

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

March 20, 2013

The Illinois State Toll Highway Authority held the Finance Administration Operations (FAO) Committee Meeting on Wednesday, March 20, 2013 at approximately 8:32 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Chair Wolff

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.

Steven Byers from the Illinois Nature Preserve Commission provided an informational handout on the uniqueness and significance of the forested fen in Illinois. Mr. Byer provided further information on how the IGA considered by the committee will help preserve this unique Illinois ecological site.

CHAIR – FINANCE ADMINISTRATION OPERATIONS

Committee Chair Peterson then called for a motion to approve the minutes of the Finance Administration Operations Committee Meeting held on February 20, 2013. Director Gonzalez made the motion to approve the minutes; seconded by Director D'Arcy. The motion passed unanimously.

EXECUTIVE DIRECTOR

Unbundling Update Presentation

Executive Director Lafleur introduced Paul Kovacs, Chief of Engineering and Gustavo Giraldo, Chief of Diversity and Strategic Development, to present Unbundling Update as shown in the [attached presentation](#).

Director Peterson asked how the approaches to bonding were being evaluated. Gustavo Giraldo responded the Tollway has been working closely with the Illinois Finance Authority on a bonding and insurance assistance program which will be announced shortly. Executive Director Lafleur added the Tollway has also put into place technical assistance and training programs to further develop small businesses. The Tollway is also exploring creating a small business program to encourage participation in Tollway contracts.

Chair Wolff asked how the Tollway plans to communicate the available programs and small business assistance to the public. Paul Kovacs responded the Tollway is using many available medium including on-line materials, in-person workshops, networking sessions and webinars to communicate opportunities. Executive Director Lafleur added the partnerships with advocacy agencies also help relay the realities of

Tollway construction work and encourage other construction businesses to bid as prime contractors on unbundled Tollway construction projects.

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

Item 1: Renewal of the Bond Trustee Agreement with Bank of New York Mellon Trust Company for a period of four years commencing May 1, 2013 through April 30, 2017.

Chair Peterson asked why the term of the agreement is four years as opposed to a shorter term. Mike Colsch responded the procurement process, the industry standard terms for agreements of this size, the complexity of the agreement as well as the company's satisfactory performance, were factors in the agreement term.

Chair Wolff asked about fees related to the agreement. Mike Colsch responded there were terms in the agreement that allowed fees to be further discussed and negotiated.

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

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

Item 1: Amend Resolution No. 19676 – Dollar Amount Correction to Contract 12-0171 to The Nature Conservancy for the purchase of Wetland Mitigation in an amount not to exceed \$1,296,321.00 (Tollway Sole Source).

Item 2: Award of Contract 12-0110 to Motorola Solutions, Inc. for the purchase of a Digital Voice Recording System in an amount not to exceed \$534,516.00 (Order Against CMS Master Contract).

A discussion ensued about warranties terms in the contract and John Donato provided additional details.

Item 3: Award of Contract 13-0053 to AT&T Corporation for the purchase of Network Equipment in an amount not to exceed \$743,663.35 (Order Against CMS Master Contract).

Item 4: Award of Contract 13-0054 to CDW Government LLC for the purchase of Microsoft Software in an amount not to exceed \$672,984.60 (Order Against CMS Master Contract).

Item 5: Award of Contract 13-0055 to Dell Marketing, L.P. for the purchase of Servers and Equipment in an amount not to exceed \$976,808.75 (Order Against CMS Master Contract).

*Item 6: **Deferred to a future Board meeting.***

Item 7: Award of Contract 12-0019 to Finkbiner Equipment Company for the purchase of Hydraulic Excavators in an amount not to exceed \$537,280.00 (CMS Contract for the Tollway).

Discussion ensued on the hydraulic excavators' usage life and contract requirements.

Item 8: Award of Contract 11-0172R to A-1 Roofing Company for the purchase of Roof Replacement at Plazas 14, 36, and 39 in an amount not to exceed \$197,200.00 (Tollway Invitation for Bid).

