July 20, 2017

Dear Governor Christie:


Sincerely,

Original Signed By

Joyce J. Zuczek
Board Secretary

Enclosures

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

**Board Members Present**

Richard T. Hammer, Chairman  
John Spinello, Governor’s Representative  
Anthony Longo, Treasurer’s Representative  
James C. Finkle Jr., Board Member  
Flora M. Castillo, Board Member  
Raymond W. Greaves, Board Member (Non-Voting) (By Telephone)

**Staff Present**

Steven H. Santoro, Executive Director  
Amy B. Herbold, Deputy Executive Director  
Michael P. Kilcoyne, Vice President & General Manager, Bus Operations  
Robert Lavell, Vice President & General Manager, Rail Operations  
Neal A. Fitzsimmons, Acting Chief, Light Rail & Contract Services  
Christopher Trucillo, Chief of Police  
Todd C. Barretta, Chief Compliance Officer  
Warren A. Hersh, Auditor General  
Michael J. Lihvarcik, Chief Financial Officer & Treasurer  
Michael K. Slack, Chief Information Officer  
Penelope L. Bassett, Assistant Executive Director, Communications & Customer Service  
Eric R. Daleo, Assistant Executive Director, Capital Planning & Programs  
Gardner C. Tabon, Chief, Office of System Safety  
Joseph E. Snow, Deputy Attorney General  
Joyce J. Zuczek, Board Secretary

Chairman Hammer convened the Open Session at 9:10 a.m. in accordance with the Open Public Meetings Act. Danyella Brooks, Office of System Safety, provided a Public Safety Announcement. The Pledge of Allegiance to the Flag was conducted. Board Secretary Zuczek conducted a Roll Call and noted Board Member Greaves was participating by telephone and Board Member Castillo would join the meeting soon.

Board Secretary Zuczek announced that adequate notice of the regularly scheduled meetings of the Board of Directors of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations Inc., NJ TRANSIT Bus Operations, Inc. NJ TRANSIT Mercer, Inc. and NJ TRANSIT Morris, Inc. was provided in accordance with the Open Public Meetings Act, Chapter 231, P.L 1975, and the meetings were occurring concurrently. Notices were filed on July 7, 2017 with the Secretary of State. These notices were mailed to newspapers of general distribution, posted in the main entrance of NJ TRANSIT...
headquarters, and sent to each individual, agency and organization that requested such notice. Board Secretary Zuczek announced that the Board meetings were being video recorded.

Chairman Hammer asked for a motion to approve the minutes of the June 14, 2017 Board meetings. A motion was made by Board Member James C. Finkle Jr., seconded by Board Member John Spinello and unanimously adopted.

**Public Comments on Agenda Action Items**

There were four speakers on agenda action items. Board Secretary Zuczek announced public comments would be limited to five minutes.

**Murray Bodin** said when looking at the Fiscal Year 2018 Capital Program, he did not see expenditures for Positive Train Control. Mr. Bodin stated he found the numbers in the Capital Budget Program confusing so he raised a question about it, and it has been upgraded. He reiterated his belief that Positive Train Control is an outdated technology and money spent on it is wasted.

Mr. Bodin said his experience working with simulators, like NJ TRANSIT is using, dated back 65 years. He objected to the way it was described. Mr. Bodin suggested stating no one else makes it and they have given NJ TRANSIT good service. He said that is a cultural change, and the things he works on are all cultural changes. Mr. Bodin also believes only the front page of the Executive Director’s Report is needed and that the backup data behind it could be in a separate folder for those who want it, which would save paper.

**Orrin Getz**, Vice Chairman of the Metro North Rail Commuter Council, noted Metro North contracts with NJ TRANSIT to provide services for Orange and Rockland Counties. Mr. Getz said with regard to the Operating Budget, NJ TRANSIT needs to come up with a source of dedicated funds so they do not continue trying to piece things together every year with the hopes of it turning out all right. He believes this is a vital issue.

Mr. Getz said the Metropolitan Transportation Authority (MTA) has a one quarter of a percent sales tax and a utility surcharge to support their operations. He understands no one wants a tax, but said NJ TRANSIT needs some source of dedicated funds to rely on every year. Mr. Getz believes this is necessary so NJ TRANSIT can plan better and not use capital funds for operating shortfalls.

Mr. Getz said the MTA provides a five year capital program to the Legislature and it provides a clear picture of what needs to be done and the funding needed from the State and other sources. He said this is what bailed the MTA out in the 1980’s. Mr. Getz believes NJ TRANSIT needs to start looking at a five year capital program.
Mr. Getz hopes with new operating funds there will be better service on the Pascack Valley Line. He said NJ TRANSIT needs to make sure there is money so these trains operate properly without mechanical issues.

Lastly, Mr. Getz stated he is very pleased with what NJ TRANSIT is doing with the Grid project. He said this is a worthwhile project which will protect them in case of a colossal electrical grid failure. Mr. Getz would like to see reporting on the Grid project at future meetings.

David Peter Alan, Chair of the Lackawanna Coalition, had several concerns regarding the Fiscal Year 2018 Budget. Mr. Alan stated that NJ TRANSIT is spending money on capital improvements for private carriers which means NJ TRANSIT is giving free buses to the competition. Mr. Alan said he does not see this as good business practice, and it would be a better idea if NJ TRANSIT would spend their money on the riders instead.

Mr. Alan said passenger ridership and revenue are down from last year and he would like an explanation why, and what can be done to improve this. Additionally, he wants to know where the payment is that is due to Amtrak required under PRIIA Section 212. Mr. Alan also wants to know why there is an unfavorable variance in claims and insurance that exceeds 40 percent. Mr. Alan wanted to know why passenger rail is unfavorable by $23 million dollars. This is so much revenue that he thinks a substantial fare increase would be required to make up for this.

Mr. Alan stated they get no assurance that any of these questions will be answered. He said riders and tax payers pay their bills and all they get is complicated documents a few days before, maybe the night before a meeting which does not give them much time to make comments and no assurances that their questions might be answered. Mr. Alan noted the Capital and Operating Budgets together exceed $2.5 billion, which is a lot of money.

Mr. Alan stated NJ TRANSIT Management presented the Fiscal Year 2018 Capital and Operating Budget to Board Members at the Administration Meeting last week and no one had questions about any of it. Mr. Alan said it would seem reasonable to expect that with such a large amount of money at stake that someone with authority to approve this Budget would be at least curious about something contained in it, but it seemed they were not. Mr. Alan said he does not harbor any fantasies that he or anyone else of less importance can make a difference in the governance of transit.

Mr. Alan said they are only permitted to give a two-minute presentation at the NJ TRANSIT Committee meetings. Mr. Alan stated it is impossible to have a reasonable discussion at a meeting conducted like this.

Mr. Alan stated the agendas for the Board Meetings are always flawed and there is nothing he or the public can say or do that would make a difference in the outcome of any item presented to this Board. He believes they have recently been victimized by a change in the meeting schedules, and complained their statements on items outside the
agenda have been postponed until after the Executive Session. Mr. Alan believes there is nothing to be gained by having them wait to speak until after the Board has conducted their private business. Mr. Alan believes this policy reaffirms the power of the Board, is counterproductive and discourages them from making suggestions that will not only help transit riders and the transit provider. He wants to speak before the Executive Session break.

Joseph Clift spoke against NJ TRANSIT’s proposal to purchase the 10th floor. Mr. Clift believes NJ TRANSIT should get a long-term lease. He said NJ TRANSIT still owes last year’s payment for maintenance on the Northeast Corridor. Mr. Clift said NJ TRANSIT complained about the quality of care of the infrastructure by Amtrak, but is not paying the bills on time. He questioned how NJ TRANSIT could think of spending precious NJ TRANSIT capital money to buy a floor when they could do a long-term lease. Mr. Clift believes NJ TRANSIT should not spend the money especially when it is behind on critical payments to Amtrak.

Mr. Clift directed his comments on the Budget to the Treasurer’s Representative of the Board. He stated nowhere else does a comparison to last year’s budget. Mr. Clift believes they should look at current year-to-date forecasting forward to the full year. He believes it is not professional to compare to last year and complained there was no comparison to the actual. Mr. Clift said the actual budget forecast for passenger revenue is going to be short for 12 months by $34 million dollars. He said the Finance representative will state that the Fiscal Year 2018 and Fiscal Year 2017 passenger revenue is basically unchanged and that is not true, because this is against the budget. Mr. Clift stated it is crucial to know the facts to pass a budget.

Mr. Clift believes the forecast for Fiscal Year 2018 for Passenger Revenue is very optimistic, looking at the actual, is 3.5 percent more ridership in Fiscal Year 2018 compared to Fiscal Year 2017. He argued that NJ TRANSIT has not seen this type of ridership increase in years. Mr. Clift believes they do not have the basic analytical facts to say this budget makes sense, and he thinks the budget is optimistic NJ TRANSIT is not going to hit that number.

Mr. Clift stated almost 100 percent of the increase in the Fiscal Year 2018 Operating Budget is funded with capital dollars. He said they have been stealing money from capital to support operating forever. Mr. Clift does not believe it meets FTA requirements. He believes spending money to rebuild a pantograph that will last 10 years can use capital money, but not buying windshield wiper blades for buses, fuel a locomotive or do periodic maintenance on a locomotive or bus. Mr. Clift said NJ TRANSIT is financing the entire maintenance program with capital and that is not the intent. He said this goes back to what David Peter Alan was saying about NJ TRANSIT not having enough operating source of revenue so they are taking from capital which is a problem.

Mr. Clift believes NJ TRANSIT should have received an additional $15 million in appropriations for the Fiscal Year 2018 Budget for the summer repair service to account
for the lost revenue and paying other carriers transporting NJ TRANSIT passengers. He believes NJ TRANSIT is going to have to take $15 million from capital to spend on operating costs. Mr. Clift believes NJ TRANSIT should have asked for this money from the beginning and it should be in the budget, but it is not.

Mr. Clift stated NJ TRANSIT needs $74 million catch up in in Northeast Corridor baseline capital charge payments to Amtrak. He said NJ TRANSIT is permanently behind one-year in payments and Amtrak should start eviction proceedings. Mr. Clift questioned how NJ TRANSIT expects Amtrak to maintain everything when they are not paying rent, and said the budget does not reflect a catch up.

Lastly, Mr. Clift said $10 million should be put in the capital program for planning and designing the extension of New York Penn Station Platforms 1 and 2 to the West End Concourse.

Senior Citizen and Disabled Resident Transportation Advisory Committee Report

Maryann Mason, Chair, Senior Citizen and Disabled Resident Transportation Advisory Committee (SCDRTAC) presented the Advisory Committee Report. Since she last addressed the Board at the end of 2014, the Legislature has put into place a 23 cent gas tax. To date, the amount of this tax that is earmarked for community transportation projects is zero. She cannot stress enough the importance of having a stable source of funding for community transportation projects throughout the State. Ms. Mason respectfully requested that the Governor's representative please take back what he heard in her report to the Governor and ask that a portion of the gas tax be earmarked for community transit.

Ms. Mason said the amount of community transit funding has dropped 50 percent since 2008. Some of the County Freeholder Boards have made up the difference so as to maintain services. She said not every county in the State has been so fortunate and services have been cut. Every county has its breaking point and, somewhere along the line, even the counties that have stepped up in the past with additional funding will not be able to continue on that path. Community transit providers have been doing their part in exploring additional revenue streams with some limited success, such as on-vehicle advertising, partnering with Logisticare, looking for additional grant sources, accepting donations and charging fares to help bridge the gap in funding.

Ms. Mason said the need for community transportation services is only growing throughout the State as more and more senior housing complexes are being built outside of city limits with little or no access to public transportation. She is from Cape May County where there is little public transportation available to residents. More and more people are choosing to retire in her area from cities where they had good public transportation. They rely on the county system for their transportation needs as many of them do not drive. These community transportation systems throughout the state will not be able to handle the increased ridership and continue their mission without a more stable source of funding.
Ms. Mason said at his last presentation, her predecessor, Mr. Thorpe, brought to the Board's attention the feasibility of studying the partnering of necessary NJ TRANSIT bus routes that are considered 'under-achievers' with community transit to operate all or a portion of these routes. She said this would provide cost savings for NJ TRANSIT and allow it to use the full-size bus on a route where it would be most needed. Ms. Mason said NJ TRANSIT would fund this at approximately 50 percent of the cost of running a full-size bus. She asked whether any dialogue has taken place between the parties for this initiative. If not, Ms. Mason strongly urged the Board to consider this proposal. She said time is running out and they need to find solutions to their problems.

Ms. Mason said she is always available to discuss any of the issues she mentioned at their convenience. She said the committee meets on the fourth Monday of the month and extended an invitation to the Board Members to attend one of their meetings.

Board Member Castillo entered the room during the Senior Citizen and Disabled Resident Transportation Advisory Committee Report.

**Board Customer Service Committee Report**

Board Member Castillo presented the report for the Customer Service Committee. The Customer Service Committee received a Customer Service update and report on the Social Media Dashboard. The Committee also received an update on Customer-Focused Initiatives in Preparation for Amtrak's repair work. This preparation included training more than 600 NJ TRANSIT employees as ambassadors.

**Board Administration Committee Report**

Board Member Finkle presented the report for the Administration Committee. The Administration Committee discussed the board items for the: Fiscal Year 2018 Operating Budget; Fiscal Year 2018 Capital Program; and Fiscal Year 2018 Grant Programs. The Committee also received a Financial Update, which included an analysis of ridership trends.

**Board Capital Planning, Policy, and Privatization Committee Report**

Chairman Hammer presented the report for the Capital Planning, Policy, and Privatization Committee. The Capital Planning, Policy and Privatization Committee discussed the board items for the: Fiscal Year 2018 Operating Budget; Fiscal Year 2018 Capital Program; Fiscal Year 2018 Grant Programs; and Bus Training Simulator Equipment Purchase.

**Executive Director’s Monthly Report**

Executive Director Santoro said NJ TRANSIT's summer service changes went into effect to accommodate the Amtrak track-work at Penn Station. For NJ TRANSIT, this was the
culmination of weeks of operations preparation and outreach to customers. It was critical to start this summer off on the right foot, and by all accounts they have done just that.

During the first peak period of this operation, NJ TRANSIT safely transported an additional 8,700 customers through Hoboken Terminal and onto ferries, buses and PATH trains. They still have a long way to go to reach September and cannot be complacent. They will continue to monitor the entire transit system to deploy resources in the most effective manner throughout the summer.

Executive Director Santoro said this truly has been a company wide effort. At some point every employee will have played a role in this summer service plan, from front line employees to support staff working behind the scenes. Every role has been critical in making this plan work.

Executive Director Santoro thanked all of NJ TRANSIT’s employees and also thanked the employee ambassadors who have been highly visible in their yellow vests assisting customers with their travel options. NJ TRANSIT has received a lot of positive feedback on the number of ambassadors assisting out in the field and credit goes to them for making an impact in improving the customer experience.

Executive Director Santoro also recognized their regional transportation partners for the coordination in this multi-agency effort. They have been collaborating on a regional level to implement this plan.

Executive Director Santoro also extended his thanks to each and every customer. It has been clear that they took the time to do their homework and to have their travel plans ready. He believes their outreach efforts really connected with customers to prepare them for the circumstances facing all of them. By having customers well-versed in the available travel options, it makes everything operate much more efficiently.

NJ TRANSIT’s hard work did not go un-noticed by their customers. Executive Director Santoro shared a few comments they received through social media.

- “First day went smoothly”
- “My NJ TRANSIT commute was so pleasant today”
- “Train to/from Hoboken this AM/PM were both fine. Everything smooth”
- “I think NJ TRANSIT did a great job today”

Executive Director Santoro said those were just a few of the many positive reviews received and stressed that they will continue to monitor the situation and make adjustments where they can as there are still plenty of challenges ahead over the next eight weeks. He said as they have heard many times, “you are only as good as your last rush hour!”

Executive Director Santoro said on the agenda for the Board’s consideration are the operating and capital budgets for Fiscal Year 2018. Since assuming the role of Executive
Director last fall, he said one of his priorities was not to raise fares. With this budget plan, they have been able to accomplish just that – keep fares stable for NJ TRANSIT customers. Executive Director Santoro introduced Michael Lihvarcik, Chief Financial Officer & Treasurer, to provide more details about the operating budget.

Michael Lihvarcik provided a presentation regarding the Fiscal Year 2018 Operating Budget (copy attached). Discussing the Operating Budget Revenue Summary, he noted the Fiscal Year 2018 Operating Budget totals $2.2 billion and is $106.8 million or 5.1 percent more than the Fiscal Year 2017 budget.

The Fiscal Year 2018 Operating Budget provides the funding necessary to deliver safe and reliable NJ TRANSIT service to customers without a fare increase. NJ TRANSIT is committed to operating as lean as possible, thereby providing the best value to customers.

Mr. Lihvarcik said funding is driven by vital growth. For example, the Fiscal Year 2018 Operating Budget funds an additional 92 positions in critical areas of the agency including: 25 police officers who have already joined the police academy and will be graduating in September; 27 positions in Rail Operations to augment track maintenance forces and front-line supervision in rail yards and of train crews; 20 skilled, technical positions for Positive Train Control; and 20 positions within departments such as the Office of System Safety, which oversees and coordinates safety for all NJ TRANSIT operating modes, and NJ TRANSIT’s compliance office. He said staff will continue to pursue opportunities for revenue generation and create operating efficiencies wherever possible.

Mr. Lihvarcik said key revenue highlights include: No fare increase for Fiscal Year 2018; System generated revenue from customer fares and other system generated revenue sources such as advertising represents almost 51 percent of total revenue; Passenger revenue is projected to be virtually flat in Fiscal Year 2018; New non-farebox revenue initiatives will continue to be pursued in areas such as advertising and leasing; State funding support remains stable at $427 million composed of a direct State appropriation of $140.9 million; State Clean Energy Funds of $82.1 million; and funding from the New Jersey Turnpike Authority of $204 million.

Mr. Lihvarcik said State and Federal capital maintenance funding which supports eligible capital projects such as installing and repairing engines, transmissions, wheel assemblies and associated components which keep NJ TRANSIT buses, trains and light rail vehicles in a state of good repair totals $460.8 million, but does not include $45 million which is in grants and other reimbursements. This total amount of $505 million is still below the historical average of approximately 23 percent of the operating budget.

