

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

September 17, 2014

The Illinois State Toll Highway Authority (the “Tollway”) held the Finance, Administration and Operations Committee Meeting on Wednesday, September 17, 2014, at approximately 8:33 a.m. at the Central Administration Building in Downers Grove, Illinois.

Bolded entries indicate issues which may require follow-up to present or report to the Board.

Committee Members Present:

Committee Chair Mark Peterson
Director Terry D’Arcy
Director David Gonzalez

Committee Members Absent:

None

Also Attending:

Chair Paula Wolff

PUBLIC COMMENT

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

CHAIR'S ITEMS

Committee Chair Peterson called for a motion to approve the Minutes of the Finance, Administration and Operations Committee Meeting held on August 20, 2014. Director D'Arcy made a motion for approval; seconded by Director Gonzalez. The motion was approved unanimously.

EXECUTIVE DIRECTOR

Committee Chair Peterson stated that Executive Director Kristi Lafleur was delayed and then introduced Paul Kovacs, Chief of Engineering, to present the Des Plaines Oasis demolition video.

Mr. Kovacs reported to the Committee that the over-the-road portion of the Des Plaines Oasis pavilion was removed to allow for the addition of a fourth lane in each direction from O'Hare International Airport to the Elgin Toll Plaza as part of the Jane Addams Memorial Tollway (I-90) Rebuilding and Widening Project. Mr. Kovacs stated that the additional lanes are expected to reduce congestion and increase driver safety by accommodating up to 30,000 more vehicles daily. Mr. Kovacs added that further construction is planned for the Oasis as part of the \$3.4 billion Elgin O'Hare Western Access Project ("EOWA").

Mr. Kovacs noted during his presentation that a process was developed that allowed for the removal of 22 sixty-seven foot long pre-cast concrete beams weighing approximately 65,000 pounds each over the course of three nights with only temporary 15-minute

road closures. Mr. Kovacs concluded his presentation by thanking Tollway staff and contractors for their work on this project.

Committee Chair Peterson commended staff and project planners for the lack of traffic delays caused by the demolition, observing that the overnight temporary 15-minute road closures were instrumental to keeping traffic moving. Mr. Kovacs responded that this same process, minimizing traffic disruptions, is being utilized for other Tollway over-the-road structure and bridge removal projects.

Chair Wolff congratulated Mr. Kovacs on a safe conclusion to the demolition.

Mike Stone, Chief of Staff, presented to the Directors individual bricks from the Des Plaines Oasis demolition. Mr. Stone stated that a plate on each brick reads, “From bricks to building blocks – from serving customers to driving the future – the Des Plaines Oasis – 1959-2014.” The Directors thanked staff.

Mr. Stone introduced Chief of Procurement, John Donato, for a presentation on Job Order Contracting. [See attached presentation.](#)

[Executive Director Lafleur arrived at 8:48 a.m.]

Committee Chair Peterson inquired how the implementation of Job Order Contracting (“JOC”) would reduce the duration of the procurement process. Mr. Donato responded that the JOC procurement system establishes one or more approved JOC contractors that can be utilized immediately, reducing the duration

of the procurement process by the 6-12 month timeframe needed for typical Invitation for Bid or Request for Proposal.

Committee Chair Peterson inquired if the JOC procurement system would increase response rates to procurement solicitations. Mr. Donato explained that the first phase of the process involves selection of the JOC program administrator. He continued that in the second phase, the JOC administrator will assist the Tollway in selecting one or more contractors who will serve as the approved JOC contractors for the term of the typically multi-year contract. Mr. Donato added that the JOC contractors will be committed to meeting Diversity Program goals and through their engagement of subcontractors are anticipated to expand the Tollway's utilization of certified disadvantaged, minority- and women-owned business enterprises ("D/M/WBEs").

Committee Chair Peterson asked if the new system will enable a reduction in current Procurement staffing levels. Mr. Donato stated that staffing levels would remain unchanged, noting that a reduction in Illinois Department of Central Management Services master contract procurements is resulting in an increase to the number of needed Tollway procurements.

Chair Wolff stated that in her role at City Colleges of Chicago, she has familiarity with a JOC program and that it has performed well, providing diversity and direct control over the quality of work.

Mr. Donato thanked Dave Donovan, Tollway Facilities Services Manager, for his contribution to the development of the JOC procurement system initiative.

Executive Director Lafleur reported that the Tri-State Tollway (I-294)/I-57 Interchange Project was selected as the Project of the Year by the International Right of Way Association. Ms. Lafleur commended the Engineering, Planning, and Land Acquisition teams for their contributions to the project.