Item 9: Award of Contract 12-0312 to BCR Automotive Group d.b.a. Roesch Commercial Truck Center and Freeway Ford Truck Sales for Light-Duty Pickup Trucks in an amount not to exceed \$1,337,833.00 (Tollway Invitation for Bid).

Discussion ensued on what was done with the trucks being replaced. Staff explained the trucks are sold at auction through the state of Illinois I-Bid website and any remaining trucks are sold for parts. This contract will address a procurement backlog from 2010 for the light-duty pickup trucks.

Item 10: Award of Contract 12-0267 to e-Builder, Inc. for the purchase of a Web-Based Project Management System in an amount not to exceed \$2,574,338.00 (Tollway Request for Proposal).

Discussion ensued on the web-based project management system and the transition process from the former vendor to the awarded vendor. Paul Kovacs explained there may be a future request for a contract extension to allow for the transition.

Item 11: Award of Contract 12-0189 to Cohn Reznick LLP for the purchase of an Oases Fuel Lease Audit in an amount not to exceed \$70,900.00 (Tollway Request for Proposal).

Discussion ensued on the contract term and expiration date. Staff committed to provide the detailed information to Executive Director Lafleur.

Item 12: Award of Contract 13-0067 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).

Discussion ensued on the background of the vehicle hoist replacement procurement.

Director D'Arcy made a motion for approval of **Procurement Item 1 thru 5**; seconded by Chair Wolff. The motion was approved unanimously.

Director Gonzalez made a motion for approval of **Procurement Item 7 thru 12**; seconded by Director Gonzalez. The motion was approved unanimously.

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

Item 1: Award of Contract RR-13-4094 to Earthwerks Land Improvement & Development Corporation for Drainage Improvements on the Tri-State Tollway (I-294) from Milepost 9.1 to Milepost 9.6, in the amount of \$745,463.20.

Item 2: Award of Contract RR-13-4092 to Civil Constructors Inc. of Illinois for Guardrail and Culvert Improvements on the Ronald Reagan

Memorial Tollway (I-88) from Milepost 57.2 (Dixon Toll Plaza 69) to Milepost 69.75, in the amount of \$435,191.80.

Item 3: Award of Contract RR-13-5657 to RoadSafe Traffic Systems, Inc. for Pavement Marking on the Ronald Reagan Memorial Tollway (I-88) and Veterans Memorial Tollway (I-355), in the amount of \$2,775,000.00.

Discussion ensued regarding pavement marking maintenance cycles and the differences between the scopes of work for Engineering items 3 and 4.

Item 4: Award of Contract RR-13-5658 to A.C. Pavement Striping Company for Pavement Marking on the TriState Tollway (I-294), from Milepost 37.5 to Milepost 55.0; Tri-State Tollway (I-94) from Milepost 0.0 to Milepost 21.5; and on the Jane Addams Memorial Tollway (I-90) east of the Fox River, at Milepost 55.7, in the amount of \$2,670,822.83.

Item 5: Award of Contract RR-12-4086 to F.H. Paschen, S.N. Nielsen & Associates, LLC, for Ramp Reconstruction on the Ronald Reagan Memorial Tollway (I-88), at Highland Avenue, Ramp A, Milepost 134.3; and at Spring Road, Ramps A and B, Milepost 137.1, in the amount of \$1,219,058.30.

Item 6: Award of Contract RR-12-4085 to R.W. Dunteman Company for Ramp Reconstruction on the Ronald Reagan Memorial Tollway (I-88), York Road Connector Ramp A at I-88/I-294, Milepost 138.7, in the amount of \$485,799.73.

Director Peterson noted multiple subcontractors performing on multiple items and asked whether the prime contractor was responsible for monitoring the capacity and management of the subcontractors. Paul Kovacs confirmed the prime contractors are accountable for the management of the subcontractors on a given project. While there have not been any issues to date, Engineering will continue to monitor projects for any performance issues.

Item 7: Award of Contract RR-12-4088 to F.H. Paschen, S.N. Nielsen & Associates, LLC, for Ramp Reconstruction on the Tri-State Tollway (I-294) at Milepost 33.6; and on the Tri-State Tollway (I-94) at Milepost 11.2, in the amount of \$2,038,364.79.

