

Jon S. Corzine
Governor

Kris Kolluri, Esq.
Board Chairman

George D. Warrington
Executive Director

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



March 7, 2006

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the regularly scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc. Board of Directors held on Thursday, March 2, 2006.

Sincerely,



Gwen A. Watson
Board Secretary

Enclosures

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

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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 Thursday, March 2, 2006.

Present:

Kris Kolluri, Acting Chairman
Myron P. Shevell, Vice Chairman
A. Matthew Boxer, Governor's Representative
Kenneth E. Pringle
Flora Castillo

George D. Warrington, Executive Director
Lynn Bowersox, Assistant Executive Director, Corporate Commun. & External Affairs
James Gigantino, Acting Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Kenneth Worton, Deputy Attorney General
James Schworn, Procurement & Support Services
James Redeker, Assistant Executive Director, Policy, Technology & Customer Services
Steve Santoro, Capital Planning and Programs
H. Charles Wedel, Chief Financial Officer & Treasurer
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Gwen A. Watson, Board Secretary
Robert Guarnieri, Auditor General

Acting Chairman Kris Kolluri convened the Open Session at 9:10 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss litigation matters and contract negotiations. A motion was made by Kenneth E. Pringle, seconded by Flora Castillo and unanimously adopted.

Acting Chairman Kris Kolluri reconvened the Open Session at 10:08 am and asked for a motion to adopt the minutes of the December 13, 2005 meeting. A motion was made by Myron P. Shevell, seconded by Flora Castillo and unanimously adopted.

Acting Chairman Kris Kolluri recognized former Transportation Commissioner Jack Lettiere and former Assemblywoman Rose Heck.

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

Executive Director Warrington welcomed the new Board member A. Matthew Boxer, Director of the Governor's Authorities Unit and recognized Lisa Thornton also of the Authorities Unit.

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Executive Director Warrington officially welcomed his good friend and new Acting Commissioner of Transportation Kris Kolluri as Acting Chairman of the NJ TRANSIT Board of Directors. Executive Director Warrington said Acting Chairman Kolluri hit the ground running in leading the efforts through the recent blizzard and supporting the Governor on the plan to reform, replenish and grow New Jersey's Transportation Trust Fund.

Executive Director Warrington thanked Acting Chairman Kolluri and Governor Corzine for their leadership on this vital matter in very difficult times. Executive Director Warrington expressed his appreciation on behalf of current and future riders for the magnitude of the capital construction program that this plan will fund over the next several years.

Executive Director Warrington said the new five-year, \$1.6 billion capital plan will enable NJ TRANSIT to continue a substantial program of infrastructure and state-of-good-repair for equipment which is vital to safety and day-to-day reliability as well as the advancement of many capacity and service expansion projects across the State. He said at \$675 million a year, coupled with increases expected in federal formula funds, and ultimately supplemented with Port Authority funds to support THE Tunnel, this program enables NJ TRANSIT to replace every one of the nearly 1,200 transit-style buses in the fleet over the next several years; as well as to replace 42 diesel locomotives and 1970s vintage Arrow III self-propelled rail cars on the Northeast Corridor, Morris & Essex and North Jersey Coast lines; and rebuild 148 older Comet rail cars across the system.

Executive Director Warrington said the program will enable long overdue major bridge needs, including rehabilitation of the over 100 year old Newark Drawbridge, expansion of the Portal Bridge over the Hackensack River on the Northeast Corridor, replacement of the timber approaches on the North Jersey Coast Line's Shark River Drawbridge and the replacement of bridges along the Raritan Valley Line. He said the program will also provide for track and tie replacement, passenger communication upgrades, signal system upgrades, and improvements to overhead power lines and electric substations.

Executive Director Warrington said the program enables NJ TRANSIT to advance critical capacity and service expansions across the system, including projects of regional significance such as Access to the Region's Core/Tunnel with the Port Authority of New York and New Jersey.

Executive Director Warrington said that, on the operating side, NJ TRANSIT is continuing to identify internal and administrative efficiencies and cost reductions, as well as commercial opportunities, which will generate revenue.

He said as a result of a very competitive procurement process for our day-to-day banking services, NJ TRANSIT has reduced banking fees by more than \$600,000 over the next five years.

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He said through a similarly competitive solicitation process for insurance brokerage services, NJ TRANSIT has successfully secured a reduced cap on broker fees earned through commissions, representing an annual savings of about \$100,000, a 20-percent reduction over current levels.

He said approval is sought to engage in cross border lease transactions on \$370 million worth of new rail cars and buses, which has the potential to generate more than \$10 million in commercial revenue.

He said consistent with NJ TRANSIT's focused effort to extract revenues for property assets, NJ TRANSIT has re-negotiated the terms of a commercial development at the Morristown Train Station, which has substantially improved NJ TRANSIT's commercial position.

Executive Director Warrington said the good news is that under the re-negotiated terms, the developer is responsible for funding a 415-space parking garage, and NJ TRANSIT gets the benefit of 200-plus residential units and 8,000 square feet of retail space right next door which is future fare box revenue. He said NJ TRANSIT will receive a portion of the revenue stream when the development is either refinanced or sold. It's a win, win for everyone.

Executive Director Warrington said there are two items on the agenda that will bring more service and convenience to Raritan Valley Line customers. He said by constructing "passing tracks" near the White House Station, NJ TRANSIT will be able to provide more service at stations west of Raritan, including North Branch, White House, Lebanon, Annandale and High Bridge.

NJ TRANSIT has a single-track operation west of Raritan Station, which limits the number of trains operated between Raritan and High Bridge. He said the new track will allow trains to pass each other, and more importantly, allow NJ TRANSIT to operate eight additional trains during weekdays, including two new morning peak period departures from High Bridge. Executive Director Warrington said the Raritan Valley Line customers can expect to see the additional service by mid-2007.

Executive Director Warrington said that about a year ago, it became clear that the original pocket track design at Newark Penn Station was going to create significant construction-related disruption for all Newark Division (North Jersey Coast Line, Northeast Corridor, Raritan Valley Line) customers and operations, because of the intricacy and complexity of the project and the outages required.

As a result, NJ TRANSIT and Amtrak re-engineered the original concept and developed a lower cost design that minimizes the construction impacts on the operation and achieves the same platform transfers for Raritan Valley Line customers as the original plan. He said the project schedule calls for completion in the first half of 2008.

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Executive Director Warrington said the Hackensack Bus Terminal is a significant transportation hub, serving 3,400 customers daily. The Board item seeks approval to renovate the terminal starting this summer to enhance customer comfort and safety.

Executive Director Warrington said that the City of Hackensack, particularly Mayor Townes, was very engaged in this project. Executive Director Warrington thanked Mayor Townes and invited him to say a few words. Mayor Townes thanked Executive Director Warrington for inviting him and said the renovations will be a gateway to Hackensack and will benefit all commuters. He said he appreciates NJ TRANSIT's assistance on this project.

Executive Director Warrington said he joined Governor Corzine and Senator Menendez to open two new stations on the Hudson-Bergen Light Rail system last weekend. Hundreds of people, including federal, state and local elected officials, attended the ribbon-cutting event, and said it was encouraging to see so many people from the community there to support NJ TRANSIT and riding the light rail.

He expects the two new stations to be the busiest on the system. He said NJ TRANSIT saw a boost of nearly 4,000 trips over the weekend, and on this week there has been up to a 10 percent increase on the entire system.

Executive Director Warrington said that as part of customer outreach and rider education plans, customers have received information about the new stations, in English and in Spanish, which will continue over the next several months.

Executive Director Warrington thanked and congratulated Rich Sarles and his team, Steve Santoro and Joe North and their respective teams, as well as NJ TRANSIT's 21st Century partners, for all of their work on this project and on the overall system.

Executive Director Warrington said that as part of the Black History month celebration, NJ TRANSIT honored 14 students from around the State for their short essay submissions to NJ TRANSIT on what their White House agenda would be if they were elected the first African-American President. He said the students wrote eloquently about some of the nation's greatest challenges including hunger, homelessness and drug prevention and he invited everyone to take a look at the poster outside the Board Room, illustrating their thoughts in their own words, which are inspiring. He said similar posters are now on display on buses and light rail vehicles.

Executive Director Warrington congratulated Bill Duggan and his team for achieving a day of perfect on-time performance last week. The last time this was achieved was August 24, 2004. He said to reach a perfect score, particularly in the winter months, is no small feat. That means every one of the 731 trains were on time (or within tolerance) last Thursday.

Executive Director Warrington thanked Bill Duggan, Jim Gigantino and Rich Sarles for their hard work in keeping the trains, buses and light rail services moving during the

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snowstorm earlier this month. Thousands of NJ TRANSIT employees worked to prepare in the days and hours before the storm hit and throughout the heavy snowfall, as well as through the removal and clean up and he said everyone performed admirably.

Executive Director Warrington said that on behalf of the NJ TRANSIT Board and staff, he would like to recognize former Transportation Commissioner and NJ TRANSIT Board Chairman Jack Lettiere. Executive Director Warrington said that Jack Lettiere has a long history with the Department of Transportation and, in fact, Commissioner Lettiere and he started there at about the same time. Executive Director Warrington said he watched with a certain sense of pride as Commissioner Lettiere rose through the ranks to the corner office. He said when Jack became Commissioner, it was clear that he possessed the true hallmark qualities of a great leader --he asked the tough questions, he had the drive to make a difference and he always did what was right.

Executive Director Warrington said that beyond the leadership Commissioner Lettiere brought to the department, he also brought integrity, support and partnership in his work with him, and the Board and management at NJ TRANSIT.

Executive Director Warrington said that Jack Lettiere pushed very hard for NJ TRANSIT in Trenton, particularly on policy and budget issues while always making sure that lawmakers recognized and understood the importance of NJ TRANSIT's mission so that it would have the resources to serve customers well. He said Commissioner Lettiere is one of those rare people who keeps his head about him when all others are losing theirs. Executive Director Warrington said Commissioner Lettiere's graciousness is a quality that he admires and one of the things about the partnership that he will miss very much.

Executive Director Warrington said he looks forward to continuing their friendship as Commissioner Lettiere begins the next chapter in his life. Executive Director Warrington said he hopes Commissioner Lettiere's long and distinguished career in public service is rewarded with a very long, healthy and prosperous life for him and his family.

Executive Director Warrington presented Commissioner Lettiere with a resolution acknowledging his career in public service.

Commissioner Lettiere thanked the Board of Directors, Executive Director Warrington and the entire staff at NJ TRANSIT for the tremendous job they have done and continue to do. He said he is impressed with the dedicated people like George Warrington and Gwen Watson. Commissioner Lettiere said his proudest moment was being the Chairman of the Board. He expressed his thanks and appreciation to the NJ TRANSIT team for the marvelous work they do. Commissioner Lettiere said he has visited other transportation agencies around the country and he is proud that NJ TRANSIT is recognized for its integrity and dedication, which makes it the greatest public corporation in the United States.

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Board Member Shevell said it has been an honor and privilege to work with Commissioner Lettiere. He said he is smart and a real gentleman and will be missed greatly, not only professionally, but personally too. Board Member Shevell expressed his personal thanks and best wishes to Commissioner Lettiere.

Board Member Castillo expressed thanks and best wishes on behalf of the members of COMTO. She said Commissioner Lettiere's support in all of their endeavors was appreciated. Board Member Castillo said Commissioner Lettiere is a national icon and it was an honor working with him.

Board Member Pringle said Commissioner Lettiere has been a voice of reason and common sense and always took the time to talk to mayors. He said as a mayor, he worked on several projects with Commissioner Lettiere who always took the time to take his phone calls and offer assistance. Board Member Pringle thanked Commissioner Lettiere for all of his work in public service.

Board Member Boxer said Commissioner Lettiere's technical knowledge and common sense was invaluable to the Governor and he deserves all of the accolades he receives today. He said he regrets that he did not have the opportunity to work closely with Commissioner Lettiere but said he appreciates all of his insight and wished him well in his future endeavors.

Acting Chairman Kolluri said it is rare when one can call an individual a boss, mentor and friend but that is Commissioner Lettiere. He said it has been an honor to work with him and he would continue to call upon him.

Suzanne Mack presented the Advisory Committee report to the Board. Ms. Mack welcomed Acting Transportation Commissioner and Chairman Kris Kolluri to the Board of Directors. Ms. Mack gave a brief history and described the role of the North and South Jersey Advisory committees. Ms. Mack said she looks forward to a continuing working relationship between the Advisory Committee and the Board and offered her assistance on transit matters. Ms. Mack commented that the renewal of the Transportation Trust Fund is critical for transportation projects. Ms. Mack said the next meeting of the Advisory Committee is March 23, 2006.

There were no public comments on agenda items.

Executive Director Warrington presented the following Action Items for approval:

0603-1: HUDSON INTERLOCKING MODIFICATIONS: AMENDMENT TO DESIGN CONTRACT

Authorization is requested to complete the final design for the Hudson Interlocking design contract, formerly known as the Hudson Pocket Track. These design changes will realign track to increase operating speed, convert an existing Amtrak maintenance track into one for temporary

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storage of trains, replace slow speed switches and upgrade the existing signals. Authorization is requested to contract with Systra Consulting at a cost not exceed \$525,000, plus five percent for contingencies.

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

0603-2: WHITEHOUSE SIDING ON THE RARITAN VALLEY
LINE: CONSTRUCTION CONTRACT AWARD

Authorization is requested to upgrade the Whitehouse Siding on the Raritan Valley Line that allows construction of a three-quarter mile passing track increasing service by more than 60 percent at stations west of Raritan. There is a single track that limits trains to operating in one direction at a time. This new passing track will allow trains to pass each other on a stretch of double track allowing bi-directional traffic. Authorization is requested to contract with EE Cruz & Company to construct right of way improvements including site grading, track drainage installation and construction of a signal and communications duct bank at a cost not to exceed \$1,535,270 plus five percent for contingencies

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

0603-3: MORRISTOWN STATION ROOF REHABILITATION: CONSTRUCTION
CONTRACT AWARD

Authorization is requested to rehabilitate the Morristown Station roof, shelter and canopies to prevent moisture infiltration and deterioration in this historic building where investments have been made recently in restrooms and accessibility. Authorization is requested to contract with DMR Construction Services at a cost not to exceed \$2,297,000 plus five percent for contingencies.

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

0603-4: AMENDMENT OF BOARD ITEM 0010-110 THAT AUTHORIZED
EXECUTION OF A LONG TERM GROUND LEASE FOR "TRANSIT
VILLAGE" DEVELOPMENT AT MORRISTOWN STATION

Authorization is requested to amend an agreement approved by the Board several years ago that expands the parking capacity from 299 commuter spaces to a new deck with 415 spaces through a property conveyance to the developer. The plans call for 8000 square feet of retail space 218

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residential units, which will produce over 41,000 new rail trips annually and generate about \$270,000 in farebox revenue. The developer, Rosewood Lafayette Commons LLC, will provide the majority of the funding for the parking deck, allowing NJ TRANSIT to avoid financing costs which were contemplated in the original agreement. NJ TRANSIT will also receive six percent of the gross proceeds from the future sale or refinancing of the entire residential and retail project. This project is a great benefit to riders, additional income for NJ TRANSIT, and tax ratables for the Town of Morristown. Authorization is requested to amend the previous Board authorization.

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

0603-5: CROSS-BORDER LEASES: MULTI-LEVEL RAILCARS AND BUSES

NJ TRANSIT ordered 231 multi-level rail cars from Bombardier, 100 are being purchased with Port Authority funds. NJ TRANSIT has also purchased 289 new Millennium buses through New Jersey Certificates of Participation, as well as 53 MCI buses with Transportation Trust Fund monies. As no federal funding is involved, this equipment is eligible for Cross Border Leasing, and authorization is requested to negotiate with the Royal Bank of Scotland for the bus transaction and with Dexia and other French equity companies for the rail equipment transaction, with a total asset value of \$370 million, producing a benefit to NJ TRANSIT in excess of \$10 million. NJ TRANSIT will pay all legal and other fees estimated at \$750,000 and a fail-to-close indemnification of up to \$250,000 per lease.

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

0603-6: HACKENSACK BUS TERMINAL: CONSTRUCTION CONTRACT AWARD

More than 3400 daily customers travel through out regional bus terminal in Hackensack, which was constructed in the 1970's. The terminal is in need of some interior and exterior improvements, including relocation of some work space, reconfiguration of the customer waiting area and vendor space, construction of new ADA compliant restrooms, a modern heating and cooling system for customer comfort, and exterior roof, façade, signage and pedestrian improvements. Authorization is requested to contract with RML Construction to rehabilitate the Hackensack Bus Terminal at a cost not to exceed \$1,629,778 plus five percent contingencies.

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

0603-7: DIESEL LOCOMOTIVE SWITCHER PURCHASE

NJ TRANSIT Rail Operations currently uses four “switcher” locomotives and a revenue locomotive to “build” train sets and move vehicles around yards and shops. This equipment is now over 30 years old and is unreliable and in need of replacement. Authorization is requested to utilize an existing Amtrak contract with Motive Power Inc. for the manufacture and delivery of five new switcher locomotives at a cost not to exceed \$7,950,000 plus five percent for contingencies. Using Amtrak’s negotiated procurement with Motive Power Inc. will allow NJ TRANSIT to take advantage of cost and schedule savings.

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

0603-8: ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT

Over the next five years, NJ TRANSIT will undertake an in-house reliability improvement project for electric and diesel locomotive fleet so that major components and subsystems are upgraded to the latest industry standards. The materials and supplies required for this improvement project would be procured through either competitive bid or through sole and single source procurements, which comprise about 80 percent of the materials. The types of components and vendors are listed in board agenda item. Authorization is requested to purchase these items at a cost not to exceed \$17 million plus five percent for contingencies. Samples of the vendors and components required are listed in Exhibit A of the board item.

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

0603-9: INFORMATION TECHNOLOGY CONSULTING SERVICES

NJ TRANSIT’s Technology Advisory Committee prioritizes technology projects contained in the agency’s five year technology plan. To implement the goal of utilizing technology to increase operating efficiencies and management control, NJ TRANSIT has supplemented with consulting services as “skills on demand” assistance to assist on new technologies or projects, augmenting existing resources to support the infrastructure and allowing NJ TRANSIT to implement technology projects more quickly. These skills fall into five major categories, which include

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systems analysis and programming, telecommunications, desktop support, passenger communications systems and radio frequency support. Authorization is requested to contract with eight firms which are noted in the agenda package for the first year of a three year contract at a cost not to exceed \$3,442,968.

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

0603-10: SOUTHERN NEW JERSEY RAIL GROUP VS. NJ TRANSIT:
COMPENSATION OF SPECIAL COUNSEL

The Attorney General has designated Sills Cummis Epstein & Gross as outside counsel representing NJ TRANSIT in litigation filed by the Southern New Jersey Rail Group, contractor on the River LINE light rail project. Authorization is requested for \$3,000,000 in continued funding for legal services, which include expert witnesses and document research for this case, which is now scheduled for trial in June 2006.

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

0603-11: AUTOMATED FLUIDS MANAGEMENT SYSTEM

The fluid management system used in 15 bus garages is the primary source of data collection determining vehicle maintenance schedules. The current system, which utilizes obsolete software and deteriorating hardware, is inefficient and requires replacement. Authorization is requested for a new Automated Fluids Management System from S&A Systems at a cost not to exceed \$2,500,000 plus five percent for contingencies, which will upgrade the mileage collection process for fluid consumption, tire usage and preventative maintenance program on the 2025 buses in the statewide fleet.

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

Executive Director Warrington presented the following Consent Items for approval:

0603-12 FIBER OPTIC OCCUPANCY LICENSE NEGOTIATION

Authorization to enter into a License Agreement with Neon/Globix Corporation for the use of the first conduit placed in service along 37.25 miles of the Raritan Valley Line right-of-way for the remaining 14-year period of the original License term, plus two five-year options, for an

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annual fee of \$150,000 per year, subject to escalation based on the Consumer Price Index, and for the use of the remaining three conduits, should they be placed into service, at the same rate, subject to escalation.

0603-13 RISK MANAGEMENT INSURANCE PROGRAM:
BROKER/CONSULTANT

Authorization to contract (No. 06-023) with Marsh USA, Inc. of Morristown, NJ to act as NJ TRANSIT's Risk Management/Insurance Broker for up to four years with compensation earned through commissions capped at \$450,000 per fiscal year, maintenance of the STARS system at a cost of \$142,160 per fiscal year, and supplemental consulting services on an as-needed basis at a cost not to exceed \$75,000 per fiscal year, subject to the availability of funds and approval of subsequent operating budgets.

0603-14 **BANKING SERVICES (This item was deferred and no action was taken)**

Authorization to contract (No. 06-028) with Bank of America to provide banking services for a period of three (3) years with two (2) one-year options at a cost not to exceed \$480,000 plus five percent for contingencies, subject to the availability of funds.

0603-15 AMENDMENT TO LEASE WITH PENN-PATH LLC FOR
RETAIL SPACE AT NEWARK PENN STATION

Authorization to take all actions necessary to amend the existing lease with Penn-Path LLC to provide the tenant with a rent credit of \$275,505 on the original five and one-half years' lease agreement and provide an option for a three-year extension beginning in January 2007 at annual rents of \$706,250, \$715,000 and \$725,000, respectively for a total of \$2,146,250.

Acting Chairman Kris Kolluri recused himself from voting on Item #0603-14, Banking Services.

Board Member Myron P. Shevell recused himself from voting on Item #0603-13, Risk Management Insurance Program: Broker/Consultant and on Item #0603-14, Banking Services.

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As a result of the recusals, Item #0603-14, Banking Services has been deferred and no action was taken.

The Consent Calendar, as amended, was moved in its entirety by Myron P. Shevell, seconded by Kenneth E. Pringle and adopted.

There were seven public comments on non-agenda items.

William R. Wright thanked former Transportation Commissioner Jack Lettiere for all of his hard work and welcomed the new Acting Transportation Commissioner and NJ TRANSIT's Chairman of the Board, Kris Kolluri. Mr. Wright said he felt Governor Corzine took the only available action he could in continuing the Transportation Trust Fund. Mr. Wright said New Jersey commuters experienced a fare increase over the last several years while there has been no increase in the gas tax. Mr. Wright said this must be corrected.

Margurite Anne Petrillo commented on the police facilities contract at Newark Penn Station. Ms. Petrillo asked several detailed questions regarding the Penn Station facility and the specifications. Steve Santoro, Chief, Capital Project Management, answered the questions completely. Ms. Petrillo requested a copy of the police facilities contract. Ms. Petrillo also asked for a description of the route from Broad Street Station to Newark Penn Station and Mr. Santoro provided a description. (After the Board Meeting, Ms. Petrillo was provided with a detailed map of this route.)

Jack May, on behalf of the New Jersey Association of Railroad Passengers, commented on the \$1 billion cost for a light rail extension to Tenafly. Mr. May said the number is preposterous. Mr. May said he compared this number to the cost for other extensions and has supporting documentation from APTA that similar extensions cost far less. Mr. May said he questioned why the cost was so high but said NJ TRANSIT would not release the details. Mr. May said there may be a political reason and asked the Board to look into this investment. Mr. May said according to an NJ TRANSIT staff person, the Diesel Multiple Unit (DMU) plan would generate 800 trips per day and light rail would do better and people would not have to change trains. Mr. May said light rail is established in two places in the south and there could be two places in the north – Xanadu and Tenafly.

Rose Heck welcomed Acting Chairman Kolluri to the Board of Directors and said she looked forward to working with him. Ms. Heck congratulated NJ TRANSIT on the opening of two new stations, Bergenline Avenue Station in Union City and Tonnelle Avenue Station in North Bergen, on the Hudson Bergen Light Rail Line. She said it was a marvelous day. Ms. Heck said she was one of the original members on the panel of the light rail project and even though the panel no longer exists, she continues to watch over the project. Ms. Heck requested a copy of the presentation that was given at the public meeting in Tenafly. She also requested a cost breakdown of the \$1 billion for light rail as opposed to the cost for the diesel multiple units.

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Rose Heck, on behalf of the New Jersey Association of Railroad Passengers, said last year, she worked with former Chairman Lettiere and Executive Director Warrington on promoting tourism on the Cape May Seashore Line and she looked forward to continuing this working relationship with Acting Chairman Kolluri and Executive Director Warrington.

Frank Miklos said he is a retired NJ TRANSIT and New Jersey Department of Transportation employee with 38 years of service. Mr. Miklos said he echoes the comments previously made regarding Bergen County. Mr. Miklos said the cost of light rail is out of proportion. Mr. Miklos said even though he is retired, he pursues his interest in public transportation, keeps pace with the transit industry and wants the best buck for the transit rider. Mr. Miklos wondered if the Federal Railroad Administration would ever allow a diesel car equipped with fuel tanks to go through an underwater tunnel. Mr. Miklos suggested that NJ TRANSIT can invest in electrification to Tenafly with a dual mode car and if NJ TRANSIT decides to run service into New York, it can be done with the dual mode vehicle. He said it is a common practice in the industry. Mr. Miklos said he is available for further discussions on this topic.

David Peter Alan, Chair of the Lackawanna Coalition and advocate on behalf of the riders on the Morris & Essex and Montclair-Boonton lines thanked Executive Director Warrington, Richard Sarles and Rich Roberts for attending a recent meeting about the proposed loop around Secaucus Junction and tunnel into New York City. Mr. Alan said he remains concerned that the current tunnel proposal in addition to a companion proposal by the Long Island Rail Road to build a deep station below the lower level of Grand Central Terminal would waste scarce capital resources and suggested a connection between the two existing stations would serve riders more effectively. Mr. Alan said he looked forward to continuing discussions with management on this and other issues.

Mr. Alan expressed concern that the Portal Bridge application is separate from the application to the Federal Transit Administration for funding to build the Loop and the Tunnel and said it increases the risk of the entire project. He said if the Loop and Tunnel project is built, but the tracks between Newark and Secaucus are not, riders would be forced to travel a circuitous route which would add 10 minutes or more to commuting time in each direction. Mr. Alan said cooperation among all of the railroads in the New York region would save money and provide benefits to the riders rather than unilaterally building expansion projects and said the Lackawanna Coalition would like to have “a seat at the table” when it comes to negotiating with management over projects. Mr. Alan said the Board and management hold transit assets as stewards for the riders who are the primary stakeholders.

Mr. Alan expressed disappointment that Governor Corzine chose to continue borrowing money to finance the Transportation Trust Fund. He said motorists and truckers enjoy the same low price but transit riders may not be so lucky. He said the gasoline tax is the third lowest in the nation and has not been raised since 1988. Mr. Alan said rather than raising fares, the Board should work toward an increase in the gasoline tax and

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other motor vehicle use fees. He said transit fares have been raised enough and the gasoline tax should be raised for a change.

Al Cafiero, on behalf of Senator Cardinale, commented on how the diesel multiple unit shuttle plan will hurt eastern Bergen County. Mr. Cafiero said the switch to use diesel multiple units instead of light rail vehicles has raised doubts for restoring passenger service on the Northern Branch. Mr. Cafiero said a diesel shuttle line between Tenafly and North Bergen would not likely receive Federal Transit Administration approval for federal funding since the FTA turned down the a similar project, the Trenton-Camden Light Rail project.

Mr. Cafiero said there are several faults with the diesel multiple unit shuttle such as it is projected to carry less than one-third of the riders of the Hudson-Bergen Light Rail with trains going directly from Tenafly to Weehawken and Hoboken; it is a five seat ride to the City with people transferring in the peak period; there is more waiting in the off-peak and since the trip frequency is much less, there will also be a sharp drop in local riders. Mr. Cafiero said the diesel multiple unit is heavy rail which is required to follow Federal Railroad Administration regulations. He said the diesel shuttle just does not make sense.

Mr. Cafiero said Eastern Bergen needs a Hudson Bergen Light Rail extension not only to Tenafly, but to the New York state line which would restore the only connection East Bergen has ever had with the rest of New Jersey. He said riders need a single seat ride to the Weehawken Ferry, Lincoln Harbor for connecting to New York City bound buses and to Hoboken for connections to the rest of the state. Mr. Cafiero said Eastern Bergen needs practical, safe and secure rail service.

Mr. Cafiero thanked former Transportation Commissioner and Chairman Jack Lettiere for his service and for listening to him comment at all the Board Meetings.

Board Member Flora Castillo congratulated and recognized Jeff Antman, Senior Director, Creative Services and Marketing Innovation, for authoring the winning State slogan “New Jersey: Come See for Yourself”.

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

The meeting was adjourned at approximately 11:30 am.

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

MARCH 2, 2006

MINUTES

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ACTION ITEMS

0603-1	<p>HUDSON INTERLOCKING MODIFICATIONS: AMENDMENT TO DESIGN CONTRACT</p> <p>Authorization to amend the contract (No. 860079) with SYSTRA Consulting, Inc. of Bloomfield, N.J., to complete the final design for the Hudson Interlocking modifications at a cost not to exceed \$525,000, plus five percent for contingencies, for a total contract authorization of \$3,196,924, subject to the availability of funds.</p>	37075
0603-2	<p>WHITEHOUSE SIDING ON THE RARITAN VALLEY LINE: CONSTRUCTION CONTRACT AWARD</p> <p>Authorization to contract (No. 06-027X) with EE Cruz & Company, Inc. of Holmdel, NJ, for the construction of the Whitehouse Siding located along the Raritan Valley Line in Readington Township, Hunterdon County, New Jersey at a cost not to exceed \$1,535,270, plus five percent for contingencies, subject to the availability of funds.</p>	37078

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0603-3 MORRISTOWN STATION ROOF REHABILITATION: 37080
 CONSTRUCTION CONTRACT AWARD

Authorization to contract with DMR Construction Services of River Edge, NJ for the rehabilitation of the Morristown Station roof surfaces on the Morris and Essex Lines at a cost not to exceed \$2,297,000, plus five percent for contingencies, subject to the availability of funds.

0603-4 AMENDMENT OF BOARD ITEM 0010-110 THAT 37082
 AUTHORIZED EXECUTION OF A LONG TERM GROUND
 LEASE FOR "TRANSIT VILLAGE" DEVELOPMENT AT
 MORRISTOWN STATION

Authorization to amend Board Item 0010-110 and enter into a property conveyance agreement and all other necessary legal documents, with Roseland Property Company, in a joint venture with Woodmont Builders (now doing business as Rosewood Lafayette Commons, LLC) for the Morristown Station Transit Oriented Development under the defined and modified terms outlined herein, including a lease with the Town of Morristown for an interim parking lot.

0603-5 CROSS-BORDER LEASES: MULTI-LEVEL RAILCARS 37087
 AND BUSES

Authorization to negotiate with the Royal Bank of Scotland as equity on the Millennium and the MCI buses and with Dexia and other French equity for leases on Bombardier multi-level rail cars and to take all actions necessary to close the lease, including the payment of all legal and other fees, estimated not to exceed \$750,000, as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

0603-6 HACKENSACK BUS TERMINAL: CONSTRUCTION 37089
 CONTRACT AWARD

Authorization to contract (No. 06-053) with RML Construction of Hasbrouck Heights, NJ for the rehabilitation of the Hackensack Bus Terminal, at a cost not to exceed \$1,629,778, plus five percent for contingencies, subject to the availability of funds.

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- 0603-7 DIESEL LOCOMOTIVE SWITCHER PURCHASE 37091
- Authorization to consent to the assignment of Amtrak's contract with MotivePower, Inc. for the Manufacture and Delivery of Switcher Locomotives, to NJ TRANSIT for the purchase of five MP 20B-3 switcher locomotives and contract spares for a total contract authorization of \$7,950,000, plus five percent for contingencies and additional consideration of five used diesel locomotives to be provided by NJ TRANSIT, subject to the availability of funds.
- 0603-8 ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT 37094
- Authorization 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 fleets during Fiscal Years 2006 through 2011, at a cost not to exceed \$17,000,000, plus five percent for contingencies, subject to the availability of funds. Samples of the vendors and components required are presented in Exhibit A.
- 0603-9 INFORMATION TECHNOLOGY CONSULTING SERVICES 37099
- Authorization to contract (No. 05-109) for professional services to supplement staffing within NJ TRANSIT's Information Services Department with Booz Allen Hamilton of Newark, NJ; Citadel Information Systems of East Brunswick, NJ; Comsys of Somerset, NJ; Data Industries of New York, NY; Edwards & Kelcey of Morristown, NJ; Raj Consultants of Iselin, NJ; RCC Consultants of Woodbridge, NJ and Telcordia Technologies of Red Bank, NJ for three years limited by the first year's cost not to exceed \$3,442,968, subject to the availability of funds.

0603-10 SOUTHERN NEW JERSEY RAIL GROUP VS. 37102
 NJ TRANSIT: COMPENSATION OF SPECIAL COUNSEL

Authorization to compensate Sills Cummis Epstein & Gross as Special Counsel in accordance with the Attorney General's designation for comprehensive litigation support services including the retention of experts, up to an additional \$3,000,000 for continuing legal services, for a total contract authorization of \$16,590,000, subject to the availability of funds.

0603-11 AUTOMATED FLUIDS MANAGEMENT SYSTEM 37105

Authorization to contract with S & A Systems of Rockwall, Texas for the purchase of an Automated Fluids Management System in an amount not to exceed \$2,500,000, plus five percent for contingencies, subject to the availability of funds.

CONSENT CALENDAR 37108

0603-12 FIBER OPTIC OCCUPANCY LICENSE NEGOTIATION 37109

Authorization to enter into a License Agreement with Neon/Globix Corporation for the use of the first conduit placed in service along 37.25 miles of the Raritan Valley Line right-of-way for the remaining 14-year period of the original License term, plus two five-year options, for an annual fee of \$150,000 per year, subject to escalation based on the Consumer Price Index, and for the use of the remaining three conduits, should they be placed into service, at the same rate, subject to escalation.

