Good afternoon Mr. Chairman and members of the Committee.

It is a pleasure to address you today on behalf of the more than 11,000 men and women of NJ TRANSIT who provide essential public transportation services throughout our great state.

Mr. Chairman, since I last appeared before you and the committee, NJ TRANSIT has been engaged in an active campaign to more effectively communicate with our customers, NJ taxpayers, and your constituents. Through regular Customer Satisfaction Surveys we have learned that nearly 70% percent of our customers, your constituents, would recommend NJ TRANSIT to a friend, relative or neighbor. That’s right; nearly 7 IN 10 of your constituents would recommend NJ TRANSIT to a friend, relative or
neighbor. Make no mistake Mr. Chairman; this is a strong show of confidence in our transit system.

- At NJ TRANSIT we strongly believe asking 'The Ultimate Question' will address our organization's future growth and serve our customers well.

- Measuring customer loyalty and benchmarking performance against world-class standards will allow NJ TRANSIT to quantify the economic value generated by customer word of mouth recommendations; assign accountability for improving customer relationships; identify core customers and set priorities for strategic investments; and move customers beyond mere "satisfaction" with our services to true loyalty.

- This effort is practical and compelling for all of us, and it has sharpened our focus.

- Our customers have clearly ranked their priorities for what they want from their public transportation system.

- And the two top priorities offered time and time again continue to guide our efforts: Keeping fares stable, and
ensuring that our customers reach their destinations on-time.
Mr. Chairman, these are the two single most important
factors to your constituents who use our services every
single day.

- I have been quoted on the record at various forums and I’ll
take the opportunity to again emphasize that there will NOT
be a fare increase for the upcoming fiscal year.

- We have been able to achieve fare stability because
employees in all parts of the organization are focused on the
bottom line and what that means directly for our customers.
To achieve the goals set by our customers, today our
employees are actively engaged and working to the
objectives of the performance management program they
have created for their departments and for the agency as a
whole.

- Our budget growth of 0.5%, over fiscal year 2012 is the
lowest overall budget growth rate of the last 15 years.
• And, aggressively managing labor costs and fuel expenses, and controlling the growing cost of benefits is advancing a key area of our focus — maintaining financial stability.

• Total headcount for 2013 has been reduced from 2012 through managed attrition. Departments throughout NJ TRANSIT are effectively managing labor costs by both strategically evaluating positions and tasks.

• Make no mistake, this is a challenge. For every penny fuel goes up, the NJ TRANSIT budget increases $370,000. As a result, NJ TRANSIT has worked hard to optimize our fuel budget through strategic hedging and through a retrofit of bus filters to use less-costly grades of ultra-low sulfur fuel. We also will begin using a new, lower-cost blend of diesel fuel during winter months, and we have addressed bus and train idling to drive down fuel usage and costs. We are committed to further achieving sustainability — financial and environmental.

• This year, we will continue to do our part to become the most efficient agency possible without compromising safety or security — ensuring that NJ TRANSIT remains a strong,
stable agency ready to respond to the transit needs of New Jersey citizens.

- We have been – and 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 continue to 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. Every dollar of non-farebox revenue reduces the budgetary pressure on our customers' fares.

- As part of our effort to make the most of our assets, we are also continuing to pursue a public-private partnership that will rationalize, improve and unify parking for customers while addressing the growing cost of operating parking
facilities -- and, importantly, also reducing taxpayer support for parking operations.

- NJ TRANSIT will also continue to advance the "Scorecard"; our innovative performance management tool that has implemented long-overdue corporate-wide metrics which clearly demonstrate the real return on the investment bestowed by our taxpayers, while also illustrating how we are effectively managing our bottom line.

- Scorecard provides the taxpayers of New Jersey and our customers alike with a clear window into how we are performing.

- As I alluded to earlier, Scorecard has allowed us to incorporate data gathered from quarterly customer surveys into our decision making.

- Our customer satisfaction survey initiative is holding employees to a higher level of accountability as we make meaningful management decisions on a daily basis and focus on what is most important, giving us a real-time tie-in to the customer experience.
• According to our Customer Satisfaction Survey results, getting riders there ‘on-time’ is the second highest ranking element of importance to our customers.

