

EXECUTIVE ORDER NO. 5

WHEREAS, one of New Jersey's greatest competitive advantages compared to other states is its proximity to major metropolitan markets, including New York City; and

WHEREAS, nearly half a million commuters who live and work in New Jersey rely on the New Jersey Transit Corporation ("NJ Transit") for transportation to and from their jobs every day, making NJ Transit a vital lifeline for the State's economy; and

WHEREAS, it is critical to the overall success of New Jersey's economy that NJ Transit provide our State with a world-class organization that can deliver transportation resources to meet the current and future needs of our regional workforce; and

WHEREAS, in previous decades, NJ Transit was widely considered a national model of commuter rail; and

WHEREAS, the State's operating subsidy in support of NJ Transit has decreased drastically over the last eight years, having dwindled from \$348 million in Fiscal Year 2009 to \$141 million in the current budget, and hitting a low of \$33 million in Fiscal Year 2016; and

WHEREAS, NJ Transit has correspondingly increased commuter fares, raising its fares an average of 36 percent since 2009, including a 25 percent increase in 2010 that was the largest in NJ Transit history; and

WHEREAS, NJ Transit also has transferred over \$7 billion from its capital budget to support operations since 1990, with \$3.4 billion of such transfers occurring in the past eight years; and

WHEREAS, these capital-to-operating transfers have reduced, eliminated, or postponed the implementation of much-needed capital upgrades; and

WHEREAS, this irresponsible lack of investment has occurred at the same time as our needs for rail infrastructure have increased, as the two North River tunnels under the Hudson River that provide NJ Transit and Amtrak access to Manhattan are over a century old and suffered well-documented and extensive damage during Superstorm Sandy; and

WHEREAS, the implications of these infrastructure needs became far more dire after the cancellation of the Access to the Region's Core tunnel; and

WHEREAS, NJ Transit experienced the most accidents last year of any of the ten largest U.S. commuter railroads from 2011 to 2016; and

WHEREAS, some of these accidents have resulted in injuries and deaths, including the crash at Hoboken Terminal on September 29, 2016; and

WHEREAS, NJ Transit also led the nation in mechanical breakdowns in 2015, with over 50 percent more breakdowns than the second-highest ranking railroad; and

WHEREAS, NJ Transit is subject to a federally-mandated December 31, 2018 deadline for installing Positive Train Control technology, which is a valuable addition to the safety resources available to rail operations; and

WHEREAS, as of the end of September 2017, NJ Transit had reportedly equipped less than 6 percent of its trains with the necessary technology, and had yet to operate the technology on any mile of track on any of its lines; and

WHEREAS, NJ Transit's failures to meet its own milestones for the installation of Positive Train Control led the Federal Railroad Administration to recommend earlier this month that NJ Transit pay monetary penalties of \$12,000; and

WHEREAS, Amtrak's derailments last spring illustrated the need for significant track repairs at Penn Station; and

WHEREAS, these repairs led to what was widely called the "summer of Hell" for commuters, where riders of the Morris-Essex line were diverted to Hoboken and faced with significantly longer commutes; and

WHEREAS, even after the summer of Hell ended, morning peak trains to Penn Station were on time only about three-quarters of the time in the month of September; and

WHEREAS, New Jerseyans should not have to constantly worry about whether they can make it to their jobs on time because of train delays

or whether their personal safety will be imperiled while traveling on NJ Transit; and

NOW, THEREFORE, I, PHILIP D. MURPHY, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. The Commissioner of Transportation, who also serves as Chair of the NJ Transit Board, shall engage and direct one or more independent consultants to conduct a comprehensive strategic, financial and operational assessment of NJ Transit that will provide insights and recommendations for defining and implementing a new target operating model to create a world-class transportation corporation. The review shall include, but not be limited to:

a. A review of NJ Transit's current sources of funding, and an evaluation of whether the sources are adequate to meet both NJ Transit's current operating needs and necessary capital upgrades;

b. A review of the leadership structure at NJ Transit, including whether changes should be made to the board, the executive staff, and the line divisions to improve the decision-making process and establish best practices for corporate governance;

c. An overview of personnel hiring and protocols, including a focus on whether NJ Transit is attracting the talent it needs and how to establish and accomplish those goals for the future;

d. An analysis of NJ Transit's current relationship with Amtrak, including a thorough examination of how issues at Penn Station are being handled and an update on the status of NJ Transit's payments to Amtrak;

e. Recommendations on how to make the NJ Transit experience better for its customers, including: (1) technology improvements that can be made to its mobile application, (2) reporting of performance to the public, (3) the physical infrastructure of stations, platforms, and cars, and (4) the feasibility of greater use of cross-honoring agreements; and

f. An analysis of the implementation of Positive Train Control that includes recommendations that will enable NJ Transit to meet the federally-mandated December 31, 2018 deadline, if possible.

2. The selection of consultants to perform this comprehensive assessment shall be conducted through a competitive solicitation process designed to provide a cost-effective review by experts independent of NJ Transit who are not subject to any actual or apparent conflicts of interest.

3. The selection process and review shall be conducted as expeditiously as possible.

4. This Order shall take effect immediately.

[seal]

GIVEN, under my hand and seal this
22nd day of January,
Two Thousand and Eighteen,
and of the Independence of
the United States, the Two
Hundred and Forty-Second.

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor