

Jon S. Corzine  
Governor

Kris Kolluri, Esq.  
Board Chairman

George D. Warrington  
Executive Director

**N TRANSIT**  
One Penn Plaza East  
Newark, New Jersey 07105-2246  
973-491-7000



June 21, 2006

Dear Governor Corzine:

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 Monday, June 19, 2006.

Sincerely,



Gwen A. Watson  
Board Secretary

Enclosures

Honorable Jon Corzine  
Governor, State of New Jersey  
State House  
Trenton, NJ 08625

(NJ BOARD -06/19/2006)

Minutes of the actions taken at the Open Session of the re-scheduled 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 Monday, June 19, 2006.

**Present:**

Kris Kolluri, Esq., Chairman  
Patrick W. Parkinson  
Kenneth E. Pringle  
Flora Castillo  
A. Matthew Boxer, Governor's Representative  
Michael Lihvarcik, Treasurer's Representative

George D. Warrington, Executive Director  
Lynn Bowersox, Assistant Executive Director, Corporate Commun. & External Affairs  
James Gigantino, Acting Vice President & General Manager, Bus Operations  
William Duggan, Vice President & General Manager, Rail Operations  
Mark T. Holmes, Deputy Attorney General  
Vincent Soleo, Assistant Executive Director, Procurement & Support Services  
James Redeker, Assistant Executive Director, Policy, Technology & Customer Services  
Richard Sarles, Assistant Executive Director, Capital Planning and Programs  
H. Charles Wedel, Chief Financial Officer & Treasurer  
Alma Scott-Buczak, Assistant Executive Director, Human Resources  
Gwen A. Watson, Board Secretary  
Robert Guarnieri, Auditor General

Chairman Kris Kolluri convened the Open Session at 9:05 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss litigation matters and contract negotiations. A motion was made by A. Matthew Boxer, seconded by Patrick W. Parkinson and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 10:05 am and asked for a motion to adopt the minutes of the May 9, 2006 meeting. A motion was made by Patrick W. Parkinson, seconded by Kenneth E. Pringle and unanimously adopted.

Executive Director George Warrington highlighted the following from his monthly business report.

Executive Director Warrington said the Board approved the purchase of 221 suburban-style and 68 transit-style buses last year. He said NJ TRANSIT took delivery, this week, of two prototype buses, one transit and one suburban, which will now undergo a 90-day test period, with delivery of production buses expected to begin in November 2006. He said the new buses would be used on 34 routes throughout the state including Hackensack, Paterson, Trenton and Hoboken.

(NJT BOARD -06/19/2006)

These new buses not only provide customers with better comfort and reliability, they also produce lower emission levels because of their improved engine design, the installation of soot filters, and the use of ultra-low sulfur diesel fuel. He said ultimately these buses would replace all of the 17-year-old Metro B's, which will reduce the overall bus emissions by one-third. Executive Director Warrington invited everyone to tour the prototype buses which were on display near the Headquarters building.

Executive Director Warrington said there are two items on the board agenda about partnerships, one ongoing, and the other a new public/private partnership.

The first item is a continuing partnership with Metro-North Railroad. NJ TRANSIT has operated train service on the Port Jervis and Pascack Valley Lines on behalf of Metro-North for more than 23 years. Under the agreement with Metro-North, NJ TRANSIT operates 26 trains on weekdays serving customers, principally from Rockland and Orange Counties.

Executive Director Warrington said ridership on those lines has grown steadily and, today, Metro-North customers generate about three percent of the rail fare revenue.

He said the item on today's Board agenda is a new agreement with Metro-North that will continue NJ TRANSIT's partnership through 2012.

Metro-North will pay NJ TRANSIT \$21 million annually, an increase of \$2 million over the current contract. Metro-North will contribute nearly \$700,000 annually for capital maintenance projects.

Executive Director Warrington thanked Pete Cannito, President of Metro-North, for his partnership, and congratulated D. C. Agrawal and his team for their work on this agreement.

Also, he said Board approval is sought for NJ TRANSIT to serve as the contract operator for special weekend train service sponsored by the Casino Reinvestment Development Authority (CRDA) and a consortium of the Borgata, Caesar's and Harrah's properties in Atlantic City.

Executive Director Warrington said the CRDA and the consortium, Atlantic City Express Service (ACES), are contracting with NJ TRANSIT to operate 18 weekend express trains from Midtown Manhattan's Penn Station directly to Atlantic City beginning in late 2007 offering a one-seat, 2 ½ hour ride.

Conceptual plans for the service include three trains on Friday, eight trains on Saturday and seven trains on Sunday. The new service is aimed at promoting economic development in Southern New Jersey, opening up new leisure markets and expanding the state's tourism market.

(NJ BOARD -06/19/2006)

Executive Director Warrington said under the agreement with ACES, NJ TRANSIT will purchase eight additional multi-level rail cars for this service (piggybacking on a current order) and lease four diesel locomotives from Amtrak. The terms of the agreement include full reimbursement for all capital equipment and operating costs by ACES and CRDA.

While NJ TRANSIT will operate the trains, ACES will work with NJ TRANSIT on schedule design, pricing, stopping patterns, reservations, on-board services and marketing promotions.

Executive Director Warrington applauded CRDA, Borgata, Caesar's and Harrah's for their leadership, and thanked Amtrak for its cooperation in making this special service possible.

Executive Director Warrington recognized Tom Carver, Executive Director of CRDA, Auggie Cipollini, Senior Vice President & Chief Administrative Officer for Borgata, and Dan Nita, Senior Vice President, General Manager for Caesars.

Executive Director Warrington asked each to say a few words.

Tom Carver, Executive Director of CRDA, said it is a privilege to take part in this transportation project. He said the New York-Atlantic City service is great for the railroad, great for NJ TRANSIT and great for Atlantic City. Mr. Carver said Atlantic City has been undergoing dramatic changes over the last several years. He said he enjoyed working with NJ TRANSIT and the casinos on this important partnership.

Auggie Cipollini, Senior Vice President & Chief Administrative Officer for Borgata, thanked the CRDA, the casinos and D.C. Agrawal and his team for bringing weekend service to Atlantic City. Mr. Cipollini said negotiations are never easy but the team brought mutual trust and respect to the negotiating table. He said this service would allow people to travel from New York directly to Atlantic City. He said the timing couldn't be better since it will coincide with a Borgata expansion that is underway.

Dan Nita, Senior Vice President, General Manager for Caesars, said he is extremely bullish on South Jersey's renaissance. He said Atlantic City is a growing tourist market that will attract customers from all over the region. Mr. Nita thanked NJ TRANSIT, in particular, D.C. Agrawal for being the point person in the negotiations.

Executive Director Warrington updated the Board on the Newark Light Rail construction project. He said testing of the new service connecting Newark Penn and Broad Street stations has gone very well and NJ TRANSIT is finalizing the work in preparation for revenue service.

The new Broad Street Connector enables commuters to travel on the Northeast Corridor and Morris & Essex lines making convenient connections in 10 minutes or less to Newark

(NJT BOARD –06/19/2006)

employers such as IDT, Horizon/Blue Cross Blue Shield, and Prudential, as well as great family destinations such as NJ PAC, the Newark Museum and the Bears Stadium.

Executive Director Warrington said NJ TRANSIT introduced a system to improve connectivity and ease of transfer between modes, which has been successful on the Hudson-Bergen Light Rail and the River Line. He said the monthly rail pass valued at \$45 or more and all monthly bus cards will be honored on the light rail connections.

This new Broad Street Connector is part of the revitalization and redevelopment efforts in Newark, and NJ TRANSIT is pleased to be a partner with the City in serving as an engine and a catalyst for economic development.

Executive Director Warrington announced that NJ TRANSIT will celebrate the opening of the Newark Light Rail service on July 17, 2006 and hopes everyone will join in the special inaugural event.

Executive Director Warrington said last week he joined Congressman Frelinghuysen and local officials to break ground on a new rail station in Mt. Arlington.

Executive Director Warrington publicly thanked Congressman Frelinghuysen for his role in securing \$6 million for the new station. Those funds, combined with other federal and state funding made possible by Governor Corzine's leadership to replenish the Transportation Trust Fund, allows NJ TRANSIT to construct a multimodal intercept station located on Route 80, where customers will be served by 30 trains daily. He said the station would be completed over the next 18 months, and looks forward to inviting all to the ribbon cutting ceremony.

Suzanne Mack presented the Advisory Committee report to the Board. Ms. Mack thanked the Chairman for an excellent Joint Meeting of the North and South Jersey Advisory Committees that was held last Friday. Ms. Mack was happy to hear about the new New York – Atlantic City service and said timing could not be better for transit service in South Jersey. Ms. Mack said she is pleased that Board Member Kenneth Pringle has assumed the role of liaison to the Committees and looks forward to working together as a partnership in this next fiscal year.

There were three public comments on agenda items.

Orin Getz on behalf of the New Jersey Association of Railroad Passengers (NJARP) commented on Item #0606-36 "Metro-North Railroad Services Agreement". Mr. Getz is a commuter from Rockland on the Pascack Valley Line and he requested the Board talk to Metro-North to improve the service on the Pascack Valley Line.

Margarite Anne Petrillo commented on Item #0606-32 "New York – Atlantic City Demonstration Rail Service". Ms. Petrillo said she heard it will not stop in Philadelphia and asked what stops it would make. Mr. Warrington said the partnership would make final decisions on all stops in the next year. Ms. Petrillo asked when service would

(NJ BOARD -06/19/2006)

begin and Mr. Warrington said service would start in late 2007. Ms. Petrillo asked for pricing information and Mr. Warrington said the partnership would make all of the decisions in the next year.

David Peter Alan commented on Item #0606-32" New York – Atlantic City Demonstration Rail Service". Mr. Alan recalled that in 1989 Amtrak instituted a New York – Atlantic City service and failed. He said there was no market at that time nor was there support from the casinos. Mr. Alan commented that times have changed and there is a market and the casinos are supportive. Mr. Alan emphasized that the support of the casinos is critical to this project. Mr. Alan suggested three alternatives to improve mobility 1) provide express service from Penn Station and Philadelphia; 2) build a transfer Station on the Atlantic City Rail Line and River LINE; 3) restore Frankford Junction so the Septa R7 train can transfer to the Atlantic City trains. Mr. Alan said anything that expands service is good for transit.

Mr. Warrington commented that as part of the New York – Atlantic City service NJ TRANSIT is examining the possibility of enabling the Atlantic City Rail Line access to 30<sup>th</sup> Street Station in Philadelphia .

Executive Director Warrington presented the following Action Items for approval:

**0606-31: CROSS-BORDER LEASE: MULTI-LEVEL RAILCARS**

Earlier this year, Board approval was requested for a French cross border lease for 100 of multi-level rail cars, which cost \$250 million and are being purchased with Port Authority funds. That lease was arranged by the Royal Bank of Scotland with Dexia as lessor. Since then, NJ TRANSIT learned that the prior lease could not be completed due to internal tax issues at Dexia. Authorization was requested to negotiate with Svenska Handelsbanke, as lessor, and Global Capital Finance, as arranger, or other acceptable parties to close this lease. Authorization was also requested for payment of all legal and other fees, estimated to be \$600,000, as well as \$85,000 to indemnify other parties should this transaction fail to close. The revenue generated by this cross border lease will be more than \$7 million.

Flora Castillo moved the resolution, Patrick W. Parkinson seconded it and it was unanimously adopted.

**0606-32: NEW YORK – ATLANTIC CITY DEMONSTRATION RAIL SERVICE**

A three year demonstration rail service is proposed between Penn Station New York and Atlantic City, New Jersey which will expand the reach of the state's tourism market and provide customers with a one seat ride between these two major markets. At the request of, and under contract with, the Casino Redevelopment Authority and Atlantic City Express Service LLC, NJ TRANSIT will operate 18 express trains from Friday afternoons through Sunday nights with one or more stops in New Jersey based on market demand. All capital and operating costs will be fully funded by the Casino Redevelopment Authority and the limited liability corporation created by the Borgata Hotel, Caesars Atlantic City and Harrah's Atlantic City. NJ TRANSIT will purchase eight multi-level rail cars from Bombardier under the existing contract at a cost of around \$12 million, which will be fully reimbursed to NJ TRANSIT by the Atlantic City interests. Four diesel locomotives will also be leased from Amtrak for this service. This is an innovative and unique way to open new markets for Atlantic City and authorization was requested to contract with the Casino Redevelopment Authority and the Atlantic City Express Service, LLC for this demonstration service. Authorization was also requested to amend the existing contract with Bombardier to allow the purchase of eight additional multi-level rail cars in an amount not to exceed \$11,865,318 plus five percent contingencies and to negotiate a sale-leaseback agreement with the limited liability corporation of these cars for actual cost. The service is expected to begin in July 2007.

Flora Castillo moved the resolution, Michael Lihvarcik seconded it and it was unanimously adopted.

**0606-33: AGREEMENT WITH LAKELAND BUS LINES**

Lakeland Bus Lines, Inc. provides interstate bus service between Morris and Sussex counties and New York City under an agreement, which will expire at the end of June 2006. Lakeland operates six routes carrying 1.9 million riders annually and providing passenger revenue of \$10.6 million. In 2000, NJ TRANSIT settled a destructive competition claim from Lakeland regarding negative ridership and revenue impacts because of the Midtown Direct service. Subsequent negotiations led to a unique proposal whereby Lakeland continued to operate scheduled bus service for a five-year period under a profit and loss sharing arrangement with NJ TRANSIT, which included Lakeland's entire operation. NJ TRANSIT has evaluated all available options to continue the service currently operated by Lakeland and concluded that continuing the Lakeland-operated service is the most cost effective option. Authorization was requested to execute all agreements and take all other actions required to amend the original

(NJT BOARD -06/19/2006)

2000 settlement agreement for Lakeland to continue operation of its regular route service, and for NJ TRANSIT to continue to share in the annual profits and losses for a term of ten years, automatically renewable for another ten year period.

Patrick W. Parkinson moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

**0606-34: COMPUTER HARDWARE/SOFTWARE: SOLE SOURCE MAINTENANCE AND LICENSING AGREEMENT RENEWAL**

Authorization was requested for the approval of the annual sole source maintenance agreements and required upgrades with providers of installed hardware and software whose maintenance or upgrades cannot be competitively procured. Exhibit A lists the firms that are the Original Equipment Manufacturers and the only source of support for these systems. Requested contracts for renewal are for one year at a total cost not to exceed \$2,239,358 plus five percent contingencies. Also included in Exhibit A are firms with which NJ TRANSIT desires to purchase upgrades, at a cost not to exceed \$2,285,800.

Patrick W. Parkinson moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

**0606-35: TRACK LAYING MACHINE SERVICE**

Track maintenance is a basic requirement of the railroad system operations and a significant aspect of the back-to-basics state-of-good repair program. Authorization is requested to contract with Harsco Track Technologies to provide a track laying machine with associated labor for over 11 miles of concrete ties and track installation on the Pascack Valley and Morristown lines, as well as the Raritan Valley and Coast Lines this fall. The cost will not exceed \$1,107,550 plus five percent for contingencies.

Flora Castillo moved the resolution, Patrick W. Parkinson seconded it and it was unanimously adopted.

**0606-36: METRO-NORTH RAILROAD SERVICES AGREEMENT**

Authorization was requested to approve a new seven-year agreement with Metro-North Railroad to continue to provide commuter rail service for 5400 daily New York State riders on the Port Jervis and Pascack Valley lines. Negotiations for this new contract yielded a \$2 million increase to reflect additional services and improvements to the service including the new Ramsey Route 17 station. NJ TRANSIT has operated this service since

(NJT BOARD -06/19/2006)

1983 and receives operating cost reimbursement from Metro-North. This new contract provides for NJ TRANSIT to receive \$21.3 million annually adjusted for inflation or for new services, and another \$690,000 per year for capital maintenance costs. The service consists of 26 weekday Port Jervis trains, 14 trains on Saturday and 14 on Sunday and 23 weekday Pascack Valley Line trains. Authorization was requested to approve this agreement with Metro-North, which is for a seven-year period retroactive to July 1, 2005.

A. Matthew Boxer moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

Executive Director Warrington presented the following Consent Items for approval:

**0606-37: TRANSFER OF TITLE OF THE UNION CITY BUS MAINTENANCE FACILITY**

Recommendation for authorization to take all necessary actions to transfer title of NJ TRANSIT's former bus maintenance facility and surrounding land between Bergenline and New York Avenues and 27<sup>th</sup> and 29<sup>th</sup> Streets (Block 153, Lots 1 to Lot 41) in Union City, containing a building of approximately 126,000 square feet on approximately 131,551 square feet (approximately 3.02 acres), to the Union City Redevelopment Agency consistent with the parameters set forth in this Board item and, if required, subject to the authorization of the United States Secretary of Transportation.

**0606-38: ANNUAL DESIGNATIONS AND BOARD COMMITTEE MEMBERSHIP SELECTION**

Authorization for approval to designate Myron P. Shevell to serve as Vice Chairman of the Board of Directors and Gwen A. Watson as Secretary of the Board of Directors through June 2007 and appoint the members of all Board Committees as set forth in Exhibit A.

**0606-39: ANNUAL NOTICE OF MEETINGS**

Authorization to adopt the Annual Notice of Meetings (Exhibit A) for all of the Board of Directors meetings during Fiscal Year 2007.

The Consent Calendar was moved in its entirety by Patrick W. Parkinson, seconded by Flora Castillo and unanimously adopted.

(NJT BOARD -06/19/2006)

There were eight public comments on non-agenda items.

Rose Heck on behalf of the New Jersey Association of Railroad Passengers commented on the extension of the Hudson Bergen Light Rail to Bergen County – Northern Extension. Ms. Heck said last month a meeting was held with Commissioner Kolluri and various NJ TRANSIT staff to present NJARP's case for the extension of the Hudson Bergen Light Rail line to Bergen County. Ms. Heck said she received a letter from George Warrington, who was not at the meeting, in response to information she supplied. Ms. Heck said there were certain items in the letter that cannot stand without a rebuttal.

