

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, October 18, 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, October 18, 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 Lathem

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

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

Commissioners from New Jersey

Committee Vice-Chair Wilson
Commissioner Smith, Committee Member
Commissioner Bennett

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:20 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 September 20, 2016. Commissioner Smith made a motion, Commissioner Wilson seconded, and the Committee Minutes were accepted.

3. Resolutions:

- RESOLUTION 16-33 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

The Chief Financial Officer (CFO) reviewed the Over \$25,000 List. After discussion, Commissioner Wilson made a motion, Commissioner Ford seconded, and the Committee recommended forwarding Resolution 16-33 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the October meeting later today.

4. Miscellaneous:

- Preliminary 2017 Operating Budget

The CFO reviewed the 2017 Preliminary Operating Budget focusing on the Major Increases/Decreases FY 2017. The CFO noted that 3.7% increase in Full Time was due to the 1.9% wage increase and the wage increases included the three (3) union contracts approved for prior years. The Temp Wage increase was primarily due to the number of special events occurring at the ferry. After reviewing each of the expense increases totaling 9.9%, the CFO reported the increases are off-set primarily from a reduction in insurances due to softening insurance markets; a reduction in the OPEB due to a lower valuation, as was discussed at the Planning Session in September; and a reduction in Group Medical expenses based on historical data from the last twelve (12) months. Vessel Fuel prices have been lower and Advertising and Marketing have also been reduced.

The CFO reported the Preliminary FY 2017 Budget of 84,105,633 reflects an increase of \$1.6 million or 1.94% increase over the FY 2016 Adopted Budget. The CFO reported that Staff will continue to review wages and position requests with Senior Leaders prior to next month. Authority Vice-Chair Hogan questioned whether additional positions would have justifications and the CFO reported any new positions would be justified. Commissioner Wilson questioned whether the Authority was still bound by the New Jersey Governor's Office 2% growth cap and the CFO reported that the Authority has had very low growth in the Operating Budget for the last five (5) years and has used the 2% as a guideline. The Committee asked several questions which were answered to their satisfaction. After discussion, the CFO reported that a Resolution for the adoption of the FY 2017 Operating Budget will be presented at the November Committee meeting for consideration.

- Moody's Update

The CFO reported that Moody's recently completed their credit opinion and he presented the report. The Authority maintained an "A1" rating and encouraged the Board members to read

the report to gain an understanding as to how the Authority is rated and by what criteria. Commissioner Murphy questioned whether it would be worthwhile to try to increase the rating and New Jersey Legal Counsel reported that the report basically stated that the Authority has a single bridge system and makes the most with what it has to run the best operation it can. Counsel believed that it would not benefit by trying to incrementally improve the rating.

5. With no further business to discuss, Commissioner Wilson made a motion to adjourn and the Budget & Finance Committee adjourned at 10:04 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, October 18, 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, October 18, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Chairperson Lowe

Legal Counsel

Mike Houghton – DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green
Frank Minor
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Hammel
Travis Crawford
TJ Murray
Jim Salmon
Rick Arroyo
Tina Arcaro

Commissioners from New Jersey

Committee Chair Bennett
Commissioner Smith, Committee Member
Commissioner Wilson

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins – NJ

1. Committee Chair Bennett welcomed the Economic Development Committee and opened the meeting at approximately 10:05 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 Bennett called for a motion to accept the Economic Development Committee Minutes from September 20, 2016. Commissioner Ford made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Action Items:

- RESOLUTION 16-34 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND USRC ALLIANCE, LLC AT THE SALEM BUSINESS CENTRE

The DED reviewed the terms of the Lease Agreement. USRC Alliance would like to lease approximately 8,460 square feet to be used as a dialysis center at an initial annual rate of \$19.00/square foot. The DED questioned the occupancy level and the Chief Financial Officer reported that, with this new lease, the Salem Business Centre would be approximately 80% occupied. After discussion, Commissioner Ford made a motion, Commissioner Smith seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the October meeting later today.

