

October 22, 2004

Dear Governor McGreevey:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the rescheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc. Board of Directors held on Thursday, October 14, 2004

Sincerely,



Gwen A. Watson
Board Secretary

Enclosures

Honorable James E. McGreevey
Governor, State of New Jersey
State House
Trenton, NJ 08625

OPEN SESSION

Minutes of the actions taken at the Open Session of the rescheduled Board of Directors' meetings of the New Jersey Transit Corporation (NJ TRANSIT), 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, NJ on Thursday, October 14, 2004.

Present:

Jack Lettiere, Chairman
John McGoldrick
Flora Castillo
Patrick W. Parkinson
Keith Barrack, Governor'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
Charles T. Prehm, Acting Vice President & General Manager, Rail Operations
Alvin Little, Deputy Attorney General
Frank J. Hopper, Assistant Executive Director, Procurement & Support Services
James Redeker, Assistant Executive Director, Policy, Technology & Customer Services
Richard Sarles, Assistant Executive Director, Capital Planning and Programs
Adrian Malloy, Acting Assistant Executive Director, Human Resources
H. Charles Wedel, Chief Financial Officer & Controller
Gwen A. Watson, Board Secretary
Robert Guarnieri, Auditor General

Chairman Jack Lettiere convened the Open Session at 9:15 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss litigation and attorney/client-privileged matters. A motion was made by John McGoldrick, seconded by Patrick W. Parkinson and unanimously adopted.

Chairman Jack Lettiere reconvened the Open Session at 9:55 am and asked for a motion to adopt the minutes of the September 15, 2004 meeting. A motion was made by Flora Castillo, seconded by John McGoldrick and unanimously adopted.

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

Executive Director Warrington reported that he joined Department of Community Affairs Commissioner Susan Bass Levin and representatives from Fannie Mae and several mortgage lenders, to announce a terrific program called Smart Commute. He said the program encourages people to purchase homes near public transportation services by giving prospective homebuyers the opportunity to apply the savings they get from using transit to qualify for more attractive mortgages.

Executive Director Warrington said he took part in the South Jersey announcement in Riverside and Board Member Bob Smartt joined officials in Rutherford to announce the program. Executive Director Warrington said there are about a dozen lenders participating,

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and as part of NJ TRANSIT's contribution, homebuyers receive a free monthly pass. Executive Director Warrington was pleased to report that NJ TRANSIT has already received its first request from a new homeowner, a resident of Middletown.

Executive Director Warrington provided an update on the customer service initiatives that were announced as part of the Back to Basics program. Executive Director Warrington thanked customer service employees who take the time to meet with him periodically to help him and managers understand barriers customers face when using the system.

Executive Director Warrington commended staff's recommendations on new, more convenient, and easy-to-understand access and use policies for children and seniors that will take effect October 31. They include: (1) standardizing the age for senior citizens to 62. While the senior citizen discount was available to everyone 62 and over, people age 62 to 64 were only able to use the discounted tickets on certain trains, (2) standardizing the children's discount to apply to all children ages 5 to 11. The rules governing the children's discount will no longer require the purchase of a full fare ticket. In addition, Executive Director Warrington said NJ TRANSIT is substantially simplifying customer assistance by phone. Instead of nine different phone numbers to call, NJ TRANSIT will have a single telephone number – 1-800-772-2222 – where customers can find travel information, even if they are calling from out-of-state.

Executive Director Warrington further said NJ TRANSIT has also implemented an Interactive Voice Response (IVR) system, which doubles the capacity of the old system and gives customers faster access to information, and overall, is more efficient.

Executive Director Warrington said that wait time is important to customers. This new system gives the 12,000 customers (about 5,000 handled by IVR) who call on an average day an estimated wait time to talk to an operator and, importantly, it has reduced busy phone signals from 60 percent to less than 1 percent during normal operations.

Further, Executive Director Warrington said NJ TRANSIT is also overhauling, in phases, the signboards at major terminals. In Hoboken, the signboards are 10-years-old and need replacement. He said the first one has been installed and NJ TRANSIT received positive feedback from customers. Executive Director Warrington said the new board is clearer, the type is larger and visibility is improved. NJ TRANSIT expects to complete the remaining 17 tracks before the end of this year.

Executive Director Warrington reported that in the 7th Avenue Concourse in New York, NJ TRANSIT installed eight new 40-inch LCD screens in the pre-boarding area at the top of the escalators, which give customers access to track assignments and train departure information.

In addition, Executive Director Warrington said while signage improvements are ongoing, he has established communication priorities on board trains with direct connect phones which allows communication directly with train crews.

Executive Director Warrington has also directed staff to overhaul the more than 15-year-old public address systems at stations. So far, NJ TRANSIT repaired and tuned the existing system, which is obsolete and unreliable. He said that is a short term fix to keep the

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system going while NJ TRANSIT re-engineers and overhauls the entire system at 163 stations.

Further, Executive Director Warrington said that over the next two years, NJ TRANSIT would invest more than \$20 million through the capital program on station and platform communication and dynamic signage systems. Final design will be completed in six months.

Executive Director Warrington said NJ TRANSIT has been focusing on Newark Penn Station. He said the technology is outdated and the public announcement system provides substandard sound quality. In fact, a customer's ability to hear announcements often depends on where they are standing. He said that over the next two months, NJ TRANSIT will be upgrading the wiring in that system and replacing the microphones and he said he is confident that customers will see a noticeable improvement. Ultimately, Newark's system will be completely overhauled as part of the system wide program.

Board Member McGoldrick emphasized the importance of a good public announcement system at stations and requested that this project remain a priority. Commissioner Jack Lettiere agreed and said it will remain a priority.

Executive Director Warrington highlighted the improvements to schedules and train frequencies on weekdays and weekends, which will occur at the end of October.

Executive Director Warrington said that following the opening of Secaucus, NJ TRANSIT learned from customers that they want more service flexibility and choices between Hoboken, Secaucus and local markets such as Rutherford, Paterson, Ridgewood, Ho Ho Kus, and our new station at Route 17.

Executive Director Warrington said that NJ TRANSIT has focused on the evening service, where after the peak there has been a substantial gap. Effective October 31, NJ TRANSIT is correcting what were previously 90 minute to 2 ½ hour gaps on the Main and Bergen lines after 7 pm.

In both directions on the Main Line, NJ TRANSIT is going to offer 30-minute service, focused on higher density stations between Glen Rock and Suffern, including Ridgewood, Ho Ho Kus and Route 17/Ramsey.

In addition, on the Bergen County Line, NJ TRANSIT will have hourly service in both directions between Hoboken, Secaucus, Rutherford, Fairlawn and Glen Rock.

Further, he said NJ TRANSIT is adding an evening express train from Hoboken to Suffern. Departing at 6:21 pm – about an hour later than the last express leaves today – the new train will express to Ridgewood, and then make all local stops going north.

Executive Director Warrington said NJ TRANSIT has seen substantial growth in demand during the holiday period for service into New York. In fact, in the last five years, weekend ridership to Manhattan grew by 40 percent on Saturdays and 30 percent on Sundays, while weekday ridership grew by 14 percent.

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To serve the growing number of customers who want to access Manhattan, NJ TRANSIT is introducing more weekend service -- eight new Northeast Corridor trains and eight Morris and Essex trains.

These "Holiday extras" will begin running on October 31 and will continue through the end of January.

In addition, NJ TRANSIT will continue to tweak schedules to meet demand and to provide service that maximizes reach and connectivity for the greatest number of customers.

Executive Director Warrington congratulated Board member Flora Castillo and the New Jersey Chapter of the Conference of Minority and Transportation Officials (COMTO) on their recognition during this year's national conference.

Ms. Castillo was re-elected to COMTO's national board, while the State chapter received the "Best Membership Recruitment and Retention Activities Award." COMTO NJ has more than 200 members, making it the largest chapter within the national organization.

Executive Director Warrington said this is the chapter's third consecutive award in less than three years. Since becoming an official chapter in the national organization in 2002, COMTO NJ won the organization's "Emerging Chapter of the Year Award," and in 2003, was honored again with the "Chapter of the Year Award."

Board Member Castillo thanked Executive Director Warrington and staff for all of their support and involvement with COMTO.

Board Member McGoldrick also congratulated Flora Castillo and said she is a person with great talent and that her contributions led to the success of this initiative.

Executive Director Warrington congratulated Chairman Jack Lettiere on his appointment to Vice Chairman of the American Association of State Highway Transportation Officials (AASHTO). Executive Director Warrington said this is an important position to establish transportation policy that will also benefit the State of New Jersey.

Executive Director Warrington recognized Ed Negrón, who has been a bus operator for NJ TRANSIT for 18 years out of Big Tree Garage. Executive Director Warrington said for the last six years, Mr. Negrón has competed in the national bus roдео competition as part of the American Public Transit Association's Conference each year. Executive Director Warrington was pleased to announce that just last Sunday, Mr. Negrón placed first in the 40-foot competition, beating 79 competitors. Executive Director Warrington added that this is the first time NJ TRANSIT has won a national roдео award.

Board Member Castillo congratulated Mr. Negrón and said she admired his ability to drive a 40 foot bus through a difficult obstacle course.

Suzanne Mack reported for the North Jersey Transit Advisory Committee. Ms. Mack said she was pleased to attend this meeting and hear so much good news. Ms. Mack congratulated Mr. Negrón in placing first place in the 40-foot competition. Ms. Mack said the Advisory Committee appreciated their participation at the APTA conference. Ms. Mack congratulated Flora Castillo on her re-election to COMTO's national board.

There were no public comments on agenda items.

