
Committee Meeting

of

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES

“The committee will receive testimony from invited guests concerning ways to improve the New Jersey Transit Corporation ridership experience and methods to facilitate greater cooperation between Amtrak and the New Jersey Transit Corporation”

LOCATION: Committee Room 11
Statehouse Annex
Trenton, New Jersey

DATE: November 14, 2024
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Clinton Calabrese, Chair
Assemblywoman Linda S. Carter, Vice-Chair
Assemblyman David Bailey, Jr.
Assemblyman Robert Karabinchak
Assemblywoman Andrea Katz
Assemblyman James J. Kennedy
Assemblywoman Barbara McCann Stamato
Assemblyman Christian E. Barranco
Assemblyman Robert D. Clifton
Assemblyman Christopher P. DePhillips
Assemblyman Michael Inganamort



ALSO PRESENT:

Miranda Crowley
Amanda DeMarco
*Office of Legislative Services
Committee Aides*

Jack Barnes
Andrew McAllister
*Assembly Majority
Committee Aides*

Brett Phillip
*Assembly Republican
Committee Aide*

***Meeting Recorded and Transcribed by
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Vice-Chair

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James J. Kennedy
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**ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES
COMMITTEE**

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COMMITTEE NOTICE

**TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE**

FROM: ASSEMBLYMAN CLINTON CALABRESE, CHAIRMAN

SUBJECT: COMMITTEE MEETING - NOVEMBER 14, 2024

The public may address comments and questions to Miranda Crowley, Amanda DeMarco, Committee Aides, or make bill status and scheduling inquiries to Carla Novatkoski, Secretary, at (609)847-3840 or e-mail: OLSAideATR@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 Transportation and Independent Authorities Committee will meet on Thursday, November 14, 2024 at 10:00 AM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.

The committee will receive testimony from invited guests concerning ways to improve the New Jersey Transit Corporation ridership experience and methods to facilitate greater cooperation between Amtrak and the New Jersey Transit Corporation.

Issued 11/8/24

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ASSEMBLYMAN CLINTON CALABRESE (Chair): Good morning, everyone.

Today is Thursday, November 14. We are here with the Assembly Transportation Committee.

All rise for the Pledge of Allegiance.

(Pledge of Allegiance recited)

So, my name is Clinton Calabrese; I'm the Chairman of this Committee. I appreciate everyone being here today. Just so we all know, this will be an hour-long meeting, and an hour-long only. I have a stopwatch here and I will start it momentarily. I've asked each member of this Committee to prepare several questions, and we're going to go right around the horn to ask our guests to speak on those questions that are asked. Other than that, we shall begin.

So, I'd like to extend our gratitude to the representatives from Amtrak and New Jersey Transit for joining us, and taking the time out of their busy days to address these critical issues that face New Jersey. This hearing is an important opportunity for our Committee, as well as for the riders of New Jersey Transit to gain a clear understanding of the challenges that they experienced on the Northeast Corridor this past summer. Today we'll focus on identifying the specific causes behind the disruptions, and, more importantly, discuss the steps being planned to address and prevent similar issues in the future.

I want to thank the members of this Committee in advance for fostering a collaborative and cooperative environment where we can address concerns thoughtfully and focus on solutions for the benefit of New Jersey's

rail system and its riders. Thank you for being here, I look forward to a productive conversation. And, I will turn it over to our guests.

We have with us today is Stephen Gardner, the CEO of Amtrak. Kevin Corbett-- Oh, I'm sorry.

You know what, I jumped the gun. I got to take a roll call first.

LINDA S. CARTER (Vice-Chair): He was just so excited to get the meeting started.

(laughter)

UNIDENTIFIED SPEAKER: Ready to hit that clock.

ASSEMBLYWOMAN CARTER: Yes.

ASSEMBLYMAN CALABRESE: Miranda, please.

Roll call.

(laughter)

MS. CROWLEY: This is a roll call for the Assembly Transportation and Independent Authorities Committee.

Assemblyman Inganamort.

ASSEMBLYMAN INGANAMORT: Here.

MS. CROWLEY: Is present.

Assemblyman McGuckin is absent.

Assemblyman DePhillips.

ASSEMBLYMAN DePHILLIPS: Here.

MS. CROWLEY: Is present.

Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Here.

MS. CROWLEY: Is present.

Assemblyman Barranco.

ASSEMBLYMAN BARRANCO: Here.

MS. CROWLEY: Is present.

Assemblyman Bailey.

ASSEMBLYMAN BAILEY: Here.

MS. CROWLEY: Is present.

Assemblywoman McCann Stamato.

ASSEMBLYWOMAN McCANN STAMATO: Here.

MS. CROWLEY: Is present.

Assemblywoman Katz.

ASSEMBLYWOMAN KATZ: Here.

MS. CROWLEY: Is present.

Assemblywoman Lopez is absent.

Assemblyman Kennedy.

Assemblyman Kennedy is on his way.

Assemblyman Karabinchak.

ASSEMBLYMAN KARABINCHAK: Here.

MS. CROWLEY: Is present.

Vice-Chair Carter.

ASSEMBLYWOMAN CARTER: Here.

MS. CROWLEY: Is present.

Chairman Calabrese.

ASSEMBLYMAN CALABRESE: Here.

MS. CROWLEY: Is present.

Chairman Calabrese, you have a quorum, sir.

ASSEMBLYMAN CALABRESE: Thank you so much, Miranda.

Our distinguished guests here today, we have Stephen Gardner of Amtrak, and Kevin Corbett representing New Jersey Transportation-- New Jersey Transit.

Gentleman, the floor is yours. Kevin, you may go first.

KEVIN S. CORBETT: Thank you, good morning, Chair, and Vice Chair Carter, and members of the Committee.

Thank you for inviting me to discuss NJ Transit throughout customer experience on Amtrak's Northeast Corridor, as well as what we are doing to foster greater cooperation and collaboration between New Jersey Transit and Amtrak. I'll be speaking today as co-chair of the Northeast Corridor Commission, in addition to my role as President and CEO of New Jersey Transit, the largest statewide transit system in the country, and the third largest overall. I am also Co-Founder of the Commuter Rail Coalition in association of 25 commuter rail agencies from across the country, acting together to engage and educate stakeholders on the value of commuter railroads that we bring to the communities they serve. I'll begin with some background information for those on the Committee who may not be familiar with the relationship between New Jersey Transit and Amtrak.

NJ Transit is a tenant on Amtrak's Northeast Corridor, the most heavily traveled rail corridor in the country, which I'll refer to it going forward as the NEC. Prior to the recent Bipartisan Infrastructure Law -- signed by President Biden -- the NEC faced chronic underinvestment for the last 50 years, when Amtrak inherited from the ashes of the bankrupt Pennsylvania Railroad. For our part, NJ Transit pays Amtrak more than \$200 million annually -- approximately \$50 million for operations; \$66 million for maintenance; and \$90 million for smaller-scale routine capital improvements

on the segment of the NEC we use between Trenton and New York. Amtrak, as the NEC owner, is responsible for operating and maintaining all of the infrastructure, including critical components such as overhead wires known as catenary; signal systems; tracks, which is substations, that deliver the power to the catenary systems and many others. What we saw during the approximately seven-week period between mid-May and the end of June was a perfect illustration of what occurs after many decades of disinvestment. It is our customers who bear the brunt of that failure to invest in transit. That is why your decision to provide a predictable, sufficient, and stable source of operating funding through the corporate transit fee, or CTF, was so significant as we've seen some of these effects that the last four decades of underinvestment in NJ Transit has had in areas of our own system aside from the NEC.

Getting back to this past summer, whether there have been references to the interaction between Amtrak's catenary and NJ Transit's equipment -- which was responsible for approximately 35% of the 19 incidents in May and June -- I want to be crystal clear, these challenges extend well beyond overhead wires. Signals, switches, power substations and systems -- all the critical infrastructure between Trenton and New York -- have been underfunded for decades and have also contributed to the incidents impacting customers this past summer. With the Bipartisan Infrastructure Law that I mentioned earlier, there is now an opportunity, finally, to replace and modernize the NEC infrastructure to restore the reliability to customers in which they expect and deserve. This requires Amtrak to develop a plan, which was already in work through our Northeast Corridor Commission. We've been working it for years; it's not like the

railroads did not know about these problems. And, to develop a plan -- accelerating -- we're looking to accelerate this work by prioritizing the most vulnerable infrastructure on the Northeast Corridor.

