

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

May 15, 2013

The Illinois State Toll Highway Authority held the Finance, Administration and Operations (FAO) Committee Meeting on Wednesday, May 15, 2013 at approximately 8:35 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Peterson
Director D'Arcy
Director Gonzalez

Not Present:

Committee Chair Peterson called the meeting to order and opened the floor for public comment. No public comment was offered.

CHAIR – FINANCE, ADMINISTRATION AND OPERATIONS

Committee Chair Peterson then called for a motion to approve the minutes of the Finance Administration Operations Committee Meeting held on April 17, 2013. Director Gonzalez made the motion to approve the minutes; seconded by Director D'Arcy. The motion passed unanimously.

EXECUTIVE DIRECTOR

Chief of Staff Mike Stone shared Executive Director Kristi Lafleur would not be present for today's committee meeting.

Chief of Staff Stone stated there may be a few additional items that were not ready in time for the Committee but which may appear on the Board agenda, including a back office systems procurement and authorization to allow the Chief of Staff to approve certain Worker's Compensation items.

Chief of Staff Stone introduced Mike Colsch, Chief of Finance, to provide the Quarterly Financial Review Report for the 1st quarter ending March 31, 2013 as shown in the [attached presentation](#).

Highlights of the Financial Report included toll revenue totaled \$212.1 million, on target to budget; evasion recovery totaled \$14.6 million, \$3.9 million greater than projected for the first quarter; maintenance and operations budget is \$3.7 million below budget; and the Capital Program is \$56.7 million below the budget projection of \$135.6 million.

Director Peterson asked if there were any additional costs due to procurement issues. Paul Kovacs, Chief Engineer, confirmed that most of the additional costs incurred were due to weather delays, as shown in the presentation; quantifiable data is not yet available relevant to costs incurred due to procurement issues. **Mr. Kovacs committed to providing information on costs due to procurement issues.**

Director Peterson asked if the shortfall compared to budgeted toll revenue from passenger vehicle traffic in the first quarter will be made up during the summer driving season. Mr. Colsch responded that, while passenger vehicle traffic is expected to meet each future quarterly projection, he does not expect the passenger vehicle traffic to over-perform in the remaining three quarters to compensate for the first quarter shortfall. However, the over-performance in commercial vehicle traffic toll revenue compared to budget did off-set the shortfall in passenger vehicle traffic toll revenue.

Chief of Staff Mike Stone, Chief Engineer Paul Kovacs and the Board recognized Stella Banak, General Manager of Engineering, on her retirement after twenty-five years of service to the Tollway.

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

Item 1: Rescind Resolution No. 19862 (Contract 12-0001) to Miles Chevrolet, Inc. for the purchase of Police Pursuit Vehicles (Order Against CMS Master Contract).

Mr. Donato explained that the reason for the resolution rescission was due to an unexpected cutoff of new orders under the master contract and that the second item was the recommended award to replace the original purchase of pursuit vehicles.

Item 2: Award of Contract 13-0051 to Morrow Brothers Ford, Inc. for the purchase of Police Pursuit Sedans in an amount not to exceed \$2,453,600.00 (Tollway Invitation for Bid).

Director Peterson asked if there was local involvement in the assembly of the vehicles. Mr. Donato confirmed they were being assembled locally on the South Side of Chicago.

Item 3: Amend Resolution No. 19931 to correct Contract 13-0067 to 13-0125 to Standard Industrial & Automotive Equipment, Inc. for the purchase of Vehicle Hoist Replacements at M-03 in an amount not to exceed \$145,000.00 (Tollway Emergency).

Item 4: Award of Contract 13-0072 to Precision Control Systems of Chicago, Inc. for the purchase of Building Automation Maintenance in an amount not to exceed \$200,000.00 (Tollway Sole Source).

Item 5: Award of Contract 13-0063 to Unisys Corporation for the purchase of Web, Ecommerce, and Interactive Voice Response (“IVR”)

Hosting and Support Services in an amount not to exceed \$6,223,826.00 (Tollway Sole Source).

Discussion ensued on the services to be provided and terms of Procurement Item 5.