Executive Director Warrington presented the following Action Items for approval:

0410-59 FRENCH CROSS-BORDER LEASE: DIESEL LOCOMOTIVES

Since 1990, NJ TRANSIT has realized more than \$150 million in leveraged leasing benefits for equipment and facilities. Approval is requested to enter into a French cross-border lease on approximately \$120 million of Alstom diesel locomotives. Thirty-three (33) Alstom diesel locomotives are on order and will generate an upfront benefit of \$4 million. The proposed lease will be with Societe General, with whom NJ TRANSIT has previously leased 20 River Line light rail cars and 80 Neoplan articulated buses. The Attorney General has selected the law firm of Gibbons Del Deo as special counsel for this transaction and approval is sought to indemnify this and other parties up to a total of \$250,000 should the transaction fail to close. Global Capital Finance will act as arranger on the lease. The lease term is 15 years

Board Member McGoldrick asked about the Congressional changes in the rules regarding cross border leases. Mr. Wedel replied the cross border lease moratorium does not include the Alstom diesel locomotives because they were purchased with State funds. Executive Director Warrington said staff has been working with the Federal Transit Administration and members of Congress to lift the moratorium on cross border leases. Board Member Castillo reiterated that staff has been pro-active in this endeavor. Board Member McGoldrick said the cross border lease arrangement has been an important part of NJ TRANSIT's efforts. Chairman Lettiere said there have been discussions to lift the moratorium on foreign cross border lease arrangements only.

Following discussion, Chairman Jack Lettiere asked for a motion and second to approve Item 0410-59 French Cross-Border Lease: Diesel Locomotives. John McGoldrick moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

0410-60: NEW JERSEY-PENNSYLVANIA LACKAWANNA CUT-OFF PASSENGER RESTORATION PROJECT: CONTRACT AMENDMENT

In the fall of 2002, NJ TRANSIT funded an environmental study initiated by Morris, Sussex and Warren counties as well as two Pennsylvania counties to examine proposed rail service between Port Morris New Jersey and Scranton Pennsylvania, known as the Lackawanna Cut Off Passenger Restoration Project. The project definition and the first round of public outreach meetings have been completed and the draft environmental assessment has been advanced. Because continued ridership growth on the existing system may constrain track capacity for new services, approval is requested to amend an existing contract with Edwards & Kelcey to determine the improvements necessary for the Morristown and Montclair-Boonton Lines to be able to accommodate the proposed service and to authorize additional work

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identified in the public outreach process. The contract amendment will not exceed \$2,447,165 plus five percent for contingencies.

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

0410-61: LEASE ADMINISTRATION AND MANAGEMENT SERVICES FOR TENANT AND PARKING OPERATING AGREEMENTS: CONSULTANT SUPPORT

NJ TRANSIT manages over 400 commercial tenant leases, licenses and parking operator agreements, which require efficient management, inspections, compliance monitoring and tracking and considerable manpower and oversight. In order to improve business efficiencies and increase farebox revenue from these leases, approval is requested to engage a real estate management firm to administer and manage these tenant and parking operator agreements and leases. The firm will also assist in implementation of new initiatives to improve management of the Agency's real estate portfolio. Approval is requested to contract with Greystone Corporate Realty Services for these management and administration services at a total cost not to exceed \$1,307,141 plus five percent for a three year period. Included in this agreement is an incentive payment from increased renewal revenue amounting to 20 percent of the increased revenue from renewed leases, not to exceed \$195,000 during the three year period. In addition, approval is requested for two one year options at a total cost not to exceed \$935,000 plus five percent for contingencies.

Patrick W. Parkinson moved the resolution, Keith Barrack seconded it and it was unanimously adopted.

The Consent Calendar was moved by Flora Castillo, seconded by Patrick W. Parkinson and unanimously adopted as follows:

0410-62: NEWARK BROAD STREET STATION: CONTRACT AMENDMENT FOR FINAL DESIGN SERVICES

Authorization to amend Phase II (Final Design) of the professional services contract (No. 02-101) with Systra Consulting, Inc. of Bloomfield, NJ, for final design of additional necessary capital improvements at Newark Broad Street Station in the amount of \$239,000, plus five percent for contingencies for a total contract authorization of \$3,846,150.

0410-63: SALE OF FORMER MADISON AVENUE BUS GARAGE PROPERTY

Authorization to sell in fee to The Paterson Parking Authority property known as 742-748 Madison Avenue, (Block F0723, Lot 1), and 725-745 Madison Avenue and 281-289 Park Avenue, (Block F0683, Lots 1, 2, 3, 8, 9, 10), Paterson, Passaic County, NJ consisting of 1.78 acres for the total consideration of \$785,000.

0410-64: ADDITIONAL INVESTMENT MANAGER FOR COMPANY FUNDS

Authorization to enter into an investment management agreement with Merrill Lynch & Co. to manage certain company funds.

The following public comments were heard on non-agenda items:

Frank Coye, on behalf of the Lackawanna Coalition. Mr. Coye said David Peter Alan is in Chicago and unable to attend the Board Meeting. Mr. Alan asked Mr. Coye to distribute Railgram.

Albert Cafiero objects to the tunnel project and requested that an independent commission or entity review the plans for this project to determine if it is feasible. Mr. Cafiero also commented that the Tenafly Station café would be open in two to three weeks.

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

The meeting was adjourned at approximately 11:00 am.

NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS INC.
NJ TRANSIT RAIL OPERATIONS INC.
NJ TRANSIT MERCER INC.
RESCHEDULED BOARD OF DIRECTORS MEETING

OCTOBER 14, 2004

MINUTES

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ACTION ITEMS

0410-59:	FRENCH CROSS-BORDER LEASE: DIESEL LOCOMOTIVES	35701
	Authorization to enter into a French cross-border lease on approximately \$120 million of Alstom diesel locomotives.	
0410-60:	NEW JERSEY-PENNSYLVANIA LACKAWANNA CUT-OFF PASSENGER RESTORATION PROJECT: CONTRACT AMENDMENT	35703
	Authorization to amend the contract (No. 02-084) with Edwards & Kelcey, Inc. of Morristown, NJ, to perform environmental analysis, conceptual design and operations analysis associated with restoring passenger service on the Lackawanna Cut-Off, at a cost not to exceed \$2,447,165, plus five percent for contingencies, for a total contract authorization of \$3,783,448.	
0410-61:	LEASE ADMINISTRATION AND MANAGEMENT SERVICES FOR TENANT AND PARKING OPERATING AGREEMENTS: CONSULTANT SUPPORT	35706
	Authorization to contract (No. 04-100) with Greystone Corporate Realty Services, a Division of Greystone & Company, of New York, NY to provide administration and management services for tenant and parking operator agreements at a cost not to exceed \$1,307,141, plus five percent for contingencies, as follows:	

Year 1	\$425,000
Year 2	\$435,625
Year 3	\$446,516

In addition, during the first three years of the contract, the consultant will receive additional compensation through an incentive payment from increased lease renewal revenue. Greystone will receive 20 percent of the increased revenue from renewed leases not to exceed \$195,000 for the three-year period.

Also, authorization to exercise an option, subject to satisfactory contractor performance, to extend this contract for two additional one-year periods, at a cost not to exceed \$935,000, plus five percent for contingencies, as follows:

Option Year 1	\$460,000
Option Year 2	\$475,000

CONSENT CALENDAR

- 0410-62: NEWARK BROAD STREET STATION: CONTRACT AMENDMENT FOR FINAL DESIGN SERVICES 35710

Authorization to amend Phase II (Final Design) of the professional service contract (No. 02-101) with Systra Consulting, Inc. of Bloomfield, NJ, for final design of additional necessary capital improvements at Newark Broad Street Station in the amount of \$239,000, plus five percent for contingencies for a total Final Design contract authorization of \$3,846,150.

- 0410-63: SALE OF FORMER MADISON AVENUE BUS GARAGE PROPERTY 35713

Authorization to sell in fee to The Paterson Parking Authority property known as 742-748 Madison Avenue, (Block F0723, Lot 1), and 725-745 Madison Avenue and 281-289 Park Avenue, (Block F0683, Lots 1, 2, 3, 8, 9, 10), Paterson, Passaic County, NJ consisting of 1.78 acres for the total consideration of \$785,000.

- 0410-64: ADDITIONAL INVESTMENT MANAGER FOR COMPANY FUNDS 35716

Authorization to enter into an investment management agreement with Merrill Lynch & Co. to manage certain company funds.

- PUBLIC COMMENTS ON NON-AGENDA ITEMS 35674

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 and attorney/client-privileged matters; and

BE IT FURTHER RESOLVED that it is expected that discussions undertaken at this executive session could be made public at the conclusion of litigation and 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 September 15, 2004 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 September 16, 2004;


NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the September 15, 2004 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.

IN/IT BOARD - 10/14/04
James E. McGreevey
Governor



Jack Lettiere
Board Chairman

George D. Warrington
Executive Director

TO: BOARD OF DIRECTORS
FROM: GEORGE D. WARRINGTON 
DATE: OCTOBER 14, 2004
SUBJECT: EXECUTIVE DIRECTOR'S REPORT - OCTOBER

Earlier this month, Board Representative Bob Smartt and I joined Department of Community Affairs Commissioner Susan Bass Levin, representatives from Fannie Mae and several mortgage lenders to announce the NJ Smart Commute Mortgage initiative, which gives prospective homebuyers the opportunity to apply the savings they get from using public transportation to qualify for a better mortgage.

