

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

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

March 17, 2014

Dear Governor Christie:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the regularly scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., NJ Transit Mercer, Inc., and NJ Transit Morris, Inc., Board of Directors held on Wednesday, March 12, 2014.

Sincerely,

Original Signed By

Joyce J. Zuczek
Acting Board Secretary

Enclosures

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

Minutes of the actions taken at the Open Session of the regularly scheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Wednesday, March 12, 2014.

Present

James S. Simpson, Chairman
Regina M. Egea, Governor's Representative
Steven Petrecca, Treasurer's Representative
James C. Finkle, Jr., Board Member
Flora M. Castillo, Board Member
Raymond W. Greaves, Board Member (non-voting)

Also Present

Veronique Hakim, Executive Director
Penny Bassett Hackett, Acting Assistant Executive Director, Communications and Customer Service
Michael Kilcoyne, Deputy General Manager, Bus Operations
Angel Soto, Deputy General Manager Transportation, Rail Operations
Christopher Trucillo, Chief of Police
Kathleen M. Sharman, Chief Financial Officer & Treasurer
Steve Santoro, Assistant Executive Director, Capital Planning & Programs
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Leotis Sanders, Vice President Civil Rights & Diversity Programs
Carlos Ramirez, Assistant Executive Director, Corporate Affairs
Warren Hersh, Auditor General
Michael Gonnella, Deputy Attorney General
Joyce J. Zuczek, Acting Board Secretary

Chairman Simpson convened the Open Session at 9:07 a.m. in accordance with the Open Public Meetings Act. Acting Board Secretary Zuczek announced that the Board Meeting is being video recorded.

Chairman Simpson welcomed Executive Director Hakim to her first Board of Directors' Meeting.

Chairman Simpson asked for a motion to adopt the minutes of the January 8, 2014 and February 24, 2014 Board Meeting. A motion was made by Board Member Castillo, seconded by Board Member Finkle, and unanimously adopted.

Public Comments on Agenda Items and Other Matters

There were 10 public comments. Acting Board Secretary Zuczek announced the public comments would be limited to five minutes in order to give everyone an opportunity to be heard.

Chairman Simpson asked Executive Director Hakim to look into a suggestion he made in the past about the elevators in the Headquarters Building. He suggested individuals in the lobby should be able to select their floor before they board the elevator and then they will be told which elevator to take, according to their destination. Chairman Simpson said they probably lose more time and lost labor getting employees to and from work and to lunch and back on those elevators than it would cost to upgrade them and bring them to the 21st century. Chairman Simpson said he knows there is a lot going on but would appreciate if Executive Director Hakim could look into it because it could be a big time saver.

David Peter Alan said he noticed some changes and they have been reporting in their *Railgram*, which he provided as an exhibit. Mr. Alan said he is Chair of the Lackawanna Coalition and he lives and practices law in South Orange. He said they have advocated for better service on the Morris & Essex, Montclair Boonton, and Gladstone Rail Lines since 1979. Mr. Alan said the Lackawanna Coalition's members are their community and their riders.

Mr. Alan said last week was a big week at NJ TRANSIT. He welcomed Executive Director Hakim as the new Executive Director. He said he was impressed that she was on the platform at South Orange Station at 7:20 a.m. on her first day on the job. He hopes better times are ahead for NJ TRANSIT and the riders, especially those who count on it for their basic mobility.

Mr. Alan complimented NJ TRANSIT for the start of one-seat ride service to New York on the Raritan Valley Line. He congratulated the Raritan Valley Rail Line Coalition, and expressed support for their call for the expansion of the one-seat ride into evenings, weekends, and eventually peak commuting hours. Mr. Alan said Midtown Direct service on the Main & Essex has done tremendous good for their communities and they hope the communities on the Raritan Valley Line will see similar benefits soon.

Mr. Alan said they continue to call for changes at NJ TRANSIT leading to more transparency and openness. He complimented Chairman Simpson for his decision to open the meetings for two of the Board committees to the public. They hope after the three months pilot, all committee meetings will be open to the public. Chairman Simpson said the first meetings will be on March 19, 2014.

Mr. Alan said they call for a continuing and frank dialogue between NJ TRANSIT's Board, management and the representatives of the riding public, in an atmosphere of mutual respect. He said they know what it was like in the past few years, and if a Chairman complained that he wasn't getting the information he needed, they knew that

the riders and their representatives did not stand a chance. Mr. Alan said this is not an issue of partisan politics on either side. He said the riders who use transit, and who support it with their taxes and fares, have a right to know about the operations and decisions that will affect their mobility.

Mr. Alan said there will be a time to talk about policy at greater length in the future. He said for now there are some initiatives that are very important to the Lackawanna Coalition and their constituents. Mr. Alan said they strongly agree with Chairman Simpson that there should be discounted off-peak rail fares. He also said the fare structure should encourage passengers to go to Hoboken rather than New York to relieve the capacity constraints at New York Penn Station. Mr. Alan said they also call for a third tunnel to be built from New Jersey to New York Penn Station, not only to relieve peak-hour capacity, but also so there will always be two tracks available when one of the existing tunnels is out of service for Amtrak track maintenance work.

Mr. Alan said, more than anything else, they need more openness and transparency, and a culture that responds to riders and their representatives. He said NJ TRANSIT needs to be more concerned with moving people than merely moving trains, buses, and light rail vehicles. Mr. Alan said they call for a much higher level of integration at NJ TRANSIT, in terms of fares, service connectivity, and management.

Mr. Alan said they also need a level of funding that will permit the sort of capital projects and operational improvements that need to be made for riders. He said, like everyone else, NJ TRANSIT must spend its money wisely. Mr. Alan said after the meeting, he would go to an Assembly Budget Committee hearing to make the case for appropriate funding for NJ TRANSIT so they can get the transit service they need and deserve.

Mr. Alan again welcomed Executive Director Hakim to NJ TRANSIT. On behalf of their constituents, he said they look forward to continuing dialogue with her regarding providing riders with the level of service they deserve.

Murray Bodin talked about how technology has changed since he was his grandson's age. Mr. Bodin said as he gets older he looks for new technologies. Mr. Bodin said Chairman Simpson is correct about the elevators. He said the technology is used in another place he visits and Chairman Simpson is right, it is energy efficient and time efficient.

Mr. Bodin said Chief Trucillo exemplifies the change that needs to happen at NJ TRANSIT. He mentioned how Chief Trucillo used to wear his uniform to the Board Meetings. Mr. Bodin said the Chief is an executive who runs an excellent police department.

Mr. Bodin said it is time to change. He said the bus could be operated with a joystick and the driver should see the speed of the bus as a number and whether the doors are open. Mr. Bodin said who cares how many miles the bus has run since it was new. He said that transition to a new way of thinking is incredibly difficult.

Mr. Bodin said an article the other day berated Governor Christie for closing the tunnel. Mr. Bodin said the Governor did the exact right thing by shutting it down. He said he was at the Port Authority of New York & New Jersey meeting where the cost overruns were discussed about eight months before Governor Christie correctly closed the tunnel. Mr. Bodin said the design was good, but the implementation was wrong. He commended and defended Governor Christie for stopping the project when no one else did even though everyone knew about the cost overruns for eight months.

Orrin Getz welcomed the new Executive Director. He said she has a big agenda and he looks forward to seeing some improvements.

Mr. Getz said distributed a copy of the front cover of Metro North's committee annual operating report from last month. He said the engine on the front is one of the rebuilt engines they bought from various properties. Mr. Getz said NJ TRANSIT's equipment is now in use in Utah, California, Philadelphia and even Montreal, Canada. He said all of this equipment was sold to these transit agencies, was rebuilt, and is now in use.

Mr. Getz said looking around NJ TRANSIT, there are electric locomotives sitting in Port Morris, Comet coaches sitting in Bayhead, and assorted locomotives are on a track in Cranford looking for disposition. Mr. Getz said with all of this surplus equipment, NJ TRANSIT still does not have enough back up equipment in Hoboken and recently some trains on the Pascack Valley Line, especially express trains, had to be cancelled. Mr. Getz said they need to follow-up on what Chairman Simpson wanted; NJ TRANSIT needs a complete report on the status of all of NJ TRANSIT's equipment and what is being done with it. He said this is very important, this is done at the Metropolitan Transportation Authority, and needs to be done at NJ TRANSIT.

Mr. Getz said last year Metro North, and now Long Island Railroad, greatly expanded their off-peak service. He said they have shown it is possible to do that and they use off-peak fares. Mr. Getz said they are still waiting for NJ TRANSIT's report regarding off-peak fares. He said this was previously requested and still has not come forth. Mr. Getz said it is important to see what can be done with off-peak fares and believes NJ TRANSIT should adjust service to accommodate additional passengers with an off-peak fare structure.

Mr. Getz said the April *Trains* magazine had an article, "A Corridor in Crisis: What it will take Amtrak to update its busiest route." He said the article is about the Northeast Corridor. Mr. Getz said the first page shows an NJ TRANSIT train at Elizabeth and read part of the article. He said it shows what is going on in the Northeast Corridor. Mr. Getz said this is a big issue because this is NJ TRANSIT's main service place and this is the major cause of NJ TRANSIT's delays. Mr. Getz strongly recommended again that Drew Galloway, Amtrak, make a presentation to the entire Board, as he did for the New York Metropolitan Transportation Council and the North Jersey Planning Transportation Authority.

Chairman Simpson mentioned to Executive Director Hakim that Mr. Getz had some valid points and asked her to look into them. Chairman Simpson said the reason off-peak fares have not been reported out was because they were reported back to him and he didn't think the report was worth the paper it was written on. He said he has asked staff to go back to the drawing board. Chairman Simpson said they have a meeting with Amtrak later that day.

Steve Thorpe welcomed Executive Director Hakim personally and as a member of the Senior Citizen and Disabled Resident Transportation Advisory Committee. He said he looks forward to working with Executive Director Hakim and has heard many good things about her. Mr. Thorpe said he provided his prepared remarks to Acting Board Secretary Zuczek for distribution so he wouldn't read them but would touch on some of the points.

Mr. Thorpe said he will personally mail a copy of the Northeast Corridor article to Chairman Simpson and Executive Director Hakim. He said it was an excellent article with a lot of valid points in it. Mr. Thorpe said the cost of \$31 billion to bring the Northeast Corridor up to date is for the entire corridor all the way to Boston. Mr. Thorpe said they are interested in focusing on the New Jersey portion.

Mr. Thorpe said he is in full agreement about the need for off-peak fares. Additionally, he thinks NJ TRANSIT should offer a multi-ride reduced fare for senior citizens. Mr. Thorpe said other properties offer one way, ten trip and monthly passes for senior citizens and it makes sense for people who ride a lot. He said My Tix is the greatest thing NJ TRANSIT has done. Mr. Thorpe would like it extended to bus, light rail and Access Link.

Mr. Thorpe believes Hoboken Terminal is underutilized. He said it provides easy access to New York City via the PATH train and the ferries on weekdays. Mr. Thorpe said the Morris & Essex service is terrible on weekends. He said passengers have to transfer at Newark Broad Street and can only do so every two hours. Mr. Thorpe proposed local train service from Summit making all local stops and then let the Dover trains to New York express or at least skip some stops to make it easier for everyone.

Mr. Thorpe said the extra train on the Raritan Valley Line because of the Pulaski construction displacement is good idea but he thinks it needs to go further. He said there is only one train on the Raritan Valley Line that goes straight into Hoboken in the morning. Mr. Thorpe believes there is more capacity for trains. He thinks some of the Raritan Valley Line trains should go straight to Hoboken instead of the Meadows Maintenance Complex since they are going part of the way. Mr. Thorpe believes this would help a lot.

Mr. Thorpe said up until a couple years ago, on weekends, every other Raritan Valley train went to Hoboken. He said it was good but all of a sudden it stopped and he doesn't know why. Mr. Thorpe said the service needs to be brought back.

Mr. Thorpe said he sits on the Union County Transportation Advisory Committee. He said there were some surveys done and they found that more people are going to Hoboken, rather than lower Manhattan. Therefore, he thinks there is good justification for trying to get more trains into Hoboken during weekdays.

Mr. Thorpe asked again for quiet cars outside peak hours. He said his commute on Sunday, March 9, 2014 was horrible. He said 200 soccer fans boarded the train at Newark Broad Street. Mr. Thorpe said he would like a quiet car refuge that older folks, such as him, can have as a place of refuge from the swearing. He said they just want a place of peace and do not need a library. Mr. Thorpe said if that could be done he would be really happy.

Chairman Simpson told Executive Director Hakim they are hearing about this a lot and he thinks it is important for her to look into whether it can be done.

Mr. Thorpe said he was on the first dual locomotive one-seat ride to New York Penn Station. He said it is a great idea and there are plenty of dual mode locomotives. Mr. Thorpe would like to see a couple dual mode locomotives used this summer to run a couple of express trains to Bay Head from New York so they don't have to change trains at Long Branch. He also thinks there should be some trains from Hoboken that run directly to Bay Head.

Mr. Thorpe said all of this is in his written statement and told Executive Director Hakim he looks forward to speaking with her.

Chairman Simpson suggested people should go to Hoboken or Jersey City instead of Manhattan. He said if Jersey City is successful in getting their bike share program, there will be a lot of possibilities. Chairman Simpson said people could spend the day in Jersey City going to Liberty State Park and then to Hoboken instead of Manhattan. Chairman Simpson said they will look at Mr. Thorpe's suggestions. Additionally, they could explore partnering with Hoboken and Jersey City on a campaign to promote bringing people to those locations.

Donald Winship said he is a public transit dependent individual living in Mount Tabor on the Morristown Line. He said he is a software developer for a small business in Clifton but he was speaking in his volunteer capacity as Director of Communications for the Lackawanna Coalition.

Mr. Winship said NJ TRANSIT's communications efforts are the focus of his remarks. He seconded his colleague David Peter Alan's comment that NJ TRANSIT establishing communication with its customers is vitally important. Mr. Winship said NJ TRANSIT has made considerable efforts the last couple of years to improve communications but the results have been uneven at best.

Mr. Winship thinks it is a good idea for NJ TRANSIT to survey riders as part of the Scorecard. However, he said the riders expect to see tangible signs that their feedback

has been taken into account. Mr. Winship said he doesn't know if it is an issue of failing to act on information or failing to publicize the actions, but he hasn't seen tangible signs that their feedback has been taken into account.

Mr. Winship said the NJ TRANSIT alerts, which he considers including social media efforts, are substituting traditional methods of communicating delay information, instead of providing supplemental delay information. He said train crews are supposed to be the first line of communicating delays to passengers. Mr. Winship said ironically many of the crews are now signing up for NJ TRANSIT alerts because often they were finding themselves the last to know about delays.

Mr. Winship said the We're Listening Forums goal to make managers available to everyday commuters is a laudable goal. However, he said having them at major terminals to talk to passengers during rush hour is self-defeating. He said commuters' main objective during the rush hour is to catch the next train and they do not have time to chat.

Mr. Winship said with regard to the monthly Board meetings, he is grateful for the strides made to make them more open to the general public. However, he said they are held at the most inconvenient time for commuters to attend. Mr. Winship said he was able to attend because he took time off from work but many do not have that luxury.

Mr. Winship said some may say the Board meetings are not the best forum for interacting with NJ TRANSIT, and he would agree. However he said neither the riders nor advocates representing them have been regularly presented with a better forum to discuss the issues that concern them.

Mr. Winship said, in fact, usually when they learn about major changes, it is after the decisions have been made. He said at that point it is too late to give meaningful input. He strongly encouraged NJ TRANSIT to talk to the advocates and the public through other more effective forums or schedule more convenient Board meeting times.

Mr. Winship said they look forward to a frank dialogue with NJ TRANSIT managers in an atmosphere of mutual respect. He said their doors are open and asked whether the same was true for NJ TRANSIT.

Pat Winship welcomed Executive Director Hakim. She said she is a member of the Lackawanna Coalition, a retired librarian, a senior citizen, and she is completely transit dependent. She said she lives in Mount Tabor with her son. Ms. Winship said the stop is between Morris Plains and Denville. She said the advocates loves NJ TRANSIT and wants to see it get better. Ms. Winship said she hopes NJ TRANSIT listens to them because they are knowledgeable and care about what happens with the service.

Ms. Winship said personally she feels the motto for living in Mount Tabor is "You can't get there from here." She said a mid-morning doctor appointment always takes half a day because of the commute home. Ms. Winship said her doctor is in Morristown and

there is a 10:23 a.m. train from Morristown to Mount Tabor but the next one isn't for four hours. She said there is a bus but if she misses the 10:30 a.m. bus, she has to wait until noon. Ms. Winship says she brings her needlework, reads a book, has a bite to eat, or shops.

Ms. Winship said she has a problem in the late evening too. She said if she attends the Lackawanna Coalition meeting in Milburn and does not get a ride from Denville, she has a problem after the meeting. She said her options are either making a painful walk from Denville or wait for the Summit train that leaves at 11:00 p.m. Ms. Winship said service gaps of hours are bad even for a small stop, and they need hourly service from Mount Tabor. She said lots of trains run past them and they would like to see some of them stop there.

Chairman Simpson thanked Ms. Winship for her work with the Lackawanna Coalition.

Tim Severer said he took a compilation of NJ TRANSIT alerts and is submitting them for the record. He said the first one is from October 1, 2013 to December 31, 2013. Mr. Severer said the NJ TRANSIT alerts are useful and compiling the data leads to interesting conclusions.

Chairman Simpson asked Acting Board Secretary Zuczek to have any speaker in the future submit the material in advance, and she can distribute it to the Board to save time.

Mr. Severer said he is a resident of Mount Tabor. He said they could be a car free town. Mr. Severer said the top car free towns in the United States are New York City, Newark, New Jersey and Jersey City, New Jersey.

Mr. Severer said he has used the train to commute to work since 1996, with the exception of four years. He said he is an incidental rider because he works in New Jersey. Mr. Severer said his company now has four vans to accommodate their reverse commute. He thinks NJ TRANSIT needs to emphasize the New Jersey part of transit. Mr. Severer said the data shows the need for Hoboken service and why it will help the problem.

Mr. Severer said during the 90 days between October 1, 2013 and December 31, 2013, there were 33 days with delay alerts. He said four times trains had to be rerouted to Hoboken because if there are any problems with the tunnels, the Midtown Direct has problems. Mr. Severer said 27 delays impacted the Midtown Direct and the answer to the problem is Hoboken. He said they lost 22 trains to Hoboken on the Morris Line since 2008. Mr. Severer said that goes across the Corzine and Christie administrations. He said they need trains to Hoboken.

Mr. Severer said from January 1, 2014 to February 28, 2014, it was even worse. He said there were lots of storms and 36 delays during the 59 day period. Mr. Severer said

34 of the delays were Midtown Direct trains. He said the answer is Hoboken. Mr. Severer said Hoboken has 21 tracks and supports NJ TRANSIT.

Mr. Severer said he used to love going to Hoboken on the weekend, as well as New York City and Jersey City's Liberty Science Center. However, he said he can't get there by transit. Mr. Severer said it takes two to two and a half hours to get there. He said in the past, he could take a train from Mount Tabor to Hoboken on a Thursday night and it took 52 minutes. He asked that the Hoboken service be restored, including Hoboken express service.

Mr. Severer said they need the trains to stop at least hourly, or better, in Mount Tabor. He said about 40 percent of their stops were cut and after complaints they were able to get 8 Midtown Direct stops restored. Mr. Severer said Mount Tabor is walkable and could be totally green if they had enough transit.

Chairman Simpson told Executive Director Hakim, when they were both at the Metropolitan Transit Authority (MTA) after 9/11, there was a lot of office displacement from Lower Manhattan to Midtown, New Jersey and other places. He said now in 2014, there seems to be a big shift in office work from Midtown to Lower Manhattan. Chairman Simpson suggested doing a travel study with New York Metropolitan Transportation Council and North Jersey Transportation Planning Authority to see where people are moving to over the next couple of years.

Joseph Clift welcomed Executive Director Hakim and said it was good to see her there. He said he was speaking on his own behalf but he is also a member of the Lackawanna Coalition's executive committee. Mr. Clift said Mr. Severer's information shows the problem with the Midtown Direct. He strongly suggested that NJ TRANSIT look at how on-time performance numbers are produced to provide useful information, instead of just being a measuring stick that masks the problem.

Mr. Clift said he wants to continue his message from the February 24, 2014 Special Board Meeting about starting fresh. He said NJ TRANSIT has almost four years to create a lasting positive change.

Mr. Clift suggested delaying the sale of the 18 Arrow III cars as scrap material until a comprehensive fleet plan has been developed that examines the option of rebuilding the Arrows. He said PATCO recently rebuilt 45 year old cars at a reasonable price.

