

**NJ TRANSIT BOARD MINUTES
OPEN SESSION
01/06/10**

Jon S. Corzine
Governor

Stephen Dilts
Board Chairman

Richard R. Sarles
Executive Director

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



January 6, 2010

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the special Board meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc., Board of Directors held on Wednesday, January 6, 2010.

Sincerely,

Gwen A. Watson
Board Secretary

Enclosures

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

(NJT Board – 01/06/2010)

Minutes of the actions taken at the Open Session of the Special Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Wednesday, January 6, 2010.

Present:

Stephen Dilts, Chairman
James A. Carey, Jr., Governor's Representative
R. David Rousseau, State Treasurer (By Telephone)
Flora Castillo (By Telephone)
Kenneth E. Pringle

Richard R. Sarles, Executive Director
Gwen A. Watson, Board Secretary
Penny Bassett-Hackett, Acting Assistant Executive Director, Commun. & Cust. Service
James Gigantino, Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Kim Vaccari, Chief Financial Officer & Treasurer
Steve Santoro, Assistant Executive Director, Capital Planning and Programs
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Leotis Sanders, Vice President, Diversity
Warren A. Hersh, Auditor General
Kenneth Worton, Deputy Attorney General

Chairman Stephen Dilts convened the Open Session at 9:05 a.m. in accordance with the Open Public Meetings Act.

Chairman Dilts asked for a motion to adopt the minutes of the December 9, 2009 meeting. A motion was made by Kenneth E. Pringle and seconded by James A. Carey, Jr. and adopted.

Public Comments on Agenda Item

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

David Peter Alan, Lackawanna Coalition, said he was surprised to attend a special board meeting, but considering the item on the agenda, he should not be surprised. With the Corzine Administration leaving office, this Board will have no further opportunity to pledge hundreds of millions of scarce and hard-earned tax dollars to the huge corporations that always seem to benefit from situations like this.

Mr. Alan said he knows about plans to cut service and knows that there will be a fight to keep transit. He asked the Board to disapprove the giveaway of \$235 million of scarce dollars and the billion dollars from three weeks ago and redirect the money to build an alignment for a new tunnel to the existing Penn Station. He said that would fulfill the obligation to the taxpayers and rail riders of New Jersey and save the State the cost of building the useless deep cavern terminal.

(NJT Board – 01/06/2010)

Mr. Alan said an editorial in the Bergen Record questioned the cost-effectiveness of the proposed deep cavern terminal and no one from NJ TRANSIT has responded. Mr. Alan said he knows there will not be enough money to build the deep cavern terminal which is a bad idea anyway.

Mr. Alan asked the Board to fulfill its fiduciary obligation to the taxpayers and rail riders of New Jersey and require that any money pledged today, as well as any money pledged in December, be used only to build a tunnel on an alignment that will go to the existing Penn Station. He said all it takes is a re-formation of the contract with language that any lawyer could write. He said this is the Board's chance to save billions of dollars for the people of New Jersey and set the governance of NJ TRANSIT, as well as any new tunnel, on an upward and not a downward course.

Joseph M. Clift, Member, Regional Rail Working Group, said the authorization for the action item on today's agenda ends with the phrase "subject to the availability of funds". He said if the item is approved, it is creating an unfunded mandate. Mr. Clift noted that he has not received answers to the questions he presented at the December 9, 2009 Board meeting. Mr. Clift said 2010 will be a tough fiscal year and he questioned rushing into the approval of the Palisades Tunnels item. He also noted that he did not see the bids listed on the NJ TRANSIT website. Mr. Clift implored the Board to think about going forward with this item and to also think about the people that will follow them in the future.

James T. Raleigh, New Jersey taxpaying resident of Monmouth County, said he was interested to learn the reasons for a "special meeting" since, at the end of December, some Board members spoke of being replaced in the transition of the new administration. He said he sees two reasons for a "special meeting". First, to make sure that there are a sufficient number of members in order to approve the minutes of the December meeting which document the award for the Manhattan Tunnels construction. He said there is concern about the significance of that action because sources of funding were identified and the resolution stated "subject to the availability of funds". He questioned how, without the specific funding, site clearing can be started for construction. He also noted when the budget was approved last July, he requested the details, but his request was not fulfilled.

