

Senate Budget Hearing Testimony

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- Good morning Mr. Chairman and members of the Committee.
- Thank you for the opportunity to appear before you today on behalf of NJ TRANSIT, an agency with an outstanding ability for turning challenges into opportunities; an ability we will build upon in the coming year to continue to deliver safe, reliable service for our customers – your constituents – across the state.
- I have been at NJ TRANSIT for one year, during which we have had extreme weather conditions, significant capacity events at the Meadowlands and other tests. We have met those tests, and I credit the NJ TRANSIT team with its renewed commitment to customer service – notwithstanding ongoing fiscal challenges.
- I am happy to report we have made significant advances: improving safety, enhancing our customers' experiences, and generating jobs and positive economic activity for New Jersey.
- But first, I want to thank both our customers and NJ TRANSIT's hard-working men and women for getting us through a winter of unrelenting cold, snow and ice.
- Our employees have kept the systems running under trying weather conditions, and our customers have come out through Mother Nature's worst, propelling rail and light rail ridership back to and beyond the levels that were achieved before the Great Recession.
- Together, customers and employees, we have done it safely. The number of injuries to customers and employees was down 17 percent for the first three

months of this year, compared to the same period a year ago, despite winter weather.

- Safety is a key focus at NJ TRANSIT. This year we stood up a new Office of System Safety, with a new director whom we hired after a rigorous national search – and who reports directly to me.
- The Office of System Safety replaces separate bus, rail and other safety divisions, building upon best practices found nationwide and unifying our safety forces in one office, with more resources and a renewed focus.
- The Office of System Safety is now vigorously reviewing and improving our safety programs. The Office will make NJ TRANSIT even safer for our workers and our customers. This will help hold down the cost of accidents.
- This past year also saw us continue to deploy technology to make our customers' lives easier. Our very popular MyTix app allows customers to buy tickets securely from a mobile device for many bus routes, including monthly passes for trips between New Jersey and New York City, as well as for all our rail trips. In the coming year we will work toward expanding MyTix.
- We also have extended MyBus Now, the real-time service information system for bus customers, making it available throughout the Garden State.
- And in response to customer requests, we have further expanded our Quiet Car program. Now all trains from 6 am to 8 pm on weekdays offer quiet cars.
- Customers have recognized our efforts. Customer satisfaction scores from our regular customer surveys are up, for bus, for rail and overall. I am pleased to say that nearly eight in ten of our customers would recommend NJ TRANSIT to a friend.
- We also have made real progress at the Port Authority Bus Terminal, which has been a major challenge for our customers. The PABT, the busiest bus

terminal in America, was not designed for today's traffic levels. Almost 80,000 NJ TRANSIT customers use the terminal each day.

- But thanks to creative and hard work by our vice president and general manager of Bus Operations, Dennis Martin, and his staff, we have made terrific progress at the Terminal, significantly reducing lines in the evening peak and improving reliability.
- These improvements have been accomplished while also saving several hundred thousand dollars a month in operating costs -- by revising how buses are marshaled for evening peak service.
- Make no mistake; there is still a long way to go to bring the Terminal to where it should be. And we will be working with the Port Authority of New York and New Jersey, the Terminal's owner and operator, as they continue their investigation of potential plans for a new terminal.
- But in the meantime we won't stop pursuing seeking improvements in the existing facility. So my thanks to Dennis and his hard-working staff for welcome progress.
- Now let me talk for a moment about the contributions that NJ TRANSIT is making to New Jersey's economy.
- Every year NJ TRANSIT's regular capital program, which is approximately \$1.2 billion, accomplishes a great deal of important work, such as, this year, \$18 million in regular track replacement, \$15 million in regular bridge repairs and replacements and a number of community station repairs and improvements, among many others.
- But in addition to our regular capital program, we now are embarked on a major additional construction effort – a range of repair and resiliency projects that altogether total close to \$2 billion, funded primarily by competitively-won federal grants. And the resilient design of many of these projects will help break the cycle of storm damage and repair.

