

DELAWARE RIVER AND BAY AUTHORITY
GOVERNANCE/AUDIT COMMITTEE MEETING

Tuesday, May 17, 2022
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted in person and via Zoom on Tuesday, May 17, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Faust
Commissioner Carey, Committee Member
Commissioner Decker, Committee Member
Commissioner Becker
Commissioner Ratchford
Vice-Chairperson Lathem

Commissioners of New Jersey

Committee Vice-Chair McCann
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Ransome
Commissioner Baldini
Chairperson Hogan

Legal Counsel

Mike Houghton – DE

Phil Norcross – NJ

Governors' Representatives

Governors' Representative

Janice Venables – NJ via Zoom

Staff

Tom Cook
Steve Williams
Victor Ferzetti - via Zoom
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
TJ Murray
Michelle Griscom
Tara Donofrio
Kyle Bickhart
Jim Danna
Heath Gehrke
Dave Hoppenjans
Meghan Palmer

Guests

Luke Winter, CPA
Clifton Lawson Allen Wealth Advisors
Drew Block, CPA
Clifton Lawson Allen Wealth Advisors
Bill Cook
Brown & Connery LLP

1. Committee Chair Faust opened the Governance/Audit Committee meeting at approximately 11:17 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 Chair Faust called for a motion to accept the Governance/Audit Committee Minutes from January 19, 2022. Commissioner Carey made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.
3. Discussion Item:

2021 Annual Audit Report

The DRBA Controller James Danna introduced Luke Winter and Drew Block of Clifton Larson Allen, the Authority's Auditors who presented the following summary of the report:

- Financial Statement Audit Results- Luke Winter noted the Authority received an unmodified opinion as well as no material weaknesses nor significant deficiencies in internal control over reporting. This is the best opinion, also known as a clean opinion. No Non-Compliance with laws and regulations was noted.
- The Single Audit Results – Luke Winter noted these are required by the Federal grant funding reports. Two programs were tested: Federal Aviation Administration and Federal Transit Administration, both receiving an unmodified opinion as well as no material weaknesses nor significant deficiencies in internal control over reporting.
- Passenger Facility Charge Audit – Drew Block noted it also received unmodified opinion as well as no material weaknesses nor significant deficiencies in internal control over reporting.
- Significant Estimates and Required Communications presented by Luke Winter
 - Net pension/OPEB liability – Actuarially determined
 - Uncollected tolls receivable – Historical analysis
 - Useful Lives of Capital Assets – Basis for depreciation
 - Concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements
 - Corrected and uncorrected misstatements – None noted
 - Disagreements with management on accounting/auditing matters– None noted
 - Consultations with other independent accountants– None noted
 - Net pension/OPEB liability – Actuarially determined
 - Uncollected tolls receivable – Historical analysis

- Useful Lives of Capital Assets – Basis for depreciation
- Concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements
- Other information included with the financial statements:
 - Required Supplementary Information – Management’s Discussions and Analysis and schedules and notes related to Pension and OPEB plans
 - Other Supplementary Information
 - Statistical Section
- GASB Update
 - 2022
 - GASB Statement 87 – Leases
 - 2023
 - GASB Statement 93 – Replacement of Interbank Offered Rates (LIBOR)
 - GASB Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - GASB Statement 96 – Subscription-Based Information Technology Arrangements

Vice Chair Lathem inquired if all IRS issues are being conducted accordingly. Mr. Winter noted the Commissioner was probably recalling payroll issue of the past, which was resolved, and all current IRS standards are being met.

Commissioner Decker asked for a copy of the audit report to which the Executive Director noted he will supply.

- **2021 Defined Contribution Plan Review**

It was noted it is available in Diligent for personal review by the Commissioners.

With no further business to discuss, Committee Chair Faust made a motion to adjourn; Commissioner Decker made a motion, Commissioner Smith seconded, and the Governance/Audit Committee adjourned at 11:32 a.m.

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, May 17, 2022
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was conducted on Tuesday, May 17, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

Committee Chair McCann
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Ransome
Commissioner Baldini
Chairperson Hogan

Commissioners of Delaware

Committee Vice-Chair Decker
Commissioner Ratchford, Committee Member
Commissioner Becker, Committee Member
Commissioner Faust
Commissioner Carey
Vice-Chairperson Lathem

Legal Counsel

Phillip Norcross-NJ

Legal Counsel

Michael Houghton – DE

Governors' Representatives

Janice Venables – New Jersey-via Zoom

Governor's Representatives

Staff

Tom Cook
Steve Williams
Victor Ferzetti - via Zoom
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
Jim Danna
Tara Donofrio
Michelle Griscom
Michelle Pyle
Meghan Palmer
Heath Gehrke

Guests

1. Committee Chair McCann opened the Budget & Finance Committee meeting at approximately 11:32 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 Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair McCann called for a motion to accept the Budget & Finance Committee Minutes from April 19, 2022. Commissioner Decker made a motion, Commissioner Becker, seconded, and the Committee Minutes were accepted.

