
Committee Meeting

of

SENATE LEGISLATIVE OVERSIGHT COMMITTEE

ASSEMBLY JUDICIARY COMMITTEE

“The Committees will receive testimony from NJ Transit Executive Director Steven Santoro on NJ Transit management, operations, funding, and safety issues”

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

DATE: November 4, 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
Assemblyman Joseph A. Lagana
Assemblywoman Elizabeth Maher Muoio
Assemblyman Robert Auth
Assemblyman Erik Peterson



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

ROBERT M. GORDON
Chairman

LORETTA WEINBERG
Vice-Chair

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

SARAH A. FLETCHER
Office of Legislative Services
Committee Aide
(609) 847-3855
(609) 292-0561 fax

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 - NOVEMBER 4, 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.

The Senate Legislative Oversight Committee will jointly meet with the Assembly Judiciary Committee on Friday, November 4, 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, on NJ Transit management, operations, funding, and safety issues.



JOHN F. McKEON
Chair

GORDON M. JOHNSON
Vice-Chair

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

MIRIAM BAVATI
*Office of Legislative Services
Committee Aide*
(609) 847-3865
(609) 292-6510 fax

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 - NOVEMBER 4, 2016

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

The Assembly Judiciary Committee will meet jointly with the Senate Legislative Oversight Committee on Friday, November 4, 2016 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The committees will receive testimony from NJ Transit Executive Director Steven Santoro on NJ Transit management, operations, funding, and safety issues.

Issued 10/26/16

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

For changes in schedule due to snow or other emergencies, see website <http://www.njleg.state.nj.us> or call 800-792-8630 (toll-free in NJ) or 609-847-3905.

TABLE OF CONTENTS

	<u>Page</u>
Steven H. Santoro Executive Director New Jersey Transit	5
Deborah Prato Assistant Executive Director Human Resources New Jersey Transit	56
Robert M. Lavell Vice President/General Manager Rail Operations New Jersey Transit	67
Gardner C. Tabon Chief System Safety New Jersey Transit	75
Christopher Trucillo Chief New Jersey Transit Police	92
APPENDIX:	
Testimony, plus attachments submitted by Steven H. Santoro	1x
pnf: 1-122	

SENATOR ROBERT M. GORDON (Chair): The Committee will come to order.

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

May I have a roll call, please?

MS. FLETCHER (Committee Aide): Senator Gordon.

SENATOR GORDON: Here.

MS. FLETCHER: Senator Weinberg.

SENATOR LORETTA WEINBERG (Vice Chair): Here.

MS. FLETCHER: Senator Ruiz. (no response)

Senator Sarlo. (no response)

Senator Kean.

SENATOR GORDON: Senator Kean is here.

MR. MAGYAR (Committee Aide): Senator Kean is here.

MS. FLETCHER: And Senator Kyrillos.

SENATOR GORDON: And Senator Kyrillos is here.

ASSEMBLYMAN JOHN F. McKEON (Chair): Okay?
(strikes gavel) I get to hit the gavel as well. (laughter)

Roll call on the Assembly side.

MS. BAVATI (Committee Aide): Assembly Auth.

ASSEMBLYMAN AUTH: Present.

MS. BAVATI: Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Here.

MS. BAVATI: Assemblyman Lagana.

ASSEMBLYMAN LAGANA: Here.

MS. BAVATI: Assemblyman Johnson.

ASSEMBLYMAN GORDON M. JOHNSON (Vice Chair):

Here.

MS. BAVATI: Chairman McKeon.

ASSEMBLYMAN McKEON: Present. And I note Assemblyman Peterson is due to be here. And again, welcome, Assemblywoman Chaparro; who is here for Assemblyman Zwicker.

ASSEMBLYWOMAN CHAPARRO: Thank you.

ASSEMBLYMAN McKEON: And welcome, Assemblyman Auth, who is here on behalf of Assemblyman Carroll.

SENATOR GORDON: And we are expecting Senator Sarlo as well.

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

I believe I speak for all of my colleagues when I say that we were incredibly frustrated and offended that representatives for New Jersey Transit missed our last meeting. It is the intent of this Joint Committee to gain a thorough understanding of how this agency operates and, most importantly, what we can do to improve it.

So the absence of New Jersey Transit leadership, and the circumstances surrounding that absence, did very little to improve our confidence in this organization.

But today is a new day. I am happy to see that Executive Director Steven Santoro is here today to speak with us; and with him are a number of senior officials of the agency. I hope that we can continue to rely on New Jersey Transit's cooperation in the future as we undertake a

comprehensive investigation of the factors affecting the performance of this critical transportation system.

It is imperative that we understand what happened to New Jersey Transit. How did we go from an award-winning institution to, as recent publications report, the Transit system with the worst breakdown record in the country? How did we fall from an agency worthy of emulation, to the organization with the worst safety record in the country? Why is it that reliable, on-time performance is so abysmal when commuters have been burdened with fare hikes totaling 34 percent since 2010? What are the root causes of these problems, and how do we fix them?

Answering these questions is the overarching goal of these hearings. We need to get this right. New Jersey commuters rely on this system to provide a reliable mass transit system so that they can get back and forth to work every day safely. The strength of our economy depends on the integrity of that service.

It is imperative that we determine if New Jersey Transit is truly meeting our state's capacity needs, or are only providing what our current resources can support. And, even more importantly, we need to know how New Jersey Transit will meet the 50 percent increase in demand that is expected over the next few decades. If we fail to address this challenge, our economy will suffer catastrophic consequences. Commuters and their employers will simply leave for places where mass transit is adequate and reliable.

At our last meeting, DOT Commissioner Hammer stated that New Jersey Transit has sufficient funds to maintain and operate our system. Yet it appears as if significant funds have been shifted from the capital

budget to operations. What effect does this have on New Jersey Transit's ability to invest in critical infrastructure improvements? Has insufficient funding led to delays in implementing the federally mandated Positive Train Control safety system? These are just some of the questions that we need to address. I hope that, today, we will begin to get some real answers.

Thank you.

Chairman McKeon.

ASSEMBLYMAN McKEON: Thank you, Chairman.

I'm going to be very brief.

When Commissioner (*sic*) Santoro called me on Saturday and, unbeknownst to myself, reminded me that our kids went to high school together and that he was the serial volunteer I know from West Orange that did a lot for the Mountaintop League, I said to myself, "Of all the nine million people in New Jersey, it has to be you." (laughter)

But with that having been said, you've been Executive Director for all of a couple of weeks. Now, you have an incredible amount of institutional knowledge, and I'm pleased -- as I'm sure all of us are -- that somebody's been brought up from the inside who will right the ship.

But all that having been said, I'm not John McKeon today; I'm one of the tens of thousands of commuters who have been frustrated by services that have become substandard and have been frustrated by 31 percent increases in their fares for the last seven years. I'm, frankly, some of your employees, who feel very frustrated from a perspective of positions - that weren't ordinarily in place, and now are; and have led to what is becoming very apparent to me, a real morale problem.

So please don't take any of my questions as being personal, even toward you; but on behalf of those very, very important constituencies.

With that, Chairman Gordon -- who is a lot kinder than I -- was ready to give you as much time as you wanted in an opening presentation. But I think we agreed that 15 minutes would be enough, because we have a lot of very prepared legislators who have worked very hard and have a lot of questions to pose.

Commissioner.

S T E V E N H. S A N T O R O: So thank you, Mr. Chairman and members of the Committee.

I'm personally grateful for the opportunity to appear here today and respond in person.

Please do not read my previous absence as a sign of disrespect or disinterest. As you know, we were able to produce answers to your questions, half by Friday night, and the remaining on Saturday. We also have been providing supplemental information throughout the week, and we stand ready to provide additional supplemental information as we go forward.

In addition, I have brought my senior staff to advise me in responding to your questions.

As you also know, and have mentioned, I was only recently appointed Executive Director of New Jersey Transit. The tragic accident at the Hoboken Terminal occurred just over two weeks before my appointment. My thoughts continue to be with the Kroon family, and all of those who were impacted by that accident.

We now know that our customers are rightly focused -- that you and our customers are rightly focused on safety; and so am I, as the new Executive Director. There is no higher priority. I've been with the agency for almost 16 years and have had the opportunity to work side-by-side with members of the Legislature -- and many of you personally -- to obtain critical funding, achieve community consensus, and clear regulatory hurdles. I thank you for your willingness to work collaboratively and expeditiously to achieve what we all know are our common goals.

Throughout my tenure at New Jersey Transit I have also worked alongside some of the most professional and accomplished men and women in the industry.

So I want to begin today by reinforcing that there will be no fare increases in Fiscal Year 2017; and I would like to let you know that I am proposing, to the Treasury Department, no fare increases for Fiscal Year 2018.

But right now, the focus is on where we are today. I'd like to state, in no uncertain terms, New Jersey Transit is at a critical juncture, and we have issues to address. First and foremost, is the safety of our customers and employees. There is no substitute for it, no alternative to it, and no way around it; it is *the* priority. Every public transit agency wrestles with this challenge, and we learn from each other, and it's a never-ending effort. For example, we look to Metro-North and the rigorous examination of the Federal Railroad Administration that followed the significant incidences in 2013. We compared the FRA's recommendation to our own safety policies and protocols. Throughout this process, we asked ourselves the hard questions and identified where we could make important changes. We then

worked with a consultant in 2014 to conduct our own internal review so we would have an independent assessment and a fresh perspective.

One of the first things we learned was that we needed to unify our approach to safety across the entire corporation. In response, my predecessor, Ronnie Hakim, created the Office of System Safety and gave it the mandate to work across all business lines to provide an agency-wide, comprehensive safety-focused program.

This spring, the FRA performed an intense inspection of New Jersey Transit Rail Operations' facilities called an *Optics Inspection*. Some of what they found included: the unauthorized use of personal use cell phones while on duty; not having the proper emergency tools on the train; having an uncharged fire extinguisher on the train; train crews failing to conduct the proper testing of train brakes; failure to blow the train's horns at railroad crossings; train cars stopping too close to an adjacent track; noncompliance with rules pertaining to engines and equipment in the railyards, including locomotives not being properly secured or left unattended.

These findings are unacceptable. We have taken specific steps to address all of those violations noted in the FRA inspection reports.

New Jersey Transit conducted its own even broader two-week compliance investigation emphasizing electronic devices. We created comprehensive inspection teams which conduct unannounced interviews; we adopted new stricter rules and increased penalties for noncompliance -- for example, longer suspensions; we issued new safety orders, alerts, and bulletins; and we're implanting more frequent equipment inspections, increased supervisory presence in railyards, and additional safety training.

Even before the FRA Optics Inspection, we were taking steps to emphasize safety compliance and transparency. We are one of seven pilot sites for an FRA program known as *C³RS*, or also known as *Close Call*, a voluntary reporting system that seeks to decrease human-factor caused accidents. We have also implemented more stringent rules in certain areas than are required by the FRA regulations. And we have learned some other hard truths. For example, we have critical vacancies in our Rail Division. Key personnel have either retired or left for other opportunities, and backfilling those vacancies is particularly challenging when we are looking at highly technical or specialized positions.

And this issue is found throughout the agency, not just in Rail. In response, we are prioritizing bringing on board a Deputy Chief of our Office of System Safety; additional management-level positions in the Rail Division; 20 new technical positions and a reinforced management team for our PTC Rail project; a Chief of Compliance and Reporting; and additional sworn officers for New Jersey Transit's Police Department to enhance security. I am pleased to say that New Jersey Transit is hiring and we will be competitive.

We will also aggressively pursue residency rules exceptions, as we are finding that requiring candidates to live in New Jersey has been a challenge, particularly in specialized fields like railroading.

Our Human Resources Department is teaming up with the State Labor Department on job fairs, and we are holding recruitment and partnership meetings with a number of organizations.

How are we paying for all of this? We took a close look at our operating budgets and found that we were paying for significant capital

projects -- like the purchase of multilevel rail cars and locomotives -- with operating dollars. Moving forward, funding for these types of purchases will come from the capital budget. With this change, we are able to keep the fares stable and be more competitive in the labor market.

In responses to some of your key questions that you have raised, we will discuss them in more detail, but let me summarize or highlight.

First, Positive Train Control. We are committed to meeting the federally mandated limitation deadline of December 31, 2018. And we are taking steps to ensure that we meet that deadline.

But safety is more than Positive Train Control. New Jersey Transit is continuing efforts to reduce human-factor related incident, including those involving switches. We have now taken a range of actions. We are analyzing employees' behavior, we're conducting safety pilot programs, and we're investing in new equipment.

Other measures include the continuous installation of inward- and outward-facing cameras on our rail equipment. We've implemented civil speed restriction technology on 25 of our 26 high-speed curves and bridges, based on criteria from the Federal Railroad Administration's Safety Advisory, to enhance rail safety. And we are deploying technology focusing on improving the safety of our system. For example, as you see on one of the boards behind me, we are piloting new technology, known as *Switchrite*, to assist engineers and conductors with switch alignment indications on a particular switch in Dover Yard with an abnormally high rate of incidents. In the 30 days the pilot program has been in effect, we have seen an improvement in operations and a reduction in incidents. We intend to

continue to monitor the progress of the pilot program, and will expand this technology to other locations as warranted.

We continue to look for additional opportunities, whether through deployment of technology, the construction of new capital projects, or employee training, to enhance a safety culture at New Jersey Transit.

Now let's talk about accident data. Through our safety initiatives, which I discussed earlier, we remain committed and focused to reduce the number of accidents and incidents that are reportable to the FRA administration. But I would like to point out the board titled "Rate of Total Accidents Plus Incidents per Million Train Miles," which is the board to my right. New Jersey Transit's overall accident/incident rate per million miles is lower than the average for all commuter railroads nationwide.

And when we look at significant events -- those events that the FRA recognizes as above \$100,000 reportable threshold -- over the last 10 years, less than 6 percent have resulted in reportable damage of more than \$100,000, which is less than half of the national average of 12 percent. This is shown on one of the other boards.

Simply stated, most of our accidents are less than \$100,000. But we must continue to strive to prevent even the smallest of accidents, and we will continue to prioritize initiatives and projects that build safety into the operations.

I have heard you express concerns about our alcohol-related accidents. It is important for me to note that Transit does not have a high rate of substance abuse related accidents. In fact, in the last 10 years, New Jersey Transit has had one FRA-reportable accident, involving a mechanic who was drug tested on the job as a result of a train accident.

One accident is too many. We will be working closely with the Federal Railroad Administration and collaboratively with our sister agencies to stay on the cutting edge of industry-best practices in the field of alcohol and drug abuse.

Finally, I have heard concerns about New Jersey Transit's mechanical failure rate. New Jersey Transit reports all major and minor failures, including any subsequent delays. Reporting subsequent delays is beyond the Federal Railroad Administration's minimum guidance, and results in our numbers being higher than those of our other commuter agencies. Moving forward, Transit will remove subsequent delays from the reporting data, and we anticipate this action will bring our results closer to other agencies.

Whether we are over reporting or not, I am committed during my tenure as Executive Director to drive the failure down. Portions of our fleet are aging, and we must keep our fleet modern and reliable.

Mr. Chairman and members of the Committee, you have my word that we have a renewed focus on our safety process and the culture as a whole in New Jersey Transit. The more than 11,000 hardworking men and women at New Jersey Transit are committed to delivering safe, reliable transportation to nearly half-a-million customers who we are proud to serve each and every day.

That concludes my testimony, and I would be happy to take your questions.

Thank you very much.

ASSEMBLYMAN McKEON: Thank you, Executive Director.

I am going to -- just to put on the record, and then we'll move on -- regarding the failure for NJT to have been here a couple of weeks ago.

So just to restate the facts: On Friday, October 14, the Committee announced that we were having a hearing -- that NJ Transit would be invited to and was invited to -- a week later, on October 21. On October 19, a number of days later, two days before the hearing, we were told that a meeting was scheduled with the FRA, conflicting with October 21. Did you schedule that meeting?

MR. SANTORO: I did, sir.

ASSEMBLYMAN McKEON: I'm sorry?

MR. SANTORO: I did.

ASSEMBLYMAN McKEON: Okay. And did you recognize the conflict?

MR. SANTORO: I did, but--

ASSEMBLYMAN McKEON: Well, go ahead; please expound on it.

MR. SANTORO: After being on the job for only a few days, I felt that I needed to have a better understanding of the agency. And the FRA, with that meeting-- The FRA had suggested the meeting be held. It would have rescheduled; I'll put that on the record as well, because I confirmed that.

ASSEMBLYMAN McKEON: I appreciate it; they put that on the record. What is it that you--

MR. SANTORO: No, they put that on the record, and I'll put that on the record as well; because subsequent to that meeting at FRA, I called the FRA and asked if they would have rescheduled that meeting, and

they said “yes.” But-- Again, being new to the agency, dealing with FRA as an important and critical agency -- that being emphasized by the incident at Hoboken -- I felt that I needed to get in contact with them and have that meeting. And I do apologize to the Committee.

ASSEMBLYMAN McKEON: I accept, and I’m certain we all do, your apology. But I just want to understand the facts a little better, because the Commissioner may have reported things in a little bit of a different way -- one of which was that it was a last-minute meeting that was put together and it couldn’t be canceled.

The other component of it was that, notwithstanding that you scheduled the meeting on October 19, and maybe felt -- I don’t want to put words in your mouth -- ill-prepared to come here shortly thereafter to deal with the rigors of what the questions would be, that it wasn’t until 9:00 in the evening -- 12 hours, not even, before the Committee hearing was scheduled -- that we were notified that you weren’t going to be in attendance. Was that your decision as well?

MR. SANTORO: No, and I did not do that text. I don’t know whose decision that was to text you.

ASSEMBLYMAN McKEON: It wasn’t just, for the record, me who received that text; it was staff. Were you not going to tell us, and just not come? I’m just trying to connect with, when you decided to schedule a meeting a day before, why it wasn’t until 12 hours before that we found out.

MR. SANTORO: Well, then, I will take responsibility for not contacting you earlier; and I apologize for that as well.

ASSEMBLYMAN McKEON: Okay.

I guess another part of it is that there's -- there are 15 people in your table of organization who are senior staff. I assume not all 15 were at this meeting with the FRA. Is that correct?

MR. SANTORO: That is correct.

ASSEMBLYMAN McKEON: Okay. And you have 10 people with you here today, I think, with the exception of Amy Herbold -- who, I guess, is the designated survivor. She's back at NJ Transit. (laughter)

MR. SANTORO: Yes, she's taking care of business at New Jersey Transit.

ASSEMBLYMAN McKEON: Why is it then that none of the rest of the senior staff was here, at least to support Commissioner Hammer, who was put in a very difficult position? And, quite frankly, if you look at the information he provided this Committee in his testimony, it's quite inconsistent with much of what came in that written response to us last week.

MR. SANTORO: Well, again, I apologize for that as well. If I wasn't going to be there, it probably was thought that the staff should not be there as well. I am representative of New Jersey Transit as of three weeks ago; and if I wasn't there, then the other staff wasn't going to be there either.

ASSEMBLYMAN McKEON: And Mr. Santoro, that's your -- it was your decision and your decision alone.

