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# *Committee Meeting*

of

## SENATE LEGISLATIVE OVERSIGHT COMMITTEE ASSEMBLY JUDICIARY COMMITTEE

*“The Committees will receive testimony from invited guests, including NJ Transit Executive Director Steven Santoro and other regional rail transportation officials and advocates, on NJ Transit management, operations, funding, and safety issues, including the status of the installation of Positive Train Control technology”*

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** October 21, 2016  
10:00 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  
Assemblywoman Elizabeth Maher Muoio  
Assemblyman Andrew Zwicker  
Assemblyman Michael Patrick Carroll  
Assemblywoman Holly T. Schepisi



**ALSO PRESENT:**

Miriam Bavati  
Sarah A. Fletcher  
*Office of Legislative Services*  
*Committee Aides*

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

Christopher Emigholz  
*Senate Republican*  
Kevin Logan  
*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.

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## New Jersey State Legislature

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

### COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE

FROM: SENATOR ROBERT M. GORDON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - OCTOBER 21, 2016

*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 meet on Friday, October 21, 2016 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

The committee will receive testimony from invited guests, including NJ Transit Executive Director Steven Santoro and other regional rail transportation officials and advocates, on NJ Transit management, operations, funding, and safety issues, including the status of the installation of Positive Train Control technology.

Issued 10/14/16

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JOHN F. McKEON  
*Chair*

GORDON M. JOHNSON  
*Vice-Chair*

JOSEPH A. LAGANA  
ELIZABETH MAHER MUOIO  
ANDREW ZWICKER  
MICHAEL PATRICK CARROLL  
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**New Jersey State Legislature**  
**ASSEMBLY JUDICIARY COMMITTEE**  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

**COMMITTEE NOTICE**

**TO: MEMBERS OF THE ASSEMBLY JUDICIARY COMMITTEE**

**FROM: ASSEMBLYMAN JOHN F. McKEON, CHAIRMAN**

**SUBJECT: COMMITTEE MEETING - OCTOBER 21, 2016**

*The public may address comments and questions to Rafaela Garcia, Miriam Bavati, Committee Aides, 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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**The Assembly Judiciary Committee will meet jointly with the Senate Legislative Oversight Committee on Friday, October 21, 2016 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

The committees will receive testimony from invited guests, including NJ Transit Executive Director Steven Santoro and other regional rail transportation officials and advocates, on NJ Transit management, operation, funding, and safety issues, including the status of the installation of Positive Train Control technology.

Issued 10/14/16

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**SENATOR ROBERT M. GORDON (Chair):** Good morning, everyone.

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

Good morning, everyone. Let's start with a roll call on the Senate side.

MS. FLETCHER (Committee Aide): Senator Gordon.

SENATOR GORDON: Here.

MS. FLETCHER: Senator Weinberg.

**SENATOR LORETTA WEINBERG (Vice Chair):** Here.

MS. FLETCHER: Senator Sarlo. (no response)

SENATOR GORDON: I believe he's on his way.

MS. FLETCHER: Senator Kean.

SENATOR KEAN: Here.

MS. FLETCHER: And Senator Kyrillos.

SENATOR KEAN: He's here.

SENATOR GORDON: Do you want to call your roll?

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

On the Assembly side -- roll call, please.

MS. BAVATI (Committee Aide): Assemblywoman Schepisi.

ASSEMBLYWOMAN SCHEPISI: Here.

MS. BAVATI: Assemblyman Carroll.

ASSEMBLYMAN CARROLL: Here.

MS. BAVATI: Assemblyman Zwicker.

ASSEMBLYMAN ZWICKER: Here.

MS. BAVATI: Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Here.

MS. BAVATI: Assemblywoman Chaparro.

ASSEMBLYWOMAN CHAPARRO: Here.

MS. BAVATI: Assemblyman Johnson.

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

Here.

MS. BAVATI: Chairman McKeon.

ASSEMBLYMAN McKEON: Present.

SENATOR GORDON: Okay; thank you.

Good morning, everyone, and welcome to this joint meeting of the Senate Legislative Oversight and Assembly Judiciary Committees.

The fact that the leadership of both houses of the Legislature have brought these two Committees together is indicative of the importance of the issue we will address in what I expect to be a series of hearings in the coming weeks.

We have convened today to discuss New Jersey Transit, our state's largest public transportation system and third-largest provider of bus, rail, and light rail transit in the country. New Jersey Transit's ability to provide safe and reliable service is crucial for commuters who, every day, use the system to get to and from work.

But it is so much more than a bus and rail operation; it is a cornerstone of New Jersey's economy. Reasonably priced, reliable, and safe mass transit is critical to growing New Jersey's economy. Without such a service, if getting to work becomes too costly or too much of a hassle, employers and employees will go elsewhere.

For a time, New Jersey Transit was a model for the delivery of such services. In the 1990s, ridership was growing and trains were reliable. As recently reported in the *New York Times*, the organization won multiple public transportation and leadership awards during this time. New Jersey was a model for other systems to emulate.

Today, the once-acclaimed organization is deteriorating. Despite significant growth in ridership and increases in fares, the agency is beset with frequent delays and, when compared with other major commuter rail systems, has the worst accident record in the nation and has also paid the highest fines for safety violations.

Customers complain of overcrowded cars and frequent breakdowns. Published data indicates that New Jersey Transit trains are twice as likely to break down as those operated by regional peers, such as the Long Island Rail Road and Metro-North. Far too many cars sit in repair yards, contributing to a standing-room-only hellish commute.

While I do not want to speculate at this early stage of our inquiry, I have to believe that a big part of the problem is money. Since the beginning of the Christie Administration, the State subsidy to New Jersey Transit's operating budget has plunged by approximately 90 percent. The Tri-State Transportation Campaign reports a 20 percent drop in infrastructure investment over the last 15 years. Our staff advises us that diverting funds from capital projects to day-to-day operations has become the norm.

The recent crash at the Hoboken train station -- leading to more than 100 injuries and the tragic death of a young mother -- has underscored the need to examine why New Jersey Transit's performance has

taken such a drastic turn for the worse. In the case of the Hoboken crash, we are left questioning if the installation of Positive Train Control systems would have prevented this tragedy.

One objective of this inquiry is to learn the status of the Positive Train Control project and the cause of any impediments. The Federal deadline has been extended to 2018. Has the lack of funding contributed to delays in implementation in New Jersey Transit?

The overarching goal of this inquiry is to understand what has contributed to the deteriorating performance of New Jersey Transit. Are the problems financial, organizational, or technological, or some combination; and how can we fix them? Our goal is not to point fingers, but to find solutions.

While today is only the start of this process, we hope that, in the end, we will be able to identify and implement remedies that will return New Jersey Transit to the once-acclaimed agency it used to be.

Thank you very much.

And I would add that I must-- While I'm very pleased that Commissioner Hammer is here -- who also serves as the Chair of New Jersey Transit -- I am very disappointed that, despite the fact that we provided some notice of this hearing, that key New Jersey Transit staff-- the senior leadership -- is not here, particularly newly appointed Executive Director Santoro. My colleagues and I are really dismayed that we don't have those people here. We can tell you that, at our next hearing -- which will be held on November 4 -- we would expect all the people who we invite to be there. We hope we can do this, and we can rely on your voluntary compliance so

that we don't need to use the subpoena power that the Assembly has just authorized.

With that, I'd like to turn to my good friend and Co-Chair here, Chairman John McKeon.

ASSEMBLYMAN McKEON: Thank you, Senator Gordon.

And I'm just going to start where you concluded. The fact that Director Santoro -- or those who would be in a position to answer questions -- isn't here is disrespectful to a Committee that will not be trifled with.

You know, for two weeks New Jersey Transit has known about this scheduled hearing. Up until Wednesday, we had every ability to know that he and his staff were going to be here. At 9:00 p.m. last night, a text was stated saying that there was a meeting that he and his key staff had to attend with the FRA. Now, I don't know the FRA; but did they tell him at 8:30 last night that he needed to be there? Did he tell them at 8:30 last night that he needed to be there; and at 9:00 p.m. is when we get notice? Again, we're not to be trifled with, and our subpoena power will be used judiciously.

I was planning on starting by saying that, until you prove us otherwise, it won't be necessary. Cooperate; this is about doing right by the state, and about the future. But it's not a good start.

I just have some general comments: One is to say thank you to my good friend, Senator Gordon. All the Senators here, with the exception of Senator Kyrillos, I had the pleasure of dealing with and serving with in the Assembly. So it's great to be together with all of you again.

And to my Committee members, thank you all so very much.

And I'd like to welcome back Assemblywoman Schepisi, who is in a very commuter-heavy district; as well as Assemblywoman Annette Chaparro, who is a resident of Hoboken, and stands within eyes-length of where the accident happened that is bringing a lot of this to the forefront.

I just have some general stuff to frame what this next number of months is going to include. You know, there's a \$2 billion operating budget that NJ Transit has; and how that splits up is about 50 percent of it -- a little bit less -- is for rail; and they have 165,000 riders; and about 50 percent -- a little bit less -- is for buses, and there are 274,000. Here's the sidebar: You know, when we see a bus accident, we think about the traffic that it might cause in the Lincoln Tunnel, and don't think about those very real injuries as well. So this Committee plans on dealing with that component also -- concerning safety records, and service, and all that goes with that piece of the commuter world. And give or take, a little bit less, in a percent of their budget is with light rail, where there are 37,000 riders; and that gets very complicated because of the public-private partnership ongoing.

What is unacceptable, and should be unacceptable to all of us, is that in 2010, there was a 22 percent fare hike; in 2015, another 9 percent. And forget about that they cut out the round-trip discounts. Put that in real dollars. Back in 2010, if you were buying a monthly pass to get you from New Brunswick to Trenton, it was \$189. Today, or at least as of 2015, that's \$267. That's a lot of money. And yet, when we say it's a dearth of funds, I don't know if that's the case. The operating budget of just, again, over \$2 billion has grown each year since 2010. And the capital budget, which is \$1.1 billion this year -- again, since 2010, for the first five

or six years, it has averaged about \$750 million. In 2016, it went to \$1.4 billion, and the only time it's gone down is, I guess, to \$1.1 billion this year.

Let's make this clear: In the seven years that we're talking about, not once has the Legislature rejected or cut a New Jersey Transit budget request. So if it's a dearth of funds, then it's on you. We've sat through the budget hearings how many times? Just recently, a few months back, questions were asked on issues with safety, any issues with budget -- "No; everything's rosy, and fine to go."

Notwithstanding all of that, Senator Gordon mentioned some of just the facts. Between 2010 and 2016, crashes were twice as common. And when you measure it against the LIRR, three times as common. Mechanical breakdowns: In 2011, 1 out of every 170,000 miles travelled; in 2015, it's 1 out of 85,000 miles travelled.

In the past year alone, delays are up by 2 percent. And this year alone, there have been 125 major delays. And when I say *2 percent*, on-time arrivals are down 2 percent.

Now, this June -- if the press reports are correct, because I don't know that New Jersey Transit reported it to anybody, certainly in the Legislature and the public -- the FRA did a deep audit. Now, that came in the wake of -- in the last number of years being fined over \$500,000 for 183 violations; 76 of which were major violations, and 33 of which were drug and alcohol related, and 33 of which were violations of operating process.

So this hearing, in my view and our collective view, is, first and foremost, about safety. New Jersey Transit's safety audits, the FRA -- when exactly did that happen? Why is that New Jersey Transit went out and got

an independent auditor to see how they would possibly do, and why didn't any of us know about it? That's June, at least.

Second is about the capital budget. Are there significant funds being shifted back to Operating so we don't get a real picture when we go through the budget process? The prioritization -- who does that? And why is it that a lot of that capital budget is spent on new buses and new rail cars that are being purchased by other transits? It's not like they're not serviceable.

You know, we want to know about the Hudson Tunnel, the Portal Bridge; of course, Positive Train Control, and a whole array of components that we need to get our arms around. It's unacceptable to have anything other than a first-rate transit service that we had prior to the last 10 years or so.

Safety, service, leadership, and the future -- let the journey begin.

So with that--

SENATOR GORDON: Thank you; thank you, Mr. Chairman. Any members of my Committee -- Senators Weinberg or Kean? Senator Weinberg, Co-Chair.

SENATOR WEINBERG: Thank you to both Chairs for your opening remark, which I think very clearly set the parameters for this hearing and hearings moving forward.

But when the DOT Commissioner Hammer testifies, I would also like to hear -- though it's not included in your printed remarks -- why the New Jersey Transit Board has not had a public meeting in, I think, four or five months. And to add to the two Chairs' outline -- and certainly

Chairman McKeon talked about the safety violations -- we can't get our arms around things that aren't done in the public with transparency and with accountability. So I think that's a basic tenant.

And for my Assembly colleagues here, the Senate Legislative Oversight Committee has been meeting for a number of months on a variety of issues. And it always seems that when we need some very important people to answer our questions, scheduling conflicts seem to come up. So at the last meeting of the Senate Legislative Oversight Committee, I asked to go back to the Senate to give us subpoena power, and I'm going to make that request again to the Senate Legislative Oversight Committee.

Thank you.

SENATOR GORDON: Thank you.

Senator Kyrillos.

SENATOR KYRILLOS: Thank you very much to you, Mr. Chairman, and to Chairman McKeon as well, who I think outlined the issues very well.

And Commissioner, I haven't had a chance to look through the printed summary of your comments; I look forward to hearing all of them. But I just want to underscore that while you are the Chairman of New Jersey Transit, and I know you are going to be a very able spokesperson, hopefully -- I suspect you will be -- there is no reason why the leadership of New Jersey Transit is not here to be in front of two standing Committees of the Legislature from each of the two houses. Not to say that you can't handle these questions; I know that you can. But it undermines confidence; it leads the members and, therefore, the public to think that we're holding

something back. And it's been consistent, to a good degree, with the Administration's practice in some past instances. But you've been around through many Governors, Democrat and Republican. So we should not have to vote for subpoena power. We should not overstate things, abuse our authority. But it becomes, in the fullness of time, hard to resist that when we don't have the right people in place. And there might be a technical question that comes up that you're not prepared or not fully able to answer. So that's a very clear message that I think has a bipartisan underpinning for.

Second, I know there are a lot of numbers out there -- Long Island Rail Road numbers, our numbers. I'm certain that, to some degree, we're comparing apples and oranges, not apples and apples. And so in your remarks I hope you're going to put everything in the right context. We have a lot of commuters, we have a lot of trains, we have a lot of equipment. Let's make sure we look at everything consistently.

And finally, if this is a money question, you have to communicate it with us. You have to educate the public, and this is the time to do it.

So I think we're all -- from the outset, at least -- on the very same page in trying to get to the same goal.

Thank you, sir.

SENATOR GORDON: Thank you, Senator.

ASSEMBLYMAN McKEON: Yes, I'm going to ask if any members of my Committee would like to speak. But I do want to just use the Chair's prerogative to go out -- and I know you feel the same way -- to thank very much, both partisan staff on both sides of the aisle, as well as

nonpartisan staff, for incredibly hard work in getting us up to speed and ready for this hearing.

SENATOR GORDON: Senator Kean, did you--

SENATOR KEAN: Yes, sir.

Thank you, Mr. Chairman.

Now, I've served with the Chairman in the Senate; and it was great to serve with the Chairman in the Assembly. I'm not sure whether you were dealing with us, working with us, or all of the above. (laughter)

But this is an important bicameral issue; it's a bipartisan issue; in fact, it's a nonpartisan issue. Bringing people before this Committee, or any Committee, to answer to the questions -- not to us but, through us, to the people of the State of New Jersey, people who we represent -- is a very important function of this Committee. And I want to thank you for showing up and being able and willing to answer these questions, as well as for your taking the helm in an important time in New Jersey's transportation history, given the challenges that many of us have recognized, for a long period of time, exist.

Being able to work on the interoperability across the state lines and understanding -- because we have many commuters in all of our districts -- making sure that the entire system is efficient, as well as effective, for commuters. But also understanding it has to be affordable to the public. And all those metrics have to be met to make sure that there is a safety underpinning.

And I know that you have an extraordinarily strong professional history within the organization, as well as across the -- and have a great deal of respect from across the spectrum for your hard work and your diligence

in dealing with the organization, as well as with the people who you both protect and serve within your responsibilities.

But this is an important issue for the workforce of New Jersey; it's an important issue for all the families of New Jersey; it's an important issue for all of our futures as you work, and we work, and New Jersey Transit and DOT work to build confidence in the capacity of this organization, as well as this broader entity -- to make sure people get to and from work safely and efficiently, to get home to their families, and that people can continue to thrive in this state.

So thank you for being here today.

Thank you, Mr. Chairman.

SENATOR GORDON: Thank you.

ASSEMBLYMAN McKEON: Okay; yes, members of the Assembly -- I believe Assemblywoman Chaparro would like to speak.

ASSEMBLYWOMAN CHAPARRO: Thank you for being here.

I live in Hoboken; I represent Hoboken; I represent the 33rd District. And we all are going to ask the questions that we need to ask.

One of my concerns -- we lost, obviously, one of our residents; a young mother. And Hoboken was the first to respond and to clear the area for Transit to come in. And it left our town in disarray -- not just that you closed the door to investigate; but our town was left to handle your mess, so to speak. There's a community that's impacted that I don't think New Jersey Transit realizes. There's no communication. There is manpower dedicated just to the Transit area. We're talking about over \$79,000 in overtime for police alone. No communication from Transit. There are taxi lines that were moved; people trying to get to and from home to work. And

Hoboken is one square mile. The impact is huge with traffic. And it left a lot of our commuters upset, and a lot of my residents just -- a lot of my constituents just reached out to tell me, "I don't think Transit cares. They don't answer to anyone. They do whatever they want."

And I don't want to believe that. I think that our Mayor tried very hard to reach out to try to get answers, tried to work -- shut down a lane as she had to, to get buses and whatever has to be done. And I don't think she got anywhere. And that's very disheartening.

My office overlooks it. Streets were shut down; I don't really know why. But it left us with a mess. And they call the Mayor's Office, they call my office. We don't have answers.

And that alone tells me that there's something bigger than all of this. We need communication. In order for us to work together, we definitely need that communication, and we need to tell our residents that we're working together to make their lives easier. And some of them even used a word -- "It feels like we're *hostages*. If it breaks down, we have no choice but to deal with waiting two hours, waiting three hours, fare hikes; and they don't answer to anyone."

And I don't believe that's true. I would hope that we can work together and get all this done. We're not going to say that by working together and communicating that everything is going to be fixed. But when you shut the door and say, "Things are under investigation," and you don't communicate, or you don't show up at the last minute, it really just -- people just turn off the TV and go, "See; told you. Transit doesn't check in with anyone. They're on their own."

And I really hope that you keep that in mind, and that we work together, and that we really don't need to force you to be here and answer to the public.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Assemblywoman.

Vice Chairman Johnson.

ASSEMBLYMAN JOHNSON: Thank you, Co-Chair.

I have some specific questions that I do not know if Mr. Hammer will be able to answer. And my concerns is going beyond what Chairman McKeon had mentioned, is about public safety; about the number of police personnel that you have in your department to protect the ridership, and also those who are adjacent to New Jersey Transit properties and rail beds.

I'm also -- I'm really upset that Executive Director Santoro is not here, with no advance notice that he wouldn't be here. We represent the people of New Jersey. They want to know what is going on. They expect us to find out for them. And for a person in his position and his staff just not show up here to this body is disrespectful.

But I'm speaking to the wrong person right now about that. So I will address that later.

So I have several questions that go beyond what the scope of what Chairman McKeon had mentioned. And as we go through the process today, I'll bring those questions to you.

Thank you, Chairman.

ASSEMBLYMAN McKEON: Thank you.

Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: I won't reiterate some of the details that were already discussed by my colleagues. But for me, the situation could be summed up in the paragraph from *The New York Times* article last week, which stated, "Today, New Jersey Transit is in crisis. Its aging tracks and trains need billions of dollars in improvements. Delays and fares are rising, along with ridership, with passenger cars packed to the breaking point. The century-old tunnel that carries its trains to New York is crumbling. And the agency has gone nearly a year without a permanent leader."

We're looking for a detailed explanation as to how we arrived at this point. And my hope is that we share the same goal of wanting to work together to solve this crisis. I have specific questions regarding budget transfers from Capital to Operating; what projects were put on hold as a result; how those decisions were made.

So without having New Jersey Transit staff here, I am highly doubtful that we will have the answers we all desperately need and deserve.

And I just want to note that I think it's interesting that, both during the Assembly debate yesterday on the full floor, and during our subsequent Judiciary meeting yesterday, there was discussion regarding whether it's really necessary to give the Assembly subpoena power. And the response was, we clearly hoped that it wouldn't be necessary. We hoped we would never have to utilize that subpoena; that the Administration shared the goal of reaching this solution to this crisis together. And unfortunately, less than 24 hours later, we see that we were right to request it; the Assembly gave us that power, and they were right to do so, unfortunately --

or disappointingly, I should say. It was a unanimous vote, I may add -- 71, with 3 abstentions, no nays.

And I look forward to hearing your testimony, but I'm not hopeful that we're going to get the answers that we need and deserve.

So thank you.

ASSEMBLYMAN McKEON: Thank you, Assemblywoman.

Assemblyman Zwicker, are you going to defer until questioning?

ASSEMBLYMAN ZWICKER: I'll defer.

ASSEMBLYMAN McKEON: Assemblywoman Schepisi.

ASSEMBLYWOMAN SCHEPISI: Thank you.

I represent what is the 39th District. It is 23 municipalities in northern New Jersey that are highly reliant upon NJ Transit. I represent the Pascack Valley Line.

And I think what you've been hearing from everybody here -- this is a nonpartisan issue; this is something, whereby, on behalf of the quarter-of-a-million people I represent, thousands of whom use NJ Transit daily, this is about transparency, this is about communication. This is-- I'm a State Assemblywoman; there was a potential strike, that was going to impact a majority of the towns that I represent, that I found out about through the papers.

And I think that, you know, all of us are here today; we all-- I'm a practicing attorney. I moved my entire calendar around. I drove 90 miles to come down here, one way. And we argued against issuing subpoena power; and that makes us look foolish when we're saying that,

“NJ Transit will do the right thing, will have people here. We don’t need to use this.” And then people just don’t show up.

So I implore you that, going forward, if we’re here, people are here. This isn’t a function of politically bashing anybody; it’s trying to understand how we can do things better for the people we represent. There have been toll hikes, there have been cuts to service. My office gets calls daily, begging for help from commuters, saying, “I waited 40 minutes for six buses that I couldn’t get on because they were too packed.”

So let us work together; let us all try to figure out solutions. I thank you for being here today, but I would really ask that, you know, going forward, we also have people here who can ask and answer some of the specific questions we do have. It’s the only way this is going to make sense.

So thank you.

SENATOR GORDON: Do we have anyone else? (no response)

ASSEMBLYMAN McKEON: I think that that represents everybody to make an initial statement.

Commissioner, I’m sure you’re having fun so far. (laughter)

SENATOR GORDON: Commissioner, please proceed.

**R I C H A R D T. H A M M E R:** Good morning, Mr. Chairmen and members of the Committee.

Thank you for the opportunity to speak with you today as Commissioner of the New Jersey Department of Transportation, and as Chairman of New Jersey Transit’s Board of Directors.

First, I’d like to express my condolences again to the families of Fabiola Bittar deKroon, and to all those who were injured or impacted by

the Hoboken Terminal accident last month. And also to the families of Joseph Barthelus and Jesy Garcia, the victims of the Newark bus accident.

I understand you have several questions regarding New Jersey Transit's operation; and I am here to answer them today.

As the third largest agency in the country, as well as the largest statewide agency in the nation, New Jersey Transit operates more than 1,800 buses a day, nearly 700 trains each day, three light rail systems, and a statewide paratransit network. We serve customers on 254 bus routes through 384 municipalities around New Jersey and into Philadelphia on bus; and operate 12 commuter rail lines through 116 towns in New Jersey and into Philadelphia and New York City.

Mr. Chairmen, safety has, and will always be, New Jersey Transit's highest priority. To that end, the Hoboken crash was a very sad day in New Jersey Transit's history. The National Transportation Safety Board, or NTSB, is investigating this accident. And by their directive, New Jersey Transit is unable to discuss the potential causes or anything associated with the accident until the conclusion of their investigation. The NTSB is expected to deliver a final report within a year from the date of the accident.

The Federal Railroad Administration, or FRA, is also conducting a parallel review. While I cannot talk specifics, I can and will talk to you about our operations, relationships with the regulatory agencies, safety programs and projects, and the organization as a whole.

As you know, one week ago the New Jersey Transit Board of Directors appointed Steven Santoro as the permanent Executive Director. On behalf of New Jersey Transit Board of Directors, we look forward to

working with Steve in the coming months to advance New Jersey Transit into the future, safely. At New Jersey Transit, safety is job number one. We work very closely with the Federal Railroad Association, or the FRA, as we do all of our regulatory agencies. In fact, this morning, Executive Director Santoro is meeting with the FRA Regional Director. Under Steve's leadership and commitment to work with the FRA, every day, New Jersey Transit will work to be at the top of our game.

And I do apologize for the fact that we don't have Steven Santoro here today. You will have opportunities to see him. But today was a very important meeting that he attend with the FRA. We have close ties with the FRA and need to work closely with them.

I would like to lead off with an area I know is of particular interest, and that's Positive Train Control. I want to be crystal clear: New Jersey Transit will meet the 2018 deadline for implementing PTC. We have been working on this in a number of ways. PTC is complex and challenging, particularly for a railroad that has as vast and extensive territory as New Jersey Transit, and requires inter-operability coordination with freight railroads, Amtrak, and Metro-North, with whom we share tracks.

PTC is currently a \$275 million safety initiative which the State has fully funded, and New Jersey Transit is prepared to fund any additional costs. Chairmen, we have made substantial progress on Positive Train Control. Here are just two examples.

First, one of the major Positive Train Control challenges for railroads all across the country has been acquiring the radio frequency

spectrum needed for all the PTC components to talk to each other, from the train, to the track, to the central control computer. The New Jersey Transit Board of Directors will be voting on the acquisition of the spectrum system at the special Board meeting that is scheduled for next Wednesday.

Next year, we will have our Positive Train Control test track segment up and running on six miles of the Morris and Essex Line. This will allow for a comprehensive pressure testing of the systems' engineering, installation, and communication. Successful testing will lead to a full strategic rollout of Positive Train Control on the entire New Jersey Transit system. That particular stretch of track was chosen because all of the components of the Positive Train Control system exist within that six-mile segment.

Executive Director Santoro recognizes the importance, and will be enhancing his PTC Project team with additional technical staff to meet that deadline of 2018. I repeat: We will meet that challenge of PTC installation and full implementation by 2018.

Continuing our focus today on rail operations, New Jersey Transit works very closely with the FRA on a daily basis to achieve a common mission to enable the safe, reliable, and efficient movement of people.

On behalf of New Jersey Transit, Executive Director Santoro has retained the expertise of Mr. Peter Cannito, a widely respected rail operations executive, to assist Steve to ensure that New Jersey Transit's rail operation is properly aligned and has the bandwidth and talent to meet and exceed safety standards of the FRA.

New Jersey Transit is also recruiting a compliance officer with expanded authority, reporting directly to the Executive Director position.

I also want to highlight two safety initiatives that were put in place immediately following the Hoboken accident.

Trains entering Hoboken and the Atlantic City rail terminals, where customers stand waiting for trains at the head-end, must now reduce their speed to 5 miles per hour. Previously, it was 10 miles per hour.

In addition, New Jersey Transit is now requiring that there must be a conductor on the head-end -- also known as the *front cab car* -- with the engineer when entering Hoboken and Atlantic City terminals.

With that said, I recognize a great deal of information is being reported in the press on New Jersey Transit statistics. I would like to take a moment and read you New Jersey Transit safety stats as reported on the FRA website. I am happy to provide the Committee a link to the source data as reported by the FRA.

So far this year, New Jersey Transit has fewer total accidents and incidents -- accidents and incidents are defined by damage cost thresholds. An *incident* -- you must achieve a threshold of \$10,500; an *accident* you must achieve a threshold of \$25,000 in costs. Between 2010 and 2015, New Jersey Transit's total accidents per year have decreased by one-third. New Jersey Transit train accidents per mile, in that timeframe, have decreased by 35 percent; and in each year since 2010, they have been lower than they were in 2007.

New Jersey Transit also had 24 percent fewer accidents in 2015 than in 2007, and is on pace for far fewer in 2016.

We attribute many of these positive gains in safety performance to the establishment of an Office of System Safety, or OSS, in May 2014. OSS consolidated agency-wide safety functions across all transit modes and in the workplace. The Office of System safety focuses on promoting the health and safety of the agency's customers and employees, and preventing accidents and injuries. OSS coordinates and manages incident prevention efforts and develops a more rigorous safety culture. New Jersey Transit is committed to continue on the positive gains in safety performance in the coming months and years.

Mr. Chairmen, there have been numerous inaccurate media reports that the State funding to New Jersey Transit has declined. This is categorically wrong. New Jersey Transit's funding fluctuates slightly from year to year, but continues to trend upward. Fiscal Year 2017 includes more than \$30 million in additional funding, compared to Fiscal Year 2012. The upcoming 2017 budget includes nearly \$125 million more than the five years prior to this Administration, 2005 to 2009.

Let me stress: New Jersey Transit has the resources it needs -- the capital and operating resources -- to fulfill its mission in keeping the more than 2,000 buses moving and the 700 trains traveling each day. And it provides daily Access Link services to our transit-dependent customers.

On the capital side, the money buys projects large and small; from upcoming rehabilitation of rail stations, to the replacement of the Raritan River Draw Bridge.

In conclusion, I have been clear in my instruction to Executive Director Santoro that he focus on progressing Positive Train Control and other important safety measures, and that he report publicly on New Jersey

Transit's progress; and that this will be accomplished while other important work -- such as the Portal Bridge project, Superstorm Sandy resiliency, and others -- continue in earnest. Mr. Santoro is in full agreement. These directives, among many other initiatives, represent New Jersey Transit's continued commitment to provide the safest and most reliable transit system possible to the people of New Jersey. That commitment will not waiver.

Ladies and gentlemen, every department in this agency has dedicated men and women, and I am proud of what they accomplish each and every day --- providing safe, convenient, comfortable, and affordable transportation services to our customers and the taxpayers of New Jersey.

Chairmen, thank you for your time, I look forward to your questions.

SENATOR GORDON: Thank you very, Commissioner.

Since you raised the subject in the early part of your presentation -- about the individuals who were injured, and the individual who was killed in the Hoboken accident, could you tell me what New Jersey Transit has done to reach out to those who were injured? Is there any kind of outreach effort underway?

COMMISSIONER HAMMER: I would need to look into the comments that Assemblywoman Chaparro made. I'm not -- I'm disheartened to hear some of the comments that you made. I don't know specifically about the outreach to the people who were impacted by this; so I'm sorry that I cannot answer that question. But I assure you that we will provide that information through the Chair. And I would like to think that we did, indeed, do that outreach. New Jersey Transit employees, basically,

rushed to that scene the moment the incident happened. And we are very proud of the community efforts, as well as New Jersey Transit's employee efforts to respond and to help to get those people to safety from that incident.

But again, Mr. Chairman, I will look into that and we will provide that information, through the Chair.

SENATOR GORDON: But what I can tell you is that -- at least as of a week ago -- the gentleman from Senator's Weinberg's District who had his finger amputated in the accident had not heard anything from New Jersey Transit. Now -- and just an observation -- you know, if you want happy customers, you really need to make an effort to reach out to them, understand their needs and, certainly at a time of crisis in their lives, to at least try to provide some comfort.

Some of my colleagues have said that there are legal reasons why the agency wouldn't reach out, given the expected lawsuits. But I really think a little humanity doesn't represent any kind of admission of culpability or liability, and I think it would go far in improving customer relations.

With that, I really would like to begin with some questions about safety. I appreciate the information you provided.

We have all been reading these stories in the Associated Press and elsewhere, referring to the 157 accidents over the last five years, three times as many as those reported by the Long Island Rail Road and other major systems. Are these reports accurate? Is this an accurate portrayal of New Jersey Transit's safety record?

COMMISSIONER HAMMER: Well, the concern I have is that when I do read those press articles and those reports, every time I look at an article, it seems the numbers are different than the previous article I read. Listen, one accident is one accident too many. And what is called an accident is not what you might think it would be in the general sense. It's not an accident where a couple of trains collided with one another, or there was a situation like what happened in Hoboken. Again, the threshold by which something is declared an accident is when the expenditure related to that incident equated to \$25,000 or more in costs. That's the way they measure -- the FRA measures what is called an *accident*.

So within a train yard -- you know, we have the overhead catenary wires. If something were to go wrong with one of those contacts and we need to replace it, we could spend more than \$25,000 doing that and it would classify as an *accident*. So, you know, our agency runs our rails differently than, say, the Long Island Rail Road. They have, like, a third rail-type of a set up; we have the overhead wires. And when you're replacing, say, the contact shoe for the third rail, the cost of that is nowhere near the cost of dealing with something with the catenaries. So that's just one example.

So again, you know, we have shown improvements. And I can get you the link to get to the FRA website. And, in fact, I understand when you go onto the New Jersey Transit website that the data isn't there; we intend to provide that link right there so that customers who are going in and they want to look at information, they can push that button and go to that source where that information is located.

But our mission is to really-- One accident is one accident too many. So while we have shown improvements and while I relayed, in my testimony, improvements, we want to continue to work on that trend, continue to bring those numbers down. Those numbers are still not where we want them to be.

So I assure you, working forward, Steve Santoro has been given that direction, hiring a Compliance Officer, making sure that extra level of oversight is there so that we are all doing the very best we can do, and that we are responding, in real time, to issues that need to be responded to.

SENATOR GORDON: Thank you.

The Federal data indicates that New Jersey Transit's accident rate is about 40 percent higher than the next-worse railroad record. You mentioned the steps that you're -- the organizational steps that you're taking, references to trying to improve the safety and culture. It's hard for me to believe that when you see a 40 percent discrepancy, that it's just culture and organizational issues. I have to believe that you've done your own kind of analysis when these reports come to you. What else is going on there? Is it maintenance, insufficient funding, staff turnover, old technology? Can you try to-- I'm trying to provide an open-ended question for you. We're trying to get our arms around this problem. What's behind this huge discrepancy between New Jersey Transit and your peers?

COMMISSIONER HAMMER: New Jersey Transit has the resources and has had the resources to maintain a state of good repair. For instance, when we inspect our -- we do track geometry inspection. We have a vehicle that actually inspects every inch of rail throughout the entire

system. That's done once per month. The FRA standard for that type of inspection service is quarterly.

Also, our railroad conducts manual track inspections once every single week; again, unprecedented.

Safety is our number one mission. We do all we can to go above and beyond minimum thresholds. When it comes to certain incidents that are reported within our train yards -- the moving around of equipment, etc. -- New Jersey Transit doesn't just report those items that meet those monetary thresholds. We account for everything that we do, even if it doesn't meet that threshold. Now, while that information isn't required by the FRA, and while we don't submit that information in our monthly report, we maintain a record of that information. And when the FRA has inspectors who are coming out onto the site, they have access to this information. And basically, New Jersey Transit is held -- it's held against us that we're reporting more things; held against us from the point of view that they count those incidents. We're recording them; they count them.

So New Jersey Transit, basically, accounts for all that goes on; we're very open. We don't just follow the minimum protocols. So many times by doing that, it skews the numbers.

The bottom line is, we have Federal rail inspectors who come on our tracks, who come on our system, each and every day. They're always coming out; that's part of the business, and we welcome that. We work very closely with the FRA, in real time, to address issues that are pointed out that need to be addressed; and we do that.

So, you know, do we have an aging fleet? We're in the process of trying to update certain sections of our fleet, as we speak. We have the Arrow cars, which are our older one-level rail cars. They've been completely rehabilitated during their life and, based on that complete rehabilitation, they get a 25-year service life. We're up in, like, year 18, 19. So we're in the process, over the next couple of months, of putting out an RFP to procure more of those double decker train cars -- which have been very, very popular on our system -- to increase capacity, to replace those 160 Arrow cars that we have, 159 of which are necessary to be on our train sets each and every day -- to replace them, and also to provide redundancy. And what I mean by that is, there are multi-units, or tandem units; it's like two cars that are joined at the hip of which we only have 160 on our system. We need more of them so that when one-- And there are motors in each of these cars. So that when one of the cars breaks down, the other motor in the tandem unit is still able to operate that train set, and continue it on its way, and finish its daily commute. While it may be a little bit of a slower ride than if everything were fully functional, it at least runs and it's not a breakdown.

We look, in the future, to limit our breakdowns that do occur on our system by providing the latest in technology -- redundancies that can improve that.

So again, within the next of couple of months, we'll put in an RFP that's going to provide us with more cars that we're going to be taking off the system.

So this is just one of the items we're doing. Our system, as a whole, is well taken care; it's in a state of good repair. But we're looking

forward, knowing that we need to move on replacing some of these Arrow cars and provide the technology that we don't have enough of in our system, and make those investments.

SENATOR GORDON: I'd like to turn to some data that caught my eye.

One looks at the FRA data -- and I found this astounding -- the FRA said that 57 percent of the accidents were attributed to human behavior; which was, my staff tells me, 13 percent higher than the next-highest railroad. And there were 33 incidents that were related to drug and alcohol abuse, twice as many than on any other commuter railroad as reported by the Federal data.

I understand that you're putting some new people in play and trying to change the culture. But are you doing something specifically to deal with these -- apparently some serious substance abuse issues?

COMMISSIONER HAMMER: Again, those substance abuse issues -- it doesn't mean that people have found to have been drunk, people have been found to have been high on something. So I need to dive down to find out exactly-- Because when you have those broad statements, it makes it sound like that's what it is, right? And that's something we need to dive down into, and be able to take a look at exactly what those situations are.

The bottom line is New Jersey Transit, when things are reported, when an inspector brings something up in the field, we respond to those issues in real time. If those issues are something that requires discipline of our employees, discipline is immediately dealt with. And that's what we do -- we respond to these incidents as they come up.

I'll be more than happy to provide an overview of some of the details related to some of those findings that you suggest, through the Chair.

SENATOR GORDON: Okay, thank you. We would look forward to those.

Another -- some other startling data related to breakdowns; and I think my Co-Chair referred to some of these. New Jersey Transit trains have had 150 major breakdowns so far this year. I know you indicated that things are getting better. But that's one every other day. We hear from our constituents about how that affects their business day.

The data indicates that trains now break down once every 85,000 miles, which is much worse than it was four years ago when it was every 120,000 miles; and much worse than the data reported for Metro-North and the LIRR, which break down every 120,000 miles, according to the FRA.

Why has the breakdown record been so much worse -- at least based on this data -- than your peers?

COMMISSIONER HAMMER: My understanding of that is, in some cases, when a breakdown is recorded or a mechanical failure -- that the trains that it impacts that might be following up on the schedule are also counted in that. So we're doing multiple countings. So that's something I've already talked to Steve Santoro to look at and give me an update on how is that counting being done. Is it something where we're making-- Unfortunately, are we over-counting those incidents, or is it truly -- as you suggest it is -- they're each individual breakdowns?

But my -- what's been brought to my attention is that we have been double-counting, in some instances, where we'll count the train not only going in the one direction it's going, but we'll count it in the other direction coming back. So I need to get to the bottom of that, which I have directed Steve Santoro to do, so that we can find out exactly, "Are we counting the right information; is it being reported properly?"

But again, we are taking steps to reduce the number of breakdowns that occur on our system, and we're going to continue to do that. We're making the right investments to do that, and that is our focus right now -- to make sure that we provide safe, reliable commuting opportunities for all of our travelers, all of our customers.

SENATOR GORDON: Have you changed the way you count these incidents in the last three or four years or so?

COMMISSIONER HAMMER: I don't know the answer to that, because it's been told to me that, recently, we have been. And that's why I need to get to the bottom of that, because it could be an issue. Part of the problem could simply be that we're counting too much. Again, that's information that we'll clarify, and we'll present that through the Chair. We'd be more than happy to.

SENATOR GORDON: Well, you know, a couple of things come to mind. Regardless of how you count-- I mean, we know some things; we know, for example, that there are a lot of cars in the shop because you're running four-car trains, as opposed to five-car trains, in many instances. In fact, we know that the accident in Hoboken was with a four-car train. And as a result-- I mean, we haven't done the analysis, but intuitively one assumes that there were more people packed into the lead

car and, therefore, subject to the forces and the injuries that resulted in that car.

You know, it just seems to me that this is a maintenance issue; that you're trying to stretch resources to such an extent that you just-- It's like not being able to take care of your car adequately; at some point, the car becomes unsafe. You know, the impression that we're getting from reading the press is that there's been insufficient funding for maintenance, and that money is being -- money that would be applied to maintenance is not available, or funds are being transferred so they're not available. Can you report on the trends and the overall maintenance of the system?

