

Jon S. Corzine  
Governor

Kris Kolluri, Esq.  
Board Chairman

George D. Warrington  
Executive Director

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



February 15, 2007

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 Tuesday, February 13, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gwen A. Watson', with a long horizontal flourish extending to the right.

Gwen A. Watson  
Board Secretary

Enclosures

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

(NJT BOARD –02/13/2007)

Minutes of the actions taken at the Open Session of the rescheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Tuesday, February 13, 2007.

**Present:**

Kris Kolluri, Esq., Chairman  
Myron P. Shevell, Vice Chairman  
Matthew Boxer, Governor's Representative  
Patrick O'Connor, Treasurer's Representative  
Flora Castillo  
Patrick W. Parkinson  
Kenneth E. Pringle

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 Holmes, Deputy Attorney General  
Vincent Soleo, Assistant Executive Director, Procurement & Support Services  
James Redeker, Assistant Executive Director, Policy, Technology & Customer Service  
Richard Sarles, Assistant Executive Director, Capital Planning and Programs  
H. Charles Wedel, Chief Financial Officer & Treasurer  
Alma Scott-Buczak, Assistant Executive Director, Human Resources  
Jan Walden, Assistant Executive Director, Diversity  
Gwen A. Watson, Board Secretary  
Robert Guarnieri, Auditor General

Chairman Kris Kolluri convened the Open Session at 9:07 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations and litigation and personnel matters. A motion was made by Flora Castillo, seconded by Myron P. Shevell and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 9:45 am and asked for a motion to adopt the minutes of the January 23, 2007 meeting. A motion was made by Myron P. Shevell, seconded by Patrick W. Parkinson and unanimously adopted.

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

Executive Director Warrington announced that public hearings are scheduled for the Access to the Region's Core project on March 13, 14 and 27, 2007 in New Jersey and New York. He encouraged everyone who wants to comment on the project to submit their comments as a formal part of this process, to ensure that they will be included in the official record that is submitted to the Federal Transit Administration.

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Last month, Executive Director Warrington presented a preliminary fiscal year 2008 budget and identified the operating needs for next year. Executive Director Warrington returned to the Board this month with a specific proposal to balance the operating budget (Exhibit A).

Basic inflation costs the Corporation \$45 million annually on a \$1.5 billion base operating budget and new and expanded services adds \$17 million to meet record ridership demand. Extraordinary costs, those growing at rates above inflation, add about \$6 million.

The proposed budget assumes level funding from the State. Considering the constrained State budget, it is a testament to the Governor's commitment to public transportation that he will seek \$300.7 million for NJ TRANSIT which includes the \$22 million increase received last year.

Executive Director Warrington recommends continuing the policy of freezing the level of capital funds programmed to cover operating expenses for the fourth consecutive year.

Inflationary costs include both labor and fringe benefits of \$27.8 million, non-labor expenses of \$17.2 million and new and expanded services including operations and maintenance costs associated with a larger fleet and system including: 147 new multilevel vehicles in service in Fiscal Year 2008 which will serve customers on the Corridor, Coastline and the Morris & Essex Lines, off-peak, bi-directional service on the Pascack Valley Line as a consequence of completing new sidings; and new and expanded rail stations at Mount Arlington and Newark Broad Street, and a completely rebuilt and expanded station in Trenton, befitting the state's capital and serving 8,000 NJ TRANSIT Amtrak, and SEPTA customers daily.

Executive Director Warrington said there will be additional parking spaces including: 700 at Edison, 150 at North Hackensack, and 110 in Montclair, which are just a portion of the 16,000 new spaces completed or in the pipeline since NJ TRANSIT began the parking expansion program in 2002.

Since the first of the year, NJ TRANSIT added new bus trips to 25 routes to meet customer demand across the State including in Bergen, Atlantic, Essex, and Middlesex Counties and NJ TRANSIT is purchasing more than 1,200 new transit and suburban buses.

Executive Director Warrington said the new and overhauled rail and bus equipment coming online represents one of the most significant fleet modernization programs at any time in NJ TRANSIT's history, adding capacity and improving reliability.

NJ TRANSIT expanded light rail service on all three systems which now support about 60,000 passenger trips daily, the fastest growing ridership segment in the network. Included within the inflationary costs are private carrier bus and Access Link contracts.

Executive Director Warrington said there is an item before the Board today regarding Access Link, a more than \$20 million annual paratransit service that NJ TRANSIT provides to qualified disabled New Jersey residents who are unable to take advantage of the regular route services to commute to work, to school, and to doctor's appointments.

(NJ TRANSIT BOARD –02/13/2007)

NJ TRANSIT is continuing to aggressively pursue non-fare revenue sources to support the operating budget. In fact, NJ TRANSIT is continuing to work to exempt cross-border leveraged leases from a federal moratorium, which could generate millions in future commercial revenues over the next several years. These transactions, which have generated \$160 million for NJ TRANSIT over the last 16 years, provide non-fare revenue to support operations without creating any adverse impact to the U.S. Treasury.

NJ TRANSIT will aggressively continue to squeeze costs and secure efficiencies. This year NJ TRANSIT reduced \$20 million by eliminating positions through attrition, containing health and pension benefit costs and cutting consultant, advertising, and administrative expenses. There are very limited opportunities going forward for further reductions without adversely impacting service.

The net operating need for Fiscal Year 2008 is about \$60 million. To generate the required revenue, while holding down the average fare adjustment as low as possible, NJ TRANSIT is proposing to implement the fare adjustment over 13 months rather than a 12 month period.

He said with respect to NJ TRANSIT's fare history, it is noteworthy that a series of significant and often annual fare increases in the 1980's gave way to a total absence of increase for 12 years throughout the 1990's and beyond.

During that period, the underlying annual operating need to fund inflation, extraordinary cost growth, and new service was masked with a steady diet of increased transfers from the capital budget to cover operating costs. Over time, \$3 billion was shifted from capital to support operations, and the level of that transfer is frozen as a matter of policy today.

He said it is relevant to note what NJ TRANSIT could and should have done with that \$3 billion in capital over the last decade to advance new capacity and services across the system. It is essential that NJ TRANSIT find other ways to fund the operating budget without further burdening the capital program.

Executive Director Warrington believes it is timely for renewed public policy discussion about creative revenue opportunities to support transit operations. He said policy options need to be defined about what the right, long term, structural fix is to support an expanding system over the next decade. In the meantime, he has a fiduciary responsibility to recommend a balanced operating budget for the next fiscal year.

Executive Director Warrington said public hearings will begin at the end of February, seeking consideration of a proposed systemwide average fare adjustment of 9.6 percent. This proposal is less than the final systemwide average fare adjustment taken in 2005 of 11.5 percent.

This proposal raises one-zone bus fares from \$1.25 to \$1.35 which is substantially below the regional average of \$2.00 per trip.

Executive Director Warrington said on the rail side, NJ TRANSIT will preserve the off-peak round-trip excursion fare discount at the current 15 percent level.

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NJ TRANSIT would also retain the current 50 percent discount for customers traveling in the Newark business district on a portion of the City Subway between Penn Station and Warren Street.

In response to feedback from customers, NJ TRANSIT will eliminate child access fees for travel to Newark Airport. This will ease the burden for families traveling, who currently pay \$11.00 per roundtrip for each child traveling with an adult which can mean \$40.00 to \$50.00 per family in addition to their rail fares.

On the low end of the average for this proposal are local bus, Newark Light Rail and River Line fares, as well as Hudson Bergen Light Rail.

Rail and interstate bus fares would be adjusted by 9.9 percent. Executive Director Warrington noted that a monthly pass, which offers unlimited travel, offers rail customers a discount off of the full fare of 30 percent and for interstate bus customers, monthly discounts range from 20 to 50 percent.

Executive Director Warrington said the local, one-zone bus fare will remain a good bargain relative to other systems in the region and the nation such as New York, Philadelphia, and Chicago which are about \$2.00 per trip.

This proposal will adjust the amount of operating cost recovered through the fare box from about 43 cents to about 47 cents for every dollar comparable to the fare box recovery ratio in 2000.

Executive Director Warrington said adjusted for inflation, the proposed fares are only 12 percent above all time lows, or equivalent to fares in 1982 when the system was fragile and provided a fraction of today's service .

He said official notices of the fare hearing schedule are being posted statewide today and on the web at [www.njtransit.com](http://www.njtransit.com). Executive Director Warrington said starting today, a full two weeks before the first hearing, NJ TRANSIT will accept public comments electronically via the website as well as through the mail, for the convenience of customers and to expand the window of the public comment period.

Executive Director Warrington encouraged people to attend the hearings and genuinely participate in this process because NJ TRANSIT is intent on listening to the ideas and suggestions of riders, stakeholders, and the public.

Executive Director Warrington said the fare increases are always an option of last resort. He said the proposal preserves important features including interchangeability between modes, and discounts for multiride and off-peak travel, that still make mass transit a very good bargain in this State.

Executive Director Warrington looks forward to receiving the customers' feedback at the hearings and preparing a final recommendation for the Board's consideration in April.

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William Wright presented the Advisory Committee report to the Board. He said the Advisory Committee met on February 1, 2007 and Richard Sarles gave an interesting presentation on THE Tunnel and other capital improvements. He said in the future, THE Tunnel could continue beyond 34<sup>th</sup> Street and Grand Central assuming New York is in agreement with the concept. He said for now getting THE Tunnel built is a big step. Mr. Wright said they had a brief discussion about Xanadu and it is under consideration that the Pascack Valley Line trains could pass through Xanadu.

There was one public comment on agenda items. David Peter Alan said he appreciates the opportunity to comment on issues before the Board but noticed the short time available for such comment this time. He said the meeting notice and agenda arrived on Friday for the Tuesday meeting. Mr. Alan commended the interpretative statements on the agenda items and expressed gratitude to Board Member Pringle who responded to his concerns.

Mr. Alan said the short notice of the next meeting's agenda does not meet the appropriate standard for public disclosure. He said it would take the public a long time to evaluate the amounts of money requested for proposed project that informed comment on those items could not be accomplished with the short notice given.

Mr. Alan said the three items on the agenda are not particularly controversial and he did not have substantive comments. He requested future meeting notices be sent out in sufficient time for the public to consider the agenda items and formulate meaningful comments. Mr. Alan said there are always some trial and error involved with the implementation of any new policy and realizes the current policy was implemented at his urging. He said the Board is off to a good start on this issue and looks forward to continued progress.

Executive Director Warrington presented the following Action Items for approval:

0702-10: MOTOR COACH INDUSTRIES SERVICE PARTS (MCISP) AGREEMENT

NJ TRANSIT has contracted for five years with Motor Coach Industries (MCI) Service Parts, Inc. to provide the twice daily delivery of parts required for preventative maintenance of more than 1000 MCI buses. These deliveries to 15 garages reduce garage inventory as well as obsolete parts inventory. Administrative savings are also realized since NJ TRANSIT does not need to purchase, distribute and store the parts nor does it need to restock or return parts to manufacturers. Authorization is requested to exercise three one year options in the existing contract and to extend the term for an additional six years to coincide with the useful life of the fleet for a total of nine additional years at a cost not to exceed \$98 million. This agreement will also enable a 30 percent discount on vehicle parts from the manufacturers catalog price.

Vice Chairman Myron P. Shevell recused himself from voting on Item No. 0702-10, Motor Coach Industries Service Parts (MCISP) Agreement.

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Flora Castillo moved the resolution, Patrick W. Parkinson seconded it, Myron P. Shevell recused himself from the vote, with the other members approving the item.

0702-11: REHABILITATION OF RARITAN VALLEY LINE BRIDGES OVER MADISON AVENUE, CENTRAL AVENUE, NEW STREET AND LIBERTY STREET IN THE CITY OF PLAINFIELD, UNION COUNTY, NEW JERSEY

Four bridges on the Raritan Valley Line in Plainfield were constructed in 1908 and are in need of structural repairs to enable continued normal train operations at track speed over the facilities. Authorization is requested to contract to rehabilitate these four bridges, at Madison and Central Avenues and New and Liberty Streets. The scope includes rehabilitating and rebuilding the deteriorating structures, masonry abutments and waterproofing the bridges as well as increasing vertical clearances. Historic characteristics will also be retained including lattice column bents, Central Railroad of New Jersey logos, blue stone sidewalks and sandstone masonry. The proposed contract is with Northeast Remsco Construction Inc. at a cost not to exceed \$11,224,411 plus five percent for contingencies. .

