

**NJ TRANSIT BOARD MINUTES  
OPEN SESSION  
12/09/10**

Chris Christie, Governor  
Kim Guadagno, Lieutenant Governor  
James S. Simpson, Board Chairman  
James Weinstein, Executive Director

**NJ TRANSIT**

One Penn Plaza East  
Newark, NJ 07105-2246  
973-491-7000

December 13, 2010

Dear Governor Christie:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the re-scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc., Board of Directors held on Thursday, December 9, 2010.

Sincerely,



Gwen A. Watson  
Board Secretary

Enclosures

Honorable Chris Christie  
Governor, State of New Jersey  
State House  
Trenton, NJ 08625

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Minutes of the actions taken at the Open Session of the rescheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Thursday, December 9, 2010.

**Present:**

James S. Simpson, Chairman  
 Myron P. Shevell, Vice Chairman  
 Johanna Jones, Governor's Representative  
 Steve Petrecca, Treasurer's Representative (By Telephone)  
 Flora Castillo (By Telephone)

James Weinstein, Executive Director  
 Gwen A. Watson, Board Secretary  
 Penny Bassett-Hackett, Acting Assistant Executive Director, Communications & Customer Service  
 Carol Wise, Acting Vice President & General Manager, Bus Operations  
 Kevin O'Connor, Acting Vice President & General Manager, Rail Operations  
 Kim Vaccari, Chief Financial Officer & Treasurer  
 Steve Santoro, Assistant Executive Director, Capital Planning & Programs  
 Alma Scott-Buczak, Assistant Executive Director, Human Resource  
 Leotis Sanders, Vice President, Office of Civil Rights and Diversity Programs  
 Warren A. Hersh, Auditor General  
 Kenneth Worton, Deputy Attorney General

Chairman James S. Simpson convened the Open Session at 9:07 a.m. in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations, attorney-client, litigation and personnel matters. A motion was made by Myron P. Shevell, seconded by Johanna Jones and unanimously adopted.

Chairman Simpson reconvened the Open Session at 9:40 a.m. and asked for a motion to adopt the minutes of the November 10, 2010 meetings. A motion was made by Johanna Jones, seconded by Myron P. Shevell and adopted.

Chairman Simpson asked for an update on the service delays that occurred this morning on the Northeast Corridor. Acting Vice President/General Manager Kevin O'Connor explained that an Amtrak train had a problem with the catenary and pantograph east of Princeton Junction. Tracks 1 and 3 were impassable due to wires hanging on the tracks and at that point service was suspended. Amtrak made repairs and Track 1 resumed service with 20 to 30 minute delays. At this time, the cause of the problem is unknown.

Chairman Simpson noted that catenary problems seem to be happening regularly on the Northeast Corridor. Acting Vice President/General Manager O'Connor said this is the third incident in several weeks and one of the incidents was due to high wind gusts in excess of 60 mph that caused damage to the pantograph. Chairman Simpson asked if the infrastructure is past its useful life and Acting Vice President/General Manager O'Connor said it is basically the same system that was in place in the 1930s. There has never been an overhaul of the entire system. Chairman Simpson asked if NJ TRANSIT

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pays a fee for catenary or upgrades to the infrastructure and said the catenary needs to be replaced. Acting Vice President/General Manager O'Connor said NJ TRANSIT contributes joint benefit monies for infrastructure state-of-good-repair and catenary repairs but most of the money goes towards substations.

Chairman Simpson asked if Amtrak has any plans to upgrade the infrastructure in the near future and asked if NJ TRANSIT upgrades its own infrastructure. Acting Vice President/General Manager O'Connor said NJ TRANSIT upgraded its infrastructure in the mid-1980s and does regular maintenance and upgrades on the system.

Chairman Simpson asked Executive Director Weinstein to send a letter to Amtrak and ask if they have a plan to upgrade the infrastructure. Executive Director Weinstein said NJ TRANSIT has an ongoing dialogue with Amtrak on a variety of levels and Kevin O'Connor and Steve Santoro are meeting with the executive staff at Amtrak to discuss the joint benefits program. Amtrak is suffering from a legacy of under-investment in infrastructure. Chairman Simpson said he is interested in learning Amtrak's plans for the infrastructure since it has a big impact on NJ TRANSIT's reliability to operate service.

Executive Director James Weinstein highlighted the following from his monthly business report.

### **LIGHT RAIL SAFETY**

Executive Director Weinstein said safety is one of the key priorities at NJ TRANSIT and last month, the heads of rail and bus operations gave presentations on the safety programs of their respective divisions and today's presentation will be on light rail. Deputy General Manager of Light Rail Operations John Squitieri provided an overview of the safety program on the three light rail lines--Newark Light Rail, Hudson-Bergen Light Rail and the River Line, copy attached. Chairman Simpson asked about the cell phone policy for operators and Deputy General Manager Squitieri said the policy is that no electronic devices can be used when operating equipment.

### **WINTER PREP**

Executive Director Weinstein highlighted efforts to prepare for winter weather across the system to ensure that rail, bus and light rail service is as weather-proof as possible. Each year, NJ TRANSIT begins preparing for winter weather months in advance so that the "winterization" process is complete long before the first snowfall. As part of this prep, NJ TRANSIT makes sure all of the snow-fighting equipment is ready to go. Snow plows and salt spreaders are brought out of storage, undergo preventive maintenance and are installed on support vehicles.

In addition, NJ TRANSIT performs maintenance and tests on the two rail-mounted jet snow blowers that help clear the train tracks of snow and ice, particularly in rail yards. NJ TRANSIT also ensures that the stockpiles of salt are refreshed and that there are plenty of snow shovels on hand. In addition, NJ TRANSIT makes sure that the snow-removal contracts with outside vendors are in place.

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The rail side goes through the process of inspecting more than 750 switches, the devices that allows the movement of trains from one track to another across the system, as well as switch heaters that prevent snow and ice from building up. Employees also inspect the fleet of rail cars and locomotives, checking onboard heating systems and thermostats as well as weather stripping and electronic components.

On the bus side, maintenance personnel have worked to make sure that the fleet of 2,100 buses is ready, from the heating and airbrake systems to the engine fluids, tires, windshield wipers and doors. These preparations help ensure that NJ TRANSIT can keep the system running smoothly and avoid and minimize any delays and disruptions during inclement weather. However, when Mother Nature delivers a major winter storm and it becomes necessary to adjust service, the customers will be kept informed of the latest information via njtransit.com, station announcements and broadcast traffic reports.

### **PRE-TAX COMMUTER BENEFITS**

Executive Director Weinstein advised customers of a possible change to their pre-tax commuter benefits, which provide savings to both employees and employers. Through pre-tax commuter benefits, employees don't have to pay income tax on the amount taken from their salaries toward their mass transit commutes, and employers save on payroll taxes for each employee participating.

Last year, the pre-tax benefit was increased from \$120 per month to \$230 per month. This additional benefit is set to expire December 31, 2010, which means that the transit cap for pre-tax benefits will return to the previous \$120 per month.

While there have been discussions about possibly extending the increase in benefits, the issue remains unresolved in Congress at this time. NJ TRANSIT is advising customers to plan accordingly.

### **NEW MOBILE SITE**

Executive Director Weinstein said that on November 29, 2010, NJ TRANSIT launched a new mobile version of njtransit.com, featuring a cleaner layout and new design, along with new Trip Planning functionality.

The original version of the mobile website was launched in September 2006 to give customers the ability to tap into the most popular areas of njtransit.com, in a streamlined format optimized for web-enabled mobile devices. On the new version, customer favorites such as DepartureVision and Station-to-Station train schedules are still available, along with a new feature on advanced smart phones: a full-service trip planner that enables customers to enter any address or station and plan their trips, just like they do on the desktop version of the website.

Since its launch, the mobile site has proven to be a valuable tool for customers on the go. In fact, just last week, NJ TRANSIT received an email from a Northeast Corridor customer which said: "I was pleasantly surprised to find your new mobile site appear on my phone today. You have made my life so much easier!" From any location, it gives

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riders the resources they need right at their fingertips to make informed decisions and identify their best travel options.

On a typical weekday, the mobile version of njtransit.com receives about 9,000 visits. During a recent service incident, that number jumped nearly 50 percent to more than 13,000, demonstrating its value as a customer resource.

Executive Director Weinstein was proud to say that the new mobile website was designed entirely in-house by NJ TRANSIT's own web team. The previous version was hosted by an outside vendor, so the new and improved site offers the additional benefit of cost savings.

Executive Director Weinstein recognized the in-house Web Development team for their efforts on njtransit.com. The team is managed by Bert Carr, with developers Arun Nunna, Syed Ahamed and Shannon Stukes.

Since the new desktop version of njtransit.com launched a little over a year ago, NJ TRANSIT has seen a 20 percent increase in traffic with more than 2.4 million visitors each month making it the second busiest transit website in the United States. MTA .info is number one which includes Metro-North, LIRR, subway, bridges and tunnels.

Executive Director Weinstein looks forward to continuing to improve the overall NJ TRANSIT experience by putting technology to work for customers.

## **SPACES**

Executive Director Weinstein said positive advancements continue to be made with the System Parking Amenity and Capacity Enhancement strategy, or 'SPACES' initiative. SPACES is a key initiative in the long-term financial security of NJ TRANSIT.

As a tactical business practice, NJ TRANSIT is building a public- private partnership because the strategy makes sense for taxpayers and customers alike. As NJ TRANSIT's primary funding partner, the State of New Jersey, is facing continued extraordinary fiscal pressures and NJ TRANSIT is taking innovative steps to do more with less.

It is the responsibility of NJ TRANSIT to balance the needs of customers and address growing costs in new ways that will sustain the system for decades to come. SPACES will do just that and rationalize and improve parking for customers while addressing the growing cost of operating parking facilities. NJ TRANSIT has completed the first phase of the procurement process by selecting qualified bidders who then proceeded to the next phase.

Executive Director Weinstein was pleased to report that NJ TRANSIT notified seven firms that they have qualified to bid on the opportunity. He looks forward to the continued updates as NJ TRANSIT moves forward with SPACES, since this is an incredibly important business strategy.

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### **PARKING FEE INCREASE**

Executive Director Weinstein said that, consistent with the current parking practice, NJ TRANSIT will be adjusting parking fees at about three dozen facilities at the beginning of February.

NJ TRANSIT periodically increases parking rates to offset the actual expense of providing parking, including utilities, insurance, snow removal, maintenance and other costs.

As expenses have increased over the past five years, many of the approximately 140 parking locations that NJ TRANSIT owns or controls have not realized a rate increase in more than five years.

NJ TRANSIT is working to finalize the list of parking lots where rates will be adjusted, and will provide ample notification to customers. Many of these locations were scheduled for an increase last year, but the increase was postponed.

It is important for parking fees to increase incrementally to satisfy customer demand for well-maintained and improved facilities including repaving, re-striping, new payment systems and safety enhancements such as new lighting.

Parking is an option that is not available at every location across the system, so fares and parking fees are separate from one another. Just as passenger fares cover a portion of the operating costs to provide rail, bus and light rail service, paid parking contributes to the operations costs.

### **HOLIDAY SERVICE**

Executive Director Weinstein said that in addition to preparing for the winter months as outlined earlier, NJ TRANSIT is also gearing up for the busy end-of-year holiday travel period.

This Thanksgiving marked the second busiest holiday period ever for rail travel, with the total train trips for the weekend approaching 380,000 for Thanksgiving Day, Black Friday, and Saturday and Sunday combined.

Judging from a very successful Thanksgiving holiday weekend, Executive Director Weinstein said NJ TRANSIT is well prepared to accommodate the flow of travelers during the Christmas and New Year's holidays. As NJ TRANSIT does each holiday season, adjustments will be made to better match service with ridership demand, including early getaway trains and buses in advance of the holidays and additional service for New Year's revelers.

It is a great time of year for families to take advantage of some special offers. NJ TRANSIT will give customers nearly two weeks of savings by extending the Family SuperSaver Fare, which allows two children 11 and younger to travel free with each fare-paying adult. Family SuperSaver will be in effect for the entire holiday period

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starting at 7 p.m. on December 23, 2010 until 6 a.m. on January 3, 2011. He also reminded customers of special family fares to Newark Liberty International Airport Station, which are available through January 2, 2011. This offer makes taking the train to the airport an even more affordable option by enabling up to two kids to travel free with an adult to or from the airport any day of the week.

This time of year also marks a good time to remind everyone what a great alternative NJ TRANSIT offers to driving. It is a way to avoid the hassles of traffic and parking as you travel to shop, dine out, take in a show, or visit family and friends.

Executive Director Weinstein thanked the employees who will be spending time away from their own families during the upcoming holidays to keep the system moving and meet customers' transportation needs.

### **EMPLOYEE ACKNOWLEDGMENT**

Executive Director Weinstein recognized one of NJ TRANSIT's employees who is retiring this month after an outstanding 42 years of service with NJ TRANSIT and its predecessors. Peggie Foushee, a Senior Buyer with the Procurement Department, is saying farewell after a long career of dedicated service. Executive Director Weinstein thanked her for her commitment to the agency and to the customers and wished her well in her retirement.

### **KENNETH E. PRINGLE**

Executive Director Weinstein asked Kenneth E. Pringle to join him at the podium and to say farewell after five years of dedicated service as an NJ TRANSIT Board member. Executive Director Weinstein thanked Mr. Pringle for his leadership, particularly for his focus on improving the way NJ TRANSIT communicates to its customers through technology. Mr. Pringle's contributions to the NJ TRANSIT Board on behalf of its customers are certain to have a long-lasting positive impact. On behalf of the Board of Directors and the employees of NJ TRANSIT, Executive Director Weinstein expressed sincere gratitude to Kenneth E. Pringle for his outstanding contributions toward making NJ TRANSIT a responsive and reliable public transit agency and wished him continued success and happiness.