Executive Director Lafleur stated the Tollway recently hosted a 2015 Construction Preview event that provided information for large and small businesses – including disadvantaged, minority- and women-owned business enterprises – on ways to participate in construction contracts to be advertised this fall. Ms. Lafleur stated the event was attended by Committee Chair Peterson and nearly 100 people from firms involved in the heavy highway construction industry, including general contractors, subcontractors, trucking and specialty construction companies. Ms. Lafleur noted that the event provided a forum to explain to the industry the combination bidding opportunities the Tollway is planning to offer on some of the I-90 Rebuilding and Widening Project contracts.

Committee Chair Peterson commented that the event was well-attended and an excellent means to promote Tollway projects and diversity efforts. Committee Chair Peterson and Executive Director Lafleur commended the Engineering and Diversity Departments for their contributions to the success of the 2015 Construction Preview.

ITEMS FOR CONSIDERATION

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

Item 1: Amend Resolution Number 20423 for the Workers' Compensation Insurance Claim Reserve Fund to remove the recommendation of the reduction of \$553,000.00 for open claims for program years prior to April 30, 2014.

Committee Chair Peterson asked the name of the vendor providing actuarial services for the Tollway's Workers' Compensation Insurance Claim Reserve Fund. Mr. Colsch provided the requested information, noting that this needed correction was as a result of an internal miscalculation.

Item 2: Award of Contract 13-0092 to Law Enforcement Systems LLC and Harris & Harris, Ltd. for the purchase of Collections and Collection Litigation Services in an aggregate amount not to exceed \$10,000,000.00 (Tollway Request for Proposal).

Committee Chair Peterson requested confirmation that the award amount incorporates the five year initial term of the contract. Mr. Colsch responded affirmatively.

Chair Wolff asked how the payment amount is determined for collection and litigation services. Mr. Colsch responded that the vendors receive a percentage of the amounts they are able to collect. Executive Director Lafleur added that the contract award amount is based on a projected upper limit expected to be paid to the vendors per their respective shares of collections.

Chair Wolff asked if a report was available to Directors that would provide a summary of Tollway collection activities. **Mr. Colsch responded that this information would be provided.**

Director Gonzalez made a motion for approval of **Finance Items 1 and 2**; seconded by Director D'Arcy. The motion was approved unanimously to move to the full Board consent agenda.

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

Item 1: Award of Contract 13-0248 to The Gordian Group, Inc. for the purchase of a Job Order Contracting (“JOC”) Program Administrator in an amount not to exceed \$1,280,000.00 (Tollway Request for Proposal).

Item 2: Award of Contract 14-0017 to Meade, Inc. for the purchase of Intelligent Transportation System (“ITS”) Field Equipment Maintenance in an amount not to exceed \$12,652,440.00 (Tollway Request for Proposal).

Mr. Donato noted that through best and final offer (“BAFO”) negotiations the Tollway was able to reduce by 8.5% the vendor’s original proposal response.

Committee Chair Peterson requested the name of the current vendor providing these maintenance services. Mr. Donato responded that Meade, Inc. is the current vendor.

Committee Chair Peterson asked how long Meade, Inc. has been providing these services to the Tollway. Mr. Donato responded that Meade, Inc. has been providing these services for approximately five years.

Committee Chair Peterson requested confirmation that the expected number of responses to the Request for Proposal (“RFP”) was anticipated to be low. Mr. Donato responded that due to the complexity of the Tollway ITS, bid response was anticipated to be low.

Committee Chair Peterson inquired if outreach was performed. Mr. Donato responded that outreach was performed and a mandatory pre-bid vendor conference was held.

Committee Chair Peterson asked if rebidding this RFP would be of benefit to the Tollway. Mr. Donato responded that it was not likely.

Chair Wolff inquired whether the planned development of any new ITS components will impact the need for these services. Mr. Kovacs responded that field equipment maintenance services are anticipated to be needed on an ongoing basis, explaining that the vendor is utilized to perform repairs and maintenance on the ITS that exceed the expertise of Tollway staff.

Chair Wolff commended the Procurement Department for the 8.5% cost reduction achieved through BAFO negotiation.

Item 3: Increase to Contract 11-0010 to Accurate Repro, Inc. for the purchase of Web-Based Plan Room and On-Call Printing Services

in an amount not to exceed \$240,000.00 (Tollway Request for Proposal).

Item 4: Renewal of Contract 05-0093 to InterFleet, Inc. for the purchase of Automated Vehicle Locating (“AVL”) System Services in an amount not to exceed \$145,000.00 (Tollway Request for Proposal).

