

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, November 15, 2016

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 15, 2016, 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

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Committee Vice-Chair Wilson-via phone
Commissioner Smith, Committee Member-arrived
after roll call
Commissioner Van Sant, Committee Member

Vice-Chairperson Hogan

Phil Norcross - NJ

Lisa LeBoeuf - NJ

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:05 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 18, 2016. Commissioner Ford made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

3. Discussion:

- 2017 Operating Budget

The Chief Financial Officer (CFO) reported the FY 2017 Operating Budget was discussed in the October meeting. The CFO reported that there were slight changes from the information that was discussed in October which resulted a slight reduction to the FY 2017 Budget total. These Materials were distributed to the Committee in advance of today's meeting for review. The CFO presented and reviewed the following material.

-) Executive Summary
-) Financial Model
-) Revenue Forecast
-) Major Increase/Decreases in Expenditures
-) Divisional Budgets (Exhibit A)
-) Categorical Budgets (Exhibit B)
-) 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 2017 Operating Budget in the amount of \$84,064,869 represents an increase of \$1,562,500 or 1.89% from the Adopted FY 2016 Budget and the 2.05x debt service coverage exceeds the required 1.25x coverage. The CFO added that should the Board support the forecasted Capital Improvement Program (CIP) in the amount of \$97 million, based on estimates \$22 million would be funded from the Construction Fund and cash draws from the General Fund in the amount of \$77 million. This would leave a remaining balance in the General Fund at the end of 2017 in the amount of \$75 million. The CFO noted that the remaining cash at the end of 2017 would be sufficient; however, as discussed at the September Planning Session, the model shows the need for a toll increase in 2018 to support future Capital programs. Commissioner Murphy questioned whether the CIP could be funded without a toll increase. The CFO reported that details would be finalized over time, but without a toll increase current expenses and/or future CIP projects would need to be eliminated. The Chief Operating Officer (COO) reported that the CIP projects have been prioritized and organized to afford some flexibility; however, there are several planned projects that are very important and also very expensive such as the Pin & Link System and Ship Collision System. Committee Chair Downes requested that the CFO provide an explanation of the Cash Position Chart during the discussion at the Board meeting. Commissioner Ford questioned the process that would be used for a toll increase. The

CFO reported that Committee discussions would occur to discuss the structure of the increase; one (1) Public Hearing in New Jersey and one (1) Public Hearing in Delaware would be conducted, although there is no requirement for the Authority to conduct public hearings; communications with the Governors' offices, and then Board approval. There were no more questions or discussion

4. Resolutions:

- RESOLUTION 16-37 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY'S 2017 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 \$84,064,069. Committee Chair Downes asked for a motion to adopt the FY 2017 Operating Budget as presented. Commissioner Van Sant 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.

5. Miscellaneous:

The CFO reported that the December Budget & Finance Agenda will include the year-end Over \$25,000 Vendor List and a discussion on Pension/OPEB funding

6. With no further business to discuss, Commissioner Ford made a motion to adjourn and the Budget & Finance Committee adjourned at 9:46 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, November 15, 2016

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 15, 2016, 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
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Hammel – via phone
TJ Murray
Jim Salmon

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Lisa LeBoeuf– NJ

1. In the absence of Committee Chair Bennett, Committee Vice-Chair Ford welcomed the Economic Development Committee and opened the meeting at approximately 9:46 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 Vice-Chair Ford called for a motion to accept the Economic Development Committee Minutes from October 18, 2016. Commissioner Carey made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

3. Discussion:

ILG Airport Tenant Matter

Committee Vice-Chair Ford requested an Executive Session to discuss matters of a confidential nature. Commissioner Smith made a motion, Commissioner Carey seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

) LEASE NEGOTIATIONS

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

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

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, November 15, 2016

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 15, 2016, 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

Commissioners from New Jersey

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

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Lisa LeBoeuf- NJ

Staff

Scott Green
Frank Minor
Vince Meconi
Charlotte Crowell
Gerry Owens
Victor Ferzetti
Lacey Frey
Michelle Hammel – via phone

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 October 18, 2016. Commissioner Murphy made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

The Executive Director reported that Authority Vice-Chair Hogan would serve as Vice Chair of the Personnel Committee to fill the vacancy created by the recent resignation of Rev. Dorn.

