

**NJ TRANSIT BOARD MEETING
MINUTES
OPEN SESSION
2/17/2010**

NJ TRANSIT

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



February 22, 2010

Dear Governor Christie:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the re-scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc., Board of Directors held on Wednesday, February 17, 2010.

Sincerely,

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

Gwen A. Watson
Board Secretary

Enclosures

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

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Enclosures

Honorable Chris Christie
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**NJ TRANSIT BOARD MEETING
NARRATIVE
OPEN SESSION
2/17/2010**

(NJT Board – 02/17/2010)

Minutes of the actions taken at the Open Session of the re-scheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Wednesday, February 17, 2010.

Present:

James S. Simpson, Chairman
Myron P. Shevell, Vice Chairman (By Telephone)
Johanna Barba Jones, Governor's Representative
Steve Petrecca, Treasurer's Representative
Flora Castillo (By Telephone)
Kenneth E. Pringle

James Weinstein, Executive Director
Gwen A. Watson, Board Secretary
Lynn Bowersox, Assistant Executive Director, Communications & Customer Service
James Gigantino, Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Kim Vaccari, Chief Financial Officer & Treasurer
Steve Santoro, Assistant Executive Director, Capital Planning and Programs
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Emmett Lewis, Acting Vice President, Diversity
Warren A. Hersh, Auditor General
Kenneth Worton, Deputy Attorney General

Chairman James S. Simpson convened the Open Session at 2:00 p.m. in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations, attorney-client litigation and personnel matters. A motion was made by Kenneth E. Pringle, seconded by Myron P. Shevell and unanimously adopted.

Chairman Simpson reconvened the Open Session at 2:30 p.m. and asked for a motion to adopt the minutes of the January 6, 2010 and January 28, 2010 meetings. A motion was made by Kenneth E. Pringle and seconded by Flora Castillo and adopted. Steve Petrecca recused himself from voting on this item.

Executive Director James Weinstein highlighted the following from his monthly business report.

Executive Director Weinstein was pleased to be here as NJ TRANSIT's new Executive Director, and speaking at his first regular Board meeting in this position. He said it is truly an honor to be selected by Governor Christie and the Board of Directors to serve as the Executive Director. He looks forward to working with everyone.

Executive Director Weinstein said this is something of a homecoming for him, as he formerly served as Department of Transportation Commissioner and consequently, NJ TRANSIT Board Chairman. As such, he is well aware of the extraordinary talent here and he knows that NJ TRANSIT has an outstanding record of delivering safe, reliable service for customers statewide, as well as leadership for the transit industry nationwide.

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Executive Director Weinstein was proud to say that the people who work here and have worked here over the years are the best of the best. In fact, he has spent eight years traveling around the country, and whether at Amtrak or AECOM, he has run into alums of NJ TRANSIT who are responsible for running transit systems or large agencies in other parts of the United States.

Executive Director Weinstein is committed to working with the Board and staff to build on that strong foundation and to continue improving the NJ TRANSIT system, particularly in the midst of building one of the largest infrastructure projects New Jersey has ever undertaken, the Access to the Region's Core tunnel project. The opportunity to lead this agency is what drew him back to public service. Despite the many challenges NJ TRANSIT faces in an uncertain economy, he knows this organization is well positioned to respond with creative solutions, innovations to better serve customers, and an entrepreneurial spirit to turn business challenges into opportunities.

Executive Director Weinstein said it is important to be upfront and talk about the challenges NJ TRANSIT faces because they are as urgent as they are complex. Last week Governor Christie announced an 11 percent reduction in the Fiscal Year 2010 state subsidy, a reduction of about \$33 million. While the Governor understands and values the public transportation network and appreciates the importance of the transit system to mobility, the state faces a current year deficit of \$2 billion and a set of very difficult choices to keep the state budget balanced.

Executive Director Weinstein candidly said the outlook is even more grim for Fiscal Year 2011 both for the state and for NJ TRANSIT. In the transition report that he helped prepare as head of the transportation subcommittee, the prediction was that NJ TRANSIT would face a budget deficit next year of about \$200 million. After reviewing more recent data, the projected operating deficit is approaching \$300 million.

Executive Director Weinstein said working with the Governor's office and the Board, he has an obligation to balance the budget. Balancing the budget will take a combination of actions and some innovative thinking about doing things differently than we have done before. While NJ TRANSIT is still developing the budget plan, Executive Director Weinstein said he is committed to a process that holds high standards. First, NJ TRANSIT will not compromise safety and service reliability. Second, NJ TRANSIT will not ask customers to pay more at the fare box until NJ TRANSIT has identified every possible efficiency and sacrificed internally. Everything is under review, including reducing payroll and fringe expenses, locking in fuel costs and reducing parts inventories.

In discussing impacts on fares and service, NJ TRANSIT will be absolutely transparent, and seek the input of customers and stakeholders on any fare and service proposals. Executive Director Weinstein appreciates some of the good ideas he has already been hearing from labor partners and will continue to seek opinions and listen carefully to suggestions that improve this agency.

Executive Director Weinstein will reach out to many people over the next few days to solicit input as the fare and service change proposals develop and he is deeply committed to facing these difficult times.

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In his career, Executive Director Weinstein said he has followed both good acts and bad acts, and Rich Sarles was a very good act. Though it's tough to follow a good act, Executive Director Weinstein is eager to rise to the challenge and the high marks that Rich has set.

Executive Director Weinstein said it is his pleasure to honor his good friend and former Executive Director Rich Sarles today for his outstanding leadership and said several Board Members would also like to say a few words.

Chairman Simpson, formerly of the Federal Transit Administration, said he worked with Rich Sarles to bring the Access to the Region's Core project to fruition. Mr. Sarles is a great public servant. Chairman Simpson said he has seen many transit systems but NJ TRANSIT is positively the best system around the country with clean and safe equipment. He said this would not happen without the expert leadership and engineering background Mr. Sarles possesses. Chairman Simpson expressed best wishes to Mr. Sarles on behalf of the Board of Directors and NJ TRANSIT employees and said he would always have a home at NJ TRANSIT.

Board Member Kenneth E. Pringle is impressed with Mr. Sarles' keen knowledge of the company and operations and his willingness to answer questions. Mr. Sarles has always been an extraordinary professional and has a way of making every single person feel valuable and important. Board Member Pringle said Rich Sarles is an extraordinary person to work with and NJ TRANSIT has been very fortunate to have him as Executive Director. He thanked Mr. Sarles for all of the work he has done.

Board Member Myron P. Shevell said he has worked closely with Rich Sarles on many projects. He said no one but Rich Sarles has the knowledge and the ability to be calm, cool and collected during some very difficult times and he is honored to have worked with him. Board Member Shevell said he will personally miss Mr. Sarles and wished him the best in all his future endeavors and said the door is always open to him at his company headquarters in Elizabeth.

Board Member Flora Castillo echoed her fellow Board member comments and thanked Mr. Sarles for his leadership and for being the bridge to customers in New Jersey and across the Hudson River. She said Mr. Sarles will be truly missed and he is a true employees' boss. Board Member Castillo said Mr. Sarles will always have a home in Atlantic City and expressed best wishes in all his new opportunities.

Rich Sarles thanked everyone for all of their kind words. He said all of the men and women at NJ TRANSIT make it the premier public agency in the United States. He thanked the Board Members and the executive management team who met challenges, seized opportunities and moved ahead. There will be more challenges and opportunities in the future and this team of dedicated employees can meet all of them. Mr. Sarles said Board Member Pringle provided the insight to do things differently and use existing resources to get it done. Mr. Sarles thanked Governor Christie for nominating Chairman Simpson and Executive Director Weinstein to lead transit.

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Advisory Committee

Suzanne Mack presented the Advisory Committee report. Ms. Mack welcomed Chairman Simpson and Executive Director Weinstein and said they have a seasoned group of public Board Members to assist them as they transition into their new positions. Ms. Mack explained the role of the North and South Jersey Transit Advisory Committees. The Committees were formed in accordance with the legislation that created NJ TRANSIT with the intent to give voice to the commuters who ride the system and to be a liaison to the Board of Directors. Kenneth E. Pringle is the current Board liaison with the Advisory Committees. Ms. Mack said it is an exceptional and challenging time and the committees are excited to work with the new Chairman and Executive Director. Ms. Mack said Governor Christie has put together an excellent transit team and said NJ TRANSIT and the New Jersey Department of Transportation will work together to handle the future challenges. She said the economic downturn has had an effect on all transit agencies across the country and NJ TRANSIT has already begun to implement service reductions. With the 2011 budget challenge, Ms. Mack said the Advisory Committees and commuter groups can be a sounding board for NJ TRANSIT. There will be a joint meeting of the Advisory Committees with management in mid-March. She said the Advisory Committees are ready to assist and she is pleased the Governor put together a qualified transit team.

Board Committee Reports

Board Member Kenneth E. Pringle presented the Capital Planning, Policy and Privatization Committee report to the Board. The Committee reviewed plans for the revamping of pedestrian and vehicular traffic in front of Newark Penn Station. The Committee also reviewed a plan to more efficiently utilize the parking and turnaround area at the Market Street Paterson bus garage by moving the fueling lanes, reconfiguring the front entrance, and gaining 10 new parking spaces for buses. Art Silber updated the Committee on the progress of the Access to the Region's Core Tunnel Project.

Executive Director Weinstein announced a series of public hearings to be held at the end of March to talk about the fare and service change proposals. The hearings will be held in Newark, Atlantic City, Trenton, Secaucus, Camden, Paterson, Hackensack, Manalapan and New York. An extended period of public comment will be available online on the NJ TRANSIT website beginning in early March.

More detailed information on the proposals and the hearings will be made available in the next week or two on the website and through formal public notices statewide. Executive Director Weinstein said he will be personally involved in as many of those hearings as possible and he wants to hear what stakeholders, labor and customers have to say.

Executive Director Weinstein noted that at the invitation of Assembly Transportation Committee Chairman John Wisniewski, he will be testifying before the Assembly Transportation Committee tomorrow morning to report on where we stand in this process.

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Executive Director Weinstein said we will work together to get through and navigate during these difficult economic times.

Board Member Flora Castillo presented the Administration Committee report to the Board. The Committee discussed the need to purchase materials and equipment for the electric and diesel locomotives in order to maintain a state-of-good-repair and to improve reliability and on-time performance. The Committee received a briefing on the Bus Operations Employee Development Program, which has addressed four areas of concern: 1) workforce approaching retirement age; 2) inadequate staff trained to replace key personnel; 3) need to enhance skill set of current employees; and 4) the need to develop a comprehensive transportation training program.

Public Comments on Agenda Items

There was one public comment on agenda items. Board Secretary Watson announced a three minute time limit for speakers.

Joseph Clift welcomed Chairman Simpson and Executive Director Weinstein to their inaugural meeting and applauded them for addressing the budget issues now instead of June or July. Mr. Clift read a quote from Governor Christie's speech last week, "NJ TRANSIT will have to improve the efficiency of its operations" and "let us live within the means the people are already providing us and not take more of their hard-earned wages and savings from their pockets". Mr. Clift said more research needs to be done on the electric and diesel locomotive project and questioned the need for sole source purchases. He asked if it is necessary to undertake the Newark Penn Station Raymond Plaza West Improvements at this time and suggested the money could be spent elsewhere. Mr. Clift said the Risk Management and Insurance Program item should be revisited. In today's environment, it makes sense to go back to the people you are doing business with and ask for a better deal. Regarding the Hudson-Bergen Light Rail Litigation Support item, Mr. Clift suggested revisiting this item and asked if it was necessary to pay close to \$1 million for electronic discovery for one lawsuit.

Executive Director Weinstein presented the following Action Items for approval:

1002-3: ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT

In the past year, NJ TRANSIT has been implementing an in-house equipment maintenance program called Condition Based Maintenance for the electric and diesel locomotive fleet. Maintenance staff focus on known areas of failure to make certain that major components and subsystems are upgraded to the latest industry standards. This replaces the former mid-life overhaul and has improved reliability, decreased costs related to component failures and extended the useful life of those locomotives. Each year, eight of the fleet of 166 locomotives will be upgraded through this Condition Based Maintenance Program. In many cases, the components required for the upgrades are only available through original equipment manufacturers or sole and single source vendors, although NJ TRANSIT will request bids for parts where feasible.

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Authorization is requested to contract with the lowest responsive, responsible bidders and with sole and single source and original equipment manufacturers for these locomotive components from calendar years 2010 through 2017 at a cost not to exceed \$32 million plus five percent for contingencies.

Kenneth E. Pringle moved the resolution, Myron P. Shevell seconded it and it was unanimously adopted.

1002-4: NEWARK PENN STATION RAYMOND PLAZA WEST IMPROVEMENTS: AMENDMENT TO ENGINEERING AND DESIGN CONTRACT

In addition to being a major regional transportation facility, Newark Penn Station is a gateway to the City of Newark with more than 50,000 customers passing through the station daily. The area directly in front of the station has become congested and needs enhancements to make it safer and more friendly for both pedestrians and automobiles. Authorization is requested to amend an existing Task Order Contract for engineering design with Gannett Fleming, Inc. to create a two way street with a roundabout in front of the station entrance, along with roadway improvements, crosswalk warning lights and increased drop off/pick up spaces. Benches and way-finding signs will be installed, pedestrian lighting will be upgraded as well as improved traffic signals and a new taxi queuing area. The contract, which will be funded by the American Recovery and Reinvestment Act of 2009 economic stimulus program, will not exceed \$195,229 above the previously authorized \$500,000, plus five percent for contingency. This change will result in an overall project savings from the original estimate of approximately \$1.3 million since less property will be required.

Kenneth E. Pringle moved the resolution, Steve Petrecca seconded it and it was unanimously adopted.

1002-5: MARKET STREET PATERSON BUS GARAGE FUEL LANES RELOCATION: CONSTRUCTION CONTRACT AWARD

The Market Street Bus Garage in Paterson was constructed in 1903 and serves as a storage and maintenance facility for 125 buses serving interstate and local routes. A reconfiguration of the fueling lanes is necessary to move the fueling function to the inside of the building which will require less maneuvering through the existing narrow lanes. The front entrance will also be reconfigured, creating an additional 10 parking spaces for buses. Authorization is requested to contract with the low bidder APS Contractors, also of Paterson, to make these improvements to the Market Street Garage at a cost not to exceed \$1,754,950 plus five percent for contingency.

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Flora Castillo moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

Executive Director Weinstein presented the following Consent Calendar for approval:

1002-6: RISK MANAGEMENT AND INSURANCE PROGRAM: BROKER SERVICES

Authorization to contract with Marsh USA to act as NJ TRANSIT's Risk Management/Insurance Broker for two years with the option to continue to contract with the broker for up to two years with compensation capped at \$385,000 per fiscal year. In addition, supplemental risk management services may be requested by NJ TRANSIT and provided by the broker on an as-needed basis. Such additional services would be at a cost not to exceed \$75,000 per fiscal year.

1002-7: HUDSON-BERGEN LIGHT RAIL LITIGATION SUPPORT: COMPENSATION OF EXPERT ELECTRONIC DISCOVERY CONSULTANT (WATERS EDGE CONSULTING)

Authorization to reimburse Waters Edge Consulting of Reston, Virginia, for expert electronic discovery consultant services in the amount of \$945,000, subject to the availability of funds.

The Consent Calendar was moved in its entirety by Myron P. Shevell, seconded by Flora Castillo and unanimously adopted.

Public Comments on Non-Agenda Items

There were nine public comments on non-agenda items. Board Secretary Watson announced a three minute time limit for speakers.

William Hathaway Jr., bus and train commuter, commented on the possible fare increase. He said it is unfair that the general public will be asked to pay more. He said NJ TRANSIT should stop allowing employees to ride for free and NJ TRANSIT's Executive Director should take a pay decrease. He said the citizens of the State need to advocate for better service, no fare increase and no service reductions. Mr. Hathaway said he will boycott against the legislators who vote for the fare hike and he will also write to Governor Christie. Mr. Hathaway plans on attending the upcoming public hearings regarding the fare increase.

Dan O'Connell, United Transportation Union, welcomed Chairman Simpson and said these are exciting and challenging times. Mr. O'Connell was heartened by the Chairman and Executive Director's remarks and is pleased they know that NJ TRANSIT is a premier transit agency and has the best bus and rail employees in the nation. During these difficult economic times, Mr. O'Connell asked that whatever actions are taken should move the transit agency forward and not backward. He said he remembers the bad old days of poor infrastructure. Mr. O'Connell expressed best wishes to Chairman Simpson and Executive Director Weinstein.

