

27:25-4.1 & 27:25-4.2 & 27:25-5.24 to 27:25-5.27

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2018 **CHAPTER:** 162

NJSA: 27:25-4.1 & 27:25-4.2 & 27:25-5.24 to 27:25-5.27 (Provides governance, oversight, and accountability reforms at NJT)

BILL NO: S630 (Substituted for A1241)

SPONSOR(S) Weinberg and others

DATE INTRODUCED: 1/9/2018

COMMITTEE: **ASSEMBLY:** Transportation & Independent Authorities
Appropriations

SENATE: Transportation
Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 12/17/2018

SENATE: 12/17/2018

DATE OF APPROVAL: 12/20/2018

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Third Reprint) Yes

S630

SPONSOR'S STATEMENT: (Begins on page 28 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Appropriations

SENATE: Yes Transportation
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No 5/24/2018
6/12/2018

A1241

SPONSOR'S STATEMENT: (Begins on page 28 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Transp. & Independent Authorities
Appropriations

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

(continued)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: Yes

Public hearing before Senate Transportation Committee: the Committee will take testimony from the public regarding governance, oversight, and accountability reforms at the New Jersey Transit Corporation. March 28, 2018.

Call number: 974.90 T764, 2018c

Available online at <https://dspace.njstatelib.org/handle/10929/46850>.

NEWSPAPER ARTICLES: Yes

"Murphy to sign NJ Transit reform bill Thursday," NJBIZ, December 19, 2018

"Murphy signs NJ Transit oversight, governance reform bill," NJBIZ, December 20, 2018

"NJ Transit reforms signed into law NJ Transit Reaction mixed; Murphy won't rule out fare hikes," Trenton Times, December 21, 2018

"GOVERNOR SIGNS BILL OVERHAULING NJ TRANSIT - FIX FOR AGENCY BEGINS; 2019 FARE HIKE IS POSSIBLE," The Record, December 21, 2018

"Murphy signs bipartisan bill overhauling New Jersey Transit," Associated Press State Wire: New Jersey, December 20, 2018

"Murphy signs NJ Transit overhaul but won't rule out fare hikes next year," northjersey.com, December 20, 2018

RWH/CL

§§2,3 -
C.27:25-4.1 &
27:25-4.2
§§6-8,16 -
C.27:25-5.24 to
27:25-5.27
§17 - T&E

P.L. 2018, CHAPTER 162, *approved December 20, 2018*
Senate, No. 630 (*Third Reprint*)

1 AN ACT concerning reforms of the New Jersey Transit Corporation,
2 amending ³[P.L.1979, c.150, R.S.52:14-7, and R.S.52:24-4,]
3 various parts of the statutory law³ and supplementing P.L.1979,
4 c.150.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 ³[1. Section 4 of P.L.1979, c.150 (C.27:25-4) is amended to
10 read as follows:

11 4. a. There is hereby established in the Executive Branch of
12 the State Government the New Jersey Transit Corporation, a body
13 corporate and politic with corporate succession. For the purpose of
14 complying with the provisions of Article V, Section IV, paragraph 1
15 of the New Jersey Constitution, the corporation is hereby allocated
16 within the Department of Transportation, but, notwithstanding
17 **[said]** that allocation, the corporation shall be independent of any
18 supervision or control by the department or by any body or officer
19 thereof. The corporation is hereby constituted as an instrumentality
20 of the State exercising public and essential governmental functions,
21 and the exercise by the corporation of the powers conferred by this
22 act shall be deemed and held to be an essential governmental
23 function of the State.

24 b. The corporation shall be governed by a board which shall
25 consist of **[eight]** ¹**[12]** ¹³ members, ¹each of whom shall be a
26 voting member¹.

27 **[Seven]** ¹**[11]** of the members shall be voting members and **[The**
28 board¹ shall consist of: the Commissioner of Transportation and the
29 State Treasurer, who shall be members ex officio, another member
30 of the Executive Branch to be selected by the Governor who shall
31 also serve ex officio, ¹two members appointed by the Governor
32 upon the recommendation of labor organizations, in accordance

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate STR committee amendments adopted March 12, 2018.

²Senate SBA committee amendments adopted June 4, 2018.

³Assembly AAP committee amendments adopted December 10, 2018.

1 with the provisions of this section,¹ and **[four other]** eight public
2 members who shall be appointed by the Governor**[,]** as follows:

3 **[three]** two¹ members ¹, with the advice and consent of the
4 Senate,¹ who shall each have experience as either a regular
5 corporation motorbus regular route service rider or regular
6 corporation rail passenger service or light rail service rider or have
7 a professional background in passenger rail service, freight rail
8 management, transportation capital planning, transportation and
9 public transportation capital construction, federal transportation
10 policy, State transportation policy, ¹real estate investment or
11 development,¹ human resources management, or transportation
12 capital finance, ¹**[one upon the recommendation of the Tri-State**
13 **Transportation Campaign,]**¹ one upon the recommendation of ¹the
14 New Jersey members of the¹ Delaware Valley Regional Planning
15 Commission ¹**[,]** and¹ one upon the recommendation of the North
16 Jersey Transportation Planning Authority:

17 two members ¹**[,** each of whom has a professional background in
18 passenger rail service, freight rail management, transportation
19 capital planning, transportation and public transportation capital
20 construction, federal transportation policy, State transportation
21 policy, human resources management, or transportation capital
22 finance] ¹, with the advice and consent of the Senate, one who shall
23 have experience as a regular corporation motorbus regular route
24 service rider and one who shall have experience as a regular
25 corporation rail passenger service or light rail service rider¹; and

26 ¹**[three members, each of whom shall have experience as a**
27 **regular corporation motorbus regular route service rider or as a**
28 **regular corporation rail passenger service or light rail service rider,**
29 **one of whom shall be appointed upon the recommendation of the**
30 **Senate President and one of whom shall be appointed upon the**
31 **recommendation of the Speaker of the General Assembly provided**
32 **that if the Senate President and Speaker of the General Assembly**
33 **both recommend motorbus regular route service riders then the third**
34 **member appointed by the Governor shall be a regular corporation**
35 **rail passenger service or light rail service rider and further provided**
36 **that if the Senate President and Speaker of the General Assembly**
37 **both recommend regular corporation rail passenger service or light**
38 **rail service riders then the third member appointed by the Governor**
39 **shall be a motorbus regular route service rider]** four members, who
40 shall each have a professional background in passenger rail service,
41 freight rail management, transportation capital planning,
42 transportation and public transportation capital construction, federal
43 transportation policy, State transportation policy, real estate
44 investment or development, human resources management, or
45 transportation capital finance, one appointed by the Governor upon
46 the recommendation of the President of the Senate, one appointed

1 by the Governor upon the recommendation of the Speaker of the
2 General Assembly, and two appointed by the Governor, with the
3 advice and consent of the Senate¹.

4 All public members, except for those appointed upon the
5 recommendation of the ¹**【Senate】**¹ President ¹of the Senate¹ and the
6 Speaker of the General Assembly, shall be appointed with the
7 advice and consent of the Senate, and all public members shall
8 serve for four year staggered terms and until their successors are
9 appointed and qualified provided, however, that a board member
10 shall not serve beyond the expiration of that board member's term
11 for more than 90 days following the expiration of the term unless
12 reappointed. No more than **【two】** three of the six public members
13 appointed by the Governor with the advice and consent of the
14 Senate shall be members of the same political party. **【At least one**
15 **public member shall be a regular public transportation rider.】** Each
16 public member may be removed from office by the Governor for
17 cause. A vacancy in the membership of the board occurring other
18 than by expiration of term shall be filled in the same manner as the
19 original appointment, but for the unexpired term only. **【The first**
20 **appointments shall be for one, two, three and four years**
21 **respectively, and thereafter for terms of four years as stated.】** The
22 board shall annually designate a vice **【chairman】** chairperson and
23 secretary. The secretary need not be a member.

24 There shall ¹**【also】**¹ be ¹**【one non-voting member】** two
25 members¹ of the board, ¹**【** who shall not be considered in
26 determining a quorum. The non-voting member shall be ¹**】** one
27 appointed by the Governor upon the recommendation of the labor
28 organization representing the plurality of the employees of the
29 corporation ¹involved in rail operations and one appointed by the
30 Governor upon the recommendation of the labor organization
31 representing the plurality of the employees of the corporation
32 involved in motorbus operations¹. ¹**【The non-voting】** Each¹
33 member ¹appointed upon recommendation of a labor organization¹
34 shall be appointed for a term of four years, provided, however, that
35 if at any time during the term of appointment the ¹**【non-voting】**¹
36 member ceases to be affiliated with the labor organization
37 representing the plurality of the ¹relevant segment of¹ employees of
38 the corporation, then such labor organization may, thereupon or at
39 any time thereafter during such term, recommend a new member to
40 the Governor for appointment to serve the remainder of the term. If
41 the local bargaining unit decertifies its existing union affiliation and
42 certifies a new union, the union which represents the plurality of the
43 ¹relevant segment of¹ employees may recommend a new member to
44 the Governor for appointment to serve the remainder of the term.
45 ¹**【The chairman of the board may, at the chairman's discretion,**
46 **exclude such non-voting member from attending any portion of a**

1 board meeting or any other meeting held for the purpose of
2 discussing negotiations with labor organizations, pending litigation
3 involving the labor organization, the investigation, evaluation, or
4 discipline of an employee of the corporation, or matters concerning
5 private entities engaged in the provision of motorbus regular route
6 service, paratransit service, or motorbus charter service that would
7 otherwise not be considered public information. The non-voting]
8 Each¹ member ¹appointed upon recommendation of a labor
9 organization¹ may be removed by the Governor for cause.

10 For the purposes of this subsection:

11 “experience as a regular corporation motorbus regular route
12 service rider” includes any rider who is a regular corporation
13 motorbus regular route service rider at the time of the member’s
14 appointment or reappointment and any rider who has been a regular
15 corporation motorbus regular route service rider in three of the
16 ¹[seven] five¹ years preceding the member’s appointment or
17 reappointment.

18 “experience as a regular corporation rail passenger service or
19 light rail service rider” includes any rider who is a regular
20 corporation rail passenger service or light rail service rider at the
21 time of the member’s appointment or reappointment and any rider
22 who has been a regular corporation rail passenger service or light
23 rail service rider in three of the ¹[seven] five¹ years preceding the
24 member’s appointment or reappointment.

25 c. Board members other than those serving ex officio shall
26 serve without compensation, but members shall be reimbursed for
27 actual expenses necessarily incurred in the performance of their
28 duties.

29 d. The Commissioner of Transportation shall serve as
30 [chairman] chairperson of the board [. He] , shall chair board
31 meetings, and shall have responsibility for the scheduling and
32 convening of all meetings of the board. In [his] the absence of the
33 chairperson, the vice [chairman] chairperson shall chair the board
34 meeting. Each ex officio member of the board may designate two
35 employees of [his] the ex officio member’s department or agency,
36 one of whom may represent [him] the ex officio member at
37 meetings of the board. A designee may lawfully vote and otherwise
38 act on behalf of the member for whom [he] the person constitutes
39 the designee. Any such designation shall be in writing delivered to
40 the board and shall continue in effect until revoked or amended by
41 writing delivered to the board.

42 e. The powers of the corporation shall be vested in the voting
43 members of the board thereof and [four] ¹[six] seven¹ voting
44 members of the board shall constitute a quorum at any meeting
45 thereof. Actions may be taken and motions and resolutions adopted
46 by the board at any meeting thereof by the affirmative vote of at
47 least [four] ¹[six] seven¹ members. No vacancy in the

1 membership of the board shall impair the right of a quorum to
2 exercise all the rights and perform all the duties of the board.

3 f. A true copy of the minutes of every meeting of the board
4 shall be delivered forthwith, by and under the certification of the
5 secretary thereof, to the Governor. No action taken at such meeting
6 by the board shall have force or effect until approved by the
7 Governor or until 10 days after such copy of the minutes shall have
8 been delivered. If, in said 10-day period, the Governor returns such
9 copy of the minutes with veto of any action taken by the board or
10 any member thereof at such meeting, such action shall be null and
11 of no effect. The Governor may approve all or part of the action
12 taken at such meeting prior to the expiration of the said 10-day
13 period.

14 g. (1) The board meetings shall be subject to the provisions
15 of the "Senator Byron M. Baer Open Public Meetings Act,"
16 P.L.1975, c.231 (C.10:4-6 et seq.) ¹, except that any agenda related
17 to a meeting of the corporation's board of directors, including any
18 revised agenda, shall be provided to the public at least five calendar
19 days prior to the meeting and except that one-half of the total
20 number of meetings of the board shall be held in the evening after
21 6:00 p.m. Each notice of a board meeting and each agenda for a
22 board meeting shall be published on the corporation's website.
23 Board meetings shall be viewable on the corporation's website in
24 real time and shall be archived and made available to the public for
25 subsequent viewing on the corporation's website. Meeting minutes
26 shall be archived and published on the corporation's website¹.

27 (2) The board shall hold a minimum of 10 public board
28 meetings per year. Public hearings held pursuant to subsection d. of
29 section 8 of P.L.1979, c.150 (C.27:25-8) shall not be considered
30 public board meetings for the purposes of this subsection.

31 h. (1) ¹A person shall not be eligible to serve on the board if
32 the person has contributed money or made any in-kind contribution
33 to any: candidate for political office; candidate committee; joint
34 candidate committee; political committee; continuing political
35 committee; political action committee; State, county, or municipal
36 party committee; legislative leadership committee; or any similar
37 committee in an amount or manner that would create the appearance
38 of impropriety, as determined by the State Ethics Commission.

39 (2)¹ Each board member shall annually disclose to the board
40 of directors and to the chief ethics officer any contributions made
41 within the preceding two years to¹¹ any candidate for political
42 office; candidate committee; joint candidate committee; political
43 committee; continuing political committee; political action
44 committee; State, county, or municipal party committee; legislative
45 leadership committee; or any similar committee.

1 ¹~~[(3)]~~ ²(2)¹ Each board member shall annually disclose to the
 2 board of directors and to the chief ethics officer any gifts received
 3 in excess of \$250.
 4 (cf: P.L.2009, c.179, s.1)³

5
 6 ³1. Section 4 of P.L.1979, c.150 (C.27:25-4) is amended to read
 7 as follows:

8 4. a. There is hereby established in the Executive Branch of
 9 the State Government the New Jersey Transit Corporation, a body
 10 corporate and politic with corporate succession. For the purpose of
 11 complying with the provisions of Article V, Section IV, paragraph 1
 12 of the New Jersey Constitution, the corporation is hereby allocated
 13 within the Department of Transportation, but, notwithstanding
 14 ~~【said】~~ that allocation, the corporation shall be independent of any
 15 supervision or control by the department or by any body or officer
 16 thereof. The corporation is hereby constituted as an instrumentality
 17 of the State exercising public and essential governmental functions,
 18 and the exercise by the corporation of the powers conferred by this
 19 act shall be deemed and held to be an essential governmental
 20 function of the State.

21 b. The corporation shall be governed by a board which shall
 22 consist of ~~【eight】~~ 13 members.

23 ~~【Seven】~~ 11 of the members shall be voting members and shall
 24 consist of: the Commissioner of Transportation and the State
 25 Treasurer, who shall be members ex officio, another member of the
 26 Executive Branch to be selected by the Governor who shall also
 27 serve ex officio, and ~~【four other】~~ eight public members who shall
 28 be appointed by the Governor~~【,】~~ as follows:

29 two members, with the advice and consent of the Senate, who
 30 shall each have experience as either a regular corporation motorbus
 31 regular route service rider or regular corporation rail passenger
 32 service or light rail service rider or have a professional background
 33 in passenger rail service, freight rail management, transportation
 34 capital planning, transportation and public transportation capital
 35 construction, federal transportation policy, State transportation
 36 policy, real estate investment or development, human resources
 37 management, or transportation capital finance, one upon the
 38 recommendation of the New Jersey members of the Delaware
 39 Valley Regional Planning Commission and one upon the
 40 recommendation of the North Jersey Transportation Planning
 41 Authority;

42 two members, with the advice and consent of the Senate, one
 43 who shall have experience as a regular corporation motorbus
 44 regular route service rider and one who shall have experience as a
 45 regular corporation rail passenger service or light rail service rider;
 46 and

1 four members, who shall each have a professional background in
2 passenger rail service, freight rail management, transportation
3 capital planning, transportation and public transportation capital
4 construction, federal transportation policy, State transportation
5 policy, real estate investment or development, human resources
6 management, communication, or transportation capital finance, one
7 appointed by the Governor upon the recommendation of the
8 President of the Senate, one appointed by the Governor upon the
9 recommendation of the Speaker of the General Assembly, and two
10 appointed by the Governor, with the advice and consent of the
11 Senate.

12 All public members, except for those appointed upon the
13 recommendation of the President of the Senate and the Speaker of
14 the General Assembly, shall be appointed by the Governor with the
15 advice and consent of the Senate, and all public members shall
16 serve for four year staggered terms and until their successors are
17 appointed and qualified. No more than **【two】** three of the six
18 public members appointed by the Governor with the advice and
19 consent of the Senate shall be members of the same political party.
20 **【At least one public member shall be a regular public transportation**
21 **rider.】** Each public member may be removed from office by the
22 Governor for cause. A vacancy in the membership of the board
23 occurring other than by expiration of term shall be filled in the same
24 manner as the original appointment, but for the unexpired term
25 only. **【The first appointments shall be for one, two, three and four**
26 **years respectively, and thereafter for terms of four years as stated.】**
27 The board shall annually designate a vice **【chairman】** chairperson
28 and secretary. The secretary need not be a member.

29 There shall **【also】** be **【one non-voting member】** two non-voting
30 members of the board, who shall not be considered in determining a
31 quorum. The non-voting **【member】** members shall be appointed as
32 follows: one appointed by the Governor upon the recommendation
33 of the labor organization representing the plurality of the employees
34 of the corporation involved in rail operations and one appointed by
35 the Governor upon the recommendation of the labor organization
36 representing the plurality of the employees of the corporation
37 involved in motorbus operations. **【The】** Each non-voting member
38 appointed upon recommendation of a labor organization shall be
39 appointed for a term of four years, provided, however, that if at any
40 time during the term of appointment the non-voting member ceases
41 to be affiliated with the labor organization representing the plurality
42 of the relevant segment of employees of the corporation, then such
43 labor organization may, thereupon or at any time thereafter during
44 such term, recommend a new member to the Governor for
45 appointment to serve the remainder of the term. If the local
46 bargaining unit decertifies its existing union affiliation and certifies
47 a new union, the union which represents the plurality of the relevant

1 segment of employees may recommend a new member to the
2 Governor for appointment to serve the remainder of the term. The
3 chairman of the board may, at the chairman's discretion, exclude
4 such non-voting member from attending any portion of a board
5 meeting or any other meeting held for the purpose of discussing
6 negotiations with labor organizations, pending litigation involving
7 the labor organization, the investigation, evaluation, or discipline of
8 an employee of the corporation, or matters concerning private
9 entities engaged in the provision of motorbus regular route service,
10 paratransit service, or motorbus charter service that would
11 otherwise not be considered public information. ~~【The】~~ Each non-
12 voting member appointed upon recommendation of a labor
13 organization may be removed by the Governor for cause.

14 For the purposes of this subsection:

15 “experience as a regular corporation motorbus regular route
16 service rider” includes any rider who is a regular corporation
17 motorbus regular route service rider at the time of the member’s
18 appointment or reappointment and any rider who has been a regular
19 corporation motorbus regular route service rider in three of the five
20 years preceding the member’s appointment or reappointment.

21 “experience as a regular corporation rail passenger service or
22 light rail service rider” includes any rider who is a regular
23 corporation rail passenger service or light rail service rider at the
24 time of the member’s appointment or reappointment and any rider
25 who has been a regular corporation rail passenger service or light
26 rail service rider in three of the five years preceding the member’s
27 appointment or reappointment.

28 c. Board members other than those serving ex officio shall
29 serve without compensation, but members shall be reimbursed for
30 actual expenses necessarily incurred in the performance of their
31 duties.

32 d. The Commissioner of Transportation shall serve as
33 ~~【chairman】~~ chairperson of the board ~~【. He】~~ , shall chair board
34 meetings, and shall have responsibility for the scheduling and
35 convening of all meetings of the board. In ~~【his】~~ the absence of the
36 chairperson, the vice ~~【chairman】~~ chairperson shall chair the board
37 meeting. Each ex officio member of the board may designate two
38 employees of ~~【his】~~ the ex officio member’s department or agency,
39 one of whom may represent ~~【him】~~ the ex officio member at
40 meetings of the board. A designee may lawfully vote and otherwise
41 act on behalf of the member for whom ~~【he】~~ the person constitutes
42 the designee. Any such designation shall be in writing delivered to
43 the board and shall continue in effect until revoked or amended by
44 writing delivered to the board.

45 e. The powers of the corporation shall be vested in the voting
46 members of the board thereof and ~~【four voting】~~ a majority of the
47 appointed members of the board who are authorized to vote shall

1 constitute a quorum at any meeting thereof. Actions may be taken
2 and motions and resolutions adopted by the board at any meeting
3 thereof by the affirmative vote of **[at least four]** a majority of the
4 appointed members who are authorized to vote. No vacancy in the
5 membership of the board shall impair the right of a quorum to
6 exercise all the rights and perform all the duties of the board.

7 f. A true copy of the minutes of every meeting of the board
8 shall be delivered forthwith, by and under the certification of the
9 secretary thereof, to the Governor. No action taken at such meeting
10 by the board shall have force or effect until approved by the
11 Governor or until 10 days after such copy of the minutes shall have
12 been delivered. If, in said 10-day period, the Governor returns such
13 copy of the minutes with veto of any action taken by the board or
14 any member thereof at such meeting, such action shall be null and
15 of no effect. The Governor may approve all or part of the action
16 taken at such meeting prior to the expiration of the said 10-day
17 period.

18 g. (1) The board meetings shall be subject to the provisions of
19 the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975,
20 c.231 (C.10:4-6 et seq.), except that any agenda related to a meeting
21 of the corporation's board of directors shall be provided to the
22 public at least five calendar days prior to the meeting and except
23 that one-half of the total number of meetings of the board shall be
24 held in the evening after 6:00 p.m. Agendas may be revised up to
25 48 hours prior to the meeting in the case of emergencies requiring
26 immediate action. Each notice of a board meeting and each agenda
27 for a board meeting shall be published on the corporation's website.
28 Board meetings shall be viewable on the corporation's website in
29 real time and shall be archived and made available to the public for
30 subsequent viewing on the corporation's website. Meeting minutes
31 shall be archived and published on the corporation's website.

32 (2) The board shall hold a minimum of 10 public board
33 meetings per year. Public hearings held pursuant to subsection d. of
34 section 8 of P.L.1979, c.150 (C.27:25-8) shall not be considered
35 public board meetings for the purposes of this subsection.³
36 (cf: P.L.2009, c.179, s.1)

37
38 2. (New section) a. The board of directors of the corporation
39 shall:

40 (1) Execute ³**[direct]**³ oversight of the corporation's executive
41 director and other management in the effective and ethical
42 management of the corporation, including review and approval of
43 any ³**[quarterly changes to the schedules for]** fare changes and the
44 elimination or substantial curtailment of³ motorbus regular route
45 service, rail passenger service, or light rail service;

46 (2) Understand, review, and monitor the implementation of
47 fundamental financial and management controls and operational

1 decisions of the corporation, including review and approval of any
2 ³quarterly changes to the schedules for fare changes and the
3 elimination or substantial curtailment of³ motorbus regular route
4 service, rail passenger service, or light rail service;

5 (3) Establish policies regarding the payment of salary,
6 compensation, and reimbursements to, and establish rules for the
7 time and attendance of, the executive director and management
8 ³consistent with State law , provided that nothing in P.L. ,
9 c. (C.) (pending before the Legislature as this bill) shall be
10 construed to apply civil service rules and regulations to the
11 corporation³;

12 (4) Adopt a code of ethics, in consultation with the chief ethics
13 officer, applicable to each board member, officer, and employee
14 that, at a minimum, includes the applicable standards established by
15 State law;

16 (5) Require that the corporation establish written policies and
17 procedures on personnel including policies protecting employees
18 from retaliation for disclosing information concerning acts of
19 wrongdoing, misconduct, malfeasance, or other inappropriate
20 behavior by an employee of the corporation;

21 (6) Adopt a policy that provides guidelines for when it is
22 appropriate for the chief ethics officer to forward the results and
23 findings of a preliminary investigation conducted by the chief ethics
24 officer to the State Ethics Commission, Office of the Attorney
25 General, county prosecutor's office, or any other appropriate
26 agency for further investigation or action; ³and³

27 (7) Adopt a defense and indemnification policy and disclose
28 such ¹plan policy¹ to any and all prospective board members ³;
29 and

30 (8) Adopt corporate bylaws, which shall be reviewed and
31 updated at least once every five years³.

32 b. (1) The members of the board shall perform each of their
33 duties as board members, including but not limited to those imposed
34 by this section, in good faith and with that degree of diligence, care,
35 and skill which an ordinarily prudent person in like position would
36 use under similar circumstances, and may take into consideration
37 the views and policies of any elected official or body, or other
38 person and ultimately apply independent judgment in the best
39 interest of the corporation, its mission, and the public.

40 (2) At the time that a board member takes and subscribes the
41 board member's oath of office, or within 60 days after the effective
42 date of P.L. , c. (C.) (pending before the Legislature as this
43 bill) if the board member has already taken and subscribed the
44 board member's oath of office, the board member shall execute an
45 acknowledgement, in a form developed by the corporation, in which
46 the board member shall, at a minimum:

1 (a) acknowledge that the board member understands that a
2 board member has ³[a fiduciary] an³ obligation to perform duties
3 and responsibilities to the best of the board member's abilities, in
4 good faith and with proper diligence and care, consistent with the
5 enabling compact, mission, and by-laws of the corporation and the
6 applicable laws of this State; and that the ³[fiduciary]³ duty to the
7 corporation is derived from and governed by its mission;

8 (b) acknowledge that the board member understands the board
9 member's duty of loyalty and care to the corporation and
10 commitment to the corporation's mission and the public interest;
11 and the board member's obligation to act in the best interests of the
12 corporation and the people whom the corporation serves;

13 (c) agree that a board member has an obligation to become
14 knowledgeable about the mission, purpose, functions,
15 responsibilities, and statutory duties of the corporation and, when
16 necessary, to make reasonable inquiry of management and others
17 with knowledge and expertise so as to inform the board member's
18 decisions;

19 (d) agree to exercise independent judgment on all matters before
20 the board;

21 (e) agree not to divulge confidential discussions and
22 confidential matters that come before the board for consideration or
23 action;

24 (f) agree to disclose to the board ³and the chief ethics officer³
25 any conflicts, or the appearance of a conflict, of a personal,
26 financial, ethical, or professional nature that could inhibit the board
27 member from performing the board member's duties in good faith
28 and with due diligence and care; and

29 (g) certify that the board member does not have any interest in,
30 financial or otherwise, direct or indirect, or engage in any business
31 or transaction or professional activity or incur any obligation of any
32 nature, which is in substantial conflict with the proper discharge of
33 the board member's duties in the public interest.

34 c. Individuals appointed to the board of directors shall
35 participate in training regarding their legal, ³[fiduciary,]³ financial,
36 and ethical responsibilities as directors of the corporation within six
37 months of appointment to the board. Board members shall
38 participate in continuing training as may be required to remain
39 informed of best practices ³[,] and³ regulatory ³[and statutory
40 changes relating to the effective oversight of the management and
41 financial activities of public authorities, and to adhere to the highest
42 standards of responsible governance] , legal, financial, and ethical
43 responsibilities and standards³.

44 d. No board member, including the chairperson, shall serve as
45 the corporation's executive director, chief financial officer, or hold
46 any senior management position while serving as a member of the
47 board.

1 e. ³(1)³ The board of directors shall ³[require that the
2 members of the audit committee] establish an audit committee, to
3 be comprised of not less than three members, who shall³ possess the
4 necessary skills to understand the duties and functions of the
5 committee, including having sufficient knowledge in the areas of
6 finance and accounting. ³The audit committee shall meet on at least
7 a quarterly basis.

8 (2) The audit committee shall review and monitor: the reliability
9 of financial statements and the adequacy of financial controls; the
10 results of any audit; and compliance with legal, regulatory, and
11 ethical requirements. The audit committee shall have responsibility
12 for supervising and reviewing the work of the internal audit
13 department, which has responsibility for investigating fraud, waste
14 and abuse within and affecting the agency.³

15 f. (1) The board of directors shall establish an ³[employee
16 relations] administration³ committee to be comprised of not less
17 than three independent members, ³[who shall constitute a majority
18 on the committee, and]³ who shall possess the necessary skills to
19 understand the duties and functions of the committee; provided,
20 however, that in the event that a board has less than three
21 independent members, the board may appoint non-independent
22 members to the committee, provided that the independent members
23 shall constitute a majority of the members of the committee. ³The
24 administration committee shall meet on at least a quarterly basis.³

25 (2) The ³[employee relations] administration committee shall ³;
26 advise the board of directors on financial matters, including, but not
27 limited to, proposed budgets including the capital program, major
28 expenditures of the corporation, and all financial policies;³ receive
29 a ¹[monthly] ³[quarterly¹] bi-monthly³ report from the ³[director]
30 head³ of the Office of Equal Opportunity and Affirmative Action,
31 or any successor office, ³which shall also be provided to the
32 executive director,³ regarding the activities of that office, including
33 a summary of the ³[reports and] nature and number of the³
34 complaints involving discrimination or harassment received by that
35 office and any actions taken ³[or expected to be taken]³ by that
36 office in response to ³[said reports or] those³ complaints ³[. The
37 executive director shall be present at any committee meeting where
38 such a report is provided.

39 (3) The employee relations committee shall] ³ receive a
40 ¹[monthly] ³[quarterly¹] bi-monthly³ report from the director of
41 the Human Resources Office, or any successor office, ³which shall
42 also be provided to the executive director,³ regarding the activities
43 of that office, including a summary of job vacancies, job postings,
44 new employees, reclassification of job titles, retirements,
45 terminations, disciplinary actions, and any other personnel

- 1 decisions ³]. The executive director shall be present at any
2 committee meeting where such a report is provided.
- 3 (4) The employee relations committee shall meet with
4 representatives of each labor organization representing employees
5 of the corporation and shall provide those representatives access to
6 the meetings of the committee, provided, however, that the
7 employee relations committee may exclude the labor organization
8 representatives and any other person that the committee deems
9 appropriate from any portion of a committee meeting or any other
10 meeting held by members of the committee for the purpose of
11 discussing negotiations with labor organizations, pending litigation,
12 the investigation, evaluation, or discipline of an employee of the
13 corporation, or any other matters that would otherwise not be
14 considered public information. The committee shall ³]; and³ meet at
15 least ³[twice]³ annually with representatives of ³[each] the³ labor
16 ³[organization] organizations³ representing employees of the
17 corporation. ³Reports shall not include any personally identifiable
18 information or personnel information protected under state or
19 federal law.³
- 20 g. ³(1) The board of directors shall establish an operations and
21 customer service committee, to be comprised of not less than three
22 independent members, who shall possess the necessary skills to
23 understand the duties and functions of the committee. The
24 operations and customer service committee shall meet at least on a
25 quarterly basis.
- 26 (2) The operations and customer service committee shall: advise
27 the board of directors on day to day operations and maintenance;
28 review vital statistics including on time performance, cost of
29 service, and service rationalization; review the corporation's service
30 plan and service standards; oversee fleet management plans,
31 strategic planning, and the corporation's business plan; and oversee
32 the corporation's customer service plan and statistics.
- 33 h. (1) The board of directors shall establish a capital planning
34 and privatization committee, to be comprised of not less than three
35 independent members, who shall possess the necessary skills to
36 understand the duties and functions of the committee. The capital
37 planning and privatization committee shall meet on at least a
38 quarterly basis.
- 39 (2) The capital planning and privatization committee shall:
40 review and monitor the status of capital projects including the
41 annual element of the corporation's five year capital program;
42 review the rationale for the capital program, its budgets and
43 schedule, and address fast tracking key projects; oversee the
44 development of fare policy and technology; and review real estate
45 transactions and route and service issues that affect private carriers
46 or other properties with which the corporation does business.

1 i.³ For the purposes of this section, an ³[independent member]
2 “independent member”³ is one who:

3 (1) is not, and in the past two years has not been, employed by
4 the corporation or an affiliate in an executive capacity;

5 (2) is not, and in the past two years has not been, employed by
6 an entity that received remuneration valued at more than \$15,000
7 for goods and services provided to the corporation or received any
8 other form of financial assistance valued at more than \$15,000 from
9 the corporation;

10 (3) is not a relative of an executive officer or employee in an
11 executive position of the corporation or an affiliate; and

12 (4) is not, and in the past two years has not been, a lobbyist
13 registered under a state or local law and paid by a client to influence
14 the management decisions, contract awards, rate determinations, or
15 any other similar actions of the corporation or an affiliate.

16 ³[h.] i.³ Notwithstanding the provisions of any ³[general,
17 special, or local] other³ law ³[, municipal charter, or ordinance]³ to
18 the contrary, the board shall not directly or indirectly, including
19 through any subsidiary, extend or maintain credit, arrange for the
20 extension of credit, or renew an extension of credit, in the form of a
21 personal loan to or for any officer, board member, or employee, or
22 equivalent thereof, of the corporation.

23

24 ¹[3. (New section) a. There is hereby established the North
25 Jersey Passenger Advisory Committee within the New Jersey
26 Transit Corporation for the purpose of providing advice, input, and
27 guidance to the corporation’s board of directors from customers of
28 the corporation who reside in North Jersey.

29 b. The committee shall:

30 (1) Provide advice, input, and guidance to the New Jersey
31 Transit Corporation board of directors on issues affecting the
32 corporation and customers of the corporation, particularly those
33 issues that affect services provided in the northern part of the State;

34 (2) Review proposals to be considered before the corporation’s
35 board of directors concerning fare increases, curtailment of
36 services, and expansion of services; and

37 (3) Review items listed on the agenda for meetings of the
38 corporation’s board of directors that would increase fares, curtail
39 services, or expand services and provide written feedback to the
40 board prior to the board meeting concerning those agenda items.

41 c. A member of the committee shall be required to:

42 (1) reside in one of the following counties: Bergen, Essex,
43 Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris,
44 Ocean, Passaic, Somerset, Sussex, Union, or Warren;

45 (2) be a regular corporation motorbus regular route service rider
46 or a regular corporation rail passenger service or light rail service
47 rider; and

- 1 (3) primarily use corporation motorbus regular route service,
2 rail passenger service, or light rail service in the northern part of the
3 State.
- 4 d. The committee shall consist of 10 voting members, who
5 shall serve a term of four years and without compensation, to be
6 appointed as follows:
- 7 (1) three members to be appointed by the board of the North
8 Jersey Transportation Planning Authority;
- 9 (2) one member to be appointed by the Governor;
- 10 (3) one member to be appointed by the Speaker of the General
11 Assembly;
- 12 (4) one member to be appointed by the President of the Senate;
- 13 (5) one member to be appointed by the Minority Leader of the
14 General Assembly;
- 15 (6) one member to be appointed by the Minority Leader of the
16 Senate;
- 17 (7) one member to be appointed by a nonprofit entity, which
18 shall be selected jointly by the Speaker of the General Assembly
19 and the President of the Senate, with a history of rider advocacy,
20 encouraging smart growth, and advocating for investment in public
21 transportation and transit-oriented development initiatives; and
- 22 (8) one member to be appointed by a nonprofit entity, which
23 shall be selected jointly by the Speaker of the General Assembly
24 and the President of the Senate, that serves as a consumer rail
25 passenger organization in the State.
- 26 e. The powers of the committee shall be vested in the members
27 of the committee and six members shall constitute a quorum at any
28 meeting thereof. Actions may be taken and motions and resolutions
29 adopted by the committee at any meeting thereof by the affirmative
30 vote of six members. The seat of any member who fails to maintain
31 the requirements established in subsection c. of this section shall be
32 deemed vacant. A vacancy in the membership of the committee
33 shall not impair the right of a quorum to exercise all rights and
34 perform all duties of the committee. Any vacancy in the
35 membership of the committee shall be filled in the same manner as
36 the original appointment and for the remainder of the unexpired
37 term.
- 38 f. The committee shall elect from among its members a
39 chairperson and vice chairperson. The chairperson shall preside
40 over meetings of the committee. In the absence of the chairperson,
41 the vice chairperson shall preside over meetings of the committee.
42 The chairperson shall have the responsibility of scheduling and
43 convening all meetings of the committee. The committee shall
44 designate an individual to serve as secretary to the committee who
45 need not be a member of the committee.
- 46 g. A person serving as a member of the South Jersey Passenger
47 Advisory Committee shall not be eligible to simultaneously serve as
48 a member of the North Jersey Passenger Advisory Committee. **】¹**

- 1 ¹[4. (New section) a. There is hereby established the South
2 Jersey Passenger Advisory Committee within the New Jersey
3 Transit Corporation for the purpose of providing advice, input, and
4 guidance to the corporation's board of directors from customers of
5 the corporation who reside in South Jersey.
- 6 b. The committee shall:
- 7 (1) Provide advice, input, and guidance to the New Jersey
8 Transit Corporation board of directors on issues affecting the
9 corporation and customers of the corporation, particularly those
10 issues that affect services provided in the southern part of the State;
- 11 (2) Review proposals to be considered before the corporation's
12 board of directors concerning fare increases, curtailment of
13 services, and expansion of services; and
- 14 (3) Review items listed on the agenda for meetings of the
15 corporation's board of directors that would increase fares, curtail
16 services, or expand services and provide written feedback to the
17 board prior to the board meeting concerning those agenda items.
- 18 c. A member of the committee shall be required to:
- 19 (1) reside in one of the following counties: Atlantic, Burlington,
20 Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, or
21 Salem;
- 22 (2) be a regular corporation motorbus regular route service rider
23 or a regular corporation rail passenger service or light rail service
24 rider; and
- 25 (3) primarily use corporation motorbus regular route service,
26 rail passenger service, or light rail service in the southern part of the
27 State.
- 28 d. The committee shall consist of 10 voting members, who
29 shall serve a term of four years and without compensation, to be
30 appointed as follows:
- 31 (1) two members to be appointed by the board members of the
32 Delaware Valley Regional Planning Commission from New Jersey;
- 33 (2) one member to be appointed by the Governor;
- 34 (3) one member to be appointed by the Speaker of the General
35 Assembly;
- 36 (4) one member to be appointed by the President of the Senate;
- 37 (5) one member to be appointed by the Minority Leader of the
38 General Assembly;
- 39 (6) one member to be appointed by the Minority Leader of the
40 Senate;
- 41 (7) one member to be appointed by the board of the South
42 Jersey Transportation Planning Organization;
- 43 (8) one member to be appointed by a nonprofit transportation
44 management association, which shall be selected jointly by the
45 Speaker of the General Assembly and the President of the Senate,
46 that provides transportation-related services in the southern portion
47 of the State; and

1 (9) one member to be appointed by a nonprofit entity, which
2 shall be selected jointly by the Speaker of the General Assembly
3 and the President of the Senate, that serves as a consumer rail
4 passenger organization in the State.

