

**DELAWARE RIVER
PORT AUTHORITY
&
PORT AUTHORITY TRANSIT CORP.**

September 5, 2012 Board Meeting

Wednesday, September 5, 2012

One Port Center

Board Room

Camden, NJ

9:00 am



John J. Matheussen, Chief Executive Officer

DRPA BOARD

OPERATIONS & MAINTENANCE

Delaware River Port Authority
Operations & Maintenance Committee Meeting Minutes
August 1, 2012 – 8:00 a.m.

Attendance:

Committee Members:

William Sasso, Chairman
Charles Fentress
David Simon
Joanna Cruz (via telephone)
Al Frattali
Richard Sweeney
E. Frank DiAntonio
John Lisko (McCord) (via telephone)
Joann Bell

Others Present:

John Cascarano, NJ Governor's Authorities Unit
Kathy Bruder, PA Governor's Office
John Matheussen, Chief Executive Officer
Michael Conallen, Deputy Chief Executive Officer
Danielle McNichol, General Counsel and Corporate Secretary
John Rink, PATCO, General Manager
Cheryl Spicer, PATCO, Assistant General Manager
Mike Venuto, Chief Engineer
Valerie Bradford, Bridge Director, BFB/BRB
Tim Ireland, Manager, Corporate Communications
Fran DiCicco, Administrative Coordinator
Sheila Milner, Administrative Coordinator
Tom Raftery, Inspector General
John Lotierzo
Linda Willis, Purchasing Specialist
Joe Meehan, Baker Engineers
Jim Miller, Baker Engineers

Chairman Sasso called the meeting to order and asked for the roll to be called. The Corporate Secretary called the roll and stated that there was not a quorum. Chairman Sasso presided.

Chairman Sasso said there are five items relating to the August 15, 2012 Committee Meeting for the Committee today. He called on Mr. Venuto to present.

August 15, 2012 Committee Meeting

Construction Monitoring Services for Contract No. 21-E, Benjamin Franklin Bridge PATCO Track Rehabilitation

Mr. Venuto stated that the Authority is seeking an award for a construction monitoring contract in the amount of \$7,684,587 with HNTB. The Engineers' estimate was \$8.4M. HNTB was unanimously selected as the highest ranked firm to perform the construction monitoring services. The construction work consists of replacing tract structure, rail, ties as well as power work, and signal work. HNTB did the design on this project and had the necessary experience and qualifications to perform the construction monitoring. The Authority negotiated with HNTB to reach the final price of \$7,684,587. This was the second lowest of the six prices. The lowest price proposal of \$6.8M contained approximately nine thousand less man hours. The final negotiated price was the same as initially submitted but contained additional scope of work valued at \$221k. The additional scope of work primarily was review of contractor submittals. Some of the negotiated items included overhead rates for subcontractors, direct expenses, and proposed hours for senior staff.

Ms. McNichol asked Commissioner Fentress to sit in for a quorum. Commissioner Fentress agreed.

Chairman Sasso asked if there were any concerns of using HNTB as the construction monitor given they performed the design work for the project. Mr. Venuto said that there were pluses and minuses of using the design firm. He said that they had good experience having recently completed two successful past projects on the Benjamin Franklin Bridge. Chairman Sasso said that if the Authority has any change orders on this project, he would like them to be brought to the O&M Committee to prevent any concerns of the design firm performing the construction monitoring services.

Design Services for BFB South Walkway Bicycle & Pedestrian Ramp

Mr. Venuto said that this project will be discussed in Executive Session to select a design consultant. He said that the initial intent was to present this to the Operations & Maintenance Committee on August 15, 2012, but will not move this item to the September committee meeting because they need time to negotiate with the selected consultant. The Engineers estimate for the design effort is \$620,000.