Following the spike in disruptions this summer -- largely isolated between Newark and New York -- Governor Murphy called an urgent meeting on June 27, bringing together the key decision-makers, including Amtrak Chairman Tony Coscia, Stephen, myself, and senior staff from both our railroads. We discussed the severe impacts the events had on both NJ Transit and Amtrak customers, and reinforced our commitment to continue to work jointly by taking concrete actions to restore reliability as quickly as possible. This effort included the development of a comprehensive joint plan, multiple meetings per week between our agencies. As a result of these efforts, Amtrak and NJ Transit implemented this plan: increasing examination; inspections; maintenance; and improvement activities involving various infrastructure, and our fleet systems.

As one example -- to Amtrak's credit -- they have already repaired and replaced more than 2,000 components on the catenary system between Trenton and New York, and they have inspected all 240 track miles between Trenton and New York City. To speak more broadly to our joint efforts, NJ Transit management continues to undertake daily reviews of all NJ Transit delays of six minutes or more, and meets with Amtrak at least twice per week to review joint operations and advance potential solutions. Amtrak identified numerous short-term projects to improve its catenary system without insignificantly impacting service. These included immediate structural repairs and redesigning catenary components to minimize issues on adjacent track. Amtrak and New Jersey are evaluating methods to expand overnight

work windows, using service adjustments as necessary to accelerate infrastructure renewals and repair. Together we can complete a joint inspection of NJ Transit's infrastructure at key interchanges locations. And, NJ Transit installed high-resolution camera systems on our ALP-46 locomotive, and Airo (indiscernible) railcar to gather video footage of the interaction between Amtrak catenary systems and NJ Transit's equipment. NJ Transit personnel are also deployed at key stations along the NEC and on NJ Transit-maintained rail lines as well, to perform additional visual inspections. Overall, in the nearly five months since the plan's implementation has become clear that our collaborative approach is working, as we have seen a very significant reduction in major incidents. NJ Transit's overall on-time performance has also improved from 83.2% in June up to over 91% in both September and October.

We're also actively exploring additional Federal funding opportunities to address key areas of NEC infrastructure in need of modernization. With NJ Transit support, Amtrak submitted project grant applications to the Federal Railway Administration's Fed/State Partnership for Intercity Passenger Rail Program, and we are extremely optimistic about some good news we expect to be breaking very imminently regarding the following four projects: Amtrak signal system upgrades between New Brunswick and Elizabeth; design and environmental review for catenary replacement -- the actual replacement of the system from New Brunswick to Newark -- which is the busiest section of railroad in the country; and the Amtrak Sawtooth Bridge replacement project, which includes updating track signals, catenary, and other infrastructure in that territory. The Amtrak Substation 41 Renewal Project, which is an update for key points on Amtrak's

electrical traction system. In addition, there is also major capital projects, as I think you well know, currently underway such as Portal North Bridge, which remains on time and on budget. In fact, we'll be-- February will be the last structural component will be placed. So, we'll be completing that bridge within a little over two years. And, the Hudson Tunnel Project -- of course, is well known -- which includes a replacement of approximately 13 track miles of antiquated catenary -- Amtrak will replace this catenary with modern constant-tension catenary, which maintains a consistent wire tension under extreme heat or cold conditions.

As we saw in the summer particularly -- We have that constant-tension catenary in our electrified territory, and we see the difference that makes when you do have that constant-tension catenary. So, we're very excited about that. All told, approximately 94 track miles of antiquated 1930s-era catenary will be replaced with modern constant-tension catenary. To be clear, this is incredibly important work, and the stakes are high. It's almost impossible to overstate the importance of the Northeast Corridor, not only to the millions of commuters and intercity rail customers who rely on it every day, but to our national economy. It is one of the largest economic markets in the world. The Northeast is key to our country's international competitiveness, connecting global centers of finance and government. Every year, the region served by the NEC supports more than 24 million jobs and produces about 20% of the nation's GDP. Unfortunately, as I mentioned earlier, this critical stretch of infrastructure has been drastically underfunded for many decades. And, indeed the Pennsylvania Railroad left it in shambles when they went into bankruptcy. So, it goes well beyond the 50 years that Amtrak has been in business.

To highlight these infrastructure challenges firsthand, last month Steve and I joined members of New Jersey's Congressional Delegation for a rail tour on the NEC, between New Brunswick and New York. The tour, hosted by Amtrak, highlighted the urgent need for upgrades, and for Federal funding, to fund all these critical investments along the corridor.

I'll conclude this morning by noting that NJ Transit remains 100% committed to continuing to support Amtrak's efforts to accelerate all the necessary infrastructure improvements that would deliver the best possible experience for both our rail customers who depend on Northeast Corridor.

And, with that, Chairman Calabrese, Vice-Chair Carter, thank you Committee members I'll turn it back over to you.

ASSEMBLYMAN CALABRESE: Thank you very much, Kevin.
Mr. Gardner.

STEPHEN J. GARDNER: Good morning, Chairman Calabrese and Vice-Chair Carter; members of the Committee.

Thank you, my name is Stephen Gardner. I'm the CEO at Amtrak. I appreciate being able to testify here today and talking about the relationship between Amtrak, New Jersey Transit, and the Northeast Corridor. And, with note that New Jersey Transit is our biggest partner on the Northeast Corridor. And, in Kevin, the corporation has an excellent leader and a very strong partner that we're very thankful to have as a collaborator in all this improvement.

So, we -- as Kevin said -- at Amtrak, provide the core infrastructure and services on an essentially non-profit basis to New Jersey Transit for their operation here over the Northeast Corridor in New Jersey.

There's hundreds of daily trains supporting your constituents and this service provides billions of dollars of economic activity in the heart of the nation's most important economy.

As a Federally chartered corporation, we serve as the primary owners of the bridges, tunnels, tracks, power, and other systems that support the 457-mile Northeast Corridor between Washington, D.C. all the way to Boston. And, we're primarily responsible for the upkeep, maintenance, and readiness of this route and these assets for the future. Amtrak obviously operates our own trains over this route, but we also serve as host to 12 different railways: Commuter and freight railways; there are tenants who have some 2,000 trains that operate over infrastructure we maintain and provide hundreds of thousands of trips per day. Amtrak inherited these assets -- as you heard from Kevin -- in a state of extreme decay, from bankrupt private railroads of the era 1976. And, we worked hard over the nearly -- almost 30 years now -- to bring these assets into the modern era; improve reliability, speeds, and capacity when Federal funding has allowed. Tenant partners like New Jersey Transit initially contributed only modest amounts to the ongoing operation capital cost of these assets.

But, the change in 2008 through Federal law made our partners become true funding partners in addition to users of these assets. And, that has allowed us, collectively, to dramatically increase investments in the railroad and gain larger and more reliable investments from Congress, who see that states like New Jersey -- who have put real skin in the game, in the future of the Northeast Corridor -- are true partners. Now with the support of our state and commuter partners here in the Northeast -- particularly at New Jersey Transit -- we have been investing at unprecedented levels to

modernize the network and expand service for a better future. In the just-completed Fiscal Year 2024, with funding from the Bipartisan Infrastructure Law and significant local match commitments and user payments from New Jersey Transit for the NEC projects, Amtrak has executed our largest capital program in the company's history -- \$4.5 billion -- with significant investments made here in New Jersey.