Mr. Lihvarcik discussed where the money goes. Labor and fringe benefits costs represent the majority or 61 percent of NJ TRANSIT’s operating budget at over $1.3 billion. This is followed by materials and supplies at 14 percent or $317.8 million. The third largest program is purchased transportation at 11 percent or $243.6 million, which includes contracted services for private bus carriers, Hudson Bergen Light Rail, the River LINE, and Access Link services.
Mr. Lihvarcik said the Fiscal Year 2018 Operating Budget funds crucial operating needs of the departments. The recommended Fiscal Year 2018 Operating Budget includes growth for contract settlements, health benefits escalation, rail safety initiatives, police force increase, paratransit and light rail cost escalations, cost growth for vehicle parts, and other critical initiatives.

The Fiscal Year 2018 Operating Budget is balanced with no fare increase while funding vital growth items to meet the agency’s operational needs. He said NJ TRANSIT is committed to working within this spending plan to maintain a balanced budget.

Mr. Lihvarcik introduced Eric Daleo, Assistant Executive Director, Capital Planning & Programs, to discuss NJ TRANSIT’s Fiscal Year 2018 Capital Program.

Eric Daleo provided a presentation regarding NJ TRANSIT’s proposed Fiscal Year 2018 Capital Program (copy attached). The Fiscal Year 2018 Capital Program is valued at $1.367 billion. He said the Transportation Trust Fund monies constitute $676 million, approximately half of the total capital funding available to NJ TRANSIT. NJ TRANSIT continues to see a substantial realized benefit from the re-authorization of the Transportation Trust Fund (TTF). He said these resources available to NJ TRANSIT increased $93 million compared to last Fiscal Year. In Fiscal Year 2017 a total of $140 million in supplemental TTF funding was also received, which is advancing critical safety and system expansion projects.

Mr. Daleo said the next largest contributor to the capital budget is anticipated to come from federal funding, the bulk of which constitutes annual formula funding from the Federal Transit Administration. NJ TRANSIT anticipates receiving $508 million in Federal Transit Administration funding, and $138 million in Federal Highway Administration flex funding and Congestion Mitigation Air Quality funding provided through the New Jersey Department of Transportation. The balance of funding, approximately $45 million which is about three percent of the Capital Program, constitutes Casino Revenue and other funding sources.

Mr. Daleo said when compared to the Fiscal Year 2017 Capital Program, this year’s Capital Program is valued $316 million less than last year’s Program, which was valued at $1.683 billion. The difference is a function of the timing of grant activities. He said it is less than last year’s because over $1.2 billion was programmed in the Federal Transit Administration Emergency Relief Program funding in prior years. He said there is no reduction in the ambitious agenda for pursuing capital projects and improvements.

In terms of how these funds are to be allocated, the Capital Program proposes prioritized spending in nine key categories. These are strategic investments designed to make the system more effective, efficient, and reliable, and keep NJ TRANSIT on a firm financial foundation.
Mr. Daleo said nearly half, or $601 million, supports capital maintenance and debt service. The remaining more than half of the Capital Program supports state-of-good-repair and improvement projects. With regard to funding by category, the highlights from the program include an increase to rail rolling stock which will support enhanced reliability and acquisition programs, and $168 million for bus and light rail improvements.

He said this spending reflects prioritization in five major investment areas. Each represents a strategic focus for NJ TRANSIT. First and foremost is reliability and state of good repair. It is critical NJ TRANSIT provides efficient, reliable, and safe service. The safety of NJ TRANSIT’s customers and employees is a priority, and they are making significant investments in new and effective technologies. The condition of the Northeast Corridor will continue to be a major area for investment in Fiscal Year 2018.

Mr. Daleo said at the same time NJ TRANSIT is prioritizing reliability, state of good repair, and safety, the Fiscal Year 2018 Capital Program recognizes the need to plan for, and implement, needed system expansions. He said keeping NJ TRANSIT operations in service before, during, and after major weather events or power failures is a function of asset resilience. He said through the Fiscal Year 2018 Capital Program, and prior years, they are dedicating more than a billion dollars to achieving it.

Mr. Daleo said the Fiscal Year 2018 Capital Program proposes $80 million to support multilevel acquisitions and $100 million to support bus acquisitions. This fiscal year, they anticipate ordering 113 additional multilevel rail cars to continue to replace aging equipment and improve the overall age of the passenger fleet. A more modern fleet enhances reliability; improves passenger amenities and comfort; and, meets the requirements for passengers with disabilities.

Mr. Daleo said 187 new buses were received and will accept delivery of another 185 in Fiscal Year 2018. As with rail equipment, similar operating efficiencies will be realized by Bus Operations when 290 new Cruiser buses and 85 new articulated buses are deployed between FY2019 and FY2022. The new Cruiser buses will offer comfortable rides for customers on longer routes, while the articulated vehicles are well adapted for city service.

He said for customers, the first and most lasting impression of NJ TRANSIT’s service is formed at rail stations and bus terminals. He said that is why multi-million dollar investments are continuing into station rehabilitation projects at Lyndhurst and Perth Amboy; new stations at Elizabeth and North Brunswick; and, a Park and Ride at Avandale.

Mr. Daleo focused on NJ TRANSIT’s equipment procurements. The Capital Program Highlights Graph illustrates how the investments proposed to replace rail equipment nearing the end of its useful life with new, state-of-the-art coaches will dramatically reduce the average age of NJ TRANSIT’s fleet over time. The blue line represents forward-looking projections for the average age of the entire passenger car fleet through 2030. NJ TRANSIT’s fleet age will decrease over time. This decrease is primarily driven by the procurement of multi-level self-propelled electric multiple unit cars (“MU’s”). That decrease is shown in the red line.
Mr. Daleo said what NJ TRANSIT is doing in this Capital Program, and future Capital Programs, will allow the retirement of the aging Arrow III electric "MU" cars that are approaching 40 years of service. By 2024, the average age of this fleet type will decrease to below five years. Pursuing the strategy in the Fiscal Year 2018 Capital Program to purchase new railcars, sets NJ TRANSIT on a course to modernize its fleet, leading to better reliability, and improved accessibility.

Mr. Daleo said the next graph presents the average bus age for the last 12 years, along with projected average ages for the next eight years. What it shows is that the Fiscal Year 2018 Capital Program sets NJ TRANSIT on a path where average bus age will gradually decrease from 8.2 years today to 6.4 years in 2021, resulting in the youngest bus fleet that NJ TRANSIT’s customers have seen since 2005.

While improved reliability and state-of-good-repair contributes to safety, Mr. Daleo said NJ TRANSIT is making directed safety investments that complement the Capital Program. The Fiscal Year 2018 Capital Program includes an investment of $41 million in Positive Train Control to allow NJ TRANSIT to continue to move forward in installing all necessary hardware to support operations, including wayside components, and onboard equipment. They continue to advance aggressively. He said it is worth noting that this past May, the Federal Railroad Administration and Federal Transit Administration announced that NJ TRANSIT would receive $10 million in additional competitive funding to support the implementation of Positive Train Control.

He said on the bus side, Fiscal Year 2018 will see the continued installation of 360-degree cameras on buses to provide operators with an expanded field of vision that will contribute to enhanced pedestrian and vehicle safety. He said new bus training simulators will help operators perfect their skills while identifying areas for additional training.

Mr. Daleo said NJ TRANSIT is already engaged in an Early Action construction effort to replace Portal Bridge North. The Capital Program for Fiscal Year 2018 proposes $21 million of new investment, for work beyond Early Action, to support the next phases of construction. The Bridge is an essential component in reliable operations on the Northeast Corridor. The new bridge will replace the existing bridge with a new high-level, two track, fixed structure bridge on a new rail alignment.

Mr. Daleo said Fiscal Year 2018 marks the second year in which NJ TRANSIT is programming funds under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) for the maintenance of the Northeast Corridor.

He said Fiscal Year 2018 will also see investments in system expansions as NJ TRANSIT seeks to bring public transit services to areas where demand is greatest. There is $28.5 million in Fiscal Year 2018 funding proposed to support engineering for the Northern Branch, an eight-mile extension of light rail to Englewood. The service will connect new communities with the Gold Coast and bring the Bergen to Hudson Bergen Light Rail.
There is $4 million in Fiscal Year 2018 funding proposed to continue to advance engineering for a system expansion to the west as NJ TRANSIT works with Jersey City and local developers to extend the line to a planned mixed-use development on Route 440. This project has already progressed through its environmental review.

These investments complement existing funding that was programmed as part of the Fiscal Year 2017 Transportation Trust Fund Supplemental authorization. In the southern part of the state, NJ TRANSIT continues to advance the environmental review phase of an 18-mile light rail line project between Camden and Glassboro.

Mr. Daleo said he has presented on multiple occasions to the Board updates on NJ TRANSIT’s Resilience Program, which is advancing over $2 billion in projects that will allow NJ TRANSIT’s assets and equipment to withstand, and more quickly recover from, extreme weather events. These efforts complement the other investments in the Capital Program to ensure NJ TRANSIT’s investments are resilient to storm surge and flooding. The proposed Fiscal Year 2018 Capital Program programs an additional $80 million as part of a multi-year commitment to advance these projects. Most of the projects they are advancing are primarily federally funded.

Mr. Daleo said the Board will also consider an item to authorize NJ TRANSIT to enter into contracts with subrecipients, including counties, municipalities, private non-profit organizations, and other entities, to provide transportation services to senior citizens, people with disabilities, rural residents, and economically disadvantaged residents. A number of these community based transportation services link to NJ TRANSIT’s bus and rail.

For Fiscal Year 2018, NJ TRANSIT proposes to program $42 million to support these initiatives. The subrecipients of this funding help provide public transportation for stakeholders or in areas that may not otherwise be served. They are not small success stories. He said there are currently 347 federally-funded vehicles which provide enhanced mobility for seniors and people with disabilities, providing an estimated 1.3 million passenger trips per year. For rural transit needs, there are 14 federally-funded projects that provide an estimated 157,000 trips per year. New Jersey Job Access Reverse Commute (NJ JARC) program funds 24 projects. NJ JARC transportation assists transit dependent individuals gaining access to employment and training sites throughout New Jersey, providing an estimated 1.2 million passenger trips per year.

The map illustrates the more than 125 community-based and nonprofit agencies who receive support from NJ TRANSIT and in-turn serve their constituents. NJ TRANSIT is very proud of the success of its Local Programs projects and knows that they make a real difference in the lives of so many people that NJ TRANSIT is dedicated to serving.

Mr. Daleo said this presentation provides a clear picture of the important investments NJ TRANSIT proposes to make in Fiscal Year 2018 and continues to advance the critical projects that will maintain and enhance operations and service.
Executive Director Santoro thanked Mr. Lihvarcik and Mr. Daleo for their presentations.

**Action Items**

**1707-27: FISCAL YEAR 2018 OPERATING BUDGET**

Executive Director Santoro introduced Michael Lihvarcik, Chief Financial Officer and Treasurer, who presented Action Item #1707-27 for approval.

Michael Lihvarcik recommended approval of Item #1707-27, Fiscal Year 2018 Operating Budget. Approval was requested to adopt the Fiscal Year 2018 Operating Budget in the amount of $2.218 billion as detailed in the item and on the attached Exhibits A, B and C.

Approval was also requested to continue to expend funds to meet obligations until the adoption of a Fiscal Year 2019 Operating Budget.

Board Member Flora M. Castillo moved the resolution and Board Member James C. Finkle Jr. seconded it.

Board Member Greaves said he heard the concerns of the speakers that morning and he agrees with a lot of what they said. He said NJ TRANSIT is at the mercy of the state and federal government. Board Member Greaves said they do what they can with the money they have but they do need a dedicated source of funding and he hopes for a change soon so NJ TRANSIT can become the premier agency it once was years ago.

The resolution was unanimously adopted.

**Roll Call Vote:**

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<td>Yes</td>
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**1707-28: FISCAL YEAR 2018 CAPITAL PROGRAM**

Executive Director Santoro introduced Eric Daleo, Assistant Executive Director, Capital Planning and Programs, who presented Action Item #1707-28 for approval.

Eric Daleo recommended approval of Item #1707-28, Fiscal Year 2018 Capital Program. Approval was requested to adopt the Fiscal Year 2018 Capital Program in the amount of $1.367 billion, as described in the item, and to take whatever actions are necessary to seek and secure the funds envisioned by this program.

Approval was also requested to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and
conditions of the grants and other funding sources and to make application, execute contracts or agreements, and take whatever other actions are necessary to seek and secure funds, consistent with the basic intent of this program, which may become available subsequent to its adoption.

Board Member James C. Finkle Jr. moved the resolution, Board Member Flora M. Castillo seconded it, and it was unanimously adopted.

**Roll Call Vote:**

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1707-29: FISCAL YEAR 2018 GRANT PROGRAMS: LOCAL TRANSPORTATION FOR SENIOR CITIZENS, PERSONS WITH DISABILITIES, RURAL AND ECONOMICALLY DISADVANTAGED RESIDENTS

Executive Director Santoro introduced Eric Daleo, Assistant Executive Director, Capital Planning and Programs, who presented Action Item #1707-29 for approval.

Eric Daleo recommended approval of Item #1707-29, Fiscal Year 2018 Grant Programs: Local Transportation for Senior Citizens, Persons with Disabilities, Rural and Economically Disadvantaged Residents. NJ TRANSIT administers a variety of Federal and State grant programs for coordinated community-based transportation services that benefit senior citizens, persons with disabilities, rural and small urban area residents and economically disadvantaged persons. These grant programs are detailed in the agenda and exhibits and assist a variety of private non-profit organizations, counties and various municipalities.

Approval was requested to implement all of the programs for Fiscal Year 2018 as detailed in the agenda item which includes the Senior Citizen and Disabled Resident Transportation Assistance Program for $17,801,000.

Board Member Flora M. Castillo moved the resolution, Board Member James C. Finkle Jr. seconded it, and it was unanimously adopted.

**Roll Call Vote:**

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</table>
1707-30: PURCHASE OF BUS TRAINING SIMULATOR EQUIPMENT VIA PROCUREMENT BY EXCEPTION

Executive Director Santoro introduced Michael Kilcoyne, Vice President & General Manager, Bus Operations, who presented Action Item #1707-30 for approval.

Michael Kilcoyne recommended approval of Item #1707-30, Purchase of Bus Training Simulator Equipment via Procurement by Exception. Approval was requested to enter into procurement by exception contract with Doron Precision Systems, Inc., of Binghamton, New York for the purchase of two single-seat computer-generated simulators, two ten-place multi-seater simulators with video-based training, one mobile unit housed inside a 24-foot trailer, as well as associated equipment and material, which includes train-the-trainer and installation, at a cost of $1,360,292.00, plus five percent for contingency, subject to the availability of funds.

Board Member Flora M. Castillo moved the resolution, Board Member Anthony Longo seconded it, and it was unanimously adopted.

Roll Call Vote:

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**Executive Session Authorization**

At approximately 10:02 a.m., Chairman Hammer requested a motion to enter Executive Session to discuss personnel matters, contract negotiations, the status of pending and anticipated litigation and matters falling within the attorney-client privilege, including but not limited to, the Personal Injury Claim of Alan Kucharski.

Board Member James C. Finkle Jr. moved the resolution, Board Member Flora M. Castillo seconded it, and it was unanimously adopted.

Board Secretary Zuczek conducted a Roll Call as Board Members returned to Open Session. All Board Members, except Board Member Greaves, returned to open session at approximately 11:22 a.m.

1707-31: PERSONAL INJURY CLAIM OF ALAN KUCHARSKI

Executive Director Santoro introduced Michael Lihvarcik, Chief Financial Officer and Treasurer, who presented Action Item #1707-31 for approval.

Michael Lihvarcik recommended approval of Item #1707-31, Personal Injury Claim of Alan Kucharski. Approval was requested to settle the claim of the Estate of Alan
Kucharski through his attorney, at an amount discussed in executive session. The Attorney General has approved the proposed settlement, subject to the availability of funds.

Board Member John Spinello moved the resolution, Board Member Anthony Longo seconded it, and it was unanimously adopted.

Roll Call Vote:

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<tr>
<th>Hammer</th>
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<th>Longo</th>
<th>Castillo</th>
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<td>Yes</td>
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<td>(Non-Voting Member)</td>
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1707-32: PURCHASE OF 10TH FLOOR AT NJ TRANSIT HEADQUARTERS, TWO PENN PLAZA EAST, NEWARK

Executive Director Santoro introduced Michael Lihvarcik, Chief Financial Officer and Treasurer, who presented Action Item #1707-32 for approval.

Michael Lihvarcik recommended approval of Item #1707-32, Purchase of 10th Floor at NJ TRANSIT Headquarters, Two Penn Plaza East, Newark, New Jersey. Approval was requested to take all actions necessary to purchase the 10th floor Headquarters building at Two Penn Plaza East from II Penn Plaza East for an amount discussed in Executive Session.

Board Member James C. Finkle Jr. moved the resolution, Board Member Flora M. Castillo seconded it, and it was unanimously adopted.

Roll Call Vote:

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<tr>
<th>Hammer</th>
<th>Spinello</th>
<th>Longo</th>
<th>Castillo</th>
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<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>(Non-Voting Member)</td>
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Public Comments on Other Matters

There were 13 speakers on other matters.

David Peter Alan thanked Mr. Daleo for his strong positive mention of the various programs being offered for the seniors and people with disabilities and said these programs are so important.

Mr. Alan said they remain deeply concerned about the current displacement of the riders on the Morris and Essex and Gladstone Lines from Penn Station to Hoboken every weekday. He said these riders are their constituents, they have done everything they can
to make their summer as painless as possible, and they will continue to help them and their towns any way they can.

Mr. Alan said he told News 12 New Jersey that he expected chaos at Hoboken at the beginning of the service disruption, which started on Monday morning July 10, 2017. He spent more than two hours that morning at Hoboken observing NJ TRANSIT, PATH, and the Ferries, and went back Tuesday morning and afternoon on July 11, 2017. Mr. Alan said he told several reporters who interviewed him that he was pleasantly surprised. He saw no major problems, riders were advised at that time on how to make their transfers for Manhattan, and they were doing it. With the information he had before Monday morning, he expected serious difficulties. Fortunately, there were none, and Mr. Alan was pleased to report that his fears and those of other people he knew had not been well-founded.

