

Legislative Budget Hearing Testimony
Kevin S. Corbett
President and CEO, NJ TRANSIT
September 14, 2020, 1 p.m.

- Good afternoon, Chair Pintor Marin, Vice-Chair Burzichelli (**Ber – Zih – Che – Lee**), ranking member Munoz (**Myu-Noz**), and members of the Committee.
- Thank you for allowing me the opportunity to testify today on the proposed Fiscal Year 2020 Executive Budget, and to share with the Committee the extraordinary progress we have made over the past year.
- Joining me today is: NJ TRANSIT's Senior Vice President & Chief Financial Officer, William Viqueira;

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COVID

- Assembly Members, it's simply not possible to discuss the Fiscal Year 2021 Budget without first acknowledging the COVID-19 pandemic, and the devastating impact it's had on NJ TRANSIT.
- Despite this unprecedented challenge, our dedicated employees have kept the system moving for essential workers who were on the front lines of this pandemic, and I could not be more proud of the way our workforce has come together to deliver for customers under the most difficult circumstances many of us have ever seen.
- I'd like to take a moment to share just how the pandemic impacted our dedicated workforce.

- We lost 13 members of our NJ TRANSIT family to COVID-19-related complications, and our thoughts and prayers remain with each and every one of their families.
- While the number of employees who are currently positive with the virus has dropped to below 25, we have had nearly 600 employees – out of a workforce of approximately 12,000 – test positive since the pandemic began – including myself.
- We have been, and remain, fully committed to maintaining the safest, cleanest transit system possible, and we’re continuing to work hard every day to ensure it stays that way.
- We have taken extraordinary measures to protect customers and employees since the onset of the pandemic, and I truly believe there is no better example nationally of how a transit system should respond to such an event.
- I’d like to take a moment to share some of these measures with all of you:
 - On February 6th, almost a full month before the first positive case was identified in New Jersey, we established an internal Coronavirus Task Force to begin planning our response strategy.
 - In the first week of March – before the first COVID-19 case was identified in New Jersey – NJ TRANSIT initiated enhanced cleaning protocols, which continue to this day.
 - These protocols include disinfecting all vehicles and major stations and terminals every 24 hours, and enhanced cleaning and disinfection at frequent customer touchpoints and employee work locations.

- We provide personal protective equipment (PPE) to all personnel who require it, and have masks in stock for all corporate personnel, as well.
- On September 7th, we introduced PPE vending machines – holding masks, hand sanitizer, and gloves – to some of our busiest train stations.
- We have installed thousands of protective barriers on buses, to minimize contact between Bus Operators and customers.
- We continue to explore emergent technologies, including commissioning a study with Rutgers University’s Center for Advanced Infrastructure and Transportation (CAIT) on the use of ultraviolet-c (UVC) for disinfecting our bus fleet.
- We launched an extensive communications campaign – across all available communication channels, including radio and TV – providing up-to-date information on our COVID-19 response and encouraging customers to model good transit behaviors that protect employees and fellow passengers.
- This includes our extensive “SAFE NJ” campaign, which focuses on highly-visible signs throughout the system, encouraging behavior that ensures a healthier and safer transit system for everyone – focusing on the need to wear face coverings onboard vehicles, in stations and on platforms.
- And earlier this morning, we introduced an innovative new technology feature on our mobile app that allows customers to report and view capacity levels on buses and trains, so they can make more informed decisions regarding distancing.

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Finances

- All of these measures have proven necessary and effective, but they come with a cost.
- This cost – combined with a dramatic decrease in farebox revenue – has had a devastating impact on our finances and fiscal outlook.
- Thanks to our own efforts and the unwavering support of Governor Murphy and New Jersey’s Congressional Delegation, we received in May \$1.4 billion dollars through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- While much appreciated and certainly welcome, this critical funding is only a temporary bridge that will not be enough to see us through this crisis.
- I’m pleased to say that this critical funding bridge, though temporary, has allowed us to keep fares stable for FY21. That’s right – no fare increase is planned for this fiscal year.
- However, since our initial request to Congress, a fuller picture has emerged of the breadth and depth of the financial impacts related to the pandemic, which is why – partnering with transit agencies across the country - we have requested an additional \$1.2 billion dollars in federal assistance.
- This additional funding is necessary for us to continue delivering the same vital transit services our state’s residents and economy depended on before the COVID-19 pandemic struck, and we are counting on the federal government and our Congressional Delegation for their continued support.

