

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, January 15, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was held on Tuesday, January 15, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Traynor
Commissioner Downes, Committee Member
Commissioner Murphy, Committee Member
Commissioner Guajardo
Commissioner Lathem
Chairperson Lowe

Commissioners from New Jersey

Committee Vice-Chair Mroz
Commissioner Smith, Committee Member
Commissioner Dorn
Commissioner Wilson
Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Kerstin Sundstrom - NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Joe Larotonda
Kelly Phillips Parker
Anna Marie Gonnella Rosato
TJ Murray
Bob Young
Heath Gehrke
Steve Williams
Rob Piha
Jeff Cook
John Sarro
Michelle Griscom
Michelle Hammel

Invited Guest

Ted Zutz, Willis Insurance

1. Committee Chair Traynor opened the Budget & Finance Committee meeting at approximately 9:06 a.m. The Deputy Executive Director reported that the public meeting of the Budget & Finance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Traynor called for a motion to accept the Budget & Finance Committee Minutes from December 18, 2012. Commissioner Mroz made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 13-01 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD JANUARY 1, 2013 THROUGH DECEMBER 31, 2013 –

The Chief Financial Officer (CFO) presented the Over \$25,000 Vendor List. The CFO noted that quotes had been obtained for dry dock repairs to the M/V Delafort and Allen Steel was selected; however additional conditions were found after the vessel was taken out of the water. It is estimated the new cost, including additional repairs, will be \$48,900 and could potentially push the total over the \$50,000 limit. The CFO requested the Budget & Finance Committee waive the public bid requirement for Allen Steel. Committee Vice-Chair Mroz requested that the CFO report back the results to the Committee in advance of the next Committee meeting. Committee Chair Traynor noted it was appropriate to waive the bid requirement and report back to the Committee and asked for a motion, as related to Allen Steel, to waive the public bidding requirements of 98-31. Commissioner Murphy made a motion, Commissioner Smith seconded, and the Committee authorized the waiver of 98-31 in order to complete the repairs to the M/V Delafort.

After discussion regarding the remainder of the Over \$25,000 Vendor List, Committee Chair Traynor asked if there were any questions. Commissioner Downes made a motion, Commissioner Smith seconded, and the Budget & Finance Committee unanimously recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the January meeting later today.

b. RESOLUTION 13-02 – AUTHORIZING LEASE TERMINATION PAYMENT FOR THE BREAKWATER LIGHTHOUSE -

The CFO presented the Resolution and background concerning the proposed payment of \$100,000 for the transition of the lighthouse. The amount considers and acknowledges that the Authority intended to make capital improvements during the lease period. However, the Authority did not award a bid because it was well in excess of the engineer's estimate. Committee Chair Traynor questioned whether the Authority was contractually obligated to make the payment. The Executive Director (ED) reported the Authority was not obligated and requested an Executive Session.

Committee Chair Traynor requested an Executive Session, closed to the public to discuss matters of a confidential nature. Commissioner Downes made a motion, Commissioner Smith seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

- LEGAL MATTERS

With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Smith, seconded by Commissioner Mroz, and the Session was opened to the public.

After discussion, it was recommended the Resolution be revised to include an appropriate release lien from the State of Delaware and to revise the payment amount to “up to \$100,000”. Committee Chair Traynor asked if there were any additional questions. Commissioner Downes made a motion, Commissioner Smith seconded, and the Budget & Finance Committee unanimously recommended forwarding the Resolution, subject to the recommended revisions, to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

4. Review of 2013 Insurance Program:

The CFO introduced Mr. Ted Zutz, the Authority’s Insurance Broker and Insurance Consultant and provided a 1/1/2013-12/31/2013 Insurance Coverage Summary handout. The CFO reported that Willis Insurance is paid a flat fee for their services and receives no other compensation. Mr. Zutz reviewed the information noting that the Authority is a diverse organization consisting of bridges, airports, ferries, and real estate. He commented that there were no national standards for insuring such an organization. As Mr. Zutz reviewed Workers’ Compensation, the CFO also introduced Mr. Rob Piha, the Authority’s Risk Manager, who has been very proactive in managing the Authority’s Workers’ Compensation claims and has already had an impact in managing costs. During the review, Commissioner Guajardo questioned whether the Authority was over-insured. Mr. Zutz said that he could not accurately answer that question; however, the ED reported that staff hopes to develop some benchmarking information and report back. Mr. Zutz referred to the November 12, 2012 correspondence from HNTB regarding “Bridge Replacement Value and the Maximum Probable Loss” in reviewing the methodology for insuring the bridge. He noted that insurers read the Authority’s Annual Inspection Reports and observed that the bridge fendering system may not be adequate to protect the bridges and was not in the 2012 CIP. The Chief Operations Officer (COO) reported that the funds are included in the 2013 CIP to study and design possible Ship Collision Systems. As a result of the fendering system discussion, and in consultation with Legal Counsel, the COO was directed to accelerate the study.

