

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE
FINANCE, ADMINISTRATION AND OPERATIONS
COMMITTEE MEETING**

January 21, 2015

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, January 21, 2015, at the Tollway’s Central Administration Building in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway and posted in accordance with the requirements of the Illinois Open Meetings Act.

[Bolded entries indicate issues which may require follow-up to present or report to Directors.]

ROLL CALL

Committee Chair Peterson called the Meeting to order at approximately 9:01 a.m. and stated that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee of the Tollway. He then asked the Board Secretary to call the roll. Those Directors present and absent were as follows:

Committee Members Present:
Committee Chair Mark Peterson
Director David Gonzalez

Committee Members Absent:
Director Terry D’Arcy

Also Attending:
Chair Paula Wolff

The Board Secretary declared a quorum present.

PUBLIC COMMENT

Committee Chair Peterson opened the floor for public comment. No public comment was offered.

CHAIR'S ITEMS

Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting and Executive Session both held on December 10, 2014. Director Gonzalez made a motion for approval; seconded by Chair Wolff. The motion was approved unanimously.

Committee Chair Peterson then called on Kristi Lafleur, Executive Director.

EXECUTIVE DIRECTOR

Executive Director Lafleur informed the Committee that as part of an ongoing effort to enhance traffic flow and ensure customers are receiving important communications, updated technologies are being implemented to allow a broader spectrum of signage to be used on the Tollway system. Ms. Lafleur then introduced John Benda, General Manager of Maintenance and Traffic, to provide a presentation on color Dynamic Message Signs (“DMS”). [See attached presentation.](#)

Committee Chair Peterson inquired if federal approval is required for implementation of color DMS. Mr. Benda responded that the Federal Highway Administration’s (“FHWA’s”) Manual on Uniform Traffic Control Devices (“MUTCD”) provides guidelines for DMS and DMS messages, and consultation with the FHWA would only be required should the Tollway wish to deviate from the MUTCD guidelines. Mr. Brenda added that the MUTCD guidelines are in the process of being updated and the Tollway may benefit during this period from participation with the FHWA in testing of the messaging capabilities of the newest color DMS.

Committee Chair Peterson asked how many DMS signs are currently installed on the Tollway system. Mr. Benda responded there are currently 39 DMS signs installed on the Tollway system, with a small number of additional DMS signs installed on roadways feeding into the system.

Committee Chair Peterson inquired when the Tollway last conducted a survey on signage. Executive Director Lafleur responded that testing of static signage was

performed during the implementation of Open Road Tolling, and signage was tested in focus group studies conducted for the recently completed I-294/I-57 Interchange Project. Mr. Benda added that the agency's Traffic Operations Safety Committee, on which many agency departments are represented, provides ongoing guidance for the evaluation of the effectiveness and safety of Tollway signage, as well as other safety issues.

Committee Chair Peterson inquired concerning the cost of color DMS. Mr. Benda responded that the color DMS are anticipated to cost approximately 16-20% more than the monochromatic signs. Mr. Benda noted the new color DMS will result in reduced costs for maintenance, which can be accomplished through walk-in access, and in fewer lane closures.

ITEMS FOR CONSIDERATION

Committee Chair Peterson called on Mike Colsch, Chief of Finance, to present the following **Finance** Items:

Item 1: Approval of 2014 Retiree Health Insurance Payment to Central Management Services (CMS) per ILCS 375-11.

Committee Chair Peterson requested confirmation that there are currently approximately 1,000 Tollway retirees, and employees on disability, enrolled to receive these health benefits. Mr. Colsch confirmed, adding that the expense has already been accrued within the 2014 budget and Finance is now seeking approval to make the payment to CMS.

Item 2: Authorization to Optionally Redeem the \$36.81M remaining Series 2005A Bonds on July 1, 2015, in advance of their January 1, 2016 scheduled maturity.

Committee Chair Peterson inquired whether there is any pre-payment penalty for redemption of the Series 2005A Bonds in advance of their scheduled maturity. Mr. Colsch responded in the negative.

Committee Chair Peterson asked for the savings achieved by the early redemption. Mr. Colsch responded that early redemption will eliminate the expense of the final interest payment, resulting in savings to the agency of approximately \$900,000.