Director D'Arcy made a motion for approval of **Procurement Item 1 through 4**; seconded by Director Gonzalez. The motion was approved unanimously.

Committee Chair Peterson called on Mr. Kovacs to present the following **Engineering** Items:

Item 1: Award of Contract RR-12-8110 to Divane Brothers Electric Company for Communication Tower Replacement on the Tri-State Tollway (I-294) at Milepost 12.3, Alsip (M-1), in the amount of \$707,875.00.

Director Peterson asked about the height of the towers. Mr. Kovacs and Chief of Information Technology, Joe Kambich, responded that the tower height varies depending on location and utilization. The towers for this specific contract are 200 feet. The towers are also leased and the tower system generates approximately \$1 million annually.

Item 2: Acceptance of Proposal from V3 Companies of Illinois, Ltd., on Contract RR-10-5614 for Supplemental Construction Management Services for Roadway and Bridge Rehabilitation on the Reagan Memorial Tollway (I-88) from Milepost 76.1 (IL Route 251) to Milepost 91.4 (Annie Glidden Road), in the amount of \$159,000.00 from \$2,123,140.68 to \$2,282,140.68.

Discussion ensued on the reasons for the supplemental and associated fees. Mr. Kovacs confirmed the fees were negotiated and reasonable for the services provided.

Item 3: Extra Work Order on Contract I-12-4066 to Lorig Construction Company for Roadway Widening & Bridge Reconstruction, I-57 Ramp B, on the Tri-State Tollway (I-294) at the I-57 Interchange, from Milepost 7.5 to Milepost 7.8, in the amount of \$295,846.00.

Discussion ensued on the reasons for the extra work order.

Item 4: Resolution authorizing additional land acquisition funding for the Jane Addams Memorial Tollway (I-90) reconstruction and widening, Project I-11-4007.

Item 5: Identification of parcels associated with the Elmhurst Road Interchange on the Elgin O'Hare Western Access (EOWA) in compliance with ISTHA v. DiBenedetto to be discussed in Executive Session with the full Tollway Board.

Director D'Arcy made a motion for approval of **Engineering Item 1 through 4**; seconded by Director Gonzalez. The motion was approved unanimously. Engineering Item 5 was deferred for consideration by the full Board.

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

Item 1: An Intergovernmental Agreement (IGA) with the Federal Aviation Administration. Cost to the Tollway: \$316,250.00.

Discussion ensued on costs related to the IGA with the Federal Aviation Administration.

Item 2: A Second Intergovernmental Addendum Agreement with the Illinois Department of Transportation and the Village of New Lenox. Cost to the Tollway: \$0.

Item 3: Approval of Bond Counsel Assignment. (Director D'Arcy recusal)

Mr. Goldberg provided bond counsel assignment details.

Director D’Arcy made a motion for approval of **Legal Item 1 and 2**; seconded by Director Gonzalez. The motion was approved unanimously.

Director Gonzalez made a motion for approval of Legal Item 3; seconded by Director Peterson. The motion was approved with the recusal of Director D’Arcy.

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

The meeting was adjourned at approximately 9:15 a.m.

Minutes taken by:  _____

Marlene Vick
Assistant Board Secretary
Illinois State Toll Highway Authority



**2013 First Quarter
Budget to Actual Review**
(Preliminary and Unaudited)

May 15, 2013

2013 First Quarter Highlights

Budget vs. Preliminary Actual

- ❑ **Toll revenue totaled \$212.1 million, on target to budget**
 - Passenger car transactions declined 1.2 percent from first quarter 2012 and were 2.5 percent less than the 2013 projection
 - Commercial vehicle transactions grew 0.2 percent compared to first quarter 2012 and were 2.6 percent greater than the 2013 projection

- ❑ **Evasion recovery totaled \$14.6 million**
 - \$3.9 million greater than projected for the first quarter

- ❑ **Maintenance and Operations**
 - \$3.7 million below budget, primarily lower than projected contractual services expenses

- ❑ **Capital Program**
 - \$56.7 million below the budget projection of \$135.6 million

2013 Revenue Sources and Allocations

Revenue of \$986 million is allocated for maintenance and operations expenses, debt service transfers and deposits to RR and I accounts

