

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY JUNE 11, 2015
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Mary Beyer Halsey
Arthur Hock (via telephone)
Katrina J. Dennis

STAFF ATTENDING: David Chapin
Todd Coleman
Donna DiCerbo
Joyce Diepold
Patrick Fleming
Rebecca Freeberger
Bruce Gartner
Chantelle Green
Derek Jones
Bob Jordan
Jim Harkness
Robert Harrison
Meshelle Howard
Cheryl Lewis-Orr
Jeanne Marriott
Kimberly Millender
John O'Neill
Will Pines
Cathy Beasley Pope
Kitty Sarvinas
Dennis Simpson
Chris Thompson
Dan Williams
Ricky Williams

At 10:20 a.m., Member Mary Beyer Halsey, Acting Chair of the Finance Committee, called the Finance Committee Meeting to order.

Approval – Meeting Minutes – May 20, 2015

Member Halsey called for the approval of the Open Meeting Minutes of the May 20, 2015 Finance Committee meeting. No changes were noted. Member Katrina Dennis

made a motion to approve the minutes and Member Art Hock seconded the motion. The minutes were unanimously approved as submitted.

Approval – Contract No. 20140002 Hazmat Removal – Authority-Wide

Mr. Todd Coleman requested a recommended approval from the Finance Committee to present a modification to Contract No. 20140002, Hazmat Removal – Authority-wide, to the full MDTA Board at its next scheduled meeting.

This contract is for the clean-up and removal of spills of hazardous and non-hazardous materials generated by MDTA facilities or abandoned on MDTA property. The contract was originally awarded to Clean Venture, Inc. by the Board of Public Works (BPW) as Item 1-S at the April 2, 2014 BPW meeting. The base term was for three years with a not-to-exceed amount of \$126,258 with one two-year renewal option for a total not-to-exceed amount of \$213,989.

The original Contract included waste management services, the performance of emergency response hazmat removal and environmental maintenance services. After this award, MDTA decided to allow an existing contract for oil-water separator maintenance and holding tank pump-out services to expire and allow this contract to fulfill that work. Also after contract award, MDTA experienced a significant amount of unanticipated emergency response and clean up requests and disposed of significant amounts of used transponders that had exceeded their useful life. Therefore the contract was overspent by approximately \$14,000 to date.

MDTA is requesting retroactive approval of a modification to increase the not-to-exceed amount for the base term by \$345,483, to a total of \$471,741. MDTA will not renew this contract upon base term expirations, but will instead re-compete these services to obtain better pricing based on increased utilization of the services.

Member Halsey 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 Dennis seconded the motion, which was unanimously approved.

Approval – Contract No. 20150014 Security Systems Maintenance – Authority-Wide

Mr. Ricky Williams requested a recommended approval from the Finance Committee to present Contract No. 20150014, Security Systems Maintenance – Authority-wide, to the full MDTA Board at its next scheduled meeting.

This project is for security systems maintenance at all MDTA locations. The contractor will be responsible for providing all of the labor, materials, specialized equipment, service and transportation, supervision and incidental materials necessary to perform the required services under the terms of the contract. A Minority Business Enterprise (MBE) participation goal of 9% was established for the contract. The contract was competitively bid and three bids were received.

ARK Systems, Inc. was the lowest responsive and responsible bidder and is recommended for award. The contract has a base term of three years valued at \$525,906.26 with one two-year renewal option. The total contract term is five years with a value of \$876,465.04. MDTA will seek BPW approval on July 22, 2015.

Member Halsey 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 Dennis seconded the motion, which was unanimously approved.

Approval – Contract No. 20150009 Janitorial Services – FMT East Vent Building and Posts 3 & 4

Mr. Robert Harrison requested a recommended approval from the Finance Committee to present Contract No. 20150009, Janitorial Services – FMT East Vent Building and Posts 3 and 4, to the full MDTA Board at its next scheduled meeting.

This is a fixed price Contract to provide all labor, materials, equipment, supervision and incidental materials necessary to ensure the satisfactory performance and efficient janitorial services. The contract was designated as a Small Business Reserve (SBR) procurement, with no MBE or Veteran Owned Small Business Enterprise (VSBE) participation goals. The contract was competitively bid and 13 bids were received.