Myron P. Shevell moved the resolution, Patrick W. Parkinson seconded it and it was unanimously adopted.

0702-12: ACCESS LINK CONTRACTED SERVICE FOR REGION 4, MERCER, MONMOUTH, MIDDLESEX AND NORTHERN OCEAN COUNTIES, NEW JERSEY

Since mid-2004, Laidlaw Transit Services, Inc. has provided ADA paratransit AccessLink service in Region 4 comprised of Mercer Middlesex, Monmouth and northern Ocean counties. Approximately 430 passenger trips are provided daily in this area for disabled passengers who are physically not able to access the fixed route bus service due to a disability or environmental barriers. The existing contract expires this month and authorization is requested to enter into a new contract from May 2007 to May 2014. The contract is a three year base contract with two two-year options at a cost not to exceed \$51 million plus five percent for contingencies. Because the existing contract resulted in fuel increases, longer trips and higher than anticipated ridership, authorization is requested to approve \$1,240,000 plus five percent for contingencies to continue the service from now until May 2007.

Myron P. Shevell moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

There were no Consent Calendar items.

There were three public comments on non-agenda items.

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Margarite Petrillo commented on the use of casino revenue funds. Executive Director Warrington briefly explained how the funds are received from the State, distributed to the counties and earmarked for senior citizens and people with disabilities. Ms. Petrillo requested information on how much funding NJ TRANSIT gets from casino funds. Executive Director Warrington said Ms. Petrillo would be provided with a summary of the program, projects and benefits.

Ms. Petrillo said at the January 2007 board meeting she requested specifications for Item #0701-2 Newark Penn Station Market Street Enhancements: Contract Amendment for Design Services but did not receive it. Mr. Sarles said the project is still in development and the specifications are expected to become available in early spring. Mr. Sarles said Ms. Petrillo will be contacted when the specifications are available for her review.

Ms. Petrillo commented on the proposed fare increase. She said she is tired of hearing everyone complain. She said the Board should be commended for keeping the fares so low in past years.

Ms. Petrillo commented that on the #21 bus she observed a Newark police officer on-board the bus and asked why there was a police officer on the bus. Mr. Gigantino said it is part of an overall security program involving local municipalities conducting security checks. He said it is a program that has been ongoing for several years.

Ms. Petrillo commented on the ethnicity of bus drivers. Chairman Kolluri said there is an open and competitive hiring practice in accordance with State laws.

David Peter Alan said the Lackawanna Coalition appreciated the opportunity to meet about the future use of equipment on the Morris & Essex and Montclair-Boonton lines and looks forward to continuing dialogue that will benefit both management and riders.

Mr. Alan said he attended the Lackawanna Cutoff project presentation meeting in Morristown. He said written comments were only taken for the record and there was no opportunity for oral comments. He said transit-dependent people are not accorded the same opportunity to comment in the same manner as those who have automobiles. He said the disparity is unfair and constitutes discrimination. In order to eliminate the unfairness in the future, he insists that public meetings not be held entirely beyond the reach of existing transit.

Mr. Alan strongly objected to the proposed fare increase in principle and urgently requested that its consideration and implementation be postponed. He said this is the fifth transit fare increase since New Jersey's Motor Fuel Tax reached its present level in 1988. He said over the years inflation eroded the contribution made by motorists and truckers to the State's transportation system, while transit riders are routinely singled out to pay more. He said it is an injustice and discrimination of the most blatant sort against many seniors, people with disabilities and people who simply cannot afford an automobile. Mr. Alan said highways are never shut down for budgetary reasons and the gasoline tax is never increased. Mr. Alan said he has written to Governor Corzine requesting he allocate enough money in this year's budget to keep transit going without another fare increase and he is awaiting a reply.

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Mr. Alan said NJ TRANSIT will have new leadership soon and with new leadership comes new ideas. He said the 2005 fare increase was implemented over the strong objections of the Lackawanna Coalition and the New Jersey Association of Railroad Passengers. He said off-peak fares were increased by 25 percent and with no transfer privileges. He said that policy would decrease off-peak ridership, especially between New Jersey points and events have proven him right. Mr. Alan said the facts establish the causal relationship between the large fare increase and drastic service cuts and the facts speak for themselves. Mr. Alan urgently and sincerely requested that the process of raising fares be suspended until new leadership at NJ TRANSIT can seek more equitable solutions.

Damien Newton on behalf of the Tri-State Transportation Campaign commented on the fare proposal. Mr. Newton said he understood NJ TRANSIT relies on allocations from Trenton to pay the operating deficit. Mr. Newton said NJ TRANSIT is one of the largest transit agencies and it has no dedicated source of funding. He said some States have a dedicated transit funding from a sales tax, tolls or gas tax. He said since NJ TRANSIT does not have a dedicated funding source, it has no choice but to increase fares.

At this point, Chairman Kolluri left the meeting.

Mr. Newton said he and the Tri-State Transportation Campaign attended most of the fare increase public hearings in 2005 to get the message out that the Governor and the Legislature need to provide more money for transit and provide a dedicated funding source.

Since there were no further comments or business, in Chairman Kolluri's absence, Board Member Pringle called for adjournment; seconded by Patrick W. Parkinson and adopted.

The meeting was adjourned at approximately 10:35 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**

**FEBRUARY 13, 2007**

**MINUTES**

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**ACTION ITEMS**

0702-10	MOTOR COACH INDUSTRIES SERVICE PARTS (MCISP) AGREEMENT	38341
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Authorization to exercise three one-year options in the five-year Contract (No. 01-622) with Motor Coach Industries Service Parts, Inc. (MCISP) of Schaumburg, Illinois and to extend the contract term for an additional six years for a total of 14 years at a cost not to exceed \$98,000,000, subject to the availability of funds. The MCI Service Parts Agreement provides preventative maintenance parts, general repair parts and proprietary parts required to support the Motor Coach Industries (MCI) cruiser bus fleet. Total contract cost is not to exceed \$143,400,000, subject to the availability of funds.

0702-11	REHABILITATION OF RARITAN VALLEY LINE BRIDGES OVER MADISON AVENUE, CENTRAL AVENUE, NEW STREET, AND LIBERTY STREET IN THE CITY OF PLAINFIELD, UNION COUNTY, NEW JERSEY	38344
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Authorization to contract with Northeast Remsco Construction, Inc. of Toms River, New Jersey to perform the rehabilitation of NJ TRANSIT's bridges over

NEW JERSEY TRANSIT CORPORATION  
NJ TRANSIT BUS OPERATIONS INC.  
NJ TRANSIT RAIL OPERATIONS INC.  
NJ TRANSIT MERCER INC.  
RE-SCHEDULED BOARD OF DIRECTORS MEETING  
FEBRUARY 13, 2007  
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Madison Avenue, Central Avenue, New Street, and Liberty Street on the Raritan Valley Line in the City of Plainfield at a cost not to exceed \$11,224,411, plus five percent for contingencies, subject to the availability of funds.

0702-12      ACCESS LINK CONTRACTED SERVICE FOR REGION 4, MERCER, MONMOUTH, MIDDLESEX AND NORTHERN OCEAN COUNTIES, NEW JERSEY      38347

Authorization to contract (RFP No. 07-034) with Laidlaw Transit Services, Inc. of Overland Park, Kansas to provide ADA paratransit service in Region 4, Mercer, Middlesex, Monmouth and northern Ocean Counties, for the period May 7, 2007 - May 7, 2014, a three-year base contract with two two-year options, at a cost not to exceed \$51,000,000, plus five percent for contingencies, subject to the availability of funds; and additional funding in the amount of \$1,240,000, plus five percent for contingencies to continue its current three-year contract in this region expiring May 6, 2007, subject to the availability of funds.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

**EXECUTIVE SESSION AUTHORIZATION**

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

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

## **APPROVAL OF MINUTES**

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

**WHEREAS**, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the January 23, 2007 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 January 25, 2007;


**NOW, THEREFORE, BE IT RESOLVED** that the minutes of actions taken at the January 23, 2007 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: FEBRUARY 13, 2007  
 SUBJECT: EXECUTIVE DIRECTOR'S REPORT – FEBRUARY 2007

I'd like to take this opportunity to provide an overview of NJ TRANSIT's FY 08 budget projections and fare proposal. Let me begin by saying that a fare increase is always an option of last resort.

During the past five years, we have reduced costs by more than \$75 million, leaving very limited opportunities for further cuts without adversely impacting service. In the current fiscal year alone, we achieved \$20 million in cuts in areas including headcount reduction through attrition, health and pension benefit cost containment, and reductions in consultants, advertising and administration expenses.

With a base operating budget of about \$1.5 billion, NJ TRANSIT faces an annual inflationary increase of core costs of about \$45 million, even when we contain expenses for such items as labor, fringe and non-labor costs at the 3 percent rate of inflation. While a significant portion of our operating budget comes from State support, given the State's budget constraints, we expect the same level of funding we received in FY07 -- a \$22 million increase over FY06.

Ridership demand continues to drive our growth in service, which has increased three times more in the last five years than in the previous five years. Despite this growth, we are containing service and system expansion costs at just 1 percent of the budget.

It is important to put the proposed fare increase into perspective. If the proposed plan is ultimately approved, it would be only the third increase since 1990. Accounting for the previous and proposed increases, the average annual increase over that 17-year span is just 1.76 percent. Adjusted for inflation, the proposed fares would be at the same level as NJ TRANSIT fares in 1982.

The fare proposal will not be finalized until April, following the NJ TRANSIT Board of Directors' review and consideration of comments from the public. To that end, we will hold 13 public hearings and an information session between February 28 and March 8 at locations throughout New Jersey, as well as one session in Manhattan. Comments will also be accepted online at [www.njtransit.com](http://www.njtransit.com) between February 13 and March 8, 2007.

# **EXECUTIVE DIRECTOR'S MONTHLY REPORT FEBRUARY 2007**

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

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# HIGHLIGHTS

## **NJT and Montclair advance plans to rebuild Upper Montclair Station**

NJ TRANSIT, in cooperation with the Township of Montclair, issued a Request for Proposal (RFP) in late January seeking a qualified developer/tenant to enter into a long-term lease to build a new Upper Montclair (Bellevue Ave.) Train Station in Montclair, NJ, that includes a passenger waiting area and commercial space with a focus on a new restaurant. The developer/tenant will lease the commercial space in the station, which will be owned by NJ TRANSIT.

The design guidelines in the RFP were developed in concert with the Township of Montclair, the Station Reconstruction Committee and the Montclair Historic Preservation Commission and will help ensure that the new station retains the look of the previous building. The new structure will provide economic benefits and amenities for both NJ TRANSIT customers and local residents.

"We are very pleased that this process is underway, and are confident that this will result in a new station that satisfies the historic design guidelines and provides enhanced commercial amenities to NJ TRANSIT's customers and local residents," said NJ TRANSIT Senior Director of Real Estate Jim Zullo.

NJ TRANSIT and the Township of Montclair have established a framework of a resolution on the insurance matter that will be agreed upon and formalized within the next 30 days.

The current station, destroyed by fire last year, is listed on the New Jersey Register of Historic Places and actions that affect it are subject to evaluation under the New Jersey Register of Historic Places Act. Once a tenant is selected, NJ TRANSIT and the Township of Montclair will work with the State Historic Preservation Office (SHPO) and Historic Sites Council (HSC) on the design of the new structure. The HSC will review and prepare a resolution recommending authorization of the proposed construction with conditions that will be incorporated into the final design of station.

NJ TRANSIT expects to receive proposals in April. Once that process is complete NJ TRANSIT and the Township will begin the evaluation process to select a developer.

# **CUSTOMER AND COMMUNITY INITIATIVES**

## **NJ TRANSIT Board approves purchase of 1,145 new buses equipped with on-board camera systems**

The Board of Directors last month authorized the purchase of 1,145 transit and suburban-style buses equipped with closed-circuit camera systems to enhance customer and employee safety.

