

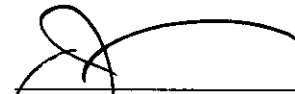
**CERTIFICATION
OF
NEW JERSEY TURNPIKE AUTHORITY**

I, Joseph Mrozek, hereby certify that I am the Executive Director of the New Jersey Turnpike Authority and as such, Executive Director certify that the attached copy of PROCEEDINGS OF THE NEW JERSEY TURNPIKE AUTHORITY is a true and correct copy of the Minutes of the November 21, 2017 Meeting of the Authority.

IN WITNESS THEREOF, I have hereunto set my hand and affixed the official seal of the New Jersey Turnpike Authority this 21st day of November, 2017.

ATTEST:


Kim Schurman
Secretary to the Authority

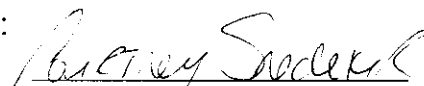

Joseph Mrozek
Executive Director

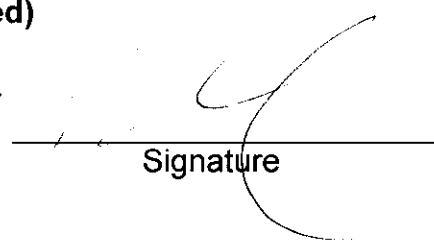
Corporate Seal

Date: November 21, 2017

**Received in the Governor's Office November 21, 2017
(hand delivered)**

Received by:


Print Name


Signature

Veto Period Ends:

December 6, 2017
(Write in the date the veto period ends)

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**PROCEEDINGS OF MEETING OF NEW JERSEY TURNPIKE AUTHORITY
BOARD OF COMMISSIONERS
Tuesday, November 21, 2017**

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Chairman Richard Hammer called the meeting of the Authority's Board of Commissioners into session in the Executive Boardroom of the Authority's Headquarters Building at 1 Turnpike Plaza in Woodbridge, New Jersey, at 9:01 A.M.

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PRESENT

Present were Chairman Richard Hammer, Vice Chairman Ronald Gravino, Treasurer Michael DuPont, Commissioner Ulises Diaz, Commissioner John Minella and Commissioner Raphael Salerno. The meeting commenced at 9:01 A.M.

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ALSO PRESENT

Executive Director Joseph Mrozek; Chief Operating Officer John O'Hern; Chief Financial Officer Donna Manuelli; Chief Engineer Robert Fischer; Chief Information Officer Jose Dios; General Counsel Bruce Harris; Director of Human Resources Mary-Elizabeth Garrity; Director of Internal Audit James Carone; Deputy Director of Maintenance William Perna; Director of Operations Henry Eibel; Director of Procurement and Materials Management Andrea Ward; Director of Tolls Robert Quirk; New Jersey State Police Major Eric Heitmann, State Police Troop D; and Secretary to the Authority Kim Schurman.

Also present were: Outside Counsel Gage Andretta, Esq., of Chiesa, Shahinian & Giantomasi, Governors' Authorities Unit Representative Nicholas Kant; additional individuals consisting of other NJTA employees; interested organizations; the general public; and a news reporter from New Jersey Advanced Media.

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NOTICE OF MEETING

This is a regular meeting of the New Jersey Turnpike Authority. Adequate notice of this meeting has been provided in accordance with Chapter 231, P.L. 1975 in that notice has been given to at least two newspapers and notice has been forwarded to the Secretary of State, Trenton, New Jersey. In addition, notice of said meeting has been and is being displayed in the main lobby of the Authority's Administration Headquarters in Woodbridge.

Executive Director Mrozek takes Roll Call and the Following Were Present:

1. Chairman Hammer
2. Vice Chairman Gravino
3. Treasurer DuPont
4. Commissioner Pocino (not present)
5. Commissioner Diaz
6. Commissioner Minella
7. Commissioner Salerno

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EXECUTIVE SESSION

A motion to enter into Executive Session, not open to the public in accordance with the Open Public Meetings Act, N.J.S.A. 10:4-12(b), to discuss matters pertaining to:

- Contract Negotiations

The motion was made by Vice Chairman Gravino and seconded by Commissioner Diaz, and, after the voice vote, the motion was duly adopted by the Board of Commissioners of the New Jersey Turnpike Authority.

