



A Case Study in Reimagining Transit for a Better Region

The Creation of NJ TRANSIT

Foreword

Years ago, Lou Gambaccini asked me to write the story about the founding of New Jersey Transit (NJ Transit). While Lou was instrumental in building a number of organizations, his crowning achievement was the creation of NJ Transit. He often reminisced with pride of how he and our team engaged the broader public in imagining a better transportation system. Finally, 40 years later, I tackled yet one more assignment from my mentor and dear friend. *For when you worked for Lou – you signed up for life.*

Lou brought together a talented group of folks early in their public service careers to make a difference for the State of New Jersey and set a high bar for excellence in reshaping the delivery of public transportation for the State and the larger industry. This ‘case study’ seeks to tell the story of a remarkable period in New Jersey’s transportation and governmental history.

Our team included: Martin Robins, who led the policy team and served as the *acting Executive Director* initially during the national search for the *first Executive Director* Jerry Premo.

Martin’s team included the likes of **DC Agrawal**, who went on to become the *first Treasurer for NJ Transit* and served with distinction in various executive roles through his career there. That policy team included **Ron Reisner**, **Bert Hasbrouck**, **Larry Filler** and **Arlee Reno**.

Ron Reisner became the *first Board Secretary for the new agency* and also went on to serve in various leadership roles over his career at the agency.

Bert Hasbrouck went on to serve as *Assistant Executive Director for NJ Transit* and by all accounts, was the conscience for the organization and its staff for years; he also served as the *Ethics Officer* before his untimely death.

Ken Levy of the State’s Office of the Attorney General served as *one of Lou’s trusted advisers* on the legislation and many of the issues related to negotiations with the takeover of TNJ and creation of the TRANSPAC program. Ken, as *head of the Attorney General’s Public Transportation unit*, led all the Attorney General’s work for the new corporation once it was established.

George Warrington initially spearheaded the constituency development effort to gain broad stakeholder support for the NJ Transit legislation and the passage of the Transportation Bond Issue. He ultimately served as *one of the agency’s Executive Directors*.

Cathy Arnone, aka Sweeney, served as *Director of Public Affairs for the DOT* and was Lou’s trusted adviser on all issues related to external messaging and press.

Amy Rosen, *one of Lou’s assistants*, led the legislative process, served as the liaison to the Governor’s office and also led the Board recruitment for the new agency. Amy eventually went on to serve on the NJ Transit Board of Director for ten years.

Larry Filler, *part of the policy team*, was instrumental in the development of the federal legislation related to the ability of the states to assume passenger railroad operations following the divestiture of Conrail; this was a necessary precondition for NJ Transit to assume direct rail operations in 1983.

Arlee Reno, *an outside consultant*, was embedded with the policy team and was very instrumental in the creation of the series of policy papers that facilitated an open dialogue about transit options in the mid to late 70s. He played a critical role as the DOT later developed strategies for addressing the bus service crisis statewide during the 1978/79 period.

Richard Sarles, *a loaned Executive from The Port Authority* with extensive capital programming and engineering expertise, led the development of the new five-year capital program, and the TRANSPAC financing package. Rich later in his career served as one of the agency’s Executive Directors.



I joined the team in the spring of 1979 and took over the constituency development efforts. I eventually joined NJ Transit and enjoyed almost 10 years in various executive roles.



Lou with George Warrington at the dedication of the NJ Transit Headquarters naming with accompanying plaque (Photo Courtesy of NJ Transit).



Lou with members of his NJDOT team on the occasion of the naming of NJ Transit Headquarters in his honor. The group includes: Martin Robins, Cathy Arnone, Lou, Amy Rosen, DC Agrawal and Deb Wathen Finn.

Countless others made contributions during the creation of NJ Transit and the organization's growth and development into one of the nation's best public transportation agencies for many years. Many thousands of employees have over the years continued to embrace and deliver Lou's vision.

Acknowledgements

While I prepared this report and take all responsibility for any errors, I could not have completed this effort without the support, advice and counsel of many of our original team.

Most particularly, I thank Cathy Arnone, *aka Sweeney*, DC Agrawal, Jerry Premo, Larry Filler, Amy Rosen, Anne Canby, Rich Sarles and Shawn Laurenti for their recollections and clarification of the facts and as sounding

boards on how best to share this work. Arlee Reno was key to this effort as he was the source of the archived papers that would not otherwise have been available as we work to preserve this history. Ed Borrone, who served as Counsel to TNJ during the legislative deliberations and during the transition from TNJ to NJ Transit, offered invaluable insights into the status from TNJ/PSE&G positions. They, like me, were committed to documenting Lou's legacy of leadership and achievements at that time.