5 e. The powers of the committee shall be vested in the members
6 of the committee and six members shall constitute a quorum at any
7 meeting thereof. Actions may be taken and motions and resolutions
8 adopted by the committee at any meeting thereof by the affirmative
9 vote of six members. The seat of any member who fails to maintain
10 the requirements established in subsection c. of this section shall be
11 deemed vacant. A vacancy in the membership of the committee
12 shall not impair the right of a quorum to exercise all rights and
13 perform all duties of the committee. Any vacancy in the
14 membership of the committee shall be filled in the same manner as
15 the original appointment and for the remainder of the unexpired
16 term.

17 f. The committee shall elect from among its members a
18 chairperson and vice chairperson. The chairperson shall preside
19 over meetings of the committee. In the absence of the chairperson,
20 the vice chairperson shall preside over meetings of the committee.
21 The chairperson shall have the responsibility of scheduling and
22 convening all meetings of the committee. The committee shall
23 designate an individual to serve as secretary to the committee who
24 need not be a member of the committee.

25 g. A person serving as a member of the North Jersey Passenger
26 Advisory Committee shall not be eligible to simultaneously serve as
27 a member of the South Jersey Passenger Advisory Committee. ¹

28
29 ¹3. (New section) a. ³The board of directors for the
30 corporation shall appoint members of any advisory committee
31 established pursuant to subsection m. of section 5 of P.L.1979,
32 c.150 (C.27:25-5). Each advisory committee shall consist of county
33 and municipal government representatives and concerned citizens,
34 in the number and for such terms as may be fixed by the board,
35 except that no committee shall have fewer than nine members or
36 greater than 15 members. Members of an advisory committee shall
37 be selected upon a merit-based application process established by
38 the board of directors and the membership shall ensure
39 representation of senior citizen, disabled, minority, and low income
40 populations. At least two members of each advisory committee
41 shall have experience as a regular corporation motorbus regular
42 route service rider and at least two members of each advisory
43 committee shall have experience as a regular corporation rail
44 passenger service or light rail service rider, as those terms are
45 defined pursuant to section 4 of P.L.1979, c.150 (C.27:25-4).

46 b. Each advisory committee shall conduct at least two public
47 hearings per year in two different counties within its geographical

1 limits in order to gather information from interested parties and the
2 general public.

3 c. Each advisory committee shall issue an annual report of its
4 activities and recommendations and provide that report to the board
5 of directors.¹]

6 (1) There is hereby established the North Jersey Passenger
7 Advisory Committee within the New Jersey Transit Corporation for
8 the purpose of providing advice, input, and guidance to the
9 corporation and the corporation's board of directors from customers
10 of the corporation who reside in North Jersey. The committee shall:
11 provide advice, input, and guidance to the New Jersey Transit
12 Corporation and its board of directors on issues affecting the
13 corporation and customers of the corporation, particularly those
14 issues that affect services provided in the northern part of the State;
15 review proposals to be considered before the corporation's board of
16 directors concerning fare increases, curtailment of services, and
17 expansion of services; and review items listed on the agenda for
18 meetings of the corporation's board of directors that would increase
19 fares, curtail services, or expand services and provide written
20 feedback to the board prior to the board meeting concerning those
21 agenda items.

22 (2) A member of the committee shall be required to: reside in
23 one of the following counties: Bergen, Essex, Hudson, Hunterdon,
24 Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset,
25 Sussex, Union, or Warren; and either be a regular corporation
26 motorbus regular route service rider or a regular corporation rail
27 passenger service or light rail service rider; and primarily use
28 corporation motorbus regular route service, rail passenger service,
29 or light rail service in the northern part of the State, or have
30 substantial public transportation experience.

31 (3) The committee shall consist of 15 voting members, who
32 shall serve a term of four years and without compensation, to be
33 appointed as follows:

34 three members to be appointed by the board of the North Jersey
35 Transportation Planning Authority;

36 six members to be appointed by the Governor;

37 one member to be appointed by the Speaker of the General
38 Assembly;

39 one member to be appointed by the President of the Senate;

40 one member to be appointed by the Minority Leader of the
41 General Assembly;

42 one member to be appointed by the Minority Leader of the
43 Senate;

44 one member to be appointed by a nonprofit entity, which shall be
45 selected jointly by the Speaker of the General Assembly and the
46 President of the Senate, with a history of rider advocacy,
47 encouraging smart growth, and advocating for investment in public
48 transportation and transit-oriented development initiatives; and

1 one member to be appointed by a nonprofit entity, which shall be
2 selected jointly by the Speaker of the General Assembly and the
3 President of the Senate, that serves as a consumer rail passenger
4 organization in the State.

5 (4) The powers of the committee shall be vested in the members
6 of the committee and a majority of the appointed members shall
7 constitute a quorum at any meeting thereof. Actions may be taken
8 and motions and resolutions adopted by the committee at any
9 meeting thereof by the affirmative vote of a majority of the
10 appointed members. The seat of any member who fails to maintain
11 the requirements established in paragraph (2) of this subsection
12 shall be deemed vacant. A vacancy in the membership of the
13 committee shall not impair the right of a quorum to exercise all
14 rights and perform all duties of the committee. Any vacancy in the
15 membership of the committee shall be filled in the same manner as
16 the original appointment and for the remainder of the unexpired
17 term.

18 (5) The committee shall elect from among its members a
19 chairperson and vice chairperson. The chairperson shall preside
20 over meetings of the committee. In the absence of the chairperson,
21 the vice chairperson shall preside over meetings of the committee.
22 The chairperson shall have the responsibility of scheduling and
23 convening all meetings of the committee. The committee shall
24 designate an individual to serve as secretary to the committee who
25 need not be a member of the committee.

26 b. (1) There is hereby established the South Jersey Passenger
27 Advisory Committee within the New Jersey Transit Corporation for
28 the purpose of providing advice, input, and guidance to the
29 corporation and the corporation's board of directors from customers
30 of the corporation who reside in South Jersey. The committee shall:
31 provide advice, input, and guidance to the New Jersey Transit
32 Corporation and its board of directors on issues affecting the
33 corporation and customers of the corporation, particularly those
34 issues that affect services provided in the southern part of the State;
35 review proposals to be considered before the corporation's board of
36 directors concerning fare increases, curtailment of services, and
37 expansion of services; and review items listed on the agenda for
38 meetings of the corporation's board of directors that would increase
39 fares, curtail services, or expand services and provide written
40 feedback to the board prior to the board meeting concerning those
41 agenda items.

42 (2) A member of the committee shall be required to: reside in
43 one of the following counties: Atlantic, Burlington, Camden, Cape
44 May, Cumberland, Gloucester, Mercer, Ocean, or Salem; and either
45 be a regular corporation motorbus regular route service rider or a
46 regular corporation rail passenger service or light rail service rider;
47 and primarily use corporation motorbus regular route service, rail

1 passenger service, or light rail service in the southern part of the
2 State, or have substantial public transportation experience.

3 (3) The committee shall consist of 15 voting members, who
4 shall serve a term of four years and without compensation, to be
5 appointed as follows:

6 two members to be appointed by the board members of the
7 Delaware Valley Regional Planning Commission from New Jersey;

8 six members to be appointed by the Governor;

9 one member to be appointed by the Speaker of the General
10 Assembly;

11 one member to be appointed by the President of the Senate;

12 one member to be appointed by the Minority Leader of the
13 General Assembly;

14 one member to be appointed by the Minority Leader of the
15 Senate;

16 one member to be appointed by the board of the South Jersey
17 Transportation Planning Organization;

18 one member to be appointed by a nonprofit transportation
19 management association, which shall be selected jointly by the
20 Speaker of the General Assembly and the President of the Senate,
21 that provides transportation-related services in the southern portion
22 of the State; and

23 one member to be appointed by a nonprofit entity, which shall be
24 selected jointly by the Speaker of the General Assembly and the
25 President of the Senate, that serves as a consumer rail passenger
26 organization in the State.

27 (4) The powers of the committee shall be vested in the members
28 of the committee and a majority of the appointed members shall
29 constitute a quorum at any meeting thereof. Actions may be taken
30 and motions and resolutions adopted by the committee at any
31 meeting thereof by the affirmative vote of a majority of the
32 appointed members. The seat of any member who fails to maintain
33 the requirements established in paragraph (2) of this subsection
34 shall be deemed vacant. A vacancy in the membership of the
35 committee shall not impair the right of a quorum to exercise all
36 rights and perform all duties of the committee. Any vacancy in the
37 membership of the committee shall be filled in the same manner as
38 the original appointment and for the remainder of the unexpired
39 term.

40 (5) The committee shall elect from among its members a
41 chairperson and vice chairperson. The chairperson shall preside
42 over meetings of the committee. In the absence of the chairperson,
43 the vice chairperson shall preside over meetings of the committee.
44 The chairperson shall have the responsibility of scheduling and
45 convening all meetings of the committee. The committee shall
46 designate an individual to serve as secretary to the committee who
47 need not be a member of the committee.

1 c. A person serving as a member of the South Jersey Passenger
 2 Advisory Committee shall not be eligible to simultaneously serve as
 3 a member of the North Jersey Passenger Advisory Committee. A
 4 person serving as a member of the North Jersey Passenger Advisory
 5 Committee shall not be eligible to simultaneously serve as a
 6 member of the South Jersey Passenger Advisory Committee.

7 d. One public member from the corporation's board of
 8 directors shall serve as a liaison to each advisory committee.³

9
 10 ¹[5.] 4.¹ Section 5 of P.L.1979, c.150 (C.27:25-5) is
 11 amended to read as follows:

12 5. In addition to the powers and duties conferred upon it
 13 elsewhere in this act, the corporation may do all acts necessary and
 14 reasonably incident to carrying out the objectives of this act,
 15 including but not in limitation thereof the following:

16 a. Sue and be sued;

17 b. Have an official seal and alter the same at pleasure;

18 c. Make and alter bylaws for its organization and internal
 19 management and for the conduct of its affairs and business;

20 d. Maintain an office at such place or places within the State as
 21 it may determine;

22 e. Adopt, amend and repeal such rules and regulations as it
 23 may deem necessary to effectuate the purposes of this act, which
 24 shall have the force and effect of law; it shall publish the same and
 25 file them in accordance with the "Administrative Procedure Act,"
 26 P.L.1968, c.410 (C.52:14B-1 et seq.) with the Director of the Office
 27 of Administrative Law;

28 f. Call to its assistance and avail itself of the service of such
 29 employees of any federal, State, county or municipal department or
 30 agency as it may require and as may be available to it for said
 31 purpose;

32 g. Apply for, accept and expend money from any federal, State,
 33 county or municipal agency or instrumentality and from any private
 34 source ³as gifts, grants, or loans³; comply with federal statutes,
 35 rules and regulations, and qualify for and receive all forms of
 36 financial assistance available under federal law to assure the
 37 continuance of, or for the support or improvement of public
 38 transportation and as may be necessary for that purpose to enter into
 39 agreements, including federally required labor protective
 40 agreements;

41 h. Plan, design, construct, equip, operate, improve ³[and] ³
 42 maintain, ³and, through the New Jersey Transportation Trust Fund
 43 Authority, finance³ either directly or by contract with any public or
 44 private entity, public transportation services, capital equipment and
 45 facilities or any parts or functions thereof, and other transportation
 46 projects, or any parts or functions thereof, which may be funded
 47 under section 3 of the federal Urban Mass Transportation Act of

1 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or
 2 additional federal act having substantially the same or similar
 3 purposes or functions; the operation of the facilities of the
 4 corporation, by the corporation or any public or private entity, may
 5 include appropriate and reasonable limitations on competition in
 6 order that maximum service may be provided most efficiently to the
 7 public;

8 i. Apply for and accept, from appropriate regulatory bodies,
 9 authority to operate public transportation services where necessary;

10 j. Purchase, lease as lessee, or otherwise acquire, own, hold,
 11 improve, use and otherwise deal in and with real or personal
 12 property, or any interest therein, from any public or private entity,
 13 wherever situated;

14 k. Lease as lessor, sell or otherwise dispose of on terms which
 15 the corporation may prescribe, real and personal property, including
 16 tangible or intangible property and consumable goods, or any
 17 interest therein, to any public or private entity, in the exercise of its
 18 powers and the performance of its duties under this act. In order to
 19 provide or encourage adequate and efficient public transportation
 20 service, the corporation may lease or otherwise permit the use or
 21 occupancy of property without cost or at a nominal rental;

22 l. Restrict the rights of persons to enter upon or construct any
 23 works in or upon any property owned or leased by the corporation,
 24 except under such terms as the corporation may prescribe; perform
 25 or contract for the performance of all acts necessary for the
 26 management, maintenance and repair of real or personal property
 27 leased or otherwise used or occupied pursuant to this act;

28 m. Establish one or more operating divisions as deemed
 29 necessary ³**[.]**³ **[Upon the establishment of an operating division,**
 30 **there shall be established a geographically coincident advisory**
 31 **committee to be appointed by the Governor with the advice and**
 32 **consent of the Senate. The committee shall consist of county and**
 33 **municipal government representatives and concerned citizens, in the**
 34 **number and for such terms as may be fixed by the corporation, and**
 35 **shall advise the corporation as to the public transportation service**
 36 **provided in the operating division. At least two members of each**
 37 **advisory committee shall be public transportation riders, including**
 38 **but not limited to urban transit users and suburban commuters as**
 39 **appropriate] ¹Each operating division shall solicit advice and**
 40 **feedback from the North Jersey Passenger Advisory Committee**
 41 **established pursuant to section 3 of P.L. , c. (C.) (pending**
 42 **before the Legislature as this bill) and the South Jersey Passenger**
 43 **Advisory Committee established pursuant to section 4 of**
 44 **P.L. , c. (C.) (pending before the Legislature as this bill),**
 45 **as appropriate] ³Upon the establishment of an operating division,**
 46 **there shall be established a geographically coincident advisory**
 47 **committee, whose members are selected by the board of directors**
 48 **and whose staff services are provided by the corporation. The**

1 committee shall advise the corporation as to the public
2 transportation service provided in the operating division. The board
3 of directors shall review recommendations and solicit written input
4 from each advisory committee prior to the adoption of any proposed
5 fare increase, curtailment of services, or expansion of services¹.
6 One public member from the board of the corporation shall serve as
7 a liaison to each advisory committee³;

8 n. Set and collect fares and determine levels of service for
9 service provided by the corporation either directly or by contract
10 including, but not limited to, such reduced fare programs as deemed
11 appropriate by the corporation; revenues derived from such service
12 may be collected by the corporation and shall be available to the
13 corporation for use in furtherance of any of the purposes of this act;

14 o. Set and collect rentals, fees, charges or other payments from
15 the lease, use, occupancy or disposition of properties owned or
16 leased by the corporation; such revenues shall be available to the
17 corporation for use in furtherance of any of the purposes of this act;

18 p. Deposit corporate revenues in interest bearing accounts or in
19 the State of New Jersey Cash Management Fund established
20 pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4);

21 q. Delegate to subordinate officers of the corporation such
22 powers and duties as the corporation shall deem necessary and
23 proper to carry out the purposes of this act;

24 r. ³(1)³ Procure and enter into contracts for any type of
25 insurance and indemnify against loss or damage to property from
26 any cause, including loss of use and occupancy, against death or
27 injury of any person, against employees' liability, against any act of
28 any member, officer, employee or servant of the corporation,
29 whether part-time, full-time, compensated or noncompensated, in
30 the performance of the duties of his office or employment or any
31 other insurable risk. In addition, the corporation may carry its own
32 liability insurance and may also establish and utilize a wholly-
33 owned insurance subsidiary or captive provided the subsidiary or
34 captive is domiciled in the United States in a state which is
35 accredited by the National Association of Insurance Commissioners
36 and which licenses and regulates wholly-owned insurance
37 subsidiaries or captives; ³and

38 (2) Pursuant to paragraph (1) of this subsection, the
39 corporation's chief of procurement is authorized to reach an
40 agreement to defend and indemnify a person against claims, causes
41 of action, demands, costs or judgments against that person arising
42 as a direct result of that person's contract with the corporation,
43 upon the terms and limitations the chief deems reasonable and
44 appropriate. An agreement to defend and indemnify pursuant to
45 this subsection shall not bar, reduce, limit or affect any remedies
46 which the corporation may have to enforce the corporation's
47 agreement or to assert a claim for damages to which the corporation
48 may be entitled arising out of the person's failure to perform the

1 agreement, or for the recovery of funds expended for the defense of
2 a person if the defense was undertaken in response to a claim or
3 cause of action brought against the person which is proven to have
4 arisen from gross negligence, willful misconduct, fraud, intentional
5 tort, bad faith, or criminal conduct. No one other than the person
6 who is party to the agreement with the corporation may enforce any
7 agreement for defense or indemnification between that person and
8 the corporation.³

9 s. Promote the use of public transportation services, coordinate
10 ticket sales and passenger information and sell, lease or otherwise
11 contract for advertising in or on the equipment or facilities of the
12 corporation;

13 t. Adopt and maintain employee benefit programs for
14 employees of the corporation including, but not limited to, pension,
15 deferred compensation, medical disability, and death benefits, and
16 which programs may utilize insurance contracts, trust funds, and
17 any other appropriate means of providing the stipulated benefits,
18 and may involve new plans or the continuation of plans previously
19 established by entities acquired by the corporation;

20 u. Own, control, vote, and exercise any and all other rights
21 incidental to the ownership of any equity, membership interest, or
22 any shares of the capital stock of any incorporated entity acquired ,
23 formed, incorporated, or established by law by the corporation
24 pursuant to the powers granted by this act ¹]. Any such corporate
25 entity may be utilized in order to enable the corporation to
26 participate with other private or public entities in any transaction,
27 memorandum of understanding, undertaking, or arrangement that
28 the corporation would have the power to conduct by itself, whether
29 or not such participation involves sharing or delegation of control
30 with or to other public or private entities regarding the ownership,
31 operation, control, and management of services, equipment, or
32 facilities. For purposes of this subsection, “corporate entity” means
33 any business entity, including but not limited to, any corporation,
34 limited liability company, joint venture, limited partnership, general
35 partnership, association of any kind, or collaborative arrangement
36 that may be jointly owned by the corporation and any other public
37 or private entities that provide public transportation services.]^{1 3}
38 Any such corporate entity may be utilized in order to enable the
39 corporation to participate with other private or public entities in any
40 transaction, memorandum of understanding, undertaking, or
41 arrangement that the corporation would have the power to conduct
42 by itself, whether or not such participation involves sharing or
43 delegation of control with or to other public or private entities
44 regarding the ownership, operation, control, and management of
45 services, equipment, or facilities. For purposes of this subsection,
46 “corporate entity” means any business entity, including but not
47 limited to, any corporation, limited liability company, joint venture,
48 limited partnership, general partnership, association of any kind, or

1 collaborative arrangement that may be jointly owned by the
2 corporation and any other public or private entities that provide
3 public transportation services³;

4 v. Enter into any and all agreements or contracts, execute any
5 and all instruments, and do and perform any and all acts or things
6 necessary, convenient or desirable for the purposes of the
7 corporation, or to carry out any power expressly or implicitly given
8 in this act;

9 w. Notwithstanding the provisions of section 17 of P.L.1979,
10 c.150 (C.27:25-17) or any other law to the contrary, (1) issue
11 operating grant anticipation notes which shall be secured and retired
12 from operating assistance grants authorized under section 9 of the
13 federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49
14 U.S.C. s.1602), or any successor or additional federal act having
15 substantially the same or similar purposes or functions and (2) issue
16 capital grant anticipation notes which shall be secured and retired
17 from capital assistance grants authorized under section 3 or section
18 9 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-
19 365 (49 U.S.C. s.1602), or any successor or additional federal act
20 having substantially the same or similar purposes or functions. As
21 used in this subsection, "operating grant anticipation notes" or
22 "capital grant anticipation notes" (hereinafter referred to as "notes")
23 means credit obligations issued in anticipation of these grants.
24 ³**[The]** All grant anticipation³ notes shall be authorized by a
25 resolution or resolutions of the corporation, and may be issued in
26 one or more series and shall bear the date, or dates, bear interest at
27 the rate or rates of interest per annum, be in the denomination or
28 denominations, be in the form, carry the conversion or registration
29 privileges, have the rank or priority, be executed in such manner as
30 the resolution or resolutions require. The notes may be sold at
31 public or private sale at the price or prices and in the manner that
32 the corporation determines. The notes of the corporation, the sale or
33 transfer thereof, and the income derived therefrom by the
34 purchasers of the notes, shall, at all times, be free from taxation for
35 State or local purposes, under any law of the State or any political
36 subdivision thereof. Notes may be issued under the provisions of
37 P.L.1979, c.150 (C.27:25-1 et seq.) without obtaining the consent of
38 any department, division, commission, board, bureau or agency of
39 the State, and without any other proceedings, conditions, or things
40 which are specifically required by P.L.1979, c.150 (C.27:25-1 et
41 seq.). The notes issued pursuant to P.L.1979, c.150 (C.27:25-1 et
42 seq.) shall not in any way create or constitute any indebtedness,
43 liability or obligation of the State or of any political subdivision
44 thereof or of the corporation, except as provided herein.

45 The ³grant anticipation³ notes shall be payable solely from (1)
46 note proceeds, to the extent not disbursed to the corporation, (2)
47 grant payments if, as, and when received from the federal
48 government, and (3) investment earnings on note proceeds, to the

1 extent not disbursed to the corporation. Each note shall contain on
2 its face a statement to the effect that the corporation is obligated to
3 pay the principal thereof or the interest thereon only from these
4 grants to the corporation and from the proceeds of the notes and
5 investment earnings on the proceeds of the notes, to the extent not
6 disbursed to the corporation, and that neither the faith and credit nor
7 the taxing power of the State or of any political subdivision thereof
8 or of the corporation is pledged to the payment of the principal and
9 interest on these notes. Neither the members of the corporation's
10 board nor any person executing the transactions are personally
11 liable on those notes nor are they otherwise liable for their actions ³.
12 Subject to any agreement with the debtholders, the corporation may
13 invest moneys of the corporation not required for immediate use,
14 including proceeds from the sale of any notes, in such obligations,
15 securities and other investments as the corporation shall deem
16 prudent³; ²[and]²

17 x. Enter into agreements with a public or private entity or
18 consortia thereof to provide for the development of demonstration
19 projects through the use of public-private partnerships pursuant to
20 sections 1 through 9 of P.L.1997, c.136 (C.27:1D-1 through
21 C.27:1D-9) ²; ³[and]³

22 y. ³[Prior to the approval of any contract listed on a board
23 agenda, issue and publish on the corporation's website a statement
24 which (1) certifies that the contract complies with all provisions of
25 current law, (2) certifies that services provided under the contract
26 meet or exceed a standard of quality that would be provided by
27 regular corporation employees, (3) provides a comparison of
28 contract costs with the cost of providing the service through regular
29 corporation employees for any proposed contract service that was
30 previously being provided by regular corporation employees, (4)
31 certifies that the designated bidder has no adjudicated record of
32 substantial or repeated willful noncompliance with any relevant
33 federal or state regulatory statute concerning labor relations,
34 occupational safety and health, non-discrimination and affirmative
35 action, environmental protection, and conflicts of interests, (5)
36 certifies that the contract is in the public interest, and (6) certifies
37 that the contract conforms to the provisions of any applicable
38 collective bargaining agreement²] Enter into agreements with a
39 public or private entity or consortia thereof to provide for the
40 development of projects through the use of public-private
41 partnerships. All building construction projects under a public-
42 private partnership agreement entered into pursuant to this
43 subsection shall contain a project labor agreement, unless the
44 federal government or a court of competent jurisdiction determines
45 that requiring such an agreement would violate federal law or
46 regulation, or including such an agreement would preclude the
47 corporation from receiving federal funding for the project. Project

1 labor agreements shall be subject to the provisions of P.L.2002,
2 c.44 (C.52:38-1 et seq.); and

3 z. To employ and retain legal counsel at the corporation's
4 discretion, including choosing representation by the Attorney
5 General³.

6 (cf: P.L.2004, c.1, s.1)

7

8 ¹**[6.]** ³**[5.1** Section 8 of P.L.1979, c.150 (C.27:25-8) is
9 amended to read as follows:

10 8. a. The corporation or any subsidiary thereof shall not be
11 considered a public utility as defined in R.S.48:2-13, and except
12 with regard to subsection c. of this section, subsection b. of
13 R.S.48:3-38, section 2 of P.L.1989, c.291 (C.27:25-15.1), and
14 R.S.48:12-152, the provisions of Title 48 of the Revised Statutes
15 shall not apply to the corporation or any subsidiary thereof.

16 b. The authority hereby given to the corporation pursuant to
17 section 6 of P.L.1979, c.150 (C.27:25-6) with respect to fares and
18 service, shall be exercised without regard or reference to the
19 jurisdiction formerly vested in the Department of Transportation
20 regarding rates and rate schedules under R.S.48:2-21;
21 discontinuance, curtailment, or abandonment of service under
22 R.S.48:2-24; and the issuance of a certificate of public convenience
23 and necessity under R.S.48:4-3, and transferred to the New Jersey
24 Motor Vehicle Commission by P.L.2003, c.13 (C.39:2A-1 et al.).
25 The New Jersey Motor Vehicle Commission shall resume
26 jurisdiction over service and fares upon the termination and
27 discontinuance of a contractual relationship between the corporation
28 and a private or public entity relating to the provision of public
29 transportation services operated under the authority of certificates
30 of public convenience and necessity previously issued by the New
31 Jersey Motor Vehicle Commission or its predecessors; provided,
32 however, that a private entity shall not be required to restore any
33 service discontinued or any fare changed during the existence of a
34 contractual relationship with the corporation, unless the New Jersey
35 Motor Vehicle Commission shall determine, after notice and
36 hearing, that the service or fare is required by public convenience
37 and necessity.

38 c. Notwithstanding any other provisions of P.L.1979, c.150
39 (C.27:25-1 et seq.), all vehicles used by any public or private entity
40 pursuant to contract authorized by P.L.1979, c.150 (C.27:25-1 et
41 seq.), and all vehicles operated by the corporation directly, shall be
42 subject to the jurisdiction of the department with respect to
43 maintenance, specifications, and safety to the same extent that
44 jurisdiction is conferred upon the department by Title 48 of the
45 Revised Statutes.

46 d. (1) Before implementing **[any fare increase for any**
47 **motorbus regular route or rail passenger services, or any]** the

1 substantial curtailment or abandonment of [those] motorbus regular
2 route or rail passenger services, the corporation shall hold [a public
3 hearing in the area affected during evening hours, except that the
4 corporation shall not be required to hold a public hearing for a
5 change in service that does not: (1) increase fares; (2) eliminate a
6 current motorbus regular route or any rail passenger service; or (3)
7 change the time of a motorbus regular route or rail passenger
8 service by more than two hours from the corporation's currently
9 adopted schedule or timetable, so long as these services are
10 provided at least three times daily, excluding holidays] at least two
11 public hearings in the affected counties, within one-half mile of the
12 route and, to the extent practicable, near each terminus of the route.
13 At least one of the two hearings shall take place on a State working
14 day. Each public hearing shall be attended by at least two members
15 of the corporation's board of directors. Each public hearing in an
16 affected county shall consist of two sessions, the first of which shall
17 be for at least two hours in the afternoon between 2:00 p.m. and
18 6:00 p.m. and the second of which shall take place in the evening in
19 the same place and on the same day for at least two hours between
20 6:00 p.m. and 10:00 p.m.

21 (2) Before implementing any fare increase for any motorbus
22 regular route or rail passenger services, at least 10 public hearings
23 shall be held and shall be distributed geographically throughout the
24 State. Not more than one hearing shall take place in each county,
25 and each hearing shall be located within one-quarter mile of both a
26 rail passenger service line and a motorbus regular route. At least
27 half of the hearings shall take place on State working days. Each
28 public hearing shall be attended by at least two members of the
29 corporation's board of directors. Each public hearing in an affected
30 county shall consist of two sessions, the first of which shall be for
31 at least two hours in the afternoon between 2:00 p.m. and 6:00 p.m.
32 and the second of which shall take place in the evening in the same
33 place and on the same day for at least two hours between 6:00 p.m.
34 and 10:00 p.m.

35 [Notice] For the hearings required under paragraphs (1) and (2)
36 of this subsection, notice of the hearing shall be given by the
37 corporation at least 15 days prior to the hearing to the governing
38 body of each county whose residents will be affected and to the
39 clerk of each municipality in the county or counties whose residents
40 will be affected; the notice shall also be posted at least 15 days prior
41 to the hearing in prominent places on the railroad cars and buses
42 serving the routes to be affected. In addition to the public hearing,
43 the corporation shall post, in prominent places on the railroad cars
44 and buses serving the routes to be affected, a postal mailing address
45 and electronic mailing address where members of the public may
46 provide written comments to the corporation regarding the proposed
47 fare increase or substantial curtailment or abandonment of service.
48 The corporation shall prepare and publish a written response

1 concerning any issue or concern raised by a member of the public at
2 any public hearing or in any written comment provided pursuant to
3 this subsection.

4 e. Notice of its intent to discontinue, substantially curtail, or
5 abandon any motorbus regular route service or rail passenger
6 service shall be given by the corporation to the governing body of
7 each county whose residents will be affected and to the clerk of
8 each municipality in the county or counties whose residents will be
9 affected at least 45 days prior to implementation of the change in
10 service.

11 f. For the purposes of this section, “substantial curtailment”
12 and “substantially curtail” shall include, but need not be limited to:
13 the elimination of a motorbus regular route, scheduled trip, or
14 scheduled stop along a motorbus regular route or of a rail passenger
15 service line, scheduled trip, or scheduled stop along a rail passenger
16 service line; a reduction of 30 minutes or more in the beginning or
17 end of service for the corporation’s adopted schedule or timetable
18 for a scheduled stop along a motorbus regular route or rail
19 passenger service line; and any change to a motorbus regular route
20 or rail passenger service which may increase barriers to
21 accessibility for a person with disabilities.

22 (cf: P.L.2016, c.52, s.1)】³

23

24 ³5. Section 8 of P.L.1979, c.150 (C.27:25-8) is amended to read
25 as follows:

26 8. a. The corporation or any subsidiary thereof shall not be
27 considered a public utility as defined in R.S.48:2-13, and except
28 with regard to subsection c. of this section, subsection b. of
29 R.S.48:3-38, section 2 of P.L.1989, c.291 (C.27:25-15.1), and
30 R.S.48:12-152, the provisions of Title 48 of the Revised Statutes
31 shall not apply to the corporation or any subsidiary thereof.

32 b. The authority hereby given to the corporation pursuant to
33 section 6 of P.L.1979, c.150 (C.27:25-6) with respect to fares and
34 service, shall be exercised without regard or reference to the
35 jurisdiction formerly vested in the Department of Transportation
36 regarding rates and rate schedules under R.S.48:2-21;
37 discontinuance, curtailment, or abandonment of service under
38 R.S.48:2-24; and the issuance of a certificate of public convenience
39 and necessity under R.S.48:4-3, and transferred to the New Jersey
40 Motor Vehicle Commission by P.L.2003, c.13 (C.39:2A-1 et al.).
41 The New Jersey Motor Vehicle Commission shall resume
42 jurisdiction over service and fares upon the termination and
43 discontinuance of a contractual relationship between the corporation
44 and a private or public entity relating to the provision of public
45 transportation services operated under the authority of certificates
46 of public convenience and necessity previously issued by the New
47 Jersey Motor Vehicle Commission or its predecessors; provided,
48 however, that a private entity shall not be required to restore any

1 service discontinued or any fare changed during the existence of a
2 contractual relationship with the corporation, unless the New Jersey
3 Motor Vehicle Commission shall determine, after notice and
4 hearing, that the service or fare is required by public convenience
5 and necessity.

6 c. Notwithstanding any other provisions of P.L.1979, c.150
7 (C.27:25-1 et seq.), all vehicles used by any public or private entity
8 pursuant to contract authorized by P.L.1979, c.150 (C.27:25-1 et
9 seq.), and all vehicles operated by the corporation directly, shall be
10 subject to the jurisdiction of the department with respect to
11 maintenance, specifications, and safety to the same extent that
12 jurisdiction is conferred upon the department by Title 48 of the
13 Revised Statutes.

14 d. (1) Before implementing **any fare increase for any**
15 **motorbus regular route or rail passenger services, or any** the
16 substantial curtailment or abandonment of [those] rail passenger
17 services, the corporation shall hold [a public hearing in the area
18 affected during evening hours, except that the corporation shall not
19 be required to hold a public hearing for a change in service that
20 does not: (1) increase fares; (2) eliminate a current motorbus regular
21 route or any rail passenger service; or (3) change the time of a
22 motorbus regular route or rail passenger service by more than two
23 hours from the corporation's currently adopted schedule or
24 timetable, so long as these services are provided at least three times
25 daily, excluding holidays] at least two public hearings in the area
26 affected, as close as possible to the highest trafficked stop on the
27 route. At least one of the two hearings shall take place on a State
28 working day. One hearing shall take place for at least two hours
29 between the hours of 9:00 a.m. and 5:00 p.m., and the other hearing
30 shall take place for at least two hours between the hours of 6:00
31 p.m. and 10:00 p.m. Before implementing the substantial
32 curtailment or abandonment of motorbus regular route services, the
33 corporation shall hold at least one public hearing in the area
34 affected, as close as possible to the highest trafficked station on the
35 route. Each public hearing required pursuant to this paragraph shall
36 be attended by at least two members of the corporation's board of
37 directors.

38 (2) Before implementing any fare increase for any motorbus
39 regular route or rail passenger services, at least 10 public hearings
40 shall be held and shall be distributed geographically throughout the
41 State. Not more than one hearing required pursuant to this
42 paragraph shall take place in each county, and each hearing shall be
43 located as close as possible to both a rail passenger service line and
44 a motorbus regular route. At least half of the hearings required
45 pursuant to this paragraph shall take place on State working days.
46 Five of the hearings shall take place for at least two hours between
47 the hours of 9:00 a.m. and 5:00 p.m., and the other five hearings

1 shall take place for at least two hours between the hours of 6:00
2 p.m. and 10:00 p.m. Each public hearing required pursuant to this
3 paragraph shall be attended by at least two members of the
4 corporation's board of directors.

5 **【Notice】** For the hearings required under paragraphs (1) and (2)
6 of this subsection, notice of the hearing shall be given by the
7 corporation at least 15 days prior to the hearing to the governing
8 body of each county whose residents will be affected and to the
9 clerk of each municipality in the county or counties whose residents
10 will be affected; the notice shall also be posted at least 15 days prior
11 to the hearing in prominent places on the railroad cars and buses
12 serving the routes to be affected. In addition to the public hearing,
13 the corporation shall post, in prominent places on the railroad cars
14 and buses serving the routes to be affected, a postal mailing address
15 and electronic mailing address where members of the public may
16 provide written comments to the corporation regarding the proposed
17 fare increase or substantial curtailment or abandonment of service.
18 The corporation shall prepare and publish a written response
19 concerning any issue or concern raised by a member of the public at
20 any public hearing or in any written comment provided pursuant to
21 this subsection.

22 e. **【Notice of its intent to discontinue, curtail, or abandon any**
23 **motorbus regular route service or rail passenger service shall be**
24 **given by the corporation to the governing body of each county**
25 **whose residents will be affected and to the clerk of each**
26 **municipality in the county or counties whose residents will be**
27 **affected at least 45 days prior to implementation of the change in**
28 **service】** Public hearings shall be concluded at least seven days
29 prior to final action by the board.

30 f. For the purposes of this section, “substantial curtailment”
31 and “substantially curtail” shall mean a change in service that: (1)
32 discontinues or abandons all service on an entire bus route, rail line,
33 or light rail line; (2) discontinues or abandons all service on a
34 portion of a bus route, rail line, or light rail line that represents
35 more than 25 percent of the route or line's miles; provided however
36 that “substantial curtailment” or “substantially curtail” shall not
37 mean the discontinuance or abandonment of a portion of a route or
38 line's service if alternate service is available by existing duplicative
39 service that is provided by the corporation or another transit
40 provider or by transfer to another route with a comparable level of
41 service; (3) discontinues all service on a particular day or days of
42 the week for an entire bus route, rail line, or light rail line, or on a
43 portion of a bus route, rail line, or light rail line that represents
44 more than 25 percent of the route or line's miles; (4) reduces
45 service on a regular bus route or light rail line in a way that the
46 headway on the peak service increases by more than 50 percent, or
47 that more than doubles the non-peak headway; (5) reduces service
48 on a rail line in a way that reduces the amount of total service on

1 the line by more than 25 percent or reduces service on a rail line
 2 during peak hours in a way that reduces the total number of daily
 3 trips provided during peak hours; (6) completely closes an existing
 4 bus terminal, rail station, or light rail station; or (7) reduces service
 5 that would change the span of service on a rail line, regular bus
 6 route or light rail line by two hours or more during non-peak hours
 7 or reduces the span of service during peak hours by more than 20
 8 minutes.

9 For the purposes of this section, a temporary change in service
 10 lasting two weeks or less, and where service returns to the regularly
 11 scheduled service within two weeks of the start of the change, shall
 12 not constitute “substantial curtailment,” but shall require public
 13 notice for all temporary changes and, for temporary changes where
 14 the impact to riders is significant, alternate provision of service.

15 g. Nothing contained herein shall prevent the corporation from
 16 taking any action necessary to address emergency or exigent
 17 circumstances, provided that if such action constitutes a substantial
 18 curtailment under this section, the corporation shall hold public
 19 hearings as soon as practicable. The corporation shall explain to the
 20 public the reasons for the emergency at the hearing, and shall take
 21 public input concerning the impacts of the emergency on riders.
 22 The corporation shall take the public testimony into account when
 23 determining alternate service measures to mitigate the impact of the
 24 substantial curtailment.³

25 (cf: P.L.2016, c.52, s.1)

26

27 ¹[7.] 6.¹ (New section) a. The State Auditor shall conduct
 28 audits of the corporation, which shall:

29 (1) occur at least once every 72 months in a manner that is
 30 consistent with the Government Auditing Standards for audits
 31 utilized by the United States Government Accountability Office or
 32 its successor, the first of which shall be completed within 12
 33 months of the effective date of P.L. , c. (C.) (pending
 34 before the Legislature as this bill);

35 (2) to the extent practicable, not duplicate the scope of work of
 36 the annual audit required to be made of the corporation’s financial
 37 statements pursuant to subsection d. of section 20 of P.L.1979,
 38 c.150 (C.27:25-20); and

39 (3) focus on a specific area of the corporation’s operations, as
 40 determined by the State Auditor.

41 b. (1) At least once every five years, the corporation shall
 42 hire an independent firm to: conduct a study on the financial
 43 management practices and budget reporting practices of mass transit
 44 agencies throughout the country; and prepare a report with findings
 45 regarding the best practices for financial management and budget
 46 reporting by mass transit agencies and a comparison of those best
 47 practices with the practices and policies of the corporation.

1 (2) The first such report shall be issued within 24 months of the
2 effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill). Each report shall be submitted to the
4 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
5 19.1), to the Legislature.