As part of the program, NJ TRANSIT will provide up to two free monthly passes per household for the first month of home ownership to encourage new residents to try public transportation in New Jersey, and I'm pleased to report that we've already received our first request from a new homeowner from Middletown.

On Tuesday, I joined Rep. Robert Menendez and Board Chairman Jack Lettiere at a press conference at Hoboken Terminal as the Congressman announced legislation to provide increased funding for protecting our customers, employees, and the public at large. I want to thank Rep. Menendez for his tireless efforts in seeking to secure additional and critically needed resources for rail and mass transportation security.

Looking ahead to the end of the month, I am pleased to report that we will make a number of schedule improvements and customer service changes for the benefit of our customers. Beginning October 31, we will offer more service in both directions on the Main Line, with trains serving Glen Rock, Ridgewood, Ho-Ho-Kus and our new Ramsey Route 17 station every 30 minutes. On the Bergen County Line, we will begin offering hourly service between Hoboken, Secaucus, Rutherford, Fairlawn and Glen Rock. These changes fill service gaps of 90 minutes to 2 1/2 hours on weekdays between 7 p.m. and midnight.

In addition, we will add new weekend trains—eight on the Northeast Corridor and eight on the Morris & Essex Lines—for the benefit of holiday shoppers and leisure travelers to New York. During the past five years, we have seen weekend ridership grow by more than 30 percent into Manhattan during the season, compared to 14 percent during the week. These additional trains help us to keep pace with that trend.

On the customer service front, we are streamlining ticket access and usage policies for seniors and children. Beginning October 31, senior citizens 62 and older will continue to ride for 50 percent off the regular one-way fare, but the tickets can be used for more trains and more travel times than before. In addition, all children ages five to 11 will be eligible for the 50 percent discount. Eligibility will no longer depend on the purchase of a full fare companion ticket.

Finally, I'd like to recognize the outstanding community service work headed up by Board members Flora Castillo and Mike Shevell during Hispanic Heritage Month. After a weeklong effort to collect non-perishable food for victims of Florida's hurricanes, NJ TRANSIT—along with New England Motor Freight (NEMF), Lambda Sigma Upsilon Latino Fraternity and Omega Phi Beta Latina Sorority—collected over 3,000 items. Kudos to all involved.

EXECUTIVE DIRECTOR'S MONTHLY REPORT

I. HIGHLIGHTS

NJ TRANSIT's Top Stories

II. CUSTOMER AND COMMUNITY INITIATIVES

Customer and Community Projects

III. EMPLOYEE RECOGNITION

NJ TRANSIT Employees Recognized

IV. DBE/MBE PROGRAM

A review of DBE and MBE Programs

V. PERFORMANCE MEASURES

NJ TRANSIT's Operational Performance During the Past Month

HIGHLIGHTS

Upcoming timetable change means more trains, customer service improvements

Main-Bergen line rail customers will see more service from Hoboken and Secaucus Junction as NJ TRANSIT alters its timetables on October 31. Weekday evening schedules will be restructured to provide, on average, 30-minute service between Hoboken/Secaucus Junction and Suffern from 7 p.m. until midnight.

The new timetable provides more frequent service on the Main Line – both eastbound and westbound – particularly for the high-density stations between Glen Rock and Suffern, including the new Ramsey Route 17 station. Under the new schedule, trains will depart Glen Rock for Suffern every 30 minutes, with stops at Ridgewood, Ho-ho-kus and Ramsey Route 17. Similarly, service in both directions on the Bergen County Line will improve with hourly service between Hoboken, Secaucus Junction, Rutherford, Fairlawn and Glen Rock.

In addition, NJ TRANSIT will begin operating a new train that will serve as the latest weekday express departure from Hoboken, fulfilling the most popular customer request on the Main-Bergen lines. Train 1165 will depart Hoboken at 6:21 p.m., operate express to Ridgewood and then make all stops to Suffern. The last express train on the current schedule, which will continue to be offered, departs Hoboken at 5:45 p.m.

Morris & Essex Lines/Northeast Corridor

Responding to holiday travel patterns that in recent years have produced ridership increases of more than 30 percent on Saturdays and Sundays (compared with 14 percent on weekdays), NJ TRANSIT will offer 16 "Holiday Extra" trains on weekends this season on the Morris & Essex Lines and the Northeast Corridor.

On the M&E, four new trains will depart Dover between 8:36 a.m. and 11:36 a.m. and arrive in New York at 48 minutes after the hour, beginning at 9:48 a.m. Each train, which is scheduled to make all stops to Summit and operate express to Newark Broad Street before arriving in New York, cuts about 18 minutes off the typical Dover-New York trip. Outbound, four new "Holiday Extra" trains will depart New York between 4:03 p.m. and 7:03 p.m., stopping at Newark Broad Street and operating express to Summit before making all stops to Dover.

On the Northeast Corridor, four new "Holiday Extra" trains will depart Trenton between 8:25 a.m. and 11:25 a.m. The trains will run express from New Brunswick to Newark Airport and stop at Newark Penn Station and Secaucus Junction before arriving in New York. For return trips, four new trains will depart New York between 4:09 p.m. and 7:09 p.m., stopping at Newark Penn Station and Newark Airport before expressing to New Brunswick, followed by all westbound stops to Trenton.

North Jersey Coast Line

On the North Jersey Coast Line (NJCL), NJ TRANSIT will make two changes in response to customer feedback. Weekday Train 5300, which will depart Bay Head at 4:33 a.m. and arrive in Newark at 6:03 a.m., will add a Red Bank stop to accommodate customer requests for earlier service.

In addition, an earlier NJCL shuttle will depart Long Branch at 7:20 a.m. and arrive in Bay Head at 8:09 a.m. for reverse commuters. Prior to this change, the earliest Bay Head-bound shuttle left Long Branch at 8:40 a.m.

Customer Service Improvements

As part of a series of customer service improvements, NJ TRANSIT will make it easier for seniors and children to ride the system when train timetables change on October 31. Senior citizens 62 and older will continue to ride for 50 percent off the regular one-way fare, but their tickets can be used for more trains and more departure times than before. In addition, all children ages five to 11 will be eligible for the 50 percent discount. Eligibility will no longer depend on the purchase of a full fare companion ticket.

The Corporation has implemented an Interactive Voice Response system that gives customers faster access to information and provides an estimated wait time before speaking with an operator. The new technology has dramatically reduced busy phone signals from 60 percent to less than one percent during normal operations. The Corporation handles an average of 12,000 calls each weekday.

NJ TRANSIT has established a single telephone number — 1-800-772-2222 — where customers can find travel information and assistance from anywhere in the United States. The move consolidates nine customer service lines into a single, easy-to-remember, toll-free number.

NJ TRANSIT continues to overhaul “train information” signboards at its major terminals. In Hoboken, where the boards are 10 years old, a modern liquid crystal display gateboard that is easier to read than conventional boards has already been installed at Track 15. New gateboards, which include larger type size and improved visibility, will be installed at the remaining 17 tracks before the end of the year.

In the 7th Avenue Concourse in New York, eight new 40-inch LCD screens have been installed in the pre-boarding area at the top of the escalators, giving customers improved access to track assignment and train departure information.

NJ is newest home to Smart Commute mortgage initiative

New Jersey homebuyers now have a powerful financial incentive to purchase a home near public transportation. The New Jersey Statewide Smart Commute™ Initiative gives prospective homebuyers throughout the Garden State the opportunity to qualify for a mortgage with the help of savings that can be realized from using public transportation.

At press conferences in Riverside and Rutherford last week, Executive Director George D. Warrington and Board representative Robert Smartt joined officials from Fannie Mae, mortgage lenders and local officials to announce the program's arrival.

As part of the program, NJ TRANSIT will provide up to two free monthly passes per household for the first month of home ownership to encourage new residents to try public transportation. The Corporation has already received its first request under the program!

The Smart Commute Initiative addresses the link between housing affordability and transportation costs, and recognizes that homeowners who spend less on commuting expenses can put the potential savings toward the purchase of a home. If home buyers choose a home within a half-mile of a rail or light rail station, or a quarter-mile of a bus stop, participating lenders will add a portion of their potential transportation savings to their qualifying income—which could increase their home-buying power and help them buy more home for their money. Nearly a dozen lenders will originate the

mortgages under the initiative and Fannie Mae will purchase the eligible loans of up to \$333,700.

The advantages of purchasing a home through the Smart Commute Initiative can include:

- For loan qualification purposes, participating lenders will add a portion of the potential transportation savings to borrowers' qualifying income – an addition of \$200 per month for one wage-earner households, and \$250 per month for two wage-earner households – which could increase the home-buying power of a typical purchaser of a median-priced home by approximately \$10,000;
- Low down payment of only 3 percent on the purchase price of the home, with some borrowers



George Warrington speaks at Riverside Station



Robert Smartt speaks at Rutherford Station

qualifying for a down payment as low as \$500;

- Reduction or elimination of homeowner's expense and upkeep of a personal vehicle; and,
- Benefits to the environment by allowing the homebuyer to conserve natural resources, lessen impact of vehicular emissions, and reduce traffic congestion.

Port Authority awards \$10M for New York Penn Station conceptual design study

The Port Authority of New York and New Jersey recently approved \$10 million for conceptual engineering work at the existing New York Penn Station. The money will be used to create design work for extending platforms and reconfiguring concourses to allow for more trains and improved customer access to the station. The funding will also lay the groundwork for future development of the Access to the Region's Core (ARC) project.

Transit Emergency Response Team deployed for East River Tunnel fire

NJ TRANSIT recently responded to an incident that demonstrates our need to prepare for the unexpected. On Monday, September 27, one of Amtrak's transformers caught fire, which caused a loss of signal and overhead wire power between New York Penn Station and Secaucus Junction.