Mr. Clift also recommended delaying the Positive Train Control Item 1403-10 contract amendment because he thinks the Board needs more information, including a presentation showing the whole picture of Positive Train Control. Mr. Clift said it is a big investment and there are positives and negatives of Positive Train Control.

Mr. Clift recommended tabling the TMAC Item 1403-11 sole source contract. He said he questions the sole source contract and thinks multiple bids make sense. Mr. Clift said so much of what NJ TRANSIT does, such as dispatching, turns on Amtrak.

Mr. Clift asked for examination and revision of the number of open cars. He said this is a problem for customers at New York Penn Station. Mr. Clift said they have to plead with the train crew to open more cars even though it is obvious that they need to open more cars because there is not enough room for passengers. He said this policy needs to be reexamined. Mr. Clift said this can be done quickly and will improve customer service.

Mr. Clift said an 8:25 p.m. train from New York Penn Station to Montclair is during hourly service and only six of the nine cars were open. He said people were standing in the aisles. Mr. Clift said he understands there is a tradeoff between crew productivity and ticket collection and customer comfort. He believes the train crew should notice when passengers are loading whether they need to open additional cars and that this can be done at basically no costs.

Mr. Clift asked NJ TRANSIT to set a date for a comprehensive report regarding the Superstorm Sandy damaged rolling stock. He said there is a report online that shows 320 cars damaged but the actual number, based on media and staff reports, is 398. Mr. Clift said the insurance item mentions NJ TRANSIT has collectively received \$100 million in insurance payments. He thinks there should be enough information and data to compile the report. Mr. Clift said it is important to give full information to the Board and the public.

Mr. Clift asked for a timetable for delivering multiple requests by Chairman Simpson. Mr. Clift said over time Chairman Simpson and other members of the Board have asked for information from staff and not received it. He said that information is the basis for improving things today and also for future capital decisions. He said a list needs to be created and if wanted, the advocates can help.

Mr. Clift said it is great to see the new Executive Director. He said she has a very good reputation and they are hoping for positive results.

Chairman Simpson asked Executive Director Hakim to see whether the rail cars sale can be put on hold since it relates to rail strategy and other matters.

Executive Director Hakim mentioned that she is convening a roundtable with advocates to hear more in an informal setting.

Benjamin Evans from Amalgamated Transit Union Local 819 welcomed Executive Director Hakim and said he looks forward to meeting with her to discuss issues.

Philip Craig said he is the Vice President of the New Jersey Association of Railroad Passengers. Mr. Craig said he tries to take a positive approach even though they do not always agree. He said they have supported NJ TRANSIT's proposals, such as the Midline Loop.

Mr. Craig said at the May 9, 2013 Board Meeting, he urged thru-ticketing between the commuter rail and light rail. He said with the opening of the Pennsauken Transportation Center, it was a particularly good time to implement this on the River Line. Mr. Craig said he gave his statement to Acting Board Zuczek for distribution to the Board and Executive Director, it was recorded in the minutes, and then it went into a black hole. He said he has not heard anything back. Mr. Craig said it has been 10 months and there has been no implementation of his suggestion, or even a response regarding what might be impractical.

Mr. Craig said recently he raised the issue informally with staff and the response he received was that Light Rail requires proof of payment and commuter rail does not so it may not work. Mr. Craig said he spent \$11.50 to buy a one way ticket from Upper Montclair to 30th Street Philadelphia. He said he received two coupons; one for Upper Montclair to Trenton, which does not require validation or cancellation of the ticket.

Mr. Craig asked the Board and Executive Director Hakim to review his thru-ticketing proposal. He said there is a valid reason for a person to be able to go anywhere on the combined rail system. Mr. Craig said NJ TRANSIT may need to issue two coupons for travel to 30th Street Philadelphia with the requirement that one be cancelled. He said if a person like him wanted to travel from Upper Montclair to Atlantic City, then maybe three coupons would be vended. Mr. Craig said the ticket vending machines can dispense up to nine coupons.

Mr. Craig said he has concerns about safety when there are heavy snows. He said a couple of weeks ago, he was at an Upper Montclair Station restaurant when he saw tons of ice and snow slide from the station canopy to the platform. Mr. Craig said it was fortunate that passengers were standing beneath the canopy at the time. He said if the train had been approaching, he thinks passengers would have been catapulted into the track and the train would not have been able to stop in time. Mr. Craig said he spoke to John Durso who was going to meet with Rail Operations. Mr. Craig said this situation needs to be kept in mind for the future. He said this was basically a warning of what could be a terrible situation.

Chairman Simpson asked whether there were snow guards on the roof. Mr. Craig said there were not and the sliding compacted snow and ice ripped off the station gutters. Mr. Craig said he went outside and asked the conductor to immediately report the condition to operations and he is sure the conductor did this because the next day the platform was clean of snow and the roof was clear of the remaining snow.

Chairman Simpson asked Executive Director Hakim to have staff responsible for the stations look into it and see whether snow guards are the solution.

Mr. Craig welcomed Executive Director Hakim on behalf of his organization and himself personally.

Chairman Simpson asked Steve Santoro, Assistant Executive Director, Capital Planning and Programs, to look into protecting passengers against snow when they are designing new stations.

Board Member Comments

Chairman Simpson thanked Alan Maiman and Paul Wyckoff for meeting with New Jersey Department of Transportation staff regarding what to do about the bus stop snow removal problem that was briefly discussed at the last Board meeting. Chairman Simpson said he understands heavy snow creates a problem at bus stops. He said even if the snow is cleared, plows, home owners and store owners clearing snow results in it being put on the curb.

Chairman Simpson said the best and brightest at New Jersey Department of Transportation and NJ TRANSIT are looking at how to resolve the problem. NJ TRANSIT serves 19,000 bus stops and 16,500 are on local or county roads. Chairman Simpson said New Jersey Department of Transportation tries to look at issues, including this one, statewide, regardless of who has jurisdiction for the type of road. NJ TRANSIT serves the bus stops, but does not, and has never, maintained them. New Jersey Department of Transportation does not, and has never, maintained them either. Chairman Simpson said neither NJ TRANSIT nor New Jersey Department of Transportation has the resources to clear snow from these bus stops.

Chairman Simpson said it is a budgetary and operations problem to clear snow at 19,000 bus stops. He said they considered the inmate program that was used to remove litter, but it would be a logistical nightmare. Chairman Simpson said it would require a bus, a driver, and two guards to watch two or three people clear the snow from the bus stop. He said the number of buses, drivers and guards required to clear 19,000 bus stops is unworkable.

Chairman Simpson said they discussed whether the property owner is technically responsible for snow removal. They are responsible for the sidewalk but not all stops are on sidewalks since some are on grass. He said they haven't resolved this issue yet but they are trying and they are open to input if anyone has any better ideas.

Chairman Simpson said they also discussed an Adopt a Bus Stop idea for partnership with the towns for key or critical stops. He said they are going to meet with the league of municipalities, New Jersey Department of Transportation and NJ TRANSIT. Chairman Simpson said there is no quick answer but they are working on it.

Chairman Simpson said the first of the three Open Customer Service Committee and Administration Committee Meetings will be held on March 19, 2014. The Customer Service Committee Meeting will begin at 10:00 a.m. and the Administration Committee Meeting will begin at 11:00 a.m. in the Board Room.

Chairman Simpson announced the next Board Meeting will be Thursday, April 10, 2014. He also suggested two of the 12 Board Meetings per year be held after 5:00 p.m.

Chairman Simpson presented a plaque to recognize Peter Busichio, an NJ TRANSIT employee who was on loan to the New Jersey Department of Transportation Commissioner's Office for two years to assist with the additional work that resulted from Hurricane Irene and Superstorm Sandy. He read the plaque and thanked Peter Busichio, on behalf of the staff of the New Jersey Department of Transportation Commissioner's Office, for his assistance working from 7:00 a.m. to 7:00 p.m. They extend their congratulations as Mr. Busichio re-embarks on his career at NJ TRANSIT.

Chairman Simpson said that now that Executive Director Hakim has started, he wanted to go over some things. He said the Executive Director job at NJ TRANSIT is the most difficult public sector job and is more difficult than running some major airlines.

Chairman Simpson said as the New Jersey Department of Transportation Commissioner, when there is an accident on the highway, he feels responsible and wants to get the road cleared as quickly as possible but there is a shared responsibility with the user. Whereas, with NJ TRANSIT, the customer needs the buses and trains to be on time and the Executive Director of NJ TRANSIT is responsible for the passenger from the time they get on the train or property until the time they get back. He said if the train is delayed, no one wants to hear it. Chairman Simpson said in the private sector, stockholders don't matter as much as they should but rather the end of the year profit is the motivation. He said if you look at all the airline cancellations and delays and all the frustrations, the stockholders have nowhere to go.

Chairman Simpson said NJ TRANSIT is a public transit system owned by the public users and the State of New Jersey Taxpayers. He said the Governor is the Chairman of the Board and with the modern social media real time feedback, when things don't go right, the Governor and Commissioner hear it in real time and are held responsible in real time. Chairman Simpson said they cannot hide behind the bottom line at the end of the year, but rather they hear about it in real time. He said NJ TRANSIT is sacred to the riders.

Chairman Simpson said one of the reasons people live in New Jersey is because they can get places. As individuals who pay their taxes, commuters expect to be able to get to Hoboken and New York in a timely fashion. Chairman Simpson said the Executive Director job is a very difficult job, he knows she will do the right thing, and the Board and Management will support her 150 percent to make sure she gets the job done properly.

Chairman Simpson said since this is Executive Director Hakim's first Board Meeting, it is important to look back at past Board Meetings. He said what happens at the Board Meetings are important and a permanent record. Chairman Simpson said there are some really important things that go on with the Board, NJ TRANSIT can't afford for them to get lost, and they need action. He said Stakeholders reappear over and over again because the things important to the needs of the customer are not being taken

care of. Chairman Simpson said some may never be taken care of because things like a train hourly may be impossible for NJ TRANSIT to provide in low density areas given the budget.

Chairman Simpson said there are some very important things to articulate to the new Executive Director on behalf of the Board. Chairman Simpson said after the serious crash involving Metro North, he asked NJ TRANSIT to procure a nationally recognized rail safety company to review NJ TRANSIT's safety practices, training, personnel procedures and physical systems to ensure NJ TRANSIT's rail system is not lacking in anyway. Chairman Simpson asked Executive Director Hakim to check into it.

Chairman Simpson said the Board was briefed numerous times, and he feels relatively comfortable with what is being done, but he doesn't think that is enough. He said there is no Chief Safety Officer systemwide and he had raised it before Superstorm Sandy.

Chairman Simpson said the Board came to a boiling point with NJ TRANSIT Management in October 2012 because of the lack of follow-up on issues raised by the public. He said when Superstorm Sandy hit, they were faced with unprecedented challenges and they sort of put their regular agenda to the side because they had regular service to run and billions of dollars of capital work. Chairman Simpson said at some point they need to be able to chew gum and walk, and they feel they are at that point now.

Chairman Simpson said Board Member Finkle has agreed to Chair a Safety Committee, much like the New York Metropolitan Transportation Authority's Committee. NJ TRANSIT's Safety Committee will meet quarterly. One of the first things Board Member Finkle will do is talk to New York State Metropolitan Transportation Authority's Safety staff so they are not reinventing the wheel.

Chairman Simpson said NJ TRANSIT has done a great job with rail grade safety engineering, education, and enforcement. He said it is difficult to do something to stop people who are stressed out and want to take their life by stepping in front of a train. Chairman Simpson said NJ TRANSIT needs more and it needs to be organized. Therefore, he said there needs to be a Chief Safety Officer, whose is responsible for a more organized effort.

Chairman Simpson said they want to know more basic statistics about injuries such as slips trips and falls by customers, employee injuries and employee lost time. He said there are way too many lawsuits; some do not belong to NJ TRANSIT. Chairman Simpson said there are lawsuits as a result of drivers who have been in accidents. He said some may have been preventable, and some may not have been preventable. He would also like to know what is being done for training for bus and rail. Chairman Simpson said he would like to see more statistics such as mean distance between failures.

Chairman Simpson said he would like to see more statistics about where crimes are happening and where they are not. He said comments requesting quiet cars have mentioned foul language and drunken passengers and Chairman Simpson thinks they need to have more crime statistics so they can figure out what needs to be done to address it.

Chairman Simpson said there is a partnership with Amtrak. He said the Governor announced on 101.5 fm radio that NJ TRANSIT and Amtrak has a partnership to fix the Northeast Corridor. Amtrak is fixing the Northeast Corridor from Morrisville up to New Brunswick. NJ TRANSIT has pledged to Amtrak that they will cooperate with them. NJ TRANSIT is the biggest user of the system, most of NJ TRANSIT's passengers use the Northeast Corridor, and NJ TRANSIT needs to make sure the Northeast Corridor is up to 21st Century standards. Chairman Simpson said there is a meeting later that day with the Steve Gardner and his capital staff. Chairman Simpson said NJ TRANSIT is partnering with Amtrak on the Portal Bridge and is paying some of the design work.

Chairman Simpson said with regard to cross-Hudson capacity, they need to do something now. He said one of the things he thinks is really important is figuring out where people are going on the other side; whether they are going to Midtown, the East Side or Lower Manhattan. Chairman Simpson doesn't think they have the right data on that. He said the Administration believes they need another tunnel but they can't do it alone. They need other partners such as New York and the Federal Government to step up to do something everyone can afford. Chairman Simpson referenced how the East Side Access Project shows that a project budget has a tendency to grow. He said New Jersey can't do it alone, and should not do it alone.

Chairman Simpson said he doesn't think the Board knows about employee morale but a lot of speakers who are close to the employees talk about employee morale not being right. He said he finds it enlightening that stakeholders talk about employee morale, noted he had never heard stakeholders talk about employee morale before, and he thinks it is great they have built relationships with the employees. Chairman Simpson said he leaves addressing it to Executive Director Hakim.

Chairman Simpson said management in the room needs to perform and will be held accountable. He said everyone has to have jobs that make sense and a strategy to do them. At the end of the day, Chairman Simpson said there has to be accountability and it has to be measured. He said everyone sitting up there has a job to do and they need to do it well. Chairman Simpson said Executive Director Hakim cannot do it all, and her management team has to do their job.

Chairman Simpson said Executive Director Hakim should always constantly be looking for the next generation of managers, some within and some without, and good policies and procedures to bring managers up through the organization. Chairman Simpson said they do not want staff to leave and lose the institutional knowledge. He said NJ TRANSIT has lost a lot of really good people.

Chairman Simpson said NJ TRANSIT brings more passengers by bus than rail to Manhattan. At the October 15, 2012 Board Meetings, several weeks before Superstorm Sandy, he said it all came to a head and they reached their boiling point because management wasn't acting upon the requests, and except for the reduced fares, many have still have not been acted upon.

Chairman Simpson said the off-peak discount fare report said it was not viable to bring it back because of capacity issues. He said he threw the report in the garbage because he could not come to the Board Meeting and try to sell that since it made no sense. Therefore, he wants the issue readdressed and believes it is already underway.

Chairman Simpson said there is good news regarding the New York Port Authority Bus Terminal. He said there is a Port Authority study out that talks about what can be done to increase capacity. Because they need something done now, Chairman Simpson said he had conversations with New York Department of Transportation and its Commissioner. Chairman Simpson said Superstorm Sandy happened but it is time to pick up on those conversations because people need to be moved now.

Chairman Simpson said the Rail Fleet Strategy has been a non-strategy. He said they talked about the kinds of things that need to happen for a Rail Fleet Strategy.

Chairman Simpson said it is important to note the Board did not see how a new technology would work. He said traction power is the largest portion of the total budget and they were really concerned about building heavy rail cars. Chairman Simpson said they need to get to the 21st Century but they didn't want to procure the first of its kind.

Chairman Simpson asked Executive Director Hakim to look at the October 15, 2012 Board Meeting Minutes, which lays out the problems that the Board had. He said there was a Fleet Plan and Electric Multilevel Capacity Presentation. He said at that meeting, they also questioned why NJ TRANSIT was getting rid of the Comets, Arrows, and other cars. Also, at the time they were buying too many multilevel cars. Although he noted, when Superstorm Sandy happened, they needed all the cars.

Chairman Simpson said to embrace the stakeholder groups; they have their finger on the pulse of the rider's experience because they ride the system versus some NJ TRANSIT staff that does not take NJ TRANSIT and instead drive to work.

Chairman Simpson said they have to reassess the Capital Plan and make it strategic. He said it is presented to the Board in bits and pieces. Chairman Simpson said looking at their need going forward, there are some big projects out there and they need to reassess all of that.

Chairman Simpson said the rail and passenger system should be without borders. He said he would have liked to take the Dinky and get on the NJ TRANSIT train to Greenwich, Connecticut but it was not practical with all the transfers at New York Penn Station and Grand Central Station. Chairman Simpson said he would like to be able to

ride beyond state lines such as Metro North going to New Jersey and NJ TRANSIT going to Greenwich, Connecticut. He said it is a longer range goal but there should be staff working on it.

Chairman Simpson said when he was FTA Administrator, they tried to do that and also there was discussion of the ARC Tunnel connecting to Grand Central Station. He said NJ TRANSIT said there were two big reasons not to do it. They said one was unions and the other technology. Chairman Simpson said it is not the unions. He said if an engineer can do it, they shouldn't let some union rules between two railroads prevent it. Chairman Simpson said he talked to the unions and they just need a viable plan. He said if a man could be put on the moon decades ago, they should be able to provide technology to get a train to Connecticut.

Chairman Simpson said they are in the passenger transport business; they are not in the rail or bus business. He said they want to move people and they need to constantly reinvent themselves as an agency.

Chairman Simpson said the Board picked Executive Director Hakim because of her demonstrated track record. He said she was an ethics lawyer, an aide to leadership for transit, worked for the New York Metropolitan Transportation Authority, and oversaw the largest capital program in the history of the New Jersey Turnpike Authority. Chairman Simpson said they know she is up to the challenge and they wish her the best. He said she has the Board's support and the support of stakeholders, and if she follows-up with the stakeholders and the items presented at the Board Meetings by the public, she will do extremely well because she had done well in everything she has done.

Executive Director Hakim acknowledged the "to do" list provided by Chairman Simpson. Chairman Simpson said that really sums up what the Board has been trying to do. He said some are 20 years away, but some can be done sooner.

Advisory Committee Report

Suzanne Mack provided the Advisory Committee Report. Ms. Mack said that was the most rousing endorsement of an Executive Director that she had ever heard. She said it was the most well laid out strategic plan she had ever heard as well.

Ms. Mack said she has already spoken with Executive Director Hakim and Board Member Finkle regarding the committees. She commented on how the Board, through the Governor, sets the norms for the organization and sets the people together to perform.

Ms. Mack commented on how well NJ TRANSIT has done. She said NJ TRANSIT has come a long way from a separate Bus & Rail in the past. She said they have come together and weathered various crises, including strikes. Ms. Mack said they are now in

the adult stage where NJ TRANSIT is performing and they can talk about some of the niceties of what they should do because the past crises are gone.

Ms. Mack said who would have imagined five years ago that one of the greatest challenges for NJ TRANSIT to face would be the weather. She said at a recent FEMA meeting, they discussed the rising sea level; they talked about a one percent rise and how much more flooding there will be. Ms. Mack said they live in a new reality with constraints out of their control. Ms. Mack said Chairman Simpson not only has to focus on running operations but also planning for an unknown future. She said everyone is up for the task and applauded their efforts.

Ms. Mack said the South Jersey and North Jersey Advisory Committees have already welcomed the new Executive Director. She said the last joint meeting was in December but another one will be held in April. Ms. Mack suggested if Executive Director Hakim's schedule permits, it would be great if she could attend the meeting.

Ms. Mack said South Jersey wants more equity, and more partnerships with Pennsylvania. She said their North Jersey Committee met last week on Lackawanna Cutoff and more partnerships going into Pennsylvania. Ms. Mack said they need a national rail policy.

Ms. Mack said they need a national financial policy and she knows the Governor is working hard to get New Jersey's fair share. Ms. Mack said they need a renewal of the transportation trust fund. She said traditional sources of funding have been the transportation trust fund and federal funding and a continuous source of funding is needed.

Ms. Mack said the off-peak fare was eliminated due to a funding issue. She said they have to set priorities within the constrained budgets. Ms. Mack said if there was more money, they could provide more service for the customer.

Ms. Mack said she hopes the Executive Director, through Board Member Finkle, will give the committees more assignments.