Chair Peterson asked about the reasoning that led to the engineer's estimate. Paul Kovacs responded there was discussion held regarding the estimate and upon review the bids were considered reasonable and within budget.

Item 8: Award of Contract RR-12-4089 to Acura, Inc. for Ramp Reconstruction on the Tri-State Tollway (I-294) from Milepost 40.1 to Milepost 40.6, in the amount of \$3,929,531.08.

Item 9: Award of Contract RR-13-4095 to Meade, Inc. for RTMS/CCTV Relocation on the Tri-State Tollway (I-94) from Milepost 4.5 to Milepost 29.1; Tri-State Tollway (I-294) from Milepost 41.8 to Milepost 49.6; Ronald Reagan Memorial Tollway (I-88) from Milepost 117.1 to Milepost 139.6; and on the Veterans Memorial Tollway (I-355) at Milepost 27.3, in the amount of \$399,230.10.

Item 10: Award of Contract I-12-4087 to Lorig Construction Company for Reconstruction of Ramps B & N on the Northbound Tri-State Tollway (I-294) at the I-294/I-57 Interchange, from Milepost 7.7 to Milepost 9.1, in the amount of \$20,975,879.13.

Item 11: Award of Contract RR-12-4090 to R.W. Dunteman Company for Ramp Reconstruction on the Tri-State Tollway (I-294) at I-55, from Milepost 22.5 to Milepost 24.9, in the amount of \$9,707,465.28

Item 12: Award of Contract I-12-4067 to Lorig Construction Company for Ramps X and M Construction on the Southbound Tri-State Tollway (I-294) at the I-294/I-57 Interchange, from Milepost 7.7 to Milepost 8.8, in the amount of \$22,628,727.27.

Paul Kovacs noted all the construction work on 294/57 is now under contract and on schedule as committed and identified for the Move Illinois capital program.

Referring to items 10 and 12, Chair Wolff asked why firms would bid on only one of similar projects and not both projects. Paul Kovacs responded while the projects are similar there may be differences in the scope detail which may affect the reasons for bidding on a given project.

Item 13: Award of Contract RR-12-9131 to Stenstrom Excavation & Blacktop Group for Phase II Fuel System Rehabilitation, systemwide, in the amount of \$2,847,525.00.

Item 14: Partial Release of Retainage on Contract RR-11-5634 to K-Five Construction Corp. / Lorig Construction Co. (JV) for Northbound Roadway and Bridge Rehabilitation on the Tri-State Tollway (I-294)

from Milepost 17.6 (95th Street) to Milepost 30.0 (Cermak Road Plaza); and on the Reagan Memorial Tollway (I-88) at Milepost 138.7 (Cermak Road) by \$1,253,609.76 from \$1,446,609.76 to \$193,000.00.

Item 15: Partial Release of Retainage on Contract RR-11-5635 to Central Blacktop Company for Southbound Roadway and Bridge Rehabilitation on the Tri-State Tollway (I-294) from Milepost 17.6 (95th Street) to Milepost 30.0 (Cermak Road Plaza); and on the Reagan Memorial Tollway (I-88) at Milepost 138.7 (Cermak Road) by \$1,072,391.91 from \$1,229,639.91 to \$157,248.00.

Item 16: Final Release of Retainage on Contract RR-11-9108 to Builders Chicago Corporation for New Salt Dome at Maintenance Yard M-3 (Park Ridge) and Salt Dome Repair at Maintenance Yard M-8 (Naperville), in the amount of \$44,606.36.

Item 17: Amended DiBenedetto (Identification of Real Estate Parcels associated with the Jane Addams Memorial Tollway (I-90). Cost to the Tollway: N/A

Item 18: Five year Lease Amendment with Gary Hinds and Hinds Farming.

Item 19: One year Lease Amendment with Ray Humphrey and Humphrey Farms.

Item 20: Five year Lease Amendment with Mark and Nancy Mostert.

