

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, OCTOBER 14, 2014
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

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

STAFF ATTENDING: Jay Ayd
Percy Dangerfield
Donna DiCerbo
Joyce Diepold
Luther Dolcar
Patrick Fleming
Bruce Gartner
Steve Gwiazdowski
Sherita Harrison, Esq.
Jaclyn Hartman
Carroll Hicks
Meshelle Howard
Cheryl Jordan
Robert Jordan
Chris Limon
Jody McCurley
Kimberly Millender, Esq.
Gerald Noonan
Ramona Pierre Saunders
Cathy Beasley Pope
Larry Schwager
Deborah Sharpless
Dennis Simpson
Cheryl Sparks
Christina Thompson
Dan Williams

OTHERS ATTENDING: Leif Dormsjo – MDOT
Robert Farley – Parsons Brinkerhoff
Joseph Greco – MPA
Charles Kelly – CliftonLarsonAllen
John Magness – Canton Railroad
Mike Miller – MPA
Keith Novak – CliftonLarsonAllen

At 9:00 a.m., Member Mary Beyer Halsey, Acting Chair of the Finance Committee, asked for a motion to call the Finance Committee Meeting to order. Member Art Hock made the motion, and Member Katrina Dennis seconded the motion; and the motion was unanimously passed.

Approval – Meeting Minutes – September 9, 2014 Open Session

Member Halsey called for the approval of the Open Session Minutes of the September 9, 2014 Finance Committee meeting. Member Dennis made a motion to approve the minutes, and Member Hock seconded the motion. The minutes were unanimously approved as submitted.

Update – Independent Auditor’s Report for the FY 2014 Financial Statements, SSAE 16 Audit, and Single Audit

Ms. Jaclyn Hartman introduced Mr. Keith Novak and Mr. Chuck Kelly from CliftonLarsonAllen to present the results of the FY 2014 Financial Statement Audit, the SSAE 16 Audit and the Single Audit Report. Mr. Novak noted that MDTA received an unmodified opinion for the FY 2014 Financial Statements audit, which is the highest rating possible, and no material weaknesses were noted in MDTA’s controls. Mr. Novak provided an overview of the audit process, and Mr. Kelly reviewed MDTA’s financial position for FY 2014.

Mr. Novak reviewed the control objectives and complementary user entity controls that were part of the SSAE 16 audit. There were no qualifications noted in the SSAE 16 audit, although there were two minor documentation exceptions within two of the control objects. Finally, Mr. Novak presented the results of the Single Audit and noted that there were no findings as a result of the testing and an unmodified audit opinion was issued. Mr. Novak noted that all audits were smooth and timely and commended MDTA for achieving recognition from the Government Finance Officers Association on its first Comprehensive Annual Financial Report (CAFR) issued in December 2013. CliftonLarsonAllen will continue to be available to assist MDTA with preparation of the FY 2014 CAFR for publication in December.

Member Halsey commended staff for a job well done. Ms. Hartman introduced key members of the Finance Division that helped to compile and review the audited financial statements – Ms. Joyce Diepold, Deputy Chief Financial Officer; Mr. Larry Schwager, Director of Accounting; and Mr. Luther Dolcar, Financial Reporting Manager.

Recommend for Approval – Contract No. 20140012 – HVAC Maintenance and Repair MDTA Area Wide

Mr. Gerald Noonan requested a recommendation for approval from the Finance Committee to the full MDTA Board for Contract No. 20140012, HVAC Maintenance and Repair MDTA Area Wide. Mr. Noonan advised that this is a fixed-price contract to provide all labor, materials, equipment, supervision and incidental materials necessary to ensure the satisfactory performance and efficient operation of the heating, air conditioning equipment, associated controls and ancillary equipment located at various MDTA facilities.

The project was advertised on July 3, 2014, as a multi-award contract and MDTA solicited Competitive Sealed Bids for these services. MDTA reserved the right to award up to three contracts with one contract for each MDTA-defined region.

M&E Sales, Inc. was the lowest responsive and responsible bidder for the Central and Northern Regions and was recommended for award of the contract for both regions in the total amount of \$1,442,365.50 for Contract A. Contract A has a total contract term of five years, including a base term of three years with one two-year renewal option.

LPC Services, Inc. was the lowest responsive and responsible bidder for the Southern Region and was recommended for award of the contract in the total amount of \$230,020.00 for Contract B. Contract B has a total contract term of five years, including a base term of three years with one two-year renewal option.

Both of these contractors successfully performed similar work on prior MDTA contracts. This contract was designed as a Small Business Reserve (SBR), with no Minority Business Enterprise (MBE) or Veteran Owned Small Business Enterprise (VSBE) goals established. MDTA will seek approval by the Board of Public Works (BPW) for these contracts on December 3, 2014, and notice-to-proceed (NTP) is anticipated for December 4, 2014.