3. Action Items:

RESOLUTION 22-17 – AUTHORIZING EXPENDITURES PURSUANT TO
RESOLUTION 01-84 FOR THE PERIOD OF JANUARY 1, 2022, THROUGH
DECEMBER 31, 2022

Controller, Jim Danna presented the Resolution, highlighting one item and discussed the request for a waiver associated with Steimling & Sons fabrication of a tail shaft for the M/V New Jersey. With no questions, Commissioner Decker made a motion, Commissioner Becker seconded, and the Budget & Finance Committee recommended forwarding Resolution 22-17 to the full Board. The Resolution will be presented to the full Board for consideration at the May meeting later today.

With no further business to discuss, Committee Chair McCann adjourned the Budget and Finance Committee 11:34 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, May 17, 2022

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee Meeting was conducted on Tuesday, May 17, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Ratchford
Commissioner Carey, Comm. Member
Commissioner Becker, Comm. Member
Commissioner Decker
Commissioner Faust

Vice-Chairperson Lathem

Legal Counsel

Michael Houghton – DE

Governors' Representatives

Staff

Tom Cook
Steve Williams
Victor Ferzetti - via Zoom
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
Michelle Griscom
Jim Danna
Tara Donofrio
Michele Pyle
Dave Hoppenjans
Heath Gehrke
Megan Palmer

Commissioners of New Jersey

Committee Vice-Chair Baldini
Commissioner Wilson, Comm. Member
Commissioner Ransome, Comm. Member
Commissioner McCann
Commissioner Smith

Chairperson Hogan

Legal Counsel

Phillip Norcross - NJ

Governors' Representatives

Janice Venables, New Jersey via Zoom

Guests

1. Committee Chair Ratchford opened the Economic Development Committee meeting at approximately 11:34 a.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. Committee Chair Ratchford called for a motion to accept the Economic Development Committee Minutes from April 19, 2022. Commissioner Becker made a motion, Commissioner Ransome seconded, and the Committee Minutes were accepted.

3. Resolutions:

RESOLUTION 22-18 - AUTHORIZING THE SALE OF PROPERTY ALONG FREEMAN HIGHWAY IN LEWES, DELAWARE

The Deputy Executive Director presented the Resolution. With no further questions, Commissioner Decker made a motion, Commissioner Ransome, seconded, and the Economic Development Committee recommended forwarding Resolution 22-18 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

RESOLUTION 22-19 - AUTHORIZES A LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE ISLAND FOODS LLC THE CAPE MAY AIRPORT

The Deputy Executive Director presented the Resolution. With no further questions, Commissioner Becker made a motion, Commissioner Wilson, seconded, and the Economic Development Committee recommended forwarding Resolution 22-19 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

RESOLUTION 22-20 – LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND LASSONDE PAPPAS AND COMPANY, INC. (FORMERLY KNOWN AS CLEMENT PAPPAS AND COMPANY, INC.) AT THE SALEM BUSINESS CENTRE

The Deputy Executive Director presented the Resolution. With no further questions, Commissioner Becker made a motion, Commissioner Ransome, seconded, and the Economic Development Committee recommended forwarding Resolution 22-20 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

RESOLUTION 22-21 - PURCHASE AND SALE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE STATE OF DELAWARE OFFICE OF MANAGEMENT AND BUDGET ON BEHALF OF THE DELAWARE ARMY GUARD FOR PROPERTY LOCATED AT THE NEW CASTLE AIRPORT

The Deputy Executive Director presented the Resolution, Commissioner Becker made a motion, Commissioner Ransome, seconded, and the Economic Development Committee recommended forwarding Resolution 22-21 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

RESOLUTION 22-22 - PURCHASE AND SALE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY, NEW CASTLE COUNTY AND THE STATE OF DELAWARE OFFICE OF MANAGEMENT AND BUDGET ON BEHALF OF THE DELAWARE ARMY GUARD FOR PROPERTY LOCATED AT THE NEW CASTLE AIRPORT

The Deputy Executive Director presented the Resolution, Commissioner Becker made a motion, Commissioner McCann, seconded, and the Economic Development Committee recommended forwarding Resolution 22-22 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

RESOLUTION 22-23 – AUTHORIZING A COST-SHARING AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND NEW CASTLE COUNTY

The Deputy Executive Director presented the Resolution, Commissioner Becker made a motion, Commissioner Wilson, seconded, and the Economic Development Committee recommended forwarding Resolution 22-23 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

The Deputy Executive Director introduced Chief Engineer Dave Hoppenjans. Mr. Hoppenjans discussed the background of the ongoing Environmental Investigation and Cost Sharing Agreement between New Castle County and DRBA.