Mr. Raleigh said the second reason for a "special meeting" is to announce and approve the award of the contract and contract revisions for the Palisades Tunnels. No information about the source of funds was provided. He said the agenda item includes three authorizations, an award of a given amount and two contract revisions. Mr. Raleigh requested the running estimates for the total project. Mr. Raleigh does not believe NJ TRANSIT has shown the funding sources for the completion of this project as usually required for a Federal full funding agreement and everyone knows that the announcements that were made at the groundbreaking have not been implemented in the Congressional legislation.

(NJT Board – 01/06/2010)

Advisory Committee

Suzanne Mack wished everyone a Happy New Year and thanked the Board of Directors for their service. Ms. Mack said the Advisory Committee will conduct their meeting this week.

Chairman Dilts clarified that the term "subject to the availability of funds" is standard language in every Board resolution.

Executive Director Sarles presented the following Action Item for approval:

**1001-1: MASS TRANSIT TUNNEL/ACCESS TO THE REGION'S CORE:
PALISADES TUNNELS – CONSTRUCTION CONTRACT AWARD,
CONSTRUCTION MANAGEMENT SERVICES, AND CONSTRUCTION
ASSISTANCE SERVICES**

Authorization was requested for the construction of the Palisades Tunnels portion of the Mass Transit Tunnel/Access to the Region's Core project. The Palisades Tunnels span a one mile distance from Tonnelle Avenue in North Bergen to the Hoboken Shaft in northwest Hoboken. In addition to remaining final design elements, this design-build contract constructs an open cut between Tonnelle Avenue and the west face of the Palisades, a large diameter shaft in Hoboken and about 10,000 feet of tunnels. A hard rock tunnel boring machine will create two bores through hard rock. The proposed contract also includes installation of a power substation, six cross passages between the new tunnels and ground stabilization. After a competitive, multi-phase procurement process, the successful proposer is a joint venture of Schiavone Construction, Inc., J.F. Shea Construction, Inc., Skanska USA Civil Northeast Inc., with the consortium known as PTP Constructors of Secaucus. The contract cost is \$258,786,000 plus five percent for contingencies and is subject to an Early Systems Work Agreement by the FTA. Authorization is also requested for amendments to two ongoing Tunnel contracts, the first with THE CM Consortium for construction management services for this portion of the Mass Transit Tunnel at a cost of \$15.8 million plus five percent for contingencies, and with THE Partnership for construction assistance design services at a cost of \$3,726,690 plus five percent for contingencies.

Kenneth E. Pringle moved the resolution, James A. Carey, Jr. seconded it and it was unanimously adopted.

Board Member Pringle said the Mass Transit Tunnel project has been ongoing for years and the Board has carefully considered every public comment and suggestion to make the project better. He understands that everyone is not satisfied with where the project is going, but said the Board has asked hard questions about the project and the professionals and staff have addressed all answers to the Board's satisfaction. Board Member Pringle said there is a greater need for this Tunnel than ever before. It will create jobs for the residents of New Jersey and the surrounding area and create

(NJT Board – 01/06/2010)

economic opportunities that will benefit the citizens of New Jersey. Board Member Pringle said, with due respect to the critics, he is very proud to support this project.

Public Comments on Non-Agenda Items

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

David Peter Alan, Lackawanna Coalition, said he is shocked that the Board pledged a quarter of a billion dollars to the construction of the Palisades Tunnel project at a time when the same management plans to cut service. Mr. Alan said there will be significant cuts in the Hoboken train service and when he attempted to inquire about it, he received no response.

Since off-peak rail fares were raised 25 percent in 2005, there has been massive elimination of rail service, especially on the Morris & Essex Lines, mostly off-peak to and from Hoboken. He said NJ TRANSIT management has implemented fare structures and service cuts that serve to discourage riders from using Hoboken trains. Management has created a system where the riders are encouraged to ride the trains that are the most crowded and costliest to operate. This is one example of inefficient and self-defeating policy that the Board should disapprove. The Board owes a fiduciary duty to the riders of NJ TRANSIT and not to management or the politicians.