Executive Session was adjourned at 9:32 a.m. Chairman Hammer resumed the public portion of the meeting at 9:34 a.m.

Executive Director Mrozek takes Roll Call and the Following Were Present:

1. Chairman Hammer
2. Vice Chairman Gravino
3. Treasurer DuPont
4. Commissioner Pocino (not present)
5. Commissioner Diaz
6. Commissioner Minella
7. Commissioner Salerno

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ACTION ON MINUTES

The Executive Director reported that ten days, excluding Saturdays, Sundays and holidays, have elapsed since Governor Chris Christie received the proceedings of the regular meeting of October 24, 2017; he did not exercise his power to veto any items in those minutes.

Upon motion made by Treasurer DuPont seconded by Vice Chairman Gravino the minutes of the meeting was unanimously approved.

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RECUSALS

The Executive Director reported recusals or abstentions submitted for the record:

- Commissioner Minella is recused on item 284
- Vice Chairman Gravino is recused on item 286

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PUBLIC COMMENT

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None

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EXECUTIVE DIRECTOR'S COMMENTS

None

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COMMISSIONER'S COMMENTS

None

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HUMAN RESOURCES

Director of Human Resources Mary-Elizabeth Garrity requested approval of item number 278-11-2017. Moved is the item as follows:

278-11-2017

Human Resources Director Mary Elizabeth Garrity submitted the **Personnel Agenda**, dated November 21, 2017, and requested confirmation of the personnel matters contained therein. The Executive Director certified the recommendations for consideration.

On motion by Vice Chairman Gravino and seconded by Treasurer DuPont employment of those named to serve at the pleasure of the Authority and other recommended personnel actions, were approved, ratified and confirmed, to become effective as of the dates specified and at the salaries listed.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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LAW

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General Counsel Bruce Harris requested approval of item number 286-11-2017. Moved is the item as follows:

286-11-2017

In a memorandum dated November 13, 2017, **Authorization for the Executive Director to: (1) execute a Master License Agreement with New Cingular Wireless PCS, LLC for Wireless Telephone Services; and (2) enter into Individual Site License Agreements for the location of new sites,** was approved.

The New Jersey Turnpike Authority (the "Authority") is party to a number of agreements with New Cingular Wireless PCS, LLC ("ATT") and its various predecessor companies for twenty-one (21) locations on the Garden State Parkway and eight (8) locations on the New Jersey Turnpike (together, with the Garden State Parkway, the "Roadways"). These agreements permit ATT to locate, construct, and maintain wireless communication towers and equipment at these

locations, and currently produce an annual revenue to the Authority of approximately \$1.3 million.

The proposed Master License Agreement ("MLA") is the result of extensive negotiations with ATT to establish uniform terms and conditions for mobile communication tower locations and for antennas located on Authority towers. The MLA, among other provisions, includes specifications regarding the appearance and layout of mobile communication tower locations, requires Authority review of tower engineering designs, requires ATT to reserve a portion of each tower for Authority equipment (thereby reducing the need for the Authority to construct its own towers), and establishes uniform fees for towers and for co-location by third party wireless companies on ATT mobile communication towers. In addition to the MLA, ATT and the Authority will enter into an Individual Site Agreement ("ISA") for each location. The term of the MLA is 30 years.

The Information Technology Services Department manages all agreements with mobile communication companies.

Accordingly, it is respectfully requested that the Authority's Board of Commissioners authorize the Executive Director to execute the MLA and each ISA. It is further requested that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

On motion by Treasurer DuPont and seconded by Commissioner Salerno, the Board unanimously approved item number 286-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	RECUSED	YES	ABSENT	YES	YES	YES

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General Counsel Bruce Harris requested approval of item number 284-11-2017. Moved is the item as follows:

284-11-2017

In a document dated November 17, 2017, Authorization to Enter into an Agreement with GCT Bayonne, LP, Regarding New Jersey Turnpike Interchange 14A Project Amount: \$100,000 (revenue to the Authority), was approved.

The New Jersey Turnpike Authority ("Authority") is continuing with the construction of the Interchange 14A Improvements Project (the "Project") in the Cities of Bayonne and Jersey City, Hudson County. This Project includes improvements to the ramp network connecting the Turnpike and local roadways at Interchange 14A, including connections to and from Route 440 as well as the intersection of Peninsula Road and Port Jersey Boulevard in Jersey City.

