

**TESTIMONY OF RICHARD SARLES BEFORE THE SUBCOMMITTEE ON HOUSING,
TRANSPORTATION, AND COMMUNITY DEVELOPMENT**

August 4, 2009

Chairman Menendez, Ranking Member Vitter and distinguished members of the Committee -- my name is Richard Sarles and I am the Executive Director of NJ TRANSIT. NJ TRANSIT is the nation's largest statewide public transportation system providing nearly 900,000 weekday trips on 2000 buses, three light rail lines and 12 commuter rail lines. NJ TRANSIT also operates hundreds of trains daily over the Amtrak owned Northeast Corridor.

Mr. Chairman, I want to thank you and the other distinguished members of this committee for providing me the opportunity to testify today on the criticality of providing the necessary capital funding for mature public transportation agencies.

As you know, the Rail Modernization program was created by Congress to provide funding for established transit agencies for the purposes of improving existing systems, including purchase and rehabilitation of rolling stock, track, structures, signals and communications, power equipment and substations, passenger stations and terminals, maintenance facilities, and core capacity expansion.

In short, the Rail Modernization program was created to assist in bringing my agency's infrastructure and the infrastructure of all of the mature transit agencies across the country to a state-of-good-repair.

When it comes to state-of-good-repair, NJ TRANSIT is a success story.

We inherited infrastructure and equipment from predecessor bus companies and railroads, such as the Pennsylvania and Erie Lackawanna, dating back in many cases to the earlier part of the 20th century.

Unfortunately, public transportation under private ownership throughout much of the mid 20th century suffered from significant disinvestment and lack of maintenance.

From its inception in 1979, NJ TRANSIT focused its efforts on restoring equipment, facilities and infrastructure to a state-of-good-repair. It has taken three decades to bring NJ TRANSIT to a state-of-good repair and we will need to continue to concentrate our efforts in this regard to maintain our infrastructure and equipment. In FY09 alone, we spent two thirds (67%) of our capital program on state-of-good-repair and capital maintenance.

During the 1990's, NJ TRANSIT also expended significant resources on the connectivity of the system which necessitated capacity expansion projects including the Mid-town Direct service from Montclair and the construction of the Frank R. Lautenberg transfer station in Secaucus. NJ TRANSIT also embarked on the construction of two light rail systems in the 1990's: Hudson-Bergen Light Rail and the Riverline.

As those projects were being completed, we again reemphasized that our top investment priorities were safety, state of good repair and core system capacity.

That effort has produced very tangible results.

NJ TRANSIT is in the midst of the largest rolling stock upgrade program in our history, involving the purchase or rehabilitation of over 4,100 pieces of equipment.

Over half of our rail passenger fleet has been replaced or overhauled in the past six years. We are also in the midst of replacing all of our transit and suburban style buses.

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We have invested over \$100 million in four critical movable bridges. We have replaced viaducts, opened new rail yards, replaced wooden ties with concrete ties, and completed a \$90 million automatic train control system upgrade.

All of these efforts led the FTA to declare in May of this year that NJ TRANSIT's capital program supports a state-of-good-repair for the system. However, continuing this success will require renewal and enhancement of Federal funding. It also requires adequate funding to support routine maintenance to prevent premature degradation of equipment and infrastructure.

How did we get to this point?

It started with the bipartisan support for the formation of NJ TRANSIT 30 years ago. Most recently, our focus on state-of-good repair was reinvigorated by Governor Corzine directing through the last reauthorization of our state Transportation Trust Fund that NJ TRANSIT produce an annual submission of our capital investment strategy to the NJ State Legislature. That strategy promotes safety and state-of-good-repair as our top priority, followed by core capacity improvements and lastly expansion of the reach of our system.

We also “walk the walk.” Our bridge inspection program directs our engineers to inspect all of our bridges biannually or annually, depending on the type of bridge. Inspection is not limited to bridges. Facilities too are inspected regularly.

We have in-house forces whose principal focus is to replace track continually, throughout the system. These efforts have resulted in improved reliability for our customers. In fact, we have no slow orders on the rail system and our on-time performance in FY09 was 96.4%.

On-time performance slips to 94.1% when taking into account failures related to Amtrak infrastructure and equipment. The reason for this is simple. Amtrak, which owns the spine of our rail system, has been unable to provide the requisite funding to state-of-good-repair in New Jersey because of historic, drastic underfunding.

On the other hand, New Jersey has consistently provided significant funding from its Transportation Trust Fund to NJ TRANSIT for capital expenditures. In fact, Governor Corzine has allocated more than 40% of New Jersey’s transportation capital funds to NJ TRANSIT. And these funds are matched 1 for 1 by Rail Modernization funds and Urbanized Area funds from the Federal Government. Since 2002, NJ TRANSIT’s capital program has exceeded \$1 billion.

I am hopeful the trend of underfunding Amtrak will be reversed with the welcomed increases in capital funding through the American Recovery and Reinvestment Act and the FY10 Appropriations bills making their way through Congress.

With respect to our bus fleet, we have evaluated our bus needs and determined that with over 3,000 buses, we need to replace 200 to 250 buses a year, every year just to maintain our current level of state-of-good-repair.

We have teams of engineers, planners, operating personnel and capital funding personnel who meet throughout the year to continually reprioritize capital projects as needed to address the most critical state-of-good-repair needs.

This comprehensive capital funding planning process has moderated operating cost increases. A continued focus by NJ TRANSIT on state-of-good-repair will assure the reliability of our system for generations to come.

So where do we stand and what can Congress do to continue and bolster our efforts to maintain state-of-good-repair?

First and foremost, I urge this Committee and Congress to increase funding for public transportation – through both the Rail Modernization formula (5309) and the Urbanized Area formula (5307). Costs continue to increase as aging systems expand to meet demand.

Thanks to Congress and President Obama, the American Recovery and Reinvestment Act has provided us the opportunity to accelerate additional state-of-good-repair projects. For instance, the Lower Hackensack bridge rehabilitation project – a \$30 million project, which had been scheduled to be funded in our out-year capital program, was advertised in June thanks to ARRA funding.

I will caution the committee that there are some things Congress should carefully consider.

First, any kind of formula program that distributes money in such a way as to proportionately decrease funding to transit agencies that are in a state-of-good-repair is problematic. I suggest any funding program specifically targeted to state-of-good-repair should be incentive based.

For example, state of good repair projects could be allowed to proceed with 100% federal funds, instead of the normal 20% local match. Or, properties that are in a state-of-good-repair could be eligible for increased New Starts share for expansion projects.

Another situation Congress should carefully consider is implementing any asset management system that prescribes which projects should advance ahead of others.

It would not be prudent for a Federal agency to determine which bridge should be fixed first, or which station should be replaced. Those decisions should be made by those closest to the infrastructure and equipment.

We made significant advances in state-of-good-repair in New Jersey by making it our top priority and pushing the decisions on how to spend the state-of-good-repair money down to the engineers and maintenance staff who evaluate the infrastructure and equipment. I have concerns related to proposals that suggest all of the information about the infrastructure conditions of transit agencies should be collected on the federal

level, put into a database, where an algorithm would produce a list of what should be fixed.

Formula programs that distribute funding based on the condition of the infrastructure necessitate just such a system. Those decisions should be made locally, by those who have the expertise to make them and I urge this committee to pursue funding formulas without strings attached that could supersede these decisions.

I want to reiterate that state-of-good-repair has been NJ TRANSIT's top priority from its inception and I appreciate this Committee allocating valuable time and resources to considering strategies for maintaining the state-of-good-repair of the nation's transit agencies.

Thank you again for the opportunity to testify today.