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David Peter Alan, represents riders on the Morris & Essex and Montclair-Boonton Lines, Chair of the Lackawanna Coalition and Vice-Chair of the Senior Citizens and Disabled Residents Transportation Advisory Committee. In both capacities, he represents people who depend on NJ TRANSIT as their sole source of mobility.

Mr. Alan spoke personally. Because of his disability, he is not permitted to operate a motor vehicle. While he uses all modes of transit, he only has the mobility that NJ TRANSIT allows him to have. He has been on over 150 transit systems in the United States and Canada, but every journey begins and ends on the Morris & Essex Line in South Orange.

Mr. Alan is deeply concerned that his personal mobility, along with that of everyone else who is dependent on transit, will be reduced. What mobility is left will cost much more. This will not happen to motorists or truckers, who will not be required to pay higher tolls or more specifically gasoline taxes and have not for the past 22 years. Transit riders will again pay more and face service reductions, even though service on the Morris & Essex Lines has been drastically cut since 2006, especially at off-peak hours.

It appears that, in the name of managerial efficiency, the Governor will cut \$32.7 million from NJ TRANSIT's budget. It is impossible to cut enough administrative jobs to fill in this gap, so transit riders must suffer. Not only is this unfair when motorists and truckers are protected from paying more to New Jersey for mobility, but it appears that transit riders will be singled out to pay higher fares for an actual reduction in mobility, in the form of service cuts.

Mr. Alan said he is a person who depends on transit because of a disability and he will call this policy what it is. It is discrimination, pure and simple. This policy disproportionately affects people with disabilities, seniors, the poor and persons who choose to use transit to help make their communities livable and protect the environment. This policy that will make transit riders suffer is done either intentionally or with reckless disregard for the mobility of transit riders, when motorists and truckers will lose no mobility.

Against this backdrop, this Board and management can still save over \$3 billion by eliminating the proposed deep cavern terminal and building any new rail capacity into the existing Penn Station. Mr. Alan has proof that the contracts approved in December and January have not been awarded, so there is still time for this administration to prove its honesty and not waste New Jersey's money on a terminal that is unsafe, overly expensive and inconvenient. If these contracts for the deep cavern terminal are awarded now, this administration will have sacrificed its credibility on this issue and proven its total disregard for people who depend on NJ TRANSIT for their mobility.

As a transit dependent person, Mr. Alan asked the Board to allow him and people like him to work to make sure that the available money is spent to improve transit and mobility. He said if people are subject to the Board's decisions, the people have a right to participate effectively in those decisions. Anything less is manifestly unfair and discriminatory.

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Albert Papp, Director, New Jersey Association of Railroad Passengers, welcomed Chairman Simpson and Executive Director Weinstein. He said it comes as no surprise to anyone that the recent economy of the nation and the state has laid an egg. Now the day of reckoning has arrived for the State of New Jersey in general and NJ TRANSIT in particular. The profligacy of the past has officially stopped and imposed from without by newly elected Governor Christie and not from within by management. For decades, the Democrats would (to paraphrase a somewhat humorous CNBC financial commentator) spend, spend, spend. The Republicans would cut, cut, cut. And both sides would bond, bond, bond.

The Transportation Trust Fund is almost broke. Due to excessive bonding, declining revenues collected from the Motor Fuels Tax are barely sufficient to pay the interest on the debt. Yet, NJ TRANSIT continued merrily on its own course, oblivious to the new realities, ordering new equipment and locomotives funded by the public and planning the largest infrastructure project in the State's history, this despite a collapsing economy and declining ridership.

Mr. Papp said a news report stated that NJ TRANSIT may have to raise fares by as much as 30 percent and cut services. According to a radio station, the operating unions have been notified of possible layoffs. A Morris & Essex station agent has reported that monthly commutation sales are down 17 percent. While NJ TRANSIT has not announced its ridership publicly, the Long Island Railroad has and it is off significantly. He said NJ TRANSIT is at the Rubicon.

Mr. Papp challenged the Board to face up to the unenviable task of making some hard decisions, especially with regard to NJ TRANSIT capital outlays. It has a fiduciary responsibility to the citizens of the state and accountability to NJ TRANSIT's constituency, its riders. In its corporate existence, it has reversed NJ TRANSIT management only twice, in 1995 and 1996, on minor matters.

Mr. Papp asked the Board to exercise its oversight capabilities and order NJ TRANSIT management to "right size" its proposed Mass Transit Tunnel. Clearly, the state cannot afford it and its necessity, given the current and continuing recession, is highly questionable.

Now is the time for the Board to exercise its independence and act as an independent body. Had the respective Boards of Enron and Worldcom acted judiciously, their implosions may have been avoided. Had there been governmental oversight at the federal level, the real estate bubble and subsequent foreclosure debacle could have been avoided.

Consider the new realities. The state is broke. NJ TRANSIT will have to raise fares, cut services and yet the tunnel project goes on without any gubernatorial, legislative or Board oversight. What's wrong with this picture? Will riders be thrown under the bus so vast and costly monuments to certain individuals' egos proceed? The Board needs to act now.

Brad Payeur, Member of Lackawanna Coalition, said the Coalition looks forward to a new era of mutual respect and cooperation between this Board, management and the

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representatives of the riding public to ensure that he riders have the best transit possible. At a time when little money will be available for projects or operations throughout New Jersey and the rest of the nation, he asked the Board to remember that its first responsibility is to the transit riders of the State. Since the Governor has said he is reluctant to require motorists and truckers to contribute more to the costs of mobility in New Jersey through increased gasoline taxes and highway tolls, the Coalition asked that the transit riders not be required to shoulder the burden of increasing their own contributions through higher fares, especially when there are rumors of impending severe service cuts, along with a massive fare increase.

Mr. Payeur said this is especially vital, since \$32.7 million will be cut from the NJ TRANSIT budget. At \$65,000 per job, it would take a cut of 500 administrative jobs to save that much money without service cuts or a fare increase. Clearly this is impossible, so the Coalition protests this decision to make transit riders suffer in a way that motorists and truckers will not. The Coalition requests that the Board take the representatives of the riding public seriously enough to work with them to arrive at solutions that will minimize the loss of mobility that the riders must accept.

The Coalition also insists that new standards of review of proposed capital expenditures be adopted and they are concerned about the proposed deep cavern terminal, a dead end facility that would be unsafe, overly costly and inconvenient for anyone who must go there. By going to the existing Penn Station instead, New Jersey could save \$3 billion or more by eliminating the wasteful deep cavern terminal that the former administration pushed so strongly. Saving this money is the litmus test for credibility of this administration, which campaigned on the promise to bring state spending under control. Not only would this change save billions of dollars, but it would also improve the rail system and result in needed connectivity with Amtrak and other trains.

With a change in government comes the potential for a new beginning. The Coalition is prepared to put the past behind and work together toward a new era of service to New Jersey's transit riders and taxpayers, but everyone must strive together, collectively, in furtherance of this goal. Let a new era of openness and transparency in government begin and, for people who need NJ TRANSIT for their mobility, let it begin now.

Zoe Baldwin, spoke on behalf of the Tri-State Transportation Campaign which is a regional non-profit advocacy organization working toward an environmentally sound, fiscally solvent and socially just transportation network in New Jersey, New York and Connecticut. She is also a daily rider from Newark Penn Station to New York or Trenton.

The Tri-State Transportation Campaign calls on Governor Christie to restore funding to NJ TRANSIT and asks the legislature to stand up for constituents, so transit riders are not left out in the cold. If fares increased 30 percent, it would represent a 75 percent increase in transit fares since 2000. In the same period, the gas tax has increased zero percent, remaining at the same level it has been since 1988. In fact, the gas tax's purchasing power is a fraction of what it was over two decades ago. The Motor Fuels Tax, as a share of the price of fuel at the pump, has tumbled from 15 percent to just 3 percent in the last decade.

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Raising fees on transit riders while avoiding raising fees on car or truck drivers is a decidedly selective way of funding transportation, but it hurts New Jerseyans across the board. Riders that do own cars will start to drive, adding traffic and pollution to roadways and those that depend on transit to get around will be forced to pay more for less service and longer waits. The economy will suffer as worker productivity declines and transportation jobs are slashed.

Governor Christie has said that he wants to grow the economy and help business. Transit investment is a perfect way to do this. According to the American Public Transportation Association, every billion invested in transit operations creates 41,000 jobs and every billion dollars invested in transit construction projects creates 23,000 jobs. New Jersey cannot afford to overlook transit's economic growth potential.

New Jersey had been recognized as a national model for investing in transit and encouraging development around it. The numbers show the progress. Over the past decade, travel on trains and buses has grown at twice the rate of driving and new development has sprouted near train or bus hubs in dozens of towns. But cutting transit will take us back in time and threaten the gains made toward a more balanced, economically competitive and environmentally sound transportation network.

The long term fiscal problems of New Jersey's transportation system will not be cured through fare hikes and service cuts. These measures are simply stopgap solutions until the real crisis is dealt with – a broke transportation fund that is overburdened with debt and one that will be paid off by our children and grandchildren for decades to come.

Ms. Baldwin said new transportation revenue is desperately needed, but the state needs to adopt a mantra of "everyone benefits, everyone pays" and ask both riders and drivers to pay their fair shares.

Since Tri-State's testimony at the last round of fare hike hearings three years ago, the state's transportation funding crisis has grown worse as the state's debt increases and the Transportation Trust Fund careens toward bankruptcy. Now is the time to make a change. Now is the time to do the right thing and protect the mobility of those who need it most.

John Costa, Amalgamated Transit Union, said Zoe Baldwin, Tri-State Transportation, makes good points. He welcomed Chairman Simpson and Executive Director Weinstein and asked them to take a slow look at everything. A fare increase will hurt the system and there will be less revenue. Mr. Costa commented on the Governor's recent statement about rich union contracts and said the contracts are not rich. Mr. Costa said he has worked with past administrations on both sides of the aisle and hopes going forward to work with the new administration. He suggested the Governor seek federal dollars from Washington as other states are doing. Mr. Costa recognized several of his colleagues from the Amalgamated Transit Union who attended today's meeting.

James T. Raleigh, Monmouth County resident and President of the Friends of Monmouth Battlefield, commented on the Monmouth-Ocean-Middlesex (MOM) commuter rail study. He said there was a specific item for MOM in this year's budget and he has been involved with the question of passenger rail subsidies for more than 20

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years. The MOM project had a Draft Major Investment Study distributed in 1996 and work was started on the Draft Environmental Impact Study. When he became involved in the MOM project, routes, ridership and the need for different subsidies on each of the three routes were discussed. Before the Tunnel became a concern as a costly project with a questionable Major Investment Study and Environmental Impact Study process, he heard rail subsidies were questioned with respect to the train service from Philadelphia to Atlantic City and asked why New Jersey taxpayers should subsidize Pennsylvania gamblers and the casinos. Mr. Raleigh suspects that is one of the reasons why NJ TRANSIT discontinued the morning train into Philadelphia and was the question of interstate commerce with the existing PATCO service and River LINE connection planned for Camden. With the extremely limited State budget, people are asking if NJ TRANSIT can afford the station 175 feet below 34th Street. Some are suggesting that saving New Jersey and Federal taxpayers' monies in New York could be better used in New Jersey. Mr. Raleigh suggested that the MOM study be delayed and the funds used to re-evaluate New York Penn Station.

Joseph Clift, Regional Rail Working Group, and is active in several groups such as the New Jersey Association of Railroad Passengers and Lackawanna Coalition. Mr. Clift referred to Governor Christie's speech last week that said "Now is the time when we all must resist the traditional, selfish call to protect our own turf at the cost of our state. It is time to leave the corner, join the sacrifice, come to the center of the room and be part of the solution." Mr. Clift said this is true for the Access to the Region's Core project. It is a pay as you go project and over a billion dollars in federal funds will have to be repaid. Penn Station should be revisited. Mr. Clift suggested looking to the future to support public transportation.

Adjournment

Since there were no further comments or business, Chairman Simpson called for adjournment and a motion to adjourn was made by Kenneth E. Pringle seconded by Steve Petrecca and unanimously adopted. The meeting was adjourned at approximately 3:29 p.m.

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

FEBRUARY 17, 2010

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ACTION ITEMS

1002-3:	ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT	41941
	<p>Authorization to enter into contracts with the lowest responsive, responsible bidders and with sole and single source/original equipment manufacturers for the procurement of various locomotive components for an in-house reliability improvement project for the electric and diesel locomotive fleets during Calendar Years 2010 through 2017, at a cost not to exceed \$32,000,000, plus five percent for contingencies.</p>	
1002-4:	NEWARK PENN STATION RAYMOND PLAZA WEST IMPROVEMENTS: AMENDMENT TO ENGINEERING AND DESIGN CONTRACT	41944
	<p>Authorization to amend the Task Order Contract (No. 09-086D) with Gannett Fleming, Inc. of South Plainfield, New Jersey, for engineering design and construction support services of the Newark Penn Station Raymond Plaza West Improvements at a cost not to exceed \$195,229 above the previously authorized \$500,000, for a total contract task authorization of \$695,229, plus five percent for contingencies, subject to the availability of funds.</p>	

NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS, INC.
NJ TRANSIT RAIL OPERATIONS, INC.
NJ TRANSIT MERCER, INC.
RE-SCHEDULED BOARD OF DIRECTORS' MEETINGS
FEBRUARY 17, 2010
MINUTES
PAGE 2

1002-5: MARKET STREET PATERSON BUS GARAGE FUEL LANES RELOCATION: CONSTRUCTION CONTRACT AWARD 41947

Authorization to contract (No.10-033X) with APS Contractors of Paterson, New Jersey, for the construction of new fueling lanes at the Market Street Bus Garage located in the City of Paterson at a cost not to exceed \$1,754,950, plus five percent for contingencies, subject to the availability of funds.

CONSENT CALENDAR

1002-6: RISK MANAGEMENT AND INSURANCE PROGRAM: BROKER SERVICES 41951

Authorization to contract with Marsh USA to act as NJ TRANSIT's Risk Management/Insurance Broker for two years with the option to continue to contract with the broker for up to two years with compensation capped at \$385,000 per fiscal year. In addition, supplemental risk management services may be requested by NJ TRANSIT and provided by the broker on an as-needed basis. Such additional services would be at a cost not to exceed \$75,000 per fiscal year.

1002-7: HUDSON-BERGEN LIGHT RAIL LITIGATION SUPPORT: COMPENSATION OF EXPERT ELECTRONIC DISCOVERY CONSULTANT (WATERS EDGE CONSULTING) 41954

Authorization to reimburse Waters Edge Consulting, of Reston, Virginia, for expert electronic discovery consultant services in the amount of \$945,000, subject to the availability of funds.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

EXECUTIVE SESSION AUTHORIZATION

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

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

APPROVAL OF MINUTES

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

WHEREAS, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the January 6, 2010 and January 28, 2010, Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on January 6, 2010 and January 28, 2010;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the January 6, 2010 and January 28, 2010 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.

(NJT Board – 02/17/10)

NJ TRANSIT
 One Penn Plaza East
 Newark, New Jersey 07105-2248
 973-491-7000



TO: BOARD OF DIRECTORS
 FROM: JAMES W. WEINSTEIN 
 DATE: FEBRUARY 17, 2010
 SUBJECT: EXECUTIVE DIRECTOR'S REPORT – FEBRUARY 2010

This month marks my first regular Board of Directors meeting as NJ TRANSIT's Executive Director. It is truly an honor to be selected by Governor Christie and the Board to serve in this capacity, and I look forward to working with all of you.

My return to NJ TRANSIT is something of a homecoming for me, as I formerly served as Department of Transportation Commissioner and consequently, NJ TRANSIT Board Chairman. As such, I am well aware of the extraordinary talent here, and I know that NJ TRANSIT has an outstanding record of delivering safe, reliable service for customers statewide, as well as leadership for the transit industry nationwide. I am committed to working with the Board and staff to build on that strong foundation and to continue improving the NJ TRANSIT system, particularly in the midst of building one of the largest infrastructure projects New Jersey has ever undertaken—the ARC project.

The opportunity to lead this agency is what drew me back to public service. Despite the many challenges we face in an uncertain economy, I know this organization is well positioned to respond with creative solutions, innovations to better serve customers, and an entrepreneurial spirit to turn business challenges into opportunities. As executive director, my top priority will be to ensure that NJ TRANSIT continues to offer safe and reliable service across the system. But we also have some important business challenges that require our immediate focus and attention.