For the first time in Amtrak's 53 years, the Bipartisan Infrastructure Law is allowing us and partners like New Jersey Transit to address years of backlogged major infrastructure projects and to modernize the basic infrastructure necessary to reliably operate service. Some of this infrastructure is well over 100 years old. The \$66 billion investment provided over the five years for the entire U.S. rail infrastructure, with about \$22 billion coming directly to Amtrak for projects all over the country, and \$44 billion in discretionary grants to be awarded by the U.S. Department of Transportation -- led by the FRA, the Federal Railroad Administration -- has provided up to \$24 billion in funding for Northeast Corridor projects. These projects will have a fundamental impact on the future of the NEC and New Jersey, allowing us to replace the Corridor's most critical infrastructure with 21st century assets capable of meeting the needs of the railroads and the expectations of our customers. For instance, the Hudson Tunnel Project; Penn Station Capacity Expansion; Portal North Bridge; and other transformative infrastructure investments are all part of the Gateway Program that will double capacity between Newark and New York City, and allow passengers on lines like New Jersey Transit Raritan Valley Line and other branches -- who must currently change trains to reach New York -- to have a one-seat ride to New York City's Penn Station.

By increasing tracks from two to four, Gateway will also provide the capacity to more efficiently maintain the century-old systems built by the Pennsylvania Railroad in 1910 that are the backbone of this service. While the new sources of Federal funding will enable us to progress the long-plan programs such as Gateway and the other NEC bridges and tunnels, we've also advanced critical standing and repair projects to improve the resiliency of track; overhead power; and signal systems here in New Jersey. In May and June, we were all painfully aware of the problems we suffered through this unusual high number of incidents that upended service -- about 20 over two months. Several of these incidents were associated with unusual, but significant failures of our electrical traction system, which shut down service that occurred at unfortunately key times of day. Other incidents involved interactions between New Jersey Transit equipment and our overhead power lines -- catenary wires, as Kevin mentioned. And yet, others were anomalies. Things like obstructions in the overhead wires; other natural disasters; some equipment issues that all impacted our service.

To give you a sense of how these play out, we experienced a power failure on May 22, shortly after 5 p.m., right at the height of rush hour, when power was lost to a Northeast Corridor signal system installation near Kearny. It turns out that the broken signal power line there had fallen and contacted our feeder lines that provide power to the trains. And, this resulted in a voltage spike across the territory which took out all the signals and switches in the area; we could not operate trains. Thankfully, through our strong partnership with New Jersey Transit, we did work to try and mitigate this and get the railroad back in service. But, these types of events absolutely

crippled the rush hour and crippled people's commutes, and we're deeply sorry for those who were impacted.

I'm proud of what we were able to do to restore the work and all of our hard-working men and women at Amtrak, but our goal is to avoid these disruptions, of course, and, find the root causes. We know it's not acceptable for either Amtrak passengers or New Jersey Transit passengers. And, we're committed to doing more together.

Following the spike of issues in May and June, Amtrak and New Jersey Transit took immediate steps to increase equipment inspections; accelerate maintenance; investigate root causes; and improve agency coordination. Kevin's already mentioned many of the items we did together here, and we have been pursuing -- with a team of dedicated professionals who've been working tirelessly day in and day out -- to try and find answers to any of the issues that occurred and create higher levels of reliability in the future.

I also want to note that we've involved our Federal partners at the Federal Railroad Administration, our safety regulator, to be part of our investigations, and we've hired outside experts to come and work with us collaboratively so we can get to the -- as much information and as close to root cause for all the issues and make sure we're targeting our responses.

When disruptions occur, both agencies prioritize a safe resolution that gets passengers on their way as quickly as possible. As I said, we're keenly aware of the impacts that these disruptions have had on people's lives as we work to get roughly 400 trains a day in and out of Penn Station on time. But, I want to remind everyone that we are relying on ancient infrastructure that's grossly inadequate in capacity for the volume of trains

that we operate on what is, in fact, the busiest mainline railroad in all of North America. Even with these challenges and the summer incidents that garnered so much attention, Amtrak still managed an average of on-time performance of about 84% in '24 -- Fiscal Year '24 -- for our own trains. And, as a host railroad for New Jersey Transit, we delivered an average OTP of about 91%, meaning less than 10% of all New Jersey Transit trains were late because of Amtrak-caused issues. Over the last five years, that OTP related to Amtrak-responsible delays has been between 91% and 97%. So, clearly, we still have a long way to go to get back to the high levels that we had in the past. But, as Kevin noticed, we have made very significant improvements over these past several months. This is the type of performance we want to return to. And, we are committed to being a complete and committed partner with New Jersey Transit, and we appreciate our relationship, again, with Kevin Corbett's leadership and the support of the Governor to get the service back to where we all expect it to be.

The long-term solution, of course, is to fully modernize the railroad to meet the needs of today. Things like upgrading our ancient substations; replacing the 1930's-era overhead power systems; and improving our aging signal system, which was not built for today's train volumes. Additionally, the large infrastructure projects that Kevin mentioned will create 21st-century assets that will dramatically improve reliability and capacity. We don't have the luxury of time, we know, and that's why we already in FY24 augmented our spending on electric traction here in New York and New Jersey to \$45 million. And, in FY25, which we just began in October, provided that Congress and the administration provide us the

sufficient annual funding we have requested; we will double that spending to nearly \$92 million here in New Jersey.

We're eager to hear the results of those applications -- that Kevin mentioned as well -- to the Federal Administration for new grants here to advance more projects that will provide benefits to New Jersey Transit passengers and Amtrak passengers. The project's just over \$3 billion. Substation 41; the Sawtooth Bridges; catenary upgrades between Newark and New Brunswick; new signal upgrades between Elizabeth and New Brunswick; these are the types of projects that will help bring this railroad into the 21st century.

These investments and funding opportunities -- of course, in addition to relying on the Federal funds that fund Amtrak -- rely on local commitments and local match. And, that's where the funding that you provided to New Jersey Transit and that New Jersey Transit continues to need to have in the future, are so important. They allow us to go after these larger Federal pots of funding and bring dollars to New Jersey projects that benefit both Amtrak and commuter rail passengers. We face many challenges of course as we look to build out these projects and do so while taking care of our customers. We value the support of the New Jersey State and Federal delegations as we look to bring more projects on line. One critical component of this is creating sufficient time on the railroad to undertake this work. Much of the work simply cannot be done efficiently while the railroad is running at today's service levels. In particular, Amtrak will require longer work periods overnight and on weekends. Sometimes when no trains are operating and extended periods where individual tracks will need to be out of service to get the work done. This will have impacts on both New Jersey Transit and

Amtrak service levels and we're working hard with Kevin's team to find the best schedules that prioritize the work while also minimizing impacts to riders. But, we ask for your strong support for these measures, because, while there is some short-term pain and reduced service, the long-term gain here is absolutely critical. And, I want to again make note of the importance of long-term funding -- and, Kevin mentioned this as well -- the work we're putting in place now takes several years to mobilize. We have to engage in procurement processes to get the vendors to provide us the materials; we have to build the workforce to deliver this work. If we don't have a good sense of the funding available to us in three years, we cannot possibly plan for the level of work that's necessary in that period of time. So, your support for funding for New Jersey Transit and to provide these match opportunities to capture the Federal dollars that are out there being competed for is essential. Additionally, you've got a great Congressional delegation in New Jersey, and they fight hard to make sure that Federal funds are available for these investments. Your support for their actions -- and the importance of your constituents' voice here in making sure that annual funding is available to Amtrak and the various programs that support the Northeast Corridor -- is essential.

So, with that, I appreciate the time, and the ability to testify today. I'm looking forward to answering questions, Mr. Chairman.

ASSEMBLYMAN CALABRESE: Thank you very much for your remarks, I appreciate it.

Mr. Gardner, this question is for you. How does the Northeast Corridor compare to the rest of your assets across the country, in terms of volume? Can you give us some kind of metric to that?

MR. GARDNER: Sure, yes.

So, first off, just to put some context around our network, our network is a 46-state network plus three Canadian provinces. We serve roughly 32.5 million riders; it's what we did in FY24. Good news about rail service, is that there's very strong demand. Amtrak's demand in this past fiscal year was about 15% above our pre-pandemic high. So, we are well above our pre-pandemic ridership levels. And, that's because people all across America are interested in taking trains. When we can provide a reliable, convenient service, there is a strong demand. Most of that network -- we serve about 21,000 route miles -- is owned by private railways -- 30, primarily, freight railways all over the U.S. The Northeast Corridor is special in that it's owned primarily by public entities. Amtrak as the majority owner, and then the three states that own pieces along the routes. And, in fact, in New Jersey the stations are primarily owned by New Jersey Transit. So it makes -- it has a mix of public ownership, and that has allowed us to maximize the utility for both passenger and freight service.