Myron P. Shevell expressed best wishes to Mr. Pringle who did a great job at NJ TRANSIT. It was wonderful working with Mr. Pringle and he will be missed.

Johanna Jones thanked Mr. Pringle for his service to the State and appreciated all of the assistance he provided to the Board.

Flora Castillo said Mr. Pringle was a tremendous asset to the organization and created an innovative and passionate way to bring new ideas to the organization to better serve customers.

Steve Petrecca thanked Mr. Pringle for all of his hard work and dedication and said he has big shoes to fill.

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Chairman Simpson expressed best wishes to Mr. Pringle on behalf of the Governor and himself. The Chairman appreciated Mr. Pringle's grasp of the facts in legal challenges and how he could 'cut to the chase' to make a decision.

Executive Director Weinstein said one of Mr. Pringle's responsibilities was Board liaison with the Advisory Committees and introduced Suzanne Mack of the North Jersey Transportation Advisory Committee to say a few words.

### **SUZANNE MACK**

Ms. Mack said at last week's Advisory Committee it was very easy to see Mr. Pringle's impact since he was not there. Both the North and South Jersey Transit Advisory Committees passed a Resolution for Mr. Pringle and said he was a dedicated and highly efficient Board liaison and tireless advocate for mass transit riders. Both Advisory Committees offered their sincere thanks to Mr. Pringle for his distinguished service to NJ TRANSIT and expressed best wishes to Mr. Pringle and his family in his continued endeavors.

### **KENNETH E. PRINGLE**

Mr. Pringle said it has been an extraordinary experience to work with this agency and will always count this experience as a highlight in his professional career. Mr. Pringle said he was heartbroken with the loss of the Access to the Region's Core project but he gained a phenomenal appreciation for the agency and the people who keep the trains running on tracks they don't control. At the same time, they put together a plan that would have put this agency on a course for the next hundred years and they will never get the credit. He wished this agency had the chance to complete the project and he thinks it would have amazed everyone. It may have cost more but in the end it will end up costing the State more for not having the tunnel. Mr. Pringle said it was a great pleasure to work with the Board and NJ TRANSIT staff.

### **MYRON P. SHEVELL**

Executive Director Weinstein noted that Vice Chairman Shevell was honored at a fundraiser for a Jewish Life Center Building at Rutgers University that houses two synagogues. Vice Chairman Shevell was honored for his good work and strong support for Rutgers University.

Executive Director Weinstein concluded his remarks and wished everyone a safe, healthy and happy holiday season.

### **ADVISORY COMMITTEE**

Suzanne Mack presented the Advisory Committee report. Ms. Mack said Mr. Pringle was a wonderful liaison and looks forward to the appointment of a new liaison next year. She said they had a good Advisory Committee meeting and there are always challenges for NJ TRANSIT to find ways to fund itself. At the last Committee meeting, Kim Vaccari, Chief Financial Officer & Treasurer gave a great presentation on the

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SPACES program which outlined the connection with parking, ridership and the economy. Also, Leo Sanders, Vice President of Civil Rights, gave an excellent presentation on the work of his department which showed the Committee how advanced NJ TRANSIT has become with fairness and diversity throughout the organization. Advisory Committee member Ralph White discussed what it was like for him, a Jamaican employee, when he first began with the agency and he also thanked Mr. Sanders for his presentation.

Ms. Mack said Ms. Gonnella, South Jersey Advisory Committee Chair, was pleased with the pilot 'tap and go' program. She said it is outstanding and should expand to all disabled residents on the Access Link program.

Ms. Mack wished everyone a happy holiday season.

### **BOARD COMMITTEE REPORT**

Board Member Johanna Jones presented the Administration Committee report to the Board. The Committee discussed the Selection of Providers for Health and Wellness Programs. The procurement process was extremely comprehensive since there are 64 benefit plans. The procurement sought providers that offered extensive physician and hospital networks at discounted rates and purchasing programs that pass through discounts to control prescription drug and other costs. The Committee also discussed the Arrow III project and the purchase of materials and equipment for this project will improve reliability, safety and on-time performance. The Condition-Based Maintenance program will maintain the rail fleet in a state-of-good-repair.

### **PUBLIC COMMENTS ON AGENDA ITEMS**

There were six public comments on agenda items. Board Secretary Watson announced a three minute time limit for speakers.

Jack May, New Jersey Association of Railroad Passengers, had a few questions regarding item 1012-64: Arrow III Reliability Improvement Project: Purchase of Materials and Equipment. Mr. May understands there are 230 Arrow III cars and asked what the plans are for the other 60. He asked the expected life of these 170 cars after the work is completed. He asked if the work includes the installation of traction converters to allow the cars to operate in Midtown Direct service. Mr. May said he asked these questions for two reasons: 1) because of the short station spacing and grades on the inner portions of the Morris & Essex and Montclair-Boonton lines. The use of electric multiple-unit cars, with their high acceleration capability, will allow service to speed up and virtually eliminate the perennial leaf problem; and 2) the use of electric multiple unit cars on Midtown Direct service would probably alleviate the major problem that occurred earlier this week regarding the malfunctioning of a locomotive causing service to be tied up. The multiple unit cars allow for redundancy in many cases when technical problems occur. Mr. May asked how this will affect the planned request for proposals for new electric multiple unit cars, as per the expenditure to LTK Engineering for the preparation of specifications and wondered when such a request for proposals would be issued. He asked if the future availability of these Arrow III cars means that the order for 100 multi-level cars and the additional 10 dual-mode locomotives will be cancelled.

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Mr. May said the New Jersey Association of Railroad Passengers urges NJ TRANSIT to develop a comprehensive, long-term plan for its rolling stock and motive power and to release it to the public.

David Peter Alan, Lackawanna Coalition, is concerned about two agenda items: Item 1012-64: Arrow III Reliability Improvement Project: Purchase of Materials and Equipment and Item 1012-68: Access to the Region's Core/Mass Transit Tunnel: Special Counsel to Defend Claims from the Federal Transit Administration. The Coalition wholeheartedly endorses the overhaul of the Arrow III multiple unit cars. Given the hilly terrain and proximity of stations on the Morris & Essex Lines, it makes sense for that line to be an all-multiple unit railroad. Mr. Alan called for maximum utilization of the cars on the Morris Essex Lines, including Gladstone, and the electrified line to Montclair. He also called for one addition to the planned overhaul: installing dual-tap motors and transformers, with automatic switching between the two electrical systems in use, to allow through-service to Penn Station with multiple unit equipment. The savings in turnaround time and flexibility will more than justify the cost of this simple modification.

Mr. Alan noted that the expenditure of \$15.6 million to overhaul the 170 railcars is less than the cost of having LTK Engineering just inspect a new multi-level car. Mr. Alan called for the cancellation of the multi-level car order of July 14, 2010 because that equipment will not be needed. Refurbished multiple unit equipment will suit the needs of riders better and at considerably less cost. Mr. Alan called for such equipment that will operate on both electrical systems to be assigned regularly to the Morris & Essex Lines and Montclair Line so they will once again be a fast and efficient all-multiple unit railroad. Mr. Alan suggested that the other 60 Arrow cars should also be refurbished and used in service.

Mr. Alan commented on Item 1012-68: Access to the Region's Core/Mass Transit Tunnel: Special Counsel to Defend Claims from the Federal Transit Administration. He objected to the expenditure of hiring a political Washington law firm to defend against the Federal Transit Administration's claim as a waste of taxpayers' money which should be spent for transit operations instead. He acknowledged that Governor Christie employed an accepted business practice in making the decision to cancel the Access to the Region's Core project, ignoring "sunk costs" and looking at future costs and benefits. The \$271 million in question is such a "sunk cost". One member of the Lackawanna Coalition said that paying back the money might cost the same amount as defending the claim.

Mr. Alan said that, as an attorney with nearly 30 years in practice, he understood the desire to defend against a large claim. If for no other reason, a vigorous defense increases the likelihood of eventual settlement. However, the use of an overly expensive Washington firm is objectionable, especially since the agenda item does not even state a dollar amount or what the firm is expected to do for the fee it would collect.

Mr. Alan said unless there is a statutory provision that he has not seen, this case is a collection action and the defense would be relatively standard. It should be venued in the District of New Jersey, not in Washington, D.C. He said salaried attorneys in the Office of the Attorney General are adequately qualified to pursue NJ TRANSIT's

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defense at a considerable savings to NJ TRANSIT and, ultimately, to New Jersey taxpayers. He said Governor Christie stopped the Access to the Region's Core project because it was a waste of money. Let's not waste more money fighting over it.

James T. Raleigh said the proposed agenda and the agenda distributed after executive session has different amounts of detail and it is difficult to provide comments. Mr. Raleigh commented on Item 1012-68: Access to the Region's Core/Mass Transit Tunnel: Special Counsel to Defend Claims from the Federal Transit Administration. Mr. Raleigh said Governor Christie was questioned about this litigation and his response was that this litigation and expense are the cost of doing business and represents the costs of bad decisions that were made during previous administrations. Mr. Raleigh said the Board has a fiduciary responsibility for the Mass Transit Tunnel project and the expenses are the responsibility of this Board. Mr. Raleigh said it is further complicated because of the Port Authority funding match and no one knows where that stands. Mr. Raleigh said today's action does not provide enough information to provide comments.

Joseph Clift commented about the rail service delays caused by downed catenary wires. MetroNorth owns the corridor from New Rochelle to New Haven and changed its catenary system since it is a major user. Mr. Clift said NJ TRANSIT is a major user of the Trenton to Newark Penn Station corridor. He said the old system of sharing may not be appropriate with money that Amtrak cannot get. Mr. Clift commented on Item 1012-65: Condition-Based Maintenance Program: Sole Source Contract for Extended Technical Support. Mr. Clift said this program extends the life of locomotives. There is no need to buy new locomotives since the tunnel project was cancelled and this maintenance program should be extended to all locomotives to save money.

Al Papp Jr., New Jersey Association of Railroad Passengers, commented on Item 1012-64: Arrow III Reliability Improvement Project: Purchase of Materials and Equipment. Mr. Papp said his organization has long held that this kind of rolling stock is more appropriate for certain regional services such as the intensely worked Morris & Essex, the Northeast Corridor and the inner portion of the Montclair/Boonton lines. With close spacing of stations, a multiplicity of curves and steep gradients on the Morris & Essex, it makes far more sense to employ this high performance, self propelled equipment rather than the electric locomotive powered multi-level cars that now have been assigned. The benefits of these vehicles are many: quick acceleration and deceleration, ease of rider boarding and deboarding and the ability to vary train length to suit passenger volumes. With enhanced over-the-road performance, schedules can be shortened and more trains accommodated to handle the expected growth in rail ridership.

At the November Board Meeting, Philip Craig of the New Jersey Association of Railroad Passengers presented a perspective that NJ TRANSIT should cancel its order for 10 ALP-45 dual-mode locomotives and 100 additional multi-level cars. These two equipment purchases, authorized in July 2010 for \$83.1 million and \$303.2 million respectively, were predicated on the completion of the Access to the Region's Core trans-Hudson tunnel project. Mr. Craig's analysis states that this equipment purchase has now been rendered moot given the cancellation of that project by Governor Christie on October 7, 2010. With the anticipated approval of the Arrow electric multiple unit

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overhaul, the New Jersey Association of Railroad Passengers is requesting once again that NJ TRANSIT reassess the need for the additional dual-mode locomotives and multi-level coaches. Alternatively, more existing electric multiple unit and single level locomotive stock should be considered for rebuilding.

Mr. Papp said in the aftermath of the termination of the Access to the Region's Core project, concerns have been raised as to how NJ TRANSIT will accommodate the additional passenger traffic that may materialize once the current economic recession ends. Mr. Papp called the Board's attention to the structure of the fare increase that was approved effective May 1, 2010 which eliminated the off-peak round trip in its entirety. While there are not any rider numbers in the wake of that ill advised decision, Mr. Papp hastened to add that its reinstatement would be a well proven technique to shift traffic to the shoulder peak period and lessen the crowding that could occur on the peak hour trains. Mr. Papp said that the Washington Metro has inaugurated "peak of the peak" fares to shift riders away from the crowded times and enhance their revenue flow. Now that circumstances have changed, NJ TRANSIT is presented with new challenges but the New Jersey Association of Railroad Passengers believes that opportunities to improve mobility still exist, even within the context of a cost contained future.

Dan O'Connell commented on item 1012-68 Access to the Region's Core/Mass Transit Tunnel: Special Counsel to Defend Claims from the Federal Transit Administration. He expressed concern that the Transportation Trust Fund is the source of funds for this item. He said there is no solution yet on how to fund the Transportation Trust Fund and encouraged the Administration to find other ways and to seek a less costly solution.

Executive Director Weinstein presented the following Action Items for approval:

**1012-63: SELECTION OF PROVIDERS FOR HEALTH AND WELLNESS PROGRAMS**

All agreement and non agreement employees of NJ TRANSIT are provided with a comprehensive health benefits program which includes medical, prescription drug, dental, mental health/substance abuse and flexible spending account administration. NJ TRANSIT is self-insured and seeks outside help with managing and processing employee claims through providers that offer extensive physician and hospital networks at discounted rates and which pass prescription drug discounts through to the agency. NJ TRANSIT recently solicited two proposals: one for prescription drug administration and another for all other medical benefits. Authorization is requested to enter into an administrative services contract with Horizon Blue Cross Blue Shield of New Jersey for administration of all medical benefits previously mentioned at a cost not to exceed \$5,508,000 per year, and with Medco Health Solutions for prescription drug management services at a cost not to exceed \$203,000 per year. Each contract will begin on July 1, 2011 for a three and one half year period with two, one year renewal options. This selection process was a lengthy and comprehensive one, and Executive Director Weinstein thanked Chief Financial Officer & Treasurer Kim Vaccari and Benefits Director Mark

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Bsales for overseeing this process, which is expected to save the agency \$12.1 million during the initial contract period.