Mr. Alan said as advocates for riders on the Morris and Essex Lines, they believe they possess expertise that would have been useful in getting their constituents the best transit deal possible under these difficult circumstances. They understand that the track work at Penn Station is necessary. He said there is capacity there for 15 trains per hour, so there should be some room for some Morris and Essex trains at New York Penn Station. Mr. Alan said they did the best they could to communicate with management, but got nowhere, and said this level of secrecy is not acceptable. Mr. Alan believes management should have communicated with the Coalition from the beginning.

Mr. Alan said management made a plan and executed it well, and deserves credit. He was pleasantly surprised that the last two days went as well as they did. Mr. Alan said if management had been willing to communicate with them, rather than ignoring them, they would have known more about the plan and maybe felt more comfortable that it would work well. He believes they should have worked together and NJ TRANSIT could have taken their suggestions that would have helped the riders.

Mr. Alan said they have been advocating for increased transparency and openness with NJ TRANSIT and for the representatives of the riding public to be taken seriously and recognized for the expertise they possess. He said it is not too late for the Board and Management to respect them and work with them in the future.

Murray Bodin voiced his strong concern for the need for traffic lights at railroad crossings. Mr. Bodin stated he met with the Chairman of the Long Island MTA, and he said the responsibility of getting traffic lights put at railroad crossings was up to the town’s local jurisdiction. He said there should be a collective effort working with the MTA, Board and operating railroad staff to come up with a plan to rectify this problem. Mr. Bodin said if this problem is not resolved people will continue to be confused by flashing red light signals and go around railroad gates. Mr. Bodin said it has been great working with NJ TRANSIT over the years, he has met more staff than at any other organization, they have been an exceptional help to him, and thanked all of them.

Joseph Clift commented on the Capital Program. He said the Portal North is only two tracks, replacing the existing two track bridge with another two track bridge, but at least
three tracks are needed for more capacity into New York. Mr. Clift believes NJ TRANSIT has to get in there and change this now. He noticed there was discussion about the money owed to Amtrak but clearly no discussion about the amounts. Mr. Clift noted NJ TRANSIT is still behind and going to be late with last year’s payment to Amtrak and you still owe $74 million.

Mr. Clift said he has heard anecdotally that people are experiencing 60 to 90 minutes of extra travel time a day due to the diversion to Hoboken. He said if riders take the PATH it adds 60 minutes extra to their travel time and 90 minutes extra on the ferry. Mr. Clift said the ferry adds more time because it is less frequent and then have to take a bus at 39th and the river and traffic is congested in midtown and it’s miserable all the time.

Mr. Clift said saying everything is going well does not mean people are not suffering. He stated he heard the past three mornings of the summer schedule changes went well, but 8700 is about only half of regular daily ridership into New York on Midtown Direct. Mr. Clift said this would mean there are a lot of no shows and they have no idea how many are taking buses from other locations or driving to Secaucus or other locations. His reason for this number of commuters was because they decided to stay home the first week during the summer schedule changes to see how everything worked out.

Mr. Clift stated that NJ TRANSIT should speak to PATH about providing four minute headways. He believes if people come back, there will be overcrowding and NJ TRANSIT should work on a contingency plan now to get more PATH trains to 33rd Street. Mr. Clift said a lot of people may have opted to stay home for a week to avoid the problems, but he is sure they cannot work from home the whole 40 days during the duration of these summer schedule changes.

Mr. Clift wants NJ TRANSIT to immediately add PATH and ferry connecting information to the online PDF posted for Morris and Essex Summer Schedule, exactly the same as the current schedule, plus add PATH times to/from 33rd Street. He said absent this information, Midtown Direct customers cannot plan when they will get into Manhattan or when they need to board PATH to depart Manhattan. Mr. Clift said that the connecting times and a simple letter “c” next to the time would show there is a connection from New York Penn Station on the New York/Hoboken schedule this would help the riders tremendously with their planning throughout the summer months.

Kin Gee provided an update to JCP&L’s proposal to build a 10-mile long 230,000-volt transmission line from Aberdeen to Red Bank in Monmouth County using NJ TRANSIT’s right-of-way. Mr. Gee said this was his one-year anniversary of attending NJ TRANSIT’s Board Meetings. Mr. Gee said he has learned a lot over this year and heard a lot of critical things about NJ TRANSIT but he commends the Board, Executive Director Santoro, and staff in the way they are handling things in these trying and difficult times. He said if the JCP&L issue goes forward it will negatively impact thousands of riders and residents on a permanent basis if it goes to construction. He said the last two days of the formal hearing with Judge Cookson were on July 6 and 7, 2017.
Mr. Gee reminded everyone that this JCP&L project is to build a transmission line and they already have a main line and back-up transmission line, so this is a third redundant transmission line. He said this will not help if another super storm Sandy occurs. The hearing is finally over and now the attorneys will file briefs and responses to briefs and based on the current time table the Judge will likely make a recommendation sometime in November.

Mr. Gee said they will most likely to find out a decision once the new Governor is elected and then the petition will be sent back to the Board of Public Utilities. He said Ambassador Phil Murphy wrote a statement against the JCP&L Project. Mr. Gee said he met with an Aide from the Lieutenant Governor’s office, and they expect to have a meeting with her soon.

Mr. Gee said if this project is approved it will be a two-year construction project that will take place mostly at night using heavy machinery and helicopters. He said this could mean delays for NJ TRANSIT’s North Jersey Coast Line, in addition after construction the project will present additional risks to NJ TRANSIT, employees and riders. Mr. Gee said once the monopoles are installed they will severely limit NJ TRANSIT’s future operational and expansion plans. He stated the JCP&L proposal to use NJ TRANSIT’s right-of-way is not core to NJ TRANSIT’s mission to provide public transportation in the interest of the public. Mr. Gee urged NJ TRANSIT once again to say no to JCP&L’s use of NJ TRANSIT’s right-of-way.

Sean Byrnes is a resident of Middletown New Jersey and a State Senate candidate for the 13th Legislative District. Mr. Byrnes said the project runs through the heart of the district and is a significant issue for the thousands who live in direct proximity of the project. He has spent a lot of time researching the JCP&L Project documentation. Mr. Byrne says he has spent time in the neighborhoods in close proximity of the railroads to get a feel for how this project will significantly change the nature and landscape of the community, not to mention the value of the resident’s property.

Mr. Byrnes said the residents’ plan for their retirement and their future is impacted, and they can no longer rely on the equity value of these houses. He said this is NJ TRANSIT’s railroad and according to statutes in New Jersey, NJ TRANSIT should not let others use the real estate unless it can be done without unreasonable impairment of the use of the remainder of the railway for rail purposes.

Mr. Byrnes said the Board of Public Utilities is charged under the New Jersey Statute to consider whether the JCP&L project will unreasonably impair the use of railway. He said they do not know how NJ TRANSIT will want to use this railway in the future; however, if these poles that are 210 feet high are allowed to be put up, they will significantly limit and restrict NJ TRANSIT’s ability to use this area for future projects. Mr. Byrnes asked NJ TRANSIT to use their influence and authority to let the Board of Public Utilities know this is not something NJ TRANSIT wants, or the public needs, and this is not a project that JCP&L can do without unreasonably impairing the residents and the railway.
Mr. Byrnes said NJ TRANSIT needs to consider a new structuring of how NJ TRANSIT is delivered regionally in this area. He believes the Governor has too much influence over NJ TRANSIT and the Port Authority. Mr. Byrnes believes NJ TRANSIT and Port Authority issues should be left up to the people who have the expertise and experience in this arena and not to those that do not.

**John Fairley** spoke on behalf of Mr. Russell Graddy. He said he has known him all of his life. Mr. Fairley said Mr. Graddy has always given chances to people in the community. He said Mr. Graddy may not always agree but he will always give support when needed. Mr. Fairley wants NJ TRANSIT to give Mr. Graddy what he is asking for.

**Janet McDaniel** spoke on behalf of Mr. Russell Graddy. She said he is a stalwart in the community. Ms. McDaniel spoke about his service to his community. She said she grew up in Alabama in a small town as a teenager in the 60’s where people like Mr. Graddy were denied opportunity for social, economic, and educational access to things that other people had during turbulent times. Ms. McDaniel said NJ TRANSIT has the power to bring justice, and closed with a quote from Dr. Martin Luther King Jr., “Injustice anywhere is a threat to justice everywhere.”

**Lillisa Mimms** spoke on behalf of Mr. Graddy, saying he is a man of vision and a longtime business owner who is faithful to his community. She said he is respected immensely by his community and he executes things and brings them to life. Ms. Mimms said Mr. Graddy is honest, trustworthy and well respected, not just locally, but all over. Ms. Mimms said Mr. Graddy is a trailblazer to society, a role model, and has impacted, transcended and blessed so many lives in the community. She said Mr. Graddy has provided jobs to many in these trying times and he has increased the quality of life where crime and poverty is on an up rise.

Ms. Mimms in closing expressed her thanks for the opportunity to speak on behalf of Mr. Graddy, a man who is admired and respected. She believes it is a small settlement amount and is not too much to take care of a man with a dream and a great plan which he wishes to continue. Ms. Mimms said Mr. Graddy is always fighting for the betterment of others and he never gives up.

**Ruby Cotton**, Councilwoman in the City of Paterson 4th Ward, spoke on behalf of Mr. Graddy. Ms. Cotton stated if it were not for Mr. Graddy she would not be in her position as Councilwoman. As a niece of a sharecropper working on a farm in South Carolina, she has come a long way since coming to Paterson. Ms. Cotton said Mr. Graddy has helped put many through college, and he has sponsored baseball and football teams. She said Mr. Graddy also has taken care of kids and families who were victims of displacement due to home fires. Ms. Cotton said as a community leader Mr. Graddy made sure kids and families had food to eat, and in the 50 years she has known him he has been generous. Mr. Grady loves his community, and he has done everything he can to help. She said Mr. Graddy’s door is always open so people of the community can go to him. Ms. Cotton said people are put in positions where they can make a difference and do right by people and it is up to them to carry this out. She is grateful God
brought her into Mr. Graddy's life, and it is a blessing to see all of the good he has done for the families who could not take care of themselves. In closing, Ms. Cotton thanked the Board for allowing her to speak on Mr. Graddy's behalf.

**Michael Jackson**, Councilman of the 1st Ward in the City of Paterson, spoke on behalf of Mr. Graddy. He said he has a special kinship as a fellow small business owner who recognizes the hardship and challenges to do business in the State of New Jersey and in this current climate.

Mr. Jackson said it is very disheartening when they have to sit through these budget discussions and look at how much subsidy was discussed. He said he feels somewhat slighted in Paterson when he thinks of the conditions of the bus stops and rail system in Paterson, and he personally felt they were overlooked.

Mr. Jackson stated this current scenario of a small business owner like Mr. Graddy being overlooked is further disheartening. He said to ask a man to pay for a lease for a number of years, and not to have access to the facility, is commendable on Mr. Graddy’s part, and he takes his hat off to him for sustaining this for so long because this could bury someone. Mr. Jackson said he could understand the ramifications of one or two mishaps but to put that much money out for so many years, he doesn’t know how Mr. Graddy did it.

Mr. Jackson said he would like to implore the members of the Board to see how serious the community takes Mr. Graddy’s claim. Amongst them, they have over five elected officials and a number of Reverends from multiple churches and different community leaders to please not extend this decision any further. Mr. Jackson said in closing, do not allow for Mr. Graddy to be put out any longer, and to please make this right. He believes the ask is really small, said the Board knows what the numbers are, and asked the Board to utilize and exercise its privilege to make Mr. Graddy whole and put this to rest.

**Earnest Rucker** said the audience is a sea of orange shirts looking for justice. Mr. Rucker stated at the last meeting he spoke about justice, which he stated was very close. He said from the original proposal there was only one problem and what he has seen from being a landlord tenant advocate it is hard for him to think of a case like Mr. Graddy’s. Mr. Rucker asked everyone to picture a scenario where a tenant was locked out and paid rent for 20 plus months willingly thinking that the lease would be honored, and it was not. He stated that what is being asked for is pennies on the dollar to make Mr. Graddy’s claim whole. Mr. Rucker said the rent money that was given up and not having access to the property, is not right. He wants to have an opportunity to commend the Board and said they can make this right by giving back the rent money to Mr. Graddy. Mr. Rucker said NJ TRANSIT and the Board need to correct the amount and do the right thing so their group can stop coming to these meetings.

**Stan Matthews** said from a perspective of equity, they know what the realities of the situation are. As Mr. Graddy’s primary representative, he met with the Executive Director, DAG Snow, and Mr. Wyckoff of NJ TRANSIT, and they have extended the courtesy to negotiate on behalf of NJ TRANSIT as gentlemen and have left the lines of communication
open. Mr. Matthews thanked them for this. On the matter of equities, he said the
differences between what Mr. Graddy perceives as just and what NJ TRANSIT has offered
are slight.

Mr. Matthews said the speakers have demonstrated that Mr. Graddy’s is not just a singular
individual with a grievance that is just about him. He noted there were communities
beyond Paterson that honor Mr. Graddy and that Mr. Graddy’s generosity reaches many
communities, non-profits, and states beyond Paterson. Mr. Matthews said they will not
find anyone with a bigger heart for all communities.

Through his advocacy, he has not made urban communities aware of Mr. Graddy’s claim
because they have tried to work with NJ TRANSIT in spirit of collegiality and good faith.
Mr. Matthews said they can put people out at major bus and train stations and let them
know what Mr. Graddy’s history is and how he has been treated. He said they know how
important ridership is so they have not opted to boycott or to hold grievances against
NJ TRANSIT because they think this is a matter that the differences are slight.

Mr. Matthews said in filings received by NJ TRANSIT Attorney General’s representative
more than 10 years ago, on the record in Atlantic City’s Superior Court, it is not disputed
that Mr. Graddy made improvements of more than $900,000 in the premises he rented
from NJ TRANSIT. He said they have the receipts to prove this, and the Judge has the
receipts of $930,000 in the mediation between NJ TRANSIT and Mr. Graddy’s attorneys.
Mr. Matthews said he believes what Mr. Graddy, through his attorney, is requesting is
about 30 percent of what he invested, which is $265,000. He said Mr. Graddy is giving the
agency a discount. Mr. Matthews said he has advised Mr. Graddy as his mentor, friend,
and colleague, but if they leave there and this matter goes beyond Paterson, he cannot
promise that there will not be advocacy because black, brown, and disabled riders may
have something to say about this matter.

Mr. Matthews said if they could just move these pennies. In closing Mr. Matthews stated a
quote from Dr. Martin Luther King, “The arc of the moral universe is long, but it bends
towards the right.” He asked them to do the right thing, and Mr. Rucker will come back to
give the Board all types of compliments.

Russell Graddy said the speakers have told them what kind of guy he is in the
community, and he is not sure they are interested at all. He said he is not trying to sell
himself as a good guy that because of that they should do something for him. Mr. Graddy
said he was fighting for his rights as an African American man.

Mr. Graddy feels he has been railroaded out of a multi-million-dollar business simply
because he is an African American man. He said it is not only about money, and what
was offered to him was peanuts in terms of what it cost him. If he does not leave with
more than just his pride, he wants more than anything to be treated like somebody. Mr.
Graddy said he did nothing wrong in that Atlantic City station for NJ TRANSIT to railroad
him out of his business. He questioned if he does not stand up for himself, what will
happen to his children or their children’s’ children.
Mr. Graddy said he never asked for anything except for a level playing ground. He trusts the records and the truth is on his side, and said not to give him anything because he is a good guy. Mr. Graddy said he deserves what he was asking for, and it is only a fraction of the cost of what he deserves. He said he beat them every time he went to court and they expect him to accept what they are offering. Mr. Graddy said he had the exclusive rights for developing his property.