Private Carriers

- While we are on the subject of the CARES Act funding, I wanted to address a topic that has been raised by a number of stakeholders – How can NJ TRANSIT use CARES Act funding to support Private Carriers?
- First, I want to be clear – NJ TRANSIT has no greater desire than to see the Private Carriers weather the devastating impacts of the pandemic. They are an integral part of the statewide transportation network.
- NJ TRANSIT has supported, and continues to support, the private carriers' efforts to obtain emergency relief funding from Congress.
- We have written a letter of support to our federal delegation and briefed them on this issue, and we continue to work with the trade association that represents the private carriers as Congress debates further aid.
- Unfortunately, the decision to use our CARES Act funding is not a discretionary one.
- Under the current Federal Grants program, private carriers are not certified by the Federal Transit Administration (FTA) to directly receive federal funds, including CARES Act funds.
- Further, the CARES Act allocation is not a cash payment to NJ TRANSIT. Rather, NJ TRANSIT is permitted to request funds from the FTA, on an as needed basis, after substantiating operating losses to the FTA.
- In the current agreement between NJ TRANSIT and private carriers, the parameters of which were established decades ago and actually preferred by private carriers, NJ TRANSIT provides vehicles – at

virtually no cost – and other capital improvements to private carriers in exchange for revenue miles submitted to the FTA.

- Each year private carriers have been compensated beyond the value of revenue miles through equipment, maintenance and other capital subsidies provided by NJ TRANSIT.
- In order to use our CARES ACT funding to support operating expenses for Private Carriers, we would have to fundamentally change all of our existing contracts with them.
- New contracts for operating services eligible for CARES Act funding require public bidding and Board of Directors approval, and are subject to Federal terms and conditions.
- Existing contracts were publicly bid and approved by the Board of Directors and cannot be simply unilaterally modified.
- That said, we remain committed to the success of our private carrier partners, and will continue to support emergency relief efforts with our federal delegation, as we all work through the impacts of the pandemic.

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Cap and Strat Plans

- Even having to contend with the myriad challenges in responding to and recovering from COVID-19, we have continued to build on the extraordinary progress we've made over the last two years.
- In June, I was proud to join Governor Murphy to unveil two new transformational plans for our organization: our new 10-year Strategic Plan, *NJT2030*, and our new, five-year Capital Plan.

- The release of these plans – both living documents that will continue to be refined moving forward and are available for download at **njtplans.com**. Both are first of their kinds in our agency’s history – marked the culmination of more than two years’ worth of work by NJ TRANSIT employees from across our organization.
- Together, these plans will provide a roadmap that will guide decision-making as we move forward over the next decade; AND support our state’s economic recovery following the COVID-19 pandemic.
- We’ve included metrics to measure success, which also hold us accountable for meeting deliverables within the first two years, in years three through five, and years six through ten.
- Some of these key deliverables include:
 - goals for improving on-time-performance;
 - increasing service on the most congested bus routes;
 - fleet replacement, including the advancement of our net-zero emissions bus program;
 - station rehabilitations; and
 - improving accessibility to the system.
- Our ambitious, \$17 billion dollar Capital Plan, which supports NJT2030, includes more than 100 programs and projects, ranging from one million to three billion dollars.
- Perhaps the most prominent is the replacement of our Portal North Bridge.