Myron P. Shevell moved the resolution, Johanna Jones seconded it and it was unanimously adopted.

**1012-64: ARROW III RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT**

NJ TRANSIT purchased Arrow III rail cars in the mid-1970's from General Electric which were overhauled in the early 1990's by ABB Traction. In order to extend the service life of these vehicles for at least another five years, authorization is requested to enter into contracts with the lowest responsive, responsible bidders and with sole or single source original equipment manufacturers for various components in order to complete an in house reliability improvement project for 170 of these cars. The parts will include main inductors, control cables, air spring locks and car body roof resurfacing. Wherever possible, NJ TRANSIT will utilize the competitive bid process to procure materials from more than one source of supply. The total cost will not exceed \$15.6 million.

Vice Chairman Shevell asked the cost of a new car versus the cost of rehabilitation. Steve Santoro, Assistant Executive Director Capital Planning and Programs said a single vehicle cost is \$3 to \$4 million and the rehabilitation cost is \$192,000 per vehicle. Vice Chairman Shevell said the expected life of the vehicle is an additional five years plus salvage value.

Executive Director Weinstein said staff is continuing to evaluate the replacement of this equipment, which is part of the fleet plan.

Chairman Simpson asked what will be done with the 60 vehicles that are not rehabilitated and Mr. Santoro said they will be taken out of service.

Executive Director Weinstein said although Access to the Region's Core is cancelled the demand is not cancelled and staff is working hard on a five year rehabilitation plan.

Executive Director Weinstein said Mr. May had good questions regarding this item and he will receive a written response.

Johanna Jones moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

**1012-65: CONDITION-BASED MAINTENANCE PROGRAM: SOLE SOURCE CONTRACT FOR EXTENDED TECHNICAL SUPPORT**

Two years ago, NJ TRANSIT introduced a formal condition-based maintenance program for the fleet of diesel locomotives with Train Life

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Services, a division of Alstom Transportation specializing in diesel locomotive maintenance. Specifications were developed for the overhaul of some of the locomotives and the contractor was required to perform a teardown and re-build of two locomotives in order to ascertain the condition of the fleet. This exercise determined that complete overhauls are not necessary and that, by using data obtained through the condition based maintenance program, a customized maintenance program could be developed for each locomotive targeting only those components needing repair or replacement. This results in a substantial reduction in cost for materials, and the work can be done in house at the Meadows Maintenance Facility. It will extend the useful life of the locomotives until complete delivery of the 26 dual powered locomotives currently on order. Although NJ TRANSIT has assumed the day to day diagnostics, Alstom's Train Life Services division is required to continue providing technical support through data interpretation, root cause analysis and trend reporting. Authorization is requested to enter into a sole source contract with Alstom Transportation Inc. to continue this program for a three year period at a cost not to exceed \$4.5 million plus five percent for contingencies.

Myron P. Shevell recused himself from voting on this item. Flora Castillo moved the resolution, Johanna Jones seconded it and it was adopted.

**1012-66: FORMER LAKE STREET BUS GARAGE: SETTLEMENT AGREEMENT WITH NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION (NJDEP)**

In 2002, NJ TRANSIT sold the former Lake Street Garage property to 96-98 South 10<sup>th</sup> Street LLC for \$461,000 in "as is" condition and the buyer agreed to complete the site's environmental remediation cleanup. NJ TRANSIT indemnified the buyer against all third-party claims caused by contamination from the property and purchased an insurance policy naming the buyer as additional insured. In 2004, the New Jersey Department of Environmental Protection (NJDEP) notified the buyer that petroleum contamination from the Lake Street property was found on an adjacent parcel in Branch Brook Park, which is owned by Essex County. NJDEP notified the buyer and when it failed to respond, initiated an emergency cleanup at the site. Last year, the Board authorized a settlement agreement whereby 96-98 South 10th Street LLC would pay NJ TRANSIT \$750,000 and NJ TRANSIT would assume responsibility for completing the remediation. NJ TRANSIT and NJDEP have negotiated a settlement agreement by which NJ TRANSIT will reimburse NJDEP \$2.8 million for past costs and payment of natural resource damages. This will be the end of that litigation. Authorization is requested to enter into a settlement agreement with NJDEP for \$2.8 million.

Myron P. Shevell moved the resolution, Johanna Jones seconded it and it was unanimously adopted.

(NJT Board – 12/09/2010)

**1012-67: MORRIS COUNTY LOCAL BUS ROUTES: EXTENSION OF AGREEMENT FOR OPERATION OF BUS SERVICE**

In order to complete the transition of Morris County Local Bus Service from the current operator, PABCO, to NJ TRANSIT Bus Operations, authorization is requested for an extension of the current agreement with PABCO Transit Inc. from January 1, 2011 through June 4, 2011 at a cost not to exceed \$1,655,000 plus five percent for contingencies.

Johanna Jones moved the resolution, Steve Petrecca seconded it and it was unanimously adopted.

**1012-68: ACCESS TO THE REGION'S CORE/MASS TRANSIT TUNNEL: SPECIAL COUNSEL TO DEFEND CLAIMS FROM THE FEDERAL TRANSIT ADMINISTRATION**

The Access to the Region's Core project was halted in October and NJ TRANSIT is in the process of an orderly closeout of existing contracts, agreements and property acquisitions. Recently the Federal Transit Administration, the FTA, advised the agency that it is seeking repayment of more than \$271 million in federal funds, plus potential interest and penalties. In order to defend this claim, NJ TRANSIT has asked the Attorney General for legal representation by special counsel with expertise in federal transit law, regulatory matters and litigation. After a competitive procurement, the Attorney General's office has selected Patton Boggs LLP to provide this legal advice. The rates for the firm will be \$485 per hour, blended for all attorneys, \$125 per hour for clerks and law assistants, and \$90 per hour for paralegals. All costs will be closely monitored by the Attorney General's office and NJ TRANSIT. Authorization is requested to compensate Patton Boggs LLP for this work.

Chairman James S. Simpson recused himself from voting on this item. Myron P. Shevell asked for a motion and second to approve the board item. Johanna Jones moved the resolution, Steve Petrecca seconded it and it was adopted.

**Public Comments on Non-Agenda Items**

There were seven public comments on non-agenda items. Board Secretary Watson announced a three minute time limit for speakers.

David Peter Alan said his statement today is personal. On November 11, 2010 after the last Board Meeting, a comment was published in the Asbury Park Press that read "Thank you David Peter Alan for being a tireless advocate for building a sensible project, not tunnels to Macy's basement. I have heard NJ TRANSIT employees vilify you and treat you with contempt behind your back. It takes guts to show up every meeting and present your case for building an effective tunnel project, not tunnels to Macy's basement. You should have a seat at the table as planning for a sensible tunnel

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project moves forward. You represent many train riders. The whole fiasco could have been avoided if NJ TRANSIT had only listened to you early on”.

Mr. Alan said he replied “Thank you my anonymous friend and loyal constituent. Your support inspires and moves me more than you know. Your factual statements are true and I know that. It was not my place to say it until now. Every stand I have taken on any issue has been on principle, in the interest of the riding public. As often happens, I am now paying the price for standing on principle. Although there are no plans to build a tunnel soon, one will be built someday, and we all need it to be the right one.”

Mr. Alan said if we have learned anything from this tumultuous year of 2010 it is that we need each other. The riders need the transit for mobility. NJ TRANSIT needs the input of the organizations that represent the customers so it can make decisions that will improve mobility. The old adversarial model did not produce good transit policy. Mr. Alan said some of the managers who were the most vocal adversaries have left so he hopes for a new day, when everyone will work together to spend money wisely to improve transit.

Mr. Alan’s mission is to win recognition for the riders as vital stakeholders when transit policy decisions are made. This will be difficult and it will take many years. It took women 72 years to get the vote. It took black people 100 years to get the rights they had earned in the Civil War. It took 129 years for organized labor to win official recognition. Mr. Alan said transit riders have faced many challenges and setbacks since the government began promoting highways over 90 years ago. Mr. Alan shall continue to face them and as Martin Luther King said in another context, “we shall overcome”.

Mr. Alan said 50 years ago, a new and inspiring President John F. Kennedy quoted a Chinese proverb that said “a journey of 1000 miles must begin with a single step”. Mr. Alan calls on everyone, whether a Board Member, a manager or anyone else to take that first step with him toward an era when transit riders and transit providers will be strongly united in a joint mission to improve mobility for everyone. NJ TRANSIT should be the shining example of transparency, fairness and respect for the riders and their representatives that inspires the entire transit industry so let it begin here. He asked who was ready to take that step with him and his colleagues.

Murray Bodin said that this is a new generation and the paper board agenda documents should be distributed in electronic format so people can read it on an iPad or Kindle. His recommendation is to change the ways that are important to the future and move toward technology.

James T. Raleigh said Governor Christie’s comment in a press release regarding the tunnel project said that Chairman Simpson and Executive Director Weinstein would work with their partners in New York for the benefit of commuters. At issue was a news story that read “Is a new rail tunnel in the future and which one will win out?”. Mr. Raleigh said it should be Amtrak’s master plan for tunnels since it serves multiple purposes and would enhance the viability of service.

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Joseph Cliff clarified that his earlier statement on agenda items was presented on behalf of the Regional Rail Working Group and his comment on non-agenda items is his personal statement. Mr. Cliff shared a concern regarding NJ TRANSIT's approach to capital planning and its capital budget during these very difficult economic times, a concern that there is no publicly visible change in that approach to reflect the huge change in the fiscal landscape facing the State of New Jersey in 2010 versus the years prior to the current ongoing national recession.

Everyone knows that the capital funding outlook for New Jersey transportation capital projects, road and public transportation, is bleak. That statement is not a criticism, but a simple statement of fact.

On the operating side of the fiscal process, NJ TRANSIT went through an extremely difficult and contentious annual operating budget planning process at the end of the last fiscal year. The result of that process was a fare hike for NJ TRANSIT rail customers of 25 percent, except for off-peak ticket customers, who experienced almost a 50 percent increase, reductions in peak and off-peak service and cuts in staffing and executive pay. Mr. Cliff expects the upcoming operating budget planning process will also be difficult.

Mr. Cliff said what he does not see is an equivalent effort on the capital side to reign in spending, both strategically and with individual projects. If there is such an effort, it is invisible to the public and what is visible to the public is what establishes public perception. In this case, that there is no change in NJ TRANSIT's approach to capital planning or budgeting that parallels what has happened on the operating side and fits into the reality of tight capital funding.

This perception was supported by the slide show presented at last month's Board meeting highlighting capital construction projects underway at NJ TRANSIT other than Access to the Region's Core. Mr. Cliff's recollection of the slide show is that the projects represented \$2.5 billion in expenditures. His perception of the theme of the show was "don't worry, even with the termination of the Access to the Region's Core, we're still spending a lot of capital money in New Jersey".

Mr. Cliff said those in the rail advocate community who closely followed the Access to the Region's Core project know that one of the reasons for the budget overruns that caused the project's termination was the addition of project elements that, while individually commendable for improving some measure of performance, added costs that were eventually unaffordable. A "cheaper is better if it gets the job done" approach would have reduced the cost of the project substantially.

Mr. Cliff believes that NJ TRANSIT needs to change its public approach to capital planning and budgeting, acknowledging the difficult fiscal realities of today and the foreseeable future and showing strong evidence of a fiscally prudent attitude both strategically and on individual projects.

Al Papp Jr. said time was spent this morning explaining this morning's service delays due to downed wires. This is the harbinger of what is to come unless Portal Bridge is identified and prioritized as a project because it is the lynch pin of the corridor. Rail lines feed into the Northeast Corridor and any disruption in service wreaks havoc on the

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rail system. Mr. Papp urged NJ TRANSIT to pay special attention to its equipment since that is important to riders. The key operating element in the system that needs to be addressed is Portal Bridge. Mr. Papp said at last month's board meeting he asked Chairman Simpson and Executive Director Weinstein for a 1600 page background document resulting in the 31 page major investment study. Mr. Papp said he submitted an Open Public Records Act (OPRA) request today to the OPRA Custodian of Records.

Dan O'Connell, State Director of the United Transportation Union, said he had the unhappy occasion of being at Trenton Train Station this morning when the service delays occurred and thanked Acting Vice President/General Manager O'Connor for the update and explanation of what happened this morning. Mr. O'Connell said the lack of support for Amtrak both in general and on the Northeast Corridor in particular is a national disgrace. Amtrak's Northeast Corridor numbers are at an all time high. Mr. O'Connell said there needs to be a national discussion. The Portal Bridge project should have never been included in the Access to the Region's Core project as this is part of Amtrak's infrastructure. Washington does not see the Northeast Corridor and the region from Boston to Washington should be united to do something about it. Mr. O'Connell said he stands ready to work to help Amtrak to get the funding it needs. He said we can and must do better.

Zoe Baldwin, Tri-State Transportation Campaign, commented on parking and said she sincerely hopes the agency and the State are making sure we are not selling long term profit for short term cash. The State has underfunded this agency and there are future profits from parking structures. Ms. Baldwin said this is the second worst year in a long time for transit riders with unprecedented service cuts, fare increase and the loss of the Access to the Region's Core Mass Transit Tunnel. Now, transit riders are being told to plan accordingly when the current federal transit commuter tax benefit expires at the end of this year. Transit ridership has grown at twice the rate of driving over the past decade, but the elected leaders need to make smart decisions to continue that trend. Hurdles to transit ridership, especially during peak commuting hours, will only choke the streets with more traffic and pollution and further deteriorate the roads and bridges.

Currently, more than 200,000 commuters in the region enjoy up to \$230 monthly pretax deductions for their commutes on public transportation, which saves them more than \$1,000 a year. Unless Congress acts to make this critical transit benefit permanent, the \$230 monthly pre-tax limit will expire and reset to \$120 per month.

