

**DELAWARE RIVER AND BAY AUTHORITY**

**AUDIT & GOVERNANCE COMMITTEE MEETING**

**Tuesday, November 17, 2015**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Audit & Governance Committee was held on Tuesday, November 17, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Vice-Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Committee Chair Wilson  
Commissioner Smith, Committee Member  
Commissioner Van Sant

Chairperson Hogan

John Devlin - NJ

Michael Collins - NJ

Invited Guest

Michael Beczkowski, Bolton Partners

1. Committee Chair Wilson opened the Audit & Governance Committee meeting at 9:25 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Audit & Governance 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. Commissioner Downes called for a motion to accept the Audit & Governance Committee Minutes from October 27, 2015. Commissioner Lathem made a motion, Commissioner Downes seconded, and the Committee Minutes were accepted.

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

The following matters of a confidential nature were discussed:

- FINANCIAL POLICY AND PLANNING

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

With no further business to discuss, Commissioner Smith made a motion to adjourn, and the Audit & Governance Committee adjourned at 9:55 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**BUDGET & FINANCE COMMITTEE MEETING**

**Tuesday, November 17, 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, November 17, 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

Commissioner Lathem

Chairperson Lowe

Commissioners from New Jersey

Committee Vice-Chair Wilson

Commissioner Smith, Committee Member

Commissioner Van Sant, Committee Member

Commissioner Dorn-arrived at 10:18

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

John Devlin - NJ

Governors' Representatives

Michael Collins - NJ

Staff

Scott Green

Frank Minor

Victor Ferzetti

Charlotte Crowell

Vince Meconi

Gerry Owens

Michelle Hammel

TJ Murray

Joe Larotonda

Joe Nadel

Travis Crawford

Dave Hoppenjans

Jim Salmon

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:56 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 October 27, 2015. Commissioner Wilson made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Discussion Items:

- 2016 Operating Budget

The Chief Financial Officer (CFO) reported the FY 2016 Operating Budget was discussed in October and today's presentation material was sent in advance of the Committee meeting for review on Friday. The CFO presented and reviewed the following material.

- Executive Summary
- Financial Model
- Revenue Forecast
- Major Increase/Decreases in Expenditures
- Divisional Budgets
- Categorical Budgets
- Funded Positions
- Vessel Fuel
- Insurance
- Statements of Income and Expense
- Other Operating Facilities (Airports & Economic Development)

The CFO focused on the Financial Model and reported that the FY Operating Budget in the amount of \$82,502,368 represents an increase of \$1,484,993 or 1.8% from the Adopted FY 2015 Budget and the 1.88x debt service coverage exceeds the required 1.25x coverage. The CFO informed the Committee that he has been modeling no less than 1.60x coverage and a \$50 million General Fund balance to avoid rating agency concerns. The CFO added that should the Board support the forecasted Capital Improvement Program (CIP), there would be approximately \$61 million in the General Fund at the end of 2017 and suggests the start of discussions of a future toll increase in the first or second quarter of 2018, depending on how fast the CIP is spent. Commissioner Lathem suggested that the political atmosphere may be more favorable to a toll increase be in 2016 rather than 2018. The CFO recommended that the timing of a toll increase associated with corresponding projects supporting the toll increase. The CFO noted the projected losses associated with the Ferry, Food Service and Millville Airport. The Committee discussed various matters associated with the operations. Authority Chair Lowe questioned how assumptions for revenues and expenses are picked. The CFO reported that expenses are based on historical data and revenue assumptions are somewhat conservative and based on reasonable and/or foreseeable growth in business units.

Committee Chair Downes questioned whether there would be any bond issues between now and 2020 and the CFO reported that a bond issue would require a toll increase in advance; however, with a toll increase, he would anticipate the use of debt to partially fund future projects. Committee Chair Downes asked if there were any further questions of the Committee and there

were none. Commissioner Van Sant made a motion to accept the FY 2016 Operating Budget as presented, Commissioner Smith seconded, and the Budget & Finance Committee supported the FY 2016 Operating Budget.

4. Resolutions:

a. RESOLUTION 15-43 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

The CFO presented the Over \$25,000 List and reviewed each of the five (5) vendors on the list. The CFO highlighted Garden State Highway, noting that the purchases were for small items cumulatively adding up to over \$25,000. Committee Chair Downes questioned Colliers Business Systems and the Chief Information Officer (CIO) reported that the cost is for continued enhancements to ensure PCI Compliance for the Reservation System at the Ferry. After discussion Commissioner Smith made a motion, Commissioner Murphy 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 November meeting later today.

b. RESOLUTION 15-44 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY'S 2016 OPERATING BUDGET

The CFO presented the Resolution and noted the attached Exhibits A & B. The Resolution adopts the FY Operating Budget in the amount of \$82,502,368. Commissioner Ford made a motion, Commissioner Murphy seconded, and the Budget & Finance Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the November meeting later today.

c. RESOLUTION 15-45 – RESCINDING STANDING RESOLUTIONS 94-12, 95-40, 97-42, 98-31, 01-84, 09-52, 10-54, and 11-36 RELATING TO PROCEDURES FOR PROCUREMENT OF PROFESSIONAL SERVICES, EQUIPMENT AND SUPPLIES, CONSTRUCTION AND CONSTRUCTION MANAGEMENT CONTRACTS AND TRANSFER OF FUNDS, AND REPLACING THOSE RESCINDED WITH A SINGLE COMPREHENSIVE PROCUREMENT POLICY

Authority Vice-Chair Hogan made a request that the Resolution be Tabled and not brought before the Committee as the New Jersey Commissioners would need to caucus on the matter. Committee Chair Downes questioned if he wished to discuss the Procurement Policy Review, as was presented at the Planning Session in September, and open the discussion for any questions. Authority Vice-Chair Hogan stressed that the New Jersey Commissioners would need to caucus and did not want to discuss the matter at this time. Authority Chair Lowe then reported the Resolution and discussion would not be presented at this time to allow for New Jersey Commissioners to caucus on the matter.

5. Miscellaneous:

- Insurance Brokerage Services:

The CFO reported that he was notified last week that the individual assigned to our account, Mr. Ted Zutz, would be retiring and a new individual from USI will be assigned to our account. We wish Mr. Zutz a happy retirement.

- Reimbursement for Police Training Costs:

Committee Chair Downes asked if there was an update regarding whether the Authority had a policy or has considered developing a policy for reimbursement of training expenses for Authority Police who leave and are hired by another agency. Staff had no update but would investigate and report back to the Committee.

6. With no further business to discuss, Commissioner Murphy made a motion to adjourn and the Budget & Finance Committee adjourned at 10:26 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**ECONOMIC DEVELOPMENT COMMITTEE MEETING**

**Tuesday, November 17, 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, November 17, 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

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Committee Chair Dorn  
Commissioner Smith, Committee Member  
Commissioner Van Sant, Committee Member  
Commissioner Wilson

Vice-Chairperson Hogan

John Devlin - NJ

Michael Collins – NJ

1. Committee Chair Dorn welcomed the Economic Development Committee and opened the meeting at approximately 10:28 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 October 27, 2015. Commissioner Carey made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Action Items: None.

4. Open Discussion/Other Issues:

#### Cape May Airport Light Industrial Building

The Deputy Executive Director (DED) turned the meeting over to the Chief Financial Officer (CFO) who provided an update regarding the development and construction of a light industrial building at the Cape May Airport as was discussed previously in February and May, 2015 Committee meetings. The cost estimated to construct one (1) 15,000 square foot building is approximately \$2.5 million with an approximate cost savings of 16% to build two (2) for a total of \$4.3 million. Add Alternates to fit-out a portion of the space would add approximately \$280,000. The CFO informed the Committee that the total project cost is estimated to be \$3 million for one (1) building and \$5.2 million for two (2) structures. Using a market rate of \$1,200 monthly for each leased space, the return on investment would be 44 years and 31 years respectively. At this time, the CFO recommended the construction of one (1) building with fit-out, although if the market shows positive interest in the space, he could come back to the Committee with a request to build the second building. In order to speed up the process and enable staff to place orders to begin construction in January, the CFO proposed presenting a Resolution for consideration in December, similar to the Re-Power Project, authorizing staff to enter into an engagement within certain limits. If passed in December it would enable staff to capture approximately 45-60 days on the project and better position the Authority to potentially lease space in the fall of 2016.

The Executive Director (ED) also noted that Cape May County will be investing substantially to improve the entrance to the Cape May Airport along with the complete re-development of Hornet Boulevard. The Authority is also in discussion with a prospective tenant interested in a land lease for the construction of a building and distillery. There is very positive momentum at the Cape May Airport.

After discussion, the Committee supported the CFO's recommendations.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Wilson, and the Economic Development Committee adjourned at 10:48 p.m.



**DELAWARE RIVER AND BAY AUTHORITY**

**PERSONNEL COMMITTEE MEETING**

**Tuesday, November 17, 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, November 17, 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

Commissioners from New Jersey

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

Vice-Chairperson Hogan

John Devlin - NJ

Michael Collins – NJ

Staff

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

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:52 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 October 27, 2015. Commissioner Dorn made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. The Chief Human Resource Officer (CHRO) introduced the CHRO and HR Department's Administrative Assistant, Ashia Cale, who was hired just last week. The Committee welcomed her to the Authority.

4. 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 Murphy, seconded by Commissioner Smith, and the Session was opened to the public.

5. Miscellaneous: None.

6. With no further business to discuss, Commissioner Dorn made a motion to adjourn and the Personnel Committee adjourned at 11:12 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**PROJECTS COMMITTEE MEETING**

**Tuesday, November 17, 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, November 17, 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  
Commissioner Dorn  
Commission Van Sant, Committee Member  
  
Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

John Devlin - NJ

Governors' Representatives

Michael Collins – NJ

Staff

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

5. Committee Chair Murphy opened the Projects Committee meeting at approximately 11:08 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.

6. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from October 27, 2015. Commissioner Downes made a motion, Commissioner Lathem seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda, one (1) bid opening, three (3) miscellaneous items/updates and one (1) monthly contractor payment charts (through October).

7. Resolutions: None

8. Bid Opening:

**DMB-15-02 FIRST AND SECOND STRUCTURES: DEHUMIDIFICATION OF MAIN CABLES AND ANCHORAGES**

A public bid opening was held on September 25, 2015, in which we received two (2) bids for the very large cable dehumidification project. The Authority is very pleased with the winning bid for this project, which is not only lower by \$11 million than the unsuccessful bidder, but \$5 million lower than the amount budgeted in the 2015 Capital Improvement Program. The very low bid of \$33.6 million allows us to include 3 add alternates, the most important of which will repair some deteriorated suspender ropes that we need to do. The add alternates will also be able to be done at a lower price and quicker than if we were to have a separate bid. The other good news on the bid is that we had originally planned for a 3-year construction schedule but the winning contractor has preliminarily indicated that they would take only 2 years, with 70% of the work being done in the first year (2016). The accelerated schedule does have impact on the 2016 CIP. The COO recommended the contract award to the lowest bidder, American Bridge, in the amount of \$33.6 million.

A motion was made by Commissioner Smith, seconded by Commissioner Lathem, and the Projects Committee concurred with the recommendations to accept the bid and authorized the action to be presented at the November Commission meeting later today.

9. Contract Close-Out Actions: None

10. Contractor Payment (through October): The Chief Operations Officer (COO) reviewed for the Committee the monthly construction contractor payments to be made for the work completed through October.

11. Miscellaneous Items/Updates:

**a. PRELIMINARY BRIEFING, 2016 CAPITAL IMPROVEMENT PROGRAM**

The COO gave a preliminary overview of the 2016 Capital Improvement Program (CIP) with a \$99,275,000 budget. The CIP was broken down into 5 categories. Those Categories are Bridge, Roadway, Ferry, Airports and Authority Wide Projects. The COO highlighted projects in each category that would be on the 2016 CIP. The COO noted that \$92 Million of the \$99 Million are from projects that were listed in the 2015 CIP.

There is only \$7 million worth of brand new projects. It was also noted that the four or five projects that have come to fruition account for over half of the \$99 million.

The COO reported that the Bridge Tower Elevator Retro Fit was also part of the CIP. Out of the eight (8) elevators on the bridge, seven (7) are currently working. The authority needs to spend about \$1.2 million to get the elevators to work properly and safely. It was stated that the maintenance department said these were the wrong elevators to put on this bridge. The Commissioners had concerns about the authority spending money to do work on the elevators, given that they are fairly new and would like to know if the Authority could go back to the manufacturer or installers to correct any problems. The COO stated that he would do some research and get back to the Board at a later date.

b. **CONTRACT EXTENSION OF PROFESSIONAL AIRPORT PLANNING AND BUSINESS SERVICES CONSULTING SERVICES AGREEMENT**

The COO reported on the renewal of our contract with our airport planning and business services consulting firm, McFarland-Johnson. The original contract was signed for 3 years with an option to renew for a 4<sup>th</sup> year. McFarland-Johnson advises us on what steps we can take to attract commercial air service at ILG. They also do business planning and strategy for all our airports. They also benchmark our rates & charges and do specific studies of areas like terminal operations, passenger facilities charges, airline capacity and others. The Authority is satisfied with their work and it has been proven much less costly than expected, so we would like to renew for the 4<sup>th</sup> year. The original resolution authorizing this contract states that the renewal requires an affirmative vote of the Projects Committee and the Chair and Vice-Chair, rather than the entire Board. The COO recommended the board approve the renewal.

A motion was made by Commissioner Murphy, seconded by Commissioner Smith, and the Projects Committee concurred with the recommendations to renew the contract and authorized the action to be presented at the November Commission meeting later today.

c. **VIDEO COVERAGE OF VESSEL DRYDOCKING**

The COO stated that two weeks ago the MV Delaware arrived at Caddell Shipyard in Staten Island for its combined drydocking and repowering. The project should take around four (4) months. The COO presented the board with a video from a New York news station detailing the project.

12. **Open Discussion/Other Issues:**

13. With no further business to discuss, Commissioner Murphy made a motion to adjourn, and the Projects Committee adjourned at 11:49 p.m.