Item 21: Resolution amending Resolution #19845 providing additional cost clarification for the renewal of contract RR-10-9973 with AECOM Technical Services, Inc.

Discussion ensued on the amending resolution, the services provided by AECOM and the procurement code requirements.

Director Gonzalez inquired about the status of African American firms participating on the construction projects in the 294/57 sites and the prime contractor's, Lorig Construction Company, efforts to engage the African American construction community. He expressed his concern with the amount of participation by African American firms on the projects. Executive Director Kristi Lafleur responded the Tollway has communicated that diversity is important on construction projects and DBE goals are set to include D/M/WBE firms, however the Tollway does not direct prime contractors which firms to select. General Counsel David Goldberg added that in respect to diversity outreach, the Tollway is as inclusive as possible in its efforts. The DBE program has legal and constitutional aspects that must be met and thus the Tollway does not present targeted goals to a particular minority segment.. The Tollway continues communicating to the construction industry the importance of diversity on Tollway projects. Paul Kovacs also responded that Lorig Construction Company has demonstrated good faith on past contracts and is one of the major participants in the Tollway Earned Credit Program.

Chair Wolff asked about African American construction firm participation statewide with agencies such as the Illinois Department of Transportation (IDOT). Gustavo Giraldo responded the participation of African American construction firms reflects similar challenges as the

Tollway. Executive Director Lafleur further added there are seven African American firms that are prequalified with IDOT as of July of 2012. IDOT is reviewing the prequalification process to ensure it is as fair as possible. The issue of African American participation is complex.

Director D'Arcy asked about the bids submitted on Engineering Item 1, Contract RR-12-4086 with Earthwerks. The bid was lower than other submitted bids as well as lower than the engineer's estimate. Paul Kovacs responded the bid was reviewed by the designer as well as the estimating engineer and was found to be responsive to all elements of the specifications. The Tollway also confirmed the capacity and qualifications of the firm and received a letter from Earthwerks confirming their understanding of the project and commitment to quality project completion. The project presents a low risk to the Tollway and the motoring public should there be any project issues.

Director Gonzalez made a motion for approval of **Engineering Items 1 thru 13**; seconded by Director D'Arcy. The motion was approved unanimously.

Director D'Arcy made a motion for approval of **Engineering Items 14 thru 16**; seconded by Director Gonzalez. The motion was approved unanimously.

Engineering Item 17 was deferred to March Board Executive Session.

Director D'Arcy made a motion for approval of **Engineering Items 18 thru 20**; seconded by Director Gonzalez. The motion was approved unanimously.

Director Gonzalez made a motion for approval of **Engineering Item 21**; seconded by Director D'Arcy. 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 Kane County Forest Preserve District and the City of Elgin. Cost to the Tollway: Estimated at \$2,600,000.

Item 2: An Intergovernmental Agreement with the Village of Hoffman Estates. Cost to the Tollway: Estimated at \$1,750,000.

Item 3: An Intergovernmental Agreement with the Illinois Department of Transportation. Cost to the Tollway: \$0.

Item 4: An Intergovernmental Agreement with the Village of Posen. Cost to the Tollway: \$0.

Item 5: A Workers Compensation Settlement – Ceola Hatchett. Cost to the Tollway: As discussed in Executive Session.

Discussion ensued on the Intergovernmental Agreements (IGA) and the costs and benefits of the IGAs.

Director D'Arcy made a motion for approval of **Legal Items 1 thru 4**; seconded by Director Gonzalez. The motion was approved unanimously.

Legal Item 5 was deferred to March Board Executive Session.

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.

