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## Record of Meeting | April 15, 2015

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The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, April 15, 2015, at the Tollway’s Central Administration Building in Downers Grove, Illinois. The Meeting was held pursuant to By-Laws of the Tollway upon call and notice of the Meeting executed by Chair Paula Wolff and posted in accordance with the requirements of the *Illinois Open Meetings Act*. The Meeting was open to the public.

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

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## Call to Order / Roll Call

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Committee Chair Mark Peterson called the Meeting to order at approximately 9:03 a.m. and stated that this is the regularly scheduled meeting of the Finance, Administration and Operations Committee of the Tollway Board of Directors. 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 Terry D’Arcy
Director David Gonzalez

Committee Members Not Present:
None

Also Attending:
Chair Paula Wolff

The Board Secretary declared a quorum present.

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## Public Comment

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



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## Committee Chair's Items

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Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting held on March 18, 2015. Director D'Arcy made a motion for approval; seconded by Chair Wolff. The motion was approved by all voting Directors with Director Gonzalez abstaining for the stated reason that he did not attend the meeting.

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

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## Executive Director

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**Property and Liability Insurance Procurement Process:** Executive Director Lafleur stated that in response to a request made at the last Committee meeting, staff has prepared an overview of the advantages and disadvantages of various processes available to the agency for procuring property and liability insurance coverage. She then introduced John Hauk, Insurance Risk Manager, to provide a presentation on three approaches to the Tollway's Property and Liability Insurance Procurement Process. [See attached presentation.](#)

Mr. Hauk began by discussing an approach that uses a request for proposal ("RFP") for brokers to deliver quotes for insurance coverages based upon Tollway-created specifications. Chair Wolff inquired about potential prohibitions on working with brokers or other industry participants in order to develop the most effective RFP. Mr. Hauk responded that interaction can reach a level potentially disqualifying a party from bidding, which the Tollway wants to avoid.

Chair Wolff inquired whether there are experts available for consultation, in forming an RFP, who are not brokers. Mr. Hauk responded that it has been his experience that only commercial insurance brokers operating daily within the industry have the needed familiarity with the complexities of the marketplace, including the carriers and coverages available. Mike Colsch, Chief of Finance, added that alternative processes, other than procurement through an RFP for specific insurance coverages, allow the Tollway a more direct interaction with potential insurance carriers.

Director Peterson asked who would participate on the Risk Management team responsible for developing the specifications and on the Tollway selection committee responsible for evaluating the RFP proposals. Mr. Hauk responded that the Insurance Risk Manager is a member and that the remaining members of these panels are drawn from varying relevant departments within the agency, depending upon the coverages being sought.



Committee Co-Chair Peterson suggested that the Tollway may not get the most comprehensive market input if RFP's request a specific broker/carrier combination proposal. Mr. Hauk concurred.

Committee Co-Chair Peterson inquired about the number of insurance carriers that offer the capacity and coverages needed to meet Tollway requirements. Mr. Hauk responded that the pool of carriers which can meet Tollway requirements is limited.

Mr. Hauk then turned to a discussion of RFP's for brokerage service only, allowing the brokers to approach carriers after being designated the Tollway's selected intermediary. Mr. Hauk indicated this allows dialog with carriers in order to promote achievement of the appropriate layers of coverage at the optimal premium. He noted that this RFP process was recently employed to procure cyber-liability coverage, achieving a favorable result.

Mr. Hauk next provided background on a third approach, utilizing a CMS master contract for insurance services. Mr. Hauk specified certain shortcomings that can occur with this approach.

Committee Co-Chair Peterson asked which of the three procurement processes the Risk Management team recommends for property and liability insurance coverage. Mr. Hauk responded that the RFP process to appoint an insurance broker is being recommended, adding that the process may include obtaining separate brokers to facilitate the different coverages needed.

Committee Co-Chair Peterson asked the identity of the current broker and carrier of the Tollway's property and liability insurance coverage. Mr. Hauk responded the primary carrier for liability Insurance policies is The Insurance Company of the State of Pennsylvania through USI-Midwest, the insurance broker, and the primary carriers for the property insurance program are RSUI Indemnity Company and Chubb Insurance Company through Mesirow Insurance Services, the insurance broker.

Chair Wolff inquired about the fee structures associated with the RFP process to obtain insurance brokerage services. Mr. Hauk responded that the preferred compensation method would be that brokers quote a flat fee, avoiding the variability of a commission.

Chair Wolff asked if a flat fee was a requirement in prior RFP's. Mr. Hauk responded in the negative, explaining that previous RFP's have specified the Tollway's priority to avoid contingent commissions and that respondents should declare in their proposal what payments would be required, assuring all costs can be determined during the review for selection.



Chair Wolff asked Mr. Hauk whether it is his belief that the procurement process for insurance coverage which uses an RFP to only obtain brokerage services has resulted in favorable outcomes for the agency. Mr. Hauk responded affirmatively, emphasizing the important benefit for a public entity in allowing for cost transparency.

Mike Colsch noted that the Illinois Department of Central Management Services (“CMS”) is the state entity statutorily authorized to make insurance procurements and a delegation will be sought from CMS, as has been past practice, to enable the Tollway to procure its own broker services.

Chair Wolff thanked Mr. Hauk for the informative presentation to aid in better understanding the insurance procurement process.

**Commercial Vehicle Performance:** Executive Director Lafleur stated that in view of the implementation in January of a 40 percent increase in toll rates for commercial vehicles (“CVs”), staff has conducted a review of the performance of CVs on the Tollway system for the first quarter of 2015. She reported that results of the review are positive, showing the Tollway has seen a 6.4 percent increase in transactions for all traffic, with passenger cars up 6.8 percent and CVs up 3.4 percent. She added that the agency will continue to monitor the performance of the system and work closely with the trucking industry to make improvements that benefit them in the future. Ms. Lafleur then introduced Rocco Zuccherro, Deputy Chief of Engineering for Planning, to provide a presentation to update the Committee on Commercial Vehicle Performance in the First Quarter of 2015. [See attached presentation.](#)

Committee Chair Peterson inquired concerning enforcement and the magnitude of the issue of overweight trucks on the Tollway system. **Mr. Zuccherro responded** that the percentage of CV traffic which is overweight is small but **that more detailed information will be provided.**

Committee Chair Peterson asked if roadway sensors are used to detect overweight vehicles. **Paul Kovacs, Chief Engineer, responded that some weigh-in-motion devices have been recently implemented and that details of their current and planned utilization will be provided.** Mr. Kovacs noted that additional static scales are planned for implementation and will be used, with the assistance of the Illinois State Police, for targeted enforcement at key locations.

Committee Chair Peterson asked the relative impact to the roadway of trucks versus passenger vehicles. Mr. Zuccherro responded that road damage from a fully loaded tractor-trailer at 80,000 pounds is equivalent to approximately 10,000 cars.



Committee Chair Peterson requested confirmation that the composition of CV traffic by time of day, specifically those that avail themselves of the discounted overnight rates, has been little changed since the implementation of the toll increase. Mr. Zucchero confirmed, explaining that typical operating hours made available by businesses for pickup and receipt of delivery act as a constraint on CVs' usage of overnight discount rates. He added that initiatives are being considered to promote regionally the use of broader operating hours for loading and unloading of freight.

Director D'Arcy asked the amount of the overnight discounts to toll rates offered between 10 p.m. and 6 a.m. Mr. Zucchero responded that the discounts average 25 percent and apply to trucks and cars with trailers.

Director D'Arcy suggested that a 25 percent discount may be inadequate to incentivize overnight usage and also inquired whether additional off-peak daytime discounts have been considered to ease traffic congestion during peak travel times. Mike Colsch, Chief of Finance, responded that off-peak discounts for I-PASS users were previously implemented for a period, resulting in marginal impact to traffic congestion. **Executive Director Lafleur responded that an evaluation of the overnight discounts offered and potential variable congestion-management pricing will be included in the Tollway's strategic planning process.**

Chair Wolff, referring to presentation appendix slide 11 comparing CV toll rates of agencies nationwide, observed the Tollway's current CV toll rates are in the lower half of those reported and inquired how the agency is anticipated to compare when the additional 10% increases to CV toll rates occur in 2016 and 2017. Executive Director Lafleur responded that while the future rates of other agencies are unknown, the Tollway's CV toll rates are anticipated to remain in the middle range of CV toll rates nationwide.