Chairman Simpson thanked Ms. Mack for bringing up the fact that South Jersey sometimes feels like they are not getting their fair share. He said since NJ TRANSIT's Headquarters is located in Newark, it may seem like there is a Northern New Jersey bias, but there are other conversations going on in the state. Chairman Simpson said he also chairs the Delaware Valley Regional Planning Association, and they just had their annual meeting and retreat in New Jersey. Chairman Simpson said he spoke about needing more between Philadelphia, Pennsylvania and those counties, and about transit issues between the Greater Philadelphia Region and New Jersey. He said people in South Jersey want to get to Philadelphia, the Philadelphia Airport and other areas in Pennsylvania on transit. Delaware Valley Regional Planning Association is going to lead the charge in cooperation with NJ TRANSIT management, New Jersey

Department of Transportation staff and Federal Transit Administration staff. Chairman Simpson said they are attuned to that region and not negligent.

Board Customer Service and Administration Committees Report

Board Member James C. Finkle Jr. presented the report for the combined Customer Service and Administration Committee meeting. The Committees discussed the Broker Services for Corporate Insurance and Risk Management Insurance Program board item and the Broker Forensic Accounting Services for preparation of the Superstorm Sandy property damage claim.

Board Capital Planning, Policy & Privatization (CP3) Committee Report

Board Member Flora M. Castillo presented the report for the Capital Planning, Policy and Privatization Committee discussed the contract extension award for engineering support services for the Positive Train Control Implementation. Safety is our number one priority and implementation of this system is required on all rail lines by December 2015.

The Committee was also briefed on the Train Management and Control System. This critical system monitors and controls the movement of trains on a systemwide basis. An upgrade is required to meet functional and regulatory compliance.

Executive Director's Monthly Report

Executive Director Hakim said it was a pleasure to be there and speak at her first Board meeting as the new Executive Director of NJ TRANSIT. She is honored to be able to serve in this position and thanked Governor Christie, Chairman Simpson, and the Board for their support as she takes on her new role.

Since her arrival, Executive Director Hakim has been traveling across the system as well as meeting extensively with employees and customers. The agency is much more than just rail lines and bus routes. It is a critical link for the nearly half a million daily customers who depend on NJ TRANSIT trains, buses, light rail lines and Access Link vehicles to live their lives. It is an important service generously supported by millions of hard-working New Jersey taxpayers and they have to acknowledge and respect that every day.

It is an important component of New Jersey's quality-of-life for New Jersey residents, and even those that they may not use NJ TRANSIT, still benefit indirectly from all the cars the agency takes off the road each day.

Executive Director Hakim specifically added that it is all made possible by the more than 11,000 talented, hard-working employees who keep the customers on the move each and every day. NJ TRANSIT truly is a people-driven organization; people rely on the services and the dedicated people who provide that service make it possible.

Executive Director Hakim said that her immediate focus for the agency will be on how to effectively communicate with the customers and enhancing their overall customer experience, in addition to ensuring that safety remains the top priority. She said she welcomes the opportunity Chairman Simpson introduced to work on developing safety and work with Board Member Finkle. Executive Director Hakim believes that performing strongly in all these areas will ultimately drive NJ TRANSIT's future.

Executive Director Hakim said customers are smart and well-versed on the challenges facing NJ TRANSIT and so are the employees. She has told NJ TRANSIT's employees and the customers she has met throughout the system that she has given herself 30 days to listen. She will be meeting with the advocates, has been meeting with staff, and no one has shied away from her call to offer suggestions. Executive Director Hakim said she has heard recommendations and ideas, and everyone is enthusiastic in trying to improve the experience.

Executive Director Hakim said Chairman Simpson offered her a daunting to do list and she welcomes that. She looks forward to coming back to the Board of Directors to discuss many of the initiatives he has described. Executive Director Hakim said Chairman Simpson recognizes some are short term initiatives and some are for future generations.

Executive Director Hakim said she will continue to listen and to learn by visiting the facilities, riding the system, and talking to customers and employees, and they will be striving for implementation of improvements.

Executive Director Hakim said her priorities are three-fold: 1) to identify the initiatives for the agency that need to be advanced in collaboration with the Board, 2) to motivate people, in order to 3) achieve those results.

Executive Director Hakim is excited to begin a new chapter in NJ TRANSIT's history and to lead such a dedicated team of people. She said the senior management in the room has been nothing but gracious to her and enthusiastic about joining in the future of NJ TRANSIT.

Action Items

Chairman Simpson said he understands Executive Director Hakim has changed the protocols. She said she thought it would be good if the staff implementing the programs actually presented them.

Executive Director Hakim introduced Steve Santoro, Assistant Executive Director, Capital Planning & Programs, who presented the following Action Item for approval:

1403-10: POSITIVE TRAIN CONTROL IMPLEMENTATION: AMENDMENT TO CONTRACT AWARD FOR ENGINEERING SUPPORT SERVICE

Mr. Steve Santoro, on behalf of Executive Director Hakim, recommended amending the current HNTB contract for engineering support services for Positive Train Control. The Rail Safety Improvement Act mandates the implementation of a Positive Train Control System on all rail lines. In December 2009, the Board approved the first stage of this contract for the Positive Train Control Project Phases I, II and III. In March 2011, the Board approved the hiring of Parsons Transportation for the design and construction of the project. With safety as a number one priority, Positive Train Control will ultimately make the rail system even safer by preventing most types of rail collisions. Currently, NJ TRANSIT's cab signal system does not automatically stop a train if it is traveling at a slow rate of speed. Positive Train Control will automatically stop a train travelling at any speed. Positive Train Control also will allow for better protection of employees working along the rail right-of-way. This is a good project for NJ TRANSIT, the employees and ultimately the customers.

Authorization is requested to amend the existing contract with HNTB of New York, New York, to provide continued technical support consulting services for the final stage of the project, Phases IV and V at a cost not to exceed \$4,250,000, plus five percent for contingencies, for a total contract cost of \$8,000,000, subject to the availability of funds.

Board Member James C. Finkle, Jr. moved the resolution, Board Member Flora M. Castillo seconded it and it was unanimously adopted.

Executive Director Hakim introduced Angel Soto, Deputy General Manager Transportation, Rail Operations, who presented the following Action Item for approval:

1403-11: TRAIN MANAGEMENT AND CONTROL SYSTEM (TMAC) UPGRADE AND DEPLOYMENT

Mr. Angel Soto, on behalf of Executive Director Hakim, recommended an upgrade of the Train Management and Control system. The Train Management and Control System monitors and controls the movement of all of NJ TRANSIT's trains system-wide, as well as the power dispatching of NJ TRANSIT's train signals and electrified rail lines. The Train Management and Control system is the technology-backbone of New Jersey's commuter rail system, without which, rail service could not be provided.

Specifically, the Train Management and Control System is used to align switches and display signals to provide a clear and safe route for trains. It also provides control of the high-voltage electric overhead wire system; it remotely controls the moveable bridges; and allows for automated train status announcements. The train location data provided by TMAC is also used to power NJ TRANSIT's popular DepartureVision system which provides customers with real-time train information.

The upgraded Train Management and Control System, originally launched in 2003, will also provide additional capacity for future capital projects and improve internal reporting for greater accountability and transparency regarding rail operations. This project will help to keep the trains running on time and allow better communication with customers.

Authorization is requested to enter into a sole source design build contract with ARINC, Inc. of Annapolis, Maryland, for the upgrade of the existing Train Management and Control System for an amount not to exceed \$9,523,000, plus five percent contingencies, for a total contract authorization of \$10,000,000, subject to the availability of funds.

Board Member James C. Finkle, Jr. moved the resolution, Board Member Flora M. Castillo seconded it and it was unanimously adopted.

Executive Director Hakim introduced Kathleen Sharman, Chief Financial Officer & Treasurer, who presented the following Action Item for approval:

1403-12: BROKER SERVICES FOR CORPORATE INSURANCE AND RISK MANAGEMENT INSURANCE PROGRAM AND BROKER/FORENSIC ACCOUNTING SERVICES FOR PREPARATION OF SUPERSTORM SANDY PROPERTY DAMAGE CLAIM

Ms. Kathleen Sharman, on behalf of Executive Director Hakim, recommended a contract award which seeks insurance broker services to assist in the development, implementation and administration of the corporate insurance risk management program. NJ TRANSIT's Risk program includes the placement of insurance and recommendations of loss control initiatives to protect NJ TRANSIT from third party liability and defense of claims brought against the agency ensuring that the tax-payers dollars are protected.

Authorization is requested to enter into a contract with AON to act as the Risk Management Insurance Broker of Record for two years with an option to retain their services for two additional years with compensation capped at \$250,000 per contract year, plus five percent contingencies, and up to a maximum of \$200,000 per year in commissions, subject to the

availability of funds and adoption of future NJ TRANSIT Operating Budgets.

Authorization is also requested to use AON to perform supplemental risk management services on an as-needed basis at a cost of \$250 per hour and not to exceed \$75,000 per contract year, subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets.

Further, authorization is requested to amend the scope of contract No. 10-046 with Marsh USA to extend forensic accounting services limited to the preparation of the property damage claim arising from Superstorm Sandy for two years through March 2016 with the option to continue the contract through March 2018. The total additional compensation is being capped at \$2,000,000, for a total contract value of \$4,821,270 subject to the availability of funds.

Board Member Flora M. Castillo moved the resolution and Board Member James C. Finkle, Jr. seconded it.

Executive Director Hakim requested approval of the Consent Calendar

Consent Calendar

1403-13: PERSONAL INJURY CLAIM OF CHARLES SIMMONS

Authorization is requested to settle the claim of Charles Simmons, through his attorney, at a cost of \$600,000. The Attorney General has approved settlement cost of \$600,000, subject to the availability of funds.

The Consent Calendar was moved by Board Member Flora M. Castillo, Board Member James C. Finkle, Jr. seconded it and it was unanimously adopted.

Executive Session

Chairman Simpson concluded the open session agenda items at approximately 10:45 a.m. and requested a motion to enter Executive Session to discuss attorney-client, litigation and personnel matters. A motion was made by Board Member James C. Finkle, Jr. seconded by Board Member Flora M. Castillo and unanimously adopted.

Chairman Simpson and Board Members Egea, Finkle, Castillo, Petrecca and Greaves returned to open session at approximately 10:52 a.m.

Adjournment

Since there were no further comments or business, Chairman Simpson called for adjournment and a motion to adjourn was made by Board Member James C. Finkle Jr., seconded by Board Member Flora M. Castillo and unanimously adopted. The meeting was adjourned at approximately 10:53 a.m.

NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS, INC.
NJ TRANSIT RAIL OPERATIONS, INC.
NJ TRANSIT MERCER, INC.
NJ TRANSIT MORRIS, INC.
REGULARLY SCHEDULED BOARD OF DIRECTORS' MEETINGS

MARCH 12, 2014

MINUTES

PAGE

➤	CALL TO ORDER	-
➤	APPROVAL OF MINUTES OF PREVIOUS MEETINGS	46262
➤	PUBLIC COMMENTS ON AGENDA ITEMS AND OTHER MATTERS	-
➤	BOARD MEMBER COMMENTS	-
➤	ADVISORY COMMITTEE REPORT	-
➤	SENIOR CITIZEN AND DISABLED RESIDENT TRANSPORTATION ADVISORY COMMITTEE REPORT (NEXT REPORT JUNE 2014)	-
➤	BOARD COMMITTEE REPORTS	-
	*Customer Service Committee	
	*Administration Committee	
	*Capital Planning, Policy and Privatization Committee	
➤	EXECUTIVE DIRECTOR'S MONTHLY REPORT	46263

ACTION ITEMS

1403-10	POSITIVE TRAIN CONTROL IMPLEMENTATION: AMENDMENT TO CONTRACT AWARD FOR ENGINEERING SUPPORT SERVICES	46292
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Authorization to amend the existing NJ TRANSIT Contract No. 10-010 for the PTC Project Phases I, II and III (approved for \$3,400,000 in December 2009) with HNTB of New York, New York, for continued technical support consulting services. This amendment includes the final stage of the PTC Project Phases IV, and V at a cost not to exceed \$4,250,000, plus five percent for contingencies, for a total contract cost of \$8,000,000, subject to the availability of funds.

1403-11	TRAIN MANAGEMENT AND CONTROL SYSTEM (TMAC) UPGRADE AND DEPLOYMENT	46297
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Authorization to enter into a sole source design build NJ TRANSIT Contract No. 14-039 with ARINC, Inc. of Annapolis, Maryland, in accordance with NJ TRANSIT Procurement Regulations N.J.A.C. 16:72-1.5(d) and Executive Order No. 37, to contract with ARINC for the upgrade of the existing TMAC

system for an amount not to exceed \$9,523,000, plus five percent contingencies, for a total contract authorization of \$10,000,000, subject to the availability of funds.

1403-12 BROKER SERVICES FOR CORPORATE INSURANCE AND RISK MANAGEMENT INSURANCE PROGRAM AND BROKER/FORENSIC ACCOUNTING SERVICES FOR PREPARATION OF SUPERSTORM SANDY PROPERTY DAMAGE CLAIM 46301

Authorization is requested to enter into NJ TRANSIT Contract No. 14-015 with AON to act as NJ TRANSIT's Risk Management/Insurance Broker of Record for two years with an option to retain their services for two additional years with compensation capped at \$250,000 per contract year, plus five percent contingencies, plus up to a maximum of \$200,000 per year in commissions, subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets; and

Authorization is requested to utilize AON to perform supplemental risk management services on an as-needed basis at a cost of \$250 per hour and not to exceed \$75,000 per contract year, subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets; and

Authorization is requested to amend the scope of NJ TRANSIT Contract No. 10-046 with Marsh USA to extend forensic accounting services limited to the preparation of the property damage claim arising from Superstorm Sandy for two years through March 2016 with an option to extend through March 2018 at a cost not to exceed \$2,000,000, for a total contract value of \$4,821,270.

CONSENT CALENDAR

1403-13 PERSONAL INJURY CLAIM OF CHARLES SIMMONS 46310

Authorization to settle the claim of Charles Simmons through his attorney at a cost of \$600,000. The Attorney General has approved settlement cost of \$600,000, subject to the availability of funds.

- **EXECUTIVE SESSION AUTHORIZATION: PERSONNEL AND PENDING LITIGATION MATTERS 46312**
- **ADJOURNMENT**

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., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, 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 8, 2014 and the February 24, 2014 Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. were forwarded to the Governor on January 10, 2014 and February 26, 2014;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the January 8, 2014 and the February 24, 2014 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. Board of Directors' meetings are hereby approved.

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



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

TO: BOARD OF DIRECTORS
FROM: VERONIQUE "RONNIE" HAKIM *Ronnie*
DATE: MARCH 12, 2014
SUBJECT: EXECUTIVE DIRECTOR'S REPORT – MARCH 2014

This month marks my first Board of Directors meeting as the new Executive Director of NJ TRANSIT. I am honored to be able to serve in this position, and I would like to again thank Governor Christie and Commissioner Simpson for their support as I take on my new role. Since my arrival, I have hit the ground running, not only traveling across our system, but meeting extensively with employees and customers alike.

Our agency is much more than just rail lines and bus routes. It is a critical link for the nearly half a million daily customers who depend on NJ TRANSIT trains, buses, light rail lines and Access Link vehicles to live their lives. And it is an important service generously supported by millions of hard-working New Jersey taxpayers. It is also an important component of the State's quality of life for New Jersey residents, who although they may not use NJ TRANSIT, still benefit indirectly from all the cars the agency takes off the road each day. And, I want to specifically add, it is all made possible by the more than 11,000 talented, hard-working employees who keep our customers on the move each and every day.

NJ TRANSIT truly is a people-driven organization—the people who rely on our system each day, and the dedicated people who provide that service. With that in mind, my immediate focus for the agency will be on how effectively we communicate to our customers and their overall customer experience, in addition to ensuring that safety remains our top priority. I believe that performing strongly in these areas is what will drive NJ TRANSIT's future.

Our customers are smart and well-versed on the challenges facing NJ TRANSIT, and so are our employees. In fact, neither our customers, nor our employees, whom I have quickly learned are a talented group of people, have shied away from my call to offer suggestions, recommendations and ideas on how to improve their experience. To them, I would offer a simple, specific message: keep them coming. And to the members of the Board, I look forward to sharing many of these initiatives with you.

I will continue to listen and to learn, by visiting our facilities, riding our system, and talking to customers and employees. And where we can make those improvements, we will not hesitate to do so. Just as during my time serving at the MTA and the Turnpike Authority, my goals are three-fold: to identify priorities for the agency, to motivate people and to achieve results.

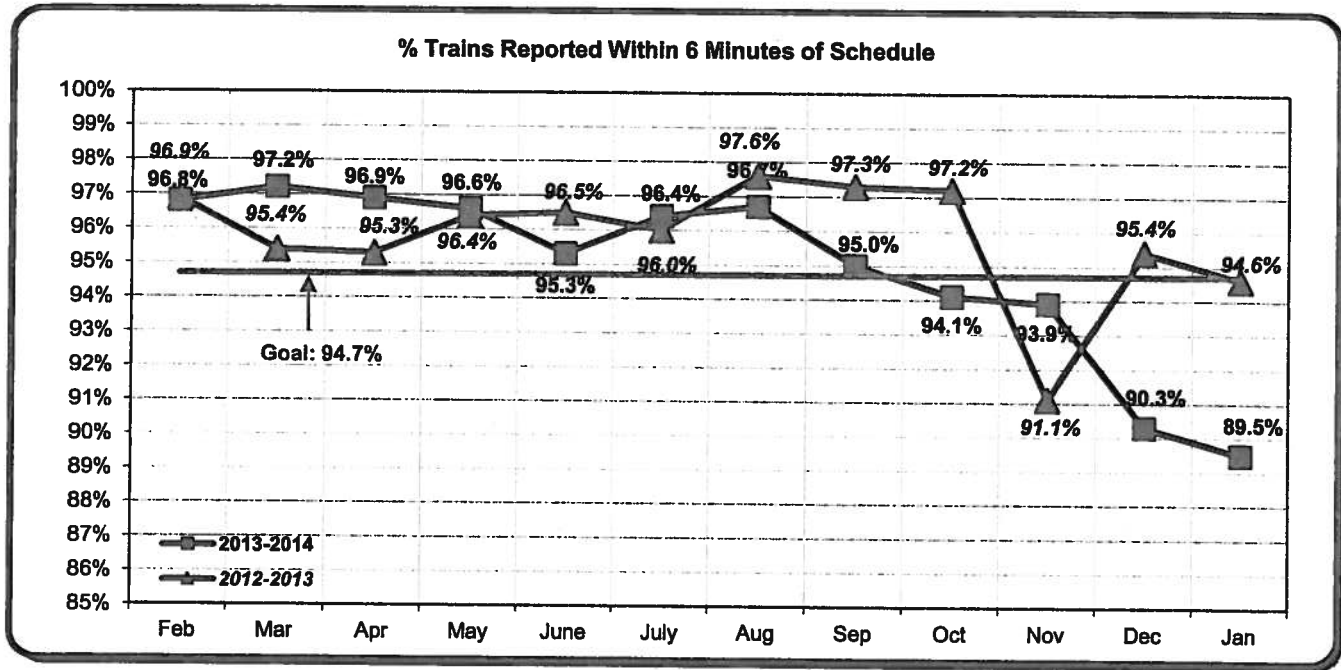
As we begin a new chapter in NJ TRANSIT's history, I am excited to lead such a dedicated team and look forward to working with all of you.