6 (3) The corporation shall adopt any best practices included in
7 the report within six months of the issuance of any report issued
8 pursuant to subsection b. of this section. Upon the affirmative vote
9 of seven members of the board of directors, the corporation may opt
10 not to adopt individual policies or practices that are in line with the
11 best practices of mass transit agencies throughout the country. If
12 the corporation exercises this option, the corporation shall provide a
13 detailed explanation of why adoption of that policy or practice is
14 not in the best interest of the corporation.

15
16 ¹**[8.] 7.**¹ (New section) a. The corporation, at the request of the
17 chairperson of any standing legislative committee, as approved by
18 the Speaker of the General Assembly or the President of the Senate,
19 as appropriate, shall be required to appear before that committee to
20 present testimony and provide documents on any topic or subject
21 requested by the committee and to respond to any questions by
22 members of the committee.

23 b. Unless otherwise agreed to by the chairperson of the
24 committee, the corporation shall, at a minimum, be represented by
25 the chairperson of the board of directors, the executive director, and
26 the chief financial officer ³**],** and any staff deemed necessary by the
27 chairperson of the board, executive director, or chief financial
28 officer³ to present testimony, provide documents, or respond to
29 questions at any appearance required pursuant to this section.
30 ³**[The chairperson of the legislative committee may require the**
31 **appearance of any officer or employee of the corporation.]³**

32
33 ¹**[9.] 8.**¹ (New section) a. The corporation shall employ a chief
34 ethics officer who shall be provided staff, equipment, and resources,
35 as the board deems appropriate, in order to investigate allegations
36 and suspicions of unethical conduct or ³**[criminal] illegal³** activity
37 within the corporation and to determine whether the corporation is
38 in compliance with applicable State law. The chief ethics officer
39 shall operate independently of the executive director and shall
40 report directly to the board of directors. The executive director
41 shall not have any role in hiring, firing, disciplining, or directing the
42 chief ethics officer.

43 b. The chief ethics officer shall ³**]:**

44 (1) be responsible for receiving and conducting preliminary
45 investigations of all complaints regarding fraud, waste, abuse, and
46 corruption by board members, officers, and employees of the
47 corporation or third-parties doing business with the corporation;

1 (2) be responsible for conducting preliminary investigations, sua
 2 sponte, regarding all suspected fraud, waste, abuse, and corruption
 3 by board members, officers, and employees of the corporation or
 4 third-parties doing business with the corporation;

5 (3) provide reports to the board of directors containing the
 6 results and findings of each preliminary investigation conducted
 7 pursuant to paragraphs (1) and (2) of this subsection;

8 (4) where appropriate, as determined by a policy to be adopted
 9 by the board of directors, forward the results and findings of a
 10 preliminary investigation conducted pursuant to paragraphs (1) and
 11 (2) of this subsection to the State Ethics Commission, Office of the
 12 Attorney General, county prosecutor's office, or any other
 13 appropriate agency for further investigation or action; and

14 (5) ³establish a whistleblower access and assistance program
 15 which shall include, but not be limited to: establishing toll-free
 16 telephone and facsimile lines available to employees; offering
 17 advice regarding employee rights under applicable state and federal
 18 laws and advice and options available to all persons; and offering
 19 an opportunity for employees to identify concerns regarding any
 20 issue at the corporation.

21
 22 ¹[10.] ³[9.¹ Section 20 of P.L.1979, c.150 (C.27:25-20) is
 23 amended to read as follows:

24 20. a. The corporation shall, by September 15 of each year, file
 25 with the Commissioner of Transportation a report in such format
 26 and detail as the Commissioner may require setting forth the actual,
 27 operational, capital and financial results of the previous fiscal year,
 28 the operational, capital and financial plan for the current fiscal year
 29 and a proposed operational, capital and financial plan for the next
 30 ensuing fiscal year.

31 b. On or before October 31 of each year, the corporation shall
 32 make an annual report of its activities for the preceding fiscal year
 33 to the Governor **and to the presiding officers and the**
 34 **Transportation Committees of both Houses of the Legislature** , the
 35 President of the Senate, the Speaker of the General Assembly, and
 36 the Assembly Transportation and Independent Authorities
 37 Committee and the Senate Transportation Committee, or their
 38 successor committees. Each such report shall set forth a complete
 39 operating and financial statement covering its operations and capital
 40 projects during the year. The report shall also include an account of
 41 the on-time performance of rail passenger service, including light
 42 rail service, operated by, or under contract to, the corporation,
 43 including data for each such passenger line. The report shall
 44 provide a detailed discussion of the methodology used by the
 45 corporation in measuring on-time performance. The report shall
 46 include certain personnel information of employees of the
 47 corporation, including the average salary, number of employees in
 48 management positions, and number of employees that are not in

1 management positions in key demographic groups, which shall
2 include, at minimum, race, ethnicity, and gender. ¹The report shall
3 include certain accident information for accidents that occurred
4 during the previous year which involved a rail passenger vehicle or
5 motorbus operated by, or under contract to, the corporation,
6 including the total number of accidents and any fines, penalties, or
7 judgments levied against the corporation related to any such
8 accident. The report shall also include information regarding any
9 safety violations for which the corporation was cited in the previous
10 year, including the total number of safety violations and any fines
11 or penalties levied against the corporation related to any such safety
12 violation.¹

13 c. All records of minutes, accounts, bills, vouchers, contracts
14 or other papers connected with or used or filed with the corporation
15 or with any officer or employee acting **[for or in]** on its behalf are
16 hereby declared to be **[public]** government records and shall be
17 open to public inspection in accordance with P.L.1963, c.73
18 (C.47:1A-1 et seq.) and regulations prescribed by the corporation.

19 d. The corporation shall cause an audit of its books and
20 accounts to be made at least once each year by certified public
21 accountants and the cost thereof may be treated as a cost of
22 operation. The audit shall be filed within ¹**[4]** four¹ months after
23 the close of the fiscal year of the corporation and a certified
24 duplicate copy thereof shall be filed with the Division of Budget
25 and Accounting in the Department of the Treasury.

26 e. Notwithstanding the provisions of any law to the contrary,
27 the State Auditor or **[his]** a legally authorized representative may
28 examine the accounts and books of the corporation.

29 f. On or before ¹**[May]** April¹ 1 of each year, the board shall
30 approve and the corporation shall transmit to the Commissioner of
31 Transportation and to the President of the Senate, the Speaker of the
32 General Assembly, and the Assembly Transportation and
33 Independent Authorities Committee and the Senate Transportation
34 Committee, or their successor committees, an annual proposed
35 budget recommendation. The budget document shall be a two-year
36 budget which covers the most recent completed fiscal year,
37 estimated results for the fiscal year in progress, a recommendation
38 for the fiscal year to commence, and estimated needs and
39 projections for the following fiscal year. At a minimum, the budget
40 shall provide detailed information in the following areas:

41 (1) An executive summary outlining the highlights of the budget
42 document;

43 (2) A profile describing the history of the corporation and the
44 services it provides;

45 (3) An analysis of regional and agency transportation trends,
46 including a detailed ridership analysis;

47 (4) A synopsis of the current corporation business plan;

- 1 (5) A list of key performance indicators;
2 (6) A statement of current budget year assumptions regarding
3 funding and ridership;
4 (7) A summary of the internal corporation budgeting process
5 and its interaction with the Statewide budgeting process;
6 (8) A description of the current corporation organizational
7 structure;
8 (9) Detailed operating revenue and expense projections for each
9 division within the corporation, with 10 year revenue and expense
10 trends and five year revenue and expense projections;
11 (10) A detailed headcount analysis by department or unit,
12 which includes actual employee count, funded headcount, actual
13 salary and fringe expenses, and recent employment trends; and
14 (11) A summary of the capital program and analysis of current
15 capital projects for which capital funds have already been
16 appropriated, but where the project is not yet complete, which
17 includes the years of appropriation, amounts expended, future
18 appropriations required to complete the project, and a brief analysis
19 of project progress.

20 ¹g. On or before March 1 of each year, the board shall approve
21 and the corporation shall transmit to the Commissioner of
22 Transportation and to the President of the Senate, the Speaker of the
23 General Assembly, and the Assembly Transportation and
24 Independent Authorities Committee and the Senate Transportation
25 Committee, or their successor committees, a report containing: a
26 description of each parcel of real property in which the corporation
27 holds a property interest; the appraised value of that property
28 interest; the purpose for which the corporation holds the property
29 interest; any revenue the corporation receives that arises out of the
30 property interest; and any property interests sold or otherwise
31 disposed of, including the amount of money received by the
32 corporation for that sale or disposition, in the immediately
33 preceding year and including an accompanying explanation for any
34 property interest disposed of for less than market value and any
35 property interest acquired for more than market value.¹

36 (cf: P.L.2007, c.263, s.1)]³

37
38 ³9. Section 20 of P.L.1979, c.150 (C.27:25-20) is amended to
39 read as follows:

40 20. a. The corporation shall, by **【September 15】** October 31 of
41 each year, file with the Commissioner of Transportation a report in
42 such format and detail as the Commissioner may require setting
43 forth the actual, operational, capital and financial results of the
44 previous fiscal year, the operational, capital and financial plan for
45 the current fiscal year and a proposed operational, capital and
46 financial plan for the next ensuing fiscal year.

1 b. On or before October 31 of each year, the corporation shall
2 make an annual report of its activities for the preceding fiscal year
3 to the Governor , the President of the Senate, the Speaker of the
4 General Assembly, and the Assembly Transportation and
5 Independent Authorities Committee and the Senate Transportation
6 Committee, or their successor committees. Each such report shall
7 set forth a complete operating and financial statement covering its
8 operations and capital projects during the year. The report shall also
9 include an account of the on-time performance of rail passenger
10 service, including light rail service, operated by, or under contract
11 to, the corporation, including data for each such passenger line.
12 The report shall provide a detailed discussion of the methodology
13 used by the corporation in measuring on-time performance. The
14 report shall include information from the customer advocate, as
15 required by section 16 of P.L. , c. (C.) (pending before the
16 Legislature as this bill). The report shall include certain personnel
17 information of employees of the corporation, including the average
18 salary, number of employees in management positions, and number
19 of employees that are not in management positions in key
20 demographic groups, which shall include, at minimum, race,
21 ethnicity, and gender. The report shall include certain accident
22 information for reportable accidents that occurred during the
23 previous year which involved a rail passenger vehicle or motorbus
24 operated by, or under contract to, the corporation, including the
25 total number of accidents and any fines, penalties, or judgments
26 levied against the corporation related to any such accident. The
27 report shall also include information regarding any safety violations
28 for which the corporation received a notice of violation in the
29 previous year, including the total number of safety violations and
30 any fines or penalties levied against the corporation related to any
31 such safety violation. For the purposes of this subsection,
32 “reportable accidents” shall be defined in accordance with
33 applicable federal reporting criteria.

34 c. All records of minutes, accounts, bills, vouchers, contracts
35 or other papers connected with or used or filed with the corporation
36 or with any officer or employee acting on its behalf are hereby
37 declared to be government records and shall be open to public
38 inspection in accordance with P.L.1963, c.73 (C.47:1A-1 et seq.)
39 and regulations prescribed by the corporation.

40 d. The corporation shall cause an audit of its books and
41 accounts to be made at least once each year by certified public
42 accountants and the cost thereof may be treated as a cost of
43 operation. The audit shall be filed within four months after the
44 close of the fiscal year of the corporation and a certified duplicate
45 copy thereof shall be filed with the Division of Budget and
46 Accounting in the Department of the Treasury.

1 e. Notwithstanding the provisions of any law to the contrary,
2 the State Auditor or a legally authorized representative may
3 examine the accounts and books of the corporation.

4 f. On or before October 1 of each year, the board shall approve
5 and the corporation shall transmit to the Commissioner of
6 Transportation and to the President of the Senate, the Speaker of the
7 General Assembly, and the Assembly Transportation and
8 Independent Authorities Committee and the Senate Transportation
9 Committee, or their successor committees, a report containing: a list
10 of each parcel of real property owned by the corporation; the most
11 recent appraised value of that real property only if the corporation
12 has obtained an appraisal during the three years immediately
13 preceding the report; the purpose for which the corporation holds
14 the real property; any revenue the corporation receives that arises
15 out of the real property; and any real property sold or otherwise
16 disposed of, including the amount of money received by the
17 corporation for that sale or disposition, during the one year period
18 immediately preceding the report and including an accompanying
19 explanation for any real property disposed of for less than market
20 value and any real property acquired for more than market value.

21 g. On or before April 1 of each year, the board shall approve
22 and the corporation shall transmit to the Commissioner of
23 Transportation and to the President of the Senate, the Speaker of the
24 General Assembly, and the Assembly Transportation and
25 Independent Authorities Committee and the Senate Transportation
26 Committee, or their successor committees, an annual proposed
27 budget recommendation. The budget document shall be a two-year
28 budget which covers the most recent completed fiscal year,
29 estimated results for the fiscal year in progress, a recommendation
30 for the fiscal year to commence, and estimated needs and
31 projections for the following fiscal year. At a minimum, the budget
32 shall provide detailed information in the following areas:

33 (1) An executive summary outlining the highlights of the budget
34 document;

35 (2) A profile describing the history of the corporation and the
36 services it provides;

37 (3) An analysis of regional and agency transportation trends,
38 including a detailed ridership analysis;

39 (4) A synopsis of the current corporation business plan;

40 (5) A list of key performance indicators;

41 (6) A statement of current budget year assumptions regarding
42 funding and ridership;

43 (7) A summary of the internal corporation budgeting process
44 and its interaction with the Statewide budgeting process;

45 (8) A description of the current corporation organizational
46 structure;

1 (9) Detailed operating revenue and expense projections for each
 2 division within the corporation, with 10 year revenue and expense
 3 trends and five year revenue and expense projections;

4 (10) A detailed headcount analysis by department or unit,
 5 which includes actual employee count, funded headcount, actual
 6 salary and fringe expenses, and recent employment trends; and

7 (11) A summary of the capital program and analysis of current
 8 capital projects for which capital funds have already been
 9 appropriated, but where the project is not yet complete, which
 10 includes the years of appropriation, amounts expended, future
 11 appropriations required to complete the project, and a brief analysis
 12 of project progress.³

13 (cf: P.L.2018, c.135, s.2)

14
 15 ¹**[11.] 10.**¹ R.S.52:14-7 is amended to read as follows:

16 52:14-7. a. Every person holding an office, employment, or
 17 position

18 (1) in the Executive, Legislative, or Judicial Branch of this
 19 State, or

20 (2) with an authority, board, body, agency, commission, or
 21 instrumentality of the State including any State college, university,
 22 or other higher educational institution, and, to the extent consistent
 23 with law, any interstate agency to which New Jersey is a party, or

24 (3) with a county, municipality, or other political subdivision of
 25 the State or an authority, board, body, agency, district, commission,
 26 or instrumentality of the county, municipality, or subdivision, or

27 (4) with a school district or an authority, board, body, agency,
 28 commission, or instrumentality of the district,

29 shall have his or her principal residence in this State and shall
 30 execute such office, employment, or position.

31 This residency requirement shall not apply to any person: (a)
 32 who is employed on a temporary or per-semester basis as a visiting
 33 professor, teacher, lecturer, or researcher by any State college,
 34 university, or other higher educational institution, or county or
 35 community college, or in a full or part-time position as a member of
 36 the faculty, the research staff, or the administrative staff by any
 37 State college, university, or other higher educational institution, or
 38 county or community college, that the college, university, or
 39 institution has included in the report required to be filed pursuant to
 40 this subsection; (b) who is employed full-time by the State who
 41 serves in an office, employment, or position that requires the person
 42 to spend the majority of the person's working hours in a location
 43 outside of this State; or (c) an officer of the waterfront commission
 44 of New York harbor, employed by the commission on the effective
 45 date of P.L.2017, ¹**[c.234] c.324**¹ (C.32:23-229 et al.), who seeks
 46 to be transferred to the Division of State Police in the Department
 47 of Law and Public Safety pursuant to section 4 of P.L.2017,
 48 ¹**[c.234] c.324**¹ (C.53:2-9).

1 ¹For the time period between the effective date of
2 P.L. , c. (C.) (pending before the Legislature as this bill) and
3 five years following the effective date of P.L. , c. (C.)
4 (pending before the Legislature as this bill), this¹ This¹ residency
5 requirement shall not apply to any person who is hired by the New
6 Jersey Transit Corporation as an engineer or mechanic, ¹provided
7 that the corporation is able to demonstrate that it is unable to hire a
8 suitable applicant who resides in this State. A person who is hired
9 during this five-year period shall not be subject to the residency
10 requirement of this subsection while the person continues to hold
11 office, employment, or position without a break in public service of
12 greater than seven days¹ or any other position certified by the board
13 of directors as a position of critical need¹.

14 For the purposes of this subsection, a person may have at most
15 one principal residence, and the state of a person's principal
16 residence means the state (1) where the person spends the majority
17 of the person's nonworking time, and (2) which is most clearly the
18 center of the person's domestic life, and (3) which is designated as
19 the person's legal address and legal residence for voting. The fact
20 that a person is domiciled in this State shall not by itself satisfy the
21 requirement of principal residency hereunder.

22 A person, regardless of the office, employment, or position, who
23 holds an office, employment, or position in this State on the
24 effective date of P.L.2011, c.70 but does not have principal
25 residence in this State on that effective date shall not be subject to
26 the residency requirement of this subsection while the person
27 continues to hold office, employment, or position without a break in
28 public service of greater than seven days.

29 Any person may request an exemption from the provisions of
30 this subsection on the basis of critical need or hardship from a five-
31 member committee hereby established to consider applications for
32 exemptions. The committee shall be composed of three persons
33 appointed by the Governor, a person appointed by the Speaker of
34 the General Assembly, and a person appointed by the President of
35 the Senate, each of whom shall serve at the pleasure of the person
36 making the appointment and shall have a term not to exceed five
37 years. A vacancy on the committee shall be filled in the same
38 manner as the original appointment was made. The Governor shall
39 make provision to provide such clerical, secretarial, and
40 administrative support to the committee as may be necessary for it
41 to conduct its responsibilities pursuant to this subsection.

42 The decision on whether to approve an application from any
43 person shall be made by a majority vote of the members of the
44 committee, and those voting in the affirmative shall so sign the
45 approved application. If the committee fails to act on an application
46 within 30 days after the receipt thereof, no exemption shall be
47 granted and the residency requirement of this subsection shall be

1 operative. The head of a principal department of the Executive
2 Branch of the State government, a Justice of the Supreme Court,
3 judge of the Superior Court, and judge of any inferior court
4 established under the laws of this State shall not be eligible to
5 request from the committee an exemption from the provisions of
6 this subsection.

7 The exemption provided in this subsection for certain persons
8 employed by a State college, university, or other higher educational
9 institution, or a county or community college, other than those
10 employed on a temporary or per-semester basis as a visiting
11 professor, teacher, lecturer, or researcher, shall apply only to those
12 persons holding positions that the college, university, or institution
13 has included in a report of those full or part-time positions as a
14 member of the faculty, the research staff, or the administrative staff
15 requiring special expertise or extraordinary qualifications in an
16 academic, scientific, technical, professional, or medical field or in
17 administration, that, if not exempt from the residency requirement,
18 would seriously impede the ability of the college, university, or
19 institution to compete successfully with similar colleges,
20 universities, or institutions in other states. The report shall be
21 compiled annually and shall also contain the reasons why the
22 positions were selected for inclusion in the report. The report shall
23 be compiled and filed within 60 days following the effective date of
24 P.L.2011, c.70. The report shall be reviewed, revised as necessary,
25 and filed by January 1 of each year thereafter. Each report shall be
26 filed with the Governor and, pursuant to section 2 of P.L.1991,
27 c.164 (C.52:14-19.1), with the Legislature, and a report may be
28 revised at any time by filing an amendment to the report with the
29 Governor and Legislature.

30 As used in this section, "school district" means any local or
31 regional school district established pursuant to chapter 8 or chapter
32 13 of Title 18A of the New Jersey Statutes and any jointure
33 commission, county vocational school, county special services
34 district, educational services commission, educational research and
35 demonstration center, environmental education center, and
36 educational information and resource center.

37 b. If any person holding any office, employment, or other
38 position in this State shall attempt to let, farm out, or transfer office,
39 employment, or position or any part thereof to any person, the
40 person shall forfeit the sum of \$1,500, to be recovered with costs by
41 any person who shall sue for the same, one-half to the prosecutor
42 and the other half to the State Treasurer for the use of the State.

43 c. No person shall be appointed to or hold any position in this
44 State who has not the requisite qualifications for personally
45 performing the duties of such position in cases where scientific
46 engineering skill is necessary to the performance of the duties
47 thereof.

1 d. Any person holding or attempting to hold an office,
2 employment, or position in violation of this section shall be
3 considered as illegally holding or attempting to hold the same;
4 provided that a person holding an office, employment, or position in
5 this State shall have one year from the time of taking the office,
6 employment, or position to satisfy the requirement of principal
7 residency, and if thereafter the person fails to satisfy the
8 requirement of principal residency as defined herein with respect to
9 any 365-day period, that person shall be deemed unqualified for
10 holding the office, employment, or position. The Superior Court
11 shall, in a civil action in lieu of prerogative writ, give judgment of
12 ouster against the person, upon the complaint of any officer or
13 citizen of the State, provided that any complaint shall be brought
14 within one year of the alleged 365-day period of failure to have the
15 person's principal residence in this State.

16 (cf: P.L.2017, c.324, s.32)

17

18 ¹**[12.]** 11.¹ R.S.52:24-4 is amended to read as follows:

19 52:24-4. It shall be the duty of the State Auditor to conduct
20 post-audits of all transactions and accounts kept by or for all
21 departments, offices and agencies of the State Government, to
22 report to the Legislature or to any committee thereof and to the
23 Governor, and to the Executive Director of the Office of Legislative
24 Services, as provided by this chapter and as shall be required by
25 law, and to perform such other similar or related duties as shall,
26 from time to time, be required **[of him]** by law.

27 The State Auditor shall personally or by any **[of his]** duly
28 authorized assistants, or by contract with independent public
29 accountant firms, examine and post-audit all the accounts, reports
30 and statements and make independent verifications of all assets,
31 liabilities, revenues and expenditures of the State, its departments,
32 institutions, boards, commissions, officers, and any and all other
33 State agencies, now in existence or hereafter created, hereinafter in
34 this chapter called "accounting agencies."

35 The State Auditor shall conduct, at the direction of the
36 Legislative Services Commission or of the presiding officer of
37 either house of the Legislature or on the State Auditor's own
38 initiative, a performance review audit of any program of any
39 accounting agency, any independent authority, or any public entity
40 or grantee that receives State funds, in a manner that is consistent
41 with the Government Auditing Standards for performance audits
42 utilized by the United States Government Accountability Office or
43 its successor.

44 When the State Auditor conducts any audit or performance
45 review audit, the accounting agency, or authority, entity or grantee,
46 shall respond in writing to each item in the State Auditor's report
47 and the State Auditor, at an appropriate time determined by **[him]**
48 the State Auditor, shall conduct a post-audit review of the

1 accounting agency's, or authority's, entity's, or grantee's,
2 compliance with the State Auditor's recommendations.

3 The officers and employees of each accounting agency, or
4 authority, entity, or grantee, shall assist the State Auditor, when and
5 as required by **him** the State Auditor, and provide the State
6 Auditor with prompt access to all records necessary for the State
7 Auditor to perform **his** the duties of the State Auditor,
8 notwithstanding any statutory or regulatory requirements of
9 confidentiality with regard to the records, for the purpose of
10 carrying out the provisions of this chapter. The State Auditor shall
11 report the failure of any accounting agency, or authority, entity, or
12 grantee, to provide prompt access to any relevant record to the
13 presiding officer of each house of the Legislature. The State
14 Auditor shall not disclose a confidential record provided by an
15 accounting agency, or authority, entity, or grantee, except as may be
16 necessary for the State Auditor to fulfill **his** any constitutional or
17 statutory responsibilities. Working papers prepared by the State
18 Auditor shall be confidential and shall not be considered
19 government records under P.L.1963, c.73 (C.47:1A-1 et seq.).

20 The State Auditor shall conduct audits of the New Jersey Transit
21 Corporation in accordance with the requirements of subsection a. of
22 section ¹**7** ⁶ of P.L. , c. (C.) (pending before the
23 Legislature as this bill).

24 Notwithstanding any law to the contrary, post-audits and
25 performance review audits shall be conducted within the limits of
26 the resources and personnel available to the State Auditor. If
27 resources and personnel are insufficient to conduct all such required
28 post-audits and performance review audits, the State Auditor may
29 prioritize certain audits and forgo others upon notice to the
30 Governor and the presiding officer of each house of the Legislature.
31 (cf: P.L.2006, c.82, s.1)

32
33 ¹**13.** ³**12.**¹ (New section) a. All members of the New Jersey
34 Transit Corporation board of directors appointed pursuant to section
35 4 of P.L.1979, c.150 (C.27:25-4) shall be appointed within ¹**30**
36 **90**¹ days of the effective date of P.L. , c. (C.) (pending
37 before the Legislature as this bill), provided that any member
38 serving on the board as of the effective date of P.L. , c. (C.)
39 (pending before the Legislature as this bill) whose term has not yet
40 expired may continue to serve until the expiration of that member's
41 term.

42 b. Any vacancy in the membership of the board on the effective
43 date of P.L. , c. (C.) (pending before the Legislature as this
44 bill) shall be filled in accordance with the following priority:

45 (1) members appointed upon the recommendation of the
46 ¹**Senate**¹ President ¹of the Senate¹ and the Speaker of the General
47 Assembly;

1 (2) the member appointed upon the recommendation of the
2 North Jersey Transportation Planning Authority;

3 (3) the member appointed upon the recommendation of the
4 ¹New Jersey members of the¹ Delaware Valley Regional Planning
5 Commission;

6 (4) ¹~~the~~ member appointed upon the recommendation of the
7 Tri-State Transportation Campaign;

8 (5)~~]~~¹ the member appointed by the Governor who is required to
9 have experience as a regular corporation motorbus regular route
10 service rider ¹~~[or]~~ ;

11 (5) the member appointed by the Governor who is required to
12 have experience¹ as a regular corporation rail passenger service or
13 light rail service rider; and

14 (6) the members appointed by the Governor who are required to
15 have a professional background in passenger rail service, freight rail
16 management, transportation capital planning, transportation and
17 public transportation capital construction, federal transportation
18 policy, State transportation policy, ¹real estate investment or
19 development,¹ human resources management, or transportation
20 capital finance.

21 c. The members appointed upon the recommendation of the
22 ¹~~[Tri-State Transportation Campaign,]~~ New Jersey members of¹
23 the Delaware Valley Regional Planning Commission ¹~~[,]~~¹ and the
24 North Jersey Transportation Planning Authority shall serve initial
25 terms of three years.

26 d. The members appointed upon the recommendation of the
27 ¹~~[Senate]~~¹ President ¹of the Senate¹ and the Speaker of the General
28 Assembly shall serve initial terms of two years.

29 e. The member appointed by the Governor who is required to
30 have experience as a regular corporation motorbus regular route
31 service rider ¹~~[or]~~ , the member appointed by the Governor who is
32 required to have experience¹ as a regular corporation rail passenger
33 service or light rail service rider^{1,1} and the members appointed by
34 the Governor who are required to have a professional background in
35 passenger rail service, freight rail management, transportation
36 capital planning, transportation and public transportation capital
37 construction, federal transportation policy, State transportation
38 policy, ¹real estate investment or development,¹ human resources
39 management, or transportation capital finance shall serve initial
40 terms of one year.]³

41

42 ³12. Section 6 of P.L.1979, c.150 (C.27:25-6) is amended to
43 read as follows:

44 6. a. The corporation may enter into contracts with any public
45 or private entity to operate rail passenger service or portions or
46 functions thereof. Where appropriate, payments by the corporation

1 for services contracted for under this section shall be determined in
2 accordance with the Federal Regional Rail Reorganization Act of
3 1973 (45 U.S.C. 701 et seq.), the Federal Rail Passenger Service
4 Act of 1970 (45 U.S.C. 501 et seq.), any other applicable Federal
5 law, and any and all rules, regulations and standards, promulgated
6 thereunder and decisions issued pursuant thereto. In all other cases,
7 payments shall be by agreement upon such terms and conditions as
8 the corporation shall deem necessary.

9 b. The corporation may enter into contracts with any public or
10 private entity to operate motorbus regular route, paratransit or
11 motorbus charter services or portions or functions thereof.
12 Payments shall be by agreement upon such terms and conditions as
13 the corporation shall deem necessary.

14 c. The corporation may enter into contracts with any public or
15 private entity to operate ferries and to provide ferry services or
16 portions or functions thereof. Payments shall be by agreement upon
17 such terms and conditions as the corporation shall deem necessary.

18 d. The corporation may enter into contracts with any public or
19 private entity to operate light rail passenger service or portions or
20 functions thereof. Payments shall be by agreement upon such terms
21 and conditions as the corporation shall deem necessary.

22 e. The corporation may enter into contracts with any public
23 utility or related company for services to support public
24 transportation or transit operations. Payments shall be by
25 agreement upon such terms and conditions as the corporation shall
26 deem necessary.³

27 (cf: P.L.1979, c.150, s.6)

28
29 ³13. Section 11 of P.L.1979, c.150 (C.27:25-11) is amended to
30 read as follows:

31 11. a. All purchases, contracts or agreements pursuant to this
32 act shall be made or awarded directly by the corporation, except as
33 otherwise provided in this act, only after public advertisement for
34 bids therefor, in the manner provided in this act, notwithstanding
35 the provisions to the contrary of P.L.1948, c.92 (C.52:18A-1 et
36 seq.) and chapters 25, 32, 33, 34 and 35 of Title 52 of the Revised
37 Statutes.

38 b. Whenever advertising is required: (1) **【specifications and**
39 **invitations for bids】** the solicitation shall permit such full and free
40 competition as is consistent with the procurement of supplies and
41 services necessary to meet the requirements of the corporation; (2)
42 the advertisement **【for bids】** shall be in such newspaper or
43 newspapers selected by the corporation as will best give notice
44 thereof to bidders and shall be sufficiently in advance of the
45 purchase or contract to promote competitive bidding; (3) the
46 advertisement shall designate the time and place when and where
47 sealed proposals shall be received and publicly opened and read, the

1 amount of the cash, certified check, cashier's check or bank check,
2 if any, which shall accompany each bid, and such other terms as the
3 corporation may deem proper.

4 c. The corporation may reject any or all bids or proposals not
5 in accord with the advertisement of specifications, or may reject
6 any or all bids if the price **【of the work materials】** is excessively
7 above the estimate cost or when the corporation shall determine that
8 it is in the public interest to do so. The corporation shall prepare a
9 list of the bids, including any rejected and the cause therefor. The
10 corporation may accept non-conforming bids **【containing minor**
11 **informalities】** only if the bid or proposal conforms to all material
12 requirements of the solicitation. Awards shall be made by the
13 corporation with reasonable promptness by written notice to:

14 (1) **【the responsible bidder whose bid, conforming to the**
15 **invitation for bids, will be the most advantageous to the State, price**
16 **and other factors considered, for contracts other than contracts for**
17 **the construction or improvement of capital facilities; or**

18 **(2)】** the lowest responsible bidder for contracts for the
19 construction or improvement of capital facilities. The provisions of
20 this paragraph shall not limit the corporation's right to extend, add
21 or resume suspended work on any project. Nor shall the provisions
22 of this paragraph apply to the procurement process for design-build
23 projects or design-build, maintain and operate projects. Those
24 projects shall be bid and contracts awarded in accordance with
25 applicable regulations promulgated by the corporation. Nor shall
26 the provisions of this paragraph affect the corporation's **【minority**
27 **and women's】** disadvantaged business enterprise program, the
28 State's small business enterprise program, or any equal employment
29 opportunity program or 【any】 affirmative action program; or

30 (2) for all other advertised contracts, the responsible bidder
31 whose bid or proposal, conforming to the invitation for bids or
32 request for proposals, will be the most advantageous to the
33 corporation, price and other factors considered, or offer the best
34 value to the corporation on federally funded procurements.

35 d. A bid bond in an amount, not to exceed 50% of the bid, to be
36 determined by the corporation with such sureties as shall be
37 approved by the corporation in favor of the State of New Jersey, or
38 a deposit consisting of a cashier's check, certified check or letter of
39 credit in an amount set forth by the corporation, shall accompany
40 each bid and shall be held as security for the faithful performance of
41 the contractor in that, if awarded the contract, the bidder will
42 deliver the contract within 10 working days after the notice, of
43 award, properly executed and secured by satisfactory bonds in
44 accordance with the provisions of N.J.S.2A:44-143 through
45 N.J.S.2A:44-147 and specifications for the project. The corporation
46 may require in addition to the bid bond or deposit such additional
47 evidence of the ability of a contractor to perform the work required

1 by the contract as it may deem necessary and advisable. All bid
2 bonds or deposits which have been delivered with the bids, except
3 those of the two lowest responsible bidders, shall be returned within
4 30 working days after such bids are received.

5 e. If the bidder fails to provide a satisfactory bid bond or
6 deposit as provided in subsection d. of this section, the bid shall be
7 rejected.

8 f. The corporation shall determine the terms and conditions of
9 the various types of agreements or contracts, including provisions
10 for adequate security, the time and amount or percentage of each
11 payment thereon and the amount to be withheld pending completion
12 of the contract, and it shall issue and publish rules and regulations
13 concerning such terms and conditions, standard contract forms and
14 such other rules and regulations concerning purchasing or
15 procurement, not inconsistent with any applicable law, as it may
16 deem advisable to promote competition and to protect the public
17 interest.

18 g. Any purchase, contract or agreement pursuant to subsection
19 a. hereof may be made, negotiated or awarded by the corporation
20 without advertising under the following circumstances:

21 (1) When the aggregate amount involved does not exceed the
22 amount determined pursuant to section 2 of P.L.1954, c.48
23 (C.52:34-7); **【or】**

24 (2) Where State or federal law requires a different process; or

25 (3) In all other cases when the corporation seeks:

26 (a) To acquire public or private entities engaged in the provision
27 of public transportation service, used public transportation
28 equipment or existing public transportation facilities or rights of
29 way; or

30 (b) To acquire subject matter which is that described in section
31 4 of P.L.1954, c.48 (C.52:34-9); or

32 (c) To make a purchase or award or make a contract or
33 agreement under the circumstances described in section 5 of
34 P.L.1954, c.48 (C.52:34-10); or

35 (d) To contract pursuant to section 6 of P.L.1979, c.150
36 (C.27:25-6); or

37 (e) To acquire or overhaul motorbuses, light rail vehicles, rail
38 cars, locomotives, ferries, signal systems **【or】** , fare collection
39 systems, or other major equipment used to provide public
40 transportation or transit operations.

41 h. The corporation shall require that all persons proposing to
42 submit bids on improvements to capital facilities and equipment
43 shall first be classified by the corporation as to the character or
44 amount or both of the work on which they shall be qualified to
45 submit bids. Bids shall be accepted only from persons qualified in
46 accordance with such classification.

47 i. In order to provide public transportation and transit
48 operations without disruption, the threshold specified in section 2 of

1 P.L.2005, c.51 (C.19:44A-20.14) shall apply to all purchasing
2 requirements for goods and materials to support those services.

3 j. Notwithstanding the provisions of any other law to the
4 contrary, and as an alternative to the procedures concerning the
5 awarding of contracts set forth above, the corporation may enter
6 into cooperative purchasing agreements with one or more other
7 states, or political subdivisions thereof, or other transit agencies for
8 the purchase of goods and services to support public transportation
9 or transit operations. A cooperative purchasing agreement shall
10 allow the parties thereto to standardize and combine their
11 requirements for the purchase of a particular good or service into a
12 single contract solicitation which shall be competitively bid and
13 awarded on behalf of the participants to the contract. The
14 corporation may elect to participate in, or purchase goods or
15 services through, a cooperative purchasing agreement that was
16 procured utilizing a competitive bidding process, in which other
17 states, or political subdivisions thereof, or other transit agencies
18 participate, whenever the executive director or the executive
19 director's designee determines it to be the most cost-effective
20 method of procurement or is otherwise more advantageous to the
21 corporation.

22 k. The corporation may solicit bids or proposals on behalf of
23 itself and other states, or political subdivisions thereof, or transit
24 agencies which are parties to a cooperative purchasing agreement,
25 provided that the agreement specifies that each participant in the
26 cooperative purchasing agreement is solely responsible for the
27 payment of the purchase price and cost of purchases made by it
28 under the terms of any contract awarded pursuant to the agreement.

29 l. Notwithstanding the provisions of any other law to the
30 contrary, and as an alternative to the procedures concerning the
31 awarding of contracts set forth above, the corporation may purchase
32 goods or services to support public transportation or transit
33 operations from a federal supply schedule, such as those procured
34 by the Federal General Services Administration, whenever the
35 executive director or the executive director's designee determines it
36 to be the most cost-effective method of procurement or is otherwise
37 more advantageous to the corporation. When the corporation
38 purchases goods or services from a federal supply schedule, (1) the
39 prices may be no greater than the price offered to federal agencies
40 and the corporation must receive the benefit of federally mandated
41 price reductions during the term of the contract and (2) the purchase
42 shall be governed by the laws of the State of New Jersey and any
43 contract claim by the vendor shall be brought pursuant to
44 N.J.S.59:13-1 et seq.³

45 (cf: P.L.2000, c.128, s.1)

46
47 ³14. Section 7 of P.L.1996, c.16 (C.52:34-6.2) is amended to
48 read as follows:

1 7. a. Notwithstanding the provisions of any other law to the
2 contrary except the provisions of R.S.30:4-95, and as an alternative
3 to the procedures concerning the awarding of public contracts
4 provided in P.L.1954, c.48 (C.52:34-6 et seq.), the Director of the
5 Division of Purchase and Property in the Department of the
6 Treasury may enter into cooperative purchasing agreements with
7 one or more other states, or political subdivisions thereof, for the
8 purchase of goods and services. A cooperative purchasing
9 agreement shall allow the jurisdictions which are parties thereto to
10 standardize and combine their requirements for the purchase of a
11 particular good or service into a single contract solicitation which
12 shall be competitively bid and awarded by one of the jurisdictions
13 on behalf of jurisdictions participating in the contract.

14 b. (1) The director may elect to purchase goods or services
15 through a contract awarded pursuant to a cooperative purchasing
16 agreement whenever the director determines this to be the most
17 cost-effective method of procurement. Prior to entering into any
18 contract to be awarded or already awarded through a cooperative
19 purchasing agreement, the director shall review and approve the
20 specifications and proposed terms and conditions of the contract.

21 (2) The director may also elect to purchase goods or services
22 through a contract awarded pursuant to a nationally-recognized and
23 accepted cooperative purchasing agreement that has been developed
24 utilizing a competitive bidding process, in which other states
25 participate, whenever the director determines this to be the most
26 cost-effective method of procurement. Prior to entering into any
27 contract to be awarded through a nationally-recognized and
28 accepted cooperative purchasing agreement that has been developed
29 utilizing a competitive bidding process, the director shall review
30 and approve the specifications and proposed terms and conditions
31 of the contract.

