

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

March 14, 2012

The Illinois State Toll Highway Authority held a Finance Administration Operations (FAO) Committee Meeting on Wednesday, March 14, 2012 at approximately 8:30 a.m. at the Central Administration Building in Downers Grove, Illinois.

Directors Present:

Committee Chair Mark Peterson Director David Gonzalez

Chair Paula Wolff

Directors Absent:

Director Jim Banks

Committee Chair Peterson called the meeting to order. Chair Wolff indicated that Director Banks had a scheduling conflict and could not attend the meeting today. She reminded the committee that she is an ex-officio member of all Board committees and therefore will replace Director Banks at this committee meeting.

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

Committee Chair Peterson called for a motion to approve the minutes of the Finance Administration Operations Committee meeting held on Wednesday, February 14, 2012. Director Gonzalez made the motion to

approve the minutes; seconded by Chair Wolff. The motion was approved unanimously.

Tri-level Bridge Repair

Executive Director Kristi Lafleur introduced Paul Kovacs, Chief Engineer, to provide an overview of the planned tri-level bridge repair and related construction detour as shown in the [attached presentation](#). Mr. Kovacs indicated that the interchange linking the Tri-State Tollway (I-294) to the Jane Addams Memorial Tollway (I-90) is a highly complex system interchange that not only links two Interstate highways but also is located near O'Hare Airport, the CTA Blue Line and the Kennedy Expressway. The Tri-Level Bridge ramps are at the heart of that interchange carrying three individual layers of traffic traveling in divergent directions. The Tollway is reconstructing the flyover ramp bridge structures carrying traffic from the northbound Tri-State Tollway to the westbound Jane Addams Memorial Tollway. As a result, a 3.5 mile detour will go into effect on Sunday March 18.

Mr. Kovacs explained that the current work is the second part of a two-year, \$13 million project that started last year and will be completed by fall 2012. The Tollway is coordinating this work with the Illinois Department of Transportation (IDOT) and the nearby O'Hare International Airport. The work planned this year involves removing and replacing the bridge deck for the flyover ramp bridge from northbound I-294 to westbound I-90.

Chair Wolff asked what steps the Tollway is taking to inform the public of this detour. Wendy Abrams, Chief of Communications, indicated that print reporters have been informed and plan to feature news stories about the detour. Ms. Lafleur indicated that she has a radio interview scheduled later in the week to discuss the Tollway's construction

program and will use that opportunity to emphasize the Tri-Level Bridge detour.

Compensation and Overtime Pay

Ms. Lafleur indicated that over the past few years, the Tollway has had a downward trend in both staffing and overtime pay. She then called on Michael Stone, Chief of Staff, to give a presentation on the Tollway's management of compensation related to overtime pay.

As shown in the [attached presentation](#), Mr. Stone reviewed how the Tollway sets employee compensation and how the Fair Labor Standards Act affects who qualifies for overtime pay.

Mr. Stone also indicated that since 2008 the total number of employees is down more than 9 percent and overtime pay is down 25 percent.

Chair Wolff asked what proportion of employees is classified as exempt versus non-exempt. Ms. Lafleur indicated that approximately 135 of the 1375 employees are classified as exempt and salaried and therefore do not qualify for overtime pay.

Committee Chair Peterson asked which departments typically have the most overtime and who determines which individual employees are authorized to work overtime hours. Mr. Stone responded that supervisors must pre-approve overtime. In some departments overtime is allocated based on work rules set in collective bargaining agreements such as employee seniority. In other departments, overtime is allocated based on who volunteers for overtime hours. He also indicated that much of the overtime pay in recent years has been allocated to roadway maintenance, operations, toll collection and cash collection positions.

Committee Chair Peterson asked what proportion of Tollway overtime hours are allocated to safety or emergency functions. **Mr. Stone**

estimated over 50 percent of the overtime falls in this category and committed to provide a more precise estimate in the future.

Committee Chair Peterson asked how overtime pay affects pension pay. Mr. Stone indicated that it has an incremental impact on pension payouts.

Chair Wolff asked whether staff had considered outsourcing the cash collection and deposit functions. Mike Colsch, Chief of Finance, indicated that outsourcing those options had been evaluated previously. **Ms. Lafleur indicated that staff can re-evaluate the outsourcing of the cash collection function.**

Committee Chair Peterson asked whether staff placed a cap on overtime pay for each employee. Ms. Lafleur responded that currently there is no such cap. She noted however that it is unusual for an employee to receive overtime pay that exceeds 15-20 percent of the employee's total pay. She also noted the difficulty in imposing overtime caps with existing bargaining agreements. **However, she did commit to re-evaluating whether a cap on overtime pay is feasible.**

Chair Wolff asked Director Gonzalez how overtime pay is allocated to city employees in Chicago Heights. He responded that a rotation process is in place for city employees to ensure that opportunities for overtime pay are more evenly distributed.

