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# *Committee Meeting*

of

## SENATE LEGISLATIVE OVERSIGHT COMMITTEE ASSEMBLY JUDICIARY COMMITTEE

*“The Committees will receive testimony from  
New Jersey Transit Executive Director Steven Santoro and other invited guests  
regarding various issues concerning New Jersey Transit”*

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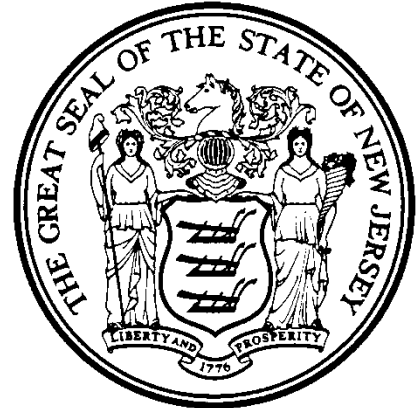
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**LOCATION:** Committee Room 11  
State House Annex  
Trenton, New Jersey

**DATE:** January 8, 2018  
9:30 a.m.

**MEMBERS OF COMMITTEES PRESENT:**

Senator Robert M. Gordon, Chair  
Senator Loretta Weinberg, Vice Chair  
Senator Thomas H. Kean Jr.  
Senator Joseph M. Kyrillos Jr.  
Assemblyman John F. McKeon, Chair  
Assemblyman Gordon M. Johnson, Vice Chair  
Assemblywoman Annette Chaparro  
Assemblyman Joseph A. Lagana  
Assemblywoman Elizabeth Maher Muoio  
Assemblyman Andrew Zwicker  
Assemblyman Michael Patrick Carroll  
Assemblyman Erik Peterson



**ALSO PRESENT:**

Miriam Bavati  
Lucinda Tiajolloff  
*Office of Legislative Services  
Committee Aides*

Mark J. Magyar  
*Senate Majority*  
Kate McDonnell  
*Assembly Majority  
Committee Aides*

Theodore Conrad  
Christopher Emigholz  
*Senate Republican*  
Glen Beebe  
*Assembly Republican  
Committee Aides*

***Meeting Recorded and Transcribed by  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***

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ROBERT M. GORDON  
Chairman

LORETTA WEINBERG  
Vice-Chair

M. TERESA RUIZ  
PAUL A. SARLO  
THOMAS H. KEAN, JR.  
JOSEPH M. KYRILLOS, JR.

SARAH A. FLETCHER  
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## New Jersey State Legislature

SENATE LEGISLATIVE OVERSIGHT COMMITTEE  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

### REVISED COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE

FROM: SENATOR ROBERT M. GORDON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - \*JANUARY 8, 2018

*The public may address comments and questions to Sarah A. Fletcher, Committee Aide, or make bill status and scheduling inquiries to Shirley Link, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideSLO@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**\*The Senate Legislative Oversight Committee will jointly meet with the Assembly Judiciary Committee on Monday, January 8, 2018 at 9:30 AM in Committee Room 11, 4<sup>th</sup> Floor, State House Annex, Trenton, New Jersey.**

The committees will receive testimony from New Jersey Transit Executive Director Steven Santoro and other invited guests regarding various issues concerning New Jersey Transit.

Issued 12/28/17

\*Revised 1/5/18 Note date, time and room have been changed.

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

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JOHN F. McKEON  
Chair

GORDON M. JOHNSON  
Vice-Chair

JOSEPH A. LAGANA  
ELIZABETH MAHER MUOIO  
ANDREW ZWICKER  
MICHAEL PATRICK CARROLL  
ERIK PETERSON

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**New Jersey State Legislature**  
**ASSEMBLY JUDICIARY COMMITTEE**  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

**REVISED  
COMMITTEE NOTICE**

TO: MEMBERS OF THE ASSEMBLY JUDICIARY COMMITTEE  
FROM: ASSEMBLYMAN JOHN F. McKEON, CHAIRMAN  
SUBJECT: COMMITTEE MEETING - \*JANUARY 8, 2018

*The public may address comments and questions to Miriam Bavati, Committee Aide, or make bill status and scheduling inquiries to Denise Darmody, Secretary, at (609)847-3865, fax (609)292-6510, or e-mail: OLSAideAJU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**SENATOR ROBERT M. GORDON (Chair):** This joint meeting of the Senate Legislative Oversight Committee and the Assembly Judiciary Committee will come to order.

Will you all please rise and join me in the Pledge of Allegiance?  
(all recite Pledge)

May I have a roll call, please?

**MS. TIAJOLOFF (Committee Aide):** Senator Kyrillos.  
(no response)

Senator Kean. (no response)

Senator Sarlo. (no response)

Senator Ruiz. (no response)

Senator Weinberg.

**SENATOR LORETTA WEINBERG (Vice Chair):** Well, I'm here. (laughter)

**MS. TIAJOLOFF:** Senator Gordon.

**SENATOR GORDON:** Here.

And your side?

**ASSEMBLYMAN JOHN F. McKEON (Chair):** Yes, please.

Roll call; I know we have a substitution as well.

**MS. BAVATI:** Assemblyman Carroll.

**ASSEMBLYMAN CARROLL:** Reluctantly. (laughter)

**MS. BAVATI:** Assemblyman Zwicker

**ASSEMBLYMAN ZWICKER:** Here.

**MS. BAVATI:** Assemblywoman Chaparro.

**ASSEMBLYWOMAN CHAPARRO:** Here.

**MS. BAVATI:** Chairman McKeon.

ASSEMBLYMAN McKEON: Present; and I know we have two members who will be here momentarily.

SENATOR GORDON: Good morning, everyone.

We have a very compressed timeframe today. Due to the snow, obviously, last week, we had to reschedule this; and unfortunately we have our caucus meetings and a voting session today beginning late morning. So we have a lot of ground to cover in a short period of time.

But I would like to welcome you all to this joint hearing of the Senator Legislative Oversight and Assembly Judiciary Committees on New Jersey Transit issues.

This Committee got underway following the fatal derailment at Hoboken Terminal, with the implementation of Positive Train Control being a primary focus.

New Jersey Transit's lagging progress on the implementation of this life-saving technology will be one of the subjects of today's hearing. It is particularly important we take it up today, particularly in light of the National Transportation Safety Board's recent finding that PTC could have averted last month's fatal derailment of an Amtrak train in Washington state that went into a curve at 78 miles per hour.

Today we will hear from three witnesses. The first two will be Robert Lavell, Vice President and General Manager of Rail Operations for New Jersey Transit; and Steven J. Burkert, General Chairman of Smart NJ Local 60, the union that represents rail conductors.

I want to thank them both for their interest in helping this Joint Committee understand the root causes of the problems affecting New

Jersey Transit. By appearing here today, I believe you are performing a great service to the State.

We also have with us today Steve Santoro, Executive Director of New Jersey Transit, who announced his resignation last Friday, effective April 4, to provide a smooth transition for his successor.

Mr. Santoro, you have appeared before this Joint Committee numerous times over the last 15 months. I know these meetings have not always been easy, but we appreciate your willingness to testify whenever asked.

You dedicated your career to public service, the last 18 years at New Jersey Transit; and I want to thank you for that.

To you, and the more than 10,000 employees of New Jersey Transit, I know it hurts to hear your agency criticized in the media. Those of us who have been working to improve New Jersey Transit know that the dedicated employees of this organization are not the problem; in fact, you are the agency's greatest asset, and we will need your help as we restore it to its former excellence.

From public hearings, document submissions, and private meetings with current and former NJ Transit employees, we know the constraints this agency has operated under, from budgetary neglect to political interference. What we have learned will form the basis of a report we will issue within the next month, and it will guide us as we finalize reform legislation for enactment early in the next legislative session.

I am confident that we will bring New Jersey Transit back to where it needs to be.

Assemblyman McKeon, any comments?

ASSEMBLYMAN McKEON: Yes, thank you very much, Mr. Chairman.

I'm going to just start by thanking all of the staff members -- both partisan and nonpartisan -- who have just done work beyond description concerning getting us as smart as we can be; hopefully, to ask good questions, and to get a basic understanding of what needs to happen in the future to bring NJ Transit back. And from the bottom of my heart, thanks to each and every one of you.

I note that today Mr. Lavell and Mr. Burkert are here vis-à-vis subpoena. And I note that it's too bad that that's become necessary. The subpoena power was something we didn't want to use; notwithstanding that we were forced to, I believe NJ Transit, under the advice of whomever it might be, has played fast and loose. One of the things that the Chairman and I are going to be discussing is legislative fixes; for example, with this privilege log, everything relating to self-critical analysis, deliberative process, not sharing documents that went outside of Transit -- is, again, just playing fast and loose. And we're going to change that so that doesn't happen in the future.

Mr. Santoro, I join in the Chairman's comments in congratulating you on your years of dedicated service. You came into this at the most difficult of times, and certainly there's no blame, for some of the negative things that need to be said, to be laid at your feet, other than trying to pull it together to get commuters back and forth from their homes and to work safely.

Today's hearing is not about Gateway; we don't have that time. But I just feel compelled to, in general, summarize what is -- the Governor



now, and all of these exposés indicating how much we'll miss him when he's gone. I note-- Boy, we're certainly going to note that if that ARC Tunnel went forward, this year it would be ready; and \$8.6 billion, with a \$2.25 billion share from New Jersey. Instead, we're faced with something that might happen in 2030, at a cost of \$14 billion, where New Jersey is going to have to expend an additional \$1 billion over and above that.

Even worse is that the New Jersey share -- piece -- of how that is supposedly getting funded. In the eight years under this Administration, fares have gone up 31 percent, making us the highest fare box fund in the nation. That's -- from \$200 bucks a month -- if that's what you're paying -- that's \$260 a month. And now, related to our Gateway share, the Governor is talking about another \$40 a month for commuters to pay. That's outrageous.

Well, I mean, I guess the good news is that President Trump and Congress, fresh off of raping our state relative to the SALT deductions, has now had the audacity to say, "Hey, our 50-50 deal isn't even on the table." So who knows what those numbers are going to be, as bad as they are that I just shared. And it's something that we all, on a bipartisan way, have to fight hard for. And I'm confident that, hopefully, we will.

Now, concerning what today's hearing is about, from my perspective. I think that the prior hearings, the facts have certainly established that this is an agency rife with political patronage that's been managed and mismanaged to the extent of unprecedented disruption of service and safety. To me, today's hearing is about how bad it is.

Fiscal crisis: We've been hearing predictions between \$60 million and \$100 million of deficit, due to a decrease in ridership,

antiquated ways of collection, shifting of capital funds to operating funds which are now coming home to roost. It used to be that capital was 40 percent of the budget; now it's down to 25 percent. And this is all with all the contracts expiring -- of the unions -- that are certainly going to have to lead to costs.

Staffing: We arguably are down 500 people just over the last couple of years. Who made those decisions and why; and how is that going to lead to better service?

And Positive Train Control: We continue to be frustrated. We're one of 40 transportation agencies nationwide trying to get into compliance by 2018. Very recently, 6 of those 40 were fined. Congratulations, New Jersey Transit; we got the number one fine, at \$12 million. From our understanding, only 6 percent of our trains are certified; and only 137 of the 1,100 people who need to be certified, from a personnel perspective, have been accomplished thus far.

We have a mess. The people testifying today I think are going to make that public and tease it out for us. And as the Chairman indicated, our report will be out in 30 days with both legislative fixes, as well as recommendations for the new Governor.

So with that, Mr. Chairman, again, it's been an honor to serve with you.

SENATOR GORDON: Thank you; thank you very much.

I do want to recognize in the audience a friend, Mayor -- newly sworn in Mayor Ravi Bhalla of the City of Hoboken, who I know would like to make some comments about New Jersey Transit, as it relates to

Hoboken. I'm not sure we're going to be able to get to that; but if we can, we will try.

At this point, I'd like to ask Mr. Lavell to come forward.

**S T E V E N H. S A N T O R O:** Do you mind if I sit next to Bob?

**SENATOR GORDON:** No.

**MR. SANTORO:** And Eric Daleo as well.

**SENATOR GORDON:** Okay; not a problem.

Mr. Lavell, welcome.

Do you have any kind of opening statement? The fact that we dropped this on you a short time ago makes it clear that if you don't have a statement, that's quite all right. But if you would like to make some opening remarks, we'd be happy to hear them,

**R O B E R T L A V E L L:** No, I do not have any opening remarks at this time.

**SENATOR GORDON:** Okay; thank you,

Mr. Lavell, could you tell us your current title and what your responsibilities entail?

**MR. LAVELL:** Yes. I am the Vice President and General Manager of Rail Operations for New Jersey Transit. I have the responsibility for the movement of safe trains throughout our system in New Jersey.

We have three different operating departments that fall under my responsibility: Transportation, Mechanical, and Engineering.

**SENATOR GORDON:** Okay. And how long have you been with New Jersey Transit, and what are some of the other positions you've held?

