

NJ TRANSIT Responses to Senate Budget Committee Follow-Up Questions

Senator Turner:

- **Please provide the committee a copy of the plan to employ minority owned firms and minority employees on the mass transit tunnel project, known as Access to the Region's Core (ARC).**

The ARC Tunnel project anticipates more than \$1 billion in DBE opportunities.

Specific regulations govern setting DBE (Disadvantaged Business Enterprise) goals for federally funded projects like the ARC Tunnel. One of the primary means of setting these goals is to base the goal number on the total number of firms certified to do the work required on the project. These firms register as Disadvantaged Business Enterprises with the Unified Certification Program; a reciprocal certification agreement between NJ TRANSIT, NJDOT and the Port Authority NY/NJ.

As each of the 26 contracts for the ARC Tunnel comes due, a DBE goal will be set in terms of a percentage of the value of the contract. Meetings will be arranged between THE Tunnel leadership and NJ TRANSIT Office of Business Diversity to confer with legislative and business leaders on outreach to minority firms and goal setting. The DBE goal information is included in the bid process so all prime contractors are aware and understand that observance of the goal must be accounted for in their bid proposal. While the goal is not a quota, and prime contractors are not *required* to meet it, they are required to make a "good faith effort." What a good faith effort entails is spelled out according to Federal Transit Administration (FTA) guidelines and is also included in the bid information. Examples of good faith effort include the prime contractor placing advertisements in newspapers and holding DBE conferences.

The office of Business Diversity helps ensure certified DBEs are ready for opportunities like ARC by providing workshops and technical training on business relevant topics such as estimating, how to become bonded and trucking. Leaders of the Engineering and Design contract for the ARC Tunnel designed a workshop series for the purpose of informing DBE sub-consultant principals currently working on the project, about issues that will be encountered during the design of THE Tunnel. A mentorship initiative between the DBE principal/staff currently working on the project and key staff of the Engineering/Design firm of record is also in place.

Prime contractors generally will identify their teams, including DBEs, when they submit a bid for a contract. Whether they meet, fail to meet, or exceed the goal, the documentation of the DBEs on the team and all good faith efforts are inspected by the NJ TRANSIT Office of Business Diversity, prior to the contract going to the board for a vote. In the event the prime contractor did fail to meet the goal, NJ TRANSIT Office of Business Diversity suggests ways the contractor might meet the goal, including:

- Providing a list of certified DBE firms
- Working with contractor using the DBE Unified Certification Program Business Directory

After the contract has been awarded, the Office of Business Diversity stays in contact with the DBE sub-contractor and monitors compliance through such means as payroll auditing and unannounced on-site visits to see who is actually doing the work. They also continue to suggest ways for the prime contractor to meet the goal, if initially they were unable to do so after a good faith effort.

While NJ TRANSIT has no official goal set on the use of minority and women employees, goals are set by the NJ DOL and workforce utilization is monitored by the OFFICE of FEDERAL CONTRACTS and COMPLIANCE PROGRAMS. In the event a prime contractor fails to meet the minority and women goal, a portion

of the contract award must go to training minorities and women to do the work required, therefore ensuring an increase in future capacity for utilization.

NJ TRANSIT has an interest and commitment to develop capacity for utilization, and is currently exploring options for the best means to ensure the effective, on-going workforce training and development of minorities and women, in preparation for future job opportunities related to the ARC Tunnel.

To date, we have awarded two ARC related contracts, the construction of the Tonnelé Ave. underpass and insurance for ARC; both had very aggressive DBE goals.

Senator Oroho:

- **Please provide the committee with a copy of the study for the ARC that describes the economic benefits New Jersey and New York are expected to receive from this project.**

The study can be accessed at the following website:

http://www.arctunnel.com/pdf/library/economic_benefits_of_thetunnel.pdf

Senator Haines:

- **Please provide the committee with the amount of work performed by outside contractors versus in-house employees for NJ TRANSIT's capital projects.**

For FY 2008, a total of \$1.4 billion was spent for capital projects including construction, rehabilitation, equipment purchases and related debt service. Of that, \$204 million was spent on in-house labor and related costs to support such projects as track replacement, bridge and signal construction and repair, equipment rehabilitation and repair, etc.