Mr. Zutz also presented and reviewed a Schedule of Coverages Not Provided. Authority Vice-Chair Hogan questioned who made the decisions in the past regarding insurance coverages to insure one bridge. The CFO reported that he reviews the insurance program. The CFO noted that reviews have been conducted in the past which included the CFO, ED, and may have

included some Board members. Mr. Zutz reported that he historically deals with the ED CFO and Director of Finance. Authority Vice-Chair Hogan thanked the Executive Director for bringing the matter to the Board and reported the Board should have been involved all along.

The Committee thanked Mr. Zutz for his presentation.

5. Discussion of 2013 CMLF Fare Schedule:

The Director-Ferry Operations presented a handout outlining proposed increases and changes for 2013. The following was presented.

- Current Fares vs Proposed Fares
- Expected Incremental Revenues
- Graduated Annual Increases
- Peak Return Fare Increase
- Eliminate \$2 Internet Reservation Discount

The Director reported that eliminating the \$2 Internet Discount will help offset some Promotional Fares such as an AARP Discount, and Early Bird Reservation Fare. The Committee discussed the proposals. Commissioner Mroz requested information regarding fare increases and pricing for the last ten (10) years. He also noted that an evergreen policy has advantages and disadvantages and binds future Boards. Commissioner Guajardo questioned the effects of the last fare change and noted that more financial analysis is needed prior to any decision. The Director noted to the Committee that the cost to run the CMLF increases year over year. Committee Chair Traynor requested any additional information be provided in advance of the Board meeting.

6. Miscellaneous:

The CFO informed the Committee that the February Committee meeting will include a presentation from Boomershine regarding the Pension & OPEB Valuation.

With no further business to discuss, a motion to adjourn was made by Commissioner Downes, and the Budget & Finance Committee adjourned at 10:40 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, January 15, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee was held on Tuesday, January 15, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Guajardo
Commissioner Downes, Committee Member
Commissioner Traynor, Committee Member
Commissioner Lathem
Commissioner Murphy
Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Anna Marie Gonnella Rosato
Michelle Griscom
TJ Murray
Jim Salmon
Kelly Phillips Parker
Jeff Cook
Heath Gehrke
Michelle Hammel
Steve Williams
John Sarro

Commissioners from New Jersey

Committee Chair Smith
Commissioner Dorn, Committee Member
Commissioner Wilson, Committee Member
Commissioner Mroz

Vice-Chairperson Hogan

Phil Norcross - NJ

Kerstin Sundstrom - NJ

1. Committee Chair Smith, welcomed the Economic Development Committee and opened the meeting at approximately 10:50 a.m. The Deputy Executive Director reported that the public meeting of the Economic Development Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Smith called for a motion to accept the Economic Development Committee Minutes from December 18, 2012. Commissioner Downes made a motion, Commissioner Dorn seconded, and the Committee Minutes were accepted.

3. Action Items:

a. RESOLUTION 13-04 – LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND GENERAL POLYGON SYSTEMS, INC. -

The Deputy Executive Director (DED) presented the Resolution and discussed the terms of the lease. After discussion, Commissioner Downes made a motion, Commissioner Traynor seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the January meeting later today.

b. RESOLUTION 13-06 – AMEND THE GROUND LEASE BETWEEN THE CITY OF MILLVILLE AND THE DELAWARE RIVER AND BAY AUTHORITY RELATING TO THE MILLVILLE AIRPORT -

The DED presented the Resolution and reported the Amendment is similar to what has been already been done at New Castle Airport. After discussion, Commissioner Downes made a motion, Commissioner Dorn seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the January meeting later today.

c. RESOLUTION 13-07 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE DELAWARE ARMY NATIONAL GUARD AT THE NEW CASTLE AIRPORT -

The DED presented the Resolution and discussed and discussed the terms of the lease. After discussion, Commissioner Dorn made a motion, Commissioner Downes seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the January meeting later today.