32 (3) Notwithstanding any other law to the contrary, any
33 contracting unit authorized to purchase goods, or to contract for
34 services, may make purchases and contract for services through the
35 use of a nationally-recognized and accepted cooperative purchasing
36 agreement that has been developed utilizing a competitive bidding
37 process by another contracting unit within the State of New Jersey,
38 or within any other state, when available. Prior to making
39 purchases or contracting for services, the contracting unit shall
40 determine that the use of the cooperative purchasing agreement
41 shall result in cost savings after all factors, including charges for
42 service, material, and delivery, have been considered.

43 For purposes of this paragraph, "contracting unit" means any
44 county, municipality, special district, school district, fire district,
45 State college or university, public research university, county
46 college, or any board, commission, committee, authority or agency,
47 which is not a State board, commission, committee, authority or
48 agency, and which has administrative jurisdiction over any district,

1 included or operating in whole or in part, within the territorial
2 boundaries of any county or municipality which exercises functions
3 which are appropriate for the exercise by one or more units of local
4 government, and which has statutory power to make purchases and
5 enter into contracts awarded by a contracting agent for the provision
6 or performance of goods or services, and the New Jersey Transit
7 Corporation created pursuant to P.L.1979, c.150 (C.27:25-1 et seq.).

8 c. The director may solicit bids and award contracts on behalf
9 of this State and other jurisdictions which are parties to a
10 cooperative purchasing agreement provided that the agreement
11 specifies that each jurisdiction participating in a contract is solely
12 responsible for the payment of the purchase price and cost of
13 purchases made by it under the terms of any contract awarded
14 pursuant to the agreement.

15 d. The director may promulgate rules and regulations pursuant
16 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
17 1 et seq.), which are necessary to effectuate the purposes of this
18 section.³

19 (cf: P.L.2016, c.50, s.5)

20

21 ³15. Section 2 of P.L.1989, c.291 (C.27:25-15.1) is amended to
22 read as follows:

23 2. a. There is established in the New Jersey Transit
24 Corporation a New Jersey Transit Police Department, which shall
25 be headed by a chief of police. This police department shall have
26 police and security responsibilities over all locations and services
27 owned, operated, or managed by the corporation and its
28 subsidiaries. The executive director of the New Jersey Transit
29 Corporation, through the chief of police of the New Jersey Transit
30 Police Department, shall have the power and authority to appoint
31 and employ such number of transit police officers as he deems
32 necessary to act as transit police officers of the corporation and to
33 administer to the transit police officers an oath or affirmation
34 faithfully to perform the duties of their respective positions or
35 offices. The transit police officers so appointed shall have general
36 authority, without limitation, to exercise police powers and duties,
37 as provided by law for police officers and law enforcement officers,
38 in all criminal and traffic matters at all times throughout the State
39 and, in addition, to enforce such rules and regulations as the
40 corporation shall adopt and deem appropriate. Nothing herein shall
41 confer upon the transit police officers so appointed or upon their
42 collective negotiations representative, exclusive jurisdiction or
43 claim over the exercise of police power or security work on behalf
44 of the corporation or any of its subsidiaries. Nothing herein shall
45 limit the executive director from continuing to call upon local
46 police for police services. The members of the New Jersey Transit
47 Police Department shall comply with all policies established by the
48 Attorney General, including rules and regulations, directives,

1 advisory opinions, and other guidelines, unless those policies are
2 inconsistent with federal laws, regulations, directives, advisory
3 opinions, or other guidelines relating to drug and alcohol testing,
4 alcohol misuse, or prohibited drug use applicable to the New Jersey
5 Transit Police Department. The executive director, through the
6 chief of police of the New Jersey Transit Police Department, shall,
7 in accordance with procedures established by the Superintendent of
8 State Police, investigate and determine the character, competency,
9 integrity and fitness of any person making application for
10 appointment as a police officer. The New Jersey Transit Police
11 Department is authorized to exchange fingerprint data and receive
12 criminal history record information from the State Bureau of
13 Identification in the Division of State Police and the Federal Bureau
14 of Investigation, Identification Division, for use in making this
15 determination.

16 b. Rail police officers of the New Jersey Transit Rail
17 Operations Police Department who are employed by the corporation
18 on the effective date of this 1991 amendatory and supplementary act
19 shall continue in employment, and shall be appointed as transit
20 police officers of the corporation. The corporation shall recognize
21 any representative previously chosen by these police officers for the
22 purposes of collective negotiations consistent with the bargaining
23 units already established. The corporation shall also assume and
24 observe any existing labor contracts covering these police officers
25 for their remaining term; provided however, that the terms and
26 conditions of these labor contracts are within the scope of
27 negotiations as defined by the Public Employment Relations
28 Commission under the "New Jersey Employer-Employee Relations
29 Act," P.L.1941, c.100 (C.34:13A-1 et seq.).

30 c. Transit police officers appointed pursuant to this section
31 shall satisfy the training requirements established by the Police
32 Training Commission as follows:

33 (1) All officers appointed pursuant to this section after the
34 effective date of this 1989 amendatory and supplementary act shall
35 successfully complete, within one year of the date of their
36 appointment, a training course approved by the Police Training
37 Commission;

38 (2) All officers appointed and in employment on the effective
39 date of this 1989 amendatory and supplementary act may continue
40 in employment if, within 18 months of the effective date of this
41 1991 amendatory and supplementary act, they have satisfied the
42 training requirements of the Police Training Commission;

43 (3) The executive director, through the chief of police of the
44 New Jersey Transit Police Department, may request from the Police
45 Training Commission an exemption from all or part of the training
46 requirements of this subsection on behalf of a current or prospective
47 officer who demonstrates successful completion of a police training
48 course conducted by any federal, state or other public or private

1 agency, the requirements of which are substantially equivalent to
2 the requirements of the Police Training Commission.

3 d. Transit police officers shall qualify for an exemption from
4 the provisions of N.J.S.2C:39-5 if they satisfactorily complete a
5 firearms training course approved by the Police Training
6 Commission.³

7 (cf: P.L.1991, c.386, s.1)

8

9 ³16. (New section) The New Jersey Transit Corporation shall
10 employ a customer advocate. The customer advocate shall annually
11 provide a report of his or her activities during the prior fiscal year,
12 which shall be included in the corporation's annual report required by
13 section 20 of P.L.1979, c.150 (C.27:25-20). The customer
14 advocate's annual report shall include: a list of any customer
15 surveys performed and a summary of the results of each; a summary
16 of customer experience enhancements; a list of customer facility
17 improvements; and an account of the on-time performance of rail
18 passenger service, including light rail service, operated by, or under
19 contract to, the corporation, including data for each such passenger
20 line.³

21

22 ³17. (New section) a. All members of the New Jersey Transit
23 Corporation board of directors appointed pursuant to section 4 of
24 P.L.1979, c.150 (C.27:25-4) shall be appointed within 90 days of
25 the effective date of P.L. , c. (C.) (pending before the
26 Legislature as this bill), provided that any member serving on the
27 board as of the effective date of P.L. , c. (C.) (pending
28 before the Legislature as this bill) whose term has not yet expired
29 may continue to serve until the expiration of that member's term;
30 and further provided that any member serving on the board as of the
31 effective date of P.L. , c. (C.) (pending before the
32 Legislature as this bill) whose term has already expired may
33 continue to serve until that member is replaced or reappointed.

34 b. The members appointed upon the recommendation of the
35 New Jersey members of the Delaware Valley Regional Planning
36 Commission and the North Jersey Transportation Planning
37 Authority shall serve initial terms of one year.

38 c. The member appointed upon the recommendation of the
39 President of the Senate shall serve an initial term of four years.

40 d. The member appointed upon the recommendation of the
41 Speaker of the General Assembly shall serve an initial term of three
42 years.

43 e. The member appointed by the Governor who is required to
44 have experience as a regular corporation motorbus regular route
45 service rider and the member appointed by the Governor who is
46 required to have experience as a regular corporation rail passenger
47 service or light rail service rider shall serve initial terms of two
48 years. The two members appointed by the Governor who are

1 required to have a professional background in passenger rail
2 service, freight rail management, transportation capital planning,
3 transportation and public transportation capital construction, federal
4 transportation policy, State transportation policy, real estate
5 investment or development, human resources management,
6 communication, or transportation capital finance shall serve initial
7 terms of three and four years.³

8

9 ¹[14.] ³[13. ¹] 18. ³ This act shall take effect immediately.

10

11

12

13

14 Provides governance, oversight, and accountability reforms at
15 NJT.

SENATE, No. 630

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator ROBERT M. GORDON

District 38 (Bergen and Passaic)

Senator LORETTA WEINBERG

District 37 (Bergen)

Co-Sponsored by:

Senator T.Kean

SYNOPSIS

Provides governance, oversight, and accountability reforms at NJT.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 3/13/2018)

1 AN ACT concerning reforms of the New Jersey Transit Corporation,
2 amending P.L.1979, c.150, R.S.52:14-7, and R.S.52:24-4, and
3 supplementing P.L.1979, c.150.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 4 of P.L.1979, c.150 (C.27:25-4) is amended to read
9 as follows:

10 4. a. There is hereby established in the Executive Branch of
11 the State Government the New Jersey Transit Corporation, a body
12 corporate and politic with corporate succession. For the purpose of
13 complying with the provisions of Article V, Section IV, paragraph 1
14 of the New Jersey Constitution, the corporation is hereby allocated
15 within the Department of Transportation, but, notwithstanding
16 **【said】** that allocation, the corporation shall be independent of any
17 supervision or control by the department or by any body or officer
18 thereof. The corporation is hereby constituted as an instrumentality
19 of the State exercising public and essential governmental functions,
20 and the exercise by the corporation of the powers conferred by this
21 act shall be deemed and held to be an essential governmental
22 function of the State.

23 b. The corporation shall be governed by a board which shall
24 consist of **【eight】** 12 members.

25 **【Seven】** 11 of the members shall be voting members and shall
26 consist of: the Commissioner of Transportation and the State
27 Treasurer, who shall be members ex officio, another member of the
28 Executive Branch to be selected by the Governor who shall also
29 serve ex officio, and **【four other】** eight public members who shall
30 be appointed by the Governor**【,】** as follows:

31 three members who shall each have experience as either a regular
32 corporation motorbus regular route service rider or regular
33 corporation rail passenger service or light rail service rider or have
34 a professional background in passenger rail service, freight rail
35 management, transportation capital planning, transportation and
36 public transportation capital construction, federal transportation
37 policy, State transportation policy, human resources management,
38 or transportation capital finance, one upon the recommendation of
39 the Tri-State Transportation Campaign, one upon the
40 recommendation of Delaware Valley Regional Planning
41 Commission, one upon the recommendation of the North Jersey
42 Transportation Planning Authority;

43 two members, each of whom has a professional background in
44 passenger rail service, freight rail management, transportation

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 capital planning, transportation and public transportation capital
2 construction, federal transportation policy, State transportation
3 policy, human resources management, or transportation capital
4 finance; and

5 three members, each of whom shall have experience as a regular
6 corporation motorbus regular route service rider or as a regular
7 corporation rail passenger service or light rail service rider, one of
8 whom shall be appointed upon the recommendation of the Senate
9 President and one of whom shall be appointed upon the
10 recommendation of the Speaker of the General Assembly provided
11 that if the Senate President and Speaker of the General Assembly
12 both recommend motorbus regular route service riders then the third
13 member appointed by the Governor shall be a regular corporation
14 rail passenger service or light rail service rider and further provided
15 that if the Senate President and Speaker of the General Assembly
16 both recommend regular corporation rail passenger service or light
17 rail service riders then the third member appointed by the Governor
18 shall be a motorbus regular route service rider.

19 All public members, except for those appointed upon the
20 recommendation of the Senate President and the Speaker of the
21 General Assembly, shall be appointed with the advice and consent
22 of the Senate, and all public members shall serve for four year
23 staggered terms and until their successors are appointed and
24 qualified provided, however, that a board member shall not serve
25 beyond the expiration of that board member's term for more than 90
26 days following the expiration of the term unless reappointed. No
27 more than **【two】** three of the six public members appointed by the
28 Governor with the advice and consent of the Senate shall be
29 members of the same political party. **【At least one public member**
30 **shall be a regular public transportation rider.】** Each public member
31 may be removed from office by the Governor for cause. A vacancy
32 in the membership of the board occurring other than by expiration
33 of term shall be filled in the same manner as the original
34 appointment, but for the unexpired term only. **【The first**
35 **appointments shall be for one, two, three and four years**
36 **respectively, and thereafter for terms of four years as stated.】** The
37 board shall annually designate a vice **【chairman】** chairperson and
38 secretary. The secretary need not be a member.

39 There shall also be one non-voting member of the board, who
40 shall not be considered in determining a quorum. The non-voting
41 member shall be appointed by the Governor upon the
42 recommendation of the labor organization representing the plurality
43 of the employees of the corporation. The non-voting member shall
44 be appointed for a term of four years, provided, however, that if at
45 any time during the term of appointment the non-voting member
46 ceases to be affiliated with the labor organization representing the
47 plurality of the employees of the corporation, then such labor

1 organization may, thereupon or at any time thereafter during such
2 term, recommend a new member to the Governor for appointment
3 to serve the remainder of the term. If the local bargaining unit
4 decertifies its existing union affiliation and certifies a new union,
5 the union which represents the plurality of the employees may
6 recommend a new member to the Governor for appointment to
7 serve the remainder of the term. The chairman of the board may, at
8 the chairman's discretion, exclude such non-voting member from
9 attending any portion of a board meeting or any other meeting held
10 for the purpose of discussing negotiations with labor organizations,
11 pending litigation involving the labor organization, the
12 investigation, evaluation, or discipline of an employee of the
13 corporation, or matters concerning private entities engaged in the
14 provision of motorbus regular route service, paratransit service, or
15 motorbus charter service that would otherwise not be considered
16 public information. The non-voting member may be removed by
17 the Governor for cause.

18 For the purposes of this subsection:

19 “experience as a regular corporation motorbus regular route
20 service rider” includes any rider who is a regular corporation
21 motorbus regular route service rider at the time of the member’s
22 appointment or reappointment and any rider who has been a regular
23 corporation motorbus regular route service rider in three of the
24 seven years preceding the member’s appointment or reappointment.

25 “experience as a regular corporation rail passenger service or
26 light rail service rider” includes any rider who is a regular
27 corporation rail passenger service or light rail service rider at the
28 time of the member’s appointment or reappointment and any rider
29 who has been a regular corporation rail passenger service or light
30 rail service rider in three of the seven years preceding the member’s
31 appointment or reappointment.

32 c. Board members other than those serving ex officio shall
33 serve without compensation, but members shall be reimbursed for
34 actual expenses necessarily incurred in the performance of their
35 duties.

36 d. The Commissioner of Transportation shall serve as
37 **【chairman】** chairperson of the board **【. He】** , shall chair board
38 meetings, and shall have responsibility for the scheduling and
39 convening of all meetings of the board. In **【his】** the absence of the
40 chairperson, the vice **【chairman】** chairperson shall chair the board
41 meeting. Each ex officio member of the board may designate two
42 employees of **【his】** the ex officio member’s department or agency,
43 one of whom may represent **【him】** the ex officio member at
44 meetings of the board. A designee may lawfully vote and otherwise
45 act on behalf of the member for whom **【he】** the person constitutes
46 the designee. Any such designation shall be in writing delivered to

1 the board and shall continue in effect until revoked or amended by
2 writing delivered to the board.

3 e. The powers of the corporation shall be vested in the voting
4 members of the board thereof and ~~four~~ six voting members of the
5 board shall constitute a quorum at any meeting thereof. Actions
6 may be taken and motions and resolutions adopted by the board at
7 any meeting thereof by the affirmative vote of at least ~~four~~ six
8 members. No vacancy in the membership of the board shall impair
9 the right of a quorum to exercise all the rights and perform all the
10 duties of the board.

11 f. A true copy of the minutes of every meeting of the board
12 shall be delivered forthwith, by and under the certification of the
13 secretary thereof, to the Governor. No action taken at such meeting
14 by the board shall have force or effect until approved by the
15 Governor or until 10 days after such copy of the minutes shall have
16 been delivered. If, in said 10-day period, the Governor returns such
17 copy of the minutes with veto of any action taken by the board or
18 any member thereof at such meeting, such action shall be null and
19 of no effect. The Governor may approve all or part of the action
20 taken at such meeting prior to the expiration of the said 10-day
21 period.

22 g. (1) The board meetings shall be subject to the provisions of
23 the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975,
24 c.231 (C.10:4-6 et seq.).

25 (2) The board shall hold a minimum of 10 public board
26 meetings per year. Public hearings held pursuant to subsection d. of
27 section 8 of P.L.1979, c.150 (C.27:25-8) shall not be considered
28 public board meetings for the purposes of this subsection.

29 h. (1) A person shall not be eligible to serve on the board if the
30 person has contributed money or made any in-kind contribution to
31 any: candidate for political office; candidate committee; joint
32 candidate committee; political committee; continuing political
33 committee; political action committee; State, county, or municipal
34 party committee; legislative leadership committee; or any similar
35 committee in an amount or manner that would create the appearance
36 of impropriety, as determined by the State Ethics Commission.

37 (2) Each board member shall annually disclose to the board of
38 directors and to the chief ethics officer any contributions made
39 within the preceding two years to any candidate for political office;
40 candidate committee; joint candidate committee; political
41 committee; continuing political committee; political action
42 committee; State, county, or municipal party committee; legislative
43 leadership committee; or any similar committee.

44 (3) Each board member shall annually disclose to the board of
45 directors and to the chief ethics officer any gifts received in excess
46 of \$250.

47 (cf: P.L.2009, c.179, s.1)

- 1 2. (New section) a. The board of directors of the corporation
2 shall:
- 3 (1) Execute direct oversight of the corporation's executive
4 director and other management in the effective and ethical
5 management of the corporation, including review and approval of
6 any quarterly changes to the schedules for motorbus regular route
7 service, rail passenger service, or light rail service;
- 8 (2) Understand, review, and monitor the implementation of
9 fundamental financial and management controls and operational
10 decisions of the corporation, including review and approval of any
11 quarterly changes to the schedules for motorbus regular route
12 service, rail passenger service, or light rail service;
- 13 (3) Establish policies regarding the payment of salary,
14 compensation, and reimbursements to, and establish rules for the
15 time and attendance of, the executive director and management
16 consistent with State law;
- 17 (4) Adopt a code of ethics, in consultation with the chief ethics
18 officer, applicable to each board member, officer, and employee
19 that, at a minimum, includes the applicable standards established by
20 State law;
- 21 (5) Require that the corporation establish written policies and
22 procedures on personnel including policies protecting employees
23 from retaliation for disclosing information concerning acts of
24 wrongdoing, misconduct, malfeasance, or other inappropriate
25 behavior by an employee of the corporation;
- 26 (6) Adopt a policy that provides guidelines for when it is
27 appropriate for the chief ethics officer to forward the results and
28 findings of a preliminary investigation conducted by the chief ethics
29 officer to the State Ethics Commission, Office of the Attorney
30 General, county prosecutor's office, or any other appropriate
31 agency for further investigation or action; and
- 32 (7) Adopt a defense and indemnification policy and disclose
33 such plan to any and all prospective board members.
- 34 b. (1) The members of the board shall perform each of their
35 duties as board members, including but not limited to those imposed
36 by this section, in good faith and with that degree of diligence, care,
37 and skill which an ordinarily prudent person in like position would
38 use under similar circumstances, and may take into consideration
39 the views and policies of any elected official or body, or other
40 person and ultimately apply independent judgment in the best
41 interest of the corporation, its mission, and the public.
- 42 (2) At the time that a board member takes and subscribes the
43 board member's oath of office, or within 60 days after the effective
44 date of P.L. , c. (C.) (pending before the Legislature as this
45 bill) if the board member has already taken and subscribed the
46 board member's oath of office, the board member shall execute an
47 acknowledgement, in a form developed by the corporation, in which
48 the board member shall, at a minimum:

- 1 (a) acknowledge that the board member understands that a
2 board member has a fiduciary obligation to perform duties and
3 responsibilities to the best of the board member's abilities, in good
4 faith and with proper diligence and care, consistent with the
5 enabling compact, mission, and by-laws of the corporation and the
6 applicable laws of this State; and that the fiduciary duty to the
7 corporation is derived from and governed by its mission;
- 8 (b) acknowledge that the board member understands the board
9 member's duty of loyalty and care to the corporation and
10 commitment to the corporation's mission and the public interest;
11 and the board member's obligation to act in the best interests of the
12 corporation and the people whom the corporation serves;
- 13 (c) agree that a board member has an obligation to become
14 knowledgeable about the mission, purpose, functions,
15 responsibilities, and statutory duties of the corporation and, when
16 necessary, to make reasonable inquiry of management and others
17 with knowledge and expertise so as to inform the board member's
18 decisions;
- 19 (d) agree to exercise independent judgment on all matters before
20 the board;
- 21 (e) agree not to divulge confidential discussions and
22 confidential matters that come before the board for consideration or
23 action;
- 24 (f) agree to disclose to the board any conflicts, or the
25 appearance of a conflict, of a personal, financial, ethical, or
26 professional nature that could inhibit the board member from
27 performing the board member's duties in good faith and with due
28 diligence and care; and
- 29 (g) certify that the board member does not have any interest in,
30 financial or otherwise, direct or indirect, or engage in any business
31 or transaction or professional activity or incur any obligation of any
32 nature, which is in substantial conflict with the proper discharge of
33 the board member's duties in the public interest.
- 34 c. Individuals appointed to the board of directors shall
35 participate in training regarding their legal, fiduciary, financial, and
36 ethical responsibilities as directors of the corporation within six
37 months of appointment to the board. Board members shall
38 participate in continuing training as may be required to remain
39 informed of best practices, regulatory and statutory changes relating
40 to the effective oversight of the management and financial activities
41 of public authorities, and to adhere to the highest standards of
42 responsible governance.
- 43 d. No board member, including the chairperson, shall serve as
44 the corporation's executive director, chief financial officer, or hold
45 any senior management position while serving as a member of the
46 board.
- 47 e. The board of directors shall require that the members of the
48 audit committee possess the necessary skills to understand the

1 duties and functions of the committee, including having sufficient
2 knowledge in the areas of finance and accounting.

3 f. (1) The board of directors shall establish an employee
4 relations committee to be comprised of not less than three
5 independent members, who shall constitute a majority on the
6 committee, and who shall possess the necessary skills to understand
7 the duties and functions of the committee; provided, however, that
8 in the event that a board has less than three independent members,
9 the board may appoint non-independent members to the committee,
10 provided that the independent members shall constitute a majority
11 of the members of the committee.

12 (2) The employee relations committee shall receive a monthly
13 report from the director of the Office of Equal Opportunity and
14 Affirmative Action, or any successor office, regarding the activities
15 of that office, including a summary of the reports and complaints
16 involving discrimination or harassment received by that office and
17 any actions taken or expected to be taken by that office in response
18 to said reports or complaints. The executive director shall be
19 present at any committee meeting where such a report is provided.

20 (3) The employee relations committee shall receive a monthly
21 report from the director of the Human Resources Office, or any
22 successor office, regarding the activities of that office, including a
23 summary of job vacancies, job postings, new employees,
24 reclassification of job titles, retirements, terminations, disciplinary
25 actions, and any other personnel decisions. The executive director
26 shall be present at any committee meeting where such a report is
27 provided.

28 (4) The employee relations committee shall meet with
29 representatives of each labor organization representing employees
30 of the corporation and shall provide those representatives access to
31 the meetings of the committee, provided, however, that the
32 employee relations committee may exclude the labor organization
33 representatives and any other person that the committee deems
34 appropriate from any portion of a committee meeting or any other
35 meeting held by members of the committee for the purpose of
36 discussing negotiations with labor organizations, pending litigation,
37 the investigation, evaluation, or discipline of an employee of the
38 corporation, or any other matters that would otherwise not be
39 considered public information. The committee shall meet at least
40 twice annually with representatives of each labor organization
41 representing employees of the corporation.

42 g. For the purposes of this section, an independent member is
43 one who:

44 (1) is not, and in the past two years has not been, employed by
45 the corporation or an affiliate in an executive capacity;

46 (2) is not, and in the past two years has not been, employed by
47 an entity that received remuneration valued at more than \$15,000
48 for goods and services provided to the corporation or received any

1 other form of financial assistance valued at more than \$15,000 from
2 the corporation;

3 (3) is not a relative of an executive officer or employee in an
4 executive position of the corporation or an affiliate; and

5 (4) is not, and in the past two years has not been, a lobbyist
6 registered under a state or local law and paid by a client to influence
7 the management decisions, contract awards, rate determinations, or
8 any other similar actions of the corporation or an affiliate.

9 h. Notwithstanding the provisions of any general, special, or
10 local law, municipal charter, or ordinance to the contrary, the board
11 shall not directly or indirectly, including through any subsidiary,
12 extend or maintain credit, arrange for the extension of credit, or
13 renew an extension of credit, in the form of a personal loan to or for
14 any officer, board member, or employee, or equivalent thereof, of
15 the corporation.

16

17 3. (New section) a. There is hereby established the North
18 Jersey Passenger Advisory Committee within the New Jersey
19 Transit Corporation for the purpose of providing advice, input, and
20 guidance to the corporation's board of directors from customers of
21 the corporation who reside in North Jersey.

22 b. The committee shall:

23 (1) Provide advice, input, and guidance to the New Jersey Transit
24 Corporation board of directors on issues affecting the corporation
25 and customers of the corporation, particularly those issues that
26 affect services provided in the northern part of the State;

27 (2) Review proposals to be considered before the corporation's
28 board of directors concerning fare increases, curtailment of
29 services, and expansion of services; and

30 (3) Review items listed on the agenda for meetings of the
31 corporation's board of directors that would increase fares, curtail
32 services, or expand services and provide written feedback to the
33 board prior to the board meeting concerning those agenda items.

34 c. A member of the committee shall be required to:

35 (1) reside in one of the following counties: Bergen, Essex,
36 Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris,
37 Ocean, Passaic, Somerset, Sussex, Union, or Warren;

38 (2) be a regular corporation motorbus regular route service rider
39 or a regular corporation rail passenger service or light rail service
40 rider; and

41 (3) primarily use corporation motorbus regular route service,
42 rail passenger service, or light rail service in the northern part of the
43 State.

44 d. The committee shall consist of 10 voting members, who
45 shall serve a term of four years and without compensation, to be
46 appointed as follows:

47 (1) three members to be appointed by the board of the North
48 Jersey Transportation Planning Authority;

- 1 (2) one member to be appointed by the Governor;
- 2 (3) one member to be appointed by the Speaker of the General
3 Assembly;
- 4 (4) one member to be appointed by the President of the Senate;
- 5 (5) one member to be appointed by the Minority Leader of the
6 General Assembly;
- 7 (6) one member to be appointed by the Minority Leader of the
8 Senate;
- 9 (7) one member to be appointed by a nonprofit entity, which
10 shall be selected jointly by the Speaker of the General Assembly
11 and the President of the Senate, with a history of rider advocacy,
12 encouraging smart growth, and advocating for investment in public
13 transportation and transit-oriented development initiatives; and
- 14 (8) one member to be appointed by a nonprofit entity, which
15 shall be selected jointly by the Speaker of the General Assembly
16 and the President of the Senate, that serves as a consumer rail
17 passenger organization in the State.
- 18 e. The powers of the committee shall be vested in the members
19 of the committee and six members shall constitute a quorum at any
20 meeting thereof. Actions may be taken and motions and resolutions
21 adopted by the committee at any meeting thereof by the affirmative
22 vote of six members. The seat of any member who fails to maintain
23 the requirements established in subsection c. of this section shall be
24 deemed vacant. A vacancy in the membership of the committee
25 shall not impair the right of a quorum to exercise all rights and
26 perform all duties of the committee. Any vacancy in the
27 membership of the committee shall be filled in the same manner as
28 the original appointment and for the remainder of the unexpired
29 term.
- 30 f. The committee shall elect from among its members a
31 chairperson and vice chairperson. The chairperson shall preside
32 over meetings of the committee. In the absence of the chairperson,
33 the vice chairperson shall preside over meetings of the committee.
34 The chairperson shall have the responsibility of scheduling and
35 convening all meetings of the committee. The committee shall
36 designate an individual to serve as secretary to the committee who
37 need not be a member of the committee.
- 38 g. A person serving as a member of the South Jersey Passenger
39 Advisory Committee shall not be eligible to simultaneously serve as
40 a member of the North Jersey Passenger Advisory Committee.
- 41
- 42 4. (New section) a. There is hereby established the South
43 Jersey Passenger Advisory Committee within the New Jersey
44 Transit Corporation for the purpose of providing advice, input, and
45 guidance to the corporation's board of directors from customers of
46 the corporation who reside in South Jersey.

1 b. The committee shall:

2 (1) Provide advice, input, and guidance to the New Jersey
3 Transit Corporation board of directors on issues affecting the
4 corporation and customers of the corporation, particularly those
5 issues that affect services provided in the southern part of the State;

6 (2) Review proposals to be considered before the corporation's
7 board of directors concerning fare increases, curtailment of
8 services, and expansion of services; and

9 (3) Review items listed on the agenda for meetings of the
10 corporation's board of directors that would increase fares, curtail
11 services, or expand services and provide written feedback to the
12 board prior to the board meeting concerning those agenda items.

13 c. A member of the committee shall be required to:

14 (1) reside in one of the following counties: Atlantic, Burlington,
15 Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, or
16 Salem;

17 (2) be a regular corporation motorbus regular route service rider
18 or a regular corporation rail passenger service or light rail service
19 rider; and

20 (3) primarily use corporation motorbus regular route service,
21 rail passenger service, or light rail service in the southern part of the
22 State.

23 d. The committee shall consist of 10 voting members, who
24 shall serve a term of four years and without compensation, to be
25 appointed as follows:

26 (1) two members to be appointed by the board members of the
27 Delaware Valley Regional Planning Commission from New Jersey;

28 (2) one member to be appointed by the Governor;

29 (3) one member to be appointed by the Speaker of the General
30 Assembly;

31 (4) one member to be appointed by the President of the Senate;

32 (5) one member to be appointed by the Minority Leader of the
33 General Assembly;

34 (6) one member to be appointed by the Minority Leader of the
35 Senate;

36 (7) one member to be appointed by the board of the South
37 Jersey Transportation Planning Organization;

38 (8) one member to be appointed by a nonprofit transportation
39 management association, which shall be selected jointly by the
40 Speaker of the General Assembly and the President of the Senate,
41 that provides transportation-related services in the southern portion
42 of the State; and

43 (9) one member to be appointed by a nonprofit entity, which
44 shall be selected jointly by the Speaker of the General Assembly
45 and the President of the Senate, that serves as a consumer rail
46 passenger organization in the State.

47 e. The powers of the committee shall be vested in the members
48 of the committee and six members shall constitute a quorum at any

1 meeting thereof. Actions may be taken and motions and resolutions
2 adopted by the committee at any meeting thereof by the affirmative
3 vote of six members. The seat of any member who fails to maintain
4 the requirements established in subsection c. of this section shall be
5 deemed vacant. A vacancy in the membership of the committee
6 shall not impair the right of a quorum to exercise all rights and
7 perform all duties of the committee. Any vacancy in the
8 membership of the committee shall be filled in the same manner as
9 the original appointment and for the remainder of the unexpired
10 term.

11 f. The committee shall elect from among its members a
12 chairperson and vice chairperson. The chairperson shall preside
13 over meetings of the committee. In the absence of the chairperson,
14 the vice chairperson shall preside over meetings of the committee.
15 The chairperson shall have the responsibility of scheduling and
16 convening all meetings of the committee. The committee shall
17 designate an individual to serve as secretary to the committee who
18 need not be a member of the committee.

19 g. A person serving as a member of the North Jersey Passenger
20 Advisory Committee shall not be eligible to simultaneously serve as
21 a member of the South Jersey Passenger Advisory Committee.
22

23 5. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read
24 as follows:

25 5. In addition to the powers and duties conferred upon it
26 elsewhere in this act, the corporation may do all acts necessary and
27 reasonably incident to carrying out the objectives of this act,
28 including but not in limitation thereof the following:

29 a. Sue and be sued;

30 b. Have an official seal and alter the same at pleasure;

31 c. Make and alter bylaws for its organization and internal
32 management and for the conduct of its affairs and business;

33 d. Maintain an office at such place or places within the State as
34 it may determine;

35 e. Adopt, amend and repeal such rules and regulations as it
36 may deem necessary to effectuate the purposes of this act, which
37 shall have the force and effect of law; it shall publish the same and
38 file them in accordance with the "Administrative Procedure Act,"
39 P.L.1968, c.410 (C.52:14B-1 et seq.) with the Director of the Office
40 of Administrative Law;

41 f. Call to its assistance and avail itself of the service of such
42 employees of any federal, State, county or municipal department or
43 agency as it may require and as may be available to it for said
44 purpose;

45 g. Apply for, accept and expend money from any federal, State,
46 county or municipal agency or instrumentality and from any private
47 source; comply with federal statutes, rules and regulations, and
48 qualify for and receive all forms of financial assistance available

1 under federal law to assure the continuance of, or for the support or
2 improvement of public transportation and as may be necessary for
3 that purpose to enter into agreements, including federally required
4 labor protective agreements;

5 h. Plan, design, construct, equip, operate, improve and
6 maintain, either directly or by contract with any public or private
7 entity, public transportation services, capital equipment and
8 facilities or any parts or functions thereof, and other transportation
9 projects, or any parts or functions thereof, which may be funded
10 under section 3 of the federal Urban Mass Transportation Act of
11 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or
12 additional federal act having substantially the same or similar
13 purposes or functions; the operation of the facilities of the
14 corporation, by the corporation or any public or private entity, may
15 include appropriate and reasonable limitations on competition in
16 order that maximum service may be provided most efficiently to the
17 public;

18 i. Apply for and accept, from appropriate regulatory bodies,
19 authority to operate public transportation services where necessary;

20 j. Purchase, lease as lessee, or otherwise acquire, own, hold,
21 improve, use and otherwise deal in and with real or personal
22 property, or any interest therein, from any public or private entity,
23 wherever situated;

24 k. Lease as lessor, sell or otherwise dispose of on terms which
25 the corporation may prescribe, real and personal property, including
26 tangible or intangible property and consumable goods, or any
27 interest therein, to any public or private entity, in the exercise of its
28 powers and the performance of its duties under this act. In order to
29 provide or encourage adequate and efficient public transportation
30 service, the corporation may lease or otherwise permit the use or
31 occupancy of property without cost or at a nominal rental;

32 l. Restrict the rights of persons to enter upon or construct any
33 works in or upon any property owned or leased by the corporation,
34 except under such terms as the corporation may prescribe; perform
35 or contract for the performance of all acts necessary for the
36 management, maintenance and repair of real or personal property
37 leased or otherwise used or occupied pursuant to this act;

38 m. Establish one or more operating divisions as deemed
39 necessary. [Upon the establishment of an operating division, there
40 shall be established a geographically coincident advisory committee
41 to be appointed by the Governor with the advice and consent of the
42 Senate. The committee shall consist of county and municipal
43 government representatives and concerned citizens, in the number
44 and for such terms as may be fixed by the corporation, and shall
45 advise the corporation as to the public transportation service
46 provided in the operating division. At least two members of each
47 advisory committee shall be public transportation riders, including
48 but not limited to urban transit users and suburban commuters as

- 1 appropriate] Each operating division shall solicit advice and
2 feedback from the North Jersey Passenger Advisory Committee
3 established pursuant to section 3 of P.L. , c. (C.) (pending
4 before the Legislature as this bill) and the South Jersey Passenger
5 Advisory Committee established pursuant to section 4 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill), as
7 appropriate. One public member from the board of the corporation
8 shall serve as a liaison to each advisory committee;
- 9 n. Set and collect fares and determine levels of service for
10 service provided by the corporation either directly or by contract
11 including, but not limited to, such reduced fare programs as deemed
12 appropriate by the corporation; revenues derived from such service
13 may be collected by the corporation and shall be available to the
14 corporation for use in furtherance of any of the purposes of this act;
- 15 o. Set and collect rentals, fees, charges or other payments from
16 the lease, use, occupancy or disposition of properties owned or
17 leased by the corporation; such revenues shall be available to the
18 corporation for use in furtherance of any of the purposes of this act;
- 19 p. Deposit corporate revenues in interest bearing accounts or in
20 the State of New Jersey Cash Management Fund established
21 pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4);
- 22 q. Delegate to subordinate officers of the corporation such
23 powers and duties as the corporation shall deem necessary and
24 proper to carry out the purposes of this act;
- 25 r. Procure and enter into contracts for any type of insurance
26 and indemnify against loss or damage to property from any cause,
27 including loss of use and occupancy, against death or injury of any
28 person, against employees' liability, against any act of any member,
29 officer, employee or servant of the corporation, whether part-time,
30 full-time, compensated or noncompensated, in the performance of
31 the duties of his office or employment or any other insurable risk.
32 In addition, the corporation may carry its own liability insurance
33 and may also establish and utilize a wholly-owned insurance
34 subsidiary or captive provided the subsidiary or captive is
35 domiciled in the United States in a state which is accredited by the
36 National Association of Insurance Commissioners and which
37 licenses and regulates wholly-owned insurance subsidiaries or
38 captives;
- 39 s. Promote the use of public transportation services, coordinate
40 ticket sales and passenger information and sell, lease or otherwise
41 contract for advertising in or on the equipment or facilities of the
42 corporation;
- 43 t. Adopt and maintain employee benefit programs for
44 employees of the corporation including, but not limited to, pension,
45 deferred compensation, medical disability, and death benefits, and
46 which programs may utilize insurance contracts, trust funds, and
47 any other appropriate means of providing the stipulated benefits,

- 1 and may involve new plans or the continuation of plans previously
2 established by entities acquired by the corporation;
- 3 u. Own, control, vote, and exercise any and all other rights
4 incidental to the ownership of any equity, membership interest, or
5 any shares of the capital stock of any incorporated entity acquired,
6 formed, incorporated, or established by law by the corporation
7 pursuant to the powers granted by this act. Any such corporate
8 entity may be utilized in order to enable the corporation to
9 participate with other private or public entities in any transaction,
10 memorandum of understanding, undertaking, or arrangement that
11 the corporation would have the power to conduct by itself, whether
12 or not such participation involves sharing or delegation of control
13 with or to other public or private entities regarding the ownership,
14 operation, control, and management of services, equipment, or
15 facilities. For purposes of this subsection, "corporate entity" means
16 any business entity, including but not limited to, any corporation,
17 limited liability company, joint venture, limited partnership, general
18 partnership, association of any kind, or collaborative arrangement
19 that may be jointly owned by the corporation and any other public
20 or private entities that provide public transportation services;
- 21 v. Enter into any and all agreements or contracts, execute any
22 and all instruments, and do and perform any and all acts or things
23 necessary, convenient or desirable for the purposes of the
24 corporation, or to carry out any power expressly or implicitly given
25 in this act;
- 26 w. Notwithstanding the provisions of section 17 of P.L.1979,
27 c.150 (C.27:25-17) or any other law to the contrary, (1) issue
28 operating grant anticipation notes which shall be secured and retired
29 from operating assistance grants authorized under section 9 of the
30 federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49
31 U.S.C. s.1602), or any successor or additional federal act having
32 substantially the same or similar purposes or functions and (2) issue
33 capital grant anticipation notes which shall be secured and retired
34 from capital assistance grants authorized under section 3 or section
35 9 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-
36 365 (49 U.S.C. s.1602), or any successor or additional federal act
37 having substantially the same or similar purposes or functions. As
38 used in this subsection, "operating grant anticipation notes" or
39 "capital grant anticipation notes" (hereinafter referred to as "notes")
40 means credit obligations issued in anticipation of these grants. The
41 notes shall be authorized by a resolution or resolutions of the
42 corporation, and may be issued in one or more series and shall bear
43 the date, or dates, bear interest at the rate or rates of interest per
44 annum, be in the denomination or denominations, be in the form,
45 carry the conversion or registration privileges, have the rank or
46 priority, be executed in such manner as the resolution or resolutions
47 require. The notes may be sold at public or private sale at the price
48 or prices and in the manner that the corporation determines. The

1 notes of the corporation, the sale or transfer thereof, and the income
2 derived therefrom by the purchasers of the notes, shall, at all times,
3 be free from taxation for State or local purposes, under any law of
4 the State or any political subdivision thereof. Notes may be issued
5 under the provisions of P.L.1979, c.150 (C.27:25-1 et seq.) without
6 obtaining the consent of any department, division, commission,
7 board, bureau or agency of the State, and without any other
8 proceedings, conditions, or things which are specifically required
9 by P.L.1979, c.150 (C.27:25-1 et seq.). The notes issued pursuant
10 to P.L.1979, c.150 (C.27:25-1 et seq.) shall not in any way create or
11 constitute any indebtedness, liability or obligation of the State or of
12 any political subdivision thereof or of the corporation, except as
13 provided herein.