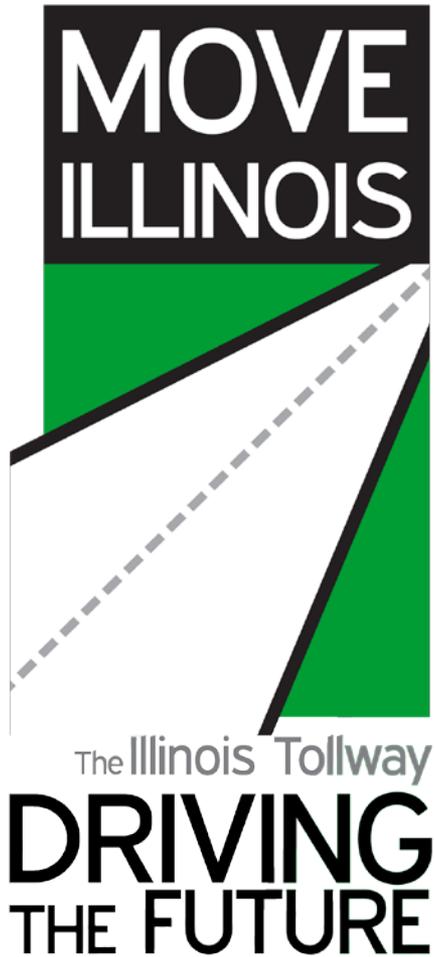
The meeting was adjourned at approximately 9:55 a.m.

Minutes taken by: _____  _____

Marlene Vick

Assistant Board Secretary

Illinois State Toll Highway Authority



Unbundling Update

Finance Administration Operations Committee

March 20, 2013

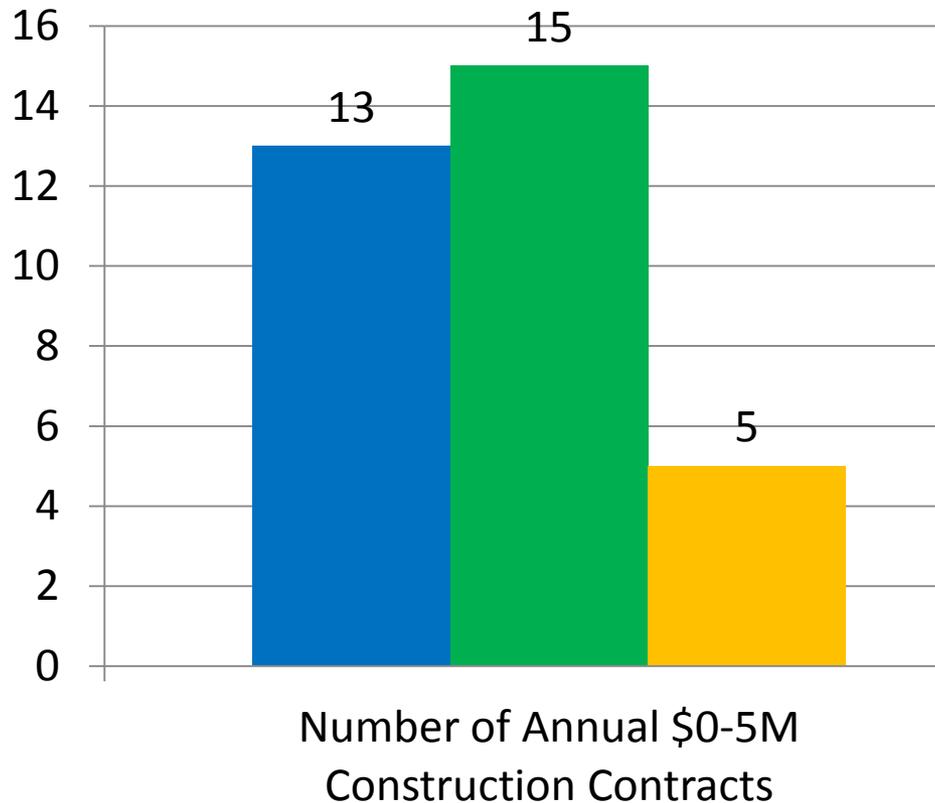
Unbundling – Creating Opportunity

- ▶ **Goal - increase opportunities for small contractors**
 - ▶ Range of job sizes and types
 - ▶ Increased opportunity for prime role
 - ▶ Meet CRP metrics (40 percent of construction contracts)
- ▶ **Mainly focused on construction**
- ▶ **Guided by safety and efficient delivery/administration**
- ▶ **Program-wide commitment**
 - ▶ Corridor Managers actively defining small contract opportunities
- ▶ **Aggressive outreach**