Shine Brite Finishings was the lowest responsive and responsible bidder and is recommended for award. Since the Contractor is new to MDTA, references were verified by the Procurement Officer and experience was verified by the Project Manager. The Contract has a base term of three years valued at \$82,800 with one two-year renewal option. The total contract term is five years with a value of \$138,000. This contract does not require BPW approval.

Member Halsey 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 Dennis seconded the motion, which was unanimously approved.

Approval – Contract No. 20150016 Replacement of Countertops, Resurfacing of Cabinets, Cabinet Doors and Cabinet Drawers at Southbound and Northbound I-95 Scale Houses

Mr. Robert Harrison requested a recommended approval from the Finance Committee to present Contract No. 20150016, Replacement of Countertops, Resurfacing of Cabinets, Cabinet Doors and Cabinet Drawers at the Southbound and Northbound I-95 Scale Houses, to the full MDTA Board at its next scheduled meeting.

This Fixed-Price Contract to provide all labor materials, equipment, and incidental related work required for the replacement of countertops, resurfacing of cabinets, cabinet doors and cabinet drawers at the southbound and northbound scale houses located at the I-95 JFK Commercial

Vehicle Safety Unit. The contract was designated as a SBR procurement, with no MBE or VSBE participation goals. The contract was competitively bid and three bids were received.

Modern Construction Services, Inc. was the lowest responsive and responsible Bidder and is recommended for award. Since this contractor is new to MDTA, the references were verified by the Procurement Officer and experience was verified by the Project Manager. The contract term is 60 days in the amount of \$68,650. This contract does not require BPW approval.

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

Approval – Contract No. J01B5400019 OnTime Lane Control System Software Maintenance and Service Plan

Mr. Robert Jordan requested a recommended approval from the Finance Committee to present Contract No. J01B5400019, OnTime Lane Control System Software Maintenance and Service Plan, to the full MDTA Board at its next scheduled meeting.

The contract is for the control of lane use signals used to open and close travel lanes on the Bay Bridge and for contra-flow. This system is proprietary software and only certified technicians from Control Technologies, Inc. are able to provide the maintenance and upkeep of the current system; therefore, this contract fit the criteria for a sole source contract. Since this was a sole source contract, no MBE or VSBE participation goals were established for this contract.

The contract award is for Control Technologies, Inc. The contract has a term of four years with a not-to-exceed amount of \$88,250. MDTA will seek the approval of the Department of Information Technology prior to award.

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

Approval – Contract No. J01B5400013 Citilog Incident Detection System (IDS) Software Maintenance and Service Plan

Mr. Robert Jordan requested a recommended approval from the Finance Committee to present Contract No. J01B5400013, Citilog Incident Detection System (IDS) Software Maintenance and Service Plan, to the full MDTA Board at its next scheduled meeting.

The IDS detects stopped vehicles in the tunnels using video images from closed-circuit television. This system is proprietary software and only certified technicians from Citilog, Inc. are able to provide the maintenance and upkeep of the current system; therefore, this contract fit

the criteria for a sole source contract. Since this was a sole source contract, no MBE or VSBE participation goals were established for this contract.

The contract award is for Citilog, Inc. The contract has a base term of three years valued at \$131,000 with one two-year renewal option. The total contract term is five years with a value of \$215,000. MDTA will seek BPW approval on July 1, 2015.

Member Halsey 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 Dennis seconded the motion, which was unanimously approved.

Approval – Contract No. J01B5400018 Radio Rebroadcast System Software Maintenance and Service Plan

Mr. Robert Jordan requested a recommended approval from the Finance Committee to present Contract No. J01B5400018, Radio Rebroadcast System Software Maintenance and Service Plan, to the full MDTA Board at its next scheduled meeting.

The radio rebroadcast system allows emergency operations staff to broadcast messages and emergency instructions to drivers on select FM radio stations in the event of an emergency within one of the tunnels. This system is proprietary software and only technicians from Systems Consulting Group, LLC are able to provide maintenance and upkeep of the current system; therefore, this contract fit the criteria for a sole source contract. Since this was a sole source contract, no MBE or VSBE participation goals were established for this contract.

The contract award is for Systems Consulting Group, LLC. The contract has a term of four years with a not-to-exceed amount of \$81,680. MDTA will seek the approval of the Department of Information Technology.