Chair Wolff asked the Tollway's approximate CV cost per mile once the additional 10% increases have been implemented in 2016 and 2017. Mr. Colsch responded the cost in 2017 will be approximately \$0.56 per mile.

### Items for Consideration

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



*Item 1: Award of contract issued through the Illinois State Treasurer's office providing the Illinois Tollway with customary banking services and armored car services to Bank of America for a four-year period, commencing September 1, 2015, in an amount not to exceed \$1,400,000.00.*

Committee Chair Peterson requested a motion for approval of **Finance Item 1**. Director Gonzalez made a motion for approval; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

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

*Item 1: Award of Contract 15-0010 to Electronic Transaction Consultants Corporation for the purchase of Toll Revenue Management and Maintenance Program Services in an amount not to exceed \$13,000,000.00 (Tollway Sole Source).*

Executive Director Lafleur reminded the Committee that in 2010, the Board and management identified the toll revenue management and maintenance program ("TRMMP") contract for potential division into the smaller contracts to encourage competition and increase service and performance. She continued that while progress is being made on dividing the functions of the original TRMMP contract, including advertising for a new lane vendor this year, the agency needs to continue the services of the current vendor to ensure a seamless transition. Ms. Lafleur then introduced Ms. Whitehead to give a presentation on the Toll Revenue Management and Maintenance Program Contract. [See attached presentation.](#)

Committee Chair Peterson informed the Committee that Director Redick, Co-Chair of the Customer Service & Planning Committee, which typically oversees these services, has had an opportunity to review and has expressed his support for the TRMPP contract being presented for consideration at the Meeting.

Committee Chair Peterson requested confirmation from Mr. Colsch that the contract award can be accommodated within the 2015 Capital and Maintenance & Operations budgets. Mr. Colsch confirmed.

Committee Chair Peterson requested confirmation that the vendor has made a 10% Business Enterprise Program ("BEP") commitment for the contract and further asked the nature of the work provided by the BEP subcontractor. Ms. Whitehead confirmed, specifying the subcontractor provides staffing to perform maintenance services on toll equipment.



Committee Chair Peterson requested a motion for approval of **Business Systems Item 1**. Director D'Arcy made a motion for approval; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

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

*Item 1: Award of Contract 14-0077 to Rush Truck Centers of Illinois, Inc. (d.b.a. Rush Truck Center, Chicago); Lakeside International LLC (d.b.a. Lakeside International Trucks); and Thompson Truck & Trailer, Inc. for the purchase of Navistar Truck Repair Services in an aggregate amount not to exceed \$451,625.00 (Tollway Invitation for Bids).*

Committee Chair Peterson requested confirmation that three vendors have been selected for award in order to provide adequate geographical coverage of Tollway needs for Navistar truck repairs. Mr. Donato confirmed.

*Item 2: Award of Contract 14-0080R to Secure Products Corp. for the purchase of Dual-Pouch Plastic Money Bags in an amount not to exceed \$270,200.00 (Tollway Invitation for Bids).*

*Item 3: Award of Contract 14-0185 to Alert IT Solutions, Inc. for the purchase of Tripwire Software, Maintenance, Support, and Services in an amount not to exceed \$269,605.98 (Tollway Invitation for Bids).*

Chair Wolff asked whether a larger number of bidders were anticipated in response to the Tollway's invitation for bid. Mr. Donato responded that bidders were required to be an authorized Tripwire partner, which limited the pool of eligible respondents.

Chair Wolff asked whether the award amount is in accordance with the projected costs for these services. Mr. Donato responded affirmatively.

*Item 4: Award of Contract 14-0073R to Oestreich Sales and Service, Inc. for the purchase of Safe Repair and Maintenance Services in an amount not to exceed \$234,997.50 (Tollway Invitation for Bids).*

Director D'Arcy expressed his wish to recuse himself from participating in the decision regarding this item.



Committee Chair Peterson requested a motion for approval of **Procurement Items 1 through 3**. Director Gonzalez made a motion for approval; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson requested a motion for approval of **Procurement Item 4**. Director Gonzalez made a motion for approval; seconded by Chair Wolff. The motion to move to the full Board consent agenda was approved by all voting Directors with Director D'Arcy recusing himself.

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

*Item 1: Award of Contract RR-14-4217 to Allied Landscaping Corporation for Site Restoration and Landscaping on the Tri-State Tollway (I-294) at Maintenance Facility M-1 (Alsip), in the amount of \$181,855.00.*

Director Gonzalez inquired about the disparity between the number of plan holders reported and the number of responses received to the Tollway's invitation for bid. Mr. Kovacs responded that complimentary plans are offered to assistance agencies, which comprised 11 of the 17 plan holders reported for the contract.

Director Gonzalez requested confirmation that from six non-assist agency plan holders came two bid responses. Mr. Kovacs confirmed, clarifying that one of the six non-assist agency plan holders is an intermediary that would not be anticipated to bid.

Director Gonzalez asked of the 25 plan holders reported for Engineering Item 2, how many were contractors considering bidding to serve as prime for the contract. Mr. Kovacs responded that approximately 13 plan holders were at least sufficiently interested to pay for plans, but whether their interest was to serve as a prime or a subcontractor is not known.

Director Gonzalez, observing that only three bid responses were received on Engineering Item 2 from approximately 13 interested plan holders, asked whether follow up is performed with non-bidding plan holders. Mr. Kovacs responded the Engineering department's practice is to conduct follow up with non-bidding plan holders when the number of responses on a Tollway invitation to bid is two or less.

Director Gonzales, referencing Engineering Item 2, asked why more small contractors did not avail themselves of the opportunity to participate in this contract set aside by the Tollway





specifically for small businesses. **Mr. Kovacs responded that follow up with non-bidding plan holders on this item will be performed.**

*Item 2: Award of Contract I-15-4650 to TBD for Building Demolition on the Elgin O'Hare Western Access Tollway (EOWA) from Milepost 0.2 (East Green Street) to Milepost 0.7 (Acorn Lane), in the amount of \$TBD.*

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

*Item 3: Award of Contract RR-14-4215R to TBD for Building and Site Signage on the Tri-State Tollway (I-294) at Maintenance Facility M-1 (Alsip), in the amount of \$TBD.*

Mr. Kovacs requested that consideration of this item be deferred until a future meeting.

*Item 4: Award of Contract RR-14-5706 to Industria, Inc. for Preservation of Structural Elements on the Tri-State Tollway (I-94) from Milepost 9.7 (Washington Street) to Milepost 16.6 (Canadian National Railroad), in the amount of \$522,249.60.*

*Item 5: Award of Contract RR-15-5708 to F. H. Paschen, S.N. Nielsen & Assoc., LLC, for Systemwide Bridge Repairs on the Tri-State Tollway (I-294) at Milepost 0.10 (Canadian National Railroad), Milepost 31.0 (I-88) and Milepost 39.3 (Canadian Pacific Railroad); Reagan Memorial Tollway (I-88) at Milepost 138.65 (Salt Creek); Veterans Memorial Tollway (I-355) at Milepost 20.8 (Finley Road) and Milepost 21.5 (I-355/I-88 SW Ramp); and Jane Addams Memorial Tollway (I-90) at Milepost 17.4 (I-39, US 20), in the amount of \$834,176.52.*

*Item 6: Award of Contract I-15-4227 to TBD for Smart Corridor / ITS on the Jane Addams Memorial Tollway (I-90) from Milepost 53.8 (Elgin Plaza 9) to Milepost 78.9 (Kennedy Expressway), in the amount of \$ TBD. (Bid Opening 4/14).*

Mr. Kovacs requested that consideration of this item be deferred until the April Board of Directors meeting.

