

DELAWARE RIVER AND BAY AUTHORITY
GOVERNANCE/AUDIT COMMITTEE MEETING
Tuesday, November 17, 2020
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Governance/Audit Committee Meeting was conducted via teleconference on Tuesday, November 17, 2020 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee-Vice Chair Carey
Commissioner Faust, Committee Member
Commissioner Decker, Committee Member
Commissioner Ford
Commissioner Ratchford

Commissioners of New Jersey

Committee Chair McCann - absent
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Ransome
Commissioner Bennett - absent

Chairperson Lathem

Vice-Chairperson Hogan

Kate Betterly – DE

Phil Norcross – NJ

Governors' Representatives

Rudy Rodas – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Michelle Warner
Michele Pyle
Tara Donofrio
John Sarro
Heath Gehrke
Shaun O'Brien
Joe Gibbons
Dave Hoppenjans
Andrew Ritchie

Guests

1. Committee Vice-Chair Carey opened the Governance/Audit Committee meeting at approximately 11:16 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Governance/Audit Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Vice-Chair Carey called for a motion to accept the Governance/Audit Committee Minutes from July 21, 2020. Commissioner Smith made a motion, Commissioner Decker seconded, and the Committee Minutes were accepted.

3. Resolution

- RESOLUTION 20-37 – Authorizes an agreement between the Delaware River and Bay Authority and Clifton Larson Allen LLP to provide independent auditing services to the Authority.

The CFO noted that the independent audit services were publicized for bids and seven responses were received, with four firms being selected for interviews. Staff recommends awarding the contract to the current provider of services, Clifton Larson Allen LLP.

Committee Co-Chair Carey called for a motion to accept the resolution; Commissioner Decker made a motion, seconded by Commissioner Smith and the Governance/Audit Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the November meeting later today.

4. With no further business to discuss, Committee Vice-Chair Carey called for a motion to adjourn; Commissioner Smith made a motion and Commissioner Decker seconded, and the Governance/Audit Committee adjourned at 11:18 a.m.

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, November 17, 2020
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was conducted via teleconference on Tuesday, November 17, 2020 from the Delaware Memorial Bridge Complex, New Castle, Delaware

Commissioners of Delaware

Committee Chair Decker
Commissioner Ratchford, Committee Member
Commissioner Ford, Committee Member
Commissioner Faust
Commissioner Carey

Commissioners of New Jersey

Committee Vice-Chair Bennett - absent
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner McCann - absent
Commissioner Ransome

Chairperson Lathem

Vice-Chairperson Hogan

Kate Betterly – DE

Phil Norcross – NJ

Governors' Representatives

Rudy Rodas – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
Tara Donofrio
Michelle Pyle
John Sarro
Heath Gehrke
Shaun O'Brien

1. Committee Chair Decker opened the Budget & Finance Committee meeting at approximately 11:18 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Budget & Finance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Decker called for a motion to accept the Budget & Finance Committee Minutes from October 20, 2020. Commissioner Ratchford made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Discussion Items:

- 2021 Operating Budget

The Chief Financial Officer (CFO) noted that the 2020 budget projected revenue of \$175.7 million prior to the onset of the Coronavirus. The current revenue trends project that the Authority will finish just shy of \$150 million. The reduced revenues and expenses will result in a 2.2x debt service coverage for FY2020. The proposed operating revenues for 2021 are approximately \$164 million, about a 10% increase on 2020 projected revenues, while remaining 6.6% or \$11.5 million below pre-COVID projections. The CFO presented the financial overview to the Board. In 2020, net operating revenues will finish at about \$70 million against the \$32 million 2.2x coverage projected for year end. The projected senior debt service for 2021 is 2.4x, which exceeds the minimum 1.25x' coverage required by the Trust Indenture. The revenues are broken into two areas; the crossing revenue and economic development revenue. Crossing revenue is about 95% of the Authority's overall revenue and has greatly fluctuated due to COVID. Economic development revenue, consisting of airports and the business center, has remained stable at approximately \$8.5 million.

Referencing the Major Increases/Decreases page, the CFO noted several areas that differed from the preliminary budget presented last month. While there were no changes to wages, the group medical line was reduced by \$200,000, the insurance budget was reduced by \$72,000 and the equipment line was reduced by \$350,000. This results in an overall budget reduction of \$1.7 million or 1.9% compared to the adopted 2020 budget. Vice-Chairperson Hogan asked about the large increase in insurance. The CFO informed the committee that staff was anticipating an overall hardening of the insurance market. Vice-Chairperson inquired about the insurance broker. The CFO noted that the RFP for insurance brokerage services was being prepared to go out in early 2021. Chairperson Latham, inquired about website line, and the CFO informed him that the Authority's websites were to be upgraded with 50% funding in 2020 and finished in 2021.