COMMISSIONER HAMMER: When we talk about the Pascack Valley Line, in particular, I know that those train sets typically would be five cars long with a locomotive. And then sometimes you'll find that there are only four cars on there with a locomotive. Why isn't that fifth car there? Basically, the fifth car isn't there because there were mechanical issues with a car.

Along that Line, as you know, it passes through many, many neighborhoods; and some of the small yards where we keep those rail sets are not sufficiently sized to provide redundant extra cars, so that one could switch out a car that has a mechanical issue with a new car, or a car that does not.

And that's the challenge we have. That Line -- the ridership has grown over time. And as a result, we've gotten to the point where we just don't have the room in some of these yards adjacent to neighborhoods where people don't like to have the disruptions of the noises and things that go on in a yard. That's something I've challenged Steve Santoro to come up

with a solution. How can we deal with that issue and make sure that if a train set is typically five cars long, that we do a better job at ensuring that a five-car-long train set shows up? Do we, perhaps, look forward to a six-car train set, and then if one goes bad you still have a five? That's oversimplifying it; but I want them to look at what can we do to fix that problem, understanding that it's very difficult to get a replacement car up into that Line from some distant place and do it in a manner that's going to have it installed and ready to go for the morning rush hour. Each and every evening, when the train sets have finished doing their job, the train cars in the yards are fully inspected; there's a full inspection, a rigorous inspection. And the inspectors, when they perform those inspections -- and these are New Jersey Transit inspectors -- if they find a car has an issue, we don't hesitate to take it out of service and to address that.

Unfortunately for the Pascack Valley Line, the problem there, again, is the room where we store those train sets -- it's to the point now where we don't have the extra capacity to be able to have a car on standby in case something were to go wrong. So that's something we want to be able to tackle; there has to be a way to do that so that we're not dealing with that problem. And I know I've been reading those concerns and those complaints, and I also know that the train that was involved in the Hoboken incident happened to be one car short. It was four cars that particular day.

SENATOR GORDON: I appreciate your comments.

I don't want to monopolize this; I know my colleagues have some questions.

I just want to end with one statement and a final question.

Whether it's the way you're counting these occurrences, or whether it's insufficient maintenance, or lack of repair yards in inconvenient locations, what we are struck by is the fact that the Secretary of the U.S. Department of Transportation said that -- based on what I've read in the press -- that he felt that New Jersey Transit was in a state of crisis and wouldn't rule out a Federal takeover. I know that shook me up; probably my colleagues as well. And you can comment on that, or not.

I would also like to ask -- get into something that Assemblyman McKeon raised -- I think we're all startled to learn about the results of the Federal audit, the fines that were imposed, the problems that they found. How is it that that information wasn't presented to the Legislature during our budget deliberations? You know, there has to be a better way to get this information to us other than through the press. Are you taking any steps to try to improve the level of transparency?

COMMISSIONER HAMMER: Well, we definitely want to have a transparent environment, and we intend to have a transparent environment. So once those-- There's a process related to any series of inspections that are done. And that process basically begins with the inspector identifying some compliance issue or something that they find that they don't like in the field. There's communication with our rail staff. And we look to respond to those things in real time. And these are things that could be very, very minor things to some people--

SENATOR WEINBERG: Excuse me; point of order, Mr. Chairman.

SENATOR GORDON: Senator.

SENATOR WEINBERG: Could you please ask Commissioner Hammer to answer the question you asked, and not go off subject?

SENATOR GORDON: Well, I mean, she put it pretty well.  
(laughter)

Could you respond to that issue--

COMMISSIONER HAMMER: Sure.

SENATOR GORDON: --as to why we're not getting this information?

COMMISSIONER HAMMER: In the interest of transparency, again, and to make it easier for people to understand what those violations are, we're basically going to provide the FRA link on the New Jersey Transit website, which will take you right to that sole source; and it's all there. So that is public information.

Now, obviously, if it's inspections as part of an ongoing effort, there's a process that still needs to continue. So I can't comment on things that are mentioned in the press that are things that have not concluded themselves. It's the middle of a process. I don't even know if some of the things are accurate. If they're talking about things that occurred many, many months ago in some previous inspection effort, that's something that -- if the process has concluded itself, that's information that will be public.

SENATOR GORDON: Well, I appreciate the fact that you're making an effort to get this information out to the public through your website. But it just seems to me that given the fact that the Legislature and the Department of Transportation have a joint responsibility to provide safe, reliable transportation to this state -- if there are problems like that that need resolution, either through some kind of legislative action or

through additional appropriations, we need to know that. You know, we can't rely on extrasensory perception or reading these things in the press.

With that, I want to defer to my Co-Chair. I'm sure he has some questions as well.

ASSEMBLYMAN McKEON: Thank you very much.

I just want to get a couple of things on the record, Commissioner.

One is that, obviously, Mr. Santoro isn't here. I understand the reason is because he and his senior staff had a scheduled meeting with the FRA. Is that the case?

COMMISSIONER HAMMER: He has a meeting with the FRA Regional Director, yes.

ASSEMBLYMAN McKEON: Okay. And that meeting was scheduled when?

COMMISSIONER HAMMER: I can't tell you exactly when that meeting was scheduled.

ASSEMBLYMAN McKEON: Okay.

COMMISSIONER HAMMER: I was not part of the scheduling of that meeting.

ASSEMBLYMAN McKEON: But it was not until 9:00 last evening that this Committee was advised that he wouldn't be here. I would imagine that the FRA didn't schedule this at 8:00 last night for today.

COMMISSIONER HAMMER: I will tell you that-- I certainly apologize for the lack of communication, or adequate communication, in advance of this meeting. I take full responsibility for that.

ASSEMBLYMAN McKEON: Okay.

COMMISSIONER HAMMER: And I understand the importance of us fully cooperating with you, and we have every intention of fully cooperating with the Legislature. We are all in this together. We all want a safe Transit system.

ASSEMBLYMAN McKEON: Well, let's talk about being all in this together. Because I would expect if we are, that you're not going to be misleading -- whether, God forbid, purposely, or cleverly.

So let's go back to something that's in your statement -- that put forth about the number of total accidents per year that have declined by a third.

COMMISSIONER HAMMER: Yes.

ASSEMBLYMAN McKEON: And let's start with the year that you used as a base. You used 2010, when there was 391 accidents. If you use 2009, it was 267. So you left that year out because you didn't want the spike to be there to be able to report what you did. Do you think that's being upfront to this Committee?

COMMISSIONER HAMMER: I provided information in my testimony that is accurate.

ASSEMBLYMAN McKEON: I would agree that it's accurate; but it's misleading, relative to the premise of what -- the conclusion that you put before us, as if accidents are going down.

Let me go a step further. I thought I heard you talk about how incidents -- incidents; that's \$10,500 a year -- and that could happen by tripping over a wire, right? You said that? That's what you gave--

COMMISSIONER HAMMER: Tripping over a wire? No, sir, I didn't say that.

ASSEMBLYMAN McKEON: You said incidents were \$10,500 a year. Isn't that how you described them to this Committee?

COMMISSIONER HAMMER: Yes.

ASSEMBLYMAN McKEON: Did you mention that incidents also include fatalities?

COMMISSIONER HAMMER: An *incident* is considered something that costs \$10,500 or more (*sic*); that is correct.

ASSEMBLYMAN McKEON: Did you-- Fatalities; you value them by virtue of \$10,500? Or you didn't mention that something can be an incident that can include personal injury, including fatalities. You didn't mention that in 2010 -- using your baseline -- there were 16; in 2015, there were 22. How can we, as a Committee, expect to get straightforward information from the esteemed Commissioner if that's the kind of presentation that's going to be made?

COMMISSIONER HAMMER: Again, I'm providing you with accurate information.

ASSEMBLYMAN McKEON: Okay; accurate, but misleading.

My colleague talked about human factors, and I don't know if this even bears comment. But as it relates to the human factors having a major impact upon safety issues, remind the Commissioner that the Governor signed Senator Sweeney and Assemblywoman Downey's bill that had to make it illegal for an engineer, who had a driver's license suspended for DWI, not be able to operate a locomotive. To me, that's a symptom of some significant issues relative to personnel, whether they're overworked, underpaid, or whatever it is.

COMMISSIONER HAMMER: Well, I applaud that bill. And previously, we were following FRA regulation. FRA regulation says that if someone is arrested for drunk driving, they have 48 hours to report that. If they do report it, then they undergo a thorough medical examination, and you await the results of that thorough medical examination to determine the fate of what we're going to do with that employee. If the employee does not report the fact that they received an arrest for a drunken offense, they're fired.

I really am very happy that the Legislature passed that bill so that we are able to take more aggressive steps; and I applaud that.

ASSEMBLYMAN McKEON: Well, I appreciate you applauding the legislative efforts. But should it have come to that? Shouldn't that have been some commonsense regulation -- regardless of what, technically, FRA might say -- that NJ Transit should have had in play? Is that a reasonable thing to suggest?

COMMISSIONER HAMMER: Again, I applaud the legislation; and that's exactly the way it should be.

ASSEMBLYMAN McKEON: Okay. So I guess it's not reasonable to suggest.

Sir, the-- I don't know what you might know directly, versus -- you do serve as the Chairman of the Board of New Jersey Transit -- versus what we need to get from the Commissioner (*sic*), Santoro. But as it relates to a safety study, it's information that we have -- and please confirm -- that New Jersey Transit went out and did a safety study in anticipation of seeing how it would fare with a deep FRA study. Is that the case?

COMMISSIONER HAMMER: I'm sorry; I don't understand your question.

ASSEMBLYMAN McKEON: I understand that New Jersey Transit had and paid for an internal -- by an external source -- safety evaluation in anticipation of how it would fare with an FRA audit.

COMMISSIONER HAMMER: Well, New Jersey Transit is always self-inspecting its facilities and whatnot. So they do that type of work all the time. Safety is an ongoing focus.

ASSEMBLYMAN McKEON: Let me stop.

COMMISSIONER HAMMER: Sure.

ASSEMBLYMAN McKEON: So then your testimony is, is that there was no special safety evaluation; whatever happened was just done in its regular course. And nothing specifically contracted for or directed regarding in anticipation of an FRA audit.

COMMISSIONER HAMMER: No, that's just a normal course of business. Nothing beyond what is done in a normal course of business.

ASSEMBLYMAN McKEON: Okay; so one was done in the normal course of business. And when was the last one done, so to speak?

COMMISSIONER HAMMER: Last--

ASSEMBLYMAN McKEON: The last safety audit that you say is done in the normal course of business.

COMMISSIONER HAMMER: The FRA has safety inspectors out in our facilities all the time. It's an ongoing process.

ASSEMBLYMAN McKEON: I wasn't asking about the-- I apologize; I didn't mean to speak over you.

COMMISSIONER HAMMER: Sure.

ASSEMBLYMAN McKEON: I wasn't asking about the FRA.

COMMISSIONER HAMMER: Okay.

ASSEMBLYMAN McKEON: I was asking about the one that you do internally that's a part of the normal course of business.

COMMISSIONER HAMMER: Right. And we do our own safety overviews every day. It's done as a regular course of business. There are always inspections that are going on -- not formalized, but there is always the effort. We have people that are in the yards who are supervisors who are always making sure that everything is in compliance. That's done on a regular basis.

ASSEMBLYMAN McKEON: So there is no-- Okay, so there was no New Jersey Transit audit that was done by New Jersey Transit to do a full overview of safety in the areas that you could expect that the FRA was going to look to?

COMMISSIONER HAMMER: Oh, New Jersey Transit does do, like, an annual audit and things of that nature. So, yes, that's accurate.

ASSEMBLYMAN McKEON: When was the annual audit last completed?

COMMISSIONER HAMMER: I believe there was one for 2015.

ASSEMBLYMAN McKEON: In 2015. And 2016 hasn't been done yet? Do you know what month in 2015?

COMMISSIONER HAMMER: I don't know the answer to that, sir; but I--

ASSEMBLYMAN McKEON: And I assume that you don't know if cross-referencing what that internal audit said in 2015, versus what

the FRA had to say when it came in, in June -- as to how they reconciled with each other.

COMMISSIONER HAMMER: The FRA, in June? I'm sorry, sir; I don't--

ASSEMBLYMAN McKEON: Well, was the FRA on site in June as beginning a deep audit? That's information that we believe that we have. Tell me it's not true.

COMMISSIONER HAMMER: The series of -- there were inspections that have been going on by the FRA in June, and since June, that are part of a process that has not concluded. So there is no official word in terms of what potential violations might have been identified, or what have you. So until the process completes itself, it's not something that we're privy to. It's an iterative process; obviously, when there are findings of compliance that can be responded to in real time -- and right away, we do that.

So at this point in time, I'm unaware of any potential violations that could be progressing through that process. But we have not received any final information regarding the FRA audits that were conducted over the summer -- inspections, I should say -- conducted over the summer and are still being conducted.

ASSEMBLYMAN McKEON: All right. Well, let me understand this, because this is frightening to me.

If the process hasn't concluded, would they not advise you as to what was substandard so you could rectify it right away, as opposed to waiting a year for the process to conclude?

COMMISSIONER HAMMER: That is done. Things that can be attended to immediately or in real time -- compliance issues and whatnot -- are corrected in real time; or we put resources to take care of those things in real time.

ASSEMBLYMAN McKEON: Can we have access to what they advised you they thought was substandard so we have a list of what was found?

COMMISSIONER HAMMER: My understanding is-- Listen, inspections are done--

ASSEMBLYMAN McKEON: I'm sorry--

COMMISSIONER HAMMER: Yes; no, no; I just want to be clear. Inspections are done--

ASSEMBLYMAN McKEON: I just want an answer to the question.

COMMISSIONER HAMMER: Sure.

ASSEMBLYMAN McKEON: Because this Committee would like to have that information.

COMMISSIONER HAMMER: I appreciate that.

Inspections are done each and every day, all year long, by the FRA. And we work closely with them to deal with issues that are brought to our attention, in real time, or as quickly as we can get to them.

If there are any other issues that they believe should warrant a violation of some kind, that is something that is elevated on their end to the Chief Counsel of the FRA, who then thoroughly analyzes it to see if they're in agreement that this is something that should be raised as a violation--

ASSEMBLYMAN McKEON: Commissioner, let me stop you. Do they let you know, subject to the review of General Counsel, that they think they found something that's a major violation--

COMMISSIONER HAMMER: They do not.

ASSEMBLYMAN McKEON: --or do they let it continue to go?

COMMISSIONER HAMMER: Sir, they do not; they do not let me know. The Board -- that information is not brought to the Board's attention; it would not be brought to the Board's attention until it went through and completed the process. It's an iterative process; ultimately, if the lead counsel for the FRA believes we have a violation, and that they believe there should be a penalty assessed with that violation, they then negotiate that with the Attorney General's Office in New Jersey. So there's this iterative process where this thing works through that system. Until it gets through there, and there's actually a violation found or a violation with a penalty associated with that violation, the process is not complete. So at this point, there's not been any results from any of those inspections, that were performed over the summer, that have gone through the process where they would have been brought to the Board's attention. So I have not been aware of any of those, sir.

ASSEMBLYMAN McKEON: Commissioner, a lot of my colleagues, who are very smart, have a lot of questions. So I am going to defer. But please let me-- It's a section of the Attorney General's Office that services the needs of New Jersey Transit that would be privy and have all of the information from the FRA concerning violations, whether minor or major, correct?

COMMISSIONER HAMMER: Yes.

ASSEMBLYMAN McKEON: Okay; thank you.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: So the Attorney General is negotiating. Is the Attorney General negotiating the fines, or he is negotiating the substance of the problem that the FRA raises?

COMMISSIONER HAMMER: If a problem -- if something is proposed to be a violation, and it goes through the Chief Counsel's Office of the FRA, and they do their analyses of that and they find that it should be, they, in turn, share that information with New Jersey, through the Attorney General's Office. There is an iterative process associated with that; there is opportunity for us to review their finding and to see if we are in agreement with their finding.

SENATOR WEINBERG: So you do get access to that information.

COMMISSIONER HAMMER: When that inspection -- or there are a couple of inspections -- once it gets up to that level, I don't get access at the Board of Directors. But the Attorney General's Office -- if something rises to that point during the process, they have access of that iterative process.

SENATOR WEINBERG: Sir, did I misunderstand what you started to say -- that the Attorney General's Office would come to you about the substance of that violation?

COMMISSIONER HAMMER: The Attorney General's Office -- once the negotiation is completed between them and the FRA, it's either something that is not moving forward, or perhaps it stands as a violation. That information then, at that point, would be brought to our attention.

SENATOR WEINBERG: So what expertise does the Attorney General have to negotiate a violation, in terms of the substance of the violation?

COMMISSIONER HAMMER: There would be, probably, a sharing of information between them, at that point; and perhaps some expertise within New Jersey Transit.

SENATOR WEINBERG: Okay; thank you. That was the answer I thought I heard the very first time.

Now, Commissioner, with all due respect, I heard a couple of different things from you -- that some of these problems that we read about from the FRA are because the FRA has funny ways of counting them -- *funny ways* is my phrase, but that's what I got out of your testimony. Something about an accident is not really an accident if it's only an overheard line that needs to be reconnected. Did I understand that correctly?

COMMISSIONER HAMMER: The FRA doesn't have *funny ways* of counting things. What I was trying to bring to light there, Senator, was that we, at New Jersey Transit, account for all of our actions in our yards. We record incidents that occur, no matter what the monetary value is.

Monthly we have to submit a report to the FRA. What we're required to submit in a report to the FRA are incidents and accidents as they measure them, which is based on the \$10,500 threshold and the \$25,000 threshold. Within our records, however, we have all of the incidents, even if it was something that cost \$1,000 or \$3,000.

When the FRA inspectors come and open up your books and go through all that inspection, they see those as, “Oh, we have unreported incidents.” So then basically, they’ll hold New Jersey Transit to the standard that New Jersey Transit set, which is to show everything.

So it’s not that they’re keeping funny numbers; they’re not. But they do look at what New Jersey Transit has recorded in their records, and they’ll use that information. Again, you know, we welcome the FRA’s comments; we welcome the FRA’s inspections. I just wanted to bring to the Board’s (*sic*) attention that we do go the extra steps to record everything that we’re doing.

SENATOR WEINBERG: Okay; as opposed to other transit agencies in the country?

COMMISSIONER HAMMER: We go beyond the minimum standard. Do all agencies do the same, or not? I can’t speak to that, Senator. But it’s likely that there are other transit agencies that obviously record what they need to, and what the FRA expects them to, and maybe nothing else. I don’t know, though; I can’t speak from truth on that. I can’t tell you that I know that.

SENATOR WEINBERG: Let me go back to one of Chairman McKeon’s questions -- and he referred to the legislation recently passed.

Are you telling me that without that legislation that regulates if you have a locomotive engineer who has had a DWI, you could not impose that stricter standard before this Legislature spoke?

COMMISSIONER HAMMER: Absolutely we could, if there was reason to do that. Again, the individual would go through a thorough medical evaluation, so you really don’t know what the root cause is, or what

happened, or what have you. But with the legislation being passed, it makes our decision easier.

SENATOR WEINBERG: Okay. From my law enforcement friend on my left, if a train engineer was found guilty of a DWI, how would that reflect on the rules and regulations of New Jersey Transit prior to this legislation being passed?

COMMISSIONER HAMMER: The person would undoubtedly, if found guilty -- would undoubtedly have had their certification removed. And for them to be able to get themselves back behind the wheel, they would have to go through a rigorous process and training, you know, to earn their way back potentially, or not. But, I mean, but there were steps that New Jersey Transit would always take, obviously; I mean, we don't want to have people behind the wheels of our trains who are not fit to be there.

So there is a disciplinary process; there's a fact that we can remove certifications. But I think the legislation basically hardens that approach. And again, I applaud that.

SENATOR WEINBERG: Well, I'm glad to hear that -- that we got that legislation passed and signed, then, if that was necessary.

Let me go back to something else, and that is the issue after Sandy.

Can you describe to us what the long-range impact of losing all that rolling stock -- have we replaced it, and did insurance pay for most of it?

COMMISSIONER HAMMER: I will have to provide the details of the insurance coverage paying for most of it. My understanding is

that the insurance coverage did cover a good amount of that; but I want to give you those exact figures. So I will be more than happy to submit how that all worked out with the insurance companies and how they were covered, through the Chair.

SENATOR WEINBERG: And was that stock replaced?

COMMISSIONER HAMMER: Yes; they were repaired. They were repaired where they could have been repaired, or replaced where they had to be replaced. But we intend to actually increase our rolling stock to account for the increased ridership and to provide better service. Basically, when you're replacing one of those one-level Arrow cars with a two-level car, you're getting a lot more capacity on that car. So by virtue of the type of equipment we're going to buy or purchase, we're going to have more cars and also more space for our customers.