*Item 7: Acceptance of Proposal from CH2M Hill Inc. on Contract I-11-4014 for Supplemental Design Services for Design Corridor Management and Design Section Engineering Services on the Elgin O'Hare Western Access (EOWA), in the amount of \$4,000,000.00 from \$66,840,422.00 to \$70,840,422.00.*



Committee Chair Peterson requested confirmation the vendor has committed to a 25% Disadvantaged Business Enterprise (“DBE”) goal for the contract. Mr. Kovacs confirmed, noting that the contract has DBE earned to-date of slightly less than this amount but the vendor is anticipated to meet its commitment.

*Item 8: Acceptance of Proposal from BCP Tollway Partners Joint Venture on Contract I-13-4100 for Supplemental Construction Management Services for Retaining Wall, Noise Wall and Bridge Widening, on the Jane Addams Memorial Tollway (I-90) from Milepost 70.7 (Arlington Heights Road) to Milepost 73.3 (East of Oakton Street), in the amount of \$TBD from \$3,193,338.69 to \$TBD. [Recusal: Director D’Arcy]*

Mr. Kovacs requested that consideration of this item be deferred until the April Board of Directors meeting.

*Item 9: Acceptance of Proposal from Alfred Benesch & Company on Contract I-13-4102 for Supplemental Construction Management Services for Retaining Wall, Noise Wall and Bridge Widening, on the Jane Addams Memorial Tollway (I-90) from Milepost 74.6 (Mount Prospect Road) to Milepost 76.1 (Lee Street), in the amount of \$323,676.23 from \$3,065,313.46 to \$3,388,989.69.*

*Item 10: Acceptance of Proposal from STV, Inc. on Contract I-13-4112 for Supplemental Construction Management Services on the Jane Addams Memorial Tollway (I-90) from Milepost 68.2 (IL 53) to Milepost 70.7 (Arlington Heights Road), in the amount of \$TBD from \$2,991,238.02 to \$TBD.*

Mr. Kovacs requested that consideration of this item be deferred until the April Board of Directors meeting.

*Item 11: Partial Release of Retainage on Contract I-13-4133 Curran Contracting Company, for Widening and Reconstruction, on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 24.9 (Genoa Road) to Milepost 33.5 (Anthony Road), by \$1,621,789.78 from \$2,729,111.78 to \$1,107,322.00.*

*Item 12: Partial Release of Retainage on Contract I-13-4134 to R. W. Dunteman Company for Widening and Reconstruction, on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 18.4 (Kishwaukee River) to Milepost 24.9 (Genoa Road), by \$992,322.67 from \$2,332,351.70 to \$1,340,029.03.*



Mr. Kovacs highlighted that during construction, the vendor increased its DBE commitment on the contract from 19% to 26%. He continued that the vendor's DBE performance to-date is on track to meet this commitment.

Chair Wolff asked whether additional DBE subcontractors were added to perform the extra work required. Mr. Kovacs responded affirmatively.

*Item 13: Partial Release of Retainage on Contract I-13-4137 to William Charles Construction Company, LLC, for Pavement, Drainage, Guardrail and Structural Repairs, on the Westbound Jane Addams Memorial Tollway (I-90) from Milepost 17.8 (Mill Road) to Milepost 18.4 (East of Kishwaukee River), by \$344,577.17 from \$607,549.73 to \$262,972.56. [Recusals: Director D'Arcy, Director Sweeney]*

*Item 14: Partial Release of Retainage on Contract RR-14-5691 to F.H. Paschen, S.N. Nielsen & Associates, LLC, for Ramp, Drainage, Guardrail and Structural Repairs, on the Tri-State Tollway (I-294) from Milepost 10.9 (Cal-Sag Channel) to Milepost 39.4 (South of Balmoral Avenue), by \$635,023.07 from \$787,565.07 to \$152,542.00.*

*Item 15: Final Release of Retainage on Contract I-13-4147 to Divane Brothers Electric Company for Advanced Intelligent Transportation Systems (ITS) Relocation on the Jane Addams Memorial Tollway (I-90) from Milepost 54.2 (Elgin Plaza) to Milepost 79.5 (Kennedy Expressway).*

*Item 16: Final Release of Retainage on Contract I-13-4149 to Meade, Inc. for Electric Power Distribution Duct Bank and Crossroad Utility Conduit Installation on the Jane Addams Memorial Tollway (I-90) from Milepost 17.6 (Mill Road) to Milepost 53.2 (Sleepy Hollow Road).*

*Item 17: Final Release of Retainage on Contract RR-14-4176 to National Power Rodding, Inc. Drainage Structures Cleaning on the Veterans Memorial Tollway (I-355) from Milepost 12.3 (I-55) to Milepost 29.8 (Army Trail Road).*

*Item 18: Final Release of Retainage on Contract RR-13-5665 to Landmark Contractors, Inc. Ramp Reconstruction on the Tri-State Tollway (I-94) at Milepost 11.2 (IL Route 120).*

Mr. Kovacs highlighted that the vendor, while initially granted a waiver that reduced their DBE goal to 11.76%, has since added DBE subcontractors and has increased its DBE commitment to 25.67%. He noted that the vendor's DBE performance to-date is on track to meet this commitment.



Committee Chair Peterson stated that consideration of **Engineering Items 2, 3, 6, 8, and 10** will be deferred.

Director D'Arcy made a motion for approval of **Engineering Items 1, 4, 5, 7, 9, 11 and 12**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

Director Gonzalez made a motion for approval of **Engineering Item 13**; seconded by Chair Wolff. The motion to move to the full Board consent agenda was approved by all voting Directors with Director D'Arcy recusing himself.

Director Gonzalez made a motion for approval of **Engineering Items 14 through 18**; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

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

*Item 1: An Intergovernmental Agreement with the City of Des Plaines. Cost to the Tollway: \$ 0.*

*Item 2: A General Utility Agreement – West Shore Pipe Line. Cost to the Tollway: \$ 0.*

*Item 3: A General Utility Agreement – Unite Private Network. Cost to the Tollway: \$ 0.*

*Item 4: A General Utility Agreement – BP Pipelines. Cost to the Tollway: \$ 0.*

*Item 5: A Workers Compensation Settlement – Don Wilch. Cost to the Tollway: As discussed in Executive Session.*

Mr. Goldberg requested that consideration of this item be deferred to Executive Session of the April Board of Directors meeting.

*Item 6: Award of Contract 13-0150 to Approve a Pool of Law Firms to be used on an as-needed basis in the areas of Labor Relations; General Civil; Workers Compensation; Legal Liability; Intellectual Property; and Contract Matters. Cost to the Tollway: \$TBD.*

Committee Chair Peterson inquired whether the firms approved to serve as outside counsel for various legal services would be used by the Tollway on a rotational basis. Mr. Goldberg



responded that the intent generally would be to rotate firms; however, particular areas of expertise, staffing and other factors may be considered in the firm selection process.

Committee Chair Peterson asked whether counsel is anticipated to be called upon from the pool of approved firms to represent the Tollway on environmental matters. Mr. Goldberg responded that this would be an option, as some of the approved firms practice environmental law. He emphasized that the contract does not preclude the agency from soliciting firms outside of the approved pool to perform Tollway environmental legal work or even legal work within the six identified categories. Executive Director Lafleur added that historically, outside counsel for environmental legal work has not been frequently required by the Tollway.

Item 7: Collective Bargaining Agreement – AFSCME.

Mr. Goldberg requested that consideration of this item be deferred to Executive Session of the April Board of Directors meeting.

Item 8: Collective Bargaining Agreement - Teamsters.

Mr. Goldberg requested that consideration of this item be deferred to Executive Session of the April Board of Directors meeting.

Committee Chair Peterson requested a motion for approval of **Legal Items 1 through 4 and 6**. Director Gonzalez made a motion for approval; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

Committee Chair Peterson stated that **Legal Items 5, 7, and 8** will be deferred to Executive Session of the April Board of Directors meeting.

## Adjournment

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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 10:44 a.m.