GCT Bayonne LP ("GCT") has raised concerns regarding the Project's planned lane configuration on Port Jersey Boulevard in the vicinity of the intersection with Peninsula Road in light of revised striping on Port Jersey Boulevard recently undertaken by another entity. Authority staff have negotiated a proposed agreement with GCT, under which the Authority will revise the Project plans to include additional improvements along Port Jersey Boulevard, specifically roadway widening and restriping to accommodate two lanes in each direction from the Peninsula Road intersection to the Pulaski Street intersection. GCT has agreed to pay the Authority \$100,000 as partial compensation for this additional work.

Accordingly, it is requested that Board of Commissioners delegate to the Executive Director the authority to execute an Agreement with GCT Bayonne, LP pursuant to the terms outlined above. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item number 284-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	RECUSED	YES

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General Counsel Bruce Harris requested approval of item numbers 279-11-2017 through 283-11-2017 and 285-11-2017 and 304-11-2017. Moved are the items as follows:

279-11-2017

In a document dated November 3, 2017, **Authorization to Settle Litigation in the Matter of Peter Renna, Jr v. Alfred R. Wood and Celia E. Israel, New Jersey Manufacturers Insurance Co. v. NJTA**, was approved.

This matter is an Underinsured Motorist claim arising from a 2013 motor vehicle accident on the Parkway involving Plaintiff Authority Maintenance employee Renna. Plaintiff was seated in his attenuator truck on the shoulder of the roadway when he was rear-ended by tortfeasor Alfred Wood. Plaintiff suffered two fractured ribs, a contusion of the right knee, and sprain/strain injuries to his neck and back that required a 3-level cervical spine fusion surgery.

As a result of a recent Court ordered arbitration, outside counsel recommends settlement in the amount of \$400,000. Plaintiffs have agreed to a \$500,000 universal settlement amount. The underinsured tortfeasor's insurance policy has already settled for their limit of \$100,000. As a result, the Authority receives a credit for that amount meaning the Authority's responsibility in this matter for underinsured motorists coverage is \$400,000. Outside counsel reviewed this

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matter and other similar matters that were previously adjudicated and confirms that this settlement value is reasonable given the facts of the case, Plaintiff's injuries and the predicted future cost of defense. The Law Department concurs with outside counsel's recommendation.

Therefore it is recommended that the Authority's Commissioners approve the settlement of this matter pursuant to the terms set forth above. It is also recommended that the Authority's Commissioners authorize the Executive Director to execute any and all documents in furtherance of same.

280-11-2017

In a document dated November 3, 2017, **Authorization to Settle Litigation in the Matter of Steven J. Vincent v. John H. Poyner**, was approved.

This matter is an Underinsured Motorist claim arising from a 2012 motor vehicle accident on the Parkway. In this matter, Plaintiff Trooper Vincent was closing a lane of travel in a marked vehicle with its overhead lights on when he was rear-ended by tortfeasor John Poyner. Plaintiff suffered cervical spine disc herniations, a cervical sprain/strain injury, and an aggravation of pre-existing spinal problems. Plaintiff received a disability retirement from the State Police in 2014.

As a result of a recent Uninsured Motorists arbitration, outside counsel recommends settlement in the amount of \$235,000. Plaintiffs have agreed to this settlement amount. The Authority has established that our self-insured coverage for Underinsured Motorists claims is \$250,000. The underinsured tortfeasor's insurance policy settled for their limit of \$15,000. As a result, the Authority receives a credit for that amount, meaning the Authority's responsibility in this matter for Underinsured Motorists coverage is \$235,000. Outside counsel reviewed this matter and other similar matters that were previously adjudicated and confirms that this settlement value is reasonable given the facts of the case, Plaintiff's injuries and the predicted future cost of defense. The Law Department concurs with outside counsel's recommendation.

Therefore it is recommended that the Authority's Commissioners approve the settlement of this matter pursuant to the terms set forth above. It is also recommended that the Authority's Commissioners authorize the Executive Director to execute any and all documents in furtherance of same.

281-11-2017

In a document dated November 3, 2017, **Authorization to Settle Litigation in the Matter of Claire Barrett v. David C. Chirico and New Jersey Turnpike Authority, et. al.**, was approved.