SENATOR WEINBERG: Okay, I appreciate that. But I would like you to get us -- get information to the Committee--

COMMISSIONER HAMMER: Absolutely.

SENATOR WEINBERG: --on what happened with the stock, what we lost, what you repaired, and what's been replaced.

COMMISSIONER HAMMER: I will provide you with a full accountability.

SENATOR WEINBERG: Okay.

And my last question -- because I want to make sure I understand this -- that funding has remained somewhat static over the years for New Jersey Transit. Your testimony to us -- please clarify if I'm wrong -- is you have all the resources that you need in New Jersey Transit to keep up

with increased ridership and to maintain a safe and appropriately operated transit system. Is that what you are testifying to?

COMMISSIONER HAMMER: That is what I am saying, Senator; yes.

SENATOR WEINBERG: Okay, thank you.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Chairman Gordon.

Well, we've heard some encouraging things, I guess; some unanswered, open questions. The Commissioner has said that he has the money he needs; and that should give us -- at least, until we find otherwise, for whatever reason that we may -- that is a good thing.

He has stated that we are on our way, in an appropriate timeframe, to enact the Positive Train Control mechanism here in New Jersey Transit. And that is a good thing as well.

It potentially may be encouraging -- if we put the accident rate and the breakdown rate in a different context-- And Commissioner, let me just make sure that we understand and I think that you probably repeated it at least once. But you think that it's quite possible that, for the purposes of the FRA, that we may be over-reporting the number of accidents and, therefore, not looking as strong relative to the rest of the country. Is that possible?

COMMISSIONER HAMMER: That is possible.

SENATOR KYRILLOS: And that's what you're saying.

COMMISSIONER HAMMER: That is possible, Senator.

SENATOR KYRILLOS: Okay. And number two, I think you labeled the categories *breakdowns*. I think you said to us -- and correct me if

I'm wrong, or amplify --- that we may be counting ensuing trains, that are impacted by a breakdown on one train car to the next, in the total number of so-called *breakdowns* in our number; therefore amplifying that number as well.

COMMISSIONER HAMMER: I'm told that there could be some double counting that is happening, and I need to get to the bottom of that to find out if that is true or not.

SENATOR KYRILLOS: Okay. Do you have people crunching those numbers now, or in the upcoming days?

COMMISSIONER HAMMER: I have people looking into that right now; yes, sir.

SENATOR KYRILLOS: Okay. In both those categories -- both the accident rate and the breakdown rate, correct?

COMMISSIONER HAMMER: I will make sure that both of those are moving forward. I know that the breakdown rate -- I've already given that instruction; I'll give that same instruction on the accident side.

SENATOR KYRILLOS: Yes, I think that the Chair and the Co-Chair said that we're going to meet again in about--

SENATOR GORDON: November 4.

SENATOR KYRILLOS: November 4. I would think that the people would want to know -- because they're reading so much out there that is potentially worrisome -- what those numbers really are vis-à-vis other agencies and the rest of the country. Are you going to be prepared to give those answers on November 4 to the Committees?

COMMISSIONER HAMMER: We plan to do so, yes.

SENATOR KYRILLOS: Okay.

Chairman Gordon asked about this news item -- about a potential Federal takeover. And I might have been distracted in some follow-up question from Chairman McKeon, or not; I'm not sure. But I reread a story -- I'm not sure that that exactly was what was said by the Transportation Secretary, or whoever said it. But just -- if you said it already, I apologize. But could you reiterate -- what is the story on the possibility of some Federal takeover? You know, put that in perspective now; debunk it, or say it's possible, or whatever.

COMMISSIONER HAMMER: I can tell you that there's been absolutely no discussion or anything related to a potential Federal takeover of New Jersey Transit. And I believe the context, of which a newspaper article reported Mr. Foxx -- I don't believe was completely accurate, or certainly it led the reader to think that that could be a direction that they go. I believe I saw an article that came out some time after that, that basically said that there would not be Federal takeover; and I think it was actually in today's news clips, if I'm not mistaken. But there is no potential of a Federal takeover at this point

SENATOR KYRILLOS: What was inaccurate, the news clip or the Secretary? I misunderstood, or didn't hear you.

COMMISSIONER HAMMER: I saw it in a news clip that was reporting what Secretary Foxx was saying.

SENATOR KYRILLOS: So it was inaccurately reported.

COMMISSIONER HAMMER: It appears so, sir, yes.

SENATOR KYRILLOS: Okay. So if we are asked by our constituents about the state of the State's Transit system is such that there could be a Federal takeover -- that is not true.

COMMISSIONER HAMMER: That is not true.

SENATOR KYRILLOS: Okay. When you do your number crunching, I would advise this -- and this is true of a lot of services and items -- budget items in New Jersey. We're a very high-cost state, right? So we've heard some comparisons with the Long Island Rail Road that may or may not be very positive. But I think it would behoove the agency and inspire confidence to your riders and our constituents if we look at the numbers, the accident rates, and so on, in the context of older systems, more expensive states, densely populated areas, and the like. And I've heard you speak in that kind of context with regard to spending on the roadways. And so, am I right to think that when we look at accidents rates and other statistics, it makes sense to look at it in the context of other similar localities and cost to marketplaces?

COMMISSIONER HAMMER: I mean, we are still talking about the Northeast. We can certainly look at things from that perspective.

SENATOR KYRILLOS: We're looking at the Northeast--

COMMISSIONER HAMMER: Well, I'm saying when we're talking Long Island Rail Road or something like that.

SENATOR KYRILLOS: Right.

COMMISSIONER HAMMER: I mean, we're talking about a neighbor that's not terribly far away, and also is in an expensive area as well. But I mean -- but I understand where you're coming from and, certainly, we could look at it from that point of view.

SENATOR KYRILLOS: And I just want to -- I mentioned, and you just mentioned, the Long Island Rail Road. You said something about that they have a third rail line versus our high-wire line.

COMMISSIONER HAMMER: The overhead catenaries; yes.

SENATOR KYRILLOS: Could you just clarify what that means -- what the difference is, and why it impacts the numbers?

COMMISSIONER HAMMER: It's just a different way of powering up the railroads. The overhead catenaries are a result of the Pennsylvania Railroad; I mean, that's who constructed all of that. So it's older technology, but it's the technology that we've inherited today, and that's what we use.

When the Long Island Rail Road was constructed, it was constructed with a third rail like you see on a subway system or something like that. So it's just a matter of how the power is getting to the train set. So we have differences in that. And there are things that go wrong all the time -- maintenance needs that need to be addressed. Whether it's the shoe that's making that connection to the third rail, if you're in Long Island; or it's the catenary connection that's being made on our system. And the catenary -- if there is a repair necessary to reattach a catenary connection, it is much more costly than it is the shoe associated with a third rail. So, you know, which might result in New Jersey Transit being hit with an incident or an accident, as a result; when another railroad would not be, because it's not an expensive situation.

So, you know, the important thing from where I sit is we need to make sure that our accident-- Number one, that we're attending to all of these issues in real time, or as fast as possible; getting things that are cited fixed. And also to make sure that we're bringing those numbers down -- that we're heading in the right direction and trending there.

And it's nice to see that we're starting to trend down. I'm not saying I'm happy with where we are, because I'm not. If I want to compare myself to another agency and be higher or lower than them, that's not really the point. The point is, we need to keep this thing going, trending down to get it to where we want it to be, to the standard that we want to be at. And that's our focus, and that's the focus that I share with Executive Director Santoro; that's the focus I share with Santoro's pick of some assistants and oversight that's going to be looking at our operating ways to make sure that there's nothing that's being-- You know, an extra level of oversight to make sure that everything that we're doing is what we should be doing; and to find out if there are any deficiencies or weaknesses in our structure, and then for us to deal with that, should that be the case.

SENATOR KYRILLOS: Right; got it.

So November 4, you're going to have some new numbers for us; that's our goal.

COMMISSIONER HAMMER: That is our goal.

SENATOR KYRILLOS: Are you going to have your staff here that day?

COMMISSIONER HAMMER: We will look to have the appropriate staff here for that meeting, yes.

SENATOR KYRILLOS: Because you know, you handled yourself relatively well, Commissioner. But the empty chairs provoke questions, and there's no reason for it; there's no reason for it. So, you know, if the Governor were here, we would ask -- we would tell the Governor the very same thing: You should send the head of Transit here;

send the appropriate staff here; help you with the questions; inspire confidence out there amongst the public.

You know what? The Regional Director should have rescheduled his meeting. This is how the conversation goes. “Hey, Mr. Director, can you have the meeting on Friday afternoon or Monday morning? Because two very important Committee Chairs and their members want to meet with me, and I just got hired a week ago, and I want to start on the right foot.” Isn’t that a good conversation?

COMMISSIONER HAMMER: Sounds perfect.

SENATOR KYRILLOS: Isn’t it better than having headlines tomorrow, “Transit Chief AWOL.” It doesn’t make sense, right? Because there are some good answers, right, to legitimate questions -- some answers. These are bright people; they understand -- things happen in life, and that you’re making things better. But it’s not very helpful, and it’s not fair to you.

And finally, Mr. Chairman -- and then I’m done -- I just want to recognize some Monmouth County residents who are here. We have a problem dealing with the possibility of a big high tension electric line that would be built, theoretically, along the North Jersey Coast Line of New Jersey Transit railroad right-of-way. It’s not a good idea. And so they came *en masse* to the Transit meeting that took place a week ago. They decided not to ask to testify today, because it’s not the subject matter today; though they may ask another time. And we have some resolutions we want to get up in the Senate Economic Growth Committee.

But I want to thank them for their presence. I think they had a chance to talk to you, Commissioner--

COMMISSIONER HAMMER: Yes.

SENATOR KYRILLOS: --and it's not the problem of today to speak about; but it's a big ongoing problem that I know is on your radar screen. And we'll talk more about it at the right moment.

COMMISSIONER HAMMER: Okay.

SENATOR KYRILLOS: Thank you.

SENATOR GORDON: Senator, I can tell you that one of the hearings that we're going to have is probably going to be the third in this series -- will be, if we can work out the logistics, in the evening, aimed at hearing the views of riders and regular users of the New Jersey Transit system. My hope is that the hearing will be held at some location within walking distance of a station on the Pascack Valley Line. I realize it's a bit of a schlep from Monmouth County, but that might be an opportunity for your constituents to get something on the record, and we would welcome them--

SENATOR KYRILLOS: Thank you.

SENATOR GORDON: --to the hearing.

SENATOR KYRILLOS: Thank you, Senator.

SENATOR GORDON: Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

Through you, we can also have that hearing along the Raritan Valley Line. (laughter)

ASSEMBLYMAN McKEON: Or the Morristown Line.

SENATOR KEAN: Or the Morristown Line.

SENATOR WEINBERG: Or at the Bus Terminal in Manhattan. (laughter)

SENATOR KEAN: Exactly.

ASSEMBLYMAN JOHNSON: Or at the Light Rail.

SENATOR KEAN: Because of the seriousness of this hearing -- as you know, the whole interoperability, dual-mode locomotives, Track 5 in Newark, and the ability or inability of our constituents and commuters to go between the lines -- the impact of how that stretches out; and all that impacts everybody.

I know I've spoken to you and people within your organization on a number of occasions regarding the Raritan Valley Line and some very specifics. Midtown Direct is not the purpose of this hearing. But what would be appropriate for this hearing is -- you talked about the catenaries versus the third rail. And I guess the question is, a part of the way you solved that is the dual-mode locomotives and those coming online. It does have an impact of how you get across -- under the tunnels, and into the City, and throughout New Jersey.

Are you going to transfer off of the catenaries, or are those there to stay? I mean, if you're looking at the charging of these things; and as they charge, and what that does to local communities and the interoperability-- Are catenaries here to stay, or are we going to transition to the rail at some point? How is that going to work overall?

COMMISSIONER HAMMER: I think, at this point in time, it's safe to say that the catenaries are there to stay.

SENATOR KEAN: Okay.

COMMISSIONER HAMMER: There's no immediate or short-term plan to change that; but as I believe you're alluding to, we do have sections of rail that require diesel operation, such as between Long Branch

and Bay Head, on the North Jersey Coast Line; and other lines in North Jersey that are diesel. But in the case of the North Jersey Coast Line, we do have locomotives now that are able to switch from an electric operation to a diesel operation. So therefore, it's a one-seat ride for those folks; they don't have to get off the train in Long Branch and then get on another train. So that's an improvement that we've made to deal with lines that have both modes of power.

SENATOR KEAN: Because that, at one point, on the Raritan Valley Line, that was part -- some of the concerns also.

COMMISSIONER HAMMER: The Raritan Valley Line?

SENATOR KEAN: When you got to the end -- New Jersey Transit. The Raritan Valley Line, we need to continue to focus on--

COMMISSIONER HAMMER: Right.

SENATOR KEAN: --that accessibility. Obviously, that's (indiscernible) fly over to something we can talk about at an appropriate time.

COMMISSIONER HAMMER: Right.

SENATOR KEAN: But the issue that we also need to talk to is -- technology is important, and so is training. How is this Committee, or anybody who rides on these railways, or takes the buses, confident that the training is there for the individual behind the wheel? How can we be sure that that's happening?

COMMISSIONER HAMMER: That the -- confident that-- I'm sorry; I missed--

SENATOR KEAN: The training--

COMMISSIONER HAMMER: Yes.

SENATOR KEAN: --for the employees who are behind the wheel.

COMMISSIONER HAMMER: Yes.

SENATOR KEAN: How can -- what are the things that we can do and how can our constituents be assured that the training is what it needs to be?

COMMISSIONER HAMMER: I think you can be very confident that the train is safe to be on.

SENATOR KEAN: Buses as well as trains.

COMMISSIONER HAMMER: Buses as well as the train; of course.

SENATOR KEAN: The training of the employees.

COMMISSIONER HAMMER: The employees go through regular, rigorous training. Whenever we have findings that come from-- Remember, if you recall, I mentioned the Office of Safety (*sic*) that we've formed since 2014. The purpose of that office is basically -- it collects data that comes in from various inspections, and various ways that -- findings that are found that could be improved upon. They, in turn, disseminate information and organize training sessions to get all of our employees up to speed on best practices. And that's a rigorous process that's ongoing. Everybody is on a level playing field from that perspective. We make sure that everyone is up-to-date on the latest technology; not only that, but on the latest information that they need to know -- things where we have been cited, where they need to know that they're being watched and they have to improve their performance. And that's something that's an ongoing cycle -- to make sure that we have an open line of communication with all of our

employees, and that we're providing the training necessary -- the tools necessary for them to be at their best.

SENATOR KEAN: Because I think, through the Chair -- and getting to the earlier point, regarding the thought process that there had to be legislation to make it easier to fire employees who had a DWI -- it's fascinating that you didn't have all the tools at your avail, at that juncture, to do that in an efficient manner.

Because isn't there also -- getting to the safety, and training, and seniority -- how much control do you have in the assigning of who is behind the wheel, for example? I mean, is it based on seniority of the routes? Because people who are driving the train, for lack of a better term -- is that all based on seniority?

COMMISSIONER HAMMER: I don't know that it's based on seniority; I can certainly check into that to see if that's the case. Those assignments are done by the Head of Rail, the Vice President and General Manager of Rail and his staff, that deal with those assignments. They also work very closely with the Office of System Safety, in terms of interactions with the employees and whatnot. So that's a question -- it's a good question; I would like to be able to get that information and submit it through the Chair -- specifically, how those assignments are made.

SENATOR KEAN: Yes; and what type of control you have, if it's on anything other than a seniority system. Because I think many of us would be very concerned if the -- (indiscernible) the business, or the highest-paid routes, or however you want to phrase it, are assigned only on a seniority system--

COMMISSIONER HAMMER: Right.

SENATOR KEAN: --versus a safety record. And part of that is something that I think is important, through the Chair, that our constituents know.

COMMISSIONER HAMMER: Something, quite frankly, that is very important to me as well, sir; yes.

SENATOR KEAN: Thank you.

Thank you, Mr. Chairman.

SENATOR GORDON: Thank you.

I want to turn to the Assembly side.

ASSEMBLYMAN McKEON: Thank you.

Before I-- I'm going to turn it over to my colleagues. But I have one question. And I would rather you tell me you can't tell me, as opposed to something that would be inaccurate, or you're not sure of.

A former employee of New Jersey Transit indicated that NJ Transit retained an independent auditor to see how it would fare in an FRA audit. Is that not true?

COMMISSIONER HAMMER: If it's specific to what you just said, that's something I have to tell you, then, that I can't tell you that I know.

ASSEMBLYMAN McKEON: Fair enough. I would ask that you determine that to be the case; and if so, then to get us a copy of that audit.

COMMISSIONER HAMMER: Absolutely.

ASSEMBLYMAN McKEON: Thank you.

Vice Chairman.

ASSEMBLYMAN JOHNSON: Thank you, Chairman.

Commissioner Hammer, again, a few questions I have, some for clarification.

And we're back on that -- the way the FRA does their -- counts the accidents that you said -- that it's kind of a strange way to count the accidents; and that is why our numbers are so high in New Jersey, because of the way they count the accidents, as compared to other systems. Is that true, or just--

COMMISSIONER HAMMER: It's not the way that the FRA counts the accidents; it's the method upon which New Jersey Transit records incidents that go on.

ASSEMBLYMAN JOHNSON: Okay.

COMMISSIONER HAMMER: The vast majority of what are called *accidents* and *incidents* are happening within the railyards.

ASSEMBLYMAN JOHNSON: I hear you. So incidents versus accidents -- there's no separation of the definition there. So if New Jersey Transit records an incident in a railyard, as you say; or an incident where a catenary line goes down, that's considered an *accident* by the FRA.

COMMISSIONER HAMMER: It could be if it exceeds the monetary threshold; correct.

ASSEMBLYMAN JOHNSON: Okay.

There was a Board meeting on October 13 -- New Jersey Transit had a Board meeting. What was the meeting -- when was the last meeting prior to that?

COMMISSIONER HAMMER: Prior to that -- in September, we had a Customer Service Committee meeting on September 22, which was open to the public as well.

ASSEMBLYMAN JOHNSON: How about a Board meeting?

COMMISSIONER HAMMER: The Board met at the August-- Transit does not have a Board meeting in August traditionally; and there was no Board meeting scheduled for August. In July, the Board met twice; it met on July 15 and July 27, and in June it met as well.

ASSEMBLYMAN JOHNSON: Okay, so July 15 and July 27--

COMMISSIONER HAMMER: And though August did not have a Board meeting scheduled, August did have multiple committee meetings that were held and open to the public.

ASSEMBLYMAN JOHNSON: Okay. And these meetings were public?

COMMISSIONER HAMMER: Yes, that's correct.

ASSEMBLYMAN JOHNSON: On July 15 and July 27 were public Board meetings?

COMMISSIONER HAMMER: Yes; yes, they were.

ASSEMBLYMAN JOHNSON: Okay.

COMMISSIONER HAMMER: Open to the public, yes.

ASSEMBLYMAN JOHNSON: And you normally have monthly meetings, except for the month of August?

COMMISSIONER HAMMER: Typically, the docket does not include a Board meeting in August, correct.

ASSEMBLYMAN JOHNSON: Yes, right.

COMMISSIONER HAMMER: And we will be meeting again next week.

ASSEMBLYMAN JOHNSON: Okay.

I have a question regarding public safety. You have -- how many miles of track do you have? And this is just on the rail side. How many miles of track do you--

COMMISSIONER HAMMER: I don't have that memorized, sir -- the exact miles of track.

ASSEMBLYMAN JOHNSON: I have 1,000 miles.

COMMISSIONER HAMMER: Okay.

ASSEMBLYMAN JOHNSON: About 1,000 miles of rail track. How many law enforcement officers do you have to protect these 1,000 miles of rail track?

COMMISSIONER HAMMER: I don't have that exact number off the top of head, but it's up near 300 officers.

ASSEMBLYMAN JOHNSON: About 300?

COMMISSIONER HAMMER: I think, but I'll confirm that number for you, sir.

ASSEMBLYMAN JOHNSON: And that's for rail and bus?

COMMISSIONER HAMMER: That's for the New Jersey Transit Police Department.

ASSEMBLYMAN JOHNSON: System-wide?

COMMISSIONER HAMMER: The system.

ASSEMBLYMAN JOHNSON: You feel that's enough coverage to protect the ridership of New Jersey, when you have 1,000 miles of track, plus the bus routes that are -- that have Transit centers, Transit hubs throughout our state? I mean, you feel 300 officers is enough to cover all that?