**Adjournment**

Since there were no further comments or business, Chairman Hammer called for adjournment and a motion to adjourn was made by Board Member James C. Finkle Jr., seconded by Board Member Anthony Longo, and unanimously adopted. The meeting was adjourned at approximately 12:20 p.m.
## FY 2018 Budget - Operating Budget Revenues

### Revenues (in Millions)

<table>
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<tr>
<th>Source</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Change</th>
<th>% Change</th>
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<tr>
<td>Customer Fares</td>
<td>$1,023.2</td>
<td>$1,014.0</td>
<td>($9.2)</td>
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<tr>
<td>Other Commercial Revenue</td>
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<td>0.0</td>
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<tr>
<td>State Operating Assistance</td>
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<td>947.7</td>
<td>116.0</td>
<td>13.9</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$2,111.0</strong></td>
<td><strong>$2,217.8</strong></td>
<td><strong>$106.8</strong></td>
<td><strong>5.1%</strong></td>
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FARES

- No fare increase in FY 2018

REVENUE

- Customer revenue decrease of 0.9%

STATE FUNDING

- Total State Assistance remains stable at $427.0m composed of $140.9m in operating assistance, $82.1m of State Clean Energy Funds, and $204.0m of NJ Turnpike Authority funding

OTHER RESOURCES

- Increases by $116.0m and includes $460.8m of preventative maintenance funding.
FY 2018 BUDGET – WHERE THE MONEY GOES

- Labor & Fringe Benefits: 61%
- Tolls, Taxes & Other Operating Expenses: 6%
- Purchased Transportation: 11%
- Materials & Supplies: 14%
- Services Other Than Personal: 6%
- Claims & Insurance: 2%
## FY 2018 BUDGET - OPERATING BUDGET EXPENSE

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>$ Change</th>
<th>% Change</th>
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</thead>
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<tr>
<td>Labor &amp; Fringe Benefits</td>
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<td>$1,346.4</td>
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<td>Material &amp; Supplies</td>
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<td>317.9</td>
<td>19.0</td>
<td>6.4</td>
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<td>142.9</td>
<td>4.1</td>
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<tr>
<td>Purchased Transportation</td>
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<td>243.6</td>
<td>10.2</td>
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<tr>
<td>Insurance and Claims</td>
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<td>33.2</td>
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<td>0.0</td>
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<tr>
<td>Tolls, Taxes &amp; Other Operating Expenses</td>
<td>129.7</td>
<td>133.8</td>
<td>4.1</td>
<td>3.2</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$2,111.0</strong></td>
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<td><strong>$106.8</strong></td>
<td><strong>5.1%</strong></td>
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FY 2018 BUDGET - EXPENSE BUDGET HIGHLIGHTS

GROWTH
- $106.8 or 5.1% compared to FY 2017

COSTS
- Contract settlements
- Health benefits escalation
- Headcount increases

HEADCOUNT
- 25 Police Officers
- 27 Rail Operations Positions
- 20 Positive Train Control Positions
- 20 Office of System Safety, Compliance, Other
- 92 Total
FY 2018 CAPITAL PROGRAM
FY 2018 CAPITAL PROGRAM SOURCE OF FUNDS

TOTAL: $1.367B

- TTF $676M
- FHWA $138M
- FTA $508M
- Other $45M
FY 2018 CAPITAL PROGRAM USE OF FUNDS

TOTAL: $1.367B

- Rail Infrastructure: $201M
- Bus/Light Rail: $168M
- Rail Stations: $47M
- Rolling Stock: $109M
- System Expansion: $33M
- Safety/Tech: $86M
- Local Programs: $42M
- Superstorm Sandy: $80M
- Capital Maintenance & Debt Service: $601M
AREAS OF FOCUSED INVESTMENT

1. RELIABILITY AND STATE-OF-GOOD-REPAIR
2. SAFETY
3. NEC INVESTMENTS
4. SYSTEM EXPANSION
5. RESILIENCE
AREAS OF FOCUSED INVESTMENT

1. RELIABILITY AND SOGR

- Fleet replacement
  - New Multilevel rail cars
  - New Cruiser buses

- Asset maintenance
Projected Average Passenger Car Age

Average Coach Fleet Age, Yrs

Year

MU cars

All


July 12, 2017
Average and Projected Bus Fleet Age by Year
AREAS OF FOCUSED INVESTMENT

2 SAFETY

- Positive Train Control
  - Equipment retrofit
  - Test track

- Bus
  - New training simulator
  - 360-degree cameras

- Other complimentary safety investments
AREAS OF FOCUSED INVESTMENT

3  NEC INVESTMENTS

- Portal Bridge North
- Passenger Rail Investment and Improvement Act of 2008 (PRIIA)
  - NJ TRANSIT contribution
AREAS OF FOCUSED INVESTMENT

4 SYSTEM EXPANSION

- Hudson Bergen Light Rail extensions
  - Northern Branch
  - Route 440

- Camden Glassboro light rail
AREAS OF FOCUSED INVESTMENT

5 RESILIENCE

- Asset protection
  - Delco Lead Storage and Inspection Facility

- Continuity of operations
  - Long Slip Fill and Rail Enhancement
  - Raritan River Bridge Replacement
  - Train controls
  - NJ TRANSIT GRID
AREAS OF FOCUSED INVESTMENT

LOCAL PROGRAMS

- Recipients
  - Senior Citizen and Disabled Resident Transportation Assistance Program
  - Rural areas
  - Urbanized areas
  - Community shuttles and vehicles
  - Other community-based transportation services
NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS, INC.
NJ TRANSIT RAIL OPERATIONS, INC.
NJ TRANSIT MERCER, INC.
NJ TRANSIT MORRIS, INC.
REGULARLY SCHEDULED BOARD OF DIRECTORS’ MEETINGS

JULY 12, 2017

MINUTES

PAGE

➢ CALL TO ORDER -

➢ SAFETY ANNOUNCEMENT -

➢ PLEDGE OF ALLEGIANCE TO THE FLAG -

➢ APPROVAL OF MINUTES OF PREVIOUS MEETINGS 50936

➢ PUBLIC COMMENTS ON AGENDA ACTION ITEMS ONLY -

➢ ADVISORY COMMITTEE REPORT (NEXT SCHEDULED REPORT AUGUST 2017) -

➢ SENIOR CITIZEN AND DISABLED RESIDENT TRANSPORTATION ADVISORY COMMITTEE REPORT -

➢ BOARD COMMITTEE REPORTS -
   *Customer Service Committee
   *Administration Committee
   *Capital Planning, Policy and Privatization Committee

➢ EXECUTIVE DIRECTOR’S MONTHLY REPORT 50937

ACTION ITEMS

1707-27 FISCAL YEAR 2018 OPERATING BUDGET 50960

Authorization to adopt the Fiscal Year 2018 Operating Budget in the amount of $2.218 billion as detailed in the item and on the attached Exhibits A, B and C.

Authorization to continue to expend funds to meet obligations until the adoption of a Fiscal Year 2019 Operating Budget.
FISCAL YEAR 2018 CAPITAL PROGRAM

Authorization to adopt the Fiscal Year 2018 Capital Program in the amount of $1.367 billion, as described.

Authorization to take whatever actions are necessary to seek and secure the funds envisioned by this program.

Authorization to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources.

Authorization to make application, execute contracts or agreements, and take whatever other actions are necessary to seek and secure funds, consistent with the basic intent of this program, which may become available subsequent to its adoption.

NJ TRANSIT FISCAL YEAR 2018 GRANT PROGRAMS: LOCAL TRANSPORTATION FOR SENIOR CITIZENS, PERSONS WITH DISABILITIES, RURAL AND ECONOMICALLY DISADVANTAGED RESIDENTS

Authorization to execute all appropriate contracts and agreements to implement the following programs, subject to the availability of funds:

- FY2018 Senior Citizen and Disabled Resident Transportation Assistance Program (SCDRTAP), as set forth in Exhibit B, for a total program amount of $17,801,000 funded by the Casino Revenue Tax.

- FY2018 FTA Section 5311 Rural and Small Urban Areas Program for Counties, as set forth in Exhibit C, for a total program amount of $5,494,546 which includes $3,494,546 in Federal funds and $2,000,000 as the NJ TRANSIT share of local match.

- FY2018 FTA Section 5311 Rural Intercity Bus Transportation Program for $585,024.

- FY2018 FTA Section 5311(b)(3) Rural Transit Assistance Program in an amount up to $120,430 in Federal funds to supplement the New Jersey Community Transportation Training Program at no cost to NJ TRANSIT.
FY2018 FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program for $8,700,000, which includes $7,200,000 in Federal funds and $1,500,000, as the NJ TRANSIT share of local match on vehicle purchases.

FY2018 New Jersey Jobs Access and Reverse Commute (NJ-JARC) Program for $4,300,000 in NJ TRANSIT funds. This amount may be supplemented by up to $1,000,000 in funds from the State of New Jersey that will result in a total program cost of $5,300,000. Local providers match these funds on a 50/50 basis.

Any specially-dedicated Congressional appropriations, FTA Section 5307, FTA Section 5309 and CMAQ local projects including funds which will be flexed into on-going FTA programs under the FY2018 budget for $6,000,000. This includes a small amount of NJ TRANSIT operating funds for locally-operated shuttles and van pools sponsorship.

Authorization to enter into procurement by exception Contract No. 17-304 with Doron Precision Systems, Inc., of Binghamton, New York for the purchase of two single-seat computer-generated simulators, two ten-place multisleeper simulators with video-based training, one mobile unit housed inside a 24-foot trailer, as well as associated equipment and material, which includes train-the-trainer and installation, at a cost of $1,360,292.00, plus five percent for contingency, subject to the availability of funds. The specific exception to advertising being sought here is based upon the standardization of equipment with current technology pursuant to N.J.A.C. 16:72-1.5(d)12.

Authorization to settle the claim of the Estate of Alan Kucharski through his attorney, at an amount discussed in executive session. The Attorney General has approved the proposed settlement, subject to the availability of funds.
1707-32  PURCHASE OF 10TH FLOOR AT NJ TRANSIT HEADQUARTERS, TWO PENN PLAZA EAST, NEWARK

Authorization to take all actions necessary to purchase the 10th floor Headquarters building at Two Penn Plaza East from II Penn Plaza East for an amount discussed in Executive Session.

➢ PUBLIC COMMENTS ON OTHER MATTERS

➢ ADJOURNMENT
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., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, 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 June 14, 2017 Board Meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. were forwarded to the Governor on June 20, 2017;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the June 14, 2017 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. Board of Directors’ meetings are hereby approved.
TO: BOARD OF DIRECTORS  
FROM: STEVEN H. SANTORO  
DATE: JULY 12, 2017  
SUBJECT: EXECUTIVE DIRECTOR’S REPORT – JULY 2017

This past Monday, our summer service changes went into effect to accommodate the Amtrak track work at Penn Station New York. For NJ TRANSIT, this was the culmination of weeks of preparation and outreach to our customers. It was critical to start this summer off on the right foot and by all accounts, we’ve done just that. During the first peak period of this operation, we safely transported an additional 87-hundred customers through Hoboken Terminal and onto ferries, buses and PATH trains. These past two days, our management team has been monitoring for areas of improvement, and making adjustments where we can. We still have a long way to go to reach September. We cannot be complacent with the early success we’ve seen and will continue to monitor the entire transit system to deploy our resources in the most effective manner throughout the summer.

I want to thank all of our employees for the hard work and dedication in coming up with the plan and putting it into operation. This truly has been a company wide effort. At some point, every employee will have played a role in this summer service plan, from front line employees to our support staff working behind the scenes. Every role has been critical in making this plan work. I want to thank all of our employee ambassadors who have been highly visible in their yellow vests assisting customers with their travel options. We’ve received a lot of positive feedback on the number of ambassadors we’ve had out in the field and credit goes to them for making an impact in improving the customer experience. We also need to recognize our regional transportation partners for the coordination in this multi-agency effort. We’ve been collaborating on a regional level to implement this plan.

I’d also like to extend my thanks to each and every customer. It’s been clear that they took the time to do their homework and to have their travel plans ready. I think our outreach efforts really connected with customers to prepare them for the circumstances facing all of us. By having our customers well-versed in the available travel options, everything operates much more efficiently. Our hard work did not go unnoticed by our customers. I want to share with you a few comments we received through social media:

- “First day went smoothly”
- “My NJ TRANSIT commute was so pleasant today”
- “Train to/from Hoboken this AM/PM were both fine. Everything smooth”
- “I think NJT did a great job today”

Those are just a few of the many positive reviews we received. I want to stress, that we continue to monitor the situation, we continue to make adjustments as needed and there are still plenty of challenges ahead of us over the next eight weeks.

On the agenda for your consideration today are the operating budget and capital plans for Fiscal Year 2018. Since assuming the role of Executive Director last fall one of my priorities was not raise fares. With this budget plan we’ve been able to accomplish just that; keep fares stable for our customers while maintaining a balanced bottom line. The capital program continues to prioritize investment in infrastructure to maintain an overall state of good repair, enhance safety and reliability, and improve the overall customer experience on the system. We continue to meet our financial commitment to Positive Train Control. In addition, the capital plan invests 47-million dollars in rail station improvements at locations including Elizabeth, Cranford and Perth Amboy and 168-million in bus and light rail infrastructure improvements.
EXECUTIVE DIRECTOR'S MONTHLY REPORT
JUNE 2017

1. PERFORMANCE MEASURES

2. MEAN DISTANCE BETWEEN FAILURES

3. DBE/MBE PROGRAM

4. EMPLOYEE RECOGNITION
PERFORMANCE MEASURES
NJ TRANSIT
ON-TIME PERFORMANCE
RAIL
JULY 2015 - JUNE 2017

% Trains Reported Within 6 Minutes of Schedule

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th># Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>94.1%</td>
<td>87.2%</td>
<td>-6.9%</td>
</tr>
<tr>
<td>12-Month Average July 2015-June 2017</td>
<td>94.4%</td>
<td>91.6%</td>
<td>-2.8%</td>
</tr>
</tbody>
</table>

Analysis:

Rail On-Time Performance was 87.2% for June, 2017. Of the 18,186 trains scheduled to operate, 15,854 were on time, while 2,332 trains (or 12.8%) were delayed. Key causes included:

- Amtrak Track Failure, Amtrak Switch Failure, NJT Fatality and NJT Programmed Maintenance contributed to 157 delays resulting in 74.6% OTP on June 12.

- Amtrak Track Failure, Amtrak Signal, CR Trackside Interference, NJT Diesel Failure and NJT Electric Locomotive Failure contributed to 97 delays resulting in 83.6% OTP on June 21.

- Amtrak Track Failure, Amtrak Preference, Amtrak Power Interruption, NJT Coach Failure, NJT Shortage of Equipment and NJT Heavy Travel contributed to 121 delays resulting in 80.3% OTP on June 29.

The 12-month average for Rail On-Time Performance July, 2016 - June, 2017 was 91.6%, which has declined by 2.8%.
<table>
<thead>
<tr>
<th>Month</th>
<th>2016-2017</th>
<th>2015-2016</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>93.8%</td>
<td>92.2%</td>
<td>94.7%</td>
</tr>
<tr>
<td>August</td>
<td>95.0%</td>
<td>94.5%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Sept</td>
<td>91.0%</td>
<td>95.4%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Oct</td>
<td>90.4%</td>
<td>95.5%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Nov</td>
<td>93.8%</td>
<td>93.5%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Dec</td>
<td>93.9%</td>
<td>95.2%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Jan</td>
<td>93.2%</td>
<td>93.7%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Feb</td>
<td>93.0%</td>
<td>92.3%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Mar</td>
<td>93.5%</td>
<td>95.5%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Apr</td>
<td>87.1%</td>
<td>94.7%</td>
<td>94.7%</td>
</tr>
<tr>
<td>May</td>
<td>86.9%</td>
<td>95.6%</td>
<td>94.7%</td>
</tr>
<tr>
<td>June</td>
<td>87.2%</td>
<td>94.1%</td>
<td>94.7%</td>
</tr>
</tbody>
</table>

1098.8%  1132.2%  91.6%  94.4%
NJ TRANSIT Performance - June, 2017

<table>
<thead>
<tr>
<th>Cause: Amtrak</th>
<th>Cause: Conrail</th>
<th>Cause: LIRR</th>
<th>Cause: MetroNorth</th>
<th>Cause: NJ TRANSIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,864</td>
<td>48</td>
<td>1</td>
<td>3</td>
<td>677</td>
</tr>
<tr>
<td>1,603</td>
<td>46</td>
<td>1</td>
<td>3</td>
<td>677</td>
</tr>
<tr>
<td>8.81%</td>
<td>0.26%</td>
<td>0.01%</td>
<td>0.02%</td>
<td>3.72%</td>
</tr>
</tbody>
</table>

Total # of Trains: 15,186
Percentage On Time: 87.20%

Causes:
- NJ TRANSIT, 677
- LIRR, 1
- MetroNorth, 3
- Conrail, 48

Graph shows the distribution of on-time trains and late trains categorized by cause.
ON-TIME PERFORMANCE
RAIL

SUMMARY BY TIME PERIOD
JUNE 2017

* NOTE: A train is reported late if it arrives at its final station stop more than 5:59 later than the advertised schedule.

% NEW YORK PENN STATION Trains Reported On Time *

<table>
<thead>
<tr>
<th>Time Period</th>
<th>On Time %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM PEAK</td>
<td>53.4%</td>
</tr>
<tr>
<td>PM PEAK</td>
<td>78.6%</td>
</tr>
<tr>
<td>ALL PEAK</td>
<td>65.5%</td>
</tr>
<tr>
<td>OFF PEAK</td>
<td>84.6%</td>
</tr>
<tr>
<td>WEEKDAY</td>
<td>76.0%</td>
</tr>
<tr>
<td>WEEKEND</td>
<td>84.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>78.3%</td>
</tr>
</tbody>
</table>

% SYSTEMWIDE Trains Reported On Time

<table>
<thead>
<tr>
<th>Time Period</th>
<th>On Time %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEAK</td>
<td>81.2%</td>
</tr>
<tr>
<td>OFF-PEAK</td>
<td>89.5%</td>
</tr>
<tr>
<td>WEEKEND</td>
<td>91.5%</td>
</tr>
</tbody>
</table>

% BY LINE Trains Reported On Time

<table>
<thead>
<tr>
<th>Line</th>
<th>On Time %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEC</td>
<td>79.0%</td>
</tr>
<tr>
<td>NJCL</td>
<td>84.2%</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>85.3%</td>
</tr>
<tr>
<td>RVL</td>
<td>94.3%</td>
</tr>
<tr>
<td>Main-B</td>
<td>95.6%</td>
</tr>
<tr>
<td>PVL</td>
<td>96.0%</td>
</tr>
<tr>
<td>Montclair-B</td>
<td>83.5%</td>
</tr>
<tr>
<td>ACL</td>
<td>90.1%</td>
</tr>
</tbody>
</table>
ON-TIME PERFORMANCE
BY RAIL LINE & TIME PERIOD
JUNE 2017

NORTHEAST CORRIDOR

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

67.5%
86.1%
83.1%

NORTH JERSEY COAST LINE

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

68.1%
89.1%
98.8%

MORRIS & ESSEX

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

78.3%
90.6%
82.9%

RARITAN VALLEY LINE

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

96.4%
91.1%
93.0%

MAIN-BERGEN

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

96.0%
94.3%
94.1%

PASCACK VALLEY

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

94.3%
50.6%
97.9%

MONTCLAIR-BOONTON

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

PEAK
OFF-PEAK
WEEKEND

62.7%
62.2%
94.6%

ATLANTIC CITY*

Performance

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

Time Period

WEEKDAY
WEEKEND

90.1%
90.3%

*NOTE: There is no distinction for the ACL between peak and off-peak service.
NJ TRANSIT
ON-TIME PERFORMANCE
BUS
JULY 2015 - JUNE 2017

% Buses Departing Major Terminals Within 6 Minutes of Schedule

Analysis:
Bus On-Time Performance was 88.2% for June 2017. Of the 45,836 monitored departures, 5,400 (or 11.8%) experienced delays. Key causes included:

- Performance at Port Authority Bus Terminal was impacted by gridlocks blocking the entrance on June 9 and 15. Passengers departing early for the holiday caused delays and crowding on June 30.
- In Newark, Ferry Street was closed on June 9 for the Portuguese Parade and Festival.
- Construction on Washington Street in Hoboken, an 18 month project, continues to impact performance at Hoboken.

The 12-month average for Bus On-Time Performance for July 2016 - June 2017 was 90.4%, which was down by 0.3% from the previous year.
ON-TIME PERFORMANCE
BUS

SUMMARY BY TERMINAL
JUNE 2017

% Buses Departing Major Terminals On Time

Port Authority Bus Terminal 84.9%
Newark Penn Station 86.1%
Atlantic City Bus Terminal 99.1%
Walter Rand Transportation Center 89.9%
Hoboken Terminal 92.3%
Analysis:
Light Rail On-Time Performance systemwide was 97.7% for the month of June 2017. Of the 27,056 scheduled departures, 624 (or 2.3%) experienced delays.

