

Annual Report
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NJ TRANSIT
2000 Annual
Report

BUILDING *On Our Strengths*

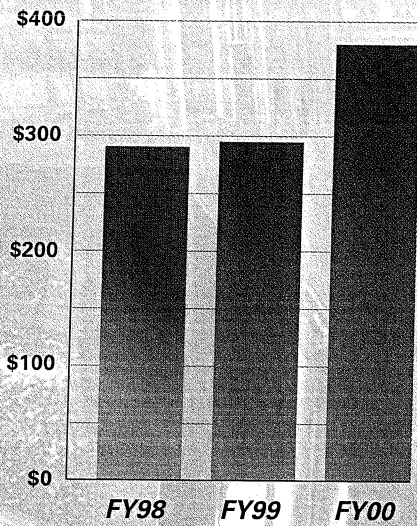
NJ TRANSIT
The Way To Go.



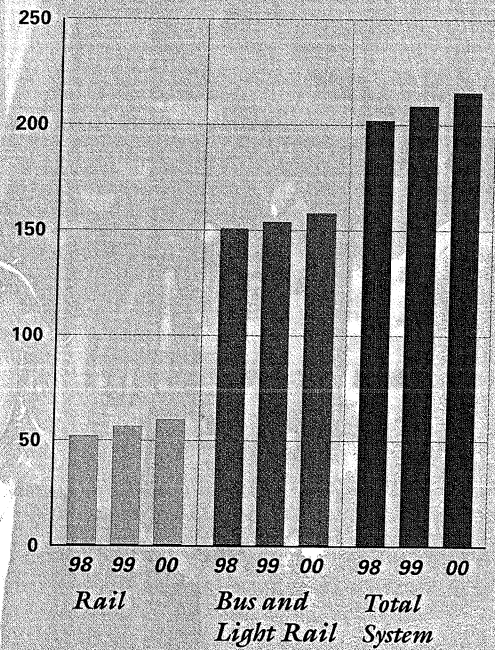
BUILD

NJ TRANSIT's mission is to provide safe, reliable, convenient and cost-effective transit services with a skilled team of employees, dedicated to customer needs and committed to excellence.

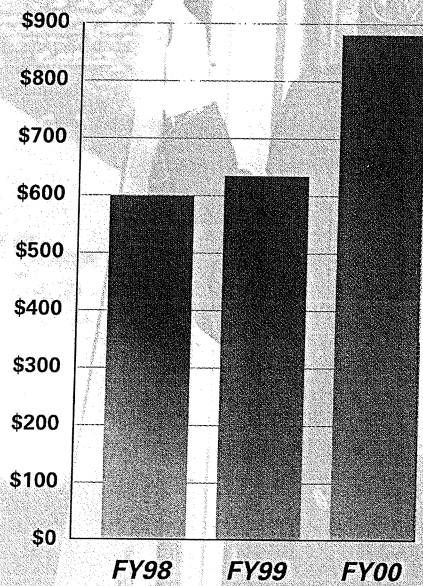
Transportation Trust Fund
(in millions)



Ridership
(in millions)



Capital Program
(in millions)



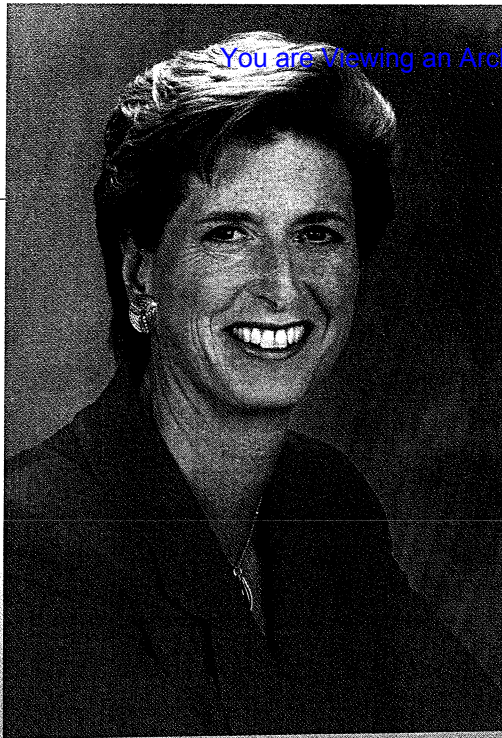
NJ TRANSIT *is a builder.*

Building On Our Strengths

Ardently pursuing our mission and Governor Whitman's Transportation Vision for the 21st century—to build transit solutions that meet New Jersey's growing transportation needs—we are continuing to build a solid, interconnected transit system that fosters intermodal travel. Working to address customer needs, we have built a system that moves people through and between the cities and towns of the nation's most densely populated state and to other destinations in the metropolitan region. We have built solid alliances with communities, businesses and other transportation providers. We have a dedicated Board of Directors and a well-trained, mission-driven workforce. We have an efficient and effective operation and have worked hard to fully utilize a network of funding sources—notably New Jersey's Transportation Trust Fund and the Federal Transit Administration. We recognize that we must work even harder to meet our financial demands to help us maintain a state of good repair of our core system, meet our transportation mandates and meet ever-increasing customer demands. We also have built a dedicated, growing ridership—the highest ever—that relies on our safe, reliable and convenient buses, trains and light rail vehicles to get them where they want to go.

In fiscal year 2000, we built on these strengths.





"Public transportation is a reliable, economical and environmentally friendly way for New Jersey residents to travel throughout the State. I am committed to supporting initiatives that expand and connect our transportation network, stimulate economic development and revitalize New Jersey's communities. By investing in our public transit system, we will continue to make New Jersey a better place to live, work and raise a family."

Christine Todd Whitman
Governor



NJ TRANSIT
Board of Directors

Standing

PATRICK W. PARKINSON

JAMES WEINSTEIN
Chairman

MYRON P. SHEVELL
Vice Chairman

Sitting

JOHN L. McGOLDRICK

VICTOR CANTILLO
Governor's Representative

FLORA M. CASTILLO

JAMES POOLE
State Treasurer's Designee

Not pictured

ROLAND M. MACHOLD
State Treasurer



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NJ TRANSIT has worked hard to meet the challenges of the future and to expand New Jersey's transportation network. Having celebrated our 20th anniversary, NJ TRANSIT is committed to achieving Governor Whitman's Transportation Vision to provide a seamless travel experience for New Jersey residents. Thanks to the support of Governor Whitman, New Jersey is in the midst of a vast expansion of public transportation services.

I am grateful to the Governor and the New Jersey Legislature for their leadership in renewing the Transportation Trust Fund over this past year. The Trust Fund ensures a steady stream of finances for transportation projects for years to come. Capital projects such as the Secaucus Transfer Station, Montclair Connection, Newark Airport Station, and Southern New Jersey Light Rail system will continue to improve mobility and provide transportation options to residents throughout the state.

I am thankful for New Jersey voters' approval of the Statewide and Local Bridge Bond Act of 1999. Funds provided by this act will enable us to repair vital bridges and begin the rehabilitation of the Bergen Tunnels, located outside of historic Hoboken Terminal. The bonds also provide funds for the reconfiguration of the Hoboken Yard Complex to expand train storage capacity and assist us in further advancing capital projects to maintain and improve New Jersey's transportation network.

Under the direction of the Board of Directors, Executive Director Jeffrey A. Warsh, and senior management, NJ TRANSIT continues to develop innovative strategies to foster growth. As a result of unique public/private partnerships, NJ TRANSIT is building new light rail systems under contracts that require contractors to design, build, operate, and maintain the systems. This approach significantly reduces construction time, saves on construction and operating costs, and earned NJ TRANSIT the American Public Transportation Association's (APTA) coveted 2000 Innovation Award.

There are still many challenges and opportunities to pursue. Looking forward, I am confident that NJ TRANSIT will continue strengthening its infrastructure, facilities, and fleet to address ridership growth and access needs within communities. NJ TRANSIT's management team and dedicated staff have the vision and adaptability to meet the ever-changing needs of our customers, implementing innovative services and projects that will modernize and connect our transportation network to our residents.

James Weinstein
Chairman

I am honored and privileged to have had the opportunity to lead NJ TRANSIT during the past year, my first year as Executive Director of NJ TRANSIT. Having overcome the major challenges from its early days, NJ TRANSIT's creativity and determination have resulted in award-winning innovation and unprecedented system growth and performance.

Over the course of the last year, our diverse workforce has made significant strides to enhance New Jersey's quality of life. In April, we launched the first segment of Hudson-Bergen Light Rail, a state-of-the-art transportation system for New Jersey and the metropolitan region. We have made remarkable progress on capital projects like Secaucus Transfer and the Newark City Subway, and on customer-focused initiatives like Model Stations and Shelters.

With ridership steadily climbing, we focused on growth strategies that enable us to update and expand our fleet through the purchase of new buses, trains and locomotives. We have taken concrete steps towards establishing enhanced transit services and projects over the next 20 years based on population density and geographic need.

Important organizational decisions were made that will help shape NJ TRANSIT's future. Some of these decisions include the Board of Directors' appointment of Stanley J. Rosenblum as Deputy Executive Director and Chief Operating Officer and the appointment of William R. Knapp as Vice President and General Manager of Rail Operations. The NJ TRANSIT reorganization resulted in a number of significant changes to help NJ TRANSIT deliver on its core mission.

I've challenged our team to be innovative and I am emboldened by their accomplishments. I am proud to say that NJ TRANSIT has the best service management team in the business. I would especially like to thank NJ TRANSIT's dedicated workforce who responded to customers' needs and worked long hours during the inauguration of new services, major construction projects and weather-related service emergencies. I would like to recognize our employees who spent countless hours ensuring our information systems were Y2K compliant and who developed contingency plans to address any problems that may have occurred.

NJ TRANSIT looks forward to continued progress and building on our strengths thanks to the leadership and support of Governor Whitman, Commissioner Weinstein and the Board of Directors. We are confident that—through hard work and creativity—we can continue to accomplish our objectives and further prepare ourselves for future challenges as we press forward.



Jeffrey A. Warsh
Executive Director



BUILDING



A Record of Accomplishment

Responding to New Jersey's ever-growing need for public transportation, NJTRANSIT completed projects in FY2000 that significantly strengthened the state's transportation systems by vastly improving existing facilities and providing residents with the first segment of an important new transit system.

Grand Opening of Hudson-Bergen Light Rail

Completion of the first phase of Hudson-Bergen Light Rail—New Jersey's first new-start rail system in more than 50 years—marked a significant new beginning for the thousands of New Jersey residents who live and work in Hudson County communities along the Hudson River. The first portion of a planned 20.5-mile, 33-station system, the 7.5-mile, 12-station segment linking Bayonne and Jersey City has served as the catalyst for economic development. Major firms, including Lord, Abbett & Co., PaineWebber Group, American Express, and Cigna HealthCare, have moved to the area. Others like Goldman Sachs are on the way, spurring development of 20 million square feet of new commercial space and 16,223 new residential units.

User friendly, attractive, comfortable

Every day, thousands of customers flock to our light rail stations. Boarding one of the system's state-of-the-art low-floor light rail vehicles, travelers enjoy a spacious, climate-controlled environment and close to 100 percent on-time performance. The light rail vehicles—spanning 90 feet, with four double doors on each side—are fully accessible to people with disabilities. Each light rail vehicle seats 68, accommodates 122 standees, and is equipped with two wheel-

chair securements. Customers are also treated to a wonderful display of original artwork, the result of NJ TRANSIT's highly successful Transit Arts program, which allows local and national artists to design art that reflects the spirit of the local community.

Innovative, award-winning project delivery

Thanks to NJ TRANSIT's innovative design, build, operate and maintain (DBOM) procurement contract, the entire Hudson-Bergen Light Rail system is being delivered in record time, from concept to completion. The nation's first for a rail system, the DBOM strategy calls for one contractor to design and construct the system and operate it for 15 years. Trimming years off the traditional schedule for transit construction, this approach—the direct result of a mandate by Governor Whitman that calls for partnerships with the private sector—saves the State millions of dollars while providing increased mobility for the most densely populated region in New Jersey.

The project—which featured an extensive community outreach program, including a speakers' bureau making project management personnel available to speak to community groups—was recognized with the prestigious American Public Transportation Association (APTA) Innovation Award in 2000.



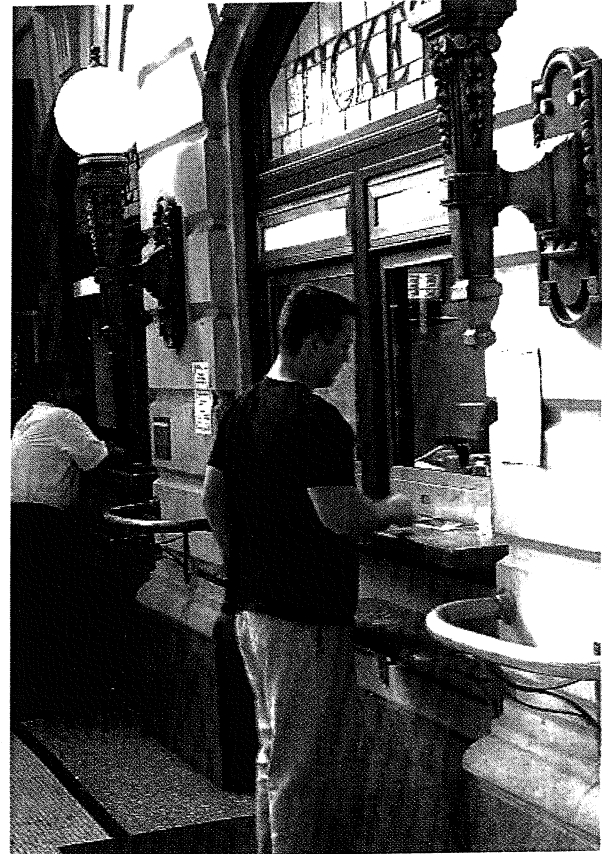


Restoration of Hoboken Terminal's Main Waiting Room

The main waiting room at the Hoboken Terminal is a hub of transit activities. A destination and transfer point for more than 23,000 daily customers, the terminal was built in 1907. Reflecting that era, the waiting room was decorated in the classic beaux-art style, featuring a Tiffany stained-glass skylight and elegant chandeliers. But as time went by, this grand room deteriorated. The skylights were painted over during World War II, and the walls, floors and fixtures were in need of significant repair.

In a one-year project, we brought back the waiting room to its original splendor, restoring the 2,600-square-foot original Louis Comfort Tiffany stained-glass skylight, as well as the limestone, wood, terrazzo and copper elements, and installing replicas of the original pendant lights. Funded by the Federal Transit Administration and the New Jersey Transportation Trust Fund, this \$9 million restoration was unveiled in November 1999 at a gala opening ceremony and has been well received by customers.

The next major project at Hoboken Terminal is the expansion of Yard B to enable additional midday train storage needed when Secaucus Transfer opens in 2002. NJ TRANSIT is also working to advance transit-oriented development at the terminal as well as preliminary engineering for the facility's copper facade and substructure.



Newly renovated Hoboken Terminal main waiting room (above) and ticket windows (below).

Newark Penn Station: Improvements and Restoration to a Historic Landmark

Initiated in 1995, the \$38 million facelift of NJ TRANSIT's historic Newark Penn Station reached several important milestones in FY2000.

New Raymond Boulevard Concourse unveiled

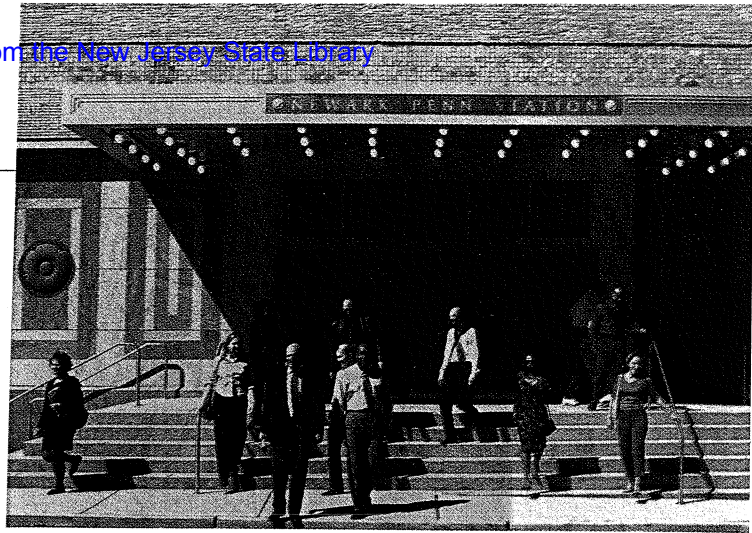
The Raymond Boulevard Concourse, dedicated in March 2000, vastly improves circulation at the station, making it more user friendly to its 70,000 daily commuters. Customers now enjoy direct access to all train platforms at the north end of the train viaduct, easier platform-to-platform transfers and new transit art. Funded by the Federal Transit Administration, the \$10.7 million project provides a shorter route for customers making transfers or leaving the station.