This matter is a personal injury claim arising from a motor vehicle accident on the Parkway involving an Authority Maintenance employee who struck Plaintiff's vehicle while changing lanes. Plaintiff suffered shoulder and back injuries requiring a cervical fusion and

rotator cuff/shoulder surgery.

As a result of a recent Court supervised settlement conference, outside counsel recommends settlement in the amount of \$500,000. Plaintiffs have agreed to this settlement amount. Outside counsel reviewed this matter and other similar matters that were previously adjudicated and confirms that this settlement value is reasonable given the facts of the case, Plaintiff's injuries and the predicted future cost of defense. The Law Department concurs with outside counsel's recommendation.

Therefore it is recommended that the Authority's Commissioners approve the settlement of this matter pursuant to the terms set forth above. It is also recommended that the Authority's Commissioners authorize the Executive Director to execute any and all documents in furtherance of same.

282-11-2017

In a document dated November 8, 2017, **Authorization to Enter into Memorandum of Agreement with the Department of Law and Public Safety, Division of New Jersey State Police ("NJSP"), Amount: \$4,500,000.00,** was approved.

The Authority contracts with the Department of Law and Public Safety, Division of New Jersey State Police ("NJSP") to provide police services on the Garden State Parkway, New Jersey Turnpike, PNC Bank Arts Center and elsewhere under the Authority's jurisdiction. Approval of a new agreement with the NJSP for the provision of police services is before the Authority this month under Agenda Item No. 283-11-2017, as the current agreement has expired.

Under both the expired and the new agreements, the Authority pays to the NJSP the full cost of such provision of police services. Certain "indirect costs" are also billed to the Authority by the NJSP, which currently include the amortized annual cost of recruit training for the number of troopers assigned to the Authority Troop D Detachment, based on an average career of twenty-five years.

The State has requested the Authority's assistance in prepaying certain of these recruit training costs, in order to allow the NJSP to hold a Recruit Training Academy Class in calendar year 2018. This increased recruitment will also allow the NJSP to increase the number of State Troopers assigned to the Authority Detachment. The full cost of the Recruit Training Academy Class is \$4,500,000.00. The State has requested that the Authority pay the full amount to the NJSP on or before December 31, 2017. In return, the NJSP will provide a credit of \$450,000.00 per year for each of the next ten years against the indirect costs billed to the Authority for NJSP police services.

Accordingly, it is requested that the Board of Commissioners delegate to the Executive Director the authority to enter into a Memorandum of Agreement with the NJSP to provide \$4,500,000 in funding for a Recruit Training Academy Class, and to receive credits for such

funding in accordance with the terms set forth above. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

283-11-2017

In a document dated November 13, 2017, **Authorization to Enter into a Fifteen (15) Year Agreement with the Department of Law and Public Safety, Division of New Jersey State Police, for the Provision of Police Services on the New Jersey Turnpike and Garden State Parkway, Amount: Est. \$1.05 billion**, was approved.

Since the construction of the New Jersey Turnpike and the Garden State Parkway, the New Jersey Turnpike Authority ("Authority") and its predecessor in interest the New Jersey Highway Authority have contracted with the Department of Law and Public Safety, Division of New Jersey State Police ("NJSP") to provide police services on both Roadways, the PNC Bank Arts Center, and elsewhere under the Authority's jurisdiction. The current agreement for the provision of police services has expired and Authority staff have negotiated a successor agreement with the NJSP.

As a result of these negotiations, Authority staff recommend that the Authority enter into a new Agreement with the NJSP, pursuant to which the Authority will pay to the NJSP the full cost, both direct and indirect, for the provision of police services by NJSP. These costs include regular and overtime salaries and employee/fringe benefits for the enlisted and civilian technical support personnel, and the amortized annual cost of recruit training for the number of Troopers assigned to the Authority Detachment. The Agreement further provides for the Authority to receive a credit of four hundred and fifty thousand dollars (\$450,000) per year for ten (10) years against the indirect costs billed to the Authority, to repay the Authority the four million five-hundred thousand dollars (\$4,500,000) it paid for a 2018 NJSP Recruit Training Academy Class, pending approval by the Board of Commissioners under Agenda Item No. 282-11-2017. The term of the Agreement will be fifteen (15) years.

