

**Testimony to the U.S. House Subcommittee on
Railroads, Pipelines, and Hazardous Materials
Wednesday, March 4, 2020 at 10 a.m.**

INTRODUCTION

- Good morning, Chairman Lipinski, Ranking Member Crawford, and members of the Subcommittee.
- I'm Kevin Corbett, President and CEO of NJ TRANSIT.
- Thank you for holding this hearing on a topic of vital national interest: Funding a robust freight and passenger rail network.
- Let me also thank Chairman DeFazio and all the members of the Transportation and Infrastructure Committee for the invitation to speak today.
- As some of you may know, I also serve as Co-Chair of the Northeast Corridor Commission with FRA Administrator Ron Batory.
- And while I don't speak for the Commission as a whole, I know that many of my fellow Commission members face similar challenges to those I'll discuss today.

(PAUSE)

NJ TRANSIT “FAST FACTS”

- To begin, I'd like to set the stage with some basic facts about NJ TRANSIT – the third largest transit agency in the nation, operating in the most densely populated U.S. state.
- By total population, New Jersey is the nation's 11th largest state, yet NJ TRANSIT is also the nation's largest state-wide transit agency –

and third largest overall in the country.

- In this sense, our operation is a great asset but also a significant burden on New Jersey's resources, as it must support an asset orders of magnitude greater than its population – and an asset that is a legacy of a number of 19th Century private railroads, with all the challenges of an aging infrastructure system.
- Every weekday, we provide more than 925,000 passenger trips across a service region that spans more than 5,300 square miles.
- We have more than 2,200 buses, 1,200 train cars, and 90 light rail vehicles.
- We run 251 bus routes, three light rails lines, and 12 commuter rail lines throughout New Jersey – linking major points in New York, Philadelphia, and everywhere in between.
- Through our rail service on the Northeast Corridor, we work and coordinate closely with Amtrak, which owns, operates, and maintains the entire corridor – relied on by many of our customers to get in and out of New York.
- NJ TRANSIT rail service is also growing.
- Despite low gas prices and declining nationwide rail ridership trends, our rail ridership went up three percent year-over-year.
- Our operation runs virtually 24 hours a day, seven days a week – leaving us a small window to accomplish vital maintenance and improvement work.
- We also provide an extensive paratransit network called Access Link.

- All together, we are the lifeblood of New Jersey and an essential element of the New York Metropolitan region's \$1.7 trillion economy, which accounts for about 10 percent of our entire nation's GDP.
- Every year, on average, NJ TRANSIT receives about \$604 million in various federal formula funds. This money is vital for construction projects including station rehabilitation, track replacements and other infrastructure projects, and community transportation and other vehicles.
- We depend on federal funding, which is a key component of many of our capital projects.
- NJ TRANSIT is also eligible to apply for federal funds through the FRA's Federal-State Partnership for State of Good Repair Program.
- Last year, NJ TRANSIT received more than \$18 million through this program to renovate Platform D at Newark Penn Station, which is a critical transfer point for Amtrak and NJ TRANSIT customers.
- NJ TRANSIT appreciates all the support we get from the FRA and FTA, and takes extremely seriously our responsibility to use these funds as responsibly and efficiently as possible.

(PAUSE)

FRA and FTA Grant Efficiencies

- As grant recipients, we are collaborating with the FRA and FTA and discussing ways in which the grant process can be improved – common sense solutions to get projects across the finish line faster.
- We strongly support an increase in flexibility for FRA grants to allow grant recipients – whose projects come in under budget – to use unexpended funds to advance other elements of the project, integral to that project's success.

- There is currently nearly \$3 million dollars in unexpended FRA grant funds, thanks to Portal North Bridge early action construction work that was completed under budget.
- We would like to use these funds to advance the project even further.
- This sort of procedural change – already in place under the FTA’s Capital Investment Grants Program – would be hugely beneficial to NJ TRANSIT and to commuter railroads nationwide.
- In recent discussions, we are pleased that there is a willingness to consider ways that can accomplish this.

(PAUSE)

PORTRAL NORTH

- Just a few weeks ago, USDOT issued an improved rating for the Portal project, and we’re now entering the engineering phase, which is the next step toward a Full Funding Grant Agreement and getting shovels in the ground.
- This project – estimated at \$1.7 billion – is in addition to the more than the one billion dollars in projects we’ve already committed in just the past two years.
- Replacing the Portal North Bridge is critically important, but it’s just one component of NJ TRANSIT’s much larger goal to dramatically increase trans-Hudson capacity.
- Right now, our region – and the state and regional economy - depends on two century-old tunnels into and out of New York City.