**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

Minutes of the  
**Finance, Administration and Operations Committee Meeting**

Meeting Date  
**April 15**  
2015



*Christi Regnery*

Minutes taken by: \_\_\_\_\_

Christi Regnery  
Board Secretary  
Illinois State Toll Highway Authority



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**Property and Liability Insurance**

**Procurement Process**

**Finance, Administration and Operations Committee**

**April 15, 2015**

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# Three Procurement Processes

- Request for Proposal (RFP) for insurance coverage
- RFP for insurance broker services
- CMS master contract for broker services





# RFP Process For Insurance Coverage

- Risk Management develops general specifications for needed insurance
- Risk Management and Procurement develop RFP
- RFP is published via the Illinois Procurement Bulletin
- Insurance broker seeks quotes from insurance carriers
- Insurance brokers submit proposals on or prior to due date
- Tollway selection committee evaluates proposals



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# RFP For Insurance Coverage

## Pros

- Allows for wide distribution of specifications
- Suggest that many insurance carriers will provide quotes

## Cons

- RFP based on specialized needs of Tollway
- Coverage specifications are limited to knowledge of Tollway
- Limits interaction of the Tollway with potential insurance carriers
- May be difficult for new/different brokers to participate



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# RFP For Broker Services

- Use the RFP process to obtain professional services for insurance brokerage
- Broker works with Tollway to obtain competitive quotes
- Quotes are provided to the Tollway for final selection



# RFP For Broker Services

## Pros

- Quotes are based on combined broker and Tollway specs
- Provides for two-part procurement process

## Cons

- Not all insurance carriers provide best quotes for all brokers
- Require selection of broker with knowledge of toll road/public entity operations



# **CMS Master Contract - Insurance Broker Services**

- **CMS entered into a master contract for insurance broker services**
- **Consolidates the various insurance needs of the state agencies**
- **Policies have been special event policies, weather insurance, vehicle physical damage insurance, etc.**
- **Current services are for the term of 2014-2017**
- **Tollway could use this broker to obtain the insurance**

# CMS Master Contract – Insurance Broker Services

## Pros

- Tollway can use the broker when needed during contract
- May be able to obtain quotes for special needs quicker

## Cons

- Contract is for only the 2016-2017 policy year need of the Tollway
- Broker may have limited access for carriers needed for Tollway special needs





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**THANK YOU**



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**Commercial Vehicle Performance**  
**First Quarter 2015**  
**Finance and Administration Committee**  
**April 15, 2015**

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# Agenda

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- ▶ **Overview**
- ▶ **Metrics we monitor**
- ▶ **Initial summary of metrics**
- ▶ **Early trends**
- ▶ **Next steps**

# Overview

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- ▶ **Toll increase effective January 1, 2015**
  - ▶ 40 percent increase
  - ▶ Overnight discount (10 p.m. to 6 a.m.)
  - ▶ No differential for cash or I-PASS
  
- ▶ **Monitoring initial results**
  - ▶ Data set compares 2014 YTD to 2015 YTD (through April 5, 2015)
  - ▶ Jane Addams Memorial Tollway (I-90) western segment is complete
  - ▶ Compare actual performance to forecast performance
  
- ▶ **Continue communication with trucking industry**



# Tollway Monitors Comprehensive Data

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*Tollway monitors data for both passenger vehicles (PV) and commercial vehicles (CV)*

- ▶ Plaza transactions and revenue
- ▶ Vehicle classification
- ▶ Time of day
- ▶ I-PASS compared to cash
- ▶ Weather
- ▶ Construction
- ▶ Delays
- ▶ Crash rates

# Initial Summary of Metrics

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*In the first three months of 2015, the Tollway has seen an increase in overall transactions of all traffic*

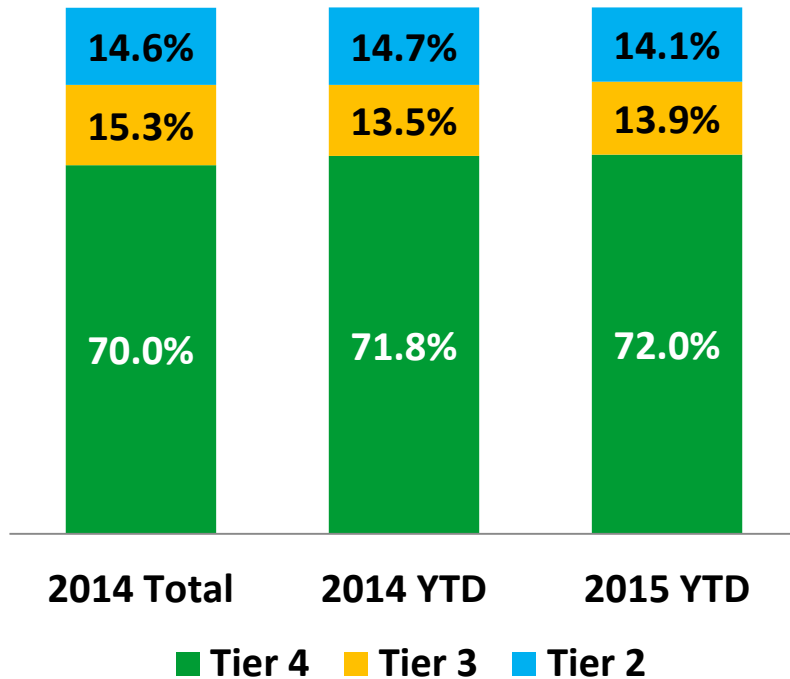
- ▶ **Overall transactions are up 6.4 percent for all traffic year to date\***
  - ▶ Passenger cars (PC) up 6.8 percent
  - ▶ Commercial vehicles (CV) up 3.4 percent
- ▶ **Consistent amount of CV transactions year to date**
  - ▶ 2014: 12.2 percent of total systemwide
  - ▶ 2015: 11.9 percent of total systemwide
- ▶ **Overall revenue up 20.4 percent**
  - ▶ Increase in percentage of CV revenue year to date
    - ▶ 2014: 35.9 percent of total systemwide
    - ▶ 2015: 43.3 percent of systemwide

*\*YTD through April 5, 2015*

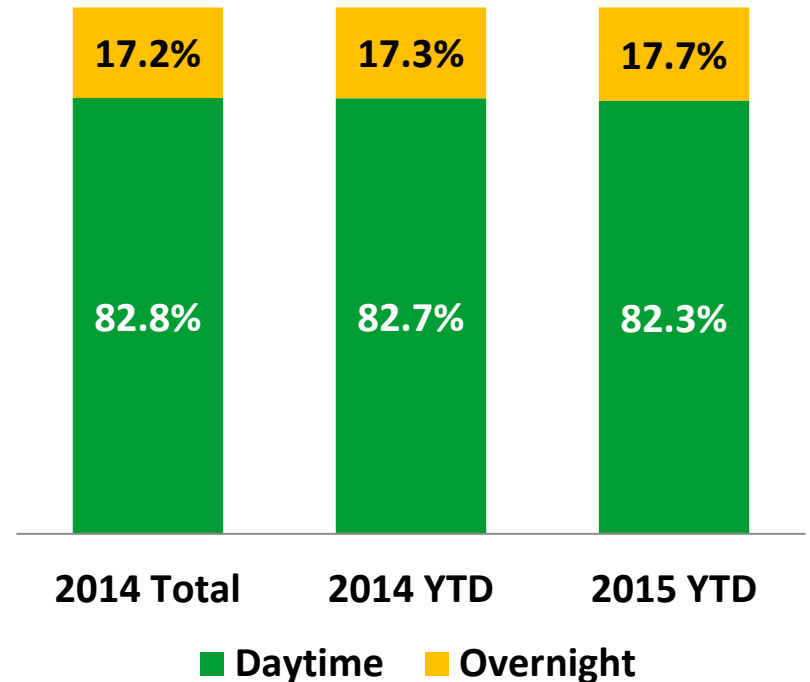
# Little Change in CV Traffic Travel Habits

*Composition of CV traffic (by vehicle class) remains the same and the vast majority continue to travel during the daytime*