Accordingly, it is requested that Board of Commissioners delegate to the Executive Director the authority to enter into an Agreement with the NJSP to provide police services to the Authority, in accordance with the terms set forth above. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

284-11-2017

Item done separately

285-11-2017

In a document dated November 21, 2017, **Authorization to Settle Toll Violations**, was approved.

NEW JERSEY TURNPIKE AUTHORITY
LAW DEPARTMENT AND FINANCE DEPARTMENT
TOLL VIOLATION SETTLEMENTS
November 21, 2017 Commission Meeting

Name	Location	Administrative Fees	Total
EAB Transport LLC and Doing It Right Tech LLC	Jersey City, NJ	\$295,593.80	\$295,593.80 (to be paid over 60 months)*

286-11-2017

Item done separately

304-11-2017

In a document dated November 13, 2017, **Ratification of Notice of Action on Petition for Rulemaking N.J.A.C. 19:9-6.3**, was approved.

Under N.J.A.C. 19:9-6.1, et seq., any interested person may petition the Authority to promulgate, amend or repeal a rule issued by the Authority. On May 24, 2017, the Authority received a petition for rulemaking from James Long and Homer Walker ("Petitioners") challenging the \$50.00 administrative fee assessed against Petitioners pursuant to N.J.A.C. 19:9-9.2(b) as excessive and violative of the Authority's authorizing statute, N.J.S.A. 27:23-34.3. Petitioners demanded that the rule be changed to allow only a fee "based upon the actual cost of processing and collecting individual violations."

N.J.A.C. 19:9-6.3(b) requires the Authority to issue a notice of action on the petition within 60 calendar days, which action may include denying the petition, granting the petition, or referring the matter for further deliberations by Authority staff, which deliberations must conclude within 90 calendar days after the matter is referred. On July 20, 2017, pursuant to N.J.A.C. 19:9-6.3(c)3, the petition was referred to appropriate Authority staff for further deliberation in order to review Petitioners' request in the context of the State's statutory and regulatory provisions governing the Authority and particularly the statute authorizing the collection of administrative fees assessed in connection with toll violations.

N.J.A.C. 19:9-6.3(c)(3)(i) requires the Authority to deny or grant the petition upon the conclusion of further deliberations. On October 18, 2017, following the conclusion of such further deliberations, the Executive Director issued a Notice of Action denying the petition, determining that the administrative fee of \$50 is reasonable considering all of the Authority's actual costs associated with processing and collecting violations. This Notice included a Statement of Reasons detailing the analysis undertaken by the Authority. Both the Notice and the Statement of Reasons were mailed to Petitioners and filed with the Office of Administrative Law for

publication in the New Jersey Register pursuant to N.J.A.C. 19:9-6.3(c)(3)(i).

Accordingly, it is requested that the Board of Commissioners ratify the Executive Director's decision to issue the attached Notice of Action and Statement of Reasons denying the petition for rulemaking. It is further recommended that the Commissioners authorize the Executive Director to execute any such documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

****NOTICE OF ACTION ATTACHED TO THESE MINUTES****

On motion by Treasurer DuPont and seconded by Vice Chairman Gravino, the Board unanimously approved item numbers 279-11-2017 through 283-11-2017 and 285-11-2017 and 304-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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ENGINEERING

Chief Engineer Robert Fischer requested approval of item numbers 287-11-2017 through 294-11-2017. Moved are the items as follows:

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PUBLIC BID SOLICITATIONS-AWARD OF CONTRACTS

287-11-2017

In a document dated November 8, 2017, **Recommendation to Ratify Contract No. P100.480, Garden State Parkway, George Harms Construction Company, Inc., Emergency Repair Contract Garden State Parkway Emergency Repairs Structure No. 112.10 NO, Budget Code: 039999999, Amount: \$3,000,000.00,** was approved.

On November 2, 2017 a vehicle traveling on Middletown-Lincroft Road (CR50) struck the Garden State Parkway northbound outer roadway bridge structure overpass that crosses over the local road. The impact significantly damaged the fascia beam and first interior stringer.