Committee Chair Peterson inquired regarding the anticipated timing for the early redemption of the Series 2005A Bonds. Mr. Colsch responded that the agency will deposit the necessary funds with the Trustee within the next four months so that notice can be issued to bond holders in advance of the July 1, 2015 call date.

Director Gonzalez made a motion for approval of **Finance Items 1 and 2**; seconded by Chair Wolff. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated that at the request of staff the following **Procurement** Item will be deferred until a future meeting:

Item 1: Award of Contract 13-0168 to DVL Enterprises, Inc. (d.b.a. MPGTandem) and Silk Screen Express, Inc. for the purchase of Various Work Uniforms, Outerwear, Accessories, and Polo Shirts in an aggregate amount not to exceed \$800,192.00 (Tollway Invitation for Bids).

Committee Chair Peterson then called on Paul Kovacs, Chief of Engineering, to present the following **Engineering** Items:

Item 1: Award of Contract I-14-4204 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Westbound Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 54.4 (IL 31) to Milepost 55.4 (Fox River), in the amount of \$30,856,653.99.

Item 2: Award of Contract I-14-4205 to Plote Construction, Inc. / Dunnet Bay Construction Co. (JV) for Outside Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 56.8 (IL 25) to Milepost 60.8 (Higgins Road), in the amount of \$76,879,371.88.

Committee Chair Peterson requested confirmation this contract encompasses an approximately four-mile long section of the Jane Addams Memorial Tollway (I-90). Mr. Kovacs responded affirmatively.

Committee Chair Peterson commented favorably that the amount awarded for this contract was lower than the Engineer's Estimate by almost \$5 million. Mr. Kovacs concurred.

Mr. Kovacs then reported to the Committee that the agency has awarded approximately \$2.8 billion in construction contracts over the previous five years with all work being delivered within a 1% variance overall to the awarded contract amounts.

Item 3: Award of Contract I-14-4212 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Eastbound Roadway and Bridge Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) from Milepost 76.6 (Mannheim Road) to Milepost 78.9 (Kennedy Expressway), in the amount of \$60,281,636.17.

Committee Chair Peterson requested confirmation this vendor has sufficient capacity to complete the work. Mr. Kovacs confirmed.

Committee Chair Peterson asked if staff is comfortable with the vendor's level of staffing. Mr. Kovacs responded affirmatively.

Item 4: Award of Contract I-14-5698 to Lorig Construction Company for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 49.4 (Higgins Road), in the amount of \$6,036,713.75.

Item 5: Award of Contract RR-14-4214 to EMM Electric, Inc, dba Moran Electrical Contracting for Salt Barn Lighting at Maintenance Facility M-1 (Alsip) on the Tri-State Tollway (I-294) at Milepost 12.3 (Cicero Avenue), in the amount of \$79,390.00.

Committee Chair Peterson requested confirmation that there is no Disadvantaged Business Enterprise ("DBE") goal established because the contract is being awarded

as part of the Tollway's Small Business Set-Aside Program. Mr. Kovacs responded affirmatively. Gustavo Giraldo, Chief of Diversity & Strategic Development, added that the vendor is a woman-owned business.

Item 6: Award of Contract RR-13-9135R to Broadway Electric Inc. for ADA Improvements at the Tollway Central Administration building north entrance, in the amount of \$582,000.00.

Item 7: Award of Contract RR-14-9169 to John Burns Construction Company for Dynamic Message Sign (DMS) Refurbishment, Systemwide, in the amount of \$818,888.88.

Item 8: Amendment to Extra Work Order on Contract I-12-4073 to Curran Contracting Company for Widening and Reconstruction on Eastbound Jane Addams Memorial Tollway (I-90) from Milepost 24.9 (Genoa Road) to Milepost 33.5 (Anthony Road), in the amount of \$219,674.00 from \$228,000.00 to \$447,674.00.

Committee Chair Peterson asked for confirmation that the extra work order was for schedule recovery due to weather last year. Mr. Kovacs confirmed, explaining that the original extra work order was to compensate for costs associated with weather and unsuitable soil conditions unanticipated in the original contract.

Committee Chair Peterson asked whether the Tollway obtains soil borings during the preparation of contracts. Mr. Kovacs responded affirmatively, clarifying that soil borings are not performed in sufficient number to predict all conditions that may be present.