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

Approval – FY 2016 Final Operating Budget

Ms. Christina Thompson requested a recommended approval from the Finance Committee to present the FY 2016 Final Operating Budget to the full MDTA Board at its next scheduled meeting. The Trust Agreement requires the approval of a final budget on or before July 1.

The FY 2016 Final Operating Budget totals \$276.4 million, a decrease of \$8.7 million, or 3.0%, from MDTA's FY 2015 budget. Reimbursable expenses for law enforcement services provided at the Port of Baltimore and the Baltimore/Washington International Thurgood Marshall Airport

total \$24.8 million, or 9% of the budget. These costs are paid by the Maryland Port Administration and the Maryland Aviation Administration.

Personnel expenses decrease by a net amount of \$0.5 million, or 0.3%, compared to the FY 2015 Operating Budget. This includes increases for the annualization of a 2% cost-of-living adjustment (COLA) and step increases, health insurance and retiree's health insurance, which are offset by reductions in pension costs due in part to a decreased contribution rate. Other personnel actions include the abolition of 28.5 positions and a one-time deferral in funding for a police academy class related to changes made as part of the toll reduction package.

Increases to the budget include: a \$0.9 million increase for IT Systems Analysis and Services; a \$1.4 million increase for E-ZPass credit card fees; a \$1.0 million increase in E-ZPass Service Center fees; a \$0.9 million increase in motor vehicle expenses and utilities; a \$0.5 million increase in indirect cost recovery expenses for police services provided by the Maryland State Police on I-95; and a \$0.5 million increase in overtime expenses for snow removal. These increases are offset by decreases that include: a \$4.7 million reduction in contractual services for engineers; a \$3.8 million reduction in replacement vehicles; a \$2.5 million reduction in additional and replacement equipment, overtime for cruise ships, and supplies; and a \$1.4 million reduction in publicity and advertising expenses.

On May 7, 2015, the MDTA Board approved a package of toll land fee cuts for a targeted \$53.4 million reduction in annual toll revenues beginning in FY 2016. As part of these reductions, the MDTA Board approved a plan to mitigate the financial impact of the revenue reduction in order to assure the agency's long-term financial health. A key element of this plan included reducing the annual operating budget by approximately 3%. The FY 2016 Final Operating Budget is reduced by \$9.6 million, or 3.7%, (excluding reimbursable funds for law enforcement services) compared to the FY 2016 preliminary budget.

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

Approval – Draft FY 2016-2021 Consolidated Transportation Program

Mr. Dennis Simpson and Ms. Jeanne Marriott requested a recommendation for approval from the Finance Committee to present to the full MDTA Board the proposed Draft FY 2016-2021 Consolidated Transportation Program (CTP). The Draft CTP was reviewed by the Capital Committee on June 4, 2015, and recommended for approval to the full MDTA Board.

The six-year FY 2016-2021 budget in the proposed CTP is \$1.8 billion. This reflects a decrease in the six-year FY 2016-2021 budget of \$32.7 million due to the following changes: an increase in the six-year CTP budget by \$83.5 million for all projects except Intercounty Connector (ICC), I-95 Express Toll Lanes (ETL) and the reserves; a decrease in the system preservation allocated and unallocated reserves by \$153.7 million; a shift of the ICC budget by \$35.7 million and ETL

budget by \$1.7 million from FY 2015 to the FY 2016-2021 time period; and in response to the MDTA Board's decision, the Nice Bridge Replacement Project funding level has remained the same as in the Final FY 2015-2020 CTP. FY 2015 expenditures are projected to be \$346.8 million, resulting in underspending of \$48.6 million, which was rolled over in the Draft FY 2016-2021 CTP.

Member Halsey asked if the cash flow adjustment is in the future years. It was indicated that these adjustments were rollovers and do not impact the project total cost.

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

Approval – Financial Forecast

Mr. David Chapin requested a recommendation for approval from the Finance Committee to the full MDTA Board for the Financial Forecast. The forecast incorporates reduced revenues resulting from the toll reductions approved in May 2015, the FY 2016-FY 2021 Draft CTP and the FY 2016 Final Operating Budget. If approved, the forecast will be submitted to the legislature in July 2015.

The forecast indicates that the MDTA will remain in sound financial position, adhering to, and often exceeding, minimum standards. The forecast also complies with all provisions of the Budget Reconciliation and Financing Act of 2015.