MR. LAVELL: I have been with New Jersey Transit, now, a little over 14 years. I started with New Jersey Transit as Assistant Superintendent in Hoboken; I've held the position of a Quality Control Director; I've held the position of the General Superintendent of our Maintenance Facility at the MMC; I've also held the position of the Deputy General Manager of Equipment; and for the last three-and-a-half years, in my present position as Vice President and General Manager.

SENATOR GORDON: Okay. Would it be fair to say that in your capacity as Vice President for Rail Operations you would have an understanding of the agency's progress towards the implementation of Positive Train Control?

MR. LAVELL: Yes, sir.

SENATOR GORDON: Okay. Could you tell us what year the PTC contract was signed originally?

MR. LAVELL: (references notes) The Notice to Proceed was June of 2016.

SENATOR GORDON: Wasn't there an agreement reached in 2010?

MR. LAVELL: (confers with colleagues) I'm sorry; as Mr. Santoro corrected, yes, it was 2010.

SENATOR GORDON: Okay. And what was the first completion date established by the Federal Railroad Administration?

MR. SANTORO: It was December of 2015.

SENATOR GORDON: It was 2015; okay. And my understanding is that the deadline was subsequently extended to 2018; December 31, I believe?

MR. LAVELL: That is correct, with all the railroads.

SENATOR GORDON: And when that first deadline passed in 2015, what percentage of New Jersey Transit equipment had been outfitted with PTC?

MR. LAVELL: Zero.

SENATOR GORDON: Okay.

The latest Dashboard Report from the Federal Railroad Administration -- I believe it's dated September 30, 2017 -- indicates that New Jersey Transit has outfitted only 6 percent of the locomotives with Positive Train Control, and trained only 137 out of 1,100 employees. The Report also suggests that NJT has not outfitted any track segments or any miles of track. Are those data accurate?

MR. LAVELL: I'd like to refer that to Eric Daleo, whose managing the day-to-day operations of the PTC list.

SENATOR GORDON: Sure.

**ERIC R. DALEO, Esq.:** Mr. Chairman, Mr. Chairman, members of the Committee, my name is Eric Daleo; I'm Assistant Executive Director for Capital Planning Programs at New Jersey Transit.

In terms of your question, Mr. Chairman, you are right that, as of today, there are zero miles that are operational, in terms of Positive Train Control. As I know Director Santoro will testify later, we are moving forward with our demonstration area; and in the coming weeks we'll be able to begin testing on that demonstration area segment.

SENATOR GORDON: Okay.

A letter from Elaine Chao, the Federal Secretary of Transportation, dated December 27, 2017, to Mr. Santoro read, and I

quote, "It is expected that your organization is taking all positive measures to ensure that it will meet the requirements specified by Congress, on or before December 31, 2018."

Given the Federal Railroad Administration Dashboard Report, and the data we just talked about, Mr. Lavell, do you believe that New Jersey Transit can meet the December 2018 deadline?

MR. LAVELL: I believe New Jersey Transit is making every effort to meet--

SENATOR WEINBERG: Is your microphone on (referring to PA microphone)?

MR. LAVELL: Sorry.

I believe New Jersey Transit is making every effort humanly possible to meet that 2018 deadline.

SENATOR GORDON: Well, I don't think any of us doubt that you're working hard. But, I mean, given the -- where you are today and the requirements for December 31 of this year -- I mean, is it reasonable to expect that we're going to finally get there?

MR. LAVELL: As I stated, we're doing everything in our power to meet that deadline, Senator.

SENATOR GORDON: Okay.

When the PTC mandate was adopted, was a program set up at New Jersey Transit with the appropriate staffing levels needed to meet that deadline?

MR. LAVELL: We set up a staffing level; just recently, Mr. Santoro has increased that staffing level within the Rail Operations group,

and we added 19 additional signal maintainers for the installation and troubleshooting of the PTC program.

SENATOR GORDON: Okay. Do you feel that that was-- This was when the plan was initially put in place; when the mandate was first established?

MR. LAVELL: The additional manpower was added probably about 8, or 9, or 10 months ago to the Rail Operations when we sat with Mr. Santoro and discussed additional needs.

SENATOR GORDON: Do you know-- When the organization was put together for the full implementation of PTC, who was the individual at New Jersey Transit who put the initial plan together?

MR. LAVELL: I would have to defer to Mr. Santoro.

SENATOR GORDON: My understanding is that it was a Mr. Ty Dickerson.

MR. SANTORO: No, he wasn't the original. There was someone even before that who was responsible for Positive Train Control.

SENATOR GORDON: Do you know what the original request for staff was at the time?

MR. LAVELL: I know, for the Rail -- I can just speak to the Rail Operations. We requested 26 additional bodies within the Rail Operations Department to support and install PTC on our wayside, and to troubleshoot our equipment.

SENATOR GORDON: And how many-- And again, how many staff were actually put in place at that time?

MR. LAVELL: At the time, we did not have a staff dedicated for PTC. It was a request made; which was, as I stated -- we've had 19 people just added.

SENATOR GORDON: Okay; because my understanding is at that time only two people were assigned to the PTC project.

MR. LAVELL: That would be on the capital side of the house. I believe we had four or five people in place in Rail Operations who were supporting the capital program for their technical expertise on the equipment side.

SENATOR GORDON: So it's really just about those six or seven people.

MR. LAVELL: I'm sorry?

SENATOR GORDON: So it was only, really, six or seven people, are you saying?

MR. LAVELL: Correct, because it was early into the program. Once the program advanced, our request was for additional people. But our original request was made very early into the project by -- through Paul Stangas and Ty Dickerson.

SENATOR GORDON: Okay.

Did you have a professional relationship with Mr. Dickerson?

MR. LAVELL: Yes, we had a very good working relationship.

SENATOR GORDON: My understanding is that the denial of what he considered *appropriate staffing* for PTC led him to leave the agency; with a sense of frustration, I assume.

MR. LAVELL: I can't answer why Mr. Dickerson left the agency.



SENATOR GORDON: Yes; but he did leave the agency shortly after the staffing decisions were made, or early into the PTC process?

MR. LAVELL: Again, I can't answer for Mr. Dickerson.

SENATOR GORDON: Okay.

Who made the decision to hire the numbers that were brought on?

MR. LAVELL: Recently?

SENATOR GORDON: Well, you know, I guess not recently.

MR. LAVELL: Recently, Mr. Santoro was -- gave us the permission to bring on the additional workforce.

SENATOR GORDON: Were there-- I mean, given the importance of PTC, I guess what I am trying to understand is why -- and given the progress that we've made, or lack of progress -- I'm trying to understand why additional resources weren't just focused on this project. Were those internal decisions? Did someone think that those resources were adequate?

MR. LAVELL: Well, we did not want to bring the resources on earlier than we actually needed the resources for the project. The project was going through design, it was going through review; and to bring 19 additional people on early, I think, was not the right decision to make.

SENATOR GORDON: Okay.

Was there-- Has it been your experience that there has been pressure from outside the agency to limit the number of hires for the PTC project?

MR. LAVELL: Not to my knowledge, sir.

SENATOR GORDON: Okay.

In the interim, New Jersey Transit has been making use of consultants. Is that correct?

MR. LAVELL: Correct.

SENATOR GORDON: With regard to PTC. And how long have you been making use of those consultants?

MR. SANTORO: I don't have an exact date; but very early on in the project. I think the consultants were hired even to assist in putting together the RFP back in 2010 or so.

SENATOR GORDON: Okay.

MR. SANTORO: So they've been on board for a while. I don't have the exact date.

SENATOR GORDON: This is Parsons?

MR. SANTORO: It's HNTB.

SENATOR GORDON: Okay. Do you know how much money--

MR. SANTORO: Well, so-- To clarify: So Parsons is the design-build contractor of the PTC project. So we, New Jersey Transit, back in 2009, 2010, put out a procurement process to hire a design builder, which Parsons was the successful bidder, with their technical support being Alstom. We've hired consultants -- the consultants that I was talking about, HNTB, were consultants to support New Jersey Transit staff in managing that particular contract, reviewing technical submittals, keeping track of documents -- that kind of thing. So HNTB was essentially a support consultant to New Jersey Transit; Parsons -- Alstom, being the

technical subcontractor to Parsons, was the successful bidder to implement PTC through a design-build contract; design-build and start-up.

SENATOR GORDON: Was the idea that you would make use of consultants, rather than using internal staff?

MR. SANTORO: Correct. The internal staff did not have -- I don't know if Bob can verify this or not -- the technical capability or the amount of staff to actually design a PTC system, from the technology standpoint, and actually do the installation. Although Bob's -- part of Bob's staff is actually installing some of the right-of-way equipment; not the hardware on the locomotives -- that's the contractor's responsibility, Parsons -- but Bob's staff is installing hardware that is designed and supplied by Parsons along the right-of-way.

SENATOR GORDON: Do you know, offhand, how much you're spending, per month, on these consultants?

MR. SANTORO: On Parsons or HNTB?

SENATOR GORDON: Well, on consultants generally.

MR. DALEO: I'm not-- Mr. Chairman, I don't have that information here. The Parsons part of the contract, though, is beyond professional services in terms of design. It's actually physical installation of some of the components, as Director Santoro referenced.

SENATOR GORDON: And how about the HNTB?

MR. DALEO: The HNTB is program management supplementation services, including technical, submittal review, and other support.

SENATOR GORDON: Okay.

One of the concerns that many of us have is that given the fact that the consultants are not going to -- presumably not going to be there beyond the installation phase, and that you're going to rely on NJT staff, there's a concern that the NJT staff will not have had adequate training in PTC. Can you tell us what's being done to address that issue?

MR. LAVELL: At the present time, Mr. Daleo brought back an individual who had retired from New Jersey Transit; and his strict goal is to put together and implement a training plan for our employees. And when I say *employees*, that would be the Mechanical Department. We've also taken on, or purchased and received, three simulators for our locomotive engineers that will greatly assist us in the training of locomotive engineers. The simulators are broken up into two sections: One section would be for the Northeast Corridor, the other section would be for the Hoboken Division. We've recently hired a fulltime PTC simulator trainer, who I believe is probably going to do an excellent job. He will do an excellent job at the training program. I had the opportunity to sit through that simulator, and it is a very, very good program for our locomotive engineers.

SENATOR GORDON: Okay.

I'd like to turn to the issue of staffing. It appears to many of us looking in from the outside that one of the major problems at New Jersey Transit is an overall lack of staff in critical positions.

In a letter to then-interim Executive Director of Transit, Dennis Martin, dated June 21, 2016, you voiced concern over the lack of salary increases over seven years and the number of vacancies; 55 management vacancies in Rail alone. You wrote that when applications are received and

salary offers made, based on policy, that it seemed invariably that the offer was turned down because the offer was less than the market rate.

You also wrote to Mr. Martin, I quote, “I do not have to tell you as an operational management individual, when you have 25 management vacancies in one department it is very difficult to achieve the objective of maintaining the infrastructure. It is also impossible to have a viable succession plan when there is no one to follow retiring employees.”

SENATOR WEINBERG: Excuse me; what is the date of that memo?

SENATOR GORDON: That date was June 21, 2016.

One month later, in July of 2016, you wrote a letter to the Federal Railroad Administration in which you suggested that because of staff departures and vacancies, a loss of 2,339 person-years of institutional knowledge, the agency was operating “on borrowed time.” One month later, the Hoboken accident occurred.

I know that’s a lot to process; but could you please explain to the Committee what impact you feel that the vacancies have had, and the under market -- the below-market salary offers, and the loss of institutional knowledge, and the issues relating to a succession plan? Can you talk about what kind of impact that has had on the operations of the agency?

MR. LAVELL: Yes; but before I answer that question, I would just like to clarify--

SENATOR GORDON: Sure.

MR. LAVELL: --the letter that you may have in front of you -- I do not have a copy of it, unfortunately.

There was letter that was produced by a newspaper that actually injected comments that I did not make on my original letter sent to the FRA. I called the FRA when I was made aware of that; the FRA also verified -- because I would never say that we were on *borrowed time* at New Jersey Transit. I feel that New Jersey Transit runs a very safe operation with the staff that we have on board. So that's my statement to the comment of the *borrowed time*.

SENATOR GORDON: Okay.

MR. LAVELL: Yes, we had 52 vacancies on the date that I wrote that letter to Mr. Martin. We have been making progress. Mr. Santoro has been giving us additional headcount to add to the Rail Operations. We still have vacancies within the Rail Operations Department. We cannot compete with our sister railroads. And as you said, in my letter -- that's a policy decision that has to be made above me.

SENATOR GORDON: Okay.

We've all seen a number of stories in the press about -- raising questions about staffing priorities at New Jersey Transit. We've seen stories that indicate that a number of people hired at New Jersey Transit are people who appear to have relationships with Governor Christie, and that these people have been placed in positions which, up to that point, had never been filled by what I'll call *political appointees*; or that jobs were created which had never existed before Governor Christie's tenure. For example: The title *Deputy Executive Director*, which was filled, first, by Neil Yellin, and then Amy Herbold. It was also reported that Herbold made \$190,000 a year, all this while you were attempting to fill critical operational positions and spoke of the vacancies that were affecting the agency. Were you aware

of these positions that were being filled in the agency, and the salary levels that were attached to those positions?