• And I'm proud to say NJ TRANSIT credits a calendar year 2011 overall system-wide on-time performance of 95% to our long legacy of demanding that the NJ TRANSIT-controlled infrastructure system remain in a state of good repair. Furthermore, with a 97.4 percent rail on-time performance for the month of April so far this year, we are on track to match or beat our best on-time performance of 97.5 percent in September of 1995.

• It took NJ TRANSIT, with the help of the Legislature and Governors, many years to bring our rail and bus infrastructure back to a state of good repair, after NJ TRANSIT took over the lines of the bankrupt railroads and bus systems. And 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.

• Thanks to Governor Christie's five-year capital transportation plan, the Governor has ensured that NJ TRANSIT can continue to advance an ambitious capital program in support of these goals.

• To that end, we will always strive to find affordable, cost-effective ways to address capacity, such as the investment in an additional 100 of our popular multilevel rail cars, which will provide 20 percent more seating capacity than the single-level cars they are replacing. With efficiency now at the forefront of NJ TRANSIT's decision making, we are pursuing the possibility of replacing our aging self-propelled rail car fleet with multilevel versions of the equipment to more efficiently and comfortably 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 through the advancements of new technologies.
• Mr. Chairman, the purchase of 35 dual-powered locomotives, which can use either electricity or diesel fuel, to replace our aging diesel fleet will offer a number of benefits—cleaner, more efficient railroad infrastructure, the ability to eventually expand rail service into NY Penn Station, and helping to standardize our equipment so that we’ll have a mode of power that can be used anywhere on our system. This will generate benefits in flexibility, efficiency and customer convenience.

• Notably, we are not only modernizing our equipment but also modernizing the ways 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 $40 million dollar investment in the use of smart bus technology that will begin to be rolled out later this summer 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.

- As we continue to move our system into the next generation it is important to keep focused on State of Good Repair projects. Every year, NJ TRANSIT needs to spend nearly $450 million to keep the railroad and bus systems operating reliably. This is a sizeable sum, but it is vital to our customers and the economy of New Jersey. We as a state have worked too long and too hard to now allow the rail and bus lines to backslide to the conditions they were in 30 years ago, when NJ TRANSIT was created.

- To that end, we continue to make targeted capital investments to ensure a safe, solid and well-maintained system with projects such as the $18 million we will spend in the coming fiscal year on track and tie replacement, $13 million for signal upgrade and replacement, and $7 million for power systems improvements on the rails. We are also spending $31 million for bridge rehabilitation.
• On the bus side, we will spend $115 million for new buses to keep our fleet up to date and running smoothly. And we continue to upgrade bus facilities to improve customer convenience and experience. For instance, we are beginning a $7.5 million project at Frank R. Lautenberg Station at Secaucus to expand bus capacity and ease the transfer between our bus and rail modes.

• We also are focusing on projects that will expand the market and put service where people want to go, such as in Hudson County, where we continue to study a strategic light rail expansion to proposed commercial and residential development in the Route 440 corridor. Or in South Jersey, where we are studying bus rapid transit alternatives to help move our customers more effectively through the congested Rt. 42/55/676 corridor.

• 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 our customers while also positioning us for the ridership growth that we could begin to see as the economy turns around.

• 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, be assured, we will do whatever we can to respond.

• 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.
• And as many of you know, our entry into the world of new media has also further engaged our customers — and your constituents — like never before. Twitter, Facebook and YouTube are increasingly important tools for communicating with customers — and for getting customers’ feedback in real time.

• Mr. Chairman, NJ TRANSIT has challenges like any other public transportation agency in America. However, at NJ TRANSIT, we also have a great series of accomplishments which I am very proud to relate to you — all on behalf of the more than 11,000 hard-working men and women who provide a service so integral to the quality of life we all enjoy here in the Garden State — and so integral to New Jersey's economic prosperity.

• Mr. Chairman, I thank you for your time and look forward to your questions.