We have 2,000 trains a day here on the Northeast Corridor. That compares to the roughly 300 total Amtrak trains across the entire 21,000 network. So, there is no comparison. The Northeast Corridor is the busiest railroad in North America by far.

ASSEMBLYMAN CALABRESE: Two thousand a day, as compared to 300 -- across the nation--

MR. GARDNER: --Across the nation.

So we have -- roughly about, less than 150 trains a day of Amtrak service on the Northeast Corridor -- and equal amount roughly everywhere else. In addition to our service, we have about 2,000 trains a day -- primarily

commuter trains -- but also a significant number of freight trains that utilize our Northeast Corridor infrastructure to access various locations.

So, it is absolutely the mainline of North America, and it is a central economic asset for the entire region, which, as Kevin said, is fundamentally important to the economy of the United States.

ASSEMBLYMAN CALABRESE: And this goes hand in hand with what you're saying about any type of work that is to be done, and has occurred in the past. Hard to do because trains are active all day and night, so hard to coordinate around the schedules.

MR. GARDNER: Absolutely.

And, that's been a major impediment, frankly. We've had-- Two things, really, have put us in the position we're in, that we're now working so hard to get out of. One is a lack of resources available; investment from, really, all the users. State, local, Federal; to upgrade the infrastructure over the last 50 years. That really changed over the last 15, I would say, where everyone has invested more. But, still, we're digging out of a deep hole.

We need those dollars; well, we need to know they're going to exist well in advance to be able to ramp up and scale up the work. So, part of it is the resources that are available; having to train folks; having the suppliers, and vendors, and construction firms out there who can support the work; and, the dollars. We need fair notice to be able to do that work. The other part is we need to create the time and space on the railroad where we have de-conflicted operating trains with rebuilding the railway. Because, you cannot rebuild the track structure or the overhead lines while you're still operating trains efficiently. And, that balance frankly, our predecessors have often been under lots of pressure to not curtail service to maintain or improve

the railroad. And, I think, it's been a real sea change up and down the Corridor, people recognize that we've got to have this balance, and that we need to build better assets to provide the service that people rely on.

ASSEMBLYMAN CALABRESE: Thank you.

Mr. Corbett. Given the service disruptions that have happened and the frustration of passengers, how does NJ Transit communicate to passengers when there is a problem somewhere along the Corridor, or in Penn Station New York, and there are disruptions?

MR. CORBETT: Yes, I think that's a key issue.

One of the things-- When I came into this position years ago, and I'd be standing for myself on Morristown Station -- you didn't know when the trains were coming, or what. So, we've done a lot in communication, certainly with our app. We really encourage people to use our app. We've improved that significantly. But, for a couple times over the -- particularly, over the summer -- to the degree that something is happening that particularly if it's in the tunnel or in Penn Station New York, we rely on what we call the Amtrak 40 Office, so our people get that community of to find out what's going on.

ASSEMBLYMAN CALABRESE: Communicating with each other?

MR. CORBETT: Yes, with each other before we know what to communicate out to the public.

And, we've been spending over the last five months since the meeting with the Governor, how we in-- Most of the cases that works pretty smoothly, particularly if it's out of an open territory where it's easier to see, easier to communicate in the tunnels or something there, where you don't

exactly know what's happening. You're getting a report from the engineer or the crew, that goes to Amtrak's center. And then, we have someone in that center, so they're picking up. But then, we need to get it out to our comm people, and get that out. That can lead to delays. Sometimes, and if you're a commuter, you're in an airport and your flight's 20 minutes delayed or a half hour delayed, people say that's fine. But on a commuter train? You want to get home, 10 minutes is -- The Twitter world explodes.

So, we really have been working a lot to how we can get that communication quicker out to people and our train crews now; with the funding we've had from the State, we've been able to upgrade. I think you see it on our trains; people now are using hand-held devices, they scan your tickets. Those devices also allow the train crews -- who before, were prohibited from using cellphones -- that's a violation of Federal railway rules -- but, the handheld devices, they're able to access all that communication equipment and information. So, we're able to communicate once we get that information to the crews, and all through social media, we can get it out. But, that time lag, sometimes, is unacceptable particularly if people are anxious. So, that is something we've spent the last few months how can we make getting that quicker from the train to make sure the information is accurate, to the Amtrak's center, and then to our people get it out to all our commuters.

ASSEMBLYMAN CALABRESE: Thank you.

I--

Did you want to say something? I'm sorry.

MR. GARDNER: Well, I would simply say, Mr. Chairman, that our customers, are, in fact, the same customers.

First off, we view New Jersey Transit's customers as customers of our own because we're providing part of the service that supports them. But, there are many riders who ride New Jersey Transit and then take an Amtrak train or vice versa. So, part of the thing we're also trying to do is make sure 1., our communication is seamless, and, of course, sending out the same information so that everyone's seeing the same picture. And, 2., making sure that we're communicating together so that those riders who are starting their journey on one service and ending on another have a total picture of the service.

ASSEMBLYMAN CALABRESE: Got you.

Thank you. We're going to open up questions from this body. First is Vice-Chair Linda Carter. Where would you like to--

ASSEMBLYWOMAN CARTER: First of all, I want to say thank you--

Let me make sure my mic is on.

Thank you for being here, and everything. And, also being able to bring some light to things that you're working on. And, I'm interested in seeing exactly how you all feel we can be very specific in helping and everything. As Legislators, we-- I'm always interested in trying to find out, listen, what is it that we can do to make sure legislatively, we're pushing. We know we need to bring the dollars in. And, our Congressional team, they are fantastic in trying to make sure that Federally we'll bring the money here.

But, besides that, what are some of the things that we can do, also, to help you? Because, it looks like you all have a lot that you're communicating with and working collectively together for our constituency.

And also, the other thing is opportunity. What-- And, I'm always interested in making sure how we're building opportunity, workforce-wise. Maybe you can expand a little bit on that.

MR. CORBETT: Thank you, Vice-Chair.

(Indiscernible) by holding these kinds of hearings, a lot of times public officials don't like it, but frankly, that's getting information out, holding agencies accountable, their tax dollars. I'm a big believer in saying-- For us to ask for more money, we have to show we're spending the money you've given us wisely. I think we have a pretty good case; we've done that.

So, that -- not to be taken for granted. More specifically though, I'd say -- and, Stephen touched on it earlier -- with that money being spent, it's -- Having dedicated funding, multi-year funding is critical. Historically for New Jersey Transit, we've come around with a tin cup every year, and you're trying to plan-- This is, we have 12,000 employees, billions of dollars of assets that -- some of them go back to the 1840s. Chatham is our oldest station. So, we've been replaced, but you have aged infrastructure. Majority of our-- Both operating and capital goes to maintaining a state of good repair. And, that takes years of planning; you do the design work; we've positioned ourselves right now for the Federal Government after New York's MTA. We have the second largest capital plan in the country, according to the FTA. And, when I came in, we had less than \$60 million a year in capital (indiscernible). There was no IV fluid coming in, so to speak, to the system. Now we have \$6 billion of projects under New Jersey Transit, both on Corridor, non-Corridor, bus, rail, etc. And, we have \$8 billion underway over the next three years.