Pearl Street, Camden Bike Path and Pine Street Camden Improvements Right of Access Agreements and Easements

Valerie Bradford, Bridge Director of the BFB and BRB, said that they are seeking permission for a right of access agreement with Camden County for two discreet projects in which Camden County has received Tiger Federal Funds. The two right of access agreements are for the improvements associated with the bike path project for Pearl Street in Camden along the Ben Franklin Bridge and new sidewalks and landscaping along Mt. Ephraim Avenue for the Pine Street Improvements project in Camden along PATCO Right of Way. The Board adopted a

Resolution in 2010 with Coopers Ferry Development Association (CFDA) with respect to the bike path along Pearl Street. This resolution had expired in 2011. Ms. Bradford said that the County has approached the Authority concerning access agreements for both projects; this resolution serves two purposes to change the access agreement from CFDA to Camden County and also to establish a new time period for the access.

There needs to be repairs along Pearl Street involving brick work, signage, lighting, resurfacing and refurbishing from 5th Street to the Camden Waterfront. She said that there will be no cost to the DRPA with entering into an access agreement. Ms. Bradford said that this benefits the Port Authority along Pearl Street between 5th and 3rd Streets and it will be upgraded. In response to Chairman Sasso's inquiry as to whom will maintain the changes, Ms. Bradford said that the Authority will arrange with the Pearl Street project so that sidewalks, which have been maintained by DRPA in the past, will be continue to be maintained by the Authority and the new street improvements of lighting, signage, pavement markings and other new fixtures will be maintained by the City of Camden. Mr. Matheussen stated that there is no DRPA money involved; it is federal money.

Ms. McNichol confirms that the Board does not have a current resolution for either project, with Coopers Ferry no longer the correct party for the Agreement.

Ms. Bradford said that she will find out about the project cost, advised that a construction contract has already been awarded for the project and that the contractor's current work in progress is not encroaching on the Authority's property at this time. Mr. Venuto said that there is \$6M in federal funding for different areas.

Mr. Rink said that the bike paths are off the street. He said that there are multiple spots where paths are involved and currently the land is grass covered with trees. All improvements are covered by the federal funding and the sidewalks that are installed will be the responsibility the City of Camden/Camden County for maintenance and repairs. The City of Camden/Camden County will be responsible for snow removal on the sidewalks installed on DRPA/PATCO property.

SGI – Transit Ambassador Contract

Mr. Rink said that at last month's Operation & Maintenance Committee meeting, he presented a resolution for approval to exercise the last year option of the contract with SGI for the Transit Ambassador program. He said the contract was for a three year program with two one-year renewals. He said that last September, we offered the first year renewal and now we are requesting the final option year renewal of the contract. Commissioner Sasso inquired about the 3% increase in the contract and Mr. Rink said that he went to SGI and SGI agreed to hold the price that the Authority is paying in 2012 and not requesting an increase. Mr. Rink said that the Authority was seeking approval for \$631,000. The program provides for nine full time and nine part time ambassadors between 4:30 p.m. and 12:30 a.m. Monday – Friday and 7:00 pm – 3:00 a.m. on Saturday. He said that the Ambassadors provide presence at PATCO stations during the weekday evening hours and on weekends where the Authority does not have any PATCO full

time employees working. The Ambassadors are equipped with radios and can interface with Center Tower.

Mr. Rink stated that PATCO uses the Transit Ambassadors during the summer months when there are concerts in Camden and Philadelphia and to assist with customers in the City Hall, Broadway and 8th & Market stations. The concerts increase our passenger rides and there is an influx of customers heading to the City or to New Jersey, with a large amount of passengers. Transit Ambassadors lend a hand with crowd control and any ticket problems.

Ms. Spicer said that the Authority looked at the average salary of Authority employees and it is around \$49,000 and for the Transit Ambassador is around \$22,000. In response to Chairman Sasso's inquiry regarding putting out an original contract this year, Mr. Rink said that there is a one year option remaining on the contract which expires in October 2012 and this will take us to 2013. He said that we can put this service contract out for competitive bid next year. Chairman Sasso asked what the termination clause was in the contract, if the option would be renewed.