MR. SANTORO: Yes.

ASSEMBLYMAN McKEON: There was no consultation with the Administration or any component of the Administration outside of NJ Transit on this?

MR. SANTORO: No one from the Administration directed me not to attend the meeting.

ASSEMBLYMAN McKEON: Okay; fair enough.

Just briefly about the Board meetings. I'm sure you're more than familiar with the Board. I believe the DOT Commissioner, as well as the State Treasurer, sit on it; there are five additional individuals. And they meet and, in part, their function is to approve the budget. Is that correct? I believe that's in your bylaws.

MR. SANTORO: That is -- one of their jobs is to approve the budget on an annual basis, and approve intermediate contract approvals and other matters during the year.

ASSEMBLYMAN McKEON: And the fiscal year ends -- or starts, to state the obvious, on July 1, 2016. The Board last met in June of 2016 without approving the budget. They couldn't; the State had not approved their budget yet. And you didn't meet again until October 13. When I say *you*, when you were named -- and, hopefully, with much wisdom -- the Executive Director. NJ Transit operated, in effect, with an unapproved budget for a four-month period of time. Is that correct?

MR. SANTORO: I don't believe that's the case. I think -- and I can ask the CFO -- that the operating -- the approval for the prior year budget had a clause in it that it would allow us to continue operations through the next fiscal year, until such time that the next fiscal year budget was approved.

ASSEMBLYMAN McKEON: I looked at the bylaws; the bylaws said that they are to approve it. I know -- we all know, we could take judicial notice of when the fiscal year starts. But it wasn't approved, I

believe, until October 23, actually -- the second Board meeting from June. It seems to me, you know, whether technical or not, for four months there was a budget that was unapproved with the body that's given the indicia of that authority. And I don't know if it bears any more comment.

MR. SANTORO: Well, I stand by my comment that the prior Board approved -- the Board approved, the prior year, an operating budget, and it was allowed to continue into the next fiscal year until the next fiscal year's budget was approved.

ASSEMBLYMAN McKEON: All right. Well, here's a softball: We had no budget meetings for four months, and we've had one, two -- with a third scheduled and a fourth scheduled in a relatively consolidated one-month period of time. Is that something that we could expect on a going-forward basis?

MR. SANTORO: I don't believe so, sir.

ASSEMBLYMAN McKEON: No? I thought it was a good thing that the Board would meet more frequently.

MR. SANTORO: Oh. We will be meeting monthly. (laughter)

ASSEMBLYMAN McKEON: Oh.

MR. SANTORO: We will be meeting monthly, if that's what you meant. I apologize. (laughter)

ASSEMBLYMAN McKEON: So we'll, hopefully, return to regularly scheduled Board meetings. And although you technically don't have, I guess, the authority to call them, that's something that will be a part of your administration, if you will.

MR. SANTORO: I would fully expect to suggest to the Board that they meet monthly from now on.

ASSEMBLYMAN McKEON: Okay.

Mr. Director, this Committee has said we were going to use our subpoena power judiciously, so long as NJ Transit was forthcoming. I'm going to briefly repeat what was question number 29 that we posited. "Please provide an organizational chart, including a brief description of the roles and responsibilities of all senior staff members; additionally, all personnel holding senior staff positions in the last seven years. Please provide us with the date of hire and résumé or CV for each, including the information regarding their educational background."

In response, you provided 30 résumés, 14 job descriptions, an organizational chart; 97 pages of material, all told. I was preliminarily, I'm sure as many of us were, pleased with the depth of that response.

But then I looked a little bit closer, as many of us did, and there was a position created in April 2015, about a year-and-a-half ago. That position was the Chief of Policy and Strategic Planning. Policy and strategic planning, technology, safety, and capacity planning was the component not provided, but that we found independently, of what that position was to entail. That position was compensated at \$147,000 annually, and that compensation was third overall -- the third highest as it relates to the organizational chart that you provided us, with the exception of the CEO -- the Executive Director -- which, I think you're underpaid, by the way -- and the CFO.

The position's responsibilities go to the very essence of many of this Committee's concerns: again, planning, technology, safety, and capacity planning. In a statement by NJ Transit, the Director of Public Information, upon this individual's hire in April, said, "Michael Drewniak is a part of our

senior management team.” Yet, in 97 pages of documentation, he wasn’t identified, there’s no résumé, and there’s no job description.

I looked up the résumé: 12 years as a *Star-Ledger* reporter; law enforcement and politics were the specialty. From 1998 to 2010, spokesman for the U.S. Attorney’s Office. Not a big résumé, as it relates to New Jersey transport-related work. From 2010 to February 2015, Press Secretary to the Governor, including, of course, that term of Chris Christie.

Now, let me just start. Would you agree -- and Mr. Drewniak, maybe for the last year-and-a-half, has performed capably; so I’m not into that -- but that when he was hired, there was a dearth of transit-related experience.

MR. SANTORO: So when he was hired, I was not in this position, number one. And let me clarify--

ASSEMBLYMAN McKEON: If you can’t answer, then that’s fair.

MR. SANTORO: Excuse me?

ASSEMBLYMAN McKEON: If you can’t answer, then that’s fair.

MR. SANTORO: Okay.

I wasn’t -- I was not the Executive. The only thing I wanted to make clear was that the résumés that we were presented were our first tier; my direct reports. Mr. Drewniak is not a direct report, anymore, to me. My Chief of Staff is sitting to my right. And that was the criteria for which we provided résumés.

ASSEMBLYMAN McKEON: I’m sorry; I don’t want to go back and belabor it. I read to you what the question was -- holding senior

staff positions, senior staff members. And then, specifically, I quoted you what NJ Transit said he was being hired as -- as a senior staff member. And if you want to answer the questions, you can answer them.

These questions are for the Commissioner, sir.

MR. SANTORO: So if the Chair is looking for additional résumés, at the next-lower level, below my direct reports--

ASSEMBLYMAN McKEON: All right. Well, we're going to get that in a minute. But I want to kind of finish a little bit of a point on this. Because, you know, quite frankly, I found something in Mr. Drewniak's kind of related experience -- a press release that he sent out on behalf of the Governor right when the Governor took office, when the Governor withheld 10 percent of NJ Transit's funding on the basis that he wanted to "end the patronage hiring that typified the past."

Now, not only has this individual served as the Chief of Policy and Strategic Planning, but from May of 2016 to October of 2016, as the Acting Chief of Staff -- in effect, the second or third in command of 11,000-plus individuals.

Now, in Federal Court, just a couple of days ago, Mr. Drewniak testified on, "How did you get a position at New Jersey Transit?" And the answer was, "It was a combination of events. I was leaving the Governor's Office. I made an overture to the Executive Director." I appreciate that that wasn't you. "What do you mean, an *overture*?" "I was interested in coming to NJ Transit." "Was the position created for you?" "Yes, that would be fair to say." "Do you know why it was created for you?" "No, I don't."

I pose that question to you: Do you know why?

MR. SANTORO: I do not, sir.

ASSEMBLYMAN McKEON: Now, I mentioned that I was going to get into a few things that I think we were missing now for the last eight years. And something that I think is very positive that you said is, that NJ Transit is going to be hiring again. That's a good thing. But for about eight years, other than emergency hires, there has been a hiring freeze, correct?

MR. SANTORO: Mr. Chairman, that is not correct. We were able to hire as vacancies came about.

ASSEMBLYMAN McKEON: Okay. So we were able to hire into vacancies.

MR. SANTORO: Correct.

ASSEMBLYMAN McKEON: Fair enough; that's a little different than the nonpartisan information I was getting from OLS, but I'll accept your answer.

Well, I've identified 10 individuals with ties to the Administration -- meaning the Christie Administration. Their compensation ranges from between \$74,500 to \$170,000 a year for a total of \$1.2 million salary each year, and that doesn't even count the benefits; so probably close to \$2 million. I don't want to talk too much about individual names, but I'll tell you what I found. Only 2 of those 10 were identified in New Jersey Transit's response to our inquiries. And I would argue that many others beyond Mr. Drewniak -- for reasons I stated in NJ Transit's own words -- would have been responsive to that request. One individual was a Chris Christie aide who was involved in serendipitous videotaping of an NJEA executive back about six years ago. He was later

working at the Port Authority in the Government Outreach Section; actually drafted a response to Senator Weinberg's inquiry to Commissioner Schubert about the George Washington Bridge closings. And now he is at NJ Transit in some kind of Sandy recovery position.

Three of them, of the 10, were on the Bridgegate witness list; four of the 10 were questioned in the infamous Gibson Dunn report; two are titled Senior Compliance, when compliance has been a major issue that needs to be addressed -- by your own testimony and by the information you've given us; two were affiliated with the Patton Boggs firm.

So, sir, I am going to reiterate this request now, publicly, and maybe attach a subpoena to it. We want a list of all new employees, as of January 2010, earning \$70,000 or more: their date of hire, their job description, their résumé, and, very importantly, whether or not they are replacements or new positions.

And I want everybody to know this. You know what? The whistleblowers -- they're out there. They work for New Jersey Transit and they are dispirited by many new titles and unqualified hires.

You're the new Executive Director, and maybe you can answer this. If you want to defer -- this will be my last question -- you can. But this Committee needs to know what tools you need to have so that this Governor or any other future Governor doesn't politically interfere, by placing in top management, individuals, frankly, who don't have résumés, who besmirch the honor of that fine Transit agency that you now head. New Jersey Transit riders deserve no less nor, frankly, do the rank and file employees.

MR. SANTORO: So Mr. Chairman, I am willing to work with you. I can't answer that question right now, but I'm very much willing to work with you to seek whatever, or determine whatever needs to be done to deal with potential situations that you described.

ASSEMBLYMAN McKEON: Thank you for your answers, and I'm going to defer to my Co-Chair.

SENATOR GORDON: Thank you, Chairman McKeon.

At this point, I'd like to get into the issue of accidents and the accident data. In your statement you indicated that if one looks at accidents that were valued at over \$100,000, the agency compared favorably with others. And you indicated that if one looks at, as I recall, accidents on the basis of per million miles, the trend was down, and so on.

On the other hand, we are seeing reports in the press -- and I cite one now from the Associated Press -- which found that New Jersey Transit trains were involved in 157 accidents over the past five years, three times as many as the larger Long Island Rail Road system, and the most in the nation. The same analysis found that human behavior was the cause of 57 percent of those accidents, 13 percent higher than the next-highest railroad. And that human error on New Jersey Transit causes accidents three times as often per mile travelled as on any other railroad. And the same report indicated that the Federal Railroad Administration's \$519,000 in fines included fines for 33 that were related to drug and alcohol abuse -- according to the article, twice as many as any other commuter railroad.

You know, I have found in my own private sector experience, my consulting experience, that much value can be derived in comparing an organization to peers and going through a benchmarking process. And

that's what we're seeing in the report now, and that is certainly what has attracted our attention.

We've heard from Commissioner Hammer that the problem may be misreporting or over reporting; vague definitions of what constitutes an *incident* or *accident*. What is -- how does New Jersey Transit define what an accident is; and is this the same definition that other major systems use?

MR. SANTORO: So in my opening remarks, I identified some of the positive things that we're doing regarding safety. And the purpose of that was to advise the Chair and the Committee that New Jersey Transit has not fallen asleep at the switch, so to speak. We've been proactive, we've been focused. But the statistics are what they are; and in New Jersey Transit's detailed responses to the questions that relate to accidents and incidents related to mechanical failures -- which is a little different, but of similar ilk -- we tried to explain that, yes, there may be differences when you're comparing Metro-North or Long Island Rail Road to New Jersey Transit. Some of our policies might increase the number of accidents and incidents reported. And the purpose of some of these charts here is to say that when you look at accidents and incidents, we fare somewhat favorably. When you pull out, specifically, train accidents, we don't look favorably. Part of that reason is, potentially, that we haven't had the opportunity to drill down to this level; that other agencies might have different criteria for the level -- the reporting of the accidents. The FRA has regulations, and we all truly try to meet those regulations and the reporting requirements. But there is a little bit of--

SENATOR GORDON: You sent us a rather lengthy manual on how to submit data to the Federal Railroad Administration.

MR. SANTORO: Yes, there is; and it's fairly subscript. And one of the reasons why I want to hire a Chief Compliance Officer is to make sure we're complying with those lengthy regulations; and all the regulations are very positive -- that have a positive oversight, and part of the aspect in creating similar reporting.

But there are little nuances in terms of policies, where we may have a policy that might create what might be a normally reportable Federal regulation incident reporting. It may create that, that we're -- it wouldn't have to be.

But I'm not here to make excuses; I'm not. We have -- even if you peeled away that -- I'll use the word -- *fuzziness* in terms of possibly different policies, we still probably would be higher in terms of train accidents. And in my opening remarks, I wanted to -- and I think it was mentioned later -- we drilled down to try to understand, in the last week-and-a-half, two weeks, to understand why we are higher in train accidents. Because we are; there's no questioning the data. We drilled down and found that many of the reportable accidents are related to track in the yards, run through switches -- which I also mentioned in my opening remarks -- and human factors related to those reportable incidents -- or reportable accidents, excuse me.

And they were human factors. And we've taken some initial actions to attempt to correct that, but we certainly need to do more. And even more specifically, what we need to do more is hire more rail managers, as I mentioned in my opening remarks. It's become fairly obvious to me -- and I think it's become fairly obvious to others -- that as we see retirees

leaving the railroad, we need to replace them. And we haven't been replacing them quickly enough.

So I attempted to define *accidents* and *incidents*; but I will acknowledge that the data shows that our train accidents are higher than the rest of the agencies. Again, there may be nuances to that; but the fact is that we need to deal with that situation. We've started to deal with that situation even with the technology that I mentioned that's on the board there, at Dover Yards -- trying to use technology; not just training, not just bulletin orders, but technology to deal with the run-through situations to help our conductors out there understand which direction the switch is in a more clear manner.

SENATOR GORDON: What I'm drawing from your comments is, one, that you're still in the process of this drilling down effort. And it just seems to me that what would be really important is to complete that exercise and, most importantly, benchmark yourself against peer organizations so you get an early warning when things start looking as if they're going in the wrong direction.

Secondly, you said something that I think is very important. You referred to track problems as a cause of these higher-than-average levels of accidents. To me that suggests inadequate -- either inadequate maintenance or inadequate investment in infrastructure. One of the things that I found troubling in the plethora of stories that have been coming out in recent days is a report in Bloomberg, based on data from the National Transit Database, which, as you know -- and I'm learning more about this stuff than I ever wanted to -- they provide profiles of every major transit system and probably every minor transit system in the country, and actually

show the allocation of dollars spent on the system by major category, the number of employees, and the hours invested. And in the Bloomberg story -- I believe, it was of last week -- the story reports that, from 2010 to 2014, maintenance employees, both vehicle and nonvehicle -- and a nonvehicle would be those allocated to station repairs, for example -- but maintenance employees, during that period, have dropped 5 percent from 2,026 to 1,927; and work hours devoted to the trains dropped 8 percent, as did hours devoted to non-train maintenance.

The story goes on to say that while -- that maintenance staffing in 2014 was at its lowest point since 2008; and at the same time, mechanical breakdowns started trending upward. The story also goes on to say that, during that same period, 2010 to 2014, administration staffing climbed 38 percent to 706 from 512, and their hours grew 54 percent. And that's the highest administrative staffing level -- the most hours since, at least, 2004.

What troubles me is that it seems as if we have a misallocation of resources and the wrong set of priorities here. Is it your testimony that a major factor in the accidents are -- that they are the results of inadequate maintenance or a downturn in the number of hours or employees devoted to system maintenance?

MR. SANTORO: So you put out a lot of information there, but I'll eventually get to answering your direct question.

SENATOR GORDON: Okay.

MR. SANTORO: So I'm familiar with that NTD report; I have had discussions with the reporters to try to clarify that information. What I can tell you is that the reduction in maintenance staffing is probably an

accurate number. The increase in the administrative is a little more suspect in terms of numbers, because we have to pro-rate. Being in the management world, we have to pro-rate all of our support staff against the railroad so the administrative part of it is probably not an accurate indication. Certainly I will be more careful going forward, and having staff be more careful with what numbers get presented out in the public.

But to answer your question more directly: It's probably true that the maintenance staff is lower than it was by 5 percent over the course of the last few years. And that is one, as I said in my opening remarks, of the things that New Jersey Transit needs to do. It needs to maintain the appropriate level of staffing on the railroad -- and not just on the railroad, on the bus side -- and it also needs to maintain the level of staffing to support the railroad. We have a multitude of departments -- Human Resources, Procurement, Civil Rights; there are probably 20 other departments that we have. And we need to maintain the appropriate level of staffing, and we're committed to doing that for all the departments to support the full plethora of requirements for reporting, for safety, for customer service. And that is my commitment to you -- to both fulfill those vacancies that we have, and to increase staff related to the railroad, and then related to police security.

SENATOR GORDON: The natural follow-on question is, what caused this decline in expenditures and personnel devoted to maintenance? The Commissioner of Transportation, on October 21, said, "We have all the money we need," I am paraphrasing, of course. Why have we seen this decline in maintenance? The impression one gets from the outside is that this is an organization filled with good people that has been starved for

resources, and they're unable to run the railroads the way they would like to.

MR. SANTORO: Well, one of my first -- probably my only staff meeting, because I've been working on other things -- I try to set the tone of the staff at my staff meetings. One was that I did not want any drama in the organization; and two, I need to provide the tools to all the staffers, all my direct reports, to allow them to do their job properly. And one of those tools that they require is staffing. As I said before, we're committed to doing that.

One of the challenges, certainly on the rail side, in terms of hiring people, is that we've become less competitive with our sister agencies; certainly with the private sector. We will probably never catch up to the private sector, but we certainly need to catch up with our sister agencies in terms of being competitive from a salary perspective, and we will be doing that. We have what we call *compression issues* on both the bus side and the rail side; and one of the first things I need to do is address those compression issues.

And I also mentioned, in my opening statement, residency. I mean, a personal experience on the capital side -- not being able to hire a couple of very qualified people who live on the borders with New York. They were willing to come and work for New Jersey Transit, but didn't want to move. So we are going to aggressively pursue waivers, that are allowed under the residency law, for key positions.

SENATOR GORDON: And Director, these are some of the areas in which we can work together in search of solutions.

You know, I'm particularly concerned about our remaining competitive -- not just for the senior-level positions, but mid and lower management as well. I mean, just out of curiosity, last night I got on my LinkedIn account and I did a search on New Jersey Transit, and there were 305 people listed who had some experience at New Jersey Transit. I don't know how old that data is, or how high they were. But if you're losing talented people and can't attract replacements, that's a problem that we need to address.

Just getting back to the maintenance issue. Would you say that the inability to devote the resources necessary for maintenance also explains the higher breakdown rate? I would think that reliability in general is going to be affected by this.