- As I'm sure you all know, the Federal Transit Administration (FTA) in June gave us approval to advance this project to the engineering phase, while committing nearly \$800 million dollars to fully fund it.
- And approximately three weeks ago, the FTA announced that they were awarding NJ TRANSIT with the first \$248 million toward this critically important project for New Jersey and the entire Northeast Corridor.
- In addition to a dramatic improvement in overall service to and from New York Penn Station for our customers, the one-time total economic output of the project on New Jersey's economy will be approximately \$3 billion dollars, including the direct, indirect, and induced economic impacts.
- It will also support approximately 7,900 construction jobs.
- Our Capital Plan includes many other long-stalled projects, now advancing.

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- Tomorrow, for example, I will join Governor Murphy to break ground on the replacement of the 112 year-old Raritan River Bridge – a \$600 million dollar project.
- At the same time, 18 additional projects are underway, including Elizabeth Station, the County Yard / Delco Lead Storage and Inspection Facility, and our Long Slip project in Hoboken.
- Taken as a whole, these projects reveal just how far this agency has come over the past two and a half years.
- In 2017, NJ TRANSIT had approximately \$60 million dollars in hard money contracts out on the street.

- Since 2018, we have \$2.3 billion dollars in capital projects that are underway or soon to enter the procurement process – and that figure does not include our Portal North Bridge project, estimated at \$1.8 billion dollars.
- In total, NJ TRANSIT is currently advancing more than \$4 billion dollars in construction work that will not only provide critical improvements to our transit system, but will add thousands of jobs and billions in economic activity for New Jersey and our entire region.
- And it's how NJ TRANSIT will play a significant role in our state's economic recovery following the pandemic.

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Personnel

- Before the pandemic struck, my focus at NJ TRANSIT was “back-to-basics,” with three key elements: people, technology, and infrastructure.
- I'm proud to say this focus continues today.
- We owe it to our customers, the taxpayers of New Jersey, and all of you in the State Legislature who have allocated precious state funding to NJ TRANSIT - to keep pushing forward aggressively to improve service and operations.
- That's why two weeks ago, I was proud to join Governor Murphy to celebrate yet another class of locomotive engineers preparing to join our ranks, thanks to our decision at the onset of the pandemic to maintain critical training schedules for our Locomotive Engineer Training Program.

- We quickly moved many of the program's elements online, and as a result, we are now fast-approaching a full roster of locomotive engineers.
- Once this class becomes fully qualified after completing their final check rides, we will have added 76 new locomotive engineers since 2018 – and increasing our roster of active locomotive engineers to 373.
- By contrast, in the eight years before I arrived at NJ TRANSIT, the agency lost a net 61 locomotive engineers.
- But we are not yet done, and won't be until we have a full roster of locomotive engineers – projected to occur early next year.
- Over the two-year period between 2019 and 2020, we will have graduated the same number of engineer classes as the previous five years combined.
- And to be clear: Once we've fully restored the ranks of locomotive engineers, we are committed to maintaining a full pipeline of trainees, to keep pace with attrition.
- Because a sufficient complement of locomotive engineers is an essential element to improving reliability for customers.
- In addition to unprecedented locomotive engineer training and hiring, we have graduated more than 800 new Bus Operators since January of 2018.
- Before the pandemic struck, these new Bus Operators put us on track to add more than half-a-million additional passenger trips per year.
- In fact – despite the severe impacts of the pandemic, NJ TRANSIT is committed to continuing to hire to fill essential positions, in a

fiscally prudent way, so we don't lose all of the ground we've gained over the last two-and-a-half-years.

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Technology

- Today's NJ TRANSIT is also investing in and leveraging technology more than ever – to better serve and better communicate with our customers.
- When I arrived at NJ TRANSIT, nearly 50 percent of our IT software was either obsolete or soon to be obsolete.
- Today, we're advancing the automation of key, internal processes in our Human Resources and Procurement departments, among others.
- Externally, we have implemented a series of technologically-focused service improvements that have significantly improved communications and made our system easier to use.
- One visible example is our completely redesigned and upgraded mobile app.
- In addition to a cleaner, simpler, and more modern interface and design, customers can receive push notifications with travel alerts specific to their individual commute, even when the app isn't open.
- In July, we introduced a new feature on our mobile app that for the first time ever allows customers to purchase single-ride, light rail tickets.
- And earlier today, we launched a new feature on our mobile app in a pilot program that allows rail and bus customers to see how full their ride is before boarding, to make a better informed personal decision that optimizes their comfort level as they return to the system.