Last Year's View

- ▶ **Procurement represents a significant challenge to unbundling efforts**
- ▶ **More contracts = more exposure to procurement delays**
 - ▶ Numerous, small and narrowly scoped contracts = **greater risk** of procurement delays
 - ▶ Fewer, large, broad contracts with longer durations = **less risk** of procurement delays
- ▶ **Early delays cause ripple effect**

Number of Small Contracts - Typical Year



- **Actual CRP**
 Number of \$0-5 million CRP construction contracts in typical (\$1 billion) year
- **Potential *Move Illinois***
 Potential number of \$0-5 million *Move Illinois* construction contracts in typical (\$1 billion) year
- **Risk-Adjusted *Move Illinois***
 Potential number of \$0-5 million *Move Illinois* construction contracts in typical (\$1 billion) year accounting for procurement risks

Beating Expectations

- ▶ **2012: Awarded 14 contracts under \$5 million**
 - ▶ Three new firms won prime roles on four unbundled construction contracts
- ▶ **2013: Awarded three contracts under \$5 million**
 - ▶ Two certified MBE firms won prime contractor jobs for the first time
- ▶ **This month: 10 unbundled construction contracts**
 - ▶ One **new small business** – Earthwerks Land Improvement & Development Corp.
 - ▶ One **DBE prime** – Acura Inc.
- ▶ **Building momentum**
 - ▶ Increasing number of small and D/M/WBE bidders and winners

Building Momentum By...

- ▶ **Raising awareness through outreach and networking**
 - ▶ *Today's Challenges, Tomorrow's Reward* (IDOT-sponsored event) - February 19 and 20
 - ▶ Winning With the State - March 4
 - ▶ Intergovernmental Small Business Forum - March 29
 - ▶ Contractor Networking Event - April 16

- ▶ **Helping new businesses navigate the contract and bidding process**
 - ▶ Construction Contracts 101 Webinar
 - ▶ Sample contract requirements book online

- ▶ **Coordinating between departments to define and communicate opportunities**

- ▶ **Pursuing continuous improvement**





Partners in Success

- ▶ Alliance of Minority and Female Contractors
- ▶ American Brotherhood of Contractors Business Development Center
- ▶ Asian American Institute
- ▶ Association of Asian Construction Enterprises
- ▶ Black Contractors United
- ▶ Chatham Business Assn. Small Business Development Inc.
- ▶ Chicago Minority Supplier Development Council Inc.
- ▶ Chicago Urban League
- ▶ Cosmopolitan Chamber of Commerce
- ▶ Federation of Women Contractors
- ▶ Hispanic American Construction Industry Association
- ▶ Illinois Hispanic Chamber of Commerce
- ▶ Latin American Chamber of Commerce
- ▶ National Association of Women Business Owners
- ▶ Rainbow/PUSH Coalition
- ▶ Suburban Minority Contractors Association
- ▶ Uptown Center Hull House
- ▶ Women Construction Owners & Executives (WCOE)
- ▶ Women's Business Development Center
- ▶ Chicago Women in Trades (CWIT)
- ▶ Coalition for United Community Labor Force
- ▶ Englewood Black Chamber of Commerce
- ▶ South Shore Chamber Inc.
- ▶ United Neighborhood Organization (UNO) Black Contractors United
- ▶ Chicago Minority Supplier Development Council Inc.
- ▶ Federation of Women Contractors
- ▶ Hispanic American Construction Industry Association (HACIA)
- ▶ Illinois Hispanic Chamber of Commerce
- ▶ Latin American Chamber of Commerce
- ▶ Suburban Minority Contractors Association
- ▶ Rock Valley College/Procurement Technical Assistance Center
- ▶ Small Contractors Network (SCN)
- ▶ Alliance of Business Leaders (ABLE)

Continuous Improvement

- ▶ **Continue unbundling**
- ▶ **Continue training and technical assistance**
- ▶ **Evaluate approaches to bonding and insurance**
- ▶ **Consider worksite diversity/community hiring initiative**
- ▶ **Consider small business program**