Key causes included:
- Police activity delayed 27 Hudson-Bergen Light Rail trains on Monday, June 19.
- Police activity north of Bordentown delayed 16 River LINE trains on Wednesday, June 21.
- Mechanical faults on an LRV delayed 28 Newark Light Rail trains on Tuesday, June 13.

The 12-month average for Light Rail On-Time Performance for July 2016 - June 2017 was 97.00%, which decreased by 1.0% compared to July 2015 to June 2016.
ON-TIME PERFORMANCE
LIGHT RAIL

SUMMARY BY LINE
MAY 2017

% Light Rail Trains Reported On Time

- Hudson-Bergen Light Rail: 97.3%
- River LINE: 95.6%
- Newark Light Rail: 98.7%
NJ TRANSIT
ON-TIME PERFORMANCE
ACCESS LINK
July 2015 - June 2017

Goal: 95.5%

June Comparison

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>95.2%</td>
<td>93.2%</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>

June Ridership

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>133,465</td>
<td>139,782</td>
<td>6,317</td>
</tr>
</tbody>
</table>

12-Month Average July-June

<table>
<thead>
<tr>
<th></th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>94.5%</td>
<td>93.2%</td>
<td>-1.3%</td>
</tr>
</tbody>
</table>

Analysis:

Access Link On-Time Performance was 93.2% for June 2017. In serving 139,782 total riders, for 126,975 ADA customers trips, 8,583 (or 6.8%) experienced delays.

Key causes include:

* Traffic congestion/ higher volume due to school graduation ceremonies
* Customer cancellation & No-shows

The 12-month average for Access Link On-Time Performance for July 2016 - June 2017 was 93.9%, which decreased by 1.3%.
MEAN DISTANCE BETWEEN FAILURES
May 2017

NJ Transit Rail
Mean Distance Between Failures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>86,683</td>
<td>69,928</td>
<td>84,508</td>
<td>85,097</td>
<td>87,513</td>
</tr>
<tr>
<td>Aug</td>
<td>88,680</td>
<td>87,565</td>
<td>81,319</td>
<td>95,116</td>
<td>85,998</td>
</tr>
<tr>
<td>Sept</td>
<td>92,705</td>
<td>91,669</td>
<td>83,368</td>
<td>100,341</td>
<td>85,954</td>
</tr>
<tr>
<td>Oct</td>
<td>86,626</td>
<td>92,329</td>
<td>87,750</td>
<td>103,813</td>
<td>83,937</td>
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<tr>
<td>Nov</td>
<td>83,272</td>
<td>87,756</td>
<td>87,434</td>
<td>97,112</td>
<td>83,870</td>
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<tr>
<td>Dec</td>
<td>83,501</td>
<td>89,655</td>
<td>87,042</td>
<td>91,128</td>
<td>82,753</td>
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<tr>
<td>Jan</td>
<td>81,433</td>
<td>85,167</td>
<td>84,607</td>
<td>85,161</td>
<td>83,609</td>
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<td>Feb</td>
<td>81,639</td>
<td>82,949</td>
<td>83,179</td>
<td>80,639</td>
<td>84,826</td>
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<tr>
<td>Mar</td>
<td>84,715</td>
<td>83,112</td>
<td>80,659</td>
<td>81,229</td>
<td>87,026</td>
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<tr>
<td>Apr</td>
<td>86,771</td>
<td>85,060</td>
<td>81,649</td>
<td>82,293</td>
<td>87,172</td>
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<tr>
<td>May</td>
<td>84,920</td>
<td>87,022</td>
<td>82,566</td>
<td>84,237</td>
<td>83,826</td>
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<tr>
<td>Jun</td>
<td>-</td>
<td>85,722</td>
<td>81,704</td>
<td>83,798</td>
<td>-</td>
</tr>
</tbody>
</table>

![Mean Distance Between Failures Graph](image-url)
# Garage Performance Parameters

**June 2017**

<table>
<thead>
<tr>
<th>Location</th>
<th>FY2017 Goal</th>
<th>This Month</th>
<th>FY2017 YTD</th>
<th>FY2016 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairview</td>
<td>7,000</td>
<td>4,838</td>
<td>5,614</td>
<td>6,346</td>
</tr>
<tr>
<td>Greenville</td>
<td>9,900</td>
<td>7,577</td>
<td>6,276</td>
<td>6,640</td>
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<tr>
<td>Market Street</td>
<td>3,500</td>
<td>6,690</td>
<td>8,193</td>
<td>8,222</td>
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<tr>
<td>Meadowlands</td>
<td>11,500</td>
<td>5,803</td>
<td>7,180</td>
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<td>Oradell</td>
<td>13,500</td>
<td>6,846</td>
<td>9,077</td>
<td>10,803</td>
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<tr>
<td>Wayne</td>
<td>12,500</td>
<td>9,322</td>
<td>11,956</td>
<td>11,908</td>
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<tr>
<td><strong>Northern Division</strong></td>
<td><strong>-</strong></td>
<td><strong>6,881</strong></td>
<td><strong>8,368</strong></td>
<td><strong>9,173</strong></td>
</tr>
<tr>
<td>Big Tree</td>
<td>9,600</td>
<td>8,473</td>
<td>9,142</td>
<td>8,081</td>
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<td>Hilton</td>
<td>10,500</td>
<td>10,572</td>
<td>10,241</td>
<td>11,019</td>
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<tr>
<td>Howell</td>
<td>16,750</td>
<td>33,034</td>
<td>35,264</td>
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<tr>
<td>Ironbound</td>
<td>9,800</td>
<td>10,765</td>
<td>10,119</td>
<td>10,724</td>
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<tr>
<td>Orange</td>
<td>10,200</td>
<td>7,396</td>
<td>9,279</td>
<td>9,450</td>
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<tr>
<td>Morris</td>
<td>10,500</td>
<td>48,377</td>
<td>47,394</td>
<td>44,096</td>
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<td><strong>Central Division</strong></td>
<td><strong>-</strong></td>
<td><strong>12,460</strong></td>
<td><strong>13,057</strong></td>
<td><strong>13,309</strong></td>
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<tr>
<td>Egg Harbor</td>
<td>16,500</td>
<td>21,215</td>
<td>16,010</td>
<td>15,632</td>
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<tr>
<td>Hamilton</td>
<td>20,000</td>
<td>13,469</td>
<td>17,151</td>
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<td>Newton Avenue</td>
<td>15,700</td>
<td>11,193</td>
<td>13,949</td>
<td>14,002</td>
</tr>
<tr>
<td>Washington Twp.</td>
<td>14,500</td>
<td>11,686</td>
<td>13,137</td>
<td>13,102</td>
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<tr>
<td><strong>Southern Division</strong></td>
<td><strong>-</strong></td>
<td><strong>14,068</strong></td>
<td><strong>14,677</strong></td>
<td><strong>14,919</strong></td>
</tr>
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</table>

**Bus Operations**

<table>
<thead>
<tr>
<th></th>
<th>9,963</th>
<th>10,224</th>
<th>14,919</th>
</tr>
</thead>
</table>

**Delays**

- This Year
- Last Year
NJ TRANSIT - LIGHT RAIL, May 2017

Average Miles Between In Service Failures

<table>
<thead>
<tr>
<th>NJT LIGHT RAIL</th>
<th>MDBSF * May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newark Light Rail</td>
<td>7,725</td>
</tr>
<tr>
<td>Hudson Bergen</td>
<td>25,302</td>
</tr>
<tr>
<td>River LINE</td>
<td>9,195</td>
</tr>
</tbody>
</table>

AVERAGE MILES BETWEEN IN-SERVICE MECHANICAL FAILURES

* Mechanical failure data for 3 LR systems, calculated as a rolling average over multiple months.

** Newark Light Rail operates much less mileage, with all single-car trains and a 5 mile alignment.
DBE/SBE PROGRAM
State Funded Contracts

During the month of June 2017, NJ TRANSIT awarded $1,269,124.04 in state funded contracts. Of that total, Small Business Enterprises (SBEs) received $0.00 or 0.00%.

During the State Fiscal Year 2017 (July 1, 2016 through June 30, 2017) NJ TRANSIT awarded $23,180,220.34 in state funded contracts. Of that total, SBEs received $5,548,536.38 or 23.94%.

SBE Goal Attainment from July 1, 2016 through June 30, 2017 (FY 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>SBEs received</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>$120,000.00</td>
<td>0.52%</td>
</tr>
<tr>
<td>Category 2</td>
<td>$35,000.00</td>
<td>0.15%</td>
</tr>
<tr>
<td>Category 3</td>
<td>$780,515.61</td>
<td>3.37%</td>
</tr>
<tr>
<td>Category 4</td>
<td>$2,379,000.00</td>
<td>10.26%</td>
</tr>
<tr>
<td>Category 5</td>
<td>$1,811,070.77</td>
<td>7.81%</td>
</tr>
<tr>
<td>Category 6</td>
<td>$422,950.00</td>
<td>1.82%</td>
</tr>
</tbody>
</table>

FTA Funded Contracts (updated Quarterly – next update will occur October 2017)

During the 3rd Quarter (April 1, 2017 – June 30, 2017) of Federal Fiscal Year 2017 (October 1, 2016 through September 30, 2017), the FTA funded share of NJ TRANSIT’s federal contracts awarded was $0.00. Of that total, Disadvantaged Business Enterprises (DBEs) received $0.00 or 0.00%.

DBE Goal Attainment from October 1, 2016 (FFY 2016) - September 30, 2019 (FFY 2017) **

| Contracts awarded | $4,154,686.25 |
| DBEs received     | $ 536,795.00 or 12.92% |

**Numbers reflect federal share.
SBE PARTICIPATION
STATE CONTRACTS
STATE FYTD 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1 SBEs</td>
<td>$120,000.00</td>
<td>0.52%</td>
</tr>
<tr>
<td>Category 2 SBEs</td>
<td>$35,000.00</td>
<td>0.15%</td>
</tr>
<tr>
<td>Category 3 SBEs</td>
<td>$780,515.61</td>
<td>3.37%</td>
</tr>
<tr>
<td>Category 4 SBEs</td>
<td>$2,379,000.00</td>
<td>10.26%</td>
</tr>
<tr>
<td>Category 5 SBEs</td>
<td>$1,811,070.77</td>
<td>7.81%</td>
</tr>
<tr>
<td>Category 6 SBEs</td>
<td>$422,950.00</td>
<td>1.82%</td>
</tr>
<tr>
<td>Non-SBEs</td>
<td>$17,631,683.96</td>
<td>0.00%</td>
</tr>
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</table>

DBE PARTICIPATION
FEDERAL CONTRACTS
TRIENNIAL YEARS 2017-2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Amount DBEs Received</td>
<td>$536,795.00</td>
<td>12.92%</td>
</tr>
<tr>
<td>Total Amount Non-DBEs Received</td>
<td>$3,617,891.25</td>
<td>87.08%</td>
</tr>
</tbody>
</table>
EMPLOYEE RECOGNITION
NJ TRANSIT employees bid farewell after outstanding careers

Twelve NJ TRANSIT employees retired recently with careers ranging from 14 to 47 years of service:

1. Paul Connelly, Locomotive Engineer – Various – 45 years
2. Robert Dangioloillo, Conductor – Various – 47 years
3. Zer Florentino, Locomotive Engineer – Various – 23 years
4. Selwyn Gorrick, Mechanic B&B – Newark Penn – 30 years
5. James Kenney, Robing Bridge Operator – HQ – 39 years
6. Patrick McGuire, Asst. Superintendent Mechanical, Rail – Penn Station New York – 42 years
7. Steven Mendez, Maintainer – South Amboy – 39 years
8. William Powell, Conductor – Various – 22 years
9. Ronald Roussell, Senior Manager Stations – Newark Penn Station – 39 years
10. John Rybczynski, Supervisor Structures – Red Bank, 41 years
11. Kenneth Targonski, Trackman – Newark Broad Street – 30 years
12. Jan Wilder, Assistant Conductor – Various – 14 years
ACTION ITEMS
ITEM 1707-27: FISCAL YEAR 2018 OPERATING BUDGET

BENEFITS

NJ TRANSIT’s $2.218 billion Fiscal Year 2018 Operating Budget provides continued support and resources for the operations of NJ TRANSIT Bus, Rail, Light Rail and Access Link services.

This budget recommendation continues NJ TRANSIT’s commitment to provide safe, reliable and efficient transportation services for its customers.

From a revenue perspective, resources of $2.218 billion are estimated to be available from various sources. Passenger and commercial revenue represent 51 percent of the total revenue. State Operating Assistance remains stable at $140.9 million. In addition, funding from the State Clean Energy Fund continues at $82.1 million as well as $204 million from the NJ Turnpike Authority. Total State resources for Fiscal Year 2018 are stable at $427 million. Finally, Other State and Federal reimbursements are projected to grow by $116 million for a total of $947.7 million.

For Fiscal Year 2018, capital maintenance funding from Federal and State sources totals $460.8 million, an increase of almost $60 million from Fiscal Year 2017, and supports projects including axle replacements, pantograph conversions, traction motor repairs, repairing engines, transmissions and alternators.

A summary of the Fiscal Year 2018 Revenues is presented in Exhibit A.

From an expense perspective, approximately 61 percent - $1.346 billion - of the Fiscal Year 2018 Operating Budget is dedicated to labor and fringe benefit expenses. Another 23 percent - $515.5 million - of the Fiscal Year 2018 Operating Budget, consists of purchased transportation, materials, and fuel and power. Exhibit B summarizes the $2.218 billion expenses by category.

ACTION (Scorecard: Corporate Accountability, Customer Experience, Safety & Security, Financial Performance, Employee Excellence)

Staff seeks the NJ TRANSIT Board of Directors’ adoption of the Fiscal Year 2018 Operating Budget in the amount of $2.218 billion as detailed in the item and on the attached Exhibits A, B and C.

Staff also seeks authorization to continue to expend funds to meet obligations until the adoption of a Fiscal Year 2019 Operating Budget.

PURPOSE

As required under Article II, Section 4(c) of the agency’s By-Laws, staff is requesting the Board of Directors adopt the Fiscal Year 2018 Operating Budget for NJ TRANSIT as
detailed on the attached exhibits. This budget includes appropriations for public transportation contained in the Fiscal Year 2018 State Budget adopted by the New Jersey Legislature. With the approval of this item, the Board acknowledges and accepts its responsibility to set fares, administer a single, unified NJ TRANSIT operating budget and manage Federal Transit Administration assistance.

Approval of this item will also allow the execution of numerous agreements necessary to advance and continue its Private Carrier Capital Improvement Program, bus maintenance, debit and credit card processing and settlement services, marketing programs, and provide substitute service in support of NJ TRANSIT’s capital program and for service interruptions. It will also allow NJ TRANSIT to provide local share and other in-kind services or act as a pass-through agency for Federal or State capital or operating funds. In addition to seeking approval of the Fiscal Year 2018 Operating Budget, staff is requesting authorization to continue to expend funds to meet NJ TRANSIT's obligations until the adoption of a Fiscal Year 2019 Operating Budget. NJ TRANSIT is required by its By-Laws to adopt a final budget at its annual meeting in June if the State of New Jersey has completed the process of appropriating funds for public transportation purposes or at the first meeting subsequent to action by the State. Since the State budget process is often not completed before NJ TRANSIT's annual meeting in June, staff may not be able to make final recommendations to the Board on the Fiscal Year 2019 budget prior to the start of the Fiscal Year. Therefore, authorization to expend funds to carry on NJ TRANSIT's day-to-day business is necessary.

BACKGROUND

NJ TRANSIT’s operating budget is the result of an annual process involving both internal personnel and other State agencies. Approval of the operating budget is necessary to direct resources to support the continued operation of NJ TRANSIT Bus, Rail, Light Rail, and Access Link services for its customers. Within NJ TRANSIT, development of the operating budget is an agency-wide effort, involving all the departments. The Budget Department works with all the departments to establish a balanced budget while prioritizing the needs of our customers, being more efficient and advancing the goals of the Scorecard.

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

FISCAL IMPACTS

**Requested Authorization:** $2.218 billion

**Past Authorizations:**
October 2016 (Fiscal Year 2017 Operating Budget)

**Expenditures to Date:** N/A
<table>
<thead>
<tr>
<th><strong>Total Project Cost:</strong></th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projected Date of Completion:</strong></td>
<td>June 30, 2018</td>
</tr>
<tr>
<td><strong>Capital Program Amount:</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Operating Budget Amount:</strong></td>
<td>N/A</td>
</tr>
</tbody>
</table>
| **Anticipated Source of Funds:** | Passenger fares and other revenues  
State operating assistance  
Other State and Federal reimbursements |
| **PRINTS ID Number:** | N/A |
| **DBE/SBE Goal:** | Various |
| **NJ Build Amount:** | N/A |
| **Related/Future Authorizations:** | N/A |
| **Impacts on Subsequent Operating Budgets:** | N/A |
RESOLUTION

WHEREAS, Article II, Section 4(c) of the By-Laws requires the Board of Directors to adopt a final budget for NJ TRANSIT after the State of New Jersey has completed the process of appropriating funds for public transportation purposes; and

WHEREAS, the New Jersey Legislature has enacted a Fiscal Year 2018 State Budget which includes appropriations for public transportation purposes; and

WHEREAS, staff has recommended a Fiscal Year 2018 Operating Budget for NJ TRANSIT as detailed in the item and Exhibits A, B and C attached hereto; and

WHEREAS, the Fiscal Year 2018 Operating Budget recognizes State operating assistance of $140.9 million; and

WHEREAS, it is also necessary for NJ TRANSIT to enter into numerous agreements in order to advance and continue its Private Carrier Capital Improvement Program, bus maintenance, debit and credit card processing and settlement services, marketing programs, and provide substitute service in support of NJ TRANSIT’s capital program and for service interruptions as described in the item attached hereto; and

WHEREAS, if the State's Fiscal Year 2019 Budget is not finalized prior to the June 2018 NJ TRANSIT Board meeting, the Board may defer adoption of the annual budget until the next special or regular Board meeting subsequent to the final actions by the State; and

WHEREAS, if the Board is unable to approve a Fiscal Year 2019 budget prior to July 2018, it will be necessary to expend funds after July 1, 2018, prior to the final adoption of the Fiscal Year 2019 budget;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors acknowledges and accepts its responsibility to set fares, administer a single, unified NJ TRANSIT operating budget, and that the Board recognizes its responsibility to accept and manage State and Federal Transit Administration assistance; and
BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to continue or enter into any agreements and expend funds in order to continue NJ TRANSIT’s Private Carrier Capital Improvement Program, bus maintenance, debit and credit card processing and settlement services, marketing programs, and provide substitute service in support of NJ TRANSIT’s capital program and for service interruptions, subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to provide local share and other in-kind services or act as a pass-through agency for Federal or State capital or operating funds subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to expend, in the normal course of business, the funds necessary to meet NJ TRANSIT’s obligations, essentially in accordance with this Fiscal Year 2018 Operating Budget item, resolution and attachments and until the adoption and approval of the Fiscal Year 2019 Operating Budget.
NJ TRANSIT revenues are budgeted at approximately $2.218 billion, an increase of $106.8 million compared to the Fiscal Year 2017 Operating Budget. Specific assumptions are described below.