We did it, Lou ... your work and leadership is now recorded for posterity. May this story inspire and inform others on how one can lead in the public sphere and make a difference.

Deborah Wathen Finn

President of The Wathen Group



In the late 1970s, before NJ Transit...

"The plight of the New Jersey rail commuter has steadily gotten worse over the last decade or more, and not solely on the North Jersey Coast Line. The other lines – Raritan (former Central New Jersey) and Northeast Corridor (former Penn Central) - have all been victims of neglect and bureaucratic bungling."

~ New Jersey Magazine October 1978.

"Statistics alone do not indicate the full extent of public transportation problems within the State. How does one quantify ancient and dirty equipment, long waiting times, the lack of new services to rapidly expanding areas within the State..."

~ Buses - Crisis and Response, report issued by NJDOT on May 1, 1979.



NJ Monthly Magazine Cover
- October 1978

Background

In the harsh winter of 1977-78, New Jersey's public transportation system, which the State did not operate, was in a crisis. In spite of one of the nation's larger state subsidy programs, the privately operated and managed bus system and the rail service, operated by Conrail under contract with the State, were on the verge of collapse. Trains and buses throughout New Jersey (NJ) experienced frequent service breakdowns of rail coaches and locomotives and buses that were way beyond their useful life.

Riders were fed up to the point that commuter wives (*yes wives*) formed a group and picketed around the NJ Department of Transportation headquarters building in Trenton. In addition to the Commuter Wives, rail commuters formed groups with names such as Shore Commuters for On Time Services and Irate Shore Commuters, whose members literally sat on the North Jersey Coast Line tracks to protest the lengthy and frequent train delays. They later recreated their protest for the cover of New Jersey Magazine.

Other groups formed along other rail lines, including the Lackawanna Coalition on the Morris and Essex Line (now the MidTown Direct). The Lackawanna Coalition and the Coast Line groups were some of the most vocal and active critics of what they considered the state's "dereliction" of duty for the lengthy delays in the electrification of the North Jersey Coast Line and re-electrification of the Morris & Essex line which had been included in the 1968 Bond Issue monies. Bus commuter groups including the Central New Jersey Transportation Board and the Committee for Better Transit advocated for their members. Individual county entities as well as the County Transportation Association pressed for improvement in both modes.



Conrail, which was established by an Act of Congress in 1976, operated commuter rail service on the former bankrupt private rail lines: Penn Central, Erie Lackawanna and Central New Jersey (CNJ) rights of way. Meanwhile PSE&G, through its bus subsidiary Transport for New Jersey (TNJ) along with some 25 small private bus carriers, operated various bus services with the help of State subsidies. The State DOT Commuter Operating Agency (COA), established in the 1960's, managed and directed ever-growing subsidies to both Conrail and to these bus operators. However, COA had only minimal staff

to ensure that Conrail and these bus private operators were accountable to the State for service quality and prudent use of State subsidies.

There was also a crisis in confidence in the State's ability to deliver transportation services and fund improvements to the decaying public transportation infrastructure. Over the decade since the 1968 Transportation Bond Issue, the State had failed three different times to gain voter support for transportation bond issues to begin to provide capital funds to address the massive backlog of needs. This lack

of confidence in the State to deliver transportation projects, particularly the long-awaited electrification projects and services in turn contributed to the lack of success in gaining public support for the transportation needs of the state.