MR. SANTORO: I mean, based on the three weeks that I've been here, based on my conversations and looking at data, I don't -- there may be, but I don't think that's the root cause for mechanical failures. Looking at the data again -- and I still have to go through it, many layers of a deeper dive -- is that there is some of our fleet that is older than it should be. We have a fair amount of very modern and very new locomotives and multi-level vehicles. Customers love the multi-level vehicles, and we're going to continue to buy more multi-level vehicles. But we have some older locomotives that are prone to breaking down more. And we certainly have what we call *Arrow IIIs*, which are electric multiple units that run on the Northeast Corridor and run on other parts of our electrified territory, that are very old and need to be replaced. We replaced some of them already with the multi-level locomotives sets. But we are in the process of procuring additional electric multiple units, and those will replace these *Arrow IIIs*,

which are single-level. We will replace with multi-levels, which will not only give us a newer fleet, a more reliable fleet, but it will also add seating capacity, literally in the same square footage that those two vehicles occupy. So it's a strategy that we continue to put forth.

I think attached, in one of the documents that we sent to you, was our fleet plan -- probably two years old; maybe it needs to be updated a little bit. But the fundamentals of that plan are still in place. We are in the process of developing a specification -- hopefully, it will be out on the street soon -- to rehabilitate or do a mid-life overhaul on our diesel fleet, the newer diesel fleet, the PL42s. But they're 15 years old or so and they need to be overhauled, as is the tradition of the railroad industry. We will be overhauling even our older fleet in locomotives, which see minimal duty. But all of that is in our capital -- our 10-year capital program.

So yes, we recognize that we need to reduce our mechanical failures, and we are working to do so with constantly acquiring new fleet. Those are expensive, for sure, so we have to carefully plan them so that we're not peaking or buying too many vehicles in a couple of years. We need to spread all this out, as we do with the buses.

SENATOR GORDON: Okay.

Before I leave the subject of accidents and safety, I'd like to just ask about your impressions of whether the organization has the appropriate safety culture. You had mentioned that Ms. Hakim had established an office of -- a system-wide Office of Safety. We've read in the press that you've brought in a former executive from the MTA, I believe, to conduct an in-house safety audit and to assist you in your efforts in this area.

And I know you've only been in your position for a few weeks, but you said you were in the organization for 16 years. Do you feel there needs to be a change in the organizational culture, if I can call it that? Does there need to be a greater focus on safety?

MR. SANTORO: So I don't think there needs to be a change, but there certainly needs to be a greater focus; and that starts with me, in the leadership role as Executive Director. I think, as I mentioned in my opening remarks -- and I think you mentioned, Mr. Chairman -- that there are a lot of good people in New Jersey Transit. They are good employees, they are dedicated employees. They are focused on customer service. And they need the tools too, as you had mentioned. Not just senior management needs tools, but up and down the entire organization -- they need the tools.

So I think the concept of safety is throughout the organization. But clearly, there needs to be a refocusing, a rededication, new resources related to keeping the culture as it is, but improving the culture as well. I need to meet with the various union reps -- which I've introduced myself to them, but haven't yet met with them -- to make sure-- Well, I want to get their feedback on what their perception is, and what their perception of the weaknesses are on the New Jersey management side. And I will do that.

So clearly-- I mean, the core is there, but leadership -- which is my responsibility -- needs to focus on that and keep the focus on it. Not just signs, where -- "Safety is Number 1". We need to have real tangible efforts to enhance a safety culture.

SENATOR GORDON: Okay; thank you.

I'd like to now just turn to a subject dear to my heart: Positive Train Control. I have a few questions on that. And believe it or not, I'm going to allow my colleagues in the Assembly, and others here, to have an opportunity to ask a number of questions.

Regarding Positive Train Control, we are concerned-- You've said, and Commissioner Hammer said, that you're going to achieve the federally mandated deadline of December 2018 to get Positive Train Control installed. What caused us some concern is that we-- It just appears, based on the reports from the FRA that we're looking at, that you're behind some of your peer organizations like Amtrak, SEPTA, and PATH. And we note that in the July 31 report, that Positive Train Control is supposed to be installed eventually on a 165 locomotives by the end of December of this year. But as of July 31 -- that last report we saw -- the installation had occurred only on four locomotives.

Are you at all concerned that we're, sort of, forgive the pun, behind the curve?

MR. SANTORO: So I certainly appreciate -- based on those reports -- your concern, and the Committees' concern.

Those reports certainly show -- could convey a potential lack of progress. Again, not to make excuses -- which I will get to in more detailed discussion on this -- but those reports are completion milestones with some intermediate milestones, as you suggested, with regard to vehicles.

So it isn't that we aren't making any progress, as one might interpret those status reports. We kind of break down the project into several areas: one is spectrum, one is vehicles, one is right-of-way, and one is

training. I can go through all of those to give you context and a better understanding of where we are.

So with regard to spectrum, we're very well set on acquiring all the spectrum that we need. We went to the Board recently and got approval to lease, for 50 years, spectrum from Metro-North in the northern part of the state. We went to the Board previously -- I don't remember what month or year, but it was earlier -- to execute a deal with PTC-220, LLC to acquire the balance of the spectrum that we need throughout the state, from the middle of the state to the southern part of the state. That's in place; we're right now waiting for the FCC to approve that deal because of some swapping going on in terms of spectrum between us, and the freights, and the FCC. We anticipate a successful consummation of that deal and conformation from the FCC that it can go forward.

So spectrum, which is one of those areas on the progress report that's not filled in at all, because we, by definition-- The definition of that milestone is "complete and ready for use." And we're not complete and ready for use, but we are clearly poised to fill in that circle.

With regard to right-of-way, probably there's -- I don't recall the details -- but there are probably a lot of blanks in there as well. So we have 11 lines plus the Northeast Corridor; 11 service lines plus the Northeast Corridor. We have progressed on several of them -- I don't have the exact count -- with the design, some of which are 90 percent, some of which are 50 percent complete; and some of which are still 0 percent complete, to be honest. We purchased a fair amount of right-of-way equipment that is sitting in warehouses; several thousand transponders that

are, kind of, the core of the system. We purchased them and they have been delivered to us, some of which have been installed already.

We are working on a demonstration section of our Morris and Essex Line; a six-mile section for demonstration of the full PTC system. That should start -- we should be ready and starting demonstrations-- Excuse me, may I ask behind me?

SENATOR GORDON: Sure.

MR. SANTORO: (confers with staff) So on that demonstration, that six-mile demonstration line-- Around April, that system will be ready for the beginning of demonstration. And by the end of the summer or early fall, we should be at completed -- the demonstration of a system on that six-mile line.

And that doesn't mean -- we're not waiting for that demonstration to be complete before we install other equipment on the rest of the lines. We will be doing that simultaneous with the work that we are performing on the demonstration line.

We have already tested one component of the PTC system, which is kind of the equivalent of the system that we have now, Automatic Train Control. So we're replacing the existing Automatic Train Control that we have -- which is starting to age from a technology standpoint -- and we're upgrading that from a technology perspective. So we have tested that component of the PTC project even on the Northeast Corridor, because we have to have full compatibility with Amtrak.

So all in all, there has been progress being made. We hope to start -- we plan to start full production of our vehicles -- *production* meaning, installing hardware and software on our 440 vehicles -- starting in April.

And we will be cycling those four to five a week, putting this PTC equipment on board.

So there is progress being made that doesn't indicate that. But clearly there are challenges that we have to contend with, going forward. We are working with the contractor. We have a design-build contractor that we hired several years ago that we are -- we have been for the past -- well, for quite a while -- but trying to make sure that, and making sure, that we have a demonstrable schedule that will meet the 2018 date. And we're just finally wrapping that up with them, as we speak.

SENATOR GORDON: Regarding the contractors -- we noted in the report dated May that you needed an additional \$19 million for the project. And I thought there were references to some technical issues that were taking longer than expected to resolve. Are you having some troubles with the contractors?

MR. SANTORO: Well, the simple answer is "yes;" but we're working together. We have their commitment to work together to meet the 2018 date.

As with any complex project; complex technology; complex interface between the contractor working on an operating railroad and New Jersey Transit having to supply and actually do some of the installation on our railroad -- because we want them to ensure the safety of our customers and our operations-- So we have rail force account people who actually do most of the installation on the right-of-way. The contractor will install everything on the vehicles off-site -- all the equipment on the vehicles off-site.

But it's been, from a technology standpoint -- coordinating all of that -- certainly a challenge. But we have refocused; and as I said in my opening remarks, we will be hiring more people on the rail side; and we are refocusing ourselves on the project side -- project management side to make sure that we can meet this required, mandated 2018 date.

SENATOR GORDON: Can you talk a little bit more about what kind of problems you have been encountering?

MR. SANTORO: Probably the biggest problem is the radio. The radio is-- The same radio is going to be utilized by us, Metro-North, and Amtrak, and that has been a challenge from the technology standpoint. It's a General Electric radio. There was an older version of it; we needed to upgrade that version on all three of those railroads because there was concern about interoperability between each of the agencies' trains, as well as the freights.

So this whole discussion of-- We used to be on a 220 megahertz system, but now we're at 218; because the freights needed to be 220 and the radio needed to be compatible with that. So that is the-- When PTC was first brought up by Congress and mandated by Congress, that was clearly one of the technical challenges that was known early on. And I believe right now we've solved that problem enough to go forward and advance the project to meet the date. There will probably be some tweaking, for sure, on the radio, as we get into demonstration and interacting with the other agencies, with regard to interference and interoperability.

SENATOR GORDON: Regarding the Positive Train Control as it was in the Hoboken station. I recall that you requested a waiver from

the requirement, I guess, for having Positive Train Control over the last mile into Hoboken. What was the problem; why did you do that? And if Positive Train Control isn't an option for that segment, are there other options that you can pursue?

MR. SANTORO: Well, we did acknowledge -- request a waiver, as did many other railroads going into a terminal like Hoboken. (moves to display board) So the board to my left shows the complexity of the Hoboken terminal; its many switches -- 151 switches. So the tradition has been, up to a point entering that yard -- you would have technology. And we actually have Automatic Train Control technology within Hoboken as we speak, but it only will stop a train at 20 miles an hour -- roughly 20 miles an hour.

So to your question -- we do and will look at PTC and its viability within the yard. We will look, if PTC is not the ultimate answer, at other techniques, from a technology standpoint, to implement within the yard. Yesterday I was at a meeting called by FRA Administrator Sarah Feinberg, which the FRA periodically does to bring all the railroads together to talk about common issues. We had a great discussion on many topics, one of which was PTC and one of which was the waiver that we mentioned. And we will clearly be working more closely with the FRA and Metro-North, who has similar issues, and Amtrak to not go on our separate way and try and solve the problem. We're going to attempt to communicate with each other so that we can get the best minds and the best solutions for this type of situation.

SENATOR GORDON: Senator -- U.S. Senator Richard Blumenthal of Connecticut recently said that he thought that these waivers

shouldn't be granted for stations. I mean, do you -- what do you think about that? I mean, should we, in fact, be installing this, you know, for the--

MR. SANTORO: Well, I'm not going to comment on the good Senator. But as I said before, we have to look at that; we have look at whether PTC can be installed in this configuration, and if not, what else can we do from a technology standpoint -- kind of put an equivalent system in. To be factual. Based on very, very preliminary conversations -- not even analysis -- putting a full PTC system with a 0 speed at the end of the yard in this Hoboken configuration -- trains may not be able to operate through all those switches. So it is a complex issue which we are certainly going to try to deal with. Whether it's PTC or whether it's something else, we will have to fully investigate that and work with our colleagues to find the best solution.

SENATOR GORDON: Are you -- have you asked for a waiver in other NJ Transit stations?

MR. SANTORO: (confers with staff) Yes, there were seven other waivers, primarily related to yards; not necessarily terminal stations, but yards.

SENATOR GORDON: Okay. And just one final question. I think we all know, here, that the Governor imposed a moratorium on Transportation Trust-funded projects. I believe it was a three-month moratorium. Did that have any impact on the Positive Train Control project?

MR. SANTORO: No. We continued to progress that project unabated.

SENATOR GORDON: Okay.

I'm going to end my questions at this point.

Chairman.

ASSEMBLYMAN McKEON: We're going to call the next questioner.

SENATOR WEINBERG: May I ask to have a little 10-minute break before you do that?

ASSEMBLYMAN McKEON: Senator, I would never do anything other than honor a request of yours.

So it is now--

SENATOR WEINBERG: Thank you.

ASSEMBLYMAN McKEON: And I assume the Co-Chair would do the same.

So it's 11:32--

SENATOR GORDON: Let me think about that. (laughter)

ASSEMBLYMAN McKEON: We'll be back at 11:40.

(Committees break at 11:32 a.m.)

(Committees reconvene at 11:41 a.m.)

ASSEMBLYMAN McKEON: Okay; we're going to reconvene. Thanks, everybody, for the few minutes.

I think Assemblywoman Weinberg (*sic*) was going to go next; but out of respect to our colleague, the Senator -- you had a question or two.

Please.

SENATOR KYRILLOS: All right; thank you, Mr. Chairman--

SENATOR GORDON: Senator Kyrillos, we know you need to leave; so, Senator Kyrillos.

SENATOR KYRILLOS: --both Chairs, my esteemed colleagues. It is very gracious of you, and I won't complain about the press conference since you are graciously letting me jump in here for a quick minute before I need to depart. (laughter)

Mr. Director, congratulations on your appointment. You have obviously had a strong career at the agency; you've risen to the very top. And you are coming in at a seemingly inordinately difficult time, and you have handled yourself well.

Hopefully we've gotten past the problems of your attendance at the last hearing, or other hearings. And I think the fact that there's a spotlight on what you're doing, while it adds obvious pressure, can be a help as well.

You come to this Legislature for what you may need; we've heard you don't need more money. And some successes and the challenges met can be highlighted in a way that may not otherwise have been highlighted. So that's very good.

I wanted to ask, very quickly, because-- We want to inspire confidence out there in the public, right? Because my sense is that we have a good agency that has typical challenges -- that any large operation, private or public, would have -- and some unfortunate situations, some unfortunate headlines; and some unfortunate opportunities to clarify things missed.

But this accident rate that dominated press accounts for a while, that we have more than other places-- When the Commissioner was

here last time -- and you alluded to it, I think, in some of your prepared paperwork back to us and in your exchange, I think, with Senator Gordon -- he talked about an accident rate perhaps higher than it could be because of accidents that we count that aren't necessarily counted in the Federal data. Is that true?

MR. SANTORO: Well, I think, for clarification -- we are using the same Federal data. So we report Federal data. What I tried to clarify in the written response was that we may be using criteria that other railroads might not be, that brings it to the report. So I'm not here to dispute the actual numbers -- because they are all FRA reportable, they are there -- but what brings us to the way we deal with a particular accident, in terms of-- How we repair a vehicle or how we repair track might influence whether it goes on that report.

SENATOR KYRILLOS: Well, have you been able to figure out how you may differ and how you may be over-reporting -- if, in fact, that's true? Because the hearing was -- what? -- a couple of weeks ago.

MR. SANTORO: So I'm cautious in my responses because I haven't dug down to that level. We have some educated opinions on that, but I haven't, like, talked to the Metro-North, or talked to Amtrak, or talked to anyone else.

SENATOR KYRILLOS: But the people there, behind you -- some of the staff people have a sense of it?

I would-- I mean, I would defer to the Chairman whether he wants others to remark, but I would think it would be in your interest, and the agency's interest, and the public's interest to know the facts; that we put our problems in the context of everybody else and don't over-dramatize

them. And then there's another category -- I forgot what we call it -- *mishaps* or--

MR. SANTORO: It's *mechanical failures*.

SENATOR KYRILLOS: Mechanical failures. And again, the Transportation Commissioner said, "We've got more mechanical failures in there than we necessarily need to have."

So, you know, why should you have another bad story? Why should the woman who gets on the train in Middletown think, "Gee, I'm getting on an unsafe train because we have such a lousy record. That's what I read in the newspaper?" We should put it in very clear context; all this stuff should be-- It boils down to, let's inspire confidence out there, if it's justified. If it's justified.

MR. SANTORO: Agreed. So one of the things that we at New Jersey Transit certainly need to do is cull the data and make sure we're doing exactly as you stated. Make sure our numbers are accurate, make sure our numbers-- If we're going to be comparing ourselves to other agencies -- and we should, because that is a benchmark -- then we need to make sure that the we're comparing apples to oranges. And we will be doing that, for sure.

SENATOR KYRILLOS: Well, I would respectfully urge you to do it immediately. Why would you not? Assign some people in the agency to look at the data, crunch down hard on it, and maybe have a good story to tell, right?

MR. SANTORO: Agreed.

SENATOR KYRILLOS: All right.

MR. SANTORO: We will do that.

SENATOR KYRILLOS: All right; good luck. We'll keep posted on everything.

Thank you, sir.

MR. SANTORO: Thank you.

ASSEMBLYMAN McKEON: Thank you, Senator.
Assemblyman Gordon.

SENATOR GORDON: Johnson.

ASSEMBLYMAN McKEON: Johnson. (laughter)

ASSEMBLYMAN JOHNSON: Yes, that would be *Gordon Johnson*.

ASSEMBLYMAN McKEON: My familiarity with you, Gordon, was--

ASSEMBLYMAN JOHNSON: The other Gordon.

SENATOR GORDON: Well, we're often confused.

ASSEMBLYMAN JOHNSON: Thank you, Executive Director, for coming.

I need some clarification, if you would, on the capital funding going into your operations; so capital-to-operating transfers.

Now, in 2010, there was a 25 percent increase in the fares; and in 2015, there was a 9 percent increase in fares; a 34 percent increase. And as I read in my notes here, there are 165,000 people per day who ride the rails, about; is that correct? About 165,000 commuters?

MR. SANTORO: Yes.

ASSEMBLYMAN JOHNSON: So with this number of commuters paying this, and with the increase that you are receiving, why is it necessary to transfer that much money -- which I'm reading here, it's

\$500 million a year that is being transferred from capital to operating expenses -- or budget, I should say.

MR. SANTORO: So we dug into that question a little more deeply, and looked back -- all the way back to Fiscal Year 2007 and did annual comparisons all the way through FY 2016. And two things were interesting: one is that, yes, the actual numbers have increased; but so has our operating budget. And -- this is just looking at the raw numbers -- we compared capital operating transfers as a percentage of the operating budget. And hopefully we've provided you with that information, but I can give you a summary of that.

It's been pretty steady -- the percentage of capital operating transfer, as compared to a percentage of the total budget, has been fairly consistent since 2007 at around 23 percent. It's varied from year to year. In 2007 it was 23; 2008, 22; 2009, 25; 2010 is 26; FY 2011 went up to 30; FY 2012, 22; FY 2013, 23 percent; FY 2014 went down a little to 22 percent; FY 2015, 23 percent; 2016 is 23 percent; and 2017 went down to 19 percent. So the numbers are interesting. I'm not trying to suggest anything more than the facts, but capital operating transfer is pretty consistent the last 10 years.

ASSEMBLYMAN JOHNSON: So about 25 percent of your operating budget comes from capital transfers.

MR. SANTORO: Well, I don't know if I would characterize it that way, because we are-- They are legitimate costs; they're legitimate costs that can be applied for using Federal funds, either preventative maintenance or capital maintenance. So they are legitimate capital costs.