Gateway area enlarged and reconfigured

Renovation of the station's main access to downtown Newark and corporate offices also improved pedestrian access and circulation. The area was enlarged, the existing stairs reconfigured, and an escalator was added to improve access to the gateway bridge level, Track 5, and the incoming PATH service. Dedicated in November 1999, the \$2 million project included lighting improvements, new retail space, new station management offices and bronze insets in the gateway-level terrazzo floor showing scenes of the Passaic River and Newark Bay. Funding was provided by the Federal Transit Administration and the New Jersey Transportation Trust Fund.

New monitors and signs help users find their way

A combination of new video monitors displaying color-coded train departure information and identification and directional signs throughout the station provides customers with the information they need to reach their destinations—quickly and directly. Color coding of the various rail lines also corresponds to colors on schedules and other collateral materials.



(Above) Raymond Boulevard Concourse offers customers direct access to platforms and downtown Newark.

(Below) New reliable transit buses offer the latest in passenger amenities.

NJ TRANSIT Buses Improve Service, Ride Quality

At the end of FY2000, almost all of our 650 new transit buses were in service, replacing the aging buses of NJ TRANSIT and private bus carriers. Equipped with state-of-the-art features—wider and softer seats, slip-resistant floors, a rear-door lift system for people with disabilities, an engine compartment fire suppression system, and a curb light system designed by an NJ TRANSIT bus employee—the buses offer the latest in passenger amenities, and are fully compliant with the Americans with Disabilities Act (ADA) and the Clean Air Act Amendments. Other improvements include an enhanced bus operator seating compartment, an improved dashboard layout and an environmentally friendly air conditioning system.

With the arrival of the new transit buses, all 154 of NJ TRANSIT's intrastate bus lines are now served by regularly scheduled, fully accessible, lift-equipped buses. The versatile new fleet, coupled with restructured schedules, dramatically improves our service for customers.

Compressed Natural Gas Buses Arrive

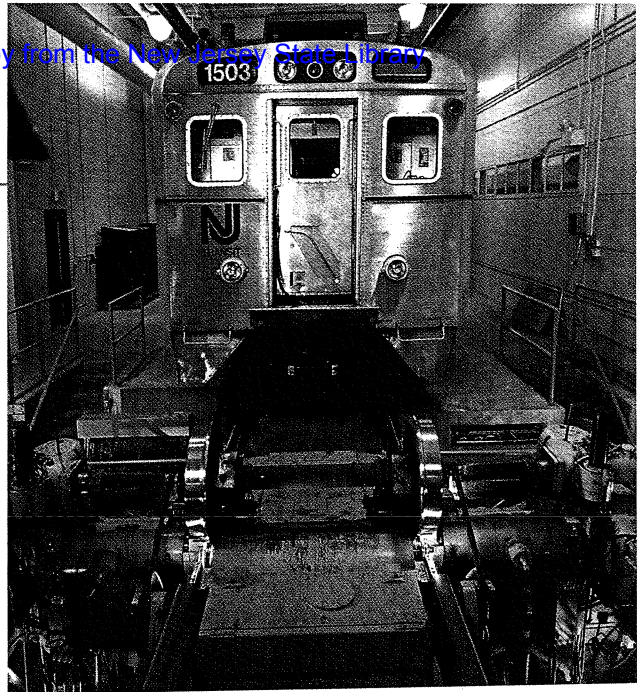
During FY2000, NJ TRANSIT received 27 additional buses that operate on compressed natural gas. Costing approximately \$13 million, these buses are used on routes assigned to the Howell Garage. The buses were purchased with federal funds earmarked for alternative fuel buses in New Jersey.

New Howell Park-Ride a Boon to Route 9 Commuters

In FY2000, the bus commute for hundreds of commuters on Route 9 became safer and easier with the opening of a new 451-space park-ride facility on 4.3 acres of land. Featuring newly paved and striped parking spaces, a customer pick-up/drop-off area, attractive landscaping, customer shelters and other amenities, the facility solves an off-street parking problem and helps NJ TRANSIT and private bus carriers address the growing ridership on New Jersey's busiest bus corridor. The \$1.6 million project was funded by the New Jersey Transportation Trust Fund.

Commuter Rail Stations Revitalized

New station buildings in Edison and Aberdeen-Matawan opened in FY2000, enhancing train travel for thousands of commuters on the Northeast Corridor and North Jersey Coast lines. The \$7.3 million *Edison Station* includes elevators, pedestrian walkways over Plainfield Avenue, improvements to the existing parking lot, and original art by two local artists. The \$7.1 million *Aberdeen-Matawan Station* features an enhanced waiting room and other customer amenities, as well as new high-level platforms to accommodate customers with disabilities. Both projects were funded by the New Jersey Transportation Trust Fund. The multimodal *Towaco Station* was restored to its original



New wheel truing machine at Meadows Maintenance Complex

During FY2000, we installed a new wheel truing machine, which reprofiles car wheels by smoothing out flat spots. The machine helps us better maintain the wheels on our rail cars for safe operation and reduces the amount of time needed for servicing.

grandeur, with stucco, masonry and arched windows. Parking and pedestrian areas were enhanced with historic lighting, brick paver walkways and landscaping. The project, completed in partnership with the Township of Montville, increases the station's accessibility, comfort and convenience.

Atlantic City Rail Line Celebrates 10th Anniversary

NJ TRANSIT, Atlantic City officials, and riders hailed the Atlantic City Rail Line's first 10 years of service with a day-long celebration in September 1999. Connecting Philadelphia and Atlantic City, with six stops in New Jersey along the way, the line has steadily increased ridership, growing approximately 90 percent from FY1991 to FY2000.

New Aberdeen-Matawan Station opened in November 1999 and serves more than 3,000 daily North Jersey Coast Line customers.



BUILDING

New Initiatives and Community Partnerships

Community Shuttles

Our new Community Shuttle program, in which 18 New Jersey communities and organizations will receive shuttle buses—free of charge—to provide service to train stations and bus corridors during peak travel hours, is an innovative new approach to improve access to public transportation. Each shuttle bus is fully accessible and seats 20 passengers.

Transit-Friendly Communities

In FY2000, we launched our Transit-Friendly Communities for New Jersey program, designating 11 communities to work with NJ TRANSIT and non-profit organizations to learn to make transit investments that enhance the community environment. The communities—Bayonne, Hackensack, Hillsdale, Hoboken, Matawan, Palmyra, Plainfield, Red Bank, Riverton, Rutherford and Trenton—will focus on revitalizing transit stations and surrounding areas that will, in turn, act as catalysts for strong downtown redevelopment.

Transit Arts

Through our Transit Arts program, launched in conjunction with design and construction of our new Hudson-Bergen Light Rail system, NJ TRANSIT commissioned over 40 local and national artists to design more than 60 original works of art for the system's first 12 stations. In addition, works of art were unveiled at Edison, Hamilton, Aberdeen-Matawan and Middletown rail stations, as well as at Newark Penn Station.

Small Business Development Programs

NJ TRANSIT's Small Business Development Programs Office received the Competitive Cities and Business Award presented at the Second Annual Business Expo 2000, sponsored by the City Marketing Group of Newark. The award was given in recognition of the office's outreach and procurement diversity programs, which have fostered a positive climate for the development and growth of small businesses.

Fare Collection Systems

NJ TRANSIT introduced a new Proof of Payment (POP) program on two light rail lines. The program features ticket vending and validator machines, speeds up the boarding process and reduces the time that transit cars dwell at station stops.

OzonePass

In May 2000, our OzonePass program won a leadership award from the Greater Philadelphia Regional Ozone Action Partnership. Through OzonePass, New Jersey-based employers can offer their employees a \$2 round-trip ticket for use on any NJ TRANSIT bus, train or light rail line on days when high levels of ozone pollution are predicted.

Reduced Fare Program

As a result of legislation passed in 1999, seniors and customers with disabilities are stretching their transit dollars through the expanded Reduced Fare program, which allows eligible customers to travel at a reduced fare at all times.

Ambassador Programs

To launch our Proof of Payment system on the new Hudson-Bergen Light Rail line and the Newark City Subway and to help customers during construction of the subway, we initiated a highly successful Ambassador program. On both systems, a group of dedicated volunteers helped customers use ticket vending machines and validators. On the subway, they also directed customers to alternate bus transportation during the two weeks it was closed for construction.

Bicycle Programs

Bicyclists in southern New Jersey are enjoying our new Rack n' Roll program, which allows them to take the bus by placing their bikes on racks on the front of the buses. A total of 262 racks were installed, making room for 524 bicycles. In our Bicycle Rack and Locker program we are working with communities to improve bicycle access and security at rail stations, bus facilities and park-ride lots. NJ TRANSIT has installed 143 bike lockers at 26 commuter locations. In addition, bicycle permits are no longer needed on trains.

Welfare to Work Program

In September 1999, NJ TRANSIT won the ACT Leadership Award for our WorkPass program, which provides county welfare participants with monthly commuter bus and rail passes and one-way tickets for job-related activities. During FY2000, 50,277 WorkPasses and 93,780 one-way tickets were sold. WorkPass is part of Governor Whitman's Work First New Jersey, an initiative that helps transition people from welfare to work.

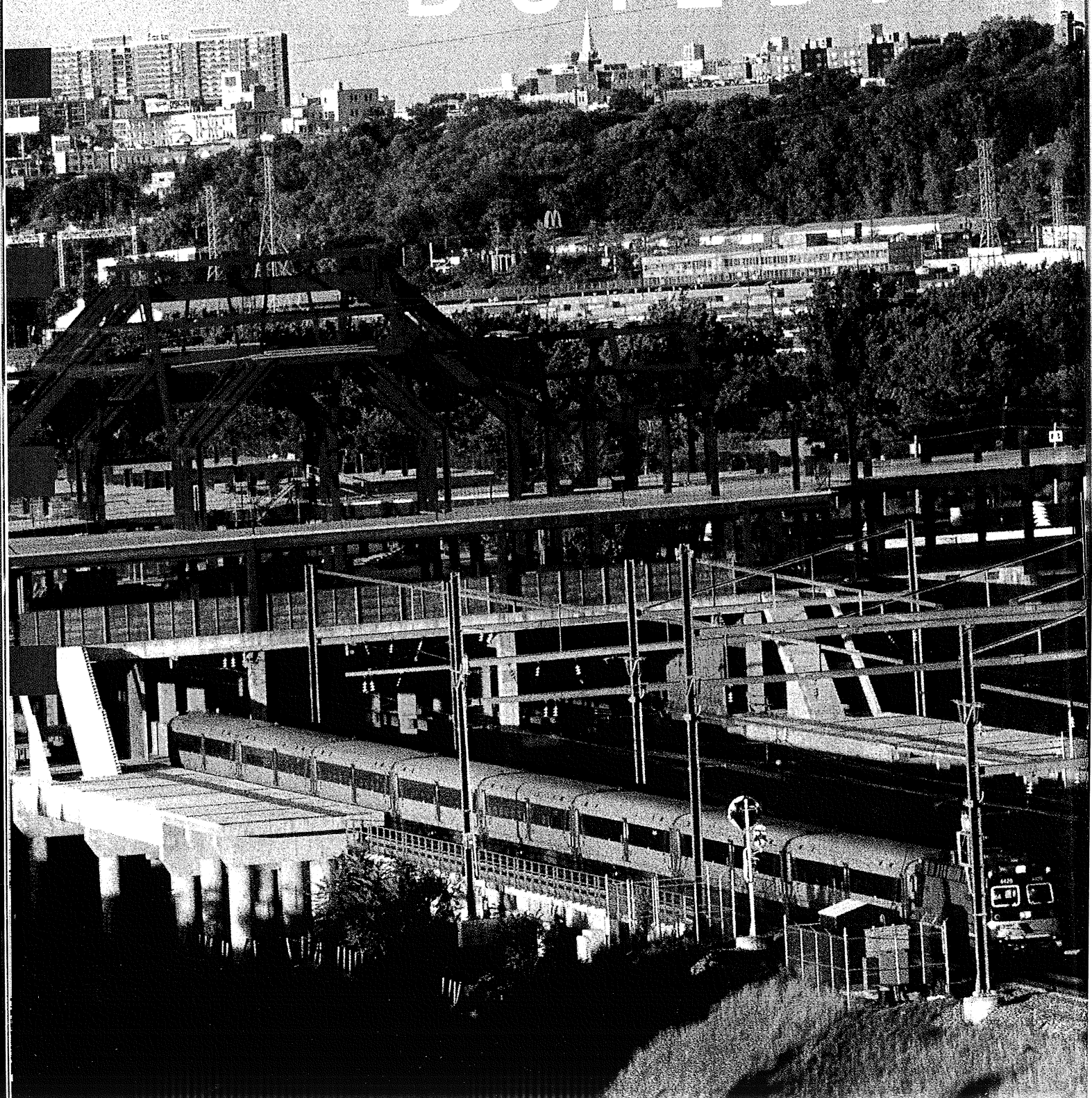
Internet Improvements

During FY2000, NJ TRANSIT claimed possession of the Internet address njtransit.com and initiated steps to redesign our website. Enhancements will allow customers to obtain travel itineraries, to receive automatic service updates via e-mails, pagers and cellular phones, and to purchase monthly passes on line. These planned improvements are scheduled for completion by the end of 2000.

Color Coding

In FY2000, we color coded rail line information and timetables, helping even first-time commuters find their way to trains quickly and easily.

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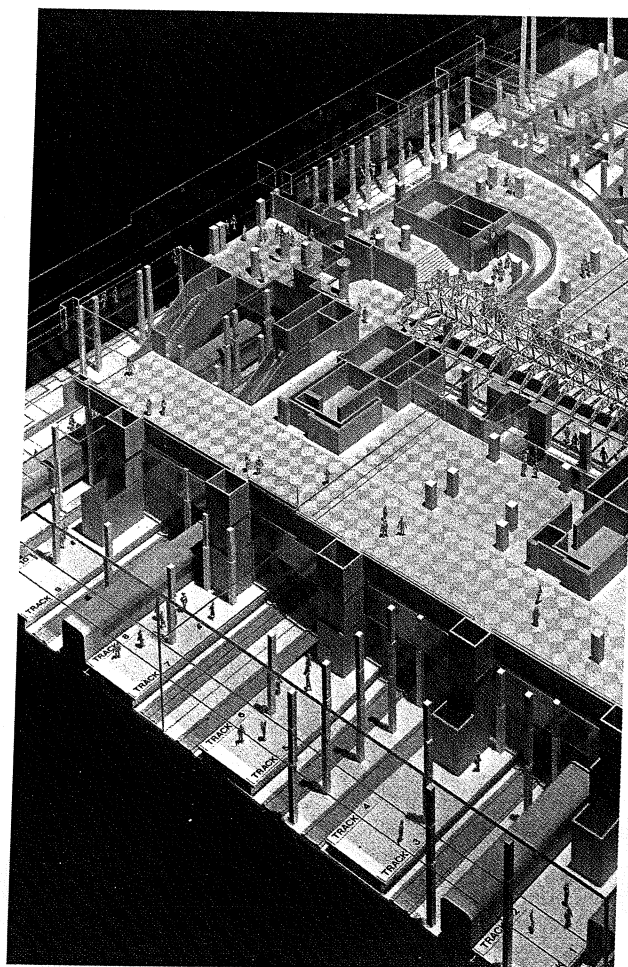
Momentum

Completed work at NJ TRANSIT is part of a larger portfolio of capital projects that are at various stages of development. In FY2000, NJ TRANSIT continued to advance projects already under construction and initiated new, exciting projects to bring us closer to our goal of seamless transportation for New Jersey residents.