0603-13 RISK MANAGEMENT INSURANCE PROGRAM: 37112
 BROKER/CONSULTANT

Authorization to contract (No. 06-023) with Marsh USA, Inc. of Morristown, NJ to act as NJ TRANSIT's Risk Management/Insurance Broker for up to four years with compensation earned through commissions capped at \$450,000 per fiscal year, maintenance of the STARS system at a cost of \$142,160 per fiscal year, and

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supplemental consulting services on an as-needed basis at a cost not to exceed \$75,000 per fiscal year, subject to the availability of funds and approval of subsequent operating budgets.

0603-14 AMENDMENT TO LEASE WITH PENN-PATH LLC FOR 37115
RETAIL SPACE AT NEWARK PENN STATION

Authorization to take all actions necessary to amend the existing lease with Penn-Path LLC to provide the tenant with a rent credit of \$275,505 on the original five and one-half years' lease agreement and provide an option for a three-year extension beginning in January 2007 at annual rents of \$706,250, \$715,000 and \$725,000, respectively for a total of \$2,146,250.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

EXECUTIVE SESSION AUTHORIZATION

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

BE IT FURTHER RESOLVED that it is expected that discussions undertaken at this executive session could be made public at the conclusion of litigation 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 December 13, 2005 Board meeting of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on December 15, 2005;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the December 13, 2005 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.

Jon S. Corzine
Governor

George D. Warrington
Executive Director

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



TO: BOARD OF DIRECTORS
FROM: GEORGE D. WARRINGTON
DATE: MARCH 2, 2006
SUBJECT: EXECUTIVE DIRECTOR'S REPORT – MARCH 2006

This month marks an important transition for NJ TRANSIT as we say farewell to Jack Lettiere, a man who has demonstrated a life-long commitment to public service and has proven to be both a good friend and dedicated leader. In fact, as a direct result of Jack's leadership, construction projects on our roads, bridges and rails kept their momentum, advancing progress to improve our overall transportation network. On behalf of all of us at NJ TRANSIT, I wish him well in his next endeavor.

I'd also like to this opportunity to extend an official welcome to our new Commissioner of Transportation and NJ TRANSIT Board Chairman Kris Kolluri, who brings with him a wealth of experience in the field of transportation, having served as Chief of Staff to Jack Lettiere, acting as counselor to the Transportation Commissioner and managing the development and implementation of the department's legislative and regulatory policies and communications strategies. In addition, he has held the post of Assistant Commissioner of Intergovernmental Relations for NJDOT as well as a variety of top positions in Congressional offices. It's my pleasure to be working with Kris as he assumes his new role, and I'd like to thank him for the work he has already done on the plan to replenish and grow New Jersey's Transportation Trust Fund.

The new five-year \$1.6 billion capital plan will enable NJ TRANSIT to continue a substantial program of infrastructure and equipment state of good repair, which is vital to both safety and day to day reliability, as well as the advancement of many capacity and service expansion projects across the state. At \$675 million a year, this program will allow NJ TRANSIT make replacements to our bus and rail fleets over the next several years and rebuild 148 rail cars in use system-wide. The program will enable us to address long overdue major bridge projects and to advance critical capacity and service expansion projects across the system.

Today the Board will consider approval for two items that will bring more service and convenience to our Raritan Valley Line customers. The first, the construction of "passing tracks" near the White House Station, will enable NJ TRANSIT to provide more service at stations west of Raritan, including North Branch, White House, Lebanon, Annandale and High Bridge. Currently, the single-track operation west of Raritan Station limits the number of trains we can operate between Raritan and High Bridge. The new track will allow trains to pass each other, which in turn allows us to operate eight additional trains during weekdays, including two new morning peak departures from High Bridge.

The second item will allow for same-track transfers for Raritan Valley Line customers at Newark Penn Station. About a year ago, it became clear that the original pocket track design at Newark Penn Station was going to create significant construction-related disruption for all Newark Division customers and operations, because of the intricacy and complexity of the project and the outages required. NJ TRANSIT and Amtrak have reengineered the concept for the pocket track design and developed a lower cost design that minimizes the construction impacts on the operation while achieving the same-platform transfers for Raritan Valley Line customers as the original plan.

Finally, this past Saturday, Governor Jon S. Corzine ushered in a new era of mobility and convenience for residents of Union City, North Bergen and beyond with the opening of two new light rail stations that link the densely populated communities with employment, educational and recreational destinations along the Hudson waterfront. The opening of the new stations—Bergenline Avenue Station in Union City and Tonnelles Avenue Station in North Bergen—represents a major milestone in the growth of the five-year-old light rail system, enabling customers to make trips that previously took more than an hour in about a quarter of the time—including connections to trans-Hudson ferries, PATH trains, commuter rail trains and bus routes.

EXECUTIVE DIRECTOR'S MONTHLY REPORT MARCH 2006

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

HIGHLIGHTS

NJ TRANSIT opens new HBLR stations in Union City and North Bergen

On Saturday, February 25, NJ TRANSIT ushered in a new era of mobility and convenience for residents of Union City, North Bergen and beyond with the opening of two new light rail stations that link the densely populated communities with employment, educational and recreational destinations along the Hudson waterfront.

The opening of the new stations—Bergenline Avenue Station in Union City and Tonnelle Avenue Station in North Bergen—represents a major milestone in the growth of the five-year-old light rail system, enabling customers to make trips that previously took more than an hour in about a quarter of the time—including connections to trans-Hudson ferries, PATH trains, commuter rail trains and bus routes.

Bergenline Avenue Station, which serves the communities of Union City and West New York, is located within a tunnel that cuts through the Palisades. With its three express elevators, customers are able to access the platforms for frequent light rail service en route to Hoboken Terminal, West Side Avenue and Tonnelle Avenue stations.

Tonnelle Avenue Station, a 730-space park-and-ride facility located on the busy Route 1 & 9 corridor, is the new northern terminus of the light rail system, offering customers a convenient four-minute trip to Port Imperial Station and a 16-minute trip to Hoboken Terminal. To encourage commuters to try the new station, NJ TRANSIT is offering free parking through May 1.

Saturday also marked the start of full service—seven days a week—to Port Imperial Station, which opened for weekend-only service on October 29, 2005.

The grand opening ceremony at Bergenline Avenue began with the arrival of two light rail vehicles carrying local officials and dignitaries—one from the new Tonnelle Avenue Station and the other from Port Imperial Station—that were greeted by Governor Corzine and NJ TRANSIT Executive Director George D. Warrington.

Then, from the podium, the area leaders joined together to highlight the benefits of the service expansion for their communities.

To ensure a smooth adjustment for new customers, NJ TRANSIT has implemented a customer outreach program for the first week of service at the new stations. Customer “ambassadors” will be available at Bergenline Avenue, Tonnelles Avenue and Port Imperial stations from February 25 through Friday, March 3. Ambassadors will staff the new stations from 8 a.m. to 8 p.m. on the weekend and from 6 a.m. to 8 p.m. Monday through Friday to assist customers and answer questions in both English and Spanish.

Major service enhancements in effect since Saturday, February 11

To prepare for new light rail riders and to improve service for current customers, NJ TRANSIT implemented a series of service improvements to provide customers with more seats and more frequent service. On Saturday, February 11—two weeks prior to the opening of the new stations—NJ TRANSIT introduced the following service enhancements:

- **Double seating capacity on most peak-period trips.** During peak periods, HBLR now operates with almost all two-car trains, doubling the seating capacity for most trips. The two-car trains enable NJ TRANSIT to keep pace with growing ridership—up approximately 25 percent in the first quarter of FY2006 over last year.
- **More frequent service.** Peak-period service has increased to every five minutes, over the previous six-minute intervals, for customers traveling within the core sections of the system. The frequency of departures from the endpoint terminals increased to every 10 minutes from 12-minute intervals previously. Since February 11, stations north of Hoboken Terminal see the same level of service as those to the south—a train every 5-10 minutes—up from every 15 minutes previously.
- **New direct service bypassing Hoboken Terminal.** HBLR now uses a new service pattern with three connected routes:
 - 22nd Street (Bayonne)—Hoboken Terminal
 - Tonnelles Avenue (North Bergen)—Hoboken Terminal
 - Tonnelles Avenue (North Bergen)—West Side Avenue (Jersey City)

The new service pattern offers customers a faster, direct trip between stations north of Hoboken Terminal and those to the south by eliminating the need to change trains at Hoboken Terminal.

More travel flexibility

Effective immediately, customers who purchase one-way tickets have even greater travel flexibility transferring between NJ TRANSIT buses and the light rail system. Customers can

now purchase HBLR "tickets with transfer" from HBLR ticket vending machines at a cost of \$2.35. When validated, these tickets may be used for travel on the light rail system, plus a one-zone transfer to any connecting NJ TRANSIT intrastate bus. Customers also may purchase a transfer onboard any intrastate bus that connects with HBLR.

Improved bus connections

NJ TRANSIT has also increased service levels on the 158 Fort Lee-Edgewater-New York bus route to every 30 minutes during the midday and evening to support connections to the light rail system at Port Imperial. During peak hours, the 156 Englewood Cliffs-New York and 159 Fort Lee-New York routes also offer frequent service along the River Road corridor for connections at Port Imperial. Further bus service changes will take effect in April to improve overall connectivity with the light rail system.

NJ TRANSIT adds capacity on 36 bus routes

NJ TRANSIT added trips on 36 bus routes starting January 28, 2006, in response to record-high ridership demand.

Continuing to build on record-high ridership set in FY2005, bus ridership in the first quarter of FY2006 (three-month period ending September 30, 2005) increased to 39.6 million trips—an increase of 3.1 percent over the same period last year. NJ TRANSIT buses now carry more than 531,000 customers on a typical weekday.

To meet and anticipate ridership demand, the NJ TRANSIT Board of Directors in November authorized the purchase of 53 cruiser buses and the lease of up to 20 cruiser buses to be phased into service over the next several months. The first of the leased buses entered service at the end of January and are being used to provide additional trips on routes that are at or near capacity.

NJ TRANSIT begins process for awarding accessible vehicles to organizations serving seniors and persons with disabilities

The Fiscal Year 2006 annual application process to the Federal Transit Administration (FTA) for funds to purchase fully accessible vans and minibuses for the transportation through the FTA Section 5310 Grant Program is underway. NJ TRANSIT is designated to coordinate and review

all organization applications and submit a consolidated statewide application to the federal government.

Since 1981, NJ TRANSIT has purchased more than 1,200 vehicles for organizations serving seniors and persons with disabilities throughout the State of New Jersey. It is anticipated that available funding for fiscal year 2006 will allow NJ TRANSIT to purchase approximately 50 to 60 new vans and minibuses.

The grant process is comprised of four steps: First, an agency and/or organization requests and completes an application. Second, NJ TRANSIT reviews the applications received and makes selections for inclusion in the federal grant based upon established criteria. The third step is the federal review and grant approval process. Finally, after receiving the federal grant approval, NJ TRANSIT goes out to bid for the vehicles.

After the vehicles are delivered, NJ TRANSIT will enter into a no-fee agreement with the approved applicants.

The process is open to eligible private non-profit agencies, as well as pre-certified public entities.

Insurance, fuel and maintenance costs are the responsibility of the applicant. In most cases a Commercial Driver's License (CDL) will be required to operate these vehicles. In addition, the federal government requires that operators with a CDL participate in a certified drug and alcohol-testing program.

All vehicles have diesel engines and are lift-equipped in order to accommodate mobility devices.

CUSTOMER AND COMMUNITY INITIATIVES

NJ TRANSIT honors future African-American presidents

In honor of Black History month, NJ TRANSIT held an essay contest, asking students from three New Jersey schools, "If you were the first African-American President of the United States, what would be your top five issues?"

On February 27, in the presence of their parents, school representatives, NJ TRANSIT officials and guests, participating students took to the "Presidential" podium to read their winning entries, and then posed for media photographs at an awards ceremony at the Frank R. Lautenberg Rail Station at Secaucus Junction.

Former N.Y. Knicks star guard John Starks signed autographs and took pictures with the winning students after the awards ceremony. Madame Tussauds' wax figure of civil-rights pioneer Rosa Parks was also on display. As a special surprise, the students were read a letter addressed to them from former President Bill Clinton, commending them for their efforts.

About 300 students submitted essays that outlined their top five issues and reasons. The schools that participated in the competition were Martin Luther King Jr. Middle School in Trenton, Park Avenue Elementary School in Orange, and Rosa Parks High School in Paterson.

The award-winning work has been turned into a poster that is being displayed aboard NJ TRANSIT buses throughout the state.

Each winning student received a gold, silver, or bronze medal and a presidential ballpoint pen for participating in the award ceremony. Every student will receive a certificate for participating in the contest.

Student Pass program promoted with "free trial" week

NJ TRANSIT offered free rides to New Jersey college students from January 30 through February 5, 2006, to give students the opportunity to experience how simple it is to use public transportation.

During the free week, college and post-secondary students were able to ride any NJ TRANSIT bus, rail or light rail line for free simply by presenting their student ID and a Free Ride coupon available at www.njtransit.com.

To promote the week of free student travel, NJ TRANSIT held a pep rally on Rutgers University's Newark campus on January 26 at the Paul Robeson Campus Center, where students learned about NJ TRANSIT's services and about the Student Pass program.

In addition to showing students how easy and convenient it is to use New Jersey's public transportation system, the trial also promoted the benefits of the online Student Pass program, which provides a 25-percent discount to fulltime students who attend participating colleges.

Universities that offer their students a discount through the online Student Pass program are:

- Seton Hall University
- Montclair State University
- Rutgers University
- William Paterson University
- Kean University
- Richard Stockton College
- New Jersey City University
- Fairleigh Dickinson University
- Ramapo College

With Student Pass, students simply log on to their university's Intranet, click on the link to NJ TRANSIT's monthly pass student discount and enter the requested information. After signing up, a new monthly pass is sent automatically each month as long as the account remains active—leaving students to sit back, relax and let NJ TRANSIT do the driving.

NJ TRANSIT adds bus route in Jersey City

NJ TRANSIT stepped in to provide bus service between Grove Street and Port Liberte in Jersey City beginning Monday, January 30, as replacement service for a portion of a route discontinued by Coach USA.

Coach USA modified their #231 route, which ran from Hague Street (Jersey City Heights) to Port Liberte, effective Friday, January 27. NJ TRANSIT implemented the new route to provide service where no alternate existed.

The new NJ TRANSIT bus route—number 981—operates between Port Liberte and the Grove Street PATH station on weekdays during peak periods.

NJ TRANSIT extends bus route to serve Mountain Creek Resort

This winter, NJ TRANSIT has once again teamed up with Mountain Creek Ski Resort to provide skiers with transportation to the slopes – and up to \$10 off lift tickets.

Service on NJ TRANSIT's 194 route has been extended to Mountain Creek on Saturdays, Sundays and holidays – including Presidents' Day – through March 5, 2006.

All customers 19 and older can receive a \$10 discount off Mountain Creek weekend/holiday lift tickets. Children ages 7-18 and senior citizens age 65 and older receive a \$5 discount on weekends/holidays. The discount is available by showing a valid NJ TRANSIT bus receipt at the Mountain Creek admission office.

Employees make donation campaigns a “collective” success

The holiday season's companywide donation campaigns proved a great success, with more than 1,200 toys and hundreds of coats distributed to organizations throughout New Jersey.

As part of the annual Toys for Kids Drive, Employee Relations set up collection receptacles at various NJ TRANSIT work locations—corporate, rail and bus—where employees could drop off toys for distribution to local children via participating human services agencies.

Southern Bus Division employees pitched in to collect several barrels full of toys for distribution in the Camden area, while NJ TRANSIT members of the International Accounts Payable Professionals organization worked with their peers to collect toys for the U.S. Marines Toys for Tots campaign.

Employee Relations also organized the 10th Annual Jersey Cares Coat Drive, setting up collection bins at Maplewood and Penn Plaza. The campaign netted a total of 32 large bags filled with coats, which were presented to the Community Food Bank of New Jersey in Hillside for distribution to families in need by local non-profit social service agencies and schools.

NJ TRANSIT offers 'early getaway' and special schedules for Presidents' Day holiday weekend

NJ TRANSIT offered "early getaway" rail service on the Northeast Corridor, North Jersey Coast and Morris & Essex lines on Friday, February 17 for the benefit of customers leaving work early for the Presidents' Day holiday weekend.

On Presidents' Day, Monday, February 20, trains operated on a "weekend/major holiday" schedule, with additional round trips on the Northeast Corridor, North Jersey Coast, Raritan Valley and Port Jervis lines, and limited service on the Montclair-Boonton and Pascack Valley lines.

In addition, NJ TRANSIT's Family Super Saver Fare, which allows up to two children 11 and under to ride free with each fare-paying adult, remained in effect from 7 p.m. Friday, February 17 until 6 a.m. Tuesday, February 21.

EMPLOYEE RECOGNITION

Rail Ops delivers perfect day

Rail Operations delivered perfect, on-time performance on Thursday, February 23 – an amazing feat for a weekday and during the winter months. That means all 731 trains arrived within 5:59 minutes of their scheduled arrival time. (The Corporation had its last perfect weekday on Aug. 24, 2004.)