Mr. Matheussen stated that PATCO riders have commented positively on having the Ambassadors in the stations to supply this type of customer service. Ms. Spicer said that Public Safety coordinates with PATCO regarding Transit Ambassadors schedules and assignments for concerts and special events. For example, sometimes due to crowds more than one Transit Ambassador will be assigned to a station, such as 8th & Market Streets where 2-3 Transit Ambassadors have been assigned. Chairman Sasso asked if SGI was a security firm. Ms. Spicer said that they were not. They are maintenance and cleaning services, supporting townships and municipalities for safe and secure presence. Mr. Rink said that SGI has contracts with Cities of Denver and San Jose, City of Camden, and Durham North Carolina; it is a national company and there are similar companies across the country. Mr. Conallen clarified that the Transit Ambassadors are not Public Safety officers. He said that these employees assist the Authority's customers with the automated machines. He said that they are not Public Safety officers. Instead, we have robust staff of police officers. Ms. McNichol said there is a potential concern for ongoing liability for the company that should be discussed in Executive Session.

Contract No. 15-N, PATCO Lindenwold & Westmont Station Lots Paving & Repairs

Mr. Venuto asked that the Operations & Maintenance Committee vote this project out of Committee so that it may be before the Board on August 15th. Staff is seeking authorization to negotiate a construction contract with A.E. Stone for pavement rehabilitation in the amount of \$3,073,153.70. The engineer's estimate was approximately \$2.922M. The work includes milling and paving, full depth pavement reconstruction, re-striping, concrete curb & sidewalk replacement, and drainage improvements. He said that fourteen sets of documents were sold and six bids were received. It was recommended that A.E. Stone be awarded the project, as the lowest responsible bidder. He said that all the bids were very competitive; particularly the top three. DRPA's standard bid evaluation was completed and the safety aspect comes back positively along with their insurance requirements. Mr. Venuto said that A.E. Stone was also the low bidder on another DRPA project. He spoke with the owner of A.E. Stone and he felt that he was capable of handling both projects. He said that they do about \$25M a year. Mr. Venuto said that this project is federally funded in an amount of \$1.2M.

Chairman Sasso asked if there were any questions regarding this project and upon hearing none, a motion to award the contract to A.E. Stone was made.

Upon motion duly made and seconded, Contract No. 15-N, PATCO Lindenwold and Westmont Station Lots Paving & Repairs was approved and awarded to A.E. Stone.

General Discussion

Shared Services with Haddon Township

Mr. Venuto said that he wanted to provide some information regarding a project that will appear before the Operations & Maintenance Committee meeting in September or October. This project is for a drainage issue in Haddon Township. He stated that there are flooding and draining issues around the PATCO Westmont Station. He said that as part of a larger drainage improvement project by Haddon Township, some DRPA drainage infrastructure is in need of upgrading. He said that the Authority's portion of the costs would be approximately \$150,000. He said that Haddon Township is going to bid out their entire project and put a line item in to accommodate the Authority's portion. The Authority would enter into a reimbursement agreement with Haddon Township for costs associated with our work. The Authority has been working with Haddon Township engineers to discuss different options for some time. He said that this is the first phase of a multiple phase project. He said that the Authority thought it was fair to participate and cover the costs for work on Authority property.

Mr. Rink said the Westmont Station is within the Haddon Township area. He said that the drainage from Westmont parking lot goes into Haddon Township system and into Crystal Lake. He stated that with high storms, the system backs up and floods the residential areas. He said that the Authority is trying to correct our portion of the problem.

Mr. Venuto replied to Commissioner Frattali's inquiry that Haddon Township will bid out the entire project and include a line item for the DRPA not to exceed \$150,000. Mr. Venuto said that this will be brought back to the Operations & Maintenance Committee at that point.

Change Order Update

Contract No. PPC-20-2010, RiverLink Ferry System Penn's Landing Ferry Barge Rehabilitation and Terminal Upgrade

Mr. Venuto said that the original contract amount was \$572,000, of which \$50,000 was the site coordination and condition amount. This change order will close out the contract and will be a deduct amount of \$65,463. The change order consists of \$35,000 for additional barge rehabilitation, a credit for the \$50,000 in site conditions and a credit of \$38,000 for less required steel repairs. Chairman Sasso asked if a vote was needed and Mr. Venuto said that no vote was needed.