## CV Transactions by Rate Tier



## CV Transactions by Time of Day



\*YTD through April 5, 2015

# Next Steps

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- ▶ **Continue performance monitoring of all traffic**
  - ▶ Additional metrics to be monitored and measured?
- ▶ **Continue outreach and coordination with the trucking industry**
  - ▶ Newsletter anticipated
  - ▶ Freight plan developed
- ▶ **Making future accommodations for potential truck parking**
  - ▶ Professional Service Bulletin item for Design Upon Request contract for truck parking master plan and design



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**THANK YOU**

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# Appendix

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# CV Generated Revenue by Corridor

- ▶ Highest CV revenue generated from the Tri-State Tollway
- ▶ Most heavily traveled roadway on the system

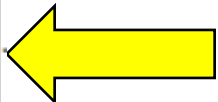
Corridor	Percent of Revenue <sup>(1)</sup>
Jane Addams Memorial Tollway (I-90)	19
Tri-State Tollway (I-294/I-94)	51
Reagan Memorial Tollway (I-88)	17
Veterans Memorial Tollway (I-355)	13
<b>Total percent of Tollway revenue</b>	<b>100</b>

*(1) 2014 adjusted expected revenues are unaudited and preliminary.*



# Benchmarking CV Toll Rates


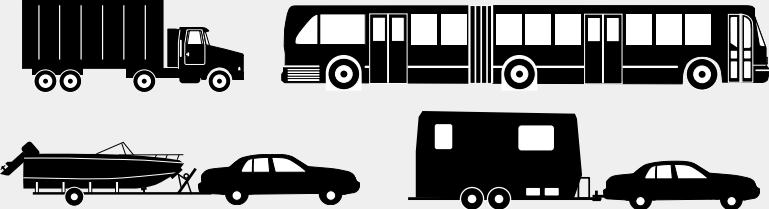

Truck (Five-Axle) Published Toll Rates by Agency, Electronic (I-Pass for Illinois Tollway)		
Agency	\$ / Mile (Facility Weighted)	Last Toll Rate Change
Skyway Concession Company (IL)	3.231	January 1, 2015
Adams Avenue Parkway, Inc (UT)	2.500	June 27, 2001
Harris County Toll Road Authority (TX)	1.981	September 7, 2013
Northwest Parkway, LLC (CO)	1.474	January 1, 2014
Transportation Corridor Agencies (CA)	1.283	July 1, 2014
Central Texas Regional Mobility Authority (TX)	1.183	January 1, 2015
E-470 Public Highway Authority (CO)	1.157	January 1, 2015
Toll Road Investors Partnership II (VA)	1.086	April 11, 2014
Maryland Transportation Authority (MD)	0.991	November 9, 2014
Cameron County Regional Mobility Authority (TX)	0.870	June 5, 2013
Fort Bend County Toll Road Authority (TX)	0.853	November 22, 2014
Metropolitan Washington Airports Authority (VA)	0.784	January 1, 2014
North Carolina Turnpike Authority (NC)	0.755	January 1, 2015
Tampa-Hillsborough County Expressway Authority (FL)	0.720	July 1, 2014
DBi Services (VA)	0.710	January 3, 2013
Miami-Dade Expressway Authority (FL)	0.705	November 15, 2014
SH 130 Concession Company, LLC (TX)	0.682	November 11, 2014
Florida Turnpike Enterprise (FL)	0.666	September 5, 2014
North Texas Tollway Authority (TX)	0.663	May 11, 2014
North East Texas Regional Mobility Authority (TX)	0.609	January 1, 2015
Osoeola County (FL)	0.565	October 6, 2014
South Carolina Department of Transportation (SC)	0.551	March 30, 2008
San Diego Association of Governments (CA)	0.550	June 30, 2012
Connector 2000 Association (SC)	0.531	January 1, 2012
Delaware Department of Transportation (DE)	0.511	August 1, 2014
Pennsylvania Turnpike Commission (PA)	0.508	January 4, 2015
<b>Illinois State Toll Highway Authority (IL)</b>	<b>0.491</b>	<b>January 1, 2015</b>
Texas Department of Transportation (TX)	0.487	January 1, 2015
City of Chesapeake (VA)	0.438	May 1, 2011
Mid-Bay Bridge Authority (FL)	0.400	January 6, 2014
New Jersey Turnpike Authority (NJ) - New Jersey Turnpike	0.385	January 1, 2012
South Jersey Transportation Authority (NJ)	0.341	May 18, 2010
Massachusetts Department of Transportation (MA)	0.332	October 15, 2013
Central Florida Expressway Authority (FL)	0.329	July 1, 2012
Richmond Metropolitan Transportation Authority (VA)	0.294	September 8, 2008
New York State Thruway Authority (NY)	0.266	January 3, 2010
Indiana Toll Road Concession Company (IN)	0.253	July 1, 2014
Maine Turnpike Authority (ME)	0.237	November 1, 2012
New Hampshire Department of Transportation (NH)	0.209	July 1, 2009
Oklahoma Turnpike Authority (OK)	0.195	August 4, 2009
West Virginia Parkways, Economic Development, and Tourism Authority (WV)	0.184	August 1, 2009
Florida Department of Transportation (FL)	0.177	July 1, 2014
Virginia Department of Transportation (VA)	0.150	July 1, 1999
Kansas Turnpike Authority (KS)	0.128	February 1, 2013
Ohio Turnpike and Infrastructure Commission (OH)	0.073	January 1, 2015
<b>Grand Total</b>	<b>0.628</b>	



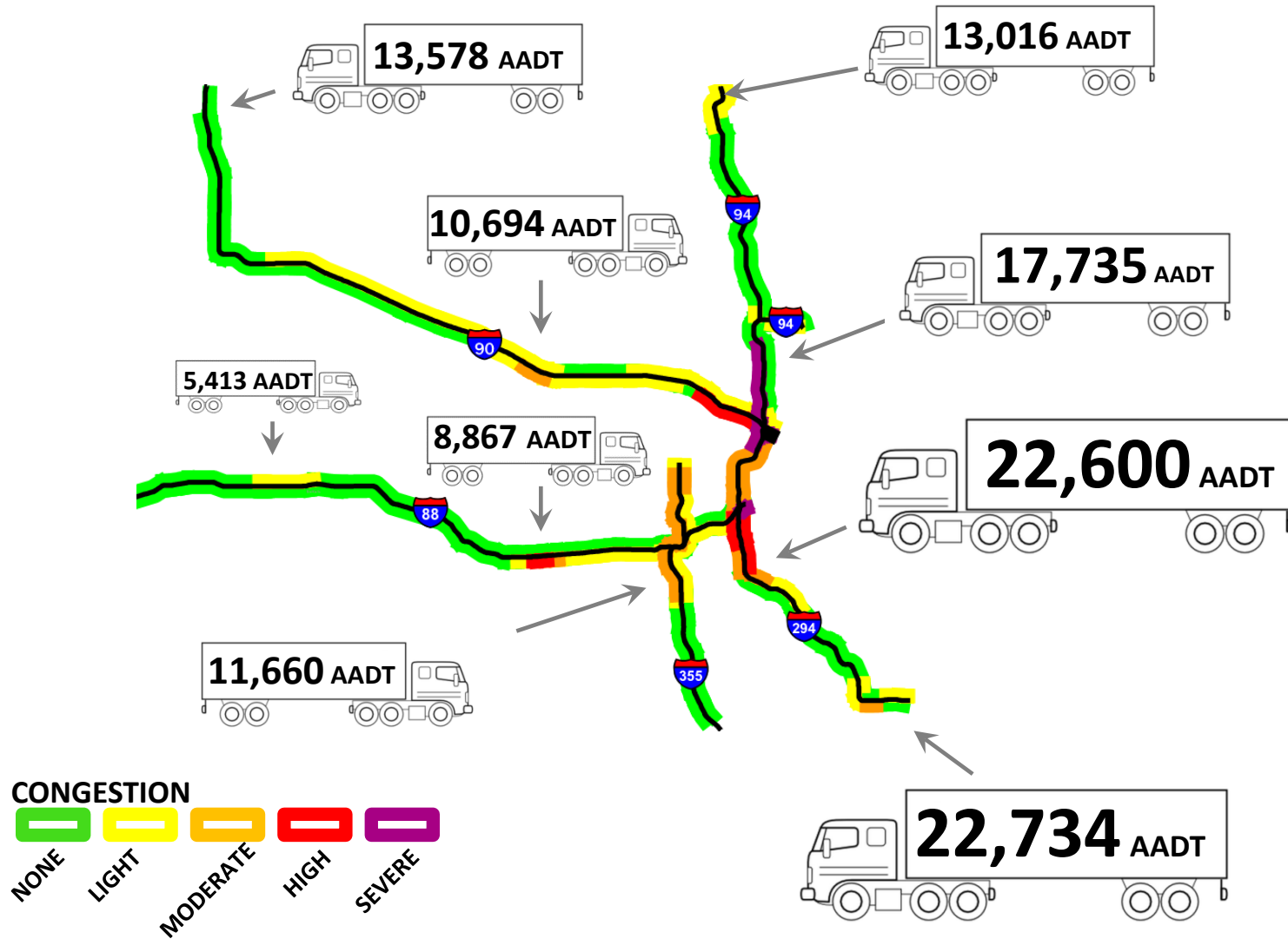
Updated January 5, 2015; data from CDM Smith National Toll Rate Database