Chair Wolff asked Mr. Kovacs to provide for the Committee a brief description of the claims process for extra work orders. Mr. Kovacs responded that the claim for this extra work order was initiated in August 2014 and concluded in approximately December 2014. Mr. Kovacs summarized that when a claim for an extra work order is initiated, the Construction Manager ("CM") is instructed to proceed with work to avoid costs associated with delays, but to begin tracking all work being performed by time and materials. Mr. Kovacs continued that the extra work order request must include specific supporting documentation which is then carefully reviewed by the

CM, the Corridor Construction Manager, and may be reviewed by the Program Management Oversight (“PMO”) provider, who then each provide recommendations. Mr. Kovacs further stated that if the claim is found to have a valid basis, negotiations are then conducted in an effort to reach agreement as to fair compensation for the work claimed. Mr. Kovacs noted that in the case of larger claims, counsel from the Legal department is sought. Mr. Kovacs emphasized that it is in the best interest of the agency to ensure the claims process is accessible and fairly administered, which means contractor disputes do not require litigated outcomes.

Chair Wolff commented that the arduous claims process and vendor ambitions for award of future Tollway contracts would seemingly serve as disincentives to making unjustified claims. Mr. Kovacs concurred, explaining that establishing an equitable long-term partnership with vendors is of benefit to the Tollway and the desired outcome.

Chair Wolff requested confirmation that this item, seeking amendment to an extra work order for final costs, is not typical of most claims. Executive Director Lafleur confirmed, explaining that the higher amount claimed by the vendor required more effort and a longer timeframe for evaluation and negotiation. Mr. Kovacs highlighted that the work was delivered by the vendor within the established contract award amount and having exceeded their DBE commitment.

Committee Chair Peterson asked the Chief Engineer whether he has concluded the extra work order claim has merit in the amount proposed and is supportive of approval. Mr. Kovacs responded affirmatively.

Item 9: Change Order / Extra Work Order on Contract I-13-4616 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Bridge Construction on the Jane Addams Memorial Tollway (I-90) at Milepost 73.5 (Elmhurst Road), in the amount of \$625,919.60.

Committee Chair Peterson inquired whether the cause for the settlement of the newly installed approach pavement has been determined. Mr. Kovacs responded in the

negative, explaining that further investigation of the cause is currently being conducted.

Committee Chair Peterson asked for the name of the designer on the contract. Mr. Kovacs responded that design services were provided by a joint venture formed between Bernardin Lochmueller & Associates and 2IM Group, LLC.

Committee Chair Peterson asked if the change order/extra work order will be evaluated within the Errors and Omissions process for potential recovery of costs. Mr. Kovacs responded that the change order/extra work order will be reviewed by the Contract Cost Change Controls Committee (C5) for identification as a potential Errors and Omissions item for further evaluation, asserting that either the newly constructed embankment settled or the ground upon which it was constructed settled under the weight of the new embankment or it was a combination of both circumstances. Mr. Kovacs reported that numerous soil borings have been obtained to assist in the investigation, identifying the possibility that an isolated soil anomaly exists for which none of the parties would be responsible.

Item 10: Change Order on Contract I-13-5680 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Grading, Drainage and Wall Construction on the Jane Addams Memorial Tollway (I-90) from Milepost 74.6 (Mt. Prospect Road) to Milepost 76.4 (Lee Street), in the amount of \$651,530.00.

Committee Chair Peterson asked if the same firm provided design services on this contract and on the previous contract for which a change order/extra work order (Item 9) is being requested. Mr. Kovacs responded in the negative.

Committee Chair Peterson asked if the prime contractor is the same for this and the previous contract for which a change order/extra work order (Items 9) is being requested. Mr. Kovacs responded affirmatively.

Committee Chair Peterson inquired whether the location of soil settlement in Item 9 and the supplement required for the granular backfill in Item 10 suggest relatedness. Mr. Kovacs responded that he does not believe they are related. Mr. Kovacs then described the current work on the Jane Addams Memorial Tollway (I-90) as

complicated and challenging and highlighted the good work being delivered by the designers engaged on the corridor projects. Mr. Kovacs noted that some unanticipated issues are expected but they are not occurring with any frequency that seems concerning, adding that the agency will continue to investigate and evaluate the causes and the Committee will be kept apprised of the situation.

