

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, JANUARY 21, 2014
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso (by phone)
Mary Beyer Halsey (by phone)
Arthur Hock (by phone)

STAFF ATTENDING: Jay Ayd
Donna DiCerbo
Joyce Diepold
George Fish
Bruce Gartner
Jaclyn Hartman
Sherita Harrison, Esq
Colonel Michael Kundrat, Chief of Police
Robert Michaels
Kitty Sarvinas
Deb Sharpless
Cheryl Sparks
Chris Thompson
Alison Williams

OTHERS ATTENDING: Mark Coblentz – State Highway Administration
James Walsh, Maryland Aviation Administration
Merrilyn Williams, Maryland Aviation
Administration

At 9:00 a.m. Member Jack Basso, Chair of the Finance Committee, called the meeting to order. Due to pending inclement weather, all Members participated by phone.

Approval – Meeting Minutes – December 10, 2013 and December 17, 2013

Member Basso called for the approval of the minutes of the December 10, 2013 and December 17, 2013, open meetings of the Finance Committee. Member Mary Halsey made a motion to approve the minutes and Member Art Hock seconded the motion. The minutes were unanimously approved as submitted.

Member Basso indicated that since the presenter for the update on the Intercounty Connector (ICC) construction had a prior commitment, agenda item number 4 will be heard immediately after the review of the minutes.

Update – Status of the Intercounty Connector Construction

Mark Coblentz, ICC Project Director at the State Highway Administration (SHA), provided an update to the Finance Committee on SHA Contract No. AT3765D60, ICC Contract 'D/E Modified' Design Build Project.

The ICC, consisting of 18 miles of new tolled highway and approach roadway improvements, was divided into four (4) separate design build contracts. Contracts A, B and C were all completed in 2011. The final mainline contract, Contract D/E, comprises the final segment of the ICC and connects I-95 to US 1 and consists of approximately 0.9 miles of new, controlled access six/four lane tolled roadway, a new interchange at Virginia Manor Road, a new intersection at US 1, 0.7 miles of US 1 improvements, approximately 2.4 miles of new Collector-Distributor Roads adjacent to both the northbound and southbound lanes of I-95, and resurfacing 2.4 miles of existing I-95.

Contract D/E is currently 66% completed with approximately \$59.5 million of the anticipated \$90 million contract value invoiced to date. The anticipated opening to traffic was to be in Fall 2013; however, due to contract modifications, a change order was processed adding time to the project, thus extending the anticipated opening to Spring 2014.

Member Basso asked when the road will be completed and opened to traffic. Mr. Coblentz said the opening date would probably be in June 2014. Member Basso also asked that Mr. Coblentz return to the Finance Committee in the future to give an additional update.

Recommend for Approval – Modification to the Rental Car Concession Contracts

Ms. Alison Williams requested a recommendation from the Finance Committee of retroactive approval by the MDTA Board of modifications to the rental car concession contracts between the Maryland Aviation Administration (MAA) and the rental car companies, which included changes approved by the Board of Public Works (BPW) in 2010 and a 2013 contract renewal.

Ms. Williams introduced Mr. James Walsh from MAA, who gave a briefing on the issue. MDTA issued \$117.3 million in taxable bonds on June 6, 2002, to provide funding for the construction of the Consolidated Rental Car Facility (CRCF). The original rental car concession contracts were for a ten (10) year term, with one (1) renewal option available for another ten (10) year term. MAA negotiated with the rental car companies to renew the contracts by exercising their renewal option effective December 22, 2013. The contract renewals were approved by BPW on November 20, 2013. Upon reviewing the 2013 BPW agenda item, MDTA noted that previous modifications to the concession contracts were not approved by the MDTA Board in 2010 as required by the Lease.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Hock made the motion, and Member Halsey seconded the motion, which was unanimously approved.

Recommend for Approval – Lease and Concession Contract Modification – I-95 Travel Plazas P3 Contract

Mr. George Fish requested a recommendation for approval from the Finance Committee to proceed with a contract modification to the Maryland House and Chesapeake House Lease and Concession Agreement (“Agreement”) and to delegate authority to the Executive Director to finalize and execute approval documents for the modification with an effective date as of the opening date of the Maryland House Sunoco.

As part of the capital investment for fueling facilities at the Maryland and Chesapeake Houses, Sunoco is installing a diesel exhaust fluid (DEF) offering at the high flow diesel truck lanes in both the north and southbound directions. When the Agreement was finalized, the sale of DEF and the fuel dispensers was not anticipated as a separate item to be sold.

Areas and Sunoco, in order to be able to set a competitive price for DEF obtained at the Fuel Service Equipment, are requesting that DEF obtained at the fuel dispensers be treated as a new revenue source and to calculate revenue payments using the same method used for diesel fuel. In addition, the tier level used to calculate the payment will be based on a total of gallons of diesel and DEF sold per lease year.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Halsey made the motion, and Member Hock seconded the motion, which was then unanimously approved.

