

Legislative Budget Hearings Testimony

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- Good afternoon Mr. Chairman and members of the Committee.
- When I last appeared before you and the Committee, I began by saying that it was a pleasure to address you on behalf of the more than 11,000 men and women of NJ TRANSIT who provide essential public transportation services throughout our great state.
- This year, I want to start by emphasizing how proud I am to be here on behalf of these men and women. I am proud because in the face of the worst storm ever to hit our state, NJ TRANSIT's employees responded with remarkable effort and determination, and they made sure transit was back up and running as quickly as possible for the people of New Jersey. It is my honor to lead an organization where everyone reaches deep to get the job done when the state needs them most.

- Despite Superstorm Sandy's widespread damage and disruption, our railroad had the best year ever for on-time performance. For the 2012 calendar year NJ TRANSIT trains got customers to their destinations on time 96.4 percent of the time. This is the highest figure in our 30 years-plus of rail service.
- And last month, the railroad tied the highest level of on-time performance for the month of March in our history, at 97.2 percent. (The last time we achieved that figure was the year 2000.)
- Dedication and a continuing focus on benchmarking our performance against world-class standards helped produce that record performance. And our customers -- your constituents -- recognize and appreciate those efforts. Despite Sandy's challenges, NJ TRANSIT train, bus, light rail and Access Link customers continue to give us better and better marks.
- Our regular Customer Satisfaction Surveys show that 79 percent of our customers, your constituents, would recommend NJ TRANSIT to a friend, relative or neighbor. That's right; four out of five of your constituents would recommend NJ TRANSIT to a

friend, relative or neighbor. This is the highest level since we began these surveys two years ago. And coming in the quarter following Sandy, that is an especially gratifying validation of our efforts.

- In addition to getting people to their destinations on time, we also are continuing to fulfill another top customer priority: We are keeping fares stable.
- I am pleased to announce that in Fiscal 2014, for the fourth budget year in a row, there again will be NO fare increase.
- We are maintaining fare stability by not only working harder, but by working smarter. Our Scorecard performance management tool is enabling us to focus on efficiencies for every transit mode, in every department. Scorecard uses corporate-wide metrics, informed by data, such as those from customer satisfaction surveys, to illustrate how we are effectively managing our bottom line – and providing New Jersey taxpayers with a real return on the investment of their tax dollars.

- Guided by Scorecard and our bottom-line efficiency goals, our budget for the coming year will once again grow at less than the rate of inflation -- 1.9 percent over the FY2013 amount.
- Even Sandy couldn't throw us off track from our drive to control expenses. For instance, overtime in calendar 2012 actually dropped, compared to the year before.
- Let me talk for a minute about Superstorm Sandy and its effect upon transit.
- I won't repeat the details of all the miles of track and overhead wires damaged, the bridges knocked out of alignment, the stations, facilities and equipment flooded. The wrath of Sandy was like nothing the State -- or NJ TRANSIT -- has ever experienced before. Residents of our coastal communities are still recovering, and some still have not been able to return to their homes.
- But I'm happy to say that, thanks to the leadership of Governor Christie, and with the help of our partners at the Federal Transit

Administration and FEMA, NJ TRANSIT is coming back stronger than ever. Now we are working hard so that NJ TRANSIT can be better protected against future superstorms.

- NJ TRANSIT will receive 100 percent reimbursement from the FTA for costs related to the restoration of service, such as the additional temporary bus and ferry service we provided, for the 15 day period immediately following Sandy.
- For costs after those 15 days, NJ TRANSIT will be reimbursed on a 90 percent basis by the FTA.
- Mr. Chairman, thanks to last week's restoration of overhead electric catenary power to Hoboken Terminal, we are now running 97 percent of the weekday trains, and 100 percent of the weekend trains, we ran before Sandy. And let me emphasize, we are providing a ride to every customer who wants one.
- The economy is coming back, and with it, ridership is growing. Ridership last year increased 2.1 percent, despite the disruption

of Sandy. And weekend ridership reached the highest levels ever in the history of NJ TRANSIT.

- As of today, two-thirds of the locomotives that suffered water damage are back in service, as are 40 percent of the rail cars, with more being repaired and returned to service each week. Meanwhile, as part of a pre-existing contract, we have received 51 new, multi-level rail cars to augment our fleet, with another 49 due in by September.
- Both repairs to and hardening of assets against future storms continue simultaneously.
- For instance, historic Hoboken Terminal was inundated with five feet of water during Sandy, water that got into every crevice, every floor board. As we all know, problems continue even after the water recedes. Boilers and electrical devices must be replaced. So must warped boards and soggy walls. Mold must be stopped before it can spread.

- All those efforts are continuing at Hoboken Terminal as we speak. The Terminal is open and serving customers; we have brought in trailers to provide rest rooms and passengers are using our trains and buses there every day. But temporarily, many of the merchants have had to close. A news stand and coffee service is open while we work to restore those spaces and the regular restrooms. Customers will be able to track our progress on our website, NJTransit.com.
- Mr. Chairman, our response to Sandy goes far beyond just repairing the damage she caused. In coordination with the Governor's Recovery Office, NJ TRANSIT has developed a comprehensive agenda of storm resiliency projects to protect facilities and equipment in the future.
- These projects include strategic measures such as elevating low-lying electrical substations that cannot be moved, and that provide critical power for train lines and other systems.
- Let me emphasize, we also are aggressively pursuing new, "safe harbor" storage sites for vulnerable rolling stock. We are doing

this both for the long-term, and in the short-term, too, so that rail rolling stock does not get flooded again.