Penn Station New York Expansion

NJ TRANSIT is building the East End Concourse—a 50,000-square-foot, \$105 million station within Penn Station—in preparation for the nearly 20,000 additional riders expected when the Montclair Connection and the Secaucus Transfer Station are completed. In March 2000, NJ TRANSIT's Board of Directors approved the \$4.2 million purchase of 4,400 square feet of property at 31st Street and 7th Avenue for a new NJ TRANSIT entrance for the East End Concourse. The East End Concourse project, which began in 1997, is funded by the Federal Transit Administration, the New Jersey Transportation Trust Fund, the Port Authority of New York and New Jersey, and Metro-North.

In the meantime, we made improvements to the station's lower level—where NJ TRANSIT customers currently arrive and depart—to enhance the traveling experience until the East End Concourse is completed in early 2002. Among the upgrades included in this \$11.5 million project is a new customer service office where customers can obtain schedules and information without having to go to the upper level. In addition, a new ceiling and lighting have been installed and new marble walls and terrazzo floors are under construc-



East End Concourse scale model.





Rendering of NJ TRANSIT's new East End Concourse at Penn Station New York.

tion. This project is funded by the Federal Transit Administration and the New Jersey Transportation Trust Fund.

NJ TRANSIT, Amtrak and the Long Island Rail Road are working together to improve one of the nation's most important passenger rail hubs. Representatives of the three agencies continued to meet monthly to discuss issues of concern and both short- and long-term improvement plans for the station and operations. Each quarter, these representatives were joined by the presidents of the railroads. These Presidents' Club meetings provide the opportunity for the leaders to offer guidance, approve the current agenda and continue to emphasize the importance of the alliance.

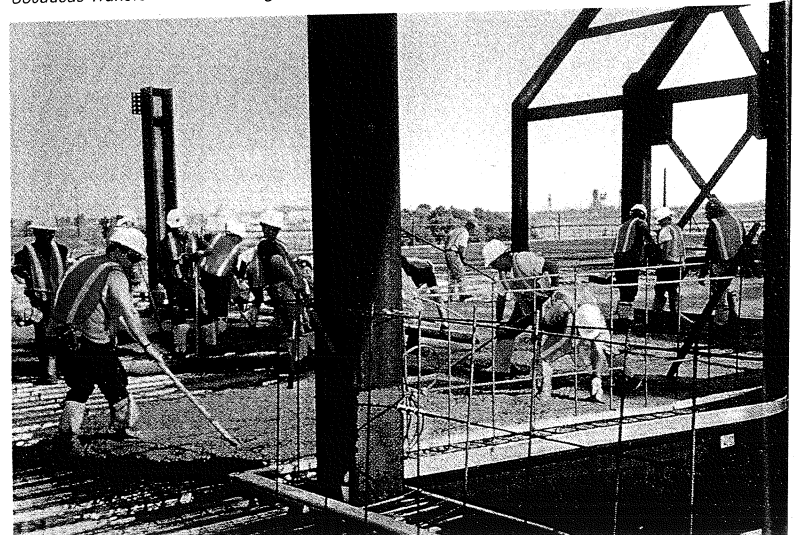
Secaucus Transfer Project Advances

Work on the \$450 million Secaucus Transfer Station progressed towards its scheduled 2002 completion date with the award of an \$86.8 million contract to complete the station building. The Secaucus Transfer Station is a strategic transportation initiative designed to better connect a historically fragmented commuter rail network. The Secaucus Transfer will successfully tie the rail system together, providing seamless transportation and significant time savings for thousands of commuters traveling within the

State or to New York, Philadelphia and the rest of the country. The project will allow North Jersey customers to reach more destinations by train, by allowing riders on NJ TRANSIT's Main, Bergen County, Pascack Valley and Port Jervis lines to transfer to Northeast Corridor, North Jersey Coast and MidTOWN DIRECT trains—trimming at least 15 minutes from their commute times to midtown Manhattan.

Started in March 1995 and funded by the Federal Transit Administration, the project involves construction of a three-level rail transfer station, as well

Secaucus Transfer Station on target for 2002 opening.



as a complete upgrade of the existing track and signal infrastructure to accommodate the extra equipment and increased service levels to be generated by the new station. Related improvements include signal system and track improvements on the Main, Bergen County and Pascack Valley lines. On the Northeast Corridor, the reconstruction of a two-mile section of track and the installation of a new high-capacity signal system will vastly improve signaling capacity on the eight-mile section between Newark and New York. These improvements will allow the line to accommodate up to 30 trains per hour, compared to the current 18.

Montclair Connection Moves Ahead

Construction advanced on the \$60 million Montclair Connection, which will provide new and improved travel options for passengers on the Boonton Line and the Montclair Branch, including direct train service to Penn Station New York. This project, conceived in 1929, will stimulate economic development in Essex, Passaic and Morris counties.

The first phase of construction, which began in the summer of 1999, includes electrification of a five-mile section of the Boonton Line and construction of a new train storage facility in Little Falls. Construction of the 1,200-foot, two-track rail connection and a new Bay Street Station with high-level platforms began in June 2000. On schedule for completion in mid-2001, the project is funded by the Federal Transit Administration.

Newark Airport Station Construction Continues

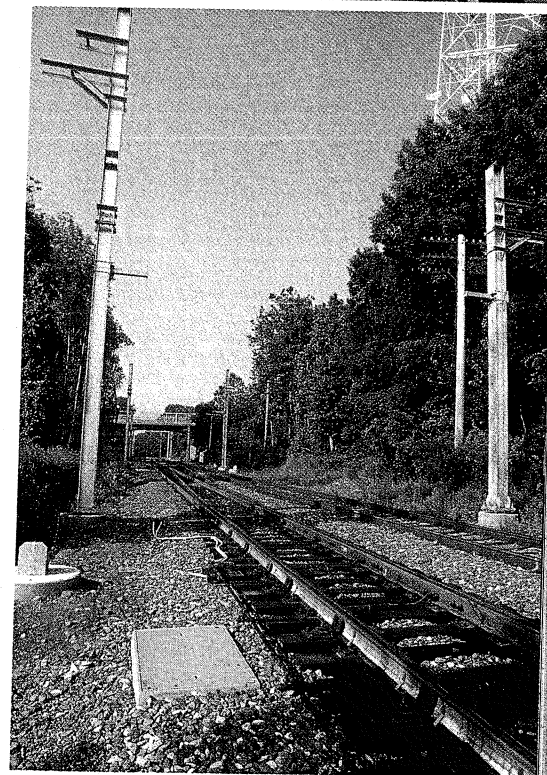
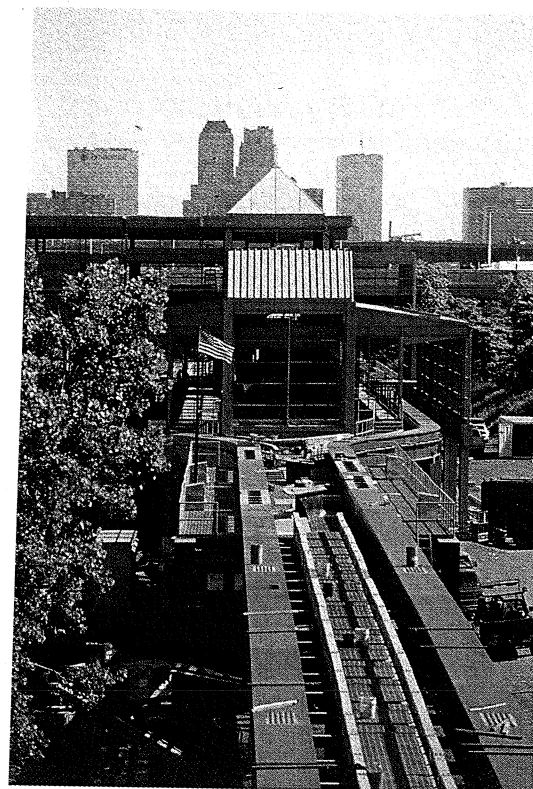
Newark International Airport is one of the world's busiest air hubs. In FY2000, substantial progress was made on the construction of the Newark International Airport/Northeast Corridor intermodal station, which will link the Northeast Corridor, served by NJ TRANSIT and Amtrak, with the airport. Located between Newark Penn Station and the North Elizabeth Station, the new station will offer customers from many areas of the State improved access and time savings and facilitate a smoother transportation experience.

Funded by the Port Authority of New York and New Jersey (PANY/NJ) through passenger facility charges authorized by the Federal Aviation Administration (FAA), the project is on target to open in late 2001.

Train Management and Control System Given Go-Ahead

In 1999, NJ TRANSIT put in motion the installation of a train management and control (TMAC) system in the new rail operations center in Kearny. The system allows a vital communications link that will enable real-time arrival information at stations in the future. A nationwide first for integrated train control systems, TMAC will enable NJ TRANSIT to operate trains more efficiently, allowing rail personnel to maneuver openings and closings of movable-span bridges, control catenary power and manage other system components.

The \$14 million project is funded by the New Jersey Transportation Trust Fund, and is a critical element in accommodating NJ TRANSIT's rail expansions.



(Above) Newark Airport Station, under construction, will link the Northeast Corridor and Newark International Airport.

(Below) Installation of new catenary poles to provide electricity for Montclair Connection trains scheduled to begin service mid-2001.

Light Rail Projects Move Forward

In FY2000, work proceeded on five NJ TRANSIT initiatives that will bring new or expanded light rail systems to New Jersey:

- Construction of the 34-mile, \$604 million *Southern New Jersey Light Rail* system linking Camden and Trenton, including 20 station stops and significant infrastructure improvements throughout the corridor.
- Renovation of the *Newark City Subway*, including a new fleet of light rail vehicles, a one-mile extension, a new electrical system, and construction of two stations and a park-ride lot.
- Expansion of the *Hudson-Bergen Light Rail* north of Exchange Place in Jersey City to Newport Station by November 2000 and further north to Hoboken by mid-2002. The system is designed to eventually span more than 20 miles between East 5th Street in Bayonne and the Vince Lombardi Park-Ride in Ridgefield in Bergen County.
- Final design and land acquisition for the *Newark-Elizabeth Rail Link's* first segment, connecting Newark Penn Station to Newark Broad Street Station on the Morris & Essex Lines, and providing stops at the New Jersey Performing Arts Center, the Newark Bears Stadium and other attractions in downtown Newark.
- Further environmental impact studies for the proposed *Union County Light Rail* system, which will link downtown Elizabeth and Newark International Airport to serve Union County residents. The system will be developed through a public/private partnership.

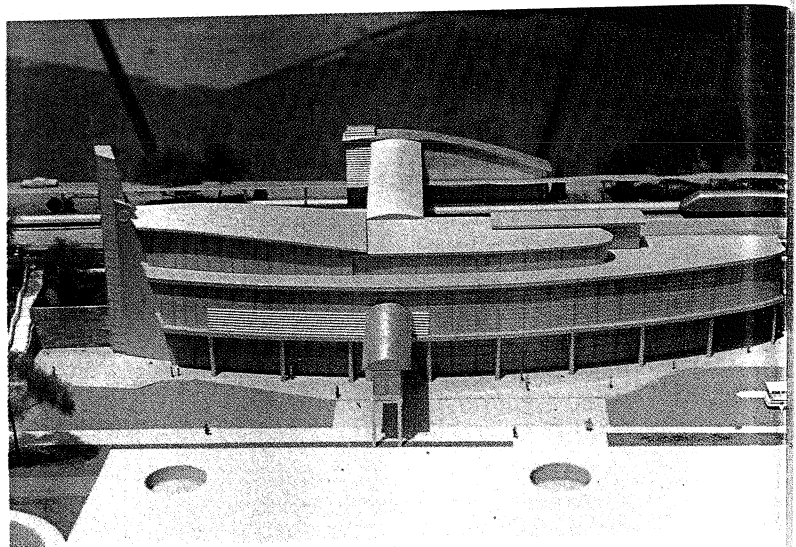
Station Improvements Throughout the State

In FY2000, work advanced on building and renovating stations throughout the State. In June 2000, NJ TRANSIT began construction of the new \$29.5 million *Union Township Station* on the Raritan Valley Line, a new station that will help reduce traffic congestion on area roadways.

Construction also began on the \$8 million restoration of *Paterson Station* on the Main Line, a project that will transform the terminal into a more attractive, customer-friendly facility, bring it into compliance with the ADA and help in the City of Paterson's revitalization effort. The project also entails repairs to the existing viaduct and is expected to be completed by summer of 2001.



Southern New Jersey Light Rail groundbreaking during 1999. Left to right: Transportation Commissioner and NJ TRANSIT Board Chairman James Weinstein, Governor Christine Todd Whitman, Assemblywoman Rose Marie Heck, Board Members Myron P. Shevell and Flora M. Castillo, and Executive Director Jeffrey A. Warsh.



Metropark Station scale model.

In addition, renovations were either announced, underway or completed on several rail stations. NJ TRANSIT and Amtrak announced plans to contribute \$10 million each towards construction of a new \$20 million station building at the *Metropark Station* in Woodbridge—NJ TRANSIT's second busiest outlying rail station. NJ TRANSIT also announced plans for a \$10 million project to replace the station's platforms and install new canopies.

The Newark City Subway Orange Street Station is being rebuilt as an ADA-compliant, center island platform station. The project will also replace a deteriorating bridge with a new set of spans.

The Franklin Avenue Station on the Newark City Subway line is undergoing major renovations and

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Enhanced Safety and Accessibility

will be renamed the Branch Brook Park Station.

Work began on the second phase of construction at the *Perth Amboy Station*, for historic restoration and site improvements.

In May 2000, notice to proceed was given to start construction at the historic *Plainfield Station*. Renovations include rehabilitation of the station building and pedestrian tunnel, construction of high-level platforms, canopies and an accessible pavilion, and the installation of elevators and other station amenities.

Design and construction documents were completed for improvements to the *Market Street Bus Lane and Circulation project at Newark Penn Station*. The project involves creation of an off-street bus loading area, a new historically compatible shelter, a plaza area, lighting and improved pedestrian access.

NJ TRANSIT is committed to providing services, systems and facilities that are safe as well as accessible to people of all ages and abilities. In FY2000, we continued our ongoing process of ensuring safety and improving accessibility in our transit systems.

Automatic braking systems improve safety

We continued to test our state-of-the-art automatic train control (ATC)/positive train stop (PTS) systems which, when fully activated in 2003, will transmit to engineers real-time information on track conditions and, if necessary, will automatically slow or stop a train. NJ TRANSIT is the first transit property in the world to integrate the two systems, which will dramatically improve operational safety.

Education programs highlight safety

NJ TRANSIT is committed to educating New Jersey residents—particularly children—on safety around transit vehicles and facilities. Coinciding with the opening of the first phase of the Hudson-Bergen Light Rail system, we launched an aggressive community outreach effort that included a safety awareness program for children in schools near the alignment. The program is part of an outreach effort that extends to schools throughout New Jersey. Instilling a healthy attitude toward safety, the program points out the dangers children may encounter when on or near railroad property. We also continued our active participation in Operation Lifesaver, a national organization that works to reduce highway/rail grade crossing incidents by educating the public on railroad safety.

NJ TRANSIT garners safety awards

NJ TRANSIT was presented with the American Public Transportation Association's Certificate of Achievement in recognition of Outstanding Safety Achievements in Bus Service for 1999. In May 2000, NJ TRANSIT was awarded the prestigious Harriman Award for Safety, taking third place for outstanding employee safety during 1999.

Station advancements improve accessibility

Customers with disabilities at a number of NJ TRANSIT stations—including Towaco, Edison, Montvale, Middletown and Aberdeen-Matawan—will enjoy safer boarding and detraining and shorter vehicle dwell times, thanks to the construction of high-level and mini high-level platforms, which provide full accessibility to all customers.