So, keeping that pipeline coming, we have a long backlog of capital projects. And, I think, in your district you see -- whether it be bus or rail -- the advantages when we made those investments, the improvements. It's a bus issue, but we never would've been able to address a lot of the ridership issues with the growth, or back, beyond pre-pandemic on bus -- on levels. And, as private carriers pulled out, we were able to step in because we made those investments three, four years ago that we're now able to deliver that same kind of lead time to the projects that Stephen's talking about. And, I think the other thing I would ask is, you all get pressure from constituents; something goes wrong; they go right to you. My wife's a trauma surgeon. When she saves somebody's life, they go out at the ER, they never call back, come back and say, "Thanks for saving my life." They can't wait to never see the hospital again. Same thing with us. People just want to pay their fare, get a good commute. And, if something goes wrong they'll let you all know. But, I think we have to prepare -- as Stephen touched on -- that we are to make the real wholesale improvements that we need, rather than just trying to keep an aging system going. Its time is now, and we finally go the funding to do really wholesale, major upgrade renovation of the system. But, that's going to take outages. And, we've told Amtrak we'll work with them to give them the hours instead of two, three hours a night where there's a window. If, they need five, six hours a night. If they need longer weekend hours to really get productivity into construction, and the restoration. We're going to have to look at doing that in a way to try to minimize impact on our customers, try to maximize -- We're going to have to adjust service levels at key times so that Amtrak can do the work on the Corridor. So, I think being prepared for that, and when you get communication from your constituents,

please get us involved; we're glad to help in any way, respond to those. But, I think also anticipating that to do the repairs and the major investments we need to do, is we're going to have to get some pain to get some significant gain.

ASSEMBLYMAN CALABRESE: Thank you.

Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

Mr. Gardner, for you. Mr. Corbett discussed-- My question is in regards to funding. NJT pays more than \$200 million a year to Amtrak for maintenance, operations, and capital improvements. Compared to your other partners, Virginia; SEPTA; LIR (*sic*); where we compare as far as, are we-- Is it a consistent formula?

MR. GARDNER: It is.

ASSEMBLYMAN CLIFTON: OK.

MR. GARDNER. Yes.

Yes, so actually, it's a cost-allocation regime -- a Federally required cost-allocation regime -- that's developed by the Northeast Corridor Commission. And, New Jersey's very lucky to have Kevin as the co-chair there. So, the users and owners of the Northeast Corridor, together with the Federal entities, come together and we divide, essentially, through a formula the relative -- based on relative use -- the cost of operations and capital cost. So, it's -- and, a formula that's common for all users and owners.

So, Amtrak, when we were a tenant for instance, in Connecticut and New York, we are a tenant, and we pay based on the same formula rate to those owners as New Jersey Transit pays for us. Similarly, we pay cost to New Jersey Transit for use of the stations, as New Jersey Transit funds use of

our infrastructure. So, it's a -- really a cost-based allocation method, and it's driven by relative use of the assets, measured by different statistics and metrics.

ASSEMBLYMAN CLIFTON: So, Amtrak's commitment to NEC is consistent, right along--

MR. GARDNER: Yes, absolutely.

ASSEMBLYMAN CLIFTON: -- because, it's the same formula you use everywhere?

MR. GARDNER: And, we actually have over-invested. Of all the parties, we are one of the few that have over-invested above our required formulary outcome, our required amount. That's because we've been able to receive some additional Federal investment that has allowed us to put more dollars above our required amounts in these respective territories. And, that's so important because, again, we're solving problems that were created in the '50's, '60s, '70s, '80s still as we are trying to address these old infrastructure challenges.

ASSEMBLYMAN CLIFTON: And then, finally, as was said, 50 years of under-investment.

Did your other partners make those same mistakes? In Virginia, and Washington, D.C., and New York? Were they underfunded as well?

MR. GARDNER: Absolutely, yes.

And, again, I think New Jersey Transit has-- And, New Jersey is to be applauded in the way that it has stepped up in making investments. I would concur entirely with Kevin's prior comments about what more is needed. I think the other only thing I would add is that because there are more Federal dollars now available through matching grants, having the

matching dollars. So, in addition to just New Jersey Transit's regular investments, having this opportunity to take with us as partners to go put up 20% and get 80% funds back, is what's allowing, literally, New Jersey to be experiencing what's going to be well over \$10 billion in net Federal investment here, just in the next several -- in the next decade over these several big projects, in addition to all the other smaller work we're doing.

So, having that capacity to match the Federal money is really important; it allows you to compete. Because, you are competing with investments all over the Northeast Corridor and elsewhere to bring Federal dollars to these crucial projects. And, this is a great place to do it because it *is* such a big source of ridership and train volume across -- compared to all the other portions of the Corridor.

ASSEMBLYMAN CLIFTON: Besides your-- Excuse me, just real quick, and this might tie into what you're going to bring up.

MR. CORBETT: I was just going to add a fact to that.

ASSEMBLYMAN CLIFTON: So your formula-- So, there's a formula who funds and how it's funded.

Where do the freight operators fall in? That's my last question. Where do the freight operators fall in as far as contributing?

MR. GARDNER: So, the freight operators-- Federal laws (indiscernible) exactly aligned on all of these elements, as it relates to the freight operations. The freight operators are tenants of the owners. So, in our case, we have Conrail, Norfolk, Southern, CSX as tenants here, in the southern end of the Corridor. And, they have an obligation to pay a fully allocated, sort of, capital in-usage charge. We deduct the income we get from them for their (indiscernible) -- from the cost we share with New Jersey

Transit, for instance. So, we-- Sort of find a way to make sure that New Jersey Transit isn't funding the freight-related costs, we individually have to work out those relationships with the freight railroads to get them to make sure -- from our perspective -- they're fully funding their use of the asset.

ASSEMBLYMAN CALABRESE: Thank you for those four questions, Assemblyman Clifton.

(laughter)

Appreciate it.

Kevin, you can (indiscernible).

MR. CORBETT: Just one brief comment, to add to what Stephen said to the Assemblyman's question.

The importance of, as I said, that we have billions of dollars; that we have a capital project underway; that local match. It's one thing to formula payments, we have to pay the annual payments that we're obligated under the Northeast Corridor Commission structure, but the competitive nature that we have for competing for competitive grants nationally. With the billions of dollars of money that's come out, we have to have a local match. We've been lucky lately, it's 80/20; 80% Federal, 20% local. But, if we don't have that local match, basically for us, it comes out of the Transportation Trust Fund, to be able to match for -- that's, for me -- 4 to 1 return on investment is pretty good. But, we need to have that local match. So, the investments you all made in funding the Transportation Trust Fund is critical to us to be able to leverage that Federal money.

ASSEMBLYMAN CLIFTON: Thank you.

Thanks, Chairman.

ASSEMBLYMAN CALABRESE: You're very welcome.

Assemblyman Karabinchak?

ASSEMBLYMAN KARABINCHAK: Thank you, Mr. Chairman.

And, thank you for coming today and giving us a little bit of an overview of what we're here to expect in the next five years. Because, that's what I saw in some of the literature.

I'm glad you brought up the capital improvements and the timing of these, and the dilemma that you have between servicing our constituents and doing this improvement. I'm sure that between New Jersey Transit and Amtrak, you guys know exactly when the peak hours are, when people are moving on the trains. And, obviously, just the same as roadways, we know what's happening in our state, and when these improvements should be made. So, I'm of the opinion -- and, again, I'm sure there's people who are going to disagree with me -- but, if it takes eight hours in a night shift to fix X amount of infrastructure for the future, I would rather see that downtime, to be done. However, when we make this a real big precedent, is the information that should be given to all of the constituents in advance, not a day, not a week, a month, saying we're going to do this. And, in multiple ways, not just through your app. Through digital signage at every one of your stations. Through paper that's sitting in your stations. Because everybody grabs information differently today. Not everybody has an app.

And, the more information you could put out there, in my humble opinion, that's the best that both of your organizations can do for the constituents, regardless of the construction, but also when there's issues. And, as you spoke, all the conductors will eventually see stuff on time. The stuff that I hear from our constituents, that we don't know what's going on;

they don't know what's happened. We ask the information-- And, again these are issues that I'm sure you're going to handle and take care of, that's not what I'm going to be asking.

MR. CORBETT: Fully agree.

ASSEMBLYMAN KARABINCHAK: But, I would rather see the infrastructure taken care of as soon as possible, especially since it's underfunded.

And, from what I understand by what you just testified to, that there's going to be \$8 billion in the next 10 years to maybe \$10 billion. But, what's after that? I don't want to see the \$8 billion used and then we're in the same boat we are in, again.