**Passenger Revenue**

The Fiscal Year 2018 Operating Budget includes passenger revenue of $1,014.0 million, a decrease of $9.2 million over the final Fiscal Year 2017 Operating Budget. This decrease is for the adjustment of trending actual passenger revenue against the budget in Fiscal Year 2017.

**Other Commercial Revenue**

Other commercial revenues are budgeted at $115.2 million. This revenue includes advertising, parking, permits and other system generated revenue.

**State Operating Assistance**

Consistent with the State Budget proposed by the Governor and adopted by the Legislature, State operating assistance is budgeted at $140.9 million in Fiscal Year 2018.

**Other State and Federal Reimbursements**

Other State and Federal reimbursements budgeted at $947.7 million is composed of major items such as $460.8 million in capital-to-operating transfers that support major repair and rehabilitation projects including axle replacements, pantograph conversions, traction motor repairs, repairing engines, transmissions and alternators. These non-routine projects not only extend the useful life of the asset being repaired but also help keep it in a state of good repair.

Other sources of funding include $204 million from the NJ Turnpike Authority and an allocation from the State Clean Energy fund of $82.1 million. The remainder of $200.8 million includes both State and federal funding for planning and expense and $45 million of non-recurring grant funding from the Federal Transit Administration for preventive maintenance.
FISCAL YEAR 2018
OPERATING BUDGET
EXPENSES

Total Expenses $2,217.8 million

NJ TRANSIT expenses are budgeted at approximately $2.218 billion, an increase of $106.8 million compared to the Fiscal Year 2017 Operating Budget.

Labor and Fringe Benefits $1,346.4 million

Labor and fringe benefits are budgeted at about $1.346 billion and represent approximately 61 percent of budgeted expenses. Departments throughout NJ TRANSIT are effectively managing labor costs by both strategically evaluating positions and tasks.

Fuel, Power, Materials and Supplies and Utilities $317.8 million

Fuel, power, materials and supplies costs are budgeted at $317.8 million, an increase of $19.1 million from the final Fiscal Year 2017 Operating Budget.

Purchased Transportation $243.6 million

Purchased transportation expenses are budgeted at $243.6 million for existing Access Link, Light Rail, and Private Carrier Bus contracts.

Other Expenses $310.0 million

All other expenses are budgeted at $310 million, a net increase of $8.3 million over the final Fiscal Year 2017 Operating Budget. This includes funding for outside services, claims and insurance, tolls, trackage fees and other miscellaneous costs.
## NEW JERSEY TRANSIT CONSOLIDATED OPERATIONS
### FISCAL YEAR 2018 Proposed Operating Budget
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Final Budget</th>
<th>FY 2018 Proposed Budget</th>
<th>Difference $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>$1,023.2</td>
<td>$1,014.0 ($9.2)</td>
<td>-0.9%</td>
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<tr>
<td>Other Revenue</td>
<td>$115.2</td>
<td>$115.2 $0.0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$1,138.4</td>
<td>$1,129.2 ($9.2)</td>
<td>-0.8%</td>
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<tr>
<td><strong>OPERATING ASSISTANCE:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Operating Assistance</td>
<td>$140.9</td>
<td>$140.9 $0.0</td>
<td>0.0%</td>
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<tr>
<td>Other State and Federal Reimbursements</td>
<td>$831.7</td>
<td>$947.7 $116.0</td>
<td>13.9%</td>
<td></td>
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<tr>
<td><strong>TOTAL OPERATING ASSISTANCE</strong></td>
<td>$972.6</td>
<td>$1,088.6 $116.0</td>
<td>11.9%</td>
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</tr>
<tr>
<td><strong>TOTAL REVENUES &amp; OPERATING ASSISTANCE</strong></td>
<td>$2,111.0</td>
<td>$2,217.8 $106.8</td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor and Fringe Benefits</td>
<td>$1,277.0</td>
<td>$1,346.4 $69.4</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>$138.8</td>
<td>$142.9 $4.1</td>
<td>3.0%</td>
<td></td>
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<tr>
<td>Fuel &amp; Power</td>
<td>$103.3</td>
<td>$106.7 $3.4</td>
<td>3.3%</td>
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<tr>
<td>Materials &amp; Supplies</td>
<td>$150.4</td>
<td>$165.2 $14.8</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$45.2</td>
<td>$45.9 $0.7</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Claims &amp; Insurance</td>
<td>$33.2</td>
<td>$33.2 $0.0</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Purchased Transportation</td>
<td>$233.4</td>
<td>$243.6 $10.2</td>
<td>4.4%</td>
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<tr>
<td>Tolls &amp; Trackage Fees</td>
<td>$83.3</td>
<td>$85.5 $2.2</td>
<td>2.6%</td>
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<tr>
<td>Other</td>
<td>$46.4</td>
<td>$48.4 $2.0</td>
<td>4.3%</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$2,111.0</td>
<td>$2,217.8 $106.8</td>
<td>5.1%</td>
<td></td>
</tr>
</tbody>
</table>
ITEM 1707-28: FISCAL YEAR 2018 CAPITAL PROGRAM

BENEFITS

NJ TRANSIT’s $1.367 billion Fiscal Year 2018 Capital Program calls for continued investment in the State’s transit infrastructure to maintain a state of good repair and provide reliable transit service. The Capital Program includes comprehensive, sustainable, and measurable initiatives to ensure passenger and public safety for the system. An emphasis on better preparing NJ TRANSIT to withstand, and recover from, future extreme weather events through building a more resilient system remains a key focus of the Capital Program. NJ TRANSIT also looks to the future through system expansion that will improve access to mass transit and support continued economic development.

The Capital Program invests in railroad bridge rehabilitation, track replacement, signal upgrades, repairs to overhead power lines and electric substations, improvements to rail stations, and bus shelter upgrades. Funding also is provided to augment security. The Capital Program continues its investment into the state of good repair of the Northeast Corridor for both infrastructure and station modernization.

Anticipated resources of $1.367 billion are estimated to be available from federal, state and other sources in Fiscal Year 2018. A summary of the Fiscal Year 2018 Sources of Funds is presented in Attachment 1.

Attachments 2 and 3 summarize funds and percent of the total program by category. Approximately 47 percent of the Fiscal Year 2018 Capital Program is dedicated to fixed expenses, as follows:

- $601 million will be spent on capital maintenance and debt service needs related to the acquisition of buses, trains, locomotives and the construction of light rail projects; and
- $42 million will be spent using funds mandated for a specific use including Casino Revenue Funds and the federal rural transit program.

Approximately 53 percent of the program funds the basic capital program improvements needed to maintain and improve the transit system, including, for example:

- $201 million will be invested in rail infrastructure improvement needs, including $55 million to fund electric traction and signal improvements on the railroad and $56 million to fund track and bridge improvements and rail system-wide improvements;
- $109 million will be invested in rail rolling stock improvements, including $28 million to continue funding for locomotive overhauls to maintain reliability, and $81 million for the purchase of rail vehicles;
• $47 million will be invested in rail station improvements, including $3 million for Cranford Station, $9 million for Elizabeth Station, $3 million for Lackawanna Station, $6 million for Lyndhurst Station, $18 million for Perth Amboy Station, $2 million for Roselle Park Station and $6 million for other station and terminal improvements and inspections and repairs;

• $168 million will be invested in bus and light rail infrastructure improvements, including $99 million for replacement vehicles and $11 million for the Capital Asset Replacement Programs for both the Newark Light Rail and Hudson-Bergen Light Rail systems; and $17 million for bus passenger facilities and bus support facilities/equipment; and

• $86 million will be invested in system-wide improvements including $9 million in technology improvements and $6 million for safety improvements; and

• $33 million system expansion improvements including $29 for Northern Branch Expansion and $4 million for the Hudson Bergen Light Rail Route 440 Improvement.

ACTION (Scorecard: Corporate Accountability, Customer Experience, Safety & Security, Financial Performance, Employee Excellence)

Staff seeks the NJ TRANSIT Board of Directors’ adoption of the Fiscal Year 2018 Capital Program in the amount of $1.367 billion, as described.

Staff also seeks authorization to take whatever actions are necessary to seek and secure the funds envisioned by this program.

Staff also seeks authorization to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources.

Staff also seeks authorization to make application, execute contracts or agreements, and take whatever other actions are necessary to seek and secure funds, consistent with the basic intent of this program, which may become available subsequent to its adoption.

PURPOSE

The annual Capital Program is formulated to guide NJ TRANSIT’s capital investment plans for the coming year. The authority embodied in the Board’s approval of this Capital Program permits staff to take the necessary steps to secure funds from various sources and to initiate individual capital projects (subject to subsequent contract authorization as required by the NJ TRANSIT By-Laws). The program is submitted to
various Metropolitan Planning Organizations (MPOs) throughout the State, whose approvals are required as a prerequisite to federal grant awards, as well as to the State Legislature as part of that body’s annual appropriation process, and is consistent with the Capital Investment Strategy submitted to the Legislature.

BACKGROUND

NJ TRANSIT’s Capital Program is the result of an established, annual process involving both internal personnel and external agencies. The purpose of the program is to provide NJ TRANSIT with the authority to secure capital funding in support of the various individual projects and programs authorized by the NJ TRANSIT Board of Directors throughout the year. NJ TRANSIT and the New Jersey Department of Transportation (NJDOT), along with federal partners, collaborate to estimate resource levels. The Fiscal Year 2018 anticipated capital resources are $1.367 billion, including $646 million of federal funds, $676 million of Transportation Trust funds, and $45 million of Local Match and Casino Revenue funds. Within NJ TRANSIT, development of the Capital Program is an interdepartmental effort, involving operating units, planners, engineers, and architects, as well as police, customer service and environmental specialists. Working together, they establish and prioritize a pool of projects, balancing corporate Scorecard objectives against limited resources to ensure the highest and best use of limited capital funds.

The program includes projects that have undergone a development process from the planning and design phases through construction and start-up. Consistent with multi-year funding requirements, critical projects are added, completed projects removed, and adjustments made to ongoing projects to optimize cash flow. All aspects of the Scorecard, including Customer Experience, Safety and Security, Financial Performance, Corporate Accountability, and Employee Excellence, are encompassed in the plan.

The program is simultaneously included in the Transportation Improvement Program (TIP) of the three Metropolitan Planning Organizations (MPOs), namely, the North Jersey Transportation Planning Authority (NJTPA), the South Jersey Transportation Planning Organization (SJTPO) and the Delaware Valley Regional Planning Commission (DVRPC). The three TIPs are combined and sent to the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) for approval as the Statewide Transportation Improvements Program (STIP) on a biannual basis. Finally, the federal, state and casino revenue portions of the capital program are incorporated into the state budget, approved by the legislature and signed into law by the Governor.

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

FISCAL IMPACTS

Requested Authorization: $1.367 billion
Past Authorizations: NA
Expenditures to Date: NA
Total Project Cost: NA
Projected Date of Completion: NA
Capital Program Amount: NA
Operating Budget Amount: NA
Anticipated Source of Funds: Federal Transit Administration
Transportation Trust Fund
Other Capital Sources
PRINTS ID Number: Various
DBE/SBE Goal: Various
NJ Build Amount: NA
Related/Future Authorizations: NA
Impacts on Subsequent Operating Budgets: NA
WHEREAS, each year NJ TRANSIT’s Board of Directors adopts a Capital Program for the upcoming year to enable staff to take the actions necessary to seek and secure capital funding which advances established priorities; and

WHEREAS, the Fiscal Year 2018 Capital Program will address the needs of existing transit riders by ensuring system reliability and safety through state-of-good-repair investments; addressing system capacity demands; and investing in planned system expansion; and

WHEREAS, in Fiscal Year 2018, the Capital Program will be consistent with the Annual Capital Investment Strategy submitted to the State Legislature; and

WHEREAS, the Fiscal Year 2018 Capital Program is submitted to various Metropolitan Planning Organizations throughout the state whose approvals are required as a prerequisite to federal grant awards; and

WHEREAS, the Fiscal Year 2018 Capital Program is submitted to the State Legislature for consideration as part of its annual budget appropriation process;

NOW, THEREFORE, BE IT RESOLVED that the NJ TRANSIT Board of Directors adopts the Fiscal Year 2018 Capital Program in the amount of $1.367 billion, as described; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to take whatever actions are necessary to seek and secure the funds envisioned by this program; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources; and
BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to make application, execute contracts or agreements, and take whatever other actions are necessary to seek and secure funds, consistent with the basic intent of this program, which may become available subsequent to its adoption.
ATTACHMENT 1

NJ TRANSIT
FY18 CAPITAL PROGRAM
Sources of Funds
$1.367 Billion

- TTF, $676
- FTA, $508
- FHWA, $138
- Other, $45
### ATTACHMENT 2

**NJ TRANSIT FY18 CAPITAL PROGRAM SUMMARY**

($ in millions)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FY18 AMOUNT</th>
<th>FY18 PERCENT</th>
<th>FY17 AMOUNT*</th>
<th>FY17 PERCENT</th>
<th>AMOUNT CHANGED</th>
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<td>RAIL STATION IMPROVEMENTS</td>
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<td>$1,683</td>
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*As presented at Oct. 26, 2016 Board Meeting*
## Attachment 3

**NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM ($ in Millions)**

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<td><strong>RAIL SUBTOTAL</strong></td>
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<tr>
<td><strong>BUS/LRT</strong></td>
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<td><strong>Bus Rolling Stock</strong></td>
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<td><strong>Capital Maintenance/Debt Service TOT</strong></td>
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### Attachment 3
NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM
($ in Millions)

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<th></th>
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<th>CMAQ LOCAL INITIATIVE</th>
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**NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM**

($ in Millions)

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<th>Percentage of Total Program</th>
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Rail Infrastructure Improvements TOT | 4.580 | 5.900 | 0.000 | 0.450 | 0.000 | 0.000 | 183.340 | 6.600 | 0.000 | 209.870 | 14.7%
## Attachment 3

### NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM

($ in Millions)

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### Rail Rolling Stock Improvements

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NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM
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## Attachment 3

**NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM**

($ in Millions)

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<th>Category</th>
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<th>SUBWAY</th>
<th>RURAL</th>
<th>USA/FACILITY</th>
<th>FLEX</th>
<th>STATE</th>
<th>OTHER</th>
<th>TOTAL</th>
<th>Percentage of Total Program</th>
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<td><strong>Bus/Light Rail Improvements</strong></td>
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## Attachment 3
### NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM
($ in Millions)

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### Systemwide Improvements

#### SYSTEMWIDE

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#### SYSTEMWIDE SUBTOTAL

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#### TECHNOLOGY/CUSTOMER SERVICE SUBTOTAL

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**5.6%**
## Attachment 3

**NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM**

($ in Millions)

<table>
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<tr>
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### System Expansion

#### RAIL

- Transit Rail Initiatives: 0.000
- RAIL SUBTOTAL: 0.000

#### NEW INITIATIVES

- HBLRT Extension Route 440: 0.000
- Northern Branch Rail Service: 0.000
- NEW INITIATIVES SUBTOTAL: 0.000

### System Expansion TOTAL

- 0.000

---

Wednesday, June 07, 2017

CAPITAL FUNDING
FY2018 BOARD
Attachment 3
NJ TRANSIT Fiscal Year 2018 CAPITAL PROGRAM
($ in Millions)

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<th>RURAL</th>
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<th>FHWA</th>
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<th>Percentage of Total Program</th>
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<td>80.176</td>
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Sandy Competitive Resiliency Projects

|        | 0.000 | 0.000    | 0.000 | 0.000   | 0.000| 76.426 | 3.750 | 0.000 | 0.000 | 80.176          | 0.000 | 5.8%                   |

|        | 295.682 | 106.872    | 11.800 | 15.023   | 137.000| 1.000 | 676.000 | 44.513 | 0.000 | 1,366.690          | 0.000 |                     |

Wednesday, June 07, 2017
CAPITAL FUNDING
FY2018 BOARD
ITEM 1707-29: NJ TRANSIT FISCAL YEAR 2018 GRANT PROGRAMS: LOCAL TRANSPORTATION FOR SENIOR CITIZENS, PERSONS WITH DISABILITIES, RURAL AND ECONOMICALLY DISADVANTAGED RESIDENTS

BENEFITS

NJ TRANSIT administers a variety of Federal and State grant programs dedicated to maintenance and development of coordinated community-based transportation services that benefit senior citizens, persons with disabilities, rural and small urban area residents, and economically disadvantaged persons transitioning from welfare as well as special local transportation projects (see Exhibit A). The services funded through these grants provide non-emergency life-sustaining and life-enhancing transportation that include but are not limited to demand-responsive, route deviation services, feeder services, and community shuttles. NJ TRANSIT requires that grant sub-recipients make every effort to coordinate services in order to maximize efficiency, and feed existing bus and rail services when possible. NJ TRANSIT also monitors sub-recipients for compliance with relevant Federal and State laws and regulations.

ACTION (Scorecard: Corporate Accountability, Customer Experience)

Staff seeks authorization to execute all appropriate contracts and agreements to implement the following programs, subject to the availability of funds:

- FY2018 Senior Citizen and Disabled Resident Transportation Assistance Program (SCDRTAP), as set forth in Exhibit B, for a total program amount of $17,801,000 funded by the Casino Revenue Tax.