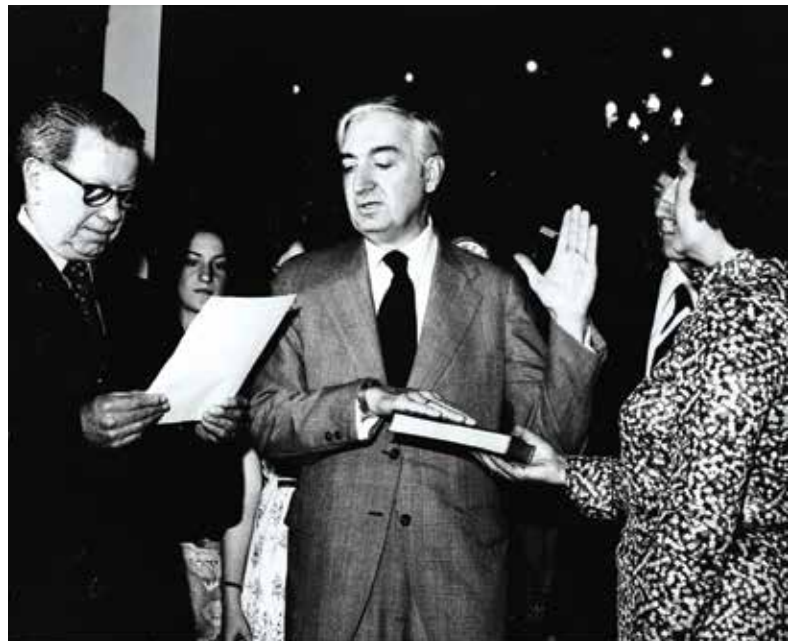
In summary, the need for action was great, the quality of existing service was poor and deteriorating; and public confidence was understandably very low.

Time for Leadership

Governor Brendan Byrne was a progressive leader who sought out and hired some of the best talent to serve in his cabinet and staff to help him meet the many challenges facing the State of New Jersey.

Already under his leadership as Governor, he had reformed education funding, passed the State's first income tax, preserved the Pinelands and introduced casino gambling in Atlantic City.

In early 1978, the Governor was determined to address the commuter crisis affecting the state and its citizens and recruited a nationally recognized transportation expert and public manager Lou Gambaccini to become Commissioner of Transportation.



Above: Lou being sworn in as Commissioner of Transportation by Chief Justice Richard J. Hughes on May 19, 1978.

Right: Lou with Governor Byrne at his swearing in.



Gambaccini had served for almost 25 years in various positions at the Port Authority of NY and NJ including serving as general manager of the PATH rail system between New York and New Jersey. He had also served in various leadership roles at the American Public Transportation Association (APTA), the national group focused on increasing recognition and funding for public transportation nationwide. An extra benefit was that Gambaccini was a New Jersey resident, who commuted on the state's rail lines! He had a sense of the challenge before him, but he did not know the full extent of the situation until he took over the helm of the New Jersey Department of Transportation. **At his swearing in as Commissioner on May 19, 1978, Gambaccini was optimistic but realistic about the challenge:**

Making a Compelling Public Case for Improvements

Upon joining the Department of Transportation (DOT), Gambaccini recruited a team to join the DOT to work in partnership with existing Department leaders. Under his direction, a policy group conducted analyses of the challenges and researched institutional options to address the crisis with the public transportation system.

All agreed that action was essential, but what action made the most sense? Earlier in the 70s, the preceding Commissioner Alan Sagner's team conducted a significant body of work to evaluate the condition of the State's bus service which informed much of the work done during 1978/79.

Very early in his term, the Commissioner accepted the recommendation of his staff that the bus subsidy program needed to be restructured to eliminate waste and abuse and to get better value in service quality for each public dollar invested. Administrative and management costs for a

“My appointment as Commissioner will not make the Red Sea part. Changes in the Department’s key staff, even drastic ones, will not themselves instantly restore new capacities to an over-aged transportation infrastructure. There is no substitute for relentless, diligent effort on the part of many and the continued application of substantial dollar resources. Ultimately and realistically, to solve these long-standing and deep-rooted problems will require the cooperative efforts of the Department of Transportation, the Governor, the legislature, and the State department in concert with the forbearance, and active involvement and goodwill of such groups as the users, the operators, and local governments. I know we, the Department, have to earn that faith. But we, in turn will need faith in our own objectives if we are to successfully achieve them.”

number of small bus companies, whose owners were often paying themselves high salaries for relatively small bus operations, needed to be better controlled. The key to the puzzle was to ensure that PSE&G, owner of Transport of New Jersey (TNJ) the largest bus operator in the State, would agree to restructuring.

PSE&G, originally a subsidiary of TNJ, was established to supply power to TNJ's trolley lines and Newark city subway as TNJ. It expanded from that start to becoming New Jersey's electric power and gas utility, with TNJ becoming its subsidiary in an ultimate role reversal after TNJ transitioned from operating trolley lines to buses.

Prior to a long strike by the Amalgamated Transit Union in 1972, TNJ had been profitable with 3000 buses in service in New Jersey and a robust national charter bus operation. After the strike, John Gilhooley, the President of TNJ at the time, examined all of its bus routes and sought State



approval to drop lines based upon low levels of ridership, to focus on the more profitable lines. Under previous Governor William Cahill's administration, PSE&G began requesting state subsidies for the important, but unprofitable lines. Requests for larger and larger State subsidies were made into the mid to late 70s as documented in the NJDOT paper on, 'Bus Transportation in New Jersey', prepared under Commissioner Gambaccini's leadership.

