

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 19, 2007

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the re-scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc. Board of Directors held on Thursday, March 15, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gwen A. Watson'.

Gwen A. Watson  
Board Secretary

Enclosures

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

(NJ BOARD –03/15/2007)

Minutes of the actions taken at the Open Session of the rescheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Thursday, March 15, 2007.

**Present:**

Kris Kolluri, Esq., Chairman  
Myron P. Shevell, Vice Chairman  
Melissa Liebermann, Governor's Representative  
Robert Smartt, Treasurer's Representative  
Flora Castillo  
Patrick W. Parkinson  
Kenneth E. Pringle

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

Chairman Kris Kolluri convened the Open Session at 9:05 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations, litigation and personnel matters. A motion was made by Myron P. Shevell, seconded by Patrick W. Parkinson and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 10:00 am and asked for a motion to adopt the minutes of the February 13, 2007 meeting. A motion was made by Kenneth E. Pringle, seconded by Myron P. Shevell and unanimously adopted.

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

Executive Director Warrington said NJ TRANSIT held the last of the 13 public hearings around the State regarding the Fiscal Year 2008 budget and fare proposal, including informational sessions at the Port Authority Bus Terminal in New York and in New Brunswick.

This was an extensive listening process designed to maximize public participation. More than 100 NJ TRANSIT staff participated in facilitating the hearings and attended to hear customer feedback and respond to questions, including senior management of Rail, Light Rail, Bus and Access Link Operations. Nearly 200 customers took the time to come in-

(NJT BOARD –03/15/2007)

person, and more than 600 comments were received electronically and through the mail. In the end, NJ TRANSIT received a number of suggestions including modifications to the fare plan as well as comments on service improvements, all of which will be carefully reviewed. After considering all of the comments, NJ TRANSIT will finalize a proposal for the Board's consideration at next month's meeting.

Executive Director Warrington said Senators Lautenberg and Menendez announced two weeks ago that the Access to the Region's Core project, which features a new trans-Hudson tunnel as its centerpiece, will receive \$16 million in federal funds. This funding is critical to keep the project moving through preliminary engineering and thanked the New Jersey delegation, in particular Senators Lautenberg and Menendez and Congressman Pascrell, for their leadership.

The Access to the Region's Core project, which will double commuter rail capacity between New Jersey and New York, continues to advance through the federal process, including the important step of public outreach. Earlier this week, NJ TRANSIT conducted the first public hearings for the project, with a daytime and evening session in Newark as well as North Bergen. These hearings give the public the opportunity to learn about the findings of the Draft Environmental Impact Statement for the Access to the Region's Core study, as well as to ask questions and offer comments. NJ TRANSIT continues the process later this month, with public hearings in Manhattan on March 27, 2007 as well as information sessions on March 20 and March 22, 2007 that will provide Rockland and Orange County customers the opportunity to comment as well. Executive Director Warrington encouraged everyone who wants to comment on this project to submit comments as a formal part of the process by attending the hearings, or by sending comments through email or standard mail delivery to ensure that they will be included in the official record that is submitted to the Federal Transit Administration.

Executive Director Warrington said an item for the Board's consideration today enables NJ TRANSIT to develop a Memorandum of Understanding with the Port Authority of New York and New Jersey to begin to define roles and responsibilities with respect to advancing the Access to the Region's Core project. Formalizing the roles of both agencies partnering on the project enables NJ TRANSIT to draw from the mutual and considerable staff talent pools, particularly in the areas of geotechnical and property acquisition expertise. Additionally, NJ TRANSIT is seeking to combine the substantial experience both agencies have in large-scale project and construction management, and looks forward to continuing to work with the Port Authority to ensure that NJ TRANSIT optimizes its resources and provides the right level of support for this regional mega-project.

Executive Director Warrington said that March 14, 2007, marked the three-year anniversary of the River LINE. The real power of the line cannot be seen in a couple of years, but through the smart growth and transit oriented development the line is attracting in southern New Jersey. In Florence, for example, there are plans for an office and light-industrial complex at the former Roebling plant site. Several other towns have potential residential development in the works, including the partly built 919-unit development in Cinnaminson and plans for more than 400 units in Riverside and Delanco. While ridership has reflected seasonal trends, NJ TRANSIT continues to carry more than 7,000 customers each day, and expects to see substantial increases this spring and summer working with

(NJ BOARD -03/15/2007)

local partners including The Tweeter Center, The Aquarium, Sovereign Bank Arena, The Camden Riversharks, the Trenton Thunder, and local restaurants along the alignment.

Executive Director Warrington noted there is an item before the Board that will enable NJ TRANSIT to close out and favorably resolve a dispute between Rail Group formed by Bechtel and Bombardier, the DBOM contractor for the River LINE, and NJ TRANSIT.

Executive Director Warrington said this is his final board meeting as Executive Director of NJ TRANSIT. He publicly and personally thanked every board member and advisory committee member at NJ TRANSIT for their extraordinary support, advice, guidance and suggestions over the last five years to make NJ TRANSIT the best public transportation provider in the country. Executive Director Warrington also thanked the audience who attends the monthly meetings and takes time away from their personal and professional lives to participate. This public process is vital and he recognized, respected, and appreciated their efforts. Executive Director Warrington said he is very proud of what has been accomplished together and thanked everyone for their support.

Chairman Kolluri said Executive Director Warrington's tenure at NJ TRANSIT has been remarkable. His legacy at NJ TRANSIT is all of the work he has done since 2002. Chairman Kolluri noted that Executive Director Warrington, along with former Transportation Commissioner, Lou Gambaccini and other colleagues, were there when NJ TRANSIT was formed and took NJ TRANSIT from the "bad old days" to one of the best transportation agencies in the country. Since Executive Director Warrington arrived in 2002, he has done more to expand capacity than any other time in the history of NJ TRANSIT. Chairman Kolluri said he will miss him as a friend and colleague and expressed his best wishes for happiness.

Vice Chairman Shevell recalled that he met Executive Director Warrington during his tenure at Amtrak. He said New Jersey was very lucky to get Executive Director Warrington aboard and he has done an unbelievable job. Vice Chairman Shevell said he has great honor and respect for Executive Director Warrington. He said personally and professionally, Executive Director Warrington has been a good friend, ally and colleague. Vice Chairman Shevell said Executive Director Warrington leaves a great legacy for years to come and wished him the best in his future endeavors.

Board Member Pringle said he has known Executive Director Warrington for two years and said he has an amazing way of making you feel comfortable when talking to him on any issue and he has a professional commitment on a personal level. Chairman Kolluri's point that Executive Director Warrington was there at the beginning of NJ TRANSIT is apt. He said Executive Director Warrington's broad vision and amazing efforts moved the Access to the Region's Core project. Executive Director Warrington's legacy is his accomplished work and the excellent management staff he has assembled. Board Member Pringle said Executive Director Warrington has achieved his goals at NJ TRANSIT and wished him all the best.

Board Member Castillo acknowledged Executive Director Warrington's operational knowledge that benefited customers and employees. She recalled that when he arrived at NJ TRANSIT in 2002, one of the first things he implemented was a customer's first "back

(NJT BOARD –03/15/2007)

to basics” program. Board Member Castillo said he will be greatly missed and on behalf of the customers and employees, expressed appreciation for a job well done.

Board Member Parkinson said Executive Director Warrington has done an excellent job in managing growth such as the introduction of the multi-level railcars as well as spearheading the Access to the Region’s Core Project. He thanked Executive Director Warrington for his efforts and wished him well in his future endeavors.

Board Member Smartt said he has been in the transportation industry for 30 years and during that time he has seen many ambitious projects that sometimes do not get off the drawing board. As he thought about Executive Director Warrington’s tenure, he said “George got stuff done”. Board Member Smartt recalled several projects such as building a light rail in Newark, constructing a rail tunnel and providing additional seating capacity on trains and, regardless of what the critics said, Executive Director Warrington got it all done. Board Member Smartt expressed his appreciation and best wishes.

Board Member Melissa Liebermann, on behalf of the Governor’s Authorities Unit, expressed congratulations and best wishes for a job well done.

Executive Director Warrington thanked the Board Members and also personally recognized and thanked his executive management team for all of their support. He said they are a professional, dedicated team of managers who have one objective in mind and that is doing the right thing and making a difference.

Suzanne Mack presented the Advisory Committee report to the Board. Ms. Mack said Executive Director Warrington will be greatly missed. She said the State of New Jersey received a phenomenal gift when Executive Director Warrington arrived at NJ TRANSIT. He made a difference. She recalled that when he arrived in 2002 customer service was a top priority and he immediately put an Assistant Executive Director in charge of Customer Services.

Ms. Mack said the North Jersey Transit Advisory Committee passed a Resolution on March 12, 2007 endorsing and supporting NJ TRANSIT’s efforts to advance, complete and operate the Trans-Hudson Express Tunnel. She mentioned that Board Member Pringle attended an Advisory Committee meeting which was very informative and she looks forward to a continuing dialogue in order to better represent the commuter groups and become more effective.

Ms. Mack said the Committee discussed the Fiscal Year 2008 budget and the proposed fare increase. She said the Committee will review the public hearing transcripts and recommendations. Ms. Mack said there will be a meeting at Transaction in April and a joint Advisory Committee in Belmar later this year.

Ms. Mack extended best wishes to Executive Director Warrington.

There was one public comment on agenda items.

(NJT BOARD -03/15/2007)

Damien Newton, Tri-State Transportation Campaign, commented on the Consent Calendar item, Access to the Region's Core Project. Mr. Newton said the next public hearing on the Draft Environmental Impact Statement is scheduled for March 27, 2007 in New York and there is further information on NJ TRANSIT's website. Mr. Newton congratulated NJ TRANSIT on completing the Draft Environmental Impact Statement and said he supports this Board item.

Executive Director Warrington presented the following Action Items for approval:

0703-13: MONMOUTH-OCEAN-MIDDLESEX RAIL DRAFT ENVIRONMENTAL IMPACT STATEMENT: CONTRACT AMENDMENT

Authorization is requested to amend a contract with Systra Consulting, Inc. to update the Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement. Since the Access to the Region's Core project has gained widespread political and financial support, and has moved quickly from planning to a project being readied for construction for direct rail service from the Monmouth-Ocean-Middlesex service area to New York Penn Station, it should be incorporated in the environmental analysis. The requested contract amendment will allow Systra to update the Draft Environmental Impact Statement based on the new service assumptions and consider the impacts of higher ridership relative to investments in stations, parking, infrastructure and service. The amendment will not exceed \$2,370,000 plus five percent for contingencies.

