scorecard will also incorporate data gathered from quarterly customer surveys, marking the first time in NJ TRANSIT's history that we will be conducting systemwide customer satisfaction surveys on a regular, ongoing basis.
- I am confident that the Scorecard initiative will give us the ability to make meaningful management decisions on a daily basis and focus on what is most important, giving us a tie-in to the customer experience.
- That said, NJ TRANSIT's Scorecard is not solely about measuring – it is about moving the needle. Near-term capital plans as well as our long-range plan will serve customers and taxpayers by embarking on projects within our means while reflecting the new normal.
- Governor Christie's new Transportation Capital Plan recognizes the needs of public transportation, with \$672 million in state funds dedicated to NJ TRANSIT. The capital work ongoing and in the planning phase around the state demonstrates NJ TRANSIT's dedication to maintaining a state-of-good-repair; improving and expanding service; utilizing new technologies; realizing operating efficiencies and enhancing the customer experience. Governor Christie's five-year capital transportation plan will ensure that we can continue to advance an ambitious capital program in support of these goals.

- Every workday customers make nearly one million passenger trips on NJ TRANSIT to conduct life's daily business. That is a huge responsibility and accomplishment in our nation's most densely-populated, most-congested state. In the upcoming year, NJ TRANSIT will continue to position itself for rebounding ridership, particularly as more people turn to public transit in the face of rising gas prices.
- To that end, we will continue to look for affordable ways to address capacity, such as the investment 100 more of our popular multilevel rail cars, which provide 20 percent more seating capacity than the single-level cars they are replacing. With efficiency now in the forefront of decision making, we are pursuing the possibility of replacing our aging self-propelled fleet with multilevel versions of the equipment to move more people. We will also continue to take delivery of more than 1,400 new buses that will provide additional capacity, and service flexibility.
- Mr. Chairman, we are also purchasing 26 dual-powered locomotives which can use either electricity or diesel fuel, to replace our aging diesel fleet. The dual-mode locomotives will offer a number of benefits—by standardizing our equipment so that we'll have a mode of power that can be used anywhere on our system, we will benefit in terms of both efficiency and customer convenience.
- We are not only modernizing our equipment but modernizing the way we communicate with our customers. Initiatives such as Departure Vision, real time rail schedule information, have vastly improved the customer experience. New on-board bus technology will do the same.
- The \$22 million dollar investment in the use of smart bus technology will enable NJ TRANSIT Bus Operations to improve the quality and reliability of service while reducing operating costs. This technology will act as the central nervous system for New Jersey's buses, transmitting critical data pertaining to ridership, vehicle condition, bus location and more, which will allow for greater efficiency in terms of scheduling, planning and maintenance.
- Meanwhile work has begun on a new intermodal station that will enhance and directly link River Line and Atlantic City Rail Line customers for the first time. The Pennsauken Transit Center will be built in two phases – the River Line platform and the Atlantic City line platforms – with overall completion of the project expected in early in 2013.
- Work also continues on the \$120 million rehabilitation of the original ferry slips at Hoboken Terminal, which will restore ferry service to a permanent location at the historic building and offer improved customer amenities and convenience beginning this summer.

- As we continue to move our system into the next generation it is important to keep focused on State of Good Repair Projects. Capital investments to ensure a safe, solid and well-maintained system with projects such as the Lower Hack Bridge rehabilitation and Shark River Drawbridge upgrades are underway.
- Focusing on projects that will expand the market and put service where people want to go – in Hudson County we are studying a strategic light rail expansion to proposed commercial and residential development in the Route 440 corridor.
- Next week we will hold an open house in South Jersey to discuss potential transit improvements along the heavily travelled Route 55/42/676 corridor that connects suburban Gloucester and Camden counties to the city of Camden and Philadelphia.
- Smart investments such as these deliver long-lasting benefits for the taxpayers. Further, continued investment in state-of-good repair projects will reduce the need for greater taxpayer support in the future.
- The projects underway around the state will keep our bus, rail and light rail systems running, and help us keep moving those our customers while also positioning us for the ridership growth that will return when the economy recovers. And with gas prices continuing to climb, we could see an uptick very shortly.
- In fact, if 2008 is an indication of how a spike in gas prices affects NJ TRANSIT ridership, there is a “tipping point” at about \$3.25 to \$3.50 per gallon where people start diverting from auto to transit.
- With this in mind, we are working on plans to add capacity at the margins should it become necessary. Our goal is to absorb any ridership increase without incurring extraordinary costs. That said, we will do whatever we can to respond.
- On the budget side, thanks to the support of Governor Christie, we are moving into a budget year that will include no fare increase.
- We also believe that we can manage the unfavorable fuel line item through effective budget management in other areas. For example, we have instructed departments to be even more prudent when making decisions around spending money—all with an eye toward continuing to run a safe system.

- In addition, we are looking to reduce our reliance on diesel fuel by exploring bio fuel options and whether there are pricing opportunities we can take advantage of, as well as reminding operators to further reduce idling and challenging staff to look for other ways to save.
- An increase in the price of gas impacts NJ TRANSIT in two ways—there is a budget impact as well as a ridership impact. It is important for people to understand that this is having a major impact on us, as every one-penny increase in the cost of diesel fuel equates to a \$360,000 impact to our operating budget on an annual basis.
- We are monitoring both ridership and gas prices to do whatever we can to provide the best service for new and current customers.
- We are also staying focused on making NJ TRANSIT a more attractive option for our customers. In recent years, we have launched a number of initiatives as part of an ongoing effort to put technology to work for our customers to improve their overall commute, from the way they access travel information to their experience onboard trains and at our facilities.
- Moving forward, NJ TRANSIT will look to expand on these initiatives and introduce additional amenities where possible. For example, in October 2010, NJ TRANSIT launched its “My Bus” system, which enables any customer who has the ability to send a text message to get schedule information for the more than 19,000 bus stops all over New Jersey, using unique bus stop ID numbers. Since we launched in October, we have received nearly 125,000 SMS text requests for scheduling information. In the coming year, NJ TRANSIT will introduce “My Light Rail” as another way for customers to access schedule information for the agency’s three light rail lines.
- Also this past fall, NJ TRANSIT launched a Quiet Commute pilot program on its busiest trains—select Northeast Corridor express trains—to test the feasibility of offering the amenity on our system. After receiving overwhelmingly positive feedback, NJ TRANSIT significantly expanded the pilot this January, adding Quiet Commute cars to all peak period, peak direction trains that begin or end their trips at New York Penn Station or Newark Penn Station. We are now working toward the expansion of Quiet Commute to our remaining lines.
- Overall, NJ TRANSIT will remain focused on providing convenient, reliable service to customers and looking for ways to improve the overall travel experience by introducing additional amenities and tapping into the latest technology, while making the most of our resources within a tight budget environment.
- Thank you for this opportunity today, Mr. Chairman. I would be happy to take questions.