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 Murphy, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

) PERSONNEL MATTERS
) LITIGATION 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 Carey, and the Session was opened to the public.

4. Miscellaneous:

Voya Transition

The Chief Human Resource Officer (CHRO) reported that the successful transition of defined contribution and deferred compensation asset accounts into the new plans managed through Voya was completed on November 2, 2016. The CHRO provided and reviewed a handout, *Participant Count by Fund with Balances* that was provided by Voya. Once the window opened for transfers to be made, Voya reported that over 80% of the employees automatically defaulted to the Target Date Funds. There was very good employee participation in all of the group meetings that were held in addition to communications sent to the homes of all participants and information made available through the Authority's intranet website for the active employees. All participants were well informed during this transition. It has been communicated to all participants that if they defaulted to the Target Date Funds and do not like the performance, they can change their selection(s) at any time.

Smoke-Free and Tobacco-Free Policy

The CHRO reported that this policy officially becomes effective on January 1, 2017, Authority-wide, inside/outside, and on the vessels. Flyers and posters have been distributed inside and outside of the facilities announcing this upcoming smoking and tobacco ban. A press release was distributed to the public and we are beginning to receive good and not so good comments and questions through social media. We are offering smoking cessation programs for all employees, which started in October, and will continue to offer the programs each quarter in 2017. Classes are available through Healthcare Solutions of Delaware Valley, American Heart Association, and Christiana Healthcare. Other resources have been provided to employees as

well (such as Quit Lines, etc.). Committee Vice-Chair Hogan questioned how is the need for medical marijuana being addressed – can individuals smoke marijuana in public. New Jersey General Counsel reported that those users with a prescription must disclose where they intend to use/consume and, generally, in New Jersey one cannot smoke in a public place. There may be future controversy between federal and the states' rights on this matter.

5. With no further business to discuss, Commissioner Murphy made a motion to adjourn and the Personnel Committee adjourned at 10:35 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, November 15, 2016

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 15, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware
PRESENT

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

Chairperson Lowe

Legal Counsel
Mike Houghton - DE

Governors' Representatives

Staff
Scott Green
Frank Minor
Victor Ferzetti
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Steve Williams
Heath Gehrke
Alyona Stakhovskaya
Michelle Hammel – via phone

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Lisa LeBoeuf – NJ

1. Committee Chair Murphy opened the Projects Committee meeting at approximately 10:20 a.m. and reported that the public meeting of the Projects Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations and that there was a quorum.

2. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from October 18, 2016. Commissioner Smith made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Resolutions:

J 16-38: AUTHORIZES AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND SURVITEC GROUP, DBC MARINE SAFETY LTD. TO SUPPLY AND SUPERVISE THE INSTALLATION OF A NEW MARINE EVACUATION SYSTEM ABOARD THE CAPE MAY-LEWES FERRY FLEET

Resolution 16-38 requests the Board's approval to purchase marine evacuation systems for each of the Authority's ferries. "Marine evacuation system" is a technical term for a large slide that can be attached to the side of a vessel so passengers can slide down it into a lifeboat, or the water, if necessary. This is new equipment, not a replacement. Right now, evacuees have to jump from the vessel deck to a lifeboat. In the history of the Authority, we have never had an evacuation. Nevertheless, we think this is a vastly superior system for emergencies. The funding for these slides is contained in the 2017 CIP. Although we would not actually spend the money until 2017, due to the long fabrication period, we are seeking approval to move forward now in order to have the slides delivered in time for installation in the fall of 2017, after the next peak season is complete. The cost is \$790,000 to equip all 3 vessels.

After discussion, Commissioner Smith made a motion, Commissioner Lathem 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.

J 16-40: AGREEMENT FOR PURCHASE AND SALE OF WETLAND MITIGATION CREDITS

Resolution 16-40 concerns an Army Corps of Engineers permit for certain construction activity at Cape May. Last year the Board approved the creation of a conservation area on our Cape May site as one of the conditions of receiving the permit. The New Jersey Department of Environmental Protection requires an additional 3/100ths of an acre be added to our mitigation efforts. We can either expand that conservation area on site, or buy the equivalent amount of acreage off-site. It is more efficient for us to pay \$14,000 to buy 0.028 acres of mitigation area associated with this project.