During his first year, the new Commissioner spoke publicly about a possible State takeover of the bus companies. At that time, the bus subsidy program cost the State \$50 million a year, \$35 million of it for TNJ. In doing their research, the policy group led by Martin Robins discovered that PSE&G was directly responsible for a \$5 million annual payment for TNJ's pension liabilities, under federal law and as acknowledged in its annual reports. That expense was included in the State subsidy to TNJ. The team briefed the Commissioner who in turn briefed Governor Byrne on this major point for negotiation, and the Governor gave his approval for staff to advise TNJ/PSE&G that funds for those pension payments would no longer be provided through the State subsidy program.

PSE&G, faced with a \$5 million annual loss, accepted the idea of legislation for a new State entity that would take over TNJ and use TNJ's staff and resources to consolidate the bus services program. This acceptance by PSE&G was enormously significant and put into action planning for the State's purchase of the nation's largest private bus company.

Gambaccini's policy team focused on the creation of an effective delivery model with these priorities: establishment of an independent authority (what eventually became NJ Transit) and steps that would be required for initial takeover of the TNJ bus operations.

Gambaccini understood that any changes to how existing bus service was being provided by TNJ and numerous smaller operators under State subsidies would be met with resistance. During the legislative hearings on the takeover, TNJ President John Gilhooley continued to plant stories about Washington D.C. bus system that had been taken over without effective changes in operations and delivery. According to Ed Borrone, then the Counsel to TNJ, the PSE & G leadership directed Gilhooley not to oppose the takeover since the NJDOT team had worked out a financial arrangement with the federal government. This arrangement would allow NJ Transit to use federal funds to pay PSE&G to acquire TNJ's assets, and PSE&G would use those funds for

the past pension liabilities with permissible tax deductions. At that point PSE&G had no interest in continuing to operate the unprofitable TNJ subsidiary.

The Commissioner charged the DOT policy team to begin drafting the NJ Transit legislation creating a new statewide entity which, if enacted, would become the nation's largest and most significant statewide public transit system. Operating with a sense of urgency, and building on their initial research, this group prepared a series of detailed analyses and background papers to brief New Jersey legislators, other elected officials and numerous concerned interests on the transportation problems facing NJ and the implicit need for elementary structural change. Concurrent with the ongoing discussions with PSE&G, they prepared a series of papers to define the situation, share alternatives and ultimately make the specific recommendations on major bus reform.

The major policy papers included:

1. **Comparison of TNJ and Other Bus Operations – 1978**
This paper provided a peer review of the TNJ bus operations compared with other bus systems nationwide. The paper highlighted TNJ's standing saying..."with 2/3 of the comparisons with other systems, TNJ's performance is not better or preferable to the performance of the other carriers."
2. **Alternative Institutional and Financing Options – First Draft August 7, 1978** – A review of institutional options ranging from public, private and or mixed public/private options with tradeoffs and some financing options.
3. **Bus Transportation in New Jersey: The Long-Term Solution – January 24, 1979** – This study described the bus system situation in New Jersey in 1979, framing the issue of public ownership versus private ownership with a primer on how the State had made a significant investment in operations and maintenance funding and capital investments. It made the case for how fragile the system was to deliver quality service for the long term, given how little if any private investment and lack of clarity of responsibilities and accountabilities. In addition, the paper also calculated the limited costs as well as the potential benefits to the State to fully acquire the private system. It also outlined the case for establishing a public transit corporation to preserve the State's investments, create service reliability improvements and deliver management efficiencies over the long haul.



4. **A Proposal for Bus Reform in New Jersey – March 2, 1979** – This paper provided a more detailed description for creating a public corporation as part of making the case for legislation to establish a new institution.

These research papers provided comprehensive facts and data in a non-technical style that could stand public and political scrutiny. They served as background for the legislation to establish the new statewide agency -- New Jersey Transit Corporation or NJ Transit for short -- that was subsequently introduced in the Assembly and Senate.