MR. LAVELL: I was aware of the positions being filled, but I was not aware of salaries. I do not get that type of information.

SENATOR GORDON: Did you-- It just seems to us that at a time when you were, I think, rightly concerned about the vacancies in your organization and not being able to devote sufficient resources to the operations with people who had the experience needed, that additional management -- resources were being devoted -- considerable resources were being devoted to hiring people in administrative functions, many of whom did not have any kind of transportation experience at all. I mean, that is my impression. Can you comment on that?

MR. LAVELL: I think I have to refer that to Mr. Santoro.

MR. SANTORO: Do you want me -- would you like me to comment?

SENATOR GORDON: Nothing can happen to you now.  
(laughter)

MR. SANTORO: I don't know about that. (laughter)

So look, I don't think they're related, in terms of hiring administrative staff, to hiring, or not hiring, or filling vacancies throughout the organization. With regard to the Deputy Executive Director -- that position was filled by an outsider originally, who made more money than Amy Herbold at \$190,000. So that wasn't a created position.

But I, respectfully don't want to get into the details of the individuals' assignments.

But I would say, for the record, I don't know if they're related. Yes, a budget is established; arguably, it's a hard number, but things are going to happen to that budget every day, going up or down.

With regard to Bob's staffing, relative to a safe operation -- I would agree with Bob that he has, during his tenure, focused on operating a very safe railroad, notwithstanding some of the incidents that occur periodically.

With regard to the PTC staffing -- and again, no excuses, but we started that contract in 2011, Notice to Proceed; yes, five, six, seven -- almost seven years ago now. That contract -- the first beginnings of that contract were to gather data, the consultant, the contractor -- and we'll distinguish between contract and consultant -- the contractor, Parsons, was supposed to gather data from various sources -- primarily from the railroad -- do surveys on the railroad; just get a baseline from which they can start design, and then perform design. We would do reviews on those designs, and I think even approve those designs. That took a lot longer, for various reasons. Some of us -- some on our side, and some on the contractors' side -- it took longer than it was expected.

So there are a lot of details and a lot of moving parts that underline the operations of New Jersey Transit that affect things and affect progress. Some of which are staffing -- that, as Bob said, we're trying to address and be able to both support the contractor, which is having some issues. And also to your point, Senator and Mr. Chairman, when the project is turned over to New Jersey Transit, we will be operating it, so we have to have training. Locomotive engineers will need to be trained; conductors need to be trained; right-of-way maintainers need to be trained.



All of that is a fact -- that we will own the system someday, and then we need to be prepared to own that system.

SENATOR GORDON: Okay.

I just want to close with one question, and any of you can comment on it.

We have been-- We are hearing about -- we are hearing that one of the root problems in the staffing issues at New Jersey Transit is the disparity in salaries that are -- that New Jersey Transit can offer, as compared with Metro-North, PATH, other agencies. Can you -- any of you comment on that, talk about the impact that it's had; just how wide a gap exists in salary scales?

MR. SANTORO: So I'll open it up, and then Bob can talk about more of the details, as he is more familiar with the details than I am.

But, yes, we've lost, in 2017, several-- Let me back track a little bit. We need to distinguish between the union agreement and the non-agreement--

SENATOR GORDON: Right.

MR. SANTORO: --for sure. Unions -- that contract was in place -- is in place; and to your point, expires in 2019, I believe. I don't know exactly what month, but it does expire -- for the Railroad; the Bus has already expired. I'll note that.

So for the union agreement that was negotiated, it is what it is. Next year, when the negotiations begin, certainly there will be lots of discussions about salaries, and work rules, and that kind of thing, as there usually is.

The non-agreement -- we have lost several people to retirement and to not retirement as well. People have just left the agency; and the feedback that I've gotten from Bob is salary differential. Clearly, we've taken some steps to alleviate that differential, with regard to -- we did a compression analysis -- I'll call it a *compression analysis* -- of the non-agreements. We have raised many of the salaries within Bob's organization; not all. We'll call them *targeted increases*, some as much as \$10,000, \$20,000 to get us to a point where we're more competitive. I can't say whether we are or not competitive yet in those particular areas. So we've lost employees to both salary and retirement.

And we can't compete with retirement; people are going to retire. And we need to have a succession plan, as was stated before, to replace those.

But there probably is still a bit of a differential, even for the non-agreement in certain areas of Railroad. And I'll let Bob go into a little more detail with maybe some specifics, if you like.

SENATOR GORDON: Mr. Lavell, do you want to elaborate?

MR. LAVELL: Sure.

As Mr. Santoro stated, we still have a differential between New Jersey Transit and our sister agencies. We constantly have conversations between the operating groups on how they're hiring, how they're retaining. We discovered that Metro-North has a significantly higher management salary; but they also have something that's really enticing their managers -- is a defined pension plan, of which New Jersey Transit does not.

We've lost several managers over the last few months for those specific reasons -- the salaries and the defined pension plans. But, again,

it's above my level to fix that; that's a policy decision that has to be made within the agency.

The railroad is unique also -- that I know we want to continue to look at engineering colleges, which is fantastic; but the levels that we're losing -- the people have the historical knowledge of the railroad that you cannot just go into a college and go in and buy it off the shelf. I myself have over 44 years of railroad experience -- that you cannot just buy that experience and bring it onboard. So what we try to do is promote from within the organization. But with such a salary structure-- And as Mr. Santoro said, we just settled our union agreements; and the differential between the union and the management to make that first step discourages the union employee to get into the first line of management.

SENATOR GORDON: Okay.

I want to give other members of the Committee an opportunity to ask some questions.

Mr. Chairman, any--

ASSEMBLYMAN McKEON: Yes, thanks.

I'm not going to be as long, but I do have some questions off of what you very capably asked.

First off, Mr. Lavell, thank you. I apologize for the subpoena; but frankly, the Chairman, and I, and other members of this Committee, and our staff have met with New Jersey Transit employees -- both current and retired -- all of whom were scared to death, in part because of the lawsuit slapped against the whistleblower, Barretta.

So we appreciate you being here, and kind of didn't want to give you a choice. So I'm sorry to have done that, but it was with good reason.

And you come with a great amount of respect from your colleagues, who are at least willing to talk to us off the record. So we appreciate it.

MR. LAVELL: Thank you.

ASSEMBLYMAN McKEON: Part of what you had said-- Oh, and by the way, we want to acknowledge the other members who had come here. I don't know if we need to officially mark them as "present."

Vice Chairman--

**ASSEMBLYMAN GORDON M. JOHNSON (Vice Chair):**  
Thank you.

ASSEMBLYMAN McKEON: --and Assemblyman Lagana. You were late because your baby daughter was just born, and you needed to sleep in a little bit this morning. Was that it? (laughter)

As Frank Sinatra said, "You can have fun with a son, but you got to be a father to a girl." So, congratulations.

ASSEMBLYMAN LAGANA: That's right, that's right. I was changing diapers. (laughter)

ASSEMBLYMAN McKEON: With that, Mr. Lavell, back to the business of the day. I'm going to be mean now -- and not at all.

I just -- your one comment-- I can appreciate why you would differentiate and say, "I was misquoted" about being on *borrowed time*. I wouldn't expect that you would sit here, being in your position for 44 years, and call NJ Transit *unsafe*. I mean, there are 165,000 of us, our fellow

citizens, and a lot of our relatives on those trains every day. Well, something's safe until it isn't, right? And just looking at the statistics that we've teased out in other hearings -- the crashes are twice as common in the last six years as they were in the six years before; three times as common when you compare it to the LIRR; mechanical breakdowns went from 11, 1 in every 170,000 miles; to 15, 1 in every 85,000 miles. In 2016, on-time arrivals were down by 2 percent; there were major delays numbered at 125. I haven't seen the 2017 statistics yet, but I would bet we would outpace that.

What can we do? You know, you talked about the persons that we're losing at a managerial level because we can't afford to compete. It's hard for us to hear about non-rail-experienced individuals comprising of, like, some of the top 10 salaries in the whole agency and that not having -- if not a direct fiscal impact, if nothing else, a moral one.

Comment on that. Comment on what we understand, where there was emergency equipment available and it took, maybe, 110 days to get something ordered four or five years ago, as a part; now the wait is about 560 days. And those decisions not to order were made by persons without rail experience.

Help us understand. Our conclusions are what they are. If someone wants to say, "NJ Transit -- everything is hunky-dory, it's fine; let's keep going on as it is," well, let's hear them say that. We need to know how to make it better.

Help.

MR. LAVELL: Okay. I just want to clarify, again-- I totally agree; we have our issues at New Jersey Transit. Every agency has their issues.

The one exception that I take, that is sitting in this seat as the head of the railroad, is that we put together breakdowns, on-time performance, equipment breakdowns as *safety*. I agree with you that the issues that the FRA brought to our attention -- mostly at our one facility -- we would look at as a *safety-related issue*. We have now changed that again -- and not to keep pointing over to Mr. Santoro -- we brought to the attention of Mr. Santoro some of the issues that would help change that, of which he did. And that was additional manpower to oversee our operational crews at the busiest facility that we have, which is the MMC.

So we saw our deficiency; we made the comment and request, and that has now changed. So again, sitting in this seat as the head of Rail Operations, I want to assure this Committee and the public we run a safe operation.

Also, those deficiencies that the FRA noted were in a yard environment and never, ever jeopardized the travelling public of New Jersey Transit. Those deficiencies that were found in those facilities were performance-based deficiencies. And it's like being -- and as the Senator (*sic*) has a new child -- if you don't watch your children closely they're going to get into trouble. Well, we had a workforce that was not managed because we did not have the managers in place. Since Mr. Santoro gave us the additional managers, the number of observations and deficiencies by the FRA-- We meet with them on a monthly basis. And are we perfect? No; I wish we could say we are perfect. But our numbers have gone from 10

down to 1 or 2 observations. So we're continuing to drive the safety; we're continuing to have the conversations with our union partners -- which I know Mr. Burkert is sitting behind me -- but all of our union partners are actually helping us to improve the safe operation of our railroad.

So I hope I answered the question on the safety end. If not--

ASSEMBLYMAN McKEON: You know, again, the facts are what they were. You know, the FRA came in with over a half-million dollars of fines, and I can enumerate 183 violations, 76 of which were major; 33 having to do with drugs and alcohol; 33 having violation of operation process. I hope that you sought to address that; and I'm glad if you're telling us that you got the additional manpower to try to move that in the right direction.

I do know, very recently, relative to Positive Train Control -- unless you correct me -- weren't you just fined \$12 million by the FRA?

MR. LAVELL: When the FRA gives us a-- It's not a *violation*; it's a *recommended violation*, and we have to go back and have a discussion with their attorneys. And I am not 100 percent sure about the paperwork that was generated.

ASSEMBLYMAN McKEON: Okay; well, fair enough. But there is an outstanding recommendation, if you will, of a \$12 million fine based upon only 6 -- well, 6 percent of trains and 137 of 1,100 employees being prepared at this point, with us ticking down to 11 months in the calendar year.

So I mean, those facts are what they are. We're trying to get into -- and I don't know if you're the right person to answer the questions -- what kind of deficit are we facing? Maybe that's something during Mr.

Santoro's direct testimony, and maybe the gentleman sitting to your left can help out with that.

But I mean, let's just start with revenues. How far down are we in revenues, based on lack of ridership or lack of collecting the tickets?

MR. SANTORO: Can we clarify the \$12 million first, please? Because I'm not sure--

Eric.

MR. DALEO: And Mr. Chairman, maybe I can clarify too, that violation that we're talking about.

It's related to NJ Transit's 2016 implementation plan, specifically. And what NJ Transit said was that, by the end of 2016 we would have accomplished X, Y, and Z, in terms of numbers. In the time that we were ending 2016, we were engaged in negotiations with a contractor, Parsons; and our Board approved the change order in January 2017 to accelerate the milestones. NJ Transit recognized that we hadn't met the milestones at the end of 2016, and we were engaged in negotiations with our contractor to basically accelerate production. That was ultimately in the change order that our Board approved.

I don't have the numbers in terms of the value of the violation though, but--

MR. SANTORO: I don't either.

ASSEMBLYMAN McKEON: Were you in a position--

MR. SANTORO: No; I think it's \$12,000; \$12 million sounds-- There was a fine, or a recommendation fine; but I don't think it was \$12 million. I'm getting--



ASSEMBLYMAN McKEON: It was touted to us as the largest of the six that were fined that were looking to be in compliance.

MR. SANTORO: We can--

MR. DALEO: I can clarify; it was \$12,000, sir.

ASSEMBLYMAN McKEON: That's different than \$12 million, that's for sure. (laughter)

MR. SANTORO: Yes.

ASSEMBLYMAN McKEON: But nonetheless, the largest of the six that were cited.

MR. DALEO: And it was a technical, based on the implementation plan not having been amended; that was the--

MR. SANTORO: So Mr. Chairman, you asked the question about revenues, and where we are with revenues.