Accessibility a focus on Newark City Subway

Accessibility is an important focus of NJ TRANSIT's rehabilitation of the Newark City Subway. The new light rail cars, scheduled to begin operation in 2001, will be fully accessible to people with disabilities, as will the new Branch Brook Park, Silver Lake, Grove Street and Orange Street stations. Washington Street Station and Newark Penn Station are also scheduled for accessibility improvements.

New computer system, vehicle procurement for Access Link

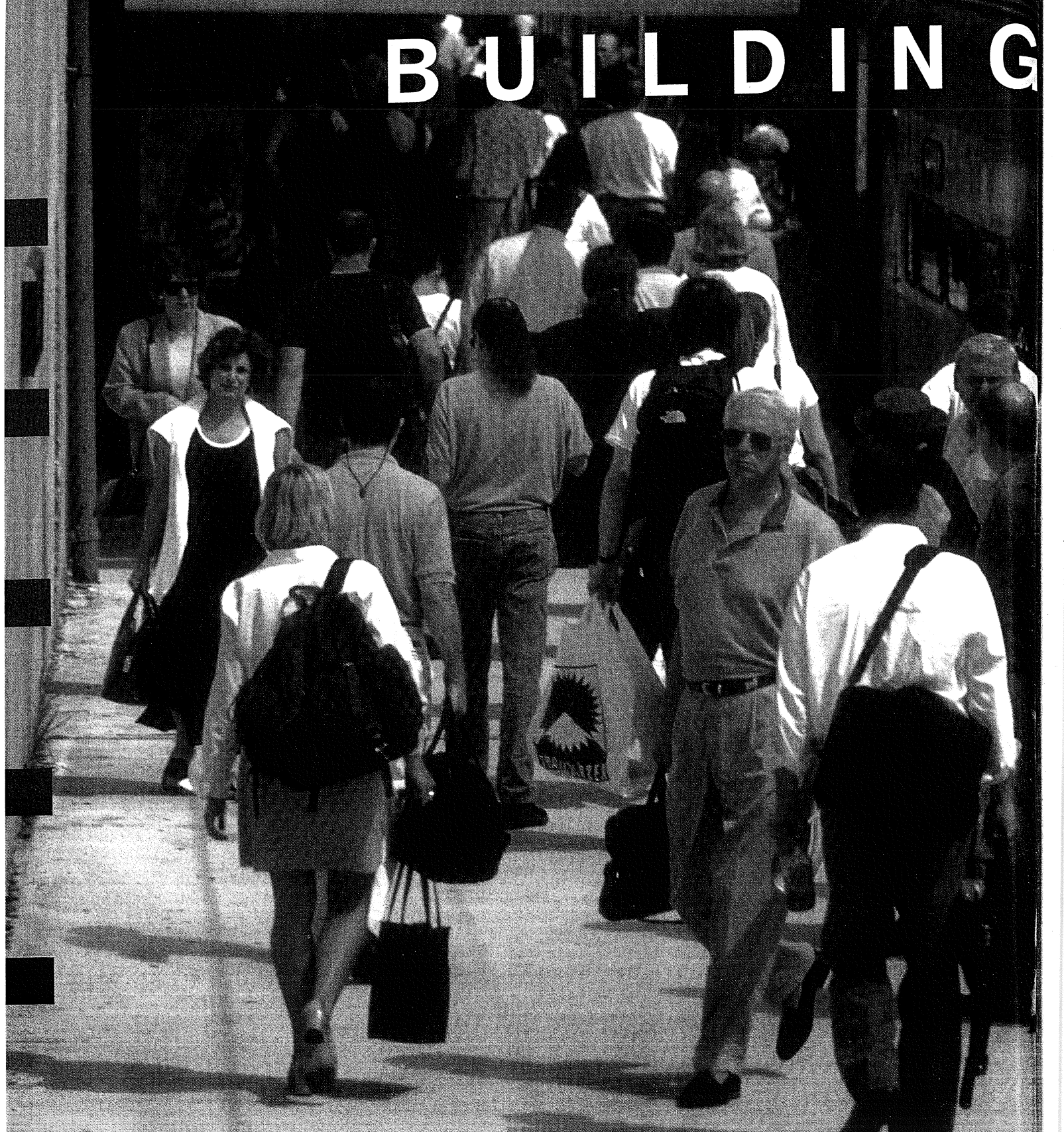
A new computer system for our Access Link paratransit service—which provides transportation for customers unable to ride NJ TRANSIT buses because of the nature of their disabilities—will allow us to more efficiently reserve trips, provide fare information for users, and coordinate Access Link services with community-based transportation providers. NJ TRANSIT also ordered 58 new cutaway vehicles—a mix of mini-buses and extended mini-buses, expanding the Access Link fleet to 157 vehicles. Plans are underway to introduce sedans to the fleet.



NJ TRANSIT

Summit Station

BUILDING



For Tomorrow's Needs

At NJ TRANSIT, we continually look ahead—anticipating the needs of our traveling public and our expected ridership growth—to build the transportation network of the future. In FY2000, NJ TRANSIT developed innovative plans and strategies to address upcoming capacity requirements, moved forward with developing long-range plans to expand service and evaluated available funding sources.

A Comprehensive Fleet Replacement Program

NJ TRANSIT's services have become wildly popular. In the past three years alone, rail ridership has grown nearly 20 percent to 103,100 passengers per day, and bus ridership has grown 6.5 percent to 258,300. With the opening of the Montclair Connection, the Newark Airport Station and the Secaucus Transfer Station, we expect the number of riders to increase even more rapidly. In FY2000, we set in motion plans to embark on a five-year planning effort to address unprecedented ridership growth, current system limitations and future expansion plans.

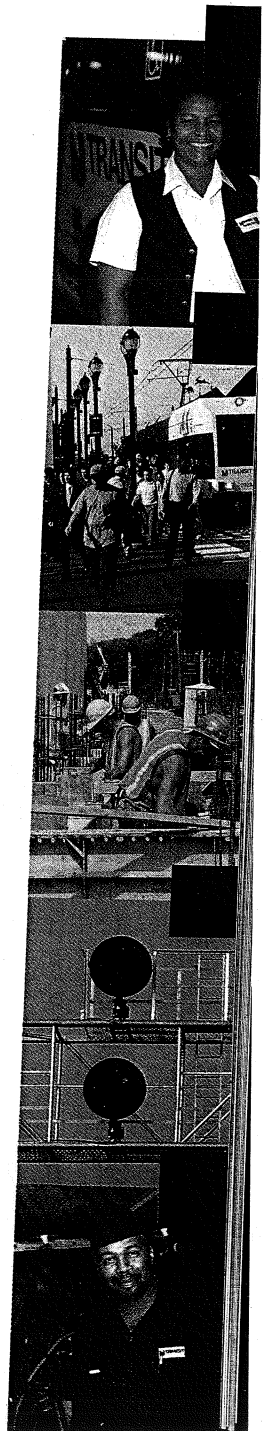
Over the next five years, in two phases, we will expand our rail and bus fleets by nearly 1,700 vehicles. In FY2000 we:

- Awarded a \$233 million contract to build 50 *push-pull Comet control cars*, with an option to purchase 48 more; and 80 *push-pull Comet trailer cars*, with an option to purchase 22 more. Scheduled for delivery start-up in summer 2001, the new cars will feature automated public address systems, three-two seating, information displays, automatic doors, and the latest safety standards developed by the Federal Railroad Administration (FRA)

and the American Public Transportation Association (APTA). Metro-North has an option to purchase 30 of the same type of cars at the end of our contract.

- Initiated a process to procure 200 *bi-level rail cars*, valued at \$440 million. The first of their kind in our fleet, the bi-levels will be specially designed to meet our operating needs and clear the Hudson River Northeast Corridor tunnels connecting New Jersey and New York. They will feature two-two seating and will be operational on both high- and low-level platforms.

- Awarded a \$500 million contract—the world's largest bus purchase ever—to Motor Coach Industries (MCI) to manufacture a minimum of 1,244 *cruiser buses* with an option to purchase up to 1,400 buses. Replacing buses purchased between 1982 and 1989, each cruiser is equipped with two wheelchair securements and a lift. The new 40-foot buses will seat 49 passengers and the 45-footers will seat 57. All will provide travelers with a comfortable ride that includes ergonomic seats, advanced heating and cooling systems, reading lamps, slip-resistant flooring, overhead package racks and interior/exterior public address systems. This contract also provides funds for spare parts. The first





Prototype of new NJ TRANSIT Cruiser buses.

160 buses are scheduled for delivery by the end of 2000 and 491 more buses are expected by the end of 2001. The remaining buses will be delivered during 2002 and 2003.

- Awarded a \$123.4 million contract to build 24 **ALP-46 electric locomotives**. These new locomotives will be capable of providing power for pulling up to 12 single-level or 10 bi-level cars. The current ALP-44 locomotives are only capable of pulling 9 single-level or 5 bi-level cars. The ALP-46s are scheduled for delivery beginning in the summer of 2002, with full delivery by the spring of 2003.
- Began a \$74 million overhaul of 116 **Comet II rail cars** to improve the reliability, safety and maintainability of the fleet and ensure compatibility with the newer Comet III and IV fleets. The overhaul includes a new high-low door design, installation of an inertial seat locking device, new windows and subflooring, customer communication improvements, upgraded heating and cooling systems, and improvements to the braking system. All of the cars will be overhauled by the end of 2001 or early 2002.
- Placed into service 80 new **30-foot buses** on routes in Atlantic, Mercer, Camden, Gloucester, Burlington and Morris counties. Fully accessible and state of the art, the new 30-foot buses will be used in areas where ridership warrants smaller buses.

New or Refurbished Rail Storage Yards

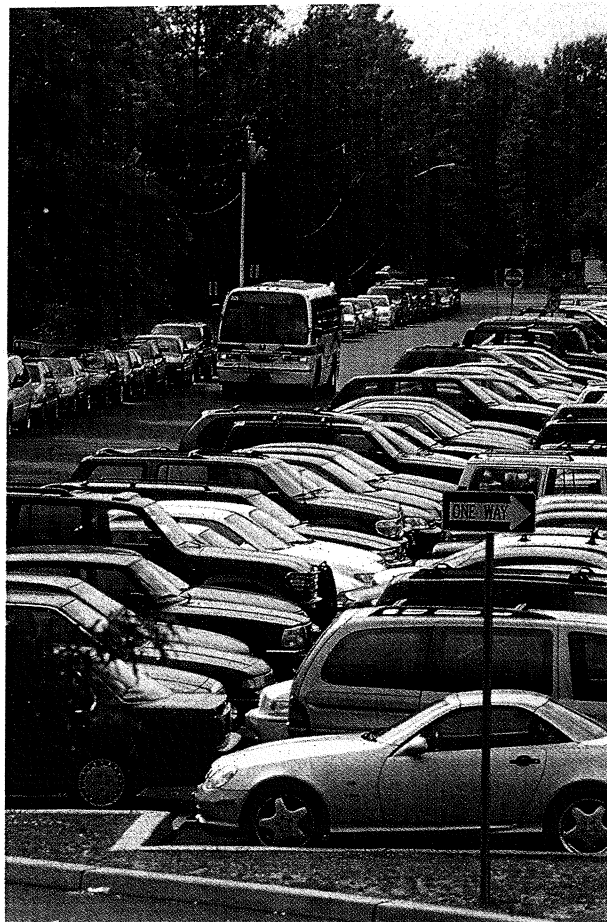
In addition to rail equipment purchases, our rail expansion plan includes upgrading the existing Meadows Maintenance Complex in Kearny and numerous other rail storage yards. Morrisville Yard, a new facility in Pennsylvania, will have the capacity to provide overnight storage and maintenance for up to 225 cars operating on the Northeast Corridor. Work to expand Hoboken Yard is also planned and will enable additional midday train storage when Secaucus Transfer opens.

New Parking Paves the Way for Community Revitalization

NJ TRANSIT completed parking expansion projects in FY2000 offering the immediate benefit of additional parking for thousands of commuters.

The May dedication of a new 273-space parking lot at the **South Orange Station** was a milestone for commuters, giving them increased access to the station. The \$1.5 million project includes a unique 31-foot sundial/obelisk that complements future plans to build a nearby arts center. The project is an important catalyst in transforming South Orange

NJ TRANSIT is working closely with communities to provide more parking spaces for customers.





Farmer's Market at South Orange Station.

into a *Transit Village*, one of five communities so designated by Governor Whitman under an arrangement in which communities work with NJ TRANSIT to establish the train station as a focal point for the town's economic and recreational development. In addition to South Orange, the other Transit Villages are Rutherford, Morristown, South Amboy and Pleasantville.

The opening of a new 115-space parking facility at East Orange's *Brick Church Station* complements the redevelopment planned for the Brick Church area. The facility was built using a turnkey method, in which a developer designed and constructed the parking lot and then sold it to NJ TRANSIT. This approach brought the project in approximately one year ahead of schedule and at a lower cost than the traditional method of separate land purchase and construction.

The opening of a new parking facility at the *Linden Station* in June 2000 not only provides 273 more parking spaces but supports Linden's plans for attracting more residents. Town leaders hope that non-residents who commute from Linden will think about moving

to the town. Funded by the New Jersey Transportation Trust Fund, the project includes new curbing, sidewalks, lighting and landscaping, a new customer pick-up/drop-off area and improved circulation in the parking lot.

Restoration Projects to Upgrade Infrastructure

Meeting tomorrow's needs requires maintaining our facilities today. In FY2000, planning and design progressed on a number of projects, including:

- ***Bergen Tunnel Rehabilitation.***

Rehabilitation of the north and south Bergen Tunnel tubes—built circa 1877 and 1908 to provide access to Hoboken Terminal for North Jersey rail lines—will eliminate power interruptions due to icicle formation, extend the structural life of the tubes and reduce the amount of maintenance needed, and provide evacuation egress, lighting and smoke ventilation for life safety. Funding for this rehabilitation was made possible by New Jersey voters' approval of the Statewide and Local Bridge Bond Act of 1999.

- ***South Orange, East Orange and Brick Church Station Rehabilitation and Viaduct Waterproofing.*** The project will correct structural deterioration and extensive water leakage at the nearly 80-year-old viaduct structures and station buildings, restore historically significant stations, and improve accessibility to two key stations.

- ***South Amboy Station***

Restoration. Construction of a 1,000-foot-long high-level platform at the South Amboy Station will include a canopy, a heated waiting shelter and a new pedestrian overpass with elevators. New east and west station plazas will include further improvements.

- ***Trenton Station Rehabilitation.*** Design work on this major intermodal facility was conducted and included architectural improvements to expand the station building and add a second floor/mezzanine level to improve customer service areas and amenities. Other improvements include upgrading the building's operating systems, the installation of new ceilings and lighting, modernized restrooms, expanded retail space and new signage and information displays. In addition, the plaza areas around the station were redesigned to better connect rail, bus and light rail service.

Expanding Access to the Region's Core

The Access to the Region's Core (ARC) project, sponsored by NJ TRANSIT, the Port Authority of New York and New Jersey, and the Metropolitan Transportation Authority, is a Major Investment Study of long-term solutions to capacity issues on the region's railroads—specifically the access needs to Midtown Manhattan, the region's core, with a focus on Penn Station New York.

In FY2000, ARC focused on studying long-term transit solutions to expand commuter rail service. Included in the most promising options for a major investment are a new two-track Hudson River tunnel to Penn Station and a rail connection between Penn Station and Grand Central Terminal. ARC's recommendations are expected in 2001.

BUILDING

Recognition for Service and Leadership

- Hudson-Bergen Light Rail was recognized with the prestigious **American Public Transportation Association (APTA) Innovation Award** in 2000.
- In May 2000, the OzonePass program won a leadership award from the **Greater Philadelphia Regional Ozone Action Partnership**.
- NJ TRANSIT's Small Business Development Programs Office received the **Competitive Cities and Business Award** in recognition of the office's outreach and procurement diversity programs.
- In September 1999, NJ TRANSIT won the **ACT Leadership Award** for the WorkPass program, which provides county welfare participants with monthly commuter passes and one-way tickets for job-related activities. WorkPass enables the State to save more than \$3 million in transportation expenses.
- NJ TRANSIT was presented with the **APTA Certificate of Achievement** in recognition of Outstanding Safety Achievements in Bus Service for 1999.
- NJ TRANSIT bus operator Daniel Bruey placed third in the **Bus Operator Driving Competition** at APTA's International Bus Rodeo. Bruey surpassed hundreds of bus operators from around North America on an 11-part obstacle course.
- NJ TRANSIT came in third out of 147 contestants in APTA's overall combined score of operators and mechanics at the international **Bus Maintenance Rodeo**.
- In May 2000, NJ TRANSIT was awarded the prestigious **Harriman Award for Safety**, taking third place for outstanding employee safety during 1999.