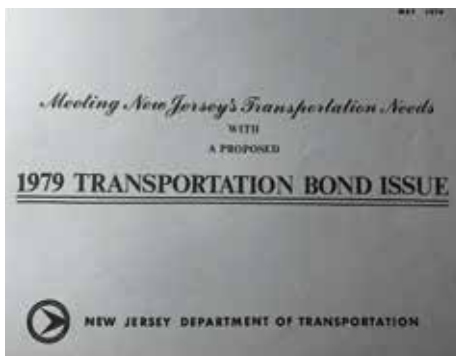
TRANSPAC logo

Investment Plan

Institutional reform was one thing; providing needed money to upgrade the state's transportation system, and especially its transit infrastructure, was an equally compelling need.

Concurrent with ongoing efforts to lay the groundwork with the legislature to approve the NJ Transit legislation, Gambaccini was working on an Investment Plan to adequately fund NJ's transportation services. A lot of creative thinking and documentation went into creating what would become a \$2.1 billion in State, Port Authority and federal funds, including \$1.35 billion for transit. A plan was developed for transit, dubbed **TRANSPAC**, that included for the first time, \$120 million in Port Authority funds to be used as local match for \$480 million in federal funds, to procure a new fleet of buses to replace the seriously deteriorated buses in service by TNJ and smaller private operators. A detailed \$475 million plan of transit and road improvements, much of it eligible for federal matching funds, was developed for presentation to voters.

For broad discussion and to demonstrate transparency and accountability, the DOT published a document outlining the capital program often referred to as 'The Grey Book'. Gambaccini and the team pledged that the program was 'doable and deliverable'. To address DOT's credibility problems, the Department published a brochure identifying the programs and projects that had been delivered from the 1968 Bond Issue and spelled out why some projects had not been delivered as originally promised. Last, but not least, Governor Byrne enlisted the support of New Jersey's powerful Congressional delegation, with the active support of President Carter, to enact federal rail and funding legislation which greatly benefited New Jersey's public transportation services.



The Grey Book / 1979 Bond Issue

The strategy was thus set: establish NJ Transit; acquire TNJ and incorporate it into the new Corporation; and advance a comprehensive transportation funding program, including the transportation bond issue on the ballot in November 1979. Meanwhile, the concern of rail commuters needed to be addressed. (NJ Transit would not take over rail system operation until 1983.)



Stakeholder Engagement

With analyses done and a plan for action prepared, the team moved into the public phase of engagement; focusing on a broad base of stakeholder and political interests.

Gambaccini knew that he needed **proactive political and stakeholder engagement programs** to gain support for the creation of a new institution and **the public's support** for the investment plan that included a State Bond Issue to leverage the federal and Port Authority funds. **He believed that if the public and political interests could understand the full extent of the challenges, they would support creation of a transformational public corporation.**

With his well-earned reputation as a knowledgeable public transportation industry leader, Gambaccini possessed understanding and credibility essential to making the case for improved service. That style differentiated him as a leader and contributed to creating confidence in the DOT to deliver. His standing as a consummate public manager and a 'straight shooter' made a marked difference. He was also very knowledgeable on major public policy issues related to how best to use transportation to support more sustainable communities/state.

One of the best examples of the effectiveness of Gambaccini's straight talk approach occurred in Monmouth County, home of the most organized and critical commuters of the North Jersey Coastline. At an initially contentious meeting in a packed high school gym, complete with police security, Gambaccini carefully laid out the facts, which included the history of

the line, age and number of rail cars service problems, etc. The audience was bitter about terrible service and delays in the electrification project that was supposed to have been funded in the 1968 bond issue to replace the diesel service.

The Commissioner, armed with charts of costs and funds available, explained that if electrification was undertaken to Long Branch station, as then planned, it would 'eat up' all available funds, leaving no money to replace old breakdown-prone rail cars and locomotives and there would be minimal improvement in their commute. After explaining the trade-offs involved, the Commissioner proposed a partial electrification plan to South Amboy with a major purchase of train cars and locomotives rolling stock with the balance of available funds.

Electrification to Long Branch would have to wait until a later funding round. He consistently emphasized that this alternative plan was doable and would yield benefits for commuters and he specifically asked for support from the commuters and elected officials present to help obtain the federal matching money that was required. At the end of the presentation, the tenor of the audience had completely changed and there was obvious growing agreement for the new plan. Many attendees came forward to the Commissioner to express their appreciation for the detailed explanation, saying that they never before really understood the complexity of the issue.

Legislative Challenges



Governor Byrne signing the legislation joined by Lou, Senator Frank Herbert and Senate President Joseph P. Merlino, July 17, 1979 (Photo Courtesy of NJ Transit).