Although the fire occurred in the East River tunnels, the blaze caused a smoke condition in New York Penn Station, which prompted the New York Fire Department to temporarily close the station. As a result, all train service in and out of New York was suspended.

Only after the New York City Fire Department had extinguished the fire at around 4 p.m. was NJ TRANSIT able to resume limited rail service between Penn Station and New Jersey. However, 17 sets of rail equipment

(totaling 172 rail cars) were stranded in Sunnyside Yard in Queens, severely limiting the Corporation's ability to operate a normal rush hour. Full service was not restored until 8 p.m.

During the early stages of the service interruption, customer demand outweighed our available supply of trains. It was at this moment when months of planning began to pay off.



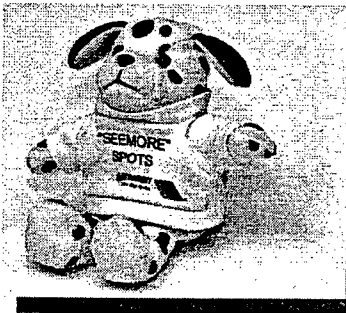
ERT member assists a customer in Hoboken

Emergency Response Team members were deployed at major stations and an operating plan was put into effect to manage the flow of trains into and out of New York. Through pager messages and broadcast traffic reports, customers were advised to consider PATH and ferry services for trans-Hudson transportation to Newark and Hoboken. NJ TRANSIT rail tickets and passes were honored by PATH at New York, Hoboken and Newark stations; NY Waterway to and from Hoboken for service to Pier 11 and the World Financial Center; and by NJ TRANSIT buses, Academy, Lakeland, DeCamp, Coach USA/Suburban and Olympia Trails buses from the Port Authority Bus Terminal.

In addition, NJ TRANSIT sent 29 buses to Newark Penn Station to provide alternate service to Metropark Station, which served as a key staging area for customers needing to be picked up.

More discount parking options at Ramsey Route 17

Responding to customer feedback from a recent community forum, NJ TRANSIT has announced new discount options for commuters at the Ramsey Route 17 parking deck. Customers now have the opportunity to purchase an annual pass for \$550 — \$170 less than the cost of buying 12 individual monthly passes and \$490 less than paying the daily rate each business day. NJ TRANSIT also introduced a three-month pass for \$165 and a six-month pass for \$300. The discounts are available through April 1, 2005.

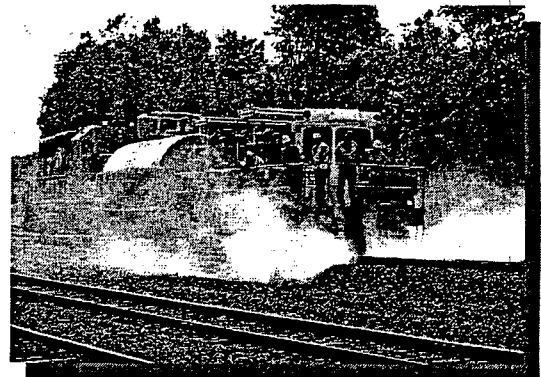


"See More" Spots

Conveniently located on one of Bergen County's busiest highways, the Ramsey Route 17 Station is easily accessible from most parts of Rockland, Orange and northern Bergen counties. Customers can travel to Hoboken Terminal or to Secaucus Junction where they have access to midtown Manhattan rail service.

Aqua Track working to "nip the slip"

Last year, NJ TRANSIT successfully employed a new tool, Aqua Track, to assist us with the historic challenge of slippery rail, brought on by oily residue from wet, fallen leaves. In 2003, the combination of Aqua Track, sanding ahead of peak-period trains, and an aggressive tree-trimming program along the right of way, reduced slippery rail delays by nearly 80 percent from the previous year. In fact, the average slippery rail delay in 2003 was 11 minutes compared to 20 in 2002.



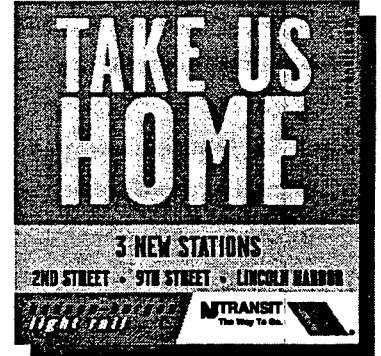
Aqua Track in action

During the past few months, our tree-trimming program has been in full swing and Aqua Track and sand trains are ready to go. As the leaves begin to fall this month, NJ TRANSIT will be ready to make every effort to keep trains on time.

New HBLR ad campaign hits the streets

In the wake of the opening of three fresh new HBLR stations north of Hoboken Terminal, NJ TRANSIT is breaking out fresh new advertising to introduce area residents to their light rail system.

The campaign's primary messages are tailored for each of the three new stations and promote the quick travel time to- and from Hoboken Terminal. For 2nd Street, the theme is "Take 5"—as in five minutes. At 9th Street, it's the "Joy of Six," and at Lincoln Harbor, it's "Do it in 9."



The creative approach to marketing the new stations also includes advertising on coffee cups ("Improving Your Daily Grind") and coasters in local restaurants ("Take Us Home"), as well as bus panels and even a mobile billboard.



Prep work underway for winter's worst

By November 15, the Corporation expects to have winter preparation largely completed, which will include:

- Finalizing contracts for snow removal, heating oil, fuel for jet blowers, propane for switch heaters and meal accommodations
- Testing and annual maintenance of all railroad switch heaters, station boilers, two rail mounted jet snow blowers, snow throwers and truck mounted snowplows
- Securing an adequate supply of snow shovels, de-icing salt and brooms
- Replacement of bus windshield wiper blades
- Inspect and service all bus defroster and heating systems, bus entrance/exit door seals
- Purchasing/installing bus snow chains, as needed
- Purchasing sand.

CUSTOMER AND COMMUNITY INITIATIVES

NJ TRANSIT Collects Food for Florida Hurricane Victims

NJ TRANSIT celebrated Hispanic Heritage Month by helping victims of recent hurricane events in Florida.

The Corporation partnered with New England Motor Freight (NEMF) thanks to NJ TRANSIT Board member Mike Shevell, who also serves as NEMF's Chairman and CEO. Lambda Sigma Upsilon Latino Fraternity and Omega Phi Beta Latina Sorority joined forces with NJ TRANSIT employees to collect non-perishable food items at major transportation facilities across the system.

More than 3,000 non-perishable items such as canned goods, rice and pasta were collected at various transportation facilities around NJ TRANSIT's system. These items will benefit food banks in Miami and West Palm Beach, Florida.

Board member Flora Castillo is scheduled to preside over an October 14 send-off ceremony for the donated items at Newark Penn Station.

NJ TRANSIT kicks off United Way Charitable Campaign

NJ TRANSIT began the 2004 United Way Charitable Campaign during the week of October 4.

Employees have been asked to review the information booklet, select an organization/agency to which they would like to donate, and complete an attached pledge card. Employees can make an annual contribution of \$52 per organization/agency or a payroll deduction of \$2 biweekly.

The campaign ends November 5, 2004.

EMPLOYEE RECOGNITION

COMTO New Jersey gets top honors at national conference

Congratulations to NJ TRANSIT Board Director Flora Castillo and COMTO NJ on their recognition during this year's Conference of Minority Transportation Officials (COMTO) national conference. Ms. Castillo was re-elected to the national board, while the New Jersey chapter received the "Best Membership Recruitment and Retention Activities Award."

This is the chapter's third consecutive award in less than three years. COMTO NJ became an officially recognized chapter in 2002 and won the organization's "Emerging Chapter of the Year Award" that same year. In 2003, it was honored with the "Chapter of the Year Award." COMTO NJ is now the largest chapter in the organization with more than 200 members.

Ms. Castillo's re-election to the COMTO Board solidly establishes her as a national leader in the transportation industry. Her leadership abilities were recognized by COMTO in 2002 when she was first elected to its board, and in 2003 when she received "Emerging Leader of the Year Award."

We also want to congratulate Laurence Hamm, President of COMTO NJ and senior representative for NJ TRANSIT's Disadvantage Business Enterprise department. His fellow chapter presidents elected Larry as a representative of the COMTO Presidents Council on the national board.

NJ TRANSIT employees bid farewell after outstanding careers

Seven NJ TRANSIT employees retired in July and August after careers ranging from 10 years to 37 years of service with the Corporation and its predecessor companies.

The senior member of the retiree group is James E. Moran of Belleville with 37 years. Moran was a station starter at the Port Authority Bus Terminal in New York. Other retirees were:

- Oradell Garage Bus Operator, Joseph C. Dupars of Hackensack (27 years)
- Newton Avenue Garage Bus Operator, Leroy R. Canning of Pennsauken (27 years)
- Oradell Garage Bus Operator, Robert A. LaBarbera of Monroe (23 years)
- Egg Harbor Township Garage Bus Operator Ronald Conner of Egg Harbor (20 years)
- Hamilton Garage Bus Operator Robert M. Kelley of Trenton (11 years)
- Ironbound Garage, Foreman II David M. Sinibaldi of Asbury (10 years)

DBE / MBE PROGRAM

Office of Business Diversity SBE/DBE/WBE Participation

Federally Funded Contracts

In the federal funds category, \$128,426,288 has been awarded thru September 2004*; of that total \$16,009,007 or 12.5 percent awarded to DBE firms went towards meeting our Race Conscious Goal (21%). DBEs won \$1,985,381 or 1.5 percent of NJ TRANSIT's Race Neutral Contracts.