A Look Ahead: Planning for 2020

To meet the evolving needs of New Jersey residents, NJ TRANSIT keeps an eye on the future at all times. At the direction of Executive Director Jeffrey A. Warsh, NJ TRANSIT developed the **2020 Transit Map: Possibilities for the Future**, which conveys the potential for different types of transit services and lists potential new transit projects to serve New Jersey and the metropolitan region over the next 20 years. It is not a complete list of transit projects for implementation, nor is it a commitment to implement all the projects listed. Rather, it is an illustration of the potential projects and types of transit services appropriate to various areas of the State. The advancement of these projects is directly dependent upon their cost effectiveness and a financial commitment above existing resources to both build and operate new services.

The 2020 Transit Map illustrates committed projects, as well as potential new fixed guideway transit projects within New Jersey, which are based on the calculated "transit scores" for different areas within the state. The scores indicate the relative potential for different types of transit investment and services that may be appropriate for a particular geographic area. The higher the transit score, the greater the potential need for more transit services and/or modes.

Some of the projects now in the planning stage include the **Monmouth-Ocean-Middlesex Major Investment Study**, which will improve transit access to communities in Middlesex, Monmouth and northern Ocean counties; and restoration of the **West Trenton Line**, which will provide service to Mercer and Somerset county communities along the line, as well as additional train service and travel alternatives for NJ TRANSIT customers on the Raritan Valley Line. NJ TRANSIT is also conducting a Major Investment Study and developing a Draft Environmental Impact Statement for the **West Shore Region** to examine the feasibility of reinstituting passenger rail service on this Bergen County line. Another project under consideration is the restoration of commuter rail service through Bergen, Passaic, Morris and Sussex counties on the **New York, Susquehanna and Western Line**.

More information is available on the **2020 Transit Map: Possibilities for the Future**, in the back cover pocket of this report.





FISCAL YEAR 2000

Annual Financial Statements

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Management's Discussion and Analysis

Operating Results

NJ TRANSIT concluded fiscal year 2000 with continuing increases in ridership and revenue. Increased ridership reflects the implementation of new services and the expansion of existing services to accommodate passenger demand. This additional service has also resulted in increased costs as discussed herein.

NJ TRANSIT passenger revenue increased by \$19.6 million or 4.5 percent as a result of a 3.4 percent growth in ridership. The growth in passenger revenue and ridership continues to reflect the economic health of the state and regional economies, additional passenger service and the impact of holding passenger fares constant for a decade. Other revenues, meanwhile, declined \$3.1 million essentially due to the absence of leveraged lease transactions during fiscal year 2000 as compared to fiscal year 1999. State and federal operating subsidies together with federal, state and local reimbursements increased \$48.4 million over fiscal year 1999.

Expenses increased by \$74.7 million or 8.3 percent when compared to fiscal year 1999. This increase was attributed to higher employment, fuel and purchased transportation costs, as well as an increase in the consumption of parts and materials required to maintain NJ TRANSIT's revenue vehicle fleet and infrastructure. Also reflected in total expenses was the impact of unexpected repair costs associated with Hurricane Floyd, which occurred in September 1999, and the initiation of service on the Hudson-Bergen Light Rail system.

Passenger Revenues

Passenger revenues consist of fares earned from the sale of rail tickets and passes utilized during the year by riders on either NJ TRANSIT or Amtrak trains (under a cross-honoring agreement). Additionally, passenger revenues include bus farebox receipts, tickets and passes sold, which were utilized during the year by riders on NJ TRANSIT buses, subway, contract bus service or the recently initiated Hudson-Bergen Light Rail system.

NJ TRANSIT's passenger revenue continues to increase significantly despite holding fares at a constant level for the past ten years.

Rail passenger revenue increased \$17.0 million over fiscal year 1999, with ridership increasing by 3.9 million passengers. Bus passenger revenue increased \$2.3 million over fiscal year 1999, with ridership increasing by 3.0 million passengers. Passenger revenue on the Hudson-Bergen Light Rail system, which commenced operations on April 15, 2000, totaled \$323,000 generated from 245,000 riders.

Ridership <i>(in millions)</i>	FY00	FY99	% Inc
Newark Division Rail Lines	38.1	35.6	7.0
Hoboken Division Rail Lines	20.6	19.2	7.3
Atlantic City Rail Line	1.0	1.0	--
Total Rail Ridership	59.7	55.8	7.0
Northern Division Bus Lines	57.1	55.8	2.3
Central Division Bus Lines	74.9	73.3	2.2
Southern Division Bus Lines	24.6	24.5	0.4
Total Bus Ridership	156.6	153.6	2.0
Hudson-Bergen Light Rail	0.2	--	--
Total Ridership	216.5	209.4	3.4

Other Revenues

Other revenues consist of interest, changes in the value of investments, station and vehicle advertising, rental of equipment and facilities, parking lot operations, and proceeds from leveraged lease transactions.

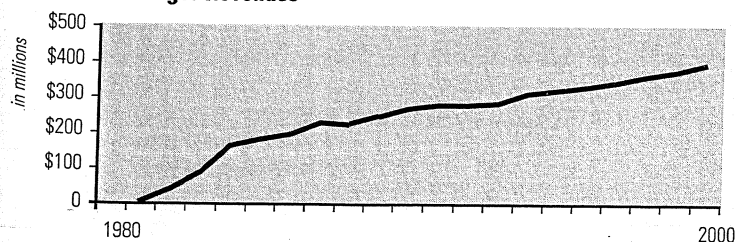
The decline in other revenues of \$3.1 million was primarily due to the absence of leveraged lease activity during fiscal year 2000 as compared to \$7.0 million of leveraged lease revenues recognized in fiscal year 1999. The impact of this decrease was partially offset by an increase in advertising income and parking lot operations revenue.

Employment Costs

Employment costs consist of full-time and part-time agreement wages and related overtime, non-agreement salaries, employment taxes, health and welfare expenses, retirement costs and other fringe benefits.

Employment costs increased by \$31.6 million or 5.3 percent compared to fiscal year 1999. This reflects the cost of additional service in response to ridership growth, agreement labor contract increases and increased overtime costs associated with the maintenance of revenue vehicles and NJ TRANSIT's infrastructure. NJ TRANSIT's medical, health care and pension expenses also increased, further impacting overall employment costs.

Passenger Revenues



(June 1980-July 1981 First Year of Financial Reports.)

Other Costs

Other costs include outside services, contracted transportation services, fuel, propulsion power, claims and insurance, parts and materials, and trackage, tolls and fees expenses.

Services expenses increased \$13.6 million or 33.1 percent. A significant portion of these costs were related to environmental remediation activities as compared to fiscal year 1999. The balance of the increase reflects greater contracted maintenance of facilities and revenue vehicles related to damage caused by Hurricane Floyd and increased general contractor services associated with the Model Stations program.

Purchased transportation expenses increased \$8.5 million or 12.1 percent over fiscal year 1999 essentially due to the initiation of the Hudson-Bergen Light Rail system. The increase also reflects additional costs associated with the Private Carrier Bus Pass program and the Senior Citizen/Rural Transportation program.

Fuel and propulsion expenses increased \$8.0 million or 20.4 percent over fiscal year 1999. The cost of diesel fuel averaged \$0.20 per gallon higher than fiscal year 1999. Included in this increase were costs for natural gas required to operate NJ TRANSIT's natural gas powered buses, which were placed in service during the year.

Claims and insurance expenses increased \$6.4 million or 32.6 percent reflecting the combined effect of additional costs associated with the Federal Employee Liability Act (FELA) and third party injury and damage claims. Court awards, which have escalated dramatically, required a reevaluation of NJ TRANSIT's reserves for unsettled claims.

Parts, materials and supplies expenses increased \$6.3 million or 6.9 percent above fiscal 1999 levels. These increases were the result of continued emphasis on safety, preventative maintenance and service expansion. Necessary repairs due to the damage caused by Hurricane Floyd also had a major impact on fiscal year 2000 materials expenses.

Trackage, tolls and fees expenses increased \$1.3 million or 4.0 percent, reflecting an increase in the payment to Amtrak for access on the Northeast Corridor.

Liquidity and Capital Resources

NJ TRANSIT receives operating assistance and other governmental reimbursements. Total operating assistance and reimbursements increased by \$48.3 million compared to the prior fiscal year. Federal, state and local reimbursements increased \$93.4 million during the period. These funds include the New Jersey Transportation Trust Fund, Casino Revenue Fund, Associated Capital Maintenance federal grants and various other federal grants for specific activities. This

increase was partially offset by a \$45.1 million decrease in total operating assistance which consists primarily of the State of New Jersey appropriations.

Operating Assistance and Reimbursements

<i>(in millions)</i>	FY00	FY99	Inc/(Dec)
State & Federal Operating Assistance	\$149.6	\$194.7	\$(45.1)
Federal, State & Local Reimbursements	<u>294.7</u>	<u>201.3</u>	<u>93.4</u>
Total Operating Assistance and Reimbursements	<u>\$444.3</u>	<u>\$396.0</u>	<u>\$48.3</u>

NJ TRANSIT also receives federal, state and local grants for essentially all of its capital construction and acquisitions. The federal, state and local interest in assets acquired and constructed is provided in the Consolidated Statements of Net Investments in Facilities and Contributed Capital. Capital grant receipts totaling \$500.3 million were \$87.8 million or 21.3 percent above fiscal year 1999. In addition to these grants, \$351.3 million of expenditures associated with the Hudson-Bergen Light Rail system and the acquisition of buses and rail cars were funded through the issuance of Grant Anticipation Notes, Certificates of Participation and Sublease Revenue Bonds. Federal and state grants will be utilized to meet the scheduled debt service.

Major capital project activity during the year included the Hudson-Bergen Light Rail system, Secaucus Transfer, Southern New Jersey Light Rail system, the purchase of rolling stock, and improvements to passenger and support facilities and rail infrastructure.

The Board of Directors approved a fiscal year 2001 capital spending program that totals \$893.8 million, subject to the availability of funds, and provides for the continuation of the major projects currently underway, as well as new initiatives. Funds have been allocated for the replacement and overhaul of rolling stock, the continued construction of the Hudson-Bergen Light Rail system and the Southern New Jersey Light Rail system, passenger and maintenance facilities, as well as payments to Amtrak for improvements to the Northeast Corridor. Provisions have also been made to comply with all federally mandated accessibility and environmental regulations.

Working Capital

NJ TRANSIT ended fiscal year 2000 with negative working capital of \$144.9 million representing the excess of current liabilities over current assets. This is a decrease of \$180.4 million below fiscal year 1999. The working capital decrease is essentially the result of an

increase in short term debt payable related to prior years' financing activities payable in fiscal year 2001, the purchase of fixed assets with operating funds, an increase in accounts payable and an operating deficit.

Financing Activities

During fiscal year 2000, NJ TRANSIT entered into a 20-year lease/sublease agreement with the New Jersey Economic Development Authority (Authority) as required for the issuance by the Authority of its Transportation Project Sublease Revenue Bonds. These bonds were issued to provide funds for the construction of the Southern New Jersey Light Rail system and the second phase of the Hudson-Bergen Light Rail system projects. At fiscal year end, \$161.4 million of related expenditures were financed from the proceeds generated from the sale of these bonds.

In January 2000, NJ TRANSIT issued \$234.1 million of Certificates of Participation for the purchase of 500 buses. As of June 30, 2000, total project expenditures financed through the proceeds from the sale of these certificates were \$17.1 million.

In August 2000, the Board of Directors approved a Note Resolution to allow for the sale of up to \$400 million in tax-exempt 2000A Grant Anticipation Notes to refund NJ TRANSIT's Capital Grant Anticipation Notes, Series 1997A currently outstanding in the principal amount of \$333.9 million. The 1997A Capital Grant Anticipation Notes were issued in May 1997 to finance the first phase of the Hudson-Bergen Light Rail system.

Budgetary Integrity, Accounting Systems and Internal Controls

NJ TRANSIT's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and fund accounting for enterprise funds of state and local governmental units as prescribed by the Governmental Accounting Standards Board.

NJ TRANSIT's accounts are maintained on the accrual basis of accounting whereby revenues are recognized when measurable and available and expenditures are recognized when goods and services are received and the related liabilities are incurred.

Budgetary control is exercised at the department level by major types of expenditures and budget to actual performance is regularly reported to the Board of Directors. These reports are reviewed quarterly by NJ TRANSIT's independent auditors who provide a separate report thereon to the Board as well as the Department of Transportation's Inspector General. This report discloses the difference between GAAP

and budgetary reporting in the areas of capitalization and depreciation expense.

In developing and maintaining NJ TRANSIT's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived from its use and that the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework.

Other Matters

NJ TRANSIT must comply with current standards that regulate the discharge of material into the environment or otherwise relate to the protection of the environment. Compliance with these progressively more stringent regulations results in higher operating costs and unanticipated capital expenditures.

NJ TRANSIT has made and will continue to make the necessary expenditures for environmental protection and remediation. During fiscal year 2000, NJ TRANSIT's expenditures for these activities were incurred for work performed in the current period. Additional amounts have been recorded to reflect the future costs of site cleanups known but not yet completed. Note 13 to the consolidated financial statements includes additional information on environmental matters.

The Americans with Disabilities Act (ADA) is a federal civil rights law passed in 1990 that carries severe sanctions for noncompliance, and can result in civil litigation by private citizens and the U.S. Department of Justice. The law requires that people with disabilities be guaranteed access to public transportation and mandates that virtually all new equipment, services and facilities be fully accessible. All costs of this unfunded mandate must be borne by existing revenue and funding sources. Note 13 also includes additional information on the ADA.

Financial Statements

New Jersey Transit Corporation and Subsidiaries

Consolidated Statements of Financial Position

(in thousands)

As of June 30,

2000

1999

Assets

Current Assets:

Cash and Equivalents (Note 6)	\$142,346	\$225,624
Due from Federal Government	66,701	38,586
Due from State of New Jersey	68,177	40,103
Inventories	70,203	58,917
Other Current Assets	31,994	30,850
Total Current Assets	379,421	394,080

Restricted Funds (Notes 6, 7, 11 and 12)	1,725,661	1,231,146
Transit Operating Property, Plant and Equipment-Net (Note 8)	4,332,929	3,773,580
Other Assets	22,402	18,651
Total Assets	\$6,460,413	\$5,417,457

Liabilities and Equity

Current Liabilities:

Accounts Payable	\$174,101	\$130,365
Accrued Payroll and Benefits (Note 9)	120,324	121,398
Current Installments under Capital Leases (Note 12)	69,544	47,443
Short Term Notes Payable (Note 11)	95,300	----
Other Current Liabilities (Notes 4 and 10)	65,011	59,420
Total Current Liabilities	524,280	358,626

Notes Payable (Note 11)	1,274,288	505,581
Accrued Injury and Damage Claims (Note 4)	52,760	58,183
Obligations under Capital Leases (Note 12)	1,112,939	1,143,011
Postretirement Benefits Other than Pensions (Note 9)	233,214	220,614
Deferred Revenue and Other Non-Current Liabilities	81,158	91,445
Total Liabilities	3,278,639	2,377,460

Equity:

Contributed Capital	3,297,348	3,127,662
Net Deficiency in Facilities	(115,574)	(87,665)
Total Equity	3,181,774	3,039,997

Total Liabilities and Equity	\$6,460,413	\$5,417,457
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See Notes to Consolidated Financial Statements.