COMMISSIONER HAMMER: That's actually an issue that's being looked at right now, sir -- to see if we should not increase our numbers somewhat for a better presence at our stations. So that's actually an ongoing dialogue that's happening right now.

ASSEMBLYMAN JOHNSON: Okay. And the way the officers operate now, I guess they coordinate their duties -- their public safety duties with local and county law enforcement. I would assume they do that, at some point.

COMMISSIONER HAMMER: There is coordination with the local -- yes.

ASSEMBLYMAN JOHNSON: Tied in through communications -- with shared communications?

COMMISSIONER HAMMER: Correct.

ASSEMBLYMAN JOHNSON: But it just seems to me that I'd be concerned -- that if you only have 300 officers for, as we say here, 1,000 miles of track -- even though some of that track is shared with Amtrak, and I am sure they have their officers out there too. But I'd like to know more about that; I'd like to see some numbers on that, if that's the accurate number, and how the chain of command works there and how many officers are working where.

When you say you investigate an operator who has been charged or found guilty of DWI outside of his or her duties on the train or in a bus, is this investigated by the New Jersey Transit Police, or is this done by another department in New Jersey Transit?

COMMISSIONER HAMMER: That's a question I'll have to have answered for you sir; I don't have the answer, sitting here. Because it could be a multiple effort, but that's something that I will confirm--

ASSEMBLYMAN JOHNSON: Okay.

COMMISSIONER HAMMER: --and submit through the Chair.

ASSEMBLYMAN JOHNSON: Okay.

One other question -- you mentioned dual-mode engines, dual-mode electric-- Who makes those?

COMMISSIONER HAMMER: Who makes the decisions about dual locomotives?

ASSEMBLYMAN JOHNSON: No; who is the manufacturer?

COMMISSIONER HAMMER: Oh, the manufacturer. I don't know; there are multiple manufacturers out there. So I could give you the list of all the manufacturers that we deal with, if you'd like.

ASSEMBLYMAN JOHNSON: I just wanted that one.  
(laughter)

Okay. Chair, I'm finished.

ASSEMBLYMAN McKEON: Thank you, Vice.

ASSEMBLYMAN JOHNSON: Thank you.

COMMISSIONER HAMMER: Thank you.

ASSEMBLYMAN McKEON: Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Thank you.

I'm going to ask for some information; and to the extent that you can provide it today, great; if not, I would expect to have it on November 4.

The first thing I would like -- if you could provide us with a specific answer as to when today's meeting with the FRA was scheduled between NJ Transit and the FRA. If you could give me a specific date as to when that was scheduled, I'd appreciate it. I know you said you're not sure, at this point; but I'd like that answer if you can.

COMMISSIONER HAMMER: Absolutely.

ASSEMBLYWOMAN MUOIO: Second, as to the PTC. When Congress extended the deadline to December 31, 2018, it required that railroads submit a revised PTC implementation plan, and that was due at the end of January -- January 26, 2016. Did NJ Transit submit a new plan?

COMMISSIONER HAMMER: New Jersey Transit's implementation plan associated with PTC was submitted on July 7, 2012. And that was the plan that was agreed to and accepted by the FRA.

ASSEMBLYWOMAN MUOIO: So it has not been updated since that time? It's the same plan?

COMMISSIONER HAMMER: I am not aware of an updated plan.

ASSEMBLYWOMAN MUOIO: Okay; can you find out for me?

COMMISSIONER HAMMER: I sure can.

ASSEMBLYWOMAN MUOIO: And if they submitted something in January, could we see that plan?

COMMISSIONER HAMMER: Absolutely.

ASSEMBLYWOMAN MUOIO: Okay, thanks.

One of my big concerns -- and I'll operate off of two themes; one is the first theme, in which you said you have enough money to meet what you need to do; and second, your emphasis on the need for transparency. I'm concerned, first of all-- Well, let me ask this question first. Does New Jersey Transit currently project to have sufficient operating funds through Fiscal Year 2018 to operate the system without reductions in service, running a deficit, or increasing fares?

COMMISSIONER HAMMER: That's a question that is difficult to sit here and answer today. You know, obviously-- Listen, when I said we have sufficient funds for a state of good repair, we do. Could we use additional funds? Of course we could, and we would welcome additional dollars. But we have sufficient funds to guarantee a state of good repair.

Sitting here today, there are no discussions or any thought of a fare increase. But you're looking for something to be stated reflecting 2017 and 2018, so I don't know that I'm in a position today to answer definitely that--

ASSEMBLYWOMAN MUOIO: Right. Well, I recognize that this is a point in time, today; but my question is based on this point in time. At this point in time, do you anticipate that you are running a deficit, you are going to have to reduce service, or increase fares? I'd like--

COMMISSIONER HAMMER: At this point in time, I don't see increasing fares -- at this point in time, based on the data that we have. And at this point in time, when it comes to a decrease in service -- obviously we measure our service based on, you know, do we have a need for each train that we have out there, each bus? Are the ridership numbers down?

Is there something that-- You know, that's like a constant process of looking at our fleet and making sure that we're providing the best customer service we can, and to be open about that process. And that's important.

But sitting here today, you know, I don't have specifics that tell me that there's a certain service reduction that's being looked at or not being looked at. There are none that I am aware of.

ASSEMBLYWOMAN MUOIO: Okay. Do you think New Jersey Transit would be aware of anything that you're not aware of in this regard?

COMMISSIONER HAMMER: We can certainly ask those questions.

ASSEMBLYWOMAN MUOIO: Okay; that would be great. Thanks.

Because there seems to be a history of operating in a deficit within New Jersey Transit. And I don't know if you have this data available, but I'd be interested in finding out how many years the budget saw a deficit over the past 10 years in New Jersey Transit. If you could provide me that, that would be helpful.

COMMISSIONER HAMMER: Sure.

ASSEMBLYWOMAN MUOIO: In 2016, you had a \$45 million -- New Jersey Transit had a \$45 million budget gap. And on the topic, again, of transparency, I would love to look at the meeting minutes as to how you closed that gap. But evidently, it was done internally through efficiencies, and some change, and reserves. Can you tell me -- can you list what those efficiencies were and how much in reserve was taken out to close that \$45 million budget gap?

COMMISSIONER HAMMER: There were some efficiencies, and there was also some monies used from the reserves--

ASSEMBLYWOMAN MUOIO: Right.

COMMISSIONER HAMMER: --to help reduce that gap.

ASSEMBLYWOMAN MUOIO: Right; that's what I just said.

COMMISSIONER HAMMER: And then there's a small number that carried over into Fiscal Year 2017. When it comes to the New Jersey Transit's operations, you don't have to zero that out; you don't show a zero. But we did come into 2017 inheriting a fraction of that deficit.

ASSEMBLYWOMAN MUOIO: Okay, can you provide me with a list of what the efficiencies were; and then, how much was taken out of reserve--

COMMISSIONER HAMMER: Absolutely.

ASSEMBLYWOMAN MUOIO: --to the extent some was?

Another major concern I have is that it seems that the operating budget is dependent upon transfers from your capital budget every year. And it shows up in New Jersey Transit's budget under the title "Other Reimbursement," it looks like. Is that correct? And "Other Reimbursement" is made up of various funds; but for Fiscal Year 2017, for instance, it looks like almost \$500 million is coming out of your capital budget to support your operating budget. Is that correct?

COMMISSIONER HAMMER: Well, to be correct and accurate, basically Transit follows the practice of other agencies around the country, and Federal law and guidelines, which allow capital money to be used to extend the useful life of equipment, such as overhauling your locomotives and whatnot. That's capital expenditures that are funneled

through the operational process. So basically, it is capital dollars, but they go through -- they flow through the operations budget. And that's just a practice that has always been done by New Jersey Transit, and has been done throughout the country for years.

ASSEMBLYWOMAN MUOIO: Because these -- the \$400-plus million comes out of preventive maintenance for bus, and preventative maintenance for rail. But you're saying that's actually going to be done for maintenance, but only under an operating budget? Or how-- I mean--

COMMISSIONER HAMMER: These are capital expenditures that flow through the operations process.

ASSEMBLYWOMAN MUOIO: Right.

COMMISSIONER HAMMER: And that's -- the Federal guidelines allow that, and that's what New Jersey Transit does.

ASSEMBLYWOMAN MUOIO: All right. Can you give me a list for the next meeting as to what projects were being funded by the capital transfer of funds of \$500 million?

COMMISSIONER HAMMER: Absolutely.

ASSEMBLYWOMAN MUOIO: Okay, I'd appreciate that.

And I think that was it for me for now. I may have some follow-up, but thanks.

SENATOR GORDON: If I can exercise the prerogatives of the Chair and just interrupt for a moment.

Commissioner, I know we're getting into a lot of detail here. So I just wanted you to be aware that we, in fact, have in our files an *Annual Update to New Jersey Transit's Positive Train Control Implementation Plan*, and it is dated April 16, 2015. And it actually explains that there are significant

delays -- it explains why there's a need for significant delays in implementation. So we bring that to your attention.

And with that, I'll defer back to the Assemblyman.

ASSEMBLYMAN McKEON: Please -- Assemblyman Zwicker.

ASSEMBLYMAN ZWICKER: Thank you, Mr. Chairman.

I defer to my opening statement -- or, to not make an opening statement -- but I would like to express the same level of disappointment that my colleagues have over the fact that there is no one here from New Jersey Transit. And I especially echo the comment from Senator Kyrillos -- that after the first week on the job, Executive Director Santoro is not here.

I would like to ask a couple of questions about budgets; and also specifically about him.

How long of a contract does he have? And by that I mean, is it one year, three years, permanent?

COMMISSIONER HAMMER: I understand it to be a three-year contract.

ASSEMBLYMAN ZWICKER: So it will go past the next Administration.

COMMISSIONER HAMMER: That's correct.

ASSEMBLYMAN ZWICKER: Okay.

Who, then, is authorizing budgets? And by that I mean, you referred to a meeting on October -- I believe you said October 13. Was a budget approved then? So was a New Jersey Transit budget--

COMMISSIONER HAMMER: The New Jersey Transit budget -- basically the budget that we have-- New Jersey Transit's Fiscal Year 2016 budget -- Board item contains language that allows the agency to continue

operations until Fiscal Year 2017 budget is adopted. We basically did not adopt our budget at the beginning of this fiscal year because we didn't want to adopt it until we had -- until the Legislature acted on the TTF. And I certainly appreciate the actions of the Legislature in doing so. We're going to be adopting our capital budget and our operating budget at the next Board meeting next week.

ASSEMBLYMAN ZWICKER: And do you expect those to get approved?

COMMISSIONER HAMMER: Yes, I do.

ASSEMBLYMAN ZWICKER: So between now and then, have you been operating on flat spending, restricted spending--

COMMISSIONER HAMMER: The operation is at the same level as the 2016 budget.

ASSEMBLYMAN ZWICKER: So you kept it at flat.

COMMISSIONER HAMMER: We kept it flat.

ASSEMBLYMAN ZWICKER: Okay. And who made those decisions?

COMMISSIONER HAMMER: That's the decision that was made as part of the adoption of the budget in 2016 -- that you were not to exceed the limits of that budget should you not have a budget entering 2017.

ASSEMBLYMAN ZWICKER: Okay.

On Positive Train Control, I have a bunch of questions.

So my understanding of this is that Positive Train Control is a system that knows where the train is, what's coming up, and can control the speed of the train; and make decisions if need be and override what the

engineer is doing. So can you just take us through the pieces of Positive Train Control and what goes into this system?

COMMISSIONER HAMMER: Well, I could start off by basically statutorily giving you the definitions, statutorily, of Positive Train Control. Positive Train Control is defined as a system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. That's the overriding definition of Positive Train Control.

And that definition is what was applied to the mandate that the Feds have established -- initially established for the end of 2015, and then extended to the end of 2018.

Basically, each transit entity needed to establish an implementation plan; and that implementation plan had to be approved by the FRA. So New Jersey Transit, as all the other agencies, basically we prioritized our risks associated with all of the things that we would like to use Positive Train Control on. And basically, based on the definition of Positive Train Control, it pertains to mainline, high-speed situations.

Also, the FRA provides for exceptions, that need to be negotiated with the FRA, as part of your implementation plan approval. So not unlike other agencies in our area and around the country -- but basically we applied for and FRA accepted exceptions for our terminals and for our dead-end stops when we gave that Positive Train Control implementation plan to the FRA.

So to get to the points that you were making -- FRA is going to deal with situations where you have speed reductions on sections of track, because you have a curve in that track, or whatever the case may be. And

PTC would be able to notice when a piece of equipment has not begun to slow down approaching that curve, as it should be, and would provide a warning to the engineer -- at a certain number of seconds, or whatever the case may be -- for the engineer to respond to that warning. And if they don't get a response to that warning, it will physically slow that train down and bring that train to a safe speed or to a stop, depending on the situation. So it does have that capability to completely override the train's operation.

ASSEMBLYMAN ZWICKER: So how does it do that? Does that mean that along the tracks themselves are sensors, and in the train are sensors?

COMMISSIONER HAMMER: Yes, there are 440 pieces of rail equipment -- that's locomotives and cars -- that are going to need to have equipment installed within them. You have various transponders -- wayside transponders that are along your tracks. You have radios signals and spectrums that are shared, by way of antenna, to centralized command centers. All of it is very complicated and electronically oriented, and the technology in some of the areas evolves -- it changes all the time.

But basically, it is a system that takes advantage of today's technology. We basically had a train control system in place prior to Positive Train Control. New Jersey Transit has, currently, what is known as *Automatic Train Control*. And over the last year, New Jersey Transit has implemented Automatic Train Control on 26 of its highest-risk, short diameter curves and movable bridges. So at least we're using the current technology, as it exists, to address speeds in those areas today, which is ahead of a lot of our neighbors. But Positive Train Control will add another layer on top of that to take advantage of additional technologies.

ASSEMBLYMAN ZWICKER: So you said high speed, high risk. So does that mean that implementing Positive Train Control would not have had any effect on the crash in Hoboken?

COMMISSIONER HAMMER: I can't say that. Basically, I cannot comment, obviously, on the Hoboken station situation because of the ongoing review. But however, I do want to understand the feasibility of a PTC system being installed on a dead-end station, such as Hoboken or the Atlantic City station. And that's something that we're going to be looking at when we have the access to that area to do so; and to make sure that we understand that feasibility to see if that's not something we can move up in the implementation.

Again, Positive Train Control doesn't end with the Federal mandate; it's an ongoing process. We will continue to improve our safety on our systems past that deadline, and look to improve upon that deadline, or get additional improvements within that mandate, if we can. And that's something we constantly look at.

ASSEMBLYMAN ZWICKER: So you said, very emphatically, that New Jersey Transit will meet the 2018 deadline. Is that-- When exactly is that? Is that the end of the calendar year, or a different date?

COMMISSIONER HAMMER: It's at the end of the calendar year of 2018.

ASSEMBLYMAN ZWICKER: December 31, 2018?

COMMISSIONER HAMMER: That is correct.

ASSEMBLYMAN ZWICKER: Okay.

How much has New Jersey Transit spent so far on Positive Train Control?

COMMISSIONER HAMMER: The program expenditures to date are just a little over \$100 million.

ASSEMBLYMAN ZWICKER: And in your testimony, if I heard correctly, you said that the next two things that are happening are approval for some of the wireless transmission bands that are essential, right? That's one--

COMMISSIONER HAMMER: The spectrum.

ASSEMBLYMAN ZWICKER: The spectrum; that's one of the things that are going to be approved soon.

COMMISSIONER HAMMER: It's coming up to the Board next week. That's a significant milestone--

ASSEMBLYMAN ZWICKER: Right.

COMMISSIONER HAMMER: --and will reflect us in a much better place, in terms of where we are with the advancement of PTC.

ASSEMBLYMAN ZWICKER: Got it. And then you said the next thing after that will be approximately six miles of a pilot program just to check out the system, correct?

COMMISSIONER HAMMER: It will be a demonstration section of track--

ASSEMBLYMAN ZWICKER: Right.

COMMISSIONER HAMMER: --six miles long, that will have a system completely installed on it -- all aspects of the system.

ASSEMBLYMAN ZWICKER: So what did you spend \$100 million on?

COMMISSIONER HAMMER: That \$100 million -- I could run through the whole list of what--

ASSEMBLYMAN ZWICKER: Briefly. What's \$100 million spent on?

COMMISSIONER HAMMER: --we've done with \$100 million.

We've procured lots of equipment so far. The contract -- which is a design-build contract of Parsons Transportation Group, working with Alstom in a design-build environment -- it's a \$155 million contract; \$71 million has been billed to date. The equipment that has been procured--

ASSEMBLYMAN ZWICKER: But what does that mean exactly? When you said-- Sorry to interrupt. That's a design? So what was the work; \$70 million was to do what?

COMMISSIONER HAMMER: It was \$71 million to, basically, begin the design of the system, and to also begin the procurement process of buying equipment that's going to be needed to construct it. Again, it's a design-build contract. We've procured lots of equipment; 2,000 track transponders, 500 crash-hardened event recorders, 1,200 track receiver coils, hundreds of modems and antennas, switches, connectors, wiring harnesses and other ancillary components -- a whole lot of the infrastructure is in the process of being procured and purchased. And all of that falls underneath the cost of that contract spent to date.

ASSEMBLYMAN ZWICKER: Sure. Of the \$71 million, how much was for equipment and how much was for design?

COMMISSIONER HAMMER: That specific type of a number I would have to provide to you through the Chair.

ASSEMBLYMAN ZWICKER: And did that money come from capital costs, or did it come from operating costs?

COMMISSIONER HAMMER: That money came from capital costs. That's a TTF funded initiative.

ASSEMBLYMAN ZWICKER: Okay.

So a few years ago, New Jersey Transit was on the record as saying that they were a leader when it came to implementation of Positive Train Control. But when we compare New Jersey Transit to other rail lines, we see that that's no longer the case. So SEPTA is more or less 100 percent done; we have PATH about 50 percent done. So why is New Jersey Transit so far behind?

COMMISSIONER HAMMER: New Jersey Transit system is a more complicated system. And we share those complications with other agencies, such as the Long Island Rail Road or Metro-North. We're all working towards that Federal mandate. Basically, we have more than just ourselves on our system. We have Metro-North on our system; we have Amtrak on our system; we have the various freight lines. And this equipment has to be able to communicate with all of the other users on the system. That's a complication that is -- it presents difficulties. We work together with our sister agencies, and we're getting that information. Amtrak, for instance, is in pretty good shape as they're putting their system in place as it pertains to the Northeast Corridor. You know, they're far ahead on their implementation. But our situation -- we've been held up by the spectrum purchase that we're going to be doing next week, and other difficulties as they relate to being able to communicate with all of the other rail entities that share our system.

So with this spectrum purchase that's going to go through the Board next week -- that's going to show our progress in PTC take a huge

jump in terms of how the Feds look at it. Because every agency is advancing PTC in their own way. This is not an off-the-shelf product; it's different in terms of -- every agency has a different application for PTC. So it's difficult to track what milestone is the right milestone. It's not a matter of measuring which lap you're on in a racetrack; it's a matter of how you're faring towards the milestone that you need to achieve, which is the mandate. And we believe we're in good shape, now, with the spectrum situation resolved; and also with the work upcoming on that demonstration track. Once that is completed, and if it's shown to work, and all facets of the PTC work, we're going to be able to accelerate the implementation in a big way and complete this system and get it done prior to that mandate.

ASSEMBLYMAN ZWICKER: So New Jersey Transit does share some track with Amtrak, correct?

COMMISSIONER HAMMER: The Northeast Corridor is--

ASSEMBLYMAN ZWICKER: The Northeast Corridor.

COMMISSIONER HAMMER: --Amtrak's corridor--

ASSEMBLYMAN ZWICKER: Right.

COMMISSIONER HAMMER: --and we lease the ability to use that corridor.

ASSEMBLYMAN ZWICKER: So hasn't Amtrak -- according to the information I have -- they're about two-thirds of the way complete, in terms of PTC and track segments. So wouldn't we find it more cost-effective and able to speed things up if we were sharing PTC deployment? In other words, is New Jersey Transit going to be putting down its own sensors on the same tracks that Amtrak has?

COMMISSIONER HAMMER: We are sharing with Amtrak as much as we possibly can, obviously. As our agencies are moving forward, people stumble; you have -- you take a step back, you take a couple steps forward. Again, this is not off-the-shelf stuff. Our people coordinate very well with Amtrak, very well with all of our neighboring agencies that use our system, and we take advantage of any efficiencies that we can in terms of advancing it.

But, you know, our system is much more than just the Northeast Corridor. It's a very large system.

