

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, December 15, 2015

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, December 15, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Downes
Commissioner Ford, Committee Member
Commissioner Murphy, Committee Member
Commissioner Carey-arrived 9:20 a.m.
Commissioner Lathem
Chairperson Lowe

Commissioners from New Jersey

Committee Vice-Chair Wilson-via phone
Commissioner Smith, Committee Member
Commissioner Van Sant, Committee Member
Commissioner Dorn

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Scott Perkins - DE

Michael Collins - NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Charlotte Crowell
Gerry Owens
Michelle Hammel
TJ Murray
Joe Larotonda
Jim Salmon
Heath Gehrke
Joe Gibbons
Travis Crawford
Michelle Griscom
Steve Williams
Ashia Cale
Edith Brako

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:07 a.m. The Deputy Executive Director (DED) 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 Downes called for a motion to accept the Budget & Finance Committee Minutes from November 17, 2015. Commissioner Ford made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 15-47 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

The Chief Financial Officer (CFO) presented and reported on the Over \$25,000 List and noted it was the first for FY 2016. The list includes Government, Professional Service, Proprietary, Quotes, Sole Source, State Contract, Utilities and are routine in nature. The CFO highlighted certain quotes as items related roofing projects as a result of the recently completed Authority-wide roofing assessment. Commissioner Van Sant questioned the sole source use of Coca Cola products and how were they placed. The CFO reported that the product is based on the particular dispensing machine selected by the Authority. The Authority is in the third year of an extended term, believed to be five (5) years. At the end of the contract period, the Authority will re-evaluate the procurement of Fountain and Bottled Sodas and Beverage services. Committee Chair Downes questioned whether the Authority has investigated energy reduction or cost savings as related to electric and gas usage. The Superintendent of Maintenance reported that staff currently working with alternative energy sources to determine whether there may be long term energy savings and if it would be in the best interest of the Authority. The Cape May Ferry Terminal was selected for evaluation based on the high energy usage. The evaluation is approximately 50% completed.

After discussion and with no further questions, Commissioner Murphy made a motion, Commissioner Ford seconded, and the Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

5. Miscellaneous:

OPEB Transfer Discussion

The CFO reported that he expects the 2015 Operating Budget to be approximately \$5 million under budget for the end of the year. He asked the Authority's Actuary, Dave Boomershine, where he would apply any additional funding if such was available. Mr. Boomershine recommended allocating to the OPEB fund as it would have a long term benefit and would count toward the new valuation, which is done every other year. The CFO presented a handout comparing the January 1, 2014 OPEB Valuation to Actual 2014-2015 forecasted

performance. The handout also showed the impact over a 24 year period of an additional deposit ranging from \$1-5 million. Mr. Boomershine noted in the discussion with the CFO that the Pension is funded at 91% and doesn't warrant consideration for additional resources at this time. The CFO reported that, in light Economic Development projects he would recommend making a transfer of \$2.5 million. The Committee discussed. Committee Chair Downes noted as more employees become eligible to retire, the costs for retiree healthcare benefits may continue to increase and just as the Authority made additional payments to the Pension Plan we should also do the same for the OPEB Plan. Commissioner Lathem reminded the Committee of the pushback when the Authority was discussing the development of an OPEB Fund. Authority Chair Hogan reminded the Committee that the pushback was from the New Jersey Governor's Office questioning the wisdom of OPEB as they were not doing any funding. Commissioner Murphy questioned the assumptions currently used and the CFO reported that after the Actuary completes the January 1, 2016 valuation, a review of the assumption package will be conducted and results and recommendations will be presented. After discussion, the Committee authorized the CFO to transfer at a minimum \$2.5 million in additional funds from the existing budget to the OPEB Fund and any amounts above the \$2.5 million at the discretion of the CFO.

S&P Call

The CFO reported he had a call with the rating agency, S&P, yesterday. They reported that the Authority is over delivering on expectations and does not anticipate any negative movement on the current "A" rating. The CFO reported that an A+ rating could be obtained; however, it would require an earlier toll increase and committing to higher coverage ratios and cash balances. The CFO believes the limitations are too steep for the benefit gained. New Jersey Counsel agreed with the recommendation.