State Funded Contracts

\$13,858,163 was awarded in state-funded contract dollars during this same period.** Of that total Small Business Enterprises received \$212,345 or 1.5 percent. Category 1 SBEs received \$78,798 or 0.5 percent. Category 4 SBEs received \$133,547 or 1 percent.***

Federal & State Contracts Total

Of \$142,284,451 in federal and state contract dollars awarded by NJ TRANSIT (federal and state fiscal years combined), \$17,994,388 or 14 percent of federal contract dollars was won by Disadvantaged Business Enterprises (DBEs). Small Business Enterprises (SBEs) received \$212,345 or 1.5 percent of state contract dollars. \$18,206,733 was won by DBEs and SBEs.

Hudson-Bergen Light Rail Transit System Project

Of \$1,225,841,032 in contract dollars awarded for the Hudson-Bergen Light Rail Transit System project****, \$161,406,665 or 13.2 percent has been received by DBEs. Of the \$161,406,665, 6.5 percent or \$80,230,007 has been won by Women Business Enterprises (WBEs) who are classified as DBEs.

* Fiscal year beginning October 1, 2003

** Fiscal year beginning July 1, 2004

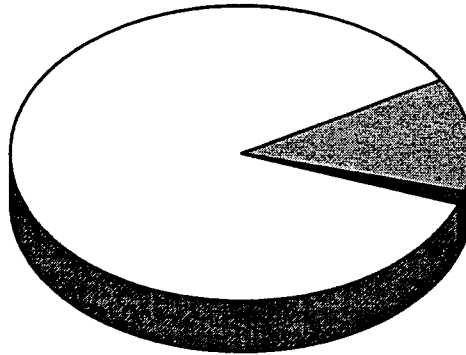
*** Cat 1-Less than \$500,000 gross revenues, Cat 2-Less than \$5 million, Cat 3-Less than \$12 million, Cat 4 (construction)-Less than \$1 million, Cat 5 (construction)-Less than \$17,420,000

**** This YTD figure reflects federal dollars expended on an annual basis; including change orders, for the period from December, 1996 through July 2004

DBE PARTICIPATION

FEDERAL CONTRACTS FEDERAL FYTD (THRU SEPTEMBER 2004)

NON-FEDERAL
110,431,900
86%

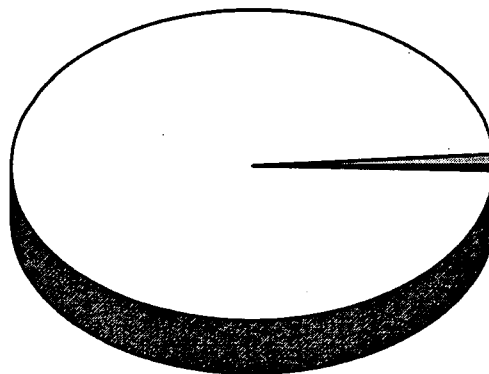


DBE RACE
CONCIOUS
16,009,007
12.5%

DBE RACE
NEUTRAL
1,985,381
1.5%

SBE PARTICIPATION STATE CONTRACTS STATE FYTD (THRU SEPTEMBER 2004)

NON-SBE STATE
13,645,818
98.5%



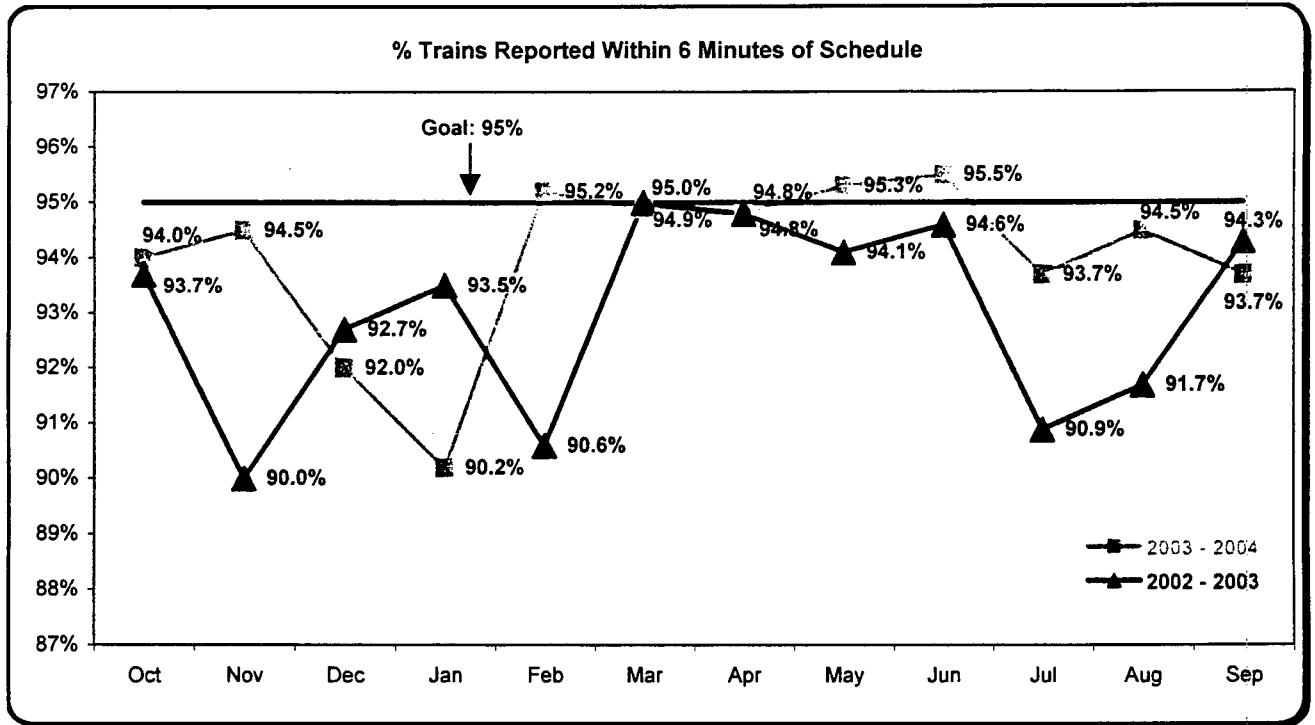
SBE-4
133,547
1%

SBE-1
78,798
0.5%

PERFORMANCE MEASURES

ON TIME PERFORMANCE RAIL

OCTOBER 2002 - SEPTEMBER 2004



	2003	2004	# Change
September Comparison	94.3%	93.7%	-0.6%

	2002 - 2003	2003 - 2004	# Change
12-Month Average October - September	93.0%	94.0%	1.0%

Analysis:

Rail On Time Performance (OTP) for September 2004 was 93.7%, slightly below the 94.3% rate of September 2003. Of the 17,606 trains that were scheduled to operate, 16,504 were on time, while 1,102 trains (or 6.3%) were delayed.

During most of September, Rail OTP exceeded the 95% goal. However, a series of events during the last week of the month resulted in significant delays. Without these events, September's on-time performance would have been 95.9%. A summary of these events follows:

On September 27 and 28th, 222 trains were delayed due to a fire in a tunnel between Sunnyside Yard and Penn Station New York and the subsequent need to repair damaged signal wire;

On September 29th, 31 trains were delayed on the Morris and Essex Line due to a fallen tree on the catenary and signal feeder lines, which blocked both tracks during the morning peak period; and

On September 30th, 124 trains were delayed while Amtrak track inspectors assessed a problem with a defective switch component at Bergen Interlocking.

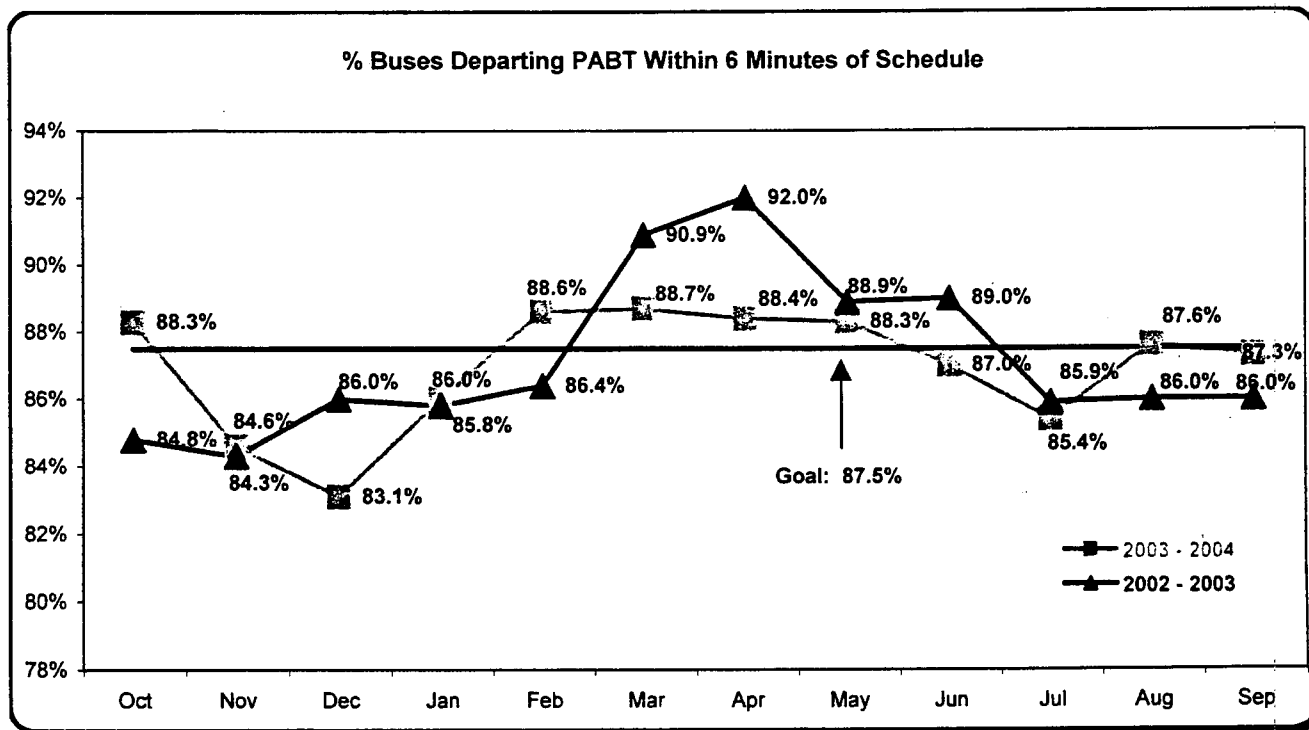
The 12-month average for Rail On Time Performance for October 2003 - September 2004 was 94.0%, one percentage point above the average for the previous 12-month period.