- And, we are developing cost-effective approaches to minimize future flood damage at Hoboken and other facilities that cannot be moved.
- All told, these \$1.2 billion worth of resiliency and repair projects, almost all to be funded by federal recovery dollars and insurance, will save taxpayers money by limiting future storm damage, and will help NJ TRANSIT customers by enabling us to restore service more quickly and efficiently once a storm passes. I want to thank our partners at the North Jersey Transportation Planning Authority for their help in this effort.
- Mr. Chairman, Sandy put a sharp spotlight on our rail system. Fortunately, our bus system, which serves more than 60 percent of all our daily customers, was largely undamaged. It was our bus system that carried the load in those days and weeks immediately after Sandy when rail lines were down and train service limited.

- I'm glad to report that we have bus improvements coming that will enhance the customer experience and help us to deliver safe, more efficient service, and cleaner air, too.
- By next spring, more than 1,400 older diesel buses will be replaced with new technology diesel buses that have "adaptive shift technology" transmissions that, when coupled with modern engines, provide cleaner, more efficient operation. The new buses produce fewer emissions and will use less fuel than the old vehicles that they are replacing. This will produce savings that will help offset the higher price of fuels.
- We continue to move forward with new on-board bus technology that will give bus customers the same kind of real-time arrival information that our rail customers enjoy.
- This "smart" bus technology will also soon begin providing information on a variety of data, from each bus's fuel usage and engine maintenance status to the number of passengers using a given stop on a route.

- This technology will allow for greater efficiency and reliability in terms of scheduling, planning and maintenance – all of which will help improve the customer experience.
- Mr. Chairman, Sandy changed many things. But, with the continued help of the FTA and our federal partners, neither the storm nor our aggressive agenda of recovery projects will affect our ability to continue our regular capital program, including our critical focus on maintaining a State of Good Repair on all our transit modes.
- The buses that I just spoke of are an important part of maintaining that state of good repair. Every year we spend nearly \$450 million to keep the bus and rail and light rail and Access Link systems running reliably. This is an investment in New Jersey's infrastructure, and it is vital to our customers and the New Jersey economy.
- Other notable parts of our regular capital program for the coming fiscal year include construction of a new rail station in Wood-

Ridge, part of a public-private partnership to redevelop an old brownfield site there.

- We also are nearly ready to begin the process of renovating and reconstructing the Elizabeth Train Station on the Northeast Corridor. This will be a \$40 million-plus project that will help create an attractive transit gateway to that city.
- In Red Bank, work will begin shortly on the second phase of the restoration of the historic rail station. And in Somerville, we are working with the Town and a private developer to redevelop the area around the rail station there, with new commercial and residential construction.
- We have allocated close to \$600 million to the NEC over the next five years and more than \$1 billion in the next ten years. This is not simply continued funding for our Joint Benefits program with Amtrak -- which is a model for the country -- but also for investment in NJ TRANSIT projects that improve the reliability and efficiency of our most subscribed rail service.

- These projects include a new, Midline Loop and associated station and track work in North Brunswick -- which will reduce our operating cost, improve our on-time performance and expand our presence in this fast growing market.
- Also among our many regular projects, we will spend \$18 million on track and tie replacement for the railroad, and \$35 million for bridge rehabilitation.
- Mr. Chairman, in less than a year, New Jersey will be hosting the Super Bowl, marking the first time this major event has been played outside in a cold weather location. NJ TRANSIT will be ready.
- To get fans to and from the game and the multitude of game-related events, as well as to continue to carry our regular customers on their daily trips, we are constructing extended rail platforms at Frank R. Lautenberg Station in Secaucus, as well as expanding bus loading and unloading capabilities there.

- We are also working with our partners and counterparts at the MTA and Port Authority to ensure a safe and seamless experience for customers. For example, we are working to develop a regional transit pass that will be accepted on board most transit lines in the region, saving time for customers and fans by reducing lines and possible confusion.
- Super Bowls.... Superstorms. We meet these challenges because we have super people working for NJ TRANSIT, and frankly, because we have super customers. I want to take a minute to thank all those customers who ride our trains, our buses, our light rail systems and our Access Link services.
- NJ TRANSIT's loyal customers were immensely patient and understanding in the days and weeks after Sandy. And their open and honest communication with us, via email, twitter and other modern media, and at the regular "listening" forums we hold at major stations, helped and continues to help us to deliver the best service possible. I thank them for that.

- Mr. Chairman, we do not know all the challenges the new fiscal year will bring. But with outstanding workers, with our continuing focus on service and accountability, and with the continuing support of you and your colleagues in the Legislature, I know that whatever the challenges, NJ TRANSIT will help keep New Jersey, her people and her economy moving – safely, efficiently and with quality and cost-effectiveness.
- Mr. Chairman, I thank you for your time and look forward to your questions.