4. Discussion:

The Deputy Executive Director confirmed Frontier Airlines is ending its service to and from the New Castle Airport, effective July 27, 2022, but operating its last flight on June 6, 2022.

Committee Chair Ratchford adjourned the Economic Development Committee at 12:04 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, May 17, 2022

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted in person and via Zoom on Tuesday, May 17, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

New Jersey Commissioners

Committee Chair Ransome
Commissioner McCann, Committee Member
Commissioner Baldini, Committee Member
Commissioner Smith
Commissioner Wilson
Chairman Hogan

Delaware Commissioners

Committee Vice-Chair Ratchford
Commissioner Faust, Committee Member
Commissioner Becker, Committee Member
Commissioner Decker
Commissioner Carey
Vice Chairman Lathem

Legal Counsel

Phil Norcross– NJ

Mike Houghton – DE

Governors' Representatives

Janice Venables– NJ via Zoom

Staff

Tom Cook
Steve Williams
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
TJ Murray
Tara Donofrio
Kyle Bickhart
Jim Diana
Heath Gehrke
Meghan Palmer
Dave Hoppenjans

Guests

1. Committee Chair Ransome opened the Projects Committee meeting at 12:08 p.m.
2. Committee Chair Ransome called for a motion to accept the Projects Committee Minutes from April 19, 2022. Commissioner McCann made a motion, Commissioner Faust seconded, and the Committee Minutes were accepted.

3. Bid Openings

- **WWD-22-A Rehabilitate Runway 10-28 – Phase III (FAA)**

A public bid opening was held on April 26, 2022, in which (2) bids were submitted.

The COO recommended awarding the contract, in the amount of \$1,886,486.00 to South Steel, Inc.

Committee Chair Ransome called for a motion to accept the award, to which Commissioner McCann made a motion, seconded by Commissioner Faust and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board at the May meeting later today.

- **ILG-22-A Runway 1-19 Rehabilitation – Phase III**

A public bid opening was held on April 27, 2022, in which (4) bids were submitted.

The COO recommended awarding the second lowest contract, in the amount of \$6,489,812.55 to Allen Myers MD, Inc.

Committee Chair Ransome called for a motion to accept the award, to which Commissioner Becker made a motion, seconded by Commissioner McCann, and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board at the May meeting later today.

- **33N-22-01 HVAC System Modernization**

A public bid opening was held on April 27, 2022, in which (3) bids were submitted.

The COO recommended awarding the contract, in the amount of \$111,583.00 to I.D. Griffith, Inc.

Committee Chair Ransome called for a motion to accept the award, to which Commissioner Becker made a motion, seconded by Commissioner Faust, and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board at the May meeting later today.

- **DMB-21-09 Lifeline Fall Protection Systems Anchorage Stairs, Ladders & Catwalks**

A public bid opening was held on April 26, 2022, in which (1) bid was submitted.

The COO recommended rejecting the contract, in the amount of \$3,547,500 to J.D. Eckman, Inc due to the bid being three times the budgeted amount.

Committee Chair Ransome called for a motion to reject the award, to which Commissioner Faust made a motion, seconded by Commissioner McCann, and Projects Committee concurred with the recommendation to reject and authorize the action to be presented to the full Board at the May meeting later today.

4. Contract Closeout

- **DMB-21-01 Administration Building Chiller Pump Replacement**

The COO recommended close-out of the contract and final payment to Guadelli Brothers with a final contract amount of \$275,033.00.

- **DMB-19-22 Weld Shop Ventilation Upgrades**

The COO recommended close-out of the contract and final payment to Guadelli Brothers with a final contract amount of \$120,200.00.

- **CMLF-C19-15 Cape May Terminal Maintenance Shop & Weld Shop Improvements**

The COO recommended close-out of the contract and final payment to Guadelli Brothers with a final contract amount of \$81,200.00.

- **DMB 21-05 Misc. Roadway Improvements**

The COO recommended close-out of the contract and final payment to Mumford and Miller Concrete, Inc. with a final contract amount of \$4,300,739.90

- **CMLF-C22-02 Maintenance Dredging at Cape May Terminal**

The COO recommended close-out of the contract and final payment to Barnegat Bay Dredging Company with a final contract amount of \$470,202.55

Committee Chair Ransome called for a motion to approve the five contract closeouts, to which Committee Vice-Chair made a motion, seconded by Commissioner Faust and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the May meeting later today.

5. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payment summary to be made for the work completed through April 2021 for (14) payments totaling approximately \$5 million for projects at the bridge, ferry, and airports.

6. Discussion Items

- **New Ferry Vessels**

The COO noted if a decision was made today to move forward, the first new vessel would not be available until December 2025 which at that time the current vessels would be 51, 51 and 44 years old. In 2008 new vessels were considered as desirable; now, they are necessary. Every time a system fails or needs repair, we risk significant downtime.

There is no deadline for deciding; however, from the time the board approves a new vessel until arrival is three and half years. Once the Federal government releases its grant guidelines, the DRBA will likely need specifics as to the size/kind of the vessel to apply for the funding.

The Ferry requires multi-million-dollar annual subsidy, paid by bridge revenue. Due to inflation, fuel and labor costs, these factors suggest that the subsidy will only increase. The goal is to avoid any bridge toll increase to pay for the increase ferry subsidy and if cannot be capped at least flatten the curve.

Estimated DRBA 10-year capital budget without any new vessels is \$719.4 million. Less expensive option (5x55) requires \$258.5 M added capital investment over the next 8-10 years. More expensive option (4x75) requires \$334.0 M added capital investment over next 8-10 years. The text of the federal infrastructure bill basically guarantees the DRBA a grant for new vessel construction, as long the new vessels have low emissions (i.e. use alternate fuels), but it does not specify an amount. The goal is to avoid having to reduce necessary bridge and/or airport capital investment to pay for new vessels.

The crew size is dependent on the size of the vessel. Minimum crew size and composition are regulated by the Coast Guard; in general, the bigger the vessel and the more the passengers, the more crew are required. Main difficulty with current vessel size: 9 crew are required even in the off-season/winter months when we are carrying fewer vehicles/passengers. The goal of the boat size is to allow us to economically operate vessels in the 4 off-season months (November-March). Staff recommends: 5x55 vessels over the next ten years, allowing 5 crew members in off-season months (1 Captain, 1 Mate, 2 Ordinary Seamen, 1 engine

room crew). Crew would be 6-7 during “shoulder season” months: April-May, September-October (minimum crew plus add 1-2 Ordinary Seamen). Crew would be 7-8 during summer/peak season months: June-August (minimum crew plus add 2-3 Ordinary Seamen).

Annual savings compared with 4x75 vessels/8 crew year-round = \$732,000-\$917,000

Big advantage to smaller crew is no need for crew classified as Able-Bodied Seamen (ABs), an increasingly difficult position to fill. Currently need 24 ABs during the summer. Regardless of crew size/composition, no employee would be laid off or downgraded from their current position.

Field trip in March 2022 on both types of vessels and October 2021 on a smaller (55 vehicle) vessel showed smooth ride, even in the 3-5’ seas. Stability will be addressed during the design stage.

The COO made a point to note that management has complete confidence in crew’s ability to adapt to and succeed with the recommended changes while maintaining an excellent customer experience.

DRBA’s Captain Meghan Palmer offered her perspective. She realizes the huge financial burden of the new vessel but as a Captain feels safety needs to be a priority as well. She noted with over 200 passengers in addition to the vehicles, a 5-member crew would not be sufficient especially in emergencies. Such as a medical emergency, the Pilot is the medical emergency respondent as well. Vice Chair inquired how many crew are needed with a 75 size to which the Captain clarified 8 are needed; the DRBA utilizes 9 at this time.

Commissioner Decker inquired if the committee has come to a decision to which Chairman Ransome clarified more questions have been submitted to the staff for clarification. The committee will meet again prior to the next board meeting to review and present at the DRBA’s June Board meeting.

Commissioner McCann inquired if our current vessels could be sold to which Director of Ferry Operations Heath Gehrke explained that the vessels are designed for a particular port, making it very challenging to sell added to the age factor.

- **Contract CS-18-01: Final One-Year Extension with Century Engineering, Inc. for Authority Wide Engineering Consulting Services**

Committee Chair Ransome called for a motion to accept the award, to which Committee Vice-Chair Ratchford made a motion, seconded by Commissioner Becker, and Projects Committee concurred with the recommendation to accept and authorize the action.

- **Construction Projects Progress**

The monthly construction highlights report was previously presented via email to the Commissioners. The COO asked if there were any questions on that report. There were none.

7. With no further business to discuss, Committee Chair Ransome called for a motion to adjourn; Commissioner Becker made a motion and Commissioner McCann seconded, and the Projects Committee adjourned at 12:44 p.m.