Ms. Heck said she was very disappointed that Mr. Warrington did not see the merits of NJ TRANSIT's original plan and reminded everyone that NJ TRANSIT's goal should be to carry as many people as possible on its trains, light rail cars and buses. She said by substituting a proposal that will see only 8,600 trips added instead of 23,500, NJ TRANSIT is not fulfilling its important mission to the people of New Jersey.

Ms. Heck said that the New Jersey Association of Railroad Passengers, along with its members, is sponsoring a PowerPoint presentation on Wednesday, June 21, 2006 at 7:00 pm in the Ridgfield Community Center and invited representatives of NJ TRANSIT to attend.

Ms. Heck said light rail extensions around the nation are being expanded with positive results and she said it is of the utmost significance to the future to continue the original plans to extend the Hudson Bergen Light Rail into Bergen County.

She said the plans were to begin in Hudson County with an estimated 10,000 to 15,000 passengers a day and then move into Bergen, along the Northern Branch, where there would be an estimated 25,000 to 30,000 passengers a day. She said the estimates for Hudson far surpassed the expectations. She said the Hudson County ridership has tripled - there are 34,000 riders a day.

Ms. Heck said the Bergen County Board of Freeholders passed a Resolution supporting intermodal transportation, which included Light Rail on the Northern. She said the annual ridership figures provided by APTA show that the mode with the greatest increase in riders throughout the United States is light rail. It far outpaces all other modes of public transit.

Ms. Heck said the purpose is to bring to eastern Bergen County, in a reasonable timeframe, a rail transit system that will carry over 20,000 people rather than less than 10,000 and one that will be useful to the people even when the Northern Branch connection to THE Tunnel is delayed and then dropped. She said Bergen County's transportation problems have to be solved now as was originally promised.

(NJ BOARD -06/19/2006)

Ms. Heck asked for a value-engineering assessment of the assumptions that went into the alleged \$946 million estimate in order to seek opportunities to reduce the capital costs without reducing operational requirements.

Ms. Heck said she and her colleagues will be testifying in opposition at every public hearing required for the implementation of the diesel multiple unit shuttle and also may appear at hearings regarding the Trans-Hudson Express Tunnel.

Frank Miklos on behalf of the New Jersey Association of Railroad Passengers said he supports the use of light rail vehicles for the extension of the Hudson Bergen Light Rail to Bergen County. Mr. Miklos said he has over 35 years of experience in the transit industry. He said NJ TRANSIT's mission is to provide safe, reliable transit service to everyone, including Bergen County. Mr. Miklos said he agreed with Ms. Heck's statement that the statistics prove that the greatest increase in ridership is light rail. He said he questions NJ TRANSIT's decision to choose diesel multiple unit vehicles over light rail. He said there are three new light rail systems under construction in the country. He said it clearly shows that light rail is the trend today.

Jack May on behalf of the New Jersey Association of Railroad Passengers commented on the letter sent by George Warrington to Rose Heck regarding the extension of the Hudson Bergen Light Rail to Bergen County. Mr. May said Mr. Warrington's letter states that Bergen County has 23,000 passengers to New York and 3,400 to the waterfront. Mr. May said the statistics are irrelevant. He said the future ridership is most important and the goal is to get people out of their cars and onto public transportation. He said 23,500 passengers on Hudson Bergen Light Rail to Tenafly are better than 8,600 for the diesel multiple unit service that is proposed.

Mr. May said regarding operations, their projected light rail transit cost is based on the same infrastructure as the diesel multiple unit plan, track, bridges, stations, etc. He said it is a double track railroad except for a single track through downtown areas of Englewood and Tenafly and with time-sharing between the passenger service and freight operations, the same track plan and alignment could be followed whether it is the diesel multiple units or light rail on the Northern Branch. Mr. May said regarding overnight storage of the light rail trains, a small storage area near the end of the line is envisioned similar to the River LINE's facility in Trenton

Mr. May commented on the electric infrastructure. He said Mr. Warrington stated in his letter that the effect of overhead electric wiring will have an impact on aesthetics, yet NJ TRANSIT was quoted recently that light rail overhead catenary has a low profile.

Mr. May commented on the consists. He said three car trains could run to Hoboken and, if needed, two car trains can operate beyond. He said light rail vehicles (streetcars) are designed to co-exist and coalesce with traffic. Streetcars have always lived in traffic and downtown Jersey City and Camden are today's examples.

(NJT BOARD -06/19/2006)

Mr. May commented on the headways and grade crossings. He said on the Hudson Bergen Line, there is a five minute headway in each direction at the Paterson Plank Road crossing in Hoboken and a better than five minute headway crossing Washington Street in Jersey City. He said it works in these places and it can be made to work equally well on the Northern Branch.

Mr. May described the differences in diesel multiple units vs. light rail. Mr. May said Mr. Warrington's concern was that light rail would be more expensive because parking structures would be required as opposed to surface parking for the diesel multiple units. Mr. May said the light rail extension could be built with surface parking and structures considered when the demand increases. He said it is good, not bad, if ridership potential is so high that you eventually have to build more parking to serve it.

Philip G. Craig on behalf of the New Jersey Association of Railroad Passengers reiterated the comments made by the previous speakers regarding the extension of Hudson Bergen Light Rail to Bergen County. He said the use of the diesel multiple unit railcars between North Bergen in Hudson County and Tenafly in Bergen County is ill advised. He urged NJ TRANSIT to revert to its previous plan to extend the Hudson Bergen Light Rail system initially to Tenafly and north. Mr. Craig said that Mr. Warrington's letter to Ms. Heck was unconvincing and contained inconsistencies.

Mr. Craig said given both the rising cost of petroleum and the likelihood of its scarcity, NJ TRANSIT should rethink its priorities and seek to apply the scarce funds available to the agency where it will do most good. He said electrification, including the Northern Branch, is the agency's best hope for managing its operating budget and attracting ridership in the future.

Mr. Craig recommended that the NJ TRANSIT Board of Directors order a value engineering study of the two alternatives for the Northern Branch, diesel multiple unit vehicles or light rail transit, in order to have an unbiased evaluation.

Mr. Craig said he has many other points to refute in Mr. Warrington's letter to Ms. Heck. He said NJ TRANSIT is proposing the "Great Light Rail Robbery."

Margarite Anne Petrillo commented on various topics. She said the casinos should run their own shuttle buses in Atlantic City. Mr. Wedel explained there is a contract with the jitneys to provide this transportation to NJ TRANSIT customers. Ms. Petrillo asked how the buses are scheduled on the #27 line. Mr. Gigantino said shorter trips are scheduled on the route. Ms. Petrillo asked if the contract was signed for undercover investigations. Mr. Soleo replied that the contract did not require Board approval. He said it has not been signed and should be before the end of the month. Ms. Petrillo said she called Procurement to obtain the name of the contractor and was not provided with that information. Mr. Soleo said the Contractor's name is Wackenhut Corporation. Mr. Soleo said he would provide her with the requested information. Ms. Petrillo complained about a bus operator who was giving free rides to passengers. She said he put his hand over the farebox to give everyone a free ride. Ms. Petrillo requested that a

(NJ BOARD -06/19/2006)

machine be placed in Penn Station that sells Bus Cards. Ms. Petrillo requested a copy of the specs for the interior of Penn Station. She said she wants to know what renovations are being made.

David Peter Alan on behalf of the Lackawanna Coalition said he attended the APTA Rail Conference in New York City. He said his primary purpose was to impress upon the management and business professionals at the convention the importance of working effectively with independent citizen advocates for the improvement of transit everywhere. Mr. Alan said the Coalition was delighted to accommodate Mr. Warrington's request to present an article-length statement in the Spring *Railgram*. Mr. Alan said whether there is agreement or disagreement on a specific issue or whether the topic relates broadly to policy or narrowly to operations or schedules, he appreciates the continuing opportunity to talk with senior management with the goal of providing the riders the best transit at a reasonable cost.

Michael Lattif, Councilman, Borough of Tenafly, commented on the Hudson Bergen Light Rail extension north to Tenafly and the Northern Branch. Councilman Lattif read a Resolution that was passed by the Mayor and Council requesting that NJ TRANSIT consider all options for restoring passenger rail service to Tenafly, especially extending the Hudson Bergen Light Rail line directly to Tenafly. Councilman Lattif said the Mayor and Council desire passenger rail service that is the most quiet and the most environmentally friendly and does not impede the Borough's high quality of life.

Albert Cafiero on behalf of Senator Cardinale's office commented on the extension of the Hudson Bergen Light Rail to Bergen County – Northern Extension. He said he doesn't think NJ TRANSIT has any real plans to provide service to Bergen County.

Board Member Flora Castillo thanked D.C. Agrawal and staff for making the New York – Atlantic City service a reality. She said it is great news for the commuters and for Atlantic City. Chairman Kolluri said it is good public policy and good business

Since there were no further comments or business, the Chairman called for adjournment and a motion to adjourn was made by Kenneth E. Pringle, seconded by Flora Castillo and unanimously adopted.

The meeting was adjourned at approximately 11:45 am.

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

**JUNE 19, 2006**

**MINUTES**

	<u><b>PAGE</b></u>
➤ EXECUTIVE SESSION AUTHORIZATION	37460
➤ APPROVAL OF MINUTES OF PREVIOUS MEETINGS	37461
➤ EXECUTIVE DIRECTOR'S MONTHLY REPORT	37462
➤ ADVISORY COMMITTEE REPORTS	-
➤ PUBLIC COMMENTS ON AGENDA ITEMS	-

**ACTION ITEMS** 37494

0606-31	CROSS-BORDER LEASE: MULTI-LEVEL RAILCARS	37495
---------	--	-------

Authorization to negotiate with Svenska Handelsbanken or other acceptable parties and Global Capital Finance and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease on approximately \$250,000,000 of rail rolling stock generating revenue in excess of \$7,000,000, including the payment of all legal and other fees, estimated not to exceed \$600,000, as well as up to \$85,000 to indemnify other parties should a transaction fail to close.

0606-32	NEW YORK – ATLANTIC CITY DEMONSTRATION RAIL SERVICE	37498
---------	---	-------

Authorization to contract with Atlantic City Express Service, LLC, and Casino Reinvestment Development Authority for a three-year demonstration rail service between Penn Station New York, and Atlantic City, New Jersey, at no cost to NJ TRANSIT; to amend the existing contract with Bombardier to purchase eight additional bi-level cars in an amount not

**NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS INC.  
NJ TRANSIT RAIL OPERATIONS INC.  
NJ TRANSIT MERCER INC.  
RE-SCHEDULED BOARD OF DIRECTORS MEETING  
JUNE 19, 2006  
MINUTES  
PAGE 2**

to exceed \$11,865,318, plus five percent for contingencies; and to negotiate a sale/leaseback agreement with ACES of these cars for NJ TRANSIT's actual costs.

**0606-33      AGREEMENT WITH LAKELAND BUS LINES      37501**

Authorization to execute all agreements and to take all other actions necessary and consistent with this Board action to amend the June 9, 2000 agreement between NJ TRANSIT and Lakeland in order for Lakeland to continue operation of all of its regular route service under Federal and State operating authorities issued to Lakeland, as set forth in Exhibit A, and for NJ TRANSIT to share in the annual profits and losses of Lakeland's entire operations for an initial term of ten years, and automatically renewable for one option period of ten years, on such terms and conditions as deemed appropriate, subject to the availability of funds and Board approval of NJ TRANSIT's operating budgets.

**0606-34      COMPUTER HARDWARE/SOFTWARE: SOLE SOURCE MAINTENANCE AND LICENSING AGREEMENT RENEWAL      37509**

Authorization to initiate and renew contracts for one year with the firms listed in Exhibit A for a total amount not to exceed \$2,239,358 plus five percent for contingencies for a total contract amount of \$2,351,326, subject to the availability of funds; and authorization to contract with the firms listed in Exhibit A to purchase upgrades for a total amount not to exceed \$2,825,800, subject to the availability of funds.

NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS INC.  
NJ TRANSIT RAIL OPERATIONS INC.  
NJ TRANSIT MERCER INC.  
RE-SCHEDULED BOARD OF DIRECTORS MEETING  
JUNE 19, 2006  
MINUTES  
PAGE 3

0606-35 TRACK LAYING MACHINE SERVICE 37514

Authorization to contract with Harsco Track Technologies of West Columbia, South Carolina, to provide tie rack cars and to supply the services of a track laying machine with associated labor to remove and dispose of existing wooden ties, install new concrete ties, and reinstall existing rail at a cost not to exceed \$1,107,550, plus five percent for contingencies, subject to the availability of funds. The concrete ties for this project were purchased under a separate contract.

0606-36 METRO-NORTH RAILROAD SERVICES AGREEMENT 37517

Authorization to contract with Metro-North for a new seven-year agreement for NJ TRANSIT to provide service on the Port Jervis and Pascack Valley lines on behalf of Metro-North effective July 1, 2005 through June 30, 2012.

CONSENT CALENDAR 37520

0606-37 TRANSFER OF TITLE OF THE UNION CITY BUS MAINTENANCE FACILITY 37521

Recommendation for authorization to take all necessary actions to transfer title of NJ TRANSIT's former bus maintenance facility and surrounding land between Bergenline and New York Avenues and 27th and 29th Streets (Block 153, Lots 1 to Lot 41) in Union City, containing a building of approximately 126,000 square feet on approximately 131,551 square feet (approximately 3.02 acres), to the Union City Redevelopment Agency consistent with the parameters set forth in this board item and, if required, subject to the authorization of the United States Secretary of Transportation.

0606-38 ANNUAL DESIGNATIONS AND BOARD COMMITTEE MEMBERSHIP SELECTION 37524

Authorization for approval to designate Myron P. Shevell to serve as Vice Chairman of the Board of Directors and Gwen A. Watson as Secretary of the Board of Directors through June 2007 and appoint the members of all Board Committees as set forth in Exhibit A.

**NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS INC.  
NJ TRANSIT RAIL OPERATIONS INC.  
NJ TRANSIT MERCER INC.  
RE-SCHEDULED BOARD OF DIRECTORS MEETING  
JUNE 19, 2006  
MINUTES  
PAGE 4**

**0606-39 ANNUAL NOTICE OF MEETINGS**

**37527**

**Authorization to adopt the Annual Notice of Meetings  
(Exhibit A) for all of the Board of Directors meetings during  
Fiscal Year 2007.**

**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 litigation matters and contract negotiations; 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 May 9, 2006 Board meeting 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 May 11, 2006;

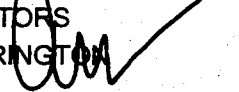
**NOW, THEREFORE, BE IT RESOLVED** that the minutes of actions taken at the May 9, 2006 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.

Jon S. Corzine  
Governor

Kris Kolluri, Esq.  
Board Chairman

George D. Warrington  
Executive Director



TO: BOARD OF DIRECTORS  
 FROM: GEORGE D. WARRINGTON   
 DATE: JUNE 19, 2006  
 SUBJECT: EXECUTIVE DIRECTOR'S REPORT - JUNE 2006

This month, NJ TRANSIT broke ground on the new Mount Arlington rail station on the Morris & Essex Lines, which will serve as a great intercept for people traveling on nearby Route 80. By adding rail service to the site, we will transform the existing bus park & ride into a true multi-modal transportation hub—combining bus, rail and carpool options in one easily accessible location.

As part of this project, we will also reconfigure and expand the existing carpool and bus park & ride by 57 spaces, bringing total capacity of the lot to just under 300 spaces. The new station—expected to be completed over the next 18 months—will feature two accessible high-level platforms, heated waiting shelters, a pedestrian underpass, and public address and passenger communications systems.

Before the Board today are two items about partnerships—one, our continuing partnership with Metro-North Railroad, and the other a new public/private partnership. NJ TRANSIT has operated train service on the Port Jervis and Pascack Valley Lines on behalf of Metro-North for more than 23 years. Under our agreement with Metro-North, we operate 26 trains on weekdays serving customers, principally from Rockland and Orange counties. Ridership on those lines has grown steadily, and today, Metro-North customers generate about three percent of our rail fare revenue.

The item before the Board today is a new agreement with Metro-North that will continue our partnership through 2012. Under the agreement, Metro-North will pay NJ TRANSIT \$21 million annually—an increase of \$2 million over the current contract. In addition, Metro-North will contribute nearly \$700,000 annually for capital maintenance projects.

Also, we are seeking the Board's approval to serve as the contract operator for special weekend train service sponsored by the Casino Reinvestment Development Authority, better known as CRDA, and a consortium of the Borgata, Caesar's and Harrah's properties in Atlantic City. Together, CRDA and the consortium—Atlantic City Express Service—are contracting with NJ TRANSIT to operate 18 weekend express trains from Midtown Manhattan's Penn Station directly to Atlantic City beginning in late 2007, offering a one-seat, two and a half hour ride.

The new service is aimed at promoting economic development in southern New Jersey, opening up new leisure markets and expanding the state's tourism market. Under our agreement with ACES, NJ TRANSIT will purchase eight additional multi-level rail cars for this service and lease four diesel locomotives from Amtrak. The terms of the agreement include full reimbursement for all capital equipment and operating costs by ACES and CRDA. While NJ TRANSIT will operate the trains, ACES will work with NJ TRANSIT on schedule design, pricing, stopping patterns, reservations, on-board services and marketing promotions.

Finally, our three light rail systems are experiencing record ridership, with HBLR up nearly 52 percent over this time period last year—driven largely by demand at the new Bergenline, Tonelle Avenue and Weehawken Ferry stations—and River LINE ridership up more than 10 percent.

We expect light rail ridership to increase again next month when we open the Newark Light Rail Broad Street Connector, which will allow commuters to travel on the Northeast Corridor and Morris & Essex Lines with convenient light rail connections in ten minutes or less to employers such as IDT, Horizon/Blue Cross Blue Shield and Prudential. The new service will also provide station stops to such Newark attractions as the Bears Stadium, NJPAC and The Newark Museum. We will celebrate the opening of the Newark Light Rail service on July 17<sup>th</sup>.