The minimum monthly pass on all of New Jersey's commuter rail routes exceeds \$120 and most commuters have to purchase additional subway or bus passes. Preserving the tax break for transit riders will help families stretch their paychecks and provide a bit of relief for transit riders in New Jersey who have already been asked to pay more for less through recent fare hikes and service cuts on local bus, light rail, commuter rail and long distance bus lines. A fare increase is a tax increase.

Ms. Baldwin said DC Metro has an action alert on its website noting that this going to happen and encouraging commuters to get in touch with their federal leaders.

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New Jerseyans are doing their part to keep the economy strong, lessen traffic and reduce environmental pollution by using transit. Congress also must do its part and help defray the cost of getting to work for transit riders and drivers alike.

Ms. Baldwin said this is a very serious issue and hopes NJ TRANSIT will help the riders and the bottom line.

### **Adjournment**

Chairman Simpson and Vice Chairman Shevell wished everyone a happy holiday season. Since there were no further comments or business, Chairman Simpson called for adjournment and a motion to adjourn was made by Myron P. Shevell seconded by Johanna Jones and unanimously adopted. The meeting was adjourned at approximately 11:16 a.m.

**NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS, INC.  
NJ TRANSIT RAIL OPERATIONS, INC.  
NJ TRANSIT MERCER, INC.  
RE-SCHEDULED BOARD OF DIRECTORS' MEETINGS**

**DECEMBER 9, 2010**

<b>MINUTES</b>	<b>PAGE</b>
➤ <b>EXECUTIVE SESSION AUTHORIZATION</b>	<b>42788</b>
➤ <b>APPROVAL OF MINUTES OF PREVIOUS MEETINGS</b>	<b>42789</b>
➤ <b>EXECUTIVE DIRECTOR'S MONTHLY REPORT</b>	<b>42790</b>
➤ <b>ADVISORY COMMITTEE REPORTS</b>	<b>--</b>
➤ <b>BOARD COMMITTEE REPORT</b> *Administration Committee	<b>--</b>
➤ <b>PUBLIC COMMENTS ON AGENDA ITEMS</b>	

**ACTION ITEMS**

<b>1012-63</b>	<b>SELECTION OF PROVIDERS FOR HEALTH AND WELLNESS PROGRAMS</b>	<b>42804</b>
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Authorization to enter into an administrative services contract with Horizon Blue Cross Blue Shield of New Jersey for Medical, Dental, Mental Health/Substance Abuse and Flexible Spending Account administration. The contract will provide healthcare benefits to active and retired NJ TRANSIT employees and their eligible dependent with administrative fees not to exceed \$5,508,000 per year.

Authorization to enter into an administrative services contract with Medco Health Solutions for Prescription drug management services. The contract will provide prescription drug benefits to active and retired NJ TRANSIT employees and their eligible dependents, with administrative fees not to exceed \$203,000 per year.

These contracts will begin July 1, 2011 for a period of three and one half (3½) years with two, one-year renewal options, subject to the availability of funds.

NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS, INC.  
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PAGE 2

**1012-64      ARROW III RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT      42807**

Authorization to enter into contracts with the lowest responsive, responsible bidders and with sole or single source/original equipment manufacturers for the procurement of various Arrow III rail passenger vehicle components for an in-house reliability improvement project for 170 Arrow III vehicles during Calendar Years 2011 through 2013, at a cost not to exceed \$15,600,000, plus five percent for contingencies, subject to the availability of funds.

**1012-65      CONDITION-BASED MAINTENANCE PROGRAM: SOLE SOURCE CONTRACT FOR EXTENDED TECHNICAL SUPPORT      42810**

Authorization to enter into a sole source contract with Alstom Transportation Inc. of Hornell, New York, to provide technical assistance services related to the development of a locomotive Enhanced Reliability Program (EFP) and to continue the Condition-Based Maintenance Program (CBM) for the diesel locomotive fleets for a period of three years at a cost not to exceed \$4,500,000, plus five percent for contingencies, subject to the availability of funds.

**1012-66      FORMER LAKE STREET BUS GARAGE: SETTLEMENT AGREEMENT WITH NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION (NJDEP)      42814**

Authorization to enter into a Settlement Agreement with the New Jersey Department of Environmental Protection (NJDEP) for the remediation of contamination at both the Lake Street and Branch Brook Park sites and for reimbursement of NJDEP costs and NRDs in the amount of \$2,800,000.

**1012-67      MORRIS COUNTY LOCAL BUS ROUTES: EXTENSION OF AGREEMENT FOR OPERATION OF BUS SERVICE      42817**

Authorization to extend the existing agreement with PABCO Transit Inc. of Dover, New Jersey, for the operation of the Morris County Local Bus Routes from January 1, 2011 through June 4, 2011, at a total cost not to exceed \$1,655,000, plus five percent for contingencies, for a total contract authorization of \$19,195,176, subject to the availability of funds.

NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS, INC.  
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1012-68

**ACCESS TO THE REGION'S CORE/MASS TRANSIT TUNNEL:  
SPECIAL COUNSEL TO DEFEND CLAIMS FROM THE FEDERAL  
TRANSIT ADMINISTRATION**

42819

Authorization to compensate the firm Patton Boggs LLP, selected after a competitive procurement by the New Jersey Office of the Attorney General, for providing legal advice regarding the demand by the FTA for repayment of federal funds associated with the Access to the Region's Core project at the following rates: \$485 per hour (blended for all attorneys); \$125 per hour for clerks and law assistants (i.e., summer associates or law school graduates awaiting bar results); and \$90 per hour for paralegals. The Office of the Attorney General will closely monitor all costs associated with this effort.

**PUBLIC COMMENTS ON NON-AGENDA ITEMS**

**EXECUTIVE SESSION AUTHORIZATION**

**BE IT HEREBY RESOLVED** pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13 that the Board of Directors of the New Jersey Transit Corporation hold an executive session to discuss contract negotiations and attorney-client, litigation and personnel matters; and

**BE IT FURTHER RESOLVED** that it is expected that discussions undertaken at this executive session could be made public at the conclusion of these matters as appropriate.

**APPROVAL OF MINUTES**

**WHEREAS**, the By-Laws provide that the minutes of actions taken at meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors be approved by the Board; and

**WHEREAS**, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the November 10, 2010, Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on November 11, 2010;

**NOW, THEREFORE, BE IT RESOLVED** that the minutes of actions taken at the November 10, 2010 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.

**Chris Christie**, Governor  
**Kim Guadagno**, Lieutenant Governor  
**James S. Simpson**, Board Chairman  
**James Weinstein**, Executive Director

**NJ TRANSIT**  
One Penn Plaza East  
Newark, NJ 07105-2246  
973-491-7000

**TO:** BOARD OF DIRECTORS  
**FROM:** JAMES W. WEINSTEIN  
**DATE:** DECEMBER 9, 2010  
**SUBJECT:** EXECUTIVE DIRECTOR'S REPORT – DECEMBER 2010

Last month, we launched a new mobile version of njtransit.com, featuring a cleaner layout and new design, along with new Trip Planning functionality. The original version of our mobile website was launched in September 2006 to give customers the ability to tap into the most popular areas of njtransit.com, in a streamlined format optimized for web-enabled mobile devices. On the new version, customer favorites such as DepartureVision and Station-to-Station train schedules are still available, along with a new feature on advanced smart phones: a full-service trip planner that enables customers to enter any address or station and plan their trip, just like they do on the desktop version of the website. Since its launch, the mobile site has proven to be a valuable tool for customers on the go, giving them the resources they need right at their fingertips to make informed decisions and identify their best travel options. While the previous version of the mobile website was hosted by an outside vendor, the new and improved version was designed entirely in-house by NJ TRANSIT's own web team, offering the additional benefit of cost savings.

With December well underway, our operations departments are preparing for winter weather across our system to ensure that our rail, bus and light rail service is as weather-proof as possible. Each year, we begin preparing for winter weather months in advance so that our "winterization" process is complete long before we see the first snowfall. As part of this process, we make sure all of our snow-fighting equipment is ready to go, perform maintenance and inspections of our bus and rail fleets and infrastructure, refresh our stockpiles of salt and ensure that our snow-removal contracts are in place. In addition, we perform maintenance and tests on our two rail-mounted jet snow blowers that help clear our train tracks of snow and ice, particularly in rail yards. These are among the many steps we take to help ensure that we can keep the system running smoothly and minimize delays and disruptions during inclement weather. However, in the event a major winter storm makes it necessary to adjust service, our customers will be kept informed of the latest information via njtransit.com, station announcements and broadcast traffic reports.

This month, we continue to make positive advancements with our System Parking Amenity and Capacity Enhancement (SPACES) strategy. Through SPACES, NJ TRANSIT is building a public-private partnership to meet the needs of our customers and address growing costs in new ways that will sustain our system for decades to come. SPACES will standardize and improve parking for customers while addressing the increasing cost of operating parking facilities. After completing the first phase of the procurement process last month, we have notified seven firms that they have qualified to bid on this opportunity, and I look forward to the continued updates as we moved forward with this incredibly important business strategy.

As the year draws to an end, we are advising customers of a possible change to their pre-tax commuter benefits, which provide savings to both employees and employers alike. Through pre-tax commuter benefits, employees don't have to pay income tax on the amount taken from their salary toward their mass transit commute, and employers save on payroll taxes for each employee participating. Last year, the pre-tax benefit was increased from \$120 per month to \$230 per month. This additional benefit is set to expire December 31, 2010, which means that the transit cap for pre-tax benefits will return to the previous \$120 per month. While there have been discussions about possibly extending the increase in benefits, the issue remains unchanged in Congress at this time. To that end, we are advising customers to plan accordingly.

Lastly, we are gearing up for the busy end-of-year holiday travel period, following a very successful Thanksgiving holiday weekend that marked the second busiest holiday period ever for rail travel. As we do each holiday season, we have made adjustments to better match service with ridership demand, including early getaway trains and buses in advance of the holidays and additional service for New Year's revelers. In addition, we are giving customers nearly two weeks of savings by extending our Family SuperSaver Fare, which allows two children 11 and younger to travel free with each fare-paying adult, for the entire holiday period (7 p.m. on December 23 until 6 a.m. on January 3).

I would like to thank our employees who will be spending time away from their own families during the upcoming holidays to keep our system moving and meet our customers' transportation needs, and I wish all of our customers a happy and healthy holiday season.

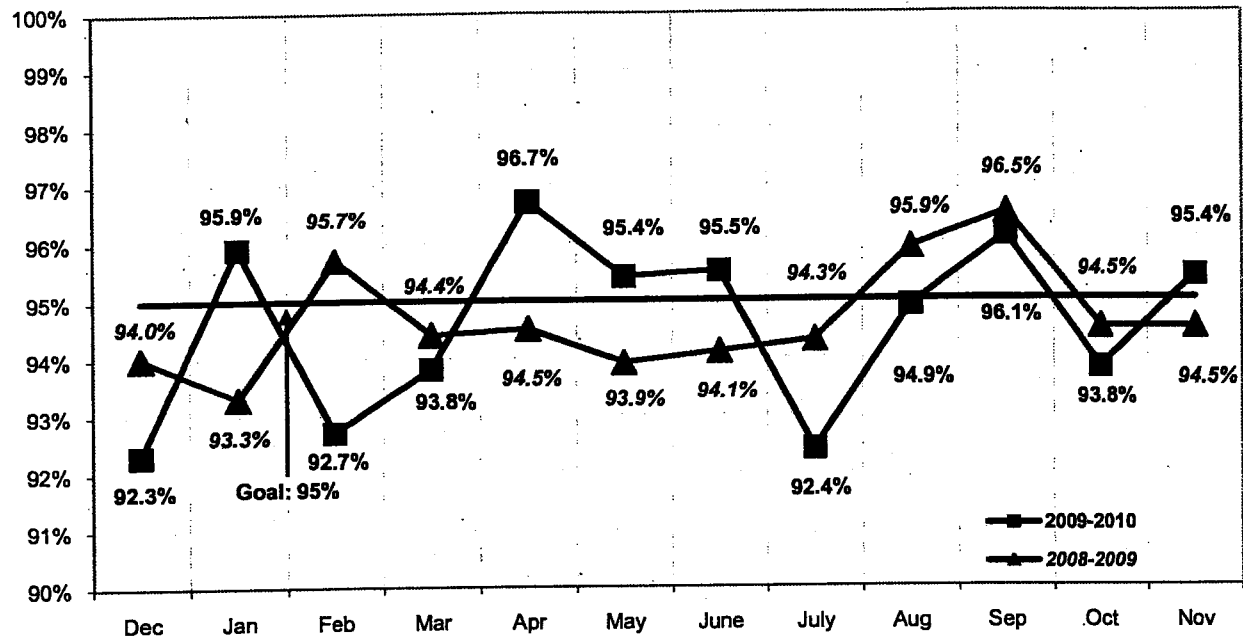
## **EXECUTIVE DIRECTOR'S MONTHLY REPORT DECEMBER 2010**

- 1. PERFORMANCE MEASURES**
- 2. DBE/MBE PROGRAM**
- 3. EMPLOYEE RECOGNITION**

# **PERFORMANCE MEASURES**

# NJ TRANSIT ON-TIME PERFORMANCE RAIL DECEMBER 2008 - NOVEMBER 2010

% Trains Reported Within 6 Minutes of Schedule



	2009	2010	# Change
November Comparison	94.5%	95.4%	0.9%

	2008-2009	2009-2010	# Change
12-Month Average December - November	94.6%	94.6%	0.0%