Mr. Stone indicated that the following steps are being taken to enhance the Tollway's transparency and accountability related to overtime pay:

- Monthly overtime reports will be posted on the Tollway's website beginning in April
- Additional management sign-off will be required above certain thresholds

Quarterly Financial Review – Quarter ending 12/31/11

Ms. Lafleur indicated that the revenue outlook year to date has been positive and shared the following traffic statistics for January and February 2012:

- The Tollway's Traffic Engineer forecasted a 5.9 percent drop in car transactions in 2012, but the Tollway has only experienced a 4.3 percent decrease in January and February.
- The annualized forecast predicted a 41.8 percent increase in toll revenue in 2012 (both trucks and cars) and the Tollway saw a 44.8 increase. As additional migration to I-PASS occurs in the coming months, this revenue increase is expected to level off.
- Truck traffic and revenue remain stable, as expected.
- Unadjusted through February, there has been no decrease in car transactions and a 46.9 percent increase in revenue.

She added that staff will continue to monitor these traffic statistics closely.

Ms. Lafleur then called on Mike Colsch, Chief of Finance, to present the quarterly financial review as shown in the [attached presentation for the 4th Quarter ending December 31, 2011.](#)

Director Gonzalez asked whether the positive variance in the 2011 capital expenditures was incorporated in the 2012 budget. Mr. Colsch responded that the variances related to the timing of work and payments (\$21 million) were included in the 2012 Budget. The positive variances due to lower cost of construction and other savings (\$13 million) were not included in the 2012 budget.

Director Gonzalez asked whether the fourth quarter payroll is typically the highest payroll cost. Mr. Colsch responded that 4th quarter payroll

costs are typically higher due to winter related overtime pay and accrued costs related to vacations and sick time are expensed during the 4th quarter. **Director Peterson suggested that the fourth quarter fund balances should be included in future quarterly reports.**

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

Item 1: Renewal of Contract to Cannon Cochran Management Services, Inc. (CCMSI) for the Workers' Compensation Claim Administration for a one-year period commencing May 1, 2012 through April 30, 2013 in an annual amount not to exceed \$76,950.00.

Item 2: Renewal of Contract to Minnesota Life Insurance for the Life Insurance Benefit Program for a period of one-year commencing May 1, 2012 through April 30, 2013 in an estimated annual premium not to exceed \$450,660.00.

Item 3: Amend Resolution No. 16239 modifying the description of authorized payments from the locally held Renewal and Replacement Account.

Item 4: Amend Resolution No. 13850 modifying the description of authorized payments from the locally held Capital Improvement Revolving Account.

Regarding the life insurance benefit plan, Ms. Lafleur reminded the committee that in depth strategy discussions related to insurance coverage level and contract terms are included in the FAO work plan and will be addressed at a later date.

Director Gonzalez made a motion for approval of **Finance** Items 1-4; seconded by Chair Wolff. The motion was approved unanimously.

Committee Chair Peterson called on Shana Whitehead, Acting Chief of Business Administration, to present the following **Business Systems** item:

Item 1: Contract Extension No. 06-0040 to IGOR, The Watchdog Corporation by \$853,050.00 from \$6,405,000 to \$7,258,050 (Tollway RFP).

Committee Chair Peterson asked whether there is a limit on the number of extensions available for this contract. Ms. Whitehead responded that this extension would be for 90 days. John Donato, Procurement Chief, added that additional extensions could be requested via CMS hearings.

Chair Wolff made a motion for approval of **Business Systems** Item 1; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called on John Donato, Chief of Procurement, to present the following **Procurement** items:

Item 1: Award of Contract 12-0145 to Resource One for the purchase of Knoll Proprietary Modular Cubicle Components, in an amount not to exceed \$200,000.00 (CMS Master Contract).

Item 2: Award of Contract 12-0002 to Morrow Brothers Ford for the purchase of Police Sport Utility Vehicles (SUV) in an amount not to exceed \$108,660.00 (CMS Master Contract).

Director Gonzalez made a motion for approval of **Procurement** Items 1-2; seconded by Chair Wolff. The motion was approved unanimously.

Item 3: Renewal of Contract 11-0022 to Raeco-LIC LLC, for Carbon Monoxide Detectors, increasing the contract upper limit by \$21,993.60 from \$21,993.60 to 43,987.20 (Tollway Invitation For Bids).

Item 4: Award of Contract 12-0051 to Harland Clarke Corporation dba SubscriberMail LLC for the purchase of E-Mail Distribution Services in an amount not to exceed \$136,700 (Tollway Request for Proposals).