At the last meeting, members of the Board claimed that, because they work hard on Board affairs, the Board is not a rubber stamp. The fact is that the two have nothing to do with each other. The fact remains that the Board never exercises independent judgment in executing policy under its authority. Mr. Alan noted that he had a list of every dissenting vote cast by any member of the Board during NJ TRANSIT's history. The last expression of dissent was in 2003, with only three others since 1996. Only twice did the Board deny requests by management, over minor issues and not policy, and that was in the mid-1990s. The record says clearly and unequivocally that the Board acts and has always acted as a rubber stamp.

Mr. Alan said the transit riders deserve a strong, independent governance from Board members who watch riders' interests rather than always agreeing with management. He said the real 'thank you' his advocacy colleagues want and deserve is a future in which the Board will exercise independent judgment in the interest of the riders.

James M. Clift, Member, Regional Rail Working Group, said a 2003 report on the Mass Transit Tunnel project demonstrated conclusively that the project could have gone into Penn Station. Mr. Clift distributed a press release from the Institute for Rational Urban Mobility, Inc. stating that fire safety experts urged the United States Homeland Security Secretary to halt construction of the deep cavern railway stations in Manhattan and expressed their concern about the ability of passengers to safely exit these stations in the event of a fire or a willful act of terrorism or vandalism. Mr. Clift urged the Board to have outside experts review the project for safety concerns.

James T. Raleigh said he is familiar with the proceedings of this organization and that the Board and staff have the last word. Over the past several years, comments have

(NJT Board – 01/06/2010)

either been contradicted or ignored. Mr. Raleigh said the Board has awarded a significant amount of money for a station deep under 34th Street and yet has not shown an operational plan or emergency procedures if an incident such as the recent attempted explosion aboard a Detroit-bound airplane occurs during rush hour.

Mr. Raleigh said the old rail cars should be used to provide more frequent service to encourage more use of off-peak rail service and decrease the amount of service with the multi-level cars.

Mr. Raleigh said now that NJ TRANSIT has shown regional cooperation in the pilot project for service to the Meadowlands for special events, the Meadowlands Station should be closed and through service provided for the taxpaying working users.

Mr. Raleigh suggested that the Tunnel "shovel ready" signs be removed as well as the sign in Newark Penn Station that implies a permanent improvement in the café area.

Adjournment

Since there were no further comments or business, Chairman Dilts called for adjournment and a motion to adjourn was made by Kenneth E. Pringle seconded by James A. Carey, Jr. and unanimously adopted. The meeting was adjourned at approximately 9:30 a.m.

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

JANUARY 6, 2010

MINUTES

PAGE

- **APPROVAL OF MINUTES OF PREVIOUS MEETINGS** **41875**
- **ADVISORY COMMITTEE REPORTS**
- **PUBLIC COMMENTS ON AGENDA ITEM**

ACTION ITEM

- 1001-1: MASS TRANSIT TUNNEL/ACCESS TO THE REGION'S CORE: PALISADES TUNNELS – CONSTRUCTION CONTRACT AWARD, CONSTRUCTION MANAGEMENT SERVICES, AND CONSTRUCTION ASSISTANCE SERVICES** **41877**

Authorization to award a contract to Schiavone Construction, Inc., J.F. Shea Construction, Inc., Skanska USA Civil Northeast Inc., Joint Venture, d/b/a PTP Constructors of Secaucus, New Jersey for the final design and construction of the Palisades Tunnels between North Bergen and Hoboken, and related work at a cost not to exceed \$258,786,000, plus five percent for contingencies, for a total contract authorization of \$271,725,300, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

Authorization to amend the contract (No. 09-038X) with THE CM Consortium, a joint venture of Tishman Construction Corp., Parsons Transportation Group of New York and Arup for construction management services for the Palisades Tunnels construction contract at a cost not to exceed \$15,800,000, plus five percent for contingencies, for a revised total contract authorization of \$87,990,000, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

Authorization to amend the contract (No. 06-046) with THE Partnership, a joint venture of Parsons Brinckerhoff, Inc., STV Inc., and AECOM of Newark, New Jersey, for construction assistance design services for the Palisades Tunnels construction contract at a cost not to exceed \$3,726,690, plus five percent for contingencies, for a revised total contract authorization of \$234,338,958, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

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 9, 2009, Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on December 11, 2009;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the December 9, 2009 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.