14 The notes shall be payable solely from (1) note proceeds, to the
15 extent not disbursed to the corporation, (2) grant payments if, as,
16 and when received from the federal government, and (3) investment
17 earnings on note proceeds, to the extent not disbursed to the
18 corporation. Each note shall contain on its face a statement to the
19 effect that the corporation is obligated to pay the principal thereof
20 or the interest thereon only from these grants to the corporation and
21 from the proceeds of the notes and investment earnings on the
22 proceeds of the notes, to the extent not disbursed to the corporation,
23 and that neither the faith and credit nor the taxing power of the
24 State or of any political subdivision thereof or of the corporation is
25 pledged to the payment of the principal and interest on these notes.
26 Neither the members of the corporation's board nor any person
27 executing the transactions are personally liable on those notes nor
28 are they otherwise liable for their actions; and

29 x. Enter into agreements with a public or private entity or
30 consortia thereof to provide for the development of demonstration
31 projects through the use of public-private partnerships pursuant to
32 sections 1 through 9 of P.L.1997, c.136 (C.27:1D-1 through
33 C.27:1D-9).
34 (cf: P.L.2004, c.1, s.1)

35
36 6. Section 8 of P.L.1979, c.150 (C.27:25-8) is amended to read
37 as follows:

38 8. a. The corporation or any subsidiary thereof shall not be
39 considered a public utility as defined in R.S.48:2-13, and except
40 with regard to subsection c. of this section, subsection b. of
41 R.S.48:3-38, section 2 of P.L.1989, c.291 (C.27:25-15.1), and
42 R.S.48:12-152, the provisions of Title 48 of the Revised Statutes
43 shall not apply to the corporation or any subsidiary thereof.

44 b. The authority hereby given to the corporation pursuant to
45 section 6 of P.L.1979, c.150 (C.27:25-6) with respect to fares and
46 service, shall be exercised without regard or reference to the
47 jurisdiction formerly vested in the Department of Transportation
48 regarding rates and rate schedules under R.S.48:2-21;

1 discontinuance, curtailment, or abandonment of service under
2 R.S.48:2-24; and the issuance of a certificate of public convenience
3 and necessity under R.S.48:4-3, and transferred to the New Jersey
4 Motor Vehicle Commission by P.L.2003, c.13 (C.39:2A-1 et al.).
5 The New Jersey Motor Vehicle Commission shall resume
6 jurisdiction over service and fares upon the termination and
7 discontinuance of a contractual relationship between the corporation
8 and a private or public entity relating to the provision of public
9 transportation services operated under the authority of certificates
10 of public convenience and necessity previously issued by the New
11 Jersey Motor Vehicle Commission or its predecessors; provided,
12 however, that a private entity shall not be required to restore any
13 service discontinued or any fare changed during the existence of a
14 contractual relationship with the corporation, unless the New Jersey
15 Motor Vehicle Commission shall determine, after notice and
16 hearing, that the service or fare is required by public convenience
17 and necessity.

18 c. Notwithstanding any other provisions of P.L.1979, c.150
19 (C.27:25-1 et seq.), all vehicles used by any public or private entity
20 pursuant to contract authorized by P.L.1979, c.150 (C.27:25-1 et
21 seq.), and all vehicles operated by the corporation directly, shall be
22 subject to the jurisdiction of the department with respect to
23 maintenance, specifications, and safety to the same extent that
24 jurisdiction is conferred upon the department by Title 48 of the
25 Revised Statutes.

26 d. (1) Before implementing **any fare increase for any**
27 **motorbus regular route or rail passenger services, or any** the
28 substantial curtailment or abandonment of those motorbus regular
29 route or rail passenger services, the corporation shall hold a public
30 hearing in the area affected during evening hours, except that the
31 corporation shall not be required to hold a public hearing for a
32 change in service that does not: (1) increase fares; (2) eliminate a
33 current motorbus regular route or any rail passenger service; or (3)
34 change the time of a motorbus regular route or rail passenger
35 service by more than two hours from the corporation's currently
36 adopted schedule or timetable, so long as these services are
37 provided at least three times daily, excluding holidays **at least two**
38 **public hearings in the affected counties, within one-half mile of the**
39 **route and, to the extent practicable, near each terminus of the route.**
40 **At least one of the two hearings shall take place on a State working**
41 **day. Each public hearing shall be attended by at least two members**
42 **of the corporation's board of directors. Each public hearing in an**
43 **affected county shall consist of two sessions, the first of which shall**
44 **be for at least two hours in the afternoon between 2:00 p.m. and**
45 **6:00 p.m. and the second of which shall take place in the evening in**
46 **the same place and on the same day for at least two hours between**
47 **6:00 p.m. and 10:00 p.m.**

1 (2) Before implementing any fare increase for any motorbus
2 regular route or rail passenger services, at least ten public hearings
3 shall be held and shall be distributed geographically throughout the
4 State. Not more than one hearing shall take place in each county,
5 and each hearing shall be located within one-quarter mile of both a
6 rail passenger service line and a motorbus regular route. At least
7 half of the hearings shall take place on State working days. Each
8 public hearing shall be attended by at least two members of the
9 corporation's board of directors. Each public hearing in an affected
10 county shall consist of two sessions, the first of which shall be for
11 at least two hours in the afternoon between 2:00 p.m. and 6:00 p.m.
12 and the second of which shall take place in the evening in the same
13 place and on the same day for at least two hours between 6:00 p.m.
14 and 10:00 p.m.

15 **【Notice】** For the hearings required under paragraphs (1) and (2)
16 of this subsection, notice of the hearing shall be given by the
17 corporation at least 15 days prior to the hearing to the governing
18 body of each county whose residents will be affected and to the
19 clerk of each municipality in the county or counties whose residents
20 will be affected; the notice shall also be posted at least 15 days prior
21 to the hearing in prominent places on the railroad cars and buses
22 serving the routes to be affected. In addition to the public hearing,
23 the corporation shall post, in prominent places on the railroad cars
24 and buses serving the routes to be affected, a postal mailing address
25 and electronic mailing address where members of the public may
26 provide written comments to the corporation regarding the proposed
27 fare increase or substantial curtailment or abandonment of service.
28 The corporation shall prepare and publish a written response
29 concerning any issue or concern raised by a member of the public at
30 any public hearing or in any written comment provided pursuant to
31 this subsection.

32 e. Notice of its intent to discontinue, substantially curtail, or
33 abandon any motorbus regular route service or rail passenger
34 service shall be given by the corporation to the governing body of
35 each county whose residents will be affected and to the clerk of
36 each municipality in the county or counties whose residents will be
37 affected at least 45 days prior to implementation of the change in
38 service.

39 f. For the purposes of this section, “substantial curtailment”
40 and “substantially curtail” shall include, but need not be limited to:
41 the elimination of a motorbus regular route, scheduled trip, or
42 scheduled stop along a motorbus regular route or of a rail passenger
43 service line, scheduled trip, or scheduled stop along a rail passenger
44 service line; a reduction of 30 minutes or more in the beginning or
45 end of service for the corporation's adopted schedule or timetable
46 for a scheduled stop along a motorbus regular route or rail
47 passenger service line; and any change to a motorbus regular route

1 or rail passenger service which may increase barriers to
2 accessibility for a person with disabilities.

3 (cf: P.L.2016, c.52, s.1)

4

5 7. (New section) a. The State Auditor shall conduct audits of
6 the corporation, which shall:

7 (1) occur at least once every 72 months in a manner that is
8 consistent with the Government Auditing Standards for audits
9 utilized by the United States Government Accountability Office or
10 its successor, the first of which shall be completed within 12
11 months of the effective date of P.L. , c. (C.) (pending
12 before the Legislature as this bill);

13 (2) to the extent practicable, not duplicate the scope of work of
14 the annual audit required to be made of the corporation's financial
15 statements pursuant to subsection d. of section 20 of P.L.1979,
16 c.150 (C.27:25-20); and

17 (3) focus on a specific area of the corporation's operations, as
18 determined by the State Auditor.

19 b. (1) At least once every five years, the corporation shall hire
20 an independent firm to: conduct a study on the financial
21 management practices and budget reporting practices of mass transit
22 agencies throughout the country; and prepare a report with findings
23 regarding the best practices for financial management and budget
24 reporting by mass transit agencies and a comparison of those best
25 practices with the practices and policies of the corporation.

26 (2) The first such report shall be issued within 24 months of the
27 effective date of P.L. , c. (C.) (pending before the
28 Legislature as this bill). Each report shall be submitted to the
29 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
30 19.1), to the Legislature.

31 (3) The corporation shall adopt any best practices included in
32 the report within six months of the issuance of any report issued
33 pursuant to subsection b. of this section. Upon the affirmative vote
34 of seven members of the board of directors, the corporation may opt
35 not to adopt individual policies or practices that are in line with the
36 best practices of mass transit agencies throughout the country. If
37 the corporation exercises this option, the corporation shall provide a
38 detailed explanation of why adoption of that policy or practice is
39 not in the best interest of the corporation.

40

41 8. (New section) a. The corporation, at the request of the
42 chairperson of any standing legislative committee, as approved by
43 the Speaker of the General Assembly or the President of the Senate,
44 as appropriate, shall be required to appear before that committee to
45 present testimony and provide documents on any topic or subject
46 requested by the committee and to respond to any questions by
47 members of the committee.

1 b. Unless otherwise agreed to by the chairperson of the
2 committee, the corporation shall, at a minimum, be represented by
3 the chairperson of the board of directors, the executive director, and
4 the chief financial officer, and any staff deemed necessary by the
5 chairperson of the board, executive director, or chief financial
6 officer to present testimony, provide documents, or respond to
7 questions at any appearance required pursuant to this section. The
8 chairperson of the legislative committee may require the appearance
9 of any officer or employee of the corporation.

10
11 9. (New section) a. The corporation shall employ a chief ethics
12 officer who shall be provided staff, equipment, and resources, as the
13 board deems appropriate, in order to investigate allegations and
14 suspicions of unethical conduct or criminal activity within the
15 corporation and to determine whether the corporation is in
16 compliance with applicable State law. The chief ethics officer shall
17 operate independently of the executive director and shall report
18 directly to the board of directors. The executive director shall not
19 have any role in hiring, firing, disciplining, or directing the chief
20 ethics officer.

21 b. The chief ethics officer shall:

22 (1) be responsible for receiving and conducting preliminary
23 investigations of all complaints regarding fraud, waste, abuse, and
24 corruption by board members, officers, and employees of the
25 corporation or third-parties doing business with the corporation;

26 (2) be responsible for conducting preliminary investigations, sua
27 sponte, regarding all suspected fraud, waste, abuse, and corruption
28 by board members, officers, and employees of the corporation or
29 third-parties doing business with the corporation;

30 (3) provide reports to the board of directors containing the
31 results and findings of each preliminary investigation conducted
32 pursuant to paragraphs (1) and (2) of this subsection;

33 (4) where appropriate, as determined by a policy to be adopted
34 by the board of directors, forward the results and findings of a
35 preliminary investigation conducted pursuant to paragraphs (1) and
36 (2) of this subsection to the State Ethics Commission, Office of the
37 Attorney General, county prosecutor's office, or any other
38 appropriate agency for further investigation or action; and

39 (5) establish a whistleblower access and assistance program
40 which shall include, but not be limited to: establishing toll-free
41 telephone and facsimile lines available to employees; offering
42 advice regarding employee rights under applicable state and federal
43 laws and advice and options available to all persons; and offering
44 an opportunity for employees to identify concerns regarding any
45 issue at the corporation.

1 10. Section 20 of P.L.1979, c.150 (C.27:25-20) is amended to
2 read as follows:

3 20. a. The corporation shall, by September 15 of each year, file
4 with the Commissioner of Transportation a report in such format
5 and detail as the Commissioner may require setting forth the actual,
6 operational, capital and financial results of the previous fiscal year,
7 the operational, capital and financial plan for the current fiscal year
8 and a proposed operational, capital and financial plan for the next
9 ensuing fiscal year.

10 b. On or before October 31 of each year, the corporation shall
11 make an annual report of its activities for the preceding fiscal year
12 to the Governor **【**and to the presiding officers and the
13 Transportation Committees of both Houses of the Legislature **】**, the
14 President of the Senate, the Speaker of the General Assembly, and
15 the Assembly Transportation and Independent Authorities
16 Committee and the Senate Transportation Committee, or their
17 successor committees. Each such report shall set forth a complete
18 operating and financial statement covering its operations and capital
19 projects during the year. The report shall also include an account of
20 the on-time performance of rail passenger service, including light
21 rail service, operated by, or under contract to, the corporation,
22 including data for each such passenger line. The report shall
23 provide a detailed discussion of the methodology used by the
24 corporation in measuring on-time performance. The report shall
25 include certain personnel information of employees of the
26 corporation, including the average salary, number of employees in
27 management positions, and number of employees that are not in
28 management positions in key demographic groups, which shall
29 include, at minimum, race, ethnicity, and gender.

30 c. All records of minutes, accounts, bills, vouchers, contracts
31 or other papers connected with or used or filed with the corporation
32 or with any officer or employee acting **【**for or in **】** on its behalf are
33 hereby declared to be **【**public **】** government records and shall be
34 open to public inspection in accordance with P.L.1963, c.73
35 (C.47:1A-1 et seq.) and regulations prescribed by the corporation.

36 d. The corporation shall cause an audit of its books and
37 accounts to be made at least once each year by certified public
38 accountants and the cost thereof may be treated as a cost of
39 operation. The audit shall be filed within 4 months after the close
40 of the fiscal year of the corporation and a certified duplicate copy
41 thereof shall be filed with the Division of Budget and Accounting in
42 the Department of the Treasury.

43 e. Notwithstanding the provisions of any law to the contrary,
44 the State Auditor or **【**his **】** a legally authorized representative may
45 examine the accounts and books of the corporation.

46 f. On or before May 1 of each year, the board shall approve
47 and the corporation shall transmit to the Commissioner of

1 Transportation and to the President of the Senate, the Speaker of the
2 General Assembly, and the Assembly Transportation and
3 Independent Authorities Committee and the Senate Transportation
4 Committee, or their successor committees, an annual proposed
5 budget recommendation. The budget document shall be a two-year
6 budget which covers the most recent completed fiscal year,
7 estimated results for the fiscal year in progress, a recommendation
8 for the fiscal year to commence, and estimated needs and
9 projections for the following fiscal year. At a minimum, the budget
10 shall provide detailed information in the following areas:

11 (1) An executive summary outlining the highlights of the budget
12 document;

13 (2) A profile describing the history of the corporation and the
14 services it provides;

15 (3) An analysis of regional and agency transportation trends,
16 including a detailed ridership analysis;

17 (4) A synopsis of the current corporation business plan;

18 (5) A list of key performance indicators;

19 (6) A statement of current budget year assumptions regarding
20 funding and ridership;

21 (7) A summary of the internal corporation budgeting process
22 and its interaction with the Statewide budgeting process;

23 (8) A description of the current corporation organizational
24 structure;

25 (9) Detailed operating revenue and expense projections for each
26 division within the corporation, with 10 year revenue and expense
27 trends and five year revenue and expense projections;

28 (10) A detailed headcount analysis by department or unit, which
29 includes actual employee count, funded headcount, actual salary
30 and fringe expenses, and recent employment trends; and

31 (11) A summary of the capital program and analysis of current
32 capital projects for which capital funds have already been
33 appropriated, but where the project is not yet complete, which
34 includes the years of appropriation, amounts expended, future
35 appropriations required to complete the project, and a brief analysis
36 of project progress.

37 (cf: P.L.2007, c.263, s.1)

38

39 11. R.S.52:14-7 is amended to read as follows:

40 52:14-7. a. Every person holding an office, employment, or
41 position

42 (1) in the Executive, Legislative, or Judicial Branch of this
43 State, or

44 (2) with an authority, board, body, agency, commission, or
45 instrumentality of the State including any State college, university,
46 or other higher educational institution, and, to the extent consistent
47 with law, any interstate agency to which New Jersey is a party, or

1 (3) with a county, municipality, or other political subdivision of
2 the State or an authority, board, body, agency, district, commission,
3 or instrumentality of the county, municipality, or subdivision, or

4 (4) with a school district or an authority, board, body, agency,
5 commission, or instrumentality of the district, shall have his or her
6 principal residence in this State and shall execute such office,
7 employment, or position.

8 This residency requirement shall not apply to any person (a) who
9 is employed on a temporary or per-semester basis as a visiting
10 professor, teacher, lecturer, or researcher by any State college,
11 university, or other higher educational institution, or county or
12 community college, or in a full or part-time position as a member of
13 the faculty, the research staff, or the administrative staff by any
14 State college, university, or other higher educational institution, or
15 county or community college, that the college, university, or
16 institution has included in the report required to be filed pursuant to
17 this subsection, or (b) who is employed full-time by the State who
18 serves in an office, employment, or position that requires the person
19 to spend the majority of his or her working hours in a location
20 outside of this State.

21 For the time period between the effective date of P.L. _____,
22 c. (C. _____) (pending before the Legislature as this bill) and five
23 years following the effective date of P.L. _____, c. (C. _____) (pending
24 before the Legislature as this bill), this residency requirement shall
25 not apply to any person who is hired by the New Jersey Transit
26 Corporation as an engineer or mechanic, provided that the
27 corporation is able to demonstrate that it is unable to hire a suitable
28 applicant who resides in this State. A person who is hired during
29 this five-year period shall not be subject to the residency
30 requirement of this subsection while the person continues to hold
31 office, employment, or position without a break in public service of
32 greater than seven days.

33 For the purposes of this subsection, a person may have at most
34 one principal residence, and the state of a person's principal
35 residence means the state (1) where the person spends the majority
36 of his or her nonworking time, and (2) which is most clearly the
37 center of his or her domestic life, and (3) which is designated as his
38 or her legal address and legal residence for voting. The fact that a
39 person is domiciled in this State shall not by itself satisfy the
40 requirement of principal residency hereunder.

41 A person, regardless of the office, employment, or position, who
42 holds an office, employment, or position in this State on the
43 effective date of P.L.2011, c.70 but does not have his or her
44 principal residence in this State on that effective date shall not be
45 subject to the residency requirement of this subsection while the
46 person continues to hold office, employment, or position without a
47 break in public service of greater than seven days.

1 Any person may request an exemption from the provisions of
2 this subsection on the basis of critical need or hardship from a five-
3 member committee hereby established to consider applications for
4 such exemptions. The committee shall be composed of three
5 persons appointed by the Governor, a person appointed by the
6 Speaker of the General Assembly, and a person appointed by the
7 President of the Senate, each of whom shall serve at the pleasure of
8 the person making the appointment and shall have a term not to
9 exceed five years. A vacancy on the committee shall be filled in the
10 same manner as the original appointment was made. The Governor
11 shall make provision to provide such clerical, secretarial and
12 administrative support to the committee as may be necessary for it
13 to conduct its responsibilities pursuant to this subsection.

14 The decision on whether to approve an application from any
15 person shall be made by a majority vote of the members of the
16 committee, and those voting in the affirmative shall so sign the
17 approved application. If the committee fails to act on an application
18 within 30 days after the receipt thereof, no exemption shall be
19 granted and the residency requirement of this subsection shall be
20 operative. The head of a principal department of the Executive
21 Branch of the State government, a Justice of the Supreme Court,
22 judge of the Superior Court and judge of any inferior court
23 established under the laws of this State shall not be eligible to
24 request from the committee an exemption from the provisions of
25 this subsection.

26 The exemption provided in this subsection for certain persons
27 employed by a State college, university, or other higher educational
28 institution, or a county or community college, other than those
29 employed on a temporary or per-semester basis as a visiting
30 professor, teacher, lecturer, or researcher, shall apply only to those
31 persons holding positions that the college, university, or institution
32 has included in a report of those full or part-time positions as a
33 member of the faculty, the research staff, or the administrative staff
34 requiring special expertise or extraordinary qualifications in an
35 academic, scientific, technical, professional, or medical field or in
36 administration, that, if not exempt from the residency requirement,
37 would seriously impede the ability of the college, university, or
38 institution to compete successfully with similar colleges,
39 universities, or institutions in other states. The report shall be
40 compiled annually and shall also contain the reasons why the
41 positions were selected for inclusion in the report. The report shall
42 be compiled and filed within 60 days following the effective date of
43 P.L.2011, c.70. The report shall be reviewed, revised as necessary,
44 and filed by January 1 of each year thereafter. Each report shall be
45 filed with the Governor and, pursuant to section 2 of P.L.1991,
46 c.164 (C.52:14-19.1), with the Legislature, and a report may be
47 revised at any time by filing an amendment to the report with the
48 Governor and Legislature.

1 As used in this section, "school district" means any local or
2 regional school district established pursuant to chapter 8 or chapter
3 13 of Title 18A of the New Jersey Statutes and any jointure
4 commission, county vocational school, county special services
5 district, educational services commission, educational research and
6 demonstration center, environmental education center, and
7 educational information and resource center.

8 b. If any person holding any office, employment, or other
9 position in this State shall attempt to let, farm out or transfer such
10 office, employment, or position or any part thereof to any person,
11 he shall forfeit the sum of fifteen hundred dollars (\$1,500.00), to be
12 recovered with costs by any person who shall sue for the same, one-
13 half to the prosecutor and the other half to the treasurer for the use
14 of the State.

15 c. No person shall be appointed to or hold any position in this
16 State who has not the requisite qualifications for personally
17 performing the duties of such position in cases where scientific
18 engineering skill is necessary to the performance of the duties
19 thereof.

20 d. Any person holding or attempting to hold an office,
21 employment, or position in violation of this section shall be
22 considered as illegally holding or attempting to hold the same;
23 provided that a person holding an office, employment, or position in
24 this State shall have one year from the time of taking the office,
25 employment, or position to satisfy the requirement of principal
26 residency, and if thereafter such person fails to satisfy the
27 requirement of principal residency as defined herein with respect to
28 any 365-day period, that person shall be deemed unqualified for
29 holding the office, employment, or position. The Superior Court
30 shall, in a civil action in lieu of prerogative writ, give judgment of
31 ouster against such person, upon the complaint of any officer or
32 citizen of the State, provided that any such complaint shall be
33 brought within one year of the alleged 365-day period of failure to
34 have his or her principal residence in this State.

35 (cf: P.L.2011, c.70, s.2)

36
37 12. R.S.52:24-4 is amended to read as follows:

38 52:24-4. It shall be the duty of the State Auditor to conduct
39 post-audits of all transactions and accounts kept by or for all
40 departments, offices and agencies of the State Government, to
41 report to the Legislature or to any committee thereof and to the
42 Governor, and to the Executive Director of the Office of Legislative
43 Services, as provided by this chapter and as shall be required by
44 law, and to perform such other similar or related duties as shall,
45 from time to time, be required **【of him】** by law.

46 The State Auditor shall personally or by any **【of his】** duly
47 authorized assistants, or by contract with independent public
48 accountant firms, examine and post-audit all the accounts, reports

1 and statements and make independent verifications of all assets,
2 liabilities, revenues and expenditures of the State, its departments,
3 institutions, boards, commissions, officers, and any and all other
4 State agencies, now in existence or hereafter created, hereinafter in
5 this chapter called "accounting agencies."

6 The State Auditor shall conduct, at the direction of the
7 Legislative Services Commission or of the presiding officer of
8 either house of the Legislature or on the State Auditor's own
9 initiative, a performance review audit of any program of any
10 accounting agency, any independent authority, or any public entity
11 or grantee that receives State funds, in a manner that is consistent
12 with the Government Auditing Standards for performance audits
13 utilized by the United States Government Accountability Office or
14 its successor.

15 When the State Auditor conducts any audit or performance
16 review audit, the accounting agency, or authority, entity or grantee,
17 shall respond in writing to each item in the State Auditor's report
18 and the State Auditor, at an appropriate time determined by **【him】**
19 the State Auditor, shall conduct a post-audit review of the
20 accounting agency's, or authority's, entity's, or grantee's,
21 compliance with the State Auditor's recommendations.

22 The officers and employees of each accounting agency, or
23 authority, entity, or grantee, shall assist the State Auditor, when and
24 as required by **【him】** the State Auditor, and provide the State
25 Auditor with prompt access to all records necessary for the State
26 Auditor to perform **【his】** the duties of the State Auditor,
27 notwithstanding any statutory or regulatory requirements of
28 confidentiality with regard to the records, for the purpose of
29 carrying out the provisions of this chapter. The State Auditor shall
30 report the failure of any accounting agency, or authority, entity, or
31 grantee, to provide prompt access to any relevant record to the
32 presiding officer of each house of the Legislature. The State
33 Auditor shall not disclose a confidential record provided by an
34 accounting agency, or authority, entity, or grantee, except as may be
35 necessary for the State Auditor to fulfill **【his】** any constitutional or
36 statutory responsibilities. Working papers prepared by the State
37 Auditor shall be confidential and shall not be considered
38 government records under P.L.1963, c.73 (C.47:1A-1 et seq.).

39 The State Auditor shall conduct audits of the New Jersey Transit
40 Corporation in accordance with the requirements of subsection a. of
41 section 7 of P.L. , c. (C.) (pending before the Legislature
42 as this bill).

43 Notwithstanding any law to the contrary, post-audits and
44 performance review audits shall be conducted within the limits of
45 the resources and personnel available to the State Auditor. If
46 resources and personnel are insufficient to conduct all such required
47 post-audits and performance review audits, the State Auditor may

1 prioritize certain audits and forgo others upon notice to the
2 Governor and the presiding officer of each house of the Legislature.
3 (cf: P.L.2006, c.82, s.1)

4
5 13. (New section) a. All members of the New Jersey Transit
6 Corporation board of directors appointed pursuant to section 4 of
7 P.L.1979, c.150 (C.27:25-4) shall be appointed within 30 days of
8 the effective date of P.L. , c. (C.) (pending before the
9 Legislature as this bill), provided that any member serving on the
10 board as of the effective date of P.L. , c. (C.) (pending
11 before the Legislature as this bill) whose term has not yet expired
12 may continue to serve until the expiration of that member's term.

13 b. Any vacancy in the membership of the board on the effective
14 date of P.L. , c. (C.) (pending before the Legislature as this
15 bill) shall be filled in accordance with the following priority:

16 (1) members appointed upon the recommendation of the Senate
17 President and the Speaker of the General Assembly;

18 (2) the member appointed upon the recommendation of the
19 North Jersey Transportation Planning Authority;

20 (3) the member appointed upon the recommendation of the
21 Delaware Valley Regional Planning Commission;

22 (4) the member appointed upon the recommendation of the Tri-
23 State Transportation Campaign;

24 (5) the member appointed by the Governor who is required to
25 have experience as a regular corporation motorbus regular route
26 service rider or as a regular corporation rail passenger service or
27 light rail service rider; and

28 (6) the members appointed by the Governor who are required to
29 have a professional background in passenger rail service, freight rail
30 management, transportation capital planning, transportation and
31 public transportation capital construction, federal transportation
32 policy, State transportation policy, human resources management,
33 or transportation capital finance.

34 c. The members appointed upon the recommendation of the
35 Tri-State Transportation Campaign, the Delaware Valley Regional
36 Planning Commission, and the North Jersey Transportation
37 Planning Authority shall serve initial terms of three years.

38 d. The members appointed upon the recommendation of the
39 Senate President and the Speaker of the General Assembly shall
40 serve initial terms of two years.

41 e. The member appointed by the Governor who is required to
42 have experience as a regular corporation motorbus regular route
43 service rider or as a regular corporation rail passenger service or
44 light rail service rider and the members appointed by the Governor
45 who are required to have a professional background in passenger
46 rail service, freight rail management, transportation capital
47 planning, transportation and public transportation capital
48 construction, federal transportation policy, State transportation

1 policy, human resources management, or transportation capital
2 finance shall serve initial terms of one year.

3

4 14. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This bill provides governance, oversight, and accountability
10 reforms at the New Jersey Transit Corporation (NJ Transit).

11 The bill establishes four new positions on the board, and
12 restructures the existing board so that all public members are
13 required to either have experience as regular public transportation
14 riders or have expertise in human resources or certain transportation
15 topics. The board goes from four public members chosen by the
16 Governor to eight public members chosen by the governor, with
17 five of those members being chosen upon the recommendation of
18 the North Jersey Transportation Planning Authority, the Delaware
19 Valley Regional Planning Commission, the Tri-State Transportation
20 Campaign, the Senate President, and the Speaker of the General
21 Assembly respectively. The bill prohibits a board member from
22 serving for more than 90 days beyond the expiration of that board
23 member's term unless reappointed to the board. The bill also
24 prohibits anyone from serving on the board if that person has made
25 a political contribution in an amount or manner that would create
26 the appearance of impropriety and requires board members to
27 annually disclose political contributions to the board and the chief
28 ethics officer. The bill requires that the board hold a minimum of
29 10 public board meetings per year.

30 The bill imposes new statutory duties on the board of directors,
31 including: executing direct oversight of NJ Transit's management
32 team in the effective and ethical management of NJ Transit;
33 monitoring the implementation of fundamental financial and
34 management controls and operational decisions of NJ Transit;
35 establishing certain personnel policies; approving quarterly
36 schedule changes; adopting guidelines for when it is appropriate for
37 the chief ethics officer to forward the results of preliminary
38 investigations to the appropriate authorities; and adopting a code of
39 ethics. The bill provides that the board members are to perform
40 their duties in good faith and with the appropriate degree of
41 diligence, care, and skill and to apply independent judgment in the
42 best interest of NJ Transit, its mission, and the public. The bill
43 requires board members to take and subscribe an oath of office and
44 to execute an acknowledgement that recognizes the duties and
45 obligations of the board member. The bill establishes an employee
46 relations committee and includes expands the audit committee to
47 include finance.

1 The bill establishes the North Jersey Passenger Advisory
2 Committee and the South Jersey Passenger Advisory Committee,
3 within NJ Transit, for the purpose of providing advice, input, and
4 guidance to the corporation's board of directors. The committees
5 are modeled, in part, on existing advisory committees within NJ
6 Transit.

7 The bill requires the State Auditor to perform audits of NJ
8 Transit every six years, which are to focus on specific areas to be
9 determined by the State Auditor. The bill also requires NJ Transit
10 to hire an independent firm to conduct a study at least once every
11 five years on the financial management practices and budget
12 reporting practices of mass transit agencies throughout the country
13 and to prepare and issue a report on its findings. Following the
14 issuance of the report, NJ Transit is required to adopt financial
15 management and budget reporting policies and practices that are in
16 line with the best practices of mass transit agencies throughout the
17 country. Upon the affirmative vote of seven members of the board
18 of directors, NJ Transit may opt not to adopt individual policies or
19 practices that are in line with the best practices of mass transit
20 agencies throughout the country.

21 The bill requires that NJ Transit hold at least two public hearings
22 in the counties affected, within one-half mile of the route and, to the
23 extent practicable, near each terminus of the route before
24 implementing any substantial curtailment or abandonment of
25 service, and at least 10 public hearings in separate counties at
26 locations within a quarter mile of both a rail line and bus route
27 before implementing any fare changes. Each public hearing is
28 required to consist of an afternoon and evening session, where each
29 session lasts at least two hours and the sessions are in the same
30 place and on the same day. At least half of the public hearings are
31 required to be held on a State working day. At least two members
32 of NJ Transit's board of directors are required to be in attendance at
33 each public hearing. In addition to the public hearing requirements,
34 NJ Transit is required to provide a postal mailing address and
35 electronic mailing address where members of the public may
36 provide written comments regarding the proposed fare increase or
37 substantial curtailment or abandonment of service. NJ Transit is
38 required to prepare and publish a written response concerning any
39 issue or concern raised by a member of the public at any public
40 hearing or in any written comment. NJ Transit is required to
41 provide notice of its intent to discontinue, substantially curtail, or
42 abandon service to each county and municipality whose residents
43 will be affected. "Substantial curtailment" and "substantially
44 curtail" is defined to include, but not be limited to: the elimination
45 of a motorbus regular route, scheduled trip, or scheduled stop along
46 a motorbus regular route or of a rail passenger service line,
47 scheduled trip, or scheduled stop along a rail passenger service line;
48 a reduction of 30 minutes or more in the beginning or end of service

1 for the corporation's adopted schedule or timetable for a scheduled
2 stop along a motorbus regular route or rail passenger service line;
3 and any change to a motorbus regular route or rail passenger service
4 which may increase barriers to accessibility for a person with
5 disabilities.

6 The bill requires NJ Transit, at the request of the chairperson of
7 any standing legislative committee, as approved by the presiding
8 officer, to appear before that committee to present testimony and
9 provide documents on any topic or subject requested by the
10 committee and to respond to any questions by members of the
11 committee.

12 The bill requires NJ Transit to employ a chief ethics officer to
13 investigate allegations and suspicions of unethical conduct or
14 criminal activity within NJ Transit and to determine whether NJ
15 Transit is in compliance with applicable State law. The chief ethics
16 officer is to operate independently of the executive director and is
17 to report directly to the board of directors.

18 The bill requires NJ Transit to report information to the
19 Governor and the Legislature regarding its employees, including the
20 average salary, number of employees in management positions, and
21 number of employees that are not in management positions in key
22 demographic groups, which are to include, at minimum, race,
23 ethnicity, and gender.

24 The bill requires NJ Transit to utilize multi-year budget
25 documents that cover the most recent completed fiscal year, the
26 estimated results for the fiscal year in progress, a recommendation
27 for the fiscal year to commence, and estimated needs and
28 projections for the following fiscal year and to provide those
29 documents to the Commissioner of Transportation, Senate
30 President, Speaker of the General Assembly, and the chairpersons
31 of the Assembly Transportation and Independent Authorities
32 Committee and the Senate Transportation Committee. The budget
33 documents are required to provide detailed information on several
34 key areas listed in the bill.

35 The bill expands the powers of NJ Transit to partner with other
36 public and private entities in forming corporate entities that provide
37 public transportation services. This expanded power will enable NJ
38 Transit to enter into formal partnerships with other transit agencies
39 for the operations of major transportation hubs.

40 The bill provides that any person newly hired by NJ Transit
41 within five years of the effective date of this bill as an engineer or
42 mechanic is exempt from the residency requirement established in
43 N.J.S.A.52:14-7, if NJ Transit demonstrates that it is unable to hire
44 a suitably qualified in-State candidate.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint] **SENATE, No. 630**

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2018

The Assembly Appropriations Committee reports favorably Senate Bill No. 630, with committee amendments.

As amended, this bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

Board Composition

The bill establishes five new positions on NJ Transit's board of directors (board), and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. In order to be considered to have experience as a regular public transportation rider, a member is required to have been a public transportation rider in three of the five years preceding the member's appointment or reappointment to the board.

The composition of the board is increased by the bill, from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly, respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit involved in rail operations.

Upon enactment of the bill, new members of the board are required to be appointed within 90 days of the bill's effective date.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or illegal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board, including: executing oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving fare changes and substantial curtailments of service; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; adopting a code of ethics; establishing written policies and procedures on personnel; adopting guidelines for the chief ethics officers; adopting a defense and indemnification policy; and reviewing and updating corporate bylaws at least once every five years. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe to an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member.

Committees

The bill establishes requirements for the audit committee, administration committee, operations and customer service committee, and capital planning and privatization committee.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The

members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of service, or expansion of service.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, as close as possible to the highest trafficked stop on the route, before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations as close as possible to both a rail passenger service line and a motorbus regular route before implementing any fare increase. At least half of the public hearings are required to be held on a State working day. At least two members of the board are required to be in attendance at each public hearing. For substantial curtailment or abandonment of rail service and for fare increases, half of the required hearings are to take place between the hours of 9:00 a.m. and 5:00 p.m. and half are to take place between the hours of 6:00 p.m. and 10:00 p.m.

In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish

a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected.

For emergency situations, NJ Transit may take action and then conduct public hearings as soon as practicable and then use input from those hearings to determine appropriate alternative service measures.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill requires the administration committee to receive certain reports quarterly from the head of the Office of Equal Opportunity and Affirmative Action and the director of the Human Resources Office at NJ Transit.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

Contracting and procurement powers

The bill authorizes the NJ Transit chief of procurement to enter into agreements to defend and indemnify persons who enter into contracts with NJ Transit. The bill expressly authorizes NJ Transit to enter into public-private partnerships, to utilize corporate entities to participate with other private or public entities in furtherance of NJ Transit's powers, to invest the moneys of NJ Transit not required for immediate use, and to employ and retain counsel at NJ Transit's discretion. The bill specifically authorizes NJ Transit to enter into contracts concerning ferry service and light rail passenger service and with any public utility for services to support public transportation or transit operations.

The bill provides that NJ Transit may accept non-conforming bids only if the bid or proposal conforms to all material requirements of the solicitation. The bill provides that NJ Transit does not need to advertise purchases, contracts, or agreements in certain circumstances, including: where State or federal law requires a different process; and to acquire or overhaul ferries or other major equipment used to provide public transportation or transit operations. The bill also provides that NJ Transit may participate in cooperative purchasing agreements and federal supply schedules.

Deviation from Attorney General guidelines

The bill provides that NJ Transit may deviated from policies adopted by the Attorney General in circumstances where those policies are inconsistent with federal laws, regulations, directives, advisory opinions, or other guidelines relating to drug and alcohol testing, alcohol misuse, or prohibit drug use applicable to the NJ Transit Police Department.

Customer Advocate

The bill requires NJ Transit to employ a customer advocate who is required to report the customer advocate's activities for the prior year. The report is required to include: a list of any customer surveys performed and a summary of the results of each; a summary of customer experience enhancements; a list of customer facility improvements; and an account of the on-time performance of rail passenger service, including light rail service, operated by, or under contract to, the corporation.