6. With no further business to discuss, Commissioner Van Sant made a motion to adjourn and the Budget & Finance Committee adjourned at 9:37 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, December 15, 2015

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, December 15, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Ford
Commissioner Carey, Committee Member
Commissioner Downes, Committee Member
Commissioner Lathem
Commissioner Murphy
Chairperson Lowe

Commissioners from New Jersey

Committee Chair Dorn
Commissioner Smith, Committee Member
Commissioner Van Sant, Committee Member
Commissioner Wilson-via phone

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Scott Perkins - DE

Michael Collins – NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Charlotte Crowell
Gerry Owens
Michelle Hammel
TJ Murray
Jim Salmon

1. Committee Chair Dorn welcomed the Economic Development Committee and opened the meeting at approximately 9:37 a.m. The Deputy Executive Director (DED) 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 Dorn called for a motion to accept the Economic Development Committee Minutes from November 17, 2015. Commissioner Ford made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

Authority Vice-Chair Hogan requested an Executive Session with attendance by the Executive Director, Deputy Executive Director, New Jersey and Delaware Legal Counsel, New Jersey and Delaware Governors' Representatives and Authority Staff Attorney. Committee Chair Dorn asked for a motion to move the meeting to Executive Session. Commissioner Ford made a motion, Commissioner Van Sant seconded and the Session was closed to the public to discuss matters of a confidential nature.

The following matters of a confidential nature were discussed.

- LONG TERM PLANNING

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

3. Resolution:

a. RESOLUTION 15-50 – AUTHORIZING THE EXECUTION OF A CONTRACT TO CONSTRUCT A LIGHT INDUSTRIAL BUILDING(S) AT THE CAPE MAY AIRPORT

Delaware Legal Counsel reported that, as a result of Executive Session discussions regarding objections from the New Jersey Governor's Authorities Unit pertaining to specific issues in Resolution 15-50, he, New Jersey Legal Counsel and the New Jersey Governor's Representative modified the language in the Resolution to reflect those discussions. Delaware Counsel read and reviewed the proposed language changes, which addressed the concerns of the New Jersey Governor's Office. Committee Chair Dorn asked if the Committee agreed to those changes and asked for a consensus. Commissioner Van Sant made a motion, Commissioner Downes seconded and the Economic Committee recommended approving the Resolution, as amended, to the full Board for consideration at the December meeting later today.

b. RESOLUTION 15-49 – LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CITIBANK, N.A.

The CFO reported that Citibank has two (2) remaining ten (10) year option renewals; however, during the lease renewal process they requested the option to purchase the property during the lease term. Since the Authority operates the Airport under a long term lease agreement, the consent of the County is needed as they are the owner of the property. In addition, a portion of the property has FAA restrictions on use and an official release request from those restrictions will be required by the FAA. The Resolution amends the lease and grants Citigroup the right to purchase the property subject to various approvals and consents from the County and the FAA. After discussion, Commissioner Murphy made a motion, Commissioner Downes seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the December meeting later today.

4. Open Discussion/Other Issues: None.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Van Sant, and the Economic Development Committee adjourned at 10:05 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, December 15, 2015

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was scheduled on Tuesday, December 15, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Lathem
Commissioner Carey, Committee Member
Commissioner Murphy, Committee Member
Commissioner Downes
Commissioner Ford

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green
Frank Minor
Charlotte Crowell
Gerry Owens
Victor Ferzetti
Vince Meconi
Michelle Hammel

Commissioners from New Jersey

Committee Vice-Chair Dorn
Commissioner Smith, Committee Member
Commissioner Van Sant
Commissioner Wilson-via phone

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:05 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, read the Statement of Notice, and called the roll.

2. Committee Chair Lathem called for a motion to accept the Personnel Committee Minutes from November 17, 2015. Commissioner Dorn made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Committee Chair Lathem requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Dorn, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

- LABOR NEGOTIATIONS
- PERSONNEL MATTERS

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

4. Miscellaneous:

Current Openings

The Chief Human Resource Officer (CHRO) provided a list of the current openings for Full-time and Casual/Seasonal Employment Opportunities.

Performance Appraisal Planning

The CHRO provided a copy of the Supervisors/Managers Performance Appraisal Program booklet and reported that meetings had been conducted for 171 non-represented employees and all but one (1) person attended. Arrangements will be made for that individual as he is currently at the shipyard in New York. Supervisors will have one-on-one meetings with employees and will conduct six month and year end reviews. During 2016, Authority-wide and Department goals will be developed for 2017. Committee Chair Lathem noted this procedure was in order to receive the 1.9% increase and does not apply to union employees. The CHRO reported the Performance Appraisal Program will have to be a negotiated item for union employees.

5. With no further business to discuss, Commissioner Dorn made a motion to adjourn and the Personnel Committee adjourned at 10:56 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, December 15, 2015

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, December 15, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Murphy
Commissioner Lathem, Committee Member
Commissioner Downes
Commissioner Ford, Committee Member
Commissioner Carey
Chairperson Lowe

Commissioners from New Jersey

Committee Vice-Chair Smith
Commissioner Wilson, Committee Member-via phone
Commissioner Dorn
Commission Van Sant, Committee Member

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Scott Perkins

Michael Collins – NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Edith Brako
Michelle Hammel
Steve Williams
Heath Gehrke
Jamil McGhee

4. Committee Chair Murphy opened the Projects Committee meeting at approximately 10:56 a.m. The Deputy Executive Director 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.

5. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from November 17, 2015. Commissioner Lathem made a motion, Commissioner Downes seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda, one (1) resolution, one (1) miscellaneous update and one (1) monthly contractor payment charts (through November).

6. Resolutions:

RESOLUTION 15-48: ADOPTION OF THE DELAWARE RIVGER AND BAY AUTHORITY'S 2016 CAPITAL IMPROVEMNET PROGRAM (CIP)

The Executive Director reported for the COO about the 2016 CIP. In terms of numbers, there are only 3 changes since last month. The first change is the Multi-Tenant Building at Cape May Airport. Its construction cost has been raised slightly based on the presentation the Commissioners received last month. Second, the price for the Cape May and Lewes master plans was reduced somewhat as we have an actual quote from consultants. Third, the cable preservation number for 2016 was lowered slightly.

Overall, the bottom line of \$99,275,000.00 for the 2016 has not changed. The CIP format differs slightly from past years. On the new format, projects are arranged by location, and then within each location, all of the projects are divided into 4 categories. Those categories are Continuing Projects, Annual Projects, New Projects and Out-Year Projects. Continuing projects are projects that were listed in last year's CIP. Annual projects are projects that we do every year. New projects have not appeared in a previous CIP. Out-Year projects require no expenditure of funds in 2016; we have 35 such projects for planning purposes. The last format change is that all projects have been assigned a priority rank order, from 1 to 117.

After discussion, a motion was made by Commissioner Latham, seconded by Commissioner Ford and the Projects Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board at the December meeting later today.

7. Bid Opening: None

8. Contract Close-Out Actions: None

9. Contractor Payment (through November): The Executive Director reviewed for the Committee the monthly construction contractor payments to be made for the work completed through November.

10. Miscellaneous Items/Updates:

a. CONSTRUCTION PROJECT UPDATES

The Executive Director reported both updates on behalf of the COO.

The Tower Painting project is substantially complete, which in this case means that the contractor has completed the painting. The contractor is now working on punch list items

and dismantling the scaffolding on the southbound spans. All work on the northbound spans was completed last month. The goal is to have all of the scaffolding down before the end of the year.

As you may have seen in the papers, the DRBA has released the details of the I-295 Southbound Reconstruction project. A brochure will be passed out on this subject which has been given to the media and will be distributed to the public through various means. For example, the brochure was mailed to all of our E-Z Pass customers last week. Construction is scheduled to begin in January.

b. BRIDGE ELEVATORS

The original cost for the installation of the 8 new elevators was \$11.6 million and the project was completed in May of 2012. The COO, Chief Engineer, Project Engineer, Director of Maintenance and Deputy Director of Maintenance who held those posts during the project have all left the Authority and are not here to defend any decisions made for the project. There was no Assistant Chief Engineer position at that time.

There are 5 major reasons why we will be forced to spend \$1.2 million next year only 4 years after installation. First, the elevators chosen were not the appropriate ones for us. Our current maintenance and engineering staff believe we should have purchased elevators that are more able to withstand the actual conditions of the DMB. The George Washington Bridge has the same elevators as us but work better due to one difference. They have manual controls and ours have electronic controls.

Second, The Authority appears to have purchased a less than optimal product. Champion, the manufacturer of the elevators, has discontinued the model that is installed on our bridge. We believe we were the last installation of this particular model.

Third, upon installation, the elevators did not undergo a commissioning process that would have entailed things like a thorough pre-final inspection, the creation of a punch list, staff training, and resolution or at least investigation of lingering operational issues.

Fourth, when the authority was not satisfied with the quality of the product, instead of holding the original contractor's feet to the fire, we cut ties with that contractor and brought in a 3rd party contractor to attempt to address the problems.

Fifth, there was no attempt to enforce the 1-year warranty that came with the elevators, which might have been rendered moot by hiring of a 3rd party contractor in any event. We are well past any possibility of holding outside parties accountable.

We have repaired the elevators as best we can using existing maintenance personnel and dollars, which is why, as of now, we have 6 of the 8 elevators working compared with one in March. Now, only trained DRBA staff can operate the elevators. We have executed a new elevator maintenance contract with Otis Elevator, whom we believe is better able to perform the level of maintenance we need from now until the hand-off to

the retrofit contractor. The additional investment of \$1.2 million can be described as 75% to bring the elevators up to the specifications that should have been there in the first place, and 25% to make the temporary repairs permanent.

Going forward, inspection is vital, that is why we spent and are spending millions to inspect other projects while the work is in progress. We spent zero on inspection for the elevator project. We also should have bought the extended warranty which would have been a wise investment period. We hope to purchase one following next year's retrofit if one is available. We should always hold contractors responsible for their work from day one.

11. Open Discussion/Other Issues:
12. With no further business to discuss, Commissioner Downes made a motion to adjourn, and the Projects Committee adjourned at 11:08 a.m.