ASSEMBLYMAN JOHNSON: Okay. Now, I'm also reading that the fare box revenues cover about 50 percent of the operational costs. Is that true?

MR. SANTORO: What percentage, sir?

ASSEMBLYMAN JOHNSON: Fare box -- about half, 50 percent.

MR. SANTORO: That is approximately correct, yes.

ASSEMBLYMAN JOHNSON: And then you're relying on capital transfers to cover a major part of that. I'm trying to understand, like -- is this how it's planned out over a 5-year plan or a 10-year plan, where you plan to use this \$500 million annually to cover your operating expenses?

MR. SANTORO: Well, to cover the preventative maintenance and the capital maintenance portion of our operating budget.

ASSEMBLYMAN JOHNSON: Okay, okay.

MR. SANTORO: Yes.

ASSEMBLYMAN JOHNSON: So that's the plan; okay.

Earlier you had mentioned that you were having difficulty finding qualified people to hire as you are looking to replace some personnel who have left. Has NJ Transit done any type of recruiting in our high schools, in our vo-techs, in our colleges to try to find people -- young people to maybe -- and show them that there may be a career for them in New Jersey Transit?

MR. SANTORO: That's an excellent question.

Since I have been here in three weeks -- for three weeks, it was recommended -- not by me, but by others on my staff -- that we start doing

that. We used to do that on a fairly regular basis many, many years ago. We met with Stevens Institute yesterday, and NJIT, to attempt to get them to advise us of what we need to do to get out there and recruit along with them -- set up programs, set up booths, get more rigorous in terms of that kind of outreach of which you speak. And as I think I mentioned in my opening remarks, we're working with the Department of Labor -- the State Department of Labor to help us put together job fairs for more immediate fulfilling of the positions. But the schools -- we want to get them young; we want to get them in. We're talking about intern programs, which we have; we need to focus them on a little bit more technology or (indiscernible) staff.

ASSEMBLYMAN JOHNSON: Because I suspect that these positions require some type of special training. So do you do the training?

MR. SANTORO: Yes, we do extensive training; and I could go into that on locomotive training, if you would like me to.

ASSEMBLYMAN JOHNSON: That's okay. (laughter)

MR. SANTORO: Okay. It's in the book; it's in our response.

ASSEMBLYMAN JOHNSON: Okay, all right.

Going towards the -- speaking of your public safety, Police Department, your police officers. I know that you said you were expanding your Police Department; I think you have 235 sworn personnel, somewhere in that area there.

MR. SANTORO: Correct.

ASSEMBLYMAN JOHNSON: Also, I believe -- or at least I'm told -- that you're also in the process of hiring more at this time. Do you have a number that you're trying to reach -- sworn personnel?

MR. SANTORO: I think it's about 26, in that order of magnitude. And we hope to be able to get them on board fairly quickly. We recently had a -- what's the words -- *police exam*. We had a good turnout, had a fairly good result with that; and with these positions being funded in FY 2018. So there may be a little lag, but we have a good head start, because we have some good candidates to fill those positions more quickly.

ASSEMBLYMAN JOHNSON: When you say 26, that's above the--

MR. SANTORO: The 200 and--

ASSEMBLYMAN JOHNSON: The 235. So above the table of organization; so above the 235.

MR. SANTORO: Correct.

ASSEMBLYMAN JOHNSON: So you're expanding your Police Department.

MR. SANTORO: Let me just -- I can check, if you'd like. But I think that that's the right order of magnitude. (confers with staff)

Yes, approximately.

ASSEMBLYMAN JOHNSON: I see hand signals in the back.
(laughter)

MR. SANTORO: So a little bit of a clarification.

So we're at 245 now--

ASSEMBLYMAN JOHNSON: Oh.

MR. SANTORO: --in terms of authorized slots, with some vacancies. And we're adding 25 more additional slots.

ASSEMBLYMAN JOHNSON: So you're authorized 245--

MR. SANTORO: Right now.

ASSEMBLYMAN JOHNSON: --and you're adding 25.

MR. SANTORO: And we will add 25 to that.

ASSEMBLYMAN JOHNSON: Okay, okay.

My next question, which is near and dear to my heart -- which is the Hudson Bergen Light Rail.

Where are we with the Hudson Bergen Light Rail? When does it get to Bergen? (laughter)

MR. SANTORO: So where we are is-- As you know Assemblyman, we've been progressing for a very long time.

ASSEMBLYMAN JOHNSON: A very long time.

MR. SANTORO: The environmental impact statements for the extension into Bergen County -- called the *Northern Branch*; otherwise known as the Northern Branch -- we, in conversations with the FTA, will be shortly releasing the draft environmental impact statement to the public for comments.

ASSEMBLYMAN JOHNSON: So you're saying that you received it from the FTA.

MR. SANTORO: We received approval to release--

ASSEMBLYMAN JOHNSON: Approval.

MR. SANTORO: --the DEIS fairly recently.

ASSEMBLYMAN JOHNSON: That means they approved it.

MR. SANTORO: They approved the DEIS; correct.

ASSEMBLYMAN JOHNSON: Okay; thank you. And you're going to be releasing it to the public--

MR. SANTORO: I don't have a specific timeline, but I can get you that.

ASSEMBLYMAN JOHNSON: I can go with "soon." That works; all right? (laughter)

You mentioned radios before, and the complicated problem-- Is this basically frequencies you're talking about?

MR. SANTORO: Yes.

ASSEMBLYMAN JOHNSON: Where the freight guys have different frequencies than the Amtrak, which is different than the commuter rail?

MR. SANTORO: And even in the same frequencies -- trying to not interfere with each other.

ASSEMBLYMAN JOHNSON: But you have that figured out?

MR. SANTORO: But it's primarily the different frequencies; yes.

ASSEMBLYMAN JOHNSON: But that's been figured out now? You can talk to each other?

MR. SANTORO: Yes, yes.

ASSEMBLYMAN JOHNSON: All right.

The commuters who ride Transit every day -- bus and rail -- are they given surveys? Is there any way they could present to you their true feelings, or their feelings periodically as to what should be done, what could be corrected, what could be done better? And how is that communicated to you, the Executive Director?

MR. SANTORO: So one of our primary programs is what we call the *Scorecard*. Four times a year we conduct surveys for our entire

system. We conduct surveys relative to our rail operators -- or rail customers, light rail customers, Access Link customers, and bus customers. Actually, the results of those surveys are on the website -- our New Jersey Transit website. So we most definitely conduct those surveys.

So what do we do with that information? It gets consolidated and then brought up to upper management by type of operation -- bus, rail, light rail, and Access Link. And it highlights the issues that -- summarizes and highlights the issues that the customers are most talking about. So we do get that information and we act on those the best we can.

ASSEMBLYMAN JOHNSON: That also goes to the Board?

MR. SANTORO: Excuse me?

ASSEMBLYMAN JOHNSON: It also goes to the Board, the Transit Board? Do members of the Board get this information?

MR. SANTORO: Yes, I believe it does. But I'll have to check on that. I believe it does.

ASSEMBLYMAN JOHNSON: Okay.

MR. SANTORO: Yes, I-- Yes. (confers with staff)

ASSEMBLYMAN JOHNSON: Okay.

ASSEMBLYMAN GORDON: Okay. Turning to the--

ASSEMBLYMAN JOHNSON: Mr. Chair, we're waiting for an answer.

MR. SANTORO: Okay, here's the answer.

ASSEMBLYMAN JOHNSON: A response.

Yes, sir.

MR. SANTORO: It does go to the Board, and it actually goes -- and it's presented in our Customer Service Committee as part of the Board cycle process.

ASSEMBLYMAN JOHNSON: Okay; thank you.

Chairman, I'm finished.

SENATOR GORDON: Okay.

Let's turn to Majority Leader Weinberg.

SENATOR WEINBERG: Thank you very much, Mr. Chairman; and thank you, Mr. Santoro, for being here today.

I'd just like to make -- before I go into my questioning -- a comment based upon Assemblyman McKeon's earlier questioning of you about your last appearance at the last meeting; and make a suggestion -- that had you just said to us, "I need an extra week or two, because I'm very new on the job," I bet we would have granted it, and you would have saved us and yourself a lot of trouble. Unsolicited advice, but I gave it anyway.

Following up on my colleague Gordon Johnson's questions about surveying constituents -- I have a constituent right here, and I will pass this on to you. But just to get to the bottom of what he's talking about -- somebody who takes a New Jersey Transit train from the Anderson Street station in Hackensack. And this is dated October 27, 2016: "For the last four days, my train has been substantially delayed; two of them are attributed to equipment failure." I have a lot more details here, but I will pass that on to you and, hopefully, you will follow up with him.

MR. SANTORO: I will, Senator.

SENATOR WEINBERG: Thank you.

Now let me go back to the Table of Organization which you supplied to us, dated October 29, 2016.

There is what appears to me to be a pretty important position that's vacant, and it is the Compliance Officer. And under the job description it says, "ensure corporate-wide compliance with statutes, rules, and regulations; oversee the expenditure of Sandy Federal Recovery Funds in accordance with State and Federal requirements; act as a liaison with the Deputy Attorney General's Office on employment and litigation matters; and ensure departmental cooperation in responding to requests from integrity oversight monitoring firms consulting on Sandy contracts."

How long has it been vacant, and what are you doing to get it filled with somebody with an appropriate résumé?

MR. SANTORO: Well, the original-- I've actually enhanced that position beyond what it was originally. Originally it was primarily for a Sandy project. One of the Executive Orders required us, or each of the agencies, to have what were called an *Accountability Officer* to deal with the Sandy program. So I expanded that role, that position, partially in light of information that I've been looking at over the past few weeks -- in that our bus operations, our Light Rail operations, and our rail operations all deal separately with each of the agencies. And I felt, as the new Executive Director, I needed to consolidate that. Each of the Departments are still going to do what they're doing; but I needed an oversight individual to make sure that all of those different organizations, including the capital programs that we (indiscernible), report back to the FTA. So I needed a central place to understand what was going on, and make sure that all that

reporting was being done consistent throughout the organization and correctly throughout the organization.

So we will be posting that ASAP; we will be posting it next week, for sure. We've reached out to other individuals who we know about; who we know as well -- not just posting it. But it is clearly a priority on my part to get that position filled.

SENATOR WEINBERG: Okay.

Just for clarification, is the job description we have here that I just read to you, that you sent us on October 29--

MR. SANTORO: Yes, I--

SENATOR WEINBERG: --has that been enlarged, or is this the latest?

MR. SANTORO: I believe that's the latest. We might enhance it more, in terms of specificity. But that is certainly the intent -- what we sent you.

SENATOR WEINBERG: Okay.

Now I'd like to go to an area that doesn't -- continues to involve personnel. I have been told that over the last four years, New Jersey Transit has paid out \$9.5 million for lawsuits filed mostly by employees, mostly around racial issues. Is that true?

MR. SANTORO: I can't confirm that number; but I know that -- there were at least two that I know of that I believe went to the Board for settlement, or preponderance of that number. But I can't confirm the \$9 million.

SENATOR WEINBERG: Do you know if I'm in the ballpark?

MR. SANTORO: You're probably in the ballpark, yes.

SENATOR WEINBERG: It was \$9.5 million; \$9.5 million. What has been done at New Jersey Transit in terms of the particular employees or supervisors who were named in these lawsuits -- are they still working there? Have they been promoted? Were they required to undergo training? Were they terminated?

MR. SANTORO: Unfortunately, I can't answer those questions. That all happened before my tenure as Executive Director, and I did not get involved in those particular cases in my other--

SENATOR WEINBERG: Well, I do think you do have a Human -- your Human Resources Director here? Is that correct?

MR. SANTORO: Yes.

SENATOR WEINBERG: Well, perhaps you can turn around and ask that person.

MR. SANTORO: I will. (confers with staff)

SENATOR WEINBERG: Thank you.

MR. SANTORO: So, a two-part answer: one, is that all supervisors have been trained in EEO process. And specifically, one of the employees involved in these cases is not employed, and one still is employed.

SENATOR WEINBERG: I'm sorry; I missed that. One is -- what did you say?

MR. SANTORO: One is not employed, and one still is employed.

SENATOR WEINBERG: Okay. And the person who is still employed -- is that person employed in his or her current job, or was that person promoted?

MR. SANTORO: I believe in a different job. I don't know, but I will ask. (confers with staff)

A different position without a promotion; what we call a *lateral*.

SENATOR WEINBERG: Do you have any kind of a personnel-- Before I leave that. So that person has undergone specific training? That's a question, not a statement.

MR. SANTORO: The answer is "yes."

SENATOR WEINBERG: Okay.

Do you have -- does Human Resources-- Do you have a policy of hiring paid interns?

MR. SANTORO: Excuse me?

SENATOR WEINBERG: Does NJ Transit have a policy of hiring paid interns?

MR. SANTORO: Yes, we do.

SENATOR WEINBERG: And how are those internships advertised?

MR. SANTORO: They are advertised on our website.

SENATOR WEINBERG: And do you have any kind of policy for hiring paid internships -- for the children of New Jersey Transit executives, versus, perhaps, New Jersey Transit facilities in Newark, or Trenton, or Atlantic City who might benefit from those paid internships?

MR. SANTORO: We have hired children of executives in the past, yes.

SENATOR WEINBERG: Okay. I would like to get from you, when you can, how many paid internships you have and what percentage of them are children of executives.

MR. SANTORO: We will do that, Senator.

SENATOR WEINBERG: Thank you.

Pardon me just while I check some notes on this.

Do you have one employee who is actually responsible for disciplinary actions against employees at New Jersey Transit?

MR. SANTORO: (confers with staff) So there are two groups: one called *Employee Relations* and one called *Labor Relations*.

SENATOR WEINBERG: Yes. And they do-- Can you tell me the difference between Employee Relations and Labor Relations?

MR. SANTORO: Employee Relations deals with what we call *non-agreement employees*, and Labor Relations is with agreement employees.

SENATOR WEINBERG: And are either of those two groups understaffed, or have openings now?

MR. SANTORO: (confers with staff)

SENATOR GORDON: If it would be easier, your staff can certainly move up. Unfortunately, we have-- The only microphones that we have that are connected to the people transcribing are those at your desk. So if someone wants to come forward--

D E B O R A H P R A T O: There are currently--

SENATOR GORDON: If you could just identify yourself.

MS. PRATO: Hi, I'm Deborah Prato, AED of Human Resources.

SENATOR WEINBERG: Mr. Santoro, could you turn off your mike then, so the other one works better.

MS. PRATO: Good morning.

ASSEMBLYMAN McKEON: Mr. Wyckoff still wouldn't move; geez. (laughter)

MS. PRATO: Currently in rail we have a Hearing Officer and a Hearing Manager that are vacant. We have internal folks who are interested in the position, and we just need to move that through the process.

SENATOR WEINBERG: Okay. Was there any public notice about this \$9.5 million over the last four years that has been paid out to various litigants, mostly around racial discrimination?

Let me put it this way. Was the New Jersey Transit Board notified? Did they have meetings concerning this, and are they up-to-date on training issues?

MR. SANTORO: Well, my understanding is that the Board has to approve those types of settlements in any action. They are discussed in executive session, and then the results of the discussion -- the executive session is reported out at the Board meeting.

SENATOR WEINBERG: Okay. I would like to see -- also make a request for documents for the minutes of those executive sessions in which these payments were authorized.

MR. SANTORO: Yes.

SENATOR WEINBERG: And then my next question becomes, and did the New Jersey Transit Board discuss the need for obvious training of current employees, or current executives, or current supervisors, to avoid these kinds of things? That is, did the Board have that discussion?

MR. SANTORO: So we will have to get back to you, Senator, on what information has been provided to the Board. But Deb can talk

about some of the programs that we have, relative to this, irrespective of whether the Board was notified or not. But I will also say that we, and myself as Executive Director, will make sure that those training programs come to the forefront going into the future. But Deb can explain what has happened in the past.

SENATOR WEINBERG: Yes, you know-- And I was looking forward to hearing from you. But that \$9.5 million could buy a lot at New Jersey Transit other than racial discrimination suits.

Go ahead.

MS. PRATO: So the Office of Civil Rights and Affirmative Action would do the intake for any claim of discrimination. My Human Resources Department is divorced from that. We deal with the more interpersonal issues that are going on between supervisors, and try and mediate those before they become more problematic.

All supervisors have received online training this past year; and it will be rolled out to employees. Every year there's an annual statement mailed to everyone's home regarding affirmative action and equal opportunity -- what their rights are and what the process is. It's a well-utilized process. There are a number of issues that are resolved simply at the intake. Any time that we identify a supervisor who needs to have some additional training through that particular process, we make sure that that happens.

SENATOR WEINBERG: So the office-- Did I understand you -- the Office of Civil Rights is separate from Human Resources?

MS. PRATO: Yes, it is, because they end up being our EEO Compliance Officer, in terms of my underutilized vacancies. And I can't have those in the same place. And sometimes--

SENATOR WEINBERG: So to whom do they report?

MS. PRATO: To the AED of Civil Rights, Leotis Sanders.

SENATOR WEINBERG: Okay. And who does he report to?

MR. SANTORO: He reports to the Deputy Executive Director.

SENATOR WEINBERG: Okay. So these will now come directly to you. Hopefully, there aren't many more, but--

MR. SANTORO: That was not my intent. My intent was to have the EEO Officer still -- of Civil Rights still report to the Deputy Executive Director.

But I might add that even before I was in this position, when we talked about my prior life in my prior department, we had periodic meetings -- sometimes twice a month -- with Deb in HR, with the EEO Officer, to discuss some of my HR issues. So that position is fully engaged, and I would suggest that I will make sure that that engagement continues.

SENATOR WEINBERG: Okay.

Let me get to a more generic issue, now, about all the issues around transparency. You operate very much on a subcommittee level, is that so? The New Jersey Transit Board operates very much on a subcommittee level.

MR. SANTORO: I don't understand what you mean by *subcommittee level*.

SENATOR WEINBERG: Well, do you have subcommittees of the Board?

MR. SANTORO: Oh, yes. We have Customer Service, and Administrative, and CP -- what we call CP3, which is the capital program.

SENATOR WEINBERG: Can you tell me what those subcommittees are?

MR. SANTORO: It's Administrative, it's Customer Service, and it's CP3. There's a Safety Subcommittee and there's an Audit Subcommittee. So we have an independent auditor who reports to the Board.

SENATOR WEINBERG: Okay. And do those subcommittees meet regularly?

MR. SANTORO: Yes, they meet at every Board meeting, except for Safety. Safety is quarterly; Administrative, and CP3, and Customer Service are at every Board meeting.

SENATOR WEINBERG: Okay, so they meet prior to Board meetings.

MR. SANTORO: Generally, prior to the actual Board meeting, yes.

SENATOR WEINBERG: Okay. And do they make a report to the full Board?

MR. SANTORO: The Board members are heads of those committees. So the Board members are in attendance at the--

SENATOR WEINBERG: I'm sorry?

MR. SANTORO: The Board members are in attendance at those subcommittees.

SENATOR WEINBERG: Well, the Board members who are members of those subcommittees.