I'll go back to -- just from a little bit of a history standpoint; and Michael Lihvarcik's here -- if we want to get into more details about where we are -- our interim CFO.

Back in 2016, we had a \$22 million operating deficit; 2017, we have a positive operating net with a little bit of a nuance about insurance claims, but relative to major accidents. But on the operating side, we were positive.

On 2018, we are currently at a minus -- negative \$26 million through the year; some of which, as you have suggested, is our lower ridership -- and that's causing us reduced revenues; increased claims; and we can get into more details. I don't have a prediction for 2018, but I'm guessing it's not going to be terribly different; it might be either break even,

or minus \$15 million, or minus \$20 million. It's just a guesstimate, on my part, for 2018.

ASSEMBLYMAN McKEON: Is there-- Director, do you have a guesstimate as far as-- Again, some of the statistics that we've seen are between \$60 million, to \$80 million, and up to \$100 million of a deficient. Does that sound--

SENATOR GORDON: For Fiscal Year 2019.

ASSEMBLYMAN McKEON: For Fiscal Year 2019.

MR. SANTORO: For Fiscal Year 2019.

ASSEMBLYMAN McKEON: Yes.

MR. SANTORO: So I guess there's a two-part answer to that. One is the expenses, and one is the revenue.

For the expenses, I've submitted to Treasury; and I have a meeting this afternoon with OMB to -- I guess I submitted to OMB -- I have a meeting with them in terms of what Fiscal Year 2019 expenses I would like to see. There's growth in contracted service, which are generally related to CPI; there's growth related to our union agreements -- the Rail, and Bus, and other Rail agreements -- roughly in the 2 percent range. There's growth in staffing; as Bob suggested, in 2018, we added some staff to the railroad; we're adding more staff to the Railroad -- or proposing adding more staff to the railroad, some of which is related to PTC and the longer-term maintenance. As Chairman McKeon suggested -- I think it was Chairman McKeon -- that we will have to continue that -- take over that project, and we will have to have a staff to manage that program. We're going to have extra equipment, so we're going to need more maintainers of locomotives; we're going to need more staff in configuration management.

So those asks of proposals are in there as an increase to -- compared to this current year budget.

With regard to revenue-- And I think, well, it's more than 2 percent; I don't have the exact number. But in terms of revenues, that's a discussion we're going to have to have with the next Treasury, the next Treasurer. With regard to our normal costs, it's no secret where we get our revenue now. We have operating subsidies; we have clean energy funds; we have Turnpike Authority money; and we have farebox recovery. And then some funds -- one-time-- We've had one-time adjustments over the course of the last two years, I believe. In 2018 -- I think I even testified -- \$45 million of a one-time adjustment in 2018.

So that's a discussion we're going to have to have with Treasury, with regard to revenues.

ASSEMBLYMAN McKEON: Can you tell us how much you're requesting in 2019, at this point?

MR. SANTORO: It's going to equal the expenses; so it's over \$2 billion. It's going to be-- I don't know; it might be 4 percent. I think I'm requesting, from an expense standpoint, 4 percent more than we budgeted for last year, in round numbers, to cover--

ASSEMBLYMAN McKEON: That's 4 percent -- it's close to \$80 million, I think, if my math is right.

MR. SANTORO: Yes, in round numbers; that's for the extra.

ASSEMBLYMAN McKEON: So give or take that confirms what we've been hearing.

Okay; I appreciate your candor. And knowing that, just one more question; and I'll tease it out a little bit more with Mr. Lavell, if this

would be an area I assume is Rail Operations -- that part replacement is something of significance, relative to you being able to run your part of the shop?

MR. LAVELL: That is correct.

ASSEMBLYMAN McKEON: Okay. And my information is that the procurement time was closer to 120 days, going back several years ago; and procurement time is now up to -- close to 500 days. And that has to do with pre-ordering large industrial parts that could be anticipated to fail, as well as when that doesn't happen, a lot of locomotives are taken out of service because they have to wait for the part.

Can you verify that for us, and tell us how to make it better?

MR. SANTORO: So there's--

ASSEMBLYMAN McKEON: Well, I mean-- Again. I'd love to hear what you have to say, Director--

MR. SANTORO: Okay.

ASSEMBLYMAN McKEON: --but, you know, why aren't you in a position to answer that, or why are you deferring--

MR. LAVELL: No, I'm in a position.

You are correct; it is taking us longer to get parts for our equipment. We just had this conversation last week. The Procurement Department has lost a lot of talented individuals, and they're in the process of hiring to bring their staffing back up again.

We also, as you may know, have some older equipment that is failing more frequently. And again, with the \$3 billion capital program that we have in place, we're in the process of replacing that equipment. Just recently, the last Board meeting approved 17 brand-new locomotives for us

to replace locomotives that are 52 years old. We've got another capital expenditure going in place that will replace 159 pieces of equipment that are 42 years old. That equipment, and those parts, are very, very difficult to procure because the vendors no longer carry those parts. So that also extends--

ASSEMBLYMAN McKEON: Which I assume is why you need to have the aforethought to have them preordered -- so you're not in that position to have to wait 600 days, right?

MR. LAVELL: Well, we do; but you can never predict how many parts are going to fail. I mean, they're going to fail, and we do not want to overstock parts and use valuable resources to have them just sitting on a shelf.

ASSEMBLYMAN McKEON: And is that what was happening? It was that they were overstocked; that's why you were at a 120 days, versus 500?

MR. LAVELL: No, no. The vehicles were actually performing better than they are now. Some of our vehicles -- the mean distance between failures has dropped down and is causing some of us to consume parts faster than our Procurement Department can bring them in on a shelf. Some of our vendors have long lead times also of getting parts to us.

ASSEMBLYMAN McKEON: Do you know how many rail cars are currently sitting on the maintenance lot -- the maintenance facility?

MR. LAVELL: The last look that I had, sitting in our MMC facility--

ASSEMBLYMAN McKEON: Just ones related to parts, relating just to their wheels and unable to fix them.

MR. LAVELL: I don't have the break down by parts; but the last I looked, there were about 65 pieces of equipment sitting, waiting for material.

ASSEMBLYMAN McKEON: And not 230.

MR. LAVELL: I think that the 230 might be total overall vehicles sitting in the facility for scheduled maintenance. Some of them are unscheduled maintenance that are not waiting for parts. But the last count that I had was somewhere between 60 and 65 cars that were waiting for material.

ASSEMBLYMAN McKEON: And is that what--

MR. LAVELL: No, that's not something we want to have.

ASSEMBLYMAN McKEON: Okay. And that number, I assume, has increased over the last several years, as opposed to that being an average number.

MR. LAVELL: Correct.

ASSEMBLYMAN McKEON: Okay.

I have no further questions; thank you.

SENATOR GORDON: Anybody else?

Senator Weinberg.

SENATOR WEINBERG: Yes, thank you.

I have several questions.

First of all, Mr. Lavell, did anybody from the Governor's Office, or any Governor appointees to New Jersey Transit, meet with you or attempt to advise you on what your testimony would be this morning?

MR. LAVELL: No.

SENATOR WEINBERG: Okay.

Now, let me go back to some of the answers that you gave a little earlier. You talked about the fact that there is a training program now in existence for personnel for the Positive Train Control. How long is that training program?

MR. LAVELL: We have a training program in place for our locomotive engineers, at the present time.

SENATOR WEINBERG: And how long will it take?

MR. LAVELL: We are scheduling at least one day per locomotive engineer to qualify on PTC program.

SENATOR WEINBERG: So it's just one full day of training for each--

MR. LAVELL: Yes -- engineer.

SENATOR WEINBERG: Is that correct?

MR. LAVELL: Yes.

SENATOR WEINBERG: Okay.

Now, let me go back to the whole issue of personnel. First of all, Mr. Santoro, it took us about six weeks to actually get the real figures out of New Jersey Transit. The original figures that were given to us made it look like there was no loss in personnel because promotions, etc., were counted in. So it took us about six weeks to get the actual figures.

Now, I want to go back to your June -- Mr. Lavell -- your June 2016 memo to Dennis Martin. And you say in here -- you're talking about how you can get around, or get to the necessary salary offers to keep and get appropriate people into these positions. And you outline here that the Department then submits an "exception to policy 329" memo for your signature, which you then forward to the Human Resources Department to

be reviewed by the Compensation Department. Most of the time, and most recently, June 6, you received an e-mail stating, "We would be hard-pressed to find a business rationale to provide a larger salary increase due to the facts." Further, the e-mail states -- and you're quoting, "It is for the reasons above that the Human Resource Review Committee does not concur with the attached request."

So that meant that there was some Human Resources Department that turned down your request for increased salaries so that you could appropriately staff your management. Is that correct?

MR. LAVELL: That is correct.

SENATOR WEINBERG: And how long did it take then to-- Because now we're hearing testimony how Mr. Santoro has approved, hopefully, new management. How long did it take from this June 2016 so-called *Human Resource Department turndown* -- how long did it take before you finally got permission to start staffing up again?

MR. LAVELL: Once that letter was generated, we would move on to the next candidate. So it would take, maybe, a week or two weeks to fill; or maybe even a month to fill that position. But it was not the original candidate that we chose for that position.

SENATOR WEINBERG: No, that's-- Maybe I'm not making myself clear.

When you were turned down by this Human Resources Committee, Commission, Director -- who testified to us once before, by the way, that certain high-level people were hired without any job descriptions at all. When you were turned down, how long did it take to get us to the



stage now, as of today, where you are staffing up? I mean, I thought that was your testimony.

MR. LAVELL: We're staffing up to the levels we need to be at. But we still have the corporate policy on promotions and percentages that we can offer to any individual. We still have the policy in place where if we do not adhere to the policy of, say, a 5 or 10 percent increase, then I, as the head of a department, would write a letter of exception to that policy. That's still in place.

SENATOR WEINBERG: And so far you have never been given that exception, then, if I understand what you're saying.

MR. LAVELL: We look at the individual; some individuals have been provided an exception to the policy. Not everyone.

SENATOR WEINBERG: Okay. And is that one of the big hindrances in terms of getting the appropriate people, or keeping them from going to Metro-North and all the other places they seem to be fleeing to?

MR. LAVELL: It could be, yes.

SENATOR WEINBERG: Okay; well, then, that's certainly a policy that New Jersey Transit should be looking into.

Let me ask another question. Did any of this ever get reported to the NJ Transit Board?

MR. LAVELL: I, as the head of Rail, reporting to the Executive Director, have reported this to the last two Executive Directors; yes.

SENATOR WEINBERG: And has-- Mr. Santoro, has any of this been reported to the New Jersey Transit Board -- the problems that exist because of no exceptions to this policy?

MR. SANTORO: So just to clarify: There are exceptions to the policy. The Executive Director is allowed to create or approve an exception to the policy.

And again, maybe for a little more clarity -- we have; which has allowed Bob -- as I said, I think, in a previous statement today -- that we are more competitive. We're not as competitive in some areas, but we're more competitive because we did make salary adjustments to all -- many non-agreement employees, that were based on the union supervision that they -- the union representatives that they supervise. And this was done -- maybe implemented in May of 2017, around there -- that we, as I said before, made wholesale salary adjustments to not just Rail, but to Bus Operations as well; and maybe Access Link, but I'm not sure. But those are the two major operators.

So we've done that, as I said, in May; the policy does, as Bob correctly stated, generally -- and maybe I'll oversimplify it, or maybe not -- but if you have a lateral move, you get a 5 percent raise, if you're doing something different for a different department. If you're moving up one grade, you get up to a 10 percent increase; and if you're moving up two grades, in terms of responsibility, you're getting 15 percent.

SENATOR WEINBERG: Mr. Santoro, if I may interrupt.

MR. SANTORO: Sure.

SENATOR WEINBERG: My question was, was any of this reported to the New Jersey Transit Board?

MR. SANTORO: So *this* being the--

SENATOR WEINBERG: The issue around-- Obviously, in June of 2016, a serious question was raised. And now you're--

MR. SANTORO: So I don't--

SENATOR WEINBERG: --telling me that, about a year later, some of it was solved by this salary increase; one year later, in May of 2017.

But my question is, I want to know what role does the Board -- that is supposedly overseeing New Jersey Transit -- play, and did you ever report-- You know, come to the Board and say, "Listen, we're having a problem here. We're losing people because we can't pay competitive salaries," or "Our pension plan is not competitive" -- whatever the reasons are. Did you ever go to the Board and state that?

MR. SANTORO: So in 2016, no, because I was not Executive Director. After I became Executive Director, I tried to solve the problem, but I honestly can't recall ever going to the Board and either asking permission or suggesting that there was a problem that needed some greater solution than what was in my authority.

SENATOR WEINBERG: Okay; now I'd like to go back to Mr. Lavell, if I may, for a moment

I know that our Chairman, Senator Gordon, kind of tried to get an answer from you about whether or not Positive Train Control will be in existence by the time of our next goal of December of 2018 -- of this year.

Can you just answer me "yes" or "no"? Will it be in existence?

MR. LAVELL: As I stated -- and I'm not trying to be evasive in any manner -- we're doing every positive thing that we can do to put PTC in operation by 2018.