MR. GARDNER: Well, Assemblyman, can I -- I., just say that we fully agree 100%.

The key to making these types of changes is adequate, and well, and advanced communication, and helping our customers maintain their mobility with alternatives and information. So, that's really important.

Just to the south here in the commonwealth, we had a program to replace many miles of track, which were decades old and needed to be replaced. It was a two-year program originally. Working cooperatively with Pennsylvania DOT, we were able to take what was going to be a 24-month program; shrink it into about nine months; save \$30 million in the process. We did that by eliminating some midday service, replacing it with buses, and having a strong communications process that helped folks make the right choices. A lot of folks were able to shift to trains outside the window; some took the buses. And, we were able to really maintain the service and get a huge outcome. Because, to your point, we have folks today -- and, Kevin

mentioned this -- who literally get about two hours of time on the actual track. By the time you have to get set up, turn off the electric power, do all the safety work necessary to start; they just are not getting near the productivity. If we can give them six hours, you can double, triple productivity, and get huge amounts of work done at a much lower cost to the taxpayer, which is important to us all. And, with less disruption, because you can take projects that otherwise would take this much time, and shrink it to this. So, it really is about optimizing, and it requires communication to do that.

And, to your point about the future, it's not one and done. This is the beginning of, again, overcoming decades of deferred investment. We have a great program underway, and we've been able to be very successful, I think, with our Federal partners working together to convince folks about the need to replace these huge bridges and tunnels; upgrade the railroad. But, it's going to take the next infrastructure bill from Federal Government; it's going to take continued focus and perseverance here on investment over a long time. Because, these assets are-- They are very significant assets; they take a lot to maintain. On the other hand, they produce incredible amounts of mobility and value when you compare it to, really, any other mode. The amount of people we can move at 100 linear feet is incredible.

ASSEMBLYMAN KARABINCHAK: Thank you.

ASSEMBLYMAN CALABRESE: Mr. --

Assemblyman DePhillips.

ASSEMBLYMAN KARABINCHAK: Mr. Chairman, I just have one more question, if that's OK.

For the future -- I know you just talked about changing infrastructure and the railways -- are we fixing those railways to meet our needs today? Or, are we looking at fixing these railways for the future, where, potentially in the next 10 or 20 years where we may be looking at faster trains, maybe even going to a point where, in 30 years, you'll see some high-speed trains?

MR. GARDNER: Absolutely we are.

When we're designing, we're designing for both the resiliency standards of the future so we're not anticipating, necessarily, the climate of the past. We all learned, of course, very painful lessons from Superstorm Sandy, and, we're still trying to dig out from all the issues there. So, at a much higher standard so that we can ensure that these assets are reliable and prepared for change in the future. But, we're also looking through all this work to both decrease travel time, increase reliability, and really importantly, create capacity. One of the really exciting projects, we have a Federal grant request in for -- we hope to hear very, very soon, hopefully very positive news -- is to create signals that'll allow bidirectional traffic on all of the tracks. Today, some trains can only travel in one direction on one track. So, when you can signal all the tracks in both directions it allows -- when we do have a problem on one track -- a train to be able to use the other track and go in the right direction.

Those sort of things really can allow us to take time off travel time, but also make disruptions much, much less impactful. And, allows us to sectionalize the railroad using taking a track out of service to do maintenance or construction with less impact. So, we're building a higher capacity railway. We're looking -- Amtrak, of course, is very interested in

achieving faster speeds. We have our new Acela Fleet which is -- will be operating at 160 miles an hour here in New Jersey in the Southern portion, and those trains are incapable of going 186, we have to build a straighter railway to do that. There's no mystery here. The railway has to be straight, it cannot have curves. This railway, we built some of this is from 1836. That's the oldest portion of the Northeast Corridor. High speed was 20 miles an hour in 1836, right? So, you cannot run a 200-mile-an-hour train on that railway; you've got to build a straight railway. We're looking for opportunities to do that, around the edges. Obviously, we have to respect the communities, of course, that we serve as well.

MR. CORBETT: And, I would just add to your point, though, from the commuter side, reliability, and-- One thing is, when we're talking about the right of way and the infrastructure, but also the equipment.

And, it's no secret we just finally-- I touched on our bus side. Rail equipment, there's a shortage of rail manufacturers for equipment. But, I think you've seen we've added hundreds of new rail cars that are finally starting to roll out. We just rolled out the first one; the new multi-level; multi-level threes, which also have power units so they won't need an engine to pull -- push pull. But, also, we have 25 new engines that were required and that we've taken delivery of that we call dual mode, because they have a pentagraph on top so they can run on electric mode. Or, on most of the lines like certain sections of the Coast line, or the Raritan Valley line, (indiscernible) Valley, Port Jervis, etc.; where we don't have catenary, we can run in diesel mode and they can-- They have that flexibility. And, those-- The mean distance between failure, say in our rail cars, the multi-levels are replacing 40-plus-year-old -- My kid used to like them, they had bouncy

seats, the old Arrow-- Arrows are due to be well over 45 years, 40 years. And, those are going to be replaced. So, as we keep aging, that brings down the mean distance aside from comfort, brings down our mean distance between failure. That means between we need to do repairs. And, on a multi-level, there are about 400,000 miles between those repairs. And, on our Arrows, it's 40,000 miles. It's a 10-fold increase as far as reliability and comfort for our passengers. So, it's not just the speed, there's also predictable, reliable-- Most of our trains, 60% of our trains, user transit, at one point or the other run on the Northeast Corridor or intersect for a while on the Northeast Corridor. So, that compatibility and having a good, reliable fleet is critical, both on its impact on Amtrak, but for all our lines, regardless of the Northeast Corridor or not.

ASSEMBLYMAN KARABINCHAK: Thank you very much.

Thank you, Mr. Chairman.

ASSEMBLYMAN CALABRESE: Thank you.

Assemblyman DePhillips.

ASSEMBLYMAN DePHILLIPS: Mr. Corbett, this is for you.

In June, the majority in the Legislature passed a major corporate transit tax, at the request of Governor Murphy to raise more money for New Jersey Transit. On top of that, in July, you imposed 15% fare hikes on commuters -- New Jersey Transit riders. It seems to me that New Jersey Transit has an insatiable appetite for taking money from commuters and from our taxpayers. Yet, we just had another summer of hell on New Jersey Transit. And, despite all that money, the rider experience continues to be deplorable. Just ask my constituents.

So, here's my question: Don't you agree that it is time for a top to bottom audit of New Jersey Transit? And, don't you agree that it is time for a complete overhaul of the management team at New Jersey Transit? And, respectfully, that includes you.

MR. CORBETT: No, I don't.

ASSEMBLYMAN DePHILLIPS: You have no explanation?

MR. CORBETT: Yes.

Obviously, I understand your position. I think, as I mentioned, we totally believe in being transparent in answering. I think any -- any transit agency, just like any transit agency around this country, we want to be efficient and productive, and we'll be transparent in that regard. But, it's like a hospital. The nature of our business is a high capital-intensive environment, and it's also a high operational cost. So, if you want an explanation about each one of those elements, glad to do it, through the chair. But, we've done -- We came in -- I know the mess we inherited that we came in eight years ago. And, I said I don't care -- just like with my kids -- I don't care whose fault it is. If I have to settle it, you'll both be sorry. So, we have with Amtrak, and a lot of the issues we were dealt with when we came in, the mess we inherited, and I think we've done a very good job. And, I'm forgetting, me. I'm always glad to be accountable. I think there's a lot of times it's easy to pick on people, it's -- I think we have 12,000 employees, plus. I think most of them do a really great job, and trying to do the best job they can. And, I think they deserve support. Accountability, absolutely. But, I think -- I can think anything of this job, but for a lot of the employees who are working really hard, I think there's a lot of times that constant slamming them is not productive.

ASSEMBLYMAN DePHILLIPS: This is not about the employees; this is about you.

The buck stops with you, right? And, doesn't the statue of limitations run out at some point, blaming the prior administration?

MR. CORBETT: (indiscernible) getting stuff done.