ACTION ITEM

**ITEM 1001-1: MASS TRANSIT TUNNEL/ACCESS TO THE REGION'S CORE:
PALISADES TUNNELS – CONSTRUCTION CONTRACT
AWARD, CONSTRUCTION MANAGEMENT SERVICES, AND
CONSTRUCTION ASSISTANCE SERVICES**

BENEFITS

The Mass Transit Tunnel project has and will continue to put people to work quickly. Over the long-term the tunnel will greatly improve the commute for millions of riders, generating sustained economic and environmental benefits for New Jersey and the region.

The project is being jointly implemented by NJ TRANSIT and The Port Authority of New York and New Jersey with the Federal Transit Administration (FTA) as a funding partner. The Palisades Tunnels contract, the second tunneling contract on the Mass Transit Tunnel project, is now ready for award.

Upon completion, the Mass Transit Tunnel project will double the existing rail capacity of the century-old trans-Hudson rail infrastructure, to meet the region's continuing demand for commuter rail services. The Mass Transit Tunnel project will be constructed through the Meadowlands, under the New Jersey Palisades and Hudson River, to an expansion of Penn Station under 34th Street in New York City. The project is being advanced in partnership with The Port Authority of New York and New Jersey.

The project will break the region's trans-Hudson bottleneck by providing more commuter rail service with more direct trains and express service from stations throughout the entire system. The project will provide a transfer free, one seat ride to passengers on the Main, Bergen, Pascack Valley, Raritan Valley, North Jersey Coast Line, and other portions of the NJ TRANSIT system. The project will also improve the region's environment, economy, and quality of life.

PURPOSE

The Palisades Tunnels portion of the Mass Transit Tunnel project will span a distance of nearly one mile from the Tonnelle Avenue Underpass in the Township of North Bergen to the Hoboken Shaft in the northwest corner of the City of Hoboken.

The design-build contract includes final design of all elements for the Palisades Tunnels followed by construction of an open cut between Tonnelle Avenue and the west face of the Palisades, a large diameter shaft in Hoboken, and approximately 10,000 feet of tunnels. The contractor will use one hard rock tunnel boring machine (TBM) that will create two bores through hard rock.

Other key items in this construction contract include installation of a construction power substation which will provide the necessary electrical services to power the TBM, construction of six cross passages between the new tunnels and ground stabilization at various locations along the tunnel alignment to reinforce zones of fractured rock and areas with potential water infiltration.

The construction management services will include inspection and quality assurance of all work incorporated into the project, coordination with utility providers, site safety and security; all in compliance with contract documents. These activities are in addition to tasks the construction management team currently performs, such as cost and schedule monitoring and risk evaluation and monitoring work.

The construction assistance services will include review of shop drawings, resolution of unforeseen design issues, and responses to requests for information from the contractor.

ACTION (Justification: Core System Capacity)

Staff seeks authorization to award a contract to Schiavone Construction, Inc., J.F. Shea Construction, Inc., Skanska USA Civil Northeast Inc., Joint Venture, d/b/a PTP Constructors of Secaucus, New Jersey for the final design and construction of the Palisades Tunnels between North Bergen and Hoboken, and related work at a cost not to exceed \$258,786,000, plus five percent for contingencies, for a total contract authorization of \$271,725,300, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

Staff seeks authorization to amend the contract (No. 09-038X) with THE CM Consortium, a joint venture of Tishman Construction Corp., Parsons Transportation Group of New York and Arup for construction management services for the Palisades Tunnels construction contract at a cost not to exceed \$15,800,000, plus five percent for contingencies, for a revised total contract authorization of \$87,990,000, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

Staff seeks authorization to amend the contract (No. 06-046) with THE Partnership, a joint venture of Parsons Brinckerhoff, Inc., STV Inc., and AECOM of Newark, New Jersey, for construction assistance design services for the Palisades Tunnels construction contract at a cost not to exceed \$3,726,690, plus five percent for contingencies, for a revised total contract authorization of \$234,338,958, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.