- RESOLUTION 16-37 – AUTHORIZES A LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND LASIRENA77, LLC AT THE CAPE MAY AIRPORT

The CFO reported a previous Resolution was presented in September; however, subsequent to the approval, Lasirena77 requested staff make a couple of adjustments to the terms which were agreeable to the Authority. This Resolution replaces the previous Resolution 16-32. After discussion, Commissioner Downes made a motion, Commissioner Smith seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the October meeting later today.

4. Discussion: None.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Ford, and the Economic Development Committee adjourned at 10:12 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, October 18, 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, October 18, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Commissioners from New Jersey

Commissioner Bennett, Committee Member
Commissioner Smith, Committee Member
Commissioner Wilson

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Staff

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

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:12 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 September 20, 2016. Commissioner Murphy 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 Bennett, seconded by Commissioner Murphy, and the Session was closed.

The following matters of a confidential nature were discussed:

-) LITIGATION/ARBITRATION MATTERS
-) 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.

4. Resolutions:

- RESOLUTION 16-35 – RESOLUTION BY THE DELAWARE RIVER AND BAY AUTHORITY AUTHORIZING MODIFICATIONS TO BENEFIT PLAN DESIGN

Commissioner Murphy made a motion, Commissioner Smith seconded, and the Committee recommended forwarding Resolution 16-35 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the October meeting later today.

5. With no further business to discuss, Commissioner Smith made a motion to adjourn and the Personnel Committee adjourned at 11:02 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, October 18, 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, October 18, 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 Downes

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

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

Commissioners from New Jersey

Committee Vice-Chair Smith
Commissioner Wilson, Committee Member
Commissioner Bennett

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

6. Committee Chair Murphy opened the Projects Committee meeting at approximately 11:14 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.

7. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from September 20, 2016. Commissioner Wilson made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda: one (1) bid opening, one (1) contract close-out, one (1) monthly contractor payment chart (through September), and major construction projects updates.

8. Resolutions: None

9. Bid Openings:

) ILG-13-04 BUILDING 603 RAMP REPAIRS

A public bid was held on September 29, 2016, in which (2) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$1,240,620.00 to Diamond Materials, LLC from Wilmington, DE.

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

10. Contract Close-Out Actions:

) CONTRACT NO. DAP-06-01R RUNWAY 9-27 EXTENSION AND ASSOCIATED IMPROVEMENTS – PACKAGE 1

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$3,193,720.52. The COO recommended close-out of the contract and final payment to Diamond Materials, LLC of Wilmington, DE. A motion was made by Commissioner Murphy, seconded by Commissioner Wilson, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the October meeting later today.

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

12. Miscellaneous Items/Updates:

The COO reported on the following Project Updates

) DMB First Structure Improvement Program: AECOM Professional Services Optional 2-year Contract Extension

AECOM is a firm that the Authority has used for various jobs over the years. The current contract was awarded in 2009 and requires renewal every 2 years. The only work AECOM is currently doing is contract administration including inspection of the cable preservation project. We are requesting approval to renew

this contract for 2017-2018. The cable preservation project is expected to be completed in the first half of 2018, which will be the last renewal. Resolution 09-53 awarding the contract requires that the renewal be approved by the Projects Committee rather than the full board. The Committee approved the COO's recommendation to renew the contract by a unanimous vote.

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-295 Southbound Reconstruction Update

This contract is the second largest the Authority currently has under way, at approximately \$33.7 million. It is a 34 month project which began in March of this year. DRBA is reconstructing the entire portion of I-295 southbound, beginning south of the Toll Plaza and including the part owned by DelDOT. DelDOT will reimburse the Authority \$7 million for their portion of the road over the years 2018-2020. We are currently in Phase I of the project during which the left lanes are being reconstructed. Next spring, after the left lanes are reconstructed and reopened, right lanes will be closed and reconstructed. Since we have kept 2 travel lanes open at all times, traffic tends to move, if sometimes slow during rush hour. However, because for the most part there are no shoulders, even minor accidents back up traffic pretty quickly. For this reason, the Authority has towing equipment and personnel in the construction zone from 8am-8pm, 7 days a week, later in the summer, when it was the busiest time. Our maintenance crew handles Monday-Friday, and contractors handle weekend and holiday towing. For the off-hours, we have designated a towing firm, which can usually respond in less than 20 minutes.