# **EXECUTIVE DIRECTOR'S MONTHLY REPORT JUNE 2006**

- 1. HIGHLIGHTS**
- 2. CUSTOMER AND COMMUNITY INITIATIVES**
- 3. EMPLOYEE RECOGNITION**
- 4. DBE/MBE PROGRAM**
- 5. PERFORMANCE MEASURES**

# HIGHLIGHTS

### **Governor Corzine makes capital commitment for new trans-Hudson commuter rail tunnel**

On May 10, Governor Jon S. Corzine made a nearly \$500 million transportation capital program commitment for the new Trans-Hudson Express Tunnel (THE Tunnel), reaffirming his determination to build the project that will double rail capacity between New Jersey and New York over the next decade.

The Governor appeared on May 10 with DOT Commissioner Kris Kolluri, Port Authority Chairman Anthony Coscia and NJ TRANSIT Executive Director George Warrington for the Governor's Annual Transportation Conference in Trenton.

Shortly after the announcement, Senators Lautenberg, Menendez, Clinton and Schumer expressed their united, bi-state support for the project in a joint letter to Transportation Secretary Norman Mineta.

Speaking at the event, Port Authority Chairman Anthony Coscia said he is committed to securing a multi-billion dollar investment in the project as part of the Port Authority's capital program.

Within the next two months, NJ TRANSIT expects to receive permission from the Federal Transit Administration to begin preliminary engineering on the project, awarding a contract as early as July. The preliminary engineering work will determine the tunneling technique, construction staging, property acquisition needs, utility relocation requirements and other logistical considerations.

Tunnel construction is expected to begin by 2009 with completion before 2016.

The project has broad support on both sides of the Hudson River from business, environmental, labor, transportation and planning organizations, including the New Jersey Alliance for Action and New York Building Congress. The project has also received support from city and state officials including Governor George Pataki, the Bloomberg Administration and, most recently, Attorney General Eliot Spitzer.

**About the Trans-Hudson Express Tunnel**

THE Tunnel is the centerpiece of the Access to the Region's Core program, which includes a state-of-the-art two-track tunnel under the Hudson River (THE Tunnel), and a new rail terminal under 34<sup>th</sup> Street adjacent to the current Penn Station. The program also includes new track capacity on the Northeast Corridor and a connection to rail lines serving residents of Bergen, Passaic, Rockland and Orange counties, giving customers in those counties a one-seat ride to Manhattan. Raritan Valley Line customers will also benefit from a one-seat ride.

By reducing constraints on the transportation system, THE Tunnel will have important long-term positive benefits for the economies and regional competitiveness of both New Jersey and New York. Increases in NJ TRANSIT service between New Jersey and New York will also yield economic benefits.

In addition, during the construction of THE Tunnel, New Jersey and New York will share economic benefits as a result of the creation of approximately 6,000 construction-related jobs each year. Construction will generate real personal income within the bi-state region in excess of \$2.7 billion in 2004 dollars.

Today, roughly half of all Manhattan-bound commuters cross the Hudson River to get to work.

**Weehawken welcomes new Port Imperial Ferry Terminal**

A ceremonial blast of ferry horns and water cannons on the Hudson River signaled a new era of convenience and connectivity for residents of Hudson and Bergen counties and beyond as NJ TRANSIT, NY Waterway and state and local officials gathered on May 22 to preview the new Port Imperial Ferry Terminal in Weehawken on the eve of opening day.

On Tuesday, May 23, thousands of trans-Hudson commuters began benefiting from a new "gateway to the river" when the 31,000-square foot intermodal facility opened to the public.

Port Imperial Ferry Terminal—located directly across the street from the Port Imperial light rail station—is expected to serve more than 4,000 customers (8,500 passenger trips) on a typical weekday. NY Waterway offers more than 100 ferry departures from the facility each weekday from 6 a.m. until midnight (1 a.m. on Friday and Saturday nights).

A new 194-foot pedestrian overpass—currently under construction—will ultimately link the ferry terminal with the light rail station, allowing for a seamless connection between light rail and trans-Hudson ferry service. With connections to NJ TRANSIT buses also available, the new ferry terminal is a full intermodal facility.

With the Manhattan skyline as their backdrop, Commissioner Kolluri and NJ TRANSIT Executive Director George D. Warrington were joined by a host of dignitaries—including Senator Lautenberg, Senator Menendez and Weehawken Mayor Richard Turner—for a speaking program that highlighted the benefits of the new facility, followed by a ribbon cutting ceremony overlooking the Hudson River.

The new ferry terminal replaces an aging and undersized terminal used since 1986 for ferry services between Weehawken and New York and will accommodate future growth in trans-Hudson ferry ridership. Docking capabilities for four ferry boats provide the capacity to load and transport up to 12,000 passengers per hour.

Constructed on a platform approximately fifty feet offshore, the new facility features a stunning glass curtain wall facing Manhattan, walkways, ramps, barges and space for passenger amenities. An 800-foot waterfront pedestrian esplanade provides scenic and convenient access to the terminal. The building was designed by award-winning architects Gruzen Samton LLP of New York and constructed by Conti Enterprises.

### **Construction begins on new rail station in Mount Arlington**

On Monday, June 12, U.S. Rep. Rodney Frelinghuysen and NJ TRANSIT Executive Director George D. Warrington joined Mount Arlington Mayor Arthur R. Ondish to break ground on the first new rail station to be built in Morris County in six years. With nearly 300 parking spaces ideally located at the Howard Blvd. Interchange, the future Mount Arlington Station is expected to reduce congestion on the busy I-80 corridor by giving commuters the ability to leave their cars in favor of rail service.

When it opens in late 2007, the new station will be served by trains on the Montclair-Boonton Line and the Morristown Line, enabling customers to travel to Hoboken Terminal, where transfers are available to bus, PATH and trans-Hudson ferries. Customers traveling to midtown

Manhattan will be able to transfer to MidTOWN DIRECT service at Dover or Montclair State University stations.

The project also will reconfigure and expand by 57 spaces the existing parking lot, which is today a carpool and bus park & ride, bringing the total capacity to nearly 300 spaces. The New Jersey Department of Transportation (NJDOT) built the lot in 2003.

The new facility, which will be fully accessible for customers with disabilities, will feature two high-level platforms, heated waiting shelters on the inbound platform, a pedestrian underpass and public address and passenger communications systems.

Terminal Construction Corp. of Wood-Ridge will construct the new station and associated improvements under a \$12.1 million construction contract.

### **NJ TRANSIT to begin rebuilding clock tower at Hoboken Terminal**

As part of its vision to restore the Hoboken Terminal complex to its original splendor, NJ TRANSIT demolished the old radio tower that sat atop the historic structure, making way for a dramatic replica of the original clock tower that welcomed rail and ferry travelers for nearly half a century.

The radio tower, which stood on the footprint of the original clock tower, was demolished Friday, June 2 through Monday, June 5. The steel framework for the new clock tower, modeled after the 1907 design by artist Kenneth Murchinson, will be erected in the fall, with project completion expected next summer.

Hoboken Terminal was constructed in 1907 by the Delaware, Lackawanna & Western Railroad with the clock tower as part of the original Beaux-Arts design. Standing 203 feet tall, the tower featured four-foot backlit letters spelling the word "LACKAWANNA" on all four sides, as well as four pediment clock faces and a large hipped roof topped by a flagpole.

After it was weakened in a storm, the clock tower was removed around 1950. The radio tower was installed in its place.

**Hoboken Terminal rehabilitation moves forward**

In October 2005, the NJ TRANSIT Board of Directors approved a \$53.9 million contract for the second phase of a rehabilitation project that will return a portion of Hoboken Terminal to its original design, ultimately restoring permanent ferry service to the historic building and creating a new ferry waiting area for customers.

The construction contract allows for marine construction of five of the original six ferry slips, as well as restoration of the exterior copper facade and lighting on the river side of the terminal, structural repairs, roof repairs, and demolition of the finger piers and wooden fenders.

Early design work for the final phase of construction is expected later this year.

Also last fall, NJ TRANSIT hired LCOR to create a master plan that will serve as a blueprint for transit-oriented development at the 65-acre Hoboken Terminal and Yard complex. The restored facility will serve as an integrated multimodal transit center and a gateway benefiting the Hudson waterfront for more than 50,000 commuters, as well as residents in the area.

**NJ TRANSIT celebrates 10-year anniversary of MidTOWN DIRECT**

The introduction of MidTOWN DIRECT trains so changed the life of Teresa Barkley—a commuter from Maplewood, NJ—that she was inspired to create a quilt commemorating the 10<sup>th</sup> anniversary of the service, which links towns along NJ TRANSIT's Morris & Essex lines with midtown Manhattan. The quilt was unveiled Friday, June 9, one day prior to the anniversary date, at an early morning ceremony at Maplewood Station.

NJ TRANSIT launched weekday MidTOWN DIRECT service on the Morris & Essex Lines on June 10, 1996. Weekend service was added on September 8, 1996. The rail link enables trains on the Morris & Essex Lines to "merge" on to the Northeast Corridor in the Kearny Meadowlands, providing passengers with direct service to New York Penn Station.

The rectangular panels on the right side of the quilt represent what Barkley sees on her way into New York—that is, if she gets her favorite seat. The panels on the left side represent the view on her return home. The arch at the center represents the tunnel beneath the Hudson River between New Jersey and New York.

Before MidTOWN DIRECT, Morris & Essex Line customers traveling to Midtown had no option but to transfer to PATH trains or trans-Hudson ferries at Hoboken Terminal. MidTOWN DIRECT service provides either a one-seat ride into Manhattan or a convenient transfer at Summit Station or Newark Broad Street Station to continue to Manhattan for residents of Essex, Union, Morris, Somerset and Warren counties. Even with a transfer, MidTOWN DIRECT service saves customers up to 20 minutes of travel time in each direction.

NJ TRANSIT broke ground for the new connection in 1993. Infrastructure improvements included more than 7,000 feet of new track, installation of high-speed switches, and construction of two ramps to support the connection tracks.

Today, NJ TRANSIT offers about 30 weekday trains in each direction to and from New York Penn Station on the Morris & Essex Lines, operating an average of four trains per hour each way during the morning and evening peak periods and providing hourly service during off-peak hours and on weekends.

Prior to the introduction of MidTOWN DIRECT service, NJ TRANSIT served 7.4 million annual passenger trips on the Morris & Essex Lines from 1995 to 1996—or approximately 28,000 passenger trips on an average weekday. Ridership on the line increased more than twenty percent during the first year of MidTOWN DIRECT service.

NJ TRANSIT today provides approximately 13.5 million annual passenger trips on the Morris & Essex Lines—about 50,000 passenger trips on an average weekday. Approximately 30,000 of those weekday trips are MidTOWN DIRECT customers.

An accomplished quilter, Barkley has created more than 100 quilts in more than three decades and has had her quilts featured in museum venues throughout the U.S. as well as exhibitions in Africa, Australia, Europe and Japan. Her work is included in collections at the Renwick Gallery of the Smithsonian American Art Museum in Washington, D.C.; the International Quilt Study Center at the University of Nebraska, Lincoln; Nihon Vogue in Tokyo, Japan; and the University of Delaware.

The commemorative “Midtown Direct” quilt will be displayed at the Newark Museum beginning June 15. NJ TRANSIT customers may purchase one admission and get the second one free when they ride NJ TRANSIT to The Newark Museum by presenting a voucher available from [www.njtransit.com](http://www.njtransit.com) along with a bus, light rail or rail ticket/pass or transportation receipt.

# **CUSTOMER AND COMMUNITY INITIATIVES**

**NJ TRANSIT offers summer deals to state's biggest attractions**

Just in time for the Memorial Day weekend, on Wednesday, May 24, NJ TRANSIT offered customers a preview of its summer deals, discounts and destinations at the Frank R. Lautenberg Rail Station at Secaucus Junction. There, in the station rotunda, customers discovered an array of special summertime deals—including money-saving beach packages to the Jersey Shore—as well as details on seasonal express train and bus service to popular destinations across the state. Representatives from some of New Jersey's biggest attractions—including Six Flags Great Adventure, Monmouth Park and the Battleship New Jersey—were on hand with prizes and giveaways for transit riders.

**Express rail service to the Jersey Shore**

NJ TRANSIT has unveiled a fresh slate of 2006 beach packages, seeking to build on last year's strong weekend ridership on the North Jersey Coast Line. The line carried more than 24,000 passengers each weekend of the summer, seven percent higher than the previous summer and roughly 34 percent higher than the off-season. By purchasing a beach package, customers receive roundtrip rail tickets and beach admission for one low price—\$14.50 from Hoboken or Newark, and \$18.50 from New York, Secaucus, and New Jersey stations along the Main/Bergen and Pascack Valley lines.

NJ TRANSIT provides frequent rail service to shore destinations from Hoboken, Newark, Secaucus and New York Penn Station, with more than 40 trains serving shore communities each day. As an added incentive to take the train, NJ TRANSIT will launch weekend express service on June 17 from New York and Newark, which will shave approximately 30 minutes off the standard travel time for customers traveling from New York and Newark to stations from Long Branch to Bay Head.

**Bus service to Six Flags Great Adventure and Wild Safari**

NJ TRANSIT customers can save up to \$38.09 when they purchase a package that includes roundtrip express bus transportation and park admission. Buses depart daily from the Port Authority Bus Terminal at 9:30 a.m. and from Newark Penn Station at 10 a.m.

**Rail service to Monmouth Park Racetrack**

This year, customers can board a train anywhere on NJ TRANSIT's rail system and travel to Monmouth Park Racetrack by purchasing an off-peak round-trip ticket to Monmouth Park, which includes Grandstand Admission and a Racing Program for \$1 plus round-trip train fare.

To provide more service to Monmouth Park Racetrack, NJ TRANSIT is adding station stops on regularly scheduled North Jersey Coast Line trains to Monmouth Park. Now, train service from New York Penn Station and Newark Penn Station will provide hourly service in both directions from approximately 11 a.m. until 6:30 p.m. on weekdays, and from approximately 10:30 a.m. until 7:15 p.m. on weekends and holidays. Trains will stop at the station on Port Au Peck Avenue, just a short 5-minute walk from the entrance to the track.

**On weekends, kids ride free on NJT**

NJ TRANSIT's Family Super Saver Fare allows up to two children 11 and under to ride free on weekends and holidays when accompanied by a customer paying any valid fare, from 7 p.m. Friday (or the day before a holiday) until 6 a.m. Monday (or the day after a holiday).

For additional information on Summer Services, as well as deals and destinations, customers may visit [www.njtransit.com](http://www.njtransit.com) (click on "Deals and Destinations") or call 1-800-772-2222.

**NJ TRANSIT offers Ozone Pass program to save environment, money**

New Jersey employees will have the opportunity to ride NJ TRANSIT buses, trains and light rail vehicles at a reduced fare on days when high levels of ozone pollution are predicted this summer.

NJ TRANSIT's OzonePass program gives New Jersey-based employers the opportunity to offer their employees a \$2.50-round-trip commute within the state on any NJ TRANSIT service on designated high ozone days. This year's ozone season runs from May 15 through September 8.

NJ TRANSIT was the first commuter system to introduce the OzonePass concept in 1999. Since the program's inception, NJ TRANSIT has sold more than 60,000 OzonePasses to New Jersey employers.

OzonePasses are sold in bulk quantities to New Jersey employers who can either sell or give the passes to their employees. Employers are notified in advance via fax or e-mail whenever a high ozone day is predicted, enabling them to advise their employees to use OzonePass on NJ TRANSIT instead of driving to work.

OzonePass is available to members of the Air Quality Partnership, an organization of more than 500 businesses and organizations. To register, employers may call (973) 491-7600 or send an email to ozonepass@njtransit.com.

OzonePass is valid for commuting to and from workplaces in New Jersey, where participating employers must be located. The discount is not valid for trips to New York City or Philadelphia.

Ground-level ozone pollution forms when car exhaust, fuel vapors and emissions from industrial sources are "baked" by the sun on hot summer days. Though New Jersey's air quality has improved greatly over the last few years, ground-level ozone pollution continues to be a problem.

### **Historic New Jersey procurement fair a success**

NJ TRANSIT's Office of Business Diversity, together with members of the New Jersey Interagency Coordinating Committee and Wachovia Bank, recently hosted a New Jersey Competitive Purchases "Avenues of Opportunity" event—the first of its kind in the state—for small New Jersey businesses. Approximately 200 participants representing 130 small businesses attended the April 12 event, held at the Robert Meyner Reception Center in Holmdel.

Small business owners won more than \$106,000 in awards from participating state agencies, which included the New Jersey Interagency Coordinating Committee (Delaware River Port Authority, the Port Authority of NY/NJ, New Jersey Turnpike Authority, South Jersey Transportation Authority, Delaware River Joint Toll Bridge Commission, New Jersey Meadowlands Commission, New Jersey Sports & Exposition Authority, New Jersey Water Supply Authority and the New Jersey Meadowlands Commission) and the following participants:

- New Jersey Commerce, Economic Growth & Tourism
- New Jersey Small Business Development Center
- New Jersey Division of Purchase & Property
- Rutgers University
- Newark Public Schools
- University of Medicine & Dentistry of New Jersey
- New York & New Jersey Minority Supplier Development Council

Guest speakers at the event included Holmdel Mayor Serena DiMaso as well as Scott L. Kisch, Chief of Staff and Monique King-Vieland, Senior Director of Small/Women/ Minority Business programs & Urban Development with NJ Commerce, Economic Growth & Tourism.

The event provided attendees with the opportunity to network with procurement professionals from throughout the state and also enabled them to quote on goods and services from multiple agencies, resulting in positive feedback from the small business community.

### **NJ TRANSIT restores normal service on Somers Point-Ocean City bus lines**

With safety improvements made to the Rt. 52 Causeway/9<sup>th</sup> Street Bridge, NJ TRANSIT buses traveling between Somers Point and Ocean City resumed their regular routes on Saturday, May 20.