SOURCES OF REVENUE		<i>(\$ millions)</i>
	2013 Budget	
Toll Revenue and Evasion Recovery		\$977
Investment Income		1
Concessions Revenue and Miscellaneous Income		8
Total Revenue		\$986

ALLOCATIONS OF REVENUE		<i>(\$ millions)</i>
	2013 Budget	
Maintenance and Operations		\$283
Debt Service Transfers		317
Deposits to Renewal/Replacement and Improvement		386
Total Allocations		\$986

2013 First Quarter Revenue

Budget vs. Actual

Total revenue was \$3.3 million greater than budget

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$222,992	\$226,755	\$3,763	1.7%
Concessions	500	550	50	10.0%
Investment Income	250	291	41	16.2%
Miscellaneous	1,440	934	(506)	-35.1%
Total Revenue	\$225,182	\$228,530	\$3,347	1.5%

Note: Numbers may not add to totals due to rounding.

2013 First Quarter Maintenance and Operations

Budget vs. Actual

Operating costs less than budget due to vacancies, reduced expenditures in contractual services, group insurance, all other insurance and materials/operational supplies/other expenses

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$38,728	\$38,403	(\$326)	-0.8%
Group Insurance	7,298	6,760	(537)	-7.4%
Contractual Services	10,866	7,730	(3,136)	-28.9%
Materials/Operational Supplies/Other Expenses	2,077	1,958	(119)	-5.7%
Utilities	1,397	1,559	162	11.6%
All Other Insurance	2,471	2,305	(165)	-6.7%
Parts and Fuel	1,772	1,712	(60)	-3.4%
Equipment/Office Rental and Maintenance	3,886	4,497	611	15.7%
Employee Development	251	252	1	0.3%
Recovery of Expenses	(608)	(708)	(100)	-16.5%
Total Maintenance and Operations Expenditures	\$68,138	\$64,468	(\$3,670)	-5.4%

Note: Numbers may not add to totals due to rounding.

Capital Program – First Quarter Projection vs. Actual

Capital Program expended less than projection mainly due to scheduling changes and project cost savings

(\$ thousands)

	1st Qtr		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$12,132	\$11,201	(\$932)	-7.7%
Reagan Memorial Tollway (I-88)	2,156	3,018	863	40.0%
Jane Addams Memorial Tollway (I-90)	48,091	32,646	(15,446)	-32.1%
Veterans Memorial Tollway (I-355)	1,674	242	(1,432)	-85.5%
Open Road Tolling (ORT)	1,034	226	(808)	-78.1%
Systemwide Improvements	34,534	12,512	(22,022)	-63.8%
Tri-State Tollway (I-294/I-57) Interchange	8,314	2,780	(5,534)	-66.6%
Elgin O'Hare Western Access	18,391	8,259	(10,132)	-55.1%
IL Route 53 Extension/ Other Planning Studies	1,750	-	(1,750)	100.0%
Move Illinois and CRP Subtotal	\$128,077	\$70,884	(\$57,193)	-44.7%
"Other" Capital Projects	7,500	7,892	392	5.2%
Capital Program Subtotal	\$135,577	\$78,775	(\$56,801)	-41.9%
Intergovernmental Agreement Reimbursement and Other Adjustments ⁽²⁾	-	148	148	N/A
Total Capital Program Expenditures	\$135,577	\$78,923	(\$56,654)	-41.8%

⁽¹⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.

⁽²⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Note: Numbers may not add to totals due to rounding.

Capital Program – First Quarter Projection vs. Actual

Capital Program expended \$56.7 million less than projection

Projection		\$135.6 million
Expenses		<u>\$ 78.9</u>
<i>Variance</i>		\$ (56.7)
<input type="checkbox"/> <i>Move Illinois/CRP variance</i>		\$ (57.2)
▪ Scheduling changes	(\$47.8)	
▪ Project cost savings	(\$7.1)	
▪ Scope reduction	\$0.6	
▪ Other miscellaneous	(\$2.8)	
<input type="checkbox"/> <i>Other capital projects variance</i>		\$ 0.4

Note: Numbers may not add to totals due to rounding.