And, that's what we've been trying to do. And, I think we have a good record of getting stuff done.

ASSEMBLYMAN DePHILLIPS: Respectfully, you kept mentioning the mess that you inherited.

I assume you're referring to the prior administration?

MR. CORBETT: I'm talking about 50 years of a mess.

I mean, you have both-- I think there's plenty of blame to go around for why transit systems in this country have been-- They inherited - - People say the private sector, I'm a believer in the private sector, big supporter of capitalism. But, what we inherited from the Erie, the Lackawanna, the Central New Jersey, the private bus companies that went out of business, we never had adequate funding.

ASSEMBLYMAN CALABRESE: Excuse me, Mr. Corbett.

Assemblyman DePhillips, I think Stephen Gardner answered that issue, that question from Assemblyman Clifton about decades of disinvestment. But, I do appreciate those questions. And, I'll kick it over to Mr. Kennedy.

Assemblyman Kennedy, do you have anything?

ASSEMBLYMAN KENNEDY: Nothing.

ASSEMBLYMAN CALABRESE: Just sitting and listening.

I love Jim, he's the best.

Assemblyman Barranco.

ASSEMBLYMAN BARRANCO: So, I do have a question.

I have a fair amount of ridership in my district. And, I happen to be one of the more technical Assemblymen. I'm very familiar with the infrastructure that feeds the -- power that's required for -- And, you had mentioned substation 41, that's something I'm very familiar with.

I am aware of the shortcomings of the electrical system that feed New Jersey Transit; it's very well documented. Has anyone in your -- in either of your companies -- done any studies into how that infrastructure needs to be updated; upgraded. Let's face it, the switching is obviously very important, but power is very important; *very* important. Has there been any work whatsoever in figuring out what Amtrak-- Because, Amtrak is really responsible for the infrastructure, in terms of power; am I right?

MR. GARDNER: For the Northeast Corridor, yes.

ASSEMBLYMAN BARRANCO: Has there been any work done as to what that needs to look like?

Because, without that-- That's step one.

MR. GARDNER: Yes.

Absolutely. And, you're 100% right.

So, we have been at under -- really over this past decade -- in the process of a multi-year phased implementation on substation redesign and rebuilding. And, you may be familiar, we built a new -- and you might, to get into the technical side -- we have a different phase here, a 25-cycle power knot, 60-cycle power. So, we built a brand-new frequency conversion station in Metuchen. A series of new substations in that sort-of Central New Jersey area as part of our upgrade of the catenary program there. We have been

rebuilding sort of component by component our various substations. In fact, one of the substations we had a problem with, Substation 42, this summer, we had rebuilt entirely with a brand-new control house. But, we had not yet gotten to the transformers and some of the switch gear.

So, we have a program that I think is very well-founded in terms of state of the art. But, we are also looking beyond that, we've just brought in a new head of our Engineering Services and Design Team who comes to us from the United Kingdom, where we've dealt with -- where the system is primarily electrified and has many, many, many years of technical expertise in this work, and thinking about how you rebuild this infrastructure under load; recognizing we can't turn the railway off. Yet, our engineers always tell us, the best way to fix the railroad is to stop running trains for a while. In a couple years, we do it; it'll all come back. We can't do that. So, in addition I would also say that we are in conversations and we have a utilities with other experts, where can we bring as much insight here. And, there's a whole new universe of technology. AI and other monitoring technology that allows us to get smarter about the assets. We also have a transmission system; we have-- We own our own generation and we transmit, of course, to the substation grid. So, we have been doing replacement of the transmission lines. I'm working in New Jersey, in particular. And, so, we are doing a comprehensive program. It takes time, and again, it takes funding. As you're probably familiar, we have to place these orders years ahead to get this special U.S.-built equipment. Of course, all this infrastructure is U.S. manufactured, U.S. jobs, but it takes many years.

So, that's the key. At Amtrak, we can't be relying on every year, the appropriations to figure out our budget. Right now, our budget may not

be set until half the year is done -- this Federal year. And, if I didn't anticipate the right level of funding, we won't be able to complete contracts. So, it's a key component. But, there's a lot of work and we'll be happy to share with you any of the details of all the electric traction work. It is *key* to the service.

MR. CORBETT: And, I'd also add, Assemblyman.

By the way, being one of your constituents and a regular rider, so I appreciate the interest. On New Jersey Transit, one of the things -- to the other Assemblyman's question earlier -- when I came in, we had no five-year capital plan, no strategic plan. So, one of the first things I had to address as a businessman, how do you plan if you don't have a capital plan? Why bother, they're never going give us the money anyways. Well, you at least have to get the vision out to get the funding. And then, you have to prove when you get the funding, that you can deliver.

But, one of the first things we did in creating a five-year capital plan -- and, we're ready to come out soon with our next five year; I know we're just finishing the first five year -- is -- is that 85% of our stuff is (indiscernible) repair. And, certainly the antiquated ET system that we have -- We had Gannet Fleming come in and do a baseline assessment of all our assets, to prioritize which assets get repaired. So, we've been picking away at our system, our own independent Northeast Corridor, and made a lot of investments through both Federal and State funding. So, I think we're making progress. But, we also brought the public utilities in to look at, what can they do, PS in particular. Some of the substations, where it's their core activity -- we know what we need to do to run our signal system and the trains from powering. But, some of those substations, if they're doing them elsewhere in the state, how can we get best practices? For us, it's very tough

to be competitive to hire at salaries that PS or JCP&L are doing for a lot of their ET qualified people, and for maintenance on those kind of things. So, we're looking to collaborate there to let them even look at the possibility for them to do the capital investment and build that into our rates, not the public rates, just the rates they charge us. What's the most efficient way to make sure that we have that state of good repair, but we also have to make sure it's reliable 24/7 365. So, that's something we're doing independent of the Northeast Corridor.

ASSEMBLYMAN BARRANCO: And, I would like to say, the fact-- And, both of you have made very clear statements as to the need for investments in the rail infrastructure. I think it's a testament to the reliability of rail transportation as a whole that you're still running without the investments that you fuss over -- that you clearly need. So, it's a testament to the strength and the importance of rail infrastructure -- rail transportation rather -- that you're continuing to exist and operate. So, I believe that this Committee, and this body, this legislature needs to make a very concerted effort to put as many dollars into rail as we possibly can. There's no doubt that our transportation culture is going to morph and change over the next five to 10 years.

But, we really do need a greater level of communication between the both of your organizations, and the people who wake up every morning bound for one of your trains. So, I think that's why we're here, and I thank you two for being here, and I thank you, Mr. Chairman.

ASSEMBLYMAN CALABRESE: Thank you so much.

We have about, a little over 10 minutes to go before I have to adjourn, so I just -- we're a few members shy.

Mr. Bailey, do you have a question?

ASSEMBLYMAN BAILEY: No.

ASSEMBLYMAN CALABRESE: Thank you very much.

Mr. Inganamort.

ASSEMBLYMAN INGANAMORT: Thank you, Chairman.

And, thank you, gentlemen for being here today. Thank you, Mr. Gardner, for your apology, which I think I heard -- and, I take it was on behalf of Amtrak, is that correct?

MR. GARDNER: Correct.

ASSEMBLYMAN INGANAMORT: Thank you for that, I want to note that.

There was discussion around inheriting a mess, earlier, in a lively conversation. And, my observation there is, we have one year left to ensure that your successor, Mr. Corbett, doesn't inherit a mess. So, we have to figure out a way to work together to avoid that scenario. And, quite clearly the clock is ticking. Literally, in this case today, since I'm on a stopwatch.

(laughter)

Here's my question for you, it's about the corporate business tax. Can you explain to me, please, how the corporate business tax -- which, businesses in my District are paying at a higher rate now, despite none of their employees using New Jersey Transit in a good portion of my District -- can you explain how the higher the increased corporate business tax will help you in your goal of making New Jersey Transit more fiscally sustainable so that you do not have to keep going back to the riders with higher fares?

MR. CORBETT: Sure.