Recently, we have encountered a major issue during reconstruction of the bridge over Route 13. When we began to widen the piers, which are the reinforced concrete structures that support the bridge, we discovered that the 6 existing columns on the southernmost pier are tilted from vertical by 3 degrees. The pier and the bridge pre-date I-295, and DelDOT construction drawings date 1958. DRBA was created in 1962, and that was when the Authority assumed responsibility for the bridge. DRBA constructed the rest of I-295 in 1968 to link with, at that time new, southbound span of the bridge. We believe that the pier tilted because it was not built on piles. Piles are large iron steel structures that give stability to the piers. This is the only pier that has no pile, while all other piers on that bridge are on piles and are completely vertical. In fact, every other bridge pier in the Authority is built of piles. Perhaps, the geotechnical evaluation at that time determined that the soils were very stable, but we do not know exactly why this pier was not built on piles. The Authority has continued to monitor the vertical alignment of the columns since the issue was discovered, and the tilt has not increased. The Authority engineers therefore believe that the tilt occurred soon after the bridge was constructed and that it stabilized at 3 degrees some years ago. Nevertheless, as we widen the road and add another column, we have no choice but to replace the existing columns with new ones that will be built on piles and vertical. Several years ago, I-495 in Delaware was shut down for many

months for the same problem, one of the bridges over Wilmington was tilted. The good news is that by catching the problem and starting to fix it now, the Authority will not have to close additional lanes, and, as of now, there is no impact on the construction schedule. However, the bad news is that replacing the pier is going to add \$2.7 million to the project cost.

Brent Van Lith, the Authority engineer, addressed the question asked by the commissioners on how the immanency of this issue is different from the I-495 tilting. Van Lith stated that the I-495 had more movement to it since it was not stabilized and continued shifting. The 3 degree movement of the Route 13 Southbound Bridge adds up to just a few inches between the bottom and cap that holds the bridge up above. The Authority started to monitor the issue right away and the pier is currently stabilized. Continuing construction on the bridge and no guarantee of the pier being stabilized in the future are the reasons why it is being replaced. As a part of the replacement, the Authority is getting a brand new pier which will be on piles. The Authority is also adding a temporary structure that will go up first and hold up the bridge, so that the tilting pier would not cause any issues to the traveling public.

Van Lith also answered the question on why the issue of pier tilting was not detected during past inspections. Van Lith stated that such tilting is not typical and there was no indication that there was any stress, such as cracking of the concrete, because the whole pier moved over. There was no apparent distress or apparent problem with the pier that was noticed in the previous inspections. As the Authority is moving forward right now, extremely accurate survey equipment is being used, more accurate than what is typically used for road construction, to monitor this pier to ensure that it is not moving while being replaced. Tilting had not been measured before this issue was discovered, because the Authority followed the FHWA inspection guidelines, which do not require such inspection. However, since the tilting was detected, all of the piers of that particular bridge have been measured and all the Authority bridges will be undergo tilting measurement as part of the 2017 inspection.

Commissioners also discussed the possibility of engaging DelDOT in the discussion of the pier tilting problem, as well as exploring less expensive options of fixing the pier tilt.

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/V Delaware Repowering Update

The Authority has received an analysis from the engine manufacturer in which the cause of the MV Delaware crankshaft failure has been identified as a factory defect.

The crankshaft manufacturer, the Ohio Crankshaft Company, found a problem when assembling the engine. Although they tried to fix the problem, they did not properly test the crankshaft after the repair, and it failed a month later. The item

was under warranty and the replacement and repairs were done at no cost to the Authority. However, 3 weeks of crossings in July were lost, during the height of our season. The manufacturer has also given us 2 additional years of warranty at no additional cost, so we now have a 4-year warranty in total. The only remaining issue with the vessel now is the propeller work. In the meantime, the MV Delaware continues to operate without any further problems.

13. Open Discussion/Other Issues: None
14. With no further business to discuss, Committee Chair Murphy made a motion to adjourn, and the Projects Committee adjourned at 11:37a.m.