New Jersey Transit Corporation and Subsidiaries

Consolidated Statements of Revenues and Expenses

(in thousands)

	Years Ended June 30,	
	2000	1999
Revenues:		
Passenger Fares	\$460,758	\$441,124
Other Revenues (Note 3)	49,090	52,191
Total Revenues	509,848	493,315
Expenses:		
Labor	382,374	360,323
Fringe Benefits	215,227	205,707
Parts, Materials and Supplies	97,409	91,128
Services	54,538	40,961
Claims and Insurance (Note 4)	26,079	19,666
Fuel and Propulsion	47,181	39,174
Trackage, Tolls and Fees	32,962	31,701
Utilities	19,149	23,939
Purchased Transportation	78,156	69,693
Interest	9,829	6,400
Other	15,355	14,861
Total Expenses	978,259	903,553
Loss Before Operating Assistance and Reimbursements and Depreciation	(468,411)	(410,238)
Operating Assistance and Reimbursements:		
State Appropriation	149,237	194,250
Federal Appropriation (Note 5)	428	483
Federal, State and Local Reimbursements	294,669	201,280
Total Operating Assistance and Reimbursements	444,334	396,013
Loss Before Depreciation	(24,077)	(14,225)
Depreciation	192,174	208,151
Loss Before Depreciation Transfer	(216,251)	(222,376)
Depreciation Transferred to Contributed Capital	188,342	203,406
Net Loss	<u>\$(27,909)</u>	<u>\$(18,970)</u>

See Notes to Consolidated Financial Statements.

New Jersey Transit Corporation and Subsidiaries

**Consolidated Statements of Net Investment
in Facilities and Contributed Capital****Years ended June 30, 2000 and 1999***(in thousands)*

	Net (Deficiency) in Facilities	Contributed Capital		
		Total	Federal	State, Local and Other
Balance June 30, 1998	<u>\$ (68,695)</u>	<u>\$3,081,820</u>	<u>\$1,923,150</u>	<u>\$1,158,670</u>
Loss Before Depreciation Transfer	(222,376)			
Capital Grants		412,505	251,757	160,748
Capital Grants Pass Throughs (Note 8)		(161,714)	(76,514)	(85,200)
Assets Removed from Service		(1,543)	(463)	(1,080)
Depreciation on Capital Improvements	<u>203,406</u>	<u>(203,406)</u>	<u>(132,374)</u>	<u>(71,032)</u>
Balance June 30, 1999	<u>\$ (87,665)</u>	<u>\$3,127,662</u>	<u>\$1,965,556</u>	<u>\$1,162,106</u>
Loss Before Depreciation Transfer	(216,251)			
Capital Grants		500,328	283,225	217,103
Capital Grants Pass Throughs (Note 8)		(139,269)	(65,738)	(73,531)
Assets Removed from Service		(3,031)	(2,155)	(876)
Depreciation on Capital Improvements	<u>188,342</u>	<u>(188,342)</u>	<u>(125,443)</u>	<u>(62,899)</u>
Balance June 30, 2000	<u>\$ (115,574)</u>	<u>\$3,297,348</u>	<u>\$2,055,445</u>	<u>\$1,241,903</u>

See Notes to Consolidated Financial Statements.

New Jersey Transit Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)

	Years ended June 30,	
	2000	1999
Cash Flows from Operating Activities:		
Loss Before Operating Assistance and Depreciation	\$(468,411)	\$(410,238)
Adjustments to Reconcile Loss Before Operating Assistance and Depreciation to Net Cash Used in Operating Activities:		
Interest on Investments	(11,592)	(13,966)
Interest Expense	9,829	6,399
Changes in Assets and Liabilities:		
Inventories	(11,286)	(3,115)
Other Current Assets	(1,143)	(2,341)
Other Assets	(3,751)	3,112
Accounts Payable	43,736	15,920
Accrued Payroll and Benefits	(1,074)	11,581
Postretirement Benefits Other Than Pensions	12,600	10,700
Other Current Liabilities	5,592	2,107
Accrued Injury and Damage Claims	(5,423)	(2,610)
Deferred Revenue and Other Non-Current Liabilities	(10,287)	(2,470)
Net Cash Used in Operating Activities	(441,210)	(384,921)
Cash Flows from Non-Capital Financing Activities:		
Operating Assistance and Reimbursements Received	438,831	394,180
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Transit Operating Property, Plant and Equipment, and Construction in Progress	(894,616)	(728,462)
Capital Grants	449,644	400,011
Increase in Obligations under Capital Leases	4,808	--
Repayment of Obligations under Capital Leases	(4,279)	(1,966)
Interest Payments	(9,829)	(6,399)
Transfers (to)/from Restricted Funds	(535,772)	43,858
Proceeds from Issuance of Notes	913,206	235,046
Repayment of Note Obligations	(15,653)	(1,000)
Net Cash Used in Capital and Related Financing Activities	(92,491)	(58,912)
Cash Flows from Investing Activities:		
Interest on Cash, Cash Equivalents and Investments	11,592	13,966
Net Decrease in Cash and Equivalents	(83,278)	(35,687)
Cash and Equivalents:		
Beginning of Year	225,624	261,311
End of Year	<u>\$142,346</u>	<u>\$225,624</u>

See Notes to Consolidated Financial Statements.

New Jersey Transit Corporation and Subsidiaries

Notes to Consolidated Financial Statements Years Ended June 30, 2000 and 1999

1. Organization and Business Purpose

The New Jersey Transit Corporation (NJ TRANSIT) was created by the New Jersey Public Transportation Act of 1979 and is empowered with the authority to acquire, own, operate and contract for the operation of public transportation services. NJ TRANSIT is a component unit of the State of New Jersey.

NJ TRANSIT receives operating assistance and capital funds from the State of New Jersey by legislative appropriation, the Federal Government by defined formula grants and discretionary funding under the Urban Mass Transportation Act of 1964 as amended by the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and the Transportation Equity Act for the 21st Century (TEA-21) of 1998 and Local sources. The federal grants are administered by the Federal Transit Administration (FTA). These government grants are used to support construction, acquisition and operation of public transportation facilities, equipment and services.

NJ TRANSIT provides these services through the operation of wholly owned bus and commuter rail subsidiaries. NJ TRANSIT also contracts with several motor bus carriers for certain transportation services. Under these contracts, NJ TRANSIT has the right to set fares and coordinate service levels and schedules. In addition, NJ TRANSIT contracts with the National Railroad Passenger Corporation (Amtrak) for the maintenance of certain NJ TRANSIT rolling stock and the use of Amtrak's Northeast Corridor, including propulsion costs, right-of-way maintenance costs and certain transportation services.

2. Summary of Significant Accounting Policies

General

The accounts are maintained on the accrual basis of accounting in conformity with generally accepted accounting principles of fund accounting for enterprise funds of State and Local governmental units. Also, all Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989, except those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements, have been applied.

Principles of Consolidation

The consolidated financial statements include the accounts of NJ TRANSIT and its wholly owned subsidiaries.

Reclassifications

Certain reclassifications have been made to the 1999 consolidated financial statements to conform to the current year's presentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and other short term investments with maturities of three months or less when purchased.

Investment Valuation

Investments are stated at fair value based on quoted market prices, when available (Note 6).

Capital Grants

NJ TRANSIT receives designated funds from Federal, State and Local sources for a substantial portion of its capital acquisitions and construction. The receivables for these capital grants and the related contributed capital are recorded when eligible expenditures are incurred on projects funded by such grants. Assets acquired in connection with capital grants are included in Transit Operating Property, Plant and Equipment ("Transit Operating Property"). Certain grants require a State or Local match at an agreed upon percentage of the total project costs.

Revenue Recognition

The two principal sources of revenue are passenger fares and governmental operating assistance. Passenger fares are recorded in the period in which the transportation services are provided to the customer. State of New Jersey appropriations represent the largest single source of operating assistance revenue. It is NJ TRANSIT's policy to record all operating assistance revenue in the year for which the funds are appropriated and earned. Federal, State and Local Reimbursements for planning and operating projects and leases are recorded as related expenditures are incurred.

Accounts Receivable

Accounts receivable are recorded net of an allowance for uncollectible amounts of \$2.6 million and \$2.0 million as of June 30, 2000 and 1999, respectively.

Transit Operating Property

Transit Operating Property is recorded at cost and depreciated using the straight-line method based on the estimated useful lives of the related assets as follows:

	Years
Buildings, Stations and Trackwork	25
Rail Cars and Locomotives	22-25
Buses, Vans and Light Rail Cars	5-15
Furniture, Fixtures and Equipment	3-10

Transit Operating Property that was acquired by the State of New Jersey Department of Transportation and subsequently transferred to NJ TRANSIT at cost, is recorded as Contributed Capital. Depreciation is included as an expense in the Consolidated Statements of Revenues and Expenses, with that portion of depreciation relating to assets funded by Federal, State or other Local contributions transferred as a reduction of Contributed Capital.

Ordinary maintenance and repairs are charged to expense as incurred. Expenditures over \$5,000 determined to represent additions or betterments with a useful life greater than one year are capitalized.

Inventories

Fuel, spare parts and supplies purchased are recorded as Inventories at average cost net of a reserve for slow moving and obsolete parts of approximately \$9.9 million and \$8.8 million as of June 30, 2000 and 1999, respectively.

Injury and Damage Claims

Injury and damage claims resulting from NJ TRANSIT operations are accrued at estimated award or settlement amounts when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. NJ TRANSIT is insured against public liability, property damage and Federal Employee Liability Act (FELA) claims through various levels of coverage placed with commercial insurance carriers. Such coverages include self-insurance retention.

Pension Costs

Current service costs, determined on an actuarial basis, are accrued. Prior service costs are amortized over a 30-year period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

NJ TRANSIT is exempt from Federal income taxes under the Internal Revenue Code, Section 115 and from State income taxes under NJSA 27:25-16. Accordingly, no provision is recorded for Federal and State income taxes.

3. Other Revenues

Other Revenues comprise the following:

(in millions)	For the years ended June 30,	
	2000	1999
Investment Income, Net	\$11.2	\$10.5
Leveraged Lease Benefits (Note 12)	--	7.0
Lease and Rental Revenues	10.1	8.7
Advertising Revenues	9.2	7.4
Other Operating Revenues	11.3	11.1
Other Non-Operating Revenues	<u>7.3</u>	<u>7.5</u>
Total Other Revenues	<u>\$49.1</u>	<u>\$52.2</u>

4. Injury and Damage Claims

As of June 30, 2000, NJ TRANSIT's self-insurance retention was \$5 million per occurrence with commercial excess liability insurance coverage for the amounts in excess of \$5 million to \$250 million. Additionally, NJ TRANSIT is self-insured for workers' compensation and employment practice claims. NJ TRANSIT has recorded an estimated liability of \$88.0 million and \$92.7 million as of June 30, 2000 and 1999, respectively, for outstanding public liability, property damage, FELA, workers' compensation and employment practice claims. Of this amount, \$35.2 million and \$34.5 million are included in Other Current Liabilities as of June 30, 2000 and 1999, respectively.

A reconciliation of total claims liability follows:

(in millions)	As of June 30,	
	2000	1999
Balance Beginning of Year	\$92.7	\$95.8
Claims Expense	23.0	17.0
Payment of Claims	<u>(27.7)</u>	<u>(20.1)</u>
Balance End of Year	<u>\$88.0</u>	<u>\$92.7</u>

5. Federal Grants

The Urban Mass Transportation Act of 1964, as amended by ISTEA and TEA-21, provides for the funding of a portion of NJ TRANSIT's operating costs and capital needs based upon a defined formula grant program. Generally, such funds may be utilized for no more than 80 percent of project costs for capital assistance or 50 percent for operating assistance. Funds are apportioned to NJ TRANSIT annually and generally are available until expended.

NJ TRANSIT also receives discretionary capital grant awards to supplement the capital assistance obtained from the defined formula grant programs. Such discretionary awards are generally limited to projects for equipment acquisition, continued system expansion and modernization or construction of major facilities.

6. Cash and Investments

The investment of NJ TRANSIT funds is governed by the by-laws of NJ TRANSIT. The Treasurer is authorized to invest and deposit funds of NJ TRANSIT in obligations and/or depositories, which are generally consistent with the investment policies of the State of New Jersey Cash Management Fund as permitted under Public Law 1950 and subsequent legislation or as otherwise prescribed by the Board of Directors of NJ TRANSIT. Investee institutions and organizations qualify as depositories based on such criteria as minimum capital, credit ratings and other evaluation factors.

Cash and investments consist of the following:

(in millions)	As of June 30,	
	2000	1999
Cash on Hand	\$5.6	\$3.5
Short Term Investments	<u>136.8</u>	<u>222.1</u>
Total Cash and Equivalents	142.4	225.6
Restricted Funds	<u>1,725.7</u>	<u>1,231.1</u>
	1,868.1	1,456.7
Less Leveraged Lease Deposits	<u>(939.0)</u>	<u>(976.2)</u>
Total Cash, Cash Equivalents and Investments	<u>\$929.1</u>	<u>\$480.5</u>

Government Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by NJ TRANSIT as of June 30, 2000. Category 1 includes investments that are insured or registered, or held by NJ TRANSIT or its agent in its name. Category 3 includes uninsured and unregistered investments held by a broker or dealer, by its trust department or agent, but not in the entity's name.

NJ TRANSIT's portfolio of cash and investments includes the following:

(in millions)	GASB Category	As of June 30,	
		2000	1999
Cash	1	\$7.2	\$5.1
State Cash Management Fund	N/A	12.5	51.2
Commercial Paper	3	891.4	348.9
U.S. Government and Agencies Obligations	1	11.8	9.1
Collateralized Investment Agreements (Note 11)	1	<u>6.2</u>	<u>66.2</u>
Total Cash and Investments		<u>\$929.1</u>	<u>\$480.5</u>

At June 30, 2000, NJ TRANSIT's cash balance was \$7.2 million. Of the cash balance, \$100,000 was covered by federal depository insurance and \$7.1 million was covered by a collateral pool maintained by the bank as required by New Jersey statutes. The New Jersey Cash Management Fund is a common trust fund administered by the New Jersey Department of Treasury, Division of Investment. Securities in the fund are insured, registered or held by the division or its agent in the fund's name.

All investments, except for investment agreements, are carried at fair value. Investment agreements are collateralized, non-participating guaranteed investment contracts, which are carried at cost. U.S. Government and Agencies Obligations are guaranteed by the full faith and credit of the issuing entity and are held by NJ TRANSIT's escrow agent in an account for NJ TRANSIT. Commercial paper is uncollateralized and uninsured and is limited to investment-grade paper.

7. Restricted Funds

Restricted Funds consist of cash, investments and amounts on deposit with various lessors restricted from use for normal operations and held for the following:

(in millions)	As of June 30,	
	2000	1999
Restricted Funds		
Grant Anticipation Notes (Note 11)	\$6.2	\$66.2
Certificates of Participation (Note 11)	242.2	103.8
Sublease Revenue Bonds (Note 11)	464.1	---
Secaucus Transfer Project	47.2	58.8
Newark Penn Station	9.4	9.7
All Other Restricted Funds	<u>17.6</u>	<u>16.4</u>
	786.7	254.9
Leveraged Lease Deposits	<u>939.0</u>	<u>976.2</u>
Total Restricted Funds	<u>\$1,725.7</u>	<u>\$1,231.1</u>

In October 1997, NJ TRANSIT entered into a funding agreement with Metro-North Commuter Railroad Company for the Secaucus Transfer Project and the right-of-way modifications to the Main/Bergen County and Northeast Corridor rail lines. This agreement provided for an initial cash payment to NJ TRANSIT. Such payment, along with interest earnings on investment of funds, have been recorded as Restricted Funds and Deferred Revenue.

Since fiscal year 1996, NJ TRANSIT has entered into leveraged leases with certain domestic and overseas lessors. Restricted funds for these lease agreements represent investment arrangements made to meet NJ TRANSIT's payment obligations throughout the term of the leases.

In May 1984, NJ TRANSIT purchased the land under and adjacent to Newark Penn Station along with air rights above the land and acquired operational control of the station. This arrangement also provides cash proceeds to NJ TRANSIT, which management projects will assist in the funding of net station operating expenses. Such proceeds have been recorded as Restricted Funds and Deferred Revenue.