The CFO reviewed the reduction to 412 total budgeted positions. He explained that two positions were moved under the Deputy Executive Director Deputy to the Airports Division to better reflect the actual work done by the Property Manager and the Grants Manager for the airports. At the CMLF, food service was reduced from 17 to 14 positions due to the Lewes outsourcing and 7 FTE positions transitioned to peak part time positions.

Vessel fuel at the CMLF is budgeted at \$1.70 per gallon. The insurance budget has about a 5%-10% increase across most of the policy lines. The income statement of revenues and expenses, reveals net bridge revenue about \$12 million less than 2020. The Ferry forecasts a net loss just shy of \$14 million next year.

Commissioner Ratchford inquired about the CMLF revenue projection which looks like a 60% decrease for 2020 compared to the \$11.5 million anticipated in 2021. The CFO stated the CMLF

is currently tracking about a 22% decrease for October. The CFO explained that the forecast for first half of 2021 is a 25% decrease, gradually improving throughout the 2nd half of the year. This results in revenues of 85% of normal revenue on the year. The underlying hope is that as COVID vaccines become available, travel at the CMLF will continually improve throughout the year. Furthermore, the CFO noted that the 2.4x debt service coverage forecasted affords a cushion to setbacks in revenues, along with the ability to tighten expenses again if necessary in 2021.

- 2020 Additional Pension/OPEB Payment

The Chief Financial Officer (CFO) reviewed the 2019 and 2020 funding ratios for the Pension and OPEB Funds. The CFO shared how these ratios declined with the change from a 7.25% interest assumption to the 6.75% assumption. Therefore, staff recommends at this time putting the \$2.7 million extra contribution into the pension plan before the end of the year, which essentially revises the pension ratio to 85% funding. The committee concurred with the recommendation.

- CMLF Cape May Food and Retail Concession (**presentation attached**)

Vince Meconi, the Chief Operational Officer discussed the private partnership with Grain Restaurant at the Lewes Ferry Terminal. Despite the pandemic this has been highly successful. Shaun O'Brien, Superintendent of Food and Beverage at the CMLF presented a proposal to take similar actions in Cape Mau. The committee supported moving forward with an RFQ to identify a potential operator for the Cape May Terminal operation.

4. Resolutions: 20-38 – Adoption of the Delaware River and Bay Authority's 2021 Operating Budget

After discussion, Commissioner Ratchford made a motion, Commissioner Ford, seconded, and the Budget & Finance Committee recommended forwarding Resolution 20-38 to the full Board. The Resolution will be presented to the full Board for consideration at the meeting later today.

With no further business to discuss, Committee Chair Decker adjourned the Budget and Finance Committee at 12:01 p.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, November 17, 2020

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee Meeting was conducted via teleconference on Tuesday, November 17, 2020 from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

Committee Chair Ransome
Commissioner Bennett, Comm. Member - absent
Commissioner Wilson, Comm. Member
Commissioner McCann – absent
Commissioner Smith

Vice-Chairperson Hogan

Phillip Norcross - NJ

Governors' Representatives

Rudy Rodas, New Jersey

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
John Sarro
Tara Donofrio
Michele Pyle
Heath Gehrke
Shaun O'Brien
David Hoppenjans
Joseph Gibbons

Commissioners of Delaware

Committee Vice-Chair Ford
Commissioner Ratchford, Comm. Member
Commissioner Carey, Comm. Member - absent
Commissioner Decker
Commissioner Faust

Chairperson Lathem

Kate Betterly - DE

1. Chair Ransome opened the Economic Development Committee meeting at approximately 12:02 p.m. The Deputy Executive Director (DED) reported that the public meeting of the

Economic Development Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Chair Ransome called for a motion to accept the Economic Development Committee Minutes from October 20, 2020. Commissioner Ratchford made a motion, Commissioner Decker seconded, and the Committee Minutes were accepted.

3. Resolutions:

- RESOLUTION 20-39 – LEASE AGREEMENT WITH A PLACE ON EARTH, INC

After discussion, Commissioner Ratchford made a motion, Commissioner Ford, seconded, and the Economic Development Committee recommended forwarding Resolution 20-39 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- RESOLUTION 20-40 – LEASE AGREEMENT WITH SMITH AND JACKSON MILITARY ANTIQUES AND FIREARMS LLC

After discussion, Commissioner Ratchford made a motion, Commissioner Ford, seconded, and the Economic Development Committee recommended forwarding Resolution 20-40 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- RESOLUTION 20-41 – LEASE AGREEMENT WITH AARON'S MOBILE DETAILING, LLC

After discussion, Commissioner Ratchford made a motion, Commissioner Faust, seconded, and the Economic Development Committee recommended forwarding Resolution 20-41 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- RESOLUTION 20-42 – LEASE AGREEMENT WITH CAPE MAY COUNTY

After discussion, Commissioner Ratchford made a motion, Commissioner Faust, seconded, and the Economic Development Committee recommended forwarding Resolution 20-42 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- RESOLUTION 20-43 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND NEW CINGULAR WIRELESS PCS, LLC AT THE CAPE MAY AIRPORT

After discussion, Commissioner Ratchford made a motion, Commissioner Smith, seconded, and the Economic Development Committee recommended forwarding Resolution 20-43 to the full

Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- RESOLUTION 20-46 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND OVERHEAD DOOR COMPANY OF DELMAR, INC.

