

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

April 17, 2013

The Illinois State Toll Highway Authority held the Finance, Administration and Operations (FAO) Committee Meeting on Wednesday, April 17, 2013 at approximately 8:32 a.m. at the Central Administration Building in Downers Grove, Illinois.

Committee Members Present:

Committee Chair Peterson
Director D'Arcy
Director Gonzalez

Not Present:

Also in Attendance:

Board Chair Wolff

Committee Chair Peterson called the meeting to order and opened the floor for public comment.

Larry Bullock, Chairman of Suburban Minority Contractors Association, provided comments in support of the Small Business Initiative. Mr. Bullock noted the revenue threshold for business participation was especially important in providing a level playing field. He added that the effort is complementary of the unbundling efforts the Tollway has undertaken.

Omar Duque, President and Executive Director, Illinois Hispanic Chamber of Commerce, provided comments in support of the Small

Business Initiative. He noted this type of program will help build the pipeline of businesses able to compete in the roadway construction arena. The initiative will have a positive impact on the small business community in terms of jobs and local economic stability.

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 February 20, 2013. Director D’Arcy made the motion to approve the minutes; seconded by Director Gonzalez. The motion passed unanimously.

EXECUTIVE DIRECTOR

Unbundling Update Presentation

Executive Director Lafleur shared information on the future procurement of pursuit vehicles for the state patrol unit which may appear on the Board agenda.

Executive Director Lafleur introduced Paul Kovacs, Chief of Engineering, to provide information titled Upcoming Large Projects as shown in the [attached presentation](#).

Director Peterson asked the dollar value of the contracts awarded thus far versus the dollar value of the fourteen contracts awarded in 2012. **Paul Kovacs committed to providing the requested information.**

Chair Wolff asked the internal process by which contract size is determined. Mr. Kovacs responded the designer completes the initial evaluation. Factors under consideration include the maintenance of traffic and staging of work. The general direction given by the Tollway to the designers is to stay within the \$50 million dollar range which has shown to generate competition and to consider unbundled opportunities

for contracts. The review process also includes alternatives proposed, cost and efficiency of those alternatives as well as the input of the Finance and Executive departments leading to the final recommendation.

Director Peterson asked about the DBE goals being established for these larger contracts and if there is capacity monitoring process in place for both the prime contractors and the subcontractors performing on these projects. Paul Kovacs responded the DBE goals are established by the Diversity and Strategic Development Department and there may be additional small business goals determined as well. The Tollway relies on the prime contractors to monitor their subcontractors. No issues have been reported thus far regarding capacity however Mr. Kovacs indicated that the issue will continue to be monitored by the Tollway.

Executive Director Lafleur introduced Gustavo Giraldo, Chief of Diversity and Strategic Development to present the Small Business Initiative as shown in the [attached presentation](#).

Executive Director Lafleur added the goal-setting initiative is being presented to the Chief Procurement Officer of the State to confirm. There have been preliminary conversations with the CPO prior to the initiative being presented to the Board that will continue upon approval from the Board.

Chair Wolff asked whether a DBE firm can also apply to be a small business certified by the State. Gustavo Giraldo responded a firm may be certified as both a DBE firm as well as a small business firm; however, for the purposes of the Small Business Initiative and the DBE program, the firm will only be eligible for credit toward the Small Business goal or the DBE goal, but not both.

Mr. Giraldo provided further information on the percentage of IDOT pre-qualified firms that also meet the Small Business Initiative participation threshold equal to or less than \$10 million in revenues, as

well as the outreach and communication efforts planned to inform the small business community.

Committee Chair Peterson called on Cathy Williams, Deputy Chief of Finance, to present the following **Finance** items:

Item 1: Renewal of Liability Insurance Program including commercial general, business automobile and excess liability through USI-Midwest as insurance broker for a period of one-year commencing June 1, 2013 through May 31, 2014.

Discussion ensued on the increased percentage of cost and reasons behind the increase on liability insurance.

Item 2: Authorize extension of the Standby Bond Purchase Agreements for the Authority's \$191.5M Series 2008A-1a and \$95.8M Series 2008A-2 Bonds.

Chair Peterson asked if the Tollway had presented this type of item in the past. Ms. Williams responded that the Finance Department has not presented this type of item in recent history.

Director Peterson requested confirmation of the term of the agreement and that the pricing is an improvement over the current 75 basis points. Ms. Williams confirmed that the extension is for a period of up to two years eight months and the an annual fee is not to exceed 57.5 basis points, which is an improvement over the current 75 basis points.

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

Director Gonzalez made a motion for approval of **Finance Item 2**; seconded by Director D'Arcy. The motion was approved unanimously.

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

Item 1: Increase to Contract 11-0141 to Lakeside International Trucks for the purchase of Navistar Parts in an amount not to exceed \$500,000.00 (Order Against CMS Master Contract).