8. Transit Operating Property

Transit Operating Property is summarized as follows:

(in millions)	As of June 30,	
	2000	1999
Buildings, Stations, Trackwork and Right-of-Way	\$2,858.0	\$2,347.1
Rail Cars and Locomotives	1,121.0	1,124.5
Buses, Vans and Light Rail Cars	774.2	550.5
Furniture, Fixtures and Equipment	278.3	251.5
Capital Projects in Progress	<u>1,417.8</u>	<u>1,469.8</u>
Transit Operating Property (at cost)	6,449.3	5,743.4
Accumulated Depreciation	<u>(2,116.4)</u>	<u>(1,969.8)</u>
Net Transit Operating Property	<u>\$4,332.9</u>	<u>\$3,773.6</u>

As of June 30, 2000, capital projects in progress include capitalized interest expense and income of \$81.4 million and \$54.6 million, respectively, related to the Grant Anticipation Notes and Certificates of Participation (Notes 11 and 12).

During fiscal years 2000 and 1999, NJ TRANSIT transferred \$139.2 million and \$161.7 million of assets, respectively, from Transit Operating Property and Contributed Capital to other entities. These amounts represented assets for which NJ TRANSIT has no ownership interest, primarily contributions to the betterment of Amtrak's Northeast Corridor rail line and amounts received to fund construction of the Newark Northeast Corridor Monorail Station.

9. Pension and Employee Benefit Plans

NJ TRANSIT and its subsidiaries have pension plans covering substantially all employees who participate in the New Jersey Public Employee Retirement System (PERS), certain police employees who participate in the Police and Fireman's Retirement System (PFRS) and certain rail operations employees who participate in the Railroad Retirement Fund. NJ TRANSIT contributes to the PERS plan, the PFRS plan and Railroad Retirement Fund based upon a fixed percentage of applicable compensation as determined by the respective plan sponsors. The PERS, PFRS and Railroad Retirement plans are cost sharing multiple employers defined benefit pension plans and require employee contributions. Contributions to these plans for the years ended June 30, 2000, 1999, and 1998 were \$29.1 million, \$27.4 million and \$25.8 million, respectively. The State of New Jersey issues separate, stand-alone financial reports for the PERS and PFRS plans that can be obtained through the Division of Pensions, State of New Jersey.

NJ TRANSIT employees not participating in PERS, PFRS or the Railroad Retirement Fund as defined above are covered by five defined benefit, single-employer pension plans. Total payroll used for benefits and cost calculations for employees covered by the five NJ TRANSIT sponsored plans was \$261.2 million, \$266.6 million and \$243.3 million for the 1999, 1998 and 1997 plan years, respectively. Under the provisions of the five pension plans, pension benefits vest after ten years of full-time employment. Employees are 100 percent vested if they are age 55 and have five years of full-time employment. As of June 30, 2000, an employee who retires at age 65 with 10 years of credited service is entitled to an annual retirement benefit equal to 1-3/4 percent for each year of service multiplied by the average of the highest three years earnings, excluding overtime, in the last 10 years of service. The sponsored pension plans also provide early retirement programs and death benefits.

Presented hereinafter is the total pension benefit obligation of the NJ TRANSIT sponsored pension plans as of June 30. A variety of significant actuarial assumptions are used to determine the valuation of the pension benefit obligation at the pension plan valuation dates. The current assumptions include (a) a weighted average assumed rate of return of 8.0 percent for all plans, (b) annual salary increases ranging from 4.9 percent to 6.4 percent, and (c) no postretirement benefit increases. For fiscal year 2000 there were no changes in actuarial assumptions or funding method.

Periodic employer contributions to the pension plans are also determined on an actuarial basis using the projected unit credit actuarial method. Normal

costs are accrued on a current basis. The prior service costs are amortized over a 30-year period. Contributions to sponsored plans during fiscal year 2000 were made in accordance with actuarially determined requirements computed through actuarial valuations performed as of July 1, 1999.

The plan assets are held in a variety of investment instruments including common stock, fixed income securities and corporate bonds.

The significant actuarial assumptions used to compute the contribution requirements are the same as those used to determine the pension benefit obligations. The pension benefit obligations of all NJ TRANSIT sponsored plans are summarized below.

Pension expense for defined benefit plans (excluding PERS, PFRS, and Railroad Retirement) totaled \$28.1 million, \$29.4 million and \$22.5 million for fiscal years 2000, 1999 and 1998, respectively.

For the three plan years ended 1999, 1998 and 1997, respectively, available assets were sufficient to fund 109.8, 107.5 and 106.7 percent of the pension benefit obligation. The (funded excess)/unfunded pension benefit obligation represented 20.0, 14.2 and 11.6 percent of the annual payroll for employees covered by NJ TRANSIT pension plans for 1999, 1998 and 1997, respectively. Disclosing the (funded excess)/unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. NJ TRANSIT's contributions to the plans for the three plan years 1999, 1998 and 1997, all made in accordance with actuarially determined requirements, were 10.6, 11.0 and 9.2 percent, respectively, of applicable annual covered payroll.

Of the five single employer defined benefit pension plans, four cover bus agreement employees and the fifth plan covers all non-agreement employees.

The four agreement plans are the Amalgamated Transit Union Employees Retirement Plan, the Transport Workers Union Employees Retirement Plan, the Utility Co-Workers Association Employees Retirement Plan and the Mercer Employees Retirement Plan. The single plan covering all non-agreement employees is the Non-Agreement Employees Retirement Plan. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. NJ TRANSIT maintains the authority to establish and amend benefit provisions of the non-agreement plan while the agreement plans are subject to the collective bargaining process. Separate audited financial statements are issued for the five pension plans, which can be obtained from NJ TRANSIT.

In addition to the defined benefit plans, NJ TRANSIT provides an employee savings and protection plan (401k) for all eligible non-agreement employees. This plan permits employees to contribute up to 22 percent of salary not to exceed \$10,500 annually on a pre-tax basis. NJ TRANSIT provides a maximum 50 percent matching contribution on the first 6 percent contributed by the employee.

NJ TRANSIT also provides a money purchase pension plan (401a) and employee savings/deferred compensation plan (457) for eligible agreement employees. The 457 plan permits employees to contribute up to 25 percent of salary not to exceed \$8,000 annually on a pre-tax basis. NJ TRANSIT contributed 3 to 5 percent of annual compensation to certain employees' accounts in the 401a plan.

NJ TRANSIT's expense for the defined contribution plans totaled \$10.8 million and \$9.3 million in fiscal years 2000 and 1999, respectively.

Recorded expenses for all plans (including PERS, PFRS and Railroad Retirement) amounted to \$68.2 million and \$66.4 million for fiscal years 2000 and 1999, respectively.

Pension Benefit Obligation

<i>(in millions)</i>	1999	1998	1997	1996	1995
Accrued Benefit Obligation:					
Participants Currently Receiving Payments	\$182.6	\$168.5	\$170.5	\$137.1	\$119.5
Employer-Financed Vested Benefits	197.1	186.0	165.1	166.7	151.2
Employer-Financed Non-Vested Benefits	64.0	60.2	11.5	10.3	8.9
	<u>\$443.7</u>	<u>\$414.7</u>	<u>\$347.1</u>	<u>\$314.1</u>	<u>\$279.6</u>
Pension Funding:					
Pension Benefit Obligation	\$535.1	\$506.7	\$420.0	\$382.2	\$345.3
Fair Value of Net Assets Available for Plan Benefits	587.5	544.6	448.4	369.6	320.2
(Funded Excess)/Unfunded Pension Benefit Obligation	<u>\$(52.4)</u>	<u>\$(37.9)</u>	<u>\$(28.4)</u>	<u>\$12.6</u>	<u>\$25.1</u>

In addition, NJ TRANSIT sponsors a health care plan that provides postretirement medical, dental and life insurance benefits for retired agreement and non-agreement employees.

Bus agreement retirees are eligible for benefits upon attainment of age 55 with 10 years of service or once the sum of their age plus their years of service is equal to or greater than 80. These benefits include retiree and spousal coverage for medical and life insurance. Dental coverage is also available for bus agreement retirees until the age of 65.

Rail agreement retirees are eligible for benefits once they reach age 60 with 30 years of service. These benefits include retiree and spousal coverage for medical benefits and life insurance. The spousal coverage becomes 100% contributory once the retiree reaches age 65.

Non-agreement retirees are eligible for benefits upon attainment of age 55 with 10 years of service or once the sum of their age plus their years of service is equal to or greater than 80. These benefits include retirees and spousal coverage for medical and life insurance.

Dental coverage is also available for non-agreement retirees until the age of 65 and for those non-agreement employees who retired under the Voluntary Special Retirement Program.

The accumulated Postretirement Benefit Obligation of NJ TRANSIT's Postretirement Benefit Plan is summarized as follows:

<i>(in millions)</i>	As of June 30,	
	2000	1999
Retirees	\$80.8	\$79.9
Fully Eligible Active Plan Participants	32.7	28.9
Other Active Plan Participants	<u>95.6</u>	<u>87.3</u>
Accumulated Postretirement Benefit Obligation	209.1	196.1
Unrecognized Net Actuarial Gain	<u>24.1</u>	<u>24.5</u>
Total Accrued Postretirement Benefit Cost	<u>\$233.2</u>	<u>\$220.6</u>

The accumulated Postretirement Benefit Obligation was determined using the unit credit method and an assumed discount rate of 7.75 percent. The assumed health care trend rate used for bus agreement employees was 6.5 percent for pre-age 65 retirees and 5.5 percent for post-age 65 retirees; for non-agreement employees it was 6.5 percent for pre-age 65 retirees and 5.5 percent for post-age 65 retirees; and for rail agreement employees it was 6.5 percent for pre-age 65 retirees only. The rate decreases to 5.5 percent, in all cases, by fiscal year 2001.

The net periodic Postretirement Benefit Cost for fiscal years 2000 and 1999 follows:

<i>(in millions)</i>	For the years ended June 30,	
	2000	1999
Service Costs	\$7.9	\$7.4
Interest Costs	14.8	12.7
Amortization of Actuarial Gain	--	(.2)
Total Net Postretirement Benefit Cost	<u>\$22.7</u>	<u>\$19.9</u>

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

<i>(in millions)</i>	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on Total of Service and Interest Cost Components	\$3.1	\$2.5
Effect on the Postretirement Benefits Obligation	\$22.9	\$19.1

10. Other Current Liabilities

Other Current Liabilities comprise the following:

<i>(in millions)</i>	As of June 30,	
	2000	1999
Injury and Damage Claims (Note 4)	\$35.2	\$34.5
Miscellaneous	<u>29.8</u>	<u>24.9</u>
Total Other Current Liabilities	<u>\$65.0</u>	<u>\$59.4</u>

11. Long Term Debt and Other Obligations

In January 2000, NJ TRANSIT issued \$234.1 million of certificates of participation bearing interest between 4.400 percent and 6.125 percent and maturing on September 15 of the years 2002 through 2015, inclusive. The proceeds of the certificates shall be used to purchase 200 rail cars and spare parts. As of June 30, 2000, total project expenditures financed through the proceeds from the sale of the certificates were approximately \$17.1 million. These certificates are special limited obligations of the Corporation payable solely from Federal Capital Grant proceeds and investment earnings on undisbursed proceeds held by the trustee. NJ TRANSIT has recorded the project expenditures, the remaining balance of cash received and the payment obligations as transit operating property, restricted funds and notes payable, respectively, in the Consolidated Statements of Financial Position (Notes 6, 7 and 8).

In August 1999, NJ TRANSIT entered into a 20-year lease/sublease agreement with the New Jersey Economic Development Authority (Authority) as required for the issuance by the Authority of its Transportation Project Sublease Revenue Bonds consisting of \$486.7 million in 1999 Series A Bonds and \$147.2 million 1999 Series B Bonds bearing interest between 4.375 percent and 5.750 percent and maturing on May 1 of the years 2001 through 2011, inclusive. These bonds are being issued to provide funds for the Southern New Jersey Light Rail system and the second phase of the Hudson-Bergen Light Rail system projects. As of June 30, 2000, total project expenditures financed through bond proceeds were approximately \$161.4 million. NJ TRANSIT has committed to rental payments in an amount equal to bonds' obligations and has recorded project expenditures, the remaining balance of bond proceeds and the payment obligations as transit operating property, restricted funds and notes payable, respectively, in the Consolidated Statements of Financial Position (Notes 6, 7 and 8).

In March 1999, NJ TRANSIT issued \$151.5 million of certificates of participation bearing interest between 3.625 percent and 5.000 percent and maturing on September 15 of the years 2001 through 2008, inclusive. The proceeds of the certificates were used to purchase 500 buses. As of June 30, 2000 total project expenditures financed through the proceeds from the sale of the certificates were \$151.5 million. These certificates are special limited obligations of the Corporation payable solely from Federal Capital Grant proceeds and investment earnings on undisbursed proceeds held by the trustee. NJ TRANSIT has recorded the project expenditures and the payment obligations as transit operating property and notes payable, respectively, in the Consolidated Statements of Financial Position (Note 8).

In April 1997, NJ TRANSIT issued \$351.6 million of capital grant anticipation notes bearing interest between 4.625 percent and 5.500 percent and maturing on September 1 of the years 2000 through 2003, inclusive. The proceeds of the notes were used to design, acquire, construct and equip the first phase of the Hudson-Bergen Light Rail system project. As of June 30, 2000, total project expenditures were \$351.6 million financed through the note proceeds. These notes are special limited obligations of the Corporation payable solely from note proceeds, Federal Capital Grant proceeds and investment earnings on undisbursed proceeds held by the Trustee. NJ TRANSIT has recorded the project expenditures and the payment obligations as transit operating property and notes payable, respectively, in the Consolidated Statements of Financial Position (Note 8).

Long Term Debt Maturities as of June 30, 2000:

<i>(in millions)</i>			
Fiscal Years	Principal	Interest	Total
2001	\$95.3	\$56.5	\$151.8
2002	119.8	51.2	170.0
2003	129.5	45.0	174.5
2004	122.8	39.0	161.8
2005	44.1	34.7	78.8
Thereafter	<u>841.8</u>	<u>211.9</u>	<u>1,053.7</u>
Total	\$1,353.3	\$438.3	\$1,791.6
Unamortized Premium	<u>16.3</u>		
Total Debt and Other Obligations	<u>\$1,369.6</u>		

12. Leases and Other Commitments

Leveraged Lease Transactions

In fiscal year 1999, NJ TRANSIT entered into a number of leveraged leases with certain domestic lessors. NJ TRANSIT has made investment arrangements to meet its payment obligations throughout the terms of the leases. Effective January 1, 1997, NJ TRANSIT changed its method of accounting for extinguishment of leveraged leased obligations to conform with Statement of Financial Accounting Standards (SFAS) Number 125 (Accounting Transfers and Servicing of Financial Assets and Extinguishments of Liabilities). In accordance with SFAS Number 125 the Corporation no longer records "in-substance" defeasance of its leveraged lease obligations as extinguished. Accordingly, NJ TRANSIT has recorded the payment of obligations as obligations under capital leases and the related investments as restricted funds in the Consolidated Statements of Financial Position (Notes 6 and 7).

Leveraged lease agreements are summarized as follows:

Fiscal Year of Lease Inception	1999
Lease Type	Domestic
Lease Term	Between 17 and 21 Years
Assets Leased	4 Bus Facilities
Present Value of Lease Obligations (in millions)	\$78.1

NJ TRANSIT received a benefit of \$7.0 million for fiscal year 1999 related to the above transactions. This amount has been included in Other Revenues (Note 3).

In connection with the above transactions, NJ TRANSIT has made certain indemnification provisions and must comply with certain lease

covenants. NJ TRANSIT is in compliance with such covenants through June 30, 2000.

Extinguished Leveraged Lease Obligations

Since fiscal year 1991, NJ TRANSIT has entered into a number of leveraged leasing arrangements with overseas investors for transit operating equipment. NJ TRANSIT has made investment arrangements to meet all of its payment obligations throughout the term of the leases for all of these agreements and in some instances has been released as the primary obligor. Accordingly, these lease obligations have not been recorded in the Consolidated Statements of Financial Position.