We are already working with the Board and the Governor's office on our budget for Fiscal Year 2011. As you may know from reading the transition report, NJ TRANSIT projects a budget deficit north of \$200 million next year, due to the absence of one-time revenues, such as federal stimulus funds, and declining passenger revenue, consistent with regional and national economic conditions. We face a very difficult set of choices, and I will tell you candidly, none of them will prove very popular. However, I have a responsibility to balance our budget without asking the state for operating support Trenton cannot afford.

I am committed to a very open budgeting process and will be meeting with many of you, with our stakeholders, our labor partners, and with our customers about how best to balance the budget. I am also deeply committed to facing these extremely difficult times head on in order to come out stronger. While I have inherited a very well-run organization, like my predecessor, I am determined to leave NJ TRANSIT better than I found it.

Speaking of my predecessor, today we honor my good friend Richard Sarles for his outstanding leadership. In my career, I have followed both good acts and bad acts, and Rich Sarles was a very good act. It is my pleasure to recognize him today.

EXECUTIVE DIRECTOR'S MONTHLY REPORT FEBRUARY 2010

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

HIGHLIGHTS

First tunneling contracts awarded for Mass Transit Tunnel project

On December 9, 2009, the NJ TRANSIT Board of Directors approved the first major tunneling contract for the \$8.7 billion Mass Transit Tunnel, the nation's largest public transit project that will double commuter rail capacity between New Jersey and New York.

The Board authorized the award of a \$583 million contract to a joint venture of Barnard of New Jersey and Judlau Contracting Inc. of College Point, N.Y., the lowest of three bidders. The contract covers construction of one of the project's three tunnel segments; a mile-long segment in Manhattan.

The Manhattan tunnel segment is part of an overall project to build two new single-track commuter rail tunnels under the Hudson River, doubling capacity of the two-track tunnel that was built 100 years ago, which today operates at its functional capacity. The other main feature of the project is construction of an expanded New York Penn Station specially designed to handle the customer surges associated with a commuter railroad.

Last month, the Board approved the second tunnel contract, for drilling through the Palisades between North Bergen and Hoboken as work on the new Hudson River rail tunnel moves ahead. The \$271 million contract was awarded to PTP Constructors of Secaucus, a joint venture of Schiavone Construction of Secaucus, J.F. Shea Construction of California and Skanska USA Civil Northeast of Stockholm, Sweden. The third and final Hudson River segment is expected to be awarded next year.

The project is being built by NJ TRANSIT in partnership with the Port Authority of New York & New Jersey.

The additional commuter rail capacity provided by the new tunnel will remove an estimated 22,000 vehicles from regional roadways each day.

The project is expected to generate and sustain 6,000 jobs annually in peak construction years and create 44,000 permanent jobs after completion.

Contract Details

The Manhattan tunnels segment will be constructed under a design-build contract that includes final design and construction of rail tunnels that will extend a distance of approximately one mile from a shaft at Twelfth Avenue and 28th Street in Manhattan.

Construction will begin early next year, and is expected to continue through late 2013.

The contractor will construct a 160-foot diameter access shaft on the western edge of Manhattan, and then bore 16,500 feet of tunnels averaging more than 120 feet beneath the surface to a new expansion of Penn Station under 34th Street between Eighth and Sixth avenues.

The twin tunnels will be located an average of 120 feet below street level and will proceed diagonally northeast then eastward and split into four tunnels to maximize train movements in and out of the expanded New York Penn Station as the tunnels approach 34th Street.

The contractor will perform the excavation using two tunnel boring machines (TBM's), massive equipment units that cut through rock and other material to form tunnels that are each about 27 feet in diameter. The total length of the TBM-bored tunnels included in this contract segment is 16,500 feet.

The Mass Transit Tunnel will double service capacity to 48 trains per hour during peak periods from the current 23 trains. Twice as many passengers will be able to be accommodated, from 46,000 each morning peak period now to 90,000 in the future. The project also will also create transfer-free, one-seat rides for travelers on 10 of NJ TRANSIT's 12 rail lines.

The Port Authority is contributing \$3 billion toward the Mass Transit Tunnel project cost, while the federal government will contribute \$3 billion under its "New Starts" transit funding program. Another \$2.7 billion will come from a combination of other federal funds, including stimulus and clean air funding, as well as the New Jersey Turnpike Authority's congestion mitigation contribution.

NJ TRANSIT Board advances Portal Bridge replacement project

Final engineering and design work will begin on a pair of new bridges over the Hackensack River that will increase capacity, flexibility and reliability for rail customers traveling into and out of New York.

Under a contract amendment approved December 9, by the NJ TRANSIT Board of Directors, the corporation is advancing toward construction of the Portal Bridge Capacity Enhancement project, a crucial link between Kearny and Secaucus on the Northeast Corridor that will replace

the 99-year-old Portal Bridge. The board also authorized a contract for construction management services.

The new bridges will offer five tracks – three more than the current bridge – providing the capacity to take full advantage of the additional capacity into and out of New York that the Mass Transit Tunnel project will create. The complementary bridge and tunnel projects will eliminate two bottlenecks for NJ TRANSIT and Amtrak customers.

In addition, the new fixed bridges will provide greater reliability by eliminating the need for a movable span. The new bridges will be built high enough above the river – 50 feet above mean high water – to allow ships to pass underneath with none of the bridge opening and closing operations that create delays for rail customers.

About 350 NJ TRANSIT trains operate across Portal Bridge each day, carrying about 150,000 customers. Another 30,000 Amtrak customers cross the bridge each day. Amtrak owns the bridge and is working jointly with NJ TRANSIT on the replacement project.

The Board authorized a \$69.7 million amendment to an existing contract with Portal Partners Inc. of Audubon, Pa. for final engineering and design and an \$18 million contract to AECOM-STV Joint Venture for construction management consultant services.

A contract with Portal Partners Inc. for final engineering for early action components was approved by the Board in July, 2009.

Construction of early action items, such as utility relocation, is expected to start by mid 2010, with some heavy project construction including access roads, platforms and piers to start in the fall.

The entire project, estimated to cost about \$1.7 billion, is expected to be completed in 2017. A combination of state and federal sources is expected to provide funding.

NJ TRANSIT Board advances South Jersey transportation projects

Also December 9, the NJ TRANSIT Board of Directors advanced several key South Jersey transportation initiatives, including a study to evaluate improvements to the Atlantic City Rail

Line and an agreement with the Delaware River Port Authority (DRPA) that will provide funding for a study of the proposed extension of light rail to Glassboro.

In addition, NJ TRANSIT is taking the lead on a Gloucester-Camden-area Bus Rapid Transit (BRT) study to examine the congested corridor southeast of Camden along routes 55, 42 and 676. The agency is also partnering with the DRPA for the design and construction of a new NJ TRANSIT bus loading area across from the Walter Rand Transportation Center.

Atlantic City Rail Line Operations Analysis Study

The Board authorized a \$735,000 contract with LTK Engineering Services of New York, NY, for a study to identify Atlantic City Rail Line infrastructure improvements to accommodate potential service expansions in the future.

Today, the Atlantic City Rail Line is primarily a single-track railroad with a limited number of passing tracks. The study will look at the impact to the line and infrastructure needs resulting from increased service frequency, faster trip times and additional stations.

Among the items to be evaluated are the projected ridership impact of the opening of the Pennsauken Transit Center and proposals for new stations in Woodcrest and at the Atlantic City Airport.

Camden-Glassboro Light Rail Agreement

Another item advanced by the Board will provide for the funding of the Environmental Impact Statement (EIS) for a proposed light rail system between Camden and Glassboro. The Board authorized an agreement with the DRPA, by which NJ TRANSIT will fund up to \$8,954,000 for the preparation of the EIS.

In May 2009, the DRPA recommended that diesel light rail service be advanced from Camden to Glassboro within the existing Conrail right-of-way. The light rail system would serve 13 new stations between the Walter Rand Transportation Center in Camden and downtown Glassboro.

Gloucester-Camden Bus Rapid Transit

The Board also authorized a \$750,000 contract with AECOM USA, Inc. of Newark, NJ, for a study to evaluate bus service improvements along the congested Route 55/42/676 highway corridor that connects suburban Gloucester and Camden counties with the City of Camden and Philadelphia.

The study will identify and evaluate a range of capital and operating bus improvement options, including BRT, to improve the quality and reliability of bus service in an area that is subject to significant traffic congestion and delays during peak periods. BRT relies on a combination of strategies to improve service, including the use of dedicated bus lanes and traffic signal prioritization technology.

This study and the Atlantic City Rail Line Operations Analysis study are part of a broader evaluation of transportation improvements advanced by the DRPA in 2008.

Walter Rand Transportation Center Bus Loading Area

Under a second agreement with the DRPA authorized by the Board, the DRPA will fund \$3 million for the design and construction of a loading area for NJ TRANSIT buses at the Walter Rand Transportation Center in Camden.

As part of the project, NJ TRANSIT will design and construct a new bus loading area with a canopy, lighting, closed-circuit cameras, public address system and signage. The project also includes repaving and streetscape improvements on Broadway and the adjacent plaza areas.

The project will enhance pedestrian convenience and safety, improve bus circulation and allow for more efficient boarding and alighting of buses. It will also improve connectivity for customers transferring between buses, the River Line and the PATCO High-Speed Line operated by the DRPA.

CUSTOMER AND COMMUNITY INITIATIVES

Officials mark completion of South Amboy Station improvements

NJ TRANSIT officials joined Assemblyman John Wisniewski and South Amboy Mayor John O'Leary January 5, 2010, to mark the completion of a newly reconstructed South Amboy Station. A new center-island, high-level platform makes the station accessible to customers with disabilities, and climate-controlled waiting shelters enhance comfort and convenience for all customers.

The \$46 million reconstruction project was built with a combination of federal and state funding sources.

The new South Amboy platform features a canopy, climate-controlled waiting shelters, a ticket office, restrooms, elevator and stairs. Other improvements include closed-circuit security cameras and modern customer communication systems including variable message signs and a public address system. The platform connects to a surface parking lot via a pedestrian overpass. The overpass, which opened in 2005, links the station to downtown South Amboy.

South Amboy Station—which serves approximately 1,200 customers on a typical weekday—is one of nine stations along the North Jersey Coast Line to receive high-level platforms as part of NJ TRANSIT's Commuter Rail Accessibility Plan.

The new center-island high-level platform improves the overall safety and functionality of the station. The project follows other recent capital investments aimed at improving pedestrian and customer safety, including the pedestrian overpass, a new grade crossing at John T. O'Leary Boulevard that opened in 2006, and the closure of the Augusta Street grade crossing.

In January 2007, work began on the relocation of overhead power and signal structures and the realignment of tracks to accommodate the new center island high-level platform. Construction of the platform broke ground in August 2008.

NJ TRANSIT cuts ribbon on new parking lot at Edison Station

Senator Robert Menendez and Congressman Frank Pallone joined NJ TRANSIT and other officials December 29 at a ribbon-cutting ceremony for a new 477-space parking lot that more than doubles parking capacity at Edison Station on the Northeast Corridor rail line.

The lot opened to customers January 1.

The event marked the first of NJ TRANSIT's American Recovery and Reinvestment Act (ARRA) projects reaching completion, and was finished within budget and ahead of schedule. Petillo Inc. of Flanders, New Jersey, was awarded a \$4.7 million construction contract in April.

The new lot, located off Kilmer Road near the outbound platform, offers 120 daily spaces and 357 permit parking spaces. A walkway connects the lot to Plainfield Avenue, from which customers can access the Edison Station building and the inbound and outbound platforms.

With the opening of the new lot, commuters will have access to 816 parking spaces, including 339 in the reconfigured existing lots between Central Avenue and the inbound boarding platform. The lot closest to the station building was repaved as part of the project, and a small outdoor plaza with tables and benches was installed just south of the station building.

The inbound lots primarily will be for permit-holders, although any spaces in the lot adjacent to the station building that remain unoccupied after 10 a.m. will be made available to daily parking customers.

Park America, which operates the existing lots on the inbound side, will operate the new lot as well. Rates are \$4 per day or \$55 per month. Permits are sold on a quarterly basis.

Edison Station is the 11th busiest of the 165 stations and terminals served by NJ TRANSIT, serving approximately 6,500 customers each weekday with direct service to Newark, Secaucus Junction and Penn Station New York, among other destinations.

EMPLOYEE RECOGNITION

NJ TRANSIT Police recruits graduate

Four NJ TRANSIT police recruits graduated from the Monmouth County Police Academy in December. They are:

- Ryan D. Binnix
- Joseph A. Carullo
- Bradley J. Dussault, who received the Outstanding Trainee Award and the Marksmanship Award
- Michael A. Tambini, who received the Division of Criminal Justice Merit Award

Congratulations to the graduates.

NJ TRANSIT employees bid farewell after outstanding careers

Twelve NJ TRANSIT employees retired in December with careers ranging from 11 to 37 years of service:

1. Michael P. Bischer (Denville) Manager Rail Payroll, General Office Building – 37 years
2. Roger F. Zamorski (Toms River) Manager, Rules Department, Kearny – 37 years
3. Vincent M. Giammusso (Malaga) Terminal Supervisor, Southern Division – 30 years
4. Henry Almase (Colonia) Manager HRIS, General Office Building – 29 years
5. Edward H. Fenton, Jr. (Little Silver) Director of Pension, GOB – 28 years
6. James M. Savarese (Middletown) Const. Program Manager, Penn Plaza – 26 years
7. Carol G. Horner (Moorestown) Executive Secretary, Penn Plaza – 25 years
8. Mary E. Matos (Milmay) Senior Secretary, Atlantic City – 21 years
9. H. Charles Wedel (Sparta) CFO, Penn Plaza – 18 years
10. Frank E. Burkhart (Plainsboro) Instructor, Camden – 16 years
11. Hilton Vaughn (Irvington) Repairman "A," Hilton Garage – 16 years
12. Raushanah Rasheed (Atlantic City) Bus Operator, Atlantic City – 11 years

Six NJ TRANSIT employees retired in January with careers ranging from 17 to 37 years of service:

1. Michael P. Bischer (Denville) Manager Rail Payroll, General Office Building – 37 years
2. Rick A. Biermann (Gibbstown) Stock Clerk, Washington Township – 30 year
3. Linda A. DeMarco (Hamilton) Special Assistant, Penn Plaza – 27 years

4. Nancy M. Tobin (Trenton) Bus Operator, Hamilton Garage – 19 years
5. Gumersindo R. Bonilla (Elizabeth) Signal Tech, Light Rail – 20 years
6. Joseph Gould (Somerdale) Bus Operator, Newton Avenue – 17 years

DBE/MBE PROGRAM

NJ TRANSIT – Office of Business Diversity DBE/SBE Participation

Federally Funded Contracts

\$72,250,924 in federal funds were awarded during October through January of FY 10.* Disadvantaged Business Enterprises (DBEs) were awarded \$11,804,588 or 16.3 percent, which includes both race conscious and race neutral awards.

State Funded Contracts

\$49,751,119 in state-funded contract dollars were awarded during July through January FY 10. ** Of that total, Small Business Enterprises (SBEs) received \$14,658,286 or 29.4 percent. Category 1 SBEs received \$703,750 or 1.4 percent. Category 2 SBEs received \$958,116 or 2 percent. Category 3 SBEs received \$315,022 or 0.6 percent. Category 4 SBEs received \$1,500,000 or 3 percent. Category 5 SBEs received \$11,146,398 or 22.4 percent. Category 6 SBEs received \$35,000 or 0.07 percent.***

Federal & State Contracts Total

\$122,002,043 in federal and state contract dollars were awarded by NJ TRANSIT during this reporting period. Of that total, \$26,462,874 or 21.7 percent of federal and state contract dollars was won by DBEs and SBEs.