SENATOR WEINBERG: Okay. Is it true -- I read one newspaper report in the last couple of days -- that not only Gateway, but a lot of our Federal transportation money is dependent upon Positive Train

Control being in existence by 2019, I think it was? And I'm not sure if that was an accurate report. Can either of you comment on whether or not Federal funding generally will be dependent upon instituting this program?

MR. SANTORO: So Senator, I think what you read was something to the effect that the FTA has provided guidance -- which is rules; I guess *rules* instead of *guidance* -- that each and every state needs to establish a State Safety Oversight Department, which is not in New Jersey Transit. It would be in New Jersey DOT. And if that is not established by, I think, April of 2019, then Federal funds are -- I think FTA funds; it may be more, but I'm pretty sure it's just FTA funds -- are in jeopardy if that program is not established within the State of New Jersey.

I had a conversation with the Commissioner and the Commissioner's staff Friday, I believe, maybe in anticipation of this question. And they are -- our State DOT is ready to submit the application for that particular State Safety Oversight regulation in March of this year -- March of 2018, which is a deadline -- or April of 2018, which is a deadline imposed for the application. And then the FTA has a year or two to review, ask questions, and approve it.

One of the key elements -- and I'll say this, because I think it is relevant -- is that the State Legislature needs to allow -- or, I guess, convey an enforcement authority for certain elements of the program to the New Jersey DOT. And I've been told by DOT staff that they already have that enforcement capability, so they're saying that there is no other actions required by the Legislature. So that's what -- that jeopardy of funds was not related to PTC, is the long way to--

SENATOR WEINBERG: So, then, DOT has until April of this year--

MR. SANTORO: To submit an application; and then there's a year's approval--

SENATOR WEINBERG: And is any of that application dependent upon Positive Train Control being operational?

MR. SANTORO: No; there is no relationship. The FTA-- This is related to oversight of Light Rail, I think the Newark Monorail, and PATCO, but not the commuter rail.

SENATOR WEINBERG: Okay; then I probably misread that.

SENATOR GORDON: If additional legislation is needed, we're going to incorporate that in our New Jersey Transit omnibus legislation that I referred to earlier. And I think we've already had these conversations with your staff.

If I can, I'd like to just delve into the staffing issues a little bit more deeply. And I apologize for just throwing numbers at you without your seeing these in print.

But we have looked at some of the staffing data that you have -- your agency has provided to us. And they indicate that, between the end of Fiscal Year 2016 and the end of Fiscal year 2014, New Jersey Transit had 465 fewer staffers on the payroll. And that even with the addition of 55 employees by October 16, 2017, Transit was still down 409 employees on their payroll, compared with Fiscal -- at the end of Fiscal Year 2014.

We've been talking about the retirements, about the difficulty of competing with other agencies in the region. Can you talk about why you think these reductions occurred, which seem pretty substantial?

MR. SANTORO: Not the details of that, no. These were vacancies?

SENATOR GORDON: These are all based on your data, your payroll records.

MR. SANTORO: No, I don't have the details of -- the annual differentials; I don't.

SENATOR GORDON: I mean, I think the concern that we have is that these policies emanating from the Human Resources Department -- that Department was led by Deborah Prato and Jacqueline Halldow, who were Christie appointees. And the question that I have, and perhaps others on this Committee have, is were these reductions driven by a policy coming out of the Governor's Office? Was there a conscious effort on the part of the Christie Administration to reduce staffing levels in this agency? Perhaps this was a statewide policy; I don't know. But was this -- were these decisions driven by these external forces, or were they based on internal decision-making criteria within the agency?

MR. SANTORO: So back in those years, I mean, I can't answer that question. What I probably can say is that, look, we do a couple of things. From a salary perspective, we are in the midst of developing and close to being finished -- probably later than we would have liked-- We should be doing a market survey for equivalent positions within our organization, so that we can document this differential that we talk about, not totally anecdotally but, to some extent, anecdotally. So we put together the scope of work for an RFP to hire someone to do a market survey; to get a little more clarity on functions at other railroads, and functions at this railroad, and what the different market rates actually are; so that when the

negotiations begin with the unions and when budgets are put together -- maybe even beginning in 2019 -- that we have some information that we can turn to. Not to follow, necessarily, but data that allows us to do that. So we've been doing that.

Look, with regard to hiring -- when I came to New Jersey Transit, we needed to pick up the pace for hiring to fill vacancies. We definitely need to do that, and we've done that. Whether that was a conscious effort, I don't think so; possibly it was manpower in the HR Department. But we've hired a couple of individuals in the HR Department. So we needed to pick up the pace. Our goal should be to have no vacancies; although that's not practical, but close to no vacancies as much as possible. That's the best answer I give you.

SENATOR GORDON: We're getting short on time.

I know Senator Weinberg wanted to do a follow-up question. I will point out we didn't have the benefit of hearing your testimony, Mr. Santoro; however, we will make sure it's entered in the record for the benefit of posterity.

MR. SANTORO: Thank you. (laughter)

ASSEMBLYMAN McKEON: Mr. Chairman, I know Assemblywoman Chaparro, at least, has a question.

SENATOR GORDON: Yes.

SENATOR WEINBERG: Yes; I just have one quick follow-up, if I may, for Mr. Lavell.

Did anybody from the Governor's Authorities Unit speak to you, up until today, or anytime today, about your testimony?

MR. LAVELL: No, I have not spoken to anyone from the Governor's Authorities Unit.

SENATOR WEINBERG: Okay; thank you. I just wanted to make that clear.

ASSEMBLYMAN McKEON: Assemblywoman.

ASSEMBLYWOMAN CHAPARRO: Thank you.

Mr. Lavell, I actually have quite a few questions for you.

Operations: We talked about management, hiring; we talked about the salaries. There seems to be a problem. You have conductors and operators of the trains who are making a lot of money in overtime. So when you post a management job, if someone was to be promoted, or switch over-- If someone's salary, for instance -- a conductor who makes \$60,000 a year, and his overtime is \$42,000 on top of that, he's not going to really take a \$70,000 management job when he's making that much money, and when he's so used to that kind of money coming in.

You have a lot of overtime. You have a 12-hour shift that's split up with this rest time, that I don't know what that formula is and how does it work. After a while, people get fatigued; they're not sharp. It just -- there's a bad culture there. You have upper management that's not really managing what's going on. You have trains that are -- three cars that should be open; only two are open. Well, who's supervising that, and why are not all three of them open? Because they don't want to operate three?

There are so many things that-- Yes, money is bleeding out, because there's a lot of overtime. And your staff is going to be exhausted. They can't be sharp if they're overworked or if they're resting.



The last time that I was here -- I believe it was in November of 2016 -- and I asked a question about this honor code when it came to people who were arrested for DWI or for anything like that -- that they had to report it. And we addressed that, but there seems to be a lot of things that are not in place now. Your employees -- how do they check in when they come to work? Do they punch in a card; do they hand scan; or do they clearly write in that they're there?

Can you answer that? Yes?

MR. LAVELL: I sure can.

ASSEMBLYWOMAN CHAPARRO: How do they check in?

MR. LAVELL: Our train and engine service employees -- when they show up at their sign-up location, they sign in a log. Most of the time, there will be a Train Master there; sometimes there is not. It's, to me, an honor program.

ASSEMBLYWOMAN CHAPARRO: Right.

MR. LAVELL: We are continuing to look at a program that every other craft in New Jersey Transit uses -- it is a swipe program that their salary, their time will all go into what's called the *Kronos System*. And we're continuing to look at that.

We've had some pushback from the unions; but we're not stopping until we get it done. It's a very time-consuming process to get the Kronos program in place--

ASSEMBLYWOMAN CHAPARRO: Right.

MR. LAVELL: --because the unions, with their collective bargaining agreements, have so many, what we call, *arbitraries*. It's very,

very hard for the Kronos system to put that in their program. But we're not going to stop until it's done.

ASSEMBLYWOMAN CHAPARRO: Okay. I will -- we can't just blame the unions, though. I think it's a--

MR. LAVELL: I'm not blaming just the unions--

ASSEMBLYWOMAN CHAPARRO: Okay.

MR. LAVELL: --it was a process that's been in the railroad for, probably, hundreds of years, whereby it's done on paper and pencil. We're working with other programs within Rail Operations to get away from the manual process.

ASSEMBLYWOMAN CHAPARRO: Right.

MR. LAVELL: I totally agree with you. It should be as automated as possible, and take that out of the hands of the individual to note, with a paper and pencil, their time on, their time off, their time showing up for work. So we are working on that, moving forward.

ASSEMBLYWOMAN CHAPARRO: Right; and they also have to do a log as to their overtime, and their rest period, and all that stuff that they---

MR. LAVELL: The rest period, again, as we I think we testified here, is dictated by the Federal Railroad Administration.

ASSEMBLYWOMAN CHAPARRO: Okay.

So what I'm getting at is that management -- when you're hiring management -- are they experienced managers? You know, you have 44 years, you said, I believe, right?

MR. LAVELL: That's correct.

ASSEMBLYWOMAN CHAPARRO: So someone like you would know every in and out of a yard -- a railroad yard; where someone else who is taking this job, because the experience-- You have a lot smart conductors and engineers who can tell you every inch of a yard and what every function is. And if they're not taking that management job because there's is no incentive, and there's a culture in Transit employees where there's a lot of looking away, there's no checking up on your employees -- there are a lot of things that fall into place that safety does come in play. You can do the PTC, you can train them for a day, you can do a lot of that stuff. But if your employees are overworked, thinking about that overtime, and you don't have the staff, there's going to be human error. And I don't know what system will stop that from happening.

I will just go real quickly to the Hoboken crash, where sleep apnea came into play. And I don't know if you realize -- when someone has severe sleep apnea, you can't have a conversation with them without them falling asleep in front of you. You can't tell me there wasn't one New Jersey Transit supervisor-manager who saw this and they did not report it. How that came into play afterwards baffles me.

MR. LAVELL: May I just make one clarifying statement?

ASSEMBLYWOMAN CHAPARRO: Sure.

MR. LAVELL: As you stated that the accident in Hoboken was related to sleep apnea -- that has not been officially documented by the NTSB. We're hoping to hear that fact sometime in February. Maybe I should do this, maybe I shouldn't, but I'm a severe sleep apnea person myself. I know how it is; I know what the reactions are. And we do have supervisors out there looking at his employees. We have employees going

for physicals. And we just -- after the incident have the best sleep apnea program, I think, in the nation, for monitoring.

ASSEMBLYWOMAN CHAPARRO: I think there are a lot of things that have to take place. You are aware of that; you've already stated that. There are a lot of changes that need to be put into place. There has to be a system-- I think hand scan when you're punching in -- that really is not going to break the union. You have to check in, you have to come to work, and you have to check out. I don't think that's a hard thing to request; so many companies do this now. That is one place to start.

Your overtime is a little ridiculous with the conductors and engineers. So that means you have to be understaffed or you don't have enough.

There is a pay period there that I don't understand, and I don't want to. Your revenue is going down. Collecting tickets, you said, was an issue. Which brings me back to why is it that Light Rail passengers get a ticket if they don't validate their ticket; but yet New Jersey Transit riders don't get a summons if they forget their wallet, or they're just asked to leave the train -- not even. I think you just let them ride it and just warn them.

So there seems to be some kind-- There are a lot of things that need to be taken into place.

I do strongly agree with you that you have older equipment; you have to replace it. And I think that's where the capital money comes into play. That's where it should be spent -- on equipment that you desperately need.

So there are a lot of things that need to come into play here. There's more than just what you're stating, and it starts with the culture in

your yards, in your trains. Everyone has to work together. There are so many things that employees complain about, and they are afraid to speak out loud about, and you really have to look into that.

And hiring management outside to come in -- that's not going to benefit you, because we need someone like you who has the experience, who can tell you every piece of equipment that's in that yard -- that if the FRA did a surprise check and he calls out your Train Master, or whoever is running the yard, they can take them and walk them through that yard and tell them where everything is; what's functioning, what's not; and that you're able to do that. You can't do that with new management if they don't have that experience. Because the rest of the guys are saying, "I'm not going to do that. I'm making \$40,000, \$50,000 more in overtime. Why would I take this job?"

So we do have a lot of work to do; but I think we should focus on capital funds on equipment, and not on other things.

Thank you.

SENATOR GORDON: Okay. We are really pressed for time.

But I would like to-- First of all, I want to thank Mr. Santoro and Mr. Lavell very much for being here today and sharing their--

ASSEMBLYMAN McKEON: Mr. Chairman, I'm so sorry.

But I just-- Vice Chair Johnson just had one question, if that's okay.

SENATOR GORDON: Okay.

ASSEMBLYMAN JOHNSON: The other Gordon. (laughter)

SENATOR GORDON: I can't imagine another Gordon.

ASSEMBLYMAN JOHNSON: I know. (laughter)

I know we're pressed for time, so I have a few quick questions -- very basic questions.