For February, the on-time performance for Hoboken (96.2 percent) and Newark (92.6 percent) divisions is quite impressive. For the entire rail system, the Corporation has been “on time” 94.5 percent of the time so far this year.

COMTO-NJ and NJ TRANSIT honor Dr. Martin Luther King, Jr.

On Monday, January 30, the New Jersey chapter of the Conference of Minority Transportation Officials (COMTO) together with NJ TRANSIT presented “Remembering Dr. Martin Luther King, Jr. and The Civil Rights Era” in honor of Dr. King. The program took place in the Board Room at Newark headquarters from 12 noon to 1 p.m.

This year’s program centered around a diverse panel of NJ TRANSIT employees who offered their unique perspectives on the lessons and legacy of Dr. King. The panelists included Ellsworth Wiggins, Senior Director, Office of Business Diversity; Sue Wehmann, Administrator, Human Resources Strategy and Policy; Richard Figueroa, Training Development Specialist, Bus Maintenance Training; and Sujata Parida, Communication Services Coordinator, Corporate Communications and External Affairs.

NJ TRANSIT employee authors new state slogan

Jeff Antman, Senior Director of Creative Services and Marketing Innovation, submitted the winning entry in New Jersey’s state slogan contest. His catchphrase, “New Jersey: Come See for Yourself,” netted the most votes out of the 11,227 cast by residents online and by phone.

Governor Codey launched the statewide contest last fall after rejecting a marketing company’s proposal for a new slogan. Jeff’s entry was one of five finalists chosen by the Governor’s office and tourism officials from among 8,000 ideas aimed at drawing more tourists to the state.

NJ TRANSIT employees bid farewell after outstanding careers

Six NJ TRANSIT employees retired in January with careers ranging from 11 to 36 years of service:

1. James W. Donlen (Langhorne, PA) Penn Plaza DGM Rail Transportation – 36 years
2. Joseph E. Lombardi (Randolph) Penn Plaza Manager Project Planning & Dev. – 28 years
3. Deborah A. Felder (Orange) Big Tree Garage Bus Operator – 25 years
4. Nelson Muniz (Lakewood) Hamilton Garage Foreman II – 23 years
5. William A. Seres (Manasquan) GOB Sr. Director H/R Operation – 12 years
6. William R. Key (Irvington) Meadowlands Garage Repairman "A" – 11 years

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

1. James Caverly (Rahway) NY Penn Station Sr. Trainmaster – 38 years
2. William G. Schreiber (Wantage) Market Street Garage Bus Operator – 37 years
3. Eric J. Silvestro (Parsippany) Wayne Garage Mechanic "A" – 37 years
4. Erich Mayer (Butler) Oradell Garage Bus Operator – 28 years
5. Clarence Washington (Jersey City) Greenville Garage Bus Operator – 28 years
6. Gregory A. Clapp (Hasbrouck Heights) Oradell Garage Bus Operator – 27 years
7. Zachary Wheeler (Irvington) General Office Building Cleaner – 27 years
8. Garrett G. Maney, III (Roselle) Ironbound Garage Bus Operator – 26 years
9. David E. Luck (Plainfield) Ironbound Garage Bus Operator – 25 years
10. David Owens, Sr. (Voorhees) Washington Township Garage Bus Operator – 25 years
11. Leslie Simpson (Keansburg) Howell Garage Ticket Agent "B" – 25 years
12. Karen L. Fuhrman (Erial) Southern Division HR Generalist Strategic Staff – 24 years
13. Robert T. Kaiser (North Plainfield) Ironbound Garage Bus Operator – 24 years
14. Marion H. Primus (Newark) Orange Garage Bus Operator – 24 years
15. Nathaniel Burgess (Newark) Orange Garage Bus Operator – 23 years
16. William L. Dorsey, Jr. (East Orange) Orange Garage Bus Operator – 23 years
17. Samuel Jefferson, Jr. (Lodi) Market Street Garage Bus Operator – 23 years
18. Hector A. Jimenez (Little Falls) Market Street Garage Serviceman – 22 years
19. Ernest Lucas, Jr. (Teaneck) Meadowlands Garage Bus Operator – 21 years
20. Melvin Davis, Jr. (East Orange) Big Tree Garage Bus Operator – 17 years
21. Irene Crews-Pittman (Newark) Orange Garage Bus Operator – 16 years

22. Leland Porter (Hackensack) Oradell Garage Bus Operator – 16 years
23. Evan C. Brown (Jersey City) Meadowlands Garage Maintenance – 15
24. Jose R. Diaz (Union City) Greenville Garage Bus Operator – 10 years
25. Clyde Lane (Newark, DE) Washington Township Garage Bus Operator – 10 years
26. Stevan Molnar Medjeri (Jersey City) Greenville Garage Cleaner – 10 years
27. Tyrone Newman (Mays Landing) Egg Harbor Township Bus Operator – 10 years

DBE/MBE PROGRAM

NJ TRANSIT – Office of Business Diversity DBE/SBE Participation

Federally Funded Contracts

\$152,697,387 in federal funds was awarded during October thru January of FY 06*. Disadvantaged Business Enterprises (DBEs) were awarded \$36,322,190 or 23.8 percent, which includes both race conscious and race neutral awards.

State Funded Contracts

\$190,900,826 in state-funded contract dollars was awarded during July thru January FY 06. ** Of that total, Small Business Enterprises (SBEs) received \$30,391,875 or 15.9 percent. Category 1 SBEs received \$4,426,228 or 2.3 percent. Category 2 SBEs received \$7,521,765 or 3.9 percent. Category 3 SBEs received \$8,124,302 or 4.3 percent. Category 4 SBEs received \$4,728,785 or 2.5 percent. Category 5 SBEs received \$5,590,795 or 2.9 percent. ***

Federal & State Contracts Total

\$343,598,213 in federal and state contract dollars was awarded by NJ TRANSIT during this reporting period. Of that total, \$66,714,065 or 19.4 percent of federal and state contract dollars was won by DBEs and SBEs.

Hudson-Bergen Light Rail Transit System Project

Of \$1,433,024,411 in contract dollars awarded for the Hudson-Bergen Light Rail Transit System project****, \$180,729,496 or 12.6 percent has been received by DBEs. Of the \$180,729,496, 6 percent or \$86,823,647 has been won by Women Business Enterprises (WBEs) who are classified as DBEs.

* Fiscal year beginning October 1, 2005

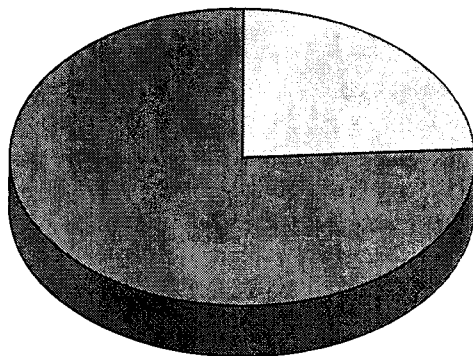
** Fiscal year beginning July 1, 2005

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

**** This YTD figure reflects federal dollars expended on an annual basis; including change orders, for the period from December, 1996 through April 2005.

DBE PARTICIPATION FEDERAL CONTRACTS FEDERAL FYTD (THRU JANUARY 2006)

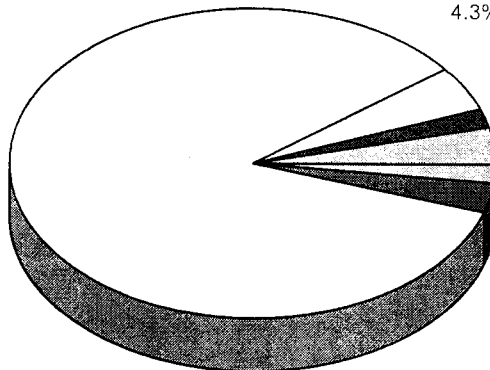
NON-DBE
FEDERAL
\$116,375,197
76.2%



DBE RACE
NEUTRAL &
RACE
CONSCIOUS
\$36,322,190
23.8%

SBE PARTICIPATION STATE CONTRACTS STATE FYTD (THRU JANUARY 2006)

NON-SBE STATE
\$160,508,951
84.1%



SBE-3
\$8,124,302
4.3%

SBE-4
\$4,728,785
2.5%

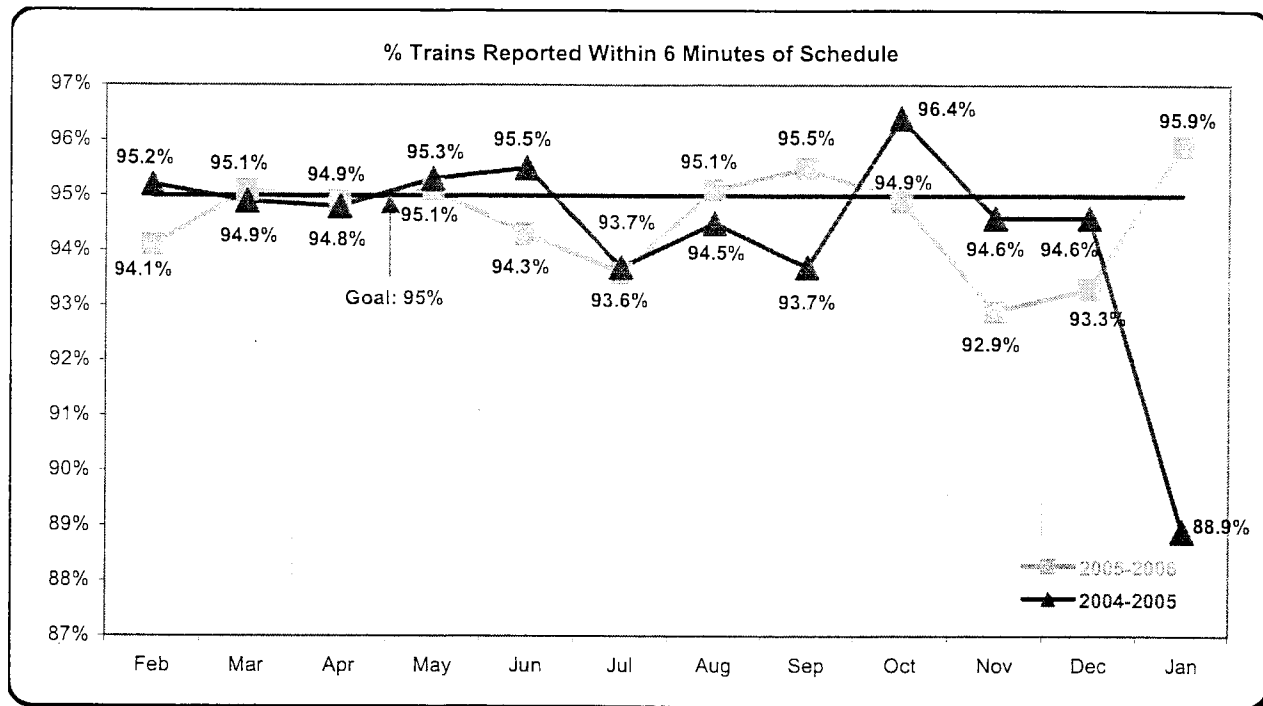
SBE-2
\$7,521,765
3.9%

SBE-1
\$4,426,228
2.3%

SBE-5
\$5,590,795
2.9%

PERFORMANCE MEASURES

NJ TRANSIT ON-TIME PERFORMANCE RAIL FEBRUARY 2004 - JANUARY 2006



	2005	2006	# Change
January Comparison	88.9%	95.9%	7.0%

	2004-2005	2005-2006	# Change
12-Month Average February - January	94.3%	94.6%	0.3%

Analysis:

Systemwide, Rail On-Time Performance for January 2006 was 95.9%, exceeding the goal of 95.0%. Of the 19,125 trains that were scheduled to operate, 18,339 were on time, while 786 trains (or 4.1%) were delayed. Causes of delay included:

An issue with overhead wires between Penn Station New York and Sunnyside Yard which caused delays for trains leaving Sunnyside Yard on January 11th;

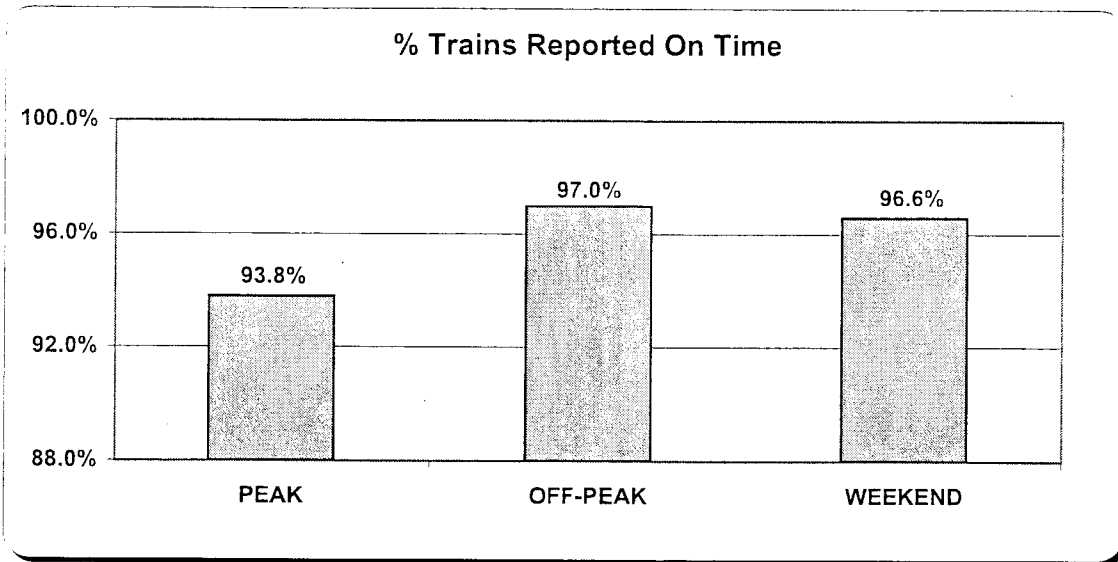
A signal system power failure experienced by Amtrak, which resulted in the inability to display signals from Elizabeth to Harrison on January 18th; and

A loss of signal power experienced by Amtrak on January 20th; the loss of signal power subsequently caused the loss of all signals from the NIA Station through Newark Penn Station. The same day also saw a disabled Amtrak train near Penn Station New York.

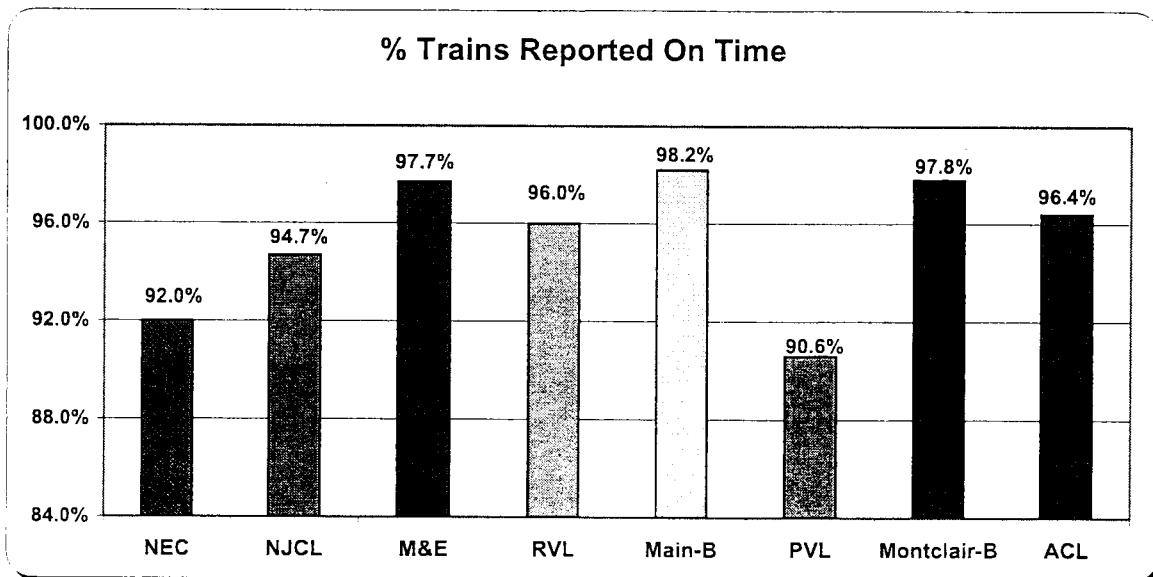
The 12-month average for Rail On-Time Performance systemwide for February 2005 - January 2006 was 94.6%, above the average for the previous 12-month period.