4. Open Discussions/Other Issues:

Property Vacancy Update

In response to a previous request made by Commissioner Guajardo, Michelle Griscom provided a handout which listed the current status of DRBA properties located at New Castle Airport, Millville Airport, Cape May Airport, and Salem Business Centre. It was noted that

there were six (6) properties with viable marketing potential: Three (3) hangars at New Castle Airport; one (1) building at the Millville Airport; one (1) building at the Cape May Airport; and the Salem Business Centre. Commissioner Guajardo questioned total market rental values for the vacant properties. The Executive Director reported that staff will provide additional and more detailed financial information and noted that, although there may be vacancies, consideration must be given to the overall plans for the Airports in future leasing decisions.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Dorn, and the Economic Development Committee adjourned at 11:05 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, January 15, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was held on Tuesday, January 15, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware
PRESENT

Committee Chair Lathem
Commissioner Murphy, Committee Member
Commissioner Traynor, Committee Member
Commissioner Downes
Commissioner Guajardo
Chairperson Lowe

Legal Counsel
Mike Houghton - DE

Governors' Representatives

Staff
Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell

Commissioners from New Jersey

Committee Vice-Chair Dorn
Commissioner Smith, Committee Member

Commissioner Mroz
Commissioner Wilson
Vice-Chairperson Hogan

Phil Norcross - NJ

Kerstin Sundstrom - NJ

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 11:06 a.m. The Deputy Executive Director reported that the public meeting of the Personnel Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, and read the Statement of Notice, and called the roll.

2. Committee Chair Lathem called for a motion to accept the Personnel Committee Minutes from December 18, 2012. Commissioner Dorn made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Committee Chair Lathem noted that there were no Action Items and, in the interest of time, the discussion of the Ethics Policy would be delayed until the February meeting. Delaware Legal Counsel reported that the Executive Session of the Personnel Committee would reconvene immediately after the Board meeting to discuss additional personnel matters of a confidential nature.

4. With no further business to discuss, Commissioner Murphy made a motion to adjourn, and the Personnel Committee adjourned at 11:07 a.m.

6. The Personnel Committee reconvened at 11:54 a.m. A motion to go into Executive Session to discuss matters of a confidential nature was made by Commissioner Smith, seconded by Commissioner Dorn, and the Public Session was closed.

The following additional matters of a confidential nature were discussed.

- PERSONNEL MATTERS

7. With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Murphy, seconded by Commissioner Dorn, and the session was opened to the public.

8. With no further business to discuss, Commissioner Murphy made a motion to adjourn, and the Personnel Committee adjourned at 12:45 p.m.

THE DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE

Tuesday, January 15, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of the Delaware River and Bay Authority's Projects Committee was held on Tuesday, January 15, 2013, at the Delaware Memorial Bridge, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Murphy
Commissioner Latham, Committee Member
Commissioner Guajardo, Committee Member
Commissioner Traynor
Commissioner Downes

Chairperson Lowe

Legal Counsel

Mike Houghton – DE

Governors' Representatives

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Victor Ferzetti
Gerry DiNicola-Owens
Lt. Col. Jeff Cook
Dave Hoppenjans
Steve Williams
Kelly Phillips-Parker
John Sarro
Michelle Hammel
Anna Marie Gonnella-Rosato
Jim Salmon
TJ Murray
Heath Gehrke

Commissioners from New Jersey

Committee Vice Chair Smith
Commissioner Wilson, Committee Member
Commissioner Dorn, Committee Member
Commissioner Mroz

Vice-Chairperson Hogan

Phil Norcross - NJ

Kerstin Sundstrom - NJ

1. Committee Chair Murphy welcomed the Projects Committee and opened the meeting at approximately 11:05 a.m. Committee Chair Murphy reported that the public meeting of the

Projects Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations and reported there was a quorum.

2. Committee Chair Murphy called for a motion to accept the Projects Committee minutes from December 18, 2012. Commissioner Lathem made a motion, Commissioner Dorn seconded, and the Committee Minutes were approved. Those in attendance were provided an informational package consisting of an agenda, one (1) Resolution, two (2) close-out letters and one (1) monthly contractor payment chart (through December).