How many engineers are you looking for, right now? How many engineers do you expect to hire in 2018, Calendar Year 2018? How many do you want to hire -- engineers?

MR. LAVELL: Presently we have-- One second; I'll tell you that number exactly. (refers to notes) I'm sorry; I didn't anticipate that question.

ASSEMBLYMAN JOHNSON: No, that's okay.

MR. LAVELL: We have -- currently, we have two classes going, right now. We have a class of 16 in the class; we have another class of 17 that we've started; we have a class coming up with 22; and we're going to hold classes every 5 months for engineers, going forward.

We also talked, about two weeks ago, of trying to get an additional class of 17. Now, remember, it takes two years from the date that we start until the date that they graduate. Our HR Department has started a new program of recruiting engineers that I think will bring on a better employee; whereby, again, we're looking into the generational issues where people do not want to work midnights, 4 to 12s, weekends. And that's where we have most of our issues with the new hires. And we get to a certain level of the program with the individuals, and they leave the program. And I think I reported out, in this Committee, where we have a very high failure rate. So--

ASSEMBLYMAN JOHNSON: You're saying that applicants start training in a two-year program and then, after the two-year program,

they start working and then they quit because they don't want to work nights?

MR. LAVELL: They quit, actually, before the two-year program is up -- that we start off, as I stated, with 17 individuals. I believe, if my memory serves me right, the last class produced something like 5 or 6 individuals after the two-and-a-half years. It's a very rigorous program; the program is mostly memory-based for qualifications. They also do not like working the off-tours, the midnight tours, the weekends; and we lose individuals.

ASSEMBLYMAN JOHNSON: When they apply for the job, they are made aware that this is like a seven-day work -- could be like a seven-day work week? The trains run seven days a week, and they run-- How late does New Jersey Transit run -- midnight, 2:00 a.m.?

MR. LAVELL: They run up to about 3:30 or 4:00 in the morning.

ASSEMBLYMAN JOHNSON: And in addition to that question, I guess you have engineers who are working in the *MMC*, you call it -- the maintenance yard? I guess that's the-- Is that the maintenance yard, the *MMC*?

MR. LAVELL: Yes.

ASSEMBLYMAN JOHNSON: So I guess you have engineers working the midnight shift there, moving engines around. Is that true?

MR. LAVELL: That's correct.

ASSEMBLYMAN JOHNSON: All right -- to get them ready for the next day, or for later that day.

And you're saying that you lose -- out of 16 you lost 4, or 5, or 6 applicants, during the two-year period, because they didn't want to work midnights. That's what you're saying?

MR. LAVELL: That is what I'm saying.

ASSEMBLYMAN JOHNSON: And you're saying that's generational.

MR. LAVELL: I-- Yes.

ASSEMBLYMAN JOHNSON: Okay. Two-year program; you have a class of 16; this class of 16 that you mentioned -- how far along are they in the training? One year in, six months in?

MR. LAVELL: I believe they're about one year into the program.

ASSEMBLYMAN JOHNSON: Okay. And the class of 17 individuals -- how far along are they?

MR. LAVELL: I believe they just started in December.

ASSEMBLYMAN JOHNSON: And you anticipate losing how many engineers in 2018 to retirement, or transferring out of our system to another system?

MR. LAVELL: Our demographics show us, historically, for retirements, can range anywhere from 10 to up to 12 or 13 a year.

ASSEMBLYMAN JOHNSON: A year?

MR. LAVELL: Yes.

ASSEMBLYMAN JOHNSON: Okay. So you're keeping ahead of retirements, barely, except for those you lose to other systems. And those who transfer to other systems -- such as the MTA, or wherever, Metro-North -- how long are they on the job before they transfer?



MR. LAVELL: I don't have the exact number of years--

ASSEMBLYMAN JOHNSON: Three years, five years?

MR. LAVELL: -- but if I had to guess, it was anywhere between 10 and 12 years on the job.

ASSEMBLYMAN JOHNSON: It's 10 to 12 years in?

MR. LAVELL: Yes.

ASSEMBLYMAN JOHNSON: Okay.

Chair, I'm done; I have no further questions.

SENATOR GORDON: Okay; thank you very much.

I want to thank Mr. Santoro and Mr. Lavell very much for sharing their knowledge with us. This will all be used as we assess the information we've gathered over the last 15 months or so, and will guide us in the preparation of a report that I'm confident will be used by the incoming Administration in rebuilding this agency.

Again, I want to thank you very much for your help today.

The time is getting short, but I know that there is some important information we want to hear from Stephen Burkert; and I'd like to ask him to come forward.

If necessary, those of us on the Senate side may need to retire to our meeting with our caucus; and, if necessary, we'll just leave the hearing in the good hands of the Assembly.

ASSEMBLYMAN McKEON: I appreciate that, and I know that the Mayor of Hoboken is here, and we're going to have him -- we're going to save time-- I'll be here, as I would expect Annette will, as well.  
(laughter)

SENATOR GORDON: Welcome, Mr. Burkert. Could you tell us your name and title?

**S T E P H E N J. B U R K E R T:** Stephen John Burkert; I'm currently the General Chairman of Smart-TD Local 60. I represent the conductors and trainmen at New Jersey Transit.

SENATOR GORDON: And how long have you worked with New Jersey Transit, and in what positions?

MR. BURKERT: Tomorrow, January 9, will actually be 29 years for me. I started out as a ticket collector, moved to a rear brake, and then on to a conductor's position.

SENATOR GORDON: And would you consider yourself an expert with regard to the utilization of train crews?

MR. BURKERT: Yes, sir, I would.

SENATOR GORDON: Okay.

Could you provide for the Committee an overview of how fares are collected by train crews?

MR. BURKERT: Certainly.

Fares, as per New Jersey Transit policy -- you're required to purchase your fare before you board the train. You can purchase your fares either at a ticket office or at a ticket vending machine. Once you board the train, a crewmember will come through, ask you where you're going, ask for your ticket, and cancel the ticket in front of you if it's a one-way or a round-trip ticket. If you have a weekly or monthly pass, they will observe that it's accurate and in effect; they will then put a seat-check in front of you, which designates that your fare was taken and also what destination you are going to.

SENATOR GORDON: Okay.

You've been quoted regarding lost revenue from uncollected fares. And I've been told that you estimate that the lost revenue is above or approaching \$5.5 million. Can you explain how you arrived at that figure, and why tickets are not being collected? And give us your assessment of fare collection and how the process can be improved.

MR. BURKERT: I arrived at the figure -- and I actually think I'm low on the numbers. What my crews, my conductors, trainmen, and ticket collectors -- there's actually a form from New Jersey Transit; it's a *Missed Transportation* form. And what happens is, if there's a crew shortage or an annulment of a train, it gives you the date, the train that you're working, and an estimate of how many people that you actually missed. So as an example: If I have a 10-car, multi-level train going into New York at rush hour, and you know it's at capacity -- which means you're just north of 2,000 people on the train -- and you're supposed to have four crewmembers, and you only have two, that would mean about the middle six cars will not be collected. So you put down *short 1,200 fares*.

SENATOR GORDON: So you're suggesting to New Jersey Transit riders that we should head for those middle cars. (laughter)

MR. BURKERT: I think the New Jersey Transit riders appreciate my crewmembers who are working on the trains. But yes, the train riders are not unobservant; let's put it that way. If you're on a regular job, you know who the train riders are; and if you know they're not there that day -- yes, we have passengers who absolutely go where the train crew is not.

SENATOR GORDON: So what kind of impact have we seen of an insufficient number of conductors?

MR. BURKERT: All right, so the best example would be if you travel the Turnpike every day, and you know that the tollbooths are not manned in the middle, you're going to ride through the middle tollbooth, and not pay your fare.

I believe -- and this is what I get from my crews and from my own experience -- passengers are not buying their monthly passes because you have to buy that in full, starting on the 20th of the preceding month -- previous month, rather. If you're paying \$400 for a monthly ticket and it is good for an entire month, by the second or third month, when they're only checking your ticket maybe 10 times out of a 20-day trip, you're not going to pay your \$400. You're going to buy a single-trip ticket that you'll have on you. If they come by and collect the single-trip ticket, okay, that's \$10 or \$15. It's not \$400.

We also have *MyTix*, which is where you can purchase a ticket on the phone. Some people don't lay out any money at all until they see a crew member enter the car to collect fares, and then they dial up their phone; just purchase it. So they're not taking any money out; it's almost like the three-card monte, "Where's the little red ball under the coconut shells? Well, I got in a car, unfortunately, today that they're collecting tickets in. So I have to pay." And they're using the *MyTix* app in that way.

There's a lot going on. I think Transit is losing their fares; I think one way to do it is put expiration on your tickets; cancel them out. The *MyTix* is a cancelable ticket; it's only good for a short window of time, which is definitely a positive step for us.

But I know the numbers by monthlies has to be down, only from my own members' observations. You know, we're doing this a long time. People are creatures of habit. They get on the same train, they sit in the same seat, they talk to the same people. When you start coming through and you're going, "Oh, you didn't get your monthly this month?" "No, I don't think so." It's habit, and you just know it's going on, because why should they lay out the money if New Jersey Transit is understaffed on trains to collect the fares? They could use that money elsewhere, and that's what they're doing. It's not going into New Jersey Transit's pockets.

SENATOR GORDON: And what about the senior-disabled tickets? There's been the assertion that people who aren't senior or disabled are getting those tickets because they know they're not going to be checked.

MR. BURKERT: The senior-disabled tickets -- one thing we ran into -- and I brought this subject up to the Board of Directors a couple of months ago.

There was a form out -- and I'm still trying to find the form; it was on someone's computer, from what I was told -- that we were not allowed to check ages for senior tickets, nor were we allowed to ask for documentation on your disability to actually purchase a ticket. I do not have that paper; it was out, I had it printed in my locker.

What's going on now is -- the ticket is significantly cheaper to buy a senior or a disabled ticket. Most people will buy the ticket at the TVM -- the ticket vending machine. What I asked New Jersey Transit to do is, don't put it in the machine. Don't make it easy for people who want to scam money to do that. Make them go to a ticket agent, buy it in front

of a person, and at least the opportunity is there to say, "Could I see some ID? Are you 62? Do you have a New Jersey State Disability card for you to buy that ticket?" Or purchase it onboard from a crewmember. A lot of crewmembers -- even during the time period of where we were not allowed to ask for ID -- are very fluent in asking questions. "Are you of age; do you realize this is a disabled ticket?" Some people don't; you know, some-- If you're travelling with the breadwinner -- and I won't say male or female; whoever the breadwinner is -- if they're going in and out of New York they'll have tickets that are one-ways or round-trips, or children's tickets, if you're going into a show.

And you may have old tickets. Sometimes they'll produce that ticket, and you'll say, "This is a child's ticket." "Oh, sorry, let me put that back. Here's my adult one-way." That happens, and they're not looking to beat the system, but it's a common mistake.

So I think the personal interaction between the crew and whoever is buying a senior-disabled ticket would actually put more money in New Jersey Transit's pockets.

SENATOR GORDON: What's the procedure if a crew -- a conductor encounters someone who has the wrong ticket? I mean, I assume they don't throw them off the train; but what normally happens?

MR. BURKERT: To defer, if I know that a person would normally have their monthly or is a regular rider, the courtesy for us -- it's called *conductor empowerment*. Sit down; not only will I let you ride into, say, New York -- your destination -- I will also manually cut a ticket for you to ride home. Because if you are laying out \$300, \$400 the courtesy is, I want to get you back. I'll look at your monthly twice tomorrow morning.

If you are (indiscernible) to the senior-disabled ticket and you know that some 18-year-old is getting on the train and handing you a senior ticket, you ask them for more money. “Look, you might have bought the wrong ticket at the TVM machine; you have to pay the difference.”

If they allude to the fact that, “I’m not paying,” you can then ask them to step off the train. “The next station stop -- please get off. I can’t accept it.” A lot of times they don’t; they’ll move to another car, or they’ll step onto the platform and walk up two cars, jump onto to somebody else’s. They’re getting farther down the line.

We also have a process where we can call for police assistance. “I have a fare dispute.” If I called in every single fare dispute that’s on our line, we wouldn’t be moving a train. You just can’t. And I mean, unless the passenger gets belligerent or threatens you over not paying the fare, then it’s a different story. Then it’s really not a fare dispute; then it’s a disruption of service.

But it is such a common practice. Our crews now, between senior-disabled tickets -- probably every third ticket that we physically collect is a senior-disabled ticket. The number ratio is way up; and this is just something that we, as crewmembers -- we’re the frontline employees; we see this, we know what the trend is. We have asked for it repeatedly. I have asked, since I took this office, “Please get rid of the senior-disabled ticket in the ticket vending machine only.” Not don’t sell them; I want you to sell the ticket. I wish the seniors could ride for free; they’ve put enough time in. But at least put that one extra step to avoid the scammers, “Just show me the ID.” You know, it’s much tougher looking at a ticket agent or a crewmember in buying a ticket you know you’re not entitled to, versus

the scan on the machine that says, "Are you allowed to buy this?" "Yes, I am," and I just saved myself \$12 by buying a fraudulent ticket.