- For rail and bus customers, green, yellow and red color-coded icons indicate light, medium, or heavy ridership conditions. Gray icons would indicate that there is no data currently available for that specific bus or train.
- On buses, the data is collected by automated onboard passenger counting technology.
- On trains on the Raritan Valley, Atlantic City and Morris & Essex Lines, the data is collected automatically from NJ TRANSIT's new handheld devices used by train crews to scan and validate tickets and passes.
- For other rail lines, customers will be able to crowdsource this information by voluntarily inputting this data to alert fellow customers how full the train is. Crowdsourcing will be gradually phased out as train crews on additional rail lines receive the new handheld ticket validation devices.
- Bus customers will use the MyBus feature to view onboard ridership conditions; Rail customers must access DepartureVision for that information on their train.
- Customers who have already downloaded the app must update the app to make sure they have the latest version to access this feature. The update for this feature will be available to all app users in phases over the next week, beginning today.
- We are also in the midst of a major website upgrade.
- We completely redesigned our homepage and other high-traffic pages with: system status at a glance; redesigned trip planning, Departure Vision, and MyBus customer tools; and a responsive, mobile-friendly design.

- We are installing interactive touchscreen kiosks at rail and light rail stations throughout our transit system.
- We are bringing fare collection into the 21st century, through a variety of new technologies.

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- New high-tech and contactless ticket vending machines (TVM's) are being deployed across our network.
- We have currently deployed 66 of the new TVM's at 15 stations throughout the system and the deployment will continue until all 550 are replaced – estimated to be completed by April 2021.
- We are rolling out handheld mobile devices to train crew members, allowing them to scan tickets and better communicate with customers.
 - These devices have now been fully distributed to train crew members on our Raritan Valley and Atlantic City lines, and have been introduced to our Morris & Essex Line, as well.
 - They will be fully distributed on the M&E over the next two weeks, before we begin systemwide distribution, which is expected to be completed over the next 6 months.
- We introduced new fare payment technology on six Morris County bus routes, allowing customers to scan paper tickets or pay with a smartphone.
 - By the end of 2021, this technology will be on every one of our 2,300 buses.
- We are developing a contactless NJ TRANSIT fare card – to be introduced on buses in the second quarter of next year – allowing

customers to add cash value at local retailers and manage their accounts online or through our app.

- And last year, we introduced EZ Wallet – an electronic fare option for our indispensable Access Link paratransit service.
- The new technology also allows Access Link customers to book trips and monitor Access Link status online.

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Infrastructure

- “Infrastructure” is certainly a critical component of our mission to making NJ TRANSIT a world-class transit agency.
- In addition to all the capital projects mentioned earlier, we continue the rapid modernization of our fleet to improve reliability and on-time performance and reduce service interruptions.
- This year, we begin taking delivery of 17 new dual-mode locomotives – providing additional reliability and flexibility to operate on both electrified and non-electrified track – and in July, our Board approved the purchase of eight additional dual-mode locomotives.
- Also joining our fleet this year are 119 new cruiser buses and 110 new articulated buses, marking the first increase in fleet size in more than a decade – increasing onboard capacity and featuring many new customer amenities.
- Following these significant modernizations, in 2023, we begin taking delivery of 113 new self-propelled multilevel rail cars, to replace the 40- year-old plus Arrow III cars.

- As we replace hundreds of trains and buses to improve reliability and keep New Jersey moving, we're aggressively pursuing the electrification of our bus fleet.
- From an economic, Environmental Justice, and health perspective, our goal is for NJ TRANSIT to be a nationwide leader in this effort, and to achieve an all-electric fleet by 2040.