MR. SANTORO: Correct; that is correct.

SENATOR WEINBERG: But do they report back to the full Board; do they keep minutes; is there any official record of what they do?

MR. SANTORO: Yes, there is an official record of what they do; yes.

SENATOR WEINBERG: Okay. And how is that official record kept? Is it minutes of the subcommittee meeting?

MR. SANTORO: I believe that's the case, but I would have to check. But I believe that's the case.

SENATOR WEINBERG: Okay. And if there are minutes, are those available to the public?

MR. SANTORO: I'd have to check that.

SENATOR WEINBERG: Okay; please do. Because certainly you said something about Customer Service is one of the subcommittees.

MR. SANTORO: Yes, and that's a public committee, open to the public.

SENATOR WEINBERG: Okay. And hopefully the public is aware of that in case they want to come and give any input.

MR. SANTORO: Yes, the public is allowed to make comments at the meeting.

SENATOR WEINBERG: At that subcommittee meeting.

MR. SANTORO: Correct.

SENATOR WEINBERG: Okay, thank you.

I'd like to find out about the other subcommittees -- if they have written minutes, if those are made part of the Board minutes, and if, in fact -- as I hope they are -- they're considered public documents. Even if

there's no requirement under the law to do so, it doesn't mean you can't do it.

MR. SANTORO: We will provide the entire structure and process to you.

SENATOR WEINBERG: Okay. Thank you for the -- and you'll get me minutes and the things I just requested.

Now I'd like to go back to the issue around Sandy, which I think we asked the-- What question number was that again?

MR. MAGYAR (Committee Aide): Several.

SENATOR WEINBERG: So did we get the answers on the cost to replace them -- the assets? (confers with aides) Yes, okay.

Do you know or do you have at least a figure on the cost of replacing the assets which were damaged by Superstorm Sandy?

MR. SANTORO: So the entirety of the damage to the assets -- the replacement of the assets from Superstorm Sandy is approximately \$800 million.

SENATOR WEINBERG: It is \$800 million?

MR. SANTORO: That's a number that we provided to the FTA; that's correct.

SENATOR WEINBERG: And what was the source of funding you used to replace these assets?

MR. SANTORO: Predominantly, Federal money. We received about \$350 million initially from the Federal government of the special Sandy Recovery Act; \$350 million initially. We received another \$103 million recently. We've received an initial payment of \$103 million from insurance proceeds. And we are currently in litigation with the insurance

companies for additional proceeds related to the repair of the assets that were damaged. There was some level of monies that weren't covered by insurance, weren't covered by Federal money; and those were paid out utilizing TTF funds -- Transportation Trust Fund.

SENATOR WEINBERG: So I just added quickly; that would mean you got about \$550 million, a combination of Federal, insurance, etc.

MR. SANTORO: And I know--

SENATOR WEINBERG: So there's another \$300 million of equipment which needs to be replaced, for which, right now, there is not an identifiable source of funding?

MR. SANTORO: No. In terms of equipment, we have repaired all the damaged equipment that was currently in operation at the time. We've gone through designs, gone through some construction -- a lot more construction is forthcoming -- with regard to utilizing those funds to repair the damaged assets. We are still, in terms of proceeds -- still waiting for the insurance settlement to be litigated.

SENATOR WEINBERG: That's in court?

MR. SANTORO: That's in court, yes.

SENATOR WEINBERG: Yes; okay.

How do you get the law firms that represent you?

MR. SANTORO: I couldn't answer that question right now, unless someone else knows. (confers with staff)

The Attorney General's Office procures all of our outside counsel.

SENATOR WEINBERG: I'm sorry?

MR. SANTORO: The Attorney General's Office procures our outside counsel.

SENATOR WEINBERG: Do you inform them of any particular expertise you might need for one kind of case versus another; insurance litigation versus a civil rights complaint?

MR. SANTORO: I believe we would, either directly or indirectly, through our assigned Deputy Attorneys General. We have Deputy Attorneys General assigned to us to deal with all our legal issues, so we usually go through them.

SENATOR WEINBERG: And when you're dealing with outside counsel, is it your responsibility to approve vouchers for billing?

MR. SANTORO: I believe in some cases -- I can't say all cases -- but I believe, certainly, in some cases. And I couldn't distinguish-- If your next question is which ones, I don't know. (laughter)

SENATOR WEINBERG: No, no. That actually was not a trick question. I'm just trying to find out what the process is used by the State.

MR. SANTORO: I believe we do; I can't vouch for all of them. But I know I've looked at invoices.

SENATOR WEINBERG: Okay.

All right; I'd appreciate the information I asked for, and thank you for being here.

ASSEMBLYMAN McKEON: Thank you.

I'm going to -- I know--

ASSEMBLYWOMAN CHAPARRO: I just have a couple of questions.

ASSEMBLYMAN McKEON: --Assemblyman Lagana has a date, a court date to get to. So I don't know which of you two would like to go first. I'm going to leave it up to the two of you.

ASSEMBLYMAN LAGANA: Thank you, Mr. Chairman; and thank you, Director, for being here and answering our questions.

I'm going to try to focus on going back to the safety -- specifically, the 2014 internal safety audit that you had mentioned in your opening remarks. Additionally, I'm going to limit my questions to the issue of mechanical failures, as well as the reporting of any accidents or other incidents that occur with NJ Transit.

So again, getting back to the 2014 internal safety audit. It was done by Rail Safety Consulting, and there were some recommendations that had come out of this internal audit, which was complete on July 31, 2014. You had stated in your opening remarks that your predecessor had created the Office of System Safety.

MR. SANTORO: Correct.

ASSEMBLYMAN LAGANA: Can you please explain that a little bit further -- what exactly that office is, who runs it, what they're in charge of doing?

MR. SANTORO: So who runs it is a person behind me, Gardner Tabon; raise your hand. (Mr. Tabon raises his hand) The purpose of that is, again, similar to the Compliance Officer -- to take some level of reporting responsibility out of the operating groups and have it report directly to the Executive Director so that -- for many reasons. But again, for commonality of reporting, commonality of understanding at a higher level of the different safety requirements, safety issues that need to be dealt with

over the various modes; separate accountability for safety, although, certainly, safety needs to be-- The accountability of safety is for every employee. But again, for continuity, and for oversight, for quality assurance, the Department is now separate and reports up to the Executive Director.

ASSEMBLYMAN LAGANA: How many employees are part of that office?

MR. SANTORO: (confers with staff) Right now, there are 27, with-- There are 27 employees now, and there are 12 vacancies, which is admittedly a fairly high number and one of the things that we need to focus on with regard to hiring the rail management team. We need to supplant -- we need to certainly hire more qualified people in the Office of System Safety.

ASSEMBLYMAN LAGANA: So is it-- Just to clarify -- there are a total of 27 available positions in this office?

MR. SANTORO: No, there are 27 real bodies right now.

ASSEMBLYMAN LAGANA: But you need another 12.

MR. SANTORO: Excuse me?

ASSEMBLYMAN LAGANA: You need an additional 12 to make it at full capacity.

MR. SANTORO: Yes. And then, in addition to that, I'll be looking at that to see even if that's enough.

ASSEMBLYMAN LAGANA: When was this office actually created? Do we have a month and a year?

MR. SANTORO: October of 2014.

ASSEMBLYMAN LAGANA: Is it fair to say that any failures in the system are reported to this office?

MR. SANTORO: Yes.

ASSEMBLYMAN LAGANA: Are they all reported to this office?

ROBERT M. LAVELL: (off mike) When you say *failures*--

ASSEMBLYMAN LAGANA: Breakdowns, mechanical failures.

MR. SANTORO: Okay; so to distinguish breakdowns, mechanical failures--

ASSEMBLYMAN LAGANA: Any accidents that occur.

MR. SANTORO: Well, any accident? Yes.

ASSEMBLYMAN LAGANA: Okay.

Going back to the internal safety audit again -- completed, I guess, a couple of months before this office was actually created -- there were some recommendations that were made that were specific to the Hoboken rail yard. And the report indicates, on page 103 -- and we kind of touched on this a little bit earlier -- so the Hoboken yard should have a separate radio frequency for yard operations specifically dealing with safety. Can you explain that a little bit?

MR. SANTORO: (confers with staff) So this is Robert Lavell. He's the Vice President/General Manager of Rail Operations.

ASSEMBLYMAN LAGANA: Thank you, sir.

MR. LAVELL: Hi; how are you doing?

To answer your question -- the issue you just brought up with the radio frequencies -- at that point, the Rail Safety Consultant noticed that we had a frequency that was being used by both a Mechanical

Department and the Transportation Department at the time. And their recommendation was to separate them and go to two different frequencies whereby if Transportation was making a move on a train, and the Mechanical Department needed to talk to the Yard Master, they would have two different frequencies and would not occupy the same frequency at the same time.

ASSEMBLYMAN LAGANA: Was that done?

MR. LAVELL: Yes.

ASSEMBLYMAN LAGANA: Thank you; I appreciate that.

Just another thing or two I would like to highlight. The report, on page 104, states -- it says, "Crews on rush hour trains were not particularly diligent in their duties, especially as the trains approached a population center such as Newark, Trenton, or Hoboken, where passenger volumes reached crush loaded status." Do you know, if anything -- what, if anything, was done to address this concern, to your knowledge?

MR. LAVELL: I'd have to get back to you on that one. I don't have the answer for you.

ASSEMBLYMAN LAGANA: Okay; thank you.

Going further, on the next page, 105, the report indicates or refers to the occurrence of a train sideswipe at the Hoboken terminal. Do you know -- do you have any information on that particular accident or incident?

MR. LAVELL: Yes.

ASSEMBLYMAN LAGANA: And can you just elaborate, just a little bit?

MR. LAVELL: We had an incident where we had a train -- went by a stop signal and sideswiped another train.

ASSEMBLYMAN LAGANA: Why would something like that happen?

MR. LAVELL: It was just -- I believe that the conductor lost situational awareness at the time, and that was addressed in the individual's disciplining.

ASSEMBLYMAN LAGANA: Okay; so, human error.

MR. LAVELL: Yes.

ASSEMBLYMAN LAGANA: Thank you.

Is there anything that could be done to prevent this type of-- I know we talk about Positive Train Control and other technological advances that have been made, but is there anything else that can be done to prevent that type of occurrence besides additional training or--

MR. LAVELL: Yes. The situation that you're talking about with the sideswipe -- we actually changed our operating rules-- The conductor was on the rear of the train, which is legal by the FRA -- the back of the train; we had conversations with the FRA, and now we make it mandatory where the engineer has to be on the lead end operating the train back into the terminal.

ASSEMBLYMAN LAGANA: Okay, great. Thank you.

It was discussed earlier -- providing information by way of surveys. And I think we talked about surveying the commuters. I know part of this report, part of this audit -- there was a survey done of employees, and I believe that the overall agreement, by way of this audit, was that the employees were, overall, not satisfied with the state of safety at

NJ Transit. Is there any type of protocol whereby the Administration deals with its employees to get feedback so that they can implement greater safety programs by dealing with the people who are actually on the ground? Is there any type of back-and-forth?

MR. SANTORO: I think Bob Lavell can answer that.

MR. LAVELL: To answer your question -- with the audit, there is a way for the employees to give us feedback; if that's the question you're asking us. We have Safety Committee meetings that are very, very beneficial to us. We have also instated a new Safety Council, whereby Gardner Tabon and I attend these meetings; we get direct feedback from the individuals who attend that meeting. They're actually appointed by the unions to be on that. So they gather information from their colleagues, and when we have the meetings they give us direct feedback.

ASSEMBLYMAN LAGANA: Great.

I'm not going to go through all of the other recommendations, or the ideas that came out of this audit. But there were many of them, and a lot of them had to do with safety, of course. How many of these concerns have been addressed, to your knowledge, in the past two years?

MR. LAVELL: All of the items that were brought up by both the Rail Safety Consultant and, also, our internal audit team that we put together -- that worked concurrently together. I believe that all of them have been addressed, but I would have to get back. There may be one that is still outstanding. I don't have the document in front of me, so I apologize.

ASSEMBLYMAN LAGANA: Sure. If you could provide that in the future, that would be great; thank you.

Now, I just want to kind of shift to the issue of breakdowns, and if it could just be explained a little bit further. I know the Commissioner testified at the last hearing about the reporting as it related to major mechanical system failures, other mechanical system failures -- these incidents being reported as one which -- it was indicated that the numbers were skewed for that reason.

Can you explain train breakdowns, explain or define major mechanical system failure, or other mechanical system failure, just to give us a better understanding as to how the agency defines this; and when something happens, what particular -- how they're apportioned, as far as reporting is concerned.

MR. LAVELL: Yes. It might be a little bit of a lengthy explanation, and I apologize.

One thing that I want to make perfectly clear -- that we're very transparent in all of our reporting. Sometimes we are over-reporting, as Steve stated before, to the NTD.

A major mechanical failure, again -- and I know we're always compared to Metro-North, and we're compared to Long Island Rail Road. Our major mechanical failure may differ from Metro-North, and here's the explanation -- here's why it's a little bit longer. We run different types of equipment on New Jersey Transit. New Jersey Transit runs predominately locomotive-hauled equipment, whereby Long Island and Metro-North run predominately MU-type of equipment. MU-type of equipment -- if they run a 10-car train, they have 10 locomotives. If we run a 10-car train, we have one locomotive and we have 10 cars. So if we have a single point of failure -- which to me is a major failure -- if it's a converter that locks out, if

it's a compressor that fails, we can't complete the mission. If Long Island Rail Road and Metro-North runs their 10-car train, they have 10 locomotives. If they lose a converter, if they lose a compressor, they can complete their mission. That's a major failure.

We, in New Jersey Transit -- because we are focused on safety at all times -- we'll actually annul a train or cancel a train if we have a door failure out of an initial terminal, like Penn Station in New York.

ASSEMBLYMAN LAGANA: What would be considered an *other mechanical failure*?

MR. LAVELL: Other mechanical failure would be an air conditioner that would fail, or a heating system that would fail, or a heating unit on a locomotive that would fail. There is a variety of issues or a variety of components that can actually fail that we'll consider as an *other failure*.

ASSEMBLYMAN LAGANA: Would these all be considered breakdowns?

MR. LAVELL: No.

ASSEMBLYMAN LAGANA: So what exactly would a breakdown look like?

MR. LAVELL: A breakdown would look like -- if you were leaving Penn Station at 5:00 at night, and you came out to Secaucus, and the engineer stopped in Secaucus and then couldn't take traction power, that's a breakdown.

ASSEMBLYMAN LAGANA: Do you know, based on the information you have before you -- do you know how many breakdowns NJ Transit has experienced in 2016? How many breakdowns have we experienced this year, in 2016?

MR. LAVELL: One second. (confers with staff)

I'm going to have to get back to you with the total number, all right?

ASSEMBLYMAN LAGANA: Okay; please do.

Thank you.

Just somewhat-- Follow-up questions were going to be, how does that relate to, like, how LIRR and some of the other railways that we often compare NJ Transit to. So if you could provide that information -- where we're at now, where we were maybe five years ago, how do we compare with our neighbors -- that would be very helpful. So I would appreciate that.

I want to ask you about actual train derailments. How would a train derailment be classified? Would that be classified as a major mechanical system failure, or something else?

MR. SANTORO: Well, that clearly is the confusing part -- between reportable mechanical failures, other mechanical failures, FRA definition of accidents, FRA definition of incidents. I will attempt to answer your question.

Train accidents -- any train accident that causes damage greater than \$10,500, or (*sic*) a casualty, is a *reportable train accident*. Anything less than \$10,500, even with a casualty, is considered an *incident*.

ASSEMBLYMAN LAGANA: So a derailment would probably be a reportable accident.

MR. SANTORO: It depends. If the damage caused by that derailment does not -- the repair to replace the damage due to that derailment is less than \$10,500, then it's not a reportable accident.

Now, generally, you know, certainly Bob is being very diligent about safety -- would take a serious look at that accident or that event, and if that event -- if there is even any question about potential damage to the rail, or the wheel, or any other aspect of the train itself, Bob aggressively would replace those components that even had the hint of damage -- as he should; but that would bring it over the \$10,500 level fairly quickly.

ASSEMBLYMAN LAGANA: So if the -- if it's \$5,000 worth of damage, how would that be reported?

MR. SANTORO: As an incident.

MR. LAVELL: If it is \$5,000 worth of damage -- we would actually have a report made out that would stay within our rail operations center. It would stay in what we call our *RAMs* computer system. So if someone comes back to me and said to me, "Did locomotive such-and-such derail on this date, and what was the damage?" we'd be able to produce that.

ASSEMBLYMAN LAGANA: Do you know how many--

MR. LAVELL: But it's not reportable to the FRA.

ASSEMBLYMAN LAGANA: To the FRA; okay. It has to be over that threshold of \$10,500.

MR. LAVELL: It has to be over the \$10,500 that Steve mentioned.

ASSEMBLYMAN LAGANA: Do you--

MR. SANTORO: But just to add even more-- I mean, that incident, or whatever definition it is, is reported to our Safety Department and they keep the records there as well.

ASSEMBLYMAN LAGANA: More of an internal Transit report, than reporting to the Federal level.

MR. SANTORO: Correct.

ASSEMBLYMAN LAGANA: Can you -- and you may not have the information in front of you; and if you don't, if you could provide it -- can you please provide this Committee with the number of train derailments we've had, let's say, for five years?

MR. LAVELL: Yes, we'll get you that.

ASSEMBLYMAN LAGANA: Okay, thank you. And if you can provide all of them -- whether they were \$1,000 or \$50,000 -- that would be great.

I want to, kind of, segue now into the actual reporting. We touched on that a little bit, and you answered some of my questions already. But who's in charge at the agency of investigation, producing the report, and giving the report either to people internally or -- if there is another person who would be in charge of reporting to the Federal government? Could you, kind of, give us a little bit of an idea how that works?

GARDNER C. TABON: (off mike) Hi; good afternoon.

My name is Gardner Tabon; I'm the Chief of the Office of System Safety.

ASSEMBLYMAN LAGANA: I think, sir, if you could please come up here so they can hear you on the--

MR. TABON: Hi; good afternoon, again.

It's my office's responsibility to report reportable accidents and incidents to FRA on a monthly basis.

ASSEMBLYMAN LAGANA: Okay. So your office, again, was created in--

MR. TABON: October, 2014.

ASSEMBLYMAN LAGANA: October, 2014. Your position, as well as some of the other people in that office -- were they taken from-- Were they taken internally from other areas and put into this position?

MR. TABON: So my position was newly created to oversee corporate, Light Rail, commuter rail, and bus safety. The individuals who are part of it were embedded in other departments. So we were consolidated to make up one department.

ASSEMBLYMAN LAGANA: Would they have already had experience in this type of job, some job experience?

MR. TABON: They had some skills; right. They definitely had some skills that were fitting, that would keep them as safety professionals in our department.

ASSEMBLYMAN LAGANA: So if you can kind of lay out the ballpark; if you could kind of give me years of experience collectively that this group has in dealing with these issues. I mean, is it safe to say that they have two years' worth of experience, or is it much more than that?