\* I-Pass is 87.7% of Tollway Truck Transactions (2014)

# CV Classification

Vehicle Category	Description
<p><b>Small Truck</b></p>	<p>2 axles/6 tires; single unit trucks, buses</p> 
<p><b>Medium Truck</b></p>	<p>3 and 4 axles; trucks, buses, auto with 1-2 axle trailers</p> 
<p><b>Large Truck</b></p>	<p>5+ axles; trucks, auto with 3 axle trailer</p> 

# 2013 Usage and Congestion



# Seeing an Increase in CV Traffic

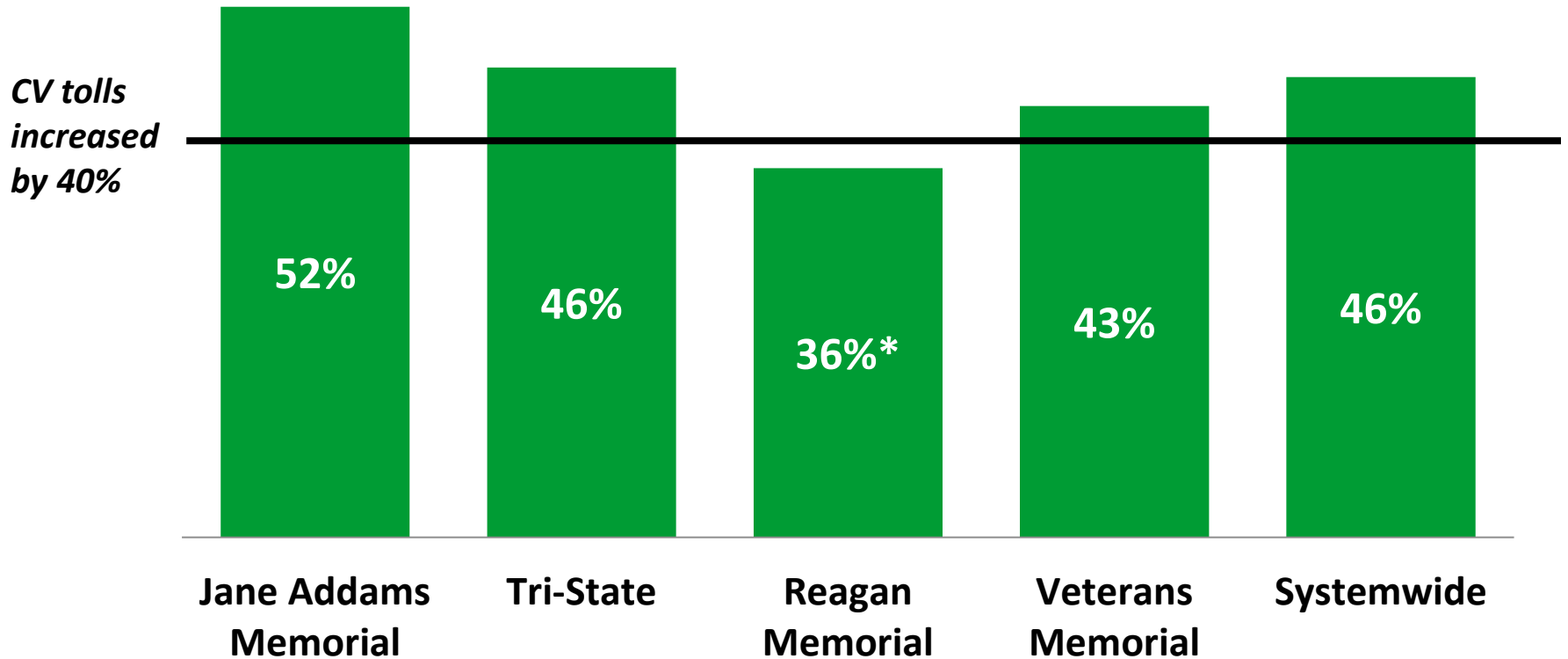
***Overall traffic of commercial vehicles increased by 3.4 percent from 2014 YTD to 2015 YTD\****

Location		CV % Change YTD
<b>By Mainline Plaza</b>		
Jane Addams	1: South Beloit	4.4%
	5: Belvidere	14.5%
	7: Marengo/Hamp	31.6%
	9: Elgin	8.9%
	17: Devon Ave	0.2%
	19: River Rd	-2.6%
Tri-State	21: Waukegan	3.4%
	24: Edens Spur	-3.2%
	29: Touhy Ave	3.7%
	33: Irving Park Rd	5.0%
	35: Cermak Rd	6.6%
	36: 82nd St	6.4%
	39: 83rd St	6.8%
	41: 163rd St	-5.1%
	43: I-80 WB	0.5%
45: I-80 EB	1.3%	

Location		CV % Change YTD
<b>By Mainline Plaza</b>		
Reagan	51: York Rd	0.4%
	52: Meyers Rd	2.5%
	61: Aurora	-3.5%
	66: Dekalb	-6.2%
	69: Dixon	-1.2%
Veterans	73: Army Trail Rd	3.6%
	89: Boughton Rd	1.7%
	99: Spring Creek	1.2%
<b>By Route</b>		
Jane Addams		4.6%
Tri-State		4.5%
Reagan		-2.1%
Veterans Memorial		2.9%
<b>SYSTEMWIDE</b>		<b>3.4%</b>

\*YTD through April 5, 2015

# Change of CV Revenue by Corridor



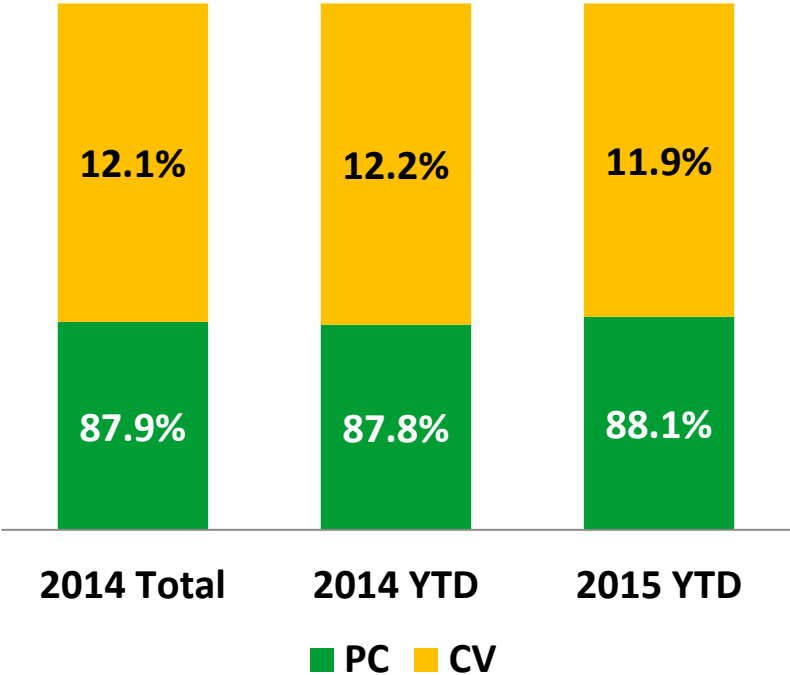
\*Reflects re-routing to I-90 after construction was complete