The 507 Atlantic City-Ocean City line and the 509 Atlantic City-Somers Point-Ocean City (via New Road) line had been operating on a detour since January 18, when state transportation officials placed emergency weight restrictions on the bridge.

With regular service restored, customers now save 16 minutes on trips between Somers Point and Ocean City. NJ TRANSIT issued new timetables for the 507 and 509 lines to reflect the shorter trip time.

The 507 line provides 3,000 trips per weekday; the 509 line provides 1,050 trips per weekday.

### **NJ TRANSIT hosts open house on Hamilton Station development**

NJ TRANSIT hosted the second in a series of open houses on plans for a transit-friendly development at the Bromley Neighborhood Civic Center in Hamilton Township on Tuesday, May 23, 2006.

NJ TRANSIT staff, along with representatives from the development and architecture teams, were on hand to provide information on the project, outline the benefits of transit-friendly planning and speak one-on-one with attendees to obtain feedback.

The proposed development for NJ TRANSIT's 20-acre property at the train station includes retail, residential, office, hotel and parking components designed to create a vibrant downtown community.

### **New late-night option for River LINE customers**

NJ TRANSIT has introduced a new late-night bus service that extends the reach of the River LINE for Camden Waterfront concertgoers, baseball fans and second-shift workers.

Now through Labor Day, customers can take advantage of a guaranteed bus connection between 36<sup>th</sup> Street Station (Camden) and the Pennsauken/Route 73 Park & Ride. The free service provides additional parking options for customers returning from Camden between 10 p.m. and midnight when River LINE trains operate as far as 36<sup>th</sup> Street Station.

In addition to the new late-night bus connection, NJ TRANSIT is also modifying River LINE rail service to better serve customers. The current 9:30 p.m. trip from Camden has been extended from 36<sup>th</sup> Street to the Pennsauken/Route 73 Park & Ride. This extension will operate as a permanent schedule change.

After 9:30 p.m. Sunday through Friday, customers can ride the River LINE from the Camden Waterfront to 36<sup>th</sup> Street Station and then board the NJ TRANSIT bus to Pennsauken at no additional charge. Buses will depart two minutes after each light rail arrival and arrive in Pennsauken approximately 10 minutes later. The service will be offered every night except Saturdays, when full River LINE service operates until midnight.

The Pennsauken Park & Ride provides 452 free parking spaces and is conveniently located near several major highways, including Route 73, Route 130, the New Jersey Turnpike and I-295.

### **NJ TRANSIT unveils 'Walk of Fame' on May 18**

A "Walk of Fame" honoring the lives and achievements of extraordinary New Jersey performing artists was unveiled on Thursday, May 18. The event was held on the Symphony Lawn in front of the New Jersey Performing Arts Center, next to NJ TRANSIT's new light rail station on the Newark City Subway extension, opening this summer.

As part of NJ TRANSIT's federally funded Transit Arts program, 30 artists are being honored with plaques that have been installed on the "Walk." The honorees were selected based on excellence and achievement of the highest degree in the performing arts world. Special consideration was given to those artists born in New Jersey or who have spent formative and/or creative years in the Garden State.

The selected artists on the "Walk" include: Bud Abbott and Lou Costello, Tony Bennett, Celia Cruz, Danny DeVito, Savion Glover, Celeste Holm, Whitney Houston, Neeme Jarvi, Ernie Kovacs, Nathan Lane, Queen Latifah, Jerry Lewis, Eddie Murphy, Jack Nicholson, Susan Sarandon, Frank Sinatra, Bruce Springsteen, Meryl Streep, John Travolta, Frankie Valli and The Four Seasons, Sarah Vaughan, Ben Vereen, Frederica Von Stade and Dionne Warwick.

Several honorees participated in the event. Transit Arts Specialist Sheila McKoy managed the "Walk of Fame" project.

# **EMPLOYEE RECOGNITION**

**NJ TRANSIT Police present 35 awards for excellence**

The NJ TRANSIT Police Department presented 35 awards on May 19 during its annual ceremony at headquarters in Newark.

This year's winners follow:

**Police Valor Award:**

- Police Officer Salvatore Bivona

**Meritorious Duty Award:**

- Sergeant Barrington Williams
- Sergeant Nicholas Capriglione
- Police Officer John Egger
- Police Officer Frank Iurato

**Excellent Police Service Award:**

- Lieutenant Patrick Clark
- Lieutenant Edward Iandoli
- Detective Marianna Tropeano
- Detective Laquan Hudson
- Police Officer Matthew Coyle
- Police Officer Jason Conrad
- Police Officer Robert Gatchell
- Police Officer Christopher LaMotta

**Life Saving Award:**

- Sergeant Brian Armbruster
- Police Officer Jerome Morse

**Unit Citation Award:**

- Lieutenant Edward Iandoli
- Detective Jaime Almario
- Detective Tracy Brooks
- Detective Miguel Valido
- Detective Laquan Hudson
- Detective Ruben Mendez
- Detective Marianna Tropeano
- Detective William Sweeney
- Police Officer Thomas Gillen
- Police Officer Dean Kenny
- Police Officer Kevin Van Dyk
- Police Officer Eduardo Gomez
- Police Officer Luis Perez
- Police Officer Joseph Colamedici

**Civilian Commendation Award:**

- Fare Inspector Aaron James
- Fare Inspector Christopher Burns
- Fare Inspector Jamie Oliva
- Thomas Rizzo
- Gabriel Sullivan
- Louis Valencia

**Transit employees respond to Amtrak's power outage**

In true NJ TRANSIT spirit, when Amtrak's Northeast Corridor shut down on May 25 stranding thousands of customers, our employees sprang into action. A total of 108 Emergency Response Team (ERT) members were deployed to various stations along the system to make sure our customers remained as safe and comfortable as possible.

In fact, many ERT members went above and beyond their call of duty including Procurement's Teresa Russo, Michael Clappsy and Richard Price; Real Estate's Allen Kratz; Finance's Allan Sharpe; and Environmental Services' Nick Valente.

Many other NJ TRANSIT employees who were stranded on trains jumped into action to help train crew members evacuate customers. We also heard reports of many frontline employees – customer service representatives and train crewmembers – who remained calm during difficult situations.

In addition, bus operators were deployed to stations to transport customers to various locations around the state – and although many were unfamiliar with the new territory, they remained upbeat and helpful to customers. Our steadfast police officers rose to the occasion; many acting as first responders to customers stranded on trains – particularly the two in the tunnel.

Finally, Capital Projects staffer Alan Weinberg and Communication Services employee Ken Miller braved the media and handled numerous press calls during the height of the incident to help keep customers informed.

**Nayee named 'Young Engineer of the Year'**

Supervising Engineer Ashok J. Nayee has been named the 2006 Young Engineer of the Year by the New Jersey Section of the American Society of Engineers. During his 13-year tenure at NJ TRANSIT, Ashok has been involved in several high-profile projects, including the Bergen Tunnel rehabilitation, the Frank R. Lautenberg Rail Station at Secaucus Junction and the River LINE.

**Bergenline Avenue, Weehawken Tunnel win top honors**

The Bergenline Avenue Station and Weehawken Tunnel portion of the Hudson-Bergen Light Rail was named Project of the Year by the New Jersey Section of the American Society of Engineers on May 5. Often described as an engineering marvel, the unique Bergenline Avenue station is located in a tunnel beneath the streets of Union City.

The work included drilling and blasting a 43-foot-diameter shaft through rock to accommodate the three high-speed elevators, stairs and ventilation. An old freight railroad tunnel also was widened to accommodate light rail vehicles and the station's center-island platform.

Since Tonnelle Avenue and Bergenline Avenue stations opened for revenue service on Feb. 25, HBLR ridership has increased to 34,000 weekday trips from 23,000.

Congratulations to project manager Glenn Mack, who worked tirelessly to advance the work.

### **Angelucci coordinates ATM effort to bring in more revenue**

NJ TRANSIT's Real Estate Department is installing automated teller machines at rail and bus locations to increase non-farebox revenue and convenience for our customers.

For the past four years, NJ TRANSIT has had a total of four ATMs at Newark, Hoboken, Summit and Metropark stations. Thanks to the latest ATM initiative, the number of machines is growing rapidly. In the last six months, for example, 12 new ATMs have been installed along the system, including locations at Trenton Station, Aberdeen-Matawan Station, and Irvington and Hackensack bus terminals. Another 16 locations are expected to go online in the next three months. This spring, NJ TRANSIT expects to advertise for more ATMs at various locations along the Hudson-Bergen Light Rail system, the River LINE, the Northeast Corridor as well as bus park & rides.

With the continued support of Rail Operations, Tom Angelucci of Real Estate has worked diligently on the ATM initiative for the past two years. The 28 ATMs have the potential to yield nearly \$290,000 a year. And that dollar figure will grow along with the number of ATMs.

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

Fourteen NJ TRANSIT employees retired in May with careers ranging from 7 to 37 years of service:

1. John E. Evans (Paterson) Ironbound Garage Superintendent – 37 years
2. Jan (John) Rutkowski (Toms River) Penn Plaza Sr. Dir. Tech. Serv. (QA/QC) – 33 years
3. Frank W. Stewart, Jr. (Trenton) Hamilton Garage Bus Operator – 32 years
4. Larry D. Tetterton (Jersey City) Greenville Garage Bus Operator – 30 years

5. Barbara A. Zimmerman (Hamilton) Hamilton Garage Serviceman – 27 years
6. Willie G. Billups (Perth Amboy) Ironbound Garage Bus Operator – 26 years
7. Thomas Arnone (Mt. Ephrain) Washington Township Garage Bus Operator – 24 years
8. Charles A. Hart (Edison) Doremus Avenue Bldg. Maintenance Man 1 – 21 years
9. Bobby Harrison (Whitesboro) Egg Harbor Garage Bus Operator – 18 years
10. Ingrid B. Smith (Orange) General Office Building Matron – 15 years
11. Hector N. Cruz (Woodlyne) Egg Harbor Township Bus Operator – 14 years
12. Frank Baldino (Richboro, PA) Penn Plaza Manager Labor Relations – 10 years
13. Fred H. Taylor, Jr. (Dayton) Howell Garage Bus Operator – 10 years
14. Constance A. Kelley (Palmyra) Newton Avenue Senior Nurse – 7 years

Seven NJ TRANSIT employees retired in June with careers ranging from 22 to 37 years of service:

1. Samuel Lewis, Jr. (Upper Darby, PA) Penn Plaza Principal Rail Service Planner – 37 years
2. Michael Freeman (Ocean Township) City Subway Supervisor – 32 years
3. John Somers (Bloomfield) General Office Building Pension Specialist – 32 years
4. John Vogler ( Pt. Pleasant) Penn Plaza Chief Engineer/Signals – 30 years
5. Joseph C. Carlamere (Blue Anchor) Washington Township Garage Special Mechanic Welder – 28 years
6. Jose Lopez (North Bergen) Fairview Garage Bus Operator – 25 years
7. Robert Watkins (Sayerville) Oradell Garage Bus Operator – 22 years

# **DBE/MBE PROGRAM**

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

\$168,330,740 in federal funds was awarded during October thru May of FY 06\*. Disadvantaged Business Enterprises (DBEs) were awarded \$37,783,790 or 22.4 percent, which includes both race conscious and race neutral awards.

**State Funded Contracts**

\$234,922,110 in state-funded contract dollars was awarded during July thru May FY 06. \*\* Of that total, Small Business Enterprises (SBEs) received \$36,040,429 or 15.3 percent. Category 1 SBEs received \$1,750,780 or 0.7 percent. Category 2 SBEs received \$6,062,064 or 2.6 percent. Category 3 SBEs received \$13,410,116 or 5.7 percent. Category 4 SBEs received \$5,491,784 or 2.3 percent. Category 5 SBEs received \$9,325,685 or 4 percent. \*\*\*

**Federal & State Contracts Total**

\$403,252,850 in federal and state contract dollars was awarded by NJ TRANSIT during this reporting period. Of that total, \$73,824,219 or 18.3 percent of federal and state contract dollars was won by DBEs and SBEs.

**Hudson-Bergen Light Rail Transit System Project**

Of \$1,433,024,411 in contract dollars awarded for the Hudson-Bergen Light Rail Transit System project\*\*\*\*, \$180,729,496 or 12.6 percent has been received by DBEs. Of the \$180,729,496, 6 percent or \$86,823,647 has been won by Women Business Enterprises (WBEs) who are classified as DBEs.

\*Fiscal year beginning October 1, 2005

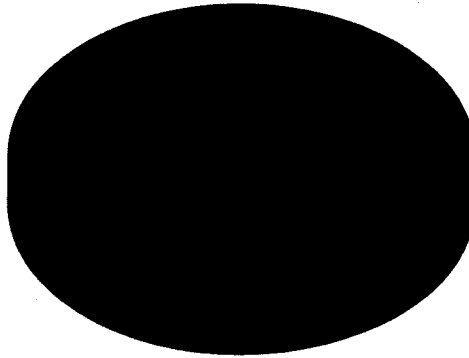
\*\*Fiscal year beginning July 1, 2005

\*\*\*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

\*\*\*\*This YTD figure reflects federal dollars expended on an annual basis; including change orders, for the period from December, 1996 through April 2005.

**DBE PARTICIPATION  
FEDERAL CONTRACTS  
FEDERAL FYTD (THRU MAY 2006)**

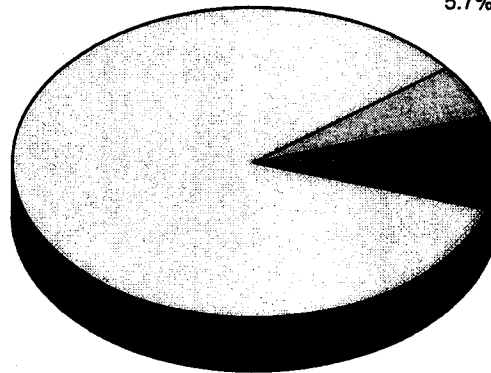
NON-DBE  
FEDERAL  
\$130,546,950  
77.6%



DBE RACE  
NEUTRAL &  
RACE  
CONSCIOUS  
\$37,783,790  
22.4%

**SBE PARTICIPATION  
STATE CONTRACTS  
STATE FYTD (THRU MAY 2006)**

NON-SBE STATE  
\$198,881,681  
84.7%



SBE-3  
\$13,410,116  
5.7%

SBE-4  
\$5,491,784  
2.3%

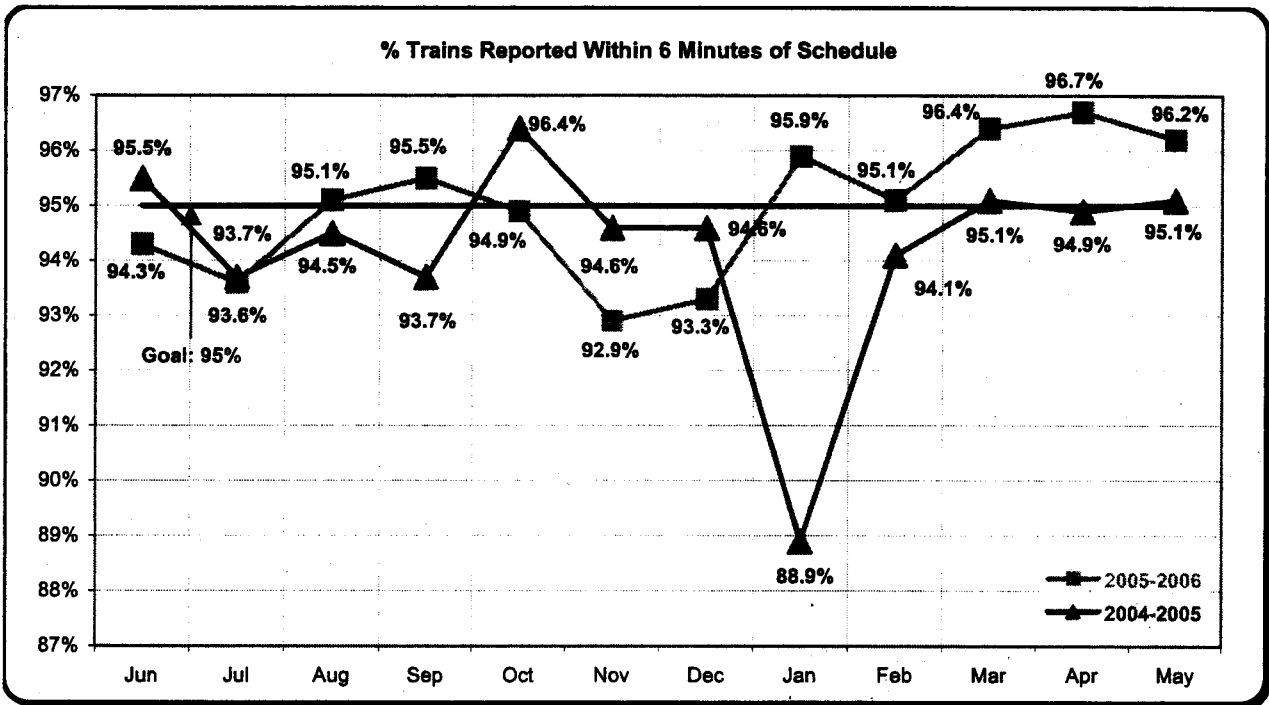
SBE-2  
\$6,062,064  
2.6%

SBE-1  
\$1,750,780  
0.7%

SBE-5  
9,325,685  
4%

# **PERFORMANCE MEASURES**

# NJ TRANSIT ON-TIME PERFORMANCE RAIL JUNE 2004 - MAY 2006



	2005	2006	# Change
<b>May Comparison</b>	95.1%	96.2%	1.1%

	2004-2005	2005-2006	# Change
<b>12-Month Average June - May</b>	94.3%	95.0%	0.7%

**Analysis:**

Even with Amtrak's major power outage between Washington D.C. and New York on May 25th, Rail On-Time Performance for May 2006 was 96.2%, well above the goal of 95.0%. Of the 19,392 trains that were scheduled to operate, 18,658 were on time, while 734 trains (or 3.8%) were delayed. Other causes of delay included:

Amtrak's loss of power to overhead wires in Penn Station New York on May 5th;

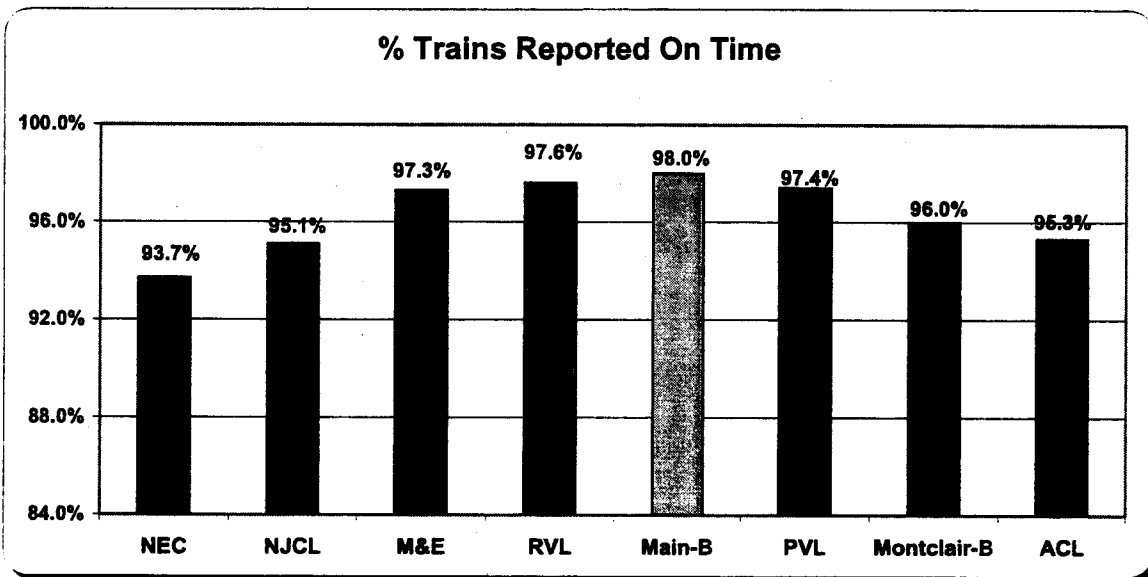
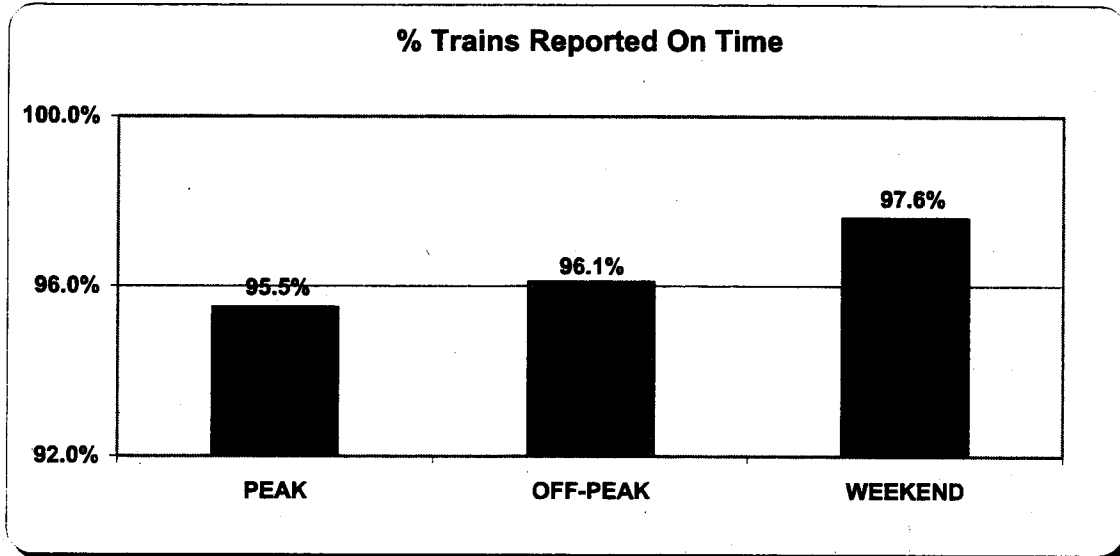
Overhead wire failure at the Portal Bridge on May 24th;

Amtrak's loss of power to overhead wires just entering Penn Station New York from Sunnyside Yard in Queens on May 30th; and

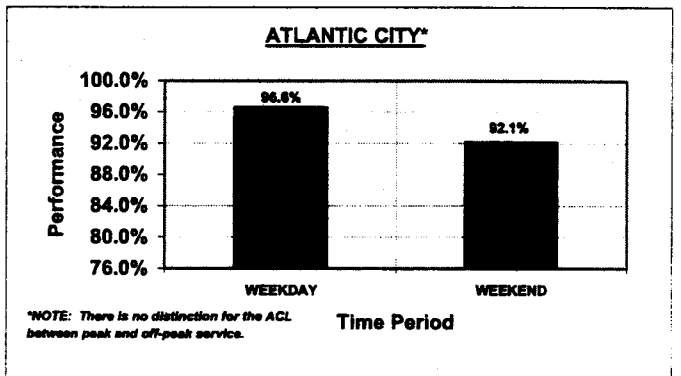
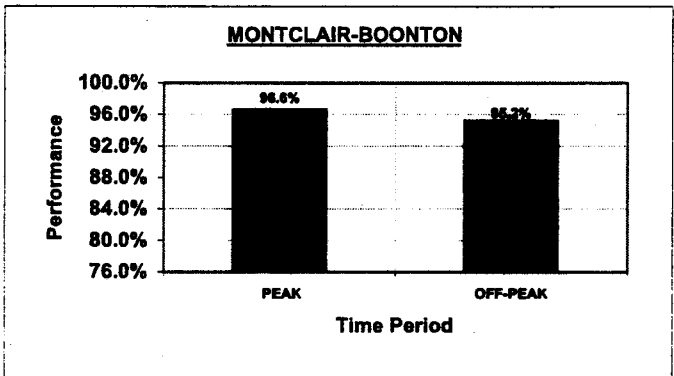
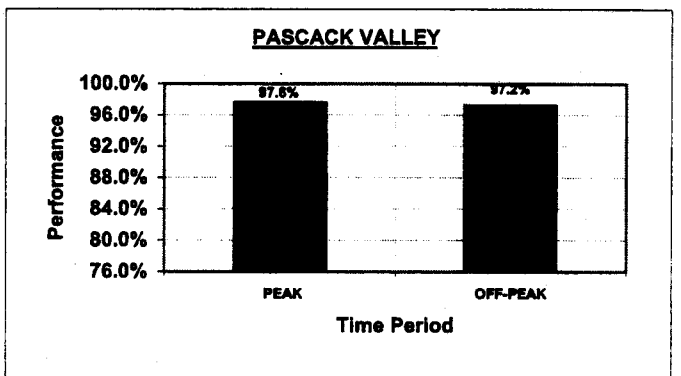
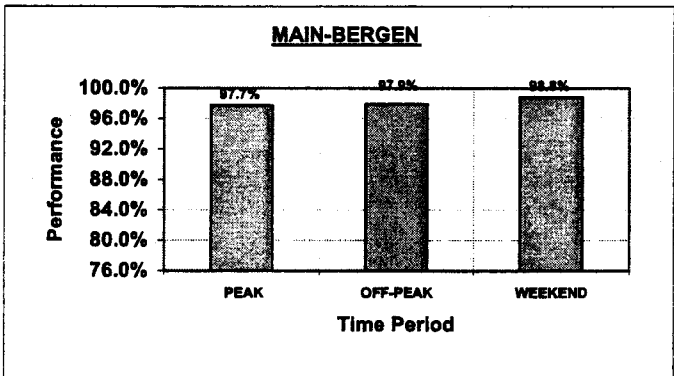
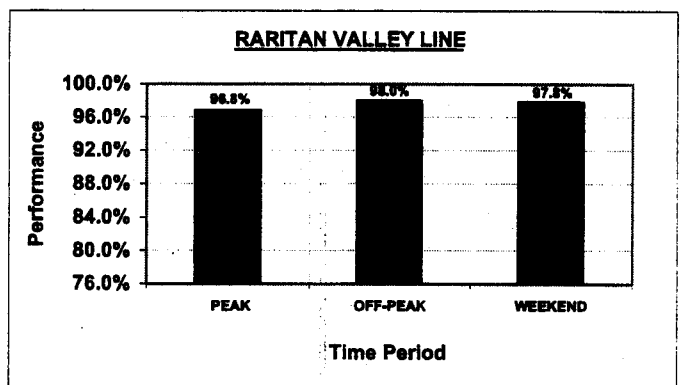
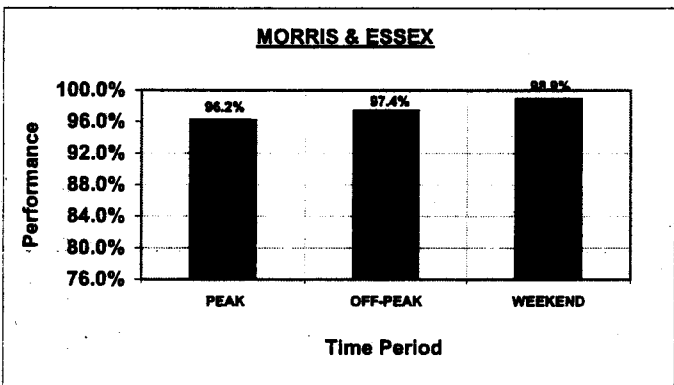
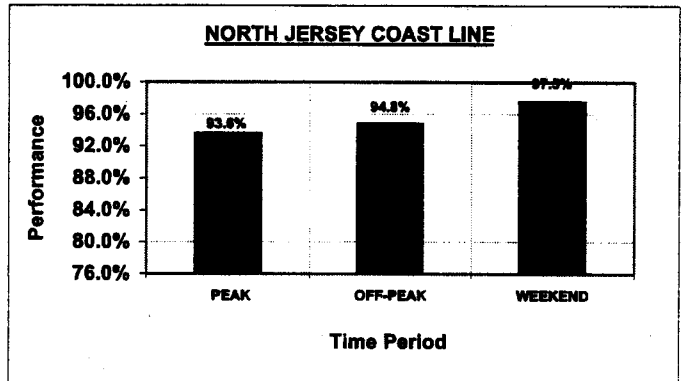
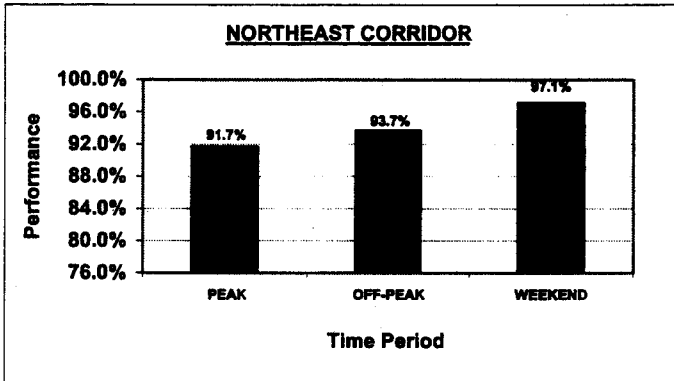
Two separate instances of signal failure on the Northeast Corridor.

The 12-month average for Rail On-Time Performance systemwide for June 2005 - May 2006 was 95.0%, above the average for the previous 12-month period.

# ON-TIME PERFORMANCE RAIL

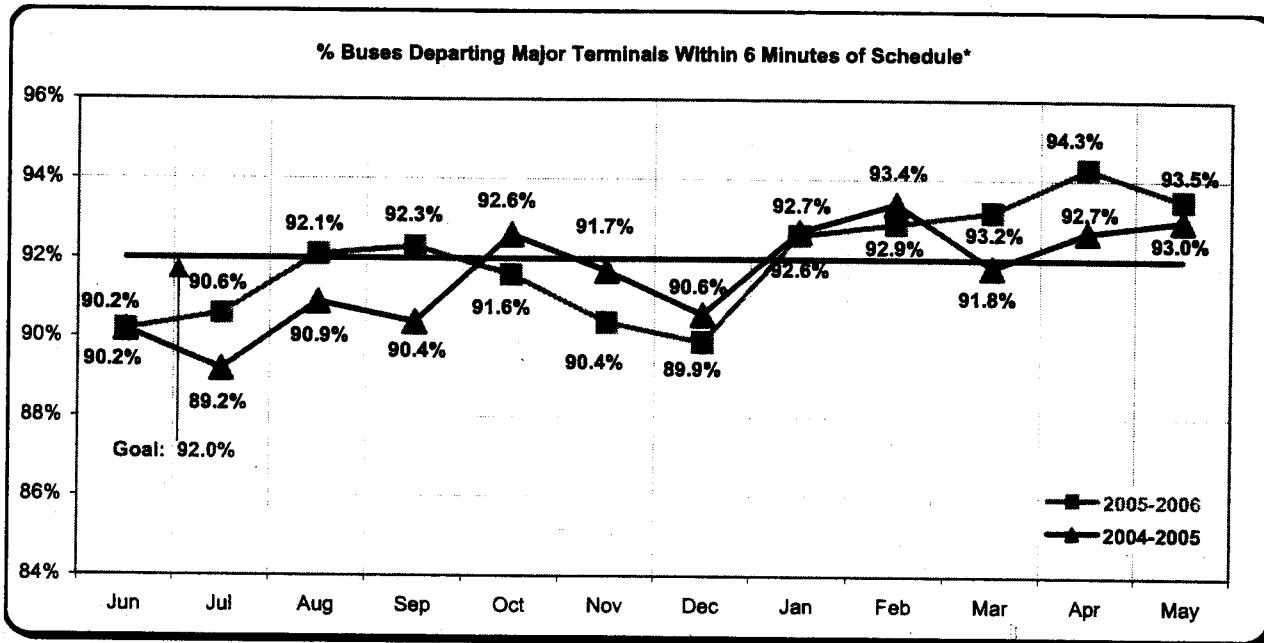


# ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD MAY 2006



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

# NJ TRANSIT ON-TIME PERFORMANCE BUS JUNE 2004 - MAY 2006



\*Note: Includes the Walter Rand Transportation Center, Atlantic City Bus Terminal, Port Authority Bus Terminal and Newark Penn Station

	2005	2006	# Change
<b>May Comparison</b>	93.0%	93.5%	0.5%

	2004-2005	2005-2006	# Change
<b>12-Month Average June - May</b>	91.6%	92.0%	0.4%

**Analysis:**

Bus On-Time Performance for May 2006 was 93.5%, well above the goal of 92.0%. Of the 32,249 monitored departures, 2,087 (or 6.5%) experienced delays. Key sources of delay included:

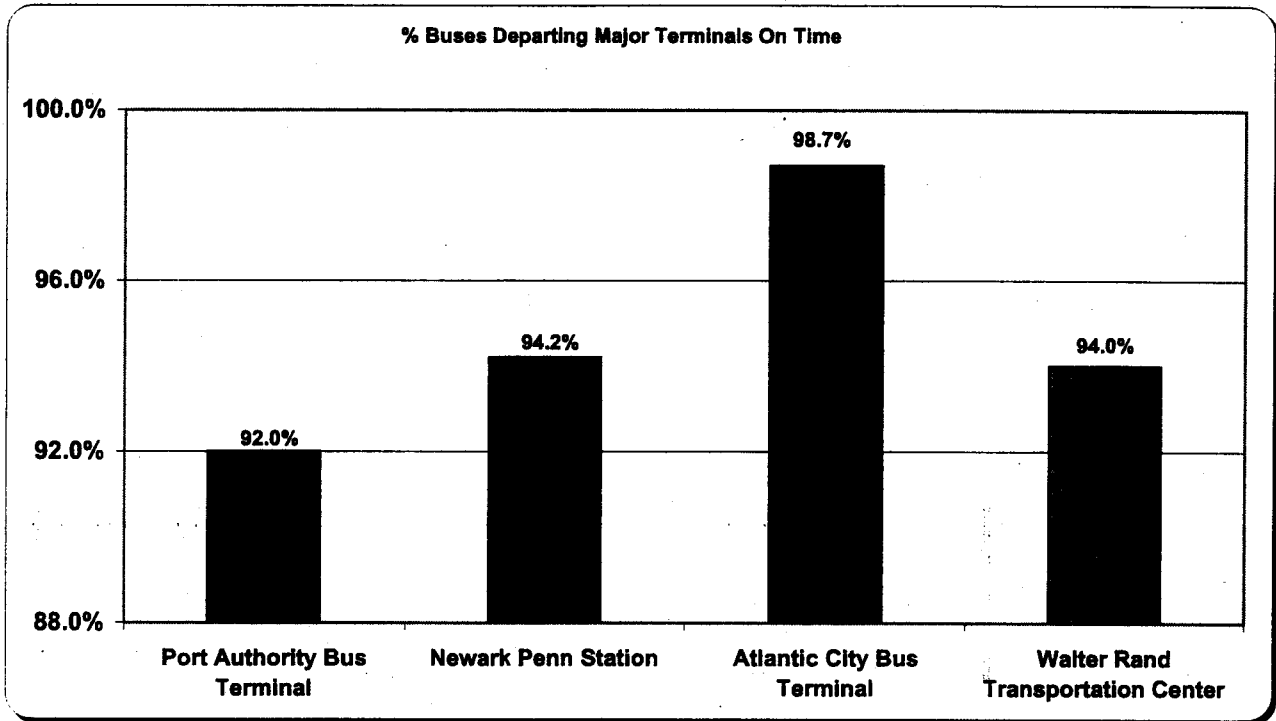
Road construction on the Garden State Parkway and Atlantic City Expressway throughout the month;

Heavy traffic on the Ben Franklin Bridge and in Deptford Township near the Walter Rand Transportation Center on May 18th; and