Capital Program – First Quarter Projection vs. Actual

Move Illinois/CRP Variance Summary

Key variance highlights

<input type="checkbox"/> Systemwide – schedule changes/project savings		\$(22) million
▪ ROW purchase delays I-90/ Illinois Route 47	\$(7.6)	
▪ Business Systems/IT/ITS spending slower than anticipated	\$(6.3)	
<input type="checkbox"/> Jane Addams Memorial – schedule changes		\$(15.4)
▪ Utility projections not needed – reforecast for future needs	\$(6.1)	
▪ Construction completed earlier than anticipated (2012)	\$(9.0)	
<input type="checkbox"/> Elgin O’Hare Western Access – schedule changes		\$(10.1)
▪ ROW delays	\$(8.4)	
<input type="checkbox"/> Tri-State – schedule changes/project saving		\$(6.5)
▪ 95 th Street – Balmoral Avenue Project close-out savings	\$(4.5)	

Appendix

Revenue

2013 Budget Realized

(\$ thousands)

	2013 Budget	YTD Actual	% Budget Realized
Toll Revenue and Evasion Recovery	\$977,000	\$226,755	23.2%
Concessions	2,000	550	27.5%
Investment Income	1,000	291	29.1%
Miscellaneous	6,000	934	15.6%
Total Revenue	\$986,000	\$228,530	23.2%

Note: Numbers may not add to totals due to rounding.

Maintenance and Operations

2013 Budget Realized

(\$ thousands)

	2013 Budget	YTD Actual	% Budget Realized
Payroll and Related Costs	\$154,914	\$38,403	24.8%
Group Insurance	29,190	6,760	23.2%
Contractual Services	54,332	7,730	14.2%
Materials/Operational Supplies/Other Expenses	8,309	1,958	23.6%
Utilities	5,588	1,559	27.9%
All Other Insurance	9,882	2,305	23.3%
Parts and Fuel	7,087	1,712	24.2%
Equipment/Office Rental and Maintenance	15,544	4,497	28.9%
Employee Development	1,003	252	25.1%
Recovery of Expenses	(2,431)	(708)	29.1%
Total Maintenance and Operations Expenditures	\$283,418	\$64,468	22.7%

Note: Numbers may not add to totals due to rounding.

Capital Program

2013 Budget Projection Realized

(\$ thousands)

	2013 Projection	YTD Actual ⁽¹⁾	% Projection Realized
Tri-State Tollway (I-94/I-294/I-80)	\$36,873	\$11,201	30.4%
Reagan Memorial Tollway (I-88)	5,525	3,018	54.6%
Jane Addams Memorial Tollway (I-90)	415,201	32,646	7.9%
Veterans Memorial Tollway (I-355)	23,187	242	1.0%
Open Road Tolling (ORT)	4,135	226	5.5%
Systemwide Improvements	217,970	12,512	5.7%
Tri-State Tollway (I-294/I-57) Interchange	66,737	2,780	4.2%
Elgin O'Hare Western Access	95,556	8,259	8.6%
IL Route 53 Extension/ Other Planning Studies	6,833	-	0.0%
Move Illinois and CRP Subtotal	\$872,018	\$70,884	8.1%
"Other" Capital Projects ⁽²⁾	50,000	7,892	15.8%
Capital Program Subtotal	\$922,018	\$78,775	8.5%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽³⁾	-	148	N/A
Total Capital Program Expenditures	\$922,018	\$78,923	8.6%

⁽¹⁾ Capital Program Actual included \$69,610,975 in work completed for which payments have not been made as of March 31, 2013.

⁽²⁾ The Other Projects portion of the Capital Program Budget for 2013 totaled \$79.3 million, of which \$50 million is anticipated to be spent.

⁽³⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Note: Numbers may not add to totals due to rounding.

Revenue

2012 vs. 2013 First Quarter Actual

(\$ thousands)

	First Quarter		Variance	
	2012	2013	\$	%
Toll Revenue and Evasion Recovery	\$223,836	\$226,755	\$2,919	1.3%
Concessions	532	550	18	3.3%
Investment Income	198	291	92	46.4%
Miscellaneous	1,227	934	(293)	-23.9%
Total Revenue	\$225,794	\$228,530	\$2,736	1.2%

Note: Numbers may not add to totals due to rounding.