3. Resolutions:

RESOLUTION 13-03 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY'S 2013 CAPITAL IMPROVEMENT PROGRAM (CIP)

The COO introduced a Resolution for Adoption of the Delaware River and Bay Authority's 2013 Capital Improvement Program (CIP). The COO recommended approval of the Resolution for Adoption of the 2013 Capital Improvement Program. The Committee concurred with the recommendation. Committee Chair Murphy asked if there were any questions. Commissioner Lathem made a motion, Commissioner Smith seconded and the Projects Committee unanimously recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for approval at the January meeting later today.

4. Bid Openings: None

5. Contract Close-Out Actions:

Contract No. DMB-10-06 – Inspection of Main Cables & Suspender Ropes 1st and 2nd Structures, Delaware Memorial Bridge. The scope of the work on this contract consisted of the inspection of the main cables and suspender ropes on the 1st and 2nd structures of the Delaware Memorial Bridge. The final contract amount is \$5,507,900.00. The COO recommended close-out of the contract and final payment to Piasecki Steel Construction Corporation of Castleton, New York. A motion to move the close-out action to the full Board was made by Commissioner Wilson, seconded by Commissioner Dorn, and the Projects Committee unanimously approved the close-out action to be presented at the January meeting later today.

Contract No. CMLF-12-03 – 2012 Maintenance Dredging – Cape May Terminal, Cape May-Lewes Ferry. The scope of work on this contract consisted of maintenance dredging at the Cape May Terminal. The final contract amount is \$414,290.50. The COO recommended close-out of the contract and final payment to Barnegat Bay Dredging Company, Inc. of Harvey Cedars, New Jersey. A motion to move the close-out action to the full Board was made by Commissioner Wilson, seconded by Commissioner Dorn, and the Projects Committee unanimously approved the close-out action to be presented at the January meeting later today.

6. Contractor Payment (through December): The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through December.

7. Miscellaneous Items/Updates:

DMB 1st Structure Improvement Program Update

The COO provided an update on the 1st Structure Improvement Program. The physical cable and suspender rope field investigation contracted with Piasecki Steel Corp. and overseen by AECOM & Ammann & Whitney Inc. started in February 2012 and was completed in November 2012. It was noted that the visual inspection confirmed early stages of deterioration and indicated a minor loss in capacity. It was reported that laboratory inspection and testing of the sampled cable wires and suspender ropes was continuing with completion anticipated this summer. The COO discussed some preliminary programming recommendations including cable preservation systems, suspender rope repair, ship collision protection, painting, seismic upgrades and the beginning of planning and programming for deck replacement in 2021. The CFO reported that the cost of these improvements will need to be programmed as the investigation comes to completion with final recommendations this year.

2012 Employee Safety Performance

The COO presented a Workplace Incidents Chart to the Board for review. The COO reported there were 64 employee workplace safety incidents in 2012, compared to 71 in 2011. It was also noted that the excellent safety performance in 2012 surpassed 2007, the previous best year on record that had 69 employee workplace safety incidents. The COO recognized the outstanding efforts of staff that contributed to this achievement.

Flu Update

The COO reported that additional safety precautions are being taken at the Authority to lessen the impact of the current flu outbreak. The COO provided an overview of the sanitation measures implemented and the associated communications to our employees. It was also reported that an additional round of flu vaccines will be offered to employees at various locations across the Authority.

8. Committee Chair Murphy requested an Executive Session, closed to the public, to discuss matters of a confidential nature. A motion was made by Commissioner Wilson, seconded by Commissioner Guajardo, and the Session was closed.

The following matters of a confidential nature were discussed:

- LONG RANGE PLANNING MATTERS

The Projects Committee reconvened at approximately 11:30 a.m.

9. Open Discussion/Other Issues:

Contract No. PA-12-04-02 – Snow Removal Equipment. The COO advised the Committee that the DRBA received notice from the FAA that the 90% grant funding would not be processed because the bid solicitation did not result in at least two (2) responsive bidders. The COO noted that DRBA awarded the contract based on the available grant funding and is relying upon this grant to fund the purchase. The COO also advised the Committee that the FAA has indicated

that the 90% grant funding for snow removal equipment is still available to the DRBA pursuant to a new solicitation. Based on this information, the COO recommended that the DRBA rescind the award of PA-12-04-02 to Penn Jersey and rebid the equipment. The Projects Committee concurred with the recommendation and moved the rescission vote to the full Board.

10. With no further business to discuss, Commissioner Wilson made a motion to adjourn, seconded by Commissioner Lathem, and the Projects Committee adjourned at 11:35 a.m.