After discussion, 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 November meeting later today.

4. Bid Openings:

) CMLF-15-04 MAINTENANCE DREDGING CAPE MAY TERMINIAL

A public bid was held on November 3, 2016, in which (3) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$793,612.50 to Barnegat Bay Dredging Company, Inc. from Harvey Cedars, NJ.

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

5. Contract Close-Out Actions:

) CONTRACT NO. ILG-12-01 RECONSTRUCT TAXIWAY "B" & "E" NEW CASTLE AIRPORT

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$4,610,755.20. The COO recommended close-out of the contract and final payment to Diamond Materials, LLC of Wilmington, DE. A motion was made by Commissioner Ford, seconded by Commissioner Smith, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the November meeting later today.

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

7. Miscellaneous Items/Updates:

The COO reported on the following Project Updates

) LEWES AND CAPE MAY FERRY TERMINAL MASTER PLANS

The Authority has allocated funds into 2016 CIP for master plans of both ferry terminals. The current discussion is on the purpose of the master plans, current site conditions and challenges for both campuses, master plans themselves, phasing and cost estimates, and the amount of funding that needs to be requested for the 2017 CIP. When the Authority leadership team was trying to determine how to optimally sequence all the necessary infrastructure improvements, the Authority Chief Engineer recommended creating a master plan, to which everyone agreed. The following are the goals and objectives of Cape May-Lewes Ferry Campus master planning:

Logically phase future CIP projects to avoid duplication efforts – 25 year plan

Enhance customer experience

Remedy some site challenges, such as utilities on both campuses, parking lots and staging lanes, lack of police holding cells, and the Lewes Terminal police dispatch center that is not being operated.

Expand the economic opportunities provided by the campus events spaces. Both campuses are very attractive for use on both sides for the Cape May and Sussex County communities. They hold a great potential for investment opportunities to improve the ferry's bottom line.

The Authority requested JMT Engineering Consultants to develop master plans for both campuses, which were presented at the meeting by Michael Rothenheber.

Lewes Ferry Campus Existing Site Challenges

-) Toll Plaza Queue
-) Public Parking Capacity
-) Indoor Event Space Limitations
-) Ferry Exit Lane Conflicts
-) Bicycle and Pedestrian Circulation
-) Terminal Bathroom Capacity
-) Administration Building Functional Needs
-) Police Building Functional Needs
-) Storage Capacity
-) Utility Requirement and Connections
-) Maintenance Building Location

Lewes Ferry Campus Master Plan

The master plan will incorporate improvements that will address all the challenges and long term needs associated with the project, including:

- Main entrances will be separated for safer entrance and exit from the facility
- Queuing area will be moved off of the road
- Police building will be relocated to a more visible area where all the passengers and visitors will be located
- New Event/Administration building will be build, which will have the capacity of hosting up to 250 people events
- Staging lanes in the parking area will be relocated to be better optimized for customers
- Terminal building will be connected with the Event/Administration building

Proposed Sequence of the Lewes Master Plan Implementation

The implementation of the master plan has been broken down into nine projects with the overall cost of \$28.7-32.6 million to make all the improvements. Below is the proposed sequence of the projects:

-) Construction of a utility corridor
-) Construction of a new Event building to include new Administration building space connected to existing terminal building
-) Construction of a new Police building connected to existing pedestrian bridge
-) Demolition of the existing Police/Administration buildings
-) Reconfiguration of the staging lanes and the exit lane
-) Reconfiguration of the parking area and foot passenger entrance
-) Construction of a new ferry passenger entrance and roadway modifications
-) Construction of a shared-use path
-) Construction of a new Maintenance building

Cape May Ferry Campus Existing Site Challenges

-) Staging lanes distance from terminal building
-) Public parking circulation and capacity
-) Bicycle and pedestrian circulation
-) Indoor event space limitation
-) Administration building functional needs
-) Police building functional needs
-) Storage capacity (including SRE relocation)
-) Utility requirements and connections
-) Landside and marina maintenance area organization and aesthetics

o Proposed Sequence of the Cape May Master Plan Implementation

Just like with the Lewes master plan, the implementation of the Cape May master plan has been broken down into nine projects with the overall cost of \$39.6-43.7 million. Below is the proposed sequence of projects:

-) Construction of a utility corridor, upgrading aging and at-capacity utilities, upgrading lift stations
-) Construction of an extension to the second floor event space, construction of plaza, construction of pedestrian connections to main terminal entrance
-) Reconfiguration of the parking area and foot passenger entrance
-) Construction of a new Police building connected to existing pedestrian bridge
-) Reconfiguration of staging lanes and exit lane
-) Reconfiguration/expansion of existing administration space

-) Reconfiguration of the employee parking area and delivery vehicle circulation
-) Construction of a new pole building
-) Construction of a new Maintenance building and paint booths

The COO stated that this is a plan for 15-25 years. Whether the plan can come to fruition and how quickly will depend on the funding situation. The plan will be revisited in the coming years. In 2017, the Authority would like to design Lewes Terminal utility corridor and construction will follow next year. Then the Authority would possibly begin Cape May utility corridor the following year. The Authority leadership feels strongly that we should work on the utilities corridors independent of the status of the other parts of the master plan.

The Commissioners discussed the issue of how building utility corridors will affect the terminals parking lots, staging lanes, and entrance to and exit from the ferry. The Commissioners also discussed the funding issues related to the proposed master plan.

) 2017 CAPITAL IMPROVEMENT PROGRAM: PRELIMINARY BRIEFING

The COO gave a preliminary overview of the 2017 Capital Improvement Program (CIP) with a \$97,486,000 budget. The COO presented to the Commissioners a five-year 2013-2017 chart for the CIP program, and noted that the authorization and the expenditure were rising. The cost drivers for the second year in a row are the aging infrastructure, such as the bridge spans built in 1951 and 1968, ferry vessels launched in 1974-1981, airports of World War II vintage and unmapped utilities at all sites. The Authority also has a sizeable physical plant valued over a billion dollars, replacing which would cost even more. There are 126 buildings Authority-wide and a few multi-tenant buildings are planned to be added in Cape May. Other cost drivers include some large projects, three of which are in design or already under construction, accounting for \$40 million of the \$97 million total. These projects include bridge cable preservation with projected total cost of \$15 million, bridge steelwork repairs/\$3 million, bridge pin and link rehabilitation/\$3 million, bridge suspender rope replacement/\$3 million, I-295 South reconstruction/\$12 million and toll collection equipment upgrades/\$4.5 million. Another cost driver is multiple technology improvements since the Authority is heavily dependent on IT. Lastly, the Authority needs to revise its general engineering consultant contracts to increase the maximum.

For very large projects, such as I-295 reconstruction or cable preservation, the Authority will procure separate engineering consultants via a separate RFP process. For all other projects, the Authority is currently using five firms, such as HNTB, WSP, JMT, S.T. Hudson and CNS, all of which have been selected through a competitive RFP process. HNTB, WSP and JMT contracts run from 2014-2018. The authorizing resolution back in 2014 set maximum limits on the work that these firms could do. Due to the pace of construction, the Authority will exceed the limits for these firms in 2017. The Commissioners expressed concerns about raising the maximum general engineering contracts limits. Victor Ferzetti, the Authority Chief Financial Officer addressed the

issue, stating that the limits were set on contracts in the past since it was a common practice in the state of New Jersey. Presently, better visibility has changed the scope of work and the Authority would either have to modify the already set limits, or start the process all over again and re-procure consultants. The COO stated that the Authority would prefer to use the existing firms though the term of their contracts, and assured the Commissioners that the firms have demonstrated continuing capabilities and expertise in their field.

The CIP was broken down into 5 categories: Bridge, Roadway, Ferry, Airport and Authority-wide projects. All projects in these categories are placed into 4 sub-categories, such as previously authorized, annual, continuing and new. All the 83 projects have been ranked 1-83 in a preliminary priority order. The COO highlighted some projects which would be on 2017 CIP. The COO concluded by giving the 2017 CIP grand total of \$120,093,000, where the Authority's \$97,486,000 will be supplemented by \$22,607,000 in external funds.

8. Open Discussion/Other Issues: None
9. With no further business to discuss, Committee Chair Murphy made a motion to adjourn, and the Projects Committee adjourned at 11:35 a.m.