The \$409.9 million purchase will renew the state's bus fleet over a period of six years and marks the first time that NJ TRANSIT vehicles will be delivered with closed-circuit cameras as standard equipment.

"This action represents the most significant security investment ever in NJ TRANSIT's bus system, thanks to continued support and interest from the bus union," said Jim Gigantino, NJ TRANSIT's Acting Vice President and General Manager of Bus Operations. "The purchase of these buses will ensure that more than half of NJ TRANSIT's fleet will be equipped with this type of technology as the new buses are delivered."

"The safety and security of our bus operators and customers is our highest priority, and we have worked closely with NJ TRANSIT to advance this issue," said Vito Forlenza, Chairman of the Amalgamated Transit Union. "The inclusion of the closed-circuit camera technology in NJ TRANSIT's fleet will mean a big step forward in enhancing onboard safety."

NJ TRANSIT is currently conducting two bus camera pilot programs as part of an ongoing focus on employee and customer safety.

In October 2006, the NJ TRANSIT Board approved a pilot program to install video cameras on 74 buses operating out of Big Tree Garage in Nutley—which serves communities in Essex, Passaic, Bergen and Union counties—as well as cameras on 48 supervisor vehicles. The \$424,000 one-year pilot will begin within the next few months and will enable NJ TRANSIT to evaluate the system's benefits to operator and customer safety before proceeding with future installations. The cameras record data when activated by the operator or when triggered by a sudden change in "g-force" such as a collision or high-speed maneuver, capturing occurrences both inside and outside the bus.

In 2005, NJ TRANSIT installed digital cameras on 50 buses in South Jersey as part of a separate \$1.5 million pilot program funded by the U.S. Department of Homeland Security. The cameras record footage from multiple interior and exterior positions and enable NJ TRANSIT police to view live video footage from aboard the bus.

In addition to enhancing safety and security, the new fleet of buses will offer improved service reliability and upgraded, comfortable interiors for customers. The buses will be equipped with wheelchair lifts and a kneeling feature, and will meet or exceed the latest environmental standards by incorporating technologies to reduce exhaust emissions.

The multi-year contract calls for the delivery of approximately 200 buses per year, replacing transit and suburban buses that will have exceeded their 12-year lifespan and will be eligible for replacement under Federal Transit Administration guidelines.

### **Enhanced access on the way for Newark Penn Station customers**

Last month the NJ TRANSIT Board of directors approved the latest in a series of enhancements to Newark Penn Station, amending a contract for work that will provide greater ease of access to the city's transportation hub for customers and residents in the downtown Market Street area.

"The enhancements to Newark Penn Station will enable the facility to keep up with both our growing ridership and the ongoing development in the City of Newark," said Transportation Commissioner and NJ TRANSIT Board Chairman Kris Kolluri. "The end result will mean improved access for customers transferring between trains and a better connection to the downtown for area residents, employees and visitors."

The NJ TRANSIT Board amended its contract with Clough Harbour & Associates, LLP of Parsippany to expand the scope of work planned for the extension and rehabilitation of Newark Penn Station's Track 5 platform. The final design services will now include

enhancements to the station stairways at Market Street, demolition of the former heating plant building and foundation design on the Track 5 platform for a future pedestrian overpass.

“This project represents a strategic improvement for the City of Newark and our developing downtown,” said Newark Mayor Cory Booker. “The improved access from Market Street to the station will stitch together two vibrant areas of the city, linking the Ironbound section to the center core district—including the Gateway Complex and new arena.”

“More than just an expansion of a platform, this project is about creating better ease of access from our station building to Newark’s developing downtown, particularly in the Market Street area,” said NJ TRANSIT Executive Director George D. Warrington.

“Customers will also benefit from new lighting, an improved communication system and enhanced safety and security measures.”

In June 2005, the Board authorized a contract for final design to extend and rehabilitate the platform along Track 5 in Newark Penn Station for a project that will restore the station platform, improve the appearance and functionality of customer queuing areas, and extend the platform to provide greater capacity for longer Raritan Valley Line trains.

With the added enhancements to the Market Street area of Newark Penn Station, the station upgrades will also include new lighting, signage, communication systems and architectural treatments to make the area more attractive and inviting for customers. In addition, design plans will be developed to demolish and remove the former station heating plant at the southern end of the station along Track 5.

The stairways from Market Street to the station platforms are used by customers transferring between trains during the peak periods, by commuters parking near the station, and by area employees and residents.

The amended contract authorizes an additional \$1.1 million for design services, for a total contract authorization of approximately \$4.6 million.

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Completion of final design is slated for summer 2007. Construction is expected to be completed by the end of 2008.

# **EMPLOYEE RECOGNITION**

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

Twenty-eight NJ TRANSIT employees retired in December with careers ranging from 10 to 38 years of service:

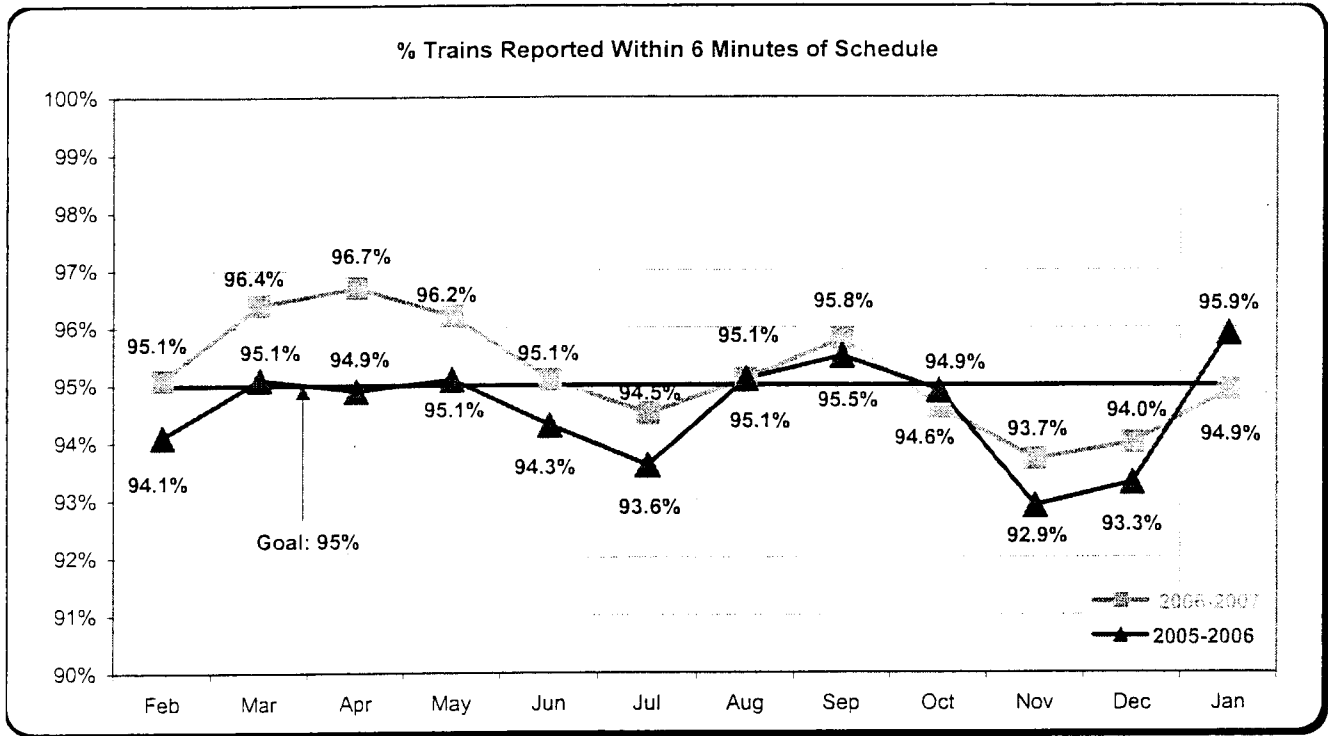
- Salvatore Anzalone (Wayne) – Wayne Garage Repairman – 38 years
- Eugenia Sages (Chatham) – Secaucus Customer Service – 31 years
- Neil Elmore (Asbury Park) – Mgr., Safety, Newark Division – 30 years
- Robert M. Bulger (Williamstown (Washington Twp. Bus Operator) – 29 years
- Floyd Allen (Millville) – Mechanic “A” – 29 years
- Frank Kelly (Willingboro) – Big Tree Bus Operator – 29 years
- Francis Pezzano (West Paterson) – Meadowlands Bus Operator – 29 years
- Peter Rossi (Jersey City) – Meadowlands Stock Clerk – 29 years
- Joseph Scanlon (Palisades Park) – Greenville Inspector Class A – 28 years
- James Wapinsky (Kearny) – Big Tree Repairman – 28 years
- Charles Wolf (Egg Harbor City) – Washington Twp. Bus Operator – 27 years
- Nelson Torres (Perth Amboy) – Ironbound Bus Operator – 27 years
- Robert Gray (Paterson) – Wayne Bus Operator – 27 years
- Koitcho Koeff (New Milford) – Oradell Bus Operator – 26 years
- Robert Mehnert (N. Arlington) – Meadowlands Garage Maintenance – 26 years
- Lester Bishop (Irvington) – Big Tree Mechanic – 23 years
- Neris Torres (Newark) – Meadowlands Bus Operator – 25 years
- Archie Fields (Teaneck) – Oradell Bus Operator – 23 years
- Mark E. Mullin (Vilas) – Egg Harbor Twp. Bus Operator – 23 years
- Doris Koonce (Jamesburg) - Financial System Project Manager – 23 years
- Louise Masucci (Newark) – Newark City Subway Operator – 17 years
- John Bourque (Westfield) – Principle Software Specialist – 16 years
- Cecil Pitt (Irvington) – Hilton Bus Operator – 15 years
- Jose Cordero (Bayonne) – Greenville Bus Operator – 15 years
- Delores Freeman (Williamstown) – Atlantic City Bus Operator – 14 years
- Cornell Smith (Hillside) – Meadowlands Bus Operator – 11 years
- John Ganly (Pitman) – Washington Twp. Bus Operator – 10 years
- Abdelsadek Hassan (Ridgefield) – PABT Ticket Agent – 10 years

# **DBE/MBE PROGRAM**

**DBE/MBE  
WILL BE  
REPORTED  
NEXT MONTH**

# **PERFORMANCE MEASURES**

# NJ TRANSIT ON-TIME PERFORMANCE RAIL FEBRUARY 2005 - JANUARY 2007



	2005-2006	2006-2007	# Change
January Comparison	95.9%	94.9%	-1.0%

	2005-2006	2006-2007	# Change
12-Month Average February - January	94.6%	95.2%	0.6%

**Analysis:**

Rail On-Time Performance for January 2007 was 94.9%. Of the 19,356 trains that were scheduled to operate, 18,367 were on time, while 989 trains (or 5.1%) were delayed. Causes of delay included:

Amtrak's temporary loss of power to the overhead wire system on the Northeast Corridor on January 11th;

The Portal Bridge's failure to close on January 17th and 18th;

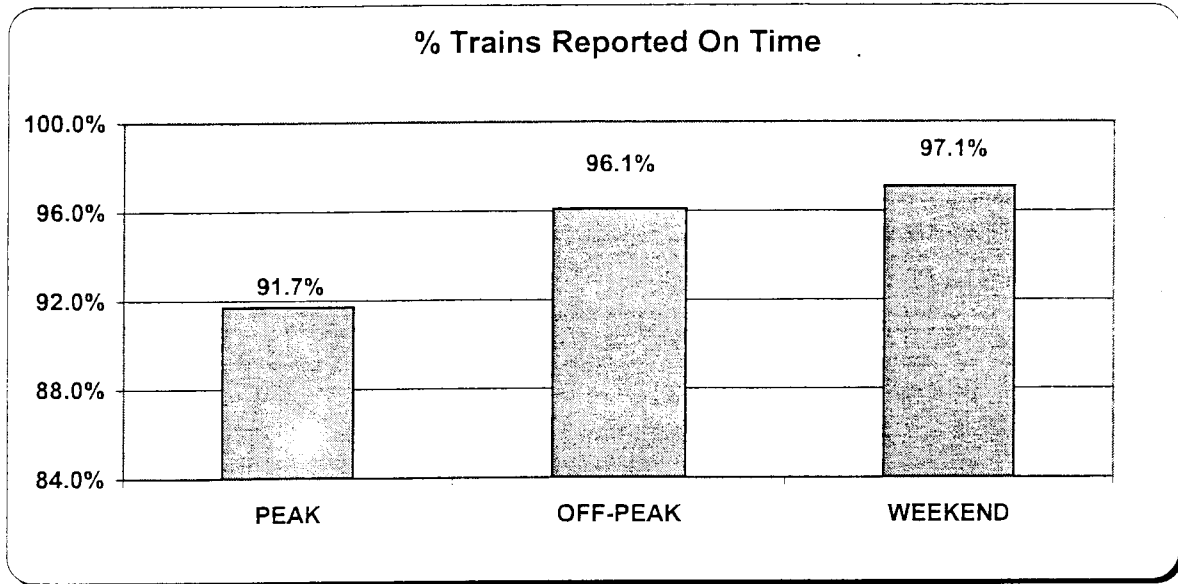
A required repair on the tracks in the tunnel leading into Penn Station New York on January 19th; and

A train that struck debris leaving Penn Station New York and became disabled at a key location which prevented other trains from entering or leaving the station.