Board Member Kenneth E. Pringle recused himself from voting on Item No. 0703-13, Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement: Contract Amendment

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

0703-14: AUTOMATED RAIL VEHICLE INSPECTION SYSTEMS (ARVIS) PILOT PROGRAM: CONTRACT AWARD

Along with the expansion of NJ TRANSIT's rail fleet, the number of daily federally required vehicle inspections will also grow. Authorization is requested for a procurement-by-exception for an Automated Rail Vehicle Inspection System to be tested for a two year period at Morrisville Yard. This technology uses remote photography and sensors embedded in the track to automatically assess the condition of vehicle brakes and wheels. Data gathered will allow labor forces to determine the wear rates of the vehicle components and develop a predictive approach to maintenance. This ARVIS system will also be able to identify defective or missing disc brake components such as actuators, calipers and rotors. Approval of this contract is requested for \$3,768,500 plus five percent for contingencies.

(NJ BOARD –03/15/2007)

Flora Castillo moved the resolution, Patrick W. Parkinson seconded it and it was unanimously adopted.

0703-15: EXTENSION OF TIME AUTHORIZATION FOR TRANSIT SERVICE PLANNING AND CAPITAL PROJECT ANALYSIS CONSULTING SERVICES

NJ TRANSIT utilizes on-call consultants for projects such as surveys required to continue federal funding or origin and destination surveys or ridership surveys for which it is more cost effective to retain outside expertise. Two years ago, the Board authorized contracts not to exceed \$1.2 million during a two-year period with Technometrica Market Intelligence, ORC Macro, Resource Systems Group Incorporated and TNS Intersearch. Although funding still remains, the two year time period has expired. Authorization is requested to extend the contracts for two additional years. Services will be requested as needed for planned work efforts and emerging needs.

Patrick W. Parkinson moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0703-16: SOUTHERN NEW JERSEY RAIL GROUP V. NJ TRANSIT: PROPOSED SETTLEMENT OF LITIGATION

Authorization is requested to settle litigation brought by the Southern New Jersey Rail Group, comprised of Bechtel Infrastructure, Inc. and Bombardier, who designed and built the River LINE light rail service.

In 2002, the Rail Group filed suit for breach of contract claims, including unpaid retainage, seeking \$152 million. These claims, and counterclaims asserted by NJ TRANSIT against the Rail Group, have been the subject of ongoing litigation, under the supervision of the Office of the Attorney General. The trial for this lawsuit began in September 2006 and has proceeded before a Special Master. Working through the New Jersey Department of Public Advocate's Office of Dispute Resolution, the parties have negotiated a commercial settlement of the litigation.

The proposed settlement agreement provides for a payment to Rail Group to close out the design-build portion of the contract in the amount of \$14.1 million for undisputed retainage for work previously performed, as well as \$38.9 million to settle remaining claims and counterclaims.

This settlement, which has been approved by the Office of the Attorney General, is a fair agreement to close out the design-build contract claims. This commercial settlement is advantageous to NJ TRANSIT because it eliminates the Corporation's ongoing financial exposure associated with litigation where Rail Group sought to recover \$152 million in disputed claims

(NJT BOARD –03/15/2007)

or alternatively, \$231 million in excess of its bid price, as well as the expense of continuing to litigate the matter.

The settlement also provides that Rail Group will make certain reliability improvements, including acquiring an Aqua train to improve rail maintenance, enhancing signal system visibility and upgrading equipment status information at the Control Center, valued at \$8.8 million.

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

Executive Director Warrington presented the following Consent Item for approval, which includes the development of a Memorandum of Understanding with the Port Authority to formalize the roles and responsibilities of the two agencies associated with the Access to the Region's Core project, as Executive Director Warrington referenced in his remarks.

0703-17: ACCESS TO THE REGION'S CORE PROJECT: MEMORANDUM OF UNDERSTANDING BETWEEN NJ TRANSIT AND THE PORT AUTHORITY OF NEW YORK & NEW JERSEY (PANY&NJ)

Authorization to execute a Memorandum of Understanding with the Port Authority of New York & New Jersey to advance the Access to the Region's Core Project to enhance the project team's capabilities and ensure the continued advancement of this project.

The Consent Calendar was moved in its entirety by Patrick W. Parkinson and seconded by Myron P. Shevell.

There were eight comments on non-agenda items.

Frank Coye, on behalf of the Lackawanna Coalition, appreciated everything Executive Director Warrington has done during his tenure at NJ TRANSIT. Mr. Coye said he attended a meeting in Hoboken and Executive Director Warrington asked if anyone had any comments or suggestions. Mr. Coye made a suggestion, Executive Director Warrington agreed and it was completed in two weeks.

Mr. Coye recalled the power outage in New York and said Executive Director Warrington authorized cross honoring train and bus tickets to assist commuters in getting to their destinations. Mr. Coye thanked Executive Director Warrington and said he will be greatly missed.

Dan O'Connell, on behalf of the United Transportation Union, expressed best wishes to Executive Director Warrington in all his future endeavors. He said Executive Director Warrington always treated his organization with respect and appreciated his open door policy of communication.

(NJT BOARD –03/15/2007)

Margarite Petrillo welcomed Melissa Liebermann to the Board. Ms. Petrillo requested a description of the artwork at Washington Street Station as well as a copy of the biography of the artist. Ms. Petrillo also requested a copy of the Montclair train station specifications.

Ms. Petrillo asked what years were the MCI buses acquired and Mr. Sarles replied about four or five years ago. Ms. Petrillo asked what is a Detroit Diesel and a Caterpillar and Mr. Sarles said it is the name of bus engines.

Denise Graddy, on behalf of Atlantic City Souvenirs & Snacks, Inc. and her parents, Russell and Loretta Graddy, said they are the owners and operators of Atlantic City Souvenirs and Snacks, Inc., a restaurant and retail store located in the bus terminal in Atlantic City. She said her family operated the business in the bus terminal in Atlantic City from 1997 until October 2004. Ms. Graddy claimed that NJ TRANSIT, the Casino Reinvestment Development Authority and the Atlantic City Walk Project maneuvered to shut down their business even though they had a 20 year lease to operate in the bus terminal. Chairman Kolluri asked Ms. Graddy if her family is represented by counsel. Ms. Graddy replied that her family is represented by the law firm Parker McKay. Chairman Kolluri recused himself on this issue and stepped out of the room.

Ms. Graddy said their business is one of only two minority owned businesses in the Atlantic City Walk area and it has been shut down for over two and one-half years due to the legal and political entanglement between NJ TRANSIT, Casino Reinvestment Development Authority, Atlantic City Associates and Atlantic City Souvenirs and Snacks, Inc. She said NJ TRANSIT and Atlantic City Associates constructed a new bus terminal and refused to relocate their business into the new terminal.

Ms. Graddy said in October 2006, Atlantic City Souvenirs & Snacks, NJ TRANSIT and Atlantic City Associates participated in a court ordered, non-binding arbitration. The arbitrators found that it would be fair and just for NJ TRANSIT and Atlantic City Associates to pay their relocation costs to the new terminal. She said NJ TRANSIT and Atlantic City Associates rejected the arbitrators' findings further compounding the hardship.

Ms. Graddy asked the Board to investigate the methods used by NJ TRANSIT, the Casino Reinvestment Development Authority and Atlantic City Associates to destroy a minority owned business and asked the Board to rectify the injustice.

Vice Chairman Shevell said the Board would look into this issue. Deputy Attorney General Mark Holmes said there is pending litigation and a response would be sent to Ms. Graddy's counsel. Board Member Pringle reiterated that the Board would review the matter.

Russell Graddy, Atlantic City Souvenirs & Snacks, Inc. said this situation caused a hardship for his family as well as 14 full time employees. He said he is begging the Board to investigate this matter.

Chairman Kolluri returned to the meeting.

(NJT BOARD –03/15/2007)

Jack May, on behalf of the New Jersey Association of Railroad Passengers' Light Rail Panel, consisting of Rose Heck, Jack May, Phil Craig and Frank Miklos, read a letter from Rose Heck, Government Affairs Director, who was unable to attend the Board Meeting. Ms. Heck thanked Executive Director Warrington for all of the time extended to them in reference to the Hudson Bergen Light Rail Northern Extension. She commended Executive Director Warrington for his professionalism and dedication to the intermodal transportation needs of New Jersey. She said they have worked collectively on a number of successful projects and thanked him for all of his good work. Ms. Heck wished him good luck in his future endeavors.

Tom Banker, on behalf of Jerry Gottesman, Edison Properties, said he admires Executive Director Warrington's professionalism and wished him all the best in his next career.

Damien Newton, Tri-State Transportation Campaign, said he attended and testified at one of the fare increase public hearings and expressed concern that the impact of the fare increase would hurt the intercity and low income population. Mr. Newton extended best wishes to Executive Director Warrington. Mr. Newton announced that on April 24, 2007, the Tri-State Transportation Campaign will honor Executive Director Warrington and former Transportation Commissioner Jack Lettiere for their work on transportation issues in New Jersey.

Board Member Pringle requested that a section be added to the Board agenda that addresses the subcommittee reports, new and old business and the status of projects.

Since there were no further comments or business, the Chairman called for adjournment and a motion to adjourn was made by Myron P. Shevell, seconded by Patrick W. Parkinson and unanimously adopted.

The meeting was adjourned at approximately 11:06 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 15, 2007**

**MINUTES**

	<u>PAGE</u>
➤ EXECUTIVE SESSION AUTHORIZATION	38508
➤ APPROVAL OF MINUTES OF PREVIOUS MEETINGS	38509
➤ EXECUTIVE DIRECTOR'S MONTHLY REPORT	-
➤ ADVISORY COMMITTEE REPORTS	-
➤ PUBLIC COMMENTS ON AGENDA ITEMS	-

**ACTION ITEMS**

0703-13	MONMOUTH-OCEAN-MIDDLESEX RAIL DRAFT ENVIRONMENTAL IMPACT STATEMENT: CONTRACT AMENDMENT	38532
---------	--	-------

Authorization to amend contract No. 01-018 with Systra Consulting, Inc. of Bloomfield, New Jersey to update the Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement for direct, same-seat service to Penn Station New York in the amount of \$2,370,000 plus five percent for contingencies, for a total contract authorization of \$9,208,500, subject to the availability of funds.

0703-14	AUTOMATED RAIL VEHICLE INSPECTION SYSTEMS (ARVIS) PILOT PROGRAM: CONTRACT AWARD	38535
---------	---	-------

Authorization to enter into a Procurement-by-Exception contract (No. 07-601) with DeltaRail Group Ltd., of Derby, UK to purchase, install, operate, and maintain for a two-year period three Automated Rail Vehicle Inspection Systems (ARVIS) at a cost not to exceed \$3,768,500, plus five percent for contingencies for a total contract authorization of \$3,956,925, subject to the availability of funds.

