

FINANCE COMMITTEE MONTHLY MEETING  
MONDAY, JUNE 14, 2016  
POINT BREEZE HEADQUARTERS BUILDING  
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso  
Rev. Dr. William Calhoun, Sr.  
Randall Nixon, Esq. (via phone)

STAFF ATTENDING: Milt Chaffee  
David Chapin  
Percy Dangerfield  
Donna DiCerbo  
Joyce Diepold  
Chantelle Green  
Jim Harkness  
Jaclyn Hartman  
Sherita Harrison, Esq.  
Meshelle Howard  
Cheryl Jordan  
Cheryl Lewis-Orr  
Jeanne Marriott  
John O'Neill  
Will Pines  
Kitty Sarvinas  
Deb Sharpless  
Cheryl Sparks  
Abey Tamrat  
Christina Thompson  
Dan Williams

Member Jack Basso and Ms. Jaclyn Hartman recognized and thanked Ms. Kitty Sarvinas for her 28 years of State service, including 11 years at the Maryland Transportation Authority. Ms. Sarvinas staffed the Finance Committee for several years and will retire on June 30, 2016.

At 9:05 a.m., Member Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

**Approval – Open Meeting Minutes from May 9, 2016 Meeting**

Member Basso called for the approval of the open meeting minutes from the meeting held on May 9, 2016. Member Randall Nixon, Esq. made the motion, Member Rev. Dr. William Calhoun, Sr., seconded the motion, and the motion passed unanimously.

**Approval – Contract No. KH-2783-000-001 – JFK Facility Bridge Cleaning and Drainage System Repair**

Mr. Abey Tamrat requested a recommended approval from the Finance Committee to present Contract No. KH-2783-000-001, JFK Facility Bridge Cleaning and Drainage System Repair, to the full MDTA Board at its next scheduled meeting.

MDTA issued an Invitation for Bids on December 24, 2015. Seven bids were received on February 24, 2016; however, one bid was rejected. Titan Industrial Services, Inc. is the lowest responsive and responsible bidder and is therefore recommended for award to the full MDTA Board. Titan's bid of \$1,141,695.00 is 10% lower than the Engineer's Estimate and is determined to be fair and reasonable. This company has performed work on prior MDTA projects.

The project was advertised with an overall minority business enterprise (MBE) goal of 29% with sub-goals of 7% for African American-owned firms and 4% for Asian American-owned firms. It was also advertised with a Veteran Small Business Enterprise (VSBE) goal of 1%. Titan Industrial Services, Inc. submitted MBE and VSBE plans that meet these goals. Notice-to-Proceed (NTP) for this contract is anticipated in July 2016. The contract term is 270 calendar days from NTP.

Member Basso questioned the variance between the bids. Mr. Tamrat stated that the bid was in line with the Engineer's Estimate and that some of the other bidders bid high on certain items. He also confirmed that the bid request was clear enough so that the other bids could have been closer to the Engineer's Estimate. Member Calhoun asked if the winning bidder had previously done work for MDTA and if that may have influenced their bid price. Mr. Will Pines confirmed that Titan has previously done work for MDTA.

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

**Approval – Contract No. 20140022 – Arc Flash Hazard Studies at Various Locations**

Mr. Jim Harkness requested a recommended approval from the Finance Committee to present a contract extension for Contract No. 20140022, Arc Flash Hazard Studies at Various Locations, to

the full MDTA Board at its next scheduled meeting. Approval of this contract extension is contingent upon approval by the Board of Public Works.

Contract No. 20140022 was awarded on July 16, 2015, for the provision of an Arc Flash Hazard Study at various MDTA locations. The effective start date of the contract was August 3, 2015, with an expiration date of July 27, 2016. During the course of the contract, Shah & Associates, Inc. encountered delays in the completion of its tasks due to lead time on equipment; access to information related to the electrical energy consumption, billing account number and demand data from MDTA and BGE; and delays in receiving utility data from multiple utility companies. The contract extension is for a no cost time extension of 100 days to allow Shah & Associates, Inc. to complete the tasks under the contract. The new expiration date will be November 5, 2016. Additionally, there are negotiations currently underway related to delay claims for this contract that may result in future monetary modification.

Member Nixon asked about the contractor's previous experience. Mr. Harkness advised that this is the first time that MDTA worked with this contractor, but the contractor met all requirements for previous work and experience. Members Nixon and Calhoun noted that time extensions are infrequent. Mr. Harkness stated that the contractor has already performed a significant amount of work and that many of the delays were outside of the contractor's control. Mr. Harkness also noted that the current MBE participation is 42%, which exceeds the goal of 7%.