Committee Chair Peterson observed that there is recourse for the agency, through the Errors and Omissions process, to potentially recover costs. Executive Director Lafleur concurred, stressing that a thorough review of all construction contract changes is performed to identify potential Errors and Omissions items.

Committee Chair Peterson inquired regarding the impact of the change order to the contract's DBE participation. Mr. Kovacs responded that the backfill work is an existing element of the contract which did not use DBEs, therefore the supplement provided for in this change order will not impact DBE participation. Mr. Kovacs emphasized that vendors are required to provide documentation detailing the impact to contract DBE performance of any change order/extra work order requests.

Item 11: Final Release of Retainage on Contract I-12-4073 to Curran Contracting Company for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 24.9 (Genoa Road) to Milepost 33.5 (Anthony Road).

Item 12: Final Release of Retainage on Contract I-12-4074 to Curran Contracting Company for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 33.5 (Anthony Road) to Milepost 41.5 (US Route 20).

Chair Wolff inquired about the seemingly incomplete achievement of individual DBE goals reported in the Diversity Program detail on Items 11 and 12, and whether this is a result of a lack of documentation received. Mr. Giraldo responded that the agency is awaiting submission of the DBE Final Payment Report for Item 11. Mr. Giraldo further responded that Diversity Program detail provided for Item 12 is complete, reflecting the DBE earned to date of 21.24% (exceeding the 19.06% DBE commitment). Executive Director Lafleur added that although not finalized, the

numbers reported to date for Item 11 indicate a DBE earned to date of 22.53%, which exceeds the DBE commitment of 20.78%.

Chair Wolff, expressing concern that commitments to DBE subcontractors are fulfilled, asked what circumstances might result in DBE vendors reflecting 0% of "Goal Achievement to date" in the Diversity Program detail provided for these final releases of retainage. Mr. Kovacs remarked that any variance from the contractor's established DBE commitment plan requires approval from the Diversity Department. **Executive Director Lafleur stated that going forward staff will provide explanation for DBEs showing 0% "Goal Achievement to date" on completed or nearly completed contracts.**

Item 13: Final Release of Retainage on Contract I-12-4078 to Acura, Inc. for Reconstruction and Widening on the Jane Addams Memorial Tollway (I-90) at Milepost 42.3 (US 20 Bridge).

Item 14: Final Release of Retainage on Contract RR-14-4173 to Penhall Company for Diamond Grinding and Pavement Markings on the Ronald Reagan Memorial Tollway (I-88) from Milepost 117.4 (Fox River) to Milepost 122.9 (IL 59).

Committee Chair Peterson asked why the contractor used traffic barrels in lieu of tape during staging, resulting in a reduction of work for a DBE subcontractor. Mr. Kovacs responded the prime contractor determined this method would allow work completion with only temporary overnight lane closures, reducing impact to Tollway customers. Executive Director Lafleur observed that the goal of ensuring the highest possible level of service to Tollway customers is generally heavily weighted in these determinations, but requested the Committee provide guidance if there is a preference to prioritize higher the goal of ensuring primes maintain their work commitments to DBE subcontractors.

Chair Wolff suggested tracking instances when prime contractors reduce the work required of subcontracted DBE's, and that this information might be used in bid evaluation, or to reinforce DBE commitments, on future contracts. **Mr. Kovacs responded that this information will be tracked.** Mr. Kovacs then emphasized

that staff does currently, and will continue to, reinforce with contractors the importance of maintaining their work commitments to DBE subcontractors.

Item 15: Final Release of Retainage on Contract I-13-4604 to Dunnet Bay Construction Company for Noise Wall Construction on the Eastbound Elgin O'Hare Expressway, between Roselle Road and Meacham Road/Medinah Road.

Item 16: Final Release of Retainage on Contract I-13-4605 to Dunnet Bay Construction Company for Noise Wall Construction on the Westbound Elgin O'Hare Expressway, between Roselle Road and Meacham Road/Medinah Road.

Item 17: Final Release of Retainage on Contract RR-13-5669 to R.W. Dunteman Company for Pavement and Bridge Repairs on the Veterans Memorial Tollway (I-355) from Milepost 0.0 (I-80) to Milepost 28.9 (Fullerton Avenue), Reagan Memorial Tollway (I-88) at Milepost 129.1 (Yackley Road), and Tri-State Tollway (I-94) at Milepost 16.1 (IL 176).