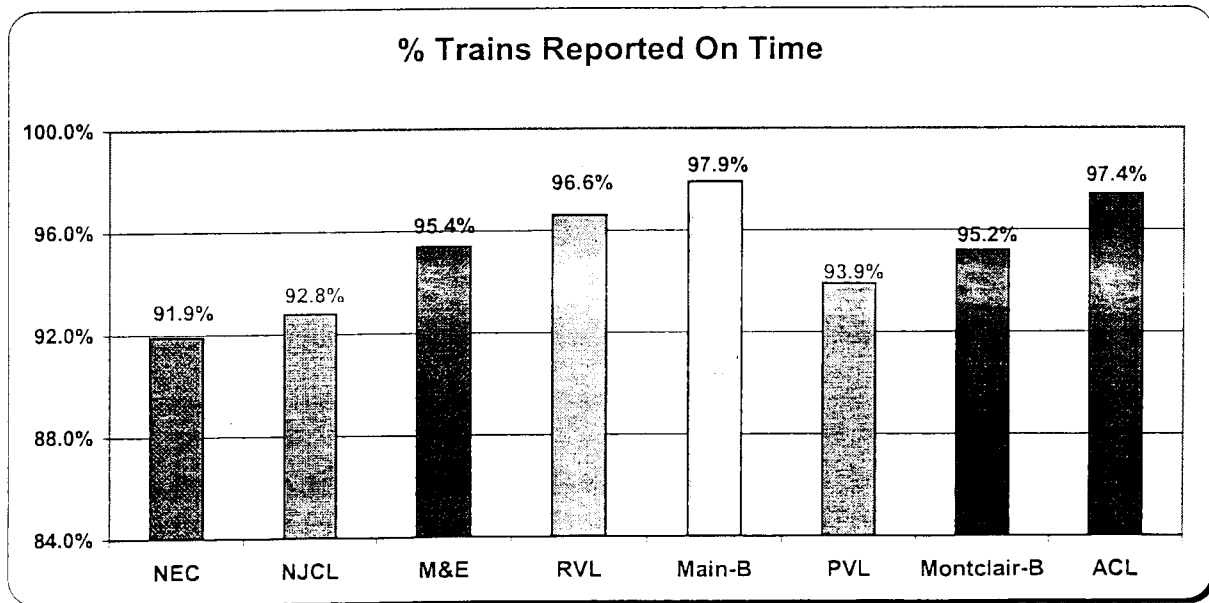
The 12-month average for Rail On-Time Performance systemwide for February 2006 - January 2007 was 95.2%, an increase over the previous 12-month period.

# ON-TIME PERFORMANCE RAIL

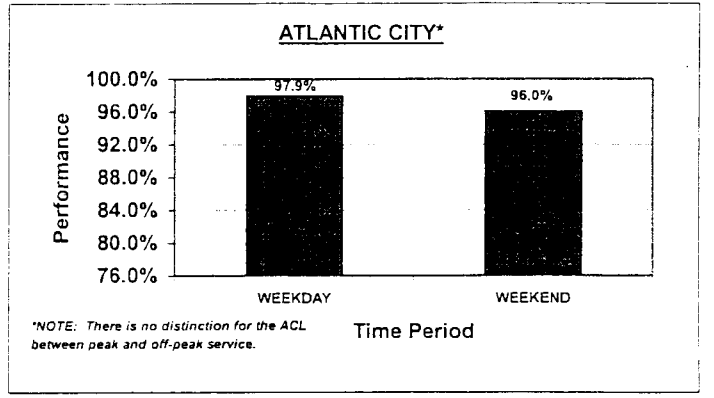
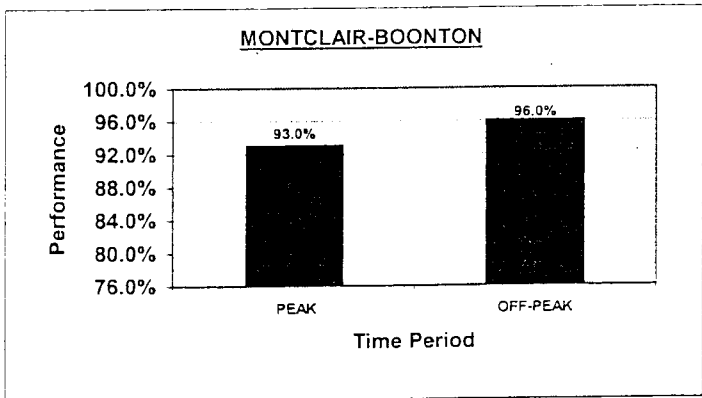
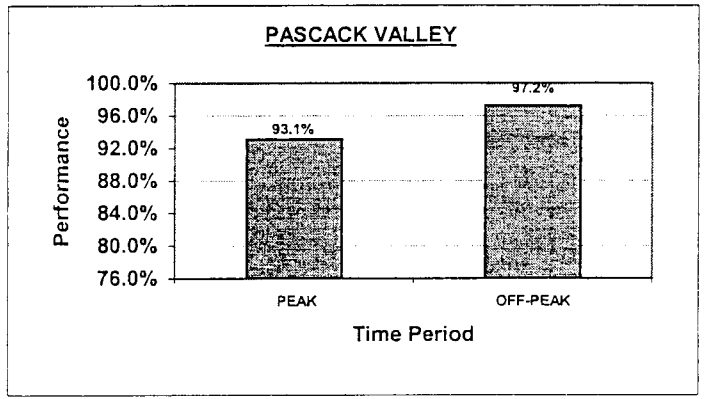
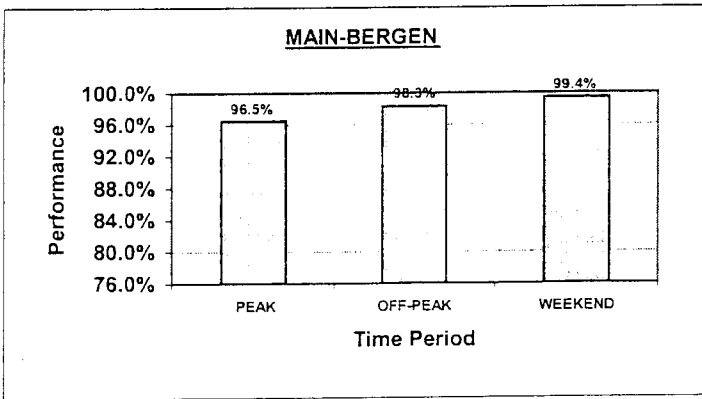
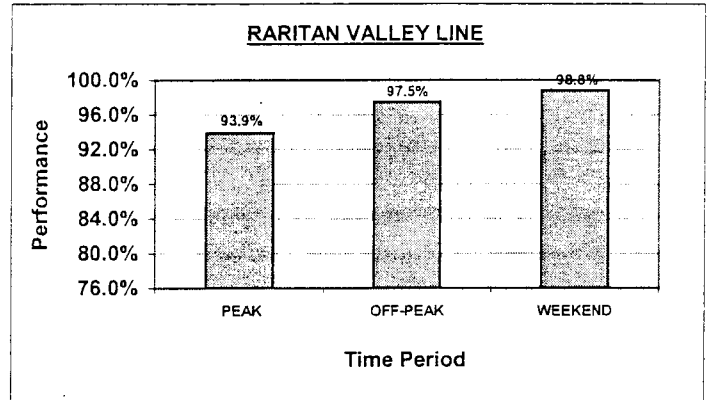
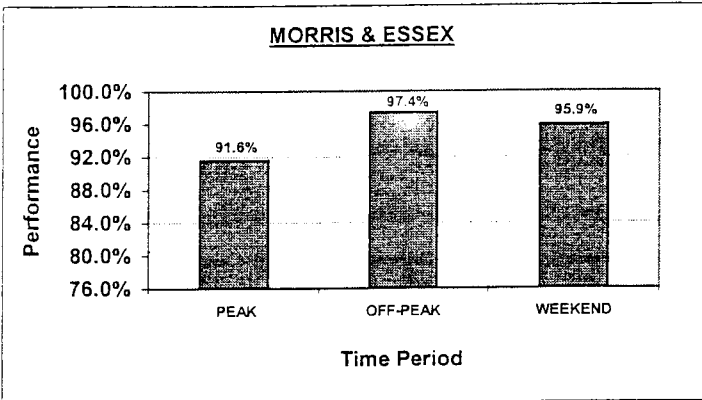
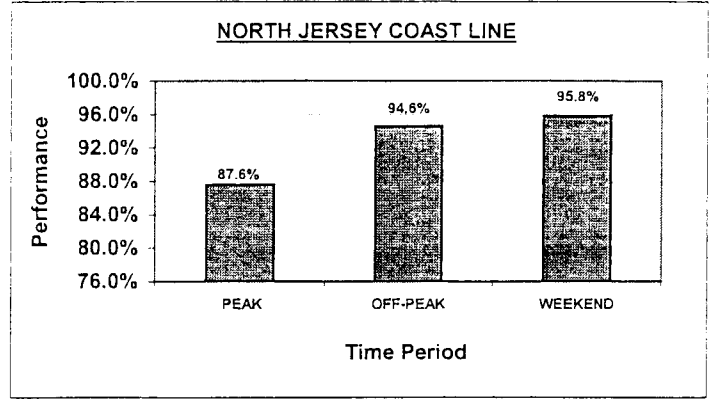
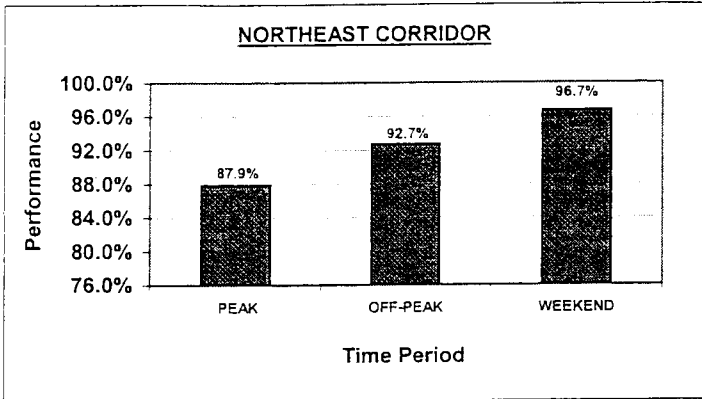
## SUMMARY BY TIME PERIOD JANUARY 2007