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- Toward that end, we're moving forward with an electric bus demonstration project in Camden, set to begin in the middle of next year.
- It will consist of eight electric buses on select routes, and will allow us to study the benefits and challenges of this alternate energy source in real-world scenarios.
- Just last week, our Board authorized a contract that will allow us to modernize our Newton Avenue Bus Garage in Camden with the charging infrastructure necessary to support this effort.
- And in line with the Camden demonstration project, we're advancing a similar electric bus pilot program in Newark.
- The bottom line is, NJ TRANSIT is "all in" when it comes to electrification and moving toward a zero-emissions fleet.

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- We are also making major improvements at the second busiest transit hub in North America: New York Penn Station.
- Working hand-in-hand with our partners at Amtrak, we have completed the first phase of our Ticketed Waiting Area improvements at the Amtrak Concourse on the Upper Level and 8th

Avenue side of the station.

- We opened this space in July for both Amtrak and NJ TRANSIT customers, making the NJ TRANSIT concourse less crowded and more convenient.
- It's also yet another example of the benefits our renewed relationship with Amtrak has yielded, which is providing long-overdue improvements for our customers.
- We've already started construction on the second phase of this project – on track to be completed by the end of the year – which will continue improvements at the Ticketed Waiting Area.
- An additional entrance close to the NJ TRANSIT concourse recently opened, offering easy access toward the 7th Avenue side of the station; the west end will be opened by the end of September.

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- To wrap up today, I would like to discuss our Positive Train Control (PTC) project, because I know there's much interest in its status, and our ability to make the December 31st, 2020 federally-mandated deadline for full implementation.
- Assembly Members, we have continued to hold our contractor's (Parsons) feet to the fire and are holding them accountable to push forward aggressively on this project.
- Thanks to these efforts, we received authorization in June from the Federal Railroad Administration (FRA) to enter into the Extended Revenue Service Demonstration (ERSD) phase of our PTC program – ERSD is testing that takes place on trains operating with customers onboard in revenue service.

- We have now expanded ERSD to the Morristown Line, Gladstone Branch, Montclair-Boonton Line, Raritan Valley Line and Bergen Line.
- That brings us up to a total of 50% of our total track miles that are currently operating in ERSD.
- As some of you may remember: When I joined NJ TRANSIT, the agency was at just 12 percent completion toward a December 2018 federal interim installation milestone after nearly eight years.
- When I arrived, we had 10 months to get it to 100 percent. I know there weren't many people who would have put their money on NJ TRANSIT to meet the 2018 milestone – yet, we got it done.
- To be sure, meeting the December 2020 deadline will still require a monumental, behind-the-scenes effort.
- But based on our success in 2018, currently on schedule with 50% of our track miles in ERSD, maintaining strict oversight of our contractor, and the continued support from Amtrak and the FRA, I'm confident we're going to meet the December 31, 2020 deadline.

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Conclusion

- In closing, let me assure you that I know NJ TRANSIT still has a long way to go before we are delivering the world-class service our customers expect and deserve.
- But all of us here at NJ TRANSIT are extremely motivated to take on the challenges and hard work still ahead.

- The fact is, we have made enormous progress over the past two and a half years.
- We have laid the foundation for a dramatically improved organization – for our customers and our employees.
- While no one expected that a global pandemic would be the most significant challenge we'd face in 2020 – I'm here to tell you today: Even the pandemic wasn't enough to deter us from continuing to push the organization forward.
- There's no doubt this was a tough year – for our state and NJ TRANSIT.
- But thanks in no small part to the blueprints laid out in our new strategic and capital plans, I know we will come out of this crisis on the other end, stronger than ever.
- Chair Pintor Marin and members of the Committee: Thank you for your support, and thank you for your time today.
- Bill Viqueira and I are now happy to take any questions.