ON-TIME PERFORMANCE RAIL

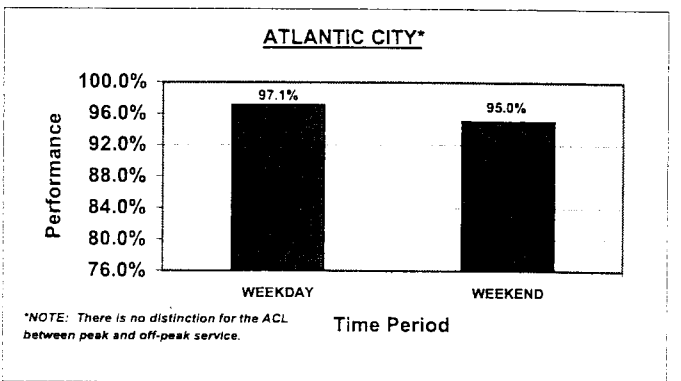
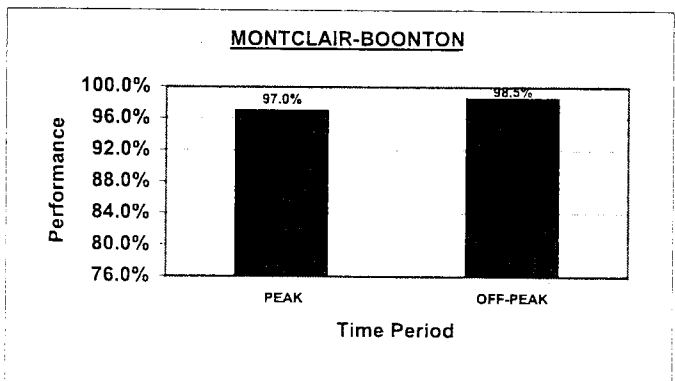
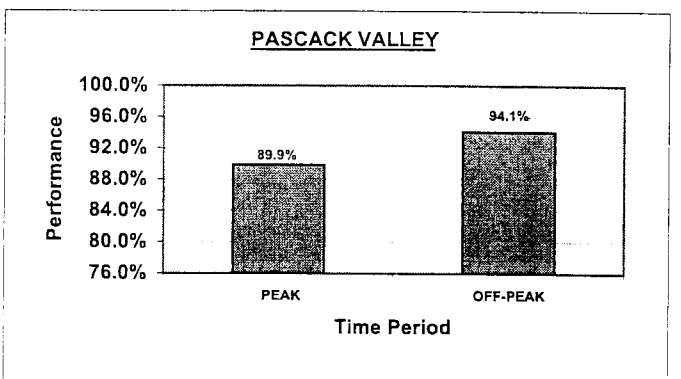
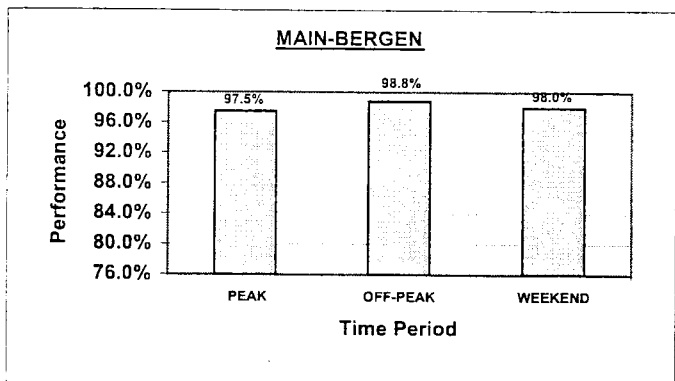
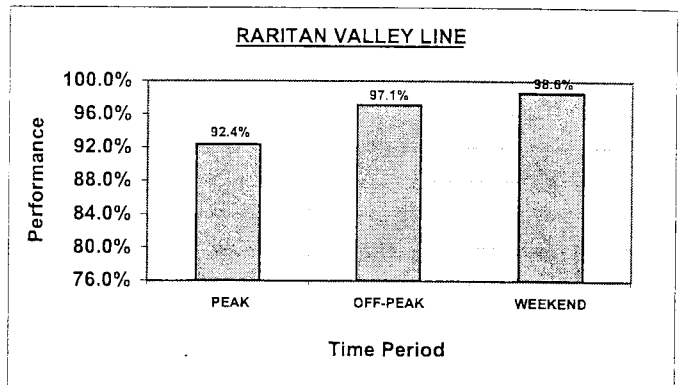
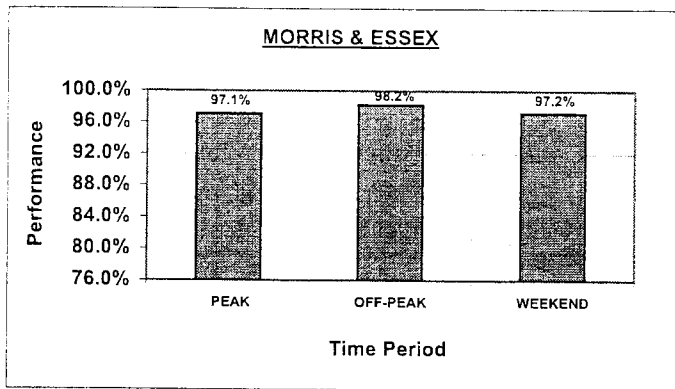
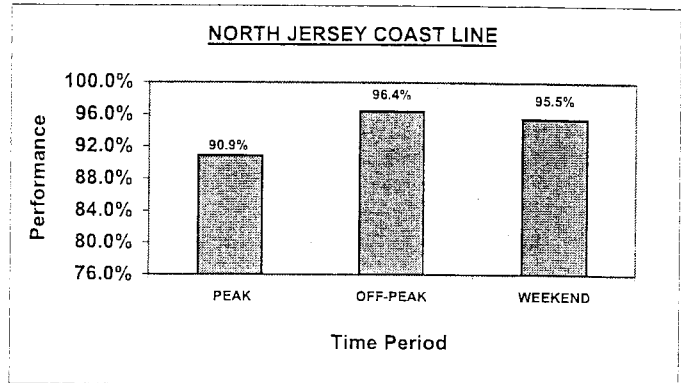
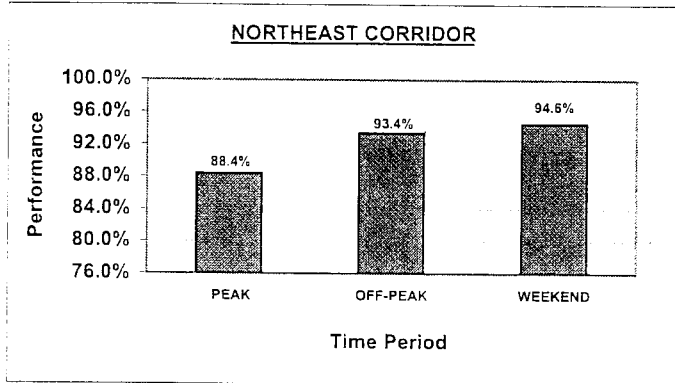
SUMMARY BY TIME PERIOD JANUARY 2006



SUMMARY BY LINE JANUARY 2006

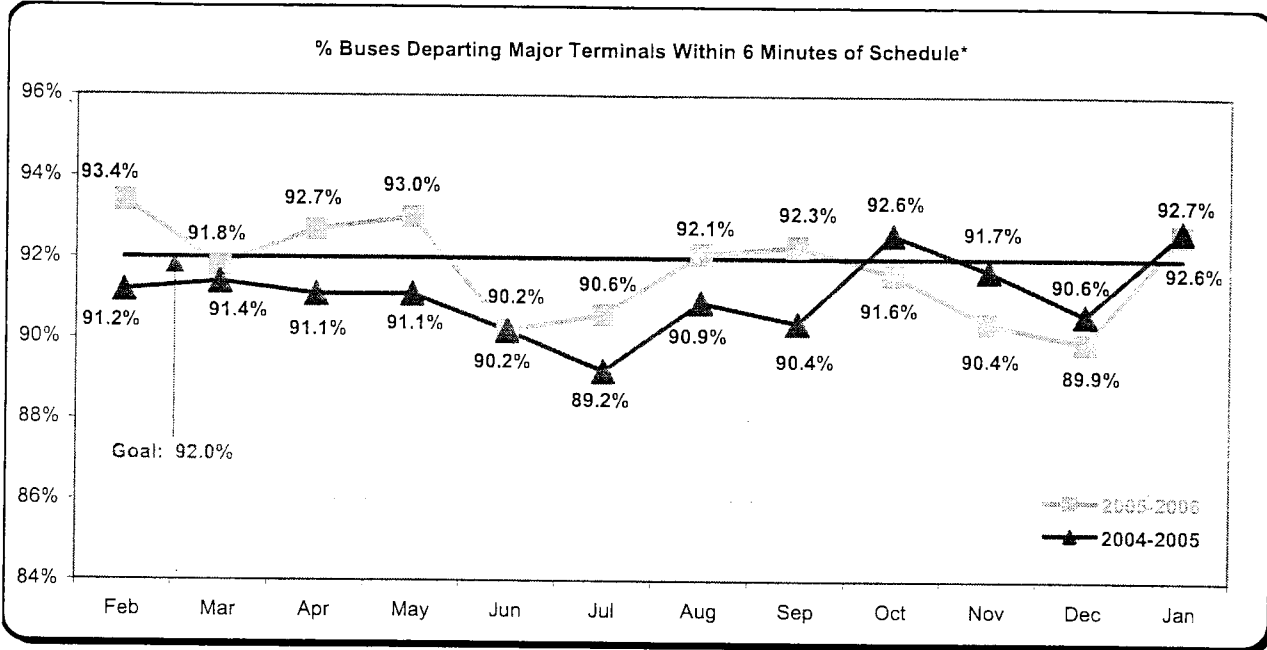


ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD JANUARY 2006



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

NJ TRANSIT ON-TIME PERFORMANCE BUS FEBRUARY 2004 - JANUARY 2006



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

	2005	2006	# Change
January Comparison	92.7%	92.6%	-0.1%

	2004-2005	2005-2006	# Change
12-Month Average February - January	91.1%	91.7%	0.6%

Analysis:

Bus On-Time Performance for January 2006 was 92.6%, exceeding the goal of 92.0%. Of the 29,649 monitored departures, 2,205 (or 7.4%) experienced delays. Key sources of delay included:

Adverse weather during the evening rush hour near the Walter Rand Transportation Center on January 3rd;

Heavy traffic in Center City, Philadelphia during the morning and evening rush hours near the Walter Rand Transportation Center on January 9th;

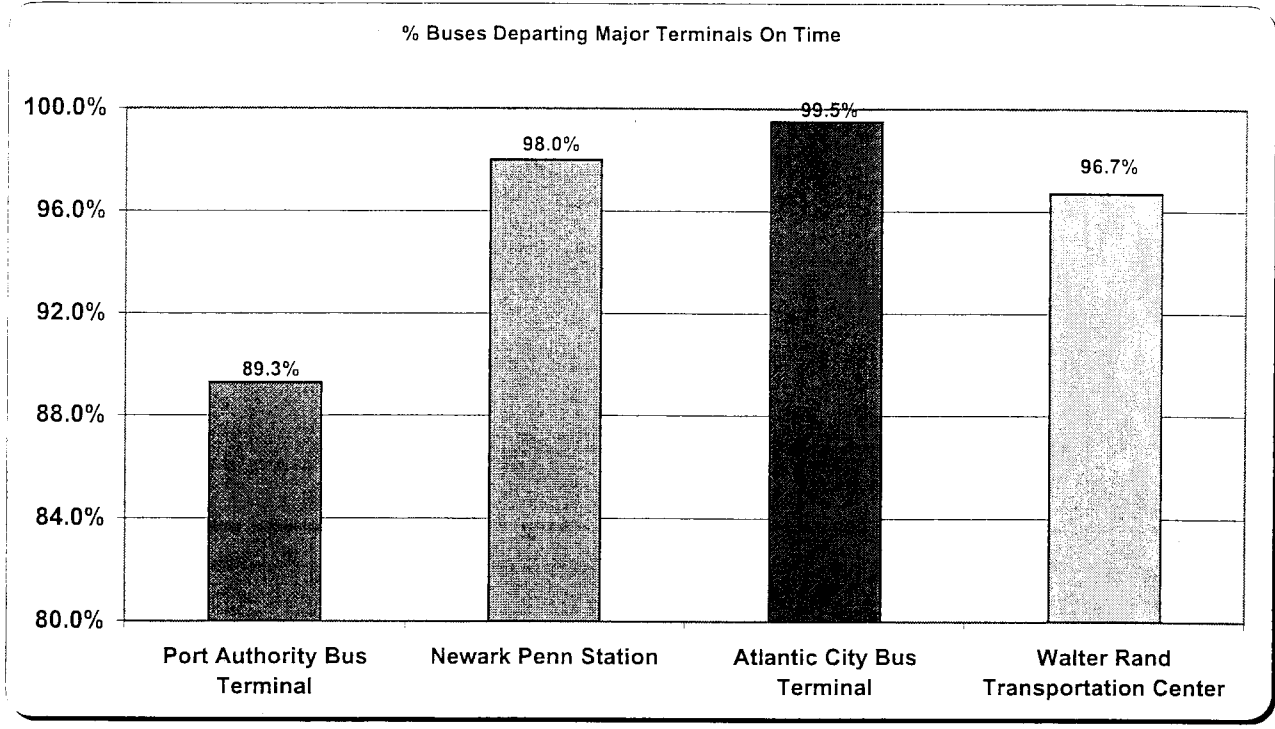
Heavy traffic volume near the Port Authority Bus Terminal due to an accident in the tunnel on January 13th; and

Heavy rains and flooded roads near the Walter Rand Transportation Center on January 23rd.

The 12-month average for Bus On-Time Performance for February 2005 - January 2006 was 91.7%, 0.6 percentage points above the average for the previous 12-month period.

ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL JANUARY 2006

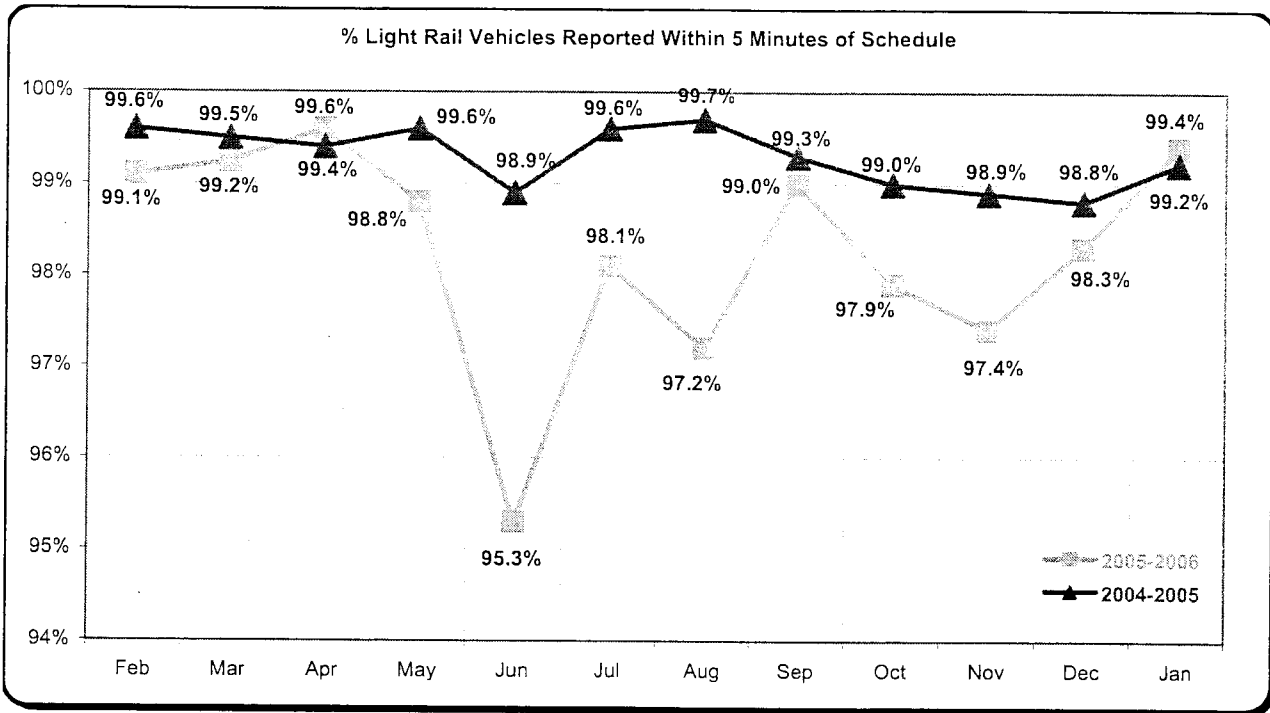


NJ TRANSIT

ON-TIME PERFORMANCE

HUDSON-BERGEN LIGHT RAIL

FEBRUARY 2004 - JANUARY 2006



	2005	2006	# Change
January Comparison	99.2%	99.4%	0.2%

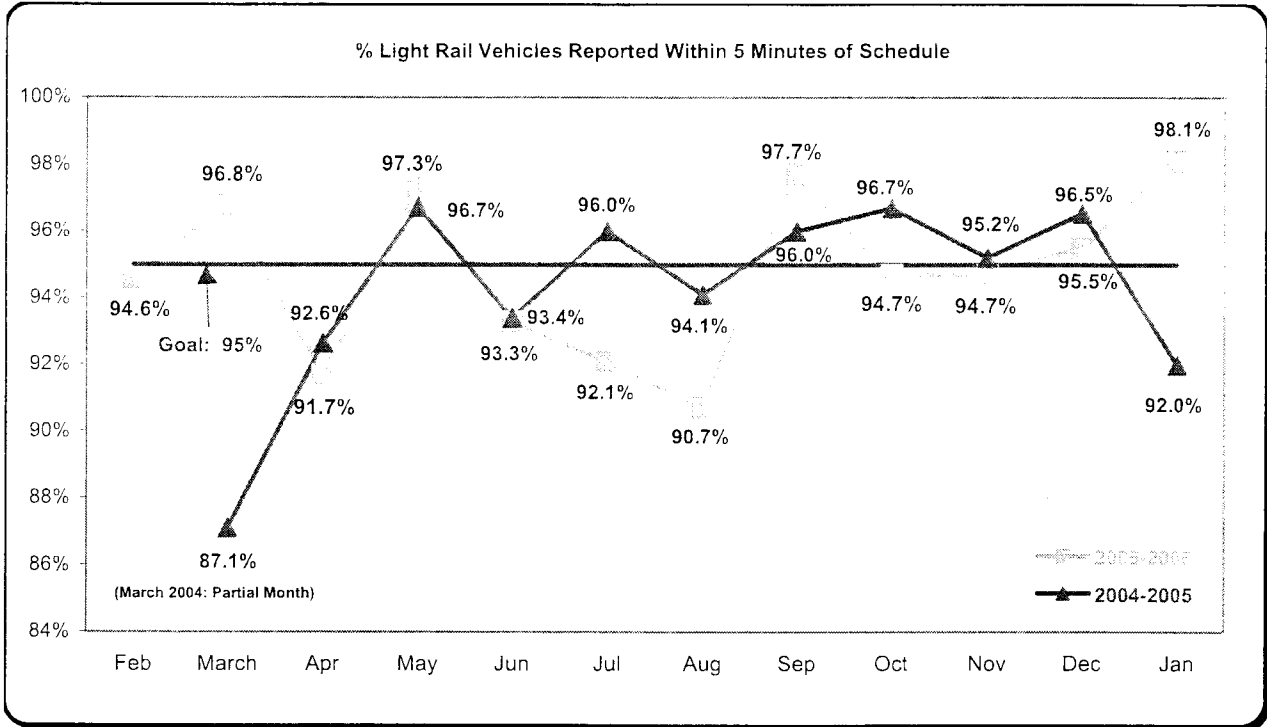
	2004-2005	2005-2006	# Change
12-Month Average February - January	99.3%	98.3%	-1.0%

Analysis:

Hudson-Bergen Light Rail (HBLR) On-Time Performance for January 2006 was 99.4%. Of the 16,376 scheduled trips for the month, 94 (or 0.6%) were delayed. There were no significant causes of delay for the month.

The 12-month average for HBLR On-Time Performance for February 2005 - January 2006 was 98.3%, 1.0 percentage point below the average for the previous 12-month period.

NJ TRANSIT ON-TIME PERFORMANCE River LINE MARCH 2004 - JANUARY 2006



	2005	2006	# Change
January Comparison	92.0%	98.1%	6.1%

	2004-2005	2005-2006	# Change
12-Month Average January - February	N/A	94.8%	N/A

Analysis:

River LINE On-Time Performance for January 2006 was 98.1%, and is the best recorded since the opening of the River LINE on March 14th, 2004. Of the 2,969 trips scheduled for the month, 55 (or 1.9%) were delayed. Major causes of delay included:

Weather-related delays on January 15th; and

An automobile/light rail vehicle accident on January 20th.

The 12-month average for River LINE On-Time Performance for February 2005 - January 2006 was 94.8%.

ACTION ITEMS

**ITEM 0603-1: HUDSON INTERLOCKING MODIFICATIONS:
AMENDMENT TO DESIGN CONTRACT**

BENEFITS

The proposed changes to Hudson Interlocking will provide Raritan Valley Line customers with a same platform transfer to New York bound trains. The Hudson Interlocking project is the successor to a previous project known as Hudson Pocket Track. In recognition of the operational complexities of the Northeast Corridor and in collaboration with Amtrak, NJ TRANSIT developed the concept for Hudson Interlocking as a more cost effective solution to provide Raritan Valley Line customers with a same platform transfer at Newark Penn Station. The Hudson Interlocking project can be implemented in a shorter timeframe, which is also critical to the planned reconstruction and extension of the track 5 platform at Newark Penn Station.

Hudson Interlocking upgrades are part of a series of capital investments to improve rail service between Newark Penn Station and New York Penn Station. Currently, Raritan Valley Line customers must navigate two sets of stairs and the concourse level to reach New York bound trains and PATH service. The interlocking modifications will allow all Raritan Valley Line trains to operate via Track 1 or Track 2 to improve customer convenience and reduce commute times.

Finally, the interlocking modifications will benefit other rail customers by mitigating potential train delays on the Northeast Corridor. Currently, eastbound Raritan Valley Line trains must cross the entire Northeast Corridor east of Newark to return westbound on Track 5, an especially difficult move during the morning and evening peak periods. These changes will allow Raritan Valley Line trains to clear the Northeast Corridor main line tracks quickly and wait for a suitable gap in rail traffic to move westbound.

PURPOSE

Authorization of this amendment will allow recent design recommendations to be incorporated in the final design package for Hudson Interlocking.

ACTION (Capital Program Justification: Efficiencies)

Staff seeks authorization to amend the contract (No. 860079) with SYSTRA Consulting, Inc. of Bloomfield, N.J., to complete the final design for the Hudson Interlocking modifications at a cost not to exceed \$525,000, plus five percent for contingencies, for a total contract authorization of \$3,196,924, 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 Authorizations: 525,000 plus 5% for contingencies, for a total contract authorization of \$3,196,924

Total Project Cost: \$ 19,450,000

Projected Date of Completion:
November 2006 (Design)
December 2007 (Construction)

Anticipated Source of Funds: TTF

DBE Goal: 22%

Future Related Authorizations: Track Material Procurement (July 2006)
Construction Contract (March 2007)

RESOLUTION

WHEREAS, authorization of this contract amendment will incorporate design modifications for Hudson Interlocking; and

WHEREAS, the interlocking modifications will provide Raritan Valley Line customers with a same platform transfer to New York bound trains; and

WHEREAS, the interlocking modifications will also ease the movement of trains across the Northeast Corridor main line tracks and signal delays will be reduced; and

WHEREAS, the interlocking modifications will facilitate the construction and extension of the track 5 platform in Newark Penn Station; and

WHEREAS, SYSTRA Consulting, Inc. is currently under contract to design Hudson Interlocking under the High Density Interlocking System project;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the contract (No. 860079) with SYSTRA Consulting, Inc. of Bloomfield, N.J., to complete the final design for the Hudson Interlocking modifications at a cost not to exceed \$525,000, plus five percent for contingencies, for a total contract authorization of \$3,196,924, subject to the availability of funds.

ITEM 0603-2: WHITEHOUSE SIDING ON THE RARITAN VALLEY LINE: CONSTRUCTION CONTRACT AWARD

BENEFITS

Whitehouse Siding is part of a series of Raritan Valley Line upgrades that will improve rail service for customers. The new passing siding in Readington Township, Hunterdon County will allow peak-period and off-peak rail service to be expanded west of Raritan Station. The siding will allow trains to pass each other in the otherwise single-track territory. The proposed service plan will increase the number of trains west of Raritan Station by 50 percent including two new morning peak period trains at High Bridge Station and the extension of two mid-day and two evening trains to High Bridge Station.

PURPOSE

This contract will construct the right-of-way improvements needed to accommodate the installation of the track and signals by NJ TRANSIT labor forces. The scope of work includes site grading, construction of track drainage swales, and construction of a signal/communications duct bank, installation of sub-ballast and ballast, and site clearing for two new signal bungalows.

ACTION (Capital Program Justification: Capacity)

Staff seeks authorization to contract (No. 06-027X) with EE Cruz & Company, Incorporated of Holmdel, NJ for the construction of the Whitehouse Siding located along the Raritan Valley Line in Readington Township, Hunterdon County, New Jersey at a cost not to exceed \$1,535,270, 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 Authorizations: \$ 1,535,270 + 5% for contingency

Total Project Cost: \$13,295,000

Projected Date of Completion: Construction Completion: August 2006
Force Account Completion: June 2007

Anticipated Source of Funds: TTF

SBE Goals: 21%

DBE Goal: Race - Neutral

Future Related Authorizations: None

RESOLUTION

WHEREAS, NJ TRANSIT seeks to improve and expand its transportation services; and

WHEREAS, NJ TRANSIT's Raritan Valley Line is a single-track rail line west of Raritan Station that has limited capacity for expanded rail service; and

WHEREAS, the construction of a passing siding near Whitehouse Station will allow NJ TRANSIT to operate more frequent service west of Raritan Station on the Raritan Valley Line; and

WHEREAS, the passing siding is part of a series of upgrades to the Raritan Valley Line that will improve rail service for customers; and

WHEREAS, upon completion of a competitive procurement process, EE Cruz & Company, Incorporated of Holmdel, New Jersey 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. 06-027X) with EE Cruz & Company, Incorporated of Holmdel, NJ, for the construction of the Whitehouse Siding located along the Raritan Valley Line in Readington Township, Hunterdon County, New Jersey at a cost not to exceed \$1,535,270, plus five percent for contingencies, subject to the availability of funds.

**ITEM 0603-3: MORRISTOWN STATION ROOF REHABILITATION:
CONSTRUCTION CONTRACT AWARD**

BENEFITS

The proposed project at Morristown Station will rehabilitate the roof structure, soffits, drainage system, and replace roof shingles, gutters and downspouts. The existing historic clay tile roof shingles will be replaced in kind to maintain the historic integrity of the buildings. The improvements will bring the station building roof to a state of good repair for customer comfort, preserve the facility in accordance with historic preservation standards, and also serve to protect the recent investments in accessibility and restroom improvements. This project will also preserve the building for future rehabilitation of the station interior.

PURPOSE

Authorization of this contract will provide for the rehabilitation of the roof systems of the Main Station Building, Shelter House Building, and platform canopy to prevent moisture infiltration and further building deterioration. The Morristown Station serves approximately 2,000 riders per day and is listed on the State and National Registers of Historic Places. All proposed rehabilitation activities have been reviewed by the State Historic Preservation Office and meet the Secretary of the Interior Standards for Historic Preservation.

ACTION (Capital Program Justification: Mandate)

Staff seeks authorization to contract (No. 06-037X) with DMR Construction Services of River Edge, NJ for the rehabilitation of the Morristown Station roof surfaces on the Morris and Essex Lines at a cost not to exceed \$2,297,000, 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 Authorizations:	\$2,297,000, + 5% for contingencies for construction
Total Project Cost:	\$4,628,000
Projected Date of Completion:	December 2006
Anticipated Source of Funds:	Transportation Trust Fund
SBE Goal:	25% SBE
Future Expected Authorizations:	None

RESOLUTION

WHEREAS, NJ TRANSIT seeks to improve its transportation facilities and maintain them in a state of good repair; and

WHEREAS, the rehabilitation and improvement of Morristown Station on the Morris & Essex Lines is necessary to maintain customer comfort, to protect the building and the recent accessibility and restroom improvements from deterioration, and preserve the building for future rehabilitation of the station interior; and

WHEREAS, upon completion of a competitive procurement process, it was determined that DMR Construction Services of River Edge, NJ was the lowest responsive, responsible bidder;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract with DMR Construction Services of River Edge, NJ for the rehabilitation of the Morristown Station roof surfaces on the Morris and Essex Lines at a cost not to exceed \$2,297,000, plus five percent for contingencies, subject to the availability of funds.

ITEM 0603-4: AMENDMENT OF BOARD ITEM 0010-110 THAT AUTHORIZED EXECUTION OF A LONG TERM GROUND LEASE FOR "TRANSIT VILLAGE" DEVELOPMENT AT MORRISTOWN STATION

BENEFITS

The use of NJ TRANSIT's property for Transit Oriented Development (TOD) will result in expanded commuter parking at the Morristown Station and a development project consisting of market rate and affordable residential housing and retail space. The mixed-use project will expand commuter parking from 299 surface spaces to 415 deck spaces, increase rail ridership with associated farebox revenue within one year of project completion (i.e., estimated 41,400 annual new rail trips and approximately \$270,000 increase in farebox revenue) by locating 218 residential units immediately adjacent to the station platform, and enhance the station area by providing retail opportunities for shopping and dining. The project will also enhance the station area by providing mixed-use development with attractive architecture and public pedestrian access directly to the station platforms. The project will provide an increase in non-farebox revenue from increased commuter parking revenues and from NJ TRANSIT's financial participation in the development project. In addition, the project will provide a tax ratable for the Town of Morristown.

PURPOSE

NJ TRANSIT is the owner of property consisting of approximately three acres at Lafayette Avenue and Morris Street across from the rail station in the Town of Morristown presently used as surface parking (299 spaces). On October 18, 2000, after a competitive RFP process begun in 1999, the Board authorized a 99-year ground lease with Roseland Property Company, in a joint venture with Woodmont Builders (now doing business as Rosewood Lafayette Commons LLC), to develop a project including approximately 226 residential units, 8,000 square feet of retail space and a 780-space parking deck, approximately 400 of which would be owned by NJ TRANSIT and used by commuters. The proposed ground lease provided NJ TRANSIT with fixed ground rent of \$230,000 per year for the 99-year term plus on-going net participation rent from the retail rental revenue and surplus commuter parking revenue after debt service and limited operational costs. The approval also authorized staff to take the actions necessary to utilize revenue financing to fund the construction of NJ TRANSIT's commuter-parking deck.

Subsequent negotiation of the ground lease and the increase in construction costs related to NJ TRANSIT's commuter parking and the associated financing, made the original economic terms of the agreement less beneficial to NJ TRANSIT. As a result, NJ TRANSIT staff renegotiated the original terms of the agreement resulting in increased financial benefit to NJ TRANSIT in exchange

for the fee conveyance of the property, subject to NJ TRANSIT's right to own and operate 415 commuter parking spaces in the deck in perpetuity and other necessary easements. NJ TRANSIT will take title to the commuter parking spaces through a condominium of the parking deck.

The purpose of this amendment to Board Item 0010-110 is to seek authorization for NJ TRANSIT to convey fee simple title to the referenced property (Block 3605, Lot 1 and portion of Block 301, Lot 5) subject to the following terms and conditions:

- NJ TRANSIT's will own and operate 415 commuter parking spaces on the property in perpetuity;
- NJ TRANSIT will have an easement on the property to access the right-of-way for maintenance and repair;
- NJ TRANSIT will have an easement on the property for public pedestrian access to the Station platform;
- As compensation for the land conveyance subject to the referenced easements Rosewood Lafayette Commons, LLC (Rosewood) will build the parking spaces and fund \$7,000,000 of the NJ TRANSIT-approved construction cost;
- Rosewood will construct 415 structured commuter parking spaces for NJ TRANSIT, based on NJ TRANSIT approved plans, at a cost to NJ TRANSIT not to exceed \$8,750,000. NJ TRANSIT will be responsible to fund the parking costs up to a maximum amount of \$1,750,000;
- Rosewood will be responsible for all costs pertaining to the NJ TRANSIT parking spaces beyond \$8,750,000;
- As additional compensation, NJ TRANSIT will receive six percent (6%) of the gross proceeds from the future sale or refinancing of the entire residential and retail development project; and
- Rosewood will be responsible, subject to NJ TRANSIT approval, for the development, implementation, and management of the interim commuter-parking plan during the construction. NJ TRANSIT will set the parking fees during the interim plan and Rosewood may retain said fees to offset the cost of the interim plan. Any costs of the operation exceeding revenue generated by parking fees will be borne by Rosewood.

Under the modified terms, NJ TRANSIT will not be obligated to revenue finance the subject parking facility or increase parking rates to the levels necessary to support such financing as per the terms of the original land lease. As such, NJ TRANSIT avoids interest and financing costs during the 30-year term of the proposed financing and will retain parking revenues from the 415 parking spaces in the deck.

As stated, NJ TRANSIT also will receive as compensation for the sale of the property, economic participation in the future resale or financing of the TOD

project. When the project is sold or refinanced in the future, NJ TRANSIT will receive six percent of the gross proceeds of the transaction.

ACTION (Justification: Business Efficiencies, Cost Effectiveness, and Economic Benefit)

This item seeks authority to amend Board Item 0010-110 and provide authority for staff to enter into a property conveyance agreement and all other necessary legal documents with Rosewood Lafayette Commons, LLC for the Morristown Station Transit Oriented Development under the defined and modified terms outlined herein, including a lease with the Town of Morristown for an interim parking lot.

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

FISCAL IMPACTS

Requested Authorization:	Execute a property conveyance and related documents to support the proposed project.
Total Project Cost:	\$1,750,000 maximum
Projected Date of Completion:	TBD
Anticipated Source of Funds:	Capital
DBE Goal:	N/A
Related/Future Authorizations:	N/A
Impacts on Subsequent Operating Budgets:	Increase in recurring parking revenues as a result of the addition of 116 commuter parking spaces.