### Analysis:

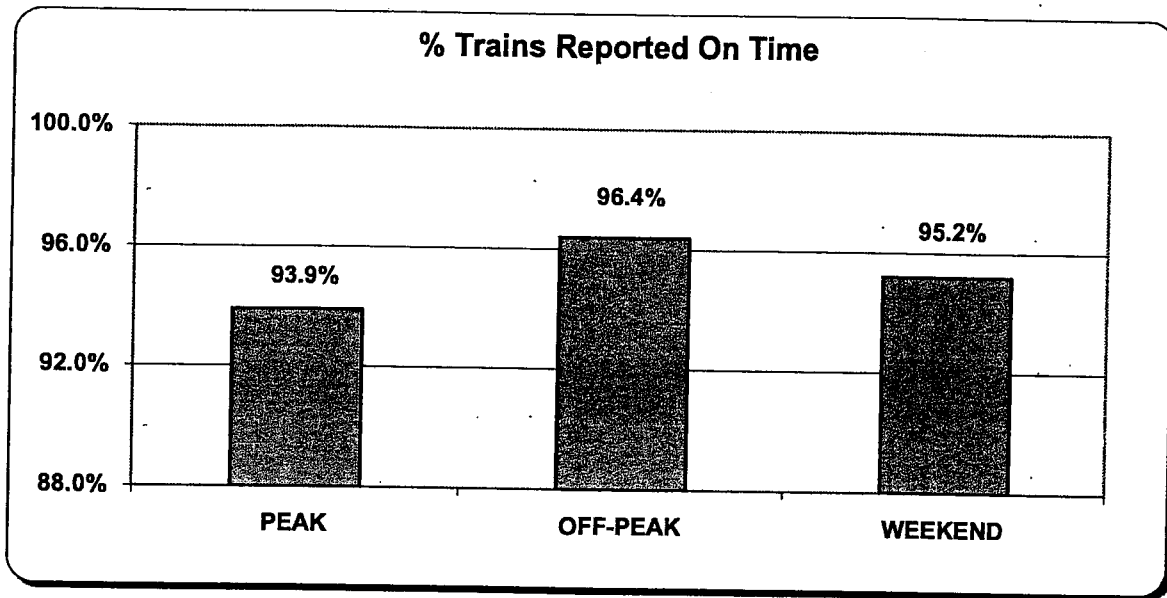
Rail On-Time Performance was 95.4% for November 2010. Of the 17,926 trains scheduled to operate, 17,108 were on time, while 818 trains (or 4.6%) were delayed. Key causes included:

- Amtrak track problem on November 1.
- Slippery rail conditions and an NJ TRANSIT grade crossing accident on November 8.
- NJ TRANSIT equipment failure and the opening of Portal Bridge for marine traffic on November 29.

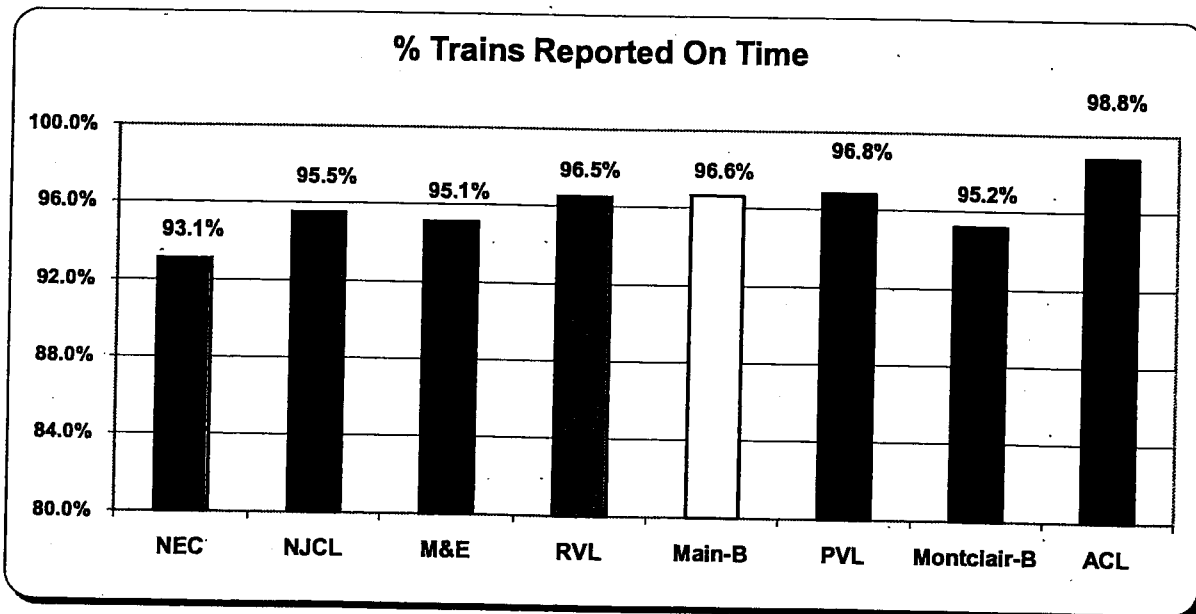
The 12-month average for Rail On-Time Performance for December 2009 - November 2010 was 94.6%.

# ON-TIME PERFORMANCE RAIL

## SUMMARY BY TIME PERIOD NOVEMBER 2010

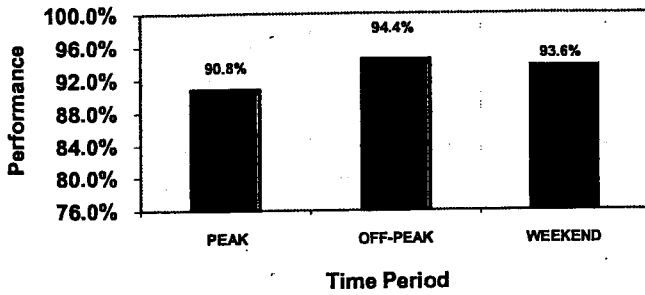


## SUMMARY BY LINE NOVEMBER 2010

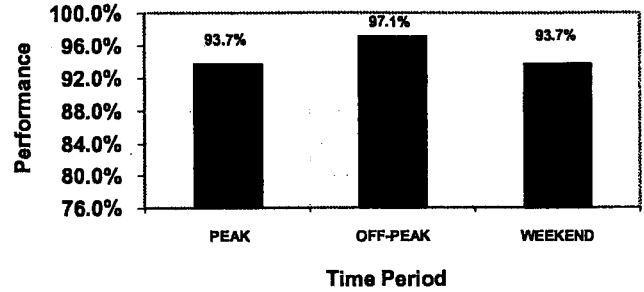


# ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD NOVEMBER 2010

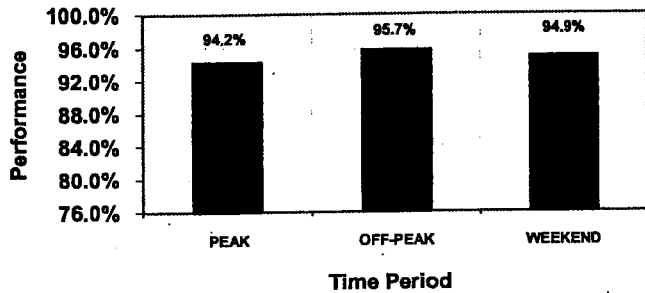
**NORTHEAST CORRIDOR**



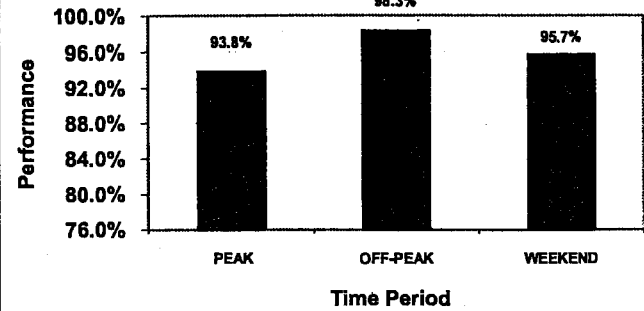
**NORTH JERSEY COAST LINE**



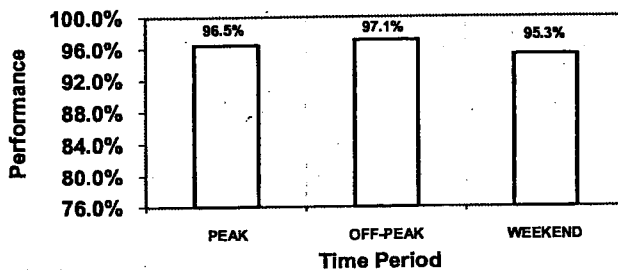
**MORRIS & ESSEX**



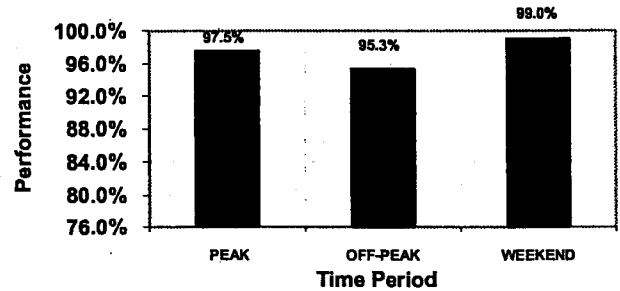
**RARITAN VALLEY LINE**



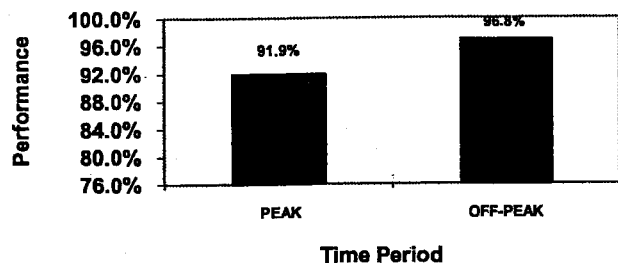
**MAIN-BERGEN**



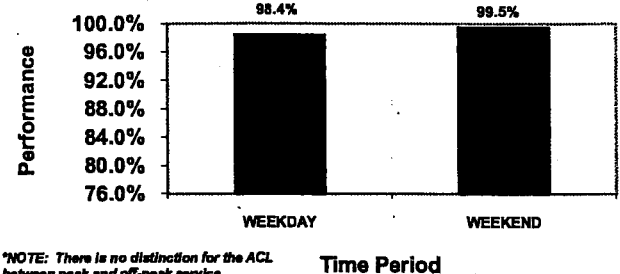
**PASCACK VALLEY**



**MONTCLAIR-BOONTON**



**ATLANTIC CITY\***



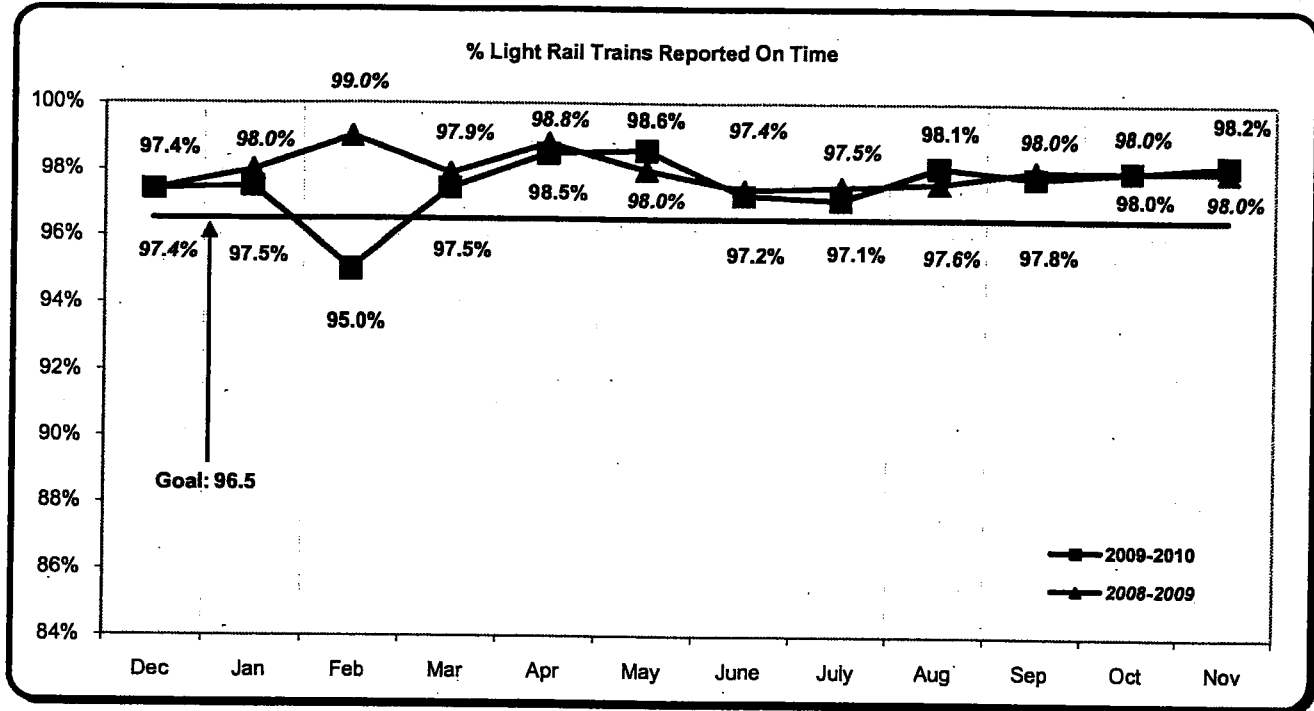
\*NOTE: There is no distinction for the ACL between peak and off-peak service.