Comparing the six year period of FY 2016-2021 of the current forecast to that approved in January 2015, toll revenues decrease \$403 million, the capital budget decreases \$33 million, and operating expenses decrease \$113 million. There are no toll adjustments required in the six year forecast period to comply with financial goals and standards.

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

Approval – Citations Regulations

Mr. Patrick Fleming requested a recommendation for approval from Members Dennis, Halsey, and Hock for modifications to the draft regulations on citations. During the 2015 legislative session, the General Assembly passed legislation that modified the way MDTA collects video tolls, including giving MDTA the ability to waive video tolls and civil penalties before drivers are referred to the State's Central Collections Unit (CCU) for collections. These proposed regulations will provide the framework for MDTA's waiver of video tolls due and civil penalties and other changes to reflect the amendments to the process enacted under HB 1241.

At the May 28, 2015 MDTA Board meeting, the Board gave preliminary approval of these draft regulations with request for additional modifications to be made and presented to the Board before the proposed regulations were submitted for adoption. Ms. Kimberly Millender clarified that this item is being presented to the Members for their approval as individual members of the MDTA Board, and not as the Finance Committee. Staff indicated that the other five Members of the Board will be polled via telephone for their approval of the revised draft regulations. Mr. Fleming will provide the Members with a review of the poll at the June 25 board meeting with a request for the full Board to ratify the poll.

Member Dennis, Member Halsey, and Member Hock individually gave their concurrence for the revised draft regulations.

Update – Point Breeze Campus

Mr. Dennis Simpson updated the Finance Committee on the status of the land use/ownership efforts at the Point Breeze campus. This item was also presented to the Capital Committee for their information.

MDTA purchased the Point Breeze property in 2001 through a foreclosure sale. Since it was a foreclosure and MDTA did not purchase the entire property, there were some property ownership and maintenance responsibilities that were never clearly defined when the property was transferred.

MDTA reinitiated discussions with RREEF on April 1, 2015. The issues discussed included roadways, sidewalks, drainage facilities, parking lots and a potential land transfer and swap. RREEF currently has a permit to use two parking lots adjacent to its building that are owned by MDTA and the parties are considering swapping a piece of RREEF land for the MDTA-owned lots.

Mr. Simpson indicated that MDTA staff is also considering the disposal of land behind the 2340 building that includes a rail line. The benefit of this disposition would be to transfer responsibility for maintenance of the rail line to the new owner. Member Halsey indicated that acquiring the rail line would probably be of interest to the Canton Railroad. Mr. Simpson indicated that if sold, the land would be disposed of via a competitive process.

Update – Video Toll and Citation Program

Mr. Bruce Gartner provided an update on the implementation of the Video Toll and Citation Program. In June, the revised court administrative process will begin; COMAR revisions to implement provisions of the new legislation will be published; system changes to implement the new legislation will be completed, tested and deployed; staff will be trained on the system changes and revised procedures; and press outreach concerning the MVA and CCU processes will take place.

In July through September, the legislative changes will be implemented, the use of new Notice of Toll Due and Citation will be initiated, mailings providing 15 days' notice of referral to MVA (in-state) and CCU (in-state MVA eligible) will begin, referrals to MVA and CCU will begin, referral notices for MVA and CCU will continue, comments on the proposed COMAR changes will be reviewed and responses sent.

Update – Traffic and Revenue

Ms. Cheryl Lewis-Orr provided an update on the in-lane toll revenue and transaction trends for all facilities. Ms. Lewis-Orr noted that system-wide toll revenues for the month ending May 31, 2015, were \$60.7 million, which is up \$3.2 million, or 5.6%, from the previous year. Fiscal year-to-date system-wide toll revenues were \$599.9 million, which is up \$35.0 million, or 6.2%, from the previous year.

System-wide transactions for the month ending May 31, 2015, were 13.5 million, which is up 1.1 million, or 8.8%, from the previous year. Fiscal year-to-date system-wide transactions were 131.0 million, which is up 9.0 million, or 7.4%, from the previous year.

Ms. Lewis-Orr concluded her remarks by providing a brief summary of some of the potential reasons for the increase in year-to-date system-wide toll revenues such as stable employment, the construction of the I-95 ETL and lower gas prices.

There being no further business, the meeting of the Finance Committee adjourned at 11:36 a.m., following a motion by Member Dennis and seconded by Member Hock.