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 15, 2007  
 MINUTES  
 PAGE 2

- 0703-15 EXTENSION OF TIME AUTHORIZATION FOR TRANSIT SERVICE PLANNING AND CAPITAL PROJECT ANALYSIS CONSULTING SERVICES 38538

Authorization for an additional two year period to be added to four existing professional services contracts with Technometrica Market Intelligence, Oradell, New Jersey (03-117A), ORC Macro, New York, New York (03-117B), Resource Systems Group Incorporated, White River Junction, Vermont (03-117C), and TNS Intersearch, Horsham, Pennsylvania (03-117D) for on call consulting services at a cost not to exceed \$600,000 per task for an amount not to exceed the existing total authorization of \$2,050,000, subject to the availability of funds.

- 0703-16 SOUTHERN NEW JERSEY RAIL GROUP v. NJ TRANSIT: PROPOSED SETTLEMENT OF LITIGATION 38541

Authorization to settle the litigation between NJ TRANSIT and Southern New Jersey Rail Group, LLC for \$53,000,000, including contract retainage and all claims and counterclaims (Contract 97CJ052), for an additional authorization of \$32,116,028 for a total Design-Build contract authorization of \$508,112,444, subject to the availability of funds.

### CONSENT CALENDAR

- 0703-17 ACCESS TO THE REGION'S CORE PROJECT: MEMORANDUM OF UNDERSTANDING BETWEEN NJ TRANSIT AND THE PORT AUTHORITY OF NEW YORK & NEW JERSEY (PANY&NJ) 38545

Authorization to execute a Memorandum of Understanding with the Port Authority of New York & New Jersey to advance the Access to the Region's Core Project to enhance the project team's capabilities and ensure the continued advancement of this project.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

**EXECUTIVE SESSION AUTHORIZATION**

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

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

### **APPROVAL OF MINUTES**

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

**WHEREAS**, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the February 13, 2007 Board meeting of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on February 15, 2007;

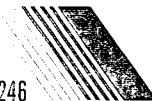
**NOW, THEREFORE, BE IT RESOLVED** that the minutes of actions taken at the February 13, 2007 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.


Jon S. Corzine  
Governor

Kris Kolluri, Esq.  
Board Chairman

George D. Warrington  
Executive Director

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



**TO:** BOARD OF DIRECTORS  
**FROM:** GEORGE D. WARRINGTON   
**DATE:** MARCH 15, 2007  
**SUBJECT:** EXECUTIVE DIRECTOR'S REPORT – MARCH 2007

As you know, this is my final report to the Board as Executive Director of NJ TRANSIT. I want to thank every Board member, advisory committee member and staff member for your extraordinary hard work, commitment, advice and guidance over the last five years to make NJ TRANSIT the best public transportation provider in the country. I also want to thank members of the public who attend our monthly meetings, taking time away from their personal and professional lives to participate; this public process is a vital part of our work, and I recognize, respect and appreciate your efforts. I am very proud of what we have accomplished together.

In particular, we expanded the rail and bus fleets and our light rail systems, added seats, provided substantially more parking, opened services for new markets, and improved our customer service and communications—all while increasing our business and operating efficiency.

On the rail side, we added 100 more trains to the schedule, with more than 100,000 additional seats. We introduced the first multilevel rail cars to the system, with an unparalleled level of customer and employee input into the design. And, we made New York Penn Station more customer focused with dedicated on-site management, a new TOC, more announcers, 10-minute advance boardings, improved HVAC, and better Portal Draw Bridge hours.

On the bus side, we increased or extended trips on more than 50 bus routes and are renewing virtually the entire bus fleet.

Across the system, we added about 16,000 new parking spaces, with about 4,000 more planned or in the pipeline. We installed nearly 250 new or upgraded ticket vending machines for faster printers, relaxed fare restrictions for children and seniors, and established better ticketing connectivity between all modes.

With an eye toward customer service and communications, we created operations communications to provide frontline employees with better, real-time information to relay to our customers.

We opened new stations—including the Frank R. Lautenberg Station at Secaucus Junction—extended the Hudson-Bergen Light Rail and launched new services such as MidTOWN DIRECT Montclair, Newark Light Rail and the River LINE, which reached its three-year anniversary yesterday and is credited with attracting smart growth and transit-oriented development to towns along the alignment.

Perhaps one of our most far-reaching accomplishments is the unprecedented, regional support we built for the \$7.5 billion Access to the Region's Core Project, with a new trans-Hudson tunnel as its centerpiece. In fact, Senators Lautenberg and Menendez announced two weeks ago that the project will receive an initial \$16 million in federal funds. This funding is critical to keep the project moving through preliminary engineering and we thank the NJ delegation, in particular Senators Lautenberg and Menendez and Congressman Pascrell, for their leadership.

None of these achievements would have been possible without the hard work and dedication of our employees.

While I have decided to move on to pursue other opportunities, I am confident that you will continue to provide NJ TRANSIT's customers with safe, reliable, high-quality service for many years to come and I look forward to continuing my long relationship with you as I move on to the next chapter in my professional career.

---

# EXECUTIVE DIRECTOR'S MONTHLY REPORT MARCH 2007

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

---

# HIGHLIGHTS

### **NJ TRANSIT outlines fare plan to support new and expanded services**

At its regularly scheduled Board of Directors meeting on February 13, NJ TRANSIT Executive Director George D. Warrington outlined the Corporation's proposal to increase fares by a system-wide average of 9.6 percent to help pay for expanded services needed to meet record ridership demands, as well as inflation and other key cost drivers.

The proposal preserves the Corporation's flexible ticketing policies that enable customers to use certain passes on any travel mode; holds multi-ride and off-peak discount rates at their current levels; and continues to freeze the level of capital funds transferred to the operating budget for the fourth consecutive year.

The public had a chance to learn more about the proposal and offer comments and suggestions at public hearings and informational sessions at locations across the state and in New York before the plan is considered by the Board in April. NJ TRANSIT also encouraged the public to submit comments online at [www.njtransit.com](http://www.njtransit.com), as well as through standard mail delivery.

Basic inflation alone costs the Corporation \$45 million on a \$1.5 billion base operating budget, with new and expanded services adding another \$17 million. The Corporation expects to receive the same level of funding from the state as last year, which includes a \$22 million increase over FY06 levels.

Overall, the net operating need for FY08 is projected to be about \$60 million. To generate the required revenue, while holding down the average fare adjustment as low as possible, the plan calls for its implementation over 13 months rather than 12.

#### **Under the proposal:**

- A one-zone full fare bus trip would increase by 10 cents—from \$1.25 to \$1.35. Bus fares remain substantially lower than the regional average of \$2 per trip.
- Intrastate bus and light rail monthly passes would be adjusted for the first time in five years.
- Interstate bus and rail monthly fares would increase an average of 9.9 percent. Rail monthly passes would continue to provide unlimited travel at 30%-off the one-way full fare. Interstate bus monthly passes would be discounted between 20-50 percent.

**Commuter benefits:**

- Off-peak, round-trip excursion rail discount levels are NOT affected and would remain at 15%-off the full fare.
- In response to customer feedback, the proposal eliminates the access fee for children 11 and under at Newark International Airport – saving families \$11 roundtrip per child.
- The fee for travel in Newark's business district between Warren Street and Newark Penn Station on the Newark City Subway will continue to be discounted by 50 percent.

**Public comment encouraged**

To ensure an inclusive public comment process, NJ TRANSIT scheduled 11 hearings and two information sessions at locations across the state and in New York from February 28 through March 8. The schedule included a Saturday session for customers unable to participate in the evenings. About 500 members of the public participated—either in person, online or by mail.

**Financial outlook**

As part of NJ TRANSIT's fare history, a series of significant and often annual fare increases in the 1980's was followed by a total absence of increases for 12 years throughout the 1990's and into the new century.

During that period, the underlying annual operating need to fund inflation, extraordinary cost growth and new services was masked with a steady diet of increased transfers from the capital budget. Over time, \$3 billion was transferred from capital to support operations.

**NJ TRANSIT awards paratransit contract for Central New Jersey**

On February 13, the NJ TRANSIT Board of Directors awarded a seven-year contract to Laidlaw Transit Services Inc. to provide public transportation services to central New Jersey residents whose disabilities prevent them from using NJ TRANSIT's regular bus service.

The \$7.2 million contract, plus five percent for contingencies, was awarded through a competitive process and contains enhanced standards for Access Link paratransit service for Region 4, which includes Mercer, Monmouth, Middlesex and northern Ocean counties. The enhanced standards cover such areas as customer service, performance incentives, operator development, system efficiency, vehicle maintenance and quality safeguards.

The NJ TRANSIT Board of Directors also approved additional funding for the existing Region 4 paratransit contract, held by Laidlaw, which expires May 6, 2007. The additional funding of \$1.24 million, plus up to five percent for contingencies, will cover unanticipated costs due to higher ridership, fuel costs and longer trips.

The contract runs from May 7, 2007 through May 7, 2014 and anticipates an average cost per rider to rise to \$49, or 7 percent above the \$42 per-trip cost under the previous contract through May, 2005.

Under the 1990 federal Americans with Disabilities Act, public transit agencies are required to provide unconstrained paratransit services for individuals with disabilities who cannot use fixed-route transportation systems at the same cost as traditional services. The service is expressly for customers who cannot use conventional services because of their disability, a lack of accessible equipment or a combination of disabilities and environmental barriers.

- Currently 14,130 people statewide are eligible for Access Link service.
- In Region 4, some 2,386 customers are certified Access Link users. They take about 430 passenger trips daily.
- The annual number of trips taken by Region 4 customers has grown about 7 percent annually from May 2004 to October 2006.
- Average trip length in Region 4 has grown from 11 to 14 miles over the same period.

---

# **CUSTOMER AND COMMUNITY INITIATIVES**

### **NJ TRANSIT conducts hearings on Access to the Region's Core study**

NJ TRANSIT began the first of several public hearing and information sessions Tuesday, March 13, to give the public an opportunity to learn about the findings of the Draft Environmental Impact Statement (DEIS) for the Access to the Region's Core (ARC) study—which features a new trans-Hudson tunnel as its centerpiece—as well as ask questions and offer comments.

Information regarding the ARC DEIS, and accompanying documents, is available on the project website: [www.accesstotheregionscore.com](http://www.accesstotheregionscore.com).

To ensure an inclusive public comment process, NJ TRANSIT has scheduled three public hearings—each with a daytime and evening session—as well as two information sessions at locations in New Jersey and New York from March 13 through March 27.