Item 2: Renewal of Contract 11-0114 to System Development Integration, LLC for the purchase of Project Management and Technology Planning in an amount not to exceed \$4,982,544.00 (Tollway Request for Proposal).

A discussion ensued on bids submitted and the bidding process.

Item 3: Extension of Contract 13-0025 to Quimex, Inc. for the purchase of Lubricants, Greases and Oils (Virgin) in an amount not to exceed \$112,500.00 (Tollway Emergency).

Director D'Arcy made a motion for approval of **Procurement Item 1 through 3**; seconded by Chair Wolff. The motion was approved unanimously.

Mr. Kovacs provided information on an earlier request by Director Peterson. The dollar value of Tollway contracts awarded in the first three months of 2013 is \$25.6 million; the dollar value of total contracts awarded for 2012 was \$25.4 million.

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

Item 1: Award of Contract RR-13-5659 to Plote Construction, Inc. for Intermittent Pavement Repairs and Parking Lot Rehabilitation on the Jane Addams Memorial Tollway (I-90) from Milepost 54.3 (East of the Elgin Toll Plaza) to Milepost 78.5 (River Road Toll Plaza), in the amount of \$2,256,606.73.

Item 2: Award of Contract I-13-4113 to ASP PDM Bridge, LLC for Bridge Beam Fabrication and Delivery on the Jane Addams Memorial

Tollway (I-90) from Milepost 17.7 (Mill Road) to Milepost 47.9. (Powers Road), in the amount of \$4,347,422.60.

Chair Wolff asked for the reasons for the variance between the budget and the Engineer's estimate. Paul Kovacs agreed to provide the information upon further research.

Item 3: Acceptance of Proposal from BCP Tollway Partners, on Contract I-11-5633 for Supplemental Design Services for Roadway Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 41.8 (US Route 20) to Milepost 53.8 (Elgin Toll Plaza) in the amount of \$372,800.00 from \$11,859,248.16 to \$12,232,048.16.

Director Peterson requested the individual members of the tri-venture be provided. Paul Kovacs agreed to provide the information on the vendor line.

Item 4: Final Release of Retainage on Contract RR-12-9121 to Stenstrom Excavation and Blacktop Group for Fuel System Rehabilitation, Systemwide, in the amount of \$195,823.31.

Item 5: Resolution authorizing a budget increase and re-allocation of remaining funds pertaining to the I-294/I-57 Interchange Construction, project I-11-5629.

Discussion ensued on the budget increase to project I-11-5629.

Item 6: Resolution for I-294/I-57 corridor budget project I-11-4012 amending resolution # 19584 to include land acquisition phasing.

Chair Wolff asked if “land acquisition services” differed from payment to purchase property. Paul Kovacs responded that land acquisition services include purchase costs as well as other services.

Item 7: Resolution requesting funds for a three year intergovernmental agreement with the University of Illinois for the development of Life Cycle Assessment (LCA) tools for the design, construction and use of Tollway pavements and related drainage in the amount of \$1,200,000.00

Executive Director Lafleur requested further information on the type of analysis the LCA tools will do. Mr. Kovacs responded the tools will quantify and measure the green and sustainable environmental aspects and impact of Tollway projects from planning, design, construction, operation and utilization of the roadway through the end of its life-cycle. He provided several examples of both qualitative and comparative analysis such as emissions produced at the project site associated to the construction materials utilized, lighting alternatives, landscaping and drainage methods. The Tollway also has the commitment from both the Illinois Department of Transportation and the Federal Highway Authority to develop partnerships for use of the LCA tools.

Chair Wolff asked if the LCA tools will be proprietary. Mr. Kovacs responded he believes the information will be in the public domain. Both Paul Kovacs and David Goldberg will research the issue and provide a response.

Item 8: Resolution implementing a Small Business Initiative.

Director Gonzalez made a motion for approval of **Engineering Item 1 and 2**; seconded by Chair Wolff. The motion was approved unanimously.

Director Gonzalez made a motion for approval of **Engineering Item 3**; seconded by Chair Wolff. The motion was approved unanimously with the recusal of Director D'Arcy.

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

Director Gonzalez made a motion for approval of **Engineering Item 5 and 6**; seconded by Director D'Arcy motion was approved unanimously.

Director D'Arcy made a motion for approval of **Engineering Item 7**; seconded by Director Gonzalez. The motion was approved unanimously.

Director Gonzalez made a motion for approval of **Engineering Item 8**; 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 Kane County. Cost to the Tollway: Tollway to be reimbursed \$39,930.

Item 2: A Series of Intergovernmental Agreements with Various Municipalities. Cost to the Tollway: \$0.

Discussion ensued on the benefits of entering into a series of intergovernmental agreements with municipalities.