SENATOR GORDON: I have to believe there's some kind of technical fix to this. You apply for a special senior-disabled ticket; you provide evidence, and you scan your-- It just seems that we're lightyears behind where we should be technologically.

MR. BURKERT: Agreed.

SENATOR GORDON: Could you talk a bit about the shortage of conductors and train crews, and what contributes to that?

MR. BURKERT: Shortage for train crews would be some commonplace stuff. We went-- One shortage would start off with our annual rule's class. We've alluded to the FRA -- we take a rules class every year; we're required to, to make sure we stay current on what's going on. Our past rules class was one day. Our rule's class, now, is two days. You lose a lot of man-hours by doubling the rules class that we're in. I would like to see it go to three days, because there's a lot of stuff that we need to be current on; there's a lot of things that should be included. So that's one thing.

The other part is, double-decker trains added to it. It's much tougher to collect fares and get through your work day on double-decker equipment -- the multi-levels.

We've had retirements; we've had people leave the railroad; we have had a period of not hiring for conductors. We had -- in 2014 was the last three-month class. Our classes now run 16 months. There's just a big difference; there's a lack of hiring to fill the vacancies that are already there. And we are short-staffed. There is no doubt on my roster for train crew,



and I'm not including the engineers, because they're out front running the equipment. I'm talking about the guys in blue collecting the tickets. I would put a number -- a safe number at about 200 to 250 on my roster that I'm short. And there's a big difference between collecting fares and doing their primary duty.

ASSEMBLYMAN McKEON: I'm going to pick up from there as it relates to primary duty, because I assume that your answer would be that would be *safety*; safety of the passengers.

MR. BURKERT: Yes, sir.

ASSEMBLYMAN McKEON: Just on the average, my understanding -- and you can tell this to me either anecdotally or directly -- that the trains are very crowded.

MR. BURKERT: Packed.

ASSEMBLYMAN McKEON: Packed. And therefore, if there was an emergency, there needs to be that much more attention paid, relative to the conductors in assisting the passengers exiting or whatever it might be, correct?

MR. BURKERT: Correct.

ASSEMBLYMAN McKEON: And as such, what impact does having one conductor on a completely full train have on that potential issue?

MR. BURKERT: Severe. We're so overmatched on passengers-to-crewmembers. It's interesting that your aviation industry has actually regulated it. Code of Federal regulations for airlines states that a safe number of passengers-to-crew is 50-to-1.

ASSEMBLYMAN McKEON: And what would that -- even if you were fully staffed, what would that be from a perspective of conductors, meaning two conductors, I guess, on a train?

MR. BURKERT: It would be -- 400-to-1 would be a fully staffed train.

ASSEMBLYMAN McKEON: Okay. And often are those numbers as high as 800-to-1?

MR. BURKERT: A thousand-to-one, or two thousand-to-one.

ASSEMBLYMAN McKEON: Okay. And any recent examples of trains being, for example, stuck in a tunnel, where kind of, I would imagine-- I have personally been fortunate not to have experienced that, but that has to be something relatively harrowing, and would take the cool of a conductor to explain to people as to what they have to do and when.

MR. BURKERT: Passengers are looking for information. They realize that you're going in and out of New York; things happen, switch signals problems, overhead wire problems. But if you can either tell them on the PA or speak to them, that yes, this is what's going on -- that's what they're looking for.

It is critical; and actually your 1996 head-on collision that happened here at New Jersey Transit -- the NTSB actually put in their findings -- and I'm paraphrasing -- it is so important for crewmembers to be knowledgeable and to be properly staffed onboard the trains to prepare for an emergency and assist the passengers.

ASSEMBLYMAN McKEON: Okay.

MR. BURKERT: We are woefully understaffed on your trains.

ASSEMBLYMAN McKEON: Yes; Mr. Lavell has absented himself, I think; I don't see him. But interesting, as it related to him vouching for the safety of rails, I'd be curious as to what he might say, relative to this testimony.

In any event, I know the Senator -- both Senators need to get to their caucus, so I'm going to give the floor to Bob for a moment,

But if you could stay--

MR. BURKERT: Yes, sir.

SENATOR GORDON: Mr. Burkert, I simply want to thank you for being here; and thank the Committee for joining us today.

SENATOR WEINBERG: Senator.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: When did the understaffing start, or when did your staffing problems start? Can you give us a rough date?

MR. BURKERT: Eight to nine years ago. We were hiring at a pretty rapid rate. They would hold a class every three months; 20 people, 25 people. We've expanded service; we've changed equipment, so your different operational -- how you work equipment has changed. It's been alluded to that the people who they're hiring were different. My-- When I hired out, my class was nine weeks long. Before the Code of Federal Regulations went in, that culled how many hours you could work in a month, or how many days straight.

Senator, we used to blow off 50, 60, 70 days straight. You went to work; that's what you did. You didn't take off. Now, we have a workforce that doesn't want to come to work. Some of them are very satisfied that, "I'll just work my 40 hours. I don't want the overtime." New

Jersey Transit staff, as it is now -- you have to have people work their weekends. They can't run regular service on just who's here now. You need somebody to work their weekend relief day just to cover your normal service.

So you need more classes. And as Mr. Santoro said, we are hiring conductors. We have classes starting. We're still so short. I've had at least four to five people quit just over assaults; they're afraid to be assaulted. I've had other people, as you alluded, go into management. They go into management here, as a Train Master, Rules Department, other mid-level management. They like it; they like the job. It's different from working with passengers; they like that. When Amtrak and Metro-North also hear that they're a good mid-manager, they buy them right out. We have people leaving every day because, as you said, we work a lot of overtime, which means I'm not home. So I get paid for my overtime. But a boss, who is going to middle manager, maybe, because they are expecting a child and they needed those set hours -- if they got bought from another railroad with a higher offer, they're doing the same hours, but it might be an extra \$40,000, \$50,000 a year. So I'm losing them. So not only am I losing them off of my roster, Transit is also losing them. And New Jersey Transit regularly goes to me for my roster for management. We're well-trained; we know what we're talking about. There's not a facet of the railroad that we don't do.

SENATOR WEINBERG: Thank you.

ASSEMBLYMAN McKEON: Thank you.

Thank you, Senator; and we'll see you on the floor later on.

A couple of questions; I know we're going to retry to hard-stop this at noon, and we're going to give the Mayor a few minutes to speak his piece.

But just looking back to where we've gone, to now -- again, and maybe this is asking-- Bad lawyer; I'm going to ask an open-ended questions, but I really just want the truth.

In the last eight years, fares have gone up by 31 percent. And with the average monthly ticket at \$200, that's \$60 more a month. Not everybody works on Wall Street; that's a lot of money a month. On top of that, the Governor is now proposing that another \$40 a month be added, as it relates to the funding of Gateway; although that's all now uncertain because of what the Assistant Department of Transportation just said regarding no deal on 50-50.

Have you seen the kind of behaviors change over the last several years if the tickets have just gotten that much more expensive?

MR. BURKERT: The fares have gone up-- I've been here a long time now, so I was used to the state that we're in 25 years ago. Trains were unreliable; on-time performance was a joke; you know, you just never knew when something was showing up.

Then we hit the crest; we were the tops in the world. We were absolutely the best. And people did not mind paying more for a service that was on-time and reliable.

Now that's not so true anymore. And I don't know that all of it is New Jersey Transit's fault; I don't like when we get blamed in the press because Amtrak switches fail, and that affects our trains. But they don't say that. They say *New Jersey Transit* trains are late.

So I understand the price is going to go up, but I think if you give them a better product, and a more reliable product, it's still cheaper than driving into New York and sitting in traffic. It's also-- I think you should investigate other options on fare collection. I don't believe our passenger counts are down; I don't know where they're getting it from. I can only tell you when I see my trains, they are packed. So it may be less tickets being purchased; maybe we should be looking at that.

ASSEMBLYMAN McKEON: For all the reasons you discussed before.

MR. BURKERT: Yes.

ASSEMBLYMAN McKEON: Let me ask you just another -- simple person here.

But as it relates to scanning, and the senior, and the disabled issue -- I mean, it's silly when someone like -- I'll pick on Annette, or even Joe and Andrew -- they don't look like they're 62 years of age, and a conductor can't just say, "Hey, you're not a senior." That just seems ridiculous to me.

But beyond that, if I had a ticket that I purchased and it doesn't get collected that day, isn't it as simple as putting the date on it? There are no dates on those tickets. Why don't they have a date?

MR. BURKERT: We did have that, for a time. We had a date-- We had a time period for one; it was good for a year. We have done special events where the ticket was only good for one day. So there are ways to get around that. You have to think smarter. I think you have your pool of passengers; I think you have to be more diligent on actually

collecting their fares, then you'll see larger revenue return in your fare box without doing anything else than properly collecting the fares.

ASSEMBLYMAN McKEON: Yes; I mean, I guess -- I'm not that smart. But if today is January 7, and I buy a ticket that says January 7 and nobody collects it; when I try to use it on January 8, I hope the conductors, if they have the time, are going to say, "This is yesterday's ticket. This doesn't work."

MR. BURKERT: It's no good.

ASSEMBLYMAN McKEON: I mean, that doesn't seem that complicated to me, and we're talking about millions of dollars.

MR. BURKERT: Yes.

ASSEMBLYMAN McKEON: And again, just as it relates to safety, 1-to-1,000 ratio is an outrage; and it's a disaster waiting to happen, and I hope we can get better. And I thank you.

Members, anybody have any questions?

Please, go ahead.

ASSEMBLYWOMAN CHAPARRO: One quick question, if I may.

ASSEMBLYMAN McKEON: More than quick; whatever you guys need.

ASSEMBLYWOMAN CHAPARRO: Why don't you have New Jersey Transit Police on your trains?

MR. BURKERT: There are not enough police officers to ride all of our trains. I have a good working relationship with Chief Trucillo and Deputy Chief Clark. They're so out-numbered. They concentrate more on terminals and stations. Not to say that if I have an issue, even on a single

train or a time period-- Halloween, for me, is a very, very bad time of year. It coincides in some extracurricular activity and assaults. I can narrow that down, if I make a phone call. I have no issues with New Jersey Transit Police; they actually put undercover on for me. I've had stations where a crewmember will call up and say, "I have a mentally deranged person right next to a school, and he's naked." "Great; I can have an officer there in 30 minutes." All we do is pick up a phone and it gets taken care of.

But we have so many trains running. They're in cars, or they're in stations; if I need them, I can call them.

We also have backup with community police. So it's not just New Jersey Transit Police that will report to us. I also have the communities-- If I call my dispatchers and say, "Somethings not right here; I need police assistance." If New Jersey Transit Police can't get there in time, the community will back up first.

ASSEMBLYWOMAN CHAPARRO: It just seems that's a little disproportionate. The Light Rail has New Jersey Transit Police, where they issue tickets for not having a validated ticket. And these are Light Rail that are not a lot -- like a lot of your commuter trains -- but are running through our inner cities, or working poor who are getting that summons to go to court and pay a fine. Where riders-- As you say, your trains are packed; but they are asked to leave, and if they chose not to leave you just eat that fare up.

So it doesn't seem like there are-- Something smells there; it just doesn't seem that fair that certain riders on the Light Rail get that ticket and have to go -- and not only pay the summons, you have to show



up to court. And yet, others don't; they just keep riding and keep going around the system. So that definitely needs to be looked at all around.

MR. BURKERT: I would agree with you.

ASSEMBLYWOMAN CHAPARRO: Thank you.

ASSEMBLYMAN McKEON: Gentlemen?

ASSEMBLYMAN LAGANA: Just one quick question.

ASSEMBLYMAN McKEON: Joseph.

ASSEMBLYMAN LAGANA: Thank you, Chairman

How do other rail agencies deal with ticket purchasing and checking the tickets? Do they do it differently than NJ Transit?

MR. BURKERT: Similar to us, but also they use electronic. And I think New Jersey Transit is actually looking into that -- putting a barcode on the ticket, and then using some type of device, either a -- similar to a cell phone. We did use that when the Pope was here; we did use a special ticket that was produced with a square barcode, and we used special handheld scanners. And it was as simple as red or green -- good ticket, bad ticket -- and it would kick it out.

So there are different ways to go about it. You could definitely step up and do fare collection electronically. It's a matter of making sure that-- Similar to our MyTix, right? You can buy your ticket on the phone. We can also scan tickets by a special phone. You have to make sure that your Wi-Fi service is up to par. One of the biggest things we have is -- out of New York Penn, when you get down onto track level the Wi-Fi is just horrible. And people say, "No, no; I have my monthly; it's on my phone," but there's no cell service down there. So they need to work on that. But I think there's definitely an opportunity to go that route.

ASSEMBLYMAN LAGANA: Do any of the rail agencies check tickets before people actually get on a train, or do you all do it by the same process -- by doing it after passengers board?

MR. BURKERT: PATH uses a turnstile system.

ASSEMBLYMAN LAGANA: Yes.

MR. BURKERT: PATH is complete closed in.