The hearings will be conducted in an open house format and will include informational displays and presentations. Members of the public may register in advance to speak at the hearings by calling (877) ARC-0999.

In addition to the public hearings, NJ TRANSIT will hold two “informational sessions” in Rockland and Orange counties, New York, to receive comment from members of the public who are unable to attend one of the three public hearings. As a practical matter, public hearings and information sessions will be conducted in a similar manner, except that only private testimony will be accepted at the information sessions.

Members of the public also may submit comments concerning ARC DEIS findings through April 10, 2007 via email to [deis@accesstotheregionscore.com](mailto:deis@accesstotheregionscore.com) or via standard mail delivery.

### **NJ TRANSIT offers extra trains and buses for St. Patrick's Day Parade**

NJ TRANSIT will offer extra train and bus service on Saturday, March 17 to accommodate customers headed to the St. Patrick's Day Parade in New York City.

Service will operate on a weekend schedule on all rail lines, with additional New York/Hoboken-bound trains on the Northeast Corridor, North Jersey Coast, Port Jervis, and Morris & Essex lines in the morning, as well as extra service in the afternoon for the return trip.

NJ TRANSIT will also provide extra trips to and from New York on 11 bus routes to accommodate parade-goers:

- 126 Hoboken – New York
- 128 Boulevard East – New York
- 137 Toms River – New York
- 139 Lakewood – New York
- 158 Fort Lee – Edgewater – New York
- 163 Ridgewood – New York
- 166 Dumont – Tenafly – New York
- 167 Harrington Park – New York
- 190 Paterson – Passaic – New York
- 192 Clifton – New York
- 197 Warwick – New York

On Sunday, March 4, NJ TRANSIT offered extra North Jersey Coast Line train service to accommodate families headed to the annual St. Patrick's Day Parade in Belmar—the largest and best attended parade in the State.

Belmar Mayor and NJ TRANSIT Board Member Ken Pringle said that the Borough was pleased to welcome thousands of visitors to Belmar for the parade and recommended taking the train as the most convenient and comfortable way to get there.

# **EMPLOYEE RECOGNITION**

**NJ TRANSIT receives award at annual Leadership in Transportation reception**

The Public Agency Award given out by the NYU Wagner Rudin Center for Transportation Policy & Management and the Council on Transportation went to NJ TRANSIT at an awards reception last month at NYU.

Executive Director George D. Warrington accepted the award for the Corporation's advancement of public transportation in this region, particularly for the Access to the Region's Core (ARC) project that features the Trans-Hudson Express (THE) Tunnel.

ARC, which promises to double rail capacity into New York City, advances this month with public hearings on the Draft Environmental Impact Statement.

# **DBE/MBE PROGRAM**

**NJ TRANSIT – Office of Business Diversity DBE/SBE Participation****Federally Funded Contracts**

\$9,149,445 in federal funds was awarded from October through February FY07.\* Disadvantaged Business Enterprises (DBEs) were awarded \$2,255,863 or 24.6% percent, which includes both race conscious or race neutral awards.

**State Funded Contracts**

\$131,658,118 in state-funded contract dollars was awarded from July through February FY07. \*\* Of that total, Small Business Enterprises (SBEs) received \$13,737,661 or 10.5 percent. Category 1 SBEs received \$7,046,816 or 5.4 percent. Category 2 SBEs received \$922,344 or 0.7 percent. Category 3 SBEs received \$743,046 or 0.6 percent. Category 4 SBEs received \$2,028,246 or 1.5 percent. Category 5 SBEs received \$3,006,209 or 2.3 percent \*\*\*

**Federal & State Contracts Total**

\$140,807,563 in federal and state contract dollars was awarded by NJ TRANSIT during this reporting period. Of that total, \$15,993,524 or 11.4 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, 2006

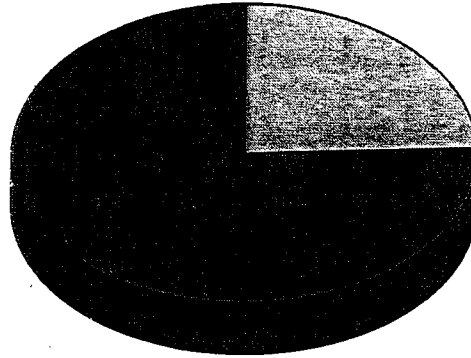
\*\* Fiscal year beginning July 1, 2006

\*\*\* 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 FEBRUARY 07)\***

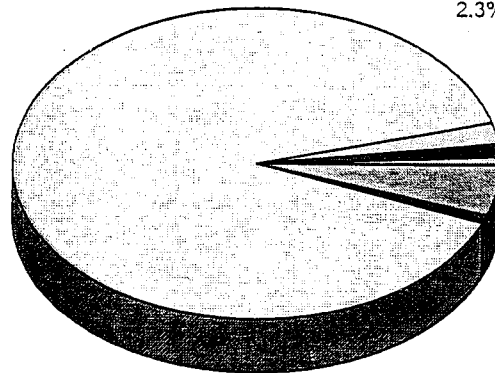
NON-DBE  
FEDERAL  
\$6,893,582  
75.4%



DBE RACE  
NEUTRAL &  
RACE  
CONSCIOUS  
\$2,255,863  
24.6%

**SBE PARTICIPATION  
STATE CONTRACTS  
STATE FYTD (THRU FEBRUARY 07)\*\***

NON-SBE STATE  
\$117,920,457  
89.5%



SBE-5  
\$3,006,209  
2.3%

SBE-4  
\$2,028,246  
1.5%

SBE-2  
\$922,344  
0.7%

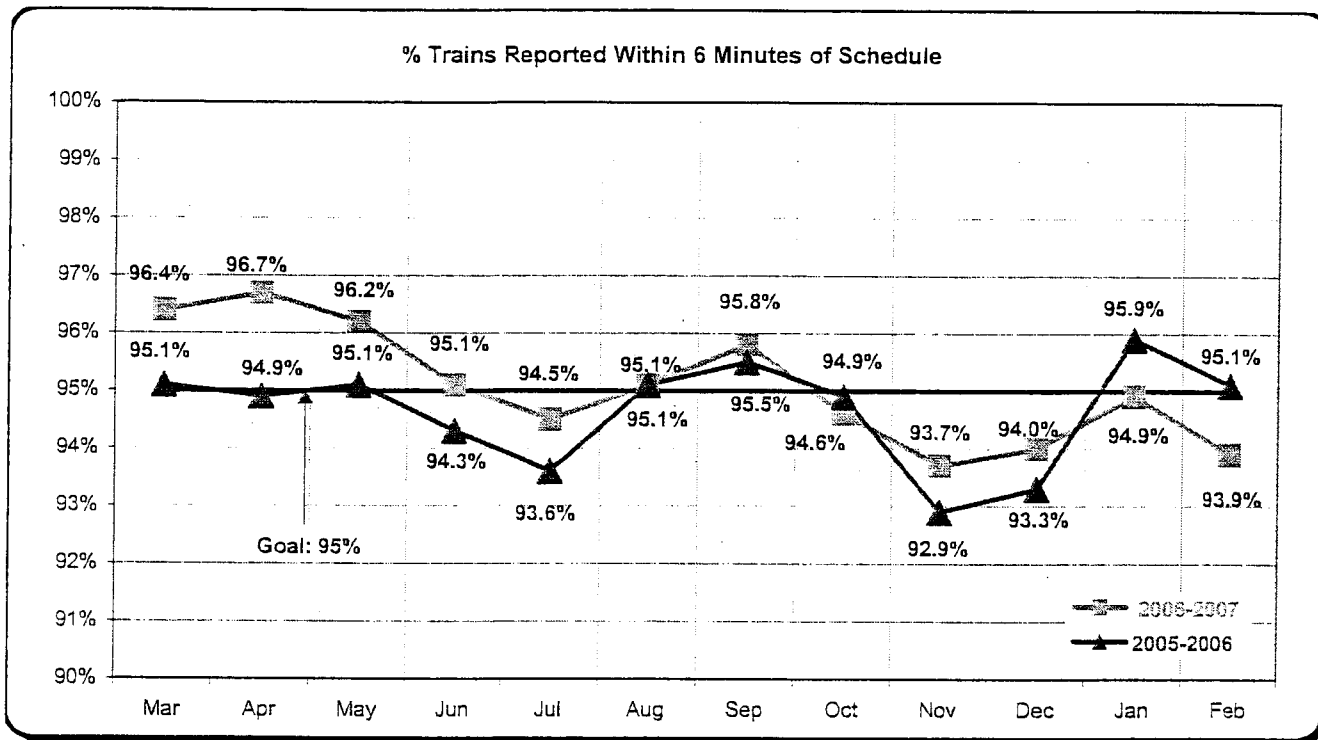
SBE-1  
\$7,046,816  
5.4%

SBE-3  
\$734,046  
0.6%

Fiscal Year Beginning October 1, 2006\*  
Fiscal Year Beginning July 1, 2006\*\*

# **PERFORMANCE MEASURES**

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



	2005-2006	2006-2007	# Change
February Comparison	95.1%	93.9%	-1.2%

	2005-2006	2006-2007	# Change
12-Month Average March - February	94.6%	95.1%	0.5%

**Analysis:**

Rail On-Time Performance for February 2007 was 93.9%. Of the 17,140 trains that were scheduled to operate, 16,088 were on time, while 1,052 trains (or 6.1%) were delayed. Causes of delay included:

Inclement weather resulting in switch failures, gate failures, ice build-up on overhead power wires, equipment issues, and increased boarding and unloading times, on February 14th;

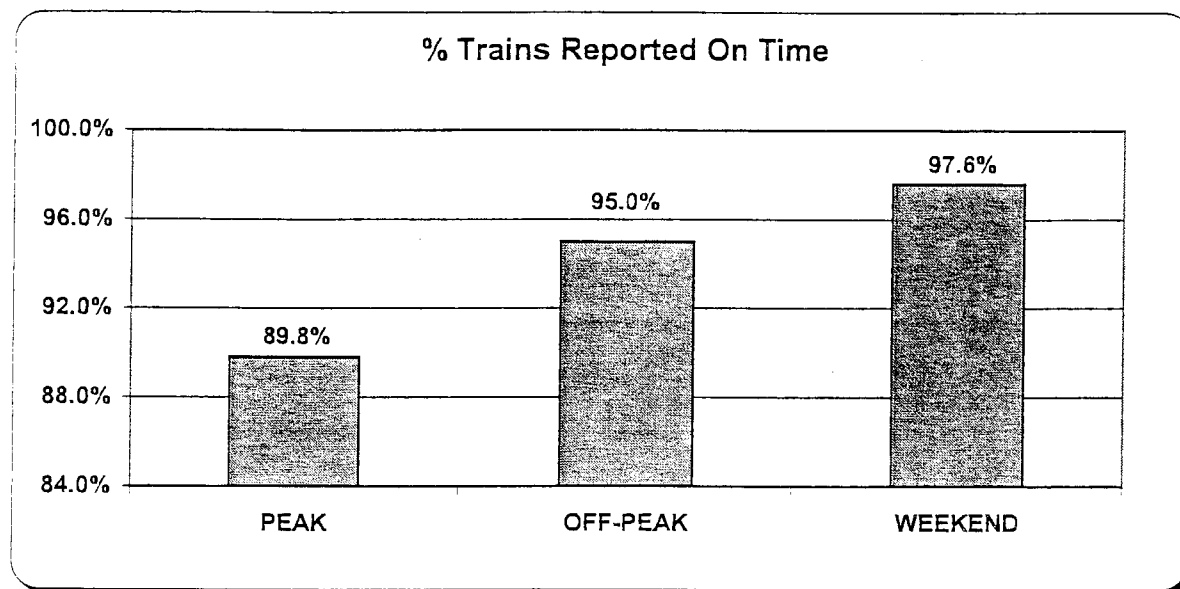
Trains striking debris near Penn Station New York during the rush hour on February 5th and 15th; and

A train derailment near the Ridgewood train station on February 21st.