Introducing and enacting the legislation to establish NJ Transit was quite a challenge in the spring and into the summer of 1979. In reflecting upon that period, Amy Rosen credits Governor Byrne for his leadership and his determination to get it done politically.

"It was a decision that cost him some political capital, as the opposition was largely from his own party." The Governor's Chief of Staff Harold Hodes also played a major role in strategy and political negotiations throughout the legislative process and the decisions related to the establishment of NJ Transit.



While funding public transportation services in New Jersey was supported by most of the legislators, there was a strong concern about the State of New Jersey actually running bus operations. There was little faith that state ‘bureaucrats’ could get the job done. That’s why the Corporation model proposed by the Commissioner was so important. There was extensive lobbying against the proposed legislation from the various private bus carrier owners who feared the loss of State subsidies; agreements were reached to assist some of the private bus carriers. Bus labor leadership also supported the proposed legislation.

Passage of the legislation in the Senate went relatively smoothly, through the tremendous efforts and leadership of Senator Frank Herbert, its Senate sponsor. However, passage of the legislation in the Assembly was very uncertain.

Governor Byrne and Harold Hodes were personally involved and worked diligently to deliver the 41 votes needed for passage. In the late evening hours of July 17, 1979, the Assembly voted by a margin of one vote to establish NJ Transit.

Embracing a Broader and More Proactive Stakeholder Engagement

While the Commissioner made the case for establishing NJ Transit with State legislators, he understood that proactive stakeholder engagement was critical in creating third party advocates to also press the case for the new corporation and the case for the critically needed funding.

Initially he looked to the NJ Alliance for Action, made up primarily of business interests/contractors and labor, to create such a group. However, his team advised him that a more diverse group of stakeholders to champion the transportation initiatives was needed. **In the wake of the three previously defeated transportation bond issues in the last decade, a broader coalition and a more comprehensive strategy was needed.**

The constituency development strategy included reaching out to various business interests, the newly established transit advocacy groups, the county transportation boards and ultimately some of the most compelling supporters, a number of environmental organizations and the League of Women Voters.

The League had always opposed any effort to earmark or dedicate funding for a specific purpose. However, Gambaccini and his team were effective in gaining support of the League, the environmental groups and the State’s business leaders. They made the business case of why transportation mattered for the State’s economy and

presented a program that balanced the needs for roads and the public transportation system. Leaders of the environmental organizations and the League quizzed the Commissioner about his commitment to deliver a balanced program and how his leadership style would permeate both DOT and NJ Transit. He made such a compelling case that the League for the first time in New Jersey’s history publicly endorsed the 1979 Transportation Bond Issue.

The internal DOT team organized an intensive speakers’ bureau that mobilized a small team, including the Commissioner and a handful of team members, who spoke to hundreds of organizations ranging from large trade association conferences, various commuter groups, and local civic groups like the Lions and Rotary Clubs. In addition to regular press releases on all aspects of the program, the press corps was invited on bus tours of north and south Jersey roadway and transit facilities that would be repaired or improved in the bond program.

When environmental organizations and the League asked for more details about how the program would contribute towards improving the public transportation system, the team responded immediately with detailed information. The team met with DOT engineers and planners and reviewed every project to identify the percentage of each project that supported public transit, as well as identified which projects contributed to the state of good repair versus new



construction. At least 50% of the program supported public transit, only 19% was for new construction, and almost 80% supported state of good repair. Sharing that information made such a difference in expanding broad public and stakeholder support and in securing public credibility. All of these efforts formed the backdrop for the passage in November 1979 of the \$475 million Transportation Bond Issue, the largest such bond issue ever approved by New Jersey voters. This secured resources and provided local match for federal dollars to begin to address the massive backlog of State road repair needs, public transit's state of good repair needs and the critically needed rail and bus equipment.

This model of stakeholder engagement was considered so novel that the team were asked to present its approach at the annual Transportation Research Board meeting of the National Academy of Sciences, Engineering and Medicine Conference. For the rest of his life Gambaccini considered this strategic approach to gain such broad public, stakeholder and legislative support for the dramatic transformation in the state's transportation system to be his proudest professional achievement.

Governance and the New Public Corporation

The Commissioner's vision in creating NJ Transit followed a public corporation model: Board of Directors blending executive insight and management from both public and private sectors; staff of dedicated public servants with expertise in the public transportation industry; competitive compensation levels to attract the best and the brightest; and an unrelenting commitment to public and rider input as decisions were made.