# NJ TRANSIT

## ON-TIME PERFORMANCE

### LIGHT RAIL - SYSTEMWIDE

#### DECEMBER 2008 - NOVEMBER 2010



\*Note: Starting May 2007

	2009	2010	# Change
<b>November Comparison</b>	98.0%	98.2%	0.2%

	2008-2009	2009-2010	# Change
<b>12-Month Average December - November</b>	98.0%	97.6%	-0.4%

**Analysis:**

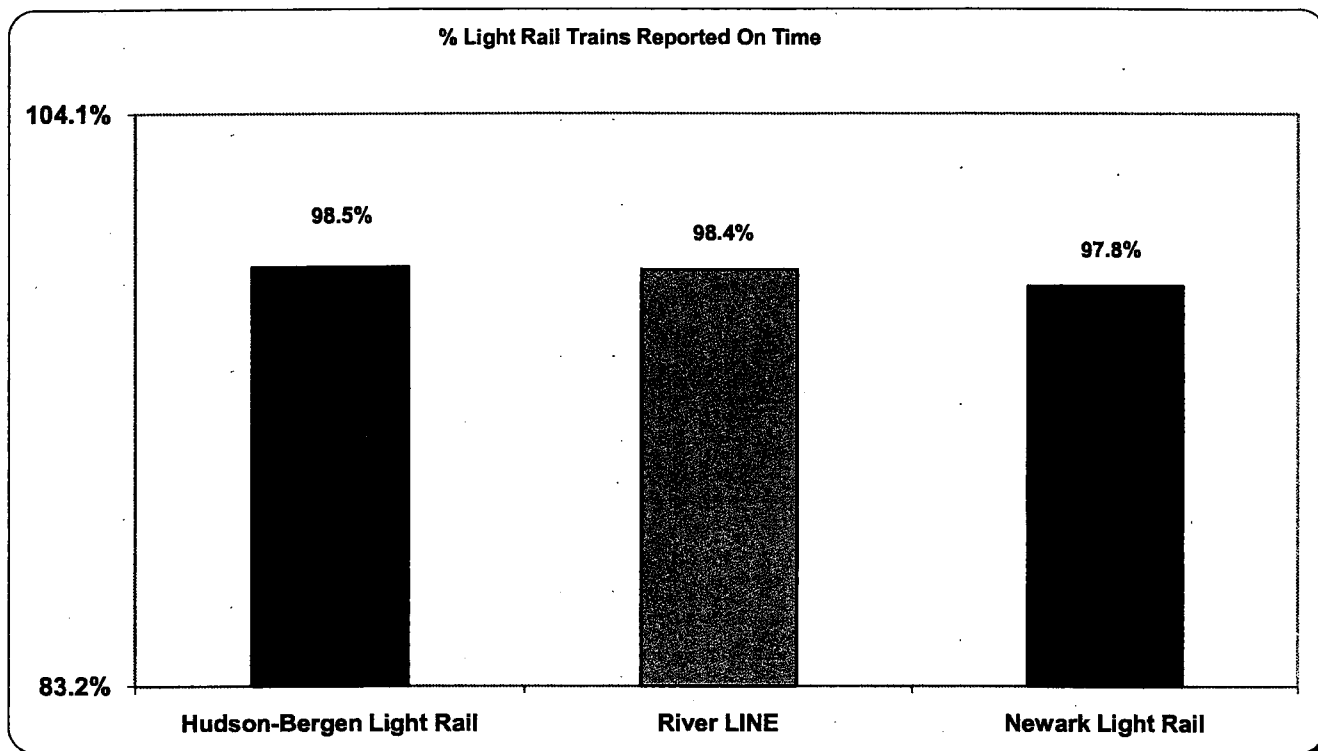
Light Rail On-Time Performance systemwide was 98.2% for the month of November 2010. Of the 26,028 scheduled trains, 461 (or 1.8%) experienced delays. Key causes included:

- Grade crossing accident delaying Hudson-Bergen Light Rail service on November 3.
- PSE&G power failure affecting Newark Light Rail trains on November 5.
- Mechanical failure affecting River Line service on November 30.

The 12-month average for Light Rail On-Time Performance for December 2009 - November 2010 was 97.6%.

# ON-TIME PERFORMANCE LIGHT RAIL

## SUMMARY BY LINE NOVEMBER 2010



# **DBE/MBE PROGRAM**

**NJ TRANSIT – Office of Business Diversity DBE/SBE Participation**

**Federally Funded Contracts**

\$536,154 in federal funds were awarded during November of FY 11.\* Disadvantaged Business Enterprises (DBEs) were not awarded any federal-funded contract dollars during this period from either race conscious and race neutral awards.

**State Funded Contracts**

\$20,662,748 in state-funded contract dollars were awarded July through November FY 11. \*\* Of that total, Small Business Enterprises (SBEs) received \$5,124,094 or 24.8 percent. Category 1 SBEs received \$438,140 or 2.1 percent. Category 2 SBEs received \$1,561,307 or 7.6 percent. Category 3 SBEs received \$31,351 or 0.1 percent. Category 4 SBEs received \$346,485 or 1.7 percent. Category 5 SBEs received \$2,746,811 or 13.3 percent. Category 6 SBEs received \$0 or 0 percent.\*\*\*

**Federal & State Contracts Total**

\$21,198,902 in federal and state contract dollars were awarded by NJ TRANSIT during this reporting period. Of that total, \$5,124,094 or 24.2 percent of federal and state contract dollars was won by DBEs and SBEs.

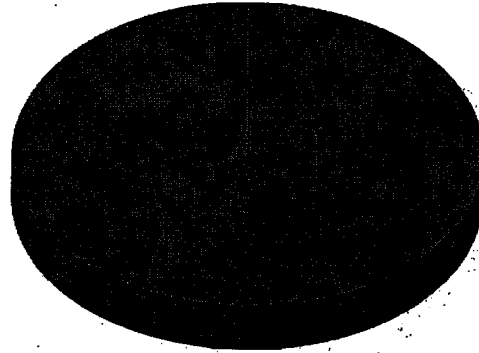
\*Fiscal year beginning October 1, 2010

\*\*Fiscal year beginning July 1, 2010

\*\*\*Cat 1-Less than \$500,000 gross revenues, Cat 2-Less than \$5 million, Cat 3-Less than \$12 million, Cat 4 (construction)-Less than \$1 million, Cat 5 (construction)-Less than \$17,420,000, Cat 6 (construction)-Up to \$33.5 million

**DBE PARTICIPATION  
FEDERAL CONTRACTS  
FEDERAL FYTD (THROUGH NOVEMBER FY11)\***

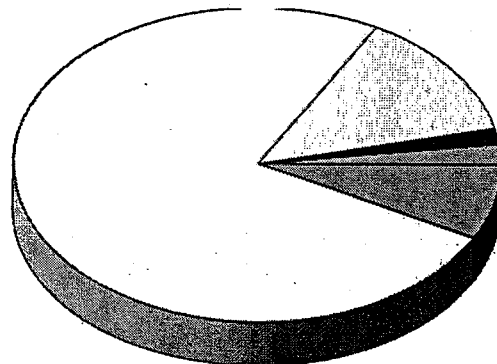
NON-DBE  
FEDERAL  
\$536,154  
100%



DBE RACE  
NEUTRAL & RACE  
CONSCIOUS  
\$0.00  
0%

**SBE PARTICIPATION  
STATE CONTRACTS  
STATE FYTD (THROUGH NOVEMBER FY11)\*\***

NON-SBE STATE  
\$15,538,654  
75.2%



SBE-5  
\$2,746,811  
13.3%

SBE-4  
\$346,485  
1.7%

SBE-1  
\$438,140  
2.1%

SBE-2  
\$1,561,307  
7.6%

SBE-3  
\$31,351  
0.1%

**Fiscal Year Beginning October 1, 2010\***  
**Fiscal Year Beginning July 1, 2010\*\***  
(This report covers contracts above \$29,000)

# **EMPLOYEE RECOGNITION**

**NJ TRANSIT employees bid farewell after outstanding careers**

Eight NJ TRANSIT employees retired in November with careers ranging from 13 to 33 years of service:

1. Gordon G. McKinnon (Bloomfield) Instructor, Ferry Street – 33 years
2. Robert E. David (New York, NY) Manager, Field Stations/Penn Station – 27 years
3. William R. Evans II (Toms River) Manager Car Shop, MMC – 27 years
4. Queen E. Pinckney (Jersey City) Secretary, Fairview Garage – 23 years
5. Walter R. Dredde, Jr. (Sewell) Bus Operator, Newton Avenue Garage – 20 years
6. Charles S. Slifko (Newark) Revenue Accounting Clerk, GOB – 19 years
7. Anne Byrne (Hamburg) Bus Operator, Wayne Garage – 17 years
8. Joseph A. Dorf (New Milford) Sr. Comp. Operator, Penn Plaza – 13 years

**ACTION ITEMS**

**ITEM 1012-63: SELECTION OF PROVIDERS FOR HEALTH AND WELLNESS PROGRAMS****BENEFITS**

NJ TRANSIT provides its agreement and non-agreement employees with a comprehensive health benefits program. The program includes: Medical, Prescription Drug, Dental, Mental Health/Substance Abuse and Flexible Spending Account administration. The majority of NJ TRANSIT's health benefits program is self-insured; accordingly, NJ TRANSIT seeks benefit program providers that offer extensive physician and hospital networks at discounted rates and purchasing programs that pass through discounts to control prescription drug and other costs. These providers are hired to manage and process NJ TRANSIT employee claims through their related networks. Each of the providers is paid an administrative fee for services.

Through two separate competitive RFP processes (one for the prescription drug program and one for all other medical benefits) NJ TRANSIT solicited proposals from providers for these benefit categories. Extensive analyses were conducted that compared the expected cost of claims and associated savings offered by each provider's network, discount programs and administrative fee structure. As a result of this competitive process, staff is recommending award to two providers whose proposals have been identified as being in the best interest of NJ TRANSIT.

**PURPOSE**

Authorization of these contracts will allow NJ TRANSIT to continue to provide its active and retired employees and their eligible dependents Medical, Dental, Mental Health/Substance Abuse, Flexible Spending Account administration and Prescription Drug Administration.

**ACTION (Justification: Business Efficiencies)**

Staff seeks authorization to enter into an administrative services contract with Horizon Blue Cross Blue Shield of New Jersey for Medical, Dental, Mental Health/Substance Abuse and Flexible Spending Account administration. The contract will provide healthcare benefits to active and retired NJ TRANSIT employees and their eligible dependent with administrative fees not to exceed \$5,508,000 per year.

Staff also seeks authorization to enter into an administrative services contract with Medco Health Solutions for Prescription drug management services. The contract will provide prescription drug benefits to active and retired NJ TRANSIT employees and their eligible dependents, with administrative fees not to exceed \$203,000 per year.

These contracts will begin July 1, 2011 for a period of three and one half (3½) years with two, one-year renewal options, subject to the availability of funds.

This item has been reviewed and recommended by the Board Administration Committee.

**FISCAL IMPACTS**

**Requested Amounts:**

<b>Medical and Dental</b>	\$2,754,000 for six months July 1 to December 31, 2011  \$5,508,000 per year for the following three years beginning January 1, 2012. Not to exceed annual budgeted amounts for two, one-year option years
<b>Total Medical and Dental Cost:</b>	\$19,278,000 through the 3½ years ended 12/31/2014 \$30,294,000 if both one-year renewal options are exercised
<b>Prescription Drug</b>	\$131,600 for six months July 1 to December 31, 2011  \$202,600 for year 2012 \$106,500 for year 2013 \$ 71,000 for year 2014 Not to exceed annual budgeted amounts for two, one-year option years
<b>Total Prescription Drug Cost:</b>	\$511,700 through the 3½ years ended 12/31/2014 \$653,700 if both one-year renewal options are exercised
<b>Diversity Goal:</b>	N/A

**RESOLUTION**

**WHEREAS**, NJ TRANSIT provides its agreement and non-agreement employees with a comprehensive health benefits program; and

**WHEREAS**, NJ TRANSIT seeks to achieve cost-effective administration of its health benefits program through a competitive procurement process; and

**WHEREAS**, upon completion of a competitive procurement process, it was determined that Horizon Blue Cross Blue Shield of New Jersey for Medical, Dental, Mental Health/Substance Abuse and Flexible Spending Account administration and Medco Health Solutions for Prescription drug administration were the highest ranked proposers;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to contract with Horizon Blue Cross Blue Shield of New Jersey for Medical, Dental, Mental Health/Substance Abuse and Flexible Spending Account administration. This contract will provide healthcare benefits to active and retired NJ TRANSIT employees and their eligible dependents, beginning July 1, 2011, for a period of three and one half (3½) years, with administrative fees not to exceed \$5,508,000 per year, and with two, one-year renewal options, subject to the availability of funds; and

**BE IT FURTHER RESOLVED** that the Chairman or Executive Director is authorized to contract with Medco Health Solutions for Prescription drug administration. This contract will provide prescription drug benefits to active and retired NJ TRANSIT employees and their eligible dependents, beginning July 1, 2011, for a period of three and one half (3½) years, with administrative fees not to exceed \$203,000 per year, and with two, one-year renewal options, subject to the availability of funds.

**ITEM 1012-64: ARROW III RELIABILITY IMPROVEMENT PROJECT:  
PURCHASE OF MATERIALS AND EQUIPMENT**

**BENEFITS**

The purchase of these materials will enhance reliability and on-time performance of the vehicles by performing recommended maintenance and direct replacement or upgrade of components. Performing the reliability project will improve reliability, decrease costs related to component failures, and help maintain on-time performance.

**PURPOSE**

The Arrow III vehicles were overhauled by ABB Traction Incorporated of Elmira, New York between 1992 and 1995 and received in-house reliability work between 2003 and 2008. In an effort to maintain the useful life of the fleet, NJ TRANSIT plans to continue to perform an in-house reliability improvement project on 170 of the Arrow III vehicles. Major components and subsystems will be remanufactured or upgraded to the latest industry standards and recommendations to ensure the continued reliable use of the vehicles in revenue service.