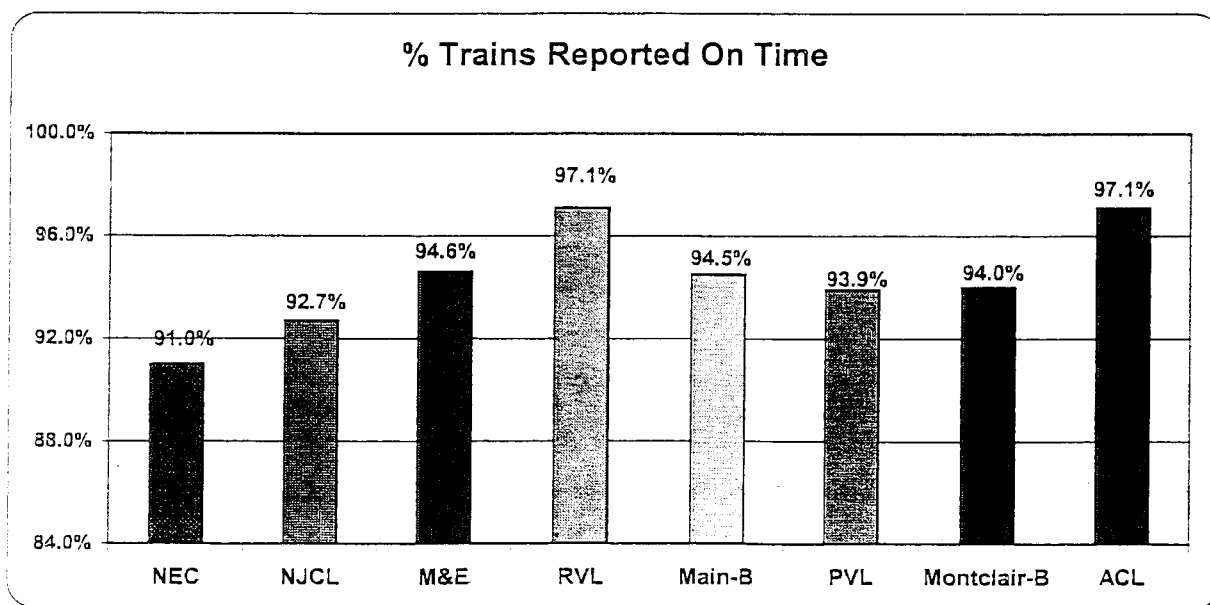
The 12-month average for Rail On-Time Performance systemwide for March 2006 - February 2007 was 95.1%, an increase over the previous 12-month period.

# ON-TIME PERFORMANCE RAIL

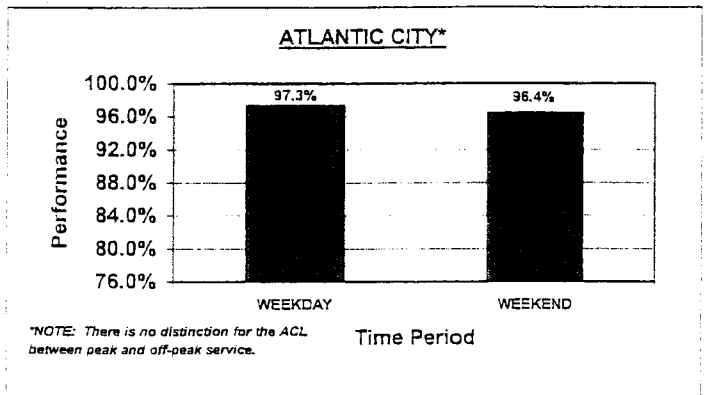
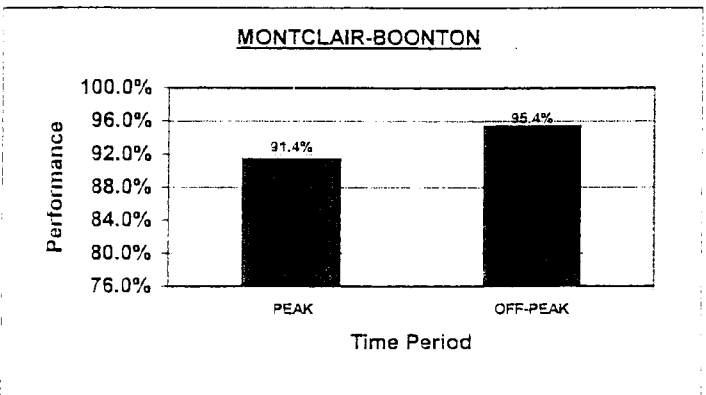
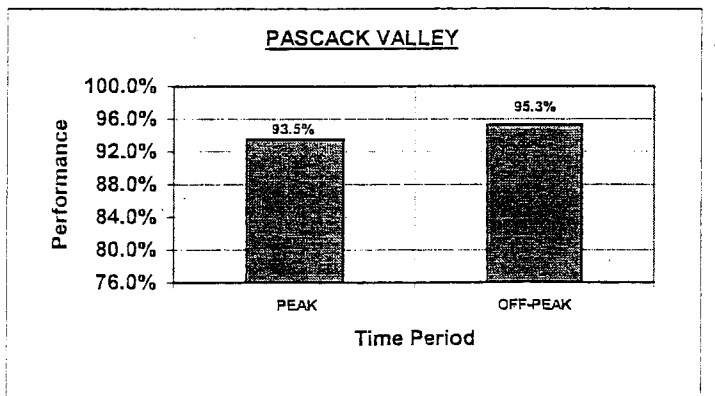
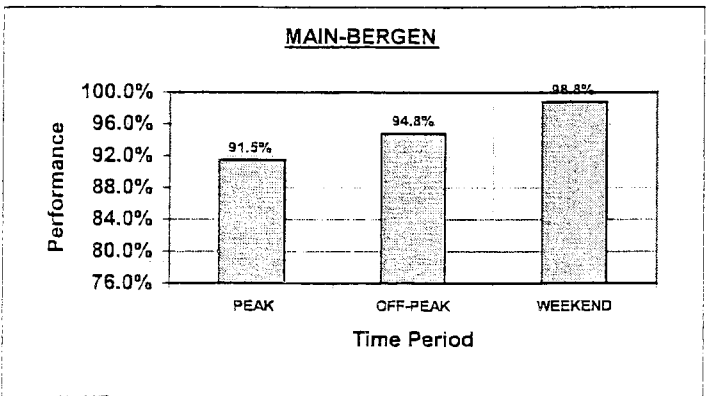
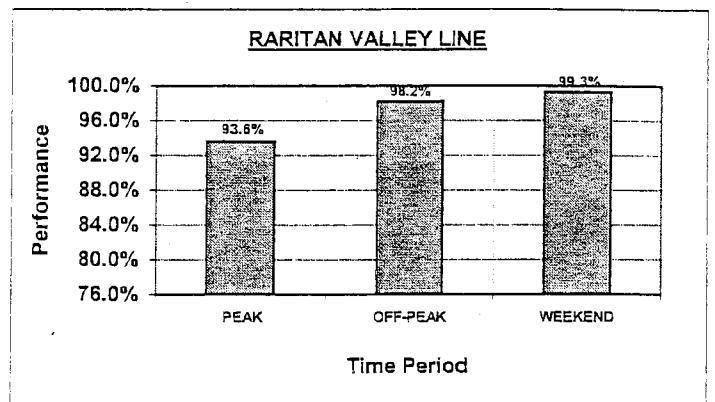
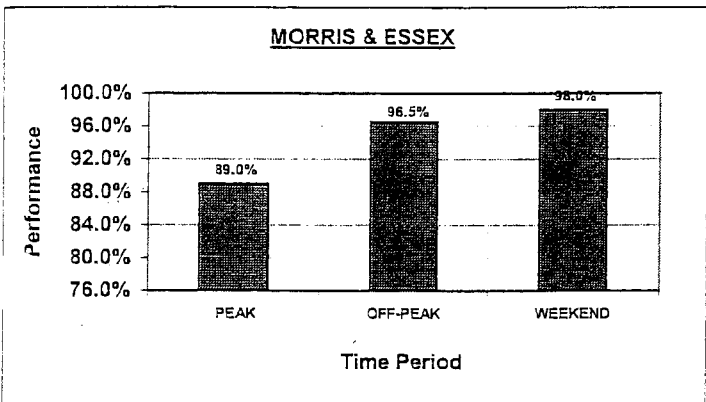
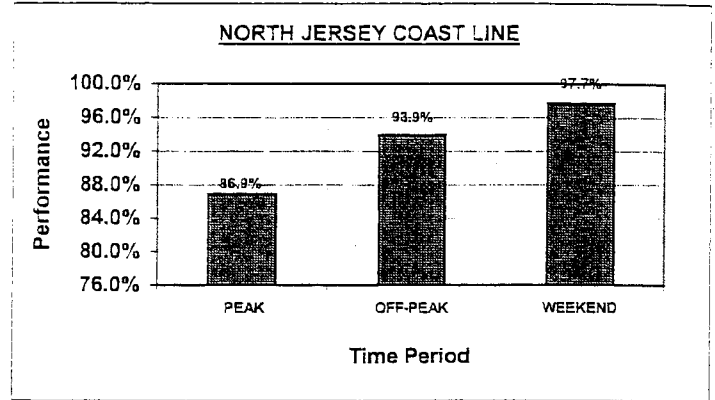
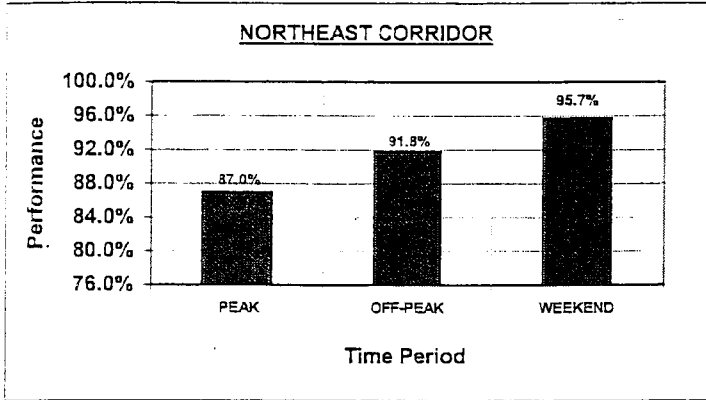
## SUMMARY BY TIME PERIOD FEBRUARY 2007