EXECUTIVE DIRECTOR'S MONTHLY REPORT MARCH 2014

- 1. PERFORMANCE MEASURES**
- 2. MEAN DISTANCE BETWEEN FAILURES**
- 3. DBE/MBE PROGRAM**
- 4. EMPLOYEE RECOGNITION**

PERFORMANCE MEASURES

NJ TRANSIT ON-TIME PERFORMANCE RAIL FEBRUARY 2012 - JANUARY 2014



	2013	2014	# Change
January Comparison	94.6%	89.5%	-5.1%

	2012-2013	2013-2014	# Change
12-Month Average February - January	95.8%	94.9%	-0.9%

Analysis:

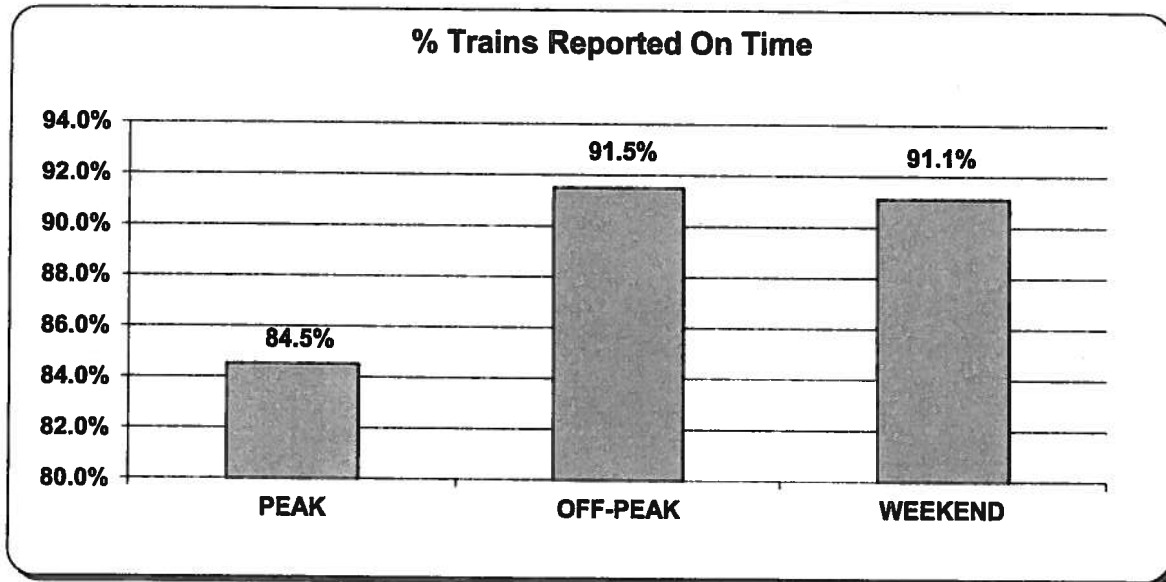
Rail On-Time Performance was 89.5% for January 2014. Of the 18,005 trains scheduled to operate, 16,106 were on time, while 1,899 trains (or 10.5%) were delayed. Key causes included:

- Weather-related delays systemwide on January 3.
- Amtrak overhead wire failure due to weather on January 7.
- Weather-related delays systemwide on January 21.

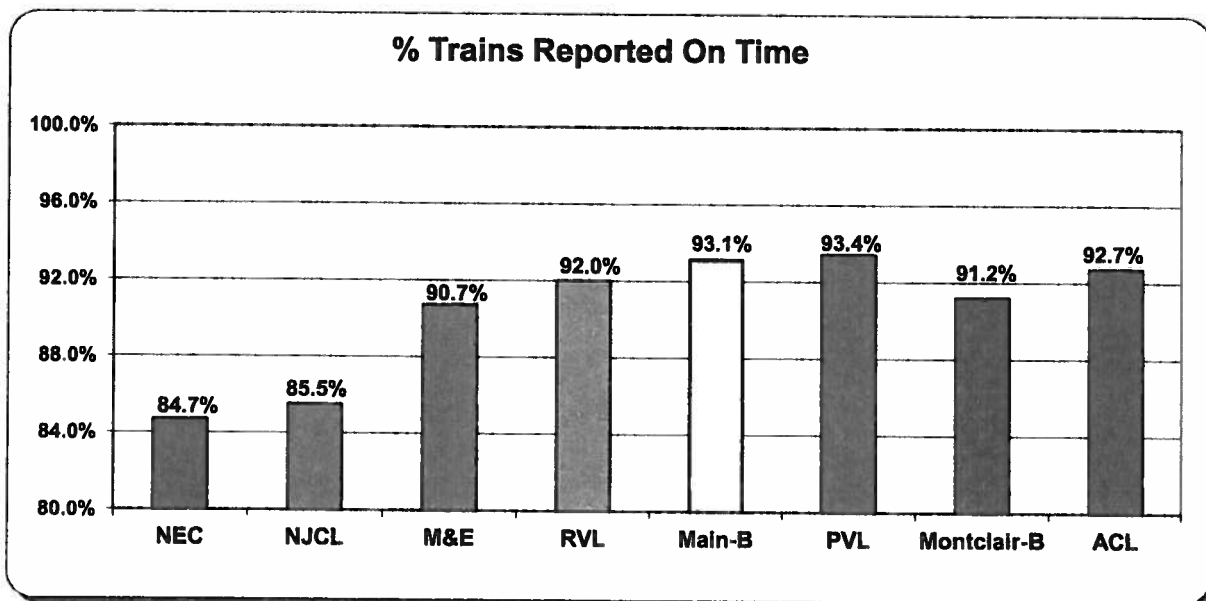
The 12-month average for Rail On-Time Performance for February 2012 - January 2014 was 95.4%.

ON-TIME PERFORMANCE RAIL

SUMMARY BY TIME PERIOD JANUARY 2014

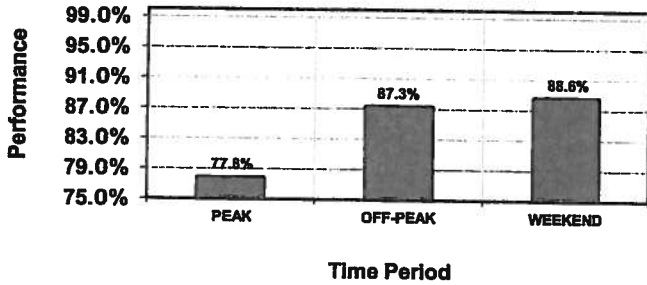


SUMMARY BY LINE JANUARY 2014

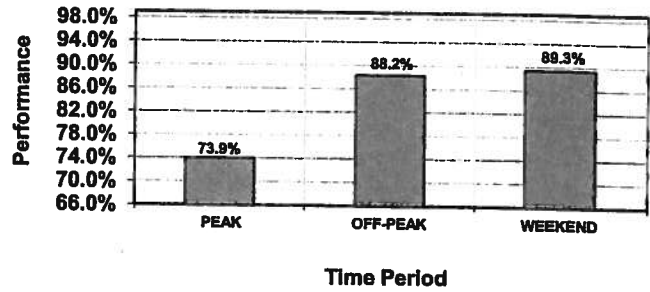


ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD JANUARY 2014

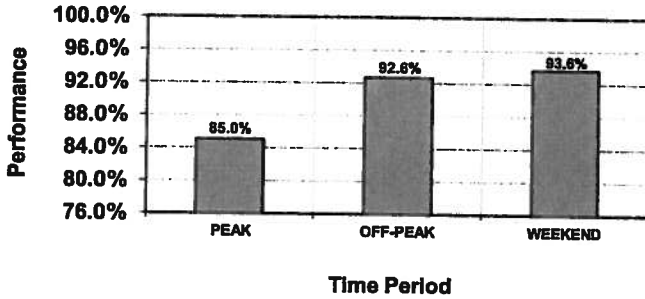
NORTHEAST CORRIDOR



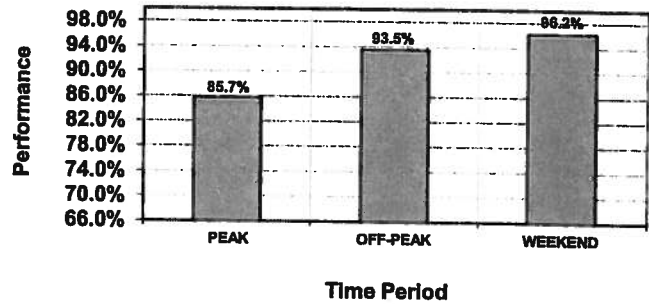
NORTH JERSEY COAST LINE



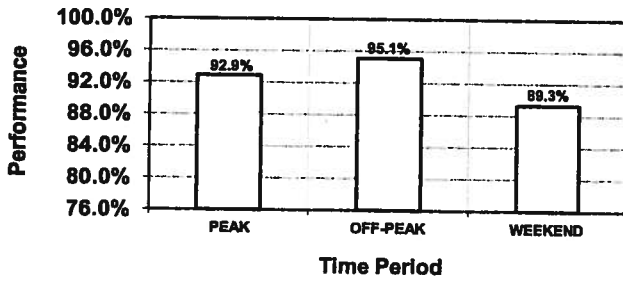
MORRIS & ESSEX



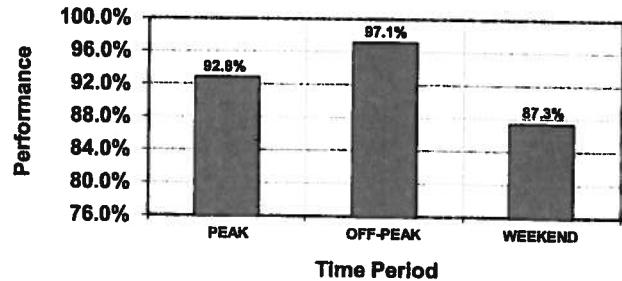
RARITAN VALLEY LINE



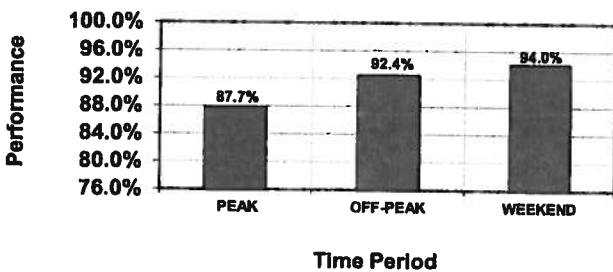
MAIN-BERGEN



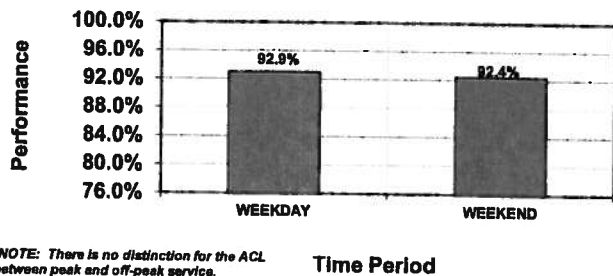
PASCACK VALLEY



MONTCLAIR-BOONTON



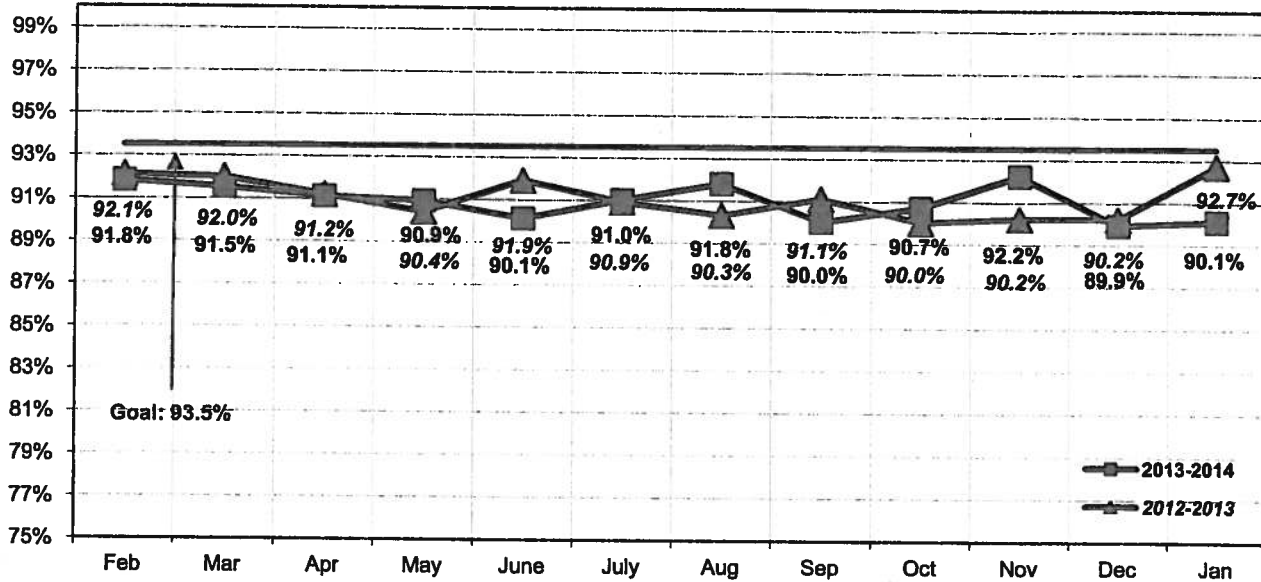
ATLANTIC CITY*



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

NJ TRANSIT ON-TIME PERFORMANCE BUS FEBRUARY 2012 - JANUARY 2014

% Buses Departing Major Terminals Within 6 Minutes of Schedule



	2014	2013	% Change
January Comparison	90.2%	92.7%	2.5%

	2012-2013	2013-2014	% Change
12-Month Average February - January	91.1%	90.9%	-0.2%

Analysis:

Bus On-Time Performance was 90.2% for January 2014. Of the 37,786 monitored departures, 3,732 (or 9.9%) experienced delays. Key causes included:

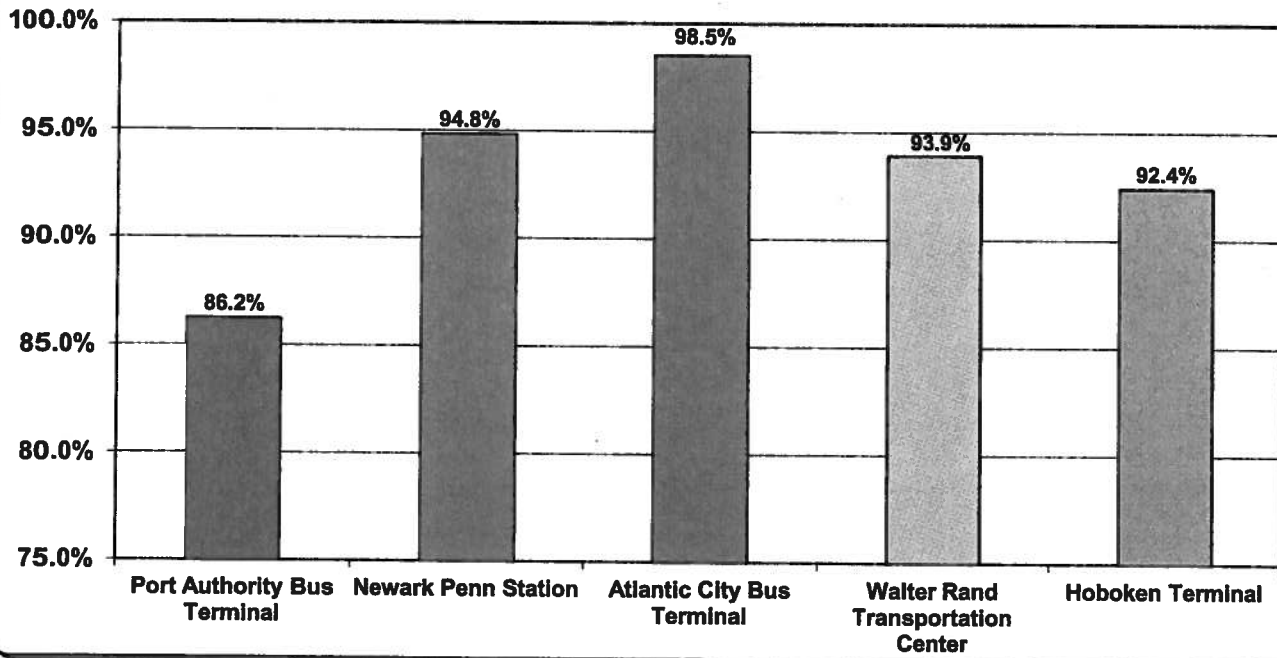
- Weather-related delays impacting Port Authority Bus Terminal buses.
- Extreme cold weather, snow and icy road conditions affecting Walter Rand Transportation Center buses.
- Heavy snow and ice on various days impacting Atlantic City Bus Terminal buses in Camden and Cape May counties.

The 12-month average for Bus On-Time Performance for February 2012 - January 2014 was 91.0%.

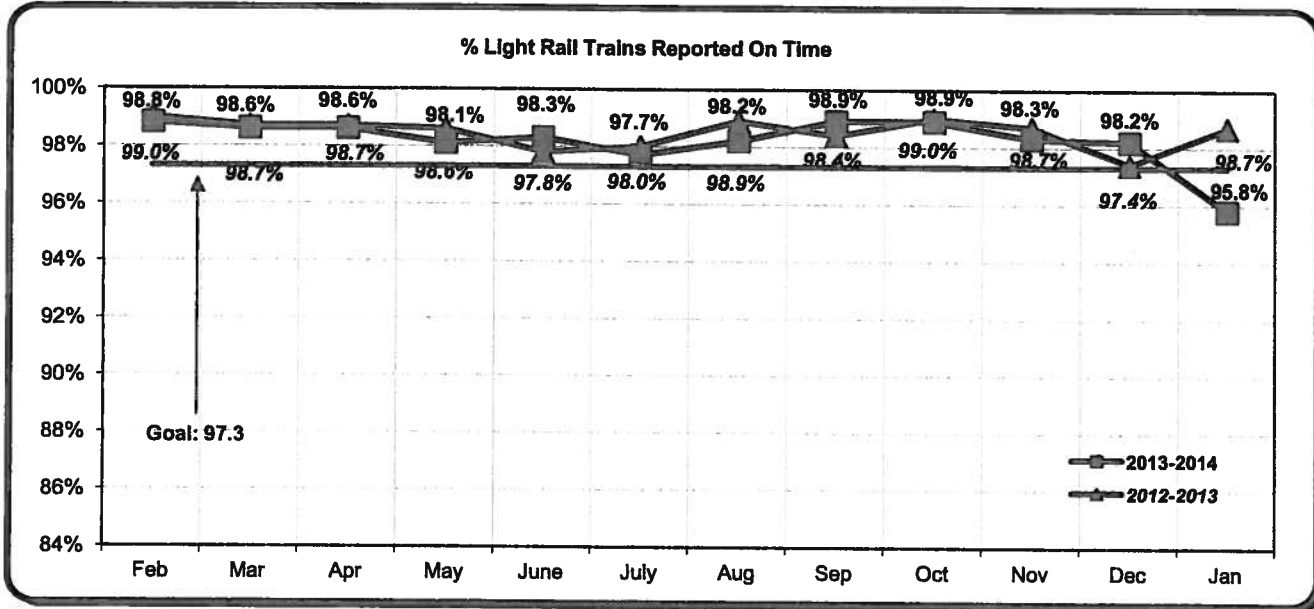
ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL JANUARY 2014

% Buses Departing Major Terminals On Time



NJ TRANSIT ON-TIME PERFORMANCE LIGHT RAIL FEBRUARY 2012 - JANUARY 2014



	2013	2014	# Change
January Comparison	98.7%	95.8%	-2.9%

	2012-2013	2013-2014	# Change
12-Month Average February - January	98.5%	98.2%	-0.3%

Analysis:

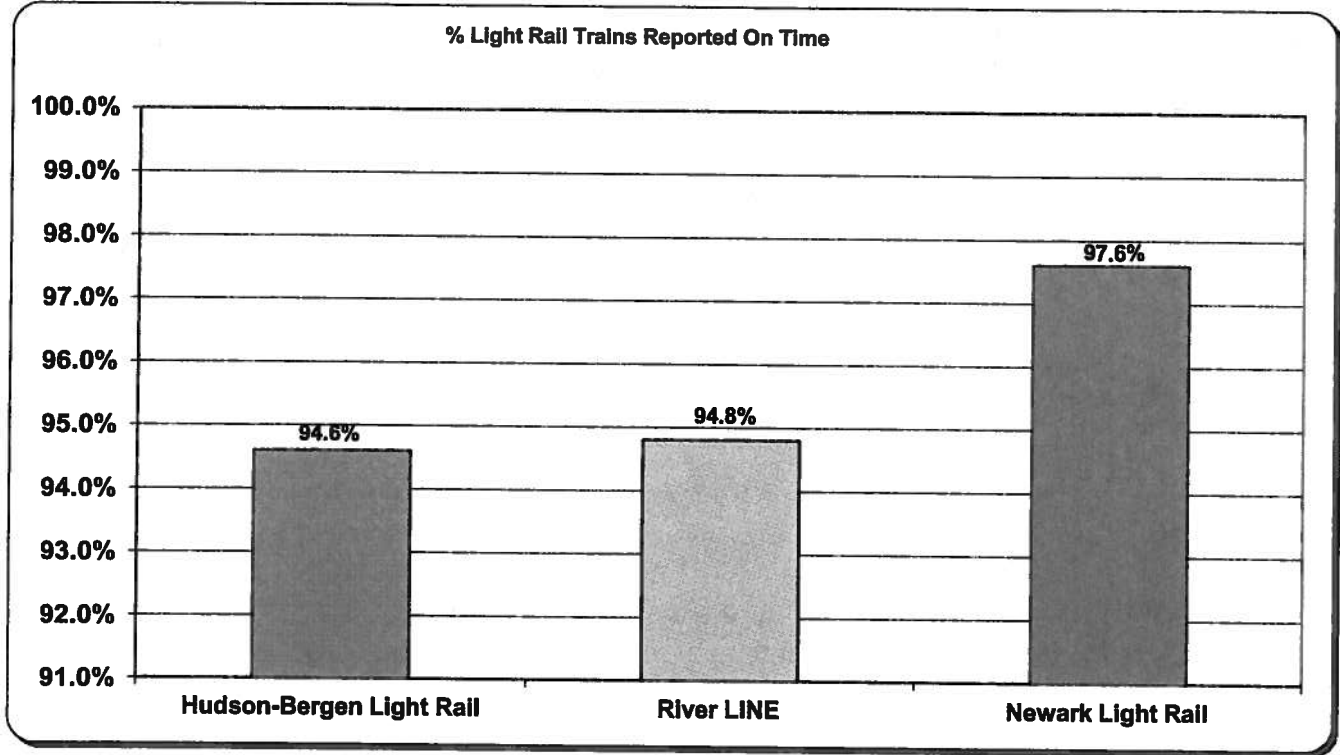
Light Rail On-Time Performance systemwide was 95.8% for the month of January 2014. Of the 26,711 scheduled trains, 1,116 (or 4.2%) experienced delays. Key causes included:

- Weather conditions causing delays to River Line service on January 21.
- Weather-related conditions and loss of power near Branch Brook Park Station impacting Newark Light Rail service between January 21 and 22.
- Repairs to a track condition near Exchange Place affecting Hudson-Bergen Light Rail service on January 24.