After discussion, Commissioner Ratchford made a motion, Commissioner Ford, seconded, and the Economic Development Committee recommended forwarding Resolution 20-46 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

- | | | |
|----|---------------------|---------------------|
| 4. | Executive Session | Staff |
| 5. | Meeting Adjournment | Chairperson Ransome |

With no further business to discuss, Committee Chair Ransome adjourned the Economic Development Committee at 12:13 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, November 17, 2020

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted via teleconference on Tuesday, November 17, 2020 from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Delaware Commissioners

Committee Chair Ratchford
Commissioner Ford, Committee Member
Commissioner Faust, Committee Member
Commissioner Decker
Commissioner Carey – left at 11:57am
Chairman Lathem

New Jersey Commissioners

Committee Vice-Chair Ransome
Commissioner Bennett, Committee Member - absent
Commissioner McCann, Committee Member - absent
Commissioner Wilson
Commissioner Smith
Vice Chairman Hogan

Legal Counsel

Kate Betterly– DE

Phil Norcross – NJ

Governors' Representatives

Rudy Rodas - NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
Michele Pyle
Tara Donofrio
John Sarro
Heath Gehrke
Shaun O'Brien
Joe Gibbons
Dave Hoppenjans

Guests

1. Committee Chair Ratchford opened the Projects Committee meeting at 11:17 a.m.

2. Committee Chair Ratchford called for a motion to accept the Projects Committee Minutes from October 16, 2020. Vice-Chair Ransome made a motion, Commissioner Faust seconded, and the Committee Minutes were accepted.

3. Resolutions

The COO noted the 2008 Ferry Planning Document needs updating. With the current ferries aging, funding for a new vessel will be considered in 2024. Therefore, this resolution will permit this planning to proceed.

- **RESOLUTION - 20-44** - Authorizes an agreement between The Delaware River and Bay Authority and Elliott Bay Design Group, LLC to provide naval architect consulting services to the Authority.

Committee Chair Ratchford called for a motion to accept the resolution, Vice-Chair Ransome made a motion, seconded by Commissioner Ford and the Projects Committee concurred with the recommendation to accept and authorized the actions to be presented to the full Board at the November meeting later today.

4. Contract Closeouts

- **ILG-19-04 Terminal Building 151 Exterior Improvements**

The COO recommended close-out of the contract and final payment to Jones Masonry Restoration Corporation of Harrisburg, PA with a final contract amount of \$194,500.00.

- **MIV-18-B North Apron Rehabilitation**

The COO recommended close-out of the contract and final payment to South State of Bridgeton, NJ with a final contract amount of \$541,684.19.

Committee Chair Ratchford called for a motion to approve both closeouts, Vice-Chair Ransome made a motion, seconded by Commissioner Ford and the Projects Committee concurred with the recommendation and authorized the close-out actions to be presented to the full board at the November meeting later today

5. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through October, 2020. The DRBA had (14) payments totaling approximately \$4.5 million for projects at the bridge, ferry, and airports.

6. Discussion Items

- **2021 CIP Preliminary Briefing**

The COO presented to a preview of the 2021 CIP and 5-year plan. Due to the toll increase delays in 2017 & 2018, a full CIP was not implemented resulting in the last two years operating under a skinny CIP. In addition, the 2020 mid-year spending cuts due to Covid-19, there will not be a skinny CIP proposed at this time. Instead of the \$125-130 million budget previously projected for 2021, it will be more in the range of \$94 million. The COO noted the 2021 available funds will be adequate but in 2022 and 2023 major deferred plans will need to be addressed with a crunch of funds, loans or other sources considered. The 5 year plan calls for \$496 million in funding.

Please refer to the attached presentation by the COO for the full 2021 CIP briefing. In summary, the COO hi-lighted 15 projects, including the purchase of police body cameras if the DE state grant funding is not approved by the end of December 2020.

Totals by site (in thousands):

- Bridge: \$45,955
- Ferries: \$32,776
- Airports: \$14,338

TOTAL: \$93,089 in authority funds + \$21,773 external funds = \$114,862 total

The Plan was approved by the Committee and will be presented to the full Board for adoption at the December 2020 meeting.

- **Construction Projects Progress**

The monthly construction highlights report was previously presented via email to the Commissioners to which no discussion, nor questions, were raised at this time.

7. With no further business to discuss, Committee Chair Ratchford called for a motion to adjourn; Vice-Chair Ransome made a motion and Commissioner Ford seconded, and the Projects Committee adjourned at 12:37 p.m.