The Commissioner had enjoyed a long career in public service: his passion for that vocation was driven by his service in the Army, his graduate work at Syracuse's Maxwell School of Citizenship and Public Affairs and over two decades of working at one of the nation's best public benefit corporations. He wanted to differentiate the workforce of the new corporation from civil service/state government procedures in order to create a long-term career prospects; steady and dependable funding; and planning for ensuring that the State of New Jersey would have sustained and effective delivery of public transportation services statewide. He hoped that the structure would insulate it from the short-term political interests that are often a factor in day-to-day State government.

Once Governor Byrne signed the legislation creating NJ Transit, the daunting task of establishing the Corporation was next on the agenda. The legislation established a seven-member Board of Directors: the Commissioner of Transportation as Chair, the State Treasurer, an additional appointment by the Governor, and four public members. The Commissioner and his team focused upon recruiting effective public Board members. **The initial public members were:** Vice Chair **Martin Brody** of Livingston, who owned Restaurant Associates, a successful restaurant chain in New Jersey and New York; **Verdell Roundtree** from Plainfield, an executive of the United Negro College Fund and a citizen activist; **John McGoldrick** from Princeton, a managing partner with McCarter&English who regularly commuted on the Northeast Corridor; and **William Rogers**, an executive with large national corporation RCA and a daily bus commuter from South Jersey to New York City.

Amy Rosen, who led the Board selection process for Gambaccini, noted how challenging it was. The Governor's office wanted diversity and political considerations, while Gambaccini insisted on high quality appointments, having witnessed at times the risks associated when not having strong board members in leadership at the Port Authority. The good news is that the process worked! She noted that he was interested in having representatives from business, like Martin Brody and in having



the perspective of transit riders, with the selection of John McGoldrick and William Rogers. Rosen, who later served for more than 10 years on the NJ Transit Board, reflected on Gambaccini's insistence on recruiting high caliber and qualified Board members, *"I can unequivocally say, that his insistence on a high-quality Board - and his willingness to 'care and feed' them-gave that organization a head start in a powerful tradition that lasted a good 20 years."*

From their very first NJ Transit Board meeting in December 1979, all Board members were strong, effective and deeply involved in the establishment of NJ Transit's structure and value system. At that meeting, while a national search was conducted to recruit the first executive director, **Martin Robins** was named as the interim Executive Director.

Staffing the Organization and Getting to Work

In June 1980, the Commissioner, in partnership with the Board of Directors, recruited Jerry Premo, a talented public manager and expert in transportation funding, as NJ Transit's first permanent Executive Director.

Premo had prior experience as Associate Administrator of the Federal transit program and as head of the Los Angeles County Transportation Commission. Upon joining the corporation, he focused on spelling out capital investment needs; establishing priorities consistent with the voter-approved Bond issue; seeking out all possible federal funding possibilities; planning for the assumption of bus service from TNJ; and developing an integrated bus and rail operating budget. He continued to hire talent for the new institution and transitioned the Commuter Operating Agency COA staff to NJ Transit. Also, the public transportation unit of the Attorney General staff was realigned to work with the new Corporation.

Premo was an effective advocate for public transit, with particular expertise in creating financing programs, and an

A key provision to help gain passage of the legislation was the creation of Citizen Advisory groups designed to work with corporation staff and to advise the board of Directors on issues of concern. This initiative was in response to the strong commuter grassroots groups that worked to gain passage of the bill creating NJ Transit.

Two groups were established: the North Jersey Advisory Group chaired by **Judge Theodore La Brecque** and the South Jersey Group led by **Richard A. Walter**. The Advisory Committees met regularly and reported at each monthly Board meeting. They were, 'the voices of the riders, the taxpayers, the ordinary citizens', active parties for decades in supporting the commitment to inclusion and active listening.



Photo of Lou, Jerry Premo and Governor Byrne.

excellent motivator of employees. He recruited a top flight team of professionals to turn NJ Transit from an idea into a robust, dedicated and creative public Corporation. He fully embraced outreach of all sorts -- to riders, elected officials, the North and South Jersey Advisory Committees, fellow employees, minority groups, businesses and more -- as a foundation for earning and retaining public trust. Jerry served as Executive Director for nine years, thus providing important stability for the new organization.



NJ Transit's early years were incredibly busy: negotiations for the acquisition of TNJ from PSE&G; rehabilitation and renewal of locomotives and coaches and purchase of new passenger train cars and new buses; implementation of long delayed capital improvements; and most importantly, the establishment of a 'can-do' team of dedicated professionals.