## SUMMARY BY LINE JANUARY 2007

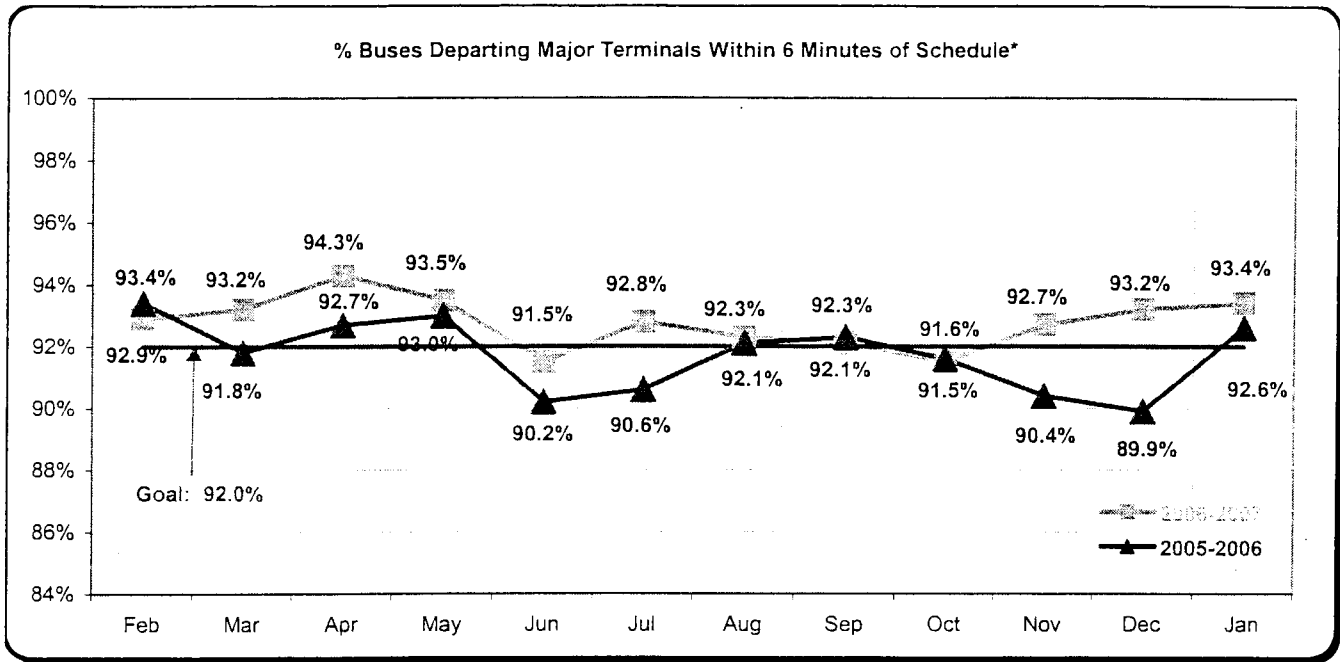


# ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD JANUARY 2007



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

# NJ TRANSIT ON-TIME PERFORMANCE BUS FEBRUARY 2005 - JANUARY 2007



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

	2005-2006	2006-2007	# Change
January Comparison	92.6%	93.4%	0.8%

	2005-2006	2006-2007	# Change
12-Month Average February - January	91.7%	92.8%	1.1%

**Analysis:**

Bus On-Time Performance for January 2007 was 93.4%, above the goal of 92.0%. Of the 30,676 monitored departures, 2,012 (or 6.6%) experienced delays. Key sources of delay included:

An exceptionally large number of passenger boardings at the Walter Rand Transportation Center on January 2nd;

An accident on the NJ Turnpike in the southbound direction on January 9th;

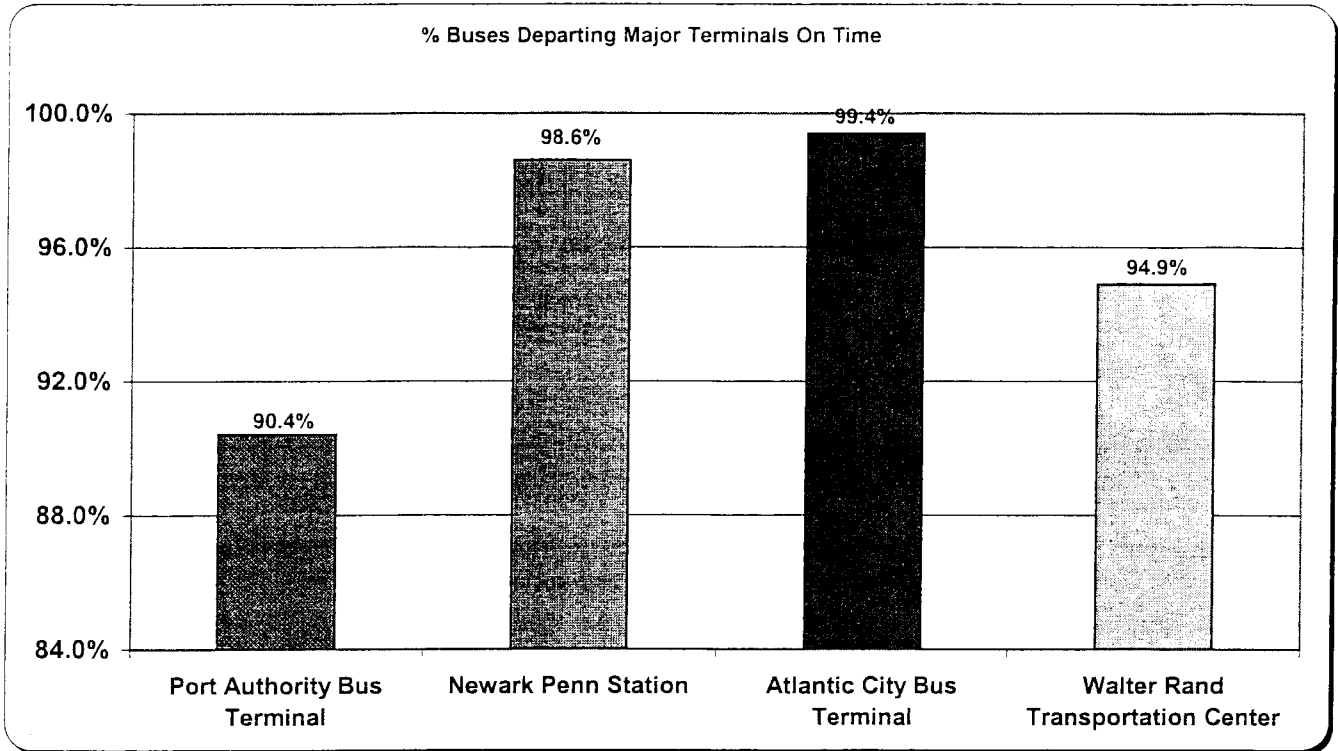
Heavy traffic in the inbound direction to Philadelphia near the Walter Rand Transportation Center on January 8th, 10th, 11th, 16th, 29th, and 30th; and

Inclement weather on January 22nd.

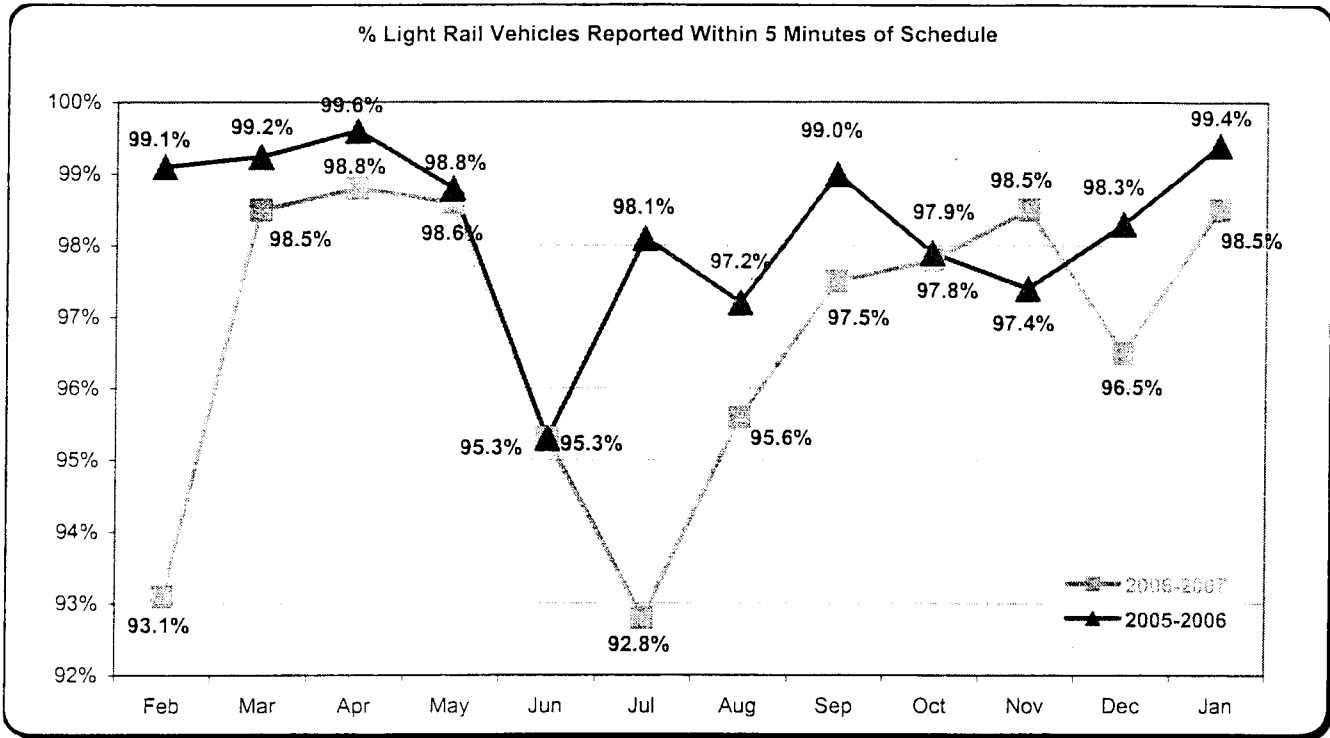
The 12-month average for Bus On-Time Performance for February 2006 - January 2007 was 92.8%, an increase over the performance of the previous 12-month period.

# ON-TIME PERFORMANCE BUS

## SUMMARY BY TERMINAL JANUARY 2007



# NJ TRANSIT ON-TIME PERFORMANCE HUDSON-BERGEN LIGHT RAIL FEBRUARY 2005 - JANUARY 2007



	2005-2006	2006-2007	# Change
January Comparison	99.4%	98.5%	-0.9%

	2005-2006	2006-2007	# Change
12-Month Average February - January	98.3%	96.8%	-1.5%

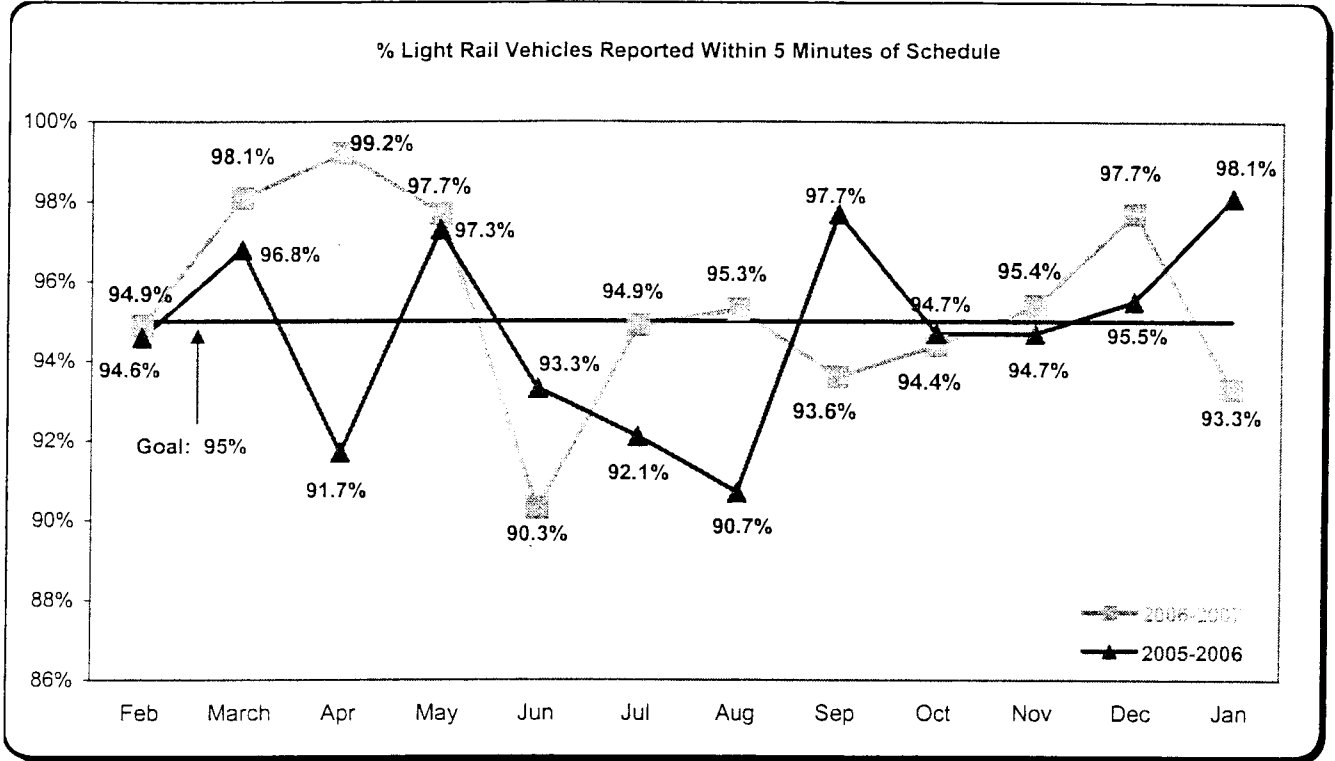
**Analysis:**

Hudson-Bergen Light Rail (HBLR) On-Time Performance for January 2007 was 98.5%. Of the 17,344 scheduled trips for the month, 255 (or 1.5%) were delayed. Causes of delay included:

- A vehicle failure on January 10th;
- A motor vehicle accident blocking the tracks on January 18th;
- Fire Department activity on January 25th; and
- An overhead wire problem on January 26th.

The 12-month average for HBLR On-Time Performance for February 2006 - January 2007 was 96.8%, 1.5 percentage points below the average of the previous 12-month period.

# NJ TRANSIT ON-TIME PERFORMANCE River LINE FEBRUARY 2005 - JANUARY 2007



	2005-2006	2006-2007	# Change
January Comparison	98.1%	93.3%	-4.8%

	2005-2006	2006-2007	# Change
12-Month Average February - January	94.8%	95.4%	0.6%

**Analysis:**

River LINE On-Time Performance for January 2007 was 93.3%. Of the 3,027 trips scheduled for the month, 203 (or 6.7%) were delayed. Causes of delay included:

A vehicle failure on January 12th; and

Signal system failures on January 18th, 25, and 26th.

The 12-month average for River LINE On-Time Performance for February 2006 - January 2007 was 95.4%, an increase over the performance of the previous 12-month period.

# **ACTION ITEMS**

**ITEM 0702-10: MOTOR COACH INDUSTRIES SERVICE PARTS (MCISP)  
AGREEMENT**

**BENEFITS**

The Motor Coach Industries (MCI) service parts program has benefited NJ TRANSIT through the minimization of stocking issues at the bus garages. The twice daily on-time delivery of preventative maintenance parts, general repair parts and proprietary parts has allowed NJ TRANSIT to maximize its savings by reducing administration time and inventory space, as well as reducing of obsolete parts.

The continuation of a service parts agreement with MCISP will correspond with the remaining duty cycle of the MCI Cruiser Bus Fleet and will continue to reduce garage inventory, and eliminate the risk of obsolete parts in inventory at the end of the useful life of this fleet. In addition, NJ TRANSIT continues to save the costs associated with the purchasing, distribution and storage of the bus parts inventory at NJ TRANSIT's Central Stores facility and 15 bus garages.

Through this agreement, NJ TRANSIT receives preferred pricing that is lower than the MCISP current price list. With the continued operation of the MCISP, New Jersey parts warehouse, jobs and tax revenues are generated for the State of New Jersey.

**PURPOSE**

Board Item 0202-13 granted Procurement-By-Exception authorization to enter into a five year contract with MCISP to provide all service parts for our MCI cruiser bus fleet and MCI manufactured service parts on existing bus fleets (Metro B, Metro D, Flexible and CNG buses). In the five years this program has been in place, bus down time has been minimized. NJ TRANSIT has benefited from this program with a 98 percent first pass fill rate for parts ordered by having a fully staffed local, centralized New Jersey MCISP warehouse making twice daily garage deliveries and utilization of an interactive Internet-based MCISP parts ordering system. Other advantages of this program are MCISP's responsibility for inventory control and detailed reporting. NJ TRANSIT benefits from reduced administrative costs for processing purchase orders, invoices, billing discrepancies and an approximate \$6,000,000 reduction of inventory system-wide. To date, MCI has successfully met the contract performance requirements.

Due to the requirements to inventory proprietary material in a centrally located warehouse, twice daily and emergency deliveries are provided to multiple NJ TRANSIT locations as well as the ability to direct order material through a proprietary website. MCISP has been determined to be the only vendor capable of complying with the contract performance requirements and is certified to be the sole source for these parts in accordance with NJ TRANSIT Procurement Regulations N.J.A.C. 16:72-1.6 and Executive Order No. 37.

NJ TRANSIT Bus Operations operates 1005 MCI cruiser buses, which includes the following: 76 1999-2000 compressed natural gas (CNG) powered buses; 852 2001-2003 both 40 and 45-foot Detroit Diesel powered buses; four 2002 Hybrid-Electric powered buses; 53 2006 45-foot Caterpillar powered buses; and 20 various aged 45-foot 102DL3 lease buses.

**ACTION (Justification: Cost Efficiencies)**

Staff requests authorization to exercise three one-year options in the five-year Contract (No. 01-622) with Motor Coach Industries Service Parts, Inc. (MCISP) of Schaumburg, Illinois and to extend the contract term for an additional six years for a total of 14 years at a cost not to exceed \$98,000,000, subject to the availability of funds. The MCI Service Parts Agreement provides preventative maintenance parts, general repair parts and proprietary parts required to support the Motor Coach Industries (MCI) cruiser bus fleet. Total contract cost is not to exceed \$143,400,000, subject to the availability of funds.

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

**FISCAL IMPACTS:**

<b>Requested Authorization:</b>	\$98,000,000
<b>Total Project Cost:</b>	\$143,400,000
<b>Projected Date of Completion:</b>	June 1, 2016
<b>Anticipated Source of Funds:</b>	FY2008-FY2016 Operating Budget
<b>DBE Goals:</b>	N/A
<b>Related Authorization:</b>	None
<b>Impact on Subsequent: Operating Budgets</b>	Reduced inventory cost and associated overhead cost for Central Stores and 11 operating locations

## RESOLUTION

**WHEREAS**, NJ TRANSIT continues to require preventative maintenance parts, general repair parts and proprietary parts to support the operation of the bus fleets manufactured by Motor Coach Industries (MCI); and

**WHEREAS**, Motor Coach Industries Service Parts, Inc. (MCISP) provides a high level of maintenance support and greatly reduces the costs associated with the purchase and storage of inventory material; and

**WHEREAS**, in order to ensure parts availability for the fleet of 1005 MCI cruiser buses and for existing MCI manufactured fleets through the continued operation of MCISP's New Jersey parts warehouse, NJ TRANSIT has determined it is in the agency's best interest to exercise three one-year options and amend the contract with MCISP; and

**WHEREAS**, due to the requirements to inventory proprietary material in a centrally located warehouse, twice daily and emergency deliveries being provided to multiple NJ TRANSIT locations as well as the ability to direct order material through a proprietary website, MCISP has been determined to be the only vendor capable of complying with the contract performance requirements and is certified to be the sole source for these parts in accordance with NJ TRANSIT Procurement Regulations N.J.A.C. 16:72-1.6 and Executive Order No. 37;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to exercise three-one year options in the five-year Contract (No. 01-622) with Motor Coach Industries Service Parts, Inc. (MCISP) of Schaumburg, Illinois and to extend the contract term for an additional six years for a total of 14 years at a cost not to exceed \$98,000,000, subject to the availability of funds. The MCI Service Parts Agreement provides preventative maintenance parts, general repair parts and proprietary parts required to support the Motor Coach Industries (MCI) cruiser bus fleet. Total contract cost is not to exceed \$143,400,000, subject to the availability of funds.

**ITEM 0702-11: REHABILITATION OF RARITAN VALLEY LINE BRIDGES OVER MADISON AVENUE, CENTRAL AVENUE, NEW STREET, AND LIBERTY STREET IN THE CITY OF PLAINFIELD, UNION COUNTY, NEW JERSEY**

**BENEFITS**

Rehabilitation of the Raritan Valley Line Bridges over Madison Avenue, Central Avenue, New Street, and Liberty Street will restore the bridges to a "state-of-good-repair". This will continue to ensure public safety, prevent water leakage onto the road surface, maintain reliable commuter service, improve the vertical underclearance, and honor NJTRANSIT'S ongoing commitment to the City of Plainfield to participate in urban improvement. The historical features of the bridges will be preserved and the cosmetic aspects of the bridges will be improved.

**PURPOSE**

The structures were constructed in 1908 and are in need of repair. The overall condition of the bridges has deteriorated over the years due to the continual use and debilitation of the structural steel members and masonry abutments. The project will include the rehabilitation of the deteriorated structures, masonry abutments, and waterproofing system. The bridges' vertical clearances are substandard, causing accidents involving overheight vehicular collisions. Rehabilitation is needed to enable continued normal train operations over these bridges.

Rehabilitation of the bridges will continue NJ TRANSIT'S ongoing commitment to participate in the City of Plainfield's economic improvement plan.

In addition, restoration of historic characteristic defining features such as lattice column bents, rivet head bolts, Central Railroad of New Jersey logo, blue stone sidewalks and sandstone masonry abutments will preserve the structures' historic identity.

**ACTION (Justification: State-Of-Good-Repair)**

Staff seeks authorization to contract with Northeast Remsco Construction, Inc. of Toms River, New Jersey to perform the rehabilitation of NJ TRANSIT's bridges over Madison Avenue, Central Avenue, New Street, and Liberty Street on the Raritan Valley Line in the City of Plainfield at a cost not to exceed \$11,224,411, plus five percent for contingencies, subject to the availability of funds.

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

**FISCAL IMPACT**

**Requested Authorization:** \$11,224,411 +5% contingency

**Total Project Cost:** \$17.48 million

**Anticipated Contract Start:** April 3, 2007

**Projected Date of Completion:** April 1, 2009

**Anticipated Source of Funds:** TTF; FY-07, FY-08, FY-09

**DBE Goal:** 21%

**Related/Future Authorizations:** FY-10 funding for 4 remaining Plainfield area bridges

## RESOLUTION

**WHEREAS**, NJ TRANSIT owns and maintains the bridges over Madison Avenue, Central Avenue, New Street, and Liberty Street on the Raritan Valley in the City of Plainfield; and

**WHEREAS**, rehabilitation of the deteriorated structures, masonry abutments, and waterproofing system will increase the reliability of train operations and ensure commuter safety; and

**WHEREAS**, restoration of historic characteristic defining features such as lattice column bents, rivet head bolts, Central Railroad of New Jersey logo, blue stone sidewalks and sandstone masonry abutments will preserve the structures' historic identity; and

**WHEREAS**, improvement of the bridge's vertical clearance will minimize future damage from being struck by roadway traffic; and

**WHEREAS**, rehabilitation of the bridges over Madison Avenue, Central Avenue, New Street, and Liberty Street supports NJ TRANSIT'S commitment to participate in the City of Plainfield's economic improvement plan; and

**WHEREAS**, upon completion of a competitive procurement process, it was determined that Northeast Remsco Construction, Inc. of Toms River, New Jersey was the lowest responsive, responsible bidder;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to contract with Northeast Remsco Construction, Inc. of Toms River, New Jersey to perform the rehabilitation of NJ TRANSIT's bridges over Madison Avenue, Central Avenue, New Street, and Liberty Street on the Raritan Valley Line in the City of Plainfield at a cost not to exceed \$11,224,411, plus five percent for contingencies, subject to the availability of funds.