MR. TABON: It's much more than that. So overall, in my Department, I have individuals with 25 years, down to, let's say, 4 years of experience.

ASSEMBLYMAN LAGANA: Thank you.

Bear with me one second; I'm sorry.

Just one last question about the vehicle maintenance employees; and we talked about that, too, just a little bit. And some of the

numbers I see were from 2010 to 2014; I don't have the most recent numbers. It appears to be a reduction of about 100 employees in this area, from 1,357 in 2010 to 1,288 in 2014. Now, does that sound right or is that way off?

MR. SANTORO: No, that doesn't sound right for mechanical employees. I don't know what that number represents, but I don't -- I am fairly certain we don't have that many mechanical employees. (confers with staff)

I don't have -- I don't know where those numbers-- I probably know where they came from -- the NTD report -- but I don't know-- That number doesn't sound right--

ASSEMBLYMAN LAGANA: Okay.

MR. SANTORO: --related to mechanical employees; no.

ASSEMBLYMAN LAGANA: Do you know how many mechanical employees -- can you estimate how many we have?

MR. SANTORO: (confers with staff) We have 1,400.

ASSEMBLYMAN LAGANA: You have 1,400; okay. So is there a need for more mechanical employees, or do you feel like we're at appropriate levels?

MR. SANTORO: (confers with staff) There are, as I stated before, in terms of adding staff for PTC -- some of those 20 will be, if not all of those 20, will be mechanical employees.

ASSEMBLYMAN LAGANA: Okay.

The final question -- you mentioned something about the hiring of rail managers. Can you just explain what a rail manager does, and what their job description would be, how that would improve safety?

MR. LAVELL: There are three operating departments within the Rail Operations group. Let me just focus on two of the most important ones.

One is the Train Master. The Train Master's responsibility is out there to supervise our train conductors. The second one is Work Foreman. Work Foremen are out there to monitor the performance of the locomotive engineers. And the third-- I should say the third one is on our track maintenance side. So those three are very, very key right now.

ASSEMBLYMAN LAGANA: And what would the Rail Manager affect? The Rail Manager?

MR. LAVELL: That-- I'm sorry; they all come under Rail Managers.

ASSEMBLYMAN LAGANA: Oh, okay. So they are all Rail Managers.

MR. LAVELL: So they are all within the Rail Operations group.

ASSEMBLYMAN LAGANA: Okay, great.

Since I have you up here, one more question. You mentioned earlier about the differences between our rail system and, I think you said, the LIRR; is that what you said? Why are they operating so differently? You said that we have one locomotive, and they have 10. Why is there such a difference, and is it a big difference? Is it just an operational (indiscernible)?

MR. LAVELL: It all is driven by the infrastructure.

ASSEMBLYMAN LAGANA: Okay.

MR. LAVELL: Our operation mostly -- I think we have about 50 percent or 45 percent is driven by a catenary system -- an overhead catenary system. And we operate two different voltages and three different frequencies. Long Island Rail Road operates on a 700-volt DC third rail system. They also have, on their operating side, their equipment -- their equipment is all standardized. Our equipment, as Steve said before, we're working towards that. We're hoping by 2020 that we'll only have two or three different types of equipment. Right now, I think we have six or seven different types of cars, locomotives. So we're looking to standardize. Once you're standardized, it makes it a little bit easier to run your operation.

MR. SANTORO: And that standardization, though -- we'll never get down to one. Because as Bob said, we have -- half of our territory is electrified, and half of it is diesel. It's not electrified, so we have to run diesel. So we will never be able to run all electric EMUs -- electric multiple units -- throughout our system, because the catenary is not there. And several years ago we did an analysis of what it would cost to pay to electrify our entire system. And it was significant. Trying to electrify a railroad that has to operate every day -- essentially you would be working on the weekends for a really long time.

ASSEMBLYMAN LAGANA: Thank you very much; thank you, Gardner.

Chairman, I don't have any further questions. Thank you.

ASSEMBLYMAN McKEON: Thank you very much.

SENATOR GORDON: On our side, our next questioner will be Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

And thank you for being here today, and for the hard work that you do. Thank you to your organization for being different from SEPTA, which is on strike today, even though contract negotiations started around the same time, and the number of different conversations you have in that regard. And we all know that SEPTA, right now, is shut down for the third day because those contract negotiations are at an impasse. I know the difficulty therein; and we've had professionals within the system and professionals within the management organizations.

So first and foremost, congratulations on your past success in that regard -- ensuring that people are able to utilize all your various engines and buses and everything else today. So first and foremost, thank you and congratulations for that.

MR. SANTORO: Thank you.

SENATOR KEAN: But that does lead to a question that I have regarding the (indiscernible) of contracts and seniority within the system. When Commissioner Hammer was here, I asked him -- and it was not in any of the pages that I saw, of the 6,000 pages in response -- was the role that seniority has in the person who is actually behind the wheel -- at the helm, as you would say. And are there instances where -- individuals have heard that you base on seniority; seniority -- you get to pick your routes, then pick your routes based on what the highest pay is. And then the question is -- (indiscernible) that impacts pensions and other decisions, going forward, other than your initial pay.

So the question is, do we have a system where, on occasion, you can have seniority trump safety?

MR. SANTORO: I would suggest that that's not the case. We do have a seniority process within our contracts, with the agreement -- personnel. But consider this a pool of engineers who are all qualified -- not only just qualified in general, but qualified to operate trains on a particular territory. We have 11 different services lines, so each one of those engineers need to be qualified on -- prior to being able to operate a train on the territory. So if you're familiar with this (indicates) territory, and you're qualified, literally, in terms of documentation and training, you can't go over to here (indicates) and run on that line.

So within this pool of--

SENATOR KEAN: That's an engineer, as well as a driver of a bus or other transportation entity, right? Isn't the process the same regarding those--

MR. SANTORO: I don't know the answer to that -- bus and Light Rail. I believe Light Rail would have that same type of qualifications. But we don't have on any of the Light Rails -- we don't have the diversity of the railroad. Bus -- I don't know the answer to that, but I can follow up with that.

SENATOR KEAN: And then if you could have a more detailed answer regarding the seniority issue. Because if seniority does play a little bit of that role, wouldn't that have--

MR. SANTORO: Yes, we can respond in writing in more detail.

SENATOR KEAN: Okay.

MR. SANTORO: And I apologize for not presenting that in the original set of responses; but we will do that.

SENATOR KEAN: Okay, thank you.

Getting also to the issue of your personnel. You mentioned in your opening comments -- a couple of hours ago, now -- that residency requirements impact your ability to hire qualified people. Now, you may or may not know, but Senator Kyrillos and I were two of the people who opposed that residency requirement rule for employment within the State agencies, as well as high schools and colleges alike. And we think that they should be done away with for a variety of different reasons.

You mentioned, though, in your opening statement that you are seeing an impact with those residency requirements. Can you detail that in more detail?

MR. SANTORO: Well, I don't have specific numbers, other than what I said in my opening remarks, which were a response to a question about my particular experience prior to becoming Executive Director. I had two qualified candidates who lived in New York, but didn't want to relocate. But I don't have full -- I don't have statistics. We could probably pull that. (confers with staff)

So it's hard to say. I mean, when we put out a posting for a particular position we literally, on that posting, state that there are residency requirements there.

SENATOR KEAN: So you limit your applicant pool for residents.

MR. SANTORO: Yes; well, yes. We believe we do, and we want some flexibility to be able-- And there is a waiver process, so we're going to avail ourselves of the waiver process. We're not asking to change the law, but we're going to aggressively--

SENATOR KEAN: Well, I have asked frequently for the law to be changed. (laughter) I think it makes no sense. I mean, doesn't this have a potential impact on safety? Our goal is to have the broadest possible candidate pool, from your hiring perspective. At that juncture, once they're hired, they would understand the extraordinary benefits of living in the greatest state in the union, and move them and their families here.

But it seems to me, that you limiting your ability to hire these individuals does have an impact on all of our constituents' safety.

MR. SANTORO: It may. I can't quantify that; but it certainly does have an impact on the size of the hiring pool that we can attach ourselves to in regard to hiring any positions throughout the organization.

SENATOR KEAN: Getting to beyond personnel and into actual structure and funding -- everybody in this state was impacted by Hurricane Sandy -- or Superstorm Sandy, if I can be official. And you had extraordinary damage to your systems. The Federal government had to appropriate significant funds -- approximately \$1.2 billion is my estimate -- to Transit for repairs, upgrades, hardening of Transit facilities, etc. Can you please report to us on the progress of the completion of those projects and how much of those funds has not yet been spent?

MR. SANTORO: So let me take a step back with regard to the Sandy program that the FTA, the Federal Transit Administration, set up.

There are essentially three components to that funding. One component is, we received a total of, I think I said, \$350 million initially to repair damaged assets, or replacement in a more resilient manner. Then we received another \$103 million not too long ago; so it was a total of \$450 million to repair damaged assets.

The FTA also provided us with \$106 million to protect assets that weren't necessarily damaged. Not the straight repair, but it was \$106 million to fortify, for lack of a better term, certain assets.

One great example of the use of those funds that we are underway with is to -- at our Meadows Maintenance Facility, the MMC, which is our primary rail repair facility, we're literally going to build a wall around that facility. So that wasn't replacing damaged assets; that was fortifying an existing asset that needs fortifying in regard to future floods, future inundation.

The third aspect, or the third tranche of funds is -- and I think what you were referring to as \$1.2 billion -- the Federal government went through a competitive process; the total was about \$3 billion of funding that they competitively placed -- put out there for us to make more of our system more resilient. One of the major projects-- And we were able to win \$1.2 billion out of that \$3 billion, which really became \$3.3 billion. So we received \$1.2 billion. One of the projects is adding more tracks in Hoboken; adding more tracks at a higher elevation in Hoboken. So it would be six new tracks and three new platforms, which will be out of harm's way if the next Sandy occurs.

And there are several of our other projects -- the Transit Group project, creating a larger safe haven for our rail rolling stock down near New Brunswick. So we're expanding an existing yard to accommodate more trains there; we need to move them. A new bridge over the Raritan River; it's a 100-year-old bridge that got hit pretty badly by Sandy. We repaired it and saved it, but we're going to be building it and replacing it in a more resilient manner. And probably one or two others.

All of those have different types of benefits. The Hoboken Terminal, as I said -- the new tracks -- they will be ADA-compliant--

Do you want me to continue to go into this detail?

SENATOR KEAN: I think what-- What I want to get to is, there has been just about four years since the storm.

MR. SANTORO: Okay. So where are we; where are we, then?

SENATOR KEAN: And I understand these specifics, and the needs for each of those, and I'm not going to quibble on those. I'm saying it's been four years, and why isn't the money actually on the street, actually doing these projects?

MR. SANTORO: So a couple of reasons. One, when Sandy hit, literally, four years ago, we were starting at zero from a process that we normally undertake. Conceptual engineering, preliminary engineering, file design -- some of which all need, since it's Federal money -- we need to follow NEPA; so that's a separate process as well. Final design, going out for bids for construction; and in between all of that, going out for bids for hiring those consultants. So it takes some time because we literally did start from zero.

We have progressed. Final designs-- And I know for the next Board meeting, the Commissioner tasks me with providing an update on the status of Sandy. We have that presentation, which we can provide to you. Though my general remarks are, that we started from zero and it's taken us time to get there. But you're going to see, very shortly, out on the street, bids for substations and other--

SENATOR KEAN: I don't mean on the street, meaning-- I mean out funding, being able to make redundancy work, making the

systems work right, making sure that our constituents are safe in their travels. That's what I mean by *on the street*.

MR. SANTORO: Well, *on the street* being advertised for bid, is what I mean.

SENATOR KEAN: Okay. And so if, through the Chairs, if you can get to us the -- if you have an appropriate presentation at the Board meeting, which is on what day?

MR. SANTORO: It's November 9.

SENATOR KEAN: So, okay. So if you can get that to us in a timely fashion, that would be appreciated.

Getting to your point-- I'm going to be very hyper-local here for a second. In your last answer you were talking about the fact that you could -- that these bids could deal with prevention; not necessarily dealing with the last storm, but dealing with potential future threats. When you talk to the utilities, for example -- and you're talking about redundancy, and elevation, and everything else -- in my district, when Irene hit, it was a flooding event. And so when you're looking at Cranford, for example -- that substation got destroyed. And obviously the train stations that New Jersey Transit elevates that was not as impacted.

But then when you're talking about something like Sandy and the (indiscernible) substation, was impacted; and then when they're talking about rebuilding, you couldn't do things with relief money to do a systemic approach, it seemed to me. You could only respond to the threat that came in at that juncture. It would seem to me to be a very strange way to look at future threats. You need to say, "Okay, based on this holistic experience, from the utilities' perspective, we shouldn't be limited if the same threat to

the same region exists.” Are you saying -- if I may, through the Chair -- are you saying that you have a greater flexibility to deal with future threats with the way the Federal money is coming in? And why is that different than what we’re hearing from the utilities?

MR. SANTORO: So no, I don’t -- I didn’t want to present the idea that we have greater flexibility compared to the utilities. A characterization of those pots of money is dictated by the FTA. Those are the rules; that is the guidance that we have to apply.

With regard to-- If your question is a more holistic approach--

SENATOR KEAN: Well, it’s holistic, saying, “We know that -- we know -- whether it’s Hoboken, whether it’s Newark, whether it’s Cranford, whether it’s throughout the system -- that there are potential threats, whether it’s a surge event, whether it’s flood events, or whether it’s other resiliency issues.

MR. SANTORO: So I could speak to that.

SENATOR KEAN: I’m saying, are you able to-- Do you have the flexibility -- either from Federal mandates or through State mandates -- to get to actually solve the problem that we’re all identifying? Or no?

MR. SANTORO: So the answer is “yes”; it’s not a mandated -- or regulatory flexibility. But I will say, with \$1.2 billion, the five projects that we have represent a holistic approach, and I’ll explain that.

Along the additional platforms in Hoboken, we’d like more capacity at Hoboken for future use. But also, Hoboken -- we cannot raise the existing track at Hoboken; we cannot do that. We’ve got mitigations in place if another storm comes; we’re going to have to literally stop service, take out switches so they don’t get damaged -- but that is going to curtail

service. We'll still have to do that, because we can't raise those tracks. But one of the mitigations to that situation is that we're going to build six new tracks with three platforms at a higher elevation which would withstand the Sandy surge. I used the word *surge* purposely. So that's one element.

It's no secret that 300-and-some-odd cars -- railcars got wet. We have a temporary plan in place so that does not happen again. But for the more permanent solution, the expansion of the yard in New Brunswick will allow us to put 444 trains at that expanded yard location in New Brunswick, which is going to be built at a high enough elevation so it doesn't get wet. As part of this \$1.2 billion that were received, we are raising signal systems along several of our lines that are key to maintaining service. And the Raritan drawbridge that we're replacing in a resilient manner will help us run the North Jersey Coastline up and down.

And the core of all of that -- you talked about utilities -- is the Transit Group project. So we are literally building a power plant -- that will be owned by New Jersey Transit and the Federal government -- that will allow us to operate with all of this-- You can run into Hoboken, we'll have protected trains, we'll have raised signals, we'll have a better Raritan drawbridge.

And we wanted to protect against power. So we are building our own power plant that will be able to operate during a storm; it will be isolated from the grid. It will operate after a storm -- not during a storm, but after a storm -- that will allow us to run about 40 to 50 percent of our service into Hoboken and into New York.

So talking about the holistic approach -- we have put that holistic approach together. So in the end, right after a storm, we don't have

to wait for utilities, we don't have to -- we have infrastructure protected and our assets protected so that we can operate service as quickly as possible after the storm.

SENATOR KEAN: From a perspective just on that -- and I only have, hopefully, two quick questions, Mr. Chairman. In terms of security, many people experienced -- last week or two weeks before, whatever it was -- major shutdowns in Internet access, websites, and things like that. And I think people are increasingly aware of those types of threats, whether they be getting into a-- You look in other parts of the world and you see how and where people get into the Ukrainian systems; you see how people get into systems within this country, whether it's on an electronic or on an e-mail, or what have you. Can you explain to us what you're doing? If you're building this grid, how do you have it be -- are you able to have it separable from the rest of the system? Are you able to ensure that, what people started to experience last week isn't going to happen?

MR. SANTORO: So those may be two different things you're talking about.

SENATOR KEAN: They are two different things.

MR. SANTORO: Terrorism--

SENATOR KEAN: Well, they are two different things. But they are one.

MR. SANTORO: --and then--

SENATOR KEAN: I'm not talking about the--

MR. SANTORO: Yes, it's a holistic protecting of our assets.

SENATOR KEAN: *Holistic* is, how do you make sure that the system is secure from a database perspective, as well as from an attack? Because it's all terrorism-linked.

MR. SANTORO: So cybersecurity, which is what you're referring to, I believe, on the one hand--

SENATOR KEAN: Yes.

MR. SANTORO: --is a very, very real concern of ours. We've started that process, even in terms of compliance with PCI regulations with our individuals. Our customers use their credit cards; there are regulations -- which are continuously evolving, based on the technology evolving. We have to be compliant with that, and we're keenly aware of that, and we are complying with that. But that's-- Just like safety, technology and cyber is going to be a continuously--

SENATOR KEAN: It's a daily challenge; I know that.

MR. SANTORO: So we are there, in that respect. But that's only part of the universe, from a cyber perspective. And I know that's actually -- at the most recent Audit Committee presentation, our CIO presented that same issue with regard to how he is proposing to deal with that on a corporate basis. More resources are required, but it is up there with safety, for sure.

SENATOR KEAN: Well, I don't know if we can do that publicly or privately, but through the Chair, the extent that that type of report is available to members of this Committee, or what have you, just to get-- We can get the sense of that?

MR. SANTORO: Yes.

SENATOR KEAN: And then the final thing-- I will not say it's hyper-local because, in fact, the entire middle swath of the entire State of New Jersey-- The Raritan Valley Line and the Hunter Flyover (laughter), and the importance of Midtown Direct for at least once during rush hour in the morning, and at least once on the return -- in the evening. Capacity -- you've done a lot of work on the shoulders of that, as you know, over the last several years to great success or presence throughout Union, Middlesex, Somerset, Hunterdon County, and more. But it's extraordinarily important that we make sure that that's a continued emphasis of your agency, sir.

MR. SANTORO: I acknowledge that need. And we'll work closely together to figure out how we can move forward on that. But it certainly is a challenge, as you already know.

SENATOR KEAN: Yes, sir, I do, which is why I'm asking you to continue the effort -- the work of your predecessors in that regard.

Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Thank you, Senator.

Assemblywoman.

ASSEMBLYWOMAN CHAPARRO: Thank you, Director Santoro, for being here, and your staff.

The majority of the questions were asked already. So you're three weeks in after a fatal accident. So I am not going to bombard you with a bunch of questions you can't answer.

But I would like to see, like, a six-month progress report, which I would think would be fair, since three weeks in, after a major accident like that, you know, it's not fair to ask you questions of the past.