RESOLUTION

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

WHEREAS, NJ TRANSIT is the owner of a property consisting of approximately three acres at Lafayette Avenue and Morris Street (Block 3605, Lot 1 and portion of Block 301, Lot 5) across from the rail station in the Town of Morristown; and

WHEREAS, NJ TRANSIT is supportive of promoting transit oriented development that increases transit ridership and associated farebox revenue, enhances the station area environment, and produces non-farebox revenue; and

WHEREAS, upon completion of a competitive procurement process, it was determined that Roseland Property Company, in a joint venture with Woodmont Builders (now doing business as Rosewood Lafayette Commons, LLC), submitted the most advantageous proposal that provided the best value to NJ TRANSIT; and

WHEREAS, a Board resolution dated October 18, 2000 authorized the award of a long-term term ground lease to Roseland Property Company for said project; and

WHEREAS, as a result of subsequent negotiations of the ground lease and the increase in construction costs related to NJ TRANSIT's commuter parking and the associated financing, the original economic terms of the agreement became less beneficial to NJ TRANSIT; and

WHEREAS, NJ TRANSIT staff renegotiated the original terms of the agreement resulting in increased financial benefit to NJ TRANSIT in exchange for the fee conveyance of the property, subject to property easements, Rosewood's obligation to construct 415 commuter parking spaces in a deck

on the property and subject to NJ TRANSIT's right through a condominium to own and maintain the commuter parking on the property in perpetuity; and

WHEREAS, as compensation to NJ TRANSIT for the property conveyance Rosewood will contribute \$7,000,000 to the construction of the parking deck, be responsible for all construction costs in excess of \$8,750,000 and provide NJ TRANSIT with 6% of the gross proceeds from the future sale or refinancing of the entire development project;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend Board Item 0010-110 and enter into a property conveyance agreement and all other necessary legal documents, with Roseland Property Company, in a joint venture with Woodmont Builders (now doing business as Rosewood Lafayette Commons, LLC) for the Morristown Station Transit Oriented Development under the defined and modified terms outlined herein, including a lease with the Town of Morristown for an interim parking lot.

ITEM 0603-5: CROSS-BORDER LEASES: MULTI-LEVEL RAILCARS AND BUSES**BENEFITS**

NJ TRANSIT seeks to extend its leveraged lease program by entering into UK and/or French cross-border leases on approximately \$370,000,000 of bus and rail rolling stock generating in excess of \$10,000,000.

PURPOSE

Of the 231 Bombardier multi-level railcars NJ TRANSIT has on order, 100 are being purchased with Port Authority funds and 289 Millennium suburban/transit buses with New Jersey Certificates of Participation ('COPs') and 53 MCI cruiser buses through the Transportation Trust Fund. As no federal funds are involved this equipment is still eligible for inclusion in a cross-border lease.

In January 2006, NJ TRANSIT requested proposals for cross-border leases on this equipment. The proposal from the Royal Bank of Scotland acting as equity for a UK lease on the buses and as arranger in a French lease with Dexia and other French equity for the multi-level cars is the most attractive.

Both domestic and foreign special counsel will be required to close these leases. The Attorney General's Office has selected the firm of Gibbons Del Deo to represent NJ TRANSIT for both leases. Fees for domestic and foreign counsel on both transactions are estimated at \$750,000.

ACTION (Justification: Business Efficiencies)

Staff seeks authorization to negotiate with the Royal Bank of Scotland as equity on the Millennium and the MCI buses and with Dexia and other French equity for leases on Bombardier multi-level railcars and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease, including the payment of all legal and other fees, estimated not to exceed \$750,000, as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

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

FISCAL IMPACTS

Requested Authorization: Enter into cross-border leases on approximately \$370 million of Bombardier, Millennium and MCI rolling stock.

DBE Goal: N/A

Projected Date of Completion: Leases to be closed in FY 2007.

RESOLUTION

WHEREAS, of the 231 Bombardier multi-level cars on order, 100 are being purchased with Port Authority funds, 289 Millennium buses with New Jersey Certificates of Participation and 53 MCI Cruiser buses through the Transportation Trust Fund; and

WHEREAS, this equipment is eligible for cross-border leasing as no federal funds are involved; and

WHEREAS, staff requested proposals from equity and arrangers for cross-border leases on this equipment; and

WHEREAS, the proposal from the Royal Bank of Scotland as equity for the buses and as arranger for the multi-level cars offered the most attractive terms; and

WHEREAS, Gibbons Del Deo has been selected by the Attorney General's Office as special counsel;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to negotiate with the Royal Bank of Scotland as equity on the Millennium and the MCI buses and with Dexia and other French equity for leases on Bombardier multi-level rail cars and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease, including the payment of all legal and other fees, estimated not to exceed \$750,000, as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

ITEM 0603-6: HACKENSACK BUS TERMINAL: CONSTRUCTION CONTRACT AWARD

BENEFITS

The Hackensack Bus Terminal, constructed in the 1970s, is a regional transportation hub that serves approximately 3,400 daily customers. This project will improve both bus and pedestrian movements throughout the site, and provide a more customer friendly terminal.

The project includes both interior and exterior improvements and reconfiguration of the existing 2,000 square foot terminal building. Interior improvements include fully accessible restrooms, a reconfigured concession area, a reconfigured and more functional customer waiting area, and a new HVAC system to provide efficient year-round climate control. Exterior improvements include replacement of the existing roof and façade, milling and paving of the existing bus lanes, and installation of directional signage and passenger information display cases, and provisions for an exterior wall mounted ATM machine.

PURPOSE

Authorization of this contract will allow for the rehabilitation of the existing Hackensack Bus Terminal building and site by providing a new visually pleasing exterior, with greatly enhanced interior efficiency, security, and passenger comfort.

ACTION (Capital Program Justification: Station Improvements)

Staff seeks authorization to contract (No. 06-053) with RML Construction of Hasbrouck Heights, NJ for the rehabilitation of the Hackensack Bus Terminal, at a cost not to exceed \$1,629,778, 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:	Not to exceed \$1,629,778, + 5% for contingencies
Total Project Cost:	\$2,740,000
Projected Date of Completion:	July 2007
Anticipated Source of Funds:	TTF
DBE Goal:	20%
Future/Related Authorizations:	None

RESOLUTION

WHEREAS, the Hackensack Bus Terminal a facility constructed in the 1970s, is a regional transportation hub that serves approximately 3,400 daily customers; and

WHEREAS, Terminal improvements are needed to improve bus and pedestrian movements throughout the site; and

WHEREAS, the improvements will include fully accessible restrooms, upgraded HVAC systems, a reconfigured concession area for improved security and a more functional customer waiting area, efficient lighting, directional signage, and passenger information cases; and provisions for an exterior wall mounted ATM machine; and

WHEREAS, upon completion of a competitive procurement process, it was determined that RML Construction of Hasbrouck Heights, NJ was the lowest responsive, responsible bidder;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract (No. 06-053) with RML Construction of Hasbrouck Heights, NJ for the rehabilitation of the Hackensack Bus Terminal, at a cost not to exceed \$1,629,778, plus five percent for contingencies, subject to the availability of funds.

ITEM 0603-7: DIESEL LOCOMOTIVE SWITCHER PURCHASE**BENEFITS**

NJ TRANSIT currently operates four switcher locomotives and one revenue service locomotive to build train consists and move vehicles in shops and yards. The current switcher fleet was manufactured in 1972 and is chronically out of service for extended periods due to mechanical failure and frequent maintenance.

NJ TRANSIT will procure five MP20B-3 switcher locomotives through an Amtrak contract for the manufacture and delivery of switcher locomotives awarded to MotivePower, Inc. of Boise, Idaho. The Amtrak contract was awarded to MotivePower, Inc. through a federally funded competitively negotiated procurement. Amtrak has agreed to assign the unexecuted contract option to NJ TRANSIT.

The purchase of five MotivePower, Inc. (MP20B-3) switcher locomotives will increase fleet reliability and performance while greatly improving exhaust emissions, noise and fuel efficiency.

PURPOSE

This contract will replace the current unreliable diesel switcher locomotives with quieter, more powerful and efficient locomotives.

The 2,000 horsepower Caterpillar engine will meet new environmental standards and include an automatic start/stop system to improve fuel efficiency and extend component life when units are stationary.

Amtrak's contract assignment will allow NJ TRANSIT to take advantage of cost and schedule savings through Amtrak's standardized design and technical specifications, competitive pricing, established manufacturing process and existing qualifications and acceptance testing. NJ TRANSIT will provide five GP40FH-2 diesel locomotives that are to be retired. MotivePower will use the underframe of these locomotives to build the new switchers, reducing the overall cost of each vehicle.

ACTION (Capital Programs Justification: Capacity)

Staff seeks authorization to consent to the assignment of Amtrak's contract with MotivePower, Inc. for the Manufacture and Delivery of Switcher Locomotives, to NJ TRANSIT for the purchase of five MP 20B-3 switcher locomotives and contract spares for a total contract authorization of \$7,950,000, plus five percent for contingencies and additional consideration of five used diesel locomotives to be provided by NJ TRANSIT, subject to the availability of funds.

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

FISCAL IMPACT

Requested Authorization:	\$7,950,000 plus 5% contingency
Total Project Cost:	\$8,865,590
Projected Date of Completion:	September 2007 (Assuming Notice to Proceed of April 1, 2006)
Anticipated Source of Funds:	Transportation Trust Fund
DBE Goal:	N/A
Related/Future Authorizations:	N/A
Impact on Subsequent Operating Budgets:	N/A

RESOLUTION

WHEREAS, the purchase of five switcher locomotives will increase fleet reliability and performance over the current 1972 vintage switcher locomotives while greatly improving aspects such as engine emissions and fuel efficiency and noise reduction; and

WHEREAS, NJ TRANSIT will procure switcher locomotives through a competitively negotiated Amtrak contract for the manufacture and delivery of switcher locomotives awarded to MotivePower, Inc., Boise ID; and

WHEREAS, Amtrak's contract assignment will allow NJ TRANSIT to take advantage of cost and schedule savings through Amtrak's standardized design and technical specifications, competitive pricing, established manufacturing process and existing qualification and acceptance testing;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to consent to the assignment of Amtrak's contract with MotivePower, Inc. for the Manufacture and Delivery of Switcher Locomotives, to NJ TRANSIT for the purchase of five MP 20B-3 switcher locomotives and contract spares for a total contract authorization of \$7,950,000, plus five percent for contingencies and additional consideration of five used diesel locomotives to be provided by NJ TRANSIT, subject to the availability of funds.

ITEM 0603-8: ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT

BENEFITS

The purchase of 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

The electric locomotive and diesel line locomotive fleets are now completing their 16th and 14th year of operation, respectively. In an effort to maintain the useful life of the rail fleet, NJ TRANSIT plans to perform an in-house reliability improvement project for these vehicles so that major components and subsystems are upgraded to the latest industry standards and recommendations to ensure the continued reliable use of the vehicles in revenue service. The estimated cost for major components and miscellaneous materials is \$17,000,000 for all electric and diesel 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, 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 (Justification: Improved Customer Service)

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 diesel and electric locomotive fleets during Fiscal Years 2006 through 2011, at a cost not to exceed \$17,000,000, plus five percent for contingencies. Samples of the vendors and components required are presented in Exhibit A.

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

FISCAL IMPACTS

Requested Authorization: \$17,000,000 + 5% for contingency
(Components)

Total Project Cost: \$17,000,000 (Components)

Projected Date of Completion: December 2011

Anticipated Source of Funds: TTF

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

Related/Future Authorizations: N/A

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

RESOLUTION

WHEREAS, the electric and diesel line locomotive fleets are now completing their 16th and 14th year of operation, respectively; and

WHEREAS, as part of the continued maintenance of the rail fleet, NJ TRANSIT plans to perform an in-house reliability improvement project for these vehicles so that major components and subsystems are upgraded to the latest industry standards recommended; 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 fleets during Fiscal Years 2006 through 2011, at a cost not to exceed \$17,000,000, plus five percent for contingencies, subject to the availability of funds. Samples of the vendors and components required are presented in Exhibit A.

EXHIBIT A
Page 1 of 2

**ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT
PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT**

POTENTIAL SUPPLIERS

Description	Potential Vendors	Est. Unit Cost	Est. Total Cost
Locomotive Batteries	National Railway Supply Dior, IL	\$4,500	\$216,000
Dynamic Brake Grids	Bombardier Pittsburgh, PA	\$40,525	\$972,600
Ground Fault Relays		\$1,400	\$1,000,000
Computer Braking Upgrade Kits	WABTEC Railway Electronics Germantown, MD	\$27,225	\$408,375
Air Dryers	Graham White Sales Salem, VA	\$5,650	\$271,200
Head End Power Units	Transportation Technologies, Inc., Yonkers, NY	\$60,000	\$1,440,000
Main Transformer Upgrade	ABB, Inc. St. Louis, MO	\$100,000	\$2,400,000
Traction Motor Rewinds	Ram Motor Service, Camp Hill, PA	\$50,500	\$5,252,000
Air Compressors	Knorr Air Brake Westminster, MD	\$60,000	\$720,000
DC link Capacitors	OnLine, Ink, LTD Washington Twp, NJ	\$32,000	\$768,000

EXHIBIT A
Page 2 of 2**ELECTRIC AND DIESEL LOCOMOTIVE RELIABILITY IMPROVEMENT
PROJECT: PURCHASE OF MATERIALS AND EQUIPMENT****POTENTIAL SUPPLIERS**

Description	Potential Vendors	Est. Unit Cost	Est. Total Cost
Aux. Generator, Overhaul	Rail System, Inc. Houma, LA	\$14,000	\$336,000
Power Contactors		\$11,000	\$264,000
Braking Contactors		\$18,000	\$432,000
Truck Overhaul Kits		\$24,975	\$599,400
Turbo Chargers	Peaker Services Brighton, MI	\$62,000	\$1,488,000

ITEM 0603-9: INFORMATION TECHNOLOGY CONSULTING SERVICES

BENEFITS

In support of NJ TRANSIT's objective to use technology to increase operating efficiencies and management control, staff is recommending contracting for professional services to support future critical technology initiatives. By doing so, NJ TRANSIT's technology plan can be implemented faster by supplementing project teams with additional technical resources. By providing knowledgeable resources, projects can be implemented with fewer delays and where applicable, supported by internal staff in a more timely manner. In addition, outside services will assist in training internal staff on adopting newer technology.

PURPOSE

Staff uses a Technology Advisory Council to prioritize development projects and to enforce a technology governance structure to ensure that management continually reviews and updates the corporation's technology plans. This planning includes financial, administrative, transportation, safety/security, customer service and infrastructure projects whose completion typically requires additional professional services.

Professional services are used to supplement internal resources and to assist in the adoption of new technology as appropriate. Selected firms supply resources to one or more of the following skill categories – Systems Analysis & Programming Projects, Desktop Support, Telecommunications, Wireless Radio Projects and Passenger Communication Systems.

Staff is seeking approval for a three year contract but limited to the first year of cost and will return to the board for approval for both the second and third years. The projected cost for the first year is \$3,442,968.

ACTION (JUSTIFICATION: OPERATING EFFICIENCIES)

Staff seeks authorization to contract (05-109) with the following firms to utilize professional services to supplement staffing within NJ TRANSIT's Information Services Department for three years limited by the first year's cost not to exceed \$3,442,968, subject to the availability of funds:

Booz Allen Hamilton
Newark, NJ

Citadel Information Systems
East Brunswick, NJ

Comsys Inc.
Somerset, NJ

Data Industries
New York, NY

Edwards & Kelcey
Morristown, NJ

Raj Consultants
Iselin, NJ

RCC Consultants
Woodbridge, NJ

Telcordia Technologies
Red Bank, NJ

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

FISCAL IMPACTS

Requested Authorization:	\$3,442,968
Total Project Cost:	\$3,442,968
Projected Date of Completion:	March 1, 2007
Anticipated Source of Funds:	Outyear Operating and Transportation Trust Funding
SBE Goals:	Race Neutral Goal Program

RESOLUTION

WHEREAS, the Technology Advisory Council has assembled critical business requirements for a technology plan; and

WHEREAS, outside professional services are recommended to assist in implementing these projects; and

WHEREAS, outside professional services are used to supplement internal resources and specialized expertise may be called upon to assist in NJ TRANSIT's adoption of newer technology; and

WHEREAS, staff have estimated project resource requirements for three; and

WHEREAS, upon completion of a competitive procurement process, it was determined that Booz Allen Hamilton, Citadel Information Systems, Comsys, Data Industries, Edwards & Kelcey, Raj Consultants, RCC Consultants and Telcordia Technologies submitted the most advantageous proposals that provide the best value to NJ TRANSIT;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract (No. 05-109) for professional services to supplement staffing within NJ TRANSIT's Information Services Department with Booz Allen Hamilton of Newark, NJ; Citadel Information Systems of East Brunswick, NJ; Comsys of Somerset, NJ; Data Industries of New York, NY; Edwards & Kelcey of Morristown, NJ; Raj Consultants of Iselin, NJ; RCC Consultants of Woodbridge, NJ and Telcordia Technologies of Red Bank, NJ for three years limited by the first year's cost not to exceed \$3,442,968, subject to the availability of funds.