The estimated cost for major components and miscellaneous materials is \$15,600,000. The procurement of these components can be classified into two groups, i.e., competitive bid items and sole source items. The sole or single source materials total 65 percent of all materials, including but not limited to, main inductors, inter-car control cables, air spring locks, air suspension bellows, and car body roof resurfacing membrane material. It is NJ TRANSIT's intent to utilize the competitive bid process to procure material available from more than one source of supply whenever possible.

**ACTION (Justification: Customer Service and State of Good Repair)**

Staff seeks authorization to enter into contracts with the lowest responsive, responsible bidders and with sole or single source/original equipment manufacturers for the procurement of various Arrow III rail passenger vehicle components for an in-house reliability improvement project for 170 Arrow III vehicles during Calendar Years 2011 through 2013, at a cost not to exceed \$15,600,000, plus five percent for contingencies, subject to the availability of funds.

This item has been reviewed and recommended by the Board Administration Committee.

**FISCAL IMPACTS**

**Requested Authorization:** \$15,600,000 + 5% contingency  
(Various components)

**Total Project Cost:** \$15,600,000 (*Components*)

**Projected Date of Completion:** December 2013

**Anticipated Source of Funds:** TTF

**Diversity Goal:** N/A  
(Does not lend itself to DBE participation)

**Related/Future Authorizations:** N/A

**Impact on Subsequent  
Operating Budgets:** N/A

**RESOLUTION**

**WHEREAS**, the Arrow III vehicles were overhauled by ABB Traction Incorporated of Elmira, New York between 1992 and 1995 and received in-house reliability work between 2003 and 2008; and

**WHEREAS**, as part of the continued maintenance of the rail fleet, NJ TRANSIT plans to perform an in-house reliability improvement project for 170 Arrow III vehicles so that major components and subsystems are remanufactured or upgraded to the latest industry standards and recommendations; and

**WHEREAS**, the purchase of these materials will enhance reliability and on-time performance;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to enter into contracts with the lowest responsive, responsible bidders and with the sole or single source/original equipment manufacturers for the procurement of various Arrow III components to be used in the in-house reliability improvement project for 170 Arrow III rail passenger cars during Calendar Years 2011 through 2013, at a cost not to exceed \$15,600,000, plus five percent for contingencies, subject to the availability of funds.

**ITEM 1012-65:   CONDITION-BASED MAINTENANCE PROGRAM: SOLE SOURCE CONTRACT FOR EXTENDED TECHNICAL SUPPORT**

**BENEFITS**

NJ TRANSIT'S rail rolling stock maintenance program is designed to maintain the rail fleet in a state-of-good-repair for service reliability, availability, and customer comfort.

NJ TRANSIT's current diesel locomotive fleet consists of 105 PL42AC, GP-40, P40 and F-40 series locomotives. The majority of the GP-40 and F-40 locomotives were manufactured by EMD and placed into service more than 20 years ago. The PL42AC locomotives were manufactured by Alstom Transportation Inc. and placed into service in 2005.

In April 2008, the Board authorized the award of a contract with Alstom Transportation to provide services to NJ TRANSIT for developing a technical specification for the overhaul of GP-40 and F-40 series locomotives as well as demonstrate the benefits of implementing a formal Condition-Based Maintenance Program (CBM) for the diesel locomotive fleets, which includes the Alstom Transportation Inc. manufactured PL42AC. Alstom has within its organization a division, Train Life Services (TLS), that specializes in the maintenance of diesel locomotives and which has successfully demonstrated on other railroads their ability to improve diesel locomotive availability and reliability utilizing the concept of condition-based maintenance.

The contract required Alstom/TLS to perform a teardown and re-build of two NJ TRANSIT locomotives in order to ascertain the condition of the diesel fleet. As a result of this activity, it was determined that complete overhauls of the diesel fleet are not necessary and that by using data obtained through CBM, a customized maintenance program can be developed for each locomotive, which is much more limited in scope than a complete overhaul as it will target only those components highlighted by the CBM analysis as needing repair or replacement. Two key benefits are realized here: substantial reduction in cost for materials and the ability to perform the work at the Meadows Maintenance Complex with the NJ TRANSIT workforce. This program is expected to extend the useful life of the locomotives until complete delivery of the 26 dual powered locomotives.

**PURPOSE**

NJ TRANSIT has assumed the hands-on diagnostics, however, Alstom is providing the technical support via data interpretation, root cause analysis, and trend reporting.

This Board Item authorizes NJ TRANSIT to enter into a sole source contract with Alstom Transportation Inc. to provide CBM technical services for a period of three years in order to support NJ TRANSIT's Enhanced Reliability Program (EFP) while properly training NJ TRANSIT employees in data analysis and CBM diagnostic and troubleshooting strategies.

**ACTION (Justification: Customer Service and State of Good Repair)**

Staff seeks authorization to enter into a sole source contract with Alstom Transportation Inc. of Hornell, New York, to provide technical assistance services related to the development of a locomotive Enhanced Reliability Program (EFP) and to continue the Condition-Based Maintenance Program (CBM) for the diesel locomotive fleets for a period of three years at a cost not to exceed \$4,500,000, plus five percent for contingencies, subject to the availability of funds.

This item has been reviewed and recommended by the Board Administration Committee.

**FISCAL IMPACT**

<b>Requested Authorization:</b>	\$4,500,000 + 5% contingency
<b>Total Project Cost:</b>	\$11,575,000
<b>Projected Date of Completion:</b>	December 2013
<b>Anticipated Source of Funds:</b>	Transportation Trust Fund
<b>Diversity Goal:</b>	NA
<b>Related/Future Authorizations:</b>	None
<b>Impact on Subsequent Operating Budgets:</b>	Reduction in locomotive maintenance costs

**RESOLUTION**

**WHEREAS**, NJ TRANSIT currently operates 105 diesel locomotives; and

**WHEREAS**, the rehabilitation of the diesel locomotive rail fleet is necessary to maintain service reliability, availability, and customer comfort; and

**WHEREAS**, staff requires technical assistance to continue the Condition-Based Maintenance Program (CBM); and

**WHEREAS**, NJ TRANSIT will benefit from the implementation of a long-term Condition-Based Maintenance Program; and

**WHEREAS**, NJ TRANSIT staff requires this three-year period to normalize and extend the serviceable life of the fleet with an Enhanced Reliability Program (ERP) while properly training NJ TRANSIT employees in data analysis and CBM diagnostic and troubleshooting strategies; and

**WHEREAS**, over the contract term, Alstom's proprietary CBM software has collected all the relevant heat, noise, and vibration signatures to determine the component duty/life cycle. Due to the proprietary nature of the CBM software, it can only be obtained from Alstom/TLS; and

**WHEREAS**, Alstom Transportation Inc. has demonstrated competency and expertise in the first and second phases of the Condition-Based Maintenance Program and has been determined to be capable of continuing its support services; and

**WHEREAS**, Alstom Transportation Inc. was previously selected by a competitive procurement process to design and manufacture NJ TRANSIT diesel locomotives;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to enter into a sole source contract with Alstom Transportation Inc. of Hornell, New York, to provide technical assistance services development of a locomotive Enhanced Reliability Program (EFP) and to continue the Condition-Based Maintenance Program (CBM) for the diesel locomotive fleets for a period of three years, at a cost not to exceed \$4,500,000, plus five percent for contingencies, subject to the availability of funds.

**ITEM 1012-66: FORMER LAKE STREET BUS GARAGE: SETTLEMENT AGREEMENT WITH NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION (NJDEP)**

**BENEFITS**

In 2002, NJ TRANSIT sold the former Lake Street Bus Garage site (Lake Street) in Newark to 96-98 South 10<sup>th</sup> Street LLC (96-98) under the condition that 96-98 complete environmental remediation of the site. Under the contract of sale, NJ TRANSIT indemnified 96-98 against all third-party claims for damages caused by contamination from Lake Street, and was obligated to purchase an environmental liability policy naming 96-98 as additional insured. Subsequently, petroleum contamination from the site was found on an adjacent property, Branch Brook Park. In October 2004, the NJ Department of Environmental Protection (NJDEP) notified 96-98 and NJ TRANSIT of the contamination at Branch Brook Park, which is owned by Essex County, and demanded that 96-98 undertake an immediate cleanup. When 96-98 failed to respond to that notification, NJDEP initiated an emergency response action to address contamination in the park. Since that time, NJDEP has performed emergency clean-up and monitoring of contamination at the Branch Brook Park site.

In 2009, NJ TRANSIT and 96-98 negotiated a settlement whereby 96-98 guaranteed a minimum payment of \$750,000 to NJ TRANSIT and NJ TRANSIT agreed to complete the remedial investigation and clean-up of the adjacent property. That settlement was approved by the Board in October 2009.

**PURPOSE**

NJ TRANSIT and NJDEP have negotiated a Settlement Agreement regarding clean-up of the Branch Brook Park site and payment of natural resource damages ("NRDs") and past costs incurred by NJDEP. Under the terms of the settlement, NJ TRANSIT will reimburse NJDEP \$2,800,000 for all NRDs and past costs. In addition, NJ TRANSIT will be responsible for all future investigation and remediation at the Lake Street and Branch Brook Park sites. This settlement represents the third and final phase of settlements resolving the 96-98 litigation and is required under settlement agreements reached between the 96-98 litigants.

**ACTION (Justification: Environmental Remediation)**

Staff seeks authorization to enter into a Settlement Agreement with the New Jersey Department of Environmental Protection (NJDEP) for the remediation of contamination at both the Lake Street and Branch Brook Park sites and for reimbursement of NJDEP costs and NRDs in the amount of \$2,800,000.

This item has been reviewed and recommended by the Board Administration Committee.

**FISCAL IMPACTS**

**Requested Authorization:** Authorization to enter into a Settlement Agreement with NJDEP and payment of \$2,800,000 to NJDEP for their past incurred costs.

**Total Project Cost:** TBD

**Projected Date of Completion:** TBD

**Anticipated Source of Funds:** Proceeds from insurance

**Related/Future Authorizations:** None anticipated

**Impacts on Subsequent Operating Budgets:** TBD

**RESOLUTION**

**WHEREAS**, NJ TRANSIT sold the former Lake Street site, a contaminated site, in Newark to 96-98 South 10<sup>th</sup> Street LLC; and

**WHEREAS**, the NJ Department of Environmental Protection (NJDEP) initiated an emergency response action to address contamination from the Lake Street site that had been found in the adjacent Branch Brook Park; and

**WHEREAS**, a Settlement Agreement has been negotiated between NJ TRANSIT and NJDEP to address future investigation and remediation at both the Lake Street and Branch Brook Park sites and payment for NJDEP's past efforts;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to enter into a Settlement Agreement with the New Jersey Department of Environmental Protection (NJDEP) for the remediation of contamination at both the Lake Street and Branch Brook Park sites and for reimbursement of NJDEP costs and natural resource damages in the amount of \$2,800,000.

**ITEM 1012-67: MORRIS COUNTY LOCAL BUS ROUTES: EXTENSION OF AGREEMENT FOR OPERATION OF BUS SERVICE**

**BENEFITS**

This agreement extension will provide for the continued operation of the current bus service in the Morris County area during the transition from the current operator, PABCO Transit Inc., to NJ TRANSIT.

**PURPOSE**

Authorization of this agreement extension will continue local bus service in the Morris County area by the current operator, PABCO Transit Inc., through June 4, 2011. The current agreement expires on December 31, 2010.

**ACTION (Justification: Customer Service)**

Staff seeks authorization to extend the existing agreement with PABCO Transit Inc. of Dover, New Jersey, for the operation of the Morris County Local Bus Routes from January 1, 2011 through June 4, 2011, at a total cost not to exceed \$1,655,000, plus five percent for contingencies, for a total contract authorization of \$19,195,176, subject to the availability of funds.

**FISCAL IMPACTS:**

**Requested Authorization:** This Authorization \$ 1,655,000 + 5% contingency  
Total Authorization \$ 19,195,176

**Total Project Cost:** \$ 19,195,176

**Projected Date of Completion:** June 4, 2011

**Anticipated Source of Funds:** Fiscal Year 2006 through 2011 Operating Budgets

**Diversity Goal:** 5% DBE

**NJ Build Amount:** NA

**Impact on Subsequent Operating Budgets:** None

**RESOLUTION**

**WHEREAS**, NJ TRANSIT previously entered into an agreement with PABCO Transit Inc. to operate bus service on the Morris County Bus Routes; and

**WHEREAS**, the current agreement to provide such service expires on December 31, 2010; and

**WHEREAS**, additional time beyond the expiration of the existing agreement is required to complete the transition of operations of the Morris County service from the current operator, PABCO Transit Inc., to NJ TRANSIT;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is hereby authorized to extend the existing agreement with PABCO Transit Inc. of Dover, New Jersey for the operation of the Morris County Local Bus Routes from January 1, 2011 through June 4, 2011, at a total cost not to exceed \$1,655,000, plus five percent for contingencies, for a total agreement authorization of \$19,195,176, subject to the availability of funds.

**ITEM 1012-68: ACCESS TO THE REGION'S CORE/MASS TRANSIT TUNNEL:  
SPECIAL COUNSEL TO DEFEND CLAIMS FROM THE  
FEDERAL TRANSIT ADMINISTRATION**

**BENEFITS**

The New Jersey Transit Corporation (NJ TRANSIT) is seeking legal advice in order to protect taxpayer and rider interests and ensure a fair resolution of the Federal Transit Administration (FTA) demand for repayment of various federal funds.

**PURPOSE**

On October 7, 2010, the Access to the Region's Core project was halted and an orderly closeout of existing contracts, agreements, and property acquisitions was initiated.

On November 8, 2010, the FTA initially notified NJ TRANSIT of its intention to seek repayment of more than \$271 million in federal grant funds plus potential interest and penalties. The FTA notified NJ TRANSIT on November 26, 2010 that it owed a "debt to the United States" and demanded payment in full within 30 days.

NJ TRANSIT has sought, through the New Jersey Attorney General, legal representation by Special Counsel with expertise in federal transit law, regulatory matters and litigation involving the Federal Government.