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

At approximately 10:10 a.m. David Goldberg, General Counsel, indicated the need to discuss the sale of securities (bonds) by the Tollway in Executive Session pursuant to Section 2(c)(7). Director

D'Arcy made the motion to enter into Executive Session; seconded by Director Gonzalez. The motion was approved unanimously.

At approximately 10:34 a.m., the Committee re-entered the public session of the Finance Administration Operations Committee meeting. There being no further business, Committee Chair Peterson requested a motion to adjourn. Motion to adjourn was made by Chair D'Arcy; seconded by Director Gonzalez. The motion was approved unanimously.

The meeting was adjourned at approximately 10:35 a.m.

Minutes taken by:  _____

Marlene Vick
Assistant Board Secretary
Illinois State Toll Highway Authority



Upcoming Large Contracts

Finance Administration Operations Committee

April 17, 2013

Striking a Balance

- ▶ **Package contracts with the customer in mind**
 - ▶ Safety of travelers and workers
 - ▶ Efficient delivery and administration

- ▶ **Provide a range of contract sizes and types**
 - ▶ Unbundling success continues – with upcoming Board approvals, will have awarded 15 so far this year, compared to 14 for all of 2012.

- ▶ **Like the Congestion-Relief Program, some projects are best suited for fewer, larger contracts**
 - ▶ Des Plaines River Valley Bridge (I-355)
 - ▶ Open Road Tolling Plazas

- ▶ **Consider cost impacts**
 - ▶ Encourage maximum competition
 - ▶ Get best value pricing

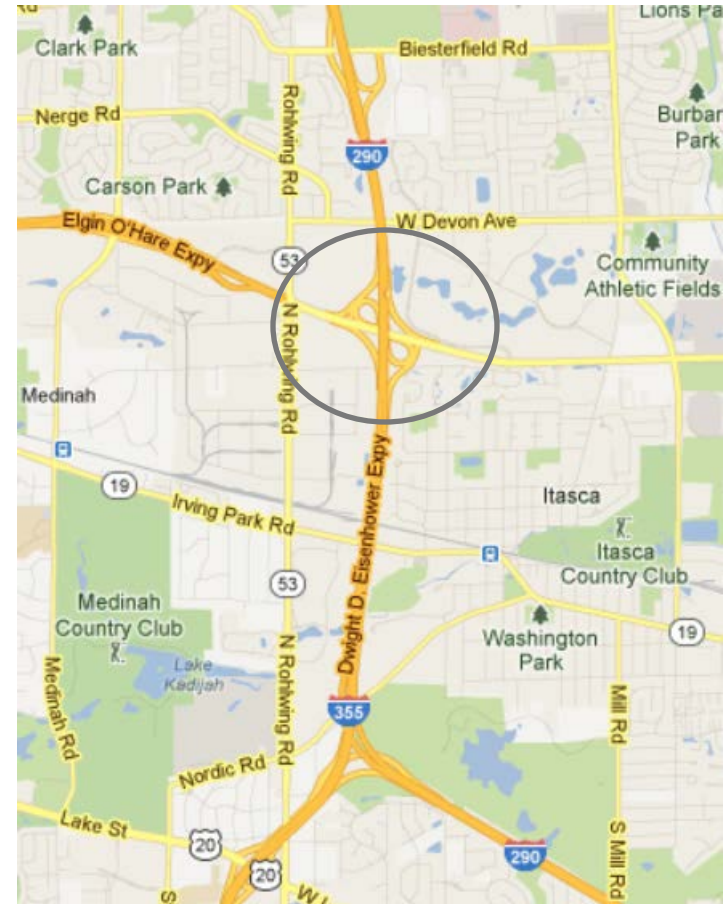
I-90 Fox River Bridge

- ▶ Originally constructed in 1957
- ▶ *Move Illinois* = complete reconstruction and widening
- ▶ Scheduled to begin late 2013/early 2014 and completed 2016
- ▶ \$100-\$150 million
- ▶ **Features**
 - ▶ Limited work space
 - ▶ Environmental constraints
 - ▶ Complex maintenance of traffic
 - ▶ Completion requires more than one construction season



Elgin O'Hare Western Access and I-290

- ▶ **New Elgin O'Hare Western Access/I-290 Interchange construction**
- ▶ **Scheduled to begin 2013 and completed 2017**
- ▶ **Two large contracts of \$50-100+ million**
- ▶ **Features**
 - ▶ Existing high-traffic congestion
 - ▶ Nine new bridges and 12 ramps
 - ▶ Demolish three existing bridges
 - ▶ Minimal area for construction staging
 - ▶ Complex system of detention sites and best management practices