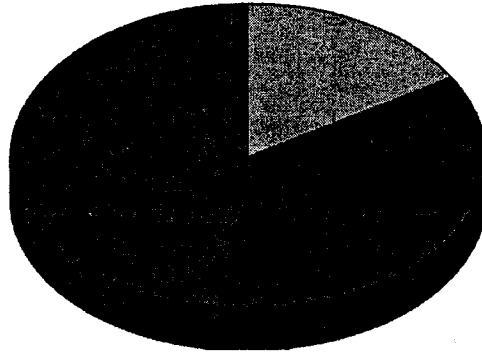
*Fiscal year beginning October 1, 2009

**Fiscal year beginning July 1, 2009

***Cat 1-Less than \$500,000 gross revenues, Cat 2-Less than \$5 million, Cat 3-Less than \$12 million, Cat 4 (construction)-Less than \$1 million, Cat 5 (construction)-Less than \$17,420,000, Cat 6 (construction)-Up to \$33.5 million

**DBE PARTICIPATION
FEDERAL CONTRACTS
FEDERAL FYTD (THROUGH JANUARY FY10)***

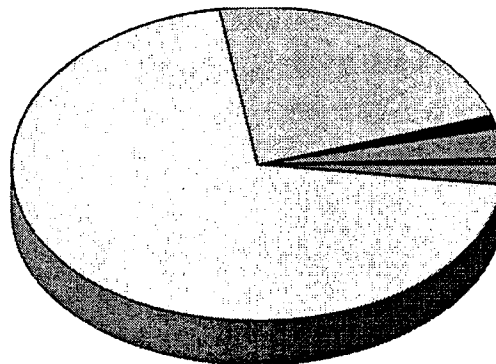
NON-DBE
FEDERAL
\$60,446,336
83.7%



DBE RACE
NEUTRAL & RACE
CONSCIOUS
\$11,804,588
16.3%

**SBE PARTICIPATION
STATE CONTRACTS
STATE FYTD (THROUGH JANUARY FY10)****

NON-SBE STATE
\$35,092,833
70.5%



SBE-5
\$11,146,398
22.4%

SBE-1
\$703,750
1.4%

SBE-4
\$1,500,000
3%

SBE-3
\$315,022
0.6%

SBE-2
\$958,116
2%

SBE-6
\$35,000
0.07%

Fiscal Year Beginning October 1, 2009*
Fiscal Year Beginning July 1, 2009**
(This report covers contracts above \$29,000)

NJ TRANSIT – Office of Business Diversity DBE/SBE Participation

Federally Funded Contracts

\$67,160,912 in federal funds were awarded during October through December of FY 10.* Disadvantaged Business Enterprises (DBEs) were awarded \$10,849,777 or 16.2 percent, which includes both race conscious and race neutral awards.

State Funded Contracts

\$22,251,033 in state-funded contract dollars were awarded during July through December FY 10. ** Of that total, Small Business Enterprises (SBEs) received \$8,113,064 or 36.5 percent. Category 1 SBEs received \$703,750 or 3.2 percent. Category 2 SBEs received \$958,116 or 4.3 percent. Category 3 SBEs received \$202,584 or 1 percent. Category 4 SBEs received \$1,500,000 or 6.7 percent. Category 5 SBEs received \$4,713,614 or 21.2 percent. Category 6 SBEs received \$35,000 or 0.1 percent.***

Federal & State Contracts Total

\$89,411,945 in federal and state contract dollars were awarded by NJ TRANSIT during this reporting period. Of that total, \$18,962,841 or 21.2 percent of federal and state contract dollars was won by DBEs and SBEs.

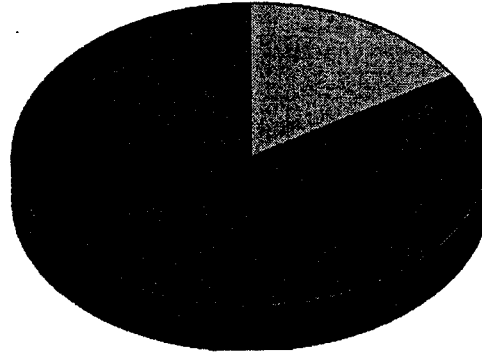
*Fiscal year beginning October 1, 2009

**Fiscal year beginning July 1, 2009

***Cat 1-Less than \$500,000 gross revenues, Cat 2-Less than \$5 million, Cat 3-Less than \$12 million, Cat 4 (construction)-Less than \$1 million, Cat 5 (construction)-Less than \$17,420,000, Cat 6 (construction)-Up to \$33.5 million

**DBE PARTICIPATION
FEDERAL CONTRACTS
FEDERAL FYTD (THROUGH DECEMBER FY10)***

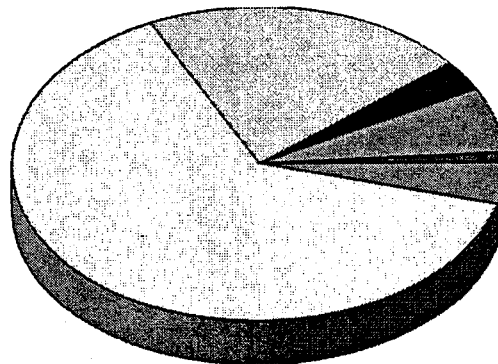
NON-DBE
FEDERAL
\$56,311,135
83.8%



DBE RACE
NEUTRAL & RACE
CONSCIOUS
\$10,849,777
16.2%

**SBE PARTICIPATION
STATE CONTRACTS
STATE FYTD (THROUGH DECEMBER FY10)****

NON-SBE STATE
\$14,137,969
63.5%



SBE-5
\$4,713,614
21.2%

SBE-1
\$703,750
3.2%

SBE-4
\$1,500,000
6.7%

SBE-3
\$202,584
1%

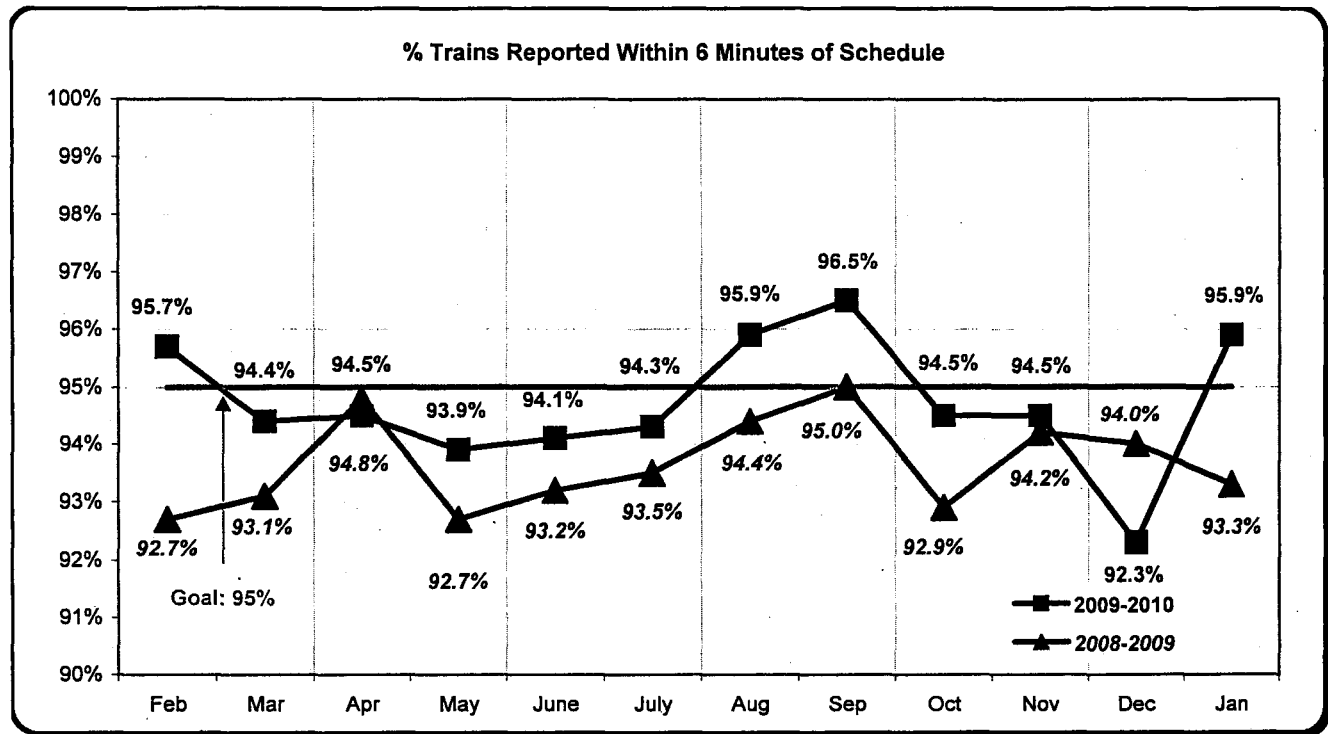
SBE-2
\$958,116
4.3%

SBE-6
\$35,000
0.1%

Fiscal Year Beginning October 1, 2009*
Fiscal Year Beginning July 1, 2009**
(This report covers contracts above \$29,000)

PERFORMANCE MEASURES

NJ TRANSIT ON-TIME PERFORMANCE RAIL FEBRUARY 2008 - JANUARY 2010



	2009	2010	# Change
January Comparison	93.3%	95.7%	2.4%

	2008-2009	2009-2010	# Change
12-Month Average February - January	93.7%	94.7%	1.1%

Analysis:

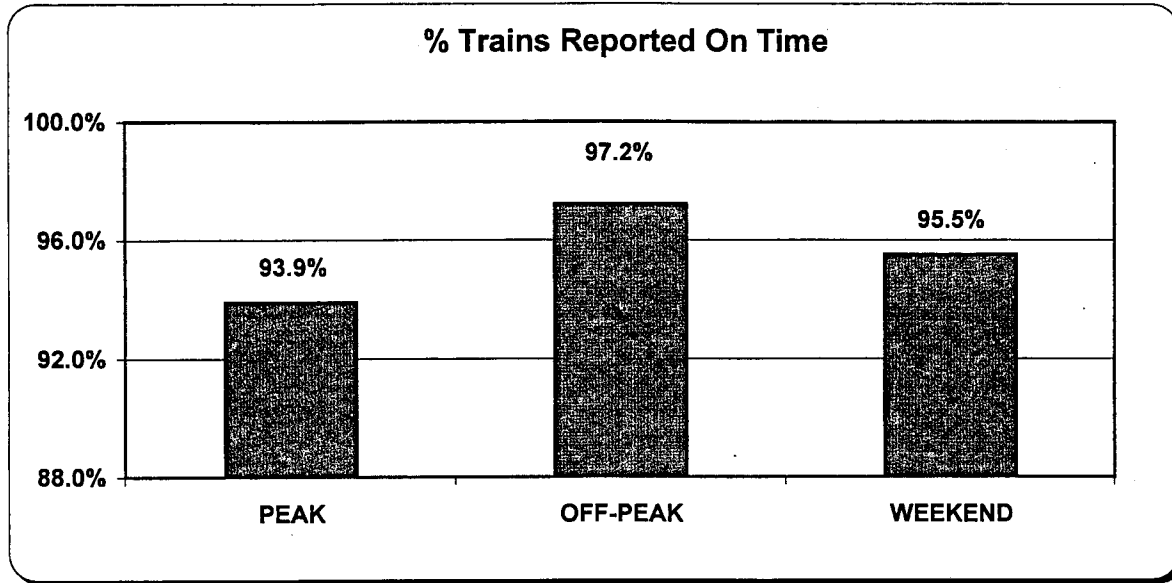
Rail On-Time Performance was 95.7% for January 2010. Of the 18,537 trains that were scheduled to operate, 17,780 were on time, while 757 trains (or 4.3%) were delayed. Key causes included:

- Damage to an overhead wire in Great Notch on January 1.
- Opening of Portal Bridge for river traffic on January 20.
- Amtrak switches on the Northeast Corridor affected by utility problems on January 25.

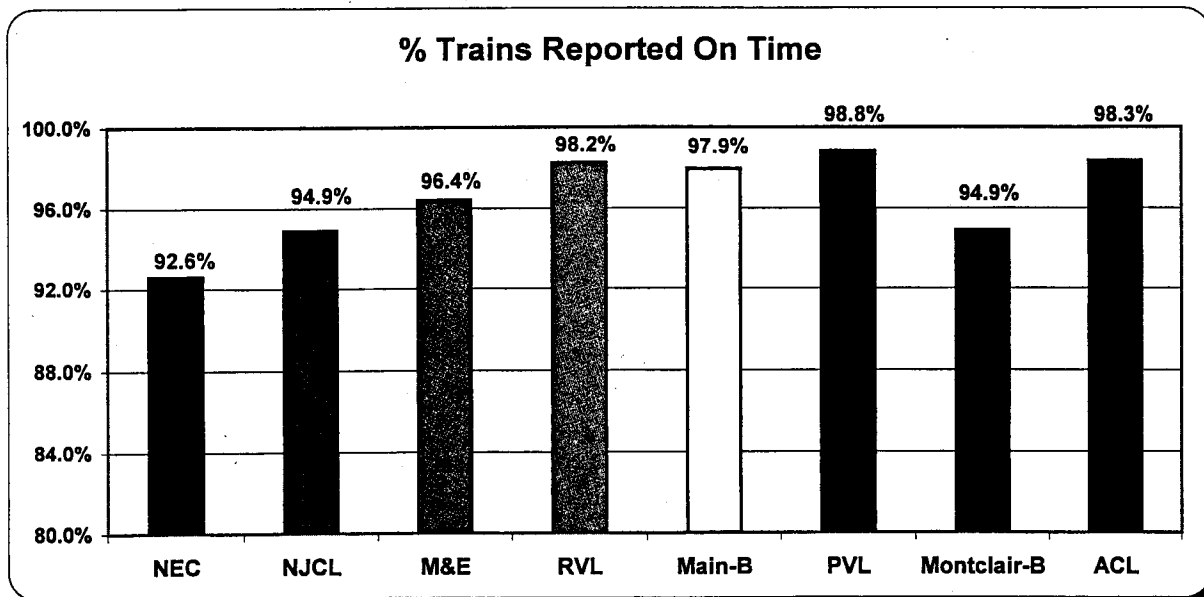
The 12-month average for Rail On-Time Performance for February 2008 - January 2010 was 94.7%.