The TNJ acquisition was a one of a kind transaction; PSE&G funded \$120 million in past pension liabilities, resulting in \$5 million or 15% annual savings to the bus subsidy program. In October 1980, NJ Transit took over operations of TNJ, and immediately became one of the country's largest bus systems. The Morris & Essex Re-Electrification project was moved from NJDOT to NJ Transit and additional professional staff were hired to manage and expedite all construction activities with a 1984 completion date. With the help of the Port Authority, TRANSPAC program and federal funds, orders were placed for new buses, rail coaches and locomotives. **NJ Transit started to deliver on its promises in a very short time.**

Another critical initiative led by staff in late 1980 was the reform of the rail subsidy program. Conrail operated not only commuter rail service in New Jersey, but also in the Philadelphia and New York/Connecticut areas. Since Conrail was established by an act of Congress, it was important to focus on federal actions essential to real passenger rail reform. NJ Transit/NJDOT actively participated in the drafting of the Northeast Rail Service Act of 1981. It laid the foundation for NJ Transit's subsequent takeover of Conrail's commuter rail services effective January 1, 1983. Central to NJ Transit's approach was the necessary renegotiation of rail labor contracts to ensure that the revised work rules met the needs of commuter rail operations, rather than those of freight rail services.

Commissioner Gambaccini left his position in New Jersey on July 7, 1981, to return to the Port



Governor Byrne signing joined by state leaders. Jerry Premo and Anne Canby are in front row with the Governor.

Authority of New York and New Jersey as Assistant Executive Director. He was ably succeeded as Commissioner and NJ Transit Chair by Assistant Commissioner **Anne Canby**. She was **one of the true national pioneers among women in transportation**. Like many other professional women, Anne credits Gambaccini with affording her the opportunity to do great things. He was an extraordinary mentor to her and to so many others.

Governor **Tom Kean** succeeded Governor Byrne after the November 1981 elections. Governor Kean and his leadership team asked tough questions, challenged NJ Transit staff to spell out how and why decisions had been made and searched out information on options going forward, especially for future operations of commuter rail service in New Jersey. Throughout this time the Governor and his team were always fair and searching for best solutions for all New Jersey citizens.





Lou with many of his original team and spouses on the Spirit of Philadelphia on the occasion of the 25th anniversary of the establishment of NJ Transit.



Lou with a group of his original team at Cathy Arnone Sweeney's home in December 2004: (back row) Ken Levy, DC Agrawal, Arlee Reno, Larry Filler, Ron Reisner; (front row) Deb Wathen Finn, Lou and Cathy Arnone Sweeney.

Summary

In retrospect, the bus and rail operations transition to NJ Transit was remarkably smooth. Transit in the state was not a partisan issue; it was central to the state's economic well-being and to the quality of life for its citizens.

The foundation set by Commissioner -- and New Jersey resident -- Lou Gambaccini in establishing NJ Transit proved its worth. The NJ Transit Board of Directors structure endured and flourished; its staff delivered on improved daily bus and train service and capital and operating improvements in cost-effective ways and really listened to affected parties.

In recognition of this incredible turn-around, the American Public Transportation Association selected NJ Transit as America's most outstanding transit system in 1984!

**Government CAN get it right.
There's a lot of right to
celebrate about NJ Transit. It
starts, as always, with people.
No person mattered more
than Lou Gambaccini.**



Lessons Learned

- Establish and nurture mutual respect and trust between political and professional interests; both are essential to make great things happen.
- Create a compelling business case for doing things differently; define problem(s) with relevant facts and lots of data; provide options with tradeoffs; and recommend a path forward.
- Involve the broadest spectrum of stakeholders through clear and continuous public communication and genuine involvement.
- Communicate with elected leaders who will also respond to broad constituency advocacy.
- Empower credible and experienced leadership and expect top quality performance.
- Report factually what's going right and what problems exist in delivering on commitments.
- Maintain on-going listening and information-sharing with consumers/ advocacy groups.
- Take some chances. Be willing to do things differently. Free up professionals to do creative things.
- Most importantly, embrace the reality that people make all the difference!

References

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9. NJ Transit Statute – NJ Public Transportation Act of 1979 – July 17, 1979.





*“We will transmit this city not only not less, but greater, better
and more beautiful than it was transmitted to us.”*

The Athenian Oath

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