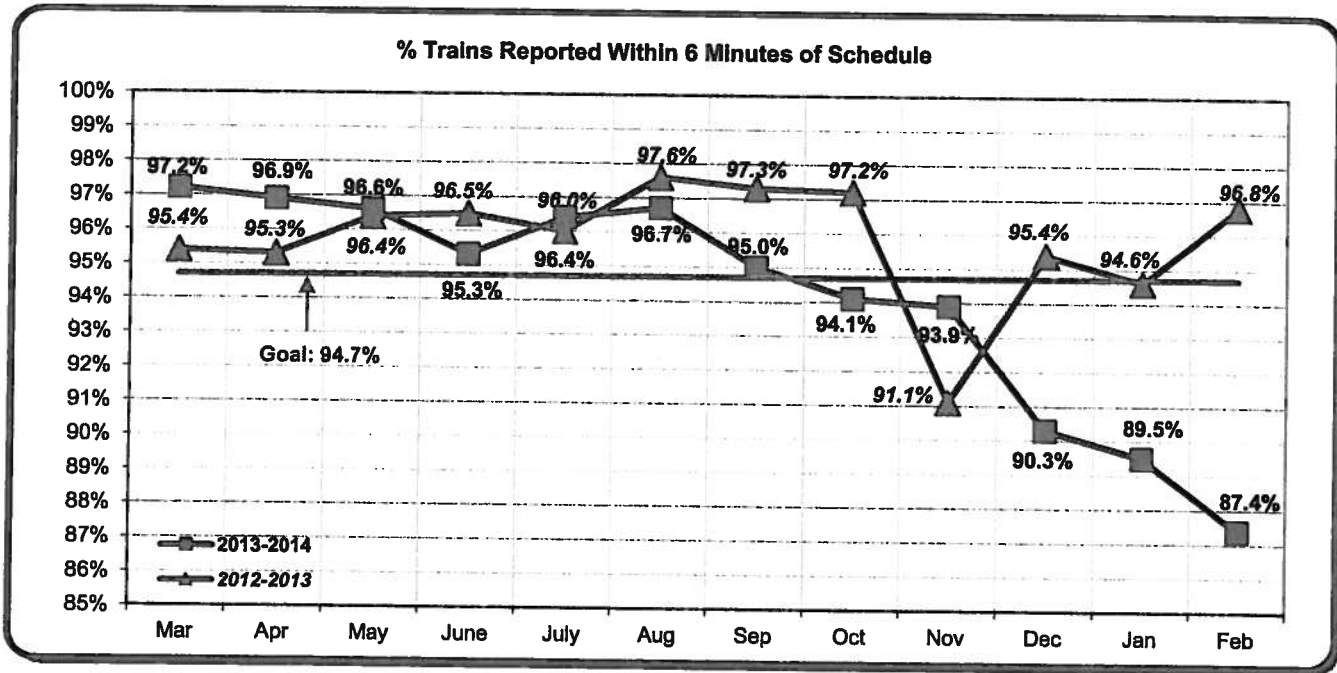
The 12-month average for Light Rail On-Time Performance for February 2012 - January 2014 was 98.4%.

ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE JANUARY 2014



NJ TRANSIT ON-TIME PERFORMANCE RAIL MARCH 2012 - FEBRUARY 2014



	2013	2014	# Change
February Comparison	96.8%	87.4%	-9.4%

	2012-2013	2013-2014	# Change
12-Month Average March - February	95.8%	94.1%	-1.7%

Analysis:

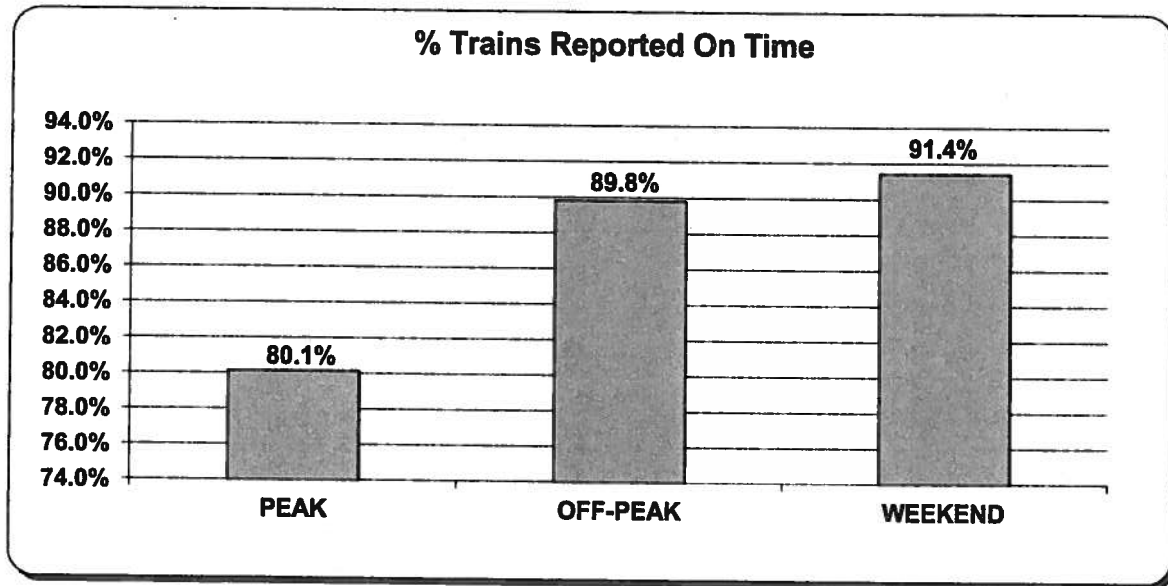
Rail On-Time Performance was 87.4% for February 2014. Of the 16,565 trains scheduled to operate, 14,477 were on time, while 2,088 trains (or 12.6%) were delayed. Key causes included:

- Weather-related delays systemwide on February 13.
- Weather-related delays systemwide on February 14.
- Weather-related delays systemwide on February 18.

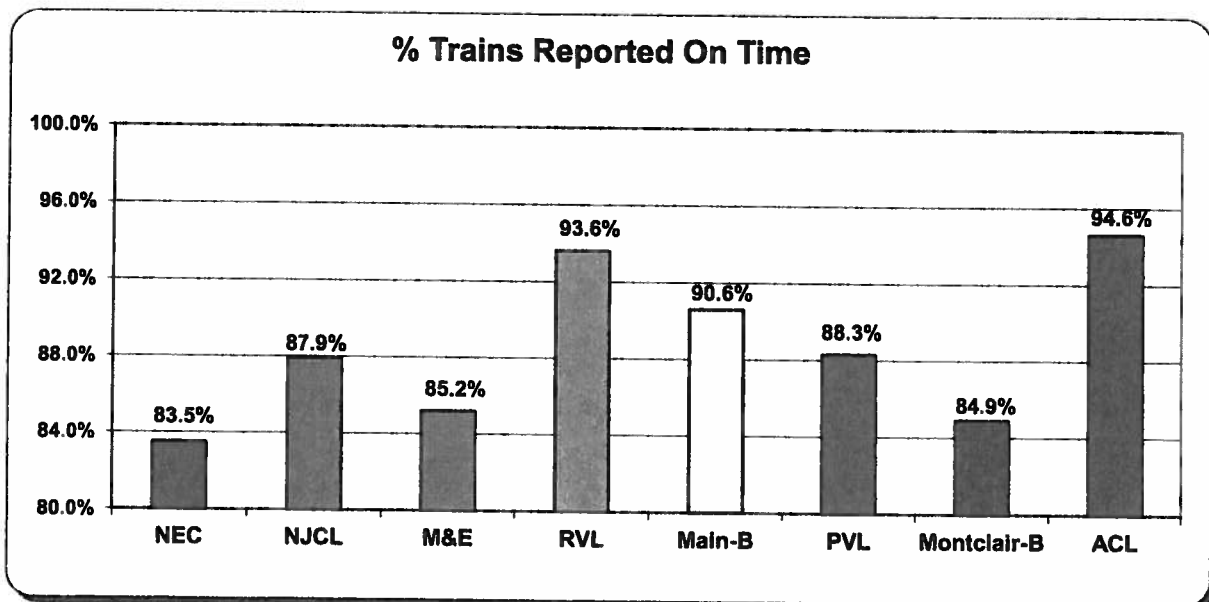
The 12-month average for Rail On-Time Performance for March 2012 - February 2014 was 95.0%.

ON-TIME PERFORMANCE RAIL

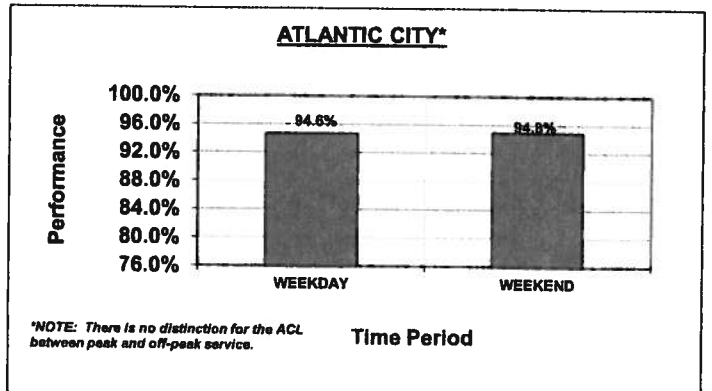
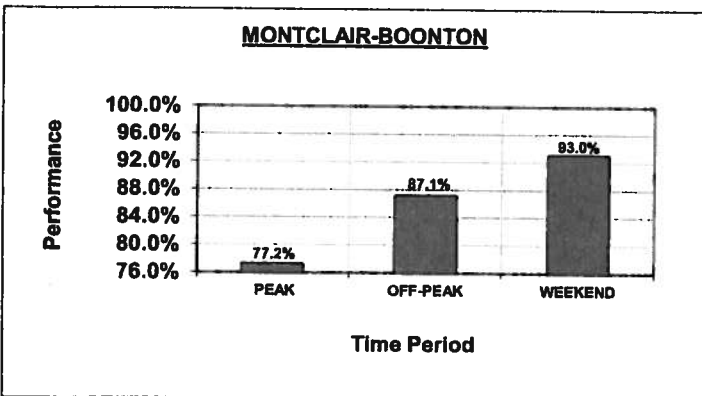
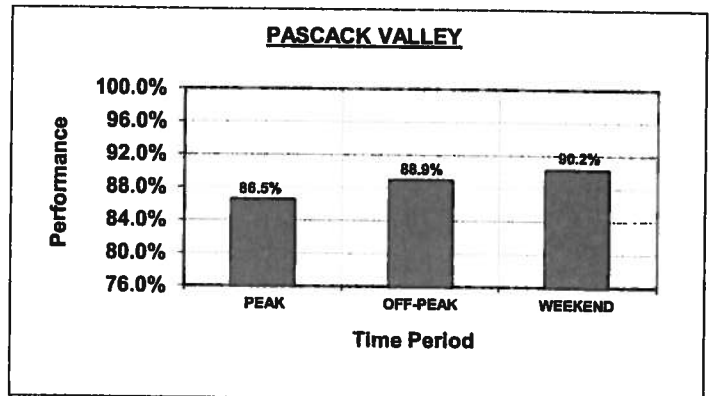
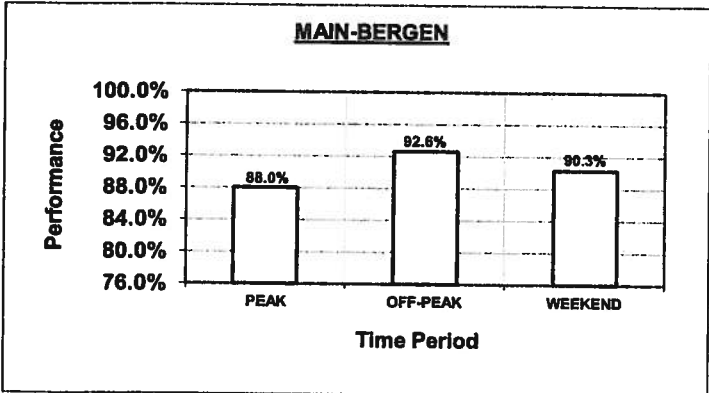
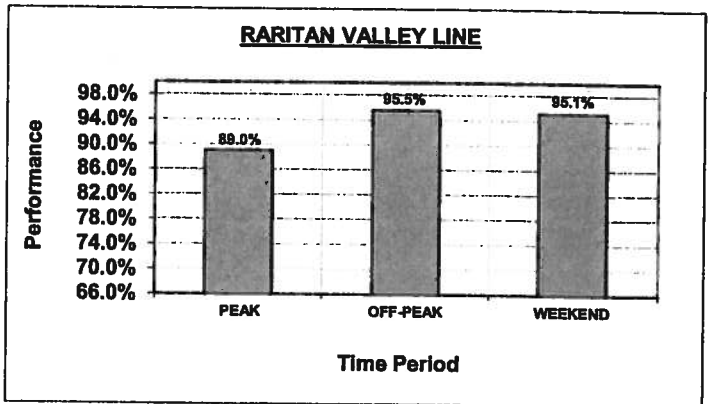
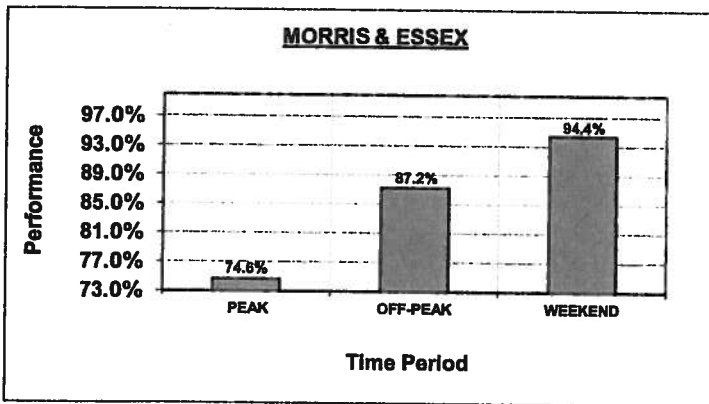
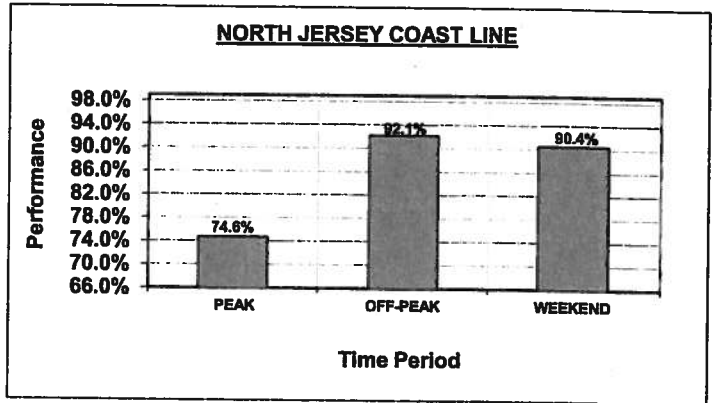
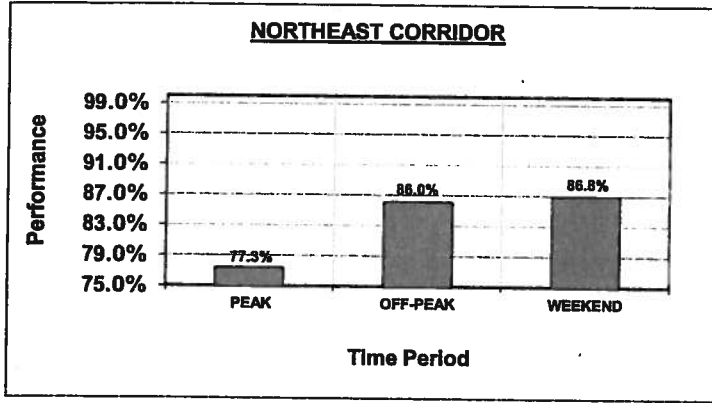
SUMMARY BY TIME PERIOD FEBRUARY 2014



SUMMARY BY LINE FEBRUARY 2014



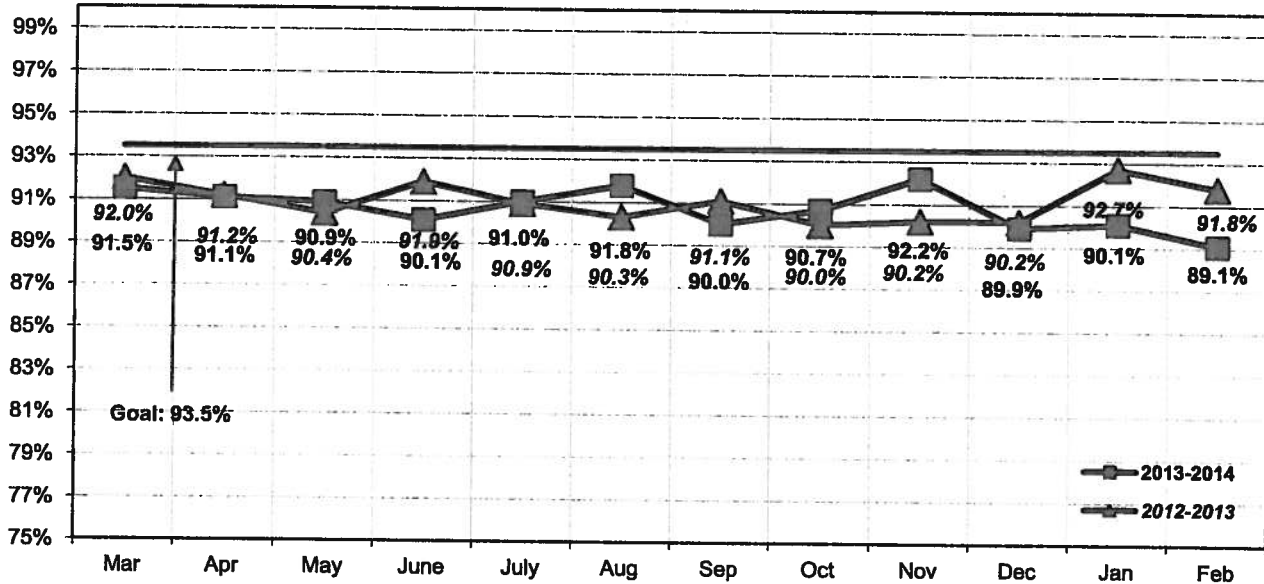
ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD FEBRUARY 2014



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

NJ TRANSIT ON-TIME PERFORMANCE BUS MARCH 2012 - FEBRUARY 2014

% Buses Departing Major Terminals Within 6 Minutes of Schedule



	2014	2013	% Change
February Comparison	89.1%	91.8%	2.7%

	2012-2013	2013-2014	% Change
12-Month Average March - February	91.1%	90.7%	-0.4%

Analysis:

Bus On-Time Performance was 89.1% for February 2014. Of the 36,093 monitored departures, 3,918 (or 10.9%) experienced delays. Key causes included:

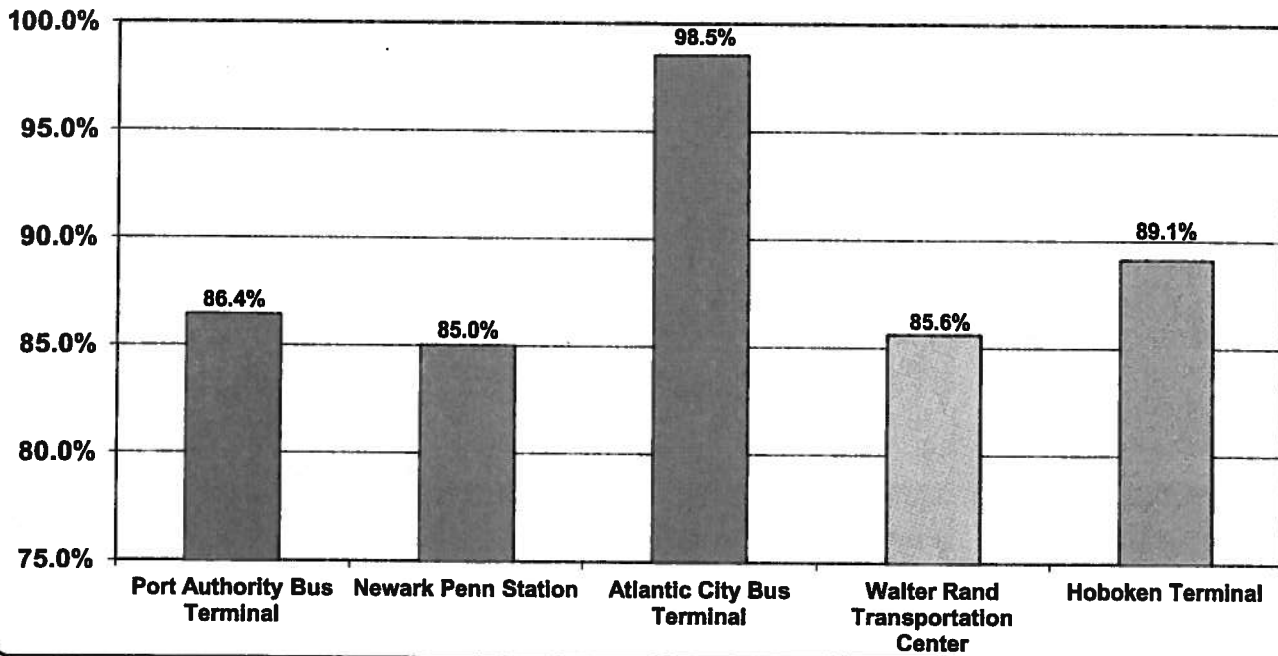
- Weather-related conditions, as well as congestion due to accidents and police activity, delaying Port Authority Bus Terminal buses.
- Weather-related conditions and detours for snow removal affecting Walter Rand Transportation Center buses.
- Heavy snow and ice as well as snow removal activities impacting Atlantic City Bus Terminal buses in Camden and Cape May counties.