As amended and reported, this bill is identical to Assembly Bill No. 1241, as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amendments provide changes to the board structure, including: providing that the two representatives from labor organizations on the board of directors are to be non-voting members; removing the prohibition against holdover board members; and

changing the quorum requirements so that a majority of the appointed members of the board who are authorized to vote constitutes a quorum and so that action may be taken by the affirmative vote of a majority of the appointed members who are authorized to vote. The amendments also remove requirements concerning certain disclosures by board members.

The committee amendments modify certain express duties of the board members so that oversight is required over fare changes and the elimination or substantial curtailment of service. The amendments also remove reference to a “fiduciary obligation” of board members, expressly state that NJ Transit is not subject to civil service rules, require the board to update the NJ Transit bylaws every five years, and establish various board committees, including the audit committee, administration committee, operations and customer service committee, and capital planning and privatization committee.

The amendments incorporate specific requirements for the North Jersey Passenger Advisory Committee and South Jersey Passenger Advisory Committee, which were included in the original iteration of the bill, except the committees are increased to 15 members each.

The amendments make changes to the powers of NJ Transit concerning procurement and contracting, increase indemnification powers, allow NJ Transit to retain counsel and elaborate on the scope of existing powers to enter into public private partnerships.

The amendments make changes to the public hearing requirements when NJ Transit increases fares or abandons or substantially curtails service. Under the amendments, two public hearings are required prior to substantial curtailment of rail service, one public hearing is required for substantial curtailment of bus service, and 10 public hearings are required prior to a fare increase. The definition of substantial curtailment is changed by the amendments. The amendments also allow NJ Transit to take action necessary to address emergency or exigent circumstances, provided the corporation holds a public hearing after the fact.

The amendments remove the requirement that any NJ Transit employee may be called before a legislative committee under the oversight provision in the bill. The amendments make changes to the duties of the chief ethics officer but still require the chief ethics officer to investigate unethical or illegal activity and to establish a whistleblower access and assistance program.

The amendments require NJ Transit to provide more detailed budget information to the Legislature, which includes multi-year budget documents. The amendments also require the establishment of a customer advocate and make changes to the manner in which the new board members are to be appointed as well as changes to the duration of the new board members’ initial terms.

FISCAL IMPACT:

The bill provides for a series of reforms at NJ Transit that will require additional staff salaries, fringe, and materials; outside contract work; and additional reporting and transparency.

New costs with discrete estimates include a new chief ethics officer which will likely cost between \$200,000 and \$230,000 per year, and a performance audit every five years which could cost around \$1.3 million per audit. In addition there are numerous other requirements under the bill with indeterminate costs due to additional duties imposed on NJ Transit leadership, reporting requirements, transparency measures, public hearings, new committees, and financial and management controls. These other requirements will have additional indeterminate direct costs, largely in the form of additional staff.

The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that NJ Transit become more transparent and provide more justification for its activities. These reforms are intended to result in indirect savings by eliminating waste and other mistakes throughout NJ Transit. To the extent that these reform efforts are successful, it is possible that the indirect efficiencies from reform will more than offset the direct costs imposed by the bill.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

SENATE, No. 630

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 12, 2018

The Senate Transportation Committee reports favorably and with committee amendments Senate Bill No. 630.

As amended and reported, this bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

Board Composition

The bill establishes five new positions on NJ Transit's board of directors, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. The board goes from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit involved in rail operations. The bill provides that the two labor organization members are voting members of the board.

Report of Political Contributions and Gifts

The bill requires board members to annually disclose certain political contributions made within the two preceding years and gifts received over \$250 to the board and the chief ethics officer.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or criminal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, including any revised agenda, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member.

Committees

The bill establishes an employee relations committee made up of board members and expands the audit committee, which is made up of board members, to include finance.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to

have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of services, or expansion of services.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board of directors, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, within one-half mile of the route and, to the extent practicable, near each terminus of the route before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations within a quarter mile of both a rail line and bus route before implementing any fare increase. Each public hearing is required to consist of an afternoon and evening session, where each session lasts at least two hours and the sessions are in the same place and on the same day. At least half of the public hearings are required to be held on a State working day. At least two members of NJ Transit's board of directors are required to be in attendance at each public hearing. In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or

abandon service to each county and municipality whose residents will be affected. “Substantial curtailment” and “substantially curtail” is defined to include, but not be limited to: the elimination of a motorbus regular route, scheduled trip, or scheduled stop along a motorbus regular route or of a rail passenger service line, scheduled trip, or scheduled stop along a rail passenger service line; a reduction of 30 minutes or more in the beginning or end of service for the corporation’s adopted schedule or timetable for a scheduled stop along a motorbus regular route or rail passenger service line; and any change to a motorbus regular route or rail passenger service which may increase barriers to accessibility for a person with disabilities.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill also requires the board to approve and NJ Transit to transmit a report containing certain information regarding NJ Transit’s real property interests to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a

position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

The committee amended the bill to change the requirements of the public members of the board and to change the entities and individuals who are required to recommend certain public members. The amendments add a labor organization member to the board and provide that both labor organization members are voting members. The bill changes the number of members required to have a quorum and to take action or adopt motions and resolutions. The amendments provide that in order to be considered to have experience as a regular public transportation rider, a member is required to have been a public transportation rider in three of the five years preceding the member's appointment or reappointment to the board, instead of three of the seven years preceding the member's appointment or reappointment.

The committee amendments require certain board notices, agendas, meeting minutes, and meetings be made available on NJ Transit's website and require half of the board's meetings be held in the evening after 6:00 p.m. The committee amendments require that any board agenda, including revised agendas, be provided to the public at least five calendar days prior to the meeting.

The committee amendments require the employee relations committee to receive certain reports from the director of the Office of Equal Opportunity and Affirmative Action and the director of the Human Resources Office quarterly instead of monthly.

The committee amendments remove provisions of the bill creating North Jersey Passenger Advisory Committee and South Jersey Passenger Advisory Committee. The amendments require the board to appoint members of NJ Transit's advisory committees and provide certain membership requirements for the advisory committees. The amendments require the advisory committees to conduct at least two public hearings per year and issue an annual report to the board. The amendments also require the board to review recommendations and solicit written input from the advisory committees prior to adopting any proposed fare increase, curtailment of service, or expansion of service.

The committee amendments require NJ Transit's annual report to include certain accident and safety violation information and require NJ Transit to annually approve and transmit a report containing certain information on NJ Transit's real property interests. The bill requires NJ Transit to approve an annual proposed budget recommendation by April 1 of each year, rather than by May 1 of each year.

The amendments provide that the residency requirement does not apply to any person hired by NJ Transit as an engineer, mechanic, or any other position certified by the board as a position of critical need.

The amendments require all new members of the board be appointed within 90 days of the bill's effective date, rather than within 30 days of the bill's effective date.

The amendments remove: (1) provisions of the bill disqualifying a person from serving of the board if the person made certain political contributions; and (2) certain provisions of the bill expanding the powers of NJ Transit to partner with other public and private entities in forming corporate entities that provide public transportation services.

The amendments make other technical corrections to the bill.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 630

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 4, 2018

The Senate Budget and Appropriations Committee reports favorably, Senate Bill No. 630 (1R), with committee amendments.

As amended, this bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

Board Composition

The bill establishes five new positions on NJ Transit's board of directors, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. In order to be considered to have experience as a regular public transportation rider, a member is required to have been a public transportation rider in three of the five years preceding the member's appointment or reappointment to the board.

The composition of the board is increased by the bill, from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit

involved in rail operations. The bill provides that the two labor organization members are voting members of the board. Seven board members are necessary for a quorum and to take action or adopt motions and resolutions.

Upon enactment of the bill, new members of the board are required to be appointed within 90 days of the bill's effective date.

Report of Political Contributions and Gifts

The bill requires board members to annually disclose certain political contributions made within the two preceding years and gifts received over \$250 to the board and the chief ethics officer.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or criminal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, including any revised agenda, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to

execute an acknowledgement that recognizes the duties and obligations of the board member.

The bill requires that the New Jersey Transit Corporation board of directors issue and publish on the corporation's website a statement, prior to the approval of any contract listed as an item on the board's agenda, that provides an analysis of the costs of shifting any service from one currently performed by regular corporation employees to private contractors, and make various certifications that the contract is in compliance with existing law, meets a minimum quality of service standard, is in the public interest, and that the contractor does not have an adjudicated record of noncompliance with federal or state regulatory statutes concerning labor relations, occupational safety and health, non-discrimination and affirmative action, environmental protection, and conflicts of interests.

Committees

The bill establishes an employee relations committee made up of board members and expands the audit committee, which is made up of board members, to include finance.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of services, or expansion of services.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of

seven members of the board of directors, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, within one-half mile of the route and, to the extent practicable, near each terminus of the route before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations within a quarter mile of both a rail line and bus route before implementing any fare increase. Each public hearing is required to consist of an afternoon and evening session, where each session lasts at least two hours and the sessions are in the same place and on the same day. At least half of the public hearings are required to be held on a State working day. At least two members of NJ Transit's board of directors are required to be in attendance at each public hearing. In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected. "Substantial curtailment" and "substantially curtail" is defined to include, but not be limited to: the elimination of a motorbus regular route, scheduled trip, or scheduled stop along a motorbus regular route or of a rail passenger service line, scheduled trip, or scheduled stop along a rail passenger service line; a reduction of 30 minutes or more in the beginning or end of service for the corporation's adopted schedule or timetable for a scheduled stop along a motorbus regular route or rail passenger service line; and any change to a motorbus regular route or rail passenger service which may increase barriers to accessibility for a person with disabilities.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average

salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill also requires the board to approve and NJ Transit to transmit a report containing certain information regarding NJ Transit's real property interests to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee.

Furthermore, the bill requires the employee relations committee to receive certain reports quarterly from the director of the Office of Equal Opportunity and Affirmative Action and the director of the Human Resources Office.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

COMMITTEE AMENDMENTS:

The amendments add a requirement that the New Jersey Transit Corporation board of directors issue and publish on the corporation's website a statement, prior to the approval of any contract listed as an item on the board's agenda, that provides an analysis of the costs of shifting any service from one currently performed by regular corporation employees to private contractors, and make various certifications that the contract is in compliance with existing law, meets a minimum quality of service standard, is in the public interest, and that the contractor does not have an adjudicated record of noncompliance with federal or state regulatory statutes concerning labor relations, occupational safety and health, non-discrimination and affirmative action, environmental protection, and conflicts of interests, and that the contract conforms to the provisions of any applicable collective bargaining agreement.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill is expected to result in an indeterminate increase in the operating costs of the New Jersey Transit Corporation (“NJ Transit”). The magnitude of increased costs is indeterminate because it is not clear how the leadership of NJ Transit will implement many of the changes required under the bill. Many of the changes include reporting requirements and establishing responsibilities of various leadership positions at NJ Transit. It is not possible to know how productive existing staff will be in meeting these requirements or the degree to which leadership already meets some of these requirements, and as a result it is not clear to what degree new staff might be necessary in order to meet these requirements.

The board of directors will be increased by five members, who are not compensated but are reimbursed for actual and necessary expenses in the performance of their duties. Given the substantial increase in these members’ responsibilities pursuant to the bill, it is likely that these members will face a significant increase in the actual and necessary costs in the performance of their duties. The board may determine that it requires some level of staff assistance in order to perform these duties. There is no way to know at this point how significant the burden of these requirements will be in the form of additional staff and equipment.

The bill establishes a new chief ethics officer position, which will likely be compensated at a level comparable to the existing auditor general, whose current salary is approximately \$160,000 per year. The annual cost of fringe, office supplies, and reimbursable work could add another \$40,000 to \$70,000 to that amount, for an annual cost of \$200,000 to \$230,000 per year plus an indeterminate amount for additional staff, if the corporation cannot reallocate existing staff to support the chief ethics officer.

The bill requires NJ Transit to hire an outside firm to perform a performance audit of the corporation every five years. It is not clear how much the performance audit will cost; however, the State recently secured the services of NorthHighlands to conduct a performance audit of NJ Transit pursuant to Governor Murphy’s Executive Order No. 5. That audit is currently expected to cost \$1.3 million. Depending on the similarity of that audit to the one secured under the bill, the cost every five years could be similar.

NJ Transit is also required to have additional public hearings when considering fare increases and the substantial curtailment or abandonment of service, and to hold those hearings at additional locations with broader hours, and to publish all of the responses to public comments whether provided in person at public hearings or submitted via other means. There will likely be a cost to NJ Transit for additional public notification, additional staff at hearings, and additional work to document all public responses. These costs are not

clear at this point, but will likely include personnel costs, as well as overhead costs for printing, postage, public notices, IT services, transportation for staff and board members, and possibly costs related to renting spaces for the hearings.

The bill also requires a new annual report providing an inventory of NJ Transit real property interests with appraised values. Additionally, a number of new requirements are added to the information that NJ Transit must provide in its annual report and annual budget. This is likely to entail an indeterminate amount of additional staff time. In addition to the increase in report drafting, NJ Transit may not have current appraisals of all of its property. Depending upon the method of appraisal, which is not prescribed in the bill, there may be an additional initial cost to secure an appraisal service to evaluate existing NJ Transit property.

Many of these costs will be recurring costs that will increase the base cost of NJ Transit operations. The cost of the performance audit will likely be realized in year two, and then every five years thereafter. The cost of equipment for new staff is likely to be realized initially, but infrequently thereafter. The cost of real estate appraisal service may or may not be realized depending upon the appraisal method but would be realized initially, but infrequently thereafter.

The intention of this bill is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that the corporation become more transparent and provide more justification for its activities. These reforms are intended to result in NJ Transit operating more efficiently and generating indirect savings by eliminating waste and other mistakes throughout the corporation. To the extent that these reform efforts are successful, it is possible that these indirect efficiencies from reform will more than offset the direct costs imposed by the bill. These savings can range from avoiding fines for noncompliance with federal regulation, to lower contract costs through more effective contract design, reduced staffing due to more efficient organization of business operations, and increased worker productivity.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 630

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: MAY 24, 2018

SUMMARY

Synopsis: Provides governance, oversight, and accountability reforms at NJT.

Type of Impact: Increased State cost.

Agencies Affected: New Jersey Transit Corporation (NJ Transit).

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate	

- The bill provides for a series of reforms at NJ Transit that will require additional staff salaries, fringe, and materials; outside contract work; and additional reporting and transparency.
- New costs with discrete estimates include a new chief ethics officer which will likely cost between \$200,000 and \$230,000 per year, and a performance audit every five years which could cost around \$1.3 million per audit. In addition there are numerous other requirements under the bill with indeterminate costs due to additional duties imposed on NJ Transit leadership, reporting requirements, transparency measures, public hearings, new committees, and financial and management controls. These other requirements will have additional indeterminate direct costs, largely in the form of additional staff.
- The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that the corporation become more transparent and provide more justification for its activities. These reforms are intended to result in indirect savings by eliminating waste and other mistakes throughout the corporation. To the extent that these reform efforts are successful, it is possible that the indirect efficiencies from reform will more than offset the direct costs imposed by the bill.

BILL DESCRIPTION

This bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

Board Composition

The bill establishes five new positions on NJ Transit's board of directors, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. The board goes from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit involved in rail operations. The bill provides that the two labor organization members are voting members of the board.

Report of Political Contributions and Gifts

The bill requires board members to annually disclose certain political contributions made within the two preceding years and gifts received over \$250 to the board and the chief ethics officer.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or criminal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, including any revised agenda, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and

operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member.

Committees

The bill establishes an employee relations committee made up of board members and expands the audit committee, which is made up of board members, to include finance.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of services, or expansion of services.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board of directors, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, within one-half mile of the route and, to the extent practicable, near each terminus of the route before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations within a quarter mile of both a rail line and bus route before implementing any fare increase. Each public hearing is required to consist of an afternoon and evening session, where each session lasts at least two hours and the sessions are in the same place and on the same day. At least half of the public hearings are required to be held on a State working day. At least two members of NJ Transit's board of directors are required to be in attendance at each public hearing. In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish

a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected. “Substantial curtailment” and “substantially curtail” is defined to include, but not be limited to: the elimination of a motorbus regular route, scheduled trip, or scheduled stop along a motorbus regular route or of a rail passenger service line, scheduled trip, or scheduled stop along a rail passenger service line; a reduction of 30 minutes or more in the beginning or end of service for the corporation’s adopted schedule or timetable for a scheduled stop along a motorbus regular route or rail passenger service line; and any change to a motorbus regular route or rail passenger service which may increase barriers to accessibility for a person with disabilities.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill also requires the board to approve and NJ Transit to transmit a report containing certain information regarding NJ Transit’s real property interests to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill is expected to result in an indeterminate increase in the operating costs of the New Jersey Transit Corporation. The magnitude of increased costs is indeterminate because it is not clear how the leadership of NJ Transit will implement many of the changes required under the bill. Many of the changes include reporting requirements, and establishing responsibilities of various leadership positions at NJ Transit. It is not possible to know how productive existing staff will be in meeting these requirements or the degree to which leadership already meets some of these requirements, and as a result it is not clear to what degree new staff might be necessary in order to meet these requirements.

The board of directors will be increased by five members. These members are not compensated, but are reimbursed for actual and necessary expenses in the performance of their duties. The 13 directors will now have to report various political contributions and gifts annually, participate in additional public hearings for fare changes and the substantial curtailment or abandonment of service at various locations throughout the State, execute greater oversight of NJ Transit's management team, establish additional financial and management controls over NJ Transit operations, directly approve quarterly schedule changes, establish certain personnel policies, adopt a code of ethics, establish a new employee relations committee, and oversee revised advisory committees.

Given the substantial increase in these responsibilities, it is likely that these members will face a significant increase in the actual and necessary costs in the performance of their duties. The board may determine that it requires some level of staff assistance in order to perform these duties. The cost of additional staff salaries, benefits, and equipment will be realized as additional NJ Transit costs. There is no way to know at this point how significant the burden of these requirements will be in the form of additional staff and equipment. The costs will likely be determined by the board over time once it begins performing these duties.

The bill specifically establishes a new chief ethics officer, who directly reports to the board, rather than the executive director. This position would likely be compensated at a level comparable to the existing auditor general who also has administrative responsibilities directly to the board. The current salary of the auditor general is approximately \$160,000 per year. The annual cost of fringe, office supplies, and reimbursable work expenses such as work-related transportation and training could reasonably add another \$40,000 to \$70,000 to that amount for an annual cost of \$200,000 to \$230,000 per year plus an indeterminate amount for additional staff, if the corporation cannot reallocate existing staff to support the chief ethics officer.

The bill requires NJ Transit to hire an outside firm to perform a performance audit of the corporation every five years, with the first to occur within two years of the enactment of the bill. It is not clear how much the performance audit will cost; however, the State recently secured the services of NorthHighlands to conduct a performance audit of NJ Transit pursuant to Governor Murphy's Executive Order No. 5. That audit is currently expected to cost \$1.3 million. Depending on the similarity of that audit to the one secured under the bill, the cost every five years could be similar.

NJ Transit is also required to have additional public hearings when considering fare increases and the substantial curtailment or abandonment of service, and to hold those hearings at additional locations with broader hours, and to publish all of the responses to public comments whether provided in person at public hearings or submitted via other means. There will likely be a cost to NJ Transit for additional public notification, additional staff at hearings, and additional work to document all public responses. These costs are not clear at this point, but will likely include personnel costs, as well as overhead costs for printing, postage, public notices, IT

services, transportation for staff and board members, and possibly costs related to renting spaces for the hearings.

The bill also requires a new annual report providing an inventory of NJ Transit real property interests with appraised values. Additionally, a number of new requirements are added to the information that NJ Transit must provide in its annual report and annual budget. Many of the items required in these reports and the annual property inventory are pieces of information related to NJ Transit's business operations, so there should not be a significant cost in generating the additional information, but there will still be a notable staff cost in gathering this information internally, processing the raw data into a report, and communicating it as a public document. This is likely to entail an indeterminate amount of additional staff time. In addition to the increase in report drafting, NJ Transit may not have current appraisals of all of its property. Depending upon the method of appraisal, which is not prescribed in the bill, there may be an additional initial cost to secure an appraisal service to evaluate existing NJ Transit property.

Many of these costs will be recurring costs that will increase the base cost of NJ Transit operations. The cost of the performance audit will likely be realized in year two, and then every five years thereafter. The cost of equipment for new staff is likely to be realized initially, but infrequently thereafter. The cost of real estate appraisal service may or may not be realized depending upon the appraisal method but would be realized initially, but infrequently thereafter.

The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that the corporation become more transparent and provide more justification for its activities. These reforms are intended to result in NJ Transit operating more efficiently and generating indirect savings by eliminating waste and other mistakes throughout the corporation. To the extent that these reform efforts are successful, it is possible that these indirect efficiencies from reform will more than offset the direct costs imposed by the bill. These savings can range from avoiding fines for noncompliance with federal regulation, to lower contract costs through more effective contract design, reduced staffing due to more efficient organization of business operations, and increased worker productivity.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Lead Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 630

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 12, 2018

SUMMARY

Synopsis: Provides governance, oversight, and accountability reforms at NJT.

Type of Impact: Increased State cost.

Agencies Affected: New Jersey Transit Corporation (NJ Transit).

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate	

- The bill provides for a series of reforms at New Jersey Transit Corporation (NJ Transit) that will require additional staff salaries, fringe, and materials; outside contract work; and additional reporting and transparency.
- New costs with discrete estimates include a new chief ethics officer which will likely cost between \$200,000 and \$230,000 per year, and a performance audit every five years which could cost around \$1.3 million per audit. In addition there are numerous other requirements under the bill with indeterminate costs due to additional duties imposed on NJ Transit leadership, reporting requirements, transparency measures, public hearings, new committees, and financial and management controls. These other requirements will have additional indeterminate direct costs, largely in the form of additional staff.
- The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that the corporation become more transparent and provide more justification for its activities. These reforms are intended to result in indirect savings by eliminating waste and other mistakes throughout the corporation. To the extent that these reform efforts are successful, it is possible that the indirect efficiencies from reform will more than offset the direct costs imposed by the bill.

BILL DESCRIPTION

This bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation.

Board Composition

The bill establishes five new positions on NJ Transit's board of directors, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. The board goes from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit involved in rail operations. The bill provides that the two labor organization members are voting members of the board.

Report of Political Contributions and Gifts

The bill requires board members to annually disclose certain political contributions made within the two preceding years and gifts received over \$250 to the board and the chief ethics officer.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or criminal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, including any revised agenda, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and

operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member.

The bill requires that the New Jersey Transit Corporation board of directors issue and publish on the corporation's website a statement, prior to the approval of any contract listed as an item on the board's agenda, that provides an analysis of the costs of shifting any service from one currently performed by regular corporation employees to private contractors, and make various certifications that the contract is in compliance with existing law, meets a minimum quality of service standard, is in the public interest, and that the contractor does not have an adjudicated record of noncompliance with federal or state regulatory statutes concerning labor relations, occupational safety and health, non-discrimination and affirmative action, environmental protection, and conflicts of interests.

Committees

The bill establishes an employee relations committee made up of board members and expands the audit committee, which is made up of board members, to include finance.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of services, or expansion of services.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board of directors, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, within one-half mile of the route and, to the extent practicable, near each terminus of the route before implementing any substantial curtailment or abandonment of service, and at least 10

public hearings in separate counties at locations within a quarter mile of both a rail line and bus route before implementing any fare increase. Each public hearing is required to consist of an afternoon and evening session, where each session lasts at least two hours and the sessions are in the same place and on the same day. At least half of the public hearings are required to be held on a State working day. At least two members of NJ Transit's board of directors are required to be in attendance at each public hearing. In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected. "Substantial curtailment" and "substantially curtail" is defined to include, but not be limited to: the elimination of a motorbus regular route, scheduled trip, or scheduled stop along a motorbus regular route or of a rail passenger service line, scheduled trip, or scheduled stop along a rail passenger service line; a reduction of 30 minutes or more in the beginning or end of service for the corporation's adopted schedule or timetable for a scheduled stop along a motorbus regular route or rail passenger service line; and any change to a motorbus regular route or rail passenger service which may increase barriers to accessibility for a person with disabilities.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill also requires the board to approve and NJ Transit to transmit a report containing certain information regarding NJ Transit's real property interests to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill is expected to result in an indeterminate increase in the operating costs of the New Jersey Transit Corporation. The magnitude of increased costs is indeterminate because it is not clear how the leadership of NJ Transit will implement many of the changes required under the bill. Many of the changes include reporting requirements, and establishing responsibilities of various leadership positions at NJ Transit. It is not possible to know the extent to which existing staff would be able to meet these requirements or the degree to which leadership already meets some of these requirements, and as a result it is not clear to what degree additional staff might be necessary.

The board of directors will be increased by five members. These members are not compensated, but are reimbursed for actual and necessary expenses in the performance of their duties. The 13 directors will now have to report various political contributions and gifts annually, participate in additional public hearings for fare changes and the substantial curtailment or abandonment of service at various locations throughout the State, execute greater oversight of NJ Transit's management team, establish additional financial and management controls over NJ Transit operations, directly approve quarterly schedule changes, establish certain personnel policies, adopt a code of ethics, establish a new employee relations committee, and oversee revised advisory committees.

Given the substantial increase in these responsibilities, it is likely that these members will face a significant increase in the actual and necessary costs in the performance of their duties. The board may determine that it requires some level of staff assistance in order to perform these duties. The cost of additional staff salaries, benefits, and equipment will be realized as additional NJ Transit costs. There is no way to know at this point how significant the burden of these requirements will be in the form of additional staff and equipment. The costs will likely be determined by the board over time once it begins performing these duties.

The bill specifically establishes a new chief ethics officer, who directly reports to the board, rather than the executive director. This position would likely be compensated at a level comparable to the existing auditor general who also has administrative responsibilities directly to the board. The current salary of the auditor general is approximately \$160,000 per year. The annual cost of fringe, office supplies, and reimbursable work expenses such as work-related transportation and training could reasonably add another \$40,000 to \$70,000 to that amount for an annual cost of \$200,000 to \$230,000 per year plus an indeterminate amount for additional staff, if the corporation cannot reallocate existing staff to support the chief ethics officer.

The bill requires NJ Transit to hire an outside firm to perform a performance audit of the corporation every five years, with the first to occur within two years of the enactment of the bill.

It is not clear how much the performance audit will cost; however, the State recently secured the services of NorthHighlands to conduct a performance audit of NJ Transit pursuant to Governor Murphy's Executive Order No. 5. That audit is currently expected to cost \$1.3 million. Depending on the similarity of that audit to the one secured under the bill, the cost every five years could be similar.

The NJ Transit is also required to have additional public hearings when considering fare increases and the substantial curtailment or abandonment of service, and to hold those hearings at additional locations with broader hours, and to publish all of the responses to public comments whether provided in person at public hearings or submitted via other means. There will likely be a cost to NJ Transit for additional public notification, additional staff at hearings, and additional work to document all public responses. These costs are not clear at this point, but will likely include personnel costs, as well as overhead costs for printing, postage, public notices, IT services, transportation for staff and board members, and possibly costs related to renting spaces for the hearings.

The bill also requires a new annual report providing an inventory of NJ Transit real property interests with appraised values. Additionally, a number of new requirements are added to the information that NJ Transit must provide in its annual report and annual budget. Many of the items required in these reports and the annual property inventory are pieces of information related to NJ Transit's business operations, so there should not be a significant cost in generating the additional information, but there will still be a notable staff cost in gathering this information internally, processing the raw data into a report, and communicating it as a public document. This is likely to entail an indeterminate amount of additional staff time. In addition to the increase in report drafting, NJ Transit may not have current appraisals of all of its property. Depending upon the method of appraisal, which is not prescribed in the bill, there may be an additional initial cost to secure an appraisal service to evaluate existing NJ Transit property.

Many of these costs will be recurring costs that will increase the base cost of NJ Transit operations. The cost of the performance audit will likely be realized in year two, and then every five years thereafter. The cost of equipment for new staff is likely to be realized initially, but infrequently thereafter. The cost of real estate appraisal service may or may not be realized depending upon the appraisal method but would be realized initially, but infrequently thereafter.

The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that the corporation become more transparent and provide more justification for its activities. These reforms are intended to result in NJ Transit operating more efficiently and generating indirect savings by eliminating waste and developing standards in line with the best practices of mass transit agencies. To the extent that these reform efforts are successful, it is possible that these indirect efficiencies from reform will more than offset the direct costs imposed by the bill. These savings can range from avoiding fines for noncompliance with federal regulation, to lower contract costs through more effective contract design, reduced staffing due to more efficient organization of business operations, and increased worker productivity.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Lead Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 1241

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

SYNOPSIS

Provides governance, oversight, and accountability reforms at NJT.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A1241 MCKEON, BENSON

2

1 AN ACT concerning reforms of the New Jersey Transit Corporation,
2 amending P.L.1979, c.150, R.S.52:14-7, and R.S.52:24-4, and
3 supplementing P.L.1979, c.150.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 4 of P.L.1979, c.150 (C.27:25-4) is amended to read
9 as follows:

10 4. a. There is hereby established in the Executive Branch of
11 the State Government the New Jersey Transit Corporation, a body
12 corporate and politic with corporate succession. For the purpose of
13 complying with the provisions of Article V, Section IV, paragraph 1
14 of the New Jersey Constitution, the corporation is hereby allocated
15 within the Department of Transportation, but, notwithstanding
16 **【said】** that allocation, the corporation shall be independent of any
17 supervision or control by the department or by any body or officer
18 thereof. The corporation is hereby constituted as an instrumentality
19 of the State exercising public and essential governmental functions,
20 and the exercise by the corporation of the powers conferred by this
21 act shall be deemed and held to be an essential governmental
22 function of the State.

23 b. The corporation shall be governed by a board which shall
24 consist of **【eight】** 12 members.

25 **【Seven】** 11 of the members shall be voting members and shall
26 consist of: the Commissioner of Transportation and the State
27 Treasurer, who shall be members ex officio, another member of the
28 Executive Branch to be selected by the Governor who shall also
29 serve ex officio, and **【four other】** eight public members who shall
30 be appointed by the Governor**【,】** as follows:

31 three members who shall each have experience as either a regular
32 corporation motorbus regular route service rider or regular
33 corporation rail passenger service or light rail service rider or have
34 a professional background in passenger rail service, freight rail
35 management, transportation capital planning, transportation and
36 public transportation capital construction, federal transportation
37 policy, State transportation policy, human resources management,
38 or transportation capital finance, one upon the recommendation of
39 the Tri-State Transportation Campaign, one upon the
40 recommendation of Delaware Valley Regional Planning
41 Commission, one upon the recommendation of the North Jersey
42 Transportation Planning Authority;

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 two members, each of whom has a professional background in
2 passenger rail service, freight rail management, transportation
3 capital planning, transportation and public transportation capital
4 construction, federal transportation policy, State transportation
5 policy, human resources management, or transportation capital
6 finance; and

7 three members, each of whom shall have experience as a regular
8 corporation motorbus regular route service rider or as a regular
9 corporation rail passenger service or light rail service rider, one of
10 whom shall be appointed upon the recommendation of the Senate
11 President and one of whom shall be appointed upon the
12 recommendation of the Speaker of the General Assembly provided
13 that if the Senate President and Speaker of the General Assembly
14 both recommend motorbus regular route service riders then the third
15 member appointed by the Governor shall be a regular corporation
16 rail passenger service or light rail service rider and further provided
17 that if the Senate President and Speaker of the General Assembly
18 both recommend regular corporation rail passenger service or light
19 rail service riders then the third member appointed by the Governor
20 shall be a motorbus regular route service rider.

21 All public members, except for those appointed upon the
22 recommendation of the Senate President and the Speaker of the
23 General Assembly, shall be appointed with the advice and consent
24 of the Senate, and all public members shall serve for four year
25 staggered terms and until their successors are appointed and
26 qualified provided, however, that a board member shall not serve
27 beyond the expiration of that board member's term for more than 90
28 days following the expiration of the term unless reappointed. No
29 more than **[two]** three of the six public members appointed by the
30 Governor with the advice and consent of the Senate shall be
31 members of the same political party. **[At least one public member**
32 **shall be a regular public transportation rider.]** Each public member
33 may be removed from office by the Governor for cause. A vacancy
34 in the membership of the board occurring other than by expiration
35 of term shall be filled in the same manner as the original
36 appointment, but for the unexpired term only. **[The first**
37 **appointments shall be for one, two, three and four years**
38 **respectively, and thereafter for terms of four years as stated.]** The
39 board shall annually designate a vice **[chairman]** chairperson and
40 secretary. The secretary need not be a member.

41 There shall also be one non-voting member of the board, who
42 shall not be considered in determining a quorum. The non-voting
43 member shall be appointed by the Governor upon the
44 recommendation of the labor organization representing the plurality
45 of the employees of the corporation. The non-voting member shall
46 be appointed for a term of four years, provided, however, that if at
47 any time during the term of appointment the non-voting member

1 ceases to be affiliated with the labor organization representing the
2 plurality of the employees of the corporation, then such labor
3 organization may, thereupon or at any time thereafter during such
4 term, recommend a new member to the Governor for appointment
5 to serve the remainder of the term. If the local bargaining unit
6 decertifies its existing union affiliation and certifies a new union,
7 the union which represents the plurality of the employees may
8 recommend a new member to the Governor for appointment to
9 serve the remainder of the term. The chairman of the board may, at
10 the chairman's discretion, exclude such non-voting member from
11 attending any portion of a board meeting or any other meeting held
12 for the purpose of discussing negotiations with labor organizations,
13 pending litigation involving the labor organization, the
14 investigation, evaluation, or discipline of an employee of the
15 corporation, or matters concerning private entities engaged in the
16 provision of motorbus regular route service, paratransit service, or
17 motorbus charter service that would otherwise not be considered
18 public information. The non-voting member may be removed by
19 the Governor for cause.

20 For the purposes of this subsection:

21 “experience as a regular corporation motorbus regular route
22 service rider” includes any rider who is a regular corporation
23 motorbus regular route service rider at the time of the member’s
24 appointment or reappointment and any rider who has been a regular
25 corporation motorbus regular route service rider in three of the
26 seven years preceding the member’s appointment or reappointment.

27 “experience as a regular corporation rail passenger service or
28 light rail service rider” includes any rider who is a regular
29 corporation rail passenger service or light rail service rider at the
30 time of the member’s appointment or reappointment and any rider
31 who has been a regular corporation rail passenger service or light
32 rail service rider in three of the seven years preceding the member’s
33 appointment or reappointment.

34 c. Board members other than those serving ex officio shall
35 serve without compensation, but members shall be reimbursed for
36 actual expenses necessarily incurred in the performance of their
37 duties.

38 d. The Commissioner of Transportation shall serve as
39 **【chairman】** chairperson of the board **【. He】** , shall chair board
40 meetings, and shall have responsibility for the scheduling and
41 convening of all meetings of the board. In **【his】** the absence of the
42 chairperson, the vice **【chairman】** chairperson shall chair the board
43 meeting. Each ex officio member of the board may designate two
44 employees of **【his】** the ex officio member’s department or agency,
45 one of whom may represent **【him】** the ex officio member at
46 meetings of the board. A designee may lawfully vote and otherwise
47 act on behalf of the member for whom **【he】** the person constitutes

1 the designee. Any such designation shall be in writing delivered to
2 the board and shall continue in effect until revoked or amended by
3 writing delivered to the board.

4 e. The powers of the corporation shall be vested in the voting
5 members of the board thereof and ~~four~~ six voting members of the
6 board shall constitute a quorum at any meeting thereof. Actions
7 may be taken and motions and resolutions adopted by the board at
8 any meeting thereof by the affirmative vote of at least ~~four~~ six
9 members. No vacancy in the membership of the board shall impair
10 the right of a quorum to exercise all the rights and perform all the
11 duties of the board.

12 f. A true copy of the minutes of every meeting of the board
13 shall be delivered forthwith, by and under the certification of the
14 secretary thereof, to the Governor. No action taken at such meeting
15 by the board shall have force or effect until approved by the
16 Governor or until 10 days after such copy of the minutes shall have
17 been delivered. If, in said 10-day period, the Governor returns such
18 copy of the minutes with veto of any action taken by the board or
19 any member thereof at such meeting, such action shall be null and
20 of no effect. The Governor may approve all or part of the action
21 taken at such meeting prior to the expiration of the said 10-day
22 period.

23 g. (1) The board meetings shall be subject to the provisions of
24 the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975,
25 c.231 (C.10:4-6 et seq.).

26 (2) The board shall hold a minimum of 10 public board meetings
27 per year. Public hearings held pursuant to subsection d. of section 8
28 of P.L.1979, c.150 (C.27:25-8) shall not be considered public board
29 meetings for the purposes of this subsection.

30 h. (1) A person shall not be eligible to serve on the board if the
31 person has contributed money or made any in-kind contribution to
32 any: candidate for political office; candidate committee; joint
33 candidate committee; political committee; continuing political
34 committee; political action committee; State, county, or municipal
35 party committee; legislative leadership committee; or any similar
36 committee in an amount or manner that would create the appearance
37 of impropriety, as determined by the State Ethics Commission.

38 (2) Each board member shall annually disclose to the board of
39 directors and to the chief ethics officer any contributions made
40 within the preceding two years to any candidate for political office;
41 candidate committee; joint candidate committee; political
42 committee; continuing political committee; political action
43 committee; State, county, or municipal party committee; legislative
44 leadership committee; or any similar committee.

45 (3) Each board member shall annually disclose to the board of
46 directors and to the chief ethics officer any gifts received in excess
47 of \$250.