Item 5: Emergency Contract to Gillie Hyde Ford Lincoln, Inc. for Ford Auto and Light Truck Parts in an amount not to exceed \$65,000.00. (Tollway Emergency Contract)

Regarding Procurement Item 4, Ms. Lafleur noted that the proposed awardee and award amount were not known when the agenda was publicly posted. David Goldberg, General Counsel, advised that the committee could approve this item for the Board Consent Agenda because all details needed for full discussion were available at the committee meeting.

Chair Wolff asked why a DBE goal was not set for Item 4. Mr. Donato responded that because this is proprietary software, subcontracting opportunities were not available for this purchase.

Regarding Procurement Item 5, Ms. Lafleur asked about the long-term procurement plan for these replacement parts. Mr. Donato responded that CMS will publish a new solicitation within the next couple of weeks to develop a longer term contract.

Chair Wolff made a motion for approval of **Procurement** Items 3-5; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called on Paul Kovacs, Chief Engineer, to present the following **Engineering** items:

Item 1: Award of Contract No. I-11-4000 to the apparent low bidder Plote Construction, Inc. (Bid Opening 3/13/12) for Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 45.6 (Sandwald Road) to Milepost 47.3 (IL Route 47) in the amount of \$35,708,679.

Mr. Kovacs indicated that the bid information for this contract was not available prior to the public posting of the agenda. Because additional information was needed to confirm the apparent low bidder and bid amount, Mr. Goldberg recommended that the committee defer discussion of this item to the full Board meeting. The details of the bid are expected to be finalized by that meeting.

Chair Wolff made a motion to defer discussion of **Engineering Item 1** to the full Board; seconded by Director Gonzalez. The motion was approved unanimously.

Item 2: Award of Contract No. I-12-4035 to Lorig Construction Company for Roadway and Bridge Reconstruction and Widening on the Tri-State Tollway (I-294) 147th Street Bridge from Milepost 8.2 (over IL Route 83) to Milepost 8.5 (Kedzie Avenue) in the amount of \$7,705,272.95.

Item 3: Award of Contract No. I-11-5624 to Plote Construction, Inc. for Roadway Reconstruction and Widening on the Reagan Memorial Tollway (I-88) from Milepost 11.2 (Deerpath Road) to Milepost 113.4 (IL Route 56) in the amount of \$9,408,706.71.

Item 4: Award of Contract No. RR-12-9121 to Senstrom Excavation and Blacktop Group for Fuel System Rehabilitation, Systemwide in the amount of \$3,597,432.

Regarding Engineering Item 4, Mr. Kovacs indicated that the Tollway received a bid protest from the second lowest bidder. To avoid a month long delay, he asked that the FAO Committee approve this contract under the condition that the protest is resolved as expected prior to the upcoming Board meeting. Mr. Goldberg agreed that this would be an appropriate action.

Ms. Lafleur asked about the basis for the bid protest. Mr. Kovacs responded that the protestor claims that the bid presented by Senstrom is too low and is therefore not responsible. However, he noted that the designer of record reviewed the bid and indicated that the pricing is reasonable and that the lowest bidder had sufficient experience with this type of project to make an appropriate bid.

Item 5: Acceptance of Proposal from Knight E/A, Inc. on Contract I-11-4026 for Project Management and Construction Management on the Tri-State Tollway (I-294) and I-57 in the amount of \$16,848,331.21.

Director Gonzalez made a motion to approve **Engineering Items 2, 3 and 5** as presented; seconded by Chair Wolff. The motion was approved unanimously.

Chair Wolff made a motion to approve **Engineering Item 4** subject to resolution of the bid protest; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called on David Goldberg, General Counsel, to present the following Legal items:

Item 1: An Intergovernmental Agreement with the Northeastern Illinois University. Cost to the Tollway: Not to exceed \$987,162.

Item 2: A Workers Compensation Settlement – James Narel. Cost to the Tollway is \$115,000.

Mr. Goldberg asked that discussion of **Legal Item 2** be deferred to Executive Session of the full Board on March 22, 2012.

Chair Wolff made a motion to approve **Legal Item 1** and to defer discussion of Legal Item 2 to the Executive Session of the full Board; seconded by Director Gonzalez. The motion was approved unanimously.

Ms. Lafleur asked Mr. Colsch to review a financial item that was overlooked during the earlier presentation of the quarterly financial review. Mr. Colsch indicated that Fitch Rating maintained an AA-rating for the Tollway at its recent routine reporting. Although this is not an optimal rating, Mr. Colsch indicated that there would be another opportunity for Fitch to re-evaluate the Tollway's rating before the bond issue scheduled in the latter part of 2012.

Director Gonzalez asked whether the ratings companies typically base

their ratings on the audited financial statements – in this case 2010 financial statements. Mr. Colsch responded that current and projected financial outlooks are also considered by the rating agencies.

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 10:30 a.m.

Minutes taken by: _____

Tranece Artis
Board Secretary
Illinois State Toll Highway Authority