- FY2018 FTA Section 5311 Rural and Small Urban Areas Program for Counties, as set forth in Exhibit C, for a total program amount of $5,494,546 which includes $3,494,546 in Federal funds and $2,000,000 as the NJ TRANSIT share of local match.

- FY2018 FTA Section 5311 Rural Intercity Bus Transportation Program for $585,024.

- FY2018 FTA Section 5311(b)(3) Rural Transit Assistance Program in an amount up to $120,430 in Federal funds to supplement the New Jersey Community Transportation Training Program at no cost to NJ TRANSIT.

- FY2018 FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program for $8,700,000, which includes $7,200,000 in Federal funds and $1,500,000, as the NJ TRANSIT share of local match on vehicle purchases.

- FY2018 New Jersey Jobs Access and Reverse Commute (NJ-JARC) Program for $4,300,000 in NJ TRANSIT funds. This amount may be supplemented by up to $1,000,000 in funds from the State of New Jersey that will result in a total
program cost of $5,300,000. Local providers match these funds on a 50/50 basis.

- Any specially-dedicated Congressional appropriations, FTA Section 5307, FTA Section 5309 and CMAQ local projects including funds which will be flexed into on-going FTA programs under the FY2018 budget for $6,000,000. This includes a small amount of NJ TRANSIT operating funds for locally-operated shuttles and van pools sponsorship.

PURPOSE

The NJ TRANSIT Capital Planning and Programs Department administers the State-funded Senior Citizen and Disabled Resident Transportation Assistance Program (SCDRTAP) as well as a variety of Federal programs funded through the Federal Transportation Administration (FTA): Enhanced Mobility of Seniors and Individuals with Disabilities Program (Section 5310), Rural and Small Urban Areas Program (Section 5311), the New Jersey Community Transportation Training Program funded in part by the Rural Transit Assistance Program (RTAP), New Jersey Jobs Access and Reverse Commute Program (NJ-JARC), as well as on-going planning efforts under the FTA Human Services Transportation Coordination Plan requirements. In addition, from time to time local shuttle initiatives funded through a variety of Federally-funded sources, including specially-dedicated congressional appropriations and the Congestion Mitigation and Air Quality (CMAQ) and Small Urban Areas (Section 5307) and Major Capital Investments (Section 5309) programs, are applied for and administered by NJ TRANSIT on behalf of designated local providers.

These programs assist a variety of private non-profit organizations, counties, various municipalities, county improvement authorities and NJ TRANSIT in meeting the mobility needs of New Jersey’s senior citizens, persons with disabilities, and transportation-disadvantaged and rural residents. Board authorization is sought to implement these programs for Fiscal Year 2018 (FY2018), including authorization to execute sub-recipient leases for vehicles, which will be competitively procured, under each of the various Federal programs. Details of the program and funding are found in Exhibits D and E.

The funding level specified for SCDRTAP is the amount anticipated in the State budget for FY2018. The funding levels specified for the Federal 5310, 5311 and 5307 programs are estimates based on Federal apportionments in the Fixing America’s Surface Transportation (FAST) Act, signed into law on December 4, 2015. The funding levels for CMAQ funds are anticipated Federal FY2018 Federal highway funds to be flexed to transit.

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

Requested Authorization:

Senior Citizen and Disabled Resident Transportation Assistance Program
100% Casino Revenue Tax $17,801,000

Federal Transit Administration Formula Programs (includes local match provided by NJ TRANSIT when applicable)

- Section 5311 Counties $5,494,546 ($3,494,546 Federal; $1,900,000 Operating; $100,000 Capital)
- Section 5311 Intercity $585,024
- Section 5311(b)(3) $120,430
- Section 5310 $8,700,000 ($7,200,000 Federal; $1,500,000 Capital)
- NJ-JARC $5,300,000 ($1,000,000 NJ supplemental; $4,300,000 Operating)
- Sections 5307, 5309, CMAQ and various Special Appropriations (Local) $6,000,000 ($5,350,000 Federal; $650,000 Operating)

Past Authorizations: None

Expenditures to Date: None

Total Project Cost: $44,001,000

Projected Date of Completion: June 30, 2018

Capital Program Amount: $37,151,000

Operating Budget Amount: $6,850,000

PRINTS ID Number: HQS00036
HQS00037
HQS00038
NJT00359
NJT00361
NJT00362
NJT00363
NJT00364
NJT01177
Anticipated Source of Funds: Casino Revenue Funds
FTA Section 5307, 5310, 5311, 5311(b)(3),
Specially-dedicated Congressional appropriations
CMAQ
New Jersey Department of Human Services
NJ TRANSIT Operating Budget
Transportation Trust Fund

DBE/SBE Goal:
Vehicle Purchases Transit Vehicle Manufacturer
Other Program Contracts Race Neutral or Various Race Conscious
DBE Goals TBD

NJ Build Amount: None

Related/Future Authorizations: NA

Impacts on Subsequent Operating Budgets: $ 6,850,000 (FY2018 Operating Budget)
RESOLUTION

WHEREAS, the New Jersey Senior Citizen and Disabled Resident Transportation Assistance Act provides 100 percent State funding for the counties or their designees to provide community-based transportation services, as well as for NJ TRANSIT to administer the program, to provide technical assistance to the counties, and to develop, provide and maintain accessible improvements to fixed route systems; and

WHEREAS, the Federal Transit Administration (FTA) makes available, under the Section 5311 Rural and Small Urban Areas program, 80 percent of the non-operating assistance and 50 percent of the operating assistance, with NJ TRANSIT providing one-half of the local match, to improve public transit services in rural areas; and

WHEREAS, the FTA requires 15 percent of a State's allocation of Section 5311 Rural Program to be spent for the development and support of intercity bus transportation unless the State certifies that the intercity bus needs of the State are adequately met; and

WHEREAS, the FTA makes available, under Section 5311(b)(3) Rural Transit Assistance Program (RTAP), 100 percent of the funding for training and technical assistance to FTA Section 5311 and FTA Section 5310, and Casino Revenue sub-recipients; and

WHEREAS, the FTA makes available, under Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program, 80 percent of the purchase price, with NJ TRANSIT providing the 20 percent match, for vehicles which are purchased for private non-profit organizations and/or designated public bodies to transport senior and disabled residents; and

WHEREAS, up to 45 percent of the funds FTA makes available under Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program may be used for operating assistance, with 50 percent local match to be provided by the sub-recipient, and a portion of the funds may also be used for mobility management, with 20 percent local match to be provided by the sub-recipient; and
WHEREAS, the New Jersey Department of Human Services has provided funding to address the needs of low income customers transitioning from welfare and/or seeking employment and this funding supplements the New Jersey Job Access and Reverse Commute (NJ-JARC) program that has succeeded the Federal JARC program; and

WHEREAS, the FTA makes available funds, under specially-dedicated Congressional appropriations, Congestion Mitigation Air Quality (CMAQ), Section 5307 Small Urban Cities, and Section 5309 Major Capital Investments, for the provision of operating, planning assistance and/or capital assistance with various matches provided by state, local agencies or toll credit for capital projects or equipment and/or local transit services that address the needs of community transit services;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to execute, extend or modify contracts to implement the FY2018 Senior Citizen and Disabled Resident Transportation Assistance Program as set forth in Exhibit B for a total program amount of $17,801,000 subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to execute all appropriate agreements and contracts and to take all other steps necessary to implement the FY2018 FTA Section 5311 Rural and Small Urban Areas program, as set forth in Exhibit C, in the amount of $5,494,546 which includes $3,494,546 in Federal funds and $2,000,000 as the NJ TRANSIT share of the local match, subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to execute all appropriate agreements and contracts and to take all other steps necessary to implement the FY2018 Section 5311 Rural Intercity Program for a total program amount of $585,024 subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to execute all appropriate agreements and contracts and to take all other steps to implement the FY2018 FTA Section 5311(b)(3) Rural Transit Assistance Program in an amount up to
$120,430 Federal funds at no cost to NJ TRANSIT; subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to execute all appropriate agreements and leases to implement the FY2018 FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program for $8,700,000, which includes $7,200,000 in Federal funds and $1,500,000 as the NJ TRANSIT share of the local match; subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to execute all appropriate agreements and contracts and to take all other steps to implement the FY2018 New Jersey Jobs Access and Reverse Commute (NJ-JARC) program for $4,300,000 in NJ TRANSIT funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to execute all appropriate agreements and contracts and to take other steps to implement the FY2018 New Jersey Jobs Access and Reverse Commute (NJ-JARC) program for up to $1,000,000 in additional funds from the State of New Jersey for a total NJ-JARC program cost of $5,300,000; subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to execute all appropriate agreements and contracts and to take all other steps to implement any specially-dedicated Congressional appropriations, FTA Section 5307 Small Urban Cities, FTA Section 5309 Major Capital Investments and Congestion Mitigation Air Quality (CMAQ) and other local projects including funds which will be flexed into ongoing FTA programs under the FY2018 budget for $6,000,000 subject to the availability of funds.
The transit services funded through the grant programs administered by NJ TRANSIT’s Community Services and Local Programs unit encompass more than 90 local partnerships, providing needed transportation to the State’s senior citizens, persons with disabilities, and rural and low-income residents where services would otherwise not be available. Staff provides day-to-day grant support, planning and technical assistance, driver and management training, and state and Federal compliance oversight to county, municipal and private non-profit transit services funded through these programs.

A description of each grant program is provided below.

The **Senior Citizen and Disabled Resident Transportation Assistance Program** is funded from the Casino Revenue Tax Fund. Eighty-five percent of the annual appropriation is allocated by formula among the 21 counties for transportation of senior citizens and persons with disabilities. NJ TRANSIT is allocated the remaining 15 percent to provide administrative and compliance oversight, provide technical assistance to the counties, coordinate the program within and among the counties, and develop, provide and maintain those portions of capital improvements that afford accessibility to fixed-route and other transit services.

Under administrative costs, technical assistance includes, as necessary, the awarding of grants to counties or the initiation of studies by NJ TRANSIT for planning efforts that foster coordination among counties as well as between counties, local community transportation and public transportation. Also included under planning efforts would be any studies that address statewide efforts to examine coordination of local transportation and human services programs as part of New Jersey’s response to the Federal United We Ride initiative. The Casino Revenue Program is shown in Exhibit B.

The **FTA Section 5311 Rural and Small Urban Area Program** provides operating, administrative and capital assistance for public transportation services in small urban and rural areas in New Jersey pursuant to a population-based formula. Board approval of the FY2018 Program will allow 15 Section 5311 Projects and one Section 5311 Intercity project to continue operation. Two additional designated rural areas are eligible for funding but have no active projects at this time. Sub-recipients are eligible to apply for funding for new route deviation services, started in 2016. The Section 5311 program is shown in Exhibit C.
DESCRIPTION OF LOCAL PROGRAMS ADMINISTERED BY NJ TRANSIT ON BEHALF OF COUNTIES, MUNICIPALITIES, AUTHORITIES AND PRIVATE NON-PROFIT ORGANIZATIONS

Through the FTA Section 5311(b)(3) Rural Transit Assistance Program (RTAP), NJ TRANSIT provides training and technical assistance for all small transit operators receiving Federal funds. Private operators under contract to funding sub-recipients are also allowed to participate. The Program is sponsored 100 percent by the FTA under Section 5311 and, together with additional Casino Revenue administrative funds which allow urban sub-recipients to participate in a variety of training programs. In addition to holding training classes and workshops, we develop a quarterly news brief, as well as co-sponsor the annual New Jersey paratransit driver roadeo every spring.

Federal law requires that each State receiving Section 5311 Rural funding spend no less than 15 percent of that funding for the development and support of intercity bus transportation unless the State certifies, after consultation with affected intercity bus service providers, that the intercity bus service needs are being adequately met. One intercity project, a service connecting rural Ocean County with New York City, has been funded. NJ TRANSIT is currently conducting a study and a consultative process to determine whether or not intercity bus needs are adequately met. FY2018 funding is being set aside in the event that the study finds there are additional intercity needs that have not yet been met.

The FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program provides Federal funds to States for the purchase of vehicles and related equipment for private non-profit organizations and designated public bodies to provide transit services to senior citizens and persons with disabilities. It also allows for the funding of mobility management projects that further coordination of services under the former United We Ride effort. The Federal funds available under this program can be used to pay up to 80 percent of the cost of vehicles. Since assuming administration of the program in 1979, NJ TRANSIT has purchased nearly 1,800 vehicles for non-profit organizations and designated coordinated public bodies in all 21 counties. Reflecting FTA regulations outlined in the latest program circular, all local projects selected must still meet a need identified in a locally-developed coordinated human services transportation plan (CHSTP).

In December 2015, the FAST Act was signed into law, supporting transit funding through Fiscal Year 2020. NJ TRANSIT will conduct a competitive application process for vehicles, mobility management, and operating projects and it is anticipated a final application under the FY2016 program will be submitted to the FTA in Fall 2017.
DESCRIPTION OF LOCAL PROGRAMS ADMINISTERED BY NJ TRANSIT
ON BEHALF OF COUNTIES, MUNICIPALITIES, AUTHORITIES AND PRIVATE
NON-PROFIT ORGANIZATIONS

In 2013 under MAP-21 the Federal Transit Administration (FTA) discontinued the Section 5316 Job Access and Reverse Commute (JARC) program as a separate program, blending its funding and purposes with the Section 5307 and Section 5311 programs that fund transit in urban and non-urban areas. A portion of the funding formulas under which Section 5307 and Section 5311 funding is distributed to transit agencies nationwide is now based on the proportion of low-income residents in urban and non-urban areas.

The New Jersey Jobs Access and Reverse Commute (NJ-JARC) Program is intended to be the successor program to the JARC program formerly administered with Federal funds. The FY 2018 New Jersey Jobs Access and Reverse Commute (NJ-JARC) Program at a cost not to exceed $5,300,000 includes $4,300,000 in NJ TRANSIT funds and up to $1,000,000 in funds from the NJ Department of Human Services (DHS). Local providers match these funds on a 50/50 basis and all projects must meet a need identified in a locally-developed human services/public transportation coordination plan. NJ TRANSIT and DHS are working together ensure the DHS funds (up to $1 million) are used to support specific NJ JARC services that provide transit to low income individuals that receive or who are eligible to receive funding under the DHS Temporary Assistance for Needy Families (TANF) FY 2018 grant. TANF funds are used to support low income families with children under 18 years of age. The 2015 NJ JARC survey and DHS TANF records will be used to determine which NJ JARC routes and demand response services assist these individuals and to determine if NJ JARC service adjustments need to be made. The NJ JARC goal remains to assist low income individuals with transit needs for employment and training purposes that enhance their and their family’s quality of life.

In addition, in FY2018 it is anticipated that there are various Local Community Transit Initiatives funded through specially-dedicated Congressional appropriations, Section 5307 (Cumberland County and East Windsor), Section 5309, CMAQ, local support of SCOOT operated by Somerset County, van pools sponsorship and operating funding that will require the purchase of capital equipment and/or contracting for operating and/or planning services for local transportation services.
### SENIOR CITIZEN AND DISABLED RESIDENT TRANSPORTATION ASSISTANCE PROGRAM

**FY2018**

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>2017 BUDGET</th>
<th>2018 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>$480,279</td>
<td>$487,956</td>
</tr>
<tr>
<td>Bergen</td>
<td>$1,307,858</td>
<td>$1,328,260</td>
</tr>
<tr>
<td>Burlington</td>
<td>$773,189</td>
<td>$785,547</td>
</tr>
<tr>
<td>Camden</td>
<td>$821,471</td>
<td>$834,600</td>
</tr>
<tr>
<td>Cape May</td>
<td>$327,180</td>
<td>$332,284</td>
</tr>
<tr>
<td>Cumberland</td>
<td>$327,180</td>
<td>$332,284</td>
</tr>
<tr>
<td>Essex</td>
<td>$1,134,397</td>
<td>$1,152,528</td>
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<tr>
<td>Gloucester</td>
<td>$451,663</td>
<td>$458,882</td>
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<tr>
<td>Hudson</td>
<td>$826,332</td>
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<td>Hunterdon</td>
<td>$327,180</td>
<td>$332,284</td>
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<tr>
<td>Mercer</td>
<td>$575,983</td>
<td>$585,188</td>
</tr>
<tr>
<td>Middlesex</td>
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<td>$1,249,974</td>
</tr>
<tr>
<td>Monmouth</td>
<td>$1,086,458</td>
<td>$1,103,822</td>
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<tr>
<td>Morris</td>
<td>$848,209</td>
<td>$861,766</td>
</tr>
<tr>
<td>Ocean</td>
<td>$1,307,858</td>
<td>$1,328,260</td>
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<tr>
<td>Passaic</td>
<td>$752,225</td>
<td>$764,248</td>
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<tr>
<td>Salem</td>
<td>$327,180</td>
<td>$332,284</td>
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<tr>
<td>Somerset</td>
<td>$500,647</td>
<td>$508,648</td>
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<td>Sussex</td>
<td>$327,180</td>
<td>$332,284</td>
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<tr>
<td>Union</td>
<td>$834,590</td>
<td>$847,928</td>
</tr>
<tr>
<td>Warren</td>
<td>$327,180</td>
<td>$332,284</td>
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<td><strong>Total County</strong></td>
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<td><strong>$15,130,850</strong></td>
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<tr>
<td><strong>NJ TRANSIT</strong></td>
<td><strong>$2,628,450</strong></td>
<td><strong>$2,670,150</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$17,523,000</strong></td>
<td><strong>$17,801,000</strong></td>
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100% State funds from the Casino Revenue Tax funds.
### SECTION 5311 RURAL AND SMALL URBAN AREAS PROGRAM
PROJECTED FY2018

<table>
<thead>
<tr>
<th></th>
<th>FEDERAL (A)</th>
<th>STATE(^1) (B)</th>
<th>TOTAL BUDGET (A+B)</th>
<th>LOCAL(^2) (C)</th>
<th>TOTAL PROGRAM (A+B+C)</th>
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</thead>
<tbody>
<tr>
<td><strong>NORTHERN REGION</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Morris</td>
<td>$ 250,685</td>
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<td>$ 533,277</td>
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<td>Passaic (West Milford)</td>
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<td>50,325</td>
<td>139,610</td>
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<td>306,381</td>
<td>846,418</td>
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<td>246,261</td>
<td>929,654</td>
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<td>Mercer</td>
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<td>96,323</td>
<td>34,707</td>
<td>131,030</td>
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<td>Middlesex(^3)</td>
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<td>Monmouth</td>
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<td>242,798</td>
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<tr>
<td>Ocean(^3)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>Somerset</td>
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<td>$ 5,494,546</td>
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<td>Non-Operating</td>
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<td>$ 100,000</td>
<td>$ 240,169</td>
<td>$ 100,000</td>
<td>$ 340,169</td>
</tr>
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</table>