48 (cf: P.L.2009, c.179, s.1)

- 1 2. (New section) a. The board of directors of the corporation
2 shall:
- 3 (1) Execute direct oversight of the corporation's executive
4 director and other management in the effective and ethical
5 management of the corporation, including review and approval of
6 any quarterly changes to the schedules for motorbus regular route
7 service, rail passenger service, or light rail service;
- 8 (2) Understand, review, and monitor the implementation of
9 fundamental financial and management controls and operational
10 decisions of the corporation, including review and approval of any
11 quarterly changes to the schedules for motorbus regular route
12 service, rail passenger service, or light rail service;
- 13 (3) Establish policies regarding the payment of salary,
14 compensation, and reimbursements to, and establish rules for the
15 time and attendance of, the executive director and management
16 consistent with State law;
- 17 (4) Adopt a code of ethics, in consultation with the chief ethics
18 officer, applicable to each board member, officer, and employee
19 that, at a minimum, includes the applicable standards established by
20 State law;
- 21 (5) Require that the corporation establish written policies and
22 procedures on personnel including policies protecting employees
23 from retaliation for disclosing information concerning acts of
24 wrongdoing, misconduct, malfeasance, or other inappropriate
25 behavior by an employee of the corporation;
- 26 (6) Adopt a policy that provides guidelines for when it is
27 appropriate for the chief ethics officer to forward the results and
28 findings of a preliminary investigation conducted by the chief ethics
29 officer to the State Ethics Commission, Office of the Attorney
30 General, county prosecutor's office, or any other appropriate
31 agency for further investigation or action; and
- 32 (7) Adopt a defense and indemnification policy and disclose
33 such plan to any and all prospective board members.
- 34 b. (1) The members of the board shall perform each of their
35 duties as board members, including but not limited to those imposed
36 by this section, in good faith and with that degree of diligence, care,
37 and skill which an ordinarily prudent person in like position would
38 use under similar circumstances, and may take into consideration
39 the views and policies of any elected official or body, or other
40 person and ultimately apply independent judgment in the best
41 interest of the corporation, its mission, and the public.
- 42 (2) At the time that a board member takes and subscribes the
43 board member's oath of office, or within 60 days after the effective
44 date of P.L. , c. (C.) (pending before the Legislature as this
45 bill) if the board member has already taken and subscribed the
46 board member's oath of office, the board member shall execute an
47 acknowledgement, in a form developed by the corporation, in which
48 the board member shall, at a minimum:

- 1 (a) acknowledge that the board member understands that a
2 board member has a fiduciary obligation to perform duties and
3 responsibilities to the best of the board member's abilities, in good
4 faith and with proper diligence and care, consistent with the
5 enabling compact, mission, and by-laws of the corporation and the
6 applicable laws of this State; and that the fiduciary duty to the
7 corporation is derived from and governed by its mission;
- 8 (b) acknowledge that the board member understands the board
9 member's duty of loyalty and care to the corporation and
10 commitment to the corporation's mission and the public interest;
11 and the board member's obligation to act in the best interests of the
12 corporation and the people whom the corporation serves;
- 13 (c) agree that a board member has an obligation to become
14 knowledgeable about the mission, purpose, functions,
15 responsibilities, and statutory duties of the corporation and, when
16 necessary, to make reasonable inquiry of management and others
17 with knowledge and expertise so as to inform the board member's
18 decisions;
- 19 (d) agree to exercise independent judgment on all matters before
20 the board;
- 21 (e) agree not to divulge confidential discussions and
22 confidential matters that come before the board for consideration or
23 action;
- 24 (f) agree to disclose to the board any conflicts, or the
25 appearance of a conflict, of a personal, financial, ethical, or
26 professional nature that could inhibit the board member from
27 performing the board member's duties in good faith and with due
28 diligence and care; and
- 29 (g) certify that the board member does not have any interest in,
30 financial or otherwise, direct or indirect, or engage in any business
31 or transaction or professional activity or incur any obligation of any
32 nature, which is in substantial conflict with the proper discharge of
33 the board member's duties in the public interest.
- 34 c. Individuals appointed to the board of directors shall
35 participate in training regarding their legal, fiduciary, financial, and
36 ethical responsibilities as directors of the corporation within six
37 months of appointment to the board. Board members shall
38 participate in continuing training as may be required to remain
39 informed of best practices, regulatory and statutory changes relating
40 to the effective oversight of the management and financial activities
41 of public authorities, and to adhere to the highest standards of
42 responsible governance.
- 43 d. No board member, including the chairperson, shall serve as
44 the corporation's executive director, chief financial officer, or hold
45 any senior management position while serving as a member of the
46 board.
- 47 e. The board of directors shall require that the members of the
48 audit committee possess the necessary skills to understand the

1 duties and functions of the committee, including having sufficient
2 knowledge in the areas of finance and accounting.

3 f. (1) The board of directors shall establish an employee
4 relations committee to be comprised of not less than three
5 independent members, who shall constitute a majority on the
6 committee, and who shall possess the necessary skills to understand
7 the duties and functions of the committee; provided, however, that
8 in the event that a board has less than three independent members,
9 the board may appoint non-independent members to the committee,
10 provided that the independent members shall constitute a majority
11 of the members of the committee.

12 (2) The employee relations committee shall receive a monthly
13 report from the director of the Office of Equal Opportunity and
14 Affirmative Action, or any successor office, regarding the activities
15 of that office, including a summary of the reports and complaints
16 involving discrimination or harassment received by that office and
17 any actions taken or expected to be taken by that office in response
18 to said reports or complaints. The executive director shall be
19 present at any committee meeting where such a report is provided.

20 (3) The employee relations committee shall receive a monthly
21 report from the director of the Human Resources Office, or any
22 successor office, regarding the activities of that office, including a
23 summary of job vacancies, job postings, new employees,
24 reclassification of job titles, retirements, terminations, disciplinary
25 actions, and any other personnel decisions. The executive director
26 shall be present at any committee meeting where such a report is
27 provided.

28 (4) The employee relations committee shall meet with
29 representatives of each labor organization representing employees
30 of the corporation and shall provide those representatives access to
31 the meetings of the committee, provided, however, that the
32 employee relations committee may exclude the labor organization
33 representatives and any other person that the committee deems
34 appropriate from any portion of a committee meeting or any other
35 meeting held by members of the committee for the purpose of
36 discussing negotiations with labor organizations, pending litigation,
37 the investigation, evaluation, or discipline of an employee of the
38 corporation, or any other matters that would otherwise not be
39 considered public information. The committee shall meet at least
40 twice annually with representatives of each labor organization
41 representing employees of the corporation.

42 g. For the purposes of this section, an independent member is
43 one who:

44 (1) is not, and in the past two years has not been, employed by
45 the corporation or an affiliate in an executive capacity;

46 (2) is not, and in the past two years has not been, employed by
47 an entity that received remuneration valued at more than \$15,000
48 for goods and services provided to the corporation or received any

1 other form of financial assistance valued at more than \$15,000 from
2 the corporation;

3 (3) is not a relative of an executive officer or employee in an
4 executive position of the corporation or an affiliate; and

5 (4) is not, and in the past two years has not been, a lobbyist
6 registered under a state or local law and paid by a client to influence
7 the management decisions, contract awards, rate determinations, or
8 any other similar actions of the corporation or an affiliate.

9 h. Notwithstanding the provisions of any general, special, or
10 local law, municipal charter, or ordinance to the contrary, the board
11 shall not directly or indirectly, including through any subsidiary,
12 extend or maintain credit, arrange for the extension of credit, or
13 renew an extension of credit, in the form of a personal loan to or for
14 any officer, board member, or employee, or equivalent thereof, of
15 the corporation.

16

17 3. (New section) a. There is hereby established the North
18 Jersey Passenger Advisory Committee within the New Jersey
19 Transit Corporation for the purpose of providing advice, input, and
20 guidance to the corporation's board of directors from customers of
21 the corporation who reside in North Jersey.

22 b. The committee shall:

23 (1) Provide advice, input, and guidance to the New Jersey
24 Transit Corporation board of directors on issues affecting the
25 corporation and customers of the corporation, particularly those
26 issues that affect services provided in the northern part of the State;

27 (2) Review proposals to be considered before the corporation's
28 board of directors concerning fare increases, curtailment of
29 services, and expansion of services; and

30 (3) Review items listed on the agenda for meetings of the
31 corporation's board of directors that would increase fares, curtail
32 services, or expand services and provide written feedback to the
33 board prior to the board meeting concerning those agenda items.

34 c. A member of the committee shall be required to:

35 (1) reside in one of the following counties: Bergen, Essex,
36 Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris,
37 Ocean, Passaic, Somerset, Sussex, Union, or Warren;

38 (2) be a regular corporation motorbus regular route service rider
39 or a regular corporation rail passenger service or light rail service
40 rider; and

41 (3) primarily use corporation motorbus regular route service, rail
42 passenger service, or light rail service in the northern part of the
43 State.

44 d. The committee shall consist of 10 voting members, who
45 shall serve a term of four years and without compensation, to be
46 appointed as follows:

47 (1) three members to be appointed by the board of the North
48 Jersey Transportation Planning Authority;

- 1 (2) one member to be appointed by the Governor;
- 2 (3) one member to be appointed by the Speaker of the General
3 Assembly;
- 4 (4) one member to be appointed by the President of the Senate;
- 5 (5) one member to be appointed by the Minority Leader of the
6 General Assembly;
- 7 (6) one member to be appointed by the Minority Leader of the
8 Senate;
- 9 (7) one member to be appointed by a nonprofit entity, which
10 shall be selected jointly by the Speaker of the General Assembly
11 and the President of the Senate, with a history of rider advocacy,
12 encouraging smart growth, and advocating for investment in public
13 transportation and transit-oriented development initiatives; and
- 14 (8) one member to be appointed by a nonprofit entity, which
15 shall be selected jointly by the Speaker of the General Assembly
16 and the President of the Senate, that serves as a consumer rail
17 passenger organization in the State.
- 18 e. The powers of the committee shall be vested in the members
19 of the committee and six members shall constitute a quorum at any
20 meeting thereof. Actions may be taken and motions and resolutions
21 adopted by the committee at any meeting thereof by the affirmative
22 vote of six members. The seat of any member who fails to maintain
23 the requirements established in subsection c. of this section shall be
24 deemed vacant. A vacancy in the membership of the committee
25 shall not impair the right of a quorum to exercise all rights and
26 perform all duties of the committee. Any vacancy in the
27 membership of the committee shall be filled in the same manner as
28 the original appointment and for the remainder of the unexpired
29 term.
- 30 f. The committee shall elect from among its members a
31 chairperson and vice chairperson. The chairperson shall preside
32 over meetings of the committee. In the absence of the chairperson,
33 the vice chairperson shall preside over meetings of the committee.
34 The chairperson shall have the responsibility of scheduling and
35 convening all meetings of the committee. The committee shall
36 designate an individual to serve as secretary to the committee who
37 need not be a member of the committee.
- 38 g. A person serving as a member of the South Jersey Passenger
39 Advisory Committee shall not be eligible to simultaneously serve as
40 a member of the North Jersey Passenger Advisory Committee.
- 41
- 42 4. (New section) a. There is hereby established the South
43 Jersey Passenger Advisory Committee within the New Jersey
44 Transit Corporation for the purpose of providing advice, input, and
45 guidance to the corporation's board of directors from customers of
46 the corporation who reside in South Jersey.
- 47 b. The committee shall:

- 1 (1) Provide advice, input, and guidance to the New Jersey
2 Transit Corporation board of directors on issues affecting the
3 corporation and customers of the corporation, particularly those
4 issues that affect services provided in the southern part of the State;
- 5 (2) Review proposals to be considered before the corporation's
6 board of directors concerning fare increases, curtailment of
7 services, and expansion of services; and
- 8 (3) Review items listed on the agenda for meetings of the
9 corporation's board of directors that would increase fares, curtail
10 services, or expand services and provide written feedback to the
11 board prior to the board meeting concerning those agenda items.
- 12 c. A member of the committee shall be required to:
 - 13 (1) reside in one of the following counties: Atlantic, Burlington,
14 Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, or
15 Salem;
 - 16 (2) be a regular corporation motorbus regular route service rider
17 or a regular corporation rail passenger service or light rail service
18 rider; and
 - 19 (3) primarily use corporation motorbus regular route service, rail
20 passenger service, or light rail service in the southern part of the
21 State.
- 22 d. The committee shall consist of 10 voting members, who
23 shall serve a term of four years and without compensation, to be
24 appointed as follows:
 - 25 (1) two members to be appointed by the board members of the
26 Delaware Valley Regional Planning Commission from New Jersey;
 - 27 (2) one member to be appointed by the Governor;
 - 28 (3) one member to be appointed by the Speaker of the General
29 Assembly;
 - 30 (4) one member to be appointed by the President of the Senate;
 - 31 (5) one member to be appointed by the Minority Leader of the
32 General Assembly;
 - 33 (6) one member to be appointed by the Minority Leader of the
34 Senate;
 - 35 (7) one member to be appointed by the board of the South Jersey
36 Transportation Planning Organization;
 - 37 (8) one member to be appointed by a nonprofit transportation
38 management association, which shall be selected jointly by the
39 Speaker of the General Assembly and the President of the Senate,
40 that provides transportation-related services in the southern portion
41 of the State; and
 - 42 (9) one member to be appointed by a nonprofit entity, which
43 shall be selected jointly by the Speaker of the General Assembly
44 and the President of the Senate, that serves as a consumer rail
45 passenger organization in the State.
- 46 e. The powers of the committee shall be vested in the members
47 of the committee and six members shall constitute a quorum at any
48 meeting thereof. Actions may be taken and motions and resolutions

1 adopted by the committee at any meeting thereof by the affirmative
2 vote of six members. The seat of any member who fails to maintain
3 the requirements established in subsection c. of this section shall be
4 deemed vacant. A vacancy in the membership of the committee
5 shall not impair the right of a quorum to exercise all rights and
6 perform all duties of the committee. Any vacancy in the
7 membership of the committee shall be filled in the same manner as
8 the original appointment and for the remainder of the unexpired
9 term.

10 f. The committee shall elect from among its members a
11 chairperson and vice chairperson. The chairperson shall preside
12 over meetings of the committee. In the absence of the chairperson,
13 the vice chairperson shall preside over meetings of the committee.
14 The chairperson shall have the responsibility of scheduling and
15 convening all meetings of the committee. The committee shall
16 designate an individual to serve as secretary to the committee who
17 need not be a member of the committee.

18 g. A person serving as a member of the North Jersey Passenger
19 Advisory Committee shall not be eligible to simultaneously serve as
20 a member of the South Jersey Passenger Advisory Committee.

21

22 5. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read
23 as follows:

24 5. In addition to the powers and duties conferred upon it
25 elsewhere in this act, the corporation may do all acts necessary and
26 reasonably incident to carrying out the objectives of this act,
27 including but not in limitation thereof the following:

28 a. Sue and be sued;

29 b. Have an official seal and alter the same at pleasure;

30 c. Make and alter bylaws for its organization and internal
31 management and for the conduct of its affairs and business;

32 d. Maintain an office at such place or places within the State as
33 it may determine;

34 e. Adopt, amend and repeal such rules and regulations as it
35 may deem necessary to effectuate the purposes of this act, which
36 shall have the force and effect of law; it shall publish the same and
37 file them in accordance with the "Administrative Procedure Act,"
38 P.L.1968, c.410 (C.52:14B-1 et seq.) with the Director of the Office
39 of Administrative Law;

40 f. Call to its assistance and avail itself of the service of such
41 employees of any federal, State, county or municipal department or
42 agency as it may require and as may be available to it for said
43 purpose;

44 g. Apply for, accept and expend money from any federal, State,
45 county or municipal agency or instrumentality and from any private
46 source; comply with federal statutes, rules and regulations, and
47 qualify for and receive all forms of financial assistance available
48 under federal law to assure the continuance of, or for the support or

- 1 improvement of public transportation and as may be necessary for
2 that purpose to enter into agreements, including federally required
3 labor protective agreements;
- 4 h. Plan, design, construct, equip, operate, improve and
5 maintain, either directly or by contract with any public or private
6 entity, public transportation services, capital equipment and
7 facilities or any parts or functions thereof, and other transportation
8 projects, or any parts or functions thereof, which may be funded
9 under section 3 of the federal Urban Mass Transportation Act of
10 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or
11 additional federal act having substantially the same or similar
12 purposes or functions; the operation of the facilities of the
13 corporation, by the corporation or any public or private entity, may
14 include appropriate and reasonable limitations on competition in
15 order that maximum service may be provided most efficiently to the
16 public;
- 17 i. Apply for and accept, from appropriate regulatory bodies,
18 authority to operate public transportation services where necessary;
- 19 j. Purchase, lease as lessee, or otherwise acquire, own, hold,
20 improve, use and otherwise deal in and with real or personal
21 property, or any interest therein, from any public or private entity,
22 wherever situated;
- 23 k. Lease as lessor, sell or otherwise dispose of on terms which
24 the corporation may prescribe, real and personal property, including
25 tangible or intangible property and consumable goods, or any
26 interest therein, to any public or private entity, in the exercise of its
27 powers and the performance of its duties under this act. In order to
28 provide or encourage adequate and efficient public transportation
29 service, the corporation may lease or otherwise permit the use or
30 occupancy of property without cost or at a nominal rental;
- 31 l. Restrict the rights of persons to enter upon or construct any
32 works in or upon any property owned or leased by the corporation,
33 except under such terms as the corporation may prescribe; perform
34 or contract for the performance of all acts necessary for the
35 management, maintenance and repair of real or personal property
36 leased or otherwise used or occupied pursuant to this act;
- 37 m. Establish one or more operating divisions as deemed
38 necessary. **【**Upon the establishment of an operating division, there
39 shall be established a geographically coincident advisory committee
40 to be appointed by the Governor with the advice and consent of the
41 Senate. The committee shall consist of county and municipal
42 government representatives and concerned citizens, in the number
43 and for such terms as may be fixed by the corporation, and shall
44 advise the corporation as to the public transportation service
45 provided in the operating division. At least two members of each
46 advisory committee shall be public transportation riders, including
47 but not limited to urban transit users and suburban commuters as
48 appropriate**】** Each operating division shall solicit advice and

- 1 feedback from the North Jersey Passenger Advisory Committee
2 established pursuant to section 3 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) and the South Jersey Passenger
4 Advisory Committee established pursuant to section 4 of P.L. ,
5 c. (C.) (pending before the Legislature as this bill), as
6 appropriate. One public member from the board of the corporation
7 shall serve as a liaison to each advisory committee;
- 8 n. Set and collect fares and determine levels of service for
9 service provided by the corporation either directly or by contract
10 including, but not limited to, such reduced fare programs as deemed
11 appropriate by the corporation; revenues derived from such service
12 may be collected by the corporation and shall be available to the
13 corporation for use in furtherance of any of the purposes of this act;
- 14 o. Set and collect rentals, fees, charges or other payments from
15 the lease, use, occupancy or disposition of properties owned or
16 leased by the corporation; such revenues shall be available to the
17 corporation for use in furtherance of any of the purposes of this act;
- 18 p. Deposit corporate revenues in interest bearing accounts or in
19 the State of New Jersey Cash Management Fund established
20 pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4);
- 21 q. Delegate to subordinate officers of the corporation such
22 powers and duties as the corporation shall deem necessary and
23 proper to carry out the purposes of this act;
- 24 r. Procure and enter into contracts for any type of insurance
25 and indemnify against loss or damage to property from any cause,
26 including loss of use and occupancy, against death or injury of any
27 person, against employees' liability, against any act of any member,
28 officer, employee or servant of the corporation, whether part-time,
29 full-time, compensated or noncompensated, in the performance of
30 the duties of his office or employment or any other insurable risk.
31 In addition, the corporation may carry its own liability insurance
32 and may also establish and utilize a wholly-owned insurance
33 subsidiary or captive provided the subsidiary or captive is
34 domiciled in the United States in a state which is accredited by the
35 National Association of Insurance Commissioners and which
36 licenses and regulates wholly-owned insurance subsidiaries or
37 captives;
- 38 s. Promote the use of public transportation services, coordinate
39 ticket sales and passenger information and sell, lease or otherwise
40 contract for advertising in or on the equipment or facilities of the
41 corporation;
- 42 t. Adopt and maintain employee benefit programs for
43 employees of the corporation including, but not limited to, pension,
44 deferred compensation, medical disability, and death benefits, and
45 which programs may utilize insurance contracts, trust funds, and
46 any other appropriate means of providing the stipulated benefits,
47 and may involve new plans or the continuation of plans previously
48 established by entities acquired by the corporation;

1 u. Own, control, vote, and exercise any and all other rights
2 incidental to the ownership of any equity, membership interest, or
3 any shares of the capital stock of any incorporated entity acquired,
4 formed, incorporated, or established by law by the corporation
5 pursuant to the powers granted by this act. Any such corporate
6 entity may be utilized in order to enable the corporation to
7 participate with other private or public entities in any transaction,
8 memorandum of understanding, undertaking, or arrangement that
9 the corporation would have the power to conduct by itself, whether
10 or not such participation involves sharing or delegation of control
11 with or to other public or private entities regarding the ownership,
12 operation, control, and management of services, equipment, or
13 facilities. For purposes of this subsection, "corporate entity" means
14 any business entity, including but not limited to, any corporation,
15 limited liability company, joint venture, limited partnership, general
16 partnership, association of any kind, or collaborative arrangement
17 that may be jointly owned by the corporation and any other public
18 or private entities that provide public transportation services;

19 v. Enter into any and all agreements or contracts, execute any
20 and all instruments, and do and perform any and all acts or things
21 necessary, convenient or desirable for the purposes of the
22 corporation, or to carry out any power expressly or implicitly given
23 in this act;

24 w. Notwithstanding the provisions of section 17 of P.L.1979,
25 c.150 (C.27:25-17) or any other law to the contrary, (1) issue
26 operating grant anticipation notes which shall be secured and retired
27 from operating assistance grants authorized under section 9 of the
28 federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49
29 U.S.C. s.1602), or any successor or additional federal act having
30 substantially the same or similar purposes or functions and (2) issue
31 capital grant anticipation notes which shall be secured and retired
32 from capital assistance grants authorized under section 3 or section
33 9 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-
34 365 (49 U.S.C. s.1602), or any successor or additional federal act
35 having substantially the same or similar purposes or functions. As
36 used in this subsection, "operating grant anticipation notes" or
37 "capital grant anticipation notes" (hereinafter referred to as "notes")
38 means credit obligations issued in anticipation of these grants. The
39 notes shall be authorized by a resolution or resolutions of the
40 corporation, and may be issued in one or more series and shall bear
41 the date, or dates, bear interest at the rate or rates of interest per
42 annum, be in the denomination or denominations, be in the form,
43 carry the conversion or registration privileges, have the rank or
44 priority, be executed in such manner as the resolution or resolutions
45 require. The notes may be sold at public or private sale at the price
46 or prices and in the manner that the corporation determines. The
47 notes of the corporation, the sale or transfer thereof, and the income
48 derived therefrom by the purchasers of the notes, shall, at all times,

1 be free from taxation for State or local purposes, under any law of
2 the State or any political subdivision thereof. Notes may be issued
3 under the provisions of P.L.1979, c.150 (C.27:25-1 et seq.) without
4 obtaining the consent of any department, division, commission,
5 board, bureau or agency of the State, and without any other
6 proceedings, conditions, or things which are specifically required
7 by P.L.1979, c.150 (C.27:25-1 et seq.). The notes issued pursuant
8 to P.L.1979, c.150 (C.27:25-1 et seq.) shall not in any way create or
9 constitute any indebtedness, liability or obligation of the State or of
10 any political subdivision thereof or of the corporation, except as
11 provided herein.

12 The notes shall be payable solely from (1) note proceeds, to the
13 extent not disbursed to the corporation, (2) grant payments if, as,
14 and when received from the federal government, and (3) investment
15 earnings on note proceeds, to the extent not disbursed to the
16 corporation. Each note shall contain on its face a statement to the
17 effect that the corporation is obligated to pay the principal thereof
18 or the interest thereon only from these grants to the corporation and
19 from the proceeds of the notes and investment earnings on the
20 proceeds of the notes, to the extent not disbursed to the corporation,
21 and that neither the faith and credit nor the taxing power of the
22 State or of any political subdivision thereof or of the corporation is
23 pledged to the payment of the principal and interest on these notes.
24 Neither the members of the corporation's board nor any person
25 executing the transactions are personally liable on those notes nor
26 are they otherwise liable for their actions; and

27 x. Enter into agreements with a public or private entity or
28 consortia thereof to provide for the development of demonstration
29 projects through the use of public-private partnerships pursuant to
30 sections 1 through 9 of P.L.1997, c.136 (C.27:1D-1 through
31 C.27:1D-9).

32 (cf: P.L.2004, c.1, s.1)

33

34 6. Section 8 of P.L.1979, c.150 (C.27:25-8) is amended to read
35 as follows:

36 8. a. The corporation or any subsidiary thereof shall not be
37 considered a public utility as defined in R.S.48:2-13, and except
38 with regard to subsection c. of this section, subsection b. of
39 R.S.48:3-38, section 2 of P.L.1989, c.291 (C.27:25-15.1), and
40 R.S.48:12-152, the provisions of Title 48 of the Revised Statutes
41 shall not apply to the corporation or any subsidiary thereof.

42 b. The authority hereby given to the corporation pursuant to
43 section 6 of P.L.1979, c.150 (C.27:25-6) with respect to fares and
44 service, shall be exercised without regard or reference to the
45 jurisdiction formerly vested in the Department of Transportation
46 regarding rates and rate schedules under R.S.48:2-21;
47 discontinuance, curtailment, or abandonment of service under
48 R.S.48:2-24; and the issuance of a certificate of public convenience

1 and necessity under R.S.48:4-3, and transferred to the New Jersey
2 Motor Vehicle Commission by P.L.2003, c.13 (C.39:2A-1 et al.).
3 The New Jersey Motor Vehicle Commission shall resume
4 jurisdiction over service and fares upon the termination and
5 discontinuance of a contractual relationship between the corporation
6 and a private or public entity relating to the provision of public
7 transportation services operated under the authority of certificates
8 of public convenience and necessity previously issued by the New
9 Jersey Motor Vehicle Commission or its predecessors; provided,
10 however, that a private entity shall not be required to restore any
11 service discontinued or any fare changed during the existence of a
12 contractual relationship with the corporation, unless the New Jersey
13 Motor Vehicle Commission shall determine, after notice and
14 hearing, that the service or fare is required by public convenience
15 and necessity.

16 c. Notwithstanding any other provisions of P.L.1979, c.150
17 (C.27:25-1 et seq.), all vehicles used by any public or private entity
18 pursuant to contract authorized by P.L.1979, c.150 (C.27:25-1 et
19 seq.), and all vehicles operated by the corporation directly, shall be
20 subject to the jurisdiction of the department with respect to
21 maintenance, specifications, and safety to the same extent that
22 jurisdiction is conferred upon the department by Title 48 of the
23 Revised Statutes.

24 d. (1) Before implementing **any fare increase for any**
25 **motorbus regular route or rail passenger services, or any** the
26 substantial curtailment or abandonment of those motorbus regular
27 route or rail passenger services, the corporation shall hold a public
28 hearing in the area affected during evening hours, except that the
29 corporation shall not be required to hold a public hearing for a
30 change in service that does not: (1) increase fares; (2) eliminate a
31 current motorbus regular route or any rail passenger service; or (3)
32 change the time of a motorbus regular route or rail passenger
33 service by more than two hours from the corporation's currently
34 adopted schedule or timetable, so long as these services are
35 provided at least three times daily, excluding holidays] at least two
36 public hearings in the affected counties, within one-half mile of the
37 route and, to the extent practicable, near each terminus of the route.
38 At least one of the two hearings shall take place on a State working
39 day. Each public hearing shall be attended by at least two members
40 of the corporation's board of directors. Each public hearing in an
41 affected county shall consist of two sessions, the first of which shall
42 be for at least two hours in the afternoon between 2:00 p.m. and
43 6:00 p.m. and the second of which shall take place in the evening in
44 the same place and on the same day for at least two hours between
45 6:00 p.m. and 10:00 p.m.

46 (2) Before implementing any fare increase for any motorbus
47 regular route or rail passenger services, at least ten public hearings

1 shall be held and shall be distributed geographically throughout the
2 State. Not more than one hearing shall take place in each county,
3 and each hearing shall be located within one-quarter mile of both a
4 rail passenger service line and a motorbus regular route. At least
5 half of the hearings shall take place on State working days. Each
6 public hearing shall be attended by at least two members of the
7 corporation's board of directors. Each public hearing in an affected
8 county shall consist of two sessions, the first of which shall be for
9 at least two hours in the afternoon between 2:00 p.m. and 6:00 p.m.
10 and the second of which shall take place in the evening in the same
11 place and on the same day for at least two hours between 6:00 p.m.
12 and 10:00 p.m.

13 **【Notice】** For the hearings required under paragraphs (1) and (2)
14 of this subsection, notice of the hearing shall be given by the
15 corporation at least 15 days prior to the hearing to the governing
16 body of each county whose residents will be affected and to the
17 clerk of each municipality in the county or counties whose residents
18 will be affected; the notice shall also be posted at least 15 days prior
19 to the hearing in prominent places on the railroad cars and buses
20 serving the routes to be affected. In addition to the public hearing,
21 the corporation shall post, in prominent places on the railroad cars
22 and buses serving the routes to be affected, a postal mailing address
23 and electronic mailing address where members of the public may
24 provide written comments to the corporation regarding the proposed
25 fare increase or substantial curtailment or abandonment of service.
26 The corporation shall prepare and publish a written response
27 concerning any issue or concern raised by a member of the public at
28 any public hearing or in any written comment provided pursuant to
29 this subsection.

30 e. Notice of its intent to discontinue, substantially curtail, or
31 abandon any motorbus regular route service or rail passenger
32 service shall be given by the corporation to the governing body of
33 each county whose residents will be affected and to the clerk of
34 each municipality in the county or counties whose residents will be
35 affected at least 45 days prior to implementation of the change in
36 service.

37 f. For the purposes of this section, “substantial curtailment”
38 and “substantially curtail” shall include, but need not be limited to:
39 the elimination of a motorbus regular route, scheduled trip, or
40 scheduled stop along a motorbus regular route or of a rail passenger
41 service line, scheduled trip, or scheduled stop along a rail passenger
42 service line; a reduction of 30 minutes or more in the beginning or
43 end of service for the corporation's adopted schedule or timetable
44 for a scheduled stop along a motorbus regular route or rail
45 passenger service line; and any change to a motorbus regular route
46 or rail passenger service which may increase barriers to
47 accessibility for a person with disabilities.

48 (cf: P.L.2016, c.52, s.1)

- 1 7. (New section) a. The State Auditor shall conduct audits of
2 the corporation, which shall:
- 3 (1) occur at least once every 72 months in a manner that is
4 consistent with the Government Auditing Standards for audits
5 utilized by the United States Government Accountability Office or
6 its successor, the first of which shall be completed within 12
7 months of the effective date of P.L. , c. (C.) (pending
8 before the Legislature as this bill);
- 9 (2) to the extent practicable, not duplicate the scope of work of
10 the annual audit required to be made of the corporation's financial
11 statements pursuant to subsection d. of section 20 of P.L.1979,
12 c.150 (C.27:25-20); and
- 13 (3) focus on a specific area of the corporation's operations, as
14 determined by the State Auditor.
- 15 b. (1) At least once every five years, the corporation shall hire
16 an independent firm to: conduct a study on the financial
17 management practices and budget reporting practices of mass transit
18 agencies throughout the country; and prepare a report with findings
19 regarding the best practices for financial management and budget
20 reporting by mass transit agencies and a comparison of those best
21 practices with the practices and policies of the corporation.
- 22 (2) The first such report shall be issued within 24 months of the
23 effective date of P.L. , c. (C.) (pending before the
24 Legislature as this bill). Each report shall be submitted to the
25 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
26 19.1), to the Legislature.
- 27 (3) The corporation shall adopt any best practices included in
28 the report within six months of the issuance of any report issued
29 pursuant to subsection b. of this section. Upon the affirmative vote
30 of seven members of the board of directors, the corporation may opt
31 not to adopt individual policies or practices that are in line with the
32 best practices of mass transit agencies throughout the country. If
33 the corporation exercises this option, the corporation shall provide a
34 detailed explanation of why adoption of that policy or practice is
35 not in the best interest of the corporation.
- 36
- 37 8. (New section) a. The corporation, at the request of the
38 chairperson of any standing legislative committee, as approved by
39 the Speaker of the General Assembly or the President of the Senate,
40 as appropriate, shall be required to appear before that committee to
41 present testimony and provide documents on any topic or subject
42 requested by the committee and to respond to any questions by
43 members of the committee.
- 44 b. Unless otherwise agreed to by the chairperson of the
45 committee, the corporation shall, at a minimum, be represented by
46 the chairperson of the board of directors, the executive director, and
47 the chief financial officer, and any staff deemed necessary by the
48 chairperson of the board, executive director, or chief financial

1 officer to present testimony, provide documents, or respond to
2 questions at any appearance required pursuant to this section. The
3 chairperson of the legislative committee may require the appearance
4 of any officer or employee of the corporation.
5

6 9. (New section) a. The corporation shall employ a chief ethics
7 officer who shall be provided staff, equipment, and resources, as the
8 board deems appropriate, in order to investigate allegations and
9 suspicions of unethical conduct or criminal activity within the
10 corporation and to determine whether the corporation is in
11 compliance with applicable State law. The chief ethics officer shall
12 operate independently of the executive director and shall report
13 directly to the board of directors. The executive director shall not
14 have any role in hiring, firing, disciplining, or directing the chief
15 ethics officer.

16 b. The chief ethics officer shall:

17 (1) be responsible for receiving and conducting preliminary
18 investigations of all complaints regarding fraud, waste, abuse, and
19 corruption by board members, officers, and employees of the
20 corporation or third-parties doing business with the corporation;

21 (2) be responsible for conducting preliminary investigations, sua
22 sponte, regarding all suspected fraud, waste, abuse, and corruption
23 by board members, officers, and employees of the corporation or
24 third-parties doing business with the corporation;

25 (3) provide reports to the board of directors containing the
26 results and findings of each preliminary investigation conducted
27 pursuant to paragraphs (1) and (2) of this subsection;

28 (4) where appropriate, as determined by a policy to be adopted
29 by the board of directors, forward the results and findings of a
30 preliminary investigation conducted pursuant to paragraphs (1) and
31 (2) of this subsection to the State Ethics Commission, Office of the
32 Attorney General, county prosecutor's office, or any other
33 appropriate agency for further investigation or action; and

34 (5) establish a whistleblower access and assistance program
35 which shall include, but not be limited to: establishing toll-free
36 telephone and facsimile lines available to employees; offering
37 advice regarding employee rights under applicable state and federal
38 laws and advice and options available to all persons; and offering
39 an opportunity for employees to identify concerns regarding any
40 issue at the corporation.
41

42 10. Section 20 of P.L.1979, c.150 (C.27:25-20) is amended to
43 read as follows:

44 20. a. The corporation shall, by September 15 of each year, file
45 with the Commissioner of Transportation a report in such format
46 and detail as the Commissioner may require setting forth the actual,
47 operational, capital and financial results of the previous fiscal year,
48 the operational, capital and financial plan for the current fiscal year

1 and a proposed operational, capital and financial plan for the next
2 ensuing fiscal year.

3 b. On or before October 31 of each year, the corporation shall
4 make an annual report of its activities for the preceding fiscal year
5 to the Governor **【**and to the presiding officers and the
6 Transportation Committees of both Houses of the Legislature**】**, the
7 President of the Senate, the Speaker of the General Assembly, and
8 the Assembly Transportation and Independent Authorities
9 Committee and the Senate Transportation Committee, or their
10 successor committees. Each such report shall set forth a complete
11 operating and financial statement covering its operations and capital
12 projects during the year. The report shall also include an account of
13 the on-time performance of rail passenger service, including light
14 rail service, operated by, or under contract to, the corporation,
15 including data for each such passenger line. The report shall
16 provide a detailed discussion of the methodology used by the
17 corporation in measuring on-time performance. The report shall
18 include certain personnel information of employees of the
19 corporation, including the average salary, number of employees in
20 management positions, and number of employees that are not in
21 management positions in key demographic groups, which shall
22 include, at minimum, race, ethnicity, and gender.

23 c. All records of minutes, accounts, bills, vouchers, contracts
24 or other papers connected with or used or filed with the corporation
25 or with any officer or employee acting **【**for or in**】** on its behalf are
26 hereby declared to be **【**public**】** government records and shall be
27 open to public inspection in accordance with P.L.1963, c.73
28 (C.47:1A-1 et seq.) and regulations prescribed by the corporation.

29 d. The corporation shall cause an audit of its books and
30 accounts to be made at least once each year by certified public
31 accountants and the cost thereof may be treated as a cost of
32 operation. The audit shall be filed within 4 months after the close
33 of the fiscal year of the corporation and a certified duplicate copy
34 thereof shall be filed with the Division of Budget and Accounting in
35 the Department of the Treasury.

36 e. Notwithstanding the provisions of any law to the contrary,
37 the State Auditor or **【**his**】** a legally authorized representative may
38 examine the accounts and books of the corporation.

39 f. On or before May 1 of each year, the board shall approve
40 and the corporation shall transmit to the Commissioner of
41 Transportation and to the President of the Senate, the Speaker of the
42 General Assembly, and the Assembly Transportation and
43 Independent Authorities Committee and the Senate Transportation
44 Committee, or their successor committees, an annual proposed
45 budget recommendation. The budget document shall be a two-year
46 budget which covers the most recent completed fiscal year,
47 estimated results for the fiscal year in progress, a recommendation

- 1 for the fiscal year to commence, and estimated needs and
2 projections for the following fiscal year. At a minimum, the budget
3 shall provide detailed information in the following areas:
- 4 (1) An executive summary outlining the highlights of the budget
5 document;
- 6 (2) A profile describing the history of the corporation and the
7 services it provides;
- 8 (3) An analysis of regional and agency transportation trends,
9 including a detailed ridership analysis;
- 10 (4) A synopsis of the current corporation business plan;
- 11 (5) A list of key performance indicators;
- 12 (6) A statement of current budget year assumptions regarding
13 funding and ridership;
- 14 (7) A summary of the internal corporation budgeting process
15 and its interaction with the Statewide budgeting process;
- 16 (8) A description of the current corporation organizational
17 structure;
- 18 (9) Detailed operating revenue and expense projections for each
19 division within the corporation, with 10 year revenue and expense
20 trends and five year revenue and expense projections;
- 21 (10) A detailed headcount analysis by department or unit, which
22 includes actual employee count, funded headcount, actual salary
23 and fringe expenses, and recent employment trends; and
- 24 (11) A summary of the capital program and analysis of current
25 capital projects for which capital funds have already been
26 appropriated, but where the project is not yet complete, which
27 includes the years of appropriation, amounts expended, future
28 appropriations required to complete the project, and a brief analysis
29 of project progress.

30 (cf: P.L.2007, c.263, s.1)

- 31
- 32 11. R.S.52:14-7 is amended to read as follows:
- 33 52:14-7. a. Every person holding an office, employment, or
34 position
- 35 (1) in the Executive, Legislative, or Judicial Branch of this
36 State, or
- 37 (2) with an authority, board, body, agency, commission, or
38 instrumentality of the State including any State college, university,
39 or other higher educational institution, and, to the extent consistent
40 with law, any interstate agency to which New Jersey is a party, or
- 41 (3) with a county, municipality, or other political subdivision of
42 the State or an authority, board, body, agency, district, commission,
43 or instrumentality of the county, municipality, or subdivision, or
- 44 (4) with a school district or an authority, board, body, agency,
45 commission, or instrumentality of the district, shall have his or her
46 principal residence in this State and shall execute such office,
47 employment, or position.

1 This residency requirement shall not apply to any person (a) who
2 is employed on a temporary or per-semester basis as a visiting
3 professor, teacher, lecturer, or researcher by any State college,
4 university, or other higher educational institution, or county or
5 community college, or in a full or part-time position as a member of
6 the faculty, the research staff, or the administrative staff by any
7 State college, university, or other higher educational institution, or
8 county or community college, that the college, university, or
9 institution has included in the report required to be filed pursuant to
10 this subsection, or (b) who is employed full-time by the State who
11 serves in an office, employment, or position that requires the person
12 to spend the majority of his or her working hours in a location
13 outside of this State.

14 For the time period between the effective date of P.L. _____,
15 c. (C. _____) (pending before the Legislature as this bill) and five
16 years following the effective date of P.L. _____, c. (C. _____) (pending
17 before the Legislature as this bill), this residency requirement shall
18 not apply to any person who is hired by the New Jersey Transit
19 Corporation as an engineer or mechanic, provided that the
20 corporation is able to demonstrate that it is unable to hire a suitable
21 applicant who resides in this State. A person who is hired during
22 this five-year period shall not be subject to the residency
23 requirement of this subsection while the person continues to hold
24 office, employment, or position without a break in public service of
25 greater than seven days.