But I would like to touch on one thing that was mentioned -- Commissioner Hammer had said for DUI-- If someone-- You kind of implied there was an honor code; you know, they had to report it. And that bothered me. I'm not sure if he misspoke; if there's a policy. Because if it's an honor code, you know that someone has-- I mean, it could take up to six months for somebody to go to court. In the meantime, if you're running an abstract -- DMV abstract, that's not going to pop up until a conviction. And that person, then, can obviously -- no fault to your organization -- continue to drive, which would put the public at risk.

So I just wanted to touch on that, if that is -- if he misspoke, or you have a more strict policy.

MR. SANTORO: No, I think there are certainly more strict efforts, more strict policies than I alluded to in the details of our questions. And I will ask others to come up, with regard to that.

So there's a whole list of things that we do with-- The Police Department periodically checks drivers' license records, as one. (references documents) I could find it, or I can assure you that there are other things we can do -- that we've been doing. (confers with staff)

C H R I S T O P H E R T R U C I L L O: My name is Christopher Trucillo; I'm the Chief of Police for New Jersey Transit.

Most police departments, when they arrest a public employee -- in this case, for a DUI or a DWI -- they will report that to the local police authority. In our case, it would be the New Jersey Transit Police. Whenever we get a report that one of our employees -- in this case, I think you're inquiring about an engineer, but it could be a bus driver -- we would pass that information on to our HR Department and the applicable

business line. In this case, we would let the railroad be aware that an employee was arrested for a DUI or a DWI offense.

ASSEMBLYWOMAN CHAPARRO: Okay. I wasn't-- I mean, I know you do your part. I am mainly just targeting the individual. If, let's just say, for instance, he was picked up in Pennsylvania and someone there fell through the cracks, forgot to notify the proper agencies -- that person, no fault to your organization, will be out there waiting for court. And if there's an honor code--

What I'm trying to say-- I guess it's more for, maybe, the policies that are in place -- that you should be strict where, if you find out later on that this person was arrested, they should be terminated. Because if they don't have the fear of, like, "Oh, I forgot to report it," for whatever reason, there is still the risk to the public.

CHIEF TRUCILLO: Understood. And they-- Because of their obligation as a public employee entrusted with the safety of our constituents--

ASSEMBLYWOMAN CHAPARRO: Right.

CHIEF TRUCILLO: --they have to understand that they rise to a higher level.

ASSEMBLYWOMAN CHAPARRO: Right; of course.

CHIEF TRUCILLO: I absolutely agree.

MR. SANTORO: So to answer that more specifically, either in our union agreement, FRA laws, or I don't know exactly what it is -- but if someone does not report an infraction within 48 hours, they're automatically dismissed. (confers with staff)

ASSEMBLYWOMAN CHAPARRO: Okay; all right. So then I think Commissioner Hammer misspoke.

MR. SANTORO: Oh, sorry; 24 hours.

ASSEMBLYWOMAN CHAPARRO: It's 24? Okay.

So the main question which I-- And if the Chief could answer this question again; I'm sorry. (laughter) The only question I did have, really, was when a contingency plan-- Clearly when you have -- whether it's weather; a major accident; God forbid, terror -- you have a plan in place. My question is, do you share that plan with local police, fire-- I mean, not to share with the public, or not for them to release; more to-- Let's just say, "Okay, we had a major accident; we're going with Contingency Plan *A, B*" -- so everyone is in place; they know what they're doing, and it's not just major craziness going on when something happens.

MR. SANTORO: So before the Chief answers that, I'm going to grant him several accolades.

Since the Chief has come to New Jersey Transit several years ago, this is one of his primary focuses and primary successes. He has created a structure and a culture with regard to our emergency response. He can go into more detail of that.

CHIEF TRUCILLO: Thanks, Director.

Assemblywoman, yes. At New Jersey Transit, and from my experience, what we -- and I say *we* as first responders -- what we all have learned is that in this day and age, there is no "we can do it alone"--

ASSEMBLYWOMAN CHAPARRO: Right.

CHIEF TRUCILLO: --no matter who the agency is, especially with the specter of terrorism. So since 2010, we've trained together-- We

utilize Texas A&M. They are a Center of Excellence, designated by DHS in NIMS -- the National Incident Management System. And we've trained over 1,000 people; 589 of those are New Jersey Transit employees, but over 500 are external partners. We had a training in Hudson County, in fact, where we took Hudson County agencies to train with us in TEEEX. Since 2010 -- I can get you the list -- but we've had dozens of joint training opportunities.

Most importantly, Assemblywoman, we have relationships too. So when bad things happen, we're not meeting for the first time and we don't have trust issues. We all know one another; in Hudson County, in particular, we're not strangers in the County. We all know one another. And no matter who the entity is, when they need help we all help, and we all respond to one another.

Transit has a very specific obligation in that we're a statewide entity. And we're responsible to all 21 counties, and we have that obligation -- which we take very seriously -- to support local communities, to support the counties, and to utilize any resources we have, however limited in that effort.

I hope that answers your question to some degree.

ASSEMBLYWOMAN CHAPARRO: It does, it does. I just wanted to make sure that that was-- You know, usually when accidents happen, when major accidents happen, or any terror alerts, you know, people panic and they just want to make sure that there's a plan. And I don't want details of any plan for obvious reasons. But I just want to make sure that, especially Hoboken -- you know, major transportation hubs, where there's mass communication, with everyone going around -- that

there's always someone responsible at the city level. Because you have to have somebody responsible at the city level so then they can disseminate that information. I just want to make sure that that is place. I know you have a great relationship with local officials in Public Safety.

My last question-- I mean, you have a lot of work to do, (laughter) so I'm going to let you do your work.

But my last question is a little off-topic; it's a little pet peeve of mine with the Light Rail. All I want to know is why, when we purchase a ticket, you have to validate it? Why can't it just be a one-shot deal? That's something that comes in at the municipal level -- people come all the time for tickets; they say, "Rushing to get the train, I get the ticket, I go on, I get busted because I didn't validate it." So it's like a two-process-- Just something maybe you could work on; you don't really have to answer that now, but -- make it simple for the commuters.

MR. SANTORO: I will take that back and provide you with a response to that.

Thank you.

ASSEMBLYWOMAN CHAPARRO: That's all I have.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Assemblywoman.

Assemblywoman Muoio. And thank you for your patience; and thank you, Assemblyman Peterson and Assemblyman Auth, for yours as well. You will obviously be lined up next. (laughter)

ASSEMBLYWOMAN MUOIO: Okay, I'll try and get through these pretty quickly.

The first, just on the scheduling issue -- and I know it's been a few hours since this was first brought up. And I appreciate your comments saying that you -- you're not coming to our last meeting was not a sign of disrespect, but that's, frankly, exactly what I saw it as.

And I just had a follow-up question. You said nobody directed you not to attend the meeting. Can you tell us if you discussed the scheduling conflict with anyone else in the Administration -- whether the Governor's Office, the Governor, or anybody else in the Administration?

MR. SANTORO: No; the scheduling's conflict? No, I did not.

ASSEMBLYWOMAN MUOIO: You did not. So this was purely your decision not to come?

MR. SANTORO: Correct.

ASSEMBLYWOMAN MUOIO: Okay.

Let me turn now to the NEC, the Northeast Corridor Commission. We have, it looks like, some differences in amounts in terms of what we have agreed to with the Interagency Operating Agreement. We had asked for the actual agreement, the new five-year agreement that the Board evidently approved earlier in October. We were given a copy of the last year of the last contract, which was from October 1 of 2015. We did not get the new agreement.

MR. SANTORO: You should have. We got the current agreement that was recently authorized by the Board. And what we did provide to you was the last agreement, which is superseded by the new agreement--

ASSEMBLYWOMAN MUOIO: The new agreement.

MR. SANTORO: --clearly.

ASSEMBLYWOMAN MUOIO: That's what we figured; okay.

MR. SANTORO: We will get that to you, if you didn't get that.

ASSEMBLYWOMAN MUOIO: Okay, thanks.

We were told during budget meetings earlier this year that the new agreement would afford the -- this is for the Interagency Operating Agreement -- was going to be \$64 million a year until 2021 -- each year, between 2017 and 2021, \$64 million a year. I think we were also given some information-- We got the meeting notice for this month's -- last month's meeting where you were going to approve the new one -- or the budget, evidently; sorry. The budget included, for next year, included a payment of \$64 million based on that.

But we're -- we've been given information indicating that it's actually \$93 million. What is the--

MR. SANTORO: So there are two-- There are literally going to be two agreements between New Jersey Transit and Amtrak, relative to the Northeast Corridor PRIIA Federal law. The one that was approved by the Board is the operating agreement. So New Jersey Transit has been paying for many, many, many years to Amtrak monies to use the Northeast Corridor -- owned by Amtrak/the Federal government; split the cost of the electric tower that's utilized along the Northeast Corridor by us, SEPTA, Amtrak, Metro-North -- not Metro-North, certainly not in our territory; and the third is maintenance. So we have been paying Amtrak for many, many years. And I don't recall the number under the old agreement before PRIIA; but it was on the order of \$60 million to \$65 million, which is different than the \$64 million -- what you're referring to.

Those payments to Amtrak are going to increase, and that is the agreement that we just signed and the Board approved -- for operating. And it's going to go to -- I believe it's around \$90 million from about \$60 million, to \$65 million, to \$70 million -- in that order of magnitude.

ASSEMBLYWOMAN MUOIO: Right.

MR. SANTORO: There's a separate capital agreement that we have not yet signed with Amtrak.

ASSEMBLYWOMAN MUOIO: That was my next question.
(laughter)

MR. SANTORO: We're negotiating -- were negotiating very intensely, until recently, but we are still negotiating, which we will be bringing to the Board very shortly, for capital improvements -- different than maintenance. That number will increase and I think that's the \$64 million to which you refer -- that we have to pay over and above the operating capital money. Because, over the years, as has been reported widely, the NEC has not -- their investment in the NEC has been less than stellar. We paid into that for capital improvements on an annual basis, and every year we would negotiate the amount; and I think that's one of the agreements that we sent you which will be superseded. So it's not the operating.

ASSEMBLYWOMAN MUOIO: Well, the one we received was from 1996; it was, like, \$125 million for five years, or something. It was--

MR. SANTORO: Okay, so that's--

ASSEMBLYWOMAN MUOIO: So we need the updated version of that too.

MR. SANTORO: Yes. So I will give you the operating--

ASSEMBLYWOMAN MUOIO: Right.

MR. SANTORO: --because that's been executed and approved. The capital is still being negotiated. But I will give you some rough numbers about what that might look like.

There's a stepped contribution from us. And let me back up a step. With this new law, there's an entire NEC Commission--

ASSEMBLYWOMAN MUOIO: Right.

MR. SANTORO: --that all of the railroads that utilize the Northeast Corridor, from Virginia to Maine, are a part of. And they've taken the law, the Federal law -- which I think was in 2009 -- and through lots of negotiations and lots of discussions, took the total cost of what it would be to maintain and operate on the Corridor, and then separately maintain it from a capital perspective; and then divvied up those costs between the users of the railroad.

So there's a set number that New Jersey Transit will have to pay over the next five years. I think it's a five-year NEC Commission-type of schedule.

ASSEMBLYWOMAN MUOIO: And the Commission is made up of the different users of the rail; and they all -- each state independently negotiates the terms of their agreement, correct?

MR. SANTORO: So there's this--

ASSEMBLYWOMAN MUOIO: There's a formula?

MR. SANTORO: It's more complicated. There is a formula at the NEC level that -- we all participated in developing that formula in terms of what the contributions would be.

ASSEMBLYWOMAN MUOIO: Could you send us that formula, too, so we can see that is? Because we haven't seen it.

MR. SANTORO: You can have it. (laughter)

ASSEMBLYWOMAN MUOIO: Okay.

MR. SANTORO: But it's not one equation, I assure you that. There are reams and reams of detail of it. But look it, it's public. If you want it, we will get it to you.

ASSEMBLYWOMAN MUOIO: I mean, it's essentially-- Like, the amount of electricity-- Our understanding is, the amount of electricity used, roughly; the number of trips on the track; and distance of track utilized by the states, roughly. Would that, sort of, sum up with the--

MR. SANTORO: Yes, that sums it up.

ASSEMBLYWOMAN MUOIO: Okay.

MR. SANTORO: And we took the -- the Commission took the total cost for operating and capital improvements, and then divvied up the, generally by use. So if we're using the Northeast Corridor and we have a 50 percent usage, we're going to pay 50 percent of the maintenance costs and 50 percent of the capital improvement costs, just based on, generally, usage. There may be some tweaks to that. But we run a lot of trains; we run 90 percent of the trains in New Jersey on the Northeast Corridor, and Amtrak owns it. So we're going to, literally, pay 90 percent of the costs.

ASSEMBLYWOMAN MUOIO: So there's no fluctuation depending on how the states negotiate. I mean, if it's one formula we should all be paying -- it's all apples to apples?

MR. SANTORO: It is a--

ASSEMBLYWOMAN MUOIO: There's no state that has a better deal than we do in terms-- Because I heard we were the last state to negotiate our deal. Every other state--

MR. SANTORO: So there's this overarching formula, creation of obligations from a Federal perspective -- from a cost perspective. Then every agency negotiates the specific nuances -- a specific deal with Amtrak. Not the dollars, though; it's payment of dollars, it's penalties, it's how we deal with outages. So there are very specific interrelationships between us -- New Jersey Transit and Amtrak -- that may be different than Massachusetts and Amtrak, and New York and Amtrak. That's what these individual agreements are supposed to represent -- those nuances. But the dollars -- the amount of dollars is calculated based on the law and based on the work that was done by the NEC Commission, with our participation.

ASSEMBLYWOMAN MUOIO: Okay.

Can you provide to us, just for the operating agreement -- provide us the operating agreement; the current one?

MR. SANTORO: Yes.

ASSEMBLYWOMAN MUOIO: Just a breakdown of the costs, the operating agreement costs before, and now with the new--

MR. SANTORO: Yes, we have -- I think we have a summary sheet.

ASSEMBLYWOMAN MUOIO: And ditto regarding the capital improve--

MR. SANTORO: The capital we can--

ASSEMBLYWOMAN MUOIO: I mean, I know you're still negotiating, but--

MR. SANTORO: The dollars we can do, because that's kind of set in stone already through the NEC Commission. We can do that for the capital as well.

ASSEMBLYWOMAN MUOIO: Just a budgetary question. If we were told in April that it was going to be a \$64 million contribution for the agreement -- the Interagency Operating Agreement, and it's actually \$95 million, how are you going to -- how are you planning on plugging that shortfall in your budget?

MR. SANTORO: (confers with staff) It's already in our FY 2017 budget -- the appropriate number, says the CFO.

ASSEMBLYWOMAN MUOIO: Okay. Because our understanding was that the budget that you approved last month was a \$64 million--

MR. SANTORO: That was for capital; so operating--

ASSEMBLYWOMAN MUOIO: Okay.

MR. SANTORO: He's covered it.

ASSEMBLYWOMAN MUOIO: So some of the old capital agreement--

MR. SANTORO: So \$64 million is the number that we will have to pay to Amtrak for this year. And it even gets more complicated; next year it's going to go up--

ASSEMBLYWOMAN MUOIO: Right; okay.

MR. SANTORO: --and the next year it's going to go up. Roughly, the total -- the top amount, the maximum amount that we're going to have to pay over five years, I believe, is \$104 million for the capital

side of thing, that we will have to program into our future capital programs.

ASSEMBLYWOMAN MUOIO: Okay.

On your waiver contracts -- this is a budgetary question regarding that. I just want to confirm. So it looks like the contract that was agreed to for the years 2011 to 2016 had retroactive salary increases totaling around 21 percent; that's 2.3 percent per year. Healthcare costs -- the percentage of healthcare costs that they pay goes from 1.8 percent to 2.5 percent.

Just as a comparison, we have New Jersey State employees who are -- and I know this doesn't -- you don't have responsibility over this, but some members of your Board may. New Jersey State employees who are under a contract, that is being negotiated now, but that ran from 2011 to 2015, have total salary increases of 2.75 percent compared to 21 percent over those years; and healthcare costs, that they now pay between 4.5 percent and 35 percent for the cost of their health benefits. Does your Board -- do they approve your contracts? What role do they have in contract approvals?

MR. SANTORO: (confers with staff) I actually should know that answer, but I don't.

ASSEMBLYWOMAN MUOIO: You can let me know; you can--

To the extent they do-- Because my understanding is your Board is comprised of a lot of Administration officials. So I'd like to think this is a hopeful sign for the New Jersey State employees who are still trying to negotiate contractual terms. But what I find interesting in that whole thing -- and I'll get to my budget question in a second, but I can't resist

mentioning that DCA just struck down an agreement that the Atlantic City government just put forward for a city that has not had increases for their employees for over five years. And for those who would survive their plan that they put in -- the recovery plan -- those who don't end up getting laid off, I'm sure they won't be seeing any increases in the near future. And DCA says the State could do a better job in saving money for Atlantic City and running it. So that makes me think that -- not so hopeful for New Jersey employees, moving forward.

But regardless, just a clarification on budgetary implications. At our budget meeting in April, we were told the budget gap caused by the new contract was \$22.5 million. We were told-- No, I'm sorry; reverse that. In April we were told \$45 million. We were told, in your written answers, that it's \$22.5 million, and that that was closed last year with cash funds.

First of all, where did cash funds come from? And second, what is the discrepancy between the \$22.5 million and the \$45 million gap?

MR. SANTORO: Well, we just finished our end-of-the-year accounting process. And I don't know if we have actually finished the audit by Ernst and Young, but we're very close. So the number that we ended the year with, in terms of a net revenue loss, or net loss, is \$22.5 million. So the \$45 million is what was an estimate at the time; and it ended up being \$22.5 million. And that should be in one of the pieces of the documentation that we provided to you. And we provided the history from 2007 through 2016.

So the definition of *cash funds* -- New Jersey Transit has cash in its bank, or in some form. But we have cash that we control because, every

month, bills come in, bills go out, revenue comes in from the Feds, revenue is drawn down from the Transportation Trust Fund. So the simple answer is that we ended the year with \$22 million less cash than we started with.

ASSEMBLYWOMAN MUOIO: Okay.

MR. SANTORO: But we are very solvent in the context of cash flow.

ASSEMBLYWOMAN MUOIO: Okay. So you do not project a budget deficit at all for FY 2018?

MR. SANTORO: We do not forecast a budget deficit for either FY 2017 or FY 2018.

ASSEMBLYWOMAN MUOIO: And Commissioner Hammer said he does not anticipate a fare increase for the next two years. Do you--

MR. SANTORO: That's correct. I concur with that.

ASSEMBLYWOMAN MUOIO: Okay.

Also, the Department states that you've been assured you'll have sufficient support from the State for your FY 2018 operations. Has the State indicated how much support it's going to provide?

MR. SANTORO: For 2017, we know the answer. (confers with staff)

So for FY 2017, our State -- the funding that we receive from the State is \$427 million.