ASSEMBLYMAN ZWICKER: Right.

COMMISSIONER HAMMER: And we share with more than just Amtrak.

ASSEMBLYMAN ZWICKER: Understood. But I'm just trying to understand, as a way of efficiency, are you recreating the wheel? Or in places where there are already sensors in place -- that you're putting in place a system that can utilize those; therefore, you don't have to put down duplicative sensors for that purpose. So is that part of what's being done to really work closely with these other agencies?

COMMISSIONER HAMMER: I will have to confirm whether or not any of those sensed areas along the Northeast Corridor would be duplicative or not. I would have to confirm that to see if that aspect may or may not be true; I don't know. But I would be more than happy to get that information to you, through the Chair,

ASSEMBLYMAN ZWICKER: Okay, thank you.

That's all I have.

COMMISSIONER HAMMER: Thank you.

ASSEMBLYMAN McKEON: Thank you, Assemblyman.  
Assemblywoman.

ASSEMBLYWOMAN CHAPARRO: I want to really emphasize on safety.

A lot of questions were asked, which I will not repeat. I want to go back to the threshold, briefly; I'm just going to make my statement. The amount--

Hoboken -- I will just give you a brief scenario, just for the record. It's one square mile; over 52,000 people; Light Rail, PATH, Transit, ferry, taxis, Ubers now; in between the Lincoln and Holland tunnels; streets are narrow.

And we talked about the DWI records of-- I want to really emphasize on bus drivers, because they maneuver on our streets. And we didn't touch on aggressive bus drivers, and that's a problem. If you come to Hoboken, and you see a bus driver who wants to beat that light; or he doesn't want to pull over on the bus stop, and wants to stop right in the middle, that's something that impacts the city.

COMMISSIONER HAMMER: Right.

ASSEMBLYWOMAN CHAPARRO: If there is an incident that maybe clips a car, damage is maybe \$1,000, \$500. That's something that you may not need to report, but that incident just stopped traffic; police have to go there, report it, hold traffic, and everyone is inconvenienced; and it's a trickle effect. We have schools, we have people trying to commute, people trying to get by, and the streets are shut down.

You have bus drivers who are idling; you have bus drivers who are parked on our sidewalks.

So there are many things, and it comes back to communication. You should have someone from New Jersey Transit -- a contact person for each District who can communicate these issues. Because if you communicate with us, and to each Mayor in each municipality -- that we can tell the residents what's going on, what's going to be delayed, and everyone can work together, it helps drastically.

But when there's a disconnect, and you have-- Didn't you tell me you can, "Look it up on our website"? With all due respect, technology is way advanced, and everything is -- you can reach out and find on a website. But not everyone uses the website.

COMMISSIONER HAMMER: Right.

ASSEMBLYWOMAN CHAPARRO: Seniors don't; there are people who have a language barrier, or don't have a computer, believe it or not. So they call the town; and they want to know what's going on, and we don't have answers. And when you call the hotline, you go through a whole tree, and then there's an eight-minute wait. No one's going to wait, so you're never going to get that complaint. And there is no follow-up.

So you need to use the Assembly, this office, local municipalities -- their agencies -- to help, because we are left with the headache. And it is-- If you know Hoboken -- and if you don't know Hoboken, I would invite you to come and walk the streets with me. It is a big transportation hub, but it's small. And there are a lot of people traveling, and it is a walking community. And I am not going to even start with the bike lanes. So there's a lot going on.

And if you have an aggressive driver -- which I don't even know -- is there a penalty for them not to meet their time? Because it seems like

they are very aggressive with running lights, making turns, and just-- Now traffic is held up because you have to get that bus through in order to have a lane on the opposite side to get through.

COMMISSIONER HAMMER: Right.

ASSEMBLYWOMAN CHAPARRO: There's a lot of stuff going on. So I don't know what's going on, and human error is more common.

So that is my main concern. Hoboken is impacted hugely; there are a lot of people who come through Hoboken, and a lot of people who live there -- and a lot of people who come through Hoboken. And that is something that's scary for us. Because when the incident happened in Hoboken, it shook everyone. And of course, we lost someone who was big in the community; she just got there, and it's devastating.

We need a better relationship. All the things that are here, obviously, have to be corrected. But that is something that you can correct now -- what I'm asking. And I really hope that I don't have to reach out to you or look for you -- that's something that should just -- it's on your radar. Hoboken is going to be impacted, Jersey City is going to be impacted, Middlesex -- wherever is going to be impacted, we need to contact them. Not an hour before, but--

COMMISSIONER HAMMER: Right.

ASSEMBLYWOMAN CHAPARRO: --you need to contact us. Because if we work together, it makes your life easier, it makes the community's life easier, it makes us-- We're a team, but we're not feeling like a team right now. And I just want to make sure that you understand that, and that you will be always hearing from me.

That's all I wanted to say. Thank you.

COMMISSIONER HAMMER: I thoroughly appreciate your comments. It concerns me that we don't have that basic form of communication in place today.

ASSEMBLYWOMAN CHAPARRO: Right.

COMMISSIONER HAMMER: I'm going to make sure that happens.

ASSEMBLYWOMAN CHAPARRO: Okay.

COMMISSIONER HAMMER: When you refer to the monetary value of an incident on a bus, that's different than the rail, okay?  
FRA--

ASSEMBLYWOMAN CHAPARRO: Right; and I know that.

COMMISSIONER HAMMER: --is only about the rail incidents.

ASSEMBLYWOMAN CHAPARRO: Right, but it's still an impact.

COMMISSIONER HAMMER: No, no; it's still an impact.

ASSEMBLYWOMAN CHAPARRO: It's still an impact; right.

COMMISSIONER HAMMER: But I didn't want you to think that, you know, we're not treating it as something that isn't an impact.

ASSEMBLYWOMAN CHAPARRO: No, I know.

COMMISSIONER HAMMER: And I do know Hoboken very well.

ASSEMBLYWOMAN CHAPARRO: Good.

COMMISSIONER HAMMER: I do visit it on occasion, and I enjoy it very much when I'm there. And it is a very unique town, in terms

of all the opportunities that are there and its proximity to New York. So again, I appreciate all your comments very much--

ASSEMBLYWOMAN CHAPARRO: Thank you.

COMMISSIONER HAMMER: --and we'll make things better. Thank you.

ASSEMBLYMAN McKEON: Assemblywoman Schepisi.

ASSEMBLYWOMAN SCHEPISI: Thank you; and thank you, Commissioner, for being here and for being forthcoming with us, working with us.

And I understand you're not going to have answers to all the questions that I pose. I just want to be able to, maybe -- for the next meeting be able to get some of this information--

COMMISSIONER HAMMER: Sure.

ASSEMBLYWOMAN SCHEPISI: --and it would be helpful.

In my opening comments, I mentioned I represent a large commuting population that, unfortunately, over the last couple of years, has borne the brunt of a lot of the increases disproportionately; as well as the brunt of a lot of the service cutbacks, simultaneously with the increases for the fares.

And speaking specifically to the Pascack Valley Line, some of the things I'd really like you to be able to look into and get us information on -- you spoke with respect to four trains; and sometimes of one of the trains not having the ability to get another one there. Oftentimes, we're down to three trains. And that's something where I get a tremendous number of complaints from commuters saying that they're literally packed in like sardines because we're down to three trains on some of these

commutes. And just looking at the alerts on both the Pascack Valley Line and the Main/Bergen Line between October 18 and this morning there were 23 alerts that were primarily mechanical failures or operational issues causing delays and cancellations on the Main/Bergen Line between October 18 and October 21; and on the Pascack Valley Line, there were 18 during a similar couple-of-day window, mostly cancellations due to mechanical issues, operational issues. And there has to be a better way for us to deal with this.

I know you spoke to looking into acquiring two-level cars. I don't even know if that's an option on the Pascack Valley Line, which while it may solve some of the other commuting issues from other areas, it doesn't help one of the most densely populated areas. And so it's something whereby I don't know if you can provide me with any feedback as to if this is something that NJ Transit has been discussing looking into, or if that's something you'd like to provide at the next meeting.

But I know it's -- the issue is getting worse; the number of people utilizing it have been increasing; and the service has been commensurably decreasing.

COMMISSIONER HAMMER: I do have our staff looking at how we can make that situation better -- where we can have extra cars on hand in some way, shape, or form. I know it's complicated, but we have to figure some way out. We can't really allow a five-car rail set to become a four, and the maybe even a three, as you mentioned, you know? So I can only imagine how packed the passengers must have been in there.

So I've already put that challenge out there -- to come up with ways where we can improve upon that. We don't want to wait for new

equipment to come to solve that problem -- okay? -- because I don't know when those new cars are even going to arrive. That could be a year from now. Things don't happen overnight like that.

But I want to be able to get at that issue in a creative way so that we can make that better than what it is today. And I assure you, that effort is ongoing.

ASSEMBLYWOMAN SCHEPISI: Okay.

COMMISSIONER HAMMER: And maybe we can have some update to provide on November 4 on that. I can't guarantee you that; but if we do, we'll provide it. But that's something I'm challenging our people to just figure out what can we do, particularly when it's during rush hour.

ASSEMBLYWOMAN SCHEPISI: And this is an issue that I know the county reached out to NJ Transit, because these issues pre-date the crash. And, you know, we were having, simultaneously, regular cancellations of express trains, with reduction of five-train fleets down to three. And it was an untenable situation even before this had transpired.

So any sort of guidance, any sort of -- anything that you can provide by the next meeting would be really, really helpful.

Also, talking about some of the issues with fare increases coming down the pike. Just taking a look even at the 2015 financial statements for NJ Transit, it appears that the operating revenues from fare collections and the like -- excluding the reliance upon the government for additional kick-in -- the operating revenues are far below just what the labor and fringe benefit costs are in the 2015 budget. And that was prior to the new labor agreement that just got entered into. You know, something is going to have to give; and either additional money is going to have to be

raised, or additional cuts are going to have to take place. And I don't know if that's something that people have evaluated and have come up with a plan for as of yet; particularly while discussing some of these infrastructure improvements that have to take place with respect to safety as well as upgrades to the new cars. So I just don't know how you guys plan on being able to do that.

COMMISSIONER HAMMER: I could say that agencies, typically -- agencies like us -- your fare-box revenue, you want it to be-- Typically, you find that it's about 50 percent of your operating budget. We're at a point that's just below 50 percent of the operating budget. We're not far away from that marker. And the fare-box revenue doesn't cover any of the capital investment. That's not really far different than what other agencies experience. But I can tell you that current information that was provided to me -- so we're just below that 50 percent mark with regard to the fare-box tally that comes in.

So again, based on that information, we're not seeing red flags where, you know-- But again, it's a constant process, you know; we're keeping an eye on how things are. We're looking for efficiencies on a regular basis; whatever we can do. Our mission is not to provide cuts; our mission is to make ourselves as lean an organization -- without compromising safety -- as we can. And so that attention to efficiencies is ongoing, and I know that it will even be intensified further with the addition of our Compliance Officer coming onboard, and just providing that additional oversight as he reports directly to the Executive Director.

ASSEMBLYWOMAN SCHEPISI: Now, the numbers that you've recently been provided with, just under the 50 percent threshold -- do those take into account the new labor agreements?

COMMISSIONER HAMMER: I believe they do.

ASSEMBLYWOMAN SCHEPISI: Okay.

COMMISSIONER HAMMER: All the agreements that have been reached to date are taken into account in that; yes.

ASSEMBLYWOMAN SCHEPISI: Okay.

And the last couple of questions on-- The big issue has been the Gateway program and some of that sort of stuff. And I think I read in one of the articles that yesterday the Port Authority approved \$300 million towards moving the Portal Bridge forward. What is that going to mean? Is that going to help, hinder; is that something we want, or is that something we don't want?

COMMISSIONER HAMMER: It's something we absolutely must have. If you don't already understand the importance of the Portal Bridge, or what the Portal Bridge is, I need to let you know.

The Portal Bridge is, basically, a swing structure; it swings open to allow marine traffic. It crosses the Hackensack River. It is the busiest train crossing in the northern hemisphere. There is no bridge that carries more volume of trains than the Portal Bridge.

The Portal Bridge, at the same time, is a structure that is more than 106 years old; and currently, what happens is, it breaks down. The breakdowns that typically happen are -- once the bridge opens to boat traffic, it can't close and lock. It needs to secure itself in place and be fully locked before you can allow train traffic to travel over it. It causes frequent

breakdowns, delays to the Northeast Corridor -- they back up. We've had situations where the Portal Bridge was stuck and couldn't close -- that had the Northeast Corridor impacted all the way up to Boston.

So we've had bad days, and we're going to continue to have bad days. It's essential that we get that bridge replaced with something that not only is a new and reliable structure, but something that does not have to open to marine traffic.

We also have trains that wait for that bridge to close when it has opened to marine traffic. It affects the speed limits along the Corridor; and basically, if you're heading to New York and you're going to go through the Hudson tunnels, you need to have -- you have to cross that Portal Bridge to get there.

So that was a major announcement yesterday by the Port Authority. Transit had already, previously, announced a \$300 million commitment to a new Portal Bridge. It would be a high-level structure, which would not be necessary for it any longer to open to marine traffic. It's a project that we have our very first construction contract associated with it going out in very early 2017 -- work will start. That was monies that were obtained through a TIGER grant -- a Federal TIGER grant, so these are Federal funds that we applied for and we received. There's a New Jersey Transit State match of about \$3 million, \$3.5 million. It's roughly upper teens in value, but it's a start.

The Portal Bridge project will be built over a number of years and a number of contracts. But right now, the design for that bridge, for that project, has been finished; it's been finished for a few years. The environmental process -- finished. So it's essential that we get the monies

in place to advance that; it's critical to New Jersey's economy, it's critical for us to have a functioning bridge there. To me, that's more paramount than anything else -- is to get that Portal Bridge taken care of.

So please support that; offer your support in any way you can. That's a big investment, but it's also a big announcement by the Port Authority. And basically, we also have submitted an application to the Feds for their involvement in this too, so there's going to be a partnership. You don't need \$300 million today, you know what I mean? But to get these projects moving in the pipeline -- that is a critical project, a critical component to what is referred to as *the Gateway Program*. It's providing a brand-new Portal Bridge; it's providing two brand-new tunnels underneath the Hudson River so that you have assured yourself of a safe travel into New York, safe infrastructure.

The next phase of the Gateway Program, then, would be to rehab those existing tunnels so that you can provide additional capacity to the Northeast Corridor. Those tunnels-- And the thing is-- And if you've noticed, train traffic over the weekends is down because one of those tunnels is closed every weekend because Amtrak is providing constant repair to the tunnels -- the tunnels, as well; well over 105 years old.

SENATOR GORDON: Commissioner, you're getting into another hearing that we're going to have on Gateway. (laughter)

COMMISSIONER HAMMER: Oh, okay; I'm sorry. I just wanted to give you context. But--

SENATOR GORDON: We share your views that this is a critical piece of infrastructure. In fact, the Secretary of Transportation -- U.S. Transportation said it's the most important project -- the Gateway

project; and the Portal Bridge, which is ancillary to that, the most important infrastructure project in the country. So we agree with you.

ASSEMBLYWOMAN SCHEPISI: I have one last question, then, then I'm done.

COMMISSIONER HAMMER: Yes.

ASSEMBLYWOMAN SCHEPISI: We currently have on the ballot a constitutional amendment to dedicate the TTF increases to only be used where it should be, and not be raided. I just want to make sure that we have thought through-- Does that constitutional amendment -- does that dedication of the increase in the monies and the gas tax -- will they provide any relief to NJ Transit, to commuters? Will we be able to utilize that money towards some of these projects, or have we now handcuffed ourselves where we can't?

COMMISSIONER HAMMER: The TTF renewal supports a \$2 billion TTF over the next eight years. Previously, the levels of TTF investment had been at the \$1.6 billion level, and it's been at that level for about 10 years. So there is an additional \$400 million that comes into the picture.

Now, double aid is part of that -- local aid that is part of that legislation is going to be doubled. That basically counts for about \$200 million of the \$400 million increase. The remaining \$200 million of additional dollars will be apportioned between the New Jersey Department of Transportation and New Jersey Transit. So there will be additional monies coming to New Jersey Transit.

I can oversimplify it and say, maybe, roughly, \$1 million (*sic*) each place. I don't know that that's accurate; it could be \$1.1 in one place,

and \$900,000 to the other. But it's going to be basically split between Transit and the New Jersey Department of Transportation. So there is \$2 million -- I'm sorry -- \$200 million to split between those two agencies.

ASSEMBLYWOMAN SCHEPISI: Okay.

COMMISSIONER HAMMER: So that's-- You know, that increase in investment allows New Jersey Transit to have a little bit more opportunity to make investments.

ASSEMBLYWOMAN SCHEPISI: Okay; thank you.

COMMISSIONER HAMMER: You're welcome.

SENATOR GORDON: Assemblyman Carroll, did you have some questions?

ASSEMBLYMAN CARROLL: Thank you, Mr. Chairman; just very briefly.

I want to come back to that labor contract that you just signed, because my understanding is that it's \$209 million a year in additional costs provided for raises of up to 7.4 percent. Was that really fiscally prudent? I mean, are you going to be able to sustain those costs, as Assemblywoman Schepisi talked about, without fare increases or service cuts?

COMMISSIONER HAMMER: At this point, we're not looking at a fare increase as a way to support those costs. So those were decisions that were made in a negotiation environment; and, you know, I'm glad we settled those contracts. But at this point, it's not something that we fear is going to take us to a place where, in order to pay for that, that we need to raise fares. So we're not there.

ASSEMBLYMAN CARROLL: It was my understanding, again to-- I'm relying here on media reports which we, of course, all know are all

accurate (laughter) -- which talked about the highest-paid people at New Jersey Transit being a pair of conductors, one making \$195,000 a year and one making \$190,000 a year. I'm going to assume, for the moment, that they worked a lot of overtime. But even at that level, you could hire two or three people for the cost of hiring just that one. Why are those people being paid so much money; why don't you have enough people on staff so that you don't see that kind of overtime?

COMMISSIONER HAMMER: That's a very good question, Assemblyman, and that's something we're going to have to look into. So I appreciate you bringing that up.

ASSEMBLYMAN CARROLL: The last questions are just back to the safety questions, because-- My understanding-- in the Federal law, that what they found was operational problems and personnel problems, more than equipment problems; specifically, drug and alcohol problems and other crew-related problems. Again, are those related to your labor agreements? Do you have problems where these people are, for whatever reason, serving because you can't get rid of them, or are there work rules that are in the way or otherwise giving you grief? Because it strikes me that drug and alcohol problems should have more or less a zero tolerance.

COMMISSIONER HAMMER: Absolutely should have a zero tolerance. I don't know specifically what they refer to; as I mentioned earlier, that's information that -- for those violations that have been concluded and the processes have been completed, we want to be able to look at that. And as I said earlier, we'll provide that information through the Chair.

ASSEMBLYMAN CARROLL: I want to come back one last time to that one bill that we talked about -- the Legislature prohibiting people, or giving you the authority as to prohibit people from driving trains when they can't drive cars -- which seems, of course, common sense. But it was my understanding that's contrary to Federal law. Did you get an opinion from the FRA or other Federal agencies that that statute that we have adopted is, in fact, consistent with Federal practices?

COMMISSIONER HAMMER: Are you talking about the legislation that was passed?

ASSEMBLYMAN CARROLL: That's correct.

COMMISSIONER HAMMER: That legislation that was passed actually exceeds the FRA requirements in that regard.

ASSEMBLYMAN CARROLL: Which is precisely my point. Generally speaking, we're not allowed to exceed Federal requirements when we're impacting upon the employee relationships. It was my understanding that an employee who had done his rehab, or what have you, was entitled to be reinstated under Federal law. Was that correct?

COMMISSIONER HAMMER: I don't know that we're saying that that still would not apply. So that's something we can look into, and confirm that, and provide that confirmation, through the Chair.

ASSEMBLYMAN CARROLL: Yes; again, so one thing I would -- of course it would make sense to do, is to avoid getting yourself involved in some employment-employment relationship issue.

COMMISSIONER HAMMER: Understood.

ASSEMBLYMAN CARROLL: Thank you, Mr. Chairman.

COMMISSIONER HAMMER: Understood; thank you.

SENATOR GORDON: Commissioner, you'll forgive the pun, but I do believe there's light at the end of the tunnel. (laughter)

I do have a couple of final questions related to Positive Train Control.

New Jersey Transit issues quarterly reports; the one that is to the FRA on the status of the PTC -- the July 31, 2016 report -- shows that you've made a commitment to have the appropriate modifications made on 165 locomotives by the end of December of this year, 2016. That quarterly report shows that, at least as of July 31, you only made those modifications on four locomotives.