ASSEMBLYMAN McKEON: NJT does too, at Secaucus.

ASSEMBLYMAN JOHNSON: Secaucus.

MR. BURKERT: Yes; Secaucus, for us, is a transfer point; so they'll changeover, and you must put your ticket through the machine -- turnstile.

ASSEMBLYMAN LAGANA: That is a way of preventing a lot of what the issues seem to be, correct?

MR. BURKERT: It is one way. I think it's such a big ball of wax that you definitely have to attack it from multiple avenues.

ASSEMBLYMAN LAGANA: Thank you.

ASSEMBLYMAN McKEON: Any other questions for this gentleman? (no response)

Thank you for your appearance today, and keep up the fight. We have a Governor who is committed -- or a Governor-elect who is committed to getting us back to the crest from the valley we find ourselves in today.

MR. BURKERT: I do have a message for the Board (*sic*). It actually comes from my commuters, who I still speak with; and my members.

They wanted to thank you; they wanted to thank you for taking your time to look into fixing this.

It comes from a lot of people; you don't realize that New Jersey Transit -- it's not the rush-hour people into New York. It's the people at night, second or third shift, no car, bus to rail. They need us, and they're asking for your assistance.

ASSEMBLYMAN McKEON: I agree. A very thoughtful way to conclude this portion of the testimony.

Thank you again, sir.

MR. BURKERT: Thank you.

ASSEMBLYMAN McKEON: We have one additional witness.

Mayor, if you would -- understanding that we have a hard-stop, but we want to have the courtesy of having you testify.

Please come on up.

Although you've become very famous just recently, you should please identify yourself for the record.

**MAYOR RAVINDER BHALLA:** Thank you for having me today.

My name is Ravi Bhalla; I am Mayor of the City of Hoboken.

And thank you, Chairman McKeon, for allowing me the opportunity to offer testimony this morning regarding New Jersey Transit.

As a 17-year resident of the City of Hoboken, and as its current Mayor, I know how vital the success of New Jersey Transit is to our City, the region, and the entire State of New Jersey.

On a personal level, my wife is a New Jersey Transit commuter, taking the reverse commute by train from the Hoboken Terminal, transferring at Secaucus Junction, enroute to her office in New Brunswick.

My brother takes the New Jersey Transit 126 bus every morning from Hoboken, along with thousands of commuters in Hoboken and throughout the state, to the Port Authority Bus Terminal, and back home.

Investments in mass transit infrastructure, funded in part by commuter fares, are real tax dollars upon working families. So they must be spent wisely, and the operations of this agency must be fully transparent in order to earn the public trust. In this regard, we have a long way to go to earn the public trust and restore transparency to this vital mass transit agency.

I sit before you this morning to offer just one example of how the absence of transparency, and the operations and conduct of New Jersey Transit can erode the public's confidence in this agency.

As some of you are certainly aware, Hoboken is undergoing a crisis that will culminate with a vote before the New Jersey Transit Board in just two days, this Wednesday, January 10. This Wednesday, the Board will be voting to authorize the acquisition of a key piece of property along Hoboken's majestic waterfront, the property known as *Union Dry Dock*. New Jersey Transit is seeking to purchase this property, on Wednesday, from its current owner, New York Waterway -- which is a ferry operator along the northern New Jersey coastline -- and then lease it back to New York Waterway. The intention of New York Waterway is to use the facility

as a refueling, repair, and maintenance facility, smack in the middle of Hoboken's public waterfront.

From an open space and environmental standpoint, this would be an unmitigated disaster for the citizens of the State of New Jersey. And why in the world would New Jersey Transit take any interest in facilitating such a disaster? Here's where transparency -- or, I would submit, lack thereof -- comes into play. Why would New Jersey Transit have any interest -- especially given its current financial situation -- in spending millions of dollars to acquire waterfront property from a private company? Why is this process being rushed in a matter of weeks with zero -- zero public process and zero input from local and regional officials and stakeholders? Why are the environmental impacts not being considered? Why is the potential impact that this transaction will have on the historic opportunity -- not just for Hoboken, but the region and the State of New Jersey -- to utilize this property for open public waterfront space not even being discussed or considered by New Jersey Transit?

I do not know the answers to these questions, other than to wonder why -- whether this eleventh-hour transaction, being rammed through in the last days of an Administration, is nothing more than a cynical ploy to deprive home rule to a municipality to preserve this land's open space for the benefit, not just of Hoboken, but the region and the state.

The utter and complete lack of transparency of New Jersey Transit -- that I am witnessing, firsthand, in just my first two weeks as Mayor of Hoboken -- is completely astounding to me.

That said, I do remain hopeful that perhaps New Jersey Transit will, at some point -- perhaps starting this week, perhaps starting this Wednesday -- turn a corner; step back on this issue and, in the interest of transparency and fairness, consider all the interests connected with this perspective transaction. To do so would be a really great start towards reforming this vital agency and restoring the public's confidence in its operations.

Again, Chairman, I express gratitude, to you and the members of the Joint Committee, for allowing me the opportunity to speak for a few minutes.

ASSEMBLYMAN McKEON: Mayor, thank you, first, for your patience.

Obviously, the people of Hoboken have chosen wisely in their new leader. And we in the Legislature -- not only those who directly represent your wonderful community, but this entire State -- will be here to support you.

We might all have some final comments as we gavel out; but relative to this issue, I can tell you I will hunt down Co-Chairman Gordon, and I would imagine that we'll shoot out a letter immediately to New Jersey Transit asking them to take a step back -- to take all the matters that you referenced in hand before they would make such a decision.

And I will also tell you that change is coming; in part, the legislative fix that will be out and proposed in the next week or so will much add, by way of transparency, to the way NJ Transit does business.

MAYOR BHALLA: Thank you, Chairman.

ASSEMBLYMAN McKEON: Thank you.

Annette, do you want to comment? I know this is your Mayor, so that's--

ASSEMBLYWOMAN CHAPARRO: Yes, thank you, Mayor, for being here.

This is huge for our city. And I just wanted to just reiterate what I said before. We've listened to how much pulling we had to do for New Jersey Transit to get to this -- to get the answers. And we are still looking for answers.

But I'm going to say it again: Capital funds should be used for equipment -- just what they need, what they desperately need -- not for acquiring property so they can turn around and then lease it for less, for whatever reason they're doing this -- which is really, really underhanded.

And I know that our community is outraged; and they should be. There are a lot of people here who worked hard to make sure that we have a beautiful waterfront for everyone to enjoy, not just the residents of Hoboken.

So I thank you for being here, and your leadership.

MAYOR BHALLA: Thank you, Assemblywoman.

ASSEMBLYMAN McKEON: Members of the Committee, if any of you would like to make a closing remarks; I have a very, very brief one after you are all concluded.

ASSEMBLYMAN LAGANA: Chairman, I just want to thank you for your great leadership throughout this process. This is one of many hearings that we've attended over the past year, and a lot of information came through this Committee, a lot of great questions; I think a lot of much-needed change and reform is going to happen. And it's only because

of people like Chairman and Senator Gordon, who put a lot of time and effort into making sure that our government agencies are transparent, that they are accountable to the people, and that they're just safe. And that's really our main goal, is to make sure that our constituents, residents of the state are traveling on safe railway system and a bus system.

I also do want to-- Since the Mayor is here I want to congratulate him on his victory. I've known him for a little while; a great man. I wish him good luck. He doesn't need it, because he's going to be very successful, I think, in the City of Hoboken; and just after two weeks of him being here, taking the time out to make sure to address such an important issue.

And I know that, as the Chairman said, they're going to-- New Jersey Transit is going to know, very quickly, about how the Legislature and this Committee feels about what they're doing in Hoboken.

So thank you for being here; and again, thank you, Mr. Chairman, for your hard work and dedication to the people.

ASSEMBLYMAN McKEON: Andrew.

ASSEMBLYMAN ZWICKER: I can only echo what Assemblyman Lagana just said.

You know, we've heard, over the course of this past year, the tremendous problems and challenges when it comes to safety, infrastructure, Positive Train Control, staffing, and on, and on, and on.

And it is beholden upon this Committee to not just listen, but to act. And so, Mr. Chairman, I want to thank you for being a part -- for allowing me to be a part of this, for your leadership, for Senator Gordon's leadership. We have a lot to do, from a legislative perspective, over the



course of the next year. And of course, we do this on behalf of everyone who rides New Jersey Transit and the people of New Jersey.

So thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Thank you, Andrew.

Annette, you good? (no response)

Vice Chair?

ASSEMBLYMAN JOHNSON: Thank you, Chair; also, thank you for your leadership on this Committee.

I would have liked to have heard more about the Amtrak-New Jersey Transit relationship when it comes to this sharing that they do when it comes to maintenance -- maintaining the operations and the track in the Northeast Corridor, but we didn't have time for that today.

We did hear, of course, a lot about the personnel problems they're having; losing personnel, losing professional people, and also losing revenue because of a lack of -- they lack a way to collect effectively and efficiently.

Recognizing, also, that Transit is a regional program -- it's not just New Jersey, but it's New York, it's also Pennsylvania -- I'm hoping that as we go forward with New Jersey Transit, that we collectively think of New York City, we collectively think of Philadelphia as a region that requires a .transit system, and not just New Jersey. We need cooperation from the state of New York, the City of New York, the city of Philadelphia, and the state of Pennsylvania -- and even Delaware -- to ensure that our mass transit system is properly planned out and effectively put into operation.

So thank you, Chair, again, for that.

And I guess I also have to include the New York Waterway as part of our mass transit system; we just heard a little about that today. I do have some questions, as was brought up by the Mayor of Hoboken -- the New York Waterway should be a part of this puzzle when it comes to mass transit; and I hope they are included in this plan to get people from New Jersey to New York.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Vice Chair.

I just have a couple of closing comments.

You know, I'm optimistic; and maybe I always am just that way as a matter of who I am. It's money and it's management; and management without political interference. But New Jersey Transit will get back to that crest.

The thing that's really out of all of our control, though, is what's going to happen with Gateway. From all my understanding -- whether it's, again, not having the resources, or the leadership, or inclination -- New Jersey Transit hardly has a seat at that table. And it's so important, relative to what's going to go on regarding our future, knowing that a third tunnel that we'll have access to will be in place, God forbid before one of the other two might fail us.

It's about where the new Port Authority Bus Terminal is going to be, with these chuckleheads wanting to put it down in the middle of the Hudson project, where there's one subway, just to create another couple of hundred-thousand jobs in New York -- without thinking about how that impact is going to be on New Jersey or its commuters.

So that's where we really need-- And I don't want to talk about the Federal government and just the outrage of them even suggesting that at least there's not a 50 percent match. Shame on our representatives; they have to do something about it, we have to do something about it.

So all that having been said, that's where the leadership needs to be. It will get better at NJ Transit, because the vast majority of people there are dedicated, skilled; and with the right leadership, it's going to get there. Our focus has to be on the bigger regional picture for, basically, the sake of our children and beyond them.

Regarding this-- First off, Mark, it's been so wonderful to get to know you better, and you have been great to work with, and all the staff. All of our nonpartisan staff who are here, not only working on this issue, but-- And you've been great, and you had a lot of writing to do. (laughter)

But my friends who have been turning the microphones on and off for us for these last two years, where I'm able to say, "Say the magic words," and you don't say, "You're an idiot," you just go ahead and do it. (laughter) You know, there's a sense of respect, and love, and admiration I have for all of you.

I'd be emotional thinking about it. Katie -- I don't know if it's announced yet, but I don't know that she'll be with the Assembly Majority anymore, although she's going to have an even bigger impact.

And all you guys (indicates); it's been -- what a ride, right? -- these two years have been. It's been incredible. We learned a lot about Transit; a lot about Atlantic City; let alone a whole bunch of other things that we ended up as the go-to Committee. And we are only as strong as we were because of all of you. And I'll never forget these two years.

This Committee will soon be adjourned, I think for the last time; you think Judiciary will be back a little later to do something else?  
(laughter)

But beyond that, relative to our wrap-up, we will, along with the Senator, have a comprehensive report of our findings, our recommendations; and I think our goal is to have that complete within the next 30 days. So give or take by February 1, we'll have that report for the public to take a look at and to consider. And we'll also have a whole bunch of legislative recommendations that have come from these hearings, as well, to assist the new Administration in turning this into the best transit agency in the country. And I know that that will do that.

Just one last comment: The press -- you guys are pretty awesome. You're catching a lot of grief on a nationwide basis. I really appreciated all of your diligence and hard work and, frankly, your partnership in coming up with a lot of these facts and information that wouldn't have otherwise, under the threat of subpoena, come forward. So I appreciate that a lot.

And Todd -- I see you in the audience. We can't talk about your case, but you have a lot of courage in coming to testify before us. You had a lot of documents, formal ones, that backed up what you had to say. And I hope the legal process works out for you, but I just want to compliment you on your courage. I think we all felt that way.

**T O D D C. B A R R E T T A:** (off mike) Thank you.

ASSEMBLYMAN McKEON: This Committee stands  
adjourned.

**(MEETING CONCLUDED)**