Spending Tracking

Mr. Venuto said that he has been providing a monthly update to the Operations & Maintenance Committee on Authority project spending. He said that the Authority anticipates \$104M on engineering capital projects and to this date we are running at 96% of projected spending. We projected to spend \$51M by the end of June and we spent \$49M. He said that he thinks we are in the range where we need to be each month. Some projects are ahead of schedule and a few are behind. For example, we had projected the recently discussed paving project to have started earlier in the year. Commissioner Frattali asked if we were ahead of schedule on the Walt Whitman Bridge project. Mr. Venuto said that they were on schedule for that project and it is about 50% completed. He said that the contractor is performing well and moving across the deck with the replacement. However, there is still a significant amount of work to be completed following the deck work. For example, installation of the gantries and removal of the work platforms and gantry cranes need to be completed. We do not anticipate the project going past the Spring of 2014.

In the interest of time, Chairman Sasso said that he would discuss the escalator issues with John Rink following the Operations & Maintenance Committee meeting.

Chairman Sasso asked if there was any further business for Open Session. Seeing none, he asked for a motion for the Committee to go into Executive Session. He noted once Executive Session is finished, there will be no further business transacted. Upon motion duly made and seconded, the Committee went in to Executive Session.

SUMMARY STATEMENT

ITEM NO. DRPA-12-068

SUBJECT: Contract No. 15-N, PATCO-Lindenwold and Westmont Stations Parking Lots Paving & Repairs

COMMITTEE:

Operations & Maintenance

COMMITTEE MEETING DATE:

August 1, 2012

BOARD ACTION DATE:

September 5, 2012

PROPOSAL: That the Board authorizes staff to negotiate a construction contract with the firm of A.E. Stone, Inc. to perform the pavement rehabilitation at the Lindenwold and Westmont Station Parking Lots.

Amount: \$3,073,153.70

Contractor: A.E. Stone, Inc.
1435 Doughty Road
Egg Harbor Township, NJ 08234-2229

Other Bidders:	South State, Inc.	\$3,081,115.20
	R.E. Pierson Construction Co., Inc.	\$3,099,889.00
	A.P. Construction, Inc.	\$3,349,905.00
	Road-Con, Inc.	\$3,776,508.00
	SJA Construction, Inc.	\$3,969,274.00

Engineers Estimate: \$ 2,922,105.00

PURPOSE:

To rehabilitate parking lots at the PATCO Lindenwold and Westmont Stations.

BACKGROUND:

The work to be completed under Contract No. 15-N includes the rehabilitation of Parking Lots at the PATCO Lindenwold and Westmont Stations. This work includes milling and overlay, full depth pavement reconstruction, re-striping, concrete curb replacement, sidewalk replacement, installation of new electric duct bank and drainage improvements.

The project was publicly advertised and bid documents were offered to the public beginning on June 28, 2012 with a bid opening date of July 20, 2012. Fourteen (14) sets of documents were sold. A total of six (6) bids

**SUMMARY STATEMENT
O&M 9/5/2012**

**Contract No. 15-N,
PATCO- Lindenwold and Westmont Stations
Parking Lots Paving & Repairs**

were received. The lowest responsive and responsible bid was submitted by A.E. Stone, Inc. in the amount of \$3,073,153.70.

Staff has completed the evaluation of bids and recommends that the contract be awarded to A.E. Stone, Inc. in the amount of \$3,073,153.70 as the lowest responsive and responsible bidder to perform the contract work.

SUMMARY:

Amount:	\$3,073,153.70
Source of Funds:	General Fund/Subject to Reimbursement from Future Bonds (\$1,813,634.70)
Capital Project #:	PD1202
Operating Budget:	N/A
Master Plan Status:	N/A
Other Fund Sources:	Federal Transit Administration (\$1,259,519.00)
Duration of Contract:	90 calendar days
Other Parties Involved:	N/A
Estimated Number of Jobs Supported:	88

DRPA-12-068
Operations & Maintenance Committee: August 1, 2012
Board Date: September 5, 2012
Contract No. 15-N, PATCO- Lindenwold and Westmont
Stations Parking Lots Paving & Repairs

RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority accepts the bid of \$3,073,153.70 to rehabilitate parking lots at the PATCO Lindenwold and Westmont Stations, and that the proper officers of the Authority be and hereby are authorized to negotiate a contract with A.E. Stone, Inc. for the required work in an amount not to exceed \$3,073,153.70, as per the attached Summary Statement; and be it further

RESOLVED: The Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:	Amount:	\$3,073,153.70
	Source of Funds:	General Fund/Subject to Reimbursement from Future Bonds (\$1,813,634.70)
	Capital Project #:	PD1202
	Operating Budget:	N/A
	Master Plan Status:	N/A
	Other Fund Sources:	Federal Transit Administration (\$1,259,519.00)
	Duration of Contract:	90 calendar days
	Other Parties Involved:	N/A
	Estimated Number of Jobs Supported:	88

FINANCE

Delaware River Port Authority
Finance Committee Meeting Minutes
August 13, 2012 – 3:00 P.M.

Committee Members:

Jeffrey Nash, Esquire (Committee Chair)
David Simon, Esquire (Committee Vice Chair)
E. Frank DiAntonio (via telephone)
John Lisko (McCord) (via telephone)
Rick Taylor (via telephone)

Others Present:

John Cascarano, Assistant Counsel, NJ Governor Authorities Unit (via telephone)
John Matheussen, Chief Executive Officer
John Hanson, Chief Financial Officer
Danielle McNichol, General Counsel and Corporate Secretary
Tom Raftery, Inspector General
Sheila Milner, Administrative Coordinator
Fran DiCicco, Administrative Coordinator
Jim White, Director of Finance
Tim Ireland, Director of Communications

Chairman Nash called the meeting to order. He asked the Corporate Secretary to call the roll. The Corporate Secretary called the roll. It was announced by the Corporate Secretary that there was a quorum. Chairman Nash presided.

Chairman Nash called for a motion to go into Executive Session. He said the decisions made in Executive Session will be made public when the issues are resolved. Chairman Nash said the meeting will come back into Open Session following the Executive Session. Upon motion duly made and seconded, the Committee moved into Executive Session.

Chairman Nash announced that the Committee resumed Open Session.

Chairman Nash stated that there were three items to be voted on in open session.

Health Insurance Broker Selection

Chairman Nash presented a summary of the selection process. Chairman Nash stated that the selection of the health insurance broker went through the competitive RFP process. The recommendation by the Finance Committee is to select Gallagher Benefit Services, Inc. He asked Mr. Matheussen if he would give a summary of the RFP process. CEO Matheussen said that responses to the RFP were submitted and they were reviewed individually by John Hanson, Danielle McNichol, Toni Brown, Mike Conallen, and himself. He said that after the proposals were reviewed by each individual, they met as a group and ranked the firms as to their technical expertise in all areas. Mr. Matheussen said that the financial pricing package was opened by

John Hanson and the Inspector General to review the pricing. In addition, political disclosure forms were received and reviewed by the Inspector General's Office for compliance and conflicts. After review of this response, it is the evaluation team's recommendation that Gallagher Benefit Services, Inc. be selected as the Health and Welfare Insurance Broker for DRPA and PATCO.

Commissioner Simon inquired how the pricing that was quoted compared to the other price quotes. In response to this question, Mr. Hanson stated that Gallagher Benefit Services, Inc. came in at the lowest annual price of \$125,000. He stated that all other responses were higher in terms of costs and the items included in the cost proposals. Ms. Brown was also questioned about the annual premium being paid to the current broker by the Authority. Ms. Brown indicated that the current broker fees are in excess of \$298,000 and that with the award of this contract, the Authority would save approximately \$173,000 annually.

On motion duly made and seconded, the evaluation team's recommendation of Gallagher Benefits Services, Inc. was accepted and will be moved to the Board meeting of August 15, 2012.

Chairman Nash introduced the second item for the Finance Committee's consideration – Traffic Study Engineer Selection. John Hanson, Chief Financial Officer, stated that the recommendation for the Traffic Engineer is Stantec, Inc. Mr. Hanson said that Jim White and his team of Finance staff, as well as members of the Engineering staff, reviewed the proposals. Mr. Hanson indicated that the Inspector General reviewed the team for compliance for conflicts and none were found. Mr. Hanson stated that the technical proposals were very close and when the cost proposals were opened, the recommendation to the Finance Committee is Stantec, Inc.