**ITEM 0702-12: ACCESS LINK CONTRACTED SERVICE FOR REGION 4,  
MERCER, MONMOUTH, MIDDLESEX AND NORTHERN OCEAN  
COUNTIES, NEW JERSEY**

**BENEFITS**

Authorization of this contract will ensure that NJ TRANSIT remains in compliance with its federal obligation to provide the Americans with Disabilities Act (ADA) paratransit service to residents and visitors. It will continue to allow people with disabilities, who are unable to use NJ TRANSIT's fixed route local bus service, to become more independent, productive and increase their community participation. Approval of this contract will continue support of NJ TRANSIT's initiatives in the critical area of serving customers. The contract contains enhanced standards for Access Link, regarding customer service, performance incentives, operator development, system efficiency, vehicle maintenance, and quality safeguards.

Contract approval allows NJ TRANSIT to work cooperatively with the private sector to deliver competitively procured paratransit service. Growth and management over time facilitates higher productivity in delivering the service and longer contract terms enable economies of scale.

**PURPOSE**

In July 1990, the ADA was signed into law. This federal law requires public entities operating fixed route transportation systems to provide unconstrained paratransit services for individuals with disabilities. It is expressly for those customers who cannot use the fixed route service because of their disability or a combination of environmental barriers and their disability or due to a lack of accessible equipment. Therefore, as required by the ADA, NJ TRANSIT must provide complementary paratransit service everywhere in the state where operating fixed route local bus transportation systems are available.

NJ TRANSIT's plan for this service calls for contractors to provide service in different regions throughout the State. Additional funding of the current contract, and the awarding of a new 7-year contract, will enable NJ TRANSIT to continue service in Region 4 - Mercer, Middlesex, Monmouth and northern Ocean Counties in New Jersey. Existing funding of the current contract will be exhausted in February 2007, due principally to higher service demand and longer trips than anticipated. Presently, approximately 430 passenger trips are provided daily to this area, in which 2,386 passengers are certified to ride.

**ACTION (Justification: Mandate)**

Staff seeks authorization to contract (RFP No. 07-034) with Laidlaw Transit Services, Inc. of Overland Park, Kansas to provide ADA paratransit service in Region 4, Mercer, Middlesex, Monmouth and northern Ocean Counties, for the period May 7, 2007 - May

7, 2014, a three-year base contract with two two-year options, at a cost not to exceed \$51,000,000, plus five percent for contingencies, subject to the availability of funds; and additional funding in the amount of \$1,240,000, plus five percent for contingencies to continue its current three-year contract in this region expiring May 6, 2007, subject to the availability of funds.

## **FISCAL IMPACTS**

<b>Requested Authorization:</b>	Not to exceed \$51,000,000 + 5% contingency, for Contract 07-034; Not to exceed \$1,240,000 + 5% contingency, for continuation of Contract 00-037;
<b>Total Project Cost:</b>	Region 4 Contract 07-034: Not to exceed \$51,000,000 + 5% contingency (7 year contract - 3-year base, two 2-year options); Region 4 Contract 00-037: (Additional authorization not to exceed \$1,240,000 + 5% contingency.)
<b>Projected Date of Completion:</b>	Project is ongoing.
<b>Anticipated Source of Funds:</b>	FY's 2007-08-09-10-11-12-13-14      Operating Budgets
<b>DBE Goal:</b>	5%
<b>Related/Future Authorization:</b>	In FY 2006, \$1,035,000 was authorized for the statewide purchase of 19 revenue minibuses.  In FY 2007, \$3,419,000 is authorized for the purchase of 63 revenue minibuses. Both authorizations are for fleet expansion and vehicle replacement.

## RESOLUTION

**WHEREAS**, in July 1990, the Americans with Disabilities Act (ADA) was signed into law requiring public entities operating fixed route transportation systems to provide paratransit services for individuals with disabilities; and

**WHEREAS**, the existing contract for Access Link paratransit service in Region 4, Mercer, Middlesex, Monmouth and northern Ocean Counties expires May 6, 2007; and

**WHEREAS**, providing uninterrupted Access Link service is an ongoing requirement of the Federal Government; and

**WHEREAS**, upon completion of a competitive procurement process, it was determined that Laidlaw Transit Services, Inc. of Overland Park, Kansas submitted the proposal that provides the best value and is in the best interest of NJ TRANSIT;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive director is authorized to contract (RFP No. 07-034) with Laidlaw Transit Services, Inc. of Overland Park, Kansas to provide ADA paratransit service in Region 4, Mercer, Middlesex, Monmouth and northern Ocean Counties, for the period May 7, 2007 - May 7, 2014, a three-year base contract with two two-year options, at a cost not to exceed \$51,000,000, plus five percent for contingencies, subject to the availability of funds; and

**BE IT FURTHER RESOLVED** that the Chairman or Executive Director is authorized to provide additional funding in the amount of \$1,240,000, plus five percent for contingencies, to continue its current three-year contract in this region expiring May 6, 2007, subject to the availability of funds.

EXHIBIT A

# NJ TRANSIT

## Fiscal Year 2008 Budget and Fare Proposal

# FY 2008 Budget Considerations

- Basic inflation-driven costs 3%
- New & expanded services 1.1%
- Costs growing at rate above inflation 0.4%
- Non-recurring FY07 revenue opportunities limited
- State Operating Assistance at FY07 level
- Capital transfer frozen

## Basic 3% Inflation

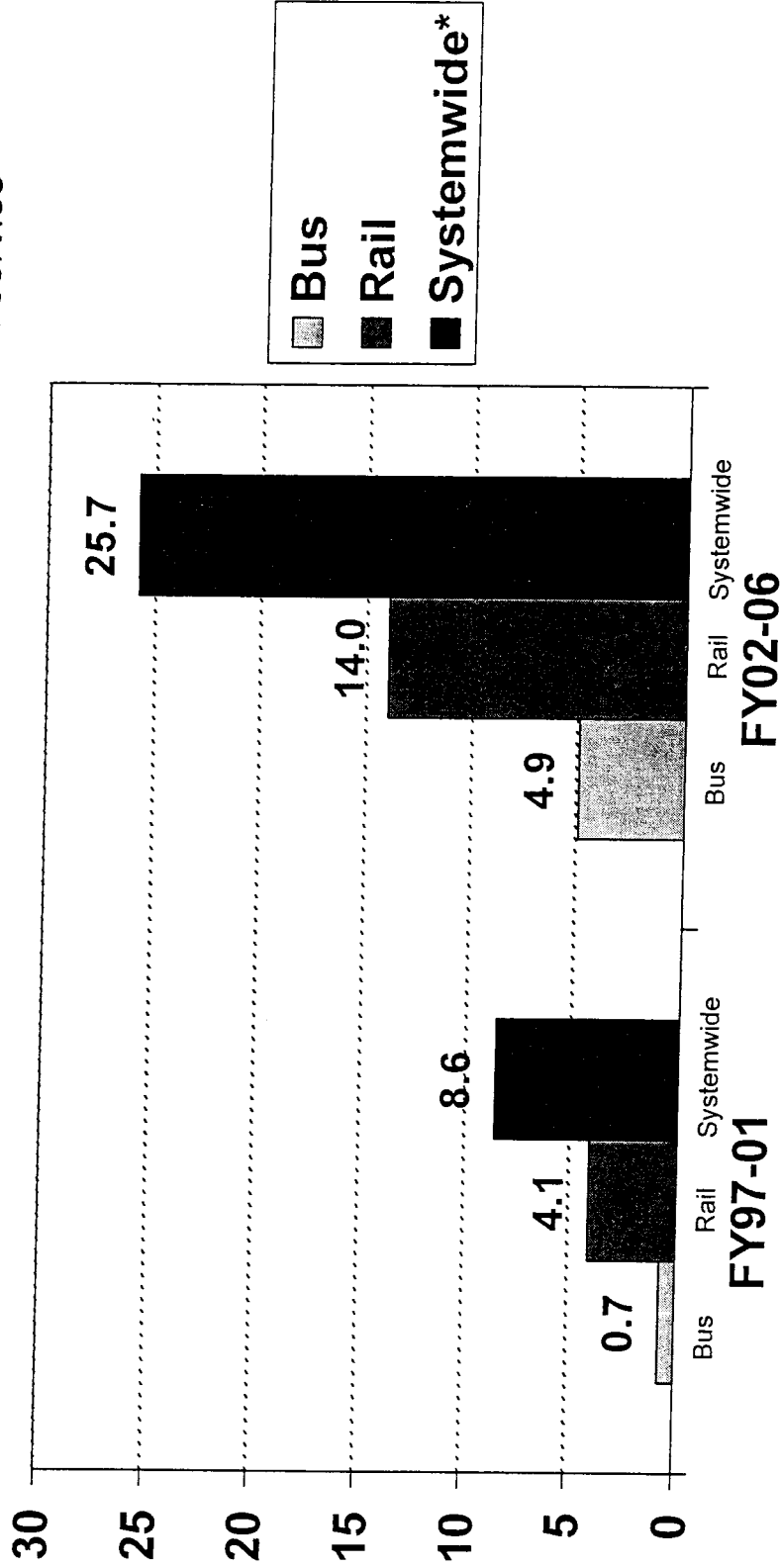
- \$45.0 million on budget of \$1.5 billion
- \$27.8 million – Base labor and fringe
- \$17.2 million – Non-labor costs

# New & Expanded Services

- Service growth/system expansion needs of \$17 million
- Maintain 120 MLVs/ 30,000 rail seats
- 200,000 more rail car miles
- New rail stations at Mt Arlington, Trenton, Newark Broad Street
- Parking added at Edison, North Hackensack, Montclair
- Bus service increase of 40,000 hours
- River Line service growth of 11 daily trips

# Systemwide Service Levels between FY02-06 Increased 3 Times the Growth of the Previous 5 Years

Total growth in millions, annual revenue vehicle/car miles of service



# Extraordinary Costs

(exceeding 3%)

- Contract Bus/Access Link Contracts - \$3.1 million
- Insurance Premiums - \$1.4 million
- Security Services - \$1.1 million
- Natural gas, electricity and electric propulsion - \$0.7 million

# Revenue Sources Not Available

- State operating assistance increased for FY07, assumed flat for FY08
- Federal moratorium severely limits leveraged lease transactions
- Sales of excess property generated one-time, non-recurring revenues in FY07

# Cost Reduction

- While NJT will continue to identify business efficiencies, \$75 million in costs have been eliminated over last 5 years, limiting future opportunities for savings
- Service reductions not an option given current and projected demand increases

# Bottom line Analysis

- Expenses of \$1.587 billion
- Revenues of \$1.527 billion
- Net Operating Need of about \$60 million

# Fare Increase History

- 1980 11.0%
- 1981 22.0%
- 1982 17.5%
- 1983 9.0%
- 1986 10.6%
- 1988 9.0%
- 1989 12.5%
- 1990 9.0%
- 2002 10.0%
- 2005 11.5%

# Capital Transfer

- Through the 1990's, the operating budget was balanced using funds from the capital program
- More than \$3 billion in capital transferred to support operations
- Capital transfer remains frozen for the fourth consecutive year

# Fare Proposal

- Increases fare box recovery from 43 to 47 cents per dollar of operating cost
- June 1 change yields about \$60 million
- System wide average increase of 9.6% below '05 increase of 11.5%
- Keeps local bus one-zone fares substantially under regional average
- Adjusts intrastate bus and light rail monthly passes, which were not subject to 2005 increase