NJ TRANSIT

ON TIME PERFORMANCE

BUS - PABT DEPARTURES

OCTOBER 2002 - SEPTEMBER 2004



	2003	2004	# Change
September Comparison	86.0%	87.3%	1.3%

	2002 - 2003	2003 - 2004	# Change
12-Month Average October - September	87.2%	86.9%	-0.2%

Analysis:

Bus On Time Performance for September 2004 was 87.3%, 1.3 percentage points above the 86.0% rate of August 2003. Of the 20,181 PABT PM Peak departures, 2,569 (or 12.7%) experienced delays.

Significant sources of delay included:

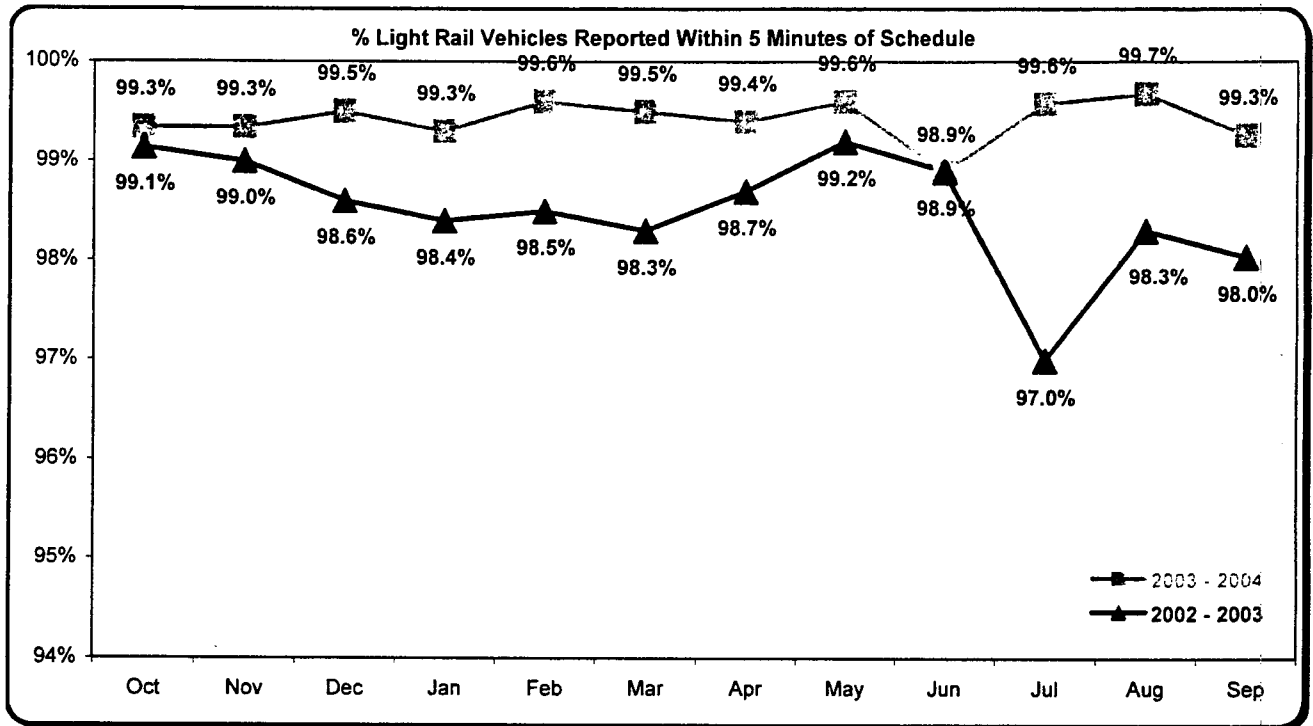
Heavy rain during rush-hour, which created gridlock conditions at the terminal on September 8th;

Bus breakdowns on the Upper Bus Level of the terminal, which resulted in delays of up to 45 minutes on September 10th and 15th; and

An accident on the NJ Turnpike at Exit 16E, which resulted in delays of up to one-hour on September 28th.

The 12-month average for Bus On Time Performance for October 2003 - September 2004 was 86.9%, just below the 87.2% average for the previous 12-month period.

ON TIME PERFORMANCE HUDSON BERGEN LIGHT RAIL OCTOBER 2002 - SEPTEMBER 2004



	2003	2004	# Change
September Comparison	98.0%	99.3%	1.2%

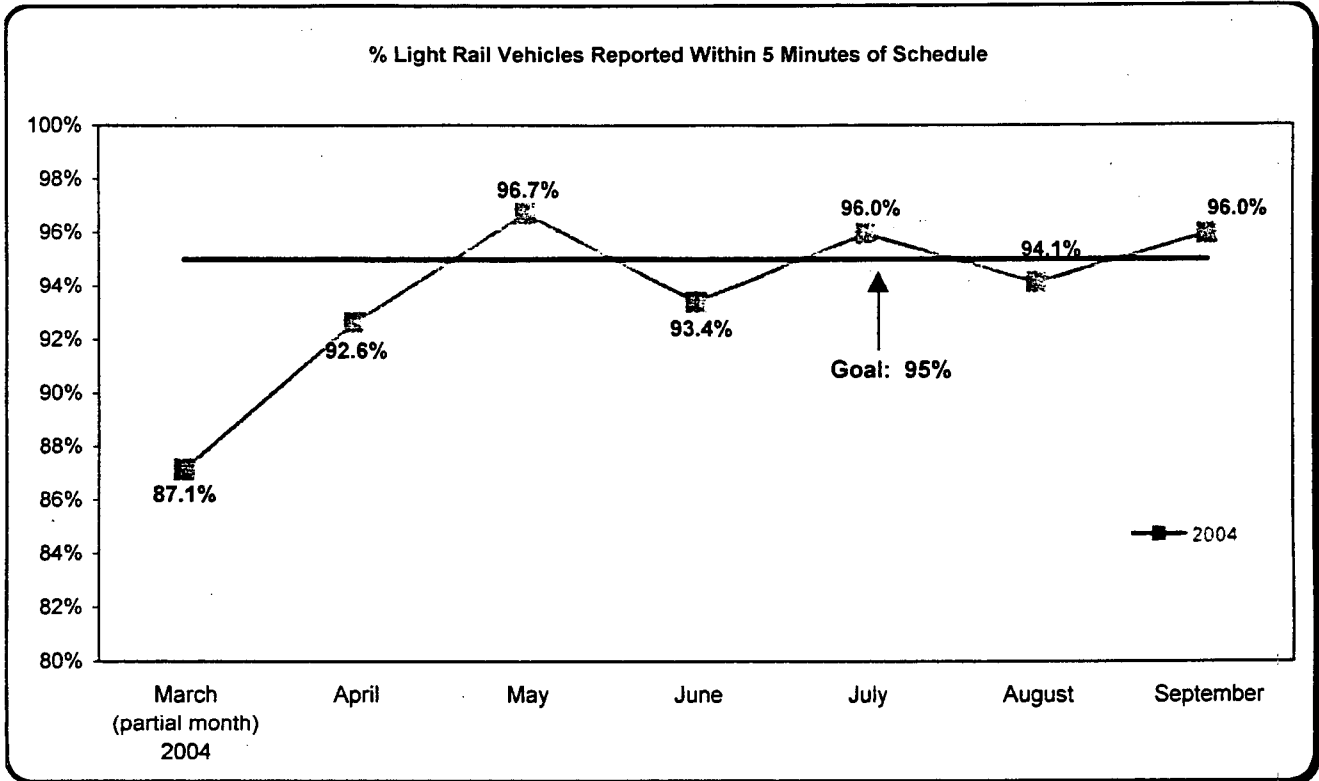
	2002 - 2003	2003 - 2004	# Change
12-Month Average October - September	98.5%	99.4%	0.9%

Analysis:

Hudson Bergen Light Rail (HBLR) On Time Performance for September 2004 was 99.3%, 1.2 percentage points above the 98.0% rate of September 2003.

The 12-month average for HBLR On Time Performance for October 2003 - September 2004 was 99.4%, 0.9 of a percentage point above the average for the previous 12-month period.

NJ TRANSIT ON TIME PERFORMANCE RIVER LINE LIGHT RAIL MARCH 2004 - SEPTEMBER 2004



OTP Monthly Comparison	2004		# Change
	August	September	
	94.1%	96.0%	1.9%

OTP - Year To Date 94.2%

Analysis:

River LINE On Time Performance for September 2004 was 96.0%, 1.9 percentage points above the 94.1% On Time Performance for August 2004.