On motion duly made and seconded, the Finance Committee accepted the recommendation of the evaluation committee and selected Traffic Study Engineer Selection of Stantec, Inc. This matter will be moved for Board action on August 15, 2012.

Chairman Nash then addressed the third matter before the Finance Committee – the modification of the Inspector General job description. CEO Matheussen stated that the work that has been performed by the Inspector General since he arrived at the DRPA was outside of the scope of work initially considered in the job description, with the work being performed similar to that currently done at a Chief level. For this reason, upon review of the job duties and job description changes, the position has been reclassified to a Chief level, with commensurate salary adjustment to \$165,000.00

Chairman Nash stated that the Inspector General's status will be reclassified as Chief. Commissioner Simon stated that this change in pay is totally justified due to his job expansion and his stellar performance since joining the Authority. Commissioner Simon stated that there has been a cultural change in the organization since Mr. Raftery joined the Authority with his background, style and that his fierce independence has become assets to the Authority. Commissioner Simon stated that the position and the duties assigned to it should be compensated accordingly. Chairman Nash said that at the time of hire, the classification for Mr. Raftery's position was inaccurate, that he was deserving of the Chief level status and pay, making this appropriate.

On motion duly made and seconded, the Modification of the Inspector General job description has been approved by the Finance Committee unanimously and will be moved for Board action on August 15, 2012.

On duly motion and seconded, the Finance Committee meeting was adjourned at 4:15 p.m.

SUMMARY STATEMENT

ITEM NO.: DRPA-12-069

**SUBJECT: Broker/Consultant for
Health & Welfare Program**

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

August 13, 2012

BOARD ACTION DATE:

September 5, 2012

PROPOSAL: That the Board authorizes staff to appoint a Broker/Consultant for the Authority's Health & Welfare Program, and to negotiate an agreement with the Broker/Consultant.

PURPOSE: To appoint a Broker/Consultant for the Authority's Health & Welfare Program, which would include insurance marketing, open enrollment support, claims management/adjudication, among other tasks.

The broker appointment will be validated upon the following: (1) the expiration of the New Jersey Governor's Veto Period; (2) a fully executed Broker/Services Agreement between the Delaware River Port Authority and Gallagher Benefit Services, Inc.; and (3) receipt of the signed Broker of Record Letter.

BACKGROUND: The Authority has determined that it is imperative that contracts are awarded in a manner that is fair and transparent, both with respect to contracts subject to sealed bidding, as well as those contracts where an award to the lowest responsible bidder is not desirable, such as in the procurement of professional services where price is a factor, but is not always the only factor in determining the award of the contract. At the Board's direction, and pursuant to Resolution DRPA-10-044, which establishes procedures requiring a uniform review process for professional services, a formal Request for Proposal was issued.

The Authority publicly advertised on June 25, 2012 its intent to retain a Broker/Consultant and invited interested firms to submit Technical and Cost Proposals. The RFP was advertised on DRPA's website and in the Business Insurance periodical. Responses were due on July 25, 2012, by 3 pm.

Each proposer submitted three sealed and clearly marked envelopes: (1) Technical Proposal; (2) Cost Proposal; and (3) Political Contribution Disclosure Forms. All proposals were submitted to the Contract Administration Department. The Manager, Contract Administration immediately delivered the sealed envelopes to the Inspector General for dissemination. The Inspector General

distributed copies of the Technical Proposals to the Review Team members. The sealed Cost Proposals and Political Contribution Disclosure Forms remained in the custody of the Inspector General.

The following six (6) firms submitted proposal responses:

**Alliant
Brown & Brown Consulting
Gallagher Benefit Services, Inc.
Kistler Tiffany Benefits
Willis
Wells Fargo**

The review committee consisted of John J. Matheussen, CEO, Michael Conallen, Deputy CEO, Danielle McNichol, General Counsel, Toni P. Brown, Chief Administrative Officer, and John T. Hanson, Chief Financial Officer. All team members were interviewed by the Inspector General for potential conflicts of interest. No conflicts were noted.