Item 5: Award of Contract 14-0086 to Toppert Jetting Service, Inc. for the purchase of Refurbishing Services for Aluminum Sign Blanks and Extrusions in an amount not to exceed \$408,000.00 (Tollway Invitation for Bid).

Item 6: Award of Contract 13-0113 to MOTR GrafX, LLC for the purchase of I-PASS Gift Card Printing and Packaging Services in an amount not to exceed \$120,000.00 (Tollway Invitation for Bid).

Committee Chair Peterson asked how long the Tollway has offered I-PASS Gift Cards. Mr. Donato responded that he does not have that information available.

Committee Chair Peterson inquired about the number of I-PASS Gift Cards ordered. Mr. Donato replied that typically 50,000 cards will be ordered on a quarterly basis. Executive Director Lafleur added that the I-PASS Gift Cards are commonly used by customers who prefer using cash rather than credit cards to fund their I-PASS account.

Item 7: Award of Contract 12-0164R to Intex Lighting, LLC for the purchase of ASCO Switches and Parts in an amount not to exceed \$122,077.70 (Tollway Invitation for Bid).

Director D'Arcy made a motion for approval of **Procurement Items 1 through 7**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

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

Item 1: Acceptance of Proposal from Crawford, Murphy & Tilly, Inc. on Contract I-11-4016 for Supplemental Design Services for Reconstruction and Add Lane on the Jane Addams Memorial Tollway (I-90) from Milepost 73.1 (Oakton Street) to Milepost 68.1 (IL Route 53), in the amount of \$3,091,000.00 from \$16,449,979.40 to \$19,540,979.40.

Chair Wolff asked how expanding the scope of work from replacement of the substructure to complete bridge reconstruction will impact the project cost when the bridge work is performed. Mr. Kovacs responded that the original scope included full re-decking, new beams, as well as widening of the substructures and that the additional substructure work proposed is anticipated to be accommodated within the overall budget.

Item 2: Continuation of Services on Contract RR-10-9973 with AECOM Technical Services, Inc. for Consulting Engineer Services, Systemwide, in the amount of \$17,053,000.00 from \$41,860,971.33 to \$58,913,971.33. (Recusals: Director Peterson, Director D'Arcy).

Mr. Kovacs stated that the Tollway is preparing an RFP for these services and will be soliciting proposals in early 2015. Executive Director Lafleur stated that the prime contractor for these services is prohibited from performing additional work for the Tollway which has historically reduced the number of respondents. Ms. Lafleur added that the Tollway is planning additional outreach in an effort to increase bid competition.

Committee Chair Peterson asked if the prohibition from performing additional work applies to the subcontractors. Executive Director Lafleur responded that the prohibition from additional work applies only to the prime contractor.

Chair Wolff asked about the lack of information reported for all of the listed subcontractors in the “Percent of Committed Goal” column of the Diversity Program Detail page on the item summary (Contract RR-10-9973). **Mr. Kovacs responded that it may be that the services of the subcontractors listed have not yet been utilized but he will determine the reason for the lack of data and insure that the Diversity Detail is fully completed going forward or includes an explanation if data is not available.**

Item 3: Continuation of Services on Contract RR-10-9974 with CDM Smith, Inc. for Traffic Engineer Services, Systemwide, in the amount of \$4,135,701.00 from \$13,743,122.19 to \$17,878,823.19.

Committee Chair Peterson asked if the prohibition from performing additional work for the Tollway applies to the prime contractor awarded this contract. Mr. Kovacs responded affirmatively,

explaining that there are three Tollway services for which award contracts include a prohibition from performing additional Tollway work: Systemwide Traffic Engineer Services, Systemwide Consulting Engineer Services, and Systemwide Program Management Services.

Item 4: Extra Work Order on Contract I-13-4126 to William Charles Construction Company, LLC for Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) from Milepost 33.5 (Anthony Road) to Milepost 41.5 (US Route 20), in the amount of \$246,157.10.

Committee Chair Peterson inquired about the length and height of the proposed sight screen berm to be constructed. Mr. Kovacs stated that the berm is to be 1,325 feet in length and vary from 10-15 feet in height.

Committee Chair Peterson asked who is responsible for the landscaping upkeep and maintenance of the sight screen berm. Mr. Kovacs responded that maintenance, after construction, will be split between the Tollway and Hampshire Township depending upon the location on the berm under the terms of a pending Intergovernmental Agreement.

Chair Wolff asked for a description of the sight screen structure to be installed on top of the berm. Mr. Kovacs described the structure as a fence that provides visual shielding from the roadway.

Item 5: Change Order/Extra Work Order on Contract I-13-5680 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Grading,

Drainage and Wall Construction on the Jane Addams Memorial Tollway (I-90) from Milepost 74.6 (Mt. Prospect Road) to Milepost 76.4 (Lee Street), in the amount of \$303,160.40.