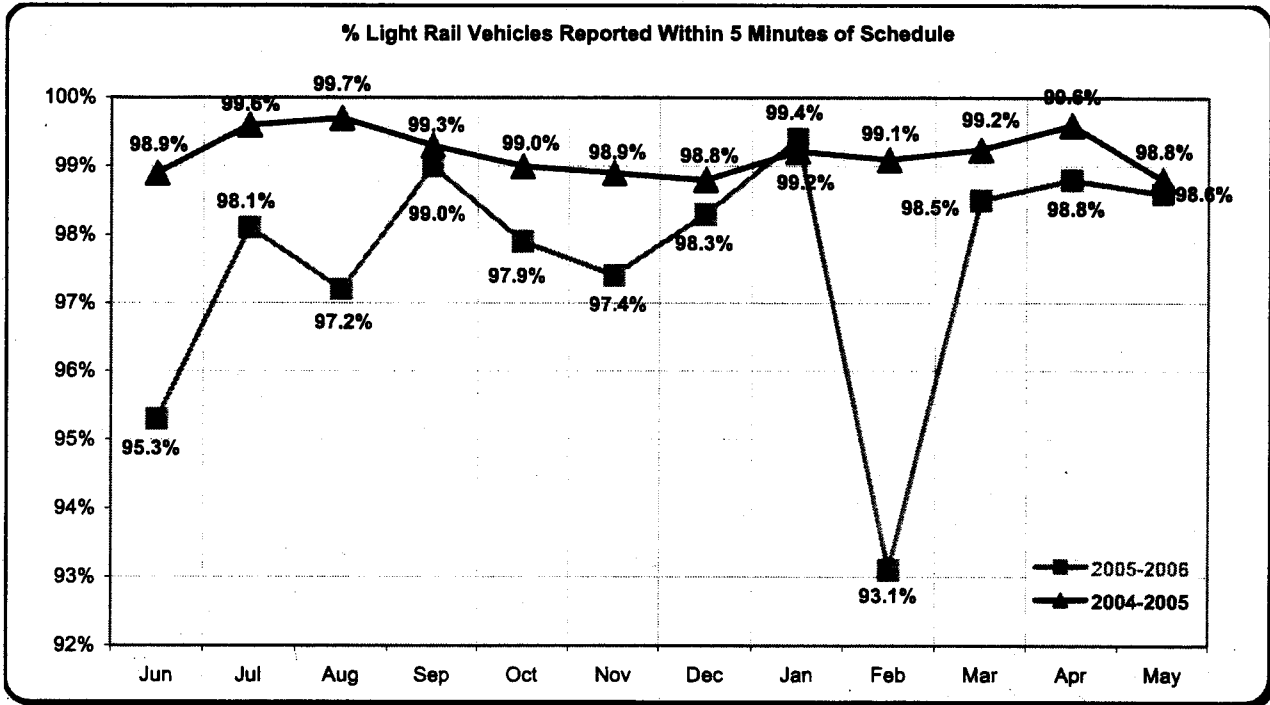
Heavy traffic at the Port Authority Bus Terminal due to an accident on May 22nd.

The 12-month average for Bus On-Time Performance for June 2005 - May 2006 was 92.0%, meeting the performance goal of 92.0%.

# ON-TIME PEFORMANCE BUS



# NJ TRANSIT ON-TIME PERFORMANCE HUDSON-BERGEN LIGHT RAIL JUNE 2004 - MAY 2006



	2005	2006	# Change
May Comparison	98.8%	98.6%	-0.2%

	2004-2005	2005-2006	# Change
12-Month Average June - May	99.2%	97.6%	-1.6%

**Analysis:**

Hudson-Bergen Light Rail (HBLR) On-Time Performance for May 2006 was 98.6%. Of the 17,344 scheduled trips for the month, 233 (or 1.4%) were delayed. Causes of delay included:

Construction on the Port Imperial Overhead Pedestrian Bridge on May 6th;

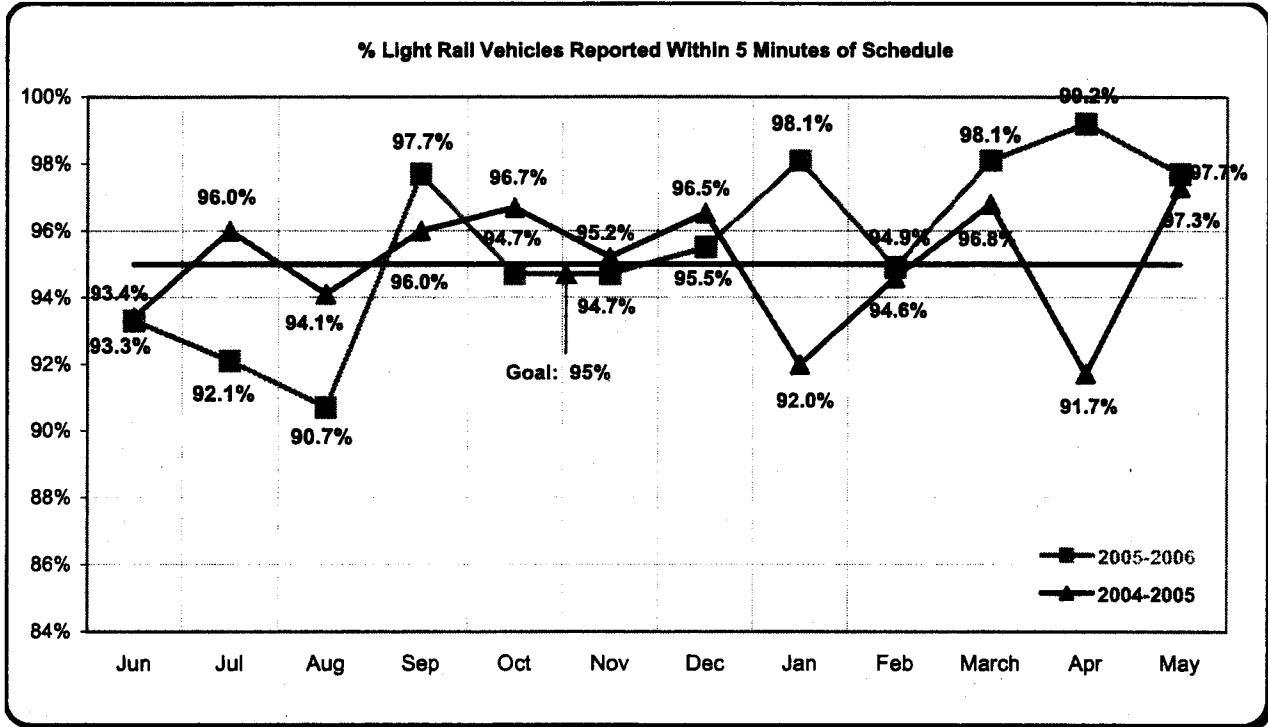
Scheduled track work on May 14th;

A mechanical failure on May 16th; and

A trespasser incident in which an individual jumped from a NJ Turnpike overhead bridge on May 17th.

The 12-month average for HBLR On-Time Performance for June 2005 - May 2006 was 97.6%, 1.6 percentage points below the average of the previous 12-month period.

# NJ TRANSIT ON-TIME PERFORMANCE River LINE JUNE 2004 - MAY 2006



	2005	2006	# Change
May Comparison	97.3%	97.7%	0.4%

	2004-2005	2005-2006	# Change
12-Month Average June - May	95.0%	95.6%	0.6%

**Analysis:**

River LINE On-Time Performance for May 2006 was 97.7%, above the performance achieved during the same month one year previously. Of the 3,000 trips scheduled for the month, 69 (or 2.3%) were delayed. Causes of delay included:

Two separate instances of vehicle mechanical failure, the first on May 5th and the second on May 22nd; and

Storm-related delays on May 15th.

The 12-month average for River LINE On-Time Performance for June 2005 - May 2006 was 95.6%, an increase over from the performance of the previous 12-month period.

# **ACTION ITEMS**

**ITEM 0606-31      CROSS-BORDER LEASE: MULTI-LEVEL RAILCARS**

**BENEFITS**

NJ TRANSIT seeks to extend its leveraged lease program by entering into a Swedish cross-border lease on approximately \$250,000,000 of rail rolling stock generating revenue in excess of \$7,000,000.

**PURPOSE**

In March 2006 the Board approved a French cross-border lease for multi-level railcars arranged by the Royal Bank of Scotland with Dexia as lessor. Unfortunately, Dexia's internal tax department has raised objections to such a lease being closed in North America.

NJ TRANSIT has now received a new proposal for a Swedish lease with Svenska Handelsbanken as lessor arranged by Global Capital Finance ('Global'). Global was the arranger on the three French leases closed with Societe Generale since 2002.

Of the 231 Bombardier multi-level railcars NJ TRANSIT has on order, 100 are being purchased with Port Authority funds. As no federal funds are involved, this equipment is still eligible for inclusion in a cross-border lease.

The Attorney General's Office has selected the firm of Gibbons Del Deo to represent NJ TRANSIT for its cross-border leases. Legal Fees for this transaction are estimated at \$300,000.

In addition, NJ TRANSIT will incur other fees associated with the placing of investment instruments associated with the lease.

**ACTION (Justification: Business Efficiencies)**

Staff seeks authorization to negotiate with Svenska Handelsbanken or other acceptable parties and Global Capital Finance and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease on approximately \$250,000,000 of rail rolling stock generating revenue in excess of \$7,000,000, including the payment of all legal and other fees, estimated not to exceed \$600,000, as well as up to \$85,000 to indemnify other parties should a transaction fail to close.

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

**FISCAL IMPACTS**

**Requested Authorization:** Enter into a cross-border lease on approximately \$250,000,000 of Bombardier rolling stock.

**DBE Goal:** N/A

**Projected Date of Completion:** Leases to be closed in FY 2007.

**RESOLUTION**

**WHEREAS**, of the 231 Bombardier multi-level cars on order, 100 are being purchased with Port Authority funds; and

**WHEREAS**, this equipment is eligible for cross-border leasing as no federal funds are involved; and

**WHEREAS**, staff requested proposals from equity and arrangers for a cross-border lease on this equipment; and

**WHEREAS**, the originally selected party can no longer complete this transaction; and

**WHEREAS**, staff has received an attractive proposal for a Swedish lease with Svenska Handelsbanken arranged by Global Capital Finance; and

**WHEREAS**, Gibbons Del Deo has been selected by the Attorney General's Office as special counsel;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to negotiate with Svenska Handelsbanken or other acceptable parties and Global Capital Finance and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease on approximately \$250,000,000 of rail rolling stock generating revenue in excess of \$7,000,000, including the payment of all legal and other fees, estimated not to exceed \$600,000, as well as up to \$85,000 to indemnify other parties should a transaction fail to close.

**ITEM 0606-32: NEW YORK – ATLANTIC CITY DEMONSTRATION RAIL SERVICE**

**BENEFITS**

NJ TRANSIT's initiation of a three-year demonstration rail service between Penn Station New York, and Atlantic City, New Jersey, at the request of and under contract with Casino Redevelopment Authority (CRDA) and Atlantic City Express Service, LLC (ACES) will promote economic development in South Jersey, support the growth in rail service to Atlantic City, and open access to Manhattan and northern New Jersey markets. NJ TRANSIT's operating and capital costs, related to this demonstration service are being fully funded by the CRDA and ACES.

**PURPOSE**

CRDA and ACES requested NJ TRANSIT to examine the initiation of three-year demonstration express rail service on weekends only between Atlantic City, NJ and Penn Station New York, with stop(s) at other New Jersey destinations on the Northeast Corridor. Such demonstration service over a three-year period would serve New Jersey's growing tourism and recreation markets through improved express rail service.

The CRDA and ACES sponsored Atlantic City Demonstration Rail service will be operated by NJ TRANSIT for a three-year demonstration period, estimated to commence by late 2007. Service will only operate on weekends (Fridays-Sundays). It is estimated to carry 1100 riders, or 2200 trips, per weekend.

Over the last several years the CRDA and other Atlantic City interests expended significant funds to transform Atlantic City into a full-service entertainment destination. This demonstration rail service would complement this effort by making it easier for those in Northern New Jersey and New York City to quickly and comfortably access the Atlantic City and South Jersey areas through direct rail service. This service should lead to further economic expansion and development in Atlantic City.

In order to operate this service, NJ TRANSIT will be purchasing an additional eight multi-level cars from Bombardier under an existing option and have a "sale/lease-back" contract with ACES for the operation of these cars in this service. NJ TRANSIT will also lease four diesel locomotives from Amtrak.

NJ TRANSIT's costs for both the car and the diesel locomotive equipment acquisitions will be fully paid by ACES and CRDA. ACES will also cover fully NJ TRANSIT's operating costs for this service, with a fixed annual payment of \$4.0 million, indexed for inflation. NJ TRANSIT and ACES have also reached agreement regarding their respective responsibilities for the demonstration rail service with ACES to recommend the fares for this service and be responsible for ground transportation, and on-board service. Additionally, NJ TRANSIT has reached agreement with Amtrak regarding the lease of four diesel locomotives, ticket reservation system for these trains based on ACES recommendations, and other issues related to this service.

**ACTION (Justification: Economic Development)**

Staff seeks authorization to contract with Atlantic City Express Service, LLC, and Casino Reinvestment Development Authority for a three-year demonstration rail service between Penn Station New York, and Atlantic City, New Jersey, at no cost to NJ TRANSIT; to amend the existing contract with Bombardier to purchase eight additional bi-level cars in an amount not to exceed \$11,865,318, plus five percent for contingencies; and to negotiate a sale/leaseback agreement with ACES of these cars for NJ TRANSIT's actual costs.

This item has been reviewed and recommended by the Board Administration Committee and the Board Capital Planning, Policy and Privatization Committee.

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	\$11,865,318, plus five percent for contingencies
<b>Total Project Costs:</b>	\$18 million (Fully paid for by ACES/CRDA)
<b>Projected Date of Completion:</b>	July 2007
<b>Anticipated Source of Funds:</b>	ACES/CRDA
<b>Future Authorization:</b>	None
<b>Impacts of Subsequent Operating Budgets:</b>	None

## RESOLUTION

**WHEREAS**, Atlantic City Express Service, LLC, (ACES) and the Casino Reinvestment Development Authority (CRDA) desire NJ TRANSIT to operate a three-year demonstration rail service between Penn Station New York, and Atlantic City, New Jersey, in accordance with schedules determined by the Parties; and

**WHEREAS**, the Parties have reached an agreement regarding their respective responsibilities for the demonstration rail service including, but not limited to, provision of property, facilities and equipment utilized in the demonstration train service, costs of other services to be provided by NJ TRANSIT, payment of costs, assignment of liability, and insurance coverage; and

**WHEREAS**, Amtrak is supportive of this effort to operate this demonstration rail service, for the lease/purchase of four of its diesel locomotives, and other actions related to this demonstration rail service; and

**WHEREAS**, ACES and CRDA have authorized funding for the purchase of eight additional multi-level passenger cars and the lease/purchase from Amtrak of four diesel locomotives for use in the demonstration rail service, and have agreed to be active partners in the development of this demonstration rail service;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to contract with Atlantic City Express Service, LLC, and Casino Reinvestment Development Authority for a three-year demonstration rail service between Penn Station New York, and Atlantic City, New Jersey, at no cost to NJ TRANSIT; and

**BE IT FURTHER RESOLVED** that the Chairman or Executive Director is authorized to amend the existing contract with Bombardier to purchase eight additional multi-level cars in an amount not to exceed \$11,865,318, plus five percent for contingencies and to negotiate with Atlantic City Express Service, LLC a sale/leaseback agreement of these cars for NJ TRANSIT's actual costs.

**ITEM 0606-33: AGREEMENT WITH LAKELAND BUS LINES****BENEFITS**

Lakeland Bus Lines, Inc. (Lakeland) has operated interstate bus service since 1952. This agreement will enable Lakeland to continue operation of interstate bus service between Morris and Sussex Counties and New York City (Exhibit A) and is a cost effective alternative to NJ TRANSIT's direct operation or conducting a competitive procurement to contract for the operation of this service. Lakeland operates regular route passenger service on six routes carrying 1.9 million riders and providing the company with passenger revenues of \$10.6 million.

**PURPOSE**

Authorization will continue interstate bus service between Morris and Sussex Counties and New York City which staff has concluded will be operated more economically by Lakeland compared with the alternatives of direct operation by NJ TRANSIT or contracting for operation of this service.

In July 1998 Lakeland filed a destructive competition claim against NJ TRANSIT alleging that the MidTOWN DIRECT rail service initiated in June 1996 caused its route #24 bus service to suffer a significant loss of ridership and revenue and also that MidTOWN DIRECT fares were below the cost of operating the service, thereby causing diversion of Lakeland's passengers. Lakeland also planned to file an additional destructive competition claim related to the Montclair Connection rail service that Lakeland expected to have a negative ridership and revenue impact on its route #46 service.

In April 2000 the Board authorized the settlement of Lakeland's destructive competition claim. After negotiations, NJ TRANSIT and Lakeland executed a series of agreements on June 9, 2000 that settled the destructive competition claim, but without the purchase of Lakeland's #24 and #46 bus routes, including:

- A one-year Transition Operating Agreement for Lakeland, pursuant to its interstate operating authorities, to continue operating the routes;
- Agreement by Lakeland to relinquish its authority for the operation of interstate regular route service upon NJ TRANSIT's request;
- A 20-year covenant not to compete from Lakeland;
- Agreement by Lakeland to assign various leases and contracts to NJ TRANSIT upon NJ TRANSIT's request;
- A multi-year lease of the Lakeland bus facility; and
- An option to purchase the Lakeland bus facility.

