

---

---

# *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
<b>APPENDIX:</b>	
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 *C<sup>3</sup>RS*, 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.



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--