Year-to-date On Time Performance for River LINE is 94.2%, approaching the goal of 95.0%.

ACTION ITEMS

ITEM 0410-59: FRENCH CROSS-BORDER LEASE: DIESEL LOCOMOTIVES

BENEFITS

NJ TRANSIT wishes to extend its leveraged lease program by entering into a French cross-border lease with Societe Generale (SG) for approximately \$120 million of Alstom diesel locomotives estimated to generate an upfront benefit of \$4 million.

PURPOSE

NJ TRANSIT has closed French cross-border leases with SG on 20 River LINE light rail cars and 81 Neoplan articulated buses. SG has expressed willingness to add 33 Alstom diesel locomotives at a cost of \$155 million to the lease. Only the \$120 million of diesel locomotives acquired with Certificates of Participation are eligible for leasing because the Federal Transit Administration no longer approves of such leases. The lease term is for 15 years. The Office of the Attorney General has selected the law firm of Gibbons Del Deo to act as special counsel for this transaction. Staff also requests approval to indemnify other parties up to a total of \$250,000 should the transaction fail to close. Global Capital Finance will act as arranger on the lease.

ACTION

Staff seeks authorization to enter into a French cross-border lease on approximately \$120 million of Alstom diesel locomotives.

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

FISCAL IMPACTS

Requested Authorization:	French cross-border lease for approximately \$120 million of Alstom diesels with Societe Generale
Projected Completion:	Spring 2005
DBE Goal:	N/A

RESOLUTION

WHEREAS, NJ TRANSIT is purchasing 33 Alstom diesels locomotives at a cost of approximately \$155 million; and

WHEREAS, approximately \$120 million are eligible for a French cross-border lease as they are being acquired with non-federal funds; and

WHEREAS, NJ TRANSIT has entered into French cross-border leases with Societe Generale (SG) for light rail vehicles and articulated buses; and

WHEREAS, SG has confirmed it is willing to lease the diesel locomotives under the same documentation;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves staff entering into negotiations with SG for a French cross-border lease on all of the Alstom diesel locomotives purchased with non-federal funds 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 including the payment of all legal and other fees as well as up to \$250,000 to indemnify other parties should the transaction fail to close.

**ITEM 0410-60: NEW JERSEY-PENNSYLVANIA LACKAWANNA CUT-OFF
PASSENGER RESTORATION PROJECT: CONTRACT
AMENDMENT**

BENEFITS

The proposed contract amendment will authorize additional work identified by the public outreach process and complete the environmental documentation pursuant to Federal Transit Administration (FTA) requirements for the proposed rail service between Port Morris, NJ and Scranton, PA, also known as the New Jersey-Pennsylvania Lackawanna Cut-Off Passenger Restoration Project. The work will be in conformance with FTA requirements to maintain the project's eligibility for federal funds. The contract amendment will also authorize analysis of the capacity of the existing commuter rail lines to accommodate the proposed service.

PURPOSE

The continued ridership growth on the existing system may constrain track capacity for new services. This contract amendment will examine the ability for the Morristown and Montclair-Boonton Lines to accommodate the proposed service and to identify potential enhancements where required.

Authorization of this contract amendment will also fund the additional work required to complete the environmental assessment (EA) and related facility and operations planning and engineering analysis for the proposed restoration of passenger service between Port Morris, NJ and Scranton, PA.

Prior to the initiation of work by NJ TRANSIT in 2002, Morris, Warren, and Sussex Counties in New Jersey and Monroe and Lackawanna Counties in Pennsylvania sponsored a draft major investment study for the proposed rail service. NJ TRANSIT assumed the responsibility for continuing that work in September 2002 and intended to complete the environmental assessment under the initial Board authorization.

To date, the project definition and first round of public outreach meetings have been completed. The draft environmental assessment document has also been substantially advanced.

The project team's technical analysis and extensive public outreach requires review of additional service options and station sites. Also, based on an FTA decision, analysis will proceed on the historic impacts of the project to be identified as part of this scope of work.

The contract amendment will include the following:

- Capacity and operations analysis of the Morristown and Montclair – Boonton Lines to accommodate the proposed rail service.

- Site analysis for additional station locations;
- Further refinement of the conceptual design and coordination of infrastructure elements including track, signal, station, parking, rolling stock, and train storage;

The proposed work will be advanced in phases subject to the granting of FTA earmarked funds.

ACTION (Capital Program Justification-System Expansion)

Staff seeks authorization to amend the contract (No. 02-084) with Edwards & Kelcey, Inc. of Morristown, NJ, to perform environmental analysis, conceptual design and operations analysis associated with restoring passenger service on the Lackawanna Cut-Off, at a cost not to exceed \$2,447,165, plus five percent for contingencies, for a total contract authorization of \$3,783,448.

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

FISCAL IMPACTS

Requested Authorization: \$2,447,165 + 5% contingency (Amendment)
\$3,783,448 (Total Contract)

Total Project Cost: TBD

Projected Completion Date: December 2005 (Planning Only)

Anticipated Source of Funds:

FTA Grant (NJ-70-0001)	\$1,000,000
FTA Grant (NJ-03-0141)	\$ 990,644
FTA Grant (NJ-03-0141-01)	\$1,967,165
FTA Grant (NJ-03-0141-02)	\$2,460,447

DBE Goal/Participation: 30% Goal

Related/Future Authorizations: Authorization to continue capacity analysis, initiate preliminary engineering, land acquisitions, final design, construction, construction management and construction assistance

Impacts on Subsequent Operating Budgets: TBD

RESOLUTION

WHEREAS, the counties of Morris, Sussex and Warren in New Jersey and the counties of Monroe and Lackawanna in Pennsylvania have expressed an interest in the restoration of passenger rail service between Port Morris, NJ and Scranton, PA; and

WHEREAS, on September 17, 2002 the Board authorized a contract award to Edwards and Kelcey, Inc. of Morristown, NJ, for the New Jersey-Pennsylvania Lackawanna Cut-Off Passenger Restoration Project; and

WHEREAS, NJ TRANSIT proposes to further refine the conceptual design, operations analysis and ridership demand forecasts to identify infrastructure improvements necessary to support the proposed rail service; and

WHEREAS, NJ TRANSIT proposes to complete the environmental assessment in conformance with Federal Transit Administration requirements to maintain the project's eligibility for federal funding;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the contract with Edwards and Kelcey, Inc. of Morristown, NJ to perform environmental analysis, conceptual design and operations analysis associated with restoring passenger service on the Lackawanna Cut-Off at a cost not to exceed \$2,447,165 plus five percent for contingencies, for a total contract authorization of \$3,783,448, subject to the availability of funds.

ITEM 0410-61: LEASE ADMINISTRATION AND MANAGEMENT SERVICES FOR TENANT AND PARKING OPERATING AGREEMENTS: CONSULTANT SUPPORT

BENEFITS

In support of NJ TRANSIT'S objective to improve business efficiencies and increase non-farebox revenue, staff is recommending the engagement of a real estate management firm to assist in the administration and management of tenant and parking operator agreements and leases. Staff believes that the services provided by this firm will significantly enhance the management and administration of NJ TRANSIT real estate assets and the revenue produced by these assets.

PURPOSE

NJ TRANSIT owns and operates a variety of properties and manages a portfolio of approximately 400 commercial tenant leases, licenses and parking operator agreements. Efficient management, inspection, leasing, compliance monitoring, and tracking of these agreements require considerable manpower for efficient operation. In addition, timely renewal of leases to market rate rents ensures that NJ TRANSIT maximizes non-farebox revenue. The selected firm will support Real Estate in the performance of these tasks and assist in the implementation of new initiatives to improve the overall management of NJ TRANSIT's real estate portfolio.

ACTION (Justification: Business Efficiencies)

Staff seeks authorization to contract (No. 04-100) with Greystone Corporate Realty Services, a Division of Greystone & Company, of New York, NY to provide administration and management services for tenant and parking operator agreements at a cost not to exceed \$1,307,141, plus five percent for contingencies, as follows:

Year 1	\$425,000
Year 2	\$435,625
Year 3	\$446,516

In addition, during the first three years of the contract, the consultant will receive additional compensation through an incentive payment from increased lease renewal revenue. Greystone will receive 20 percent of the increased revenue from renewed leases not to exceed \$195,000 for the three-year period.

Staff also seeks authorization to exercise an option, subject to satisfactory contractor performance, to extend this contract for two additional one-year periods, at a cost not to exceed \$935,000, plus five percent for contingencies, as follows:

Option Year 1	\$460,000
Option Year 2	\$475,000

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

FISCAL IMPACTS

Requested Authorization:	\$2,242,141 + 5% contingency (includes two one-year option periods) and 20% of incremental lease renewal revenue not to exceed \$195,000 over first three years
Total Project Cost:	Not to exceed \$2,549,248
Projected Date of Completion:	December 31, 2009
Anticipated Source of Funds:	Fiscal Years 2005 – 2010 Operating Budgets
DBE Goal/Participation:	None
Related/Future Authorizations:	N/A
Impact on Subsequent Operating Budgets:	N/A

RESOLUTION

WHEREAS, NJ TRANSIT owns and operates a variety of properties and manages a portfolio of approximately 400 commercial tenant leases, licensees and parking operator accounts; and

WHEREAS, in support of NJ TRANSIT'S objective to increase business efficiencies and increase non-farebox revenue, staff is recommending the engagement of a real estate management firm to assist in the administration and management of tenant and parking operator agreements; and

WHEREAS, following the completion of a competitive procurement process Greystone Corporate Realty Services was determined to be the highest ranked proposer;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract with Greystone Corporate Realty Services, a Division of Greystone & Company, of New York, NY for consulting services to assist in the administration and management of NJ TRANSIT's tenant and parking operator agreements at a total cost \$1,307,141, plus five percent for contingencies and additional compensation through an incentive payment from increased lease renewal revenue consisting of 20 percent of the revenue increase from lease renewals not to exceed \$195,000 for the first three year period; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to exercise an option for two one-year periods under the contract with Greystone Corporate Realty Services, a Division of Greystone & Company, of New York, NY at a cost not to exceed \$935,000, plus five percent for contingencies; and

BE IT FURTHER RESOLVED that funding of these agreements shall be subject to the availability of funds and Board approval of NJ TRANSIT's Operating Budget.