26 For the purposes of this subsection, a person may have at most
27 one principal residence, and the state of a person's principal
28 residence means the state (1) where the person spends the majority
29 of his or her nonworking time, and (2) which is most clearly the
30 center of his or her domestic life, and (3) which is designated as his
31 or her legal address and legal residence for voting. The fact that a
32 person is domiciled in this State shall not by itself satisfy the
33 requirement of principal residency hereunder.

34 A person, regardless of the office, employment, or position, who
35 holds an office, employment, or position in this State on the
36 effective date of P.L.2011, c.70 but does not have his or her
37 principal residence in this State on that effective date shall not be
38 subject to the residency requirement of this subsection while the
39 person continues to hold office, employment, or position without a
40 break in public service of greater than seven days.

41 Any person may request an exemption from the provisions of
42 this subsection on the basis of critical need or hardship from a five-
43 member committee hereby established to consider applications for
44 such exemptions. The committee shall be composed of three
45 persons appointed by the Governor, a person appointed by the
46 Speaker of the General Assembly, and a person appointed by the
47 President of the Senate, each of whom shall serve at the pleasure of
48 the person making the appointment and shall have a term not to

1 exceed five years. A vacancy on the committee shall be filled in the
2 same manner as the original appointment was made. The Governor
3 shall make provision to provide such clerical, secretarial and
4 administrative support to the committee as may be necessary for it
5 to conduct its responsibilities pursuant to this subsection.

6 The decision on whether to approve an application from any
7 person shall be made by a majority vote of the members of the
8 committee, and those voting in the affirmative shall so sign the
9 approved application. If the committee fails to act on an application
10 within 30 days after the receipt thereof, no exemption shall be
11 granted and the residency requirement of this subsection shall be
12 operative. The head of a principal department of the Executive
13 Branch of the State government, a Justice of the Supreme Court,
14 judge of the Superior Court and judge of any inferior court
15 established under the laws of this State shall not be eligible to
16 request from the committee an exemption from the provisions of
17 this subsection.

18 The exemption provided in this subsection for certain persons
19 employed by a State college, university, or other higher educational
20 institution, or a county or community college, other than those
21 employed on a temporary or per-semester basis as a visiting
22 professor, teacher, lecturer, or researcher, shall apply only to those
23 persons holding positions that the college, university, or institution
24 has included in a report of those full or part-time positions as a
25 member of the faculty, the research staff, or the administrative staff
26 requiring special expertise or extraordinary qualifications in an
27 academic, scientific, technical, professional, or medical field or in
28 administration, that, if not exempt from the residency requirement,
29 would seriously impede the ability of the college, university, or
30 institution to compete successfully with similar colleges,
31 universities, or institutions in other states. The report shall be
32 compiled annually and shall also contain the reasons why the
33 positions were selected for inclusion in the report. The report shall
34 be compiled and filed within 60 days following the effective date of
35 P.L.2011, c.70. The report shall be reviewed, revised as necessary,
36 and filed by January 1 of each year thereafter. Each report shall be
37 filed with the Governor and, pursuant to section 2 of P.L.1991,
38 c.164 (C.52:14-19.1), with the Legislature, and a report may be
39 revised at any time by filing an amendment to the report with the
40 Governor and Legislature.

41 As used in this section, "school district" means any local or
42 regional school district established pursuant to chapter 8 or chapter
43 13 of Title 18A of the New Jersey Statutes and any jointure
44 commission, county vocational school, county special services
45 district, educational services commission, educational research and
46 demonstration center, environmental education center, and
47 educational information and resource center.

1 b. If any person holding any office, employment, or other
2 position in this State shall attempt to let, farm out or transfer such
3 office, employment, or position or any part thereof to any person,
4 he shall forfeit the sum of fifteen hundred dollars (\$1,500.00), to be
5 recovered with costs by any person who shall sue for the same, one-
6 half to the prosecutor and the other half to the treasurer for the use
7 of the State.

8 c. No person shall be appointed to or hold any position in this
9 State who has not the requisite qualifications for personally
10 performing the duties of such position in cases where scientific
11 engineering skill is necessary to the performance of the duties
12 thereof.

13 d. Any person holding or attempting to hold an office,
14 employment, or position in violation of this section shall be
15 considered as illegally holding or attempting to hold the same;
16 provided that a person holding an office, employment, or position in
17 this State shall have one year from the time of taking the office,
18 employment, or position to satisfy the requirement of principal
19 residency, and if thereafter such person fails to satisfy the
20 requirement of principal residency as defined herein with respect to
21 any 365-day period, that person shall be deemed unqualified for
22 holding the office, employment, or position. The Superior Court
23 shall, in a civil action in lieu of prerogative writ, give judgment of
24 ouster against such person, upon the complaint of any officer or
25 citizen of the State, provided that any such complaint shall be
26 brought within one year of the alleged 365-day period of failure to
27 have his or her principal residence in this State.

28 (cf: P.L.2011, c.70, s.2)

29
30 12. R.S.52:24-4 is amended to read as follows:

31 52:24-4. It shall be the duty of the State Auditor to conduct post-
32 audits of all transactions and accounts kept by or for all
33 departments, offices and agencies of the State Government, to
34 report to the Legislature or to any committee thereof and to the
35 Governor, and to the Executive Director of the Office of Legislative
36 Services, as provided by this chapter and as shall be required by
37 law, and to perform such other similar or related duties as shall,
38 from time to time, be required **【of him】** by law.

39 The State Auditor shall personally or by any **【of his】** duly
40 authorized assistants, or by contract with independent public
41 accountant firms, examine and post-audit all the accounts, reports
42 and statements and make independent verifications of all assets,
43 liabilities, revenues and expenditures of the State, its departments,
44 institutions, boards, commissions, officers, and any and all other
45 State agencies, now in existence or hereafter created, hereinafter in
46 this chapter called "accounting agencies."

47 The State Auditor shall conduct, at the direction of the
48 Legislative Services Commission or of the presiding officer of

1 either house of the Legislature or on the State Auditor's own
2 initiative, a performance review audit of any program of any
3 accounting agency, any independent authority, or any public entity
4 or grantee that receives State funds, in a manner that is consistent
5 with the Government Auditing Standards for performance audits
6 utilized by the United States Government Accountability Office or
7 its successor.

8 When the State Auditor conducts any audit or performance
9 review audit, the accounting agency, or authority, entity or grantee,
10 shall respond in writing to each item in the State Auditor's report
11 and the State Auditor, at an appropriate time determined by **[him]**
12 the State Auditor, shall conduct a post-audit review of the
13 accounting agency's, or authority's, entity's, or grantee's,
14 compliance with the State Auditor's recommendations.

15 The officers and employees of each accounting agency, or
16 authority, entity, or grantee, shall assist the State Auditor, when and
17 as required by **[him]** the State Auditor, and provide the State
18 Auditor with prompt access to all records necessary for the State
19 Auditor to perform **[his]** the duties of the State Auditor,
20 notwithstanding any statutory or regulatory requirements of
21 confidentiality with regard to the records, for the purpose of
22 carrying out the provisions of this chapter. The State Auditor shall
23 report the failure of any accounting agency, or authority, entity, or
24 grantee, to provide prompt access to any relevant record to the
25 presiding officer of each house of the Legislature. The State
26 Auditor shall not disclose a confidential record provided by an
27 accounting agency, or authority, entity, or grantee, except as may be
28 necessary for the State Auditor to fulfill **[his]** any constitutional or
29 statutory responsibilities. Working papers prepared by the State
30 Auditor shall be confidential and shall not be considered
31 government records under P.L.1963, c.73 (C.47:1A-1 et seq.).

32 The State Auditor shall conduct audits of the New Jersey Transit
33 Corporation in accordance with the requirements of subsection a. of
34 section 7 of P.L. , c. (C.) (pending before the Legislature
35 as this bill).

36 Notwithstanding any law to the contrary, post-audits and
37 performance review audits shall be conducted within the limits of
38 the resources and personnel available to the State Auditor. If
39 resources and personnel are insufficient to conduct all such required
40 post-audits and performance review audits, the State Auditor may
41 prioritize certain audits and forgo others upon notice to the
42 Governor and the presiding officer of each house of the Legislature.
43 (cf: P.L.2006, c.82, s.1)

44

45 13. (New section) a. All members of the New Jersey Transit
46 Corporation board of directors appointed pursuant to section 4 of
47 P.L.1979, c.150 (C.27:25-4) shall be appointed within 30 days of
48 the effective date of P.L. , c. (C.) (pending before the

- 1 Legislature as this bill), provided that any member serving on the
2 board as of the effective date of P.L. , c. (C.) (pending
3 before the Legislature as this bill) whose term has not yet expired
4 may continue to serve until the expiration of that member's term.
- 5 b. Any vacancy in the membership of the board on the effective
6 date of P.L. , c. (C.) (pending before the Legislature as this
7 bill) shall be filled in accordance with the following priority:
- 8 (1) members appointed upon the recommendation of the Senate
9 President and the Speaker of the General Assembly;
- 10 (2) the member appointed upon the recommendation of the North
11 Jersey Transportation Planning Authority;
- 12 (3) the member appointed upon the recommendation of the
13 Delaware Valley Regional Planning Commission;
- 14 (4) the member appointed upon the recommendation of the Tri-
15 State Transportation Campaign;
- 16 (5) the member appointed by the Governor who is required to
17 have experience as a regular corporation motorbus regular route
18 service rider or as a regular corporation rail passenger service or
19 light rail service rider; and
- 20 (6) the members appointed by the Governor who are required to
21 have a professional background in passenger rail service, freight rail
22 management, transportation capital planning, transportation and
23 public transportation capital construction, federal transportation
24 policy, State transportation policy, human resources management,
25 or transportation capital finance.
- 26 c. The members appointed upon the recommendation of the
27 Tri-State Transportation Campaign, the Delaware Valley Regional
28 Planning Commission, and the North Jersey Transportation
29 Planning Authority shall serve initial terms of three years.
- 30 d. The members appointed upon the recommendation of the
31 Senate President and the Speaker of the General Assembly shall
32 serve initial terms of two years.
- 33 e. The member appointed by the Governor who is required to
34 have experience as a regular corporation motorbus regular route
35 service rider or as a regular corporation rail passenger service or
36 light rail service rider and the members appointed by the Governor
37 who are required to have a professional background in passenger
38 rail service, freight rail management, transportation capital
39 planning, transportation and public transportation capital
40 construction, federal transportation policy, State transportation
41 policy, human resources management, or transportation capital
42 finance shall serve initial terms of one year.
- 43
- 44 14. This act shall take effect immediately.

STATEMENT

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This bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

The bill establishes four new positions on the board, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources or certain transportation topics. The board goes from four public members chosen by the Governor to eight public members chosen by the governor, with five of those members being chosen upon the recommendation of the North Jersey Transportation Planning Authority, the Delaware Valley Regional Planning Commission, the Tri-State Transportation Campaign, the Senate President, and the Speaker of the General Assembly respectively. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill also prohibits anyone from serving on the board if that person has made a political contribution in an amount or manner that would create the appearance of impropriety and requires board members to annually disclose political contributions to the board and the chief ethics officer. The bill requires that the board hold a minimum of 10 public board meetings per year.

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member. The bill establishes an employee relations committee and includes expands the audit committee to include finance.

The bill establishes the North Jersey Passenger Advisory Committee and the South Jersey Passenger Advisory Committee, within NJ Transit, for the purpose of providing advice, input, and guidance to the corporation's board of directors. The committees are modeled, in part, on existing advisory committees within NJ Transit.

1 The bill requires the State Auditor to perform audits of NJ
2 Transit every six years, which are to focus on specific areas to be
3 determined by the State Auditor. The bill also requires NJ Transit
4 to hire an independent firm to conduct a study at least once every
5 five years on the financial management practices and budget
6 reporting practices of mass transit agencies throughout the country
7 and to prepare and issue a report on its findings. Following the
8 issuance of the report, NJ Transit is required to adopt financial
9 management and budget reporting policies and practices that are in
10 line with the best practices of mass transit agencies throughout the
11 country. Upon the affirmative vote of seven members of the board
12 of directors, NJ Transit may opt not to adopt individual policies or
13 practices that are in line with the best practices of mass transit
14 agencies throughout the country.

15 The bill requires that NJ Transit hold at least two public hearings
16 in the counties affected, within one-half mile of the route and, to the
17 extent practicable, near each terminus of the route before
18 implementing any substantial curtailment or abandonment of
19 service, and at least 10 public hearings in separate counties at
20 locations within a quarter mile of both a rail line and bus route
21 before implementing any fare changes. Each public hearing is
22 required to consist of an afternoon and evening session, where each
23 session lasts at least two hours and the sessions are in the same
24 place and on the same day. At least half of the public hearings are
25 required to be held on a State working day. At least two members
26 of NJ Transit's board of directors are required to be in attendance at
27 each public hearing. In addition to the public hearing requirements,
28 NJ Transit is required to provide a postal mailing address and
29 electronic mailing address where members of the public may
30 provide written comments regarding the proposed fare increase or
31 substantial curtailment or abandonment of service. NJ Transit is
32 required to prepare and publish a written response concerning any
33 issue or concern raised by a member of the public at any public
34 hearing or in any written comment. NJ Transit is required to
35 provide notice of its intent to discontinue, substantially curtail, or
36 abandon service to each county and municipality whose residents
37 will be affected. "Substantial curtailment" and "substantially
38 curtail" is defined to include, but not be limited to: the elimination
39 of a motorbus regular route, scheduled trip, or scheduled stop along
40 a motorbus regular route or of a rail passenger service line,
41 scheduled trip, or scheduled stop along a rail passenger service line;
42 a reduction of 30 minutes or more in the beginning or end of service
43 for the corporation's adopted schedule or timetable for a scheduled
44 stop along a motorbus regular route or rail passenger service line;
45 and any change to a motorbus regular route or rail passenger service
46 which may increase barriers to accessibility for a person with
47 disabilities.

1 The bill requires NJ Transit, at the request of the chairperson of
2 any standing legislative committee, as approved by the presiding
3 officer, to appear before that committee to present testimony and
4 provide documents on any topic or subject requested by the
5 committee and to respond to any questions by members of the
6 committee.

7 The bill requires NJ Transit to employ a chief ethics officer to
8 investigate allegations and suspicions of unethical conduct or
9 criminal activity within NJ Transit and to determine whether NJ
10 Transit is in compliance with applicable State law. The chief ethics
11 officer is to operate independently of the executive director and is
12 to report directly to the board of directors.

13 The bill requires NJ Transit to report information to the
14 Governor and the Legislature regarding its employees, including the
15 average salary, number of employees in management positions, and
16 number of employees that are not in management positions in key
17 demographic groups, which are to include, at minimum, race,
18 ethnicity, and gender.

19 The bill requires NJ Transit to utilize multi-year budget
20 documents that cover the most recent completed fiscal year, the
21 estimated results for the fiscal year in progress, a recommendation
22 for the fiscal year to commence, and estimated needs and
23 projections for the following fiscal year and to provide those
24 documents to the Commissioner of Transportation, Senate
25 President, Speaker of the General Assembly, and the chairpersons
26 of the Assembly Transportation and Independent Authorities
27 Committee and the Senate Transportation Committee. The budget
28 documents are required to provide detailed information on several
29 key areas listed in the bill.

30 The bill expands the powers of NJ Transit to partner with other
31 public and private entities in forming corporate entities that provide
32 public transportation services. This expanded power will enable NJ
33 Transit to enter into formal partnerships with other transit agencies
34 for the operations of major transportation hubs.

35 The bill provides that any person newly hired by NJ Transit
36 within five years of the effective date of this bill as an engineer or
37 mechanic is exempt from the residency requirement established in
38 N.J.S.A.52:14-7, if NJ Transit demonstrates that it is unable to hire
39 a suitably qualified in-State candidate.

ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1241

STATE OF NEW JERSEY

DATED: FEBRUARY 1, 2018

The Assembly Transportation and Independent Authorities Committee reports favorably Assembly Bill No. 1241.

As reported, this bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

The bill establishes four new positions on the board, and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources or certain transportation topics. The board goes from four public members chosen by the Governor to eight public members chosen by the governor, with five of those members being chosen upon the recommendation of the North Jersey Transportation Planning Authority, the Delaware Valley Regional Planning Commission, the Tri-State Transportation Campaign, the Senate President, and the Speaker of the General Assembly. The bill provides for the appointment and initial terms of office for certain board members. The bill prohibits a board member from serving for more than 90 days beyond the expiration of that board member's term unless reappointed to the board. The bill also prohibits anyone from serving on the board if that person has made a political contribution in an amount or manner that would create the appearance of impropriety and requires board members to annually disclose political contributions and gifts in excess of \$250 to the board and the chief ethics officer. The bill requires that the board hold a minimum of 10 public board meetings per year.

The bill imposes new statutory duties on the board of directors, including: executing direct oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving quarterly schedule changes; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; and adopting a code of ethics. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment

in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member. The bill establishes an employee relations committee and expands the existing audit committee to include finance.

The bill establishes the North Jersey Passenger Advisory Committee and the South Jersey Passenger Advisory Committee, within NJ Transit, for the purpose of providing advice, input, and guidance to the corporation's board of directors. The committees are modeled, in part, on existing advisory committees within NJ Transit.

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board of directors, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

The bill requires that NJ Transit hold at least two public hearings in the counties affected, within one-half mile of the route and, to the extent practicable, near each terminus of the route before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations within a quarter mile of both a rail line and bus route before implementing any fare changes. Each public hearing is required to consist of an afternoon and evening session, where each session lasts at least two hours and the sessions are in the same place and on the same day. At least half of the public hearings are required to be held on a State working day. At least two members of NJ Transit's board of directors are required to be in attendance at each public hearing. In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected. "Substantial curtailment" and "substantially curtail" is defined to include, but not be limited to: the elimination of a motorbus

regular route, scheduled trip, or scheduled stop along a motorbus regular route or of a rail passenger service line, scheduled trip, or scheduled stop along a rail passenger service line; a reduction of 30 minutes or more in the beginning or end of service for the corporation's adopted schedule or timetable for a scheduled stop along a motorbus regular route or rail passenger service line; and any change to a motorbus regular route or rail passenger service which may increase barriers to accessibility for a person with disabilities.

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or criminal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recent completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, Senate President, Speaker of the General Assembly, and the chairpersons of the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill expands the powers of NJ Transit to partner with other public and private entities in forming corporate entities that provide public transportation services. This expanded power will enable NJ Transit to enter into formal partnerships with other transit agencies for the operations of major transportation hubs.

The bill provides that any person newly hired by NJ Transit within five years of the effective date of this bill as an engineer or mechanic is exempt from the residency requirement established in N.J.S.A.52:14-7, if NJ Transit demonstrates that it is unable to hire a suitably qualified in-State candidate.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1241

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1241, with committee amendments.

As amended and reported, this bill provides governance, oversight, and accountability reforms at the New Jersey Transit Corporation (NJ Transit).

Board Composition

The bill establishes five new positions on NJ Transit's board of directors (board), and restructures the existing board so that all public members are required to either have experience as regular public transportation riders or have expertise in human resources, real estate investment or development, or certain transportation topics. In order to be considered to have experience as a regular public transportation rider, a member is required to have been a public transportation rider in three of the five years preceding the member's appointment or reappointment to the board.

The composition of the board is increased by the bill, from four public members chosen by the Governor to eight public members chosen by the Governor. Four of the eight members are to be chosen upon the recommendation of the North Jersey Transportation Planning Authority, the New Jersey members of the Delaware Valley Regional Planning Commission, the President of the Senate, and the Speaker of the General Assembly, respectively. The bill provides for the appointment and initial terms of office for certain board members. The bill adds a labor organization member to the board, bringing the number of labor organization members to two. The bill requires that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of NJ Transit involved in motorbus operations and that one labor organization member be appointed by the Governor upon the recommendation of the labor organization representing a plurality of the employees of NJ Transit involved in rail operations.

Upon enactment of the bill, new members of the board are required to be appointed within 90 days of the bill's effective date.

Chief Ethics Officer

The bill requires NJ Transit to employ a chief ethics officer to investigate allegations and suspicions of unethical conduct or illegal activity within NJ Transit and to determine whether NJ Transit is in compliance with applicable State law. The chief ethics officer is to operate independently of the executive director and is to report directly to the board of directors.

Board Meetings

The bill requires that the board hold a minimum of 10 public board meetings per year. The bill provides that the agenda of a board meeting, be provided to the public at least five calendar days prior to the meeting and that one-half of board meetings be held in the evening after 6:00 p.m. The bill requires each notice of a board meeting, board agenda, and the minutes of each board meeting be published on NJ Transit's website. The bill also requires that each board meeting be viewable in real time on NJ Transit's website and be archived and made available to the public on NJ Transit's website.

New Board Responsibilities

The bill imposes new statutory duties on the board, including: executing oversight of NJ Transit's management team in the effective and ethical management of NJ Transit; monitoring the implementation of fundamental financial and management controls and operational decisions of NJ Transit; establishing certain personnel policies; approving fare changes and substantial curtailments of service; adopting guidelines for when it is appropriate for the chief ethics officer to forward the results of preliminary investigations to the appropriate authorities; adopting a code of ethics; establishing written policies and procedures on personnel; adopting guidelines for the chief ethics officers; adopting a defense and indemnification policy; and reviewing and updating corporate bylaws at least once every five years. The bill provides that the board members are to perform their duties in good faith and with the appropriate degree of diligence, care, and skill and to apply independent judgment in the best interest of NJ Transit, its mission, and the public. The bill requires board members to take and subscribe to an oath of office and to execute an acknowledgement that recognizes the duties and obligations of the board member.

The bill requires that the New Jersey Transit Corporation board of directors issue and publish on the corporation's website a statement, prior to the approval of any contract listed as an item on the board's agenda, that provides an analysis of the costs of shifting any service from one currently performed by regular corporation employees to private contractors, and make various certifications that the contract is in compliance with existing law, meets a minimum quality of service standard, is in the public interest, and that the contractor does not have

an adjudicated record of noncompliance with federal or State regulatory statutes concerning labor relations, occupational safety and health, non-discrimination and affirmative action, environmental protection, and conflicts of interests.

Committees

The bill establishes requirements for the audit committee, administration committee, operations and customer service committee, and capital planning and privatization committee.

The bill provides that the board is to appoint members of NJ Transit's advisory committees and requires that the committees have no fewer than nine members and no greater than 15 members. The members are to be selected upon a merit-based application process and the membership is to include representation of certain populations. The bill requires at least two members of an advisory committee to have experience as regular motorbus regular route service riders and at least two members to have experience as regular rail passenger service or light rail service riders. The advisory committees are required to conduct at least two public hearings per year in two different counties to gather information from interested parties and the general public. The advisory committees are required to issue an annual report to the board. The board is to review recommendations and solicit written input from each advisory committee prior to the adoption of any proposed fare increase, curtailment of service, or expansion of service.

Audits

The bill requires the State Auditor to perform audits of NJ Transit every six years, which are to focus on specific areas to be determined by the State Auditor. The bill also requires NJ Transit to hire an independent firm to conduct a study at least once every five years on the financial management practices and budget reporting practices of mass transit agencies throughout the country and to prepare and issue a report on its findings. Following the issuance of the report, NJ Transit is required to adopt financial management and budget reporting policies and practices that are in line with the best practices of mass transit agencies throughout the country. Upon the affirmative vote of seven members of the board, NJ Transit may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country.

Change of Service or Fare Increase Requirements

The bill requires that NJ Transit hold at least two public hearings in the counties affected, as close as possible to the highest trafficked stop on the route, before implementing any substantial curtailment or abandonment of service, and at least 10 public hearings in separate counties at locations as close as possible to both a rail passenger service line and a motorbus regular route before implementing any fare

increase. At least half of the public hearings are required to be held on a State working day. At least two members of the board are required to be in attendance at each public hearing. For substantial curtailment or abandonment of rail service and for fare increases, half of the required hearings are to take place between the hours of 9:00 a.m. and 5:00 p.m. and half are to take place between the hours of 6:00 p.m. and 10:00 p.m.

In addition to the public hearing requirements, NJ Transit is required to provide a postal mailing address and electronic mailing address where members of the public may provide written comments regarding the proposed fare increase or substantial curtailment or abandonment of service. NJ Transit is required to prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment. NJ Transit is required to provide notice of its intent to discontinue, substantially curtail, or abandon service to each county and municipality whose residents will be affected.

Appearance before the Legislature

The bill requires NJ Transit, at the request of the chairperson of any standing legislative committee, as approved by the presiding officer, to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

Reports

The bill requires NJ Transit to report information to the Governor and the Legislature regarding its employees, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which are to include, at minimum, race, ethnicity, and gender. The bill also requires NJ Transit to report certain accident information and safety violations to the Governor and Legislature.

The bill requires NJ Transit to utilize multi-year budget documents that cover the most recently completed fiscal year, the estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year and to provide those documents to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, the Assembly Transportation and Independent Authorities Committee, and the Senate Transportation Committee. The budget documents are required to provide detailed information on several key areas listed in the bill.

The bill requires the administration committee to receive certain reports quarterly from the head of the Office of Equal Opportunity and Affirmative Action and the director of the Human Resources Office at NJ Transit.

Residency Waiver for Certain Positions

The bill provides that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement established in N.J.S.A.52:14-7.

Contracting and procurement powers

The bill authorizes the NJ Transit chief of procurement to enter into agreements to defend and indemnify persons who enter into contracts with NJ Transit. The bill expressly authorizes NJ Transit to enter into public-private partnerships, to utilize corporate entities to participate with other private or public entities in furtherance of NJ Transit's powers, to invest the moneys of NJ Transit not required for immediate use, and to employ and retain counsel at NJ Transit's discretion. The bill specifically authorizes NJ Transit to enter into contracts concerning ferry service and light rail passenger service and with any public utility for services to support public transportation or transit operations.

The bill provides that NJ Transit may accept non-conforming bids only if the bid or proposal conforms to all material requirements of the solicitation. The bill provides that NJ Transit does not need to advertise purchases, contracts, or agreements in certain circumstances, including: where State or federal law requires a different process; and to acquire or overhaul ferries or other major equipment used to provide public transportation or transit operations. The bill also provides that NJ Transit may participate in cooperative purchasing agreements and federal supply schedules.

Deviation from Attorney General guidelines

The bill provides that NJ Transit may deviated from policies adopted by the Attorney General in circumstances where those policies are inconsistent with federal laws, regulations, directives, advisory opinions, or other guidelines relating to drug and alcohol testing, alcohol misuse, or prohibit drug use applicable to the NJ Transit Police Department.

Customer Advocate

The bill requires NJ Transit to employ a customer advocate who is required to report the customer advocate's activities for the prior year. The report is required to include: a list of any customer surveys performed and a summary of the results of each; a summary of customer experience enhancements; a list of customer facility improvements; and an account of the on-time performance of rail passenger service, including light rail service, operated by, or under contract to, the corporation.

As amended and reported, this bill is identical to Senate Bill No. 630 (2R), as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amendments provide changes to the board structure, including: the creation of five new board positions; providing that the two representatives from labor organizations on the board of directors are to be non-voting members; removing the prohibition against holdover board members; and changing the quorum requirements so that a majority of the appointed members of the board who are authorized to vote constitutes a quorum and so that action may be taken by the affirmative vote of a majority of the appointed members who are authorized to vote. The amendments also remove requirements concerning certain disclosures by board members.

The committee amendments modify certain express duties of the board members so that oversight is required over fare changes and the elimination or substantial curtailment of service. The amendments also remove reference to a “fiduciary obligation” of board members, expressly state that NJ Transit is not subject to civil service rules, require the board to update the NJ Transit bylaws every five years, and establish various board committees, including the audit committee, administration committee, operations and customer service committee, and capital planning and privatization committee.

The amendments increase the membership of the passenger advisory committees from 10 members to 15 members each.

The amendments make changes to the powers of NJ Transit concerning procurement and contracting and permit NJ Transit to employ or retain legal counsel and expand powers to indemnifying contractual business partners.

The amendments make changes to the public hearing requirements when NJ Transit increases fares or abandons or substantially curtails service. Under the amendments, two public hearings are required prior to substantial curtailment of rail service, one public hearing is required for substantial curtailment of bus service, and 10 public hearings are required prior to a fare increase. The definition of substantial curtailment is changed by the amendments. The amendments also allow NJ Transit to take action necessary to address emergency or exigent circumstances, provided the corporation holds a public hearing after the fact.

The amendments remove the requirement that any NJ Transit employee may be called before a legislative committee under the oversight provision in the bill. The amendments make changes to the duties of the chief ethics officer but still require the chief ethics officer to investigate unethical or illegal activity and to establish a whistleblower access and assistance program.

The amendments modify the bill’s exemption from the State’s residency requirement to provide that any person hired by NJ Transit as an engineer or mechanic or any other position certified by the board as a position of critical need is exempt from the residency requirement.

The amendments require NJ Transit to provide more detailed budget information to the Legislature, which includes multi-year budget documents. The amendments also require the establishment of a customer advocate and make changes to the manner in which the new board members are to be appointed as well as changes to the duration of the new board members' initial terms.

FISCAL IMPACT:

The bill provides for a series of reforms at NJ Transit that will require additional staff salaries, fringe, and materials; outside contract work; and additional reporting and transparency.

New costs with discrete estimates include a new chief ethics officer which will likely cost between \$200,000 and \$230,000 per year, and a performance audit every five years which could cost around \$1.3 million per audit. In addition there are numerous other requirements under the bill with indeterminate costs due to additional duties imposed on NJ Transit leadership, reporting requirements, transparency measures, public hearings, new committees, and financial and management controls. These other requirements will have additional indeterminate direct costs, largely in the form of additional staff.

The intention of these reforms is to improve the overall performance of NJ Transit as a business operation. Notable among these reforms are the implementation of industry best practices, additional financial and management controls, and requirements that NJ Transit become more transparent and provide more justification for its activities. These reforms are intended to result in indirect savings by eliminating waste and other mistakes throughout NJ Transit. To the extent that these reform efforts are successful, it is possible that the indirect efficiencies from reform will more than offset the direct costs imposed by the bill.



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Newark, N.J.

Governor Murphy Signs Legislation Reforming NJ TRANSIT

12/20/2018

TRENTON - Governor Phil Murphy today signed legislation to comprehensively reform NJ TRANSIT's governance and management to improve service and reliability for New Jersey commuters. The bill includes reforms to NJ TRANSIT's board of directors to make it more responsive to commuters; expands oversight over NJ TRANSIT, both by the public and the Legislature; institutes regular disclosure of accident and safety performance reports; strengthens whistleblower protections; and creates Customer Advocate and Chief Ethics Officer positions within the agency.

"Rebuilding NJ TRANSIT for the one million New Jersey residents who ride the trains and buses every day has been a priority since I began my campaign for Governor," **said Governor Phil Murphy**. "Thanks to our actions in partnership with our colleagues in the Legislature, NJ TRANSIT will now be able to direct its efforts more efficiently and effectively to improve safety, reliability, and services for commuters. I am proud to sign a bill into law that is committed to putting NJ TRANSIT on a positive track moving forward."

Primary sponsors of the bill include Senators Loretta Weinberg, Thomas Kean, and Linda Greenstein; Assemblymembers John McKeon, Daniel Benson, and Patricia Egan Jones; and former Senator Robert Gordon.

"This reform legislation is not a panacea for all of the problems that have plagued NJ TRANSIT," **said Senate Majority Leader Loretta Weinberg**. "But it will help NJ TRANSIT's new leadership deliver the safe, reliable, on-time service its riders have a right to expect by making NJ TRANSIT one of the nation's most representative, responsive and transparent public transit agencies. This new law responds directly to the many commuters who too often felt that NJ TRANSIT had stopped listening to them and caring about their needs, and will make sure that never happens again."

"This is the reform that NJ TRANSIT needs if it's to remain accountable to the people of New Jersey," **said Assemblyman John McKeon**. "What we learned last year was shocking and disappointing. NJ TRANSIT has lost its way through a series of bad policy and personnel decisions that left it unable to fulfill its basic duty - get people to work safely on time. Commuters are angry, and rightly so, but with this new law, we move toward ensuring NJ TRANSIT once again becomes a national model of efficiency and accountability that is answerable to, first and foremost, the commuters."

"After the year and summer we've had with delays and pending construction disrupting service for commuters, it is time for a larger effort to be made to reform NJ TRANSIT operations," **added Assemblyman Daniel Benson**, who is chair of the Assembly Transportation Committee. "New Jersey residents who depend on NJ TRANSIT to get to work, school or return home need reliable service and clear, regular communication. This new law begins the much-needed reform NJ TRANSIT sorely needs and commuters deserve."

“These reforms will bring about a modernized agency easily and transparently held accountable by the public,” **Assemblywoman Patricia Egan Jones said.** “It places NJ TRANSIT on the path to once again to become an effective, reliable source of public transportation which thousands of commuters and New Jersey residents rely on.”

“New Jersey depends on reliable public transportation to keep our economy buzzing,” **said New Jersey Future Executive Director Peter Kasabach.** “Demand for transit-friendly locations is growing, but these places can’t be successful without transit that can be counted on. This bill is a step toward making steady and predictable service a reality for the thousands who use it every day. We look forward to working with the governor to facilitate more transit-oriented development projects throughout the state that can capitalize on improved transit service.”

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STATE OF NEW JERSEY GOVERNOR PHIL MURPHY

THIS WEEK IN NEW JERSEY: DECEMBER 21, 2018



NJ TRANSIT MARKS 100 PERCENT COMPLETION OF PTC MILESTONE AND GOVERNOR MURPHY SIGNS LEGISLATION REFORMING NJ TRANSIT

NJ TRANSIT marked 100-percent completion of the Federal Railroad Administration's 2018 year-end milestone for Positive Train Control. Criteria for this requirement included installation of equipment on locomotives and cab control cars, installation of 326 miles of wayside equipment

including radios, transponders and poles, as well as initiating PTC testing and employee training. The achievement means NJ TRANSIT can apply for an alternative schedule to have PTC fully operational by the end of 2020.

Governor Murphy also signed legislation to comprehensively reform NJ TRANSIT's governance and management to improve service and reliability for New Jersey commuters. The bill includes reforms to NJ TRANSIT's board of directors to make it more responsive to commuters; expands oversight over NJ TRANSIT, both by the public and the Legislature; institutes regular disclosure of accident and safety performance reports; strengthens whistleblower protections; and creates Customer Advocate and Chief Ethics Officer positions within the agency.

"Rebuilding NJ TRANSIT for the one million New Jersey residents who ride the trains and buses every day has been a priority since I began my campaign for Governor," said Governor Murphy. "Thanks to our actions in partnership with our colleagues in the Legislature, NJ TRANSIT will now be able to direct its efforts more efficiently and effectively to improve safety, reliability, and services for commuters. I am proud to sign a bill into law that is committed to putting NJ TRANSIT on a positive track moving forward."

READ MORE: [Governor Murphy Signs Legislation Reforming NJ TRANSIT](#)



MURPHY ADMINISTRATION PROPOSES RULES FOR STATE'S RE-ENTRY INTO REGIONAL GREENHOUSE GAS INITIATIVE

Fulfilling his pledge to restore New Jersey to a national leadership role in the fight against climate change and sea-level rise, Governor Murphy today announced that the Department of Environmental Protection has formally proposed two rules that will steer New Jersey's re-entry into the Regional Greenhouse Gas Initiative.

"Climate change and sea-level rise affect every one of us," Governor Murphy said. "From Superstorm Sandy

to the powerful nor'easters and devastating flooding this year, it is imperative that New Jersey reclaim its leadership role in fighting back. Pulling out of the Regional Greenhouse Gas Initiative in 2012 was not only an abdication of leadership, but it also cost us millions of dollars that could have been used to increase energy efficiency and improve air quality in our communities. This action is an important first

step toward restoring our place as a leader in the green economy and keeping us on a path to 100 percent clean energy by 2050 for the benefit of all New Jerseyans.”

READ MORE: [New Jersey Proposes Rules to Re-enter RGGI](#)

GOVERNOR MURPHY SIGNS SCHOOL BUS SAFETY LEGISLATION

Governor Murphy signed a package of school bus safety bills into law. This series of bills raises safety standards for school buses and school bus operators in the State of New Jersey.

“After the tragic school bus accident in Paramus earlier this year, it became clearer than ever that we must act to protect our children and educators through common sense school bus safety reforms,” said Governor Murphy. “Thanks to our actions in partnership with the Legislature, parents will be able to send their children to school knowing that school buses and school bus drivers are being held to extremely high standards designed to ensure the safety of students.”

READ MORE: [Governor Murphy Signs School Bus Safety Legislation](#)



ATTORNEY GENERAL, DEP COMMISSIONER FILE LAWSUIT CHALLENGING FEDERAL GOVERNMENT'S EFFORTS TO ALLOW OFFSHORE DRILLING IN NJ

In an effort to prevent the federal government from allowing harmful drilling off the New Jersey coast, Attorney General Gurbir S. Grewal and Department of Environmental Protection Commissioner Catherine R. McCabe joined a multistate lawsuit to reverse federal approval of seismic testing along the eastern seaboard.

“New Jersey officials have consistently told Washington that we don’t want offshore drilling off our coast,” said Attorney General Grewal. “But the Federal Government is putting the fossil fuel industry above New Jersey residents, above our environment, and above the law. The Federal Government’s decision is flat out wrong, and offshore

drilling will harm our pristine coast and the residents and industries that rely on it. Now, it is also clear the Administration is willing to harm over 300,000 marine mammals, even endangered species, in pursuit of its fossil fuel agenda. In New Jersey, we're committed to fighting offshore drilling every step of the way, and I'm proud to file this lawsuit."

"New Jersey has a responsibility to protect our natural environment, including the hundreds of thousands of marine animals that depend on our coastline as their home," said DEP Commissioner McCabe. "I am proud to join Attorney General Grewal in this suit to fight back against the Trump Administration's efforts to exploit and harm our precious natural resources, and New Jersey's valuable tourism and fishing economy for the gain of the fossil fuel industry."


READ MORE: [AG Grewal, DEP Commissioner McCabe File Lawsuit Against Federal Government](#)

GOVERNORS LEAD BIPARTISAN EFFORT TO OPPOSE SEISMIC TESTING AND OFFSHORE DRILLING

Following the announcement that the Trump Administration authorized airgun use in waters off the East Coast, Governor Phil Murphy and a group of bipartisan governors from nine other states along the Atlantic coastline issued a letter yesterday urging Commerce Secretary Wilbur Ross and Interior Secretary Ryan Zinke to halt harmful seismic testing and offshore drilling in the Atlantic Ocean.

"As the governors of states on the Atlantic seaboard, we write to reiterate our strong opposition to seismic airgun surveys and oil and gas drilling off our coasts," the governors wrote. "These activities pose an unacceptable and unnecessary threat to our coastal ecosystems and coastal economies."

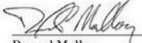
READ MORE: [Bipartisan Governors Come Together to Oppose Seismic Testing and Offshore Drilling](#)




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Governor of North Carolina




Henry McMaster
Governor of South Carolina




Dannel Malloy
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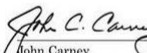
Andrew Cuomo
Governor of New York



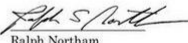
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Phillip D. Murphy
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