Item 6: Partial Release of Retainage on Contract I-13-4616 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Bridge Construction on the Jane Addams Memorial Tollway (I-90) at Milepost 73.5 (Elmhurst Road), by \$245,286.71 from \$251,286.71 to \$6,000.00.

Item 7: Final Release of Retainage on Contract I-12-4075 to Plote Construction, Inc. for Widening and Reconstruction on the Eastbound Jane Addams Memorial Tollway (I-90), from Milepost 41.5 (US Route 20) to Milepost 45.5 (IL Route 47).

Item 8: Final Release of Retainage on Contract RR-13-4095 to Meade, Inc. for Remote Traffic Microwave Sensors (RTMS) / Closed Circuit Television (CCTV) Relocation on the Tri-State Tollway (I-94) from Milepost 4.5 to 29.1; on the Tri-State Tollway (I-294) from Milepost 41.8 to 49.6; on the Ronald Reagan Memorial Tollway (I-88) from Milepost 117.1 to 139.6; and on the Veterans Memorial Tollway (I-355) at Milepost 27.3.

Item 9: Final Release of Retainage on Contract I-13-4131 to Illinois Constructors Corporation for Bridge Widening and Reconstruction on the Jane Addams Memorial Tollway (I-90) at Milepost 17.6 (Mill Road over I-90).

Mr. Kovacs stated that there was a Disadvantaged Business Enterprise (“DBE”) goal shortfall, evaluated and approved by the

Diversity Department, which resulted from the use of a single subcontractor to accomplish required painting work.

Chair Wolff inquired if the DBE goal shortfall was due to the single painting contractor utilized not being DBE certified. **Mr. Kovacs responded that this information would be provided.** Mr. Kovacs noted that DBE shortfalls can result from a Tollway requested reduction of work.

Chair Wolff inquired about the prime contractor's discretion, and whether the Tollway has involvement, in deciding whether a DBE certified subcontractor engaged for the project work is actually utilized. Mr. Kovacs responded that the prime contractor is required to provide the Tollway with a DBE utilization plan which details the amount of work assigned to each individual subcontractor in order to meet their DBE commitment. Mr. Kovacs stated that the prime contractor provides the Tollway with periodic updates on DBE goal performance over the course of the contract and upon conclusion submits their final DBE earnings based on actual work performed. Mr. Kovacs further stated that any variance from the prime contractor's original DBE utilization plan needs to be approved by the Tollway's Engineering and Diversity Departments.

Chair Wolff inquired whether the Tollway is mindful of the impact to certified DBE subcontractors, typically small businesses, when approving a variance from the prime contractor's original DBE utilization plan. Mr. Kovacs responded that the Tollway does consider the impact upon subcontractors before sanctioning a variance from the prime contractor's original DBE utilization plan. Mr. Kovacs noted that the Authorization to Proceed ("ATP")

process, authorizing contractors to proceed with work prior to the processing of the corresponding Change Order/Extra Work Order, also includes inquiry to determine the impact on certified DBE subcontractors.

Item 10: Final Release of Retainage on Contract RR-10-5621 to Mott Excavating, Inc. for Landscape and Improvements on the Reagan Memorial Tollway (I-88) from Milepost 91.0 (Annie Glidden Road) to Milepost 137.0 (IL Route 83); on the Veterans Memorial Tollway (I-355) from Milepost 1.25 (US Route 6) to Milepost 27.75 (North Avenue); and at the Central Administration Building, Downers Grove.

Item 11: Final Release of Retainage on Contract RR-13-5666 to F.H. Paschen, S.N. Nielsen & Associates, LLC for Intermittent Pavement Repair, Ramp, and Parking Lot Rehabilitation on the Reagan Memorial Tollway (I-88) from Milepost 56.4 (Toll Plaza 69) to Milepost 138.5 (IL Route 59).

Chair Wolff inquired about the source of the percentage of DBE goal achieved figures reported to the Committee during presentation of the items and how it compares to the source of data used to complete the Diversity Program Detail provided on the item summary. Mr. Kovacs responded that the figures provided during presentation of the item are a projection, based on contractor provided updates, of the DBE goal achieved while the Diversity Detail on the item summaries are not completed until the Tollway has received the subcontractors final form *DBE 2115* (DBE Final Payment Report). Mr. Kovacs noted that all final DBE goal achievement results are published in the quarterly reports provided to the Directors.