**ACTION (Justification: Legal Services)**

Staff seeks authorization to compensate the firm Patton Boggs LLP, selected after a competitive procurement by the New Jersey Office of the Attorney General, for providing legal advice regarding the demand by the FTA for repayment of federal funds associated with the Access to the Region's Core project at the following rates: \$485 per hour (blended for all attorneys); \$125 per hour for clerks and law assistants (i.e., summer associates or law school graduates awaiting bar results); and \$90 per hour for paralegals. The Office of the Attorney General will closely monitor all costs associated with this effort.

**FISCAL IMPACTS**

<b>Requested Authorizations:</b>	Compensate the firm, Patton Boggs LLP
<b>Total Project Cost:</b>	\$660 million (estimated amount includes remaining expenses and reimbursements to halt the project)
<b>Projected Date of Completion:</b>	TBD
<b>Anticipated Source of Funds:</b>	Transportation Trust Fund

**Diversity Goals:**

N/A

**Related/Future Authorizations:**

Future Board authorizations may be required to respond to other claims and litigation that may arise.

**Impacts on Subsequent  
Operating Budgets:**

None

**RESOLUTION**

**WHEREAS**, the Access to the Region's Core project was halted on October 7, 2010 and an orderly closeout of existing contracts, agreements, and property acquisitions was initiated; and

**WHEREAS**, the Federal Transit Administration (FTA) notified NJ TRANSIT on November 8, 2010 of its intention to seek repayment of more than \$271 million plus potential interest and penalties; and

**WHEREAS**, on November 26, 2010, the FTA notified NJ TRANSIT that it owed a "debt to the United States" and demanded payment in full within 30 days; and

**WHEREAS**, NJ TRANSIT has sought, through the New Jersey Attorney General, legal representation by Special Counsel with expertise in federal transit law, regulatory matters and litigation involving the Federal Government; and

**WHEREAS**, the New Jersey Attorney General has selected, through a competitive procurement process, a firm to provide such representation regarding the FTA demand;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to compensate the firm, Patton Boggs LLP for providing legal advice regarding the demand by the FTA for repayment of federal funds associated with the Access to the Region's Core project and to assist NJ TRANSIT in resolving the dispute related to the FTA's demand at the following rates: \$485 per hour (blended for all attorneys); \$125 per hour for clerks and law assistants (i.e., summer associates or law school graduates awaiting bar results); and \$90 per hour for paralegals. The Office of the Attorney General will closely monitor all costs associated with this effort.

# LIGHT RAIL SAFETY

NJ TRANSIT Board Meeting

December 2010



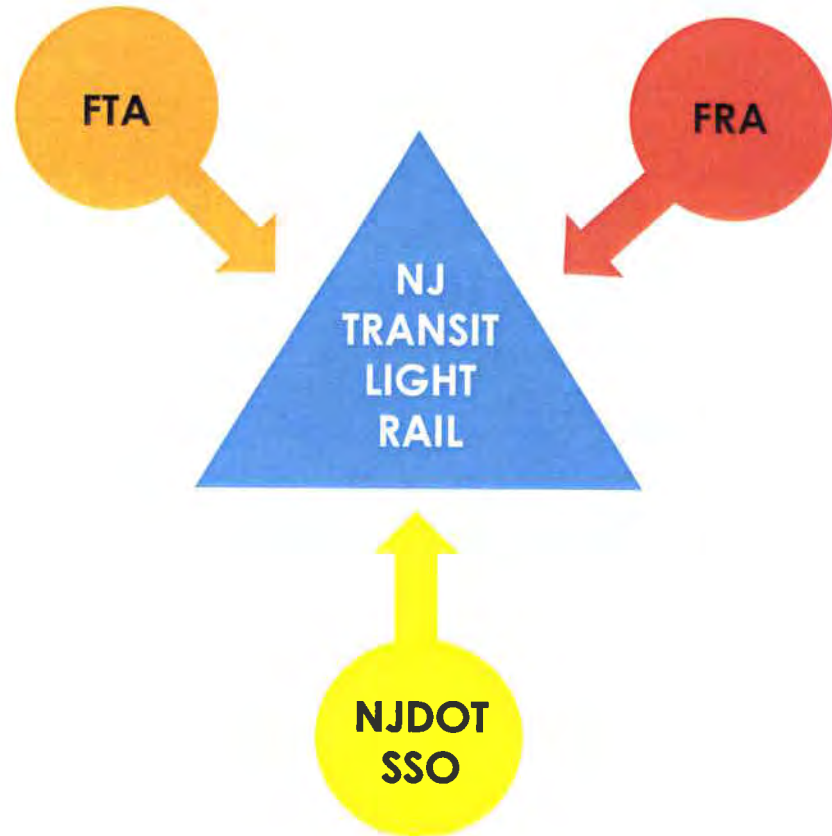
## Light Rail Systems

- ▶ Hudson Bergen Light Rail
  - 16-miles
  - Electric
- ▶ River Line Light Rail
  - 34-miles
  - Diesel
- ▶ Newark Light Rail
  - 6-miles
  - Electric



## System Safety Program

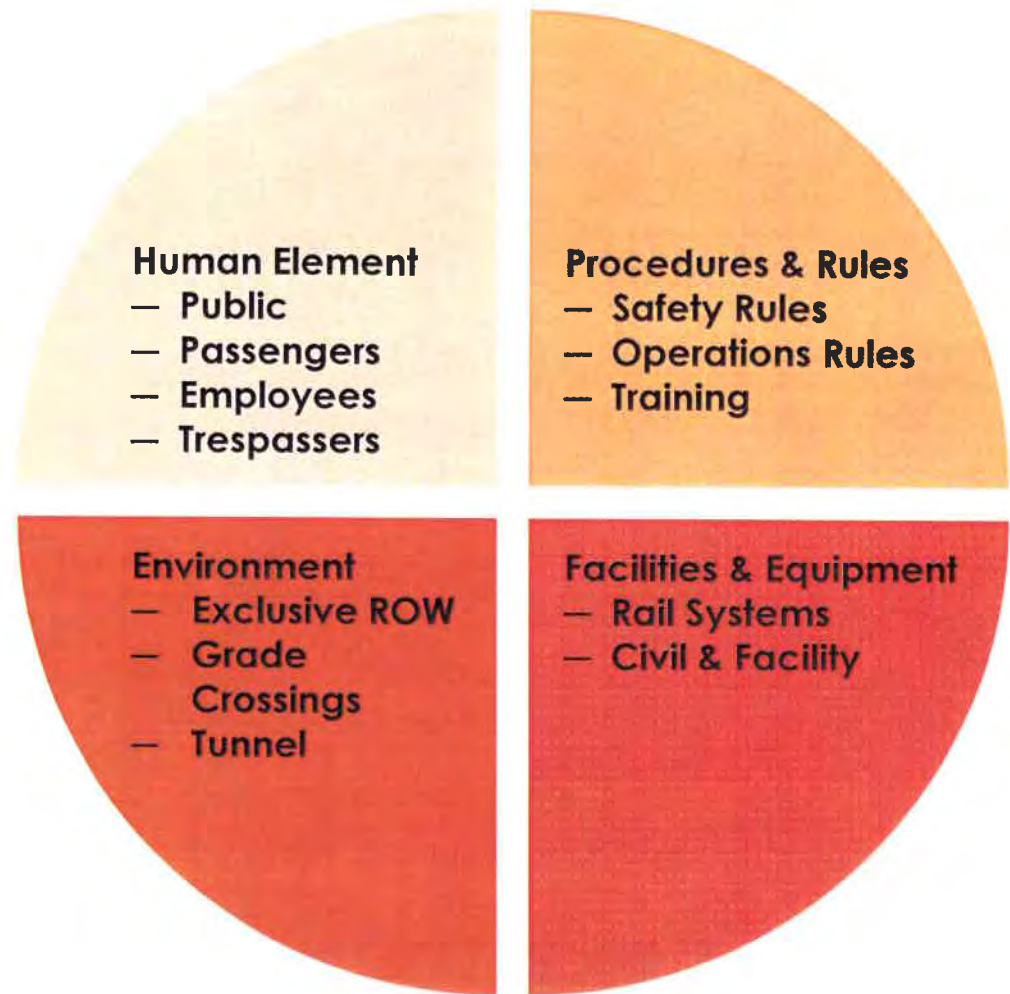
- ▶ FTA's current SSO Rule-49 CFR 659 came into effect in 2005
- ▶ Under this rule, NJ DOT's SSO Office has the responsibility and authority to ensure that approved requirements of the SSPP are implemented by Transit Systems
- ▶ Program Compliance with FRA is also required on the River LINE





## Concepts of System Safety

- ▶ System safety considers hazards presented by four elements
- ▶ Identify hazards and reduce risks to lowest practicable level utilizing available resources



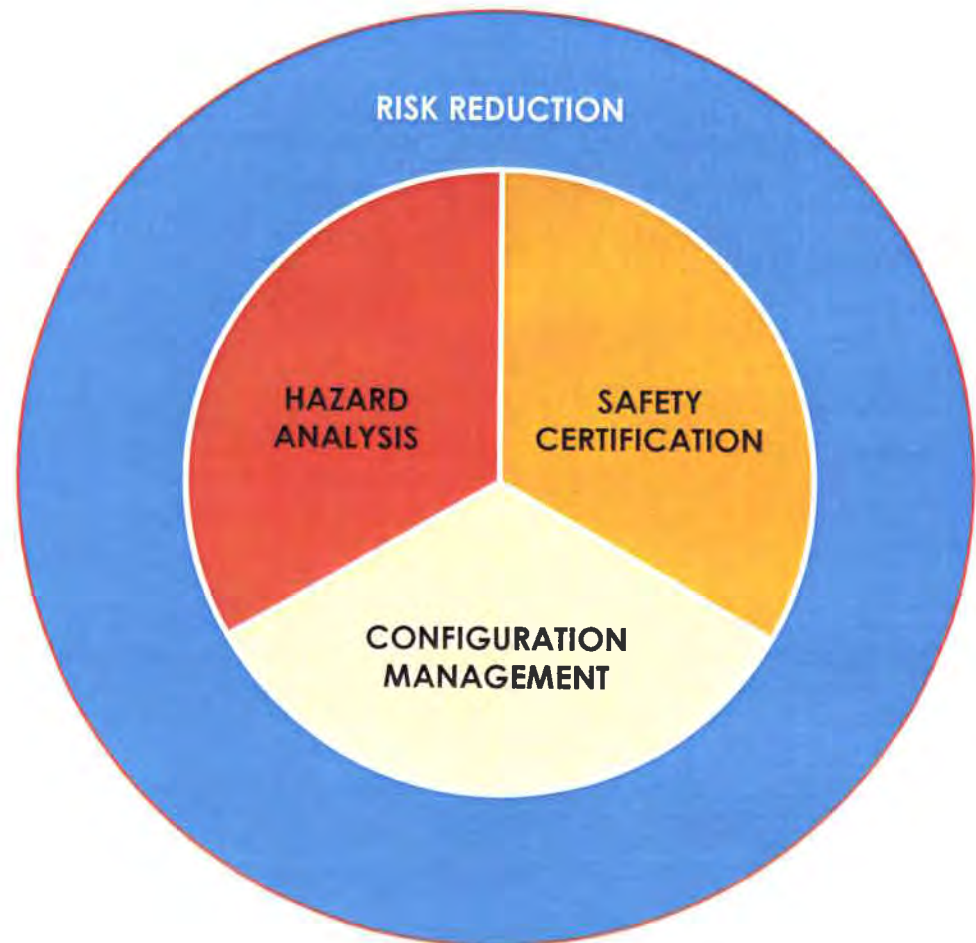


## System Safety Program Purpose

- ▶ The Light Rail System Safety Programs focus on implementing actions to reduce risks associated with an Identified Hazard

## System Safety Program Steps

- ▶ Identify hazards
- ▶ Impose requirements/controls to:
  - Prevent mishaps by eliminating hazards
  - Reduce risk to an acceptable level
  - Implement proactive measures



# LIGHT RAIL SAFETY

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## Hazard Management

### Hazards

- ▶ Severity
- ▶ Probability of occurrence

### Controls

- ▶ Design to eliminate the hazard
- ▶ Add safety/security devices
- ▶ Add warning devices
- ▶ Institute special procedures or training



## Safety and Security Certification

- ▶ Design
- ▶ Construction
- ▶ Procurement
- ▶ Installation
- ▶ Testing
- ▶ Operation of Critical Systems

These attributes are evaluated for conformance with the Safety and Security requirements and verify Operational readiness.



## Proactive Steps to Improve Safety

- ▶ “Manage the present and not the past”

### Present

- Training / observing /coaching
- Pre-job meetings / briefings
- Positive reinforcement
- Training critical behaviors
- Make safety a ‘value’, not just a priority
- Stopping unsafe work
- Field visits by supervision / management
- Joint labor-management initiatives
- Hazard identification
- Conduct job safety analysis

### Past

- Unsafe actions / conditions
- First aid and near misses
- Rule violations
- Injuries and minor accidents
- Major accident/incident
- Fatal accident / incident

## LIGHT RAIL SAFETY

### Examples of Programs to Improve Safety

- ▶ 'Safety in the Schools' outreach program
- ▶ 'Emergency Responders' coordination programs
- ▶ 'Z' pedestrian crossings
- ▶ Community outreach
- ▶ Call for aid
- ▶ Intrusion detection and warning devices
- ▶ CCTV and Nicevision cameras
- ▶ Tunnel evacuation / emergency egress



# LIGHT RAIL SAFETY



## Examples of Programs to improve Safety

- ▶ ADA Compliance
  - HBLR and River Line are fully compliant
  - NLR's Broad Street Extension is fully compliant
  - Elimination of all platform gaps on HBLR and River Line Systems