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

FISCAL IMPACTS

Requested Authorizations:	\$258,786,000 + 5% contingencies for final design and construction of the Palisades Tunnels for a total contract authorization of \$271,725,300
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\$15,800,000 + 5% contingencies for construction management services for a revised total contract authorization of \$87,990,000

\$3,726,690 + 5% contingencies for construction assistance design services for a revised total contract authorization of \$234,338,958

Total Project Cost:	\$277,181,000 (Palisades Tunnels contract)
	\$8,700,000,000 (Overall project - year of expenditure)
Projected Date of Completion:	2014 (Palisades Tunnels contract)
	2017 (Overall project)
Anticipated Source of Funds:	Federal Transit Administration New Starts, American Recovery & Reinvestment Act, CMAQ, TTF, PANYNJ
Diversity Goals:	DBE –7 percent for Palisades Tunnels construction contract DBE – 25 percent for construction management services DBE – 21.5 percent for construction assistance services
Related/Future Authorizations:	N/A
Impacts on Subsequent Operating Budgets:	TBD

RESOLUTION

WHEREAS, the Mass Transit Tunnel project will break the region's trans-Hudson bottleneck by providing more commuter rail service, more express service, and more direct service from stations throughout the entire system; and

WHEREAS, NJ TRANSIT anticipates that FTA will contribute an additional \$200 million in New Starts funding by the end of the year as part of its \$3 billion overall commitment to the project; and

WHEREAS, the Palisades Tunnels design-build contract includes final design of all elements of the Palisades Tunnels and construction of these elements including a large diameter shaft in Hoboken, approximately 10,000 feet of tunnels, cross passages between the tunnels, and a construction power substation; and

WHEREAS, the selection of the design-build contractor followed a competitive procurement process which resulted in the selection of the lowest responsive and responsible bidder; and approval of an amended Early Systems Work Agreement by the Federal Transit Administration; and

WHEREAS, the construction management contract for the Mass Transit Tunnel project was previously awarded by a competitive procurement process and included a contract option to provide project controls and construction management services during construction; and approval of an amended Early Systems Work Agreement by the Federal Transit Administration; and

WHEREAS, the design services contract for the Mass Transit Tunnel project was previously awarded by a competitive procurement process and included a contract option for construction assistance services during construction and approval of an amended Early Systems Work Agreement by the Federal Transit Administration;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to award a contract to Schiavone Construction, Inc., J.F. Shea Construction, Inc., Skanska USA Civil Northeast Inc., Joint

Venture, d/b/a PTP Constructors of Secaucus, New Jersey for final design and construction of the Palisades Tunnels between North Bergen and Hoboken, and related work at a cost not to exceed \$258,786,000, plus five percent for contingencies, for a total contract authorization of \$271,725,300, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration; and

BE IT ALSO RESOLVED that the Chairman or Executive Director is authorized to amend the contract (No. 09-038X) with THE CM Consortium, a joint venture of Tishman Construction Corp., Parsons Transportation Group of New York and Arup for construction management services for the Palisades Tunnels construction contract at a cost not to exceed \$15,800,000, plus five percent for contingencies, for a revised total contract authorization of \$87,990,000, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration; and

BE IT ALSO RESOLVED that the Chairman or Executive Director is authorized to amend the contract (No. 06-046) with THE Partnership, a joint venture of Parsons Brinckerhoff, Inc., STV Inc., and AECOM of Newark, New Jersey, for construction assistance design services for the Palisades Tunnels construction contract at a cost not to exceed \$3,726,690, plus five percent for contingencies, for a revised total contract authorization of \$234,338,958, subject to the availability of funds and approval of an amended Early Systems Work Agreement by the Federal Transit Administration.