Update – 2nd Quarter Budget Comparison

Chris Thompson provided the 2nd quarter budget comparison. As of December 31, 2013, MDTA has spent 40% of the budget. Target spending is 48%. BWI Communications is the only Responsibility Center (RC) over the target by more than 5%, primarily due to using police officers on overtime to maintain staffing levels. Twenty-one RCs are more than 5% below target spending, or less than 43% spent. On-Call construction repairs and maintenance and Insurance are the only 2 line items that exceed target spending.

Some of the larger line items are mostly underspent as the result of timing. Major variances by line item include:

- Professional services are 29% spent. Strategic Development, Finance, Capital Planning and Engineering are all contributors to the underspending.
- Maintenance services are only 42% spent as there are several invoices that are outstanding. The ICC is expected to issue a large landscaping contract this year, but it is not needed until sometime in 2015, and the Fort McHenry Tunnel has a large accrual for environmental work that has not been relieved.
- Direct billed expenses from the Maryland State Police have not been paid yet this year; because the 1st quarter billing was returned for corrections, and the 2nd quarter bill has not yet been received.
- On-call construction and maintenance is over the target, because the allocation of design and inspection costs is in the process of being prepared for the 1st and 2nd quarters. A portion of this account gets allocated to the Capital budget.
- Insurance is 94% spent since all payments have been paid for the year.
- Gas and Electric is 37% spent and energy savings continue. Telephone is 28% spent; but payment for telephone switches will occur later in the year, and cell phone costs for police appear to be down.
- E-ZPass costs are 37% spent. Service center costs are paid through November but are expected to rise by year end due to the implementation of the citation program.
- Miscellaneous is 2% spent. Equipment is 31% spent as vehicles usually arrive late in the year. Miscellaneous Replacement Equipment includes funding for an upgrade to the voice mail system.

Update – Video Toll and Citations Project

Ms. Deb Sharpless updated the Finance Committee on the issues and activities underway to support the implementation of the video toll and citation process approved under House Bill 420.

Some of the activities that took place in December 2013 included: implementation of new Notice of Toll Due (NOTD) for new video toll transactions; beginning of the certification of toll violations; implementation of Citation module; discussion of noticing for transactions prior to June 30, 2013; and continued coordination with the Motor Vehicle Administration (MVA) and the Central Collection Unit (CCU) for concurrence on electronic processes.

In January, the first citations will appear in mailboxes, requests for contest to court will begin, briefings with legislators will take place and electronic process arrangements with MVA and CCU will be finalized.

The activities that will occur from February through June are: the training of court liaison staff; deployment of the updated court process module; hearings for citations contested to court will begin; a process for mail returned without forwarding address will be implemented and the MVA and CCU modules will be completed and deployed.

Update – Traffic and Revenue

Ms. Joyce Diepold reported that the system revenues for the month of December were \$45.1 million, which is up \$12.2 million versus the previous year. Revenues for the fiscal year-to-date were \$291 million, which is up \$80.8 million versus the previous year. Fiscal year-to-date revenues are \$4.9 million, or 1.7%, above the current Jacobs Base Case revenue forecast.

Ms. Diepold also reported that the system transactions for the month of December were 9.1 million, which is down 0.2 million versus the previous year. Fiscal year-to-date system transactions were 58.5 million, which is down 0.4 million from the previous year. Fiscal year-to-date system transactions are 2.1 million, or 3.8%, above the current Jacobs Base Case transaction forecast.

Monthly revenue for the Intercounty Connector was \$2.9 million in December 2013 and 1.6 million transactions took place.

Closed Session

At 9:40 a.m., upon motion by Member Halsey and seconded by Member Hock, the Members voted unanimously to move into closed session under Sections 10-508(a)(9) and 10-508(a)(14) of the State Government Article of the Annotated Code of Maryland (1) to discuss the status of the on-going collective bargaining negotiations between the State of Maryland and the Fraternal Order of Police and to consider the various terms and conditions presently being negotiated; and (2) to directly discuss the contents of a proposal related to an active IT procurement for Solicitation No. J01B4400005. The following persons were present during the closed session discussion of the collective bargaining item: Bruce Gartner, Deborah Sharpless, Jaclyn Hartman, Colonel Michael Kundrat, Kimberly Millender, Esq., and Sherita D. Harrison, Esq. The following persons were present during the closed session discussion of the active IT procurement: Bruce Gartner, Deborah Sharpless, Jaclyn Hartman, Kimberly Millender, Esq., and Sherita D. Harrison, Esq., Jay Ayd, and Donna DiCerbo.

At 10:05 a.m., a motion was made by Member Halsey and seconded by Member Hock, which was unanimously approved, to adjourn the Closed Session and return to Open Session.

Ratification of Action Taken During Closed Session

Upon motion by Member Hock and seconded by Member Halsey, the Members ratified their unanimous vote in Closed Session to recommend approval by the full Authority Board of the various terms and conditions of the collective bargaining presently being negotiated between the State of Maryland and the Fraternal Order of Police. No further actions were taken during the closed session.

There being no further business, the meeting of the Finance Committee adjourned at 10:09 a.m., following a motion by Member Hock and seconded by Member Halsey.