During fiscal year 2001 and the implementation of the Transition Operating Agreement Lakeland expressed interest in continuing operation of regular route service and offered to do so under a contract for service agreement with NJ TRANSIT. These negotiations

led to a unique proposal for Lakeland to continue operating the service based on a profit and loss sharing arrangement that included Lakeland's entire operations. In July 2001 the Board authorized the amendment of the June 9, 2000 agreement and a five-year contract for service agreement with Lakeland for bus service. The amendment provided:

- A service agreement with Lakeland for operation of bus service through June 30, 2006 (the 2001 Operating Agreement);
- An agreement to share in the annual profits and losses of all of Lakeland's regular route, charter, special service operations and other activities based on Lakeland's Earnings (Losses) Before Interest, Income Taxes, Depreciation, and Amortization (EBITDA) during the term of the 2001 Operating Agreement;
- Agreement by NJ TRANSIT to provide parking for up to 20 of Lakeland's buses during the midday in the vicinity of the Port Authority Bus Terminal (PABT), ADA and bus simulator training for Lakeland bus operators, and sale of Lakeland tickets at the PABT; and
- Amendment of the June 9, 2000 Garage Lease Agreement to postpone commencement of the lease and extend NJ TRANSIT's option to purchase the Lakeland bus facility.

The 2001 Operating Agreement is about to expire on June 30, 2006 and Lakeland has again expressed interest in continuing operation of regular route service. Lakeland has also agreed to do so for an extended period based on a profit and loss sharing arrangement that includes Lakeland's entire operations.

Staff has evaluated the options that are available to NJ TRANSIT to continue the bus service currently operated by Lakeland (Exhibit B), including continued operation of the service by Lakeland. Staff has concluded that Lakeland's proposal represents a cost effective alternative to NJ TRANSIT's direct operation or conducting a competitive procurement to contract for the operation of this service. The shared facility, shared management, lower labor costs, existing Lakeland fares, and the benefit of the income from Lakeland's non-commuter operations that this proposal provides offers NJ TRANSIT an opportunity to realize significant savings compared to the other options for continuing this bus service. Staff recommends amending the June 9, 2000 agreement between NJ TRANSIT and Lakeland to provide for:

- Lakeland continuing operation of all of its regular route, charter, special service operations and other activities under Federal and State operating authorities issued to Lakeland;
- An agreement to share in the annual profits and losses of all of Lakeland's commuter, charter, special service operations and other activities based on Lakeland's EBITDA for an initial term of ten years and automatically renewable for one option period of ten years;
- Parking for up to 20 of Lakeland's buses during the midday in the vicinity of the PABT, ADA and bus simulator training for Lakeland bus operators, and sale of Lakeland tickets at the PABT;

- Amendment of the June 9, 2000 Garage Lease Agreement to postpone commencement of the lease and extend NJ TRANSIT's option to purchase the Lakeland bus facility; and
- Amendment of the 20-year covenant not to compete from Lakeland to postpone commencement of the covenant until such time in the future that Lakeland discontinues operating interstate regular route bus service pursuant to NJ TRANSIT's option.

**ACTION (Justification: Cost Efficiencies)**

Staff seeks authorization to execute all agreements and to take all other actions necessary and consistent with this Board action to amend the June 9, 2000 agreement between NJ TRANSIT and Lakeland in order for Lakeland to continue operation of all of its regular route service under Federal and State operating authorities issued to Lakeland, as set forth in Exhibit A, and for NJ TRANSIT to share in the annual profits and losses of Lakeland's entire operations for an initial term of ten years, and automatically renewable for one option period of ten years, on such terms and conditions as deemed appropriate, subject to the availability of funds and Board approval of NJ TRANSIT's operating budgets.

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

**FISCAL IMPACTS:**

**Requested Authorization:** Amend the June 9, 2000 agreement between NJ TRANSIT and Lakeland

**Total Project Cost:** N/A

**Projected Date of Completion:** N/A

**Anticipated Source of Funds:** Fiscal Year 2007 - 2016 Operating Budgets

**DBE Goals/Participation:** N/A

**Related/Future Authorizations:** None

**Impact on Subsequent Operating Budgets:** The nature of the agreement with Lakeland is such that it may provide revenue to NJ TRANSIT for its share of annual EBITDA profits or expenses for its share of annual EBITDA losses. Based on NJ TRANSIT's share of Lakeland's net EBITDA loss for the period June 10, 2001 through December 31,

2005 totaled \$2.4 million, NJ TRANSIT may incur expenses totaling \$5.3 million during the ten-year period of the agreement.

## RESOLUTION

**WHEREAS**, staff has determined that it is appropriate to provide interstate bus service between Morris and Sussex Counties and New York City; and

**WHEREAS**, Lakeland Bus Lines, Inc. (Lakeland) has been satisfactorily providing interstate bus service between Morris and Sussex Counties and New York City for many years; and

**WHEREAS**, pursuant to the June 9, 2000 agreement and subsequent 2001 Operating Agreement, NJ TRANSIT and Lakeland have been involved in negotiations to ensure the continuation of the interstate bus service currently operated by Lakeland upon expiration of the 2001 Operating Agreement on June 30, 2006; and

**WHEREAS**, staff has concluded that continued operation of the service by Lakeland represents a cost effective alternative to NJ TRANSIT's direct operation or contracting for operation of this service; and

**WHEREAS**, it is in NJ TRANSIT's best operational and business interests to amend the June 9, 2000 agreement between NJ TRANSIT and Lakeland in order for Lakeland to continue operation of all of its regular route, charter, special service operations, and other activities under Federal and State operating authorities issued to Lakeland and for NJ TRANSIT to share in the annual profits and losses of Lakeland's entire operations on such terms and conditions as deemed appropriate;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is hereby authorized to execute all agreements and to take all other actions necessary and consistent with this Board action to amend the June 9, 2000 agreement between NJ TRANSIT and Lakeland in order for Lakeland to continue operation of all of its regular route service under Federal and State operating authorities issued to Lakeland, as set forth in Exhibit A, and for NJ TRANSIT to share in the annual profits and losses of Lakeland's entire operations for an initial term of ten years, and automatically renewable for one option period of ten years, on such terms and conditions as deemed appropriate, subject to the availability of funds and Board approval of NJ TRANSIT's operating budgets.

**EXHIBIT A****AGREEMENT WITH LAKELAND BUS LINES****LIST OF ROUTES**

<b><u>Route</u></b>	<b><u>Description</u></b>	<b><u>Days Operated</u></b>
Route 46	Dover/Rockaway/Denville/Mt. Lakes/Boonton/ Parsippany/Fairfield/Wayne/New York (PABT)	Mon – Sun
Route 80	Sparta/Newton/Andover/Byram Twp./Netcong/ Rockaway/Dover/Parsippany/New York (PABT)	Mon – Sun
Route 46/80 Local	Sparta/Newton/Andover/Byram Twp./Netcong/ Rockaway/Dover/Denville/Parsippany/ Pine Brook/Fairfield/Wayne	Mon – Sun
Midtown	Howard Blvd. P & R/Rockaway/New York	Mon – Fri
Downtown/Wall Street	Howard Blvd. P & R/Rockaway/Parsippany/ New York	Mon – Fri
Route 78	Bedminster/Far Hills/Basking Ridge/Lyons/ Millington/Berkeley Heights/Summit/New York	Mon – Fri

**EXHIBIT B  
PAGE 1 OF 2****AGREEMENT WITH LAKELAND BUS LINES****EVALUATION OF NJ TRANSIT OPTIONS TO CONTINUE BUS SERVICE**

The 2001 Operating Agreement with Lakeland Bus Lines, Inc. (Lakeland) is about to expire on June 30, 2006 and staff has evaluated the five options available to NJ TRANSIT to continue the bus service currently operated by Lakeland which are described below:

1. **Operation by NJ TRANSIT Bus Operations using the Lakeland facility** – Under this scenario, NJ TRANSIT Bus Operations would begin operating the routes under its own interstate operating authority, establish fares consistent with NJ TRANSIT's existing fare policy, lease or purchase Lakeland's bus facility, establish new non-agreement positions to provide management staff for the additional garage location, and become the employer of Lakeland's agreement workforce. NJ TRANSIT Bus Operations would assume the existing collective bargaining agreement with Local 1614 of the Amalgamated Transit Union (ATU) that represents Lakeland's agreement workforce and would need to provide for pension benefits for the covered agreement employees, including service credit for pension vesting purposes but not benefit accrual. It is likely that Local 1614 would become part of the New Jersey State Joint Council of ATU (State Council) and become a party to the existing labor contract between the State Council and NJ TRANSIT Bus Operations.
2. **Operation by a new NJ TRANSIT subsidiary using the Lakeland facility** – This option is almost identical to option #1 except that the new subsidiary would assume the existing collective bargaining agreement with ATU Local 1614. This situation is identical to NJ TRANSIT Mercer and its contract with ATU Local 540. Again, pension benefits for the agreement workforce would need to be provided, including service credit for pension vesting purposes but not benefit accrual.
3. **Operation by NJ TRANSIT Bus Operations using an existing facility** – This option is similar to options #1 and #2 except that the collective bargaining agreement with ATU Local 1614 would not be assumed. NJ TRANSIT would have an obligation to offer employment to Lakeland's agreement workforce and those employees would become members of the union local representing the employees at that garage location. NJ TRANSIT would need to negotiate with ATU regarding the slotting of employees into wage scales in accordance with the existing labor contract, service credit for pension vesting purposes but not benefit accrual, and seniority for pick of work assignments and vacations.

**EXHIBIT B  
PAGE 2 OF 2****AGREEMENT WITH LAKELAND BUS LINES**

4. **Operation through a contract for service with another private bus carrier** - Under this scenario, NJ TRANSIT would conduct a competitive procurement process to select a private motorbus carrier to operate the service. The selected carrier would provide the facility and management staff, would be required to negotiate with ATU Local 1614 for a new labor contract, and would be required to maintain the same conditions of employment except pension until they negotiate a new labor contract with ATU. This is identical to the situation with NJ TRANSIT's contracts for the Monmouth County and Morris County local bus service where the collective bargaining agreements are between the selected private carrier and ATU Local 819. NJ TRANSIT would have the choice under this option to have the carrier utilize NJ TRANSIT's interstate operating authority or to require the selected carrier to obtain the necessary regular route authority from the Federal Motor Carrier Safety Administration. Dependent on the operating authority used, either NJ TRANSIT or the selected carrier would establish the fares for the service. In addition to paying for the costs to operate the service and facility, the proposed price to be paid by NJ TRANSIT would include overhead and profit. Lakeland would be eligible to submit a proposal under this option.
  
5. **Continued operation by Lakeland** - This difference between this option and option #4 is that NJ TRANSIT would not conduct a competitive procurement process but rather continue to contract with Lakeland to continue operating the service. Lakeland would also continue its collective bargaining agreement with ATU Local 1614, continue operating under its interstate regular route authority, and continue to set the fares for the service. The difference with this option is that NJ TRANSIT negotiates the terms and conditions of the agreement with Lakeland with the benefit of the leverage provided by its June 9, 2000 agreement with Lakeland.

Lakeland has again expressed interest in continuing operation of regular route service and has agreed to do so for an extended period based on a profit and loss sharing arrangement that includes Lakeland's entire operations. The shared facility, shared management, lower labor costs, existing Lakeland fares, and the benefit of the income from Lakeland's non-commuter operations that this proposal provides offers NJ TRANSIT an opportunity to realize significant savings compared to all other options for continuing this bus service. After evaluating the options described above which are available to NJ TRANSIT to continue the bus service currently operated by Lakeland, staff has concluded that Lakeland's proposal represents a cost effective alternative to NJ TRANSIT's direct operation or conducting a competitive procurement to contract for the operation of this service.

**ITEM 0606-34:      COMPUTER      HARDWARE/SOFTWARE:      SOLE  
SOURCE      MAINTENANCE      AND      LICENSING  
AGREEMENT RENEWAL**

**BENEFITS**

In support of NJ TRANSIT's objective to maintain a state-of-good-repair, staff is recommending sole source maintenance agreements and required upgrades with providers of installed hardware and software whose maintenance or upgrades cannot be competitively procured. These firms are the Original Equipment Manufacturers (OEMs) or the only source of support for these systems and the only vendors capable of providing these services.

**PURPOSE**

NJ TRANSIT utilizes a variety of computing equipment and software to process information for the Corporation. This equipment and software are necessary for the continued operation of services. The manufacturers of the hardware and software under proposal are the only firms capable of providing licensing and maintenance services for their products. In each case, the firm is the OEM for the software/hardware or has acquired the rights to act as such. Hardware having multiple suppliers of maintenance has been excluded from this proposal and will be competitively procured as existing contracts expire.

Staff normally seeks authorization for these services every three years, however, a number of new products have been introduced and some vendor changes made, which require us to seek additional authorization.

Software Maintenance will provide:

- Program maintenance for all software modules including support for solving any software logic errors;
- Software upgrades periodically released by the vendor to provide for additional features;
- Telephone assistance for immediate correction of program problems with minimum interruption of end user service; and
- Services including consultation and educational credits associated with the vendors' software.

Hardware Maintenance will provide:

- Correction of hardware failures either on-site or through remote services;
- Guaranteed response time to minimize end user downtime;
- High volume spare parts stored locally for quick access and error correction; and
- Hardware upgrades where necessary to accommodate technology upgrades.

**ACTION (Justification: Business Efficiencies)**

Staff seeks authorization to initiate and renew contracts for one year with the firms listed in Exhibit A for a total amount not to exceed \$2,239,358 plus five percent for contingencies for a total contract amount of \$2,351,326, subject to the availability of funds.

Staff also seeks authorization to contract with the firms listed in Exhibit A to purchase upgrades for a total amount not to exceed \$2,825,800, subject to the availability of funds.

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

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	\$2,351,326 (One year contract for support)  and in addition;  \$2,825,800 (Hardware/Software purchase and upgrades)
<b>Projected Date of Completion:</b>	June 2007
<b>Anticipated Source of Funds:</b>	\$2,351,326 FY06, 07 Operating Funds \$2,825,800 Capital Funds for one time upgrades
<b>DBE Goal:</b>	N/A - Sole Source Procurement
<b>Future/Related Authorization:</b>	N/A
<b>Impacts of Subsequent Operating Budgets:</b>	FY07 - \$2,137,126

**RESOLUTION**

**WHEREAS**, various new software maintenance contracts and licensing agreements are required; and

**WHEREAS**, these contracts insure the continued operation of both the computers and software which support NJ TRANSIT's system applications; and

**WHEREAS**, these products are being fully utilized throughout this corporation and demand for customer services and software upgrades continues; and

**WHEREAS**, NJ TRANSIT has attempted to identify other sources to provide these services and has found that the software or hardware is protected; and

**WHEREAS**, the proposed vendors are the only vendors capable of providing these services;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to initiate and renew contracts for one year by procurement-by-exception with the firms listed in Exhibit A for a total amount not to exceed \$2,239,358 plus five percent for contingencies for a total contract amount of \$2,351,326, subject to the availability of funds; and

**BE IT FURTHER RESOLVED** that the Chairman or Executive Director is authorized to contract by procurement-by-exception with the firms listed in Exhibit A for upgrades for a total amount not to exceed \$2,825,800, subject to the availability of funds.

**EXHIBIT A**  
**PAGE 1 OF 2**

**COMPUTER HARDWARE/SOFTWARE: SOLE SOURCE MAINTENANCE AND LICENSING AGREEMENT RENEWAL**

A one year sole source agreement with TRAQ Wireless Inc., at a total cost not to exceed \$99,000 in FY07 to provide ongoing support, maintenance, enhancements and data management for wireless devices starting July 1, 2006 through June 30, 2007.

A one year sole source agreement at a total cost not to exceed \$168,750 for additional licenses and support for the Sales Force customer service application and incorporation of Correspondence Tracking starting July 1, 2006 through June 30, 2007.

A one year sole source agreement with a one year option with Nice Systems Inc. at a total cost not to exceed \$865,608 for the maintenance of hardware and software, starting July 1, 2005 through June 30, 2007.

A one year sole source agreement with Solari at a total cost not to exceed \$225,000 for the hardware & software maintenance and support of the passenger communication system, beginning July 1, 2006 through June 30, 2007. Also, a one-time hardware and software upgrade at a cost not to exceed \$1,990,800;

A one year sole source agreement with Penta Corporation at a total cost not to exceed \$35,000 for the hardware & software maintenance and support of the passenger communication system, beginning July 1, 2006 through June 30, 2007. Also, a one-time hardware and software upgrade at a cost not to exceed \$235,000;

A one year sole source agreement with ARINC Incorporated at a total cost not to exceed \$140,000 for the hardware & software maintenance and support of the passenger communication system, beginning July 1, 2006 through June 30, 2007. Also, a one-time hardware and software upgrade at a cost not to exceed \$150,000;

A one year sole source agreement with GE Transportation Systems at a total cost not to exceed \$120,000 for the hardware & software maintenance beginning July 1, 2006 through June 30, 2007. Also, a one-time hardware and software upgrade at a cost not to exceed \$400,000;

A one year sole source agreement with Alpine Systems at a total cost not to exceed \$85,000 for the hardware & software maintenance and beginning July 1, 2006 through June 30, 2007. Also, a one-time hardware and software upgrade at a cost not to exceed \$50,000;

**EXHIBIT A**  
**PAGE 2 OF 2**

**COMPUTER HARDWARE/SOFTWARE: SOLE SOURCE MAINTENANCE AND LICENSING AGREEMENT RENEWAL**

A one year sole source agreement with Gough & Associates at a total cost not to exceed \$209,000 for the hardware and software maintenance and support of the passenger communication system, beginning July 1, 2006 through June 30, 2007;

A one year sole source agreement with Com-Net Software Specialists at a total cost not to exceed \$157,000 for the hardware & software maintenance of the passenger communication system, beginning July 1, 2006 through June 30, 2007;

A one year sole source agreement with Russo Music Center at a total cost not to exceed \$135,000 for the hardware & software maintenance of the public address system, beginning July 1, 2006 through June 30, 2007.

**ITEM 0606-35: TRACK LAYING MACHINE SERVICE**

**BENEFITS**

The Track Laying Machine (TLM) will provide the proper equipment to replace wooden ties with concrete ties over large stretches of NJ TRANSIT territory. Utilizing this equipment is the most safe, efficient, and cost effective means for the installation of concrete ties, and will minimize disruption to passengers and on-time performance.