YTD through April 5, 2015

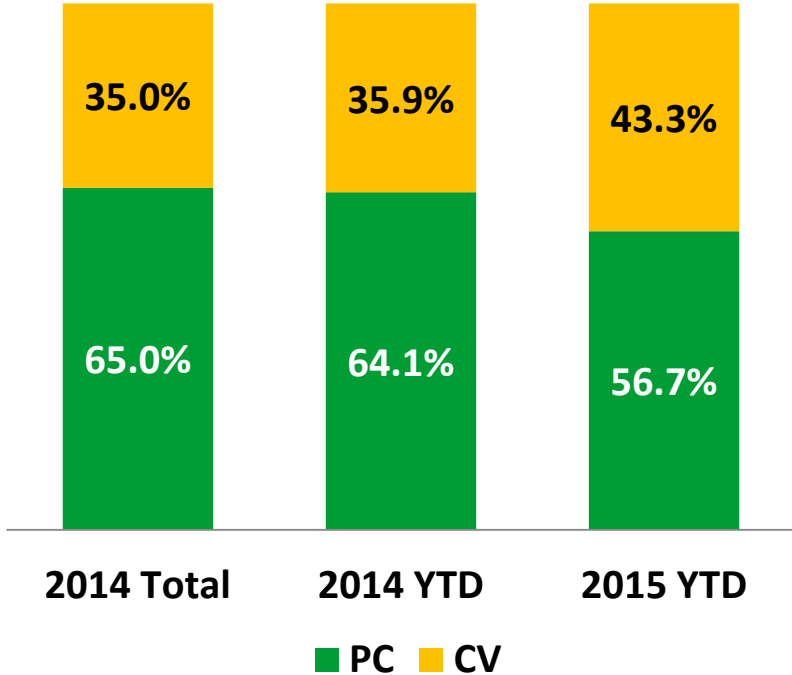
# PC and CV Transaction and Revenue Data

- ▶ Majority of transactions are by passenger vehicles
- ▶ Passenger vehicles comprise nearly 60 percent of revenue

Revenue by Vehicle Class



Revenue by Vehicle Class



\*YTD through April 5, 2015



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**THANK YOU**

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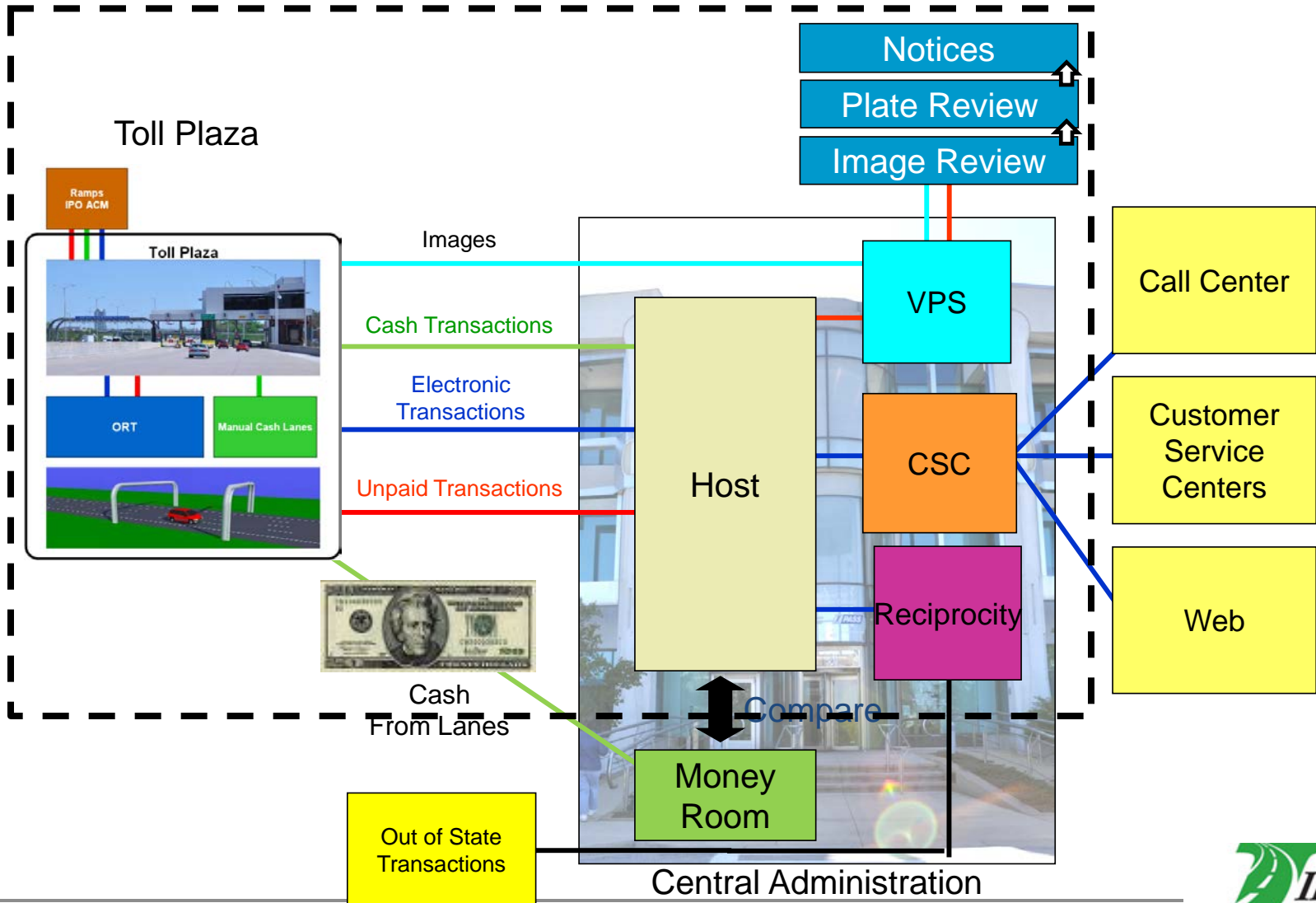


