

FINANCE COMMITTEE MONTHLY MEETING
WEDNESDAY, JANUARY 14, 2015
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

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

STAFF ATTENDING: Percy Dangerfield
Joyce Diepold
Patrick Fleming
Aarion Franklin
Lynn Fry
Bruce Gartner
Chantelle Green
David Greene
Sherita Harrison, Esq.
Jaclyn Hartman
Cheryl Jordan
Jessica Mettle
Ramona Pierre-Saunders
Will Pines
Cathy Beasley Pope
Dennis Simpson
Cheryl Sparks
Christina Thompson
Dan Williams

At 9:00 a.m., Member Jack Basso, Chair of the Finance Committee called the Finance Committee Meeting to order.

Approval – Meeting Minutes – December 9, 2014

Member Basso called for the approval of the Open Meeting Minutes of the December 9, 2014 Finance Committee meeting. Member Katrina Dennis made a motion to approve the minutes, and Member Art Hock seconded the motion. The minutes were unanimously approved as submitted.

Recommend for Approval – I-95 Travel Plazas Public Private Partnership – Lease and Concession Agreement Contract Modification

Mr. Percy Dangerfield requested a recommendation for approval from the Finance Committee to the full MDTA Board to proceed with a contract modification to the I-95 Travel Plazas Lease and Concession Agreement to adjust the calculation method for payments to the Annual Maintenance Escrow Account and to delegate authority to the Executive Director to finalize and execute approval documents for the modification.

The monthly deposits into the account are to be in an amount equal to 1% of Gross Revenues for the preceding month and \$0.00758 per gallon of fuel sold for the preceding month. The Agreement notes in Exhibit D that “If Fuel Stations are operated by Sunoco, then the gallons per Lease Year will be based on gallons sold. If the Fuel Stations are operated by a Franchisee, then the gallons per Lease Year will be based on gallons delivered by Sunoco to the Franchisee per Lease Year.” The fuel stations at both Travel Plazas are operated by a Franchisee. The contract modification would adjust the calculation depending upon how the Fuel Stations are operated as well as adding diesel exhaust fluid amounts into the calculation.

Member Halsey noted one minor edit needed for document consistency. Member Basso asked if the Concessionaire was aware of this contract modification request. Mr. Dangerfield advised that they are aware of this proposed change.

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 unanimously approved.

Recommend for Approval – Delegated Authority for Fixed Asset Donations

Mr. Percy Dangerfield requested a recommendation for approval from the Finance Committee to the full MDTA Board to adopt Board Resolution 15-01, which amends Resolution 14-01 to include delegated authority to the Executive Director to approve and execute any documents for inter-agency transfers or donations of MDTA personal property or vehicles up to \$10,000 per fiscal year.

A large majority of MDTA property is sold through an on-line auction in which MDTA receives 80% of the proceeds. Another method of disposal consists of identifying excess property for inter-agency transfers or donation in which no funds are received. Due to the increasing number of donation requests and the anticipated increase in the number and types of items that MDTA deems excess, this item seeks approval to grant the Executive Director delegated authority to approve and execute any documents for inter-agency transfers of MDTA personal property or vehicles under \$10,000 per fiscal year. Any donation above the \$10,000 threshold would be presented to the Board for approval and would have to provide a benefit to MDTA’s facilities or operations.

Member Katrina Dennis asked what types of items this may include. Mr. Bruce Gartner stated that recent requests have included computers and some trucks.

Member Basso 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.

Recommend for Approval – Financial Audit Services for the Division of Finance

Ms. Joyce Diepold requested a recommendation for approval from the Finance Committee to the full MDTA Board to present the Renewal of Contract No. 20110006 with CliftonLarsonAllen, LLC for Financial Auditing Services.

The scope of work includes providing a financial statement audit, single audit (A-133), a report on controls for a service organization (SSAE 16), and other audits assigned by the contract manager. The original Contract term was from May 2, 2012 to May 1, 2015, with a base value of \$900,000, and one two-year renewal option valued at \$600,000. This item requests recommended approval to exercise the sole Contract Renewal for a term of May 2, 2015 to May 1, 2017, at a not-to-exceed amount of \$600,000.

The Minority Business Enterprise (MBE) goal established for this Contract was 25%. The Contractor has achieved 16.29% MBE compliance to date. Member Basso expressed serious concerns that the MBE goal had not been met and expects that the goals will be met going forward. Ms. Jaclyn Hartman advised that she spoke to the Senior Partner on the project and expressed similar concerns and re-emphasized the importance of meeting MBE goals. In response, CliftonLarsonAllen submitted a written corrective action plan that was approved by MDTA's Division of Procurement and the Office of Civil Rights and Fair Practices. Mr. Gartner advised that the Department of Budget and Management was consulted regarding the Contract Renewal and has also been provided the written corrective action plan. The renewal will also require Board of Public Works approval. Member Dennis reiterated Member Basso's concerns and expectations that the MBE goals must be met. Ms. Diepold advised that she will include additional monitoring steps in the future when approving task orders and will follow up with CliftonLarsonAllen to make sure that all MBE goals are met.