ON-TIME PERFORMANCE RAIL

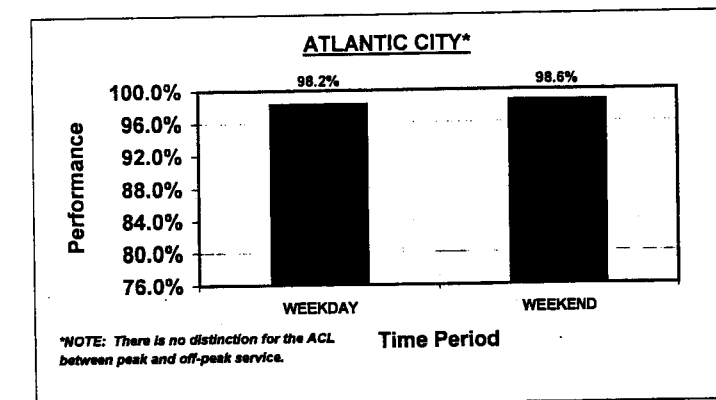
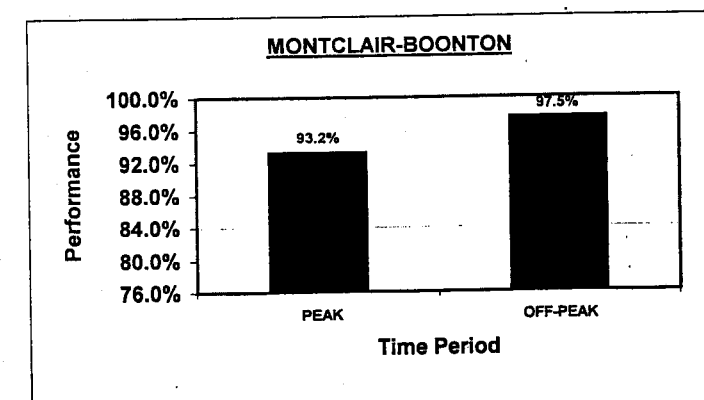
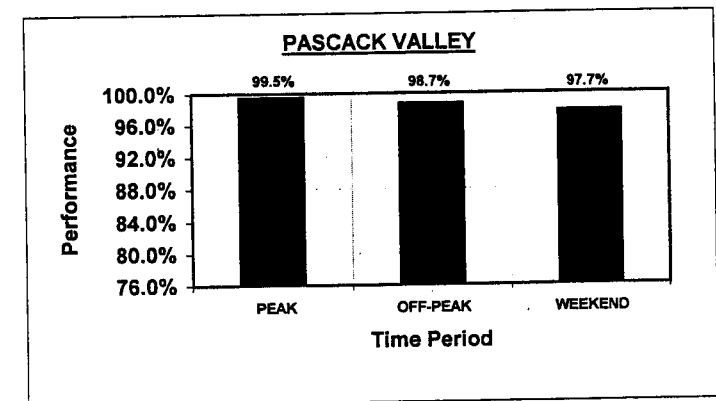
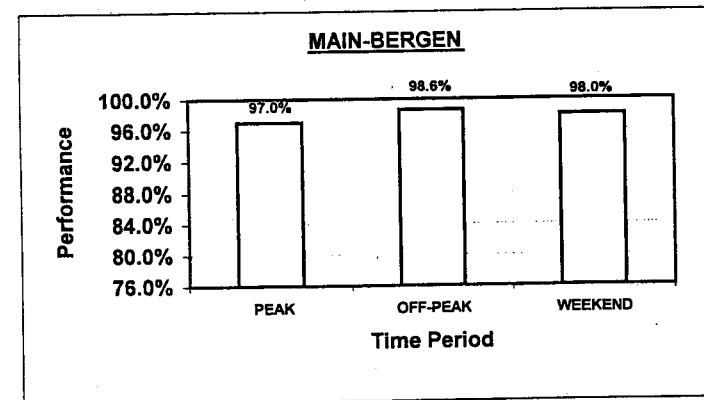
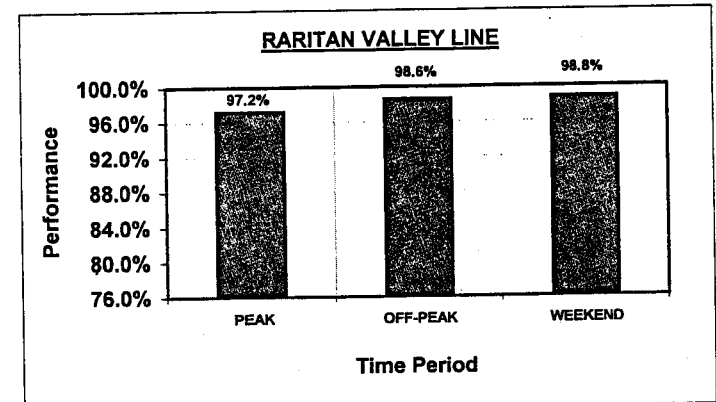
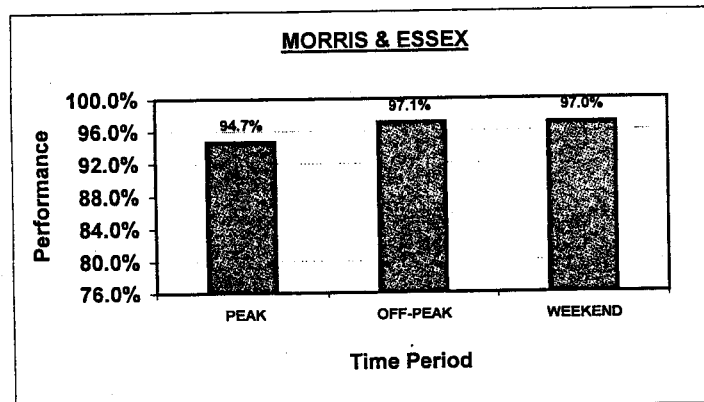
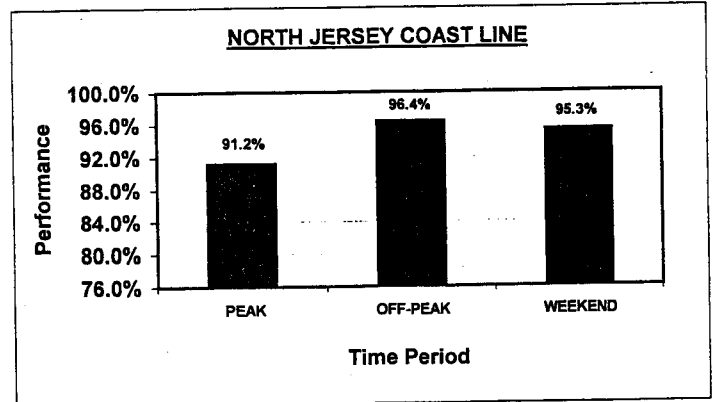
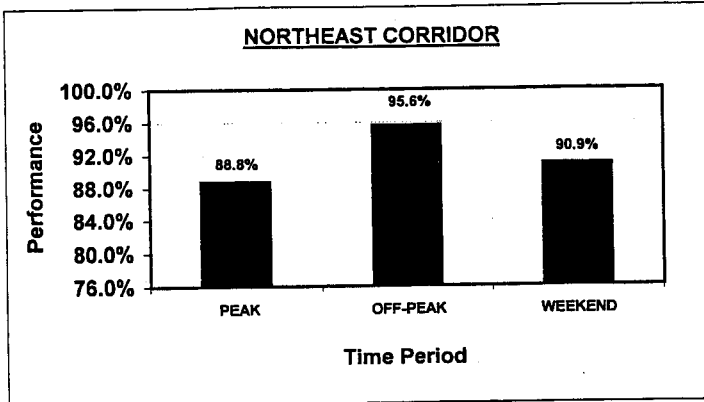
SUMMARY BY TIME PERIOD JANUARY 2010



SUMMARY BY LINE JANUARY 2010

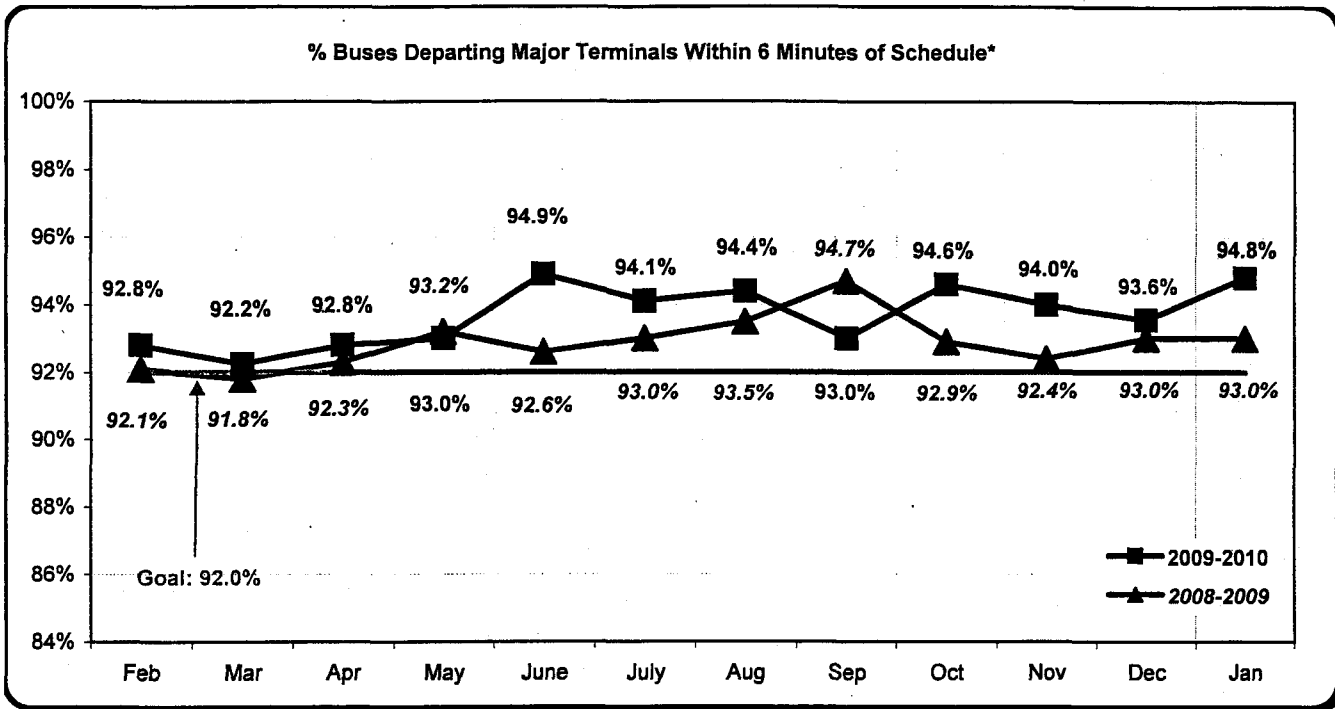


ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD JANUARY 2010



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

NJ TRANSIT ON-TIME PERFORMANCE BUS FEBRUARY 2008 - JANUARY 2010



*Note: Includes the Walter Rand Transportation Center, Atlantic City Bus Terminal, Port Authority Bus Terminal, Newark Penn Station, and, as of July, 2008, Hoboken Terminal.

	2009	2010	% Change
January Comparison	93.0%	94.8%	1.8%

	2008-2009	2009-2010	% Change
12-Month Average February - January	92.9%	93.7%	0.8%

Analysis:

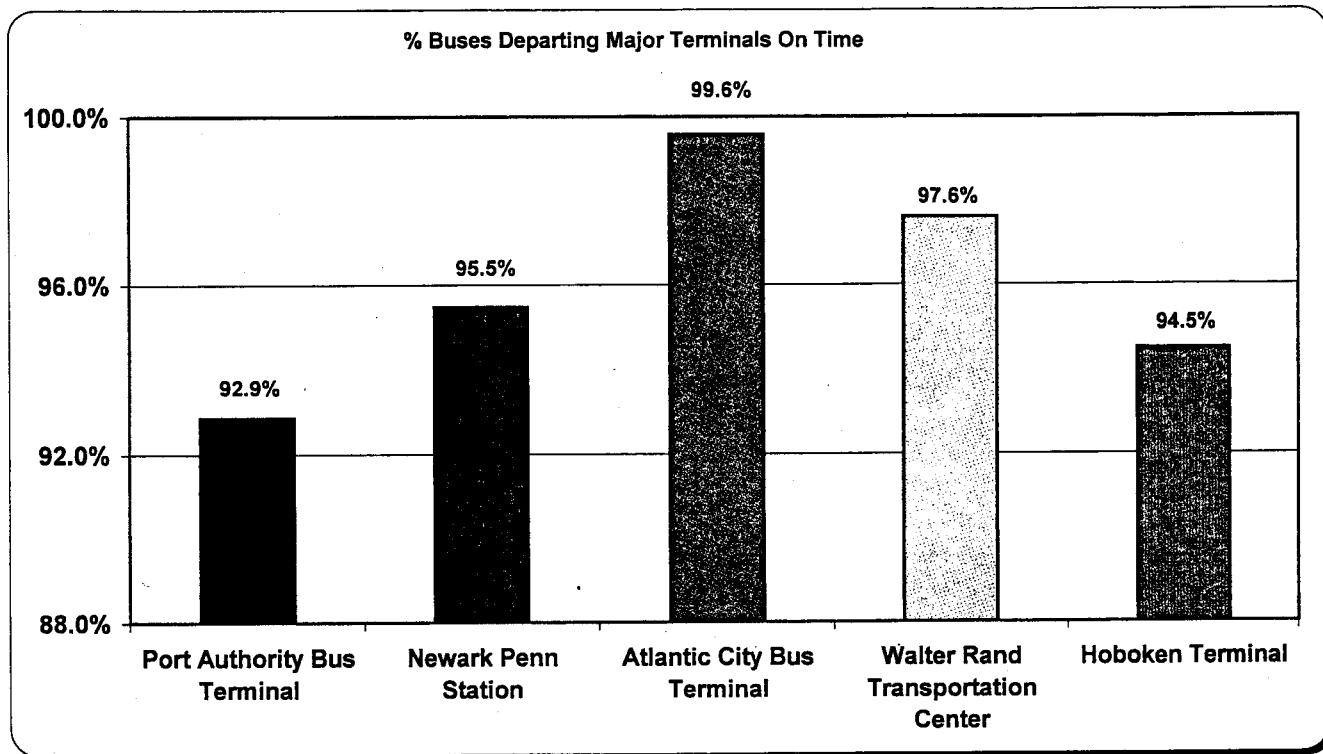
Bus On-Time Performance was 94.8% for January 2010. Of the 31,860 monitored departures, 1,658 (or 5.2%) experienced delays. Key causes included:

- A disabled car in the Lincoln Tunnel and a three-car accident on the helix affecting Port Authority buses on January 6.
- Police activity, detours and mechanical issues impacting Newark Penn Station buses on January 22.
- A car accident on the Atlantic City Expressway affecting Atlantic City Bus Terminal service on January 13.
- Traffic on Market Street, Philadelphia delaying Walter Rand Transit Center buses on January 15.

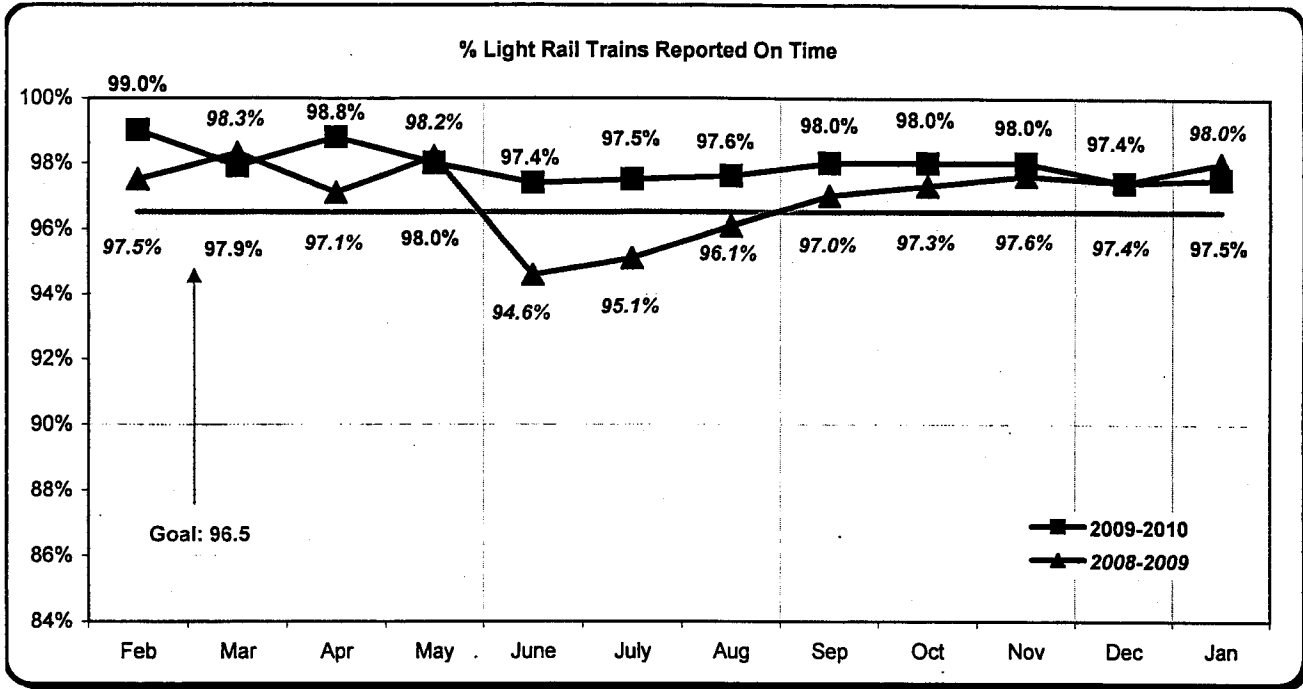
The 12-month average for Bus On-Time Performance for February 2009 - January 2010 was 93.7%.

ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL JANUARY 2010



NJ TRANSIT ON-TIME PERFORMANCE LIGHT RAIL - SYSTEMWIDE FEBRUARY 2008- JANUARY 2010



*Note: Starting May 2007

	2009	2010	# Change
January Comparison	98.0%	97.6%	-0.4%

	2008-2009	2009-2010	# Change
12-Month Average February - January	97.0%	97.9%	0.9%

Analysis:

Light Rail On-Time Performance systemwide was 97.6% for the month of January 2010. Of the 29,351 scheduled trains, 708 (or 2.4%) experienced delays. Key causes included:

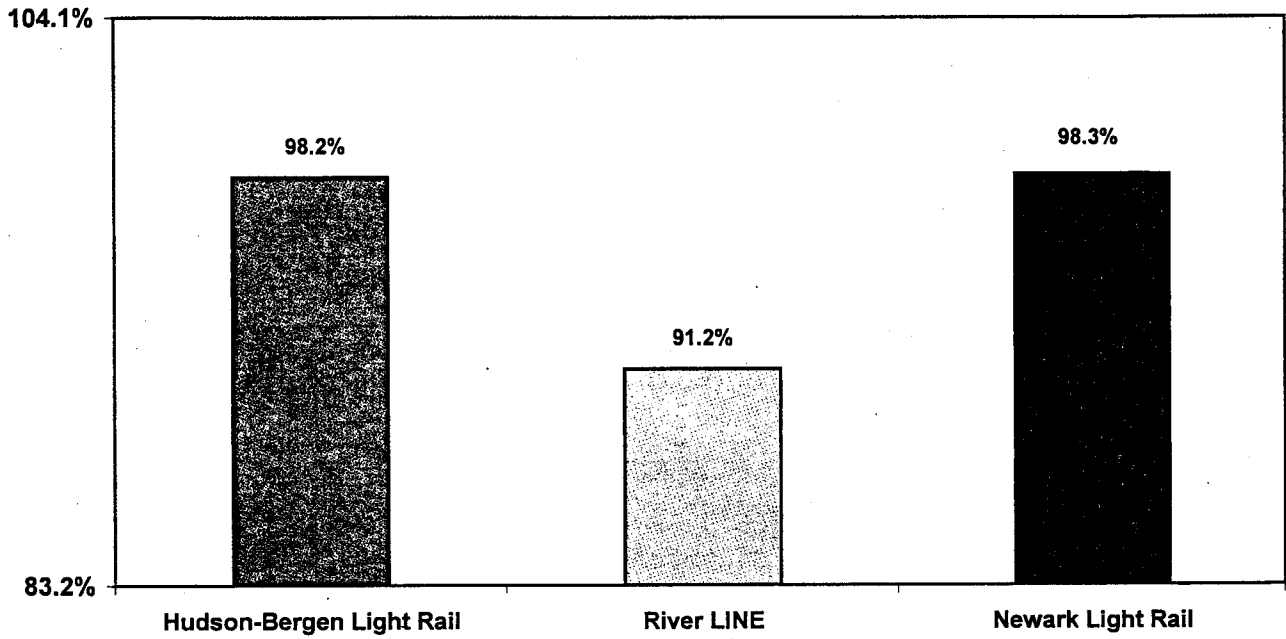
- High winds and blowing debris affecting HBLR trains on January 25.
- Car blocking tracks in Burlington City delaying River LINE service on January 14.
- Communications equipment failure impacting Newark Light Rail trains on January 9 and 10.

The 12-month average for Light Rail On-Time Performance for February 2009 - January 2010 was 97.9%.

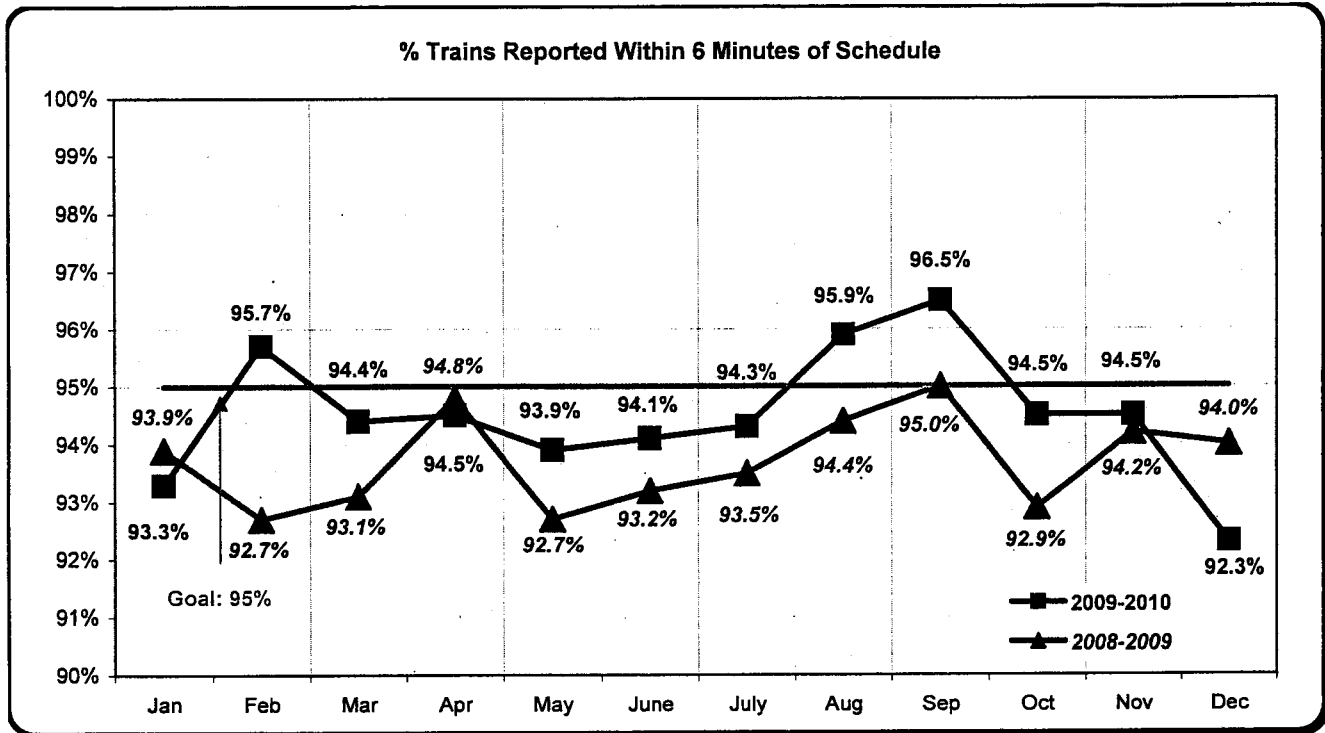
ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE JANUARY 2010

% Light Rail Trains Reported On Time



NJ TRANSIT ON-TIME PERFORMANCE RAIL JANUARY 2008 - DECEMBER 2010



	2008	2009	# Change
December Comparison	94.0%	92.3%	-1.7%

	2008-2009	2009-2010	# Change
12-Month Average January - December	93.7%	94.5%	0.8%

Analysis:

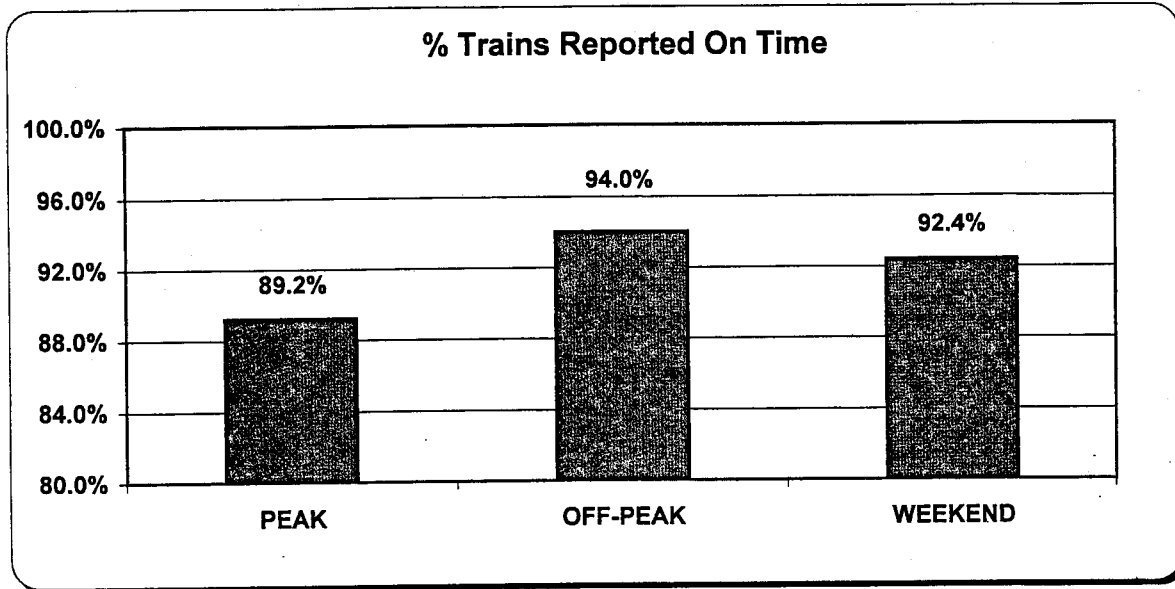
Rail On-Time Performance was 92.3% for December 2009. Of the 19,671 trains that were scheduled to operate, 18,148 were on time, while 1523 trains (or 7.7%) were delayed. Key causes included:

- Amtrak overhead wire failure on the Northeast Corridor on December 18.
- Weather conditions on December 21.
- Amtrak power problems and an NJ TRANSIT train striking debris on the Northeast Corridor both on December 23.

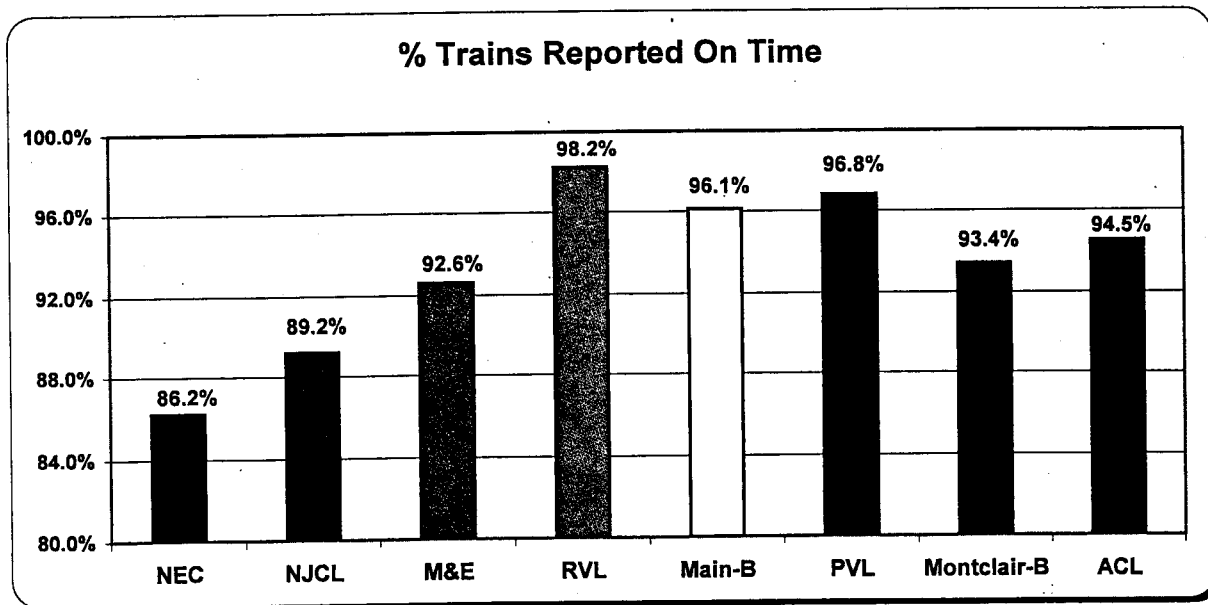
The 12-month average for Rail On-Time Performance for January 2008 - December 2009 was 93.7%.

ON-TIME PERFORMANCE RAIL

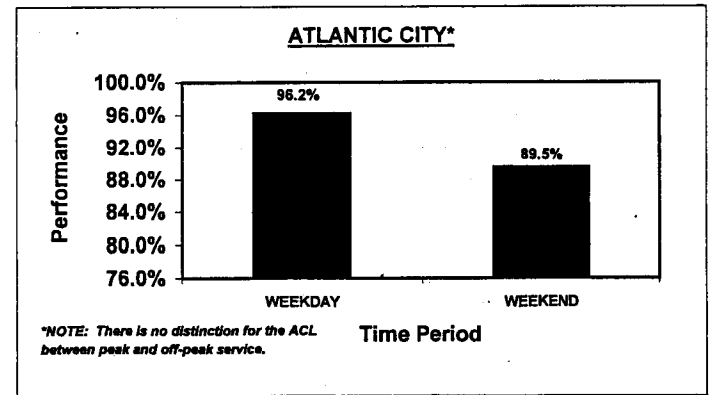
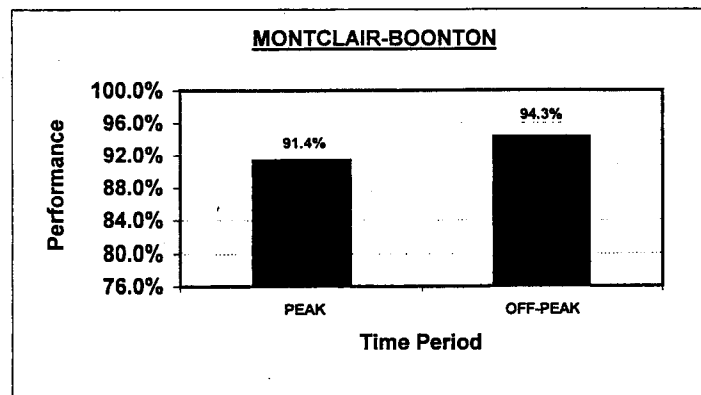
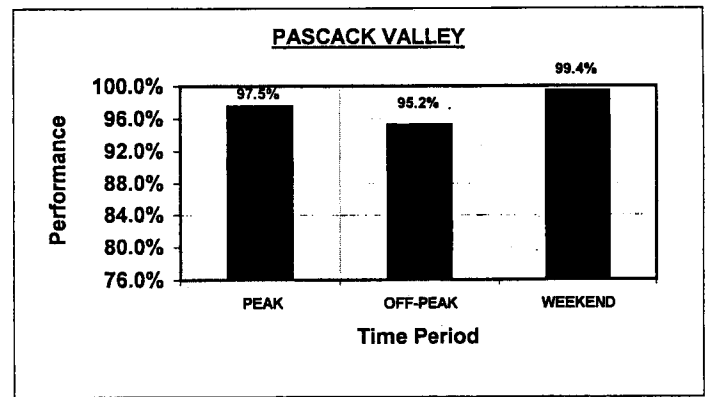
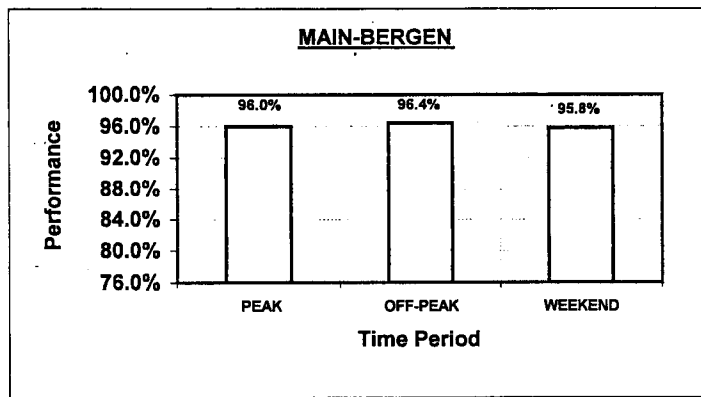
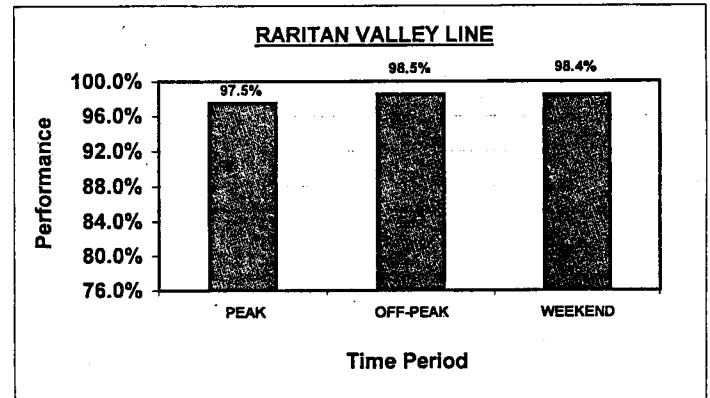
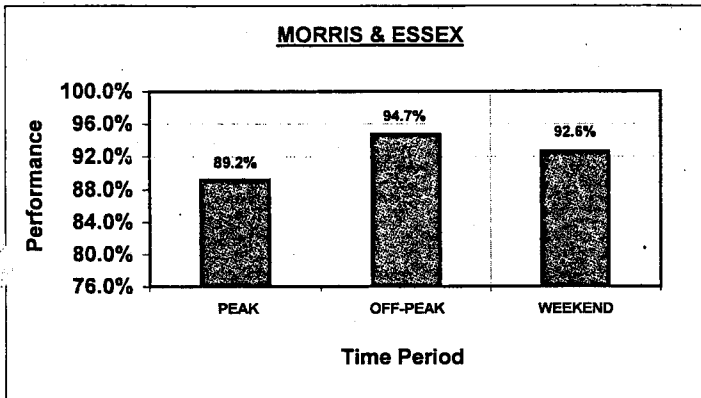
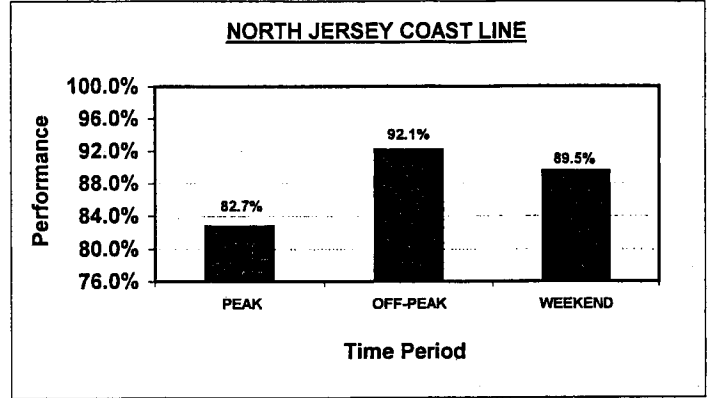
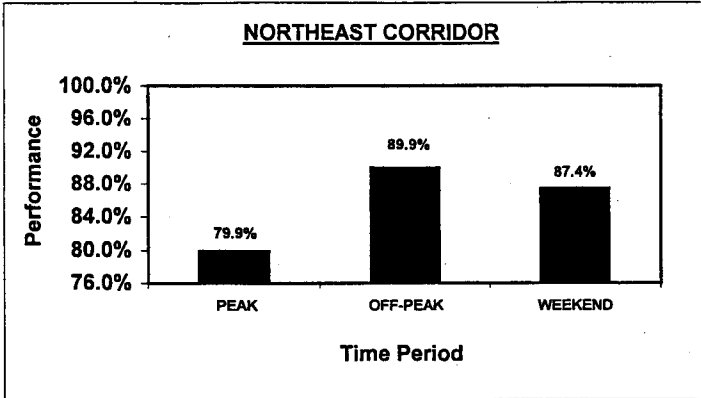
SUMMARY BY TIME PERIOD DECEMBER 2009