The 12-month average for Bus On-Time Performance for March 2012 - February 2014 was 90.9%.

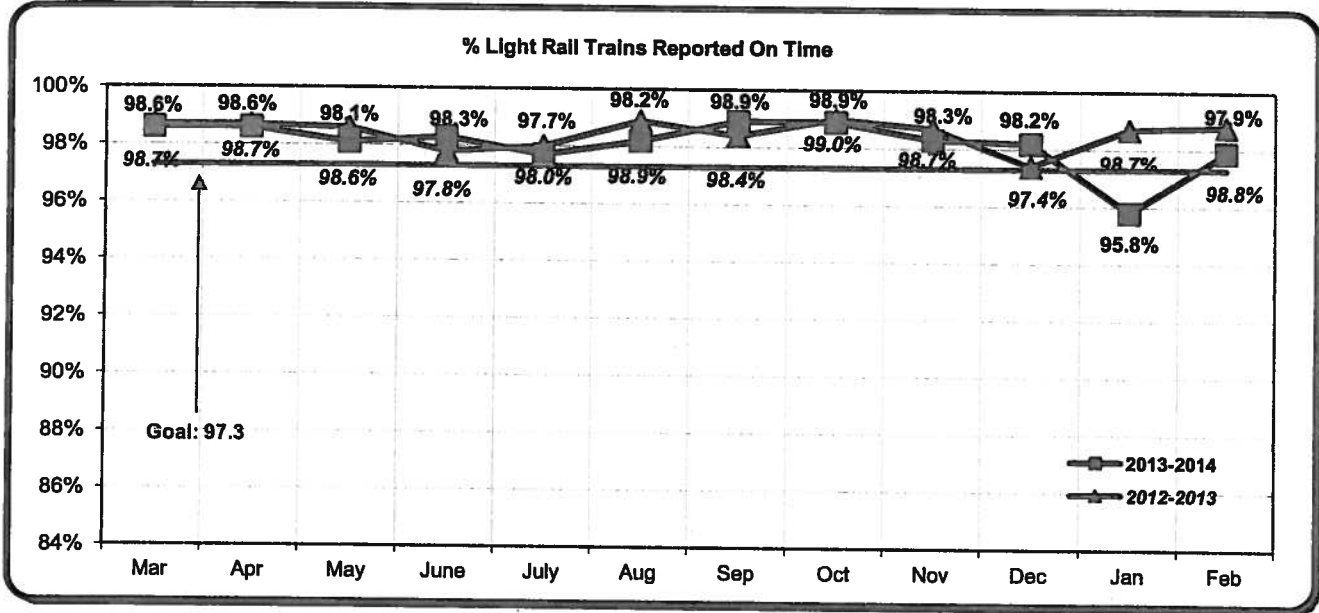
ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL FEBRUARY 2014

% Buses Departing Major Terminals On Time



NJ TRANSIT ON-TIME PERFORMANCE LIGHT RAIL MARCH 2012 - FEBRUARY 2014



	2013	2014	# Change
February Comparison	98.8%	97.9%	-0.9%

	2012-2013	2013-2014	# Change
12-Month Average March - February	98.5%	98.1%	-0.4%

Analysis:

Light Rail On-Time Performance systemwide was 97.9% for the month of February 2014. Of the 24,220 scheduled trains, 512 (or 2.1%) experienced delays. Key causes included:

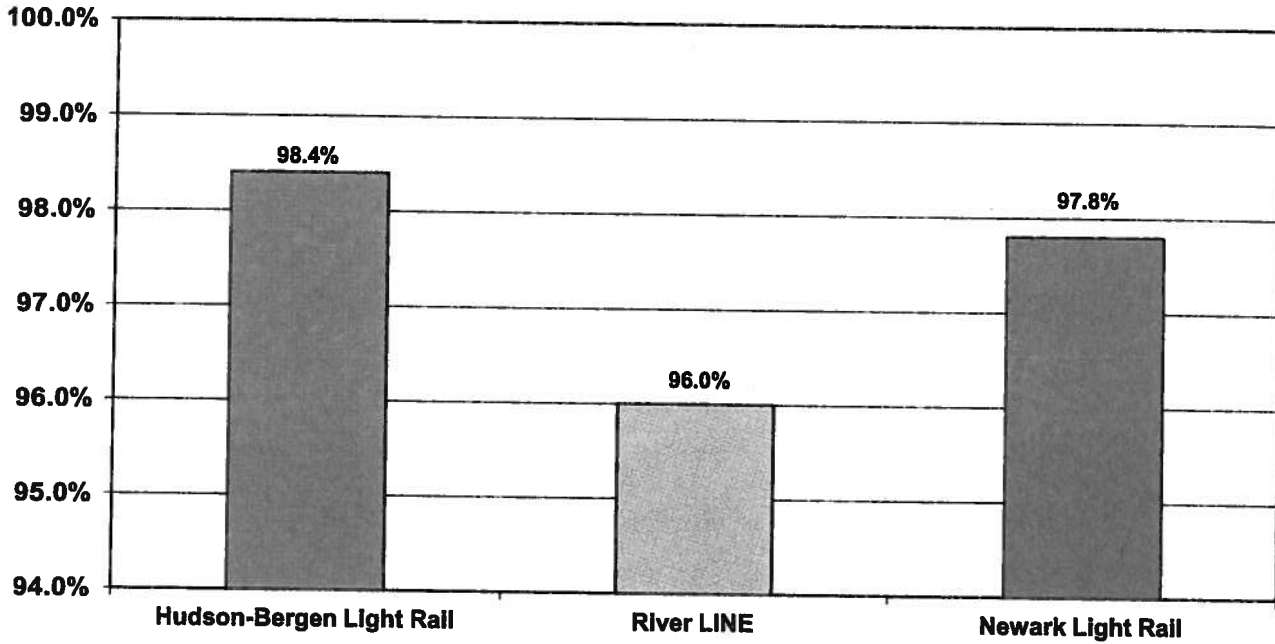
- Mechanical failures and signal problems affecting Newark Light Rail service on February 14.
- Police activity in downtown Jersey City delaying Hudson-Bergen Light Rail service on February 18.
- Mechanical and signal problems impacting River Line service on February 28.

The 12-month average for Light Rail On-Time Performance for March 2012 - February 2014 was 98.3%.

ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE FEBRUARY 2014

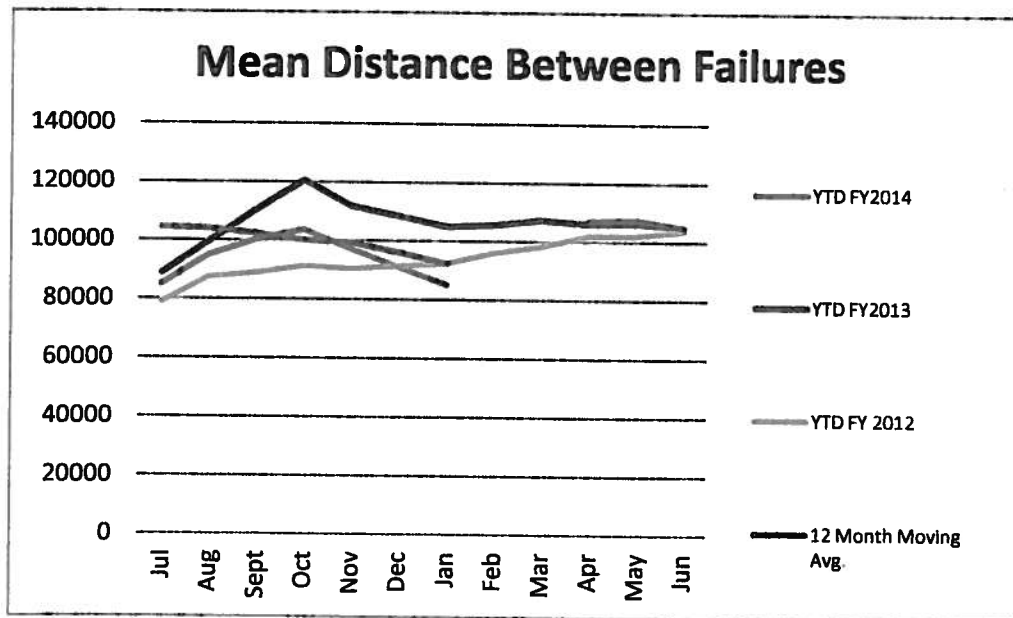
% Light Rail Trains Reported On Time



MEAN DISTANCE BETWEEN FAILURES

NJ Transit Rail
Mean Distance Between Failures

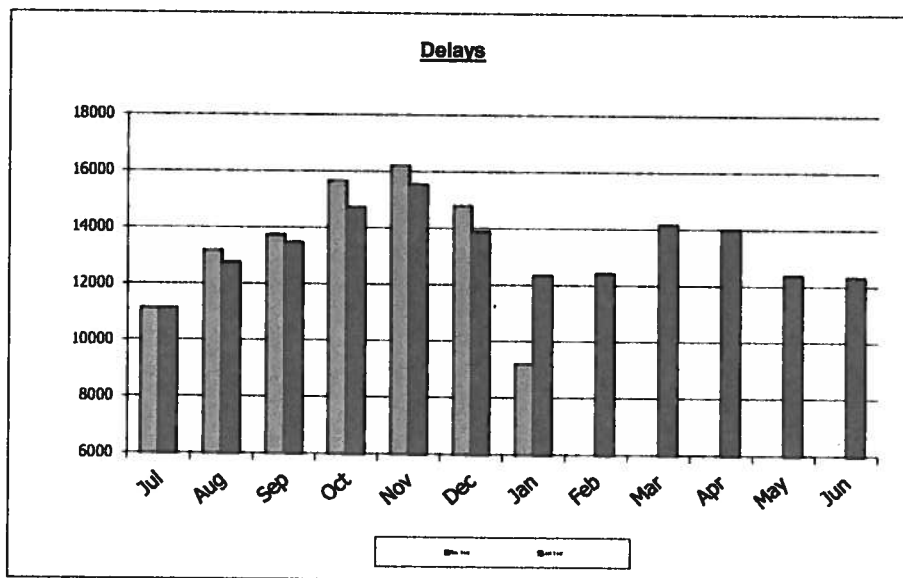
Month	YTD FY2014	YTD FY2013	YTD FY 2012	12 Month Moving Avg.
Jul	85097	88,735	78,933	104,485
Aug	95116	99,585	87,525	104,066
Sept	100341	110,530	89,028	102,384
Oct	103813	120,591	91,327	100,146
Nov	97,112	111,758	90,518	99,274
Dec	91128	108,579	91,523	96115
Jan	85161	104,917	92,489	92,375
Feb		105,580	96,166	
Mar		107,335	98,412	
Apr		106,048	102,149	107,133
May		106,287	102,237	107,612
Jun		104975	103,748	104,975



Garage Performance Parameters

January 2014

Location	Miles Between In-Service Delays			
	FY2014 Goal	This Month	FY2014 YTD	FY2013 YTD
Fairview	9,000	3,857	7,705	8,917
Greenville	10,000	6,615	9,319	10,855
Market Street	12,500	14,600	13,465	12,565
Meadowlands	11,300	8,633	9,729	12,217
Oradell	15,500	9,226	11,625	17,207
Wayne	15,500	9,056	11,525	14,569
Northern Division	-	8,345	10,795	13,308
Big Tree	9,000	6,309	12,530	10,993
Hilton	8,500	9,301	12,876	8,293
Howell	16,500	12,041	16,386	16,664
Ironbound	12,500	7,338	9,882	12,802
Orange	6,200	12,216	12,956	7,349
Morris	11,000	50,655	50,738	57,465
Central Division	-	9,586	12,912	11,255
Egg Harbor	15,800	11,742	19,386	13,923
Hamilton	24,500	13,839	21,833	24,315
Newton Avenue	14,500	11,205	14,805	16,987
Washington Twp.	18,225	7,519	15,245	19,460
Southern Division	-	9,948	17,012	17,093
Bus Operations	-	9,196	12,901	13,203

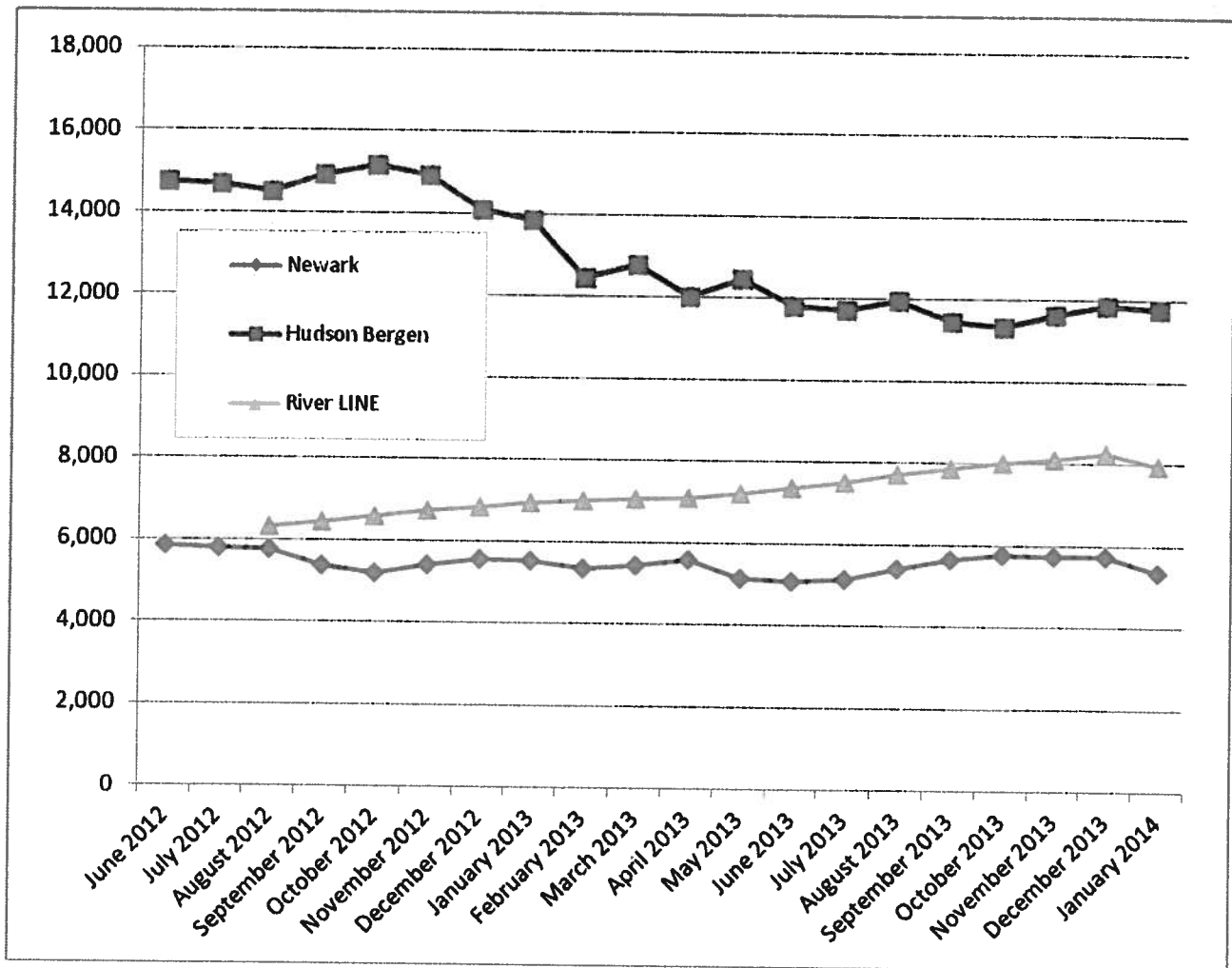


NJ TRANSIT - LIGHT RAIL, January 2014

Miles Between In-Service Delays (Mechanical Failures)

Light Rail System	January 2014 (Current Month)	12 Month Moving Average (Mean)
Newark	2,750	5,355
Hudson Bergen	8,630	11,788
River LINE	4,573	7,969

MEAN DISTANCE MILES BETWEEN IN-SERVICE DELAYS (DELAYED TRAINS)



Notes: Newark Light Rail's totals are impacted by the short 5 mile alignment distance and single car consists.

DBE/MBE PROGRAM

NJ TRANSIT Office of Business Development DBE/SBE Participation through February

State Funded Contracts

During the month of February 2014, NJ TRANSIT awarded **\$15,786,533.00** in state funded contracts. Of that total, Small Business Enterprises (SBEs) received **\$1,554,215.00** or **9.85%**.

During the State Fiscal Year 2014 (July 1, 2013 through June 30, 2014) NJ TRANSIT awarded ***\$68,661,905.81** in state funded contracts. Of that total, SBEs received **\$10,354,476.11** or **15.08%**.

**\$163,885.00 of the total state contracts awarded was from previous quarters.*

SBE Goal Attainment from July 1, 2013 through February 28, 2014 (FY 2014)

Category 1 SBEs received	\$28,389.00	or 0.04%
Category 2 SBEs received	\$370,455.66	or 0.54%
Category 3 SBEs received	\$0	or 0.00%
Category 4 SBEs received	\$5,319,148.67	or 7.75%
Category 5 SBEs received	\$2,945,204.43	or 4.29%
Category 6 SBEs received	\$1,691,281.35	or 2.46%

FTA Funded Contracts (updated Quarterly – next update will be available April 2014)

During the 1st Quarter of Federal Fiscal Year 2014 (October 1, 2013 through September 30, 2014), the FTA funded share of NJ TRANSIT's federal contracts awarded was **\$7,773,833.33**. Of that total, Disadvantaged Business Enterprises (DBEs) received **\$714,375.00** or **9.19%**.