Benefits of Larger and Fewer Contracts for Complex Construction Sites



- ▶ **Reduces impact to the customer**
 - ▶ Ability to better coordinate maintenance of traffic
 - ▶ Shorter construction duration affecting mainline traffic

- ▶ **Improves efficiency**
 - ▶ Improved accountability, coordination and response
 - ▶ Less mobilization and demobilization
 - ▶ More schedule flexibility within the contract

- ▶ **Promotes contractor innovation**

- ▶ **Decreases costs**
 - ▶ Reduced administration and overhead costs
 - ▶ Improved economies of scale
 - ▶ Improved schedule control

Moving Forward

- ▶ **Continue to provide contract opportunities for large and small contractors**
- ▶ **Evaluate projects individually and choose correct contract packaging size**
 - ▶ Maximize customer service and safety
 - ▶ Reduce costs and risks for schedule delays
- ▶ **Incorporate Small Business Initiative to promote a diverse spectrum of opportunities**

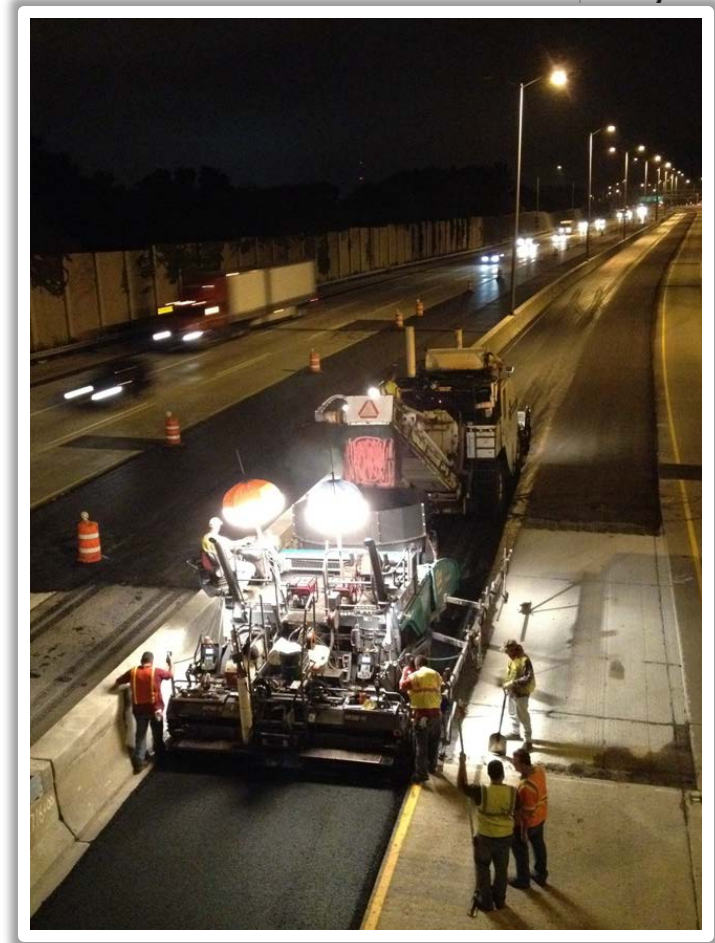


Small Business Initiative

April 17, 2013

Small Business Initiative

- ▶ Ensure that small businesses have an **opportunity to participate** in *Move Illinois*
- ▶ Put small businesses in a **position to grow and succeed** as prime contractors
- ▶ **Two-part approach:**
 1. Small business contracts
 2. Small business goals



Qualifications

- ▶ **Businesses with gross revenues of \$10 million or less annually**
- ▶ **Approved on IDOT's list of prequalified bidders**
 - ▶ Required on a case-by-case basis
- ▶ **Registration in the state's Small Business Set Aside Program**
 - ▶ Chief Procurement Officer coordinates
 - ▶ Confirms small businesses are not affiliate companies of a large, established contractors

Small Business Contracts

- ▶ An **extension of efforts to unbundle contracts**
- ▶ Contract **value of generally less than \$1 million provides best opportunity** for contracts identified specifically for small businesses
- ▶ Schedule of **contracts to be identified by** Engineering and Diversity Departments



Small Business Contract Goals

- ▶ Provision allows for **goal-setting for small businesses**, just as it does for disadvantaged businesses
- ▶ Goals set on a **project-by-project** basis
- ▶ **No contract value limits**



Next Steps

- ▶ **Identify construction contracts for:**
 - ▶ Disadvantaged Business Enterprise (DBE) goals
 - ▶ Small business goals or contracts
 - ▶ Combination of both, DBE and small business goals
- ▶ **Begin with contracts scheduled to advertise in May**
- ▶ **Coordinate outreach efforts to assist small businesses**
 - ▶ Registration assistance for the state's Small Business Set Aside Program
 - ▶ Outreach to construction firms and industry advocacy organizations



THANK YOU