Concrete ties provide advantages such as track stability, increased rail life, less frequent track maintenance, a smoother train ride, and reduced fuel consumption.

**PURPOSE**

The scope of work will include the Pascack Valley Line adjacent to the four project sidings, the Morristown line between Millburn and Summit, the Raritan Valley line between White House and Annandale, and the North Jersey Coast line in South Amboy for a total of 11.06 miles. Without a TLM, only 500' per weekend could be rehabilitated. In contrast, the TLM can rehabilitate up to 1 mile in a weekend.

**ACTION**

Staff seeks authorization to contract with Harsco Track Technologies of West Columbia, South Carolina, to provide tie rack cars and to supply the services of a track laying machine with associated labor to remove and dispose of existing wooden ties, install new concrete ties, and reinstall existing rail at a cost not to exceed \$1,107,550, plus five percent for contingencies, subject to the availability of funds.

The concrete ties for this project were purchased under a separate contract.

This item was reviewed and recommended by the Board Capital Planning, Policy and Privatization Committee.

**FISCAL IMPACTS**

**Requested Authorization:** \$1,107,550 plus 5% Contingency

**Total Project Cost:** \$5,247,190 plus 5% Contingency

**Projected Date of Completion:** November 15, 2006

**Anticipated Source of Funds:** FTA, TTF

**DBE Goals:** N/A

**Related Authorizations:** Authorization 0505-21 was received in May 2005 to proceed with the fabrication of railroad turnouts under Special Trackwork Procurement Contract 05-627. Authorization 0604-23 was received in April 2006 for additional turnouts under the same contract.

## RESOLUTION

**WHEREAS**, NJ TRANSIT is required to maintain the track infrastructure as a basic requirement of railroad operations for on-time passenger train operations; and

**WHEREAS**, the Pascack Valley, North Jersey Coast, Raritan Valley Lines are scheduled for increased service, and track outages for rehabilitation work will be extremely difficult in these areas; and

**WHEREAS**, track outages on the Morristown Line between Millburn and Summit are already difficult to obtain; and

**WHEREAS**, long term capital life cycle replacement costs for concrete ties are much less than wood ties and require fewer service disruptions for routine track maintenance operations; and

**WHEREAS**, upon completion of a competitive procurement process, it was determined that Harsco Track Technologies of West Columbia, South Carolina submitted the most advantageous proposal that provided the best value to NJ TRANSIT;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to contract with Harsco Track Technologies of West Columbia, South Carolina, to provide tie rack cars and to supply the services of a track laying machine with associated labor to remove and dispose of existing wooden ties, install new concrete ties, and reinstall existing rail at a cost not to exceed \$1,107,550, plus five percent for contingencies, subject to the availability of funds.

**ITEM 0606-36: METRO-NORTH RAILROAD SERVICES AGREEMENT**

**BENEFITS**

NJ TRANSIT contracts with Metro-North Railroad (Metro-North), a subsidiary of the New York Metropolitan Transportation Authority, to provide commuter rail services to nearly 5,400 New York State riders each day on the Port Jervis and Pascack Valley Lines. NJ TRANSIT currently operates 26 weekday, 14 Saturday, and 14 Sunday trains in Port Jervis service and 23 weekday trains in Pascack Valley service.

Continuation of this contract through June 30, 2012 benefits both NJ TRANSIT and Metro-North customers as it provides integrated cost-effective commuter rail services. NJ TRANSIT's operating costs to provide this service are fully reimbursed by Metro-North.

**PURPOSE**

Since January 1, 1983, NJ TRANSIT has operated Port Jervis and Pascack Valley train service on behalf of Metro-North. The most recent contract amendment covered the period through June 30, 2005. Metro-North and NJ TRANSIT have negotiated a new compensation amount and other amendments to reflect changes in NJ TRANSIT's costs, train services, and other factors.

Metro-North will make payments to NJ TRANSIT pursuant to a new base cost of \$21,332,000 (FY 05) indexed for inflation, for the operation of Port Jervis and Pascack Valley train services. Payments will be adjusted on an incremental basis to account for any additional train service NJ TRANSIT operates on behalf of Metro-North after October 2005. Metro-North will also contribute \$690,000 per year, for capital maintenance projects.

Metro-North will continue to receive credit for all revenues from Metro-North stations. It will also be involved in the scheduling of Port Jervis and Pascack Valley trains, including the operation of additional train service benefiting New York State riders, with such additional service to be subject to NJ TRANSIT's review and approval.

**ACTION (Justification: Business Efficiencies)**

Staff seeks authorization to contract with Metro-North for a new seven-year agreement for NJ TRANSIT to provide service on the Port Jervis and Pascack Valley lines on behalf of Metro-North effective July 1, 2005 through June 30, 2012.

This item has been reviewed and recommended by the Board Administration Committee and the Board Capital Planning, Policy and Privatization Committee.

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	Enter into operating services agreement for a seven-year period.
<b>Anticipated Source of Funds:</b>	N/A - Revenue Item.
<b>Projected Date of Completion:</b>	June 30, 2012.
<b>DBE Goals/Participation:</b>	N/A.

## RESOLUTION

**WHEREAS**, since January 1, 1983, NJ TRANSIT has had a contract with Metro-North Railroad (Metro-North), a subsidiary of the New York Metropolitan Transportation Authority, under which NJ TRANSIT operates rail passenger service on the Port Jervis and Pascack Valley Lines in the State of New York on behalf of Metro-North; and

**WHEREAS**, both parties have agreed to renegotiate the current agreement which expired on June 30, 2005 to reflect changes in NJ TRANSIT operating costs to operate this service; and

**WHEREAS**, NJ TRANSIT and Metro-North have negotiated a new agreement retroactive to July 1, 2005 for a seven-year period under which Metro-North will pay NJ TRANSIT \$21,332,000 for operating services, which amount shall be adjusted annually for inflation, and for any new train service operated on behalf of Metro-North; and

**WHEREAS**, Metro-North has also agreed to make an additional payment of \$690,000 per year, for capital maintenance projects;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to contract with Metro-North for a new seven-year agreement for NJ TRANSIT to provide service on the Port Jervis and Pascack Valley lines on behalf of Metro-North effective July 1, 2005 through June 30, 2012.

# **CONSENT CALENDAR**

**ITEM 0606-37: TRANSFER OF TITLE OF THE UNION CITY BUS MAINTENANCE FACILITY****BENEFITS**

Authorizing NJ TRANSIT to negotiate and enter into agreements as necessary to transfer title of the Union City Bus Maintenance Facility to the Union City Redevelopment Agency ("UCRA") consistent with the parameters set forth herein, and, if required, subject to the authorization of the United States Secretary of Transportation, will relieve NJ TRANSIT of an annual "in lieu" tax obligation, environmental remediation expenses, maintenance costs, and insurance liability for a facility no longer in use.

**PURPOSE**

This authorization will allow staff to transfer title for the former Union City Bus Maintenance Facility, which NJ TRANSIT vacated in 1994, to the Union City Redevelopment Agency, a governmental entity created by the City of Union City ("City"). The transfer will serve NJ TRANSIT's interests and the public interest by allowing for the continued public use of the property no longer needed for NJ TRANSIT operations, while providing for sharing of environmental remediation responsibilities and economic development of the property. The City has leased the property from NJ TRANSIT since 1994 for use as a public works depot and police substation. The UCRA has expressed interest in demolishing the former bus garage and redeveloping the site for a new municipal Department of Public Works facility, structured public parking, retail, and residential uses. The UCRA's mission is to advance projects that revitalize neighborhoods and promote economic development of Union City.

During reauthorization of the Transportation Equity Act for the Twenty-First Century ("TEA-21"), the City agreed to reallocate \$3,672,000 in federal discretionary funding that was designated to the City to NJ TRANSIT for use at Hoboken Terminal for transportation improvements. The UCRA will contribute up to \$3.1 million for environmental remediation of the site. NJ TRANSIT's obligation to make payments in lieu of taxes in the amount of \$150,378 will be extinguished by the transfer of the property to the UCRA.

NJ TRANSIT acquired the Union City Bus Maintenance Facility with federal assistance in 1980 as part of the assumption of assets and operations of Transport of New Jersey. NJ TRANSIT vacated the Union City Bus Maintenance Facility in 1994 upon completion of the Meadowlands Bus Maintenance Facility and has no further use for the Union City Bus Maintenance Facility. NJ TRANSIT is seeking authorization from the Federal Transit Administration ("FTA") to transfer title to the Property to the Union City Redevelopment Agency pursuant to the requirements of 49 UC 5334(g) pertaining to public use, useful life, overall benefit, and federal use.

**ACTION (Justification: Business Efficiencies)**

Staff recommends that the Board authorize the Chairman or Executive Director to take all necessary actions to transfer title of NJ TRANSIT's former bus maintenance facility and surrounding land between Bergenline and New York Avenues and 27th and 29th Streets (Block 153, Lots 1 to Lot 41) in Union City, containing a building of approximately 126,000 square feet on approximately 131,551 square feet (approximately 3.02 acres), to the Union City Redevelopment Agency consistent with the parameters set forth in this board item and, if required, subject to the authorization of the United States Secretary of Transportation.

This item has been reviewed and recommended by the Board Capital Planning, Policy and Privatization Committee.

**FISCAL IMPACTS**

**Requested Authorization:** Transfer title for NJ TRANSIT's property under terms and conditions summarized in this item.

**Total Project Cost:** NA

**Projected Date of Completion:** June, 2006

**Anticipated Source of Funds:** NA

**SBE Goal:** NA (disposition of property)

**Related/Future Authorizations:** NA

**Impacts on Subsequent Operating Budgets** Relief from maintenance costs, environmental remediation and insurance liability.

**RESOLUTION**

**WHEREAS**, NJ TRANSIT acquired the Union City Bus Maintenance Facility with federal assistance in 1980 as part of the assumption of assets and operations of Transport of New Jersey; and

**WHEREAS**, NJ TRANSIT vacated the Union City Bus Maintenance Facility in 1994 upon completion of the Meadowlands Bus Maintenance Facility and has no further use for the Union City Bus Maintenance Facility ("Property"); and

**WHEREAS**, the Union City Redevelopment Agency ("UCRA"), a governmental entity established by the City of Union City ("City"), desires to take title for the Property in furtherance of its plans to redevelop the Property for a new Department of Public Works facility, structured parking, retail and residential uses; and

**WHEREAS**, transferring title will serve the interests of NJ TRANSIT and the general public; and

**WHEREAS**, NJ TRANSIT is seeking authorization from the Federal Transit Administration ("FTA") to transfer title to the Property to the Union City Redevelopment Agency pursuant to the requirements of 49 UC 5334(g) pertaining to public use, useful life; overall benefit, and federal use;

**NOW, THEREFORE, BE IT RESOLVED**, that the Chairman or Executive Director is authorized to take all necessary actions to transfer title to NJ TRANSIT's Union City Bus Maintenance Facility and surrounding land between Bergenline and New York Avenues and 27th and 29th Streets (Block 153, Lots 1 to Lot 41) in Union City, containing a building of approximately 126,000 square feet on approximately 131,551 square feet (approximately 3.02 acres), to the Union City Redevelopment Agency consistent with the parameters set forth in this board item and, if required, subject to the authorization of the United States Secretary of Transportation.

**ITEM 0606-38: ANNUAL DESIGNATIONS AND BOARD COMMITTEE MEMBERSHIP SELECTION**

**BENEFITS**

NJ TRANSIT and its subsidiaries are governed by its statute, regulations and By-Laws. The New Jersey Public Transportation Act of 1979, P.L. 1979, c. 150 provides that the Commissioner of Transportation serve ex officio as Chairman of the New Jersey Transit Corporation Board of Directors, and the Vice Chairman and Board Secretary shall be selected annually, as stated in Article III, Section 2 of the NJ TRANSIT By-Laws.

Article II, Section 11 of the NJ TRANSIT By-Laws establish and structure the membership of the Board Committees so that they shall be composed of a Chairman of the Committee, who shall be appointed by the Chairman of the Board, and up to two additional members who shall be selected by and serve at the pleasure of the Chairman of the Board. Each committee consists of no more than three Board members with, in some cases, an alternate, and meets on a monthly, or as-needed basis. The committees membership is outlined in Exhibit A.

**PURPOSE**

The effect of this item is to fulfill the statutory and By-Law requirements of the annual designation of the Vice Chairman of the Board and the Secretary to the Board. Appointments are also being made to all Board Committees.

**ACTION**

Approval of this item will designate Myron P. Shevell to serve as Vice Chairman of the Board of Directors and Gwen A. Watson as Secretary of the Board of Directors through June 2007 and appoint the members of all Board Committees as set forth in Exhibit A.

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	Designations of officers, committee membership authorization
<b>Anticipated Source of Funds:</b>	N/A
<b>Projected Date of Completion:</b>	June 30, 2007
<b>DBE Goals:</b>	N/A

**RESOLUTION**

**WHEREAS**, the New Jersey Public Transportation Act of 1979, P.L. 1979, c.150 requires the annual designation by the NJ TRANSIT Board of Directors of a Vice Chairman of the Board and a Secretary to the Board; and

**WHEREAS**, Article III, Section 2 of the NJ TRANSIT By-Laws also provides that the Board Vice Chairman and Secretary be designated annually, and that the Commissioner of Transportation serve as Chairman; and

**WHEREAS**, the Chairman of the Board is charged with the selection of Board Committee members and recommendations to the committee membership are proposed in Exhibit A;

**NOW, THEREFORE, BE IT RESOLVED** that Myron P. Shevell is designated as Vice Chairman of the New Jersey Transit Corporation Board of Directors to serve a term through June 30, 2007 and Gwen A. Watson is designated as Secretary of the Board of Directors to serve a term through June 30, 2007; and

**BE IT FURTHER RESOLVED** that the membership of the Board Committees is adopted as set forth in Exhibit A.

**EXHIBIT A**

**FY2007 BOARD COMMITTEES**

**Administration Committee**

Flora Castillo, Chair  
Patrick Parkinson  
Governor's Representative

**Audit Committee**

Patrick Parkinson, Chair  
Myron P. Shevell  
Treasurer's Representative

**Capital Planning, Policy and Privatization Committee**

Myron P. Shevell, Chair  
Kenneth E. Pringle  
Treasurer's Representative

**Customer Service Committee**

Flora Castillo, Chair  
Kenneth E. Pringle  
Governor's Representative

**ITEM 0606-39: ANNUAL NOTICE OF MEETINGS**

**BENEFITS**

The By-Laws, as amended, for the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. state that the regular meetings of the Board of Directors be held on the second Wednesday of each month. A list of the meetings schedule is approved at the June meeting each year. The Annual Notice of Meetings is then transmitted to newspapers, filed with the Secretary of State, posted at NJ TRANSIT headquarters and mailed to any person who requests it.

Unless otherwise noted in the annual notice (Exhibit A), or as otherwise modified by the Board during the year in accordance with the Open Public Meetings Law, meetings will be held on the second Wednesday of each month at NJ TRANSIT headquarters in Newark, New Jersey, with the exception of at least two of the meetings during Fiscal Year 2007 that may be held at different locations within the State.

**PURPOSE**

The Open Public Meetings Law, P.L. 1975, c.231 requires that the public be given adequate notice of meetings of public bodies. Section 13 specifically provides that at least once each year, within seven days following the annual organization or reorganization meeting, a public body must provide adequate notice of the schedule of regular meetings to be held during the succeeding year. The schedule must contain the location, to the extent known, the time and the date of each meeting.

**ACTION**

Adopt the Annual Notice of Meetings (Exhibit A) for all of the Board of Directors meetings during Fiscal Year 2007.

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	Adopt Annual Notice of Meetings
<b>Past Authorization:</b>	June 8, 2005
<b>Anticipated Source of Funds:</b>	N/A
<b>Projected Date of Completion:</b>	June 30, 2006
<b>DBE Goals:</b>	N/A

**RESOLUTION**

**WHEREAS**, pursuant to the Open Public Meetings Law, P.L. 1975, c.231, an annual notice of regular meetings of the Board of Directors must be disseminated; and

**WHEREAS**, the Annual Notice of Meetings must be prominently posted in one public place reserved for announcements of this type, transmitted to newspapers, filed with the Secretary of State, and mailed to any person who requests it; and

**WHEREAS**, the By-Laws, as amended, for the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc., and NJ TRANSIT Mercer, Inc. provide that regular meetings shall be held on the second Wednesday of each month except as otherwise noted in the Annual Notice of Meetings; and

**WHEREAS**, the June meeting serves as the annual meeting;

**NOW, THEREFORE, BE IT RESOLVED** that the Annual Notice of Meetings, Exhibit A, is adopted; and

**BE IT FURTHER RESOLVED** that the Annual Notice of Meetings shall be disseminated in accordance with the provisions of the Open Public Meetings Law, P.L. 1975, c.231.

**EXHIBIT A**

**ANNUAL NOTICE OF MEETINGS: FISCAL YEAR 2007**

**NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS, INC.  
NJ TRANSIT RAIL OPERATIONS, INC.  
NJ TRANSIT MERCER, INC.**

In accordance with the "Open Public Meetings Law," P.L. 1975, c.231, the above organizations will hold regular meetings, open to the public, at 9:00 a.m. on the second Wednesday of each month for the period July 1, 2006 through June 30, 2007, except as noted below.

The June meeting will serve as the annual meeting.

Unless otherwise indicated, meetings will be held at NJ TRANSIT's corporate headquarters in Newark, New Jersey. The meetings will convene at 9:00 a.m. in the Board Room at NJ TRANSIT's Headquarters, One Penn Plaza East, Ninth Floor, Newark, NJ.

The specific dates are as follows:

No July 2006 Meeting  
August 1, 2006, First Tuesday  
September 14, 2006, Second Thursday  
October 11, 2006  
November 8, 2006  
December 13, 2006  
January 17, 2007, Third Wednesday  
February 14, 2007  
March 14, 2007  
April 11, 2007  
May 9, 2007  
June 13, 2007