- If just one of those tunnels goes out of service – for any number of reasons – the amount of trains into and out of New York drops by 75 percent.
- Just one month ago, an incident occurred shutting one of the tunnels at the worst possible time – in the middle of the evening rush hour.
- Absent additional tunnels, major, region-halting incidents like the one I just referenced, will continue to occur – depressing regional productivity and economic growth, disrupting regional travel, and profoundly inconveniencing our customers.
- Aside from the risk of continuing to rely on these aging tunnels, the current situation is clearly a constraint on economic growth – regionally and even nationally.
- New tunnels will not only eliminate the railroad bottleneck, but they will bring even greater economic growth, similar to the way MidTown Direct service on our Morris & Essex Lines led to strong increases in property values and economic productivity. This is the kind of benefit new tunnels will bring to other areas of our rail system, like our Raritan Valley Line and rail lines in Bergen County.
- But to be blunt, our current capacity to and from Penn Station New York is maxed out, particularly during rush hour.
- Every year, the urgency for action – the urgency for additional tunnels – increases.

(PAUSE)

PTC

- As we work to replace the Portal North Bridge, we're advancing one of the most complicated, most time- and resource-consuming

projects in NJ TRANSIT's history:

- The federally-mandated rail safety enhancement project, Positive Train Control, or PTC.
- NJ TRANSIT met the December 2018 interim milestone for this project, and last month, we received approval from the FRA to enter into Revenue Service Demonstration, or RSD testing.
- That means we'll begin testing PTC on trains in revenue service ahead of our previously projected start date.
- Meeting the December 2020 deadline will still require a monumental, behind-the-scenes effort, but based on our success in 2018, the recent approval to enter into RSD testing, and the continued support from the FRA, I'm confident we're going to make it.
- PTC is a meaningful safety enhancement for our system, but the costs for this federal mandate are not insignificant.
- We've spent about \$340 million on the project to date, and we estimate the full cost of installation to be approximately \$500 million.
- The FRA has made available PTC project delivery money, but it comes without pre-award authority.
- That means it can only be used for costs expended in the future, as opposed to the substantial costs we've incurred to date.
- In addition, application periods take about a year to resolve, but in one year the project will no longer be eligible for the grant.
- Following full PTC installation, we will continue to incur significant annual costs to maintain and operate the system – including software and equipment upgrades, licensing, labor, and other costs – and the nation prepares the next phase of evolving PTC safety

technology.

- We are encouraged by opportunities to apply for federal monies to offset some of these costs. However, current opportunities represent just a small percentage of the total capital and operating PTC costs for us and most railroads.

(PAUSE)

NJT FINANCES / THE NEED

- Like almost every transit agency in the country, NJ TRANSIT requires public support, both federal and state.
- As we await movement on the additional Hudson River tunnels, there are many other areas where the federal government can support NJ TRANSIT.
- We have extensive needs in regards to the Americans with Disabilities Act – about half of our 165 rail stations are not currently accessible.
- Other needs include high-level platforms, public address and signage upgrades.
- NJ TRANSIT bridges need to be modernized and replaced,
- Major NJ TRANSIT facility upgrades require backup power generation.
- Signal systems systemwide need to be upgraded, as do several power substations.
- In short, our needs are great at a time when demand is surging and resources are limited.

- The needs and challenges we're facing are significant, and they're likely challenges Congress will see more and more. As the U.S. population trend continues to shift from rural to urban settings, more metropolitan areas are competing for transits dollars than ever before – and that trend will only continue.

(PAUSE)

CONCLUSION

- Esteemed members of Congress ... A strong NJ TRANSIT means a strong New Jersey ... a strong metropolitan region – are integral to a healthy national economy.
- The federal government has good reason to invest in NJ TRANSIT's network - to sustain and support economic vitality.
- You can't have a first-world economy on third-world infrastructure.
- That's why NJ TRANSIT strongly supports Chairman DeFazio's new infrastructure bill, which calls for investing \$55 billion in the national railroad network.
- We also strongly support an increase in flexibility for FRA grants to allow unexpended funds to advance other elements of projects.
- We also support efforts to broaden FRA grant programs for freight rail to include commuter rail, and to broaden safety grants to include infrastructure spending.
- I want to once again thank you, Chairman DeFazio, Chairman Lipinski, and Ranking Member Crawford, for inviting me to join you today.
- NJ TRANSIT very much looks forward to working with all of you to build on the progress we've made.