Item 18: Final Release of Retainage on Contract RR-11-9117 to GFS Fence Guardrail and Signage, Inc. for Sign Fabrication and Installation Upon Request, Systemwide.

Item 19: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Elgin O'Hare Western Access Project (EOWA)). Cost to the Tollway: N/A.

Mr. Kovacs requested this item be deferred to Executive Session of the January Board of Directors meeting.

Chair Wolff, observing that African American firms are participating at comparatively lower levels in Tollway contracts to other gender and ethnic categories, requested suggestions for how the agency might focus efforts to encourage broader participation. Executive Director Lafleur responded the Tollway is currently planning Requests for Proposals (“RFPs”) for additional technical assistance programs, targeting vendors who offer experience working with African American communities and contractors. She added that the agency has sought the input of, and continues to meet with on some regularity, advocacy organizations

including the Chicago Urban League, Illinois Black Chamber of Commerce and others, regarding strategies to increase participation by African American firms as subcontractors and prime contractors on Tollway construction projects. Ms. Lafleur then suggested that it would be beneficial to plan discussion for an upcoming committee meeting on strategies to increase participation in Tollway construction contracts of firms owned by currently underrepresented gender and ethnic groups.

Chair Wolff suggested that Directors would benefit by hearing from firms within underrepresented categories who have been successful in their efforts to become certified, their insights regarding the agency's requirements and expectations to participate in Tollway Diversity Programs. **Executive Director Lafleur stated that staff will facilitate this request and further discussion of this topic at committee.**

Mr. Giraldo added that the agency is also exploring implementation of a construction mentor-protégé program at the Tollway, commenting that this program might complement the planned technical assistance programs, offering two strong strategies this year to encourage broader participation.

Chair Wolff observed that efforts in the vertical construction space, including technical assistance programs, have had success in improving participation of African American firms, and suggested these programs may be a source for ideas to enhance Tollway strategies.

Director Gonzalez made a motion for approval of **Engineering Items 1 through 18**; seconded by Chair Wolff. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated that **Engineering Item 19** would be deferred to Executive Session of the January Board of Directors meeting.

ADJOURNMENT

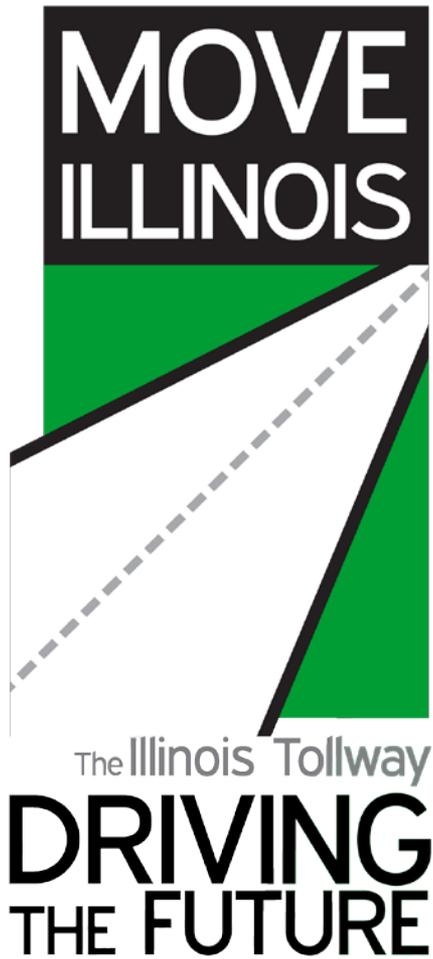
There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by Director Gonzalez; seconded by Chair Wolff. The motion was approved unanimously.

The meeting was adjourned at approximately 10:05 a.m.