**ITEM 0603-10: SOUTHERN NEW JERSEY RAIL GROUP VS. NJ TRANSIT:
COMPENSATION OF SPECIAL COUNSEL**

BENEFITS

Sills Cummis Epstein & Gross (Sills Cummis) is an established firm providing comprehensive legal services. The designation of Sills Cummis as Special Counsel provides NJ TRANSIT with additional resources and expertise in the defense of ongoing construction litigation.

The additional requested authorization will allow Sills Cummis to continue to provide legal services and retain technical experts to evaluate Southern New Jersey Rail Group's claims. A Special Master has been appointed to manage the discovery process and oversee preparation of the case for trial.

PURPOSE

In November 2002, the Attorney General designated Sills Cummis as Special Counsel to NJ TRANSIT in defending the lawsuit filed by Southern New Jersey Rail Group (Rail Group), the Design-Build-Operate-Maintain (DBOM) contractor for the River LINE light rail project.

Sills Cummis has been providing litigation services to NJ TRANSIT since December 2002 under Board authorization. As of February 2006, Sills Cummis has invoiced approximately \$12.4 million of which 62 percent was expended for legal fees, 24 percent for technical experts to evaluate Rail Group's claims and 14 percent for document research and management services.

Currently both sides have submitted their expert rebuttal reports and depositions and are scheduled to complete discovery by the Court imposed deadline. This case is scheduled to start court proceedings on June 12, 2006.

Staff anticipates the need for periodic Board authorization before the litigation is resolved.

ACTION

Staff seeks additional authorization to compensate Sills Cummis Epstein & Gross as Special Counsel in accordance with the Attorney General's designation for comprehensive litigation support services including the retention of experts, up to an additional \$3,000,000 for continuing legal services, for a total contract authorization of \$16,590,000, subject to the availability of funds.

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

FISCAL IMPACTS

Requested Authorization:	Increased Authorization	\$ 3,000,000
	Total Authorization	\$ 16,590,000

Total Project Cost: N/A

Projected Date of Completion: N/A

Anticipated Source of Funds: Transportation Trust Fund

DBE Goal: N/A

Related/Future Authorizations: Increase in contract authorization for Sills Cummis, dependent on litigation schedule

RESOLUTION

WHEREAS, the Attorney General has previously designated Sills Cummis Epstein & Gross as Special Counsel to represent NJ TRANSIT in the lawsuit filed by the Design-Build-Operate-Maintain (DBOM) contractor for the River LINE (Southern New Jersey Light Rail) project; and

WHEREAS, ongoing independent verification of the claims is necessary to prepare the case for trial and consistent with the designation of a Special Master for the case;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to compensate Sills Cummis Epstein & Gross as Special Counsel in accordance with the Attorney General's designation for comprehensive litigation support services including the retention of experts, up to an additional \$3,000,000 for continuing legal services, for a total contract authorization of \$16,590,000, subject to the availability of funds.

ITEM 0603-11: AUTOMATED FLUIDS MANAGEMENT SYSTEM**BENEFITS**

Effective business management mandates that NJ TRANSIT provide a safe, reliable efficient and effective process to fuel both revenue and non-revenue vehicles while maintaining adequate internal controls over the dispensing of proper fluids by authorized personnel to appropriate vehicles. Based on the significant cost increase in diesel fuel and related fluids over the past years, the need to safeguard these assets has become more apparent and represents a larger material impact on operations. The continuing rise in the cost of fluids will require NJ TRANSIT to be even more diligent in controlling fluids that are at the forefront of providing core transportation services to the riding public in a cost effective manner.

PURPOSE

NJ TRANSIT's current fluid management system uses a vehicle data collection process that relies on an inefficient and batch oriented DOS based software package along with a deteriorating hardware infrastructure centered around battery operated electronic hub-odometers that have proven to be inaccurate and unreliable. This system is used daily to record dispensed fluids at eleven of fifteen garage locations. The four remaining garage locations record dispensed fluids manually then key the results into the Vehicle Maintenance Information System (VMIS).

The fluid management system is the primary source of information responsible for all scheduled vehicle maintenance. Accurate and reliable information is the essential ingredient needed to generate timely and meaningful schedules to service the vehicles thus enhancing the availability, reliability, and longevity of each vehicle and minimizing in-service breakdowns.

In addition, mileage is the one piece of information that is used to determine the cost to lease tires. As a result, accurate mileage data is critical in establishing the proper payment for this item's use.

The escalating cost of diesel fuel mandates a reliable and accurate system to track fluid usage along with vehicle performance and to provide the key ingredients to audit and reconcile total inventory.

Each garage carries a variety of fluids to accommodate their specific mix of vehicles. As a result, the garage needs assistance, through proper controls, to assure that the correct fluids are dispensed based on the requirements of each vehicle.

This contract will upgrade the existing mileage collection process critical in authenticating fluid consumption; tire use, and preventative maintenance activities from the manual and electronic hub-odometers to a vehicle onboard unit that captures mileage directly from the engine management system. In addition, this contract will standardize the way NJ TRANSIT identifies vehicles and captures mileage at the fuel lane prior to dispensing fluids by installing an upgraded electronic monitoring and control system at each garage. This contract also will expand NJ TRANSIT's ability to monitor and control fluids dispensed at the repair and inspection bays thus enabling tank fluid inventory reconciliation with the Veeder Root Tank Monitoring system.

The system will automatically transfer bus mileage in the fuel lane by wirelessly offloading data to a local computer. All fluids (fuel, oil, automatic transmission fluid and coolant) subsequently dispensed to the vehicle are automatically recorded and stored locally before being interfaced to VMIS. VMIS will then use this data to schedule all vehicle inspections based on mileage and/or hours of operation or idle time information.

ACTION (Justification: Cost Efficiencies)

Staff seeks authorization to contract with S & A Systems of Rockwall, Texas for the purchase of an Automated Fluids Management System in an amount not to exceed \$2,500,000, 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:	\$2,625,000
Total Project Costs:	\$2,700,000
Projected Date of Completion:	March 2008
Anticipated Source of Funds:	TTF
DBE Goals/Participation:	10%
Related Authorization:	None
Impacts of Subsequent Operating Budgets:	None

RESOLUTION

WHEREAS, the Fluids Management System NJ TRANSIT uses today to collect information on dispensed fluids at eleven garages is both unreliable and inefficient and the process used at the remaining four garages is manual; and

WHEREAS, the fluid management system is the source of information on the mileage that each vehicle travels which is used to establish the payment for leased tires; and

WHEREAS, the escalating cost of diesel fuel mandates a reliable and accurate tracking system; and

WHEREAS, the garages require assistance to control and assure that the proper fluids are dispensed to each vehicle; and

WHEREAS, upon completion of a competitive procurement process, it was determined that S & A Systems submitted the most advantageous proposal that provided the best value to NJ TRANSIT;

NOW, THEREFORE BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to contract with S & A Systems of Rockwall, Texas for the purchase of an Automated Fluids Management System in an amount not to exceed \$2,500,000, plus five percent for contingencies, subject to the availability of funds.

CONSENT CALENDAR

ITEM 0603-12: FIBER OPTIC OCCUPANCY LICENSE NEGOTIATION**BENEFITS**

The licensing of NJ TRANSIT rights-of-way for occupancy by regulated and unregulated utilities generates significant non-farebox revenue in support of transit operations. Execution of this permit will ensure that NJ TRANSIT continues to receive \$150,000 per year, plus the opportunity for additional revenue, despite an industry-wide devaluation of fiber optic telecommunications assets.

PURPOSE

NJ TRANSIT executed a License Agreement with Columbia Transmission Communications Corporation (Columbia) on January 28, 2000 that granted Columbia the right to install four fiber optic conduits along 37.25 miles of NJ TRANSIT's Raritan Valley Line, along with four additional conduits for NJ TRANSIT's use. License fees were based on installed fiber per conduit. Columbia installed fiber only in the first conduit, which generated a license fee of \$7,250 per mile, or \$270,062.50 per year. The fiber optic market saw a severe devaluation of assets shortly after the permit was executed, leading to an industry shakeout. Columbia's assets were acquired by Neon Communications, Inc. in 2003 and Neon was in turn acquired by the Globix Corporation in 2005. During this time frame, Neon/Globix ceased making full payments and sought to renegotiate the license fees. Staff has negotiated a new License Agreement, accepting a reduction in the annual fee consistent with current market rates, and obtaining payment in arrears at the revised rate.

ACTION (Justification: Business Efficiencies)

Staff seeks authorization to enter into a License Agreement with Neon/Globix Corporation for the use of the first conduit placed in service along 37.25 miles of the Raritan Valley Line right-of-way for the remaining 14-year period of the original License term, plus two five-year options, for an annual fee of \$150,000 per year, subject to escalation based on the Consumer Price Index, and for the use of the remaining three conduits, should they be placed into service, at the same rate, subject to escalation.

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

FISCAL IMPACTS**Requested Authorization:**

Enter into a License Agreement with Neon/Globix with an annual fee of \$150,000 subject to escalation.

Total Project Cost:	N/A
Projected Date of Completion:	January 28, 2019
Anticipated Source of Funds:	N/A
DBE Goal:	N/A
Future/Related Authorizations:	N/A
Impacts on Subsequent Operating Budgets:	Annual Revenue of \$150,000

RESOLUTION

WHEREAS, NJ TRANSIT generates significant non-farebox revenue from permit and licensing fees to help underwrite and subsidize operating expenses; and

WHEREAS, NJ TRANSIT executed a License Agreement on January 28, 2000 with Columbia Communications Transmission Corporation for the occupancy of 37.25 miles of right-of-way along the Raritan Valley Line for fees totaling \$270,062.50 annually; and

WHEREAS, the market for telecommunications assets, particularly fiber optic assets, has declined significantly in value since the License Agreement was executed; and

WHEREAS, Columbia Communications Transmission Corporation was subsequently acquired by the Neon/Globix Corporation; and

WHEREAS, staff has negotiated a new License Agreement with Neon/Globix to reflect current market rates and to obtain payment in arrears for the past two years;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a License Agreement with Neon/Globix Corporation for the use of the first conduit placed in service along 37.25 miles of the Raritan Valley Line right-of-way for the remaining 14-year period of the original License term, plus two five-year options, for an annual fee of \$150,000 per year, subject to escalation based on the Consumer Price Index, and for the use of the remaining three conduits, should they be placed into service, at the same rate, subject to escalation.

**ITEM 0603-13: RISK MANAGEMENT INSURANCE PROGRAM:
BROKER/CONSULTANT**

BENEFITS

NJ TRANSIT maintains a corporate insurance program to provide for Excess Liability, Property, Employment Practice Liability and various Executive Risk coverages.

NJ TRANSIT currently maintains a Risk Management Information (STARS) System which provides the necessary claims and financial data to enable NJ TRANSIT to control and monitor claims activity, reserves, and produces necessary underwriting information.

The selected Risk Management Insurance Broker is needed to continue the Risk Management objectives of NJ TRANSIT and assist staff in the continuing development and enhancement of a comprehensive risk management program including the procurement of necessary corporate insurance coverages and the participation of NJ TRANSIT's captive insurance company, ARHIII.

PURPOSE

Authorization to select a broker is required at this time in order to obtain the necessary corporate insurance coverages for fiscal year 2007.

Staff will work with the broker to continue to develop a risk management strategy in response to the hardening insurance market. It is staff's intention to continue this relationship for a minimum of four years.

It is anticipated that the broker's compensation will be earned through customary commissions received from insurance companies underwriting NJ TRANSIT's insurance program and the maximum annual commission to be received by the broker will be capped. This is consistent with the current arrangement. Excess commission income resulting from increased premiums or the placement of additional insurance coverages will be subject to the cap and any overage will result in a reduction of premiums to NJ TRANSIT. Additionally, the maintenance and upgrades of the STARS system are included at a cost of \$142,160 per fiscal year. Finally, supplemental consulting services are included on an as-needed basis at a cost not to exceed \$75,000 per fiscal year, some, or all of which may be funded by commissions earned in excess of the "cap". Annual Stewardship Reports will be required of the selected broker summarizing the services provided and its accomplishments.

ACTION

Staff seeks authorization to contract (No. 06-023) with Marsh USA, Inc. of Morristown, NJ to act as NJ TRANSIT's Risk Management/Insurance Broker for up to four years with compensation earned through commissions capped at \$450,000 per fiscal year, maintenance of the STARS system at a cost of \$142,160 per fiscal year, and supplemental consulting services on an as-needed basis at a cost not to exceed \$75,000 per fiscal year, subject to the availability of funds and approval of subsequent operating budgets.

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

FISCAL IMPACTS

Requested Authorization: Selection of insurance broker for up to four years with compensation earned through commissions capped at \$450,000, STARS system maintenance at a cost of \$142,160 per fiscal year, and supplemental consulting services at a cost not to exceed \$75,000 per fiscal year.

Projected Date of Completion: N/A

Anticipated Source of Funds: Fiscal Year 2007 – Fiscal Year 2010 Operating Budgets

DBE Goals: 5% SBE

RESOLUTION

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

WHEREAS, upon completion of a competitive procurement process, it was determined that Marsh USA, Inc. submitted the most advantageous proposal that provided the best value to NJ TRANSIT;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract (No.06-023) with Marsh USA, Inc. of Morristown, NJ to act as NJ TRANSIT's Risk Management/Insurance Broker for up to four years with compensation earned through commissions capped at \$450,000 per fiscal year, maintenance of the STARS system at a cost of \$142,160 per fiscal year, and supplemental consulting services on an as-needed basis at a cost not to exceed \$75,000 per fiscal year, subject to the availability of funds and approval of subsequent operating budgets.

**ITEM 0603-14: AMENDMENT TO LEASE WITH PENN-PATH LLC FOR
RETAIL SPACE AT NEWARK PENN STATION**

BENEFITS

Amendment of the July 2001 Lease Agreement between Penn-Path LLC and NJ TRANSIT to allow a workout default settlement with Penn-Path LLC provides NJ TRANSIT with the continuation of non-farebox revenue and uninterrupted customer amenities in the form of newsstand services at ten newsstands, safeguards against any future defaults or lease violations by the tenant, and will also provide NJ TRANSIT with revenue of \$2,146,250 through a three-year lease extension.

PURPOSE

The Lease Amendment is the result of lengthy negotiations in response to tenant's request to reduce rent based on claims of significant lost business revenues. The proposed amendment provides the tenant with a 7.4% rent credit of \$275,505 on the original five and one-half years' lease. In addition, the agreement will provide for a consent order which will allow NJ TRANSIT to expeditiously and cost effectively regain possession of the premises should Penn-Path LLC not adhere to the terms of the settlement and will provide for a "cross default" provision that allows NJ TRANSIT to default the referenced Penn-PATH LLC lease should another NJ TRANSIT tenant whose principals are the same as Penn Path's default under those leases. The amendment also provides the tenant with an option for a three-year lease extension commencing January 2007 at a fixed rent totaling \$2,146,250.

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

ACTION (Justification: Customer Service)

Staff seeks authorization to amend the existing lease with Penn-Path LLC to provide the tenant with a rent credit of \$275,505 on the original five and one-half years' lease agreement and provide an option for a three-year extension beginning in January 2007 at annual rents of \$706,250, \$715,000 and \$725,000, respectively, for a total of \$2,146,250.

FISCAL IMPACTS

Requested Authorization:

Amend the existing lease with Penn-Path LLC to provide the tenant with a rent credit of \$275,505 on the original five and one-half years lease term and provide an option for a three-year

extension beginning in January 2007 at annual rents of \$706,250, \$715,000 and \$725,000, respectively, for a total of \$2,146,250.

Total Project Cost: N/A

Projected Date of Completion: December 31, 2009

Anticipated Source of Funds: N/A

DBE Goal: N/A

Future/Related Authorizations: N/A

RESOLUTION

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

WHEREAS, the original lease with Penn Path, LLC dated July 1, 2001 expires on December 31, 2006; and

WHEREAS, the tenant has sought rent relief based on claims of significant lost business revenues caused by reduced ridership/customers at Newark Penn Station subsequent to September 11, 2001; and

WHEREAS, staff conducted lengthy negotiations to avoid protracted eviction proceedings and to secure a lease workout settlement that affords protections to NJ TRANSIT and ensures the expeditious repossession of its property in the event of a default; and

WHEREAS, the negotiated default settlement will ensure the continuation of non-farebox revenue and customer amenities in the form of newsstand services from this lease through 2009;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to take all actions necessary to amend the existing lease with Penn-Path LLC to provide the tenant with a rent credit of \$275,505 on the original five and one-half years' lease agreement and provide an option for a three-year extension beginning in January 2007 at annual rents of \$706,250, \$715,000 and \$725,000, respectively for a total of \$2,146,250.