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.

Recommend for Approval – Contract No. 91131511 – Bay Bridge Lane Use Signal Field Hardware Maintenance Contract Renewal

Mr. Robert Jordan requested a recommendation for approval from the Finance Committee to the full MDTA Board for the first Renewal Option of Contract No. 91131511, Bay Bridge Lane Use Signal Field Hardware Maintenance.

The original contract term was from January 1, 2013 to January 2, 2015, with two one-year renewals with Day & Son, Inc. Day & Son, Inc. has successfully performed the scope of the work for this contract. A MBE goal of 25% was established for this contract with no sub

goals. Only one task has been assigned to date, and this task contained no sub-contractible components; therefore, Day & Son, Inc. is currently achieving 0% MBE compliance.

This first renewal option is for a term from January 2, 2015 to January 2, 2016, at a Not-to-Exceed cost of \$131,225.00. MDTA will seek approval by BPW for this contract on November 12, 2014.

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.

Recommend for Approval – I-95 Travel Plazas Lease and Concession Agreement

Mr. Percy Dangerfield requested a recommendation for approval from the Finance Committee to the full MDTA Board to proceed with a negotiated settlement offer with Areas USA in relation to work done as part of the Travel Plazas Lease and Concession Agreement and to delegate authority to the Executive Director to finalize and execute documents for the settlement of claims for additional work for the waterline connection and contaminated soil removal costs at the Maryland House.

Areas presented a request for consideration for \$1,909,862.00, which includes additional costs for work related to the installation of a new waterline and removal of contaminated soil at the Maryland House. MDTA staff reviewed information available at the time of the original Request for Proposals, requested and reviewed additional documentation from Areas, and prepared an Engineer's Estimate to establish a reasonable cost for the work. A full and final settlement offer in the amount of \$1,476,223.29 was made to Areas and accepted.

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.

Recommend for Approval – Truck Discount Program – I-895/Childs Street and MD 695 Northbound Turnaround

Mr. Dennis Simpson requested a recommendation for approval from the Finance Committee to the full MDTA Board to proceed with implementing a discount program for trucks using the Childs Street ramps on I-895 and the turnaround to MD 695 Northbound.

The Childs Street ramps provide access to I-895 to and from the south and are located just north of the Baltimore Harbor Tunnel toll plaza. Motorists who are heading northbound on I-895 and wish to access Childs Street currently pay the full toll even though they do not actually travel through the Baltimore Harbor Tunnel. Similarly, vehicles accessing northbound MD 695 from Broening Highway must travel through the Key Bridge toll plaza twice without actually

crossing the Key Bridge. To avoid these tolls, truck traffic sometimes diverts to local community roads.

The proposed toll discount for both the I-895/Childs Street and MD 695 Northbound Turnaround takes into consideration that in both of these scenarios, the truck traffic does not actually use the signature facility (Baltimore Harbor Tunnel or the Key Bridge) but is still charged a toll. The proposed plan will benefit truckers and the communities impacted by trucks that avoid using toll roads. The proposed toll rate of \$2.00 per axle will not reduce the toll for 2-axle vehicles. Two-axle vehicles will continue to pay \$4.00 to make these movements.

This toll reduction does not require any public involvement/public hearings. However, staff is still planning to hold public hearings on this proposal in Baltimore City and Baltimore County in Spring 2015. MDTA is required to provide information to the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee and the House Ways and Means Committee on the proposed changes.

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.

Recommend for Approval – Convert Expired Leases and Permits to Air Space Leases for Properties under I-95, I-395 and I-895

Mr. Simpson requested a recommendation for approval from the Finance Committee to the full MDTA Board to proceed with implementation of new air space leases for all current tenants under I-95, I-395 and I-895 and to delegate authority to the Executive Director to execute these leases. This action would bring this current use of land into compliance with Federal Highway Administration (FHWA) requirements. This action requires BPW approval.

The fee simple ownership and responsibility for I-95 and I-395 within the City limits were transferred to MDTA via deed in April 1996. MDTA owns one parcel within the vicinity of I-895, which was not purchased with federal funding. However, MDTA is still subject to federal compliance because the property is part of an interstate.

As part of the transfer, MDTA assumed the stewardship and management of land, columns, piers and subterranean footings, piles and restrictive covenants that apply to the properties being leased under I-95 and I-395. When the transfer took place in 1996, the majority of the leases were expired and under temporary month-to-month lease agreements. Although the tenants continued to pay temporary rental rates, they have maintained their lease compliance as required in the FHWA Airspace Guidelines.

MDTA has worked closely with FHWA over several years and has researched ownership and obtained appraisals for the properties and is now prepared to implement new air space leases for 12 properties.

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.