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

### **Approval – FY 2017 Final Operating Budget**

Ms. Christina Thompson requested a recommended approval from the Finance Committee to the full MDTA Board for the FY 2017 Final Operating Budget at its next scheduled meeting. The Trust Agreement requires the approval of a final budget on or before July 1.

The FY 2017 Final Operating Budget totals \$294.4 million, an increase of \$18.0 million, or 6.5%, from MDTA's FY 2016 budget. The FY 2017 Final Operating Budget represents an increase of \$9.6 million, or 3.4%, from the FY 2017 Preliminary Operating Budget.

Changes from the FY 2017 Preliminary Budget include an increase of \$5.0 million for mandatory personnel increases, including salaries and benefits for the MDTA Police as a result of collective bargaining negotiations, salaries and benefits for non-law enforcement personnel due to a one-step increase granted to all State employees and employee and retiree health insurance due to higher contribution rates. Discretionary increases total \$4.4 million and include additional funding for facility inspections, one-time costs associated with the 3G tolling contracts, ITS maintenance, and a MDTA Police Academy Class.

From FY 2016 to FY 2017, MDTA's position complement declines by 13 positions. The position reductions are consistent with the budget recommendations outlined in the Toll Reduction Plan.

Member Basso noted that although many of the budget increases were mandatory and related to personnel, there have also been large increases in costs associated with facility maintenance and rehabilitation. Ms. Thompson advised that MDTA is currently reviewing its policy on capitalization for potential changes.

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

### **Update – Development of the Consolidated Transportation Program**

Ms. Jeanne Marriott provided the Finance Committee with an overview of the process used to develop MDTA's Consolidated Transportation Program (CTP). Projects originate from a variety of sources, including long-range capital needs, inspection findings, regulatory compliance, increased capacity needs, and local priority letters/legislative requests. Once identified, projects are prioritized based on customer needs for safety and security, capacity improvements, system preservation needs, and available funding.

### **Approval – Draft FY 2017-2022 Consolidated Transportation Program**

Ms. Marriott requested a recommendation for approval from the Finance Committee to the full MDTA Board for the proposed Draft FY 2017-2022 CTP at its next scheduled meeting. The Draft CTP was reviewed by the Capital Committee on June 2, 2016, and recommended for approval to the full MDTA Board.

The draft CTP totals \$2.0 billion, which reflects a net increase in the six-year FY 2017-2022 budget of \$94.6 million. The net increase includes no change in the Intercounty Connector budget, a decrease of \$0.6 million for the I-95 Express Toll Lanes, and an increase of \$95.2 million for all other projects.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Calhoun made the motion, and Member Nixon 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 at its next scheduled meeting. Throughout the six-

year period (FY 2017 – 2022), the MDTA will remain above its financial goals and minimum legal standards and meets all requirements of the Budget Reconciliation and Financing Act (BRFA) of 2015. No system-wide toll increases or bond issuances are needed in the six year period. The MDTA may issue refunding bonds that will reduce the debt service costs.

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

### **Update – Traffic and Revenue**

Ms. Cheryl Lewis-Orr noted that system-wide toll revenues for the month ending May 31, 2016, were \$57.0 million, which is down \$4.8 million, or 7.7%, from the previous year. Fiscal year-to-date system-wide toll revenues were \$593.4 million, which is down \$2.7 million, or 0.5%, from the previous year. When comparing fiscal year-to-date system-wide toll revenues to the Base Case revenue forecast, system-wide toll revenues exceed the forecast by \$22.0 million, or 3.9%.

System-wide transactions for the month ending May 31, 2016, were 13.9 million, which is up 0.1 million, or 0.8%, from the previous year. Fiscal year-to-date system-wide transactions were 145.6 million, which is up 14.2 million, or 10.8%, from the previous year. When comparing fiscal year-to-date system-wide transactions to the Base Case transaction forecast, system-wide transactions exceed the forecast by 10.3 million, or 7.6%.

Member Basso noted that the good news is that revenues are still up overall but questioned why May numbers are down slightly. Ms. Lewis-Orr noted that weather may have impacted travel. Ms. Hartman also noted that there were issues with data reporting throughout May and although it is believed that all issues have been resolved, the Finance Division will continue to watch the numbers closely and will monitor for any potential emerging trends.

There being no further business, the meeting of the Finance Committee adjourned at 9:51 a.m., following a motion by Member Calhoun and seconded by Member Nixon.