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.

Update – FY 2015 2nd Quarter Budget vs. Actual

Ms. Christina Thompson provided an update on the status of year-to-date spending as compared to the FY 2015 Operating Budget. As of December 31, 2014, 40% of the budget has been spent as compared to the targeted spending level of 48%. Four responsibility centers have

exceeded expected spending levels by more than 5% and responsibility centers are under budget by more than 5%. Fixed Charges is the only object (line item) that exceeded targeted spending by more than 5%. Member Basso noted that spending to date is largely in line with the budget.

Update – Nice Bridge Replacement Project Update

Mr. Will Pines presented a PowerPoint presentation to update the Finance Committee regarding the Office of Engineering and Construction's advancement of preliminary engineering, right-of-way, delivery method evaluation, and financial planning activities for the replacement of the Governor Harry W. Nice Bridge. The current timeline assumes that a decision on delivery method will be made in late 2015 and several activities are underway now to provide information to inform that decision. Activities planned or underway include: due diligence studies, developing cost estimates, identifying risks, a traffic and revenue study, financial analyses and a value for money analysis. Mr. Pines noted that this same briefing was provided to the Capital Committee the previous week. Member Basso inquired about any questions or concerns from the Capital Committee. Mr. Gartner noted there was some discussion of assumptions utilized for the value for money analysis and on preparing lessons learned briefings from other recent large projects in Maryland.

Update – 2015 Legislative Session

Mr. Patrick Fleming updated the Finance Committee on the upcoming legislative session. At this time, only one bill, House Bill 15 (HB 15) has been filed that will affect MDTA. HB 15 would require MDTA to implement electronic tolling with a single "cash" lane at the Bay Bridge by 2024. Mr. Fleming will provide weekly updates to the Board Members during the legislative session.

Update – Video Toll and Citation Program

Mr. Gartner briefed the Finance Committee on the activities that have taken place to support the implementation of the Video Toll and Citation process approved in House Bill 420 of the 2013 Legislative Session. Mr. Gartner stated Maryland residents who failed to pay their Notice of Toll Due or contest to court will start being referred to the Motor Vehicle Administration in February. The process for non-Maryland residents who failed to pay their Notice of Toll Due or contest to court will be referred to the State's Central Collection Unit beginning in the near future. Mr. Gartner also noted that traffic on the recently opened I-95 Express Toll Lanes is approximately 20,000 vehicles per day.

Update – Traffic and Revenue

Ms. Joyce Diepold reported that the system revenues for the month of November were \$47.4 million, which is up \$1.3 million versus the previous year. Revenues for the fiscal year-to-date were \$254.5 million, which is up \$5.9 million versus the previous year. Fiscal year-to-date revenues are \$5.5 million, or 2.2%, above the current revenue forecast.

Ms. Diepold also reported that the system transactions for the month of November were 9.2 million, which is up minimally compared to the previous year. Fiscal year-to-date system transactions were 49.9 million, which is up 0.6 million from the previous year. Fiscal year-to-date system transactions are 0.7 million, or 1.5%, above the current transaction forecast.

Monthly revenue on the Intercounty Connector (ICC) for November was \$4.6 million, which is up \$0.7 million from the previous year. Monthly transactions on the ICC for November were 1.8 million, which is up 0.2 million from the previous year.

Ms. Diepold also reported that the system revenues for the month of December were \$47.6 million, which is up \$1.3 million versus the previous year. Revenues for the fiscal year-to-date were \$302.2 million, which is up \$7.2 million versus the previous year. Fiscal year-to-date revenues are \$6.9 million, or 2.3%, above the current revenue forecast.

Ms. Diepold also reported that the system transactions for the month of December were 9.4 million, which is up 0.4 million versus the previous year. Fiscal year-to-date system transactions were 59.4 million, which is up 0.9 million from the previous year. Fiscal year-to-date system transactions are 1.2 million, or 2.1%, above the current transaction forecast.

Monthly revenue on the ICC for December was \$4.5 million, which is up \$0.4 million from the previous year. Monthly transactions on the ICC for December were 1.9 million, which is up 0.2 million from the previous year.

There being no further business, the meeting of the Finance Committee adjourned at 9:53 a.m., following a motion by Member Halsey and seconded by Member Hock.