Update – 1st Quarter Budget Comparison

Ms. Christina Thompson updated the Finance Committee on the status of actual spending compared to the fiscal 2015 Operating Budget. As of September 30, 2014, 13% of the budget has been spent. Target spending is 18% based on 4.6 of 26 payrolls being posted. Only one responsibility center (Office of Human Resources and Workforce Development) exceeds expected spending levels by more than 5% due to an annual bill already being paid in full. Travel is the only spending area that exceeds target spending by more than 5% due to variances between where the budget and actual expenses for travel and training are occurring after the recent change in budget categories.

Update – Information Technology Infrastructure Projects

Mr. Jay Ayd and Mr. Chris Limon updated the Finance Committee on the progress of information technology (IT) projects undertaken to provide for redundancy and resiliency in the IT infrastructure. The two projects are Storage-Area Network (SAN) reconfiguration/Server consolidation and the Horizon Infrastructure Project.

Both projects were planned to be completed over a number of phases with each phase building on the previous phase. Both projects have some phases that remain to be completed which will improve the process for data storage, allow for better record retention, eliminate file storage duplication, and better desktop and device management.

Closed Session

At 10:07 a.m., upon motion by Member Halsey and seconded by Member Hock, the Members voted unanimously to move into closed session under Section 3-305(b)(4) of the General Provisions Article, Annotated Code of Maryland, to discuss matters related to a business expanding or remaining in the State at the Intermodal Container Transfer Facility. The following persons were present during the closed session discussion: Bruce Gartner, Deborah Sharpless, Jaclyn Hartman, Sherita Harrison, Esq., Kimberly Millender, Esq., Cheryl Sparks, Dennis Simpson, Joyce Diepold, Leif Dormsjo, John Magness, Mike Miller, and Joseph Greco.

At 10:38 a.m., a motion was made by Member Dennis and seconded by Member Hock, which was unanimously approved, to adjourn the Closed Session and return to Open Session.

No actions were taken during the closed session.

Update – I-95 Express Toll Lanes Opening Activities

Mr. Dennis Simpson updated the Finance Committee on the issues and activities underway to support the opening of the I-95 Express Toll Lanes (ETL). This is a regular monthly update on the ETL until its opening. All activities are occurring on schedule, and the opening of the ETL is expected in December.

Update – Video Toll and Citation Program

Ms. Deborah Sharpless 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.

In September, development of the updated Motor Vehicle Administration (MVA) module was completed and efforts continued to resolve the timing for referrals to MVA and the Central Collection Unit (CCU). In November, reminder notices will be sent to approximately 200,000 toll violators that are eligible for referral to MVA and CCU. Over the next several months, the ETL and final segment of the Intercounty Connector (ICC) will be brought into the video toll program, the NIXIE (bad address) and CCU modules will be deployed, and the MVA and CCU referral processes will be implemented.

Update – Traffic and Revenue

Ms. Joyce Diepold reported that the system revenues for the month of August were \$54.4 million, which is down \$14,213 versus the previous year. Revenues for the fiscal year-to-date were \$108.0 million, which is up \$1.0 million versus the previous year. Fiscal year-to-date revenues are \$5.0 million above, or 4.9%, above the current Jacobs Base Case revenue forecast.

Ms. Diepold also reported that the system transactions for the month of August were 10.8 million, which is down 13.1 million versus the previous year. Fiscal year-to-date system transactions were 21.4 million, which is up 0.2 million from the previous year. Fiscal year-to-date system transactions are 1.3 million above, or 6.7%, above the current Jacobs Base Case transaction forecast.

Monthly revenue on the ICC for August was \$3.8 million, which is up \$0.4 million from the previous year. Monthly transactions on the ICC for August were 1.9 million, which is up 0.2 million from the previous year.

Ms. Diepold also reported that the system revenues for the month of September were \$46.3 million, which is up \$0.1 million versus the previous year. Revenues for the fiscal year-to-

date were \$154.3 million, which is up \$1.1 million versus the previous year. Fiscal year-to-date revenues are \$7.5 million above, or 5.1%, above the current Jacobs Base Case revenue forecast.

Ms. Diepold also reported that the system transactions for the month of August were 9.5 million, which is up 0.1 million versus the previous year. Fiscal year-to-date system transactions were 30.9 million, which is up 0.3 million from the previous year. Fiscal year-to-date system transactions are 2.1 million above, or 7.1%, above the current Jacobs Base Case transaction forecast.

Monthly revenue on the ICC for September was \$3.8 million, which is up \$0.4 million from the previous year. Monthly transactions on the ICC for September were 1.9 million, which is up 0.1 million from the previous year.

There being no further business, the meeting of the Finance Committee adjourned at 10:58 a.m., following a motion by Member Hock and seconded by Member Dennis.