On Tuesday, August 7, 2012, the review committee met to discuss and evaluate the proposals on the basis of technical merit.

Interviews were conducted on Friday, August 10, 2012. All firms participated.

On Monday, August 13, 2012, after the Technical Review and interviews were completed, the CFO and Inspector General opened all Cost Proposals. The results were tabulated and presented to the Finance Committee for review and consideration.

Gallagher Benefit Services, Inc. was one of the top two technically ranked firms. Gallagher's proposed Service Team Leader has significant employee benefits brokerage and consulting experience. Gallagher's primary team for day-to-day services will include five professionals. Overall, the team assembled by Gallagher Benefit Services, Inc. was found to possess the necessary experience and qualifications to administer successfully the Authority's Health & Welfare Benefits Program.

In addition to being one of the highest technically-ranked firms,

Gallagher submitted the lowest Cost Proposal, which was \$125,000 per year. Currently, the incumbent broker receives commissions directly from the various insurance carriers. This year, the incumbent broker will receive approximately \$298,000 in commissions. The appointment of Gallagher Benefit Services, Inc. will save the Authority approximately \$173,000 annually.

The Authority's Inspector General reviewed the Political Contribution Disclosure Forms for compliance. No issues were noted.

The Authority's Inspector General has further confirmed that Gallagher Benefit Services, Inc. agrees to comply with the Authority's prohibition against fee-sharing, fee-splitting or receipts of any funds or consideration not earned by any broker or agent on behalf of the DRPA. To ensure transparency of costs, the Authority will require the disclosure of all payments made by or to any brokers as compensation for services provided under the terms of the Broker/Consultant contract. The Office of Inspector General will have the right to request, review and audit all records and documentation of the broker for compliance.

It is recommended that a Broker/Consultant Agreement be negotiated with Gallagher Benefit Services, Inc. for the annual fixed service fee of \$125,000 to be paid in equal quarterly amounts as set forth by the DRPA, in accordance with the terms outlined in the RFP.

SUMMARY:

Amount:	Total: \$125,000 per year
Source of Funds:	Revenue Fund and General Fund
Capital Project #:	N/A
Operating Budget:	DRPA Benefits Administration C/E #15
Master Plan Status:	N/A
Other Fund Sources:	N/A
Duration of Contract:	2 years, with an option for a third year, unilaterally exercisable by the DRPA at its sole discretion
Other Parties Involved:	Gallagher Benefit Services, Inc. and Delaware River Port Authority

DRPA-12-069
Finance Committee: 8/13/2012
Board Date: 9/5/2012

**Broker/Consultant for Health & Welfare
Program**

RESOLUTION

- RESOLVED:** That the Board authorizes staff to appoint a Broker/Consultant for DRPA's Health & Welfare Program for a period of two years from the date on which the NJ Governor's Veto Period expires, and will expire on or after September 20, 2014; and be it further
- RESOLVED:** The annual fixed fee for the services shall be \$125,000, payable in equal quarterly payments as set forth by the DRPA in the RFP; and be it further
- RESOLVED:** The DRPA shall have an option for a third year, unilaterally exercisable by the DRPA at its sole discretion for the annual fixed service fee of \$125,000, to be paid in equal quarterly amounts payable as set forth by the DRPA; and be it further
- RESOLVED:** That the Board authorizes that the appointment shall be validated upon the following: (1) the expiration of the New Jersey Governor's Veto Period; (2) a fully executed Broker/Services Agreement between the Delaware River Port Authority and Gallagher Benefit Services, Inc.; and (3) receipt of the signed Broker of Record Letter.
- RESOLVED:** The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:

Amount:	Total: \$125,000 per year
Source of Funds:	Revenue Fund and General Fund
Capital Project #:	N/A
Operating Budget:	DRPA Benefits Administration CE#15
Master Plan Status:	N/A
Other Fund Sources:	N/A
Duration of Contract:	2 years, with an option for a third year, unilaterally exercisable by the DRPA at its sole discretion
Other Parties Involved:	DRPA and Gallagher Benefit Services, Inc.