Item 12: Final Release of Retainage on Contract RR-13-9138 to McDermaid Roofing and Insulating Company for Roof Repairs and Replacements on the Jane Addams Memorial Tollway (I-90) at Milepost 42.5 (US 20); and on the Reagan Memorial Tollway (I-88) at Milepost 54.2 (IL 26), Milepost 50.1 (Atkinson Road), Milepost 81.75 (Woodlawn Road) and Milepost 91.3 (Annie Glidden Road).

Committee Chair Peterson stated that **Engineering Item 2** would be deferred to the September Board of Directors meeting due to recusals.

Chair Wolff made a motion for approval of **Engineering Items 1 and Items 3 through 12**; 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 Hampshire Township. Cost to the Tollway: \$ 0.

Item 2: An Intergovernmental Addendum Agreement with Illinois Community College Board. Cost to the Tollway: \$245,648.00.

Mr. Goldberg noted that this addendum adds an additional \$122,648 in funding to the annual budget which, should this item be approved, is not to exceed \$701,470.00.

Committee Chair Peterson inquired whether Construction Business Development Centers (“CBDCs”) are located at each of the Illinois Community College Board (“ICCB”) member colleges. Gustavo Giraldo, Chief of Diversity and Strategic Development, responded that there are offices on each of the four campuses participating in the program.

Committee Chair Peterson inquired whether the CBDCs have been successful in assisting the Tollway with its business development. Mr. Giraldo responded that the ICCB’s resources and experienced staff have been instrumental to the success of this initiative to help the Tollway increase the capacity of small construction firms.

Item 3: Approval of a Collective Bargaining Agreement with Service Employees International Union (SEIU) Local 73. Cost to the Tollway: As Discussed in Executive Session.

Mr. Goldberg requested of Directors their preference for either discussing this item in Executive Session or deferring this item to Executive Session at the September Board of Directors meeting.

After conferring with the Directors, Committee Chair Peterson stated **Legal Item 3** would be deferred to Executive Session at the September Board of Directors meeting.

Director D’Arcy made a motion for approval of **Legal Items 1 and 2**; seconded by Director Gonzalez. The motion was approved unanimously to move to the full Board consent agenda.

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 9:48 a.m.



Minutes taken by: _____

Christi Regnery

Board Secretary

Illinois State Toll Highway Authority



Job Order Contracting
September 17, 2014

Procurement Challenges

■ Duration of procurement processes

- Typical Invitation for Bid (IFB) - 6 to 7 months
- Typical Request for Proposal (RFP) - 9 to 12 months
- Potential conflict of interest process - up to 75 days

■ 88 expired contracts in 2012

■ Emergency contracts



2014 Targeted Goals Update

- **Job Order Contracting (JOC)**
 - Service-based, facilities-related projects
- **Vendor Managed Inventory (VMI)**
 - Goods-based, fleet-related parts and supplies
 - Implemented March 2014
- **Illinois Procurement Gateway (IPG) Vendor Portal**
 - Implemented August 2014 by CPO's office
- **Fewer expired contracts**
 - Reduced by 59 percent compared to 2012
- **Reverse auctions**

Job Order Contracting (JOC)

- **Method to accomplish small- or medium-sized facility projects that are competitively bid, fixed price and pre-established unit prices**
- **Phase One - selection of the program administrator who will create and implement the JOC program**
- **Phase Two - selection of the contractor(s) to perform the JOC projects as identified by the Tollway**
- **Goals**
 - Gain efficiencies – projects completed in a more timely manner at a lower cost
 - Reduced number of contracts to manage
 - Opportunities for diverse participation



JOC Project Examples

- HVAC equipment repairs
- Plumbing repairs
- Roof and other building-related repairs
- Electrical repairs
- Door and window replacement
- Energy retrofits
- Limited roadway projects (e.g., guardrails)

Other Agencies Using JOC

- **Pennsylvania Turnpike Commission**
- **City of Chicago**
- **Cook County**
- **Metropolitan Water Reclamation District of Greater Chicago**
- **Chicago Transit Authority**
- **City of Naperville**
- **Lake County**
- **University of Illinois at Chicago**
- **University of Illinois at Urbana-Champaign**



Timeline

Obtain Board approval of JOC program administrator	Execute contract with JOC program administrator	Issue IFB for JOC contractor(s)	Bids due	Obtain Board approval of JOC contractor(s)	Execute contract with JOC contractor(s)
9/2014	11/2014	1/2015	2/2015	4/2015	6/2015



Appendix

Vendor Managed Inventory (VMI)

- Gain efficiencies
- Reduce number of contracts by 65
- 27 percent BEP commitment
- Eliminate obsolete parts
- Increase buyer productivity
- Implementation – end of 1st quarter 2014



THANK YOU