Minutes taken by:

Christi Regnery
Board Secretary
Illinois State Toll Highway Authority



Color Dynamic Message Signs

January 21, 2015

History

- ▶ **Dynamic message signs (DMS) have been around for decades**



- ▶ **Industry technology has evolved: Jumbotron, digital billboards and business signs**



What Other States Are Doing with Color

REMAIN WITH
DISABLED VEHICLES
CALL #477

STATE LAW
REMOVE SNOW - ICE
FROM VEHICLE

  **MERGE LEFT
ROAD WORK
AHEAD**

DELAYS AHEAD
BE PREPARED TO STOP

REDUCE SPEED
ROAD WORK AHEAD

 **ICE ON ROADWAY
USE CAUTION**

SPEED LIMIT 45 | **WATCH FOR
CHANGING
CONDITIONS**

SPEED LIMIT 50 | **CAUTION
ICY ROADS
REDUCE SPEED**

Trends

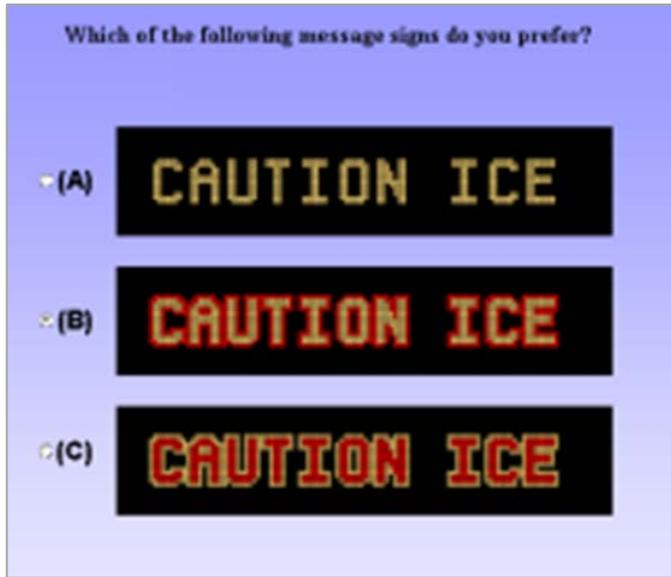
- ▶ **Graphics have some definite advantages**
 - ▶ Recognized more easily and more quickly
 - ▶ Universal language
- ▶ **Color has some definite advantages**
 - ▶ Quicker recognition
 - ▶ Reinforce driver expectations
- ▶ **Lane control and specialty signs**
 - ▶ All are color, full-matrix DMS
- ▶ **Many states have color DMS deployed, but only use in a monochrome format**

Recent Studies on Color DMS

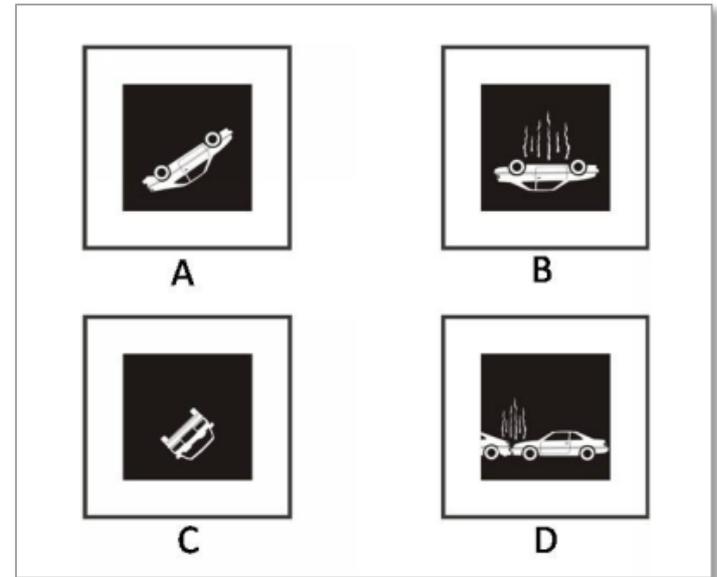
- ▶ Previously conducted in Texas (TTI), Rhode Island, Canada, Australia and Europe
- ▶ Focus groups and driver simulations