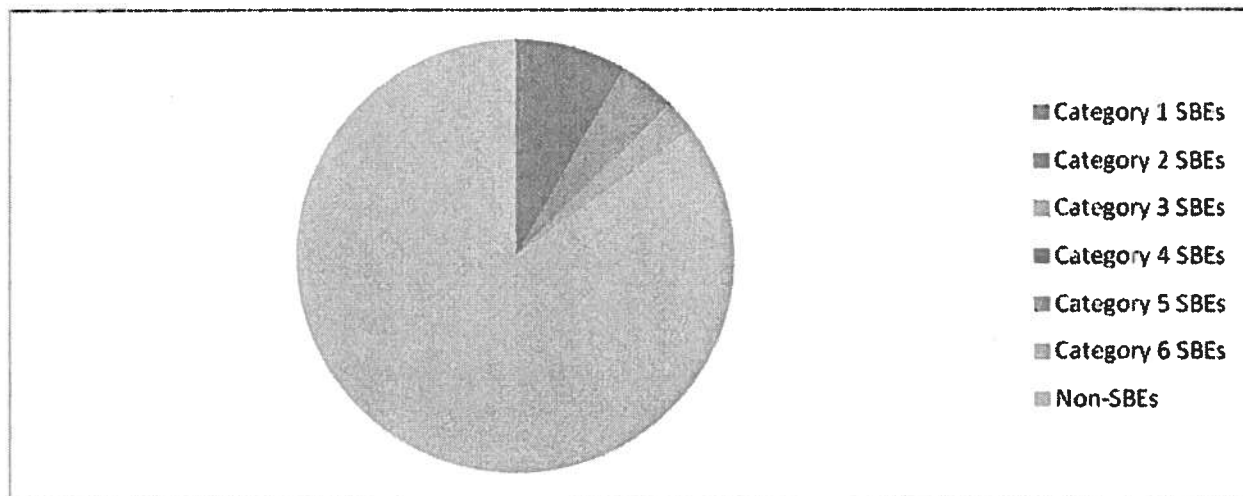
DBE Goal Attainment from October 1, 2013 (FFY 2014) - September 30, 2016 (FFY 2014)*

Contracts awarded	\$7,773,833.33
DBEs received	\$714,375.00 or 9.19%

*Numbers reflect federal share.

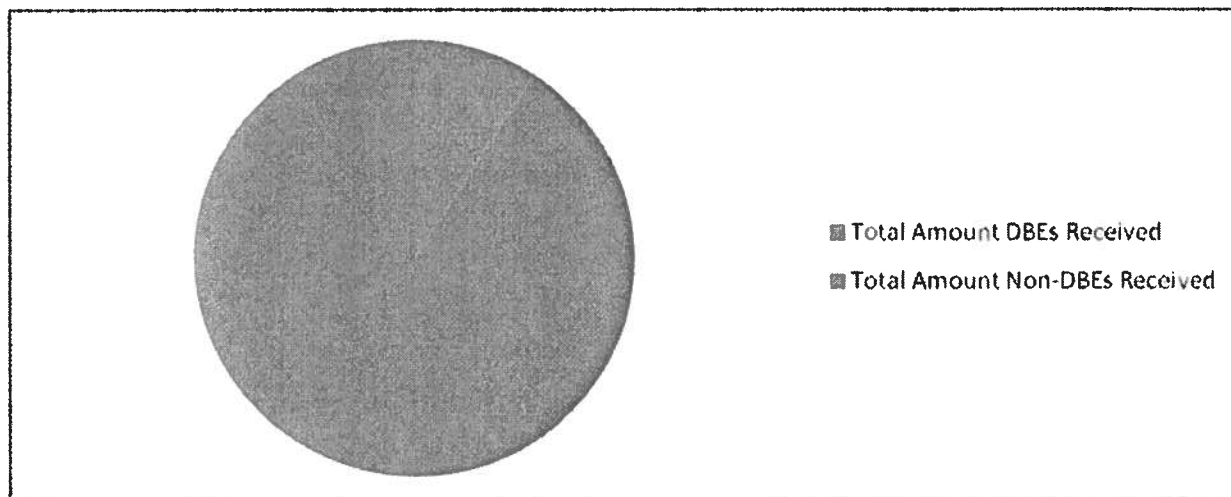
**SBE PARTICIPATION
STATE CONTRACTS
STATE FYTD 2014**

<i>Category 1 SBEs</i>	\$28,389.00	0.04%
<i>Category 2 SBEs</i>	\$370,455.66	0.54%
<i>Category 3 SBEs</i>	\$0.00	0.00%
<i>Category 4 SBEs</i>	\$5,319,148.67	7.75%
<i>Category 5 SBEs</i>	\$2,945,204.43	4.29%
<i>Category 6 SBEs</i>	\$1,691,281.35	2.46%
<i>Non-SBEs</i>	\$58,307,426.70	84.92%



**DBE PARTICIPATION
FEDERAL CONTRACTS
TRIENNIAL YEARS 2014-2016**

Total Amount DBEs Received	\$714,375.00	9.19%
Total Amount Non-DBEs Received	\$7,059,458.33	90.81%



EMPLOYEE RECOGNITION

NJ TRANSIT employees bid farewell after outstanding careers

Twelve NJ TRANSIT employees retired in January with careers ranging from 11 to 40 years of service:

1. Robert Braun (Chatham) Manager Payroll – General Office Building – 40 years
2. Sandra DeYoung (Erial) Administrator Assistant – Newton Avenue Garage – 38 years
3. Michael Chiaro (Wayne) Sr. Project Engineer – Penn Plaza – 30 years
4. Millicent Dondero (Andover) Manager Grant Adm./Compl. – Penn Plaza – 28 years
5. John F. Weber (Union) Manager Third Party Billing – Penn Plaza – 27 years
6. Thomas J. Fusco (Marlton) Principal Contract Specialist – Penn Plaza – 26 years
7. Charles J. Desantis (Williamstown) Regional Supervisor – Newton Ave. – 21 years
8. Jacquelyn Muff (New Milford) Garage Supervisor – Oradell Garage – 20 years
9. Janice E. Chambers (Glen Ridge) Executive Secretary – Penn Plaza – 18 years
10. Little E. Dean (Sicklerville) Bus Operator – Howell Garage – 14 years
11. Scott Robinson (Glassboro) Repairman "B" – Newton Avenue Garage – 14 years
12. Gloria Walters (Pennsauken) Bus Operator – Washington Township Garage – 11 years

Seventy-five NJ TRANSIT employees retired in February with careers ranging from 10 to 39 years of service:

1. Lawrence Brodsky (Livingston) Depot Master – Meadowlands Garage – 39 years
2. Manuel Silvestre (Kearny) Repairman Class "A" – Hilton Garage – 38 years
3. Steven E. Sapp (Erial) Maintenance Class "A" – Washington Twp. Garage – 37 years
4. Raymond B. Horne (Sicklerville) Mechanic Class "A" – Newton Ave. Garage – 36 years
5. Alfred N. Mercogliano (Fairview) Starter – Meadowlands Garage – 36 years
6. Patricia A. Pellegrino (Clifton) Sr. Computer Operator – Penn Plaza – 36 years
7. Paul V. Tivald (South Plainfield) Repairman Class "A" – 36 years
8. Connor Walter, Jr. (Oaklyn) Maintenance Class "A" – Washington Twp. – 36 years
9. James Girard (Egg Harbor Township) Bus Operator – Egg Harbor Twp. – 35 years
10. Richard Janas (Glenwood) Mechanic Class "A" – Oradell Garage – 35 years
11. Willie F. Jones (Newark) Bus Operator – Hilton Garage – 35 years
12. Louis Maiese (Blackwood) Special Mechanic Shop – Washington Twp. – 35 years
13. Frank W. Wolf (Pennsauken) Bus Operator – Newton Avenue Garage – 35 years
14. Stephen R. Douthitt (Sicklerville) Special Maintenance Man – Newton Ave. – 34 years
15. James A. Ritchie (Williamstown) Bus Operator – Washington Twp. Garage – 34 years

16. Clarise Tabron (South Amboy) Depot Master "A" (Full Time Union Delegate) – Hilton Garage – 34 years
17. Carlos F. Aguirre (Red Bank) Bus Operator – Meadowlands Garage – 33 years
18. Daniel Ryan (Tuckerton) Supervisor Minibus QA/Comp. – Penn Plaza – 33 years
19. Fanesza Singh (Teaneck) Clerk Shops – Doremus Avenue – 33 years
20. Darryl S. Murray (Roselle Park) Mechanic Class "A" – 32 years
21. S. Bernard Larkins (New Egypt) Manager of Operation ANL System – Penn Plaza – 31 years
22. John Reilly (Hazlet) Repairman Class "A" – Howell Garage – 31 years
23. Michael A. Avery (Wilkes Barre, PA) Maintenance Class "A" – Market St. – 30 years
24. Yanina L. Bekker (Basking Ridge) Director Cost Accounting – Penn Plaza – 30 years
25. Patricia J. Donohue (Toms River) Car/Cleaner/Maintenance – Howell Garage – 30 years
26. Jonathan P. Dudek (Scotch Plains) Maintenance Class "A" – Wayne Garage – 30 years
27. Jose M. Espinosa (Hackensack) Bus Operator – Meadowlands Garage – 30 years
28. Andrew J. Brennan (Cliffwood Beach) Utility Man Class – Ferry Street – 29 years
29. Rosa M. Redd (Union) Principal Bookkeeper/Revenue – Penn Plaza – 29 years
30. Renaldo S. Salvatore DeLuca (Woodbridge) Mechanic Class "A" – Ironbound – 29 years
31. James P. Kenny (Middletown) Repairman Class "A" – Howell Garage – 29 years
32. Edwin Maldonado (Woodland Park) Starter – PABT – 29 years
33. Renaldo S. Anderson (Union) Bus Operator – Ironbound Garage – 28 years
34. Carlos Rivera (Glassboro) Special Mechanic – Washington Township Garage – 28 years
35. Pedro Balon-Carranza (Easton, PA) Bus Operator – Meadowlands Garage – 27 years
36. Melvin L. Darby (Newark) Bus Operator – Ironbound Garage – 27 years
37. Manuel E. Duarte (Clifton) Mechanic Class "A" – Oradell Garage – 26 years
38. Rosa L. Floyd-Gray (Newark) Cleaner – Ironbound Garage – 26 years
39. Carlos Mendez (Bargintown) Mechanic Class "A" – Egg Harbor Twp. Garage – 26 years
40. Bernice Smith (Jersey City) Bus Operator Garage – Orange Garage – 26 years
41. Debra L. Warner (Manchester) Bus Operator – Howell Garage – 26 years
42. Richard R. Hardy (Bloomfield) Bus Operator – Market Street Garage – 26 years
43. Michael S. Jablonsky (Long Valley) Director of Crew Management & Operation – Penn Plaza – 26 years
44. Hedayat Khalpari (Teaneck) Bus Operator – Oradell Garage – 26 years
45. James Arpino (Somerdale) Forman Shops II – Washington Township Garage – 25 years
46. William Dixon, Jr. (Jersey City) Bus Operator – Ironbound Garage – 25 years
47. Roger F. Mannion (Millstone Township) Chief Road Forman – Penn Plaza – 25 years
48. Ian L. Simmons (Sicklerville) Bus Operator – Turnersville Garage – 25 years

49. Herbert Brown (Williamstown) Stock Clerk Garage – Washington Twp. – 24 years
50. Francis Clyde (Smithville) Bus Operator – Egg Harbor Garage – 24 years
51. Margaret M. Hodges (Mays Landing) Bus Operator – Egg Harbor Twp. – 24 years
52. Jose L. Maldonado (Passaic) Bus Operator – Wayne Garage – 24 years
53. William Kenney, Jr. (Atco) Bus Operator – Egg Harbor Garage – 22 years
54. Cardinal E. Lewis (South Orange) Bus Operator – Oradell Garage – 22 years
55. Edwino Marrero (Jersey City) Bus Operator – Meadowlands Garage – 22 years
56. Margaro Santiago (Paterson) Bus Operator – Market Street Garage – 22 years
57. Ricardo Camacho (Union City) Repairman Class “A” – Meadowlands Garage – 21 years
58. Herminigildo P. Nator (Union) Mechanic Class “A” – Hilton Garage – 21 years
59. Donn C. Testa (Howell) Bus Operator – Howell Garage – 21 years
60. Andrea O. Barrett (Mizpah) Bus Operator – Egg Harbor Township Garage – 20 years
61. Pedro Machado-Parra (North Bergen) Ticket Agent Class “A” – PABT – 20 years
62. Nathaniel K. Numa (East Orange) Bus Operator – Hilton Garage – 20 years
63. Royal L. Parker (Little Egg Harbor) Bus Operator – Egg Harbor Twp. Garage – 19 years
64. Norton Douglas (Irvington) Repairman Class “A” – Market Street Garage – 18 years
65. Larry A. Henderson (Sicklerville) Bus Operator – Washington Twp. Garage – 18 years
66. Edward R. Watson (Camden) Cleaner – Newton Avenue Garage – 17 years
67. Mauro DeRosa (Bayonne) Serviceman – Greenville Garage – 16 years
68. Patrick Ntow-Mensha (Hillside) Bus Operator – Hilton Garage – 15 years
69. Elvis Rodriguez (Saddle Brook) Assistant Manager – MMC – 15 years
70. Gladys Caballero (North Bergen) Bus Operator – Meadowlands Garage – 12 years
71. Cecelia P. Olivero (Linden) Bus Operator – Ironbound Garage – 12 years
72. Dharamana V. Garib (Jersey City) Serviceman – Greenville Garage – 11 years
73. Edna E. Jackson (Newark) Cleaner – Hilton Garage – 10 years
74. Kenneth Stulack (Galloway) Bus Operator – Egg Harbor Garage – 10 years
75. Rafael A. Urrea (Barnegat) Bus Operator – Egg Harbor Garage – 10 years

ACTION ITEMS

ITEM 1403-10: POSITIVE TRAIN CONTROL IMPLEMENTATION: AMENDMENT TO CONTRACT AWARD FOR ENGINEERING SUPPORT SERVICES

BENEFITS

With safety as a number one priority, NJ TRANSIT has invested in cab signaling, which has been implemented on all NJ TRANSIT's commuter lines. The Rail Safety Improvement Act of 2008 (RSIA 2008) became law. This legislation mandates the implementation of a Positive Train Control (PTC) system on all rail lines by the end of December 2015.

The Federal Railroad Administration (FRA) has developed new performance-based regulations to address the various statutory requirements of the RSIA and to better support railroads that must install PTC systems. NJ TRANSIT is required to implement PTC on all of its commuter rail lines in order to comply with these Federal Regulations.

ACTION (Scorecard: Safety and Security)

Staff requests authorization to amend the existing NJ TRANSIT Contract No. 10-010 for the PTC Project Phases I, II and III (approved for \$3,400,000 in December 2009) with HNTB of New York, New York, for continued technical support consulting services. This amendment includes the final stage of the PTC Project Phases IV, and V at a cost not to exceed \$4,250,000, plus five percent for contingencies, for a total contract cost of \$8,000,000, subject to the availability of funds.

PURPOSE

A vital step in this critical effort to comply with RSIA 2008 and Federal Regulations is to amend the existing consulting engineering services Contract 10-010 (the first stage for Phase I, II and III was authorized via Board Item 0912-90) to assist NJ TRANSIT with PTC Contract No. 10-099X. Consultant support will also include the preparation of freight PTC interoperability agreements, PTC system engineering, prototype development, demonstration testing, which are essential to the program and preparation of the PTC Safety Plan for FRA Certification. Additionally, consultant assistance with the acquisition of 220 MHz Radio Frequency Spectrum and enhancement of NJ TRANSIT's ground based communications network essential for PTC communications is anticipated.

The HNTB Consultant Team has supported NJ TRANSIT's PTC Program since its inception. HNTB has participated in every technical review meeting, prototype development and laboratory tests with the Contractor, regulatory compliance documentation, and integration of PTC with existing rail operations. The authorization of this contract extension will provide continuous and integrated technical support with consulting services for PTC Phase I (Development Phase), Phase II (PTC Prototype Program, and Phase III (PTC Demonstration Program) and include technical support consulting services for Phase IV (Systemwide Installation) and Phase V (Project Completion and Close-out).

BACKGROUND

History

The Rail Safety Improvement Act of 2008 (RSIA) requires train control systems to provide Positive Train Control (PTC) with additional capabilities such as prevention of certain types of rail collision events, more protection for roadway workers, a Crash-Hardened Event Recorder, and interoperability with Amtrak and other freight and passenger railroads.

The NJ TRANSIT Board of Directors approved the first stage of this Contract with HNTB for Consultant Services in December 2009, Board Item Number 0912-90. This request for authorization extends these services through to PTC Project completion. The continuity of the HNTB staff builds on the existing understanding of PTC technology requirements and functionality acquired to date. Program progress and coordination will be facilitated by the stability of the team in on-going development with manufacturer and NJ TRANSIT Rail Operations staff.

Scope of Work

The engineering support services contract for this project includes the following:

- Phase I – PTC Development Phase
Covered all efforts necessary for initial planning for the PTC Project prior to a contractor bid award. This phase provides for development of all necessary documentation, including schedule, management plan, PTC Implementation Plan, Lines Risk Assessment, and other supporting documentation. This phase is complete.
- Phase II – PTC Prototype Program
Began at Notice to Proceed to the PTC contractor. This phase includes all meetings, reviews, testing, and documentation necessary for the PTC contractor to satisfy NJ TRANSIT and the Federal Railroad Administration (FRA) that a prototype system (of both on-board and wayside components) can fulfill the expectations of the PTC requirements, and will include participation in factory acceptance testing. This phase is essentially complete.
- Phase III – PTC Demonstration Program
Is now about to commence since NJ TRANSIT is satisfied with the prototype PTC system sufficiently to advance to a simple wayside section installation for testing and demonstration. This phase includes participation in design reviews, workshops, and testing, site acceptance testing and system demonstration. This phase will be completed within this Contract amendment.

- Phase IV – Systemwide Installation
Begins after NJ TRANSIT and the FRA are satisfied with the initial wayside installation, testing, and demonstration at a level that has indicated all system requirements have been reliably achieved. This phase builds on and extends technical support provided during Phase III, and includes ROC office systems development, staging, interoperability, training, and integration activities.
- Phase V - Completion and Close-out Phase
This phase includes completion of PTC project documentation and punch-list items.

Phase IV – Systemwide Installation and Phase V - Completion and Closeout were identified in the original Board Authorization request although not awarded at that time, Therefore, additional Board authorization is now requested since the first is complete and the second phase is near completion and Phase III is getting underway,

Procurement

A Request for Proposals (RFP) was advertised on September 29, 2009 and a Pre-Proposal Conference was held on October 6, 2009. Four consultant teams responded; two were selected for oral presentations:

- HNTB with LTK Engineering Services, Gannett Fleming Transit & Rail Systems; Envision Consultants, Ltd.; Chilton Engineering, Inc.; Integrated Strategic Resources; and Railsmith, LLC
- SYSTRA Consulting, Inc. with AECOM USA Inc.; Integrated Strategic Resources; Transportation Technology Center, Inc. (TTCI); Lea & Elliott, Inc.; Clifton Weiss & Associates, Inc.

The consultant team led by HNTB was ranked the highest by the TEC.

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

FISCAL IMPACTS

Requested Authorization: \$ 4,250,000 + 5% contingency

Total Project Cost: \$225,000,000 (through Project Closeout)

Projected Date of Completion: December 2016

Anticipated Source of Funds: Transportation Trust Fund

DBE/SBE Goal: 19% SBE

NJ Build Amount: N/A

Future/Related Authorizations: Radio Frequency Spectrum Acquisition
Contract 10-099X, Design Furnishing, Construction,
Testing and Commissioning of the ASES II Positive
Train Control System

**Impact on Subsequent
Operating Budget:** None

RESOLUTION

WHEREAS, the Rail Safety Improvement Act of 2008 (RSIA 2008) mandates the implementation of a Positive Train Control (PTC) system on all rail lines by the end of December 2015; and

WHEREAS, NJ TRANSIT has identified the technical support consulting services for the PTC Implementation Project as essential to complying with this requirement; and

WHEREAS, after the completion of a competitive procurement process, it was determined that HNTB submitted the proposal for technical support consulting services for the PTC system that provides the best value and is in the best interest of NJ TRANSIT; and

WHEREAS, HNTB has provided technical support consulting services for the PTC system since 2010 and the scope of work included assistance throughout the duration of NJ TRANSIT's PTC Program;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend NJ TRANSIT Contract No. 10-010 with HNTB of New York, New York, for technical support consulting services for the PTC Implementation Project Phases I, II, III, IV, and V at a cost not to exceed \$4,250,000, plus five percent for contingencies, for a total contract cost of \$8,000,000, subject to the availability of funds.