There's an October 31 report that should be coming out; can you tell us where we are? Because, as I recall, you said that you expected that we would be achieving the deadline.

COMMISSIONER HAMMER: I will reiterate that we have every intention of meeting that mandate, and we will meet that mandate. Are the numbers that we're going to have in the October report going to be at the level that others may be at, or where we were expected to be? I can't answer that sitting here. Obviously, as you present those numbers, they seem to be a little on the low side for that particular aspect, but that's just one aspect of Positive Train Control. There is just so much that goes on with it, so you can't measure where an agency is just based on one metric.

SENATOR GORDON: Right.

COMMISSIONER HAMMER: But are we, perhaps, a little behind on that metric compared to others? That could very well be.

SENATOR GORDON: Okay.

Just one final question. As you know, as we all know, the Governor imposed a moratorium on projects while we were negotiating the Transportation Trust Fund settlement. Did that moratorium affect any of the Positive Train Control projects?

COMMISSIONER HAMMER: It had absolutely zero affect. The project was exempted, and proceeded forward. It is a safety-related project; it is also based on a Federal mandate. It had no impact on that.

SENATOR GORDON: Okay. And then, just really, one final question. We were advised by staff that the annual reports on PTC are submitted in April of every year. The website shows a report for 2015, but not one for 2016. Do you know whether, in fact, that report was completed and submitted?

COMMISSIONER HAMMER: The one for 2015 showed what? I'm sorry.

SENATOR GORDON: There was an annual report from New Jersey Transit to FRA on PTC submitted April 2015. I assume there was one due April 2016. Do you know whether that one was, in fact--

COMMISSIONER HAMMER: I can certainly look into that, Chairman, and provide that, if that's the case, through the Chair.

SENATOR GORDON: Okay.

Does anyone else have any other questions?

Co-Chair.

ASSEMBLYMAN McKEON: Just not really a question, just a statement, I think, Senator, that we can both ratify jointly.

First off, Commissioner, thank you. Another of the areas that I won't get into in detail with you that I have concern with -- that I'm sure

we all do -- is management; senior staff, how they're hired, what their credentials are, and who is making some of the key decisions on capital improvements and otherwise. So that will be what Commissioner (*sic*) Santoro can expect when he appears here.

The Committee is going to be providing, by Monday, by the end of business, a joint letter that will go through much of what we all asked for in our follow-up; as well as, I'm sure, more additional, and specific, and pointed information that we'll look to have produced voluntarily.

I'm very proud of the bipartisan manner in which this Commission is operating. I hope that NJ Transit, and through the Commissioner, looks at that and understands that this isn't anything other than us trying to get the right thing done; and that in the spirit of that you guys will do the right thing and get us the information in a timely way and be forthcoming.

Any of my members-- Did I cut you off before I -- are we good?  
(no response)

So with that, I appreciate -- and we both appreciate your testimony.

SENATOR GORDON: Yes.

ASSEMBLYMAN McKEON: And last thing -- we're not back here until November 4, when we will be here again. That information that you're gathering for us -- you'll have the request on Monday. It would be nice to have it by the end of that week to give us time to subsume, and understand, and formulate questions, okay?

COMMISSIONER HAMMER: Okay.

SENATOR GORDON: And finally, I would just add my thanks to your being here. I know it was a challenging experience, probably for all of us. But I want to just reiterate that we would expect that Executive Director Santoro will be here on November 4.

With that, thank you very much.

We will, at this point, move on to our final set of witnesses for the day - and they are from the PATH Rail System. We will have Michael Marino, who is the Director of the PATH Rail System of the Port Authority of New York and New Jersey. With him, he will be bringing, I believe, three of his colleagues as well. And we'd ask them to step forward.

And that will be our last panel of witnesses; at which point, we will then close the hearing.

Mr. Marino, do you want to lead off?

**MICHAEL MARINO:** Sure.

SENATOR GORDON: Please proceed.

MR. MARINO: Good morning-- Well, I started with *good morning*, but it's *good afternoon*, (laughter) Chairmen and members of the Committee.

On behalf of PATH and the Port Authority of New York, and New Jersey, thank you for the invitation to appear before the Committee today as you discuss the issue of rail Positive Train Control.

My name is Michael Marino; I'm Director and General Manager of the PATH Rail System, which is a subsidiary of the Port Authority of New York and New Jersey. I've been in this role since 2014; and prior to that, I spent 43 years in the railroad industry. I spent 27 years with Amtrak in this region; five years with the MTA in New York; eight

years in the private sector as Vice President of Rail Transit for AECOM on the east coast; and five years, now, with the Port Authority in New York as the newly appointed Director -- two years ago -- of PATH.

I have my staff members with me in case you need some more information. My Deputy Director of PATH is Clarelle DeGraffe; and Clarelle is to my right. And to Clarelle's right is Radomir Bulayev; he's our Superintendent of Power, Signals, and Communication, and responsible to coordinate the ATC/PTC project for PATH.

PATH, as you know, is a 24-hour, seven-day-a-week operation, covering 13.8 miles of track routes with 13 stations; 7 in New Jersey, 6 in New York. We have 350 rails cars; they're called *PA-5 cars*. They're manufactured by Kawasaki. We started accepting delivery of these cars in 2005; 230 of those 350 cars are called *cab control cars* -- basically locomotives, to make it a little bit easier to understand -- and 120 non-cab cars, which we call *C cars*.

PATH is 7th in the nation in terms of total annual ridership. It is second only to the New York City Transit in New York City in terms of riders per mile, at 18,978 riders per mile.

Last year, in 2015, PATH served 76.6 million passengers and our ridership is increasing. This year -- by the end of this year, we're projecting to have 80 million riders on our system.

As of September, our average weekday ridership has been 278,000 to 280,000 passengers per day, which is up from 269,000 in 2015. We're actually seeing some peaks right now; we're at 292,000 for the last two weeks, average.

PATH is an essential transportation component across the New Jersey-New York metropolitan area. It has been a catalyst for urban development and economic growth along the corridor it serves. And it remains a vital trans-Hudson link for residents, commuters, businesses, and visitors.

But PATH is 108 years old. I know I may look like I'm 108 years old, but PATH really is 108 years old, and it requires continual maintenance and investment. The Port Authority's current 10-year capital plan calls for \$3.3 billion for PATH, including \$702 million for the recovery from Superstorm Sandy devastation to our system. And as you know, we flooded downtown, from Exchange Place down to the World Trade Center. We actually, and stations associated with that -- which would be Exchange Place and the World Trade Center stations.

With all of that, our chief priority is safety. Safety was ingrained in me when I started in north Philadelphia 40-something years ago, and it continues throughout my career. And it has always been a chief priority for PATH; that's our number one item. The safety program has been enhanced over the past several years due to various lessons learned in the industry.

A significant part of our current capital program consists of Positive Train Control -- PTC -- and Communications-Based Train Control -- CBTC -- systems. They make up components of what is known as *Automatic Train Control* -- which is new technology -- and that is known as ATC. ATC -- as you know from part of the testimony today -- is the safety system mandated by the Federal Railroad Administration for installation by all regulated FRA railroads by the end of 2018.

It should be noted, during this, that the Port Authority and PATH are not receiving any Federal or State funding to perform these critical and federally mandated safety improvements. The program is self-funded through the Port Authority.

I'll go into a little bit about the system, if you're okay with that, okay?

SENATOR GORDON: Sure.

MR. MARINO: The new PTC/CBTC signal system is PATH's highest priority capital project. It reports directly to me, as Director/General Manager of PATH. It utilizes an advanced signal technology that enhances safety by helping to prevent accidents caused by excessive speed, collisions, unauthorized incursions into work zones, and movement of trains onto incorrect tracks. CBTC continuously calculates and communicates a train's exact position, speed, travel direction, and safe braking distance. Equipped with this technology, trains will be capable of moving more frequently and closer together. That will improve service capacity, enable us to run trains with shorter headways -- that's trains between trains -- and increase the system's effective capacity. The CBTC system will also allow for further enhancements in the future, such as real time information as to when the next train is coming to the next station. I think you see that a little bit in MTA New York. "The train is at 14th Street, and it will be in 23rd Street in two minutes." We'll have the capability to do that, but it's not part of this ATC/PTC program.

So let me go into a little more detail on PTC. PATH's existing signal system today already provides two of the four components of PTC

required by the law: preventing train-to-train collisions and preventing movement of trains onto incorrect tracks.

And I think some of you may have seen the little video that we sent last night that shows what I'm going to be speaking to now. If you did not, we can have it available for whoever needs it.

So we're two steps already in PTC with our 50-year-old signal system today. These are achieved by utilizing block signal system design with train stops. A *train stop*, for people who are not familiar with that, is a component that sits on the outer portion of the rail; and it's basically something that sticks up in the air when the signal is red. And if the train bypasses that for some reason, this lever hits all of the brake cocks on the seven-car or eight-car trainset and knocks the air completely out of the system and the train comes to a complete stop. So that's old technology, but it's been on PATH for 50 years and meets some of the criteria of PTC. This will automatically keep trains from colliding when they enter into a zone occupied by another train, should there be an error -- a manpower error.

The current system also offers broken rail protection through detection by the existing signal system, as well as cab alerters and controls that monitor train speeds. Broken rail is, basically that -- a rail can break due to temperature, drainage issues, age of the rail in the system; and when a rail breaks, our system goes automatically red and trains will not move in any location. The system will go red.

The PTC system is designed to enhance existing protections by monitoring and authorizing safe train movements in a centralized control system. When PTC installation is completed in 2018, it will help provide

system-wide protection from potential collisions. Part of the PTC program is to train our employees. We have 920 operating employees at PATH; and, as of today, we have 824 of those folks trained and ready to go for 2018 when we open the system up.

Infrastructure and rail car work to achieve these goals includes equipping all 230 of our *A* cars -- as I explained a little bit earlier -- with signal carborne equipment to allow communications with the new system. As of right now, we have -- I think I stated that earlier; I want to make sure I say the same thing, because our numbers have been updated -- we have 230 of those cars equipped today.

The replacement of wayside and track signal equipment -- this is in the infrastructure itself -- along our 13.8-mile route miles, plus yard tracks, which also includes 13 interlockings which will prevent conflicting train movements through crossing tracks; 13 stations with signal cables and signal equipment including transponders, track circuits, and wayside communications, and radio equipment. So this is all being installed. By the way, I just got an update -- we have crews out today working on this, and they will be working on this through 2018.

It also includes the installation of 28 signal equipment locations. These are called various terms by various railroads -- *CILs*, *CIHs*, *bungalows*. We call them *bungalows*, and all of the signal equipment in the field is in these houses; and they are little -- they're not little; they're pretty big now -- aluminum-type houses protected from the elements because most of them, from Newark into Journal Square, are outside; the rest are inside, so they're protected from the elements. And they are part of the new signal power system.

We also are outfitting primary and secondary control centers with all the necessary computerized, state-of-the-art control equipment. This will allow us to monitor and control all train movements on the main service lines from either location. So we have a main control center in Jersey City; it's called *PTCC*. It's in C-Yard, which is right in the center of Jersey City. And then in our Journal Square Transportation Center, we have another location called *Hoban*, which was our old system. We have refitted it to have our new system. So if we lose the opportunity to operate out of Jersey City yard, we move everybody back into Journal Square Transportation Center. So we always have a redundant way of operating our systems.

Construction and installation of the PTC system requires careful planning and staging. PATH needs to balance maintenance work and capital projects while operating 24/7. I think in this region -- besides New York City Transit -- we're the only trains that operate 24/7. We need to make sure that we have the time necessary to do the work while not interrupting daily service. Because we hear that from our passengers if they don't get to where they want to go -- even if it's 3:00 in the morning; and my phone sometimes does ring at 3:00 in the morning -- especially during the morning and afternoon rush hours, which are our peaks.

To achieve this balance, we are working to compress the construction period. Currently, we can work on weekends and weeknights only. And I'm sure you're all familiar with this -- in order to do this work uptown -- which is 9th Street up to 33rd Street in Manhattan -- we have taken those two tunnels out of service every weekend since August 9. They will stay out of service on weekends, and that's from midnight on Friday

night, Saturday morning until 5:00 a.m. on Monday morning. And we put construction crews -- our own people and contractors -- in those tunnels and just completely go to work. And we work the entire-- We actually work 48 hours of the 52 hours, because we need 4 hours Monday morning, prior to 5:00 a.m., to meet all the FRA requirements to start the operation again safely.

The work began in early August and is on schedule to be completed by the middle of December -- around December 14 is our last weekend outage. This disruption in service provided a disruption for riders, which we mitigated by utilizing a free shuttle bus service from the World Trade Center station uptown along our 33rd Street route. An additional option for riders was the easy transfer at World Trade Center to the MTA subway lines at the Fulton Street Center.

All of this work requires robust public communication and outreach campaigns. PATH works closely with the agency's Public Affairs team -- and they are here with me; behind me, I think -- who have done a tremendous job in getting the message out and trying to make people understand what we're doing. That outreach includes public open house events, briefings with public officials -- I think we've met every mayor since we started this, in that region -- and use of traditional and social media. We also employed PATH alerts, the Port Authority website, and marketing materials.

I know some of you saw our video; and that basically shows everything that we're discussing here today, including what the difference is in the signal systems -- from 50 years ago to what we will have in place by 2018.

I thank you for the opportunity to participate in today's discussion and to provide a brief overview of work we're doing at PATH to improve service, safety, and customer satisfaction.

I'm available, and my team is available, if you have any questions for us.

SENATOR GORDON: Mr. Marino and your colleagues, I want to thank you very much for being here, and also for the briefing that you provided, at least for me and the staff on the Committee, on the PTC project.

One question I have is -- in our briefing you indicated that the cost of this upgrade was going to be somewhere between \$580 million and about \$625 million, as I recall.

MR. MARINO: Yes, sir.

SENATOR GORDON: And you decided to do the PTC and the Automatic Train Control simultaneously, as I understand it. Can you talk about what went into that decision? What are the benefits of doing that; are there cost savings? I think you have referred to some benefits in the ATC in just improving the throughput of the system.

MR. MARINO: Yes. The number one thing with the new signal system -- PTC/ATC/CBTC -- is safety. That enhances the safe movement of trains throughout our system. It also allows us, when it's finally completed and accepted-- And now, as you know, PTC has to be accepted by the FRA. So we work in unison with the FRA, almost every day now. We have an FRA inspector assigned to us, and he's with us whenever we do testing. When we install, we test with them present, so that they authorize what we're doing, and okay what we're doing.

When the project is completed, the last four months of 2018 is full FRA inspections to ensure that all of the work that was done -- either by my own people or contractors that are assisting us -- has been done properly and meets the criteria of the Federal regulation. So the last four months of 2018 is testing with the FRA. We test every installation today also; but the final test is the last four months of the year 2018.

And besides safety, what it does -- it's going to allow us to run trains closer together, which allows us to have more capacity for our growing ridership as we move into the 2018-2019 era -- figure 2019; our due date is some time in December for the FRA to finally approve the system. We believe that we'll be able to increase our service by 28 percent, which is a very healthy number. We believe that as the capital program progresses -- and we're working with the Port Authority now to talk about buying more equipment, more cars, more rail cars. We have a potential of 48 cars to 100 cars, and we're pricing all that out and getting all the scopes put together so that our Board of Directors has a good platform in front of them to take a look at the cost of that addition. Not an addition to the program; an addition to take care of our increased ridership.

I hope that answered your question.

SENATOR GORDON: Yes, and that's, I think, a critical point for us all to understand. While the principle objective of PTC and ATC is safety related -- at least, as this layman is interpreting this -- there's also apparently a great benefit just in being able to increase the capacity of the tubes because of the ability to have greater control over the trains. They can run more closely together.

MR. MARINO: Yes.

SENATOR GORDON: So as we're looking at pretty significant increases in ridership -- and we've just looking at the ridership increases projected on buses, and I'm sure there are going to be comparable increases for rail. And we're facing multi-billion-dollar projects to build new tunnels across the Hudson and increase the capacity of the Port Authority Bus Terminal -- this is something that can provide some dividends. It helps us increase the capacity, and that--

MR. MARINO: Yes, and in our discussions with Amtrak and New Jersey Transit -- because the Port Authority is deeply involved in Gateway now -- they look at PATH as being somewhat of a relief valve for the outages that are going to happen in New York. Having worked for Amtrak -- and that was part of my territory; I was Assistant General Manager of Transportation and Operations for Amtrak in and out of Penn Station -- we're working pretty closely to come up with a plan of phasing each project that they're going to undertake, and where PATH fits in from a ridership level. And we're actually dead-center in the middle of it, once we know all of the phasing that's going to go on with the Gateway project, the Portal Bridge project, and enhancements at Newark station -- things like that.

So this definitely will help that. There is no doubt in my mind that the increased ridership is not only people taking the service, and the development around us, it's also going to increase because of the Gateway and Portal Bridge projects. And I think we're prepared for it.

SENATOR GORDON: Obviously, one of the reasons we thought it was very valuable to bring you in to speak with us is to help us understand the challenges and the process that New Jersey Transit needs to

undertake. They just told us -- the Commissioner told us that he expected to make the December 2018 deadline, which was an extension from the 2015 original deadline. We look at their data and see, at least as of the July report, only 4 out of 165 locomotives done.

Given the amount of testing that you're talking about -- four months -- I mean, it just-- I'm not going to ask you to comment on this unless you want to. It just seems it's -- their goals are pretty aggressive.

MR. MARINO: I can't speak to them, obviously, because I don't work for them and I don't understand-- I was close to them when I was with Amtrak, and I have been out of Amtrak for 15 years. You know, I can't speak to their process, so I am not able to answer that question. Not that I don't want to; I just can't speak to that, right?

SENATOR GORDON: Yes.

MR. MARINO: But I think, knowing the team -- the new team there, with Mr. Santoro -- I think that he's the right person at the right time to push the project the way it needs to get pushed. This project here at PATH is a project that we've been pushing since 2008, you know? It's been on the capital program; we started it in 2008. There have been two Directors prior to me who started this program. I push it a little bit harder because I understand it more and worked with Amtrak when they were doing their original PTC program 15 years ago.

We did join in a letter to Senator Thune in Washington to extend the deadline. And our opinion of extending the deadline was the technology. The technology really wasn't out there--

SENATOR GORDON: No.

MR. MARINO: --and what was out there would not satisfy what the Federal government was looking for. And as I said the other night, in our conference the other night, the technology changes every day. You know, we put the central control system in place three years ago in Jersey City, and we've had to make modifications because the technology changes. And we're on top of that. And I think that Steve -- I know him very well; he's a good friend of mine. We've worked together on many projects in the area -- I think he is the right guy at the right time to make that happen for them.

SENATOR GORDON: Well, that's good to hear.

Since you are further along in the process, can you talk about some of the challenges that PATH encountered that you might not have anticipated? You know, obviously, the changing technology was one. Are there other things that New Jersey Transit should be aware of?

MR. MARINO: Well, for us it's the ridership growth and the development around us. Since we started this project, we have TODs all around every station that we have in New Jersey. We also have the Red Bull Arena that we service with extra trains when there are soccer events. We were just told the other day that there's a full concert schedule that has never been there before, and the people who come there ride on PATH, of course; it's \$2.75.

And the 24/7 operation. When we first started this project, we were averaging 2.5 to 3 hours a night, Sunday night through Thursday, with work availability, productivity availability; because we were running 24/7. And the way -- we're only a two-track system, so we're-- Logistically it's tough to coordinate not just the ATC/PTC work, but if you remember the

\$702 million of Sandy rebuild -- which is also regulated by another Federal agency, and has different guidelines than the FRA and the Port Authority -- and we're mandated to get that done by 2020. So it's a major logistical thing for us. Those are some of the issues.

So what we've developed is a Rail Planning Logistics Unit that handles the entire master schedule for PATH and has components of each of our projects. And that master schedule tells us the manpower we require, the track rights we require to do the work, productivity, and metrics to measure all of that work. And that's what's been presented to our Board and our Board is completely supportive of all that.

So those are the kinds of things-- And then, of course, on top of that, are the normal FRA regulations: track inspections daily, signal inspections daily, train inspections daily, trains coming out of service every 90 days for a full inspection of brake, propulsion, air conditioning, heating, tests on the console to ensure that the console is working properly. That's every 92 days. Four cars come out of service and get a complete FRA inspection every 90 days, so you figure that out: I have 350 cars today -- or, I'm sorry, *we* have 350 cars today (laughter). Because I have to keep them working, when I take four-- I have to ensure that I have 320 cars a day to meet the demands of the people; so those four cars are programmed into the cars that we will not have every day.