SUMMARY BY LINE DECEMBER 2009

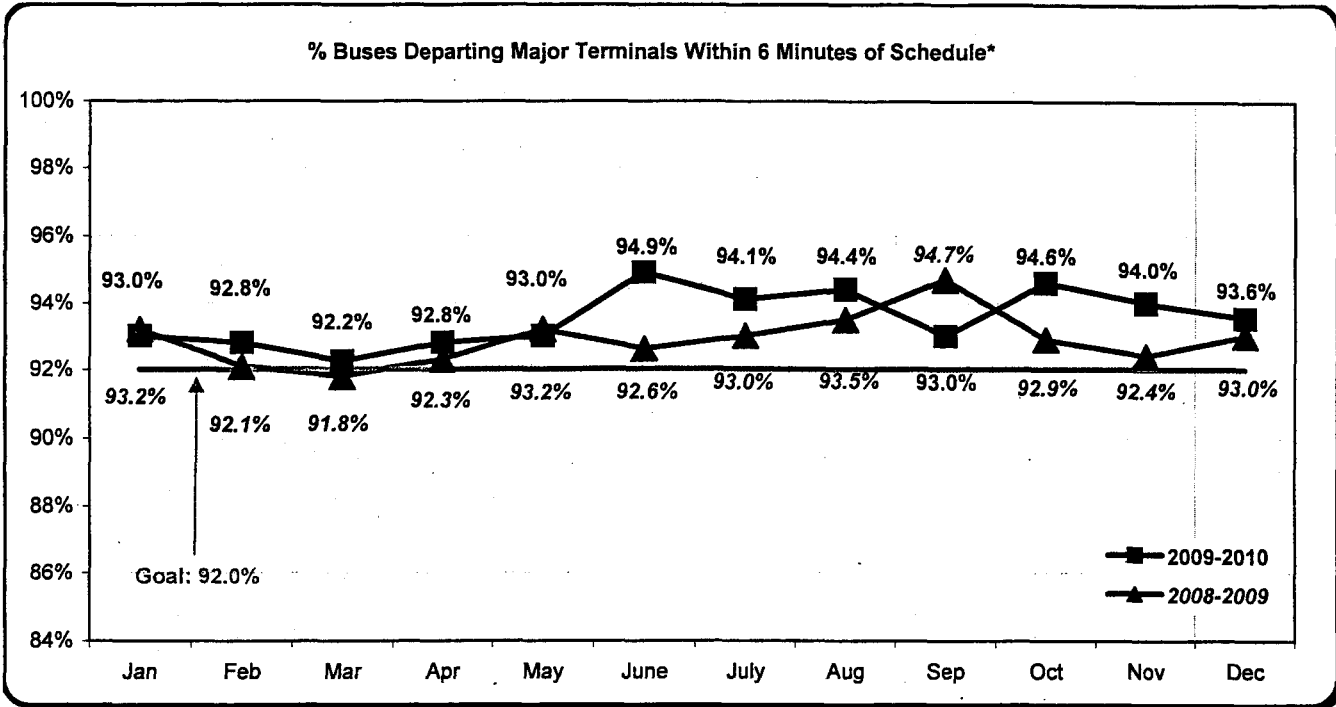


ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD DECEMBER 2009



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

NJ TRANSIT ON-TIME PERFORMANCE BUS JANUARY 2007 - DECEMBER 2009



*Note: Includes the Walter Rand Transportation Center, Atlantic City Bus Terminal, Port Authority Bus Terminal, Newark Penn Station, and, as of July, 2008, Hoboken Terminal.

	2008	2009	% Change
December Comparison	93.0%	93.6%	0.5%

	2008-2009	2009-2010	% Change
12-Month Average January - December	92.9%	93.5%	0.6%

Analysis:

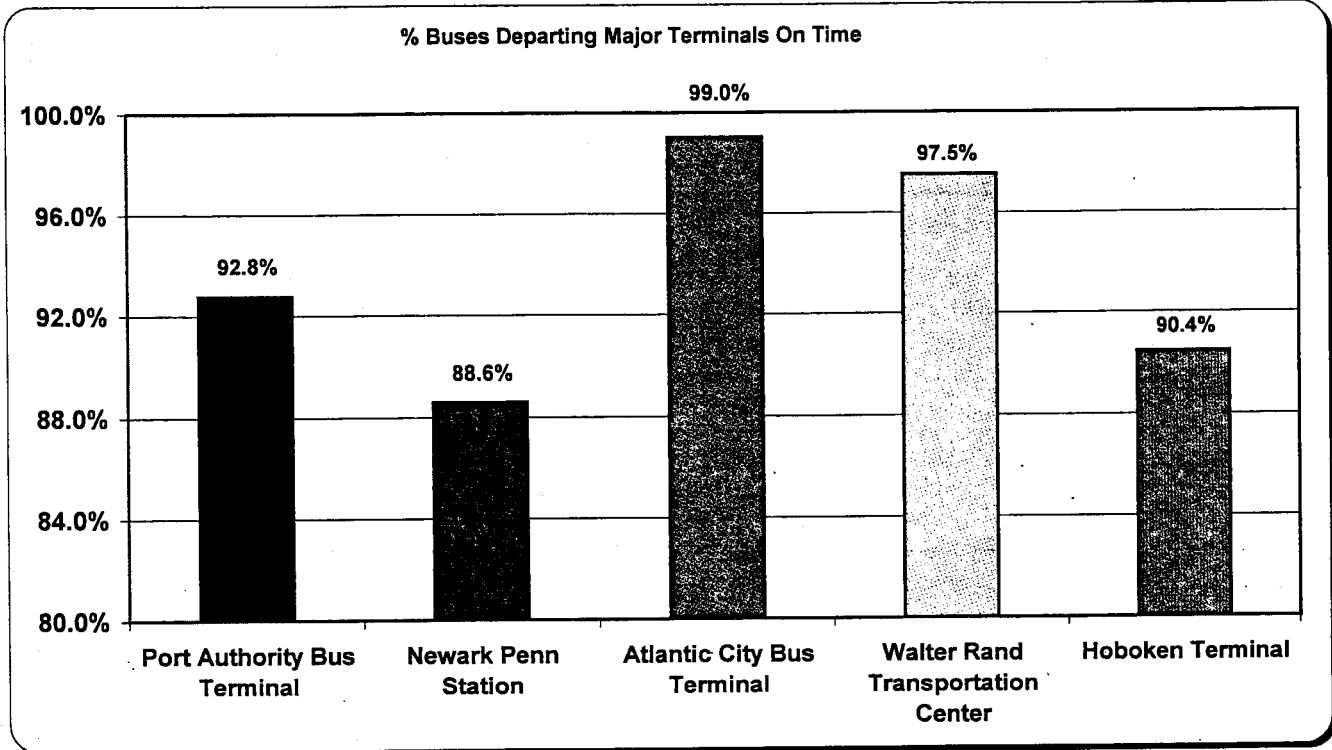
Bus On-Time Performance was 93.6% for December 2009. Of the 35,554 monitored departures, 2,293 (or 6.4% experienced delays. Key causes included:

- Heavy traffic affecting Port Authority buses on December 30.
- Icy road conditions affecting Newark Penn Station buses on December 23.
- Heavy rain and flooding on local roads impacting Walter Rand Transit Center buses on December 9.
- Road construction in Jersey City and heavy traffic affecting Hoboken buses on December 11.

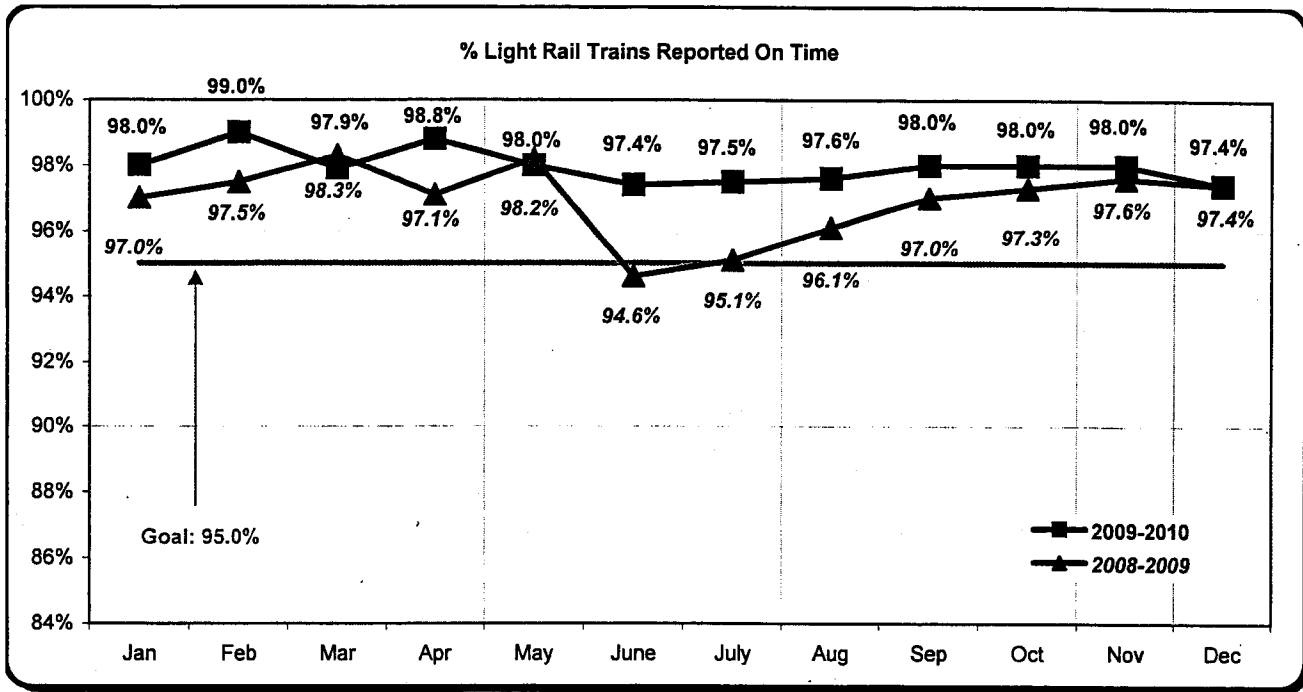
The 12-month average for Bus On-Time Performance for January 2008 - December 2009 was 92.9%.

ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL DECEMBER 2009



NJ TRANSIT ON-TIME PERFORMANCE LIGHT RAIL - SYSTEMWIDE JANUARY 2008- DECEMBER 2009



*Note: Starting May 2007

	2008	2009	# Change
December Comparison	97.4%	97.4%	0.0%

	2008-2009	2009-2010	# Change
12-Month Average January - December	96.8%	98.0%	1.1%

Analysis:

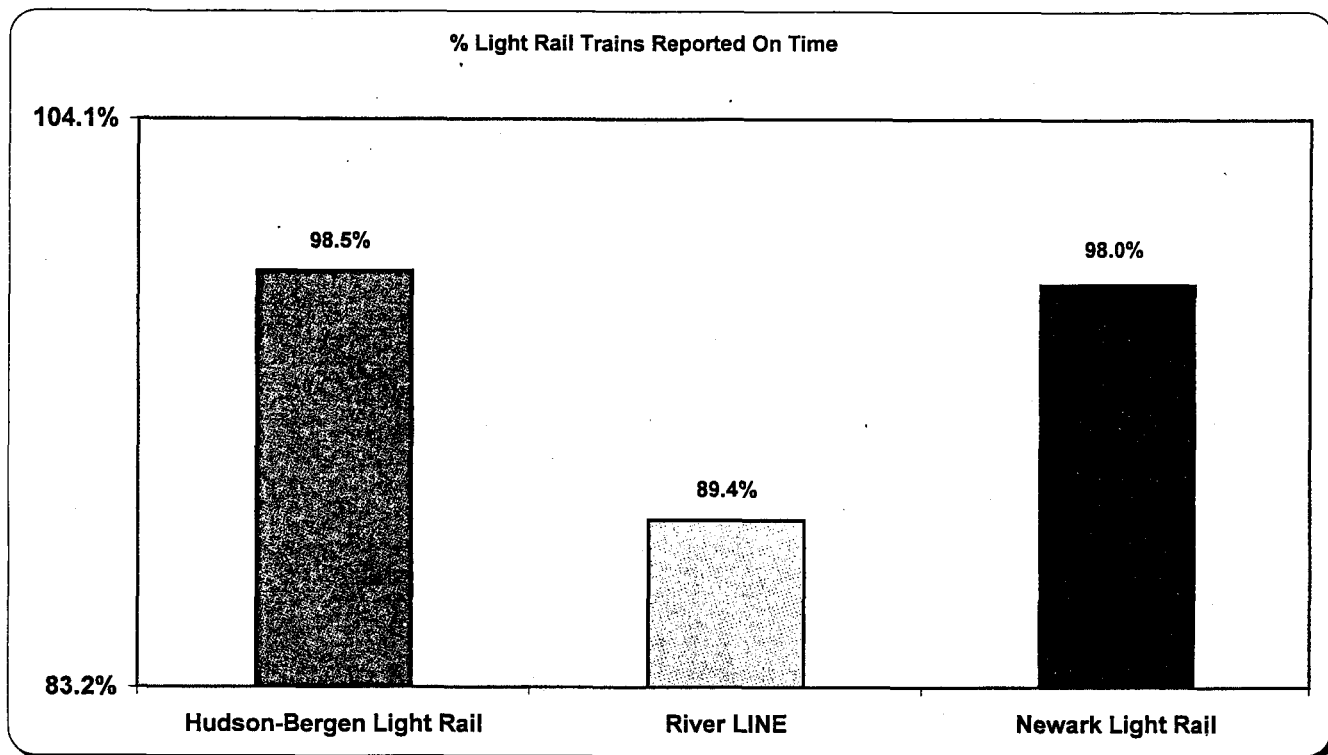
Light Rail On-Time Performance systemwide was 97.4% for the month of December 2009. Of the 31,696 scheduled trains, 817 (or 2.6%) experienced delays. Key causes included:

- Switch failure affecting HBLR trains on December 17.
- A snow storm on December 20 delaying River LINE service.
- Switch failure impacting Newark Light Rail trains on December 11.