Two things: One, to clarify, the earlier comment of the fare increase that we did, 15%, I think as a public policy, generally talk to transit agencies nationally, internationally, people -- just as a rider myself, well before I thought I'd have this job -- a small increase every year -- every two years -- is preferable to waiting eight years. A lot of people like to be, "No fare increase is great." But, ultimately, you have to pay bills. Our labor contracts go up roughly 3% a year. Ten thousand-- More than 10,000 are employed; 12 are union employees under collective bargaining agreements. So, that's predictable; our expenses are pretty predictable. So, while it may be tempting to hold back those increases, I'm a big believer in periodic increases that are on the fare side. On the CBT, that gets into what I was saying on that -- If you look at a Delta fare, we were able to be profitable just by fares alone, would be run an airliner, freight, railroad, and that's just not the nature of public transit. So, it's an essential service. I would give property value, certainly, Chester, Mendham. Even if people don't ride, by having a good transit system, you'll get the transit-oriented development. In Morristown, for example, or Dover or Denville, in our territory, that, and taking riders off the road, so for those who are driving, that frees up the traffic. So, it's a network, overall. But, I think from businesses to be able to make sure that their workforce can get -- whether a CEO is driving or not -- that having that mobility and predictable, reliable transport is important for the state. We don't get any money directly. There were a few couple projects that we have where we actually had real estate interest in. But, most of the TOD development you see, all the department developments going on -- my property value in Mendham skyrocketed with Midtown Direct Service when it came into New York.

So, those kind of things. The property values for those communities go up. The rateables go up. So, it brings a lot of-- But, we don't get any money from that.

ASSEMBLYMAN INGANAMORT: Right, but, does it get you the fiscal sustainability?

MR. CORBETT: It does.

With CBD, yes it does. That tax gets us-- And, again, myself and our staff, we have no problem with being held accountable. Make sure that-- We want to come back and be able to show that you made good investments, that you're getting a return on your investment. Different people may have different opinions; that's fine.

But, it does. For the next five years, it's only a five-year thing. And, again, we have not gotten any of that money yet. That starts next fiscal year. So, we have not gotten any of that money yet. But, from what we see, we will be for the next five years.

ASSEMBLYMAN INGANAMORT: Thank you very much.

ASSEMBLYMAN CALABRESE: Assemblywoman McCann Stamato.

ASSEMBLYWOMAN McCANN STAMATO: Thank you, Mr. Chairman.

I don't have a question. But, I just want to say that, unfortunately, what the riders went through over the summer, in the heat of the summer, it brought us -- brought you here, to speak with us. And, it brought you to the table with the Governor. So, I'm just happy-- I'm not happy that it happened, but, I believe that because of it we are -- you will all

take a better look at everything and include us, and our constituents, moving forward.

Thank you.

ASSEMBLYMAN CALABRESE: Thank you very much.

Assemblywoman Katz.

ASSEMBLYWOMAN KATZ: Yes.

Hi, how are you? Thank you so much for being here today.

So, listening to all of the testimony, a few things stuck out to me - And, please forgive me, because I am from South Jersey. So, we don't really have a whole lot of rail trains -- rail lines in South Jersey for my constituents to access.

But, it seems to me that we've known that these problems existed for a very long time. You said we took it over 50 years ago when you inherited it from the Pennsylvania Railroad. And, it's been in bad shape even prior to that. Now, you're the expert. We're up here; we listen to you; we follow your guidance. How did we let it get this bad? And, didn't we know that it would be cheaper to fix earlier? Because, I'm assuming some of these problems exasperated themselves. But, it seems to me that those delays that we had and all of the issues over the summer were a natural consequence to not doing the work, which, you said that you-- It's your responsibility.

So, I just want to make sure that we don't end up back in this place. The State of New Jersey doesn't keep ending up back in this place. And, maybe we can even get some rail lines down in South Jersey. So, that would be really exciting for us.

ASSEMBLYMAN CALABRESE: Real quick, just for me to interject.

We have about five minutes. Just wanted to let you know.

MR. GARDNER: Well, thank you for your question.

And, you're right. But, the problems have been well known. The solutions also kind of understood, but difficult to implement. Because, for a long time, there was no reliable, steady source of investment for Amtrak and its assets. And, again, we inherited these assets out of the bankruptcy of the Penn Central, which, also created Conrail at the same time. The freight operation was privatized, eventually after being owned by the government for many years. And, the reality is that it takes dedicated, long-term investments, and the Federal programs didn't create that sub-mechanism for anything other than highways, and then aviation for a long time, and slowly transit. And, that change has occurred over the last 50 years. And, I think the combination of the one realization that these assets are vital to the future. And, there was some debate in the '70s, maybe everyone thought we'd be in jetpacks by now, zooming around, and we wouldn't need those old trains; in fact, we do. And, it's not a mode of yesteryear, it's actually a mode of the future as we have a nation that's growing in its population and its entity.

So, we've worked hard to, I think, educate folks. Again, Kevin's done a great job leading the Northeast Corridor Commission that puts together a big plan and talks to Congress and others. But, for a long time it was about finding the dollars, it wasn't a technical question what needed to happen, and, we've seen that turn now, but we need to maintain it, otherwise, we will be in this problem again.

ASSEMBLYWOMAN KATZ: But, I hope the next time that you're in this situation where it's getting that bad, that we don't need to have all of the delays that happened over the summer before you come in and tell

us what's going on so that we *can* solve it. We want to be helpers. We want to participate in that process. But, I tell my kids -- I'm a mom, that's my day job -- we have to prepare for things. We need to be ready; we need to know what's going to happen.

ASSEMBLYMAN CALABRESE: And, that's a great remark, Assemblywoman Katz.

We're about to conclude, but, this legislative body, we are here to help. If there are any ideas that someone who worked with Amtrak or NJ Transit, you have any ideas for us to help implement to put into legislation -- I think Assemblywoman Carter was kind of saying the same thing -- let us know this. We want to propel you forward. We want to be the base to bolster a great transportation network in New Jersey.

So, any ideas for you and your staff, please keep that in mind. We are here to assist you.

It would be nice, maybe every year we can have this forum. This nice, polite forum where we all get together and discuss the current state of affairs on the transit system in New Jersey.

ASSEMBLYMAN DePHILLIPS: Mr. Chairman, if I may.

ASSEMBLYMAN CALABRESE: Chris, I would love to, man.

But, we're-- He's-- Someone has to really leave.

ASSEMBLYMAN DePHILLIPS: Assemblyman McGuckin is absent, as you know.

And, as you know, he yielded his question to me.

ASSEMBLYMAN CALABRESE: I do not--

We are legitimately out of time.

ASSEMBLYMAN DePHILLIPS: I have one more question.

It won't be four parts.

ASSEMBLYMAN CALABRESE: OK.

Assemblyman DePhillips, one more question.

ASSEMBLYMAN DePHILLIPS: OK.

Mr. Corbett, this is for you.

New Jersey Transit recently named a new customer advocate, I believe his name is Franck Beaumin. My question is, why is he not here today?

ASSEMBLYMAN CALABRESE: I didn't invite him.

MR. CORBETT: Yes.

He wasn't invited.

I don't see the relevance, but go on.

ASSEMBLYMAN DePHILLIPS: Don't you think it would be important for him to be here today to hear our concerns?

He is the customer advocate for New Jersey Transit.

ASSEMBLYMAN CALABRESE: Assemblyman DePhillips, he was just hired.

That's an all right question, I guess, but he was just hired.

What would he have to say?

MR. CORBETT: We had an organization in the past-- Obviously, there were a lot of people that'd maybe even like to be here.

This is all being recorded. If you want to invite him, invite him. I have no problem being here, but we have a lot of management people who don't come here every time.

ASSEMBLYMAN CALABRESE: So, the next time we do this, we will invite Franck, who's a very nice man and I hope you guys all get to meet him.

Without that, thank you very much, gentleman, for your testimony. Godspeed, going ahead.

I make a motion-- Anyone make a motion to adjourn?

UNIDENTIFIED SPEAKER: So moved.

ASSEMBLYMAN CALABRESE: Motion.

Adjourned.

(MEETING CONCLUDED)