**ITEM 1403-11: TRAIN MANAGEMENT AND CONTROL SYSTEM (TMAC)
UPGRADE AND DEPLOYMENT**

BENEFITS

NJ TRANSIT's Train Management and Control System (TMAC) monitors and controls the movement of trains on a system-wide basis. It is the technology backbone of New Jersey's commuter rail system, without which, rail service could not be provided. TMAC was designed in 2001 and implemented in 2003.

Train Dispatchers use the TMAC system to align switches and display signals to provide a clear and safe route for trains. The TMAC system also provides real-time control of the high-voltage electric overhead wire system, remote controls of moveable bridges, and automated passenger announcements on the status of train service.

The current version of TMAC is approaching its technological end of life. An upgrade is required in order to meet the functional and regulatory compliance needs of the corporation. This initiative will allow NJ TRANSIT to upgrade obsolete hardware and software to support the implementation of Positive Train Control (PTC) systems which is mandated to be operational at the end of December 2015, and will improve the overall usability of the system.

ACTION (Scorecard: Safety and Security, Corporate Accountability, and Customer Service)

Staff seeks authorization to enter into a sole source design build NJ TRANSIT Contract No. 14-039 with ARINC, Inc. of Annapolis, Maryland, in accordance with NJ TRANSIT Procurement Regulations N.J.A.C. 16:72-1.5(d) and Executive Order No. 37, to contract with ARINC for the upgrade of the existing TMAC system for an amount not to exceed \$9,523,000, plus five percent contingencies, for a total contract authorization of \$10,000,000, subject to the availability of funds.

PURPOSE

The existing train control system, deployed in 2003, has reached its end of life and no longer meets the needs of NJ TRANSIT. The TMAC system, in its legacy form, presents the following challenges:

- Ability to comply with FRA PTC mandates
- Computer operating system at end of life and not supported by manufacturer
- Limited flexibility in providing real-time management data of train control operations
- Limited integration capability with other transit information systems

The TMAC system is a comprehensive solution that includes a number of specialized components developed by a several vendors including, but not limited to, Microsoft, Dell, Macro Corporation, and McAfee.

The TMAC system will expand the accuracy of real-time American with Disabilities Act (ADA) compliant train arrival announcements for every train at every station, enhance integrated catenary power control, improve integrated voice communications, and further integrate remote operation of moveable span bridges.

The upgrade of the antiquated TMAC software to the current version, as is currently being deployed by Amtrak for the Northeast Corridor, represents a critical step forward, increasing overall functionality and maintainability of the train control system and the efficient operation of the Rail Operations Center (ROC). TMAC will provide interfaces to external systems, improvements to management reporting, and simplified display and data integration as standard features on this upgraded train management system.

BACKGROUND

NJ TRANSIT train dispatchers currently control over 700 revenue trains daily as well as power distribution from the Rail Operations Center. Following a competitive procurement process, ARINC, Inc. of Annapolis, Maryland designed and implemented this mission-critical system. NJ TRANSIT has contracted with the same vendor to provide ongoing system maintenance for this proprietary, highly specialized train management system. The current train control system was designed to combine separate control systems into a single integrated system. Expansions of the rail system and related service have brought this system to the limit in terms of capacity. This limitation coupled with aging hardware has made the system obsolete.

The present TMAC system is reaching its capacity and its Windows XP operating system is obsolete. Without an upgrade, the system will no longer receive Microsoft security patches, creating high risk for operation due to lack of virus protection and security and bug fixes.

Consistent with Governor's initiative to leverage technology to provide safe, reliable, and increased transportation services, the proposed upgrade of the TMAC system will provide the next generation of integration. Its network architecture allows improved information sharing and integration between transportation systems, yielding increased accuracy and more detailed management reporting.

Additionally, NJ TRANSIT will benefit from ARINC' s development of the TMAC AMI ® software, as several updates have been made due to industry demands. New and improved features include interfaces with rail maintenance systems, labor and payroll systems, and on-time performance reports.

Procurement

ARINC was initially selected following a normal competitive procurement process, and based upon the Technical Evaluation Committee it was determined that ARINC submitted the proposal that provides the best value and is in the best interest of NJ TRANSIT. A “rip and replace” approach to TMAC is cost prohibitive, NJ TRANSIT plans to protect its initial investment, and upgrade the current system to industry standards and to the current release of the ARINC train control solution. NJ TRANSIT will pursue a design and build contract to upgrade the current TMAC system. NJ TRANSIT will also benefit from ARINC’s regional presence with AMTRAK using the same platform, concerning ease of integration.

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

FISCAL IMPACTS

Requested Authorization:	\$9,523,000 + 5% contingency
Total Project Cost:	\$10,000,000
Projected Date of Completion:	December 2015
Anticipated Source of Funds:	Transportation Trust Fund
<i>NJ Build</i> Amount:	None
DBE/SBE Goal:	5% SBE Category 6
Related/Future Authorizations:	None
Impact on Subsequent Operating Budgets:	\$375, 000 – Annual Maintenance

RESOLUTION

WHEREAS, the current version of TMAC is approaching its technological end of life, and an upgrade is required in order to meet the functional and regulatory compliance needs of the corporation; and

WHEREAS, this initiative will allow NJ TRANSIT to upgrade obsolete hardware and software, add new robust functionality to support the implementation of the Positive Train Control (PTC) systems mandate, while improving the overall usability of the system; and

WHEREAS, the upgraded TMAC system will expand the accuracy of real-time American with Disabilities Act (ADA) compliant train arrival announcements for every train at every station, enhance integrated catenary power control, improve integrated voice communications, and further integrate remote operation of moveable span bridges; and

WHEREAS, TMAC will provide the means to deliver an integrated train control environment between NJ TRANSIT and Amtrak by providing NJ TRANSIT train dispatchers with a real-time view of the Northeast Corridor train operations; and

WHEREAS, TMAC has been designed to manage future rail system and service expansions; and

WHEREAS, the TMAC system will include a number of specialized components developed by a number of vendor partners including, but not limited to, Microsoft, Dell, Macro Corporation, and McAfee;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a sole source design build NJ TRANSIT Contract No. 14-039 with ARINC, Inc. of Annapolis, Maryland, in accordance with NJ TRANSIT Procurement Regulations N.J.A.C. 16:72-1.5(d) and Executive Order No. 37, to contract with ARINC for the upgrade of the existing TMAC system for an amount not to exceed \$9,523,000, plus five percent contingencies, for a total contract authorization of \$10,000,000, subject to the availability of funds.

**ITEM 1403-12: BROKER SERVICES FOR CORPORATE INSURANCE AND
RISK MANAGEMENT INSURANCE PROGRAM AND
BROKER/FORENSIC ACCOUNTING SERVICES FOR
PREPARATION OF SUPERSTORM SANDY PROPERTY
DAMAGE CLAIM**

BENEFITS

NJ TRANSIT is seeking insurance broker services to assist in the development, implementation and administration of its risk management program. Currently, NJ TRANSIT maintains a corporate insurance program to provide for Excess Liability, All Risk Property, Workers' Compensation, Pollution Legal Liability, Terrorism, Employment Practice Liability and various Executive Risk coverages. The broker's responsibilities will include the procurement of necessary corporate insurance coverages, including but not limited to the coverages stated above, analyzing the accuracy of claims reserves, monitoring loss control measures implemented by NJ TRANSIT's Bus, Rail and Light Rail Departments, and assisting the Risk Management Department with day-to-day operations.

In addition to and included in the broker's fee, are risk management services including a comprehensive claims audit to determine whether the claims handled by NJ TRANSIT's Claims Department are being handled in accordance with the industry's "best practices", analysis and placement of additional coverages that are in the best interests of NJ TRANSIT and/or a risk analysis of expansion projects or new services. If required, the broker may also place and administer future Owner Controlled Insurance Programs. If such services are required, authorization for the fee will be presented to NJ TRANSIT's Board of Directors on an "as needed basis."

In addition, this authorization will amend NJ TRANSIT Contract No. 10-046 with Marsh USA for the continuance of forensic accounting services in furtherance of the property insurance claim resulting from the damage caused by Superstorm Sandy. Marsh USA began compiling information in support of NJ TRANSIT's property damage claim days after the storm in late October 2012. At that time, Marsh USA was NJ TRANSIT's insurance and risk management broker pursuant to Contract 10-046 which expires on March 31, 2014. Additional authorization for these services was obtained through the emergency authorization granted to NJ TRANSIT in the days following Superstorm Sandy. Immediately after the storm Marsh USA began to compile the costs associated with the damage and to initiate contact with the insurers to educate them as to the extent of the damage and the next steps in the agency's recovery efforts.

Due to the extent of the damage and the amount of information needed to prepare and substantiate the claim, additional time is required by the accounting team to effectively prepare and close out the claim. Although it was anticipated the claim was going to be processed in accordance with FEMA requirements, the FTA has now assumed responsibility for all storm damage reimbursement in accordance with the provisions of Superstorm Sandy grant requirements. As a result of the documentation compiled by Marsh USA, as of January 2, 2014, NJ TRANSIT received an advance totaling

\$100,000,000 which represents a partial payment of the overall future insurance claim. The extension of this contract will provide continuity of the continuing property damage recovery process from both insurance providers and the FTA relating to Superstorm Sandy.

ACTION (Scorecard: Financial Performance, Corporate Accountability)

Staff seeks authorization to enter into NJ TRANSIT Contract No. 14-015 with AON to act as NJ TRANSIT's Risk Management/Insurance Broker for two years with the option to continue to contract with the broker for up to two years with compensation capped at \$450,000 per year, plus five percent for contingencies. Supplemental project specific risk management services within the scope of the RFP may be required of the broker during the contract period and in the interests of time and efficiency. Staff is seeking authority to utilize AON to perform such services at a fee of \$250 per hour and at a cost not to exceed \$75,000 per fiscal year.

Further, staff seeks authorization to amend the scope of NJ TRANSIT Contract No. 10-046 with Marsh USA to extend forensic accounting services limited to the preparation of the property damage claim arising from Superstorm Sandy for two years through March 2016 with an option to extend through March 2018 at a cost not to exceed \$2,000,000, for a total contract value of \$4,821,270.

All expenditures are subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets.

PURPOSE

Authorization to select a broker is required at this time in order to continue the risk management objectives of NJ TRANSIT for the period of April 1, 2014 through March 31, 2016 with the option of maintaining the broker's services through March 2018. Staff will work with the broker to continue to develop a risk management strategy that is reflective of NJ TRANSIT's desire to reduce its financial liability through both risk transfer and risk control measures.

This authorization provides NJ TRANSIT the opportunity to purchase commercial insurance to protect its assets and provide coverage to its employees and third parties in the event a loss occurs. Coverages currently maintained in the corporate insurance program include:

- Excess General Liability
- All-Risk Property
- Stand Alone Terrorism
- Employer's Liability
- Executive Risk
- Workers' Compensation
- Biological and Chemical

- Boiler and Machinery
- Railroad Protective Liability
- Pollution Legal Liability

Other coverages, including those typically included in an Owner Controlled Insurance Program, will be evaluated and may be purchased by NJ TRANSIT as needed with the assistance of the broker throughout this contract period. Authorization will be sought annually from NJ TRANSIT's Board of Directors prior to the purchase of any coverages within the corporate insurance program and "as needed" prior to the purchase of any coverages within an Owner Controlled Insurance Program.

The broker's services will include: conducting claim file reviews, assisting in the implementation of loss control initiatives, ensuring accurate reporting of property values, analyzing trends in claims and insurance coverage, recommending measures to mitigate risks, assisting in reporting claims to excess insurance carriers and advocating on behalf of NJ TRANSIT for a reasonable and just settlement of claims with the insurance carriers.

This authorization is also required to allow NJ TRANSIT to continue to utilize Marsh USA to provide forensic accounting services in support of the property insurance claim resulting from Superstorm Sandy and to assist the agency with its submission to the FTA for grant reimbursement.

PROCUREMENT

Broker Services – RFP 14-015

On October 28, 2013, NJ TRANSIT's Procurement Department sent Requests for Proposals to numerous brokers, including the largest brokers in the world and advertisements were placed in New Jersey newspapers. Responses were received from AON, Marsh USA, Willis and Arthur J. Gallagher & Co. on or by Friday, December 6, 2013. The proposals were evaluated by the Technical Evaluation Committee ("TEC") which consisted of the Chief Financial Officer, the Director of Risk Management & Insurance, the Director of Claims Administration, the Director of Rail Safety and the Director of Bus Safety. All four firms were in the competitive range and were invited to give oral presentations. Subsequently, Arthur J. Gallagher voluntarily rescinded their proposal for further consideration.

Oral presentations were made by the remaining firms before the TEC on January 14, 2014 and January 16, 2014. Based on the scores of the written and oral presentations, AON obtained scores substantially higher than the other three firms. The final cost proposals took into consideration the quoted annual fee as well as commissions that may be earned through placement of coverages outside of the United States. Both AON and Marsh USA placed a cap on the amount of commission which may be earned during the placement of the annual insurance program either through domestic or foreign insurers.

The total cost is inclusive of the two-year contract term and the optional two-year extension period. Below is a breakdown of each firm's total score based on these cost proposals:

<u>FIRM</u>	<u>FINAL SCORE</u>	<u>FINAL PRICE</u>
AON	4800	\$1,000,000 + \$200,000 cap/per year on commissions
Willis	3843.4	\$1,900,000 – no cap on commissions
Marsh USA	2969.3	\$1,400,000 + \$250,000 cap per year on commissions
Arthur J. Gallagher	761	\$1,227,270 – no cap on commissions

The final selection was based on a combination of the written technical proposals, oral presentations, cost proposals and the overall value of the services to be provided to NJ TRANSIT.

BACKGROUND - FORENSIC ACCOUNTING SERVICES

Marsh USA

NJ TRANSIT sustained significant property damage across its system as a result of Superstorm Sandy on October 29, 2012. Much of the damaged property was covered by NJ TRANSIT's all-risk property insurance program. The costs associated with the clean-up and repair of the insurable property will be covered by the applicable insurance policies however the insurers require extremely detailed information in order to consider whether such costs are compensable under the policies.

Marsh USA has a specialized team of forensic accountants to compile and analyze the information needed in support of the claim. Marsh USA began compiling information in support of NJ TRANSIT's property damage claim days after the storm in late October 2012. Authorization to contract with Marsh USA to perform these services was granted through the emergency authorization granted to NJ TRANSIT in the days following Superstorm Sandy. It was necessary to retain Marsh USA immediately after the storm to begin compiling the costs associated with the damage and also to initiate contact with the insurers to educate them as to the extent of the damage and the next steps in the agency's recovery efforts. Members of the accounting team worked closely with NJ TRANSIT employees to obtain all available clean-up and property damage cost estimates as well as compile the significant amount of NJ TRANSIT labor costs incurred in the days and weeks following the storm. The insurers require such information to be categorized by date, type of work, location and by payroll center.

Marsh USA transmitted preliminary estimates and information to the insurers and their claims administrator to ensure the claim was handled accurately and in a timely manner. Based on the preliminary information transmitted by Marsh USA, an initial advance payment of \$50,000,000 was made to NJ TRANSIT in early 2013 and

subsequent payments totaling an additional \$50,000,000 were received on or by January 2, 2014. Marsh USA will continue to compile all available information in support of the claim and assist in seeking further reimbursement from both the insurance carriers and the FTA.

Due to the extent of the damage and the amount of information needed to prepare and justify the claim, additional time is required by the broker to effectively prepare the claim. Although it was anticipated the claim was going to be processed in accordance with FEMA requirements, the FTA has now assumed responsibility for all storm damage reimbursement in accordance with the provisions of Superstorm Sandy grant requirements. The extension of this contract will provide continuity of the continuing property damage recovery process from both insurance providers and the FTA relating to Superstorm Sandy.

Funding

The costs for the broker services in support of the corporate insurance program and overall risk management program are provided for in NJ TRANSIT's Operating Budget. The costs for the broker services in support of any future Owner Controlled Insurance will be funded by the capital budget allocated to the specific construction project.

The costs for the forensic accounting services are reimbursable through the applicable property insurance policies subject to a \$1,000,000 sublimit. Costs incurred to date are \$974,424 and any future costs in excess of the \$1,000,000 sublimit will be funded by the Transportation Trust Fund and/or a reimbursement from the FTA grant. This authorization includes \$1,540,000 which was paid to Marsh USA for risk management broker services between FY11 and FY14 pursuant to Contract No. 10-046, \$306,846 for forensic accounting services paid in FY13 and \$974,424 for forensic accounting services paid in FY14. This authorization will bring the total contract authorization to \$4,821,270.

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

FISCAL IMPACTS

Requested Authorization:	AON	\$250,000 per contract year + 5% + up to \$200,000 cap for commissions
		\$ 75,000 per year cap for additional risk management services
	Marsh USA Increase	\$2,000,000
	Marsh USA Total Authorization	\$4,821,270

Total Project Cost: N/A

Projected Date of Completion: March 31, 2018

Anticipated Source of Funds: Operating Budget/Insurance Proceeds/TTF/FTA

DBE/SBE Goal: 5%

***NJ Build* Amount:** N/A

Related/Future Authorizations: N/A

**Impacts on Subsequent
Operating Budgets:** Annual Broker Services Contract

RESOLUTION

WHEREAS, NJ TRANSIT has a need for a full service Risk Management/Insurance Broker to continue to place various insurance coverages for the agency and to develop and enhance its overall Risk Management Program; and

WHEREAS, NJ TRANSIT may require the services of an insurance broker to assist in the purchase and implementation of future Owner Controlled Insurance Programs whereby Staff would seek separate authorization from the Board to compensate the broker for such services; and

WHEREAS, upon completion of a competitive procurement process, the Technical Evaluation Committee determined that AON submitted the most competitive proposal that provided the best overall risk management and broker services to NJ TRANSIT; and

WHEREAS, pursuant to emergency authorization granted to NJ TRANSIT in the days following Superstorm Sandy and in furtherance of their authority to provide insurance/risk management broker services to NJ TRANSIT pursuant to Contract 10-046, Marsh USA began compiling information in support of NJ TRANSIT's property damage claim; and

WHEREAS, due to the extent of the damage and the amount of information needed to prepare and justify the claim, additional time is required by Marsh USA to effectively prepare the claim; and

WHEREAS, in order to prepare and close out pending property damage claim, it is in the best interests of the agency to continue to utilize Marsh USA to perform forensic accounting services as needed but not beyond March 30, 2018;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into NJ TRANSIT Contract No. 14-015 with AON to act as NJ TRANSIT's Risk Management/Insurance Broker of Record for two years with an option to retain their services for two additional years with compensation

capped at \$250,000 per contract year, plus five percent contingencies, plus up to a maximum of \$200,000 per year in commissions, subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to utilize AON to perform supplemental risk management services on an as-needed basis at a cost of \$250 per hour and not to exceed \$75,000 per contract year, subject to the availability of funds and adoption of future NJ TRANSIT Operating Budgets; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to amend the scope of NJ TRANSIT Contract No. 10-046 with Marsh USA to extend forensic accounting services limited to the preparation of the property damage claim arising from Superstorm Sandy for two years through March 2016 with an option to extend through March 2018 at a cost not to exceed \$2,000,000, for a total contract value of \$4,821,270, subject to the availability of funds.

CONSENT CALENDAR

ITEM 1403-13: PERSONAL INJURY CLAIM OF CHARLES SIMMONS

BENEFITS

It is the opinion of NJ TRANSIT and defense counsel, in recognition of the serious injuries that resulted, staff recommends a settlement of \$600,000

PURPOSE

NJ TRANSIT By-Laws require Board approval of the settlement of all claims and lawsuits involving personal injury, death or property damage in excess of \$500,000. This case, venued in the Essex County Superior Court, Newark, NJ, has a settlement cost of \$600,000.

ACTION

Staff seeks authorization to settle the claim of Charles Simmons through his attorney at a cost of \$600,000. The Attorney General has approved settlement cost of \$600,000, subject to the availability of funds.

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

FISCAL IMPACTS

Requested Authorization:	\$600,000
Projected Date of Completion:	FY2014
Anticipated Source of Funds:	FY2014 Operating Budget
Diversity Goals/Participation:	Not applicable. No goods or services to be procured.

RESOLUTION

WHEREAS, Article VI, Section II of the By-Laws requires Board Authorization for settlement of claims in excess of \$500,000; and

WHEREAS, Charles Simmons has presented a claim with a probable settlement cost greater than \$500,000; and

WHEREAS, staff has reviewed the claim and recommends settling this case out of court;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to settle the claim of Charles Simmons through his attorney at a cost of \$600,000. The Attorney General has approved settlement of \$600,000, subject to the availability of funds.

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 attorney-client, litigation and personnel matters; and

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