CONSENT CALENDAR

ITEM 0410-62: NEWARK BROAD STREET STATION: CONTRACT AMENDMENT FOR FINAL DESIGN SERVICES

BENEFITS

The proposed contract amendment will authorize final design services for additional security and passenger communications, part of NJ TRANSIT's overall mission to improve customer security and convenience.

The previously awarded final design services contract advanced the design for station accessibility improvements. NJ TRANSIT's Accessibility Plan for Commuter Rail (July 1992) identified these improvements pursuant to the Americans with Disabilities Act (ADA). The proposed accessibility modifications will provide access to all three tracks via a new center island (serving tracks 1 and 3) and inbound (serving track 2) high-level platforms. In addition to meeting the accessibility needs of customers, the new platforms will provide additional operating capacity on the Morristown Line to accommodate increased train service.

PURPOSE

Staff is requesting authorization to advance additional work to be added to the final design services contract to increase customer security (CCTV cameras), passenger communications (PA speakers, dynamic signs) and customer service, including a new customer service office and information kiosk at the street level plaza.

ACTION (Capital Program Justification – Capacity and Customer Service Improvements)

Staff seeks authorization to amend Phase II (Final Design) of the professional service contract (No. 02-101) with Systra Consulting, Inc. of Bloomfield, NJ, for final design of additional necessary capital improvements at Newark Broad Street Station in the amount of \$239,000, plus five percent for contingencies for a total Final Design contract authorization of \$3,846,150.

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

FISCAL IMPACTS

Requested Authorization:	\$239,000 + 5% contingency (Amendment) \$3,846,150 (Total Final Design)
Total Project Cost:	\$65.2M

(NJT BOARD – 10/14/04)

Projected Date of Completion:	ADA Final Design work completion - October 2004
Anticipated Source of Funds:	ADA construction - June 2007 Transportation Trust Fund
DBE Goal:	20%
Future/Related Authorizations:	Construction Assistance and ADA Construction
Impacts on Subsequent Operating Budgets:	TBD

RESOLUTION

WHEREAS, NJ TRANSIT seeks to improve and expand its transportation facilities for accessibility and capacity constraint relief at Newark Broad Street Station on the Morristown Line; and

WHEREAS, the proposed accessibility improvements will allow barrier free access to rail service at Newark Broad Street Station and bring the facility into full compliance with the Americans with Disabilities Act (ADA); and

WHEREAS, the new high-level platforms will provide additional operating capacity on the Morristown Line to accommodate increased train service; and

WHEREAS, additional work will be added to the final design services contract to increase customer security (CCTV cameras), passenger communications (PA speakers, dynamic signs) and customer service, including a new customer service office and information kiosk in the street level plaza;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the Phase II (Final Design) of professional service contract with Systra Consulting, Inc. of Bloomfield, NJ, for Final Design of additional necessary capital improvements at Newark Broad Street Station at a cost not to exceed \$239,000, plus five percent for contingencies, for a Total Final Design contract authorization of \$3,846,150, subject to the availability of funds.

ITEM 0410-63: SALE OF FORMER MADISON AVENUE BUS GARAGE PROPERTY

BENEFITS

NJ TRANSIT has been requested to sell the former Madison Avenue Bus Garage consisting of 742-748 Madison Avenue, Block F0723, Lot 1 and 725-745 Madison Avenue; 281-289 Park Avenue, Block F0683, Lots 1, 2, 3, 8, 9, 10, Paterson, NJ to The Paterson Parking Authority for \$785,000 which is \$485,000 cash and \$300,000 to be held in an escrow account for the environmental remediation of the property. NJ TRANSIT is entitled to any balance in the remediation escrow account in the event costs are less than \$300,000. In addition, the sale of this property relieves NJ TRANSIT of demolition costs to remove deteriorating buildings on the site. The net cash proceeds from the sale will be applied to the capital program.

PURPOSE

NJ TRANSIT will dispose of excess property known as the Madison Avenue Bus Garage. Since 1979, the facility was used as a bus garage and maintenance facility when its operations were transferred in September 1998 to the Wayne Bus Maintenance Facility and the Market Street Bus Garage in Paterson. NJ TRANSIT acquired the facility as part of its purchase of Maplewood Equipment Company in 1980.

The property will continue to be used for a public purpose as The Paterson Parking Authority plans to use one lot for an ambulance station/maintenance facility and the other lots for the construction of a parking deck as part of the redevelopment of the area. In addition, the purchase agreement provides that the property will be restricted to public use in accordance with 49 U.S.C.A. Section 5334. The deed will include a covenant stipulating that title to the land will revert to NJ TRANSIT if, within five years of transfer, the public use covenant is violated. The purchase agreement also provides for the remediation of the property.

Staff has determined that this is dormant, excess property no longer needed by NJ TRANSIT for transportation use and the purchase of the property by The Paterson Parking Authority will allow dormant property to be redeveloped for public use. In addition, \$300,000 of the purchase price will be held in an escrow account to provide for the environmental remediation work necessary to obtain a No Further Action letter from the Department of Environmental Protection. NJ TRANSIT has retained approval over the disbursement of funds from this account for the payment of the remediation costs.

The property was purchased with Federal funds and the sale is subject to Federal Transportation Administration approval.

ACTION (Justification: Cost Efficiencies)

Staff seeks authorization to sell in fee to The Paterson Parking Authority property known as 742-748 Madison Avenue, (Block F0723, Lot 1), and 725-745 Madison Avenue and 281–289 Park Avenue, (Block F0683, Lots 1, 2, 3, 8, 9, 10), Paterson, Passaic County, NJ consisting of 1.78 acres for the total consideration of \$785,000.

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

FISCAL IMPACTS

Requested Authorization	Sale of former Madison Avenue Bus Garage property
Anticipated Source of Funds:	N/A
Projected Date of Completion:	November 2004
DBE Goals/Participation:	N/A

RESOLUTION

WHEREAS, the New Jersey Public Transportation Act of 1979, P.L. 1979, c. 150 authorizes NJ TRANSIT to lease, purchase, sell or otherwise dispose of, on terms which NJ TRANSIT may prescribe, real and personal property; and

WHEREAS, NJ TRANSIT has been requested to sell to The Paterson Parking Authority parcels of land consisting of 1.78 acres at 742-748 Madison Avenue, Block F0723, (Lot 1), and 725-745 Madison Avenue and 281-289 Park Avenue, (Block F0683, Lots 1, 2, 3, 8, 9, 10), Paterson, Passaic County, NJ known as the former Madison Avenue Bus Garage; and

WHEREAS, NJ TRANSIT and The Paterson Parking Authority agreed upon \$785,000 as the consideration for this property; and

WHEREAS, consideration for this sale to The Paterson Parking Authority consists of \$485,000 cash and \$300,000 to be held in an escrow account for the environmental remediation of the property;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to take all actions necessary to sell the parcels of land known as 742-748 Madison Avenue, (Block F0723, Lot 1), and 725-745 Madison Avenue and 281-289 Park Avenue, (Block F0683, Lots 1, 2, 3, 8, 9, 10), Paterson, Passaic County, NJ consisting of approximately 1.78 acres to The Paterson Parking Authority for the total consideration of \$785,000.

ITEM 0410-64: ADDITIONAL INVESTMENT MANAGER FOR COMPANY FUNDS

BENEFITS

This authorization will provide an opportunity to obtain improved returns on the investment of company operating funds, while reducing risk through increased diversification of investment managers.

PURPOSE

Article IX of the By-Laws of the New Jersey Transit Corporation requires Board authorization to commence a new financial relationship. Due to the ongoing consolidation of the financial services industry, the number of firms available for investment opportunities has decreased. NJ TRANSIT requests that Merrill Lynch & Co. be approved to offer certain investments in order to diversify the company's current investment portfolio and to be added to the list of the company's investment managers.

ACTION

Staff seeks authorization to enter into an investment management agreement with Merrill Lynch & Co. to manage certain company funds.

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

FISCAL IMPACTS

Requested Authorization:	To enter into an investment management agreement with Merrill Lynch & Co.
Total Project Cost:	N/A
Projected Date of Completion:	Continuing agreement
Anticipated Source of Funds:	Operating Funds
DBE Goal:	N/A
Related/Future Authorization:	N/A
Impacts on Subsequent Operating Budgets:	Potentially improved returns on the investment of company funds

RESOLUTION

WHEREAS, Article IX of the By-Laws requires Board authorization to obtain a new or sever an existing financial relationship; and

WHEREAS, NJ TRANSIT staff has identified opportunities to obtain improved financial returns on assets; and

WHEREAS, this opportunity will allow NJ TRANSIT to benefit from potentially higher investment returns on the investment of company funds;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director authorizes NJ TRANSIT staff to enter into an investment management agreement with Merrill Lynch & Co. to manage certain company funds.