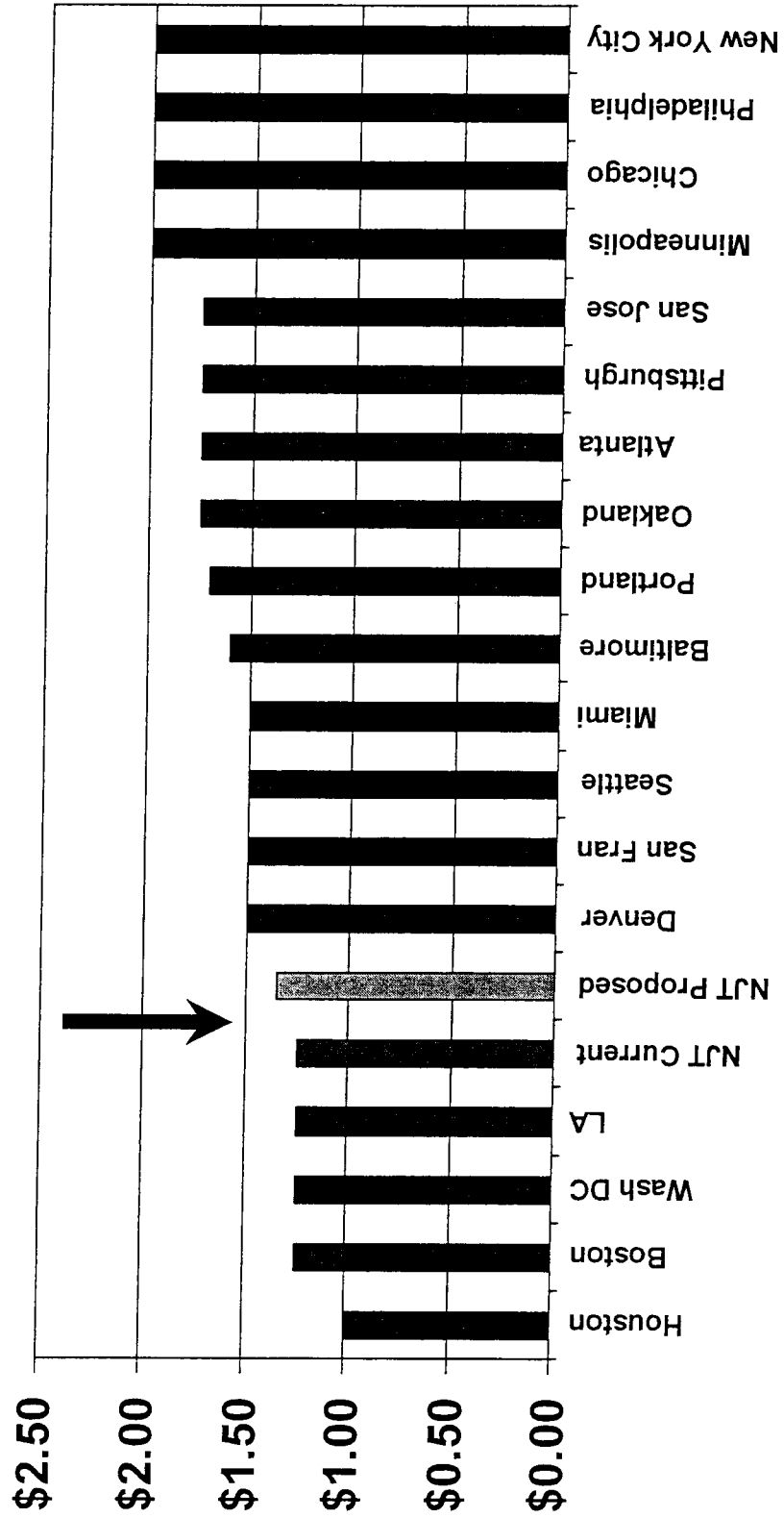
# Fare Proposal

- Preserves off-peak, roundtrip discount at current level (15%)
- Preserves special Newark “downtown travel” discount fare
- Preserves current interchangeability features encouraging intermodal travel
- Eliminates child access fees for travel to Newark Airport

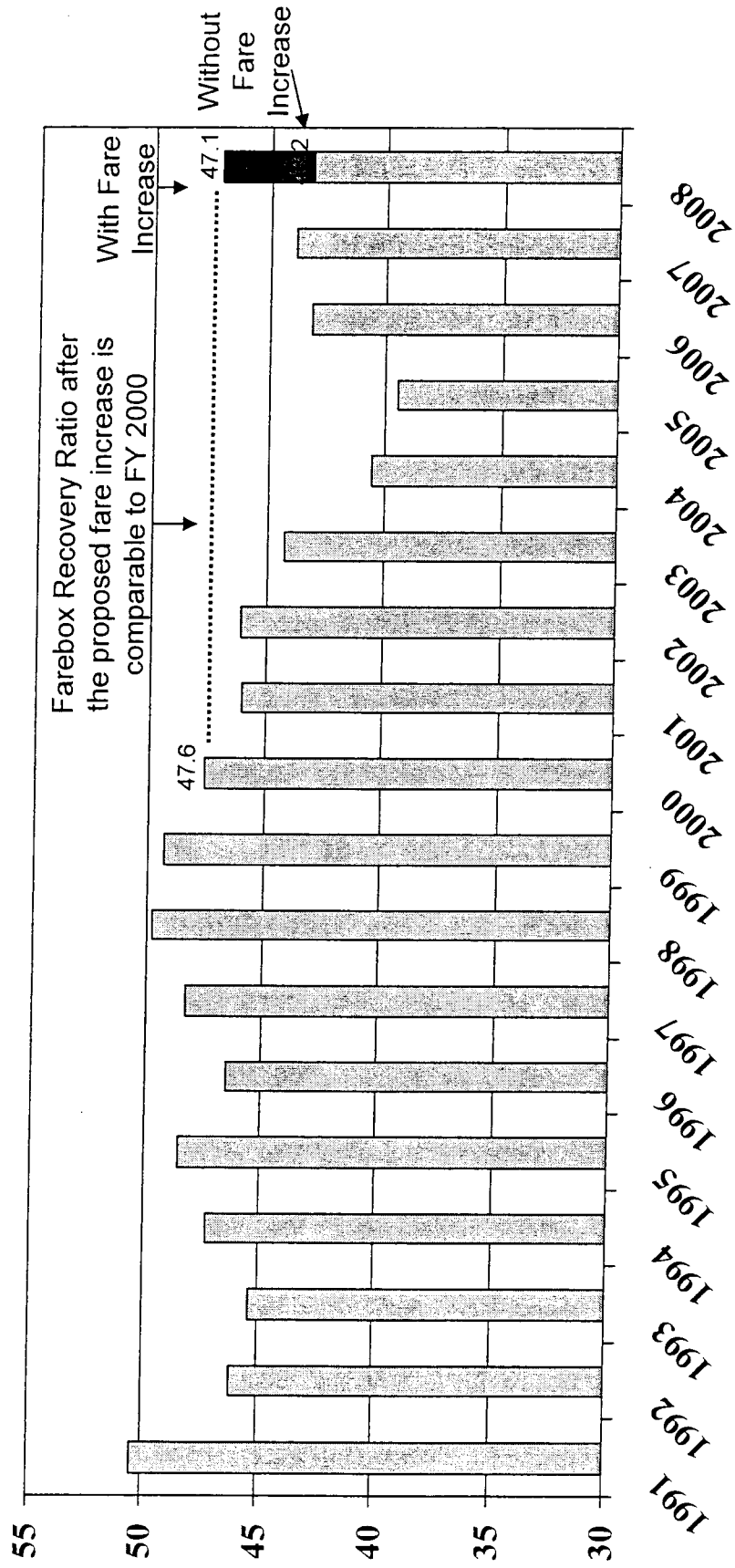
# Average Fare Increase Summary

	Rail	Interstate	Local Bus	City Subway	River LINE	HBLR
<b>Single Ride &amp; Round Trip</b>	9.9%	9.9%	8.0% \$1.35 one zone  9.9% other zones	8.0% \$1.35 one zone  8.3% \$0.65 Downtown Fare	8.0% \$1.35 one zone	8.6% \$1.90 Oneway
<b>Monthly Pass &amp; Multi-Ride</b>	9.9%	9.9%	8.9% \$49 one zone North  9.8% \$45 one zone south  9.9% other zones	8.9% \$49 one zone	9.8% \$45 one zone	9.4% \$58 Monthly Pass
<b>Summary</b>	9.6% Average		\$60 M 13-month Yield			

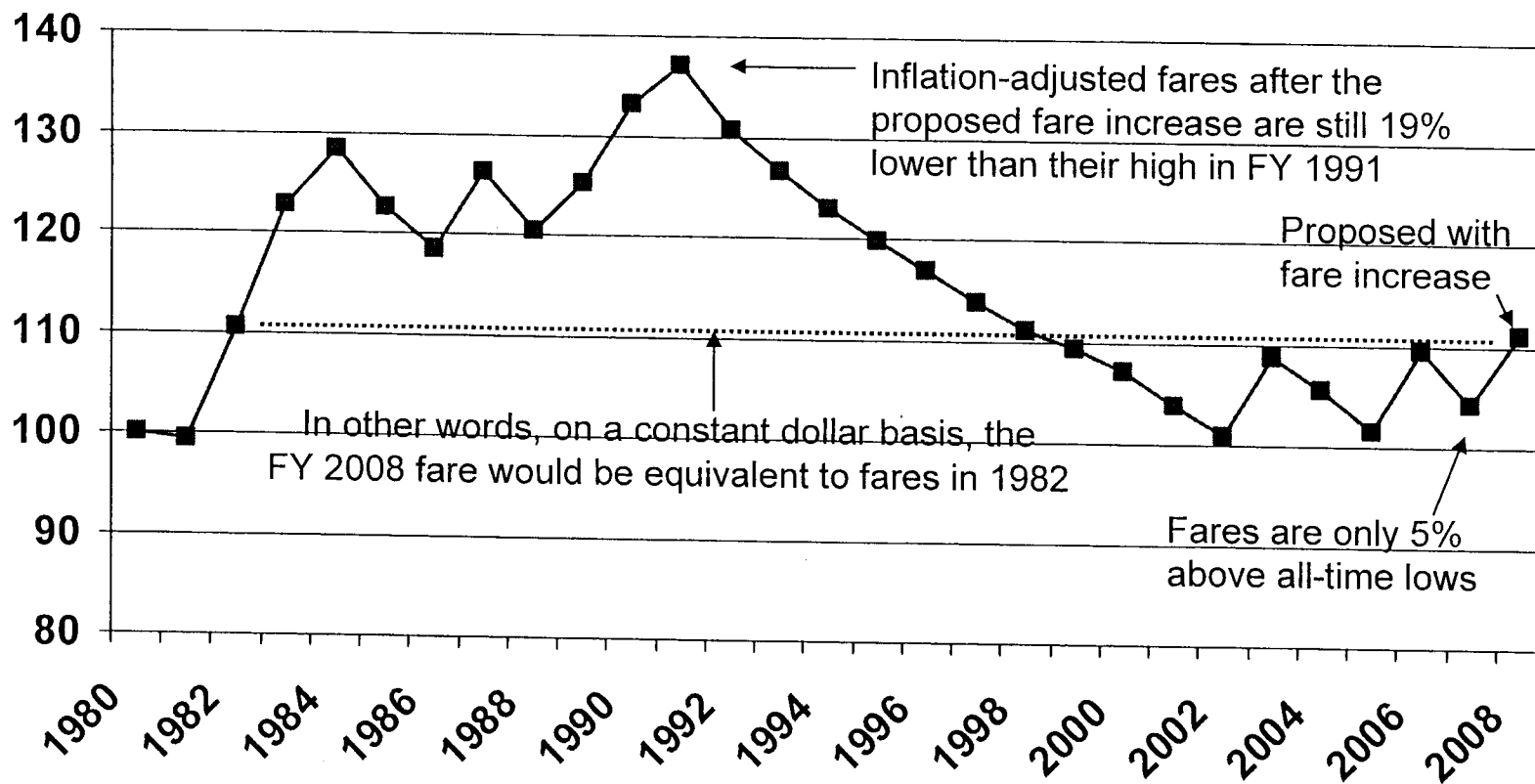
# Urban Bus Fare, Single Ride



# Farebox Recovery Ratios FY 1991 - 2008



# NJ TRANSIT Fares in Constant Dollars



# Fare Hearings

- Feb 28 – Hoboken, Camden
- Mar 1 – Paterson, Somerville, Summit
- Mar 3 – New Brunswick
- Mar 6 – Trenton, Atlantic City, NYC
- Mar 7 – Newark, Manalapan
- Mar 8 – Hackensack, Toms River

# Summary

- NJT requires about \$60 million for FY08 operations
- June 1 fare change would address that need while keeping fare box recovery below 50%
- Proposal preserves existing discounts and interchangeability features