ASSEMBLYWOMAN MUOIO: Okay, right. But for FY 2018 -- we have that, yes -- but I'm just wondering if you've been told that you'll--

MR. SANTORO: For FY 2018-- In conversations with Treasury in preparation for the FY 2018 process, we've been assured that we will have adequate funding to fund the operating budget.

ASSEMBLYWOMAN MUOIO: But no amount yet?

MR. SANTORO: No, we still haven't begun the formal process.

ASSEMBLYWOMAN MUOIO: Do you anticipate what the NEC increase in costs and the contractual agreements--

MR. SANTORO: Would be--

ASSEMBLYWOMAN MUOIO: --that that's going to have to rise -- the \$427 million figure?

MR. SANTORO: (confers with staff) It's probably too early to answer that question.

ASSEMBLYWOMAN MUOIO: Okay, great.

MR. SANTORO: We're in the process.

ASSEMBLYWOMAN MUOIO: Thank you.

MR. SANTORO: Thank you.

SENATOR GORDON: If I could just jump in here for a minute, because I have a question that's of a budgetary nature that I think follows the Assemblywoman's questions logically.

As I recall, there's a subsidy that New Jersey Transit gets from the New Jersey Turnpike Authority; I think it's \$204 million. Do you consider those funds secure, going forward?

MR. SANTORO: Well, for 2017, yes; for 2018 -- as I stated before, in our conversation with Treasury, we're going to be fully funded in

2108. It's probably too early to discuss the mix of State funding that we'll be receiving.

SENATOR GORDON: Okay. We understand there are no guarantees in this world. But it just seems that we have a new labor contract that's imposing greater burdens; the lease agreement with Amtrak; the Turnpike Authority subsidy -- a number of pieces in play here that may well have an impact in the future. But I understand what you're saying -- you can't say anything definite at this point.

MR. SANTORO: No.

SENATOR GORDON: Okay.

I want to turn to other legislators who have not spoken.

ASSEMBLYMAN JOHNSON: Here.

SENATOR GORDON: Sorry; Assemblyman Johnson, did you have a follow-up?

ASSEMBLYMAN JOHNSON: No, I was going to tell -- I was going to say Mr. Peterson, I think, is next up--

SENATOR GORDON: Assemblyman Peterson or Auth--

ASSEMBLYMAN JOHNSON: --for questions.

SENATOR GORDON: --for questions.

ASSEMBLYMAN PETERSON: I just--

SENATOR GORDON: Yes, from the Assembly side. (laughter)

ASSEMBLYMAN PETERSON: I just have a couple brief questions on safety.

I have here that there were-- New Jersey Transit trains have been involved in more than 150 accidents that caused more than \$4.8

million in damage to tracks or equipment since 2011. There were 25 such accidents in 2015; 10 in the first seven months of 2016.

If you know, can you give a breakdown of what the cause of those accidents were -- whether it was mechanical, or an employee, or an operator, or how those accidents came about -- in broad categories so we can understand where the accidents result from.

MR. SANTORO: (confers with staff) I am not fully understanding where the 157 came from, because we haven't seen that number; but we are not disputing it, either.

Based on our looking at the data that we reported to the FRA -- and if it came from the FRA, fine -- the majority of our accidents or incidents occur in the yard. But most of them are -- or a good proportion of them, I wouldn't say *most*, are running through switches, damaging the switch itself or damaging the wheel set. And most of those are related to human factors, and not defective equipment or anything like that.

ASSEMBLYMAN PETERSON: Okay.

Now, so, if most of these accidents -- and although some of them are just in the yard and whatnot -- it's due to human error. And the gentleman behind you with the red tie, in the middle, had said earlier something about a sideswiping that was due to situational awareness. Can you explain that to me? Because I'd like to understand it a little bit better.

MR. SANTORO: I'll let Robert Lavell do the explaining.

MR. LAVELL: Yes, starting the investigation we determined that the conductor, who was on the rear of that train-- Steve mentioned before, you have 151 switches in Hoboken; it's a very complex facility for us to operate in. He was coming back; and the layout of the situation was that

there are several signals that if you were sitting in his compartment looking out that window, he misread the signal. He thought he had the signal to go into the depot; instead, he had a stop. He went by the stop; there was another train coming in, and he made contact with the locomotive. That's where I'm saying he lost situational awareness.

ASSEMBLYMAN PETERSON: Can you explain to me why it would be so confusing? Is it the nature of the space, or is it because of some other factor? I mean, let's face it. For somebody like myself -- I'm not a train engineer, and I've never dealt with these types of situations -- but I think everyone is going to equate driving a train -- although it's not a good comparison -- to, like, driving a car, right? And you come into an intersection and there might be different signals and whatnot going on there. But most people are able to navigate that with some ease.

But I can understand where there might be situations where that's not the case. But can you explain, like, especially in this Hoboken rail yard that you were just talking about, where this operator got situational awareness -- got confused? Can you explain how that would happen, the circumstances?

MR. LAVELL: I'll give it my best shot.

ASSEMBLYMAN PETERSON: Okay.

MR. LAVELL: May I come up to the board to speak?

ASSEMBLYMAN PETERSON: Absolutely, absolutely.

MR. LAVELL: (off mike) As you can see from this picture, each one of these tracks coming into the depot has what we call a *lead track*. Each one of the lead tracks -- and this is kind of a blown up picture, so it's kind of distorted. So if he's coming in, and he's back, say, up where we call

the *day's yard* or the *B yard*, and he's coming into the track -- just take a look at these two signals right here. (indicates) You see how close they are in comparison? But there are two switches in here -- one will take you into the north side of the depot, and one will take you into the south side of the depot. So if something happens, and you look up for a second to see, "Okay, I want to see what's ahead," or somebody walks across in front of the train, or if you have somebody out here walking -- he takes his eye off that signal (snaps fingers), he's by the stop signal in a second.

So that's where I'm saying situational awareness was lost.

ASSEMBLYMAN PETERSON: Okay; fair enough. Because I figured it had something to do with the configuration of the yard itself.

I would think, though, in 2016 that there would be -- we would have the ability to have a system that would prevent that and give the operator a little bit more guidance. I mean, we have cars that can self-drive and we have all kinds of technology that's relatively inexpensive. And my question is, is there technology out there that would aid the operator and reduce the instances of these types of accidents? And if so, if you could comment on why it hasn't been implemented yet.

MR. SANTORO: So I think a couple of my responses allude to that question. One is that the yard is complex; we talked about PTC implementable, or implementable in some form of technology that's similar to PTC. We definitely need to look into that in this particular yard configuration. Possibly the Dover Yard indicator -- that would help visually guide an engineer into the proper location -- might be a solution too. So we do need to look at that; we need-- Again, from a safety perspective, from a damage to the vehicle perspective, we do need to look at that -- and we will.

ASSEMBLYMAN PETERSON: Okay. And it's-- I would think it should be somewhat of a priority in the sense that the technology is there. I mean, you can get a car that if you come up too fast on an object, it will automatically brake. And so I would think that there has to be technology and it has to be relatively inexpensive. We're at the consumer level with it; it has to have gotten to a point where it's relatively inexpensive.

I do have one question, and this is curiosity. And this is more to answer a question that the public has talked about. And the question is, there's this belief that the operators have their cell phones or other devices with them while they're operating a train. Do they or don't they?

MR. SANTORO: They are not supposed to. And I think I alluded -- and Bob can expand on that -- that the FRA did find that to be the case. It was one of our several violations, or recommended violations.

Bob, after that, did his own sweep, when I talked about electronic devices; and it was primarily cell phones. So there are-- Absolutely we have rules, and Bob can expand on that. They are not supposed to. There are FRA rules as well that--

I'll just let Bob talk.

Go ahead.

MR. LAVELL: We have rules in place where when the crews sign up, they walk to their trains, they are supposed to shut the device off and stow it. It's not supposed to be on for the entire trip. Conductors, on the other hand, have company-issued cell phones of which they are allowed to have, and that's because we need to communicate to them from our Rail Operations Center. But they, at no time, are supposed to have personal

electronic devices turned on in their possession. There are rules and regulations both from the FRA, and we have internal rules -- of which Steve stated. If the individual is caught with a personal cell phone turned on, the old rules were that he was suspended for 30 days; if it went to an investigation, he signed a waiver, he's going to serve 25 days.

Now we upped that ante to 45 days. And if he signs a waiver -- if he's caught, he's out for 30 days. We have internal teams that go out unannounced, and that's part of the audit that they do -- is checking on train crews, whether they be in the yard or whether they be onboard our trains, who have their personal cell phones in their possession and turned on.

ASSEMBLYMAN PETERSON: All right. So let me-- To follow up on that-- And let's face it, cell phones are a distraction, especially smart phones. And they can be a very -- it can be very enticing to use it, even when you're not supposed to. As you see, all of us here have, at some point in time today, looked at our cell phones because it becomes somewhat habit forming, and it's really becoming a problem in a lot of ways.

Why even -- when the operator has a company-issued phone -- why even allow the conductors, the engineers -- whatever the title is of the other people who are actually on the train and responsible for safety -- to even carry their own personal cell phone and be tempted? Because one temptation can result in a tragic accident. And if there's no reason that they need to check their e-mail, or go on the Drudge Report while they're at work-- I mean, you know, in a lot of places, a lot of businesses where you're dealing with the public, or whether it's a safety, they make them stow their cell phone in a locker and they're not on the floor wherever they're working.

So why don't you have that policy? Is there some safety reason for them to have their personal device?

MR. LAVELL: No. I mean, we're just following the FRA guidelines of issuing our rules and their rules about, they have to be shut off and stowed in their personal possessions. Some of our facilities, when some of our crews sign up, they actually don't have lockers for them to stow it in.

ASSEMBLYMAN PETERSON: Well, they have a-- They either came by car, or they could leave it at home. My point being is, you know, there's no-- If there's no safety reason why they have to have their personal device, and you have to have crews that go out to check to try and enforce it, why even allow them to have it and take the risk that somebody could become distracted or situationally unaware of where they are -- because their phone buzzed in their pocket and they got distracted, because they want to find out where they're having dinner tonight, or whatever it happens to be. Because it is a distraction. And why even have it; I mean, why even have it?

Look, personally, when I go to things that are important and I don't want to be distracted, I leave my cell phone in the car or in another room so that I'm not there -- so I can fully pay attention to whatever it is, whether it's an important client meeting or whatever. Because it is a distraction no matter how disciplined you are; and you have to actually go that extra step.

And I'm not any different than anybody else. I would think it would be a better policy, and it would be a lot safer, and you would give the public -- who is actually using New Jersey Transit -- a level of comfort knowing that they're banned, and that if somebody has one -- other than

the phone that is for company purposes, which you can track whether they're using it while they're actually working, right? -- I think that would probably go a long ways to safety and a long ways to actually bringing confidence back in New Jersey Transit -- that their operators are operating in a safe manner and they're not being-- Because whenever we hear *situational awareness*, everybody who heard that -- last week, I guess, is when it came out -- everybody I talked to said, "He was on his cell phone," right? Because that's the first thing that comes to mind.

And I don't-- In Hunterdon County where I am, we don't really have New Jersey Transit. We have two trains to Whitehouse Station and into High Bridge, right? And we don't have any buses; there's nothing otherwise. And in Warren County, it's very limited as well. So I'm not getting on New Jersey Transit, so I don't know what it is. But other people who are must see people with their cell phones out -- to give them that first instinct that when somebody says that they were distracted, that it was by a cell phone.

And I think that it would behoove you to bring confidence back into New Jersey Transit after this accident. And to prevent that distraction from causing an accident -- even, maybe, a tragic accident -- that you ban them from the trains completely, and you tell people if they bring it on the train, whether it's on, off, or not, they're going to be suspended; and if it happens a second time, they're going to be looking for a new job. Because I think that's too much of a temptation and a distraction -- that it's never safe to be looking at your cell phone while you're driving the train with other people's lives, as it is with driving a car to be doing that.

And I have to tell you, you know that using a cell phone while operating, whether it's a train or a motor vehicle-- Because every time I come down Route 78 and I get behind somebody who's driving 55 -- right? When you pass them, you look over and they're here doing this. (indicates) And it's concerning that people don't understand that you can't be tied to that phone when you're operating a vehicle of any nature.

So I -- personally I would encourage you to have such a policy put in place.

MR. SANTORO: So we will take back that suggestion to several places: one, discussions with the unions; discussions with the FRA; and looking at best practices, relative to our sister agencies.

ASSEMBLYMAN PETERSON: Well, I'm not sure-- I think we could probably have a higher standard than what the Federal government's minimal standard is. And I would think that the unions would be for safety first -- at least, I'd hope so. And if they're not, then you should report to us that they'd rather put the public's safety at risk than to agree to that type of a policy. And then we can deal with that.

I'm done, yes.

ASSEMBLYMAN McKEON: Thank you very much for your thoughtful discussions.

Assemblyman Auth, this is like when you're the youngest guy in, we call you last. (laughter)

ASSEMBLYMAN AUTH: Thank you for that comment, Chairman; I appreciate that.

Director Santoro, you've had a tough day. You said you don't like drama; you've probably had enough drama today to last you a lifetime.
(laughter)

I have a couple of questions. First of all, I want to give you a little solace today after all the other things that we've heard. I was actually out in Westwood yesterday, campaigning with a couple of local Council candidates. And Westwood services not only Westwood; Old Tappan, Harrington Park, Riverdale, Washington Township. So if I wasn't speaking to someone from Westwood, I decided to have a little impromptu poll about what they thought of the service. And I must tell you, you did rather well. People were genuinely pretty happy with the service they were getting; so while everything else has been pretty rough and tumble, I'll let you take that home with you today, too, okay?

MR. SANTORO: I appreciate that; thank you. I'll convey it to all the other employees at New Jersey Transit as well.

ASSEMBLYMAN AUTH: Okay.

So you sounded very certain about your pledge not to raise fares or cut services in Fiscal Year 2017 or 2018. Could you tell us the basis of your optimism, if you'd please?

MR. SANTORO: The basis -- the fundamental basis is the discussions that I've had with Treasury. I think there's a recognition that the situation may have changed with regard to the need for hiring people; having flexibility in terms of being competitive; the realization that for whatever reason there are vacancies and there's a need for additional slots. So there's certainly the need. And with Treasury -- the discussion with

Treasury, the solution for that need is certainly within their purview, and I'm very confident that's going to happen.

ASSEMBLYMAN AUTH: Thank you.

Also, if you may allow me, do you believe you have the tools necessary to address the issues with workers who incur violations similar to what Assemblyman Peterson may have discussed -- that affect passenger safety?

MR. SANTORO: Well, we certainly have the core of the tools. I'm not here to say that we have all of the tools in place. As I said, we certainly need staffing. I'll be working with the Office of System Safety, the head of the railroad, and others within New Jersey Transit to determine what additional tools they require. As I said in my remarks, that is my primary job from a leadership perspective, and I need to get them the tools to do that.

Again, in three weeks I've certainly identified the issues of staffing as an issue. And I'll drill down to any other tools that need to be utilized to get us continuing on and making us even safer than we are today.

ASSEMBLYMAN AUTH: If I may follow up -- is there anything-- Because I haven't heard this question, really, asked by the Committee -- is there anything you believe that we can do to make the process a little bit easier for you? I mean, everybody's--

MR. SANTORO: Well, I think that question was asked, and--

ASSEMBLYMAN AUTH: Was it? Okay, I'm sorry. (laughter)

MR. SANTORO: I need to take that back. I graciously accept that offer. I will certainly seriously consider how we can work together, as I

said in my opening statement, to deal with our common endeavors and our common goals.

ASSEMBLYMAN AUTH: Great. Thank you very much.

Thank you, Chairman.

ASSEMBLYMAN McKEON: Thank you, Assemblyman.

I don't know, but do any of the members have a second round of questioning? (no response)

Chairman, I don't know if you want to say a few words, and then I might have a word or two to say.

Let me just ask this. Any members want to say anything before we-- (no response)

SENATOR GORDON: My words will be very few because of-- It's been four hours, Mr. Santoro, and we greatly appreciate that this was not an easy experience. And we're immensely grateful for your being here, along with your staff.

You know, we often have hearings at which the witnesses are doing more dancing than anything else. And I think we can all say that this has been a very different kind of hearing. We've really gotten into the details, as you well appreciate. We've learned a tremendous amount, I think, about what's at the root of a number of these problems -- maintenance, staffing, other things. We want to get into this level of detail so that we can help you fix these problems. And I found this a very productive exercise. I'm sorry if it was a little wearing. But I think good will come of it, and we will probably want to have you come back after we've heard from others.

And speaking of that, on December 6 we will have our next hearing, which will include representatives of other transit systems, I believe SEPTA is coming, Amtrak, we've already heard from PATH, and we are going to hear from the FRA as well. We'll be hearing from some of the advocacy organizations that will have some observations to make.

We're going to have a hearing beyond that, probably in December at some point, at a location convenient to the riders of the Pascack Valley Line. We want to get the input and thoughts of your customers. And at that point, we may want to bring you back to talk about what we've learned through this exercise.

But this has been a very productive experience. I want to thank you all for investing the time in it.

And I want to thank my colleagues and the staff who work very hard in educating us and getting us up to speed on a number of these issues. It was something like final exams for some of us.

Chairman.

ASSEMBLYMAN McKEON: Yes, thank you, Chairman.

And to start with, it's a pleasure and always has been to work with you. And a pleasure for all of us on the Assembly side to extend our day-to-day work with our colleagues and friends in the Senate. And I appreciate that as well, inclusive of staff; and certainly partisan staff on our side has been nothing less than extraordinary, and thank you for that. And of course, including all our good friends from OLS.

I guess just the difference-- And the schedule will come out and I know December 6 is the next date, and we'll continue to move along in

order to bring light to what's going on and to bring long-term improvements.

Executive Director, and all of the senior staff with you -- I'm sure that you represent being a part of that as well. I know you want good things; you're a career person.

But as opposed to what my colleague the Co-Chairman said about the dancing -- I think you guys are dancing a little bit still. You know, I mentioned, and took no happiness in it -- but just really felt much umbrage to the fact that Mr. Drewniak's name wasn't included when he was known as senior staff, when he was compensated as senior staff. And the dancing was, "Well, you know, he's not a direct -- I didn't have a direct report here." The Director Human Services -- HR is here. She's not a direct report. So I just -- you know, I said in the very beginning, the Committee is not to be trifled with. We all have a lot to do. What's at stake is the lifeblood of the economy of the state, let alone the convenience, the safety, and the wherewithal of tens of thousands of New Jerseyans each and every day.

We're going to stop, you know, New Jersey Transit -- and maybe Port Authority and other places -- as being a dumping ground for political patronage. That has to stop, and I don't care who the Governor is. And we're going to start by your being responsive, subject to perhaps our subpoena power, in allowing us -- beyond the research that we had to do on our own about at least 10 individuals being in those high-paid positions with not necessarily any credentials commensurate with those responsibilities. And we're going to get to the bottom of it and it's not going to happen again in the future.

So with that, to all, Bob.

SENATOR GORDON: Thank you all for being here.

ASSEMBLYMAN McKEON: Thank you.

SENATOR GORDON: And the meeting is adjourned.

(MEETING CONCLUDED)