The 12-month average for Light Rail On-Time Performance for January 2008 - December 2009 was 96.8%.

ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE DECEMBER 2009



ACTION ITEMS

ITEM 1002-3: ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT

BENEFITS

The purchase of these materials and equipment will enhance reliability and on-time performance of the electric and diesel locomotives by performing recommended maintenance and direct replacement of components. Performing the reliability project will improve reliability; decrease costs related to component failures and help to maintain on-time performance.

PURPOSE

In an effort to maintain the useful life of the rail fleet, NJ TRANSIT plans to continue to perform an in-house reliability improvement project for electric and diesel locomotives so that major components and subsystems are upgraded to the latest industry standards and recommendations to insure the continued reliable use of the vehicles in revenue service. Specifically, the ALP44 and ALP46 electric locomotive fleets require ongoing duty cycle maintenance to critical propulsion components such as GTO modules, traction motors, gear units and trucks. The PL-42 diesel locomotive fleet, in addition to scheduled maintenance, must be maintained to EMD standards to maintain the Tier 1 rating for EPA Off-Road Emissions Standards. The EMD GP40 and F40 diesel fleets are being maintained through NJ TRANSIT's Condition Based Maintenance (CBM) Program. The CBM program customizes maintenance by locomotive duty cycle and facilitates the replacement of critical components prior to revenue service failure. As such, the CBM trend analysis will recommend fleet wide replacement of critical components. This action is in lieu of a mid-life overhaul of our equipment.

The estimated cost for major components and miscellaneous materials is \$32,000,000 for diesel and electric locomotives within the reliability program. The procurement of these components and equipment can be classified into two groups: i.e., competitive bid items and sole source items. The sole or single source materials total 80 percent of all service parts; including but not limited to, the rebuilding of wheel sets, main transformers, gear units, trucks, air compressors, cab controllers and the replacement of various relays, switches and contactors. It is NJ TRANSIT's intent to utilize the competitive bid process to procure material available from more than one source of supply whenever possible.

ACTION

Staff seeks authorization to enter into contracts with the lowest responsive, responsible bidders and with sole and single source/original equipment manufacturers for the procurement of various locomotive components for an in-house reliability improvement project for the electric and diesel locomotive fleets during Calendar Years 2010 through 2017, at a cost not to exceed \$32,000,000, plus five percent for contingencies.

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

FISCAL IMPACTS

Requested Authorization: \$32,000,000 + 5% for contingency
(Components)

Total Project Cost: \$49,000,000 (Components)

Projected Date of Completion: December 2017

Anticipated Source of Funds: TTF

Diversity Goal: N/A
(Does not lend itself to DBE participation)

Related/Future Authorizations: N/A

**Impact on Subsequent
Operating Budgets:** N/A

RESOLUTION

WHEREAS, as part of the continued maintenance of the Rail fleet, NJ TRANSIT plans to continue to perform an in-house reliability improvement project for the electric and diesel locomotive fleets so that major components and subsystems are upgraded to the latest industry standards and recommendations; and

WHEREAS, the PL42 diesel locomotive fleet, in addition to scheduled maintenance, must be maintained to EMD Standards to maintain the Tier 1 rating for EPA Off-Road Engine Emissions Standards; and

WHEREAS, the Condition Based Maintenance Program trend analysis may recommend fleet wide replacement of critical GP40 and F40 diesel locomotive critical components; and

WHEREAS, the purchase of these materials will enhance reliability and on-time performance;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into contracts with the lowest responsive, responsible bidders and with the sole or single source/original equipment manufacturers for the procurement of various locomotive components to be used in the in-house reliability improvement project for the electric and diesel locomotive fleet during Calendar Years 2010 through 2017, at a cost not to exceed \$32,000,000, plus five percent for contingencies, subject to the availability of funds.

ITEM 1002-4: NEWARK PENN STATION RAYMOND PLAZA WEST IMPROVEMENTS: AMENDMENT TO ENGINEERING AND DESIGN CONTRACT

BENEFITS

Newark Penn Station is both a strategic regional transportation facility for NJ TRANSIT and a highly visible gateway to the City of Newark. Each weekday, more than 50,000 customers use the station to access NJ TRANSIT's rail, bus, and light rail services, Amtrak Intercity Rail, PATH, Greyhound, and other private carrier bus routes. The station is located between Newark's Ironbound section and the downtown business district which includes the new Prudential Center Arena. The station is on the State and National Registers of Historic Places.

The importance of the station as a gateway to Newark has created a need to enhance the station access from the west side. This project will create a two-way street on Raymond Plaza West with a roundabout in front of the station entrance. As a result, circulation for pedestrians, automobiles, buses and taxis will be improved.

The funding for this project is being provided as part of the American Recovery and Reinvestment Act of 2009 (ARRA) economic stimulus program.

PURPOSE

The authorization of this contract amendment will provide for the design modification for the Newark Penn Station Raymond Plaza West Improvements project to minimize the impact of the project to the adjacent property owners. The original engineering and design contract for the project was awarded as a Task Order Contract (No. 03-052B) to Gannett Fleming, Inc.

In August 2009 the Board of Directors authorized the award of Task Order Contracts in 12 disciplines, including Architectural and Engineering Design. Through the competitive procurement process Gannett Fleming, Inc. was awarded one of the four contracts for Architectural and Engineering Design. Gannett Fleming, Inc. as the original designer of the improvement project is best positioned to advance the work in a cost-effective and timely manner.

In addition, this amendment will provide for the support services during project construction.

ACTION (Justification: Improved Customer Service)

Staff seeks authorization to amend the Task Order Contract (No. 09-086D) with Gannett Fleming, Inc. of South Plainfield, New Jersey, for engineering design and construction support services of the Newark Penn Station Raymond Plaza West Improvements at a cost not to exceed \$195,229 above the previously authorized \$500,000, for a total contract task authorization of \$695,229, plus five percent for contingencies, subject to the availability of funds.

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

FISCAL IMPACTS:

Requested Authorization: 195,229 + 5% contingency

Total Project Cost: \$ 18,117,000

Projected Date of Completion: May 2011

Anticipated Source of Funds: Federal Transit Administration (Stimulus Funding)
Transportation Trust Fund

Diversity Goal: 25% DBE

***NJ Build* Amount:** None

Related Future Authorizations: None

**Impacts on Subsequent
Operating Budgets:** None
City of Newark will maintain traffic signals

RESOLUTION

WHEREAS, Newark Penn Station is both a strategic regional transportation facility for NJ TRANSIT and a highly visible gateway to the City of Newark; and

WHEREAS, Newark Penn Station is on the National and State Registers of Historic Places; and

WHEREAS, NJ TRANSIT seeks to improve its rail system through the construction of pedestrian and vehicle exterior circulation improvements; and

WHEREAS, the modification of the design of the Raymond Plaza West Improvements is required to minimize the impact of the property on the adjacent property owners; and

WHEREAS, Gannett Fleming, Inc. was previously selected through a competitive procurement process to provide design and construction support services for the Newark Penn Station Raymond Plaza West Improvements project; and

WHEREAS, Gannett Fleming, Inc. was selected through a competitive procurement process for a Task Order Contract for future projects;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or Executive Director is authorized to amend the Task Order Contract (No. 09-086D) with Gannett Fleming, Inc. of South Plainfield, New Jersey, for engineering design and construction support services of the Newark Penn Station Raymond Plaza West Improvements at a cost not to exceed \$195,229 above the previously authorized \$500,000, for a total contract task authorization of \$695,229, plus five percent for contingencies, subject to the availability of funds.

**ITEM 1002-5: MARKET STREET PATERSON BUS GARAGE FUEL LANES
RELOCATION: CONSTRUCTION CONTRACT AWARD**

BENEFITS

NJ TRANSIT owns and operates a bus storage and maintenance facility on Market Street in the City of Paterson. Constructed in 1903 and completed in 1904, it served as the terminus for interurban cars and housed trolleys for several local city lines. In 1912 an addition to the terminal site was constructed and a heating system was installed.

The building was remodeled for garage purposes in 1925 and became known as the Market Street Garage. A maintenance wing was added to the western façade of the structure in 1945 and the fueling shed was added circa 1950.

Currently, the facility accommodates and provides maintenance services to approximately 125 buses serving routes into New York City as well as local routes. The relocation of the existing fuel lanes will improve operations at the facility.

PURPOSE

The award of this construction contract will allow for the relocation of the fuel lanes from outside (under the shed) to inside the building complete with new entrances and installation of new dispensing equipment. The project will also include a reconfigured parking area, allowing for parking an additional 10 buses; a new building entrance; the reconfiguration of the fuel lanes; and new product tanks.

ACTION

Staff seeks authorization to contract (No.10-033X) with APS Contractors of Paterson, New Jersey, for the construction of new fueling lanes at the Market Street Bus Garage located in the City of Paterson at a cost not to exceed \$1,754,950, plus five percent for contingencies, subject to the availability of funds.

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

FISCAL IMPACTS

Requested Authorization: \$ 1,754,950 + 5% contingency

Total Project Cost: \$ 2,385,000

Projected Date of Completion: March 2011

Anticipated Source of Funds: Transportation Trust Fund

Diversity Goal: 21% SBE

***NJ Build* Amount:** \$ 8,775

Related/Future Authorizations: None

**Impacts on Subsequent
Operating Budgets:** None

RESOLUTION

WHEREAS, NJ TRANSIT owns and operates the bus garage located on Market Street in the City of Paterson; and

WHEREAS, the facility accommodates and provides maintenance services to approximately 125 buses serving routes into New York City as well as local routes; and

WHEREAS, the current fuel lanes are located such that the buses cannot circulate easily through the facility; and

WHEREAS, relocation of the fuel lanes will improve bus fueling services and vehicle routing through the facility for maintenance and storage purposes; and

WHEREAS, following a competitive procurement process, APS Contractors was determined to be the lowest responsive, responsible bidder;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract (No.10-033X) with APS Contractors of Paterson, New Jersey, for the construction of new fueling lanes at the Market Street Bus Garage located in the City of Paterson at a cost not to exceed \$1,754,950, plus five percent for contingencies, subject to the availability of funds.

CONSENT CALENDAR

ITEM 1002-6: RISK MANAGEMENT AND INSURANCE PROGRAM: BROKER SERVICES

BENEFITS

NJ TRANSIT is seeking insurance broker services to assist in the development, implementation and administration of its risk management program. Currently, NJ TRANSIT maintains a corporate insurance program to provide for Excess Liability, All Risk Property, Workers' Compensation, Terrorism, Employment Practice Liability and various Executive Risk coverages. The broker's responsibilities will include the procurement of necessary corporate insurance coverages, development and utilization of ARH III, NJ TRANSIT's captive insurance company, analyzing the accuracy of claims reserves, and monitoring loss control measures implemented by NJ TRANSIT's Bus, Rail and Light Rail Departments. The broker may be required to perform supplemental risk management services including a comprehensive claims audit to determine whether the claims handled by NJ TRANSIT's Claims Department are being handled in accordance with the industry's "best practices", disaster recovery assistance and/or a risk analysis of expansion projects or new services.

PURPOSE

Authorization to select a broker is required at this time in order to continue the risk management objectives of NJ TRANSIT for the period of March 1, 2010 through February 28, 2012 with the option of maintaining the broker's services through February 2014. Staff will work with the broker to continue to develop a risk management strategy that is reflective of NJ TRANSIT's desire to reduce its financial liability through both risk transfer and risk control measures.

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

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

The broker will also conduct claim file reviews, assist in the implementation of loss control initiatives, ensure accurate reporting of property values, analyze trends in claims and recommend measures to mitigate risks, assist in reporting claims to excess insurance carriers and advocate on behalf of NJ TRANSIT for a reasonable and just settlement of claims with the insurance carrier.

ACTION

Staff seeks authorization to contract with Marsh USA to act as NJ TRANSIT's Risk Management/Insurance Broker for two years with the option to continue to contract with the broker for up to two years with compensation capped at \$385,000 per fiscal year. In addition, supplemental risk management services may be requested by NJ TRANSIT and provided by the broker on an as-needed basis. Such additional services would be at a cost not to exceed \$75,000 per fiscal year.

Compensation to the broker for the placement and administration of future OCIPs will be negotiated separately and is not intended to be included in the broker's annual fee or the supplemental risk management services. Annual Stewardship Reports will be required of the selected broker summarizing the services provided and its accomplishments.

All expenditures are subject to the availability of funds.

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

FISCAL IMPACTS

Requested Authorization: \$385,000 per fiscal year + 5% contingency for broker services

\$75,000 per fiscal year for additional risk management services

Projected Date of Completion: February 2014

Anticipated Source of Funds: Operating Budget/commissions

Diversity Goals: 5%

Related/Future Authorizations: \$1.65 million under the previous Corporate Broker RFP 2006-2010.

Impacts on Subsequent Operating Budgets: \$385,000 per fiscal year

RESOLUTION

WHEREAS, NJ TRANSIT has a need for a full service Risk Management/Insurance Broker to continue the development and enhancement of its Risk Management Program; and

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

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to retain Marsh USA to act as NJ TRANSIT's Risk Management/Insurance Broker of Record for two years with an option to retain their services for two additional years with compensation earned through commissions capped at \$385,000 per fiscal year, plus five percent contingency, subject to the availability of funds;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to retain Marsh USA to perform supplemental risk management services (excluding the placement and administration of future OCIPs) on an as-needed basis at a cost not to exceed \$75,000 per fiscal, subject to the availability of funds.

**ITEM 1002-7: HUDSON-BERGEN LIGHT RAIL LITIGATION SUPPORT:
COMPENSATION OF EXPERT ELECTRONIC DISCOVERY
CONSULTANT (WATERS EDGE CONSULTING)**

BENEFITS

Waters Edge Consulting is an established firm providing electronic discovery expertise. The retention of Waters Edge Consulting will provide NJ TRANSIT with additional resources and expertise in obtaining electronic documents during the discovery phase of a major construction litigation.

PURPOSE

The New Jersey Office of the Division of Law (DOL) has retained Waters Edge Consulting to provide assistance in both requesting electronic discovery and responding to requests for electronic discovery in connection with the lawsuit filed by Twenty-First Century Rail Corporation, the Design-Build-Operate-Maintain (DBOM) contractor for the Hudson-Bergen Light Rail MOS-II project, and its subcontractor, Frontier-Kemper/Shea/Bemo, Joint Venture.

The DOL has requested that NJ TRANSIT reimburse the electronic discovery consultant directly and has reviewed and approved the Waters Edge Consulting proposal for this effort, which includes work to the end of discovery, currently scheduled for June 1, 2011.

The total cost of the Hudson-Bergen Light Rail MOS-II project is approximately \$1.2 billion.

ACTION (Justification: Legal Defense)

Staff seeks authorization to reimburse Waters Edge Consulting of Reston, Virginia, for expert electronic discovery consultant services in the amount of \$945,000, subject to the availability of funds.

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

FISCAL IMPACTS

Requested Authorization \$ 945,000

Total Project Cost: TBD

Projected Date of Completion: TBD

Anticipated Source of Funds: Transportation Trust Fund

Diversity Goal: NA

***NJ Build* Amount:** NA

Related/Future Authorizations: Settlement of claim
Additional expert consultant services

**Impacts on Subsequent
Operating Budgets:** N/A

RESOLUTION

WHEREAS, NJ TRANSIT requires additional resources and electronic discovery expertise in conjunction with defending a lawsuit filed by Twenty-First Century Rail Corporation, the Design-Build-Operate-Maintain (DBOM) contractor for the Hudson-Bergen Light Rail project and its subcontractor; and

WHEREAS, the New Jersey Office of the Division of Law (DOL) has retained Waters Edge Consulting, to provide expert consultant services to assist NJ TRANSIT in this matter; and

WHEREAS, the Division of Law has requested that NJ TRANSIT reimburse Waters Edge Consulting directly;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to reimburse Waters Edge Consulting of Reston, Virginia, for expert electronic discovery consultant services in the amount of \$945,000, subject to the availability of funds.