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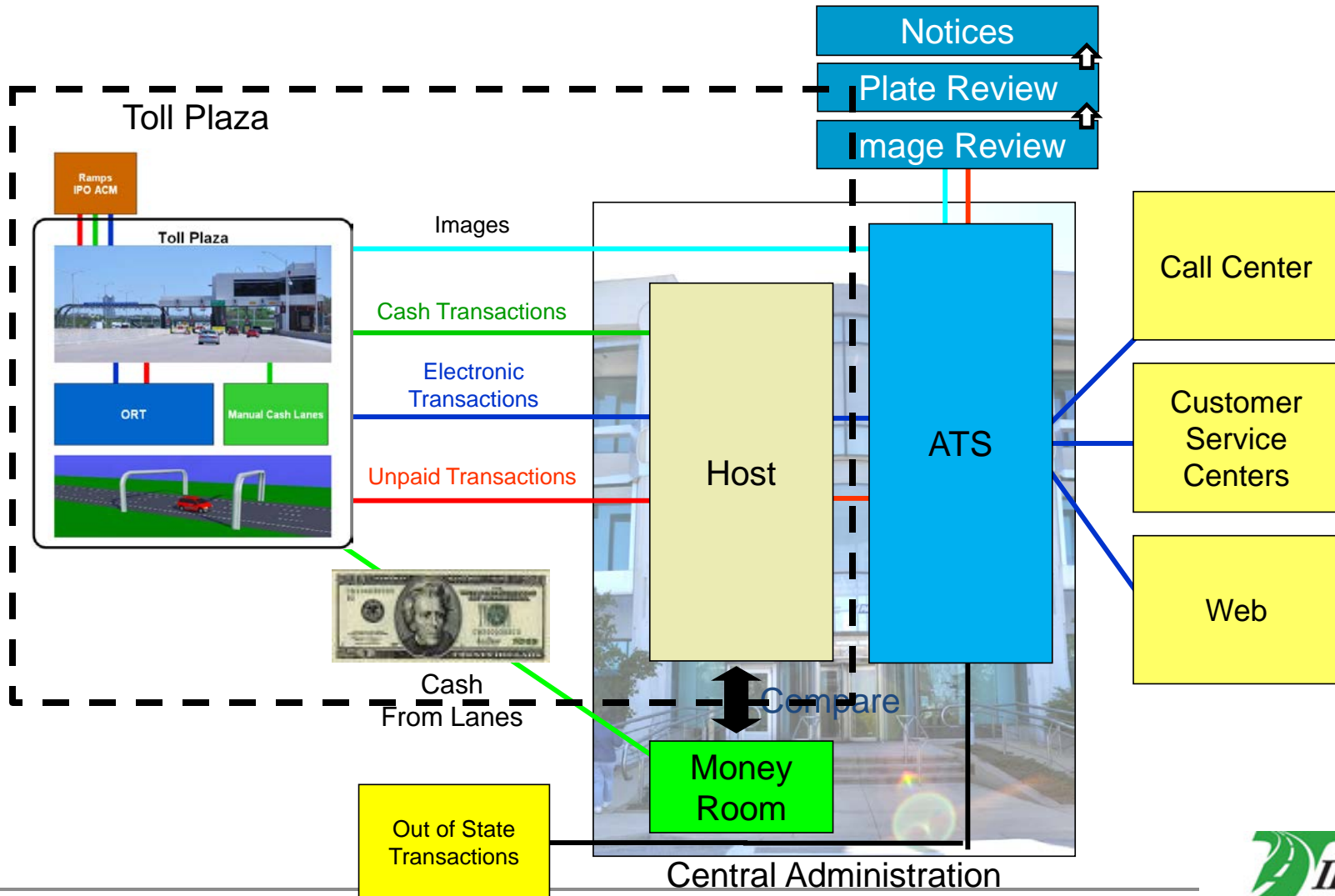
**TRMMP Contract**  
**Finance, Administration and Operations Committee**

**April 15, 2015**

# Today, Combined Lane and Back Office



# By 2016, a New Back Office System

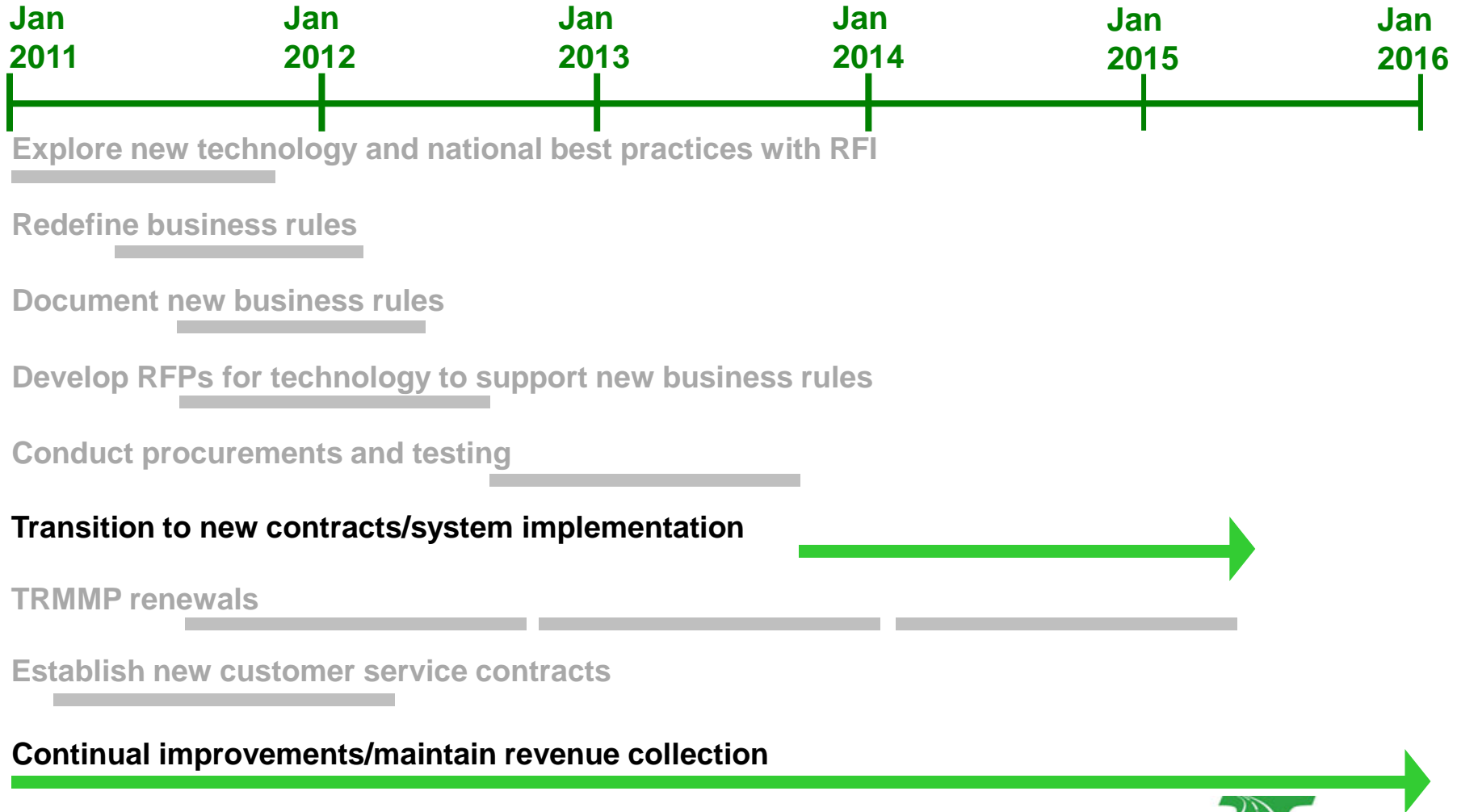


# New Back Office Improves Competition

- Increased competition on a large contract that largely comprises niche technology in a niche and young industry
- Increased leverage of core competencies of vendors
- Immediate focus on area of greatest opportunity
  - Request for Information (RFI) revealed little has changed in the niche technology of lanes, but much has changed in back office capability
  - Current back office system not capable of providing strong support to our expanding transactions and business needs



# Continuing to Execute Transition



# Planned Restructure of TRMMP

- Today, TRMMP is responsible for all toll revenue collection, more than \$1 billion per year
- In 2015, TRMMP will be reduced to reflect the movement of the key back-office components (CS, VPS, and Reciprocity) to a new back-office system
- In 2016, the lane components of the TRMMP contract will be replaced with contracts that result from a procurement
- After 2016, TRMMP is anticipated to shrink to bare-minimum support for whatever remains of Host and VPS to support possible residual data needs



# Benefits of TRMMP Interim Contract

- Eliminates risk of losing revenue collection at lanes
- Eliminates risk of compromising *Move Illinois* construction
- Eliminates risk of compromising the go-live of the new back-office electronic tolling system (and associated sunseting of the TRMMP back office system)
- Enables continued economies of scale associated with having a single lane configuration (e.g., parts, skilled labor)
- Leverages extremely competitive rates
- Allows a careful transition to a new contract



# TRMMP Overview – Transition Spending

Renewal	Capital	M&O	Total	Key Items
<b>2015* Contract</b>	\$7,000,000	\$6,000,000	\$13,000,000	<ul style="list-style-type: none"><li>• More lanes to maintain</li><li>• I-90 construction</li><li>• EOWA construction</li><li>• New cameras</li></ul>

\* Six months



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# Questions?





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**THANK YOU**