## SUMMARY BY LINE FEBRUARY 2007

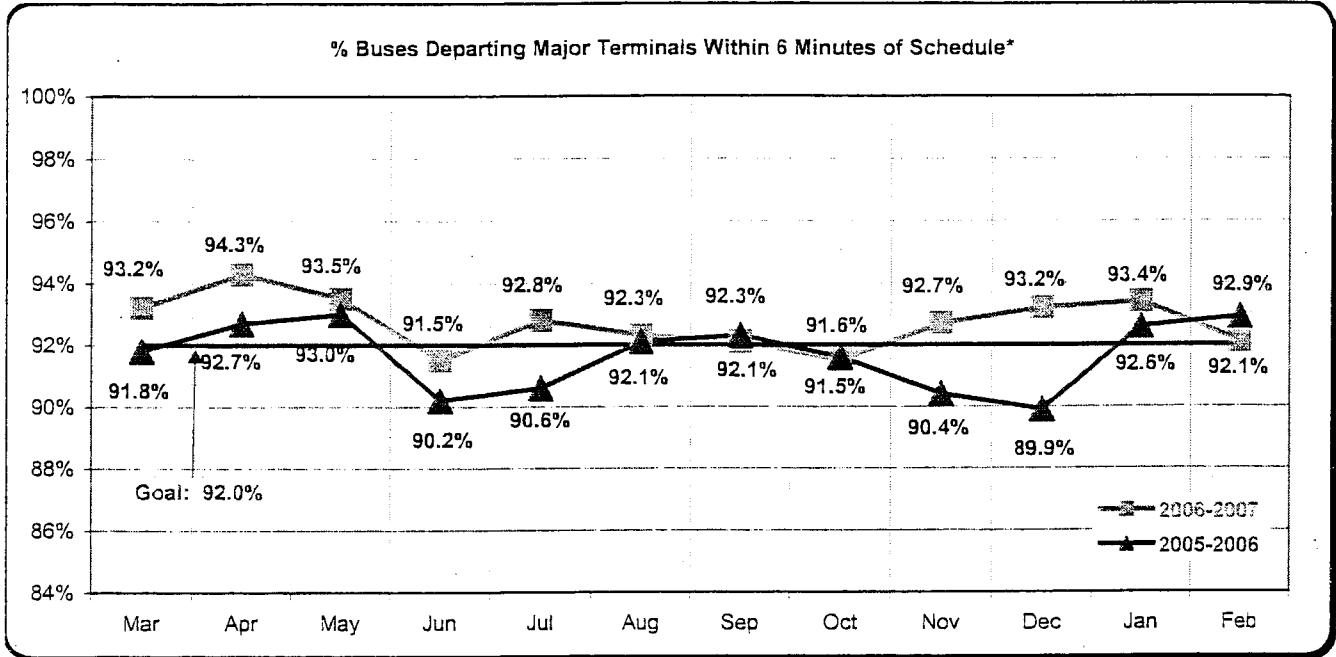


# ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD FEBRUARY 2007



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

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



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

	2005-2006	2006-2007	# Change
February Comparison	92.9%	92.1%	-0.8%
12-Month Average March - February	91.7%	92.7%	1.0%

**Analysis:**

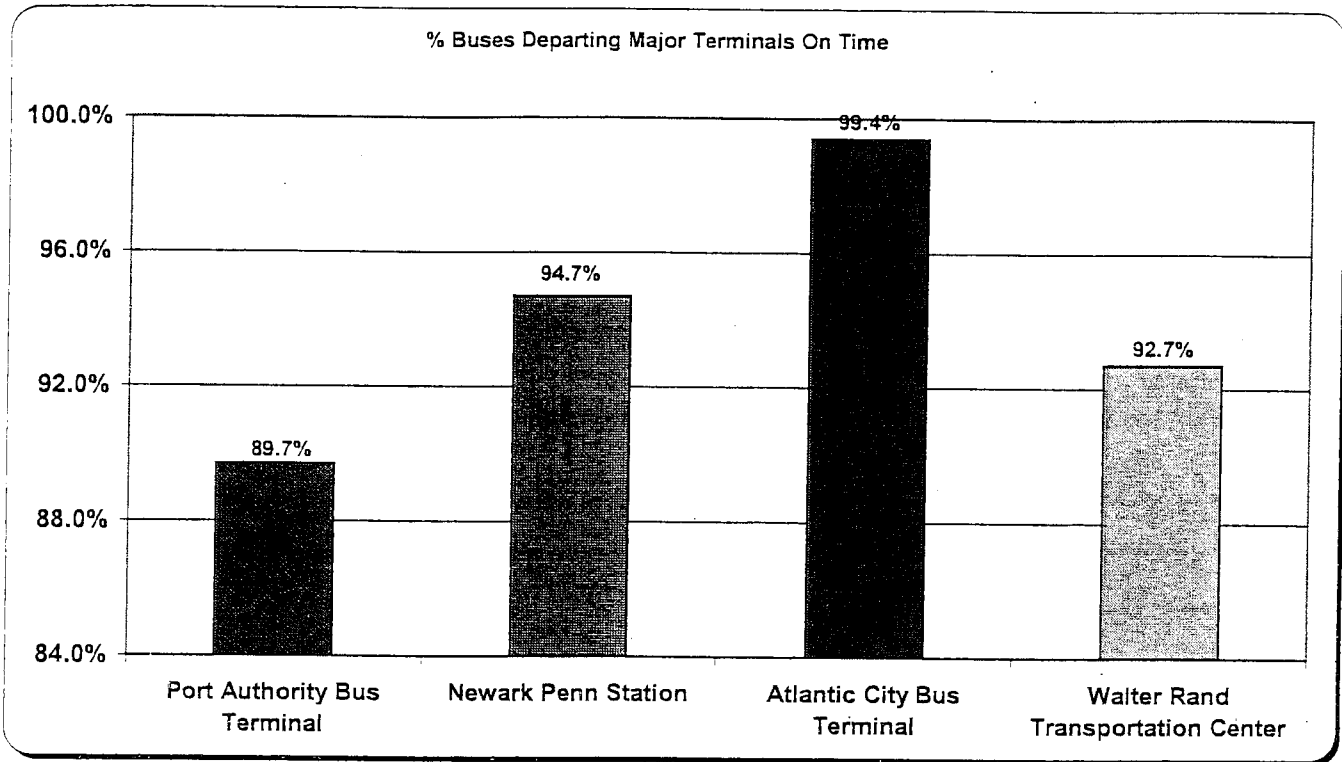
Bus On-Time Performance for February 2007 was 92.1%, above the goal of 92.0%. Of the 27,640 monitored departures, 2,180 (or 7.9%) experienced delays. Key sources of delay included:

- Heavy traffic near the Walter Rand Transportation Center on February 1st;
- Inclement weather throughout the state on February 14th;
- Heavy traffic during rush hour near the Port Authority Bus Terminal on February 15th; and
- Traffic near the Walter Rand Transportation Center on February 16th.

The 12-month average for Bus On-Time Performance for March 2006 - February 2007 was 92.7%, an increase over the performance of the previous 12-month period.

# ON-TIME PERFORMANCE BUS

## SUMMARY BY TERMINAL FEBRUARY 2007

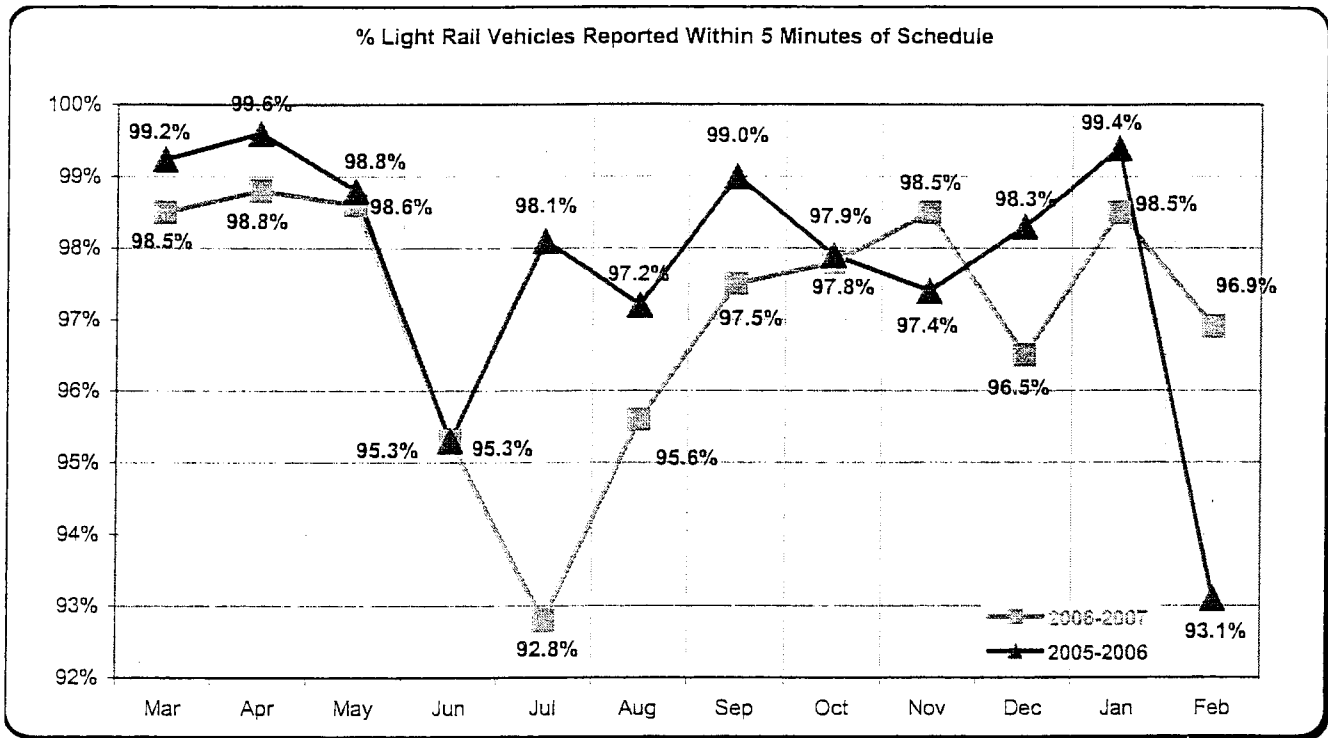


# NJ TRANSIT

## ON-TIME PERFORMANCE

### HUDSON-BERGEN LIGHT RAIL

#### MARCH 2005 - FEBRUARY 2007



	2005-2006	2006-2007	# Change
February Comparison	93.1%	96.9%	3.8%

	2005-2006	2006-2007	# Change
12-Month Average March - February	97.8%	97.1%	-0.7%

**Analysis:**

Hudson-Bergen Light Rail (HBLR) On-Time Performance for February 2007 was 96.9%. Of the 15,596 scheduled trips for the month, 482 (or 3.1%) were delayed. Causes of delay included:

Inclement weather due to a winter storm on February 14th;

A switch and signal failure on February 16th; and

Scheduled maintenance activities on February 24th.

The 12-month average for HBLR On-Time Performance for March 2006 - February 2007 was 97.1%, 0.7 percentage points below the average of the previous 12-month period.

# **ACTION ITEMS**

**ITEM 0703-13: MONMOUTH-OCEAN-MIDDLESEX RAIL DRAFT ENVIRONMENTAL IMPACT STATEMENT: CONTRACT AMENDMENT**

**BENEFITS**

The Monmouth-Ocean-Middlesex Rail project will introduce rail service to interior Monmouth and Ocean counties and southern Middlesex County. The project is intended to improve regional mobility, alleviate roadway congestion in the corridor, and stimulate economic investment.

The current planning work for the rail extension includes an environmental evaluation of three potential routes from Lakehurst to a connection with the Northeast Corridor. The alternatives include (1) Lakehurst to a connection to the Northeast Corridor at Monmouth Junction in South Brunswick, (2) Lakehurst to a connection to the North Jersey Coast Line in Red Bank, and (3) Lakehurst to a connection to the North Jersey Coast Line in Matawan.

Since the last contract amendment, the Access to the Region's Core project has gained widespread political and financial support and moved quickly from a planning concept to a project being readied for construction. With the Access to the Region's Core project, there will be opportunities for direct rail service from the MOM Rail service area to Penn Station New York.

In order to maintain the project's eligibility for federal funding, the Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement (DEIS) will be updated based on the new service assumptions for same-seat service to Penn Station New York. The updated environmental document will consider the impacts of higher ridership, especially as it relates to the proposed investments in stations, parking, infrastructure, and service.

**PURPOSE**

This authorization will update the draft environmental impact statement for same-seat service to Penn Station New York from interior Monmouth and Ocean counties and southern Middlesex County. The additional work will update ridership forecasts, project cost estimates and cost effectiveness calculations.

**ACTION (Justification: System Expansion)**

Staff seeks authorization to amend contract No. 01-018 with Systra Consulting, Inc. of Bloomfield, New Jersey to update the Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement for direct, same-seat service to Penn Station New York in the amount of \$2,370,000, plus five percent for contingencies, for a total contract authorization of \$9,208,500, subject to the availability of funds.

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

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	This authorization \$ 2,370,000 +5% Total authorization \$ 9,208,500
<b>Total Project Cost:</b>	\$16,496,000 (Planning, DEIS, FEIS)
<b>Projected Completion Date:</b>	December 2008: Complete DEIS
<b>Anticipated Source of Funds:</b>	Federal earmarks (SAFETEA-LU 2006, 2007)
<b>Diversity Goal:</b>	DBE 30%
<b>Related/Future Authorizations:</b>	Additional authorization to complete DEIS/FEIS, preliminary engineering, property acquisition, final design, construction, construction management, and construction assistance.

## RESOLUTION

**WHEREAS**, the Monmouth-Ocean-Middlesex (MOM) Rail project will introduce rail service to interior Monmouth and Ocean counties and southern Middlesex County; and

**WHEREAS**, the Access to the Region's Core project presents new opportunities for direct rail service from the MOM Rail service area to Penn Station New York; and

**WHEREAS**, the MOM Draft Environmental Impact Statement (DEIS) must be updated based on the new service assumptions for same-seat service to Penn Station New York; and

**WHEREAS**, NJ TRANSIT previously selected SYSTRA Consulting, Inc. of Bloomfield, New Jersey by a competitive procurement process to prepare the MOM DEIS;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to amend contract No. 01-018 with Systra Consulting, Inc. of Bloomfield, New Jersey to update the Monmouth-Ocean-Middlesex Rail Draft Environmental Impact Statement for direct, same-seat service to Penn Station New York in the amount of \$2,370,000 plus five percent for contingencies, for a total contract authorization of \$9,208,500, subject to the availability of funds.

**ITEM 0703-14: AUTOMATED RAIL VEHICLE INSPECTION SYSTEMS (ARVIS)  
PILOT PROGRAM: CONTRACT AWARD**

**BENEFITS**

NJ TRANSIT conducts frequent inspections of rail cars, locomotives, track, bridges, and other infrastructure to ensure a safe and efficient operation. The Federal Railroad Administration also requires daily inspections of rail equipment, particularly vehicle braking systems. In the next few years, the size of NJ TRANSIT's rail fleet and the number of vehicle inspections will grow with the ongoing purchase of multilevel vehicles and future acquisition of new locomotives and rail cars.

The Automated Rail Vehicle Inspection Systems (ARVIS) uses remote photography and sensors embedded in the track to automatically assess the condition of vehicle brakes and wheels. The data gathered from these wayside inspections will allow NJ TRANSIT labor forces to determine the wear rates of the vehicle components and develop a predictive approach to maintenance that will positively impact rail equipment availability. ARVIS will also be capable of identifying defective or missing disc brake components such as disc brake actuators, disc brake calipers and rotors.

An automated inspection system will allow NJ TRANSIT personnel to focus on vehicle repairs rather than inspections. Automated vehicle inspection systems have been demonstrated and found to be effective on other railroad properties in the United States and United Kingdom. The demonstration of ARVIS at Morrisville Yard will allow NJ TRANSIT to assess the technology for future deployment at other locations.

**PURPOSE**

Authorization of the contract will allow for the purchase and installation of three Automated Rail Vehicle Inspection Systems (ARVIS) units at Morrisville Yard in Morrisville, Pennsylvania. The equipment will be tested for a period of two years, during which the vendor will be responsible for the operation and maintenance of the system and the day-to-day administration of all data and records generated by ARVIS. The data will be used to test and document the effect of the system on car maintenance practices, use of consumable items, identification of equipment failures, and availability of the rail fleet.

Following an evaluation of the submitted technical proposals, DeltaRail was determined to be the only firm capable of complying with the contract performance requirements and is therefore the sole source for this system in accordance with NJ TRANSIT Procurement Regulations (N.J.A.C. 16:72-1.6) and Executive Order No. 37.

**ACTION (Justification: State of good repair)**

Staff seeks authorization to enter into a Procurement-by-Exception contract (No. 07-601) with DeltaRail Group Ltd., of Derby, UK to purchase, install, operate, and maintain for a two-year period three Automated Rail Vehicle Inspection Systems (ARVIS) at a cost not to exceed \$3,768,500, plus five percent for contingencies, for a total contract authorization of \$3,956,925, subject to the availability of funds.

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

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	\$3,768,500 plus 5% for contingencies
<b>Total Project Cost:</b>	\$5,600,000
<b>Projected Date of Completion:</b>	January 2010
<b>Anticipated Source of Funds:</b>	Transportation Trust Fund
<b>Diversity Goal:</b>	None
<b>Future Related Authorizations:</b>	Installation of additional Automated Rail Vehicle Inspection Systems (ARVIS).

## RESOLUTION

**WHEREAS**, NJ TRANSIT conducts frequent inspections of rail equipment and infrastructure to ensure a safe and efficient operation; and

**WHEREAS**, the size of NJ TRANSIT's rail fleet and the number of vehicle inspections will grow with the ongoing purchase of multilevel vehicles and future acquisition of new locomotives and rail cars; and

**WHEREAS**, NJ TRANSIT seeks to reduce the time vehicles are out of service by allowing maintenance personnel to concentrate their efforts on repairs rather than inspections; and

**WHEREAS**, the Automated Rail Vehicle Inspection Systems (ARVIS) uses remote photography and sensors embedded in the track to automatically assess the condition of vehicle brakes and wheels; and

**WHEREAS**, DeltaRail's bid was rejected for non-technical reasons but it remains the only firm capable of complying with the contract performance requirements and is therefore certified to be the sole source for this system in accordance with NJ TRANSIT Procurement Regulations (N.J.A.C. 16:72-1.6) and Executive Order No. 37;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to enter into a Procurement-by-Exception contract (No. 07-601) with DeltaRail Group Ltd., of Derby, UK to purchase, install, operate, and maintain for a two-year period three Automated Rail Vehicle Inspection Systems (ARVIS) at a cost not to exceed \$3,768,500, plus five percent for contingencies, for a total contract authorization of \$3,956,925, subject to the availability of funds.

**ITEM 0703-15: EXTENSION OF TIME AUTHORIZATION FOR TRANSIT SERVICE PLANNING AND CAPITAL PROJECT ANALYSIS CONSULTING SERVICES**

**BENEFITS**

Obtaining customer reactions to current and new services and products ensures that NJ TRANSIT is focused on the issues that drive essential system improvements. In addition, collecting information about customer travel patterns and needs enables NJ TRANSIT to adjust existing services and plan effectively to attract more riders. Maintaining up-to-date origin and destination data is a requirement for receiving federal funding for certain projects. On-call customer satisfaction and new product research consultants provide an economical and responsive means of capturing customer feedback.