Extinguished Leveraged Lease Obligations effective as of June 30, 2000 follow:

Fiscal Year of Lease Inception	Lease Term	Assets Leased	Present Value of Remaining Rental Payments and Fair Option Purchase Price
			(in millions)
1997	18 Years	12 Locomotives	\$42.6
1995	7 Years	147 Buses	\$12.4
1995	15 Years	17 Arrow III Cars and 5 Electric Locom.	\$58.7
1995	15 Years	46 Arrow III Cars	\$82.5
1994	7 Years	91 Suburban and 74 Transit Buses	\$11.2
1994	15 Years	46 Arrow III Cars	\$71.2
1994	15 Years	48 Arrow III Cars	\$78.6
1993	15 Years	43 Arrow III Cars	\$70.5
1993	10 Years	16 Arrow III Cars	\$26.5

In connection with these lease agreements, NJ TRANSIT has made certain indemnification provisions and must comply with certain lease covenants. NJ TRANSIT is in compliance with such covenants through June 30, 2000.

Capital Leases

In 1996, NJ TRANSIT entered into a Design, Build, Operate and Maintain Agreement for the design, building, operation and maintenance of the Hudson-Bergen Light Rail system. In 1998, NJ TRANSIT entered into a contract for the purchase of 45 light rail cars for the Hudson-Bergen Light Rail system and the Newark City Subway system. These cars were financed through a sale of certificates of participation by the State of New Jersey in May 1998. The cars are subleased by the State and Department of Transportation of New Jersey to NJ TRANSIT pursuant to an Equipment Sublease Purchase Agreement. NJ TRANSIT is repaying the financed amount of \$156.2 million over fifteen years beginning June 2000 and ending June 2014.

In 1994, NJ TRANSIT entered into a 23-year lease/sublease agreement for the land adjacent to its Metropark Train Station for the purpose of constructing an above-ground parking facility. A portion of the financing for this facility was provided by the New Jersey Economic Development Authority through the issuance of parking facility sublease revenue bonds. NJ TRANSIT has committed in substance to make rental payments in an amount equal to the New Jersey Economic Development Authority bond obligations. The remaining rental payments have a present value of approximately \$16.1 million as of June 30, 2000.

In fiscal year 1991, NJ TRANSIT entered into a 25-year, \$66.7 million capital lease for its headquarters building in Newark, New Jersey. NJ TRANSIT will own this facility at the end of the lease. Rent increases every five years beginning at \$15.80 per square foot and rising to \$22.85 per square foot in year 21 of the lease.

In 1986, NJ TRANSIT entered into a \$35.9 million lease agreement for land and building facilities to be utilized for bus maintenance and storage. The initial lease term is 25 years and the lease contains options for an additional 25 years.

NJ TRANSIT has recorded Obligations under Capital Leases of \$1,182.5 million and \$1,190.4 million as of June 30, 2000 and 1999, respectively, of which \$69.5 million and \$47.4 million represent Current Installments under Capital Leases as of June 30, 2000 and 1999, respectively.

The cost of Transit Operating Property under capital leases, including leveraged leases, is summarized as follows and is included in Net Transit Operating Property (Note 8):

(in millions)	As of June 30,	
	2000	1999
Land and Buildings	\$535.4	\$526.6
Rail Cars and Locomotives	581.5	580.8
Buses	205.3	109.9
Transit Operating Property under Capital Leases (at cost)	1,322.2	1,217.3
Accumulated Depreciation	(436.5)	(375.2)
Net Transit Operating Property under Capital Leases	\$885.7	\$842.1

Annual depreciation of assets recorded under capital leases is included with depreciation expense.

Minimum Capital Lease commitments as of June 30, 2000 follow:

(in millions)

Fiscal Years	Principal	Interest	Total
2001	\$69.5	\$17.9	\$87.4
2002	100.5	20.5	121.0
2003	71.6	20.4	92.0
2004	73.1	23.3	96.4
2005	74.0	26.7	100.7
Thereafter	<u>793.8</u>	<u>689.8</u>	<u>1,483.6</u>
Total Capital Lease Commitments	<u>\$1,182.5</u>	<u>\$798.6</u>	<u>\$1,981.1</u>

As of June 30, 2000, NJ TRANSIT was committed for future expenditures under the following capital projects and special services which will be funded from Federal, State, Local or other capital sources:

(in millions)

Rolling Stock Improvement	\$160.1
Secaucus Transfer	102.2
Rail Passenger Facilities	97.9
Hudson-Bergen Light Rail	44.4
Rail Support Facilities and Equipment	32.0
Bus and Light Rail Infrastructure	31.1
Rail Infrastructure	26.4
Special Services	23.7
Montclair Connection	19.6
Monorail NEC Connection	19.2
Bus and Light Rail Rolling Stock	13.7
Ticket Vending Machines	11.6
Other	<u>75.9</u>
Total Capital Projects and Special Services Commitments	<u>\$657.8</u>

13. Contingencies

NJ TRANSIT is party to various legal actions and disputes. Although the ultimate effect, if any, of these matters is not presently determinable, management believes that collectively they will not have a material effect on the results of operations or consolidated financial position of NJ TRANSIT.

There are several locations within the State in which by virtue of ownership or use of the railroad or bus facilities, NJ TRANSIT is addressing environmental issues. Management has analyzed all of these matters and has provided for amounts that it currently believes are adequate and, in its opinion, the ultimate liability, if any, will have no significant effect on the results of operations or consolidated financial position of NJ TRANSIT.

NJ TRANSIT receives Federal and State grants for capital projects and other reimbursable activities which are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits will not have a material effect on the results of operations or consolidated financial position of NJ TRANSIT.

The Railroad Retirement Board has conducted an examination of NJ TRANSIT's payroll and tax records for prior fiscal years through 1991 and has proposed certain adjustments to increase NJ TRANSIT's payroll tax liability for that period. Management has analyzed all of these matters and has provided for amounts which it currently believes are adequate and, in its opinion, the ultimate additional liability, if any, will not have a significant financial effect on the results of operations or consolidated financial position of NJ TRANSIT.

The Americans with Disabilities Act (ADA) is a Civil Rights Law passed in July 1990. The law requires that people with disabilities be guaranteed access to public services, such as transportation. The ADA required that virtually all new equipment, services and facilities be fully accessible to people with disabilities. As a result, NJ TRANSIT was required to identify high usage, strategically located rail stations that would be given priority to be made accessible to people with disabilities. These stations were designated as "Key Stations." A Key Station plan was developed and submitted to the FTA by the July 26, 1992 deadline. This Key Station plan identified 37 stations that would be made accessible, 23 of which were to be made accessible by July 26, 1993. The remaining 14 stations required major renovations and time extensions were granted ranging from 1997 to 2008. The estimated total future costs of this project, \$50.5 million, will be funded by a mix of capital funding sources including Federal, State Transportation Trust and Casino Revenue funds. NJ TRANSIT must complete these renovations as required or face severe sanctions by the Federal Government. Failure to comply with the ADA can result in the termination of all Federal funds, as well as civil litigation by private citizens and the U.S. Department of Justice.

14. Subsequent Event

In August 2000, the Board of Directors approved a Note Resolution to allow for the sale of up to \$400 million in tax-exempt 2000A grant anticipation notes to refund NJ TRANSIT's capital grant anticipation notes, series 1997A currently outstanding in the principal amount of \$333.9 million. The 1997A capital grant anticipation notes were issued in May 1997 to finance the first phase of the Hudson-Bergen Light Rail system.



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Report of Independent Auditors

Board of Directors
New Jersey Transit Corporation

We have audited the accompanying consolidated financial statements of the New Jersey Transit Corporation, a component unit of the State of New Jersey, and subsidiaries as of and for the years ended June 30, 2000 and 1999. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Jersey Transit Corporation and subsidiaries as of June 30, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

Ernst & Young LLP

September 20, 2000

NJ TRANSIT Board of Directors**JAMES WEINSTEIN, *Chairman***

Prior to his appointment as State Commissioner of Transportation in December 1998, James Weinstein was president of Riverfront Associates, Inc., a strategic communications, government and public affairs firm. Mr. Weinstein spent a decade as a journalist for *The Philadelphia Bulletin*, *The Newark Evening News* and *The Courier News*. Between 1983 and 1989, he held a variety of positions in State government, including Executive Assistant to the Commissioner of the New Jersey Department of Transportation, Director of Communications and Community Relations for NJDOT, Senior Director of Majority Office of the New Jersey General Assembly and Special Assistant to the Governor and Director of the Governor's Independent Authorities Unit. Mr. Weinstein also served as a member of Governor Whitman's Transition Team and was appointed as the first Chair of the Port of Philadelphia and Camden. He is a former Commissioner of the Delaware River Port Authority, where he served as Vice Chair from March 1994 to June 1996. Mr. Weinstein is a member of the Board of Directors of the Maritime Exchange of the Delaware River and Bay and serves on the Board of the New Jersey Alliance for Action.

MYRON P. SHEVELL, *Vice Chairman*

Governor Christine Todd Whitman appointed Mr. Shevell to the Board in May 1995. He is Chairman of the Board of New England Motor Freight and Chairman of the Shevell Group - real estate, trucking and logistic companies. He is also Board Chairman of New Jersey Motor Truck Association and Regional Director of the Bank of New York. A resident of Long Branch, Mr. Shevell has worked in the trucking industry for more than 40 years.

VICTOR CANTILLO, *Governor's Representative*

Mr. Cantillo, who serves as Governor Christine Todd Whitman's representative, joined the Board in January 1994. As a financial advisor in the governor's Authorities Unit, he is the liaison for many of the state's other independent authorities. A native of Brick, Mr. Cantillo holds the position of Executive Director of the New Jersey Educational Facilities Authority.

ROLAND M. MACHOLD, *State Treasurer*

Mr. Machold serves on the Board in an ex officio capacity as the Treasurer of the State of New Jersey. Prior to his appointment in August 1999 by Governor Whitman, he was the Director of the State's Division of Investment. During his tenure the state's investment portfolio grew to become one of the largest state investment funds in the nation. He has been with the State Treasury Division for over 23 years.

JAMES POOLE, *State Treasurer's Designee*

Appointed to represent State Treasurer Roland Machold on the Board, Mr. Poole has served since 1997 as Director of the Department of Treasury's Office of Public Finance and has been with the department in various positions for the last 16 years. A resident of New Providence, he also serves on the Board of Directors of the New Jersey Transportation Trust Fund, as well as on the Board of New Jersey Mortgage Finance Agency.

JOHN L. MCGOLDRICK

Mr. McGoldrick has been a member of the Board of Directors since the agency's establishment in December 1979. He is President, Medical Devices Group of Bristol Myers Squibb and also Senior Vice President and General Counsel. He is a resident of Princeton. Previously, he was a partner in the law firm of McCarter & English.

PATRICK W. PARKINSON

Mr. Parkinson, a resident of Middletown, was appointed to the Board by Governor Christine Todd Whitman in September 1994. He is Executive Director of the Middletown Sewerage Authority and a member of the Middletown Township Committee.

FLORA M. CASTILLO

Ms. Castillo was appointed to the Board in April 1999. She is Associate Vice President of Marketing and Public Affairs of Keystone Mercy Health Plan. A resident of Ventnor, she is active in community and government affairs.

NJ TRANSIT Advisory Committees

To assure citizen representation, two transit advisory committees – one serving North Jersey and another in South Jersey – regularly advise the Board of Directors on riders' opinions. Committee members are appointed by the Governor with the approval of the State Senate.

North Jersey Transit Advisory Committee

Suzanne T. Mack, Chairperson
Ronald Monaco, Vice Chairperson
Nino Coviello
Michael DeCicco
John Del Colle
Robert Dinardo
Kathy Edmond
Margaret Harden
Peter Koelsch
Maria LoRe
Ralph White
Audrey S. Wilson
William R. Wright

South Jersey Transit Advisory Committee

Anna Marie Gonnella, Chairperson
Ruth Byard, 1st Vice Chairperson
Jeffrey Marinoff, 2nd Vice Chairperson
Robert Dazlich, Secretary
Stephen J. Cesare
Richard D. Gaughan
Carl Howell
Calvin O. Iszard Jr.
Daniel Kelly
Val Orsinmarsi
Dominick Paglione
Fred Winkler

The Americans with Disabilities Act (ADA) Task Force includes individuals with disabilities who assist NJ TRANSIT in the implementation of its ADA improvements plan.

Americans with Disabilities Act Task Force

Nina Edwards
Harriet Findlay
Robbie Friedner
Luke Koppisch
Lee Nash
Charlie Newman
Robert Paige
Virginia Peters
Kenneth Wedeen
Ina White

The Business Transit Alliance advises public and private sector employers about public transportation options.

Business Transit Alliance

Joseph F. Luste Jr., Chairman
Michael Egenton, Vice Chairman
Robert Bocchino
Louis V. Capadona
MariLou Cruz
Michael C. Cubbage
Paul Dickard
Richard Diegnan
Gregory Dunlap
Isidor Farash
S. Thomas Gagliano
Joseph Gazzara
Jerry Keenan
Dawn Keiser
Allen Magrini
Brian McClean
Michael Perrette
Louis J. Pignataro
Martin Robins
Gerry Romano
Robert Spear
Charlotte Tomaszewski
Jeffrey A. Warsh
Melanie Willoughby

The Transit Plus Advisory Board advises public and private sector employers in Essex and Union counties on the requirements of the Federal Clean Air Act.

Transit Plus Advisory Board

John R. Smith, Chairman
Al Trenton, Vice Chairman
Vincent DiMauro
John McKinney, Esq.
Raul J. Mendes
Nancy Munson
Sam Nesbitt
Patricia Ott
Nancy Schmatz
Stephen J. Schmidt
Gene A. Vincenti
Jeffrey A. Warsh
Ronald S. Weening

The Private Carrier Advisory Committee was created in 1986 to monitor the concerns of New Jersey's private carriers.

Private Carrier Advisory Committee

Gary D. Mariano, Co-chairperson
Francis Tedesco, Co-chairperson
Robert DeCamp
John Failla
Marta Mazzarisi
William Revere
John Solomita

The Special Services Citizens Advisory Committee advises the corporation on public transit decisions regarding accessibility issues.

Special Services Citizens Advisory Committee

Ann Burns, Chairperson
Daniel Malloie, Vice Chairperson (1999)
Thomas Crawford, 1st Vice Chairperson
Frank Herbert, 2nd Vice Chairperson
Kathleen Belles
Pauline Benson (1999)
Donald Boeri
Christina Brino
Stephen Cesare
Harriet Findlay
James Geraghty (1999)
Sigmund A. Kay
Leroy Nash
Joseph Phillips
Richard Pinho
Dorothy Richardson
John Stanik
William R. Wright

NJ TRANSIT Executive Committee

Jeffrey A. Warsh, *Executive Director*

Stanley J. Rosenblum, *Deputy Executive Director
and Chief Operating Officer*

Matthew J. Stanton, *Chief of Staff*

Dan Censullo, *Assistant Executive Director,
New Rail Construction*

Rebecca Fields, *Deputy Attorney General*

Robert J. Guarnieri, *Auditor General*

Albert Hasbrouck III, *Senior Director, Corporate Affairs*

Frank Hopper, *Assistant Executive Director, Procurement
and Support Services*

Z. Wayne Johnson, *Assistant Executive Director,
Human Resources*

William R. Knapp, *Vice President and General Manager,
Rail Operations*

Maureen A. Milan, *Vice President and General Manager,
Bus Operations*

Mary Rabadeau, *Chief, NJ TRANSIT Police*

James Redeker, *Assistant Executive Director, Planning*

Peter Saklas, *Assistant Executive Director, Engineering,
Development and Construction*

Herman Volk, *Assistant Executive Director, Corporate
Communications and External Affairs*

Gwen A. Watson, *Board Secretary*

H. Charles Wedel, *Chief Financial Officer and Treasurer*

NJ TRANSIT
The Way To Go.



THE 2020 TRANSIT MAP

Possibilities for the Future

The 2020 Transit Map: Possibilities for the Future conveys the potential for different types of transit services and lists potential new transit projects within New Jersey over the next twenty years. It is not a complete list of transit projects for implementation, nor is it a commitment to implement all the projects listed. Rather, it is an illustration of the potential projects and types of transit services



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