So it's those kinds of things, Senator, that I think is something that we've learned -- the logistical coordination of every aspect of the railroad, including PTC, and Sandy, and our capital program.

SENATOR GORDON: I have just one final question.

You alluded to the challenges presented by Sandy. Could you talk a little bit more about the problems we had to overcome with Sandy? And if you're able-- I know that this in another set -- these are another set of tunnels. But we hear an awful lot about the 106-year-old rail tunnels that were damaged during Sandy; and how they -- one or more could go down between now and 10 years. And Senator Schumer referred to the regional depression that would result.

Given your experience with the regional system, I suspect you're very knowledgeable about that. Could you just talk about Sandy and its impact on your system and the regional system?

MR. MARINO: Yes, I can; because I actually lived it. And I was not in this position; I was in a Superintendent's position at the time.

When Sandy happened, we were prepared for a six-foot surge because that was historical in our area -- was a six-foot surge. So we put up all of our manual protection for a six-foot surge.

At about 9:02 the night of the storm, we thought we had made it, you know? The water was just beneath the six-foot flood gates that we put up in all of our flood-prone areas -- Journal Square, Hoboken, Harrison -- all of the areas that had the potential to flood.

At about 9:04, when we looked up, prior to losing power at command center, we saw that the rivers were rising to where they ended up: at 14 foot of surge. So we had all of that come in on us between Journal Square-- Harrison first; it didn't migrate to Journal Square. Harrison flooded right in its area. We've never experienced, in the history of PATH and Hudson and Manhattan, at Harrison. We never experienced flooding at Harrison.

And when we flooded at Harrison, we had cars stored at Harrison in a high part of the yard -- which was determined years ago, if you do have flooding, your cars need to be in the high part of the yard, and that's in the yard furthest away from the river.

Well, that yard flooded four feet. So what does that mean? It's not 14 foot, it's 4 foot. But our sill step in our car is 4 foot, right? When you walk into the train, it's 4 foot above the top of the rail. So with these news cars, all of the electronics is on the undercarriage of the car. In the old cars, it was all on the top of the car. So we lost 56 brand-new cars to damage from the storm. By the time the water subsided and we were able to get them out of there, because we were running boats to get into the yard -- police boats to get in there and out -- when we got the trains out and did our damage control with the FRA, we found that 56 on the 350 cars had significant damage to the underbody of the car -- which is all the electronics, and all the signal equipment, and all the things that I just spoke about.

So we applied to the FTA for a grant to rebuild the cars. The FTA immediately gave us the ability to rebuild the cars. We put the cars in rebuild mode immediately after the storm -- four days after the storm -- and we received them all back, ready to go into revenue service, within a year-and-a-half. So that was one issue that we had.

The second issue was Exchange Place. The Exchange Place head house is right along the river, and that rose 14 feet. So the protection we had there was also 6 foot. And then you saw, with a 14-foot surge, all of that water just came right through the terminal, right down the 132-step escalators -- because I had to walk up and down those things with the Navy

and people who were helping us pump out Exchange Place and the World Trade Center -- and just flooded from Exchange Place to the World Trade Center. The World Trade Center was not as far along as it is today, but the water down at the World Trade Center -- the tunnel water was to the crown of the tunnel. The water got as high as the crown in *E* tunnel and *F* tunnel; those are our tunnels downtown. They got as high as platform level in the World Trade Center. So everything in the World Trade Center that was put in there -- which is now open in the new Oculus, in the new train -- the tracks are starting to come into service -- all had to be replaced. All of the cabling, the old cabling in the *E* and *F* tunnels -- lighting, radio communications, signal cables, signal aspects where you see the red, green and orange -- all had to be replaced. All of the ventilation power cables for our fans had to be replaced. It didn't get as high as the fan in our vent shafts, but everything that we needed to power that was destroyed by Sandy.

If you remember, two-and-a-half years ago, I believe, we took *E* and *F* tunnels out of service for 45 weekends. And we did the same thing we're doing uptown: we just blitzed it, and did everything we needed to do to get that back up to a state of good repair.

The problem at the time, Senator, was the signal system was 50 years old. So there were no components at that time to replace that signal system. So Pat Foye, our Executive Director, made a lot of phone calls across the country with the assistance of the FRA. And we had people -- General Electric and these major authorities across the country -- working with us, as they were working with other railroads, in the vicinity and in

other areas, making new parts for a 50-year old system. And it was amazing.

I'll tell you a story -- and I hope you don't get bored by this -- but there was a part that we needed and it was in California, right? We're far away from California. Mr. Foye bought a seat on a redeye, from Los Angeles to Newark Airport, for this part to put us back in service. (laughter) So it was those kinds of decisions that we were making on the fly--

SENATOR GORDON: First class or economy? (laughter)

MR. MARINO: I don't know; I don't remember. (laughter) It was probably first class, though, I would think.

And then as we were developing our plans for what we were going to rebuild first -- of course, in the railroad business, you look at your least amount of damage. So we really had minor damage uptown. So as I said, we had no power in our control centers, so everything was being done in the dark with flashlights; Radomir was in the middle of all of it. And we had decided that we were going to go uptown; let's get the uptown service back, because everybody was out, everybody was out of service. There was no way to move people.

When we got power back in the building the very next day, and the TV was on, we found, at that time, that the commitment was made to have PATH to World Trade Center -- Newark to World Trade Center -- open in seven days. So we had to turn everything around and start working that way. And this was where I said that we got a lot of help from the industry to get these parts made for us. So we replaced, basically, everything in those two tunnels; we rebuilt all the escalators at Exchange Place; we rebuilt staircases; we rebuilt lighting, ventilation, communication

cables, police radio antennas that span our tunnels. So we did a big job for those 45 weekends.

To get the service back within seven days, we had to apply to the FRA to be able to -- because we had to wait for all those parts to be manufactured -- to run the trains in what we, in the railroad industry, call *dark territory*. Dark territory means no signals, right? So we had to apply to the FRA for a variance to run trains without signals. And in our relationship with the FRA, we were able to do that, and within four days get that variance with various protections at each of our interlocking locations and stations.

And we went back to the old days of railroad. When I started with the railroad, too long ago, everything was done pencil and paper. We had to go back to that, and then use the radios to tell the guy, "The train just left Exchange Place; it's coming to the World Trade Center," and then the same way, going back out.

SENATOR GORDON: The hour is getting late, and I know Senator Kean has a question--

MR. MARINO: Yes, sir.

SENATOR GORDON: --and there may be others as well. And we want to bring this to a close.

ASSEMBLYMAN McKEON: Not all of us, but one or two do. I don't.

SENATOR GORDON: Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

And thank you for your testimony here today.

MR. MARINO: Thank you.

SENATOR KEAN: And thank you for showing up. Thank you for your leadership during Sandy, and I'm sure many instances that we do know and don't know, before and since. So thank you for always being there, and for your hard work.

The question I have -- you know, we talked a lot about technology, and I asked the prior panel regarding personnel and the training of the individuals who are at the helm. And you may or may not have this, but in the prior panel we had a conversation regarding how those individuals who are at the helm are able to do that. You know, whether in the hiring process, the choosing the routes, the times -- all of those things.

Can you get to us the policies that you have that allow for those appointments, decisions, and timelines to be made?

MR. MARINO: Yes, I can get that.

I'll give you a brief general overview of that; but I can get you more information, because it was a long, involved process. And it started, basically, before all of us, by a prior Administration at the Port Authority and PATH.

But I can tell you that we have 925 operating people. These are the people who are trained by us and by the FRA. They have to be-- To work on our railroad, and New Jersey Transit, and Amtrak, they have be certified by the FRA. So the training program that we have -- training *programs*, plural, that we have for those 925 people -- and most of the management, which is about 100 people -- is regulated by the FRA. So we develop training programs, with their assistance, and train all of our people in every aspect of a safe operation of a railroad. And if you remember, I mentioned track inspection -- there's a criteria for track inspection; that's

done by PATH personnel. So we train our people annually on that -- on how to inspect track, interlockings, station tracks, storage yards.

We also have to do the same thing for our signal inspectors and maintainers. They have to go through the same rigorous FRA training to get certified by the FRA to actually, physically, work on a signal system. Our train operators have a very rigorous training program, mandated and regulated by the FRA. That's a three-year program for their safe operation of trains.

Our conductors -- same training as our engineers. Our structural mechanics to inspect the tunnels and inspect the stations; it's all regulated through the FRA. Our bridges -- we have one major bridge, which is the Hack Bridge, and that has to be inspected every 90 days by a qualified PATH employee, trained through the FRA, to do those types of-- And it's soundings; it's rotating the bridge up and down; locking the bridge; opening and locking, making sure all the systems are in place for that train to come over it.

We also do, regulated by-- Every employee in PATH, including management, has to have an annual upgrade on on-track training. So every person at PATH -- there are 1,200 people at PATH, clerical included -- has to go to on-track training, which is regulated and mandated by the FRA. I can show you the card that we get to allow us to work on the railroad, our railroad. That is not reciprocal to the other railroads. So because we're trained, it doesn't allow us to go work on New Jersey Transit, or Amtrak, or Long Island Rail Road. So it's a rigorous program

The ATC program just adds to that because of the new technology. It's a different way to maintain it; it's a different way to

inspect it; there are many components to inspect that are electronic and computerized, which is not what we have today.

So I can get a lot of that information to you, if you need more.

SENATOR KEAN: If I may, through the Chair -- I would appreciate that.

I am just opening up my most recent, 1:01 p.m., PATH Alert, since I am on that on my phone; and it's a very-- I mean, getting back to the technology side of it. I know we're changing a little bit.

How else do you see, going forward, utilizing technology in a way that makes sure that the commuters are well informed of everything in real time? I find this to be very -- obviously, very helpful; as does anybody, I'm sure, on that service. But it's -- what do you see as the next line?

MR. MARINO: Well, that's good and bad.

SENATOR KEAN: I know that; I mean, that I understand.  
(laughter)

MR. MARINO: That's the 3:00 in the morning phone call.

SENATOR KEAN: Yes.

MR. MARINO: But the enhancement to that would be to get real time information back to the customer that we're back in service. Right now, we make announcements as soon as we have things back, like, that incident that's going on now. There will be an announcement made at train stations; it will be put on the Port Authority website; and on a PATH Alert -- that the trains are back in service.

The other information is the train information on the platforms, right? Right now we have a scrolling line there that talks about an outage. But what it doesn't talk about -- when is the next train coming?

So when this system is done -- the next component of this PTC system/ATC system will allow us to add infrastructure to tell the passenger when the next train is coming. So when it's all over, I probably won't see it, but it will be something that we--

SENATOR KEAN: Well, we hope you do. (laughter)

MR. MARINO: I'm going to be 69 in a couple of weeks, so I'm not sure. My wife wants me to think about that word that starts with an *R*. (laughter)

SENATOR KEAN: It's very boring; you don't want it. I hear it's very boring. (laughter)

MR. MARINO: But I think that you'll see some of the things that you're looking for, and it will be more customer-friendly.

SENATOR KEAN: But that's what I'm-- It's not only interoperability across systems, though. You want to make sure that as you're looking at connections that your section of somebody's commute, if they're switching between Transit, PATH, LIRR, for example -- you have to figure out how all that interoperability works together on a technological basis, in real time, so that somebody can say, "Okay, I have to try and get to this place. I'm going to miss this aspect; here's another connection."

And I'm happy with this system. I'm just looking, as you said, how you understand because, on the radio you always say, "It's delayed by half-an-hour," but that's not the whole story.

MR. MARINO: No.

SENATOR KEAN: And trying to figure out a way to make sure that's -- that there are other things that are happening.

MR. MARINO: I think, you know, in the old days of the railroad -- here I go again with age -- but railroads were created privately--

SENATOR KEAN: Yes.

MR. MARINO: --and then it became federalized, to a certain point; or a state ran railroads. And everyone has their own fiefdom; they're in their own silo. I think the best thing that can happen over the next 10 or 15 years is to try to get everybody into the same silo. I don't mean for budgeting or authority; but to get them all to talk to each other, communication-wise, right?

SENATOR KEAN: Yes.

MR. MARINO: We do have a very good relationship with New Jersey Transit, relative to us breaking down or, particularly, with the Hoboken incident. We cross-honored them from the time of the incident until the Tuesday that they just began almost all service out of Hoboken, this week. We cross-honored all of their customers on our trains and on our ferries. So the communication between the two railroads has been very good, and announcements are made on New Jersey Transit when there is a delay on PATH, and there are announcements now being made on PATH when there are delays on New Jersey Transit. So that's the beginning of a regional approach. Now it's to get Amtrak, and MTA, and even SEPTA -- as far down south as here -- to get into that communication venue. That's what I believe.

SENATOR KEAN: And it's necessary; because, I think -- not to get into a subject that we're not discussing today, but through the Chair -- the difference between the ARC Tunnel and the Gateway tunnel. I mean, part of what happened over the time of the ARC conception -- which was

supposed to be a hearts-and-lungs approach to the region -- to the actual end point where it became a dead end; and you then had to transfer to a Gateway approach, which was truly getting back to what we all anticipated decades ago when people were talking about the interoperability of the region-- And we saw the Cuomo report that -- how certain things happened in New York state that changed the destination end point of the ARC destination. (laughter)

Sorry?

SENATOR GORDON: On the bill.

SENATOR KEAN: On the bill. And I am simply saying -- getting to the point is, I think the Gateway-- The partnership that we've seen -- Federal, regional, state, and local -- has been far better, given this new Gateway project. I think it's going to meet the-- We all want to have it quickly; but I think it's going to meet the communications, as well as the resource and growth needs of the region. So it's -- that communications is the first step, and I hope the construction is the second step, with (indiscernible) to do. But the intended goal, on a bipartisan and bi-regional, cross-state approach -- to get that much more efficient system.

MR. MARINO: And I agree; I agree with that. I worked on the project a little bit; I worked on East Side access a lot. And a lot of things that didn't happen, should have happened. So I think this is-- I agree, and I hope that you're totally correct. And I would support that.

SENATOR GORDON: That will be a topic for another hearing.

SENATOR KEAN: Okay; through the Chairman, he agreed.  
(laughter)

SENATOR GORDON: The hour is getting late, and I just want to make sure that we address any question that still may remain on the--

ASSEMBLYMAN JOHNSON: Chair, I--

ASSEMBLYMAN McKEON: The Vice Chair has a question, and I think my two colleagues have a question or two.

ASSEMBLYMAN JOHNSON: I think Assemblywoman Chaparro has a question, and then I have just a little comment at the end to wrap this up.

SENATOR GORDON: Well, thank you. (laughter)

ASSEMBLYMAN JOHNSON: If you don't mind, Chair.

ASSEMBLYMAN McKEON: Presupposing that Assemblyman Zwicker has nothing.

ASSEMBLYMAN ZWICKER: I don't know now. (laughter)

ASSEMBLYMAN JOHNSON: I asked Assemblyman Zwicker; he said he had nothing he wanted to bring up at this time.

ASSEMBLYMAN McKEON: Assemblywoman.

ASSEMBLYWOMAN CHAPARRO: It's not so much a question, as just a comment.

I met with you and your staff; and I just want to say that this is part of what I was saying to New Jersey Transit. And it's not to compare or bash, but when you came to my office, your team came. And I believe I told you this; I had my questions ready, I was clearing my schedule, I was going to ask you all the questions; I was going to make an impact to Hoboken residents.

And you did a presentation; you answered my questions. And what I love about you is that not only do you answer my questions, you go beyond that and give me more information. So at the end of the day, I didn't have any questions; and I was like, "Ah, I prepared for nothing," because you covered everything.

And I love that about your team; and it's a great management team, and you are always welcoming and you are right there. And this is what I'm talking about -- communications. Because you gave me the respect to come to my office; you sat there with me; you did your presentation. It was not around the way -- a kind of way to confuse me; it was direct.

And I just want to say that I love the working relationship we have, and I hope it continues. And maybe you can relay a message to Santoro -- who is a friend of yours -- that that's all I am trying to get at.

MR. MARINO: I will do that.

ASSEMBLYWOMAN CHAPARRO: Thank you.

MR. MARINO: And thank you very much. And I thank the team, and Rebecca, and Scott, and Tina for assisting us with all of that. We're open and ready to talk to anyone.

My big thing is to have everybody understand what it takes to run a safe operating railroad.

ASSEMBLYWOMAN CHAPARRO: Right.

ASSEMBLYMAN McKEON: Andrew, did you have something?

ASSEMBLYMAN ZWICKER: Yes, I actually have one question.

MR. MARINO: Yes, sir.

ASSEMBLYMAN ZWICKER: So when your PTC system is fully in place -- right? -- the way I understand it is you'll have -- you'll know the location, you'll know the speed, you'll know where the other trains are, you'll know where that train is, you'll know the speed of that train, and you'll also know what's coming down the line. On top of that, means you'll know, given the size of the -- the number of cars and the speed, a sense of how quickly that car -- that train has to start braking if necessary, correct?

MR. MARINO: Yes.

ASSEMBLYMAN ZWICKER: That's what that does.

MR. MARINO: Yes.

ASSEMBLYMAN ZWICKER: Okay. So then if you have a train in a fully implemented PTC system coming up towards a stop, that would be included in the calculations, right?

MR. MARINO: Yes.

ASSEMBLYMAN ZWICKER: So in other words, you know that coming up, whatever distance it might be -- and I don't know how these formulas are worked out -- that the train is going to have to hit a stop; that there is some buffer where the speed is 10 miles an hour, or 5 miles an hour -- whatever your deceleration is -- and that would be programmed into it.

MR. MARINO: Yes.

ASSEMBLYMAN ZWICKER: Meaning that under -- this is a fully implemented one -- right? -- then if a train was headed towards a stop, and was going above whatever is determined  $X$  number of miles over that

certain distance, certain number of cars -- the PTC system, when operational, would then go into effect to slow that train down.

MR. MARINO: Absolutely right.

ASSEMBLYMAN ZWICK: Okay.

MR. MARINO: Absolutely right.

ASSEMBLYMAN ZWICKER: Got it.

MR. MARINO: And the ATC/CBTC component is just extra protection--

ASSEMBLYMAN ZWICKER: Understood.

MR. MARINO: --that will stop the train automatically.

ASSEMBLYMAN ZWICKER: Yes; okay. Thank you.

MR. MARINO: Yes, sir.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: I just have a comment.

Maybe we can lend you to New Jersey Transit. (laughter)

MR. MARINO: I was approached by a headhunter a while ago -- to think about going to two places: New Jersey Transit and WMATA. And I decided that, for my health and stress levels, it was better to stay at the Port -- at PATH. (laughter)

SENATOR WEINBERG: When the Port Authority becomes less stressful, you know (indiscernible). (laughter)

SENATOR GORDON: Right.

MR. MARINO: That's why I said *PATH*.

ASSEMBLYMAN JOHNSON: Thank you, Chair.

Just an observation, and a short story.

Recently I had a flight-- I live in Englewood, New Jersey, by the George Washington Bridge. You may have heard of the Bridge. (laughter)

I had a flight to Europe a while ago out of JFK. And my wife of 32 years refused to drive me to JFK Airport, but she dropped me off at Penn Station-Newark. So I took the train over; so I took New Jersey Transit to Penn Station New York, and then I got the experience with the LIRR to the Air Train. And when you get to the Air Train station at JFK, there's a stark difference between the LIRR side and the PATH side. The customer service I experienced on the PATH side was just outstanding; the people there, escorting tourists around. English wasn't their first language, showing the individuals how to use the ticket machines. And it was just a nice, clean, friendly environment, as opposed to my previous stop, the LIRR, which was just this dank, dark, train station.

So it's about customer service and the way you treat your customers. And I thought the-- Actually, when you take rail from Penn Station-Newark to JFK, it's not really that bad. It's actually -- I think it beats driving.

So I want to thank you for your customer service there, and what you've done. I know we're talking about safety today, but I think the way you treat the customers is also very important. It reflects on your priorities as an organization.

MR. MARINO: I'll pass that on to my customer service team. Thank you very much.

SENATOR GORDON: In deference to my colleagues, I'm not going to burden them with any kind of closing remarks. (laughter)

SENATOR WEINBERG: Thank you.

SENATOR GORDON: But I just want to thank Mr. Marino and his colleagues for being here.

ASSEMBLYMAN McKEON: Thank you.

SENATOR GORDON: I think this was a very productive session on PATH's PTC efforts; and also I think we have been able to reach some conclusions about the work we need to do with New Jersey Transit.

With that, I am going to adjourn the meeting. Thank you all.

ASSEMBLYMAN McKEON: Thank you.

**(MEETING CONCLUDED)**