- This construction work won't all be done in one year, of course. But these repair and resiliency projects and the regular capital projects create jobs, from contractors, engineers and designers to the people who sell us steel and concrete to coffee and sandwiches vendors at local shops and lunch trucks.
- This works includes TransitGrid, a new independent power generating system in the Meadowlands to help parts of the NJ TRANSIT, and Amtrak and PATH systems keep moving in the event of a regional power failure.
- And it includes the \$595 million replacement of the Raritan River draw bridge, as well as work to restore and increase the resiliency of signal systems, electrical substations and other key infrastructure around the state.
- In FY16, our regular station projects include a \$3 million renovation of the Roselle Park train station. We also are continuing to move forward on a \$50 million renovation of the Elizabeth train station, and continuing work on \$40 million in accessibility improvements at stations in Lyndhurst and Perth Amboy. Station projects help ensure stations are places of community activity.
- We continue to invest to help Amtrak upgrade its Northeast Corridor, which is used by more than 80 percent of our passengers each weekday. We invest about \$100 million on the NEC, between our ongoing Joint Benefits infrastructure work program with Amtrak, our investments in NJ TRANSIT projects that improve reliability and efficiency, and power purchases, inspections and the like.
- While we are speaking of the Northeast Corridor, as you know, Amtrak has indicated that it will be necessary at some unknown time in the future to sequentially close the Hudson River tunnels to perform repairs. We are in preliminary discussions and planning with our transportation partners to ensure NJ TRANSIT customers will have continued service.
- In the event of an unanticipated closure, protocols can be put into action to handle a temporary loss of NEC capacity. An emergency response can be implemented using a combination of bus, PATH and ferries, coordinated

with Amtrak, private bus and ferry operators and other agencies, to help mitigate congestion.

- Turning to our operating budget, Mr. Chairman, working together with the Governor's Office and the NJ TRANSIT Board of Directors the operating budget for Fiscal Year 2016 is \$2.1 billion.
- Achieving that budget number is requiring that we at the agency work hard and target every available efficiency. We have been doing just that.
- I will not sugar-coat our challenges for you. NJ TRANSIT, like the state, is facing serious financial pressures as we develop our financial plan for Fiscal Year 2016.
- When we began our budgeting process we faced a deficit of some \$120 million. So we sharpened our pencils and found savings and efficiencies, more than \$40 million worth.
- For instance, locking in fuel savings will save about \$12 million in FY16. Reducing scheduled overtime will save \$1.5 million. Parts and supplies efficiencies will save more than \$3 million. And a variety of smaller steps, such as using more energy efficient lighting in our facilities and making better use of maintenance and service contracts, will cut our bills by more than \$1 million. Meanwhile, my department heads are continually looking for more savings opportunities.
- Even so, we still face a gap. At the same time, we need to keep the transit system running properly to serve our customers and the people of New Jersey. To do that, I've put everything on the table. We are looking at fare and service adjustments.
- While we are still developing our detailed plans to meet our budget, let me stress I know that NJ TRANSIT's last fare increase, which was five years ago and which averaged 22 percent, was a serious burden on our customers.
- Let me also stress:

- We will not compromise safety and service reliability. That's first and foremost.
- We will actively seek the input of our customers and stakeholders through an extensive series of statewide public hearings, with an extended comment period on our website.

- Again, we do not have a specific fare proposal yet. But let me assure you, Mr. Chairman and members of the Committee that we will let you and the public know our plans as soon as we can.
- I welcome your input, and that of our customers and the public, as we work over the coming weeks to put a balanced financial plan in place while at the same time continuing to deliver more than 900,000 bus, rail, light rail and Access Link rides each week day.
- Let me close by saying how proud I am to lead this agency at this time of challenge and opportunity.
- I know that with your help and support, and that of our customers and the public, we will sustain and improve our bus, rail, light rail and Access Link transportation systems, helping grow our state's economy and maintain the quality of life here in New Jersey.
- Thank you and I would be happy to take any questions.