In November 2003, the Board authorized \$850,000 over a three-year period for on-call consultant contracts with Technometrica Market Intelligence, ORC Macro, Resource Systems Group Incorporated, and TNS Intersearch. An additional \$1,200,000 was authorized in July 2005. To date, this authorization has been used for a survey of Hudson-Bergen Light Rail customers, a Commuter Rail Origin and Destination Survey, and for a study on improved passenger counting methods. A project to train staff in the use of conjoint research techniques is currently under way. Each study provides information to improve service and increase efficiency in service planning and delivery. The contract authorization will expire in April 2007. Of the \$2,050,000 authorized, only \$694,304 has been expended during the past three years.

Research projects planned for the next two years include:

- Survey of Job Access Reverse Commute program participants, required for continuation of federal funding
- Route 1 BRT bus survey and convened focus groups
- Route 9 new bus lane origin and destination and customer perception survey
- Hamilton parking garage survey
- Mount Arlington station and Route 23 park/ride survey
- Newark Light Rail origin and destination survey
- Hudson-Bergen Light Rail extension survey
- Rolling stock customer feedback study
- Meadowlands ridership survey

Research will also support the Access to the Region's Core project, obtain customer input to design effective communications systems, test new vehicle designs, contribute to customer-friendly facilities and amenities, and enable NJ TRANSIT to better understand markets in which ridership can grow.

Obtaining direct customer input ensures that upgrades to these key customer markets and systems respond to and meet stakeholder expectations.

**PURPOSE**

To add two years to authorized contracts with four market research firms for on-call consulting services. Services will be requested as needed, for planned work efforts and emerging needs.

**ACTION (Justification: Improved Customer Service)**

Staff seeks authorization to extend for an additional two year period four existing professional services contracts with Technometrica Market Intelligence, Oradell, New Jersey (03-117A), ORC Macro, New York, New York (03-117B), Resource Systems Group Incorporated, White River Junction, Vermont (03-117C), and TNS Intersearch, Horsham, Pennsylvania (03-117D) for on-call consulting services at a cost not to exceed \$600,000 per task for an amount not to exceed the existing total authorization of \$2,050,000, subject to the availability of funds.

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

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	No additional funds
<b>Total Project Cost:</b>	\$2,050,000 (total for five years, including previous authorization)
<b>Projected Date of Completion:</b>	April 2009
<b>Anticipated Source of Funds:</b>	Operating Budget/Capital Program
<b>DBE Goal:</b>	20% goal
<b>Related/Future Authorizations:</b>	N/A

## RESOLUTION

**WHEREAS**, NJ TRANSIT has an ongoing need for consulting services in the areas of customer satisfaction research, new product testing, origin and destination studies; and

**WHEREAS**, consultant engagements will provide valuable information to ensure that NJ TRANSIT is focused on the issues that drive customer satisfaction; and

**WHEREAS**, on November 12, 2003, the Board authorized the Executive Director to enter into four on-call consulting contracts for market research; and

**WHEREAS**, on July 27, 2005, the Board authorized a total of \$2,050,000 for these four contracts and only \$694,304 has been expended to date; and

**WHEREAS**, the existing contracts for market research on-call consultants will expire in April 2007;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to extend for an additional two year period four existing professional services contracts with Technometrica Market Intelligence, Oradell, New Jersey (03-117A), ORC Macro, New York, New York (03-117B), Resource Systems Group Incorporated, White River Junction, Vermont (03-117C), and TNS Intersearch, Horsham, Pennsylvania (03-117D) for on-call consulting services at a cost not to exceed \$600,000 per task for an amount not to exceed the existing total authorization of \$2,050,000, subject to the availability of funds.

**ITEM 0703-16: SOUTHERN NEW JERSEY RAIL GROUP v. NJ TRANSIT:  
PROPOSED SETTLEMENT OF LITIGATION**

**BENEFITS**

In June 1999, Southern New Jersey Rail Group, LLC, comprised of Bechtel Infrastructure, Inc. and Bombardier, was awarded a contract to design, build, operate, and maintain the River LINE light rail project (previously the Southern New Jersey Light Rail Transit System). Rail Group has since been paid \$455,112,444 for the design-build portion of the contract including change orders against the current Board authorization of \$475,996,416 for design and construction of the River LINE.

In July 2002, Rail Group filed suit against NJ TRANSIT. Rail Group claimed that changed conditions and changes to the scope of work by NJ TRANSIT resulted in increased costs and delays to the project. Rail Group is seeking \$152,000,000 for these breach of contract claims, including prejudgment interest and unpaid retainage. Alternately, it is seeking to recover \$231,000,000 it claims to have spent in excess of its bid price under its claim for breach of the covenant of good faith and fair dealing. In response to the Rail Group litigation, NJ TRANSIT asserted counterclaims against Rail Group.

The trial commenced on this lawsuit on September 6, 2006 since which time Southern New Jersey Rail Group, LLC, has been presenting its case before a Special Master. As a result of recent mediation efforts using the New Jersey Department of Public Advocate, Office of Dispute Resolution, NJ TRANSIT and Rail Group proposed a commercial settlement to the litigation.

The proposed Settlement Agreement provides that to close out the design-build portion of the contract, NJ TRANSIT will pay Rail Group approximately \$14,100,000 for undisputed contract retainage for work previously performed. Rail Group will also complete corrective work on the project that NJ TRANSIT values at \$8,800,000. NJ TRANSIT will pay Rail Group \$38,900,000 to settle remaining claims and counterclaims. In order to execute the terms of the Settlement Agreement, staff requests additional authorization of \$32,116,028 for a total authorization of \$508,112,444 for the design-build portion of the contract. All Rail Group warranty obligations under the contract remain unchanged and in place through the end of the operate-maintain period.

**PURPOSE**

The Attorney General's Office approved the terms of this settlement and Board authorization is required to settle all claims resulting from the design-build portion of the River LINE light rail project contract.

**ACTION**

Staff seeks authorization to settle the litigation between NJ TRANSIT and Southern New Jersey Rail Group, LLC for \$53,000,000, including contract retainage and all claims and counterclaims (Contract 97CJ052), for an additional authorization of \$32,116,028 for a total Design-Build contract authorization of \$508,112,444, subject to the availability of funds.

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

**FISCAL IMPACTS**

**Requested Authorization:** Rail Group  
This Authorization \$32,116,028

Total Authorization for design-build contract  
\$508,112,444

**Total Project Cost:** \$1,087,416,028 (includes litigation & debt service)

**Projected Date of Completion:** N/A

**Anticipated Source of Funds:** Transportation Trust Fund

**Related/Future Authorizations:** N/A

**Impacts on Subsequent  
Operating Budgets:** None

## RESOLUTION

**WHEREAS**, Southern New Jersey Rail Group, LLC, has filed suit seeking to recover \$152,000,000 for breach of contract claims, including prejudgment interest and unpaid contract retainage, and alternately \$231,000,000 for additional expenditures over its bid price as a result of its work as the design, build, operate, and maintain contractor for the River LINE light rail project; and

**WHEREAS**, trial commenced on this lawsuit on September 6, 2006 since which time Southern New Jersey Rail Group, LLC, has been presenting its case before a Special Master; and

**WHEREAS**, as a result of recent mediation efforts, the parties have negotiated a settlement agreement which will settle this litigation on terms and conditions that staff believes are appropriate;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to settle the litigation between NJ TRANSIT and Southern New Jersey Rail Group, LLC, (Rail Group) for \$53,000,000, including contract retainage, all claims and counterclaims (Contract 97CJ052), for an additional authorization of \$32,116,028 for a total Design-Build contract authorization of \$508,112,444, subject to the availability of funds.

# **CONSENT CALENDAR**

**ITEM 0703-17: ACCESS TO THE REGION'S CORE PROJECT:  
MEMORANDUM OF UNDERSTANDING BETWEEN  
NJ TRANSIT AND THE PORT AUTHORITY OF NEW YORK  
& NEW JERSEY (PANY&NJ)**

**BENEFITS**

Recognizing the Hudson River as an arbitrary boundary for regional mobility, NJ TRANSIT and the PANY&NJ have collaborated over the last 13 years to advance the Access to the Region's Core (ARC) project. NJ TRANSIT recently obtained the Federal Transit Administration's approval to issue the Draft Environmental Impact Statement (DEIS) for public comments. Public hearings on the DEIS are scheduled during March and the comment period ends April 10, 2007.

NJ TRANSIT is concurrently advancing preliminary engineering with the recently contracted construction management team providing technical assistance. This Memorandum of Understanding (MOU) will encourage the partnership between NJ TRANSIT and PANY&NJ to continue through design and construction adding the PANY&NJ's preeminent experience in engineering and construction of our region's other trans-Hudson arteries such as the George Washington Bridge and Lincoln Tunnel. The PANY&NJ has the trans-Hudson experience to enhance advancement of a project of the size, scale and importance of ARC.

Together, NJ TRANSIT and the PANY&NJ can advance the project and break the trans-Hudson mobility bottleneck by doubling commuter rail capacity between New Jersey and New York.

**PURPOSE**

NJ TRANSIT and the PANY&NJ have been partners in advancing the ARC project for more than a decade. The focus of this MOU is to enhance the PANY&NJ's role in preliminary engineering and final design for the ARC project. This MOU is also an important step toward developing an agreement for the PANY&NJ to advance construction and related activities of the project within New York.

**ACTION**

Staff seeks authorization to execute a Memorandum of Understanding with the Port Authority of New York & New Jersey to advance the Access to the Region's Core Project to enhance the project team's capabilities and ensure the continued advancement of this project.

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

**FISCAL IMPACTS**

<b>Requested Authorization:</b>	None-This item authorizes an MOU only.
<b>Project Cost:</b>	\$7,200,000,000 (escalated dollars)
<b>Projected Date of Completion:</b>	Complete preliminary engineering – 2008 Complete project - 2016
<b>Related/Future Authorizations:</b>	Final design, property acquisition, construction, construction assistance.

## RESOLUTION

**WHEREAS**, there is a strong history of partnership between NJ TRANSIT and the Port Authority of New York & New Jersey on many projects, and, in particular on the Access to the Region's Core (ARC) project; and

**WHEREAS**; both agencies played a leadership role in the ARC Major Investment Study completed in 2003; and

**WHEREAS**, today, NJ TRANSIT is advancing the ARC project through the environmental process (Draft/Final Environmental Impact Statement) with assistance from the PANY&NJ; and

**WHEREAS**, NJ TRANSIT recognizes the benefits of PANY&NJ participation in the ongoing preliminary engineering phase, and in the future final design, property acquisition and construction phases;

**NOW, THEREFORE, BE IT RESOLVED** that the Chairman or Executive Director is authorized to execute a Memorandum of Understanding with the Port Authority of New York & New Jersey to advance the Access to the Region's Core Project to enhance the project team's capabilities and ensure the continued advancement of this project.