Maintenance and Operations

2012 vs. 2013 First Quarter Actual

(\$ thousands)

	First Quarter		Variance	
	2012	2013	\$	%
Payroll and Related Costs	\$37,248	\$38,403	\$1,154	3.1%
Group Insurance	7,173	6,760	(412)	-5.8%
Contractual Services	7,725	7,730	5	0.1%
Materials/Operational Supplies/Other Expenses	1,272	1,958	686	54.0%
Utilities	1,640	1,559	(81)	-4.9%
All Other Insurance	2,216	2,305	90	4.0%
Parts and Fuel	690	1,712	1,022	148.1%
Equipment/Office Rental and Maintenance	3,041	4,497	1,455	47.8%
Employee Development	214	252	37	17.5%
Recovery of Expenses	(487)	(708)	(221)	-45.3%
Total Maintenance and Operations Expenditures	\$60,733	\$64,468	\$3,735	6.2%

Note: Numbers may not add to totals due to rounding.

Capital Program

2012 vs. 2013 First Quarter Actual

(\$ thousands)

	1st Qtr		Variance	
	2012	2013	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$581	\$11,201	\$10,620	1828.4%
Reagan Memorial Tollway (I-88)	395	3,018	2,623	663.8%
Jane Addams Memorial Tollway (I-90)	6,489	32,646	26,157	403.1%
Veterans Memorial Tollway (I-355)	(351)	242	593	169.1%
Open Road Tolling (ORT)	259	226	(33)	-12.7%
Systemwide Improvements	4,986	12,512	7,526	151.0%
Tri-State Tollway (I-294/I-57) Interchange	-	2,780	2,780	N/A
Elgin O'Hare Western Access	-	8,259	8,259	N/A
IL Route 53 Extension/ Other Planning Studies	-	-	-	N/A
Move Illinois and CRP Subtotal	\$12,358	\$70,884	\$58,526	473.6%
"Other" Capital Projects	5,233	7,892	2,659	50.8%
Capital Program Subtotal	\$17,591	\$78,775	\$61,184	347.8%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽¹⁾	(333)	\$148	\$181	545%
Total Capital Program Expenditures	\$17,558	\$78,923	\$61,365	349.5%

⁽¹⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.

Note: Numbers may not add to totals due to rounding.

2013 Transactions

Projection vs. Actual

Month	Transactions (millions)			
	2013 Projections	2013 Actual	Variance	Variance %
PASSENGER VEHICLES				
January	55.3	54.6	(0.7)	-1.3%
February	52.3	50.3	(2.0)	-3.8%
March	59.9	58.3	(1.6)	-2.7%
	167.4	163.2	(4.3)	-2.5%
ALL COMMERCIAL VEHICLES (TIER 2-4)				
January	7.1	7.3	0.2	3.4%
February	6.6	6.8	0.2	3.4%
March	7.4	7.5	0.1	1.2%
	21.0	21.5	0.5	2.6%
ALL VEHICLES				
January	62.4	61.9	(0.5)	-0.7%
February	58.8	57.1	(1.7)	-3.0%
March	67.2	65.7	(1.5)	-2.2%
	188.4	184.7	(3.7)	-2.0%

Note: Numbers may not add to totals due to rounding.

2013 vs. 2012 Transactions

Month	Transactions (millions)	% Change 2012 to 2013	Transactions (millions)	% Change 2012 to 2013
	PASSENGER VEHICLES (TIER 1)		LARGE COMMERCIAL VEHICLES (TIER 4)	
January	54.6	3.0%	5.3	5.8%
February	50.3	-5.4%	4.9	-1.8%
March	58.3	-1.1%	5.4	-2.2%
	163.2	-1.2%	15.6	0.5%
	ALL COMMERCIAL VEHICLES (TIER 2-4)		ALL VEHICLES	
January	7.3	5.1%	61.9	3.2%
February	6.8	-1.6%	57.1	-5.0%
March	7.5	-2.7%	65.7	-1.3%
	21.5	0.2%	184.7	-1.0%

Note: Numbers may not add to totals due to rounding.



THANK YOU