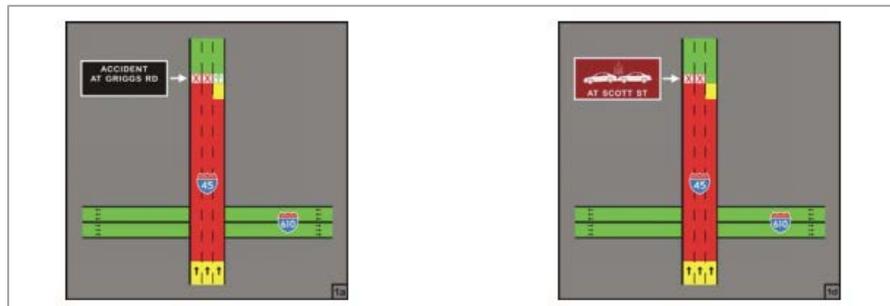
Lessons Learned: Failures to Avoid



Only one color per letter

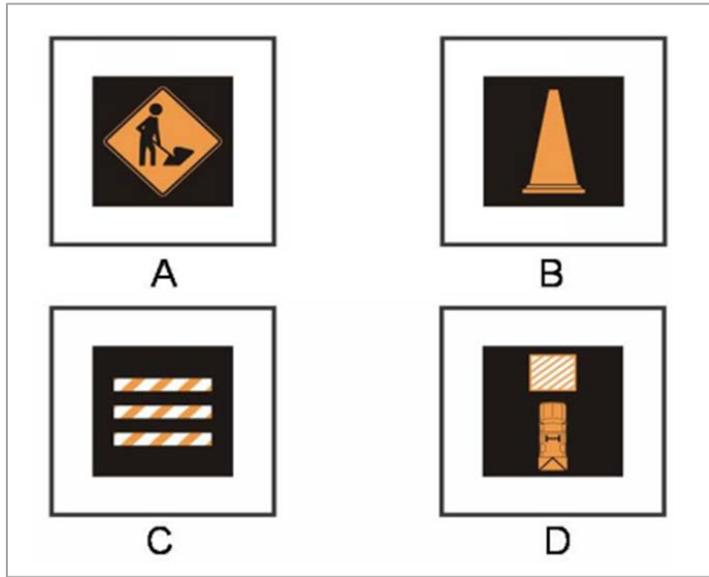


Complex pictures are confusing



Too much color is bad

Lessons Learned: Successes to Build On



Recognizable symbols are quick and easy to understand



When used properly, color and graphics can help make the message more understandable

Common symbols are effective in diamonds – new symbols are not

Recent Tollway Testing

- ▶ **Off-road testing conducted in December**
- ▶ **60 participants (mostly Tollway employees)**
- ▶ **Were asked to rank signs on a five-point scale**
- ▶ **50 sign messages tested in all**

Tollway Test Results – Worst Performers

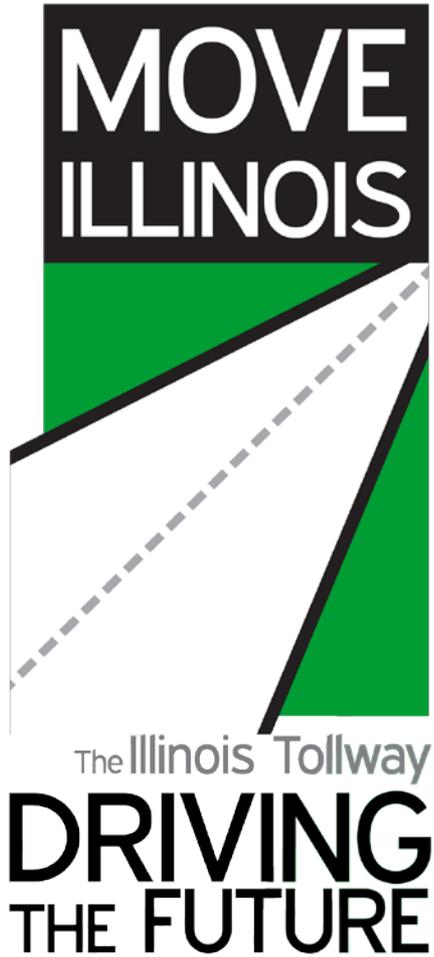


Tollway Test Results – Top Performers



Next Steps

- ▶ **Want to take full advantage of color DMS capabilities**
- ▶ **Want to avoid mistakes**
 - ▶ Have learned from previous research and testing
- ▶ **Formal FHWA Request for Experimentation**
 - ▶ Formal process to try new signs on a limited basis
 - ▶ Allows the Tollway to determine full potential without full deployment
 - ▶ Allows us to better determine what color messages and graphics have value to our customers



THANK YOU