\(^1\) Provided by NJ TRANSIT Capital Program and Operating Budget.
\(^2\) Provided by local recipient and not reflected in Board Authorization.
\(^3\) Middlesex and Ocean Counties are currently inactive projects.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Casino Revenue</td>
<td>$18,824,000</td>
<td>$17,523,000</td>
<td>$17,801,000</td>
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<tr>
<td>Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program</td>
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<td>Section 5311 Rural and Small Urban Area Program</td>
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<tr>
<td>Section 5311 Intercity Program</td>
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<td>$568,624</td>
<td>$585,024</td>
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<tr>
<td>Section 5311(b)(3) Rural Transit Assistance Program</td>
<td>$137,922</td>
<td>$120,430</td>
<td>$120,430</td>
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<tr>
<td>NJ-JARC</td>
<td>$5,000,000</td>
<td>$5,300,000</td>
<td>$5,300,000</td>
</tr>
<tr>
<td>Other (Small Urban, CMAQ) (^1)</td>
<td>$6,000,000</td>
<td>$6,000,000</td>
<td>$6,000,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>$43,723,000</strong></td>
<td><strong>$44,001,000</strong></td>
</tr>
</tbody>
</table>

\(^1\) Other includes CMAQ funding for both operating and capital expenditures, which is allocated by MPOs. For example, NJTPA has allocated funding for a “last mile shuttle” program that provides local entities with three years of operating assistance for shuttle service that connects with main line transit. Also included in this category is Section 5307 funding for on-going services in East Windsor and Cumberland County, operating match for continuation of WHEELS route by Somerset County and van pools sponsorship.
## FUNDING SOURCES

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>FEDERAL</th>
<th>NJ TRANSIT MATCH – CAPITAL</th>
<th>NJ TRANSIT MATCH – OPERATING</th>
<th>OTHER FUNDING</th>
<th>CASINO REVENUE</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Senior Citizen and Disabled Resident</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$17,801,000</td>
<td>$17,801,000</td>
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<tr>
<td>Section 5310</td>
<td>$7,200,000</td>
<td>$1,500,000</td>
<td></td>
<td></td>
<td></td>
<td>$8,700,000</td>
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<tr>
<td>Section 5311 Counties</td>
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<td>$100,000</td>
<td>$1,900,000</td>
<td></td>
<td></td>
<td>$5,494,546</td>
</tr>
<tr>
<td>Section 5311 Intercity</td>
<td>$585,024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$585,024</td>
</tr>
<tr>
<td>Section 5311(b)</td>
<td>$120,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$120,430</td>
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<tr>
<td>NJ JARC</td>
<td>$5,350,000</td>
<td></td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td>$5,300,000</td>
</tr>
<tr>
<td>Other</td>
<td>$5,350,000</td>
<td>$650,000</td>
<td></td>
<td></td>
<td></td>
<td>$6,000,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$16,750,000</td>
<td>$1,600,000</td>
<td>$6,850,000</td>
<td>$1,000,000</td>
<td>$17,801,000</td>
<td>$44,001,000</td>
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</tbody>
</table>
ITEM 1707-30: PURCHASE OF BUS TRAINING SIMULATOR EQUIPMENT VIA PROCUREMENT BY EXCEPTION

BENEFITS

NJ TRANSIT Bus Operations’ Operational Training department conducts new hire and refresher training for Bus Operators, utilizing a curriculum that incorporates bus simulator equipment to augment certain aspects of driver training. The original bus simulator equipment currently being utilized is more than 20 years old and contains dated hardware, software and videos. Due to the age of the equipment, replacement parts are becoming increasingly difficult to obtain. The purchase of new bus simulator equipment will enhance both new hire and refresher training for operators with updated, modern equipment that provides computer-generated and video-based interactive training to develop and refine driving skills and increase safety awareness.

The new bus simulator purchase consists of a total of five units, along with the necessary equipment and material: two single-seat computer-generated simulators, two ten-place multiseater simulators with video-based training, and one mobile unit housed inside a 24-foot trailer. One single-seat and one ten-place multiseater will be assigned to each of Bus Operations’ two training facilities, located at Ferry Street in Newark and Walter Rand Transportation Center in Camden. The mobile unit will travel to all NJ TRANSIT bus garages to provide on-site driver training.

In addition to the units themselves, this purchase includes new training videos to complement the multiseater system, focusing on proper execution of left turns and pedestrian awareness, to be developed by the vendor for use with the system. The videos will be created using NJ TRANSIT equipment, and filming will take place on New Jersey streets on routes NJ TRANSIT buses travel. Single seat and multiseater technologies complement one another, enhancing the Operational Training department’s ability to meet learning objectives relative to an awareness of and reaction to road conditions, pedestrians, and various hazards. This technology will enhance the safety of the bus operator and our customers, as well as pedestrians and drivers in the immediately surrounding areas of our bus routes.

ACTION (Scorecard: Safety and Security, Employee Excellence, Customer Experience)

Staff seeks authorization to enter into procurement by exception Contract No. 17-304 with Doron Precision Systems, Inc., of Binghamton, New York for the purchase of two single-seat computer-generated simulators, two ten-place multiseater simulators with video-based training, one mobile unit housed inside a 24-foot trailer, as well as associated equipment and material, which includes train-the-trainer and installation, at a cost of $1,360,292.00, plus five percent for contingency, subject to the availability of funds. The specific exception to advertising being sought here is based upon the standardization of equipment with current technology pursuant to N.J.A.C. 16:72-1.5(d)12.
PURPOSE

Authorization to enter into this procurement by exception contract will allow for an upgrade of the equipment utilized by NJ TRANSIT Bus Operations’ Operational Training department, while ensuring standardization of the department’s current equipment, process, curriculum and staffing levels by using the same vendor/equipment that has served as the base platform of the operational training program since September 1994. This will provide for the replacement of dated bus simulator training equipment with updated, modern equipment, utilizing a product and training philosophy that the Operational Training department’s existing curriculum is based on. The operating life of the new equipment is anticipated to be 20 years.

BACKGROUND

NJ TRANSIT Bus Operations’ Operational Training Department has incorporated Doron Precision System’s simulator equipment into new hire and refresher training for more than 20 years. This vendor’s equipment and the associated lessons, evaluation tools and learning philosophy are ingrained in Operational Training’s curriculum. Students are assessed on their reaction time using the existing Doron multiseater simulator, which includes an instructor console that provides reporting on students’ driving actions.

Multiseaters allow one instructor to train a group of students simultaneously on key concepts including scanning, awareness, potential threats, etc. All students observe the same training video at the same time, under the guidance of the same instructor, and are assessed via an instructor console that scores students’ reaction time automatically. In comparison, a single seat unit requires one-on-one interaction. This technology will enhance the safety of the bus operator and our customers, as well as pedestrians and drivers in the immediately surrounding areas of our bus routes.

Staff investigated the available alternatives presented by other simulator vendors, including FAAC Incorporated, which was unable to provide a quote on a multiseater simulator because they do not manufacture one. Two other companies, Simulator Systems International and Virage Simulation, also do not manufacture multiseaters. Replacement of the Doron simulators with different technology would disrupt the continuity of NJ TRANSIT’s bus training program, and would be costly in terms of the capital investment, facility requirements, and manpower needs. Because the Doron multiseater system is integral to Operational Training’s established curriculum, a procurement by exception waiver is sought in order to maintain standardization of Operational Training’s current program, permit the interchangeability of parts, maximize the efficiency of the implementation of the upgrade, and limit the expenses of this upgrade.

The regulation that authorizes this procurement by exception, N.J.A.C. 16:72-1.5(d)12, is as follows:
The equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts in the public interest.

The chart below details the various components of this proposed purchase from Doron Precision Systems, Inc., including costs and lead time:

<table>
<thead>
<tr>
<th>Item/System</th>
<th>Description</th>
<th># Needed</th>
<th>Unit Price</th>
<th>Total Cost</th>
<th>Lead Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single seat simulator</td>
<td>660 Bus Plus, which includes motion and scenario developing software, installation and train-the-trainer</td>
<td>2 – One each at Ferry St. &amp; WRTC Trg. Offices</td>
<td>$242,738</td>
<td>$485,476</td>
<td>60-90 days</td>
</tr>
<tr>
<td>Mobile simulator and trailer</td>
<td>660 Bus Plus installed (by Doron) in trailer to allow for on-site training at garages</td>
<td>1</td>
<td>$325,188</td>
<td>$325,188</td>
<td>90-120 days</td>
</tr>
<tr>
<td>Multiseater Driving Simulation System</td>
<td>Ten place 400Bus system with driver analyzer system, instructor's desk with operating software, projector, DVD player and related equipment, five DVD programs, and all installation, training and one-year warranty and on-site maintenance support</td>
<td>2 – One each at Ferry St. &amp; WRTC Trg. Offices</td>
<td>$225,064</td>
<td>$450,128</td>
<td>90 days</td>
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<tr>
<td>Custom Interactive Videos for Use with Multiseater</td>
<td>Development of storyboards and production of two videos using NJT equipment.</td>
<td>2</td>
<td>$49,750</td>
<td>$99,500</td>
<td>120 days</td>
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</table>
This item has been reviewed and recommended by the Board Capital Planning, Policy and Privatization Committee.

FISCAL IMPACTS

Requested Authorization: $1,360,292.00
Past Authorizations: None
Expenditures to Date: None
Total Project Cost: $1,360,292.00
Projected Date of Completion: January 2018
Capital Program Amount: $1,480,000.00
Operating Budget Amount: None
Prints ID Numbers: NJT00370
Anticipated Source of Funds: TTF
DBE/SBE Goal: 0% SBE
NJ Build Amount: N/A
Related Future Authorizations: None
Impacts on Subsequent Operating Budgets: None
RESOLUTION

WHEREAS, NJ TRANSIT Bus Operations’ Operational Training department conducts new hire and refresher training for Bus Operators, utilizing a curriculum that incorporates bus simulator equipment to augment certain aspects of driver training; and

WHEREAS, the original bus simulator equipment currently being utilized is more than 20 years old and contains dated hardware, software and videos, making replacement parts increasingly difficult to obtain; and

WHEREAS, the purchase of new bus simulator equipment will enhance both new hire and refresher training for operators with updated, modern equipment that provides computer-generated and video-based interactive training to develop and refine driving skills and increase safety awareness; and

WHEREAS, procurement-by-exception waiver authorizations are required to support upgrading and standardization of the NJ TRANSIT Bus Operations’ Operational Training department’s current equipment, process, curriculum and staffing levels;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or Executive Director is authorized to enter into procurement by exception Contract No. 17-304 with Doron Precision Systems, Inc., of Binghamton, New York, for the purchase of two single-seat computer-generated simulators, two ten-place multiseater simulators with video-based training, one mobile unit housed inside a 24-foot trailer, as well as associated equipment and material, which includes train-the-trainer and installation, at a cost of $1,360,292.00, plus five percent for contingency, subject to the availability of funds.
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 personnel matters, contract negotiations, the status of pending and anticipated litigation and matters falling within the attorney-client privilege, including, but not limited to, the Personal Injury Claim of Alan Kucharski; 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.
ITEM 1707-31: PERSONAL INJURY CLAIM OF ALAN KUCHARSKI

BENEFITS

It is the opinion of NJ TRANSIT and defense counsel to recommend a settlement in the claim of the Estate of Alan Kucharski.

ACTION

Staff seeks authorization to settle the claim of the Estate of Alan Kucharski through his attorney, at an amount discussed in executive session. The Attorney General has approved the proposed settlement, subject to the availability of funds.

PURPOSE

NJ TRANSIT By-Laws require Board approval of the settlement of all claims and lawsuits involving personal injury, death or property damage in excess of $500,000. This case venued in the Essex County Superior Court, Newark, New Jersey, initiated from an FELA claim.

FISCAL IMPACTS

Requested Authorization: Request authorization to settle the Personal Injury Claim of the Estate of Alan Kucharski

Projected Date of Completion: FY 2018

Anticipated Source of Funds: FY 2018 Operating Budget

Diversity Goals/Participation: Not applicable. No goods or services to be procured.
RESOLUTION

WHEREAS, Article VI, Section II of the By-Laws requires Board Authorization for settlement of claims in excess of $500,000; and

WHEREAS, The Estate of Alan Kucharski has presented a claim with a probable settlement cost greater than $500,000; and

WHEREAS, staff has reviewed the claim and recommends settling this case out of court;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to settle the claim of the Estate of Alan Kucharski through his attorney, at an amount discussed in executive session. The Attorney General has approved the proposed settlement, subject to the availability of funds.
ITEM 1707-32: PURCHASE OF 10TH FLOOR AT NJ TRANSIT HEADQUARTERS, TWO PENN PLAZA EAST, NEWARK

BENEFITS

NJ TRANSIT has identified a permanent need for additional office space at the NJ TRANSIT Headquarters building. NJ TRANSIT’s Capital Planning and Programs Department has expanded in order to fill positions supporting the Superstorm Sandy Disaster Recovery and Resilience Program, the implementation of the Passenger Rail Investment and Improvement Act (PRIIA) as well as other resilience projects and Asset Management programs. In addition, the Office of System Safety has also expanded their staff.

NJ TRANSIT has the option to purchase the 10th floor of the Headquarters building at fifteen percent below fair market value provided the closing takes place on or before October 1, 2017. Purchasing the space now will provide additional, necessary office space and allow NJ TRANSIT to purchase the space at a discount. In addition, if NJ TRANSIT purchases the 10th floor it will no longer be required to make the current monthly rent payments of $61,310.15.

ACTION (Scorecard: Corporate Accountability, Financial Performance, Customer Experience, Safety and Security)

Staff seeks authorization to take all actions necessary to purchase the 10th floor Headquarters building at Two Penn Plaza East from II Penn Plaza East for an amount discussed in Executive Session.

PURPOSE

This action will provide for the purchase of an additional floor in the One/Two Penn Plaza East building above the current NJ TRANSIT Headquarters floors at an amount fifteen percent below fair market value. The additional space will provide business offices and conference room space that is needed as a result of growing departments within NJ TRANSIT, including Capital Planning and Programs and the Office of System Safety.

BACKGROUND

History
NJ TRANSIT entered into the Amended and Restated Net Lease (“Amended Lease”) and a Purchase Option and Right of First Refusal (“Purchase Option”) in 1991 for the Headquarters building. The Purchase Option gave NJ TRANSIT the right to purchase floors 10, 11, and 12 of the Headquarters building at eighty-five percent of fair market value.
In 2003, NJ TRANSIT entered into the Amended and Restated Purchase Option and Right of First Refusal, which substituted NJ TRANSIT’s right to purchase the 10th, 11th, and 12th floors with the 12th floor. The Purchase Option was modified in connection with the 2003 refunding of approximately $57,000,000 of the $66,690,000 1991 Certificates of Participation (COPs) originally used to finance the construction of the NJ TRANSIT Headquarters. The Treasury recommended refunding the outstanding certificates because of the continuing drop in interest rates. This action was taken to reduce NJ TRANSIT’s annual lease costs by approximately three percent.

NJ TRANSIT amended the Purchase Option a second time in 2015 when it entered into the lease for the 10th floor. The Amended and Restated Purchase Option and Right of First Refusal substituted NJ TRANSIT’s purchase option rights for the 12th floor with the 10th floor. In September 2016, NJ TRANSIT made the final lease payment in connection with the Amended Lease and ownership of floors 1 through 9, as well as the ground floor parking passed to NJ TRANSIT.

The Purchase Option gives NJ TRANSIT the ability to purchase the 10th floor at eighty-five percent of fair market value provided the closing takes place on or before October 1, 2017. Purchasing the 10th floor at this time will allow NJ TRANSIT to permanently acquire needed space adjacent to floors 1 through 9 at a discount.

**Purchase Terms**
The Purchase Option sets forth the purchase terms. The purchase price for the 10th floor will be an amount equal to eighty-five percent of the current fair market value of the floor. Both II Penn Plaza and NJ TRANSIT are given the opportunity to obtain MAI appraisals for the 10th floor from independent real estate appraisers. If the higher appraisal does not exceed the lower appraisal by more than ten percent, then the average of both appraisals shall be deemed to be the final determination of fair market value.

After the final purchase price is determined, NJ TRANSIT has thirty business days to decide not to purchase the 10th floor. If NJ TRANSIT foregoes the purchase, that action also terminates NJ TRANSIT’s right to purchase the property at a discount of eighty-five percent of fair market value.

**FISCAL IMPACTS**

**Requested Authorization:** As discussed in Executive Session

**Past Authorizations:** May 28, 1991

ITEM 9105-56: Amended and Restated Lease Agreement with Hartz Raymond Boulevard Limited Partnership and Other Documents Permitting the Issuance of Certificates of Participation for Tax-Exempt Financing of the New Headquarters Project
December 11, 2002

ITEM 0212-143: Refunding of Outstanding Certificates of Participation and Amended Lease: One Penn Plaza East

Expenditures to Date: N/A
Total Project Cost: TBD
Projected Date of Completion: October 1, 2017
Capital Program Amount: TBD
Operating Budget Amount: N/A
Anticipated Source of Funds: Transportation Trust Fund
Prints ID Number: NJT01216
DBE/SBE Goal: N/A
NJ Build Amount: N/A
Related/Future Authorization: N/A
Impacts on Subsequent Operating Budgets: N/A
RESOLUTION

WHEREAS, NJ TRANSIT has identified the need for permanent additional office space at NJ TRANSIT’s Headquarters building; and

WHEREAS, NJ TRANSIT has the option to purchase the 10th floor of the Headquarters building for eighty-five percent of fair market value; and

WHEREAS, office space that is contiguous to NJ TRANSIT’s existing premises is available at a discounted rate provided the closing occurs on or before October 1, 2017;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to take all actions necessary to purchase the 10th floor of the Headquarters building at Two Penn Plaza East from II Penn Plaza East for an amount discussed in Executive Session.