Immediate action was required to assess the integrity of the bridge structure and address the damaged beams. Due to the damage, the right lane and shoulder of the Parkway mainline roadway on the bridge in the vicinity of the damage, along with the local roadway below the bridge, were closed to traffic. Action was taken to evaluate possible temporary repair alternatives that would stabilize the bridge structure to allow the third lane on the Parkway, as well as the local roadway below, to be opened to traffic. It was determined that steel beams could be installed adjacent to the damaged beams on a temporary basis. This would allow the roadways to be opened to traffic while permanent repairs are designed and then constructed in the near future.

With time of the essence, the Executive Director authorized the Chief Engineer to contact qualified contractors to perform this work. George Harms Construction Company, Inc. (GHC) was immediately contacted. They were specifically chosen as they previously performed similar emergency repairs to Structure No. 75.3, Lacey Road over the Garden State Parkway, when it was struck by an over height vehicle on June 4, 2008. GHC's ability to mobilize necessary manpower and equipment, coupled with an extensive inventory of materials they had on-hand at their home office yard, was instrumental in expeditiously constructing a temporary bypass structure and final permanent bridge repairs to restore the roadway to its pre-impact condition in an accelerated fashion. GHC is prequalified with the Authority and has previously performed similar work for the Authority. GHC is immediately available to provide construction services to assist the Authority in expediting temporary and permanent repairs.

Work under this contract involves the construction of temporary repairs consisting of the installation of structural steel members to support the bridge deck in the areas of the damaged beams. GHC will also undertake permanent repairs in the near future after the design of the permanent repairs are completed. All work will be done on a time and material basis in accordance with the Authority's Standard Specifications with the estimated cost not to exceed \$3,000,000.00.

Based on the immediate need to address the damaged bridge structure, the Executive Director has determined that an emergency exists. Upon the recommendation of the Chief Engineer, the Executive Director has issued Contract No. P100.480 to George Harms Construction Company, Inc. in an amount not to exceed \$3,000,000.00 in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006). It is, therefore, recommended that the Board of Commissioners ratify the Executive Director's declaration of emergency and award of Contract No. P100.480 to George Harms Construction Company, Inc. of Farmingdale, New Jersey in an amount not to exceed \$3,000,000.00. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this ratification.

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ORDER FOR PROFESSIONAL SERVICES

288-11-2017

In a document dated November 2, 2017, **Recommendation to Issue Order for Professional Services No. T3604 and T3605, New Jersey Turnpike, Greenman-Pedersen, Inc. – OPS No. T3604, Michael Baker International, Inc. – OPS No. T3605, Order for Professional Services No. T3604, Design Services for Contract No. T100.411 (2019), Bridge Repairs and Resurfacing, Milepost 92 to 122 and the Newark Bay-Hudson County**

Extension (NB-HCE), RM-134996, Budget Code: 030C10001, Funding allocation: \$1,000,000.00 FY 2018, \$660,000.00 FY 2019, Amount: \$1,660,000.00, and, Order for Professional Services No.T3605, Design Services for Contract No. T100.412 (2019), Bridge Repairs and Resurfacing, Milepost 0 to 92 and the Pearl Harbor Memorial Turnpike Extension (PHMTE), RM-134998, Budget Code: 030C10001, Funding allocation: \$800,000.00 FY 2018, \$435,000.00 FY 2019, Amount: \$1,235,000.00, was approved.

Through this single procurement process, the Authority will select two consultants to furnish design services and prepare construction contract documents for the annual bridge deck and miscellaneous structural repair contracts for 2019, which will address the northern and southern portions on the Turnpike.

The design services associated with OPS No. T3604 provides for bridge inspection, condition evaluation and preparation of documents for Contract No. T100.411, Bridge Deck Repairs, Resurfacing and Miscellaneous Structural Repairs on the northern portion of the Turnpike.

The design services associated with OPS No. T3605 provides for bridge inspection, condition evaluation and preparation of documents for Contract No. T100.412, Bridge Deck Repairs, Resurfacing and Miscellaneous Structural Repairs on the southern portion of the Turnpike.

These assignments are classified as "Simple Projects" since the scopes of work are clearly defined and not likely to change during the course of the project, and the cost of each is less than \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 52 engineering firms were prequalified and eligible under Profile Codes: A092 – Bridges: Miscellaneous Repairs and A093 – Bridges: Deck Replacement and Rehabilitation. Three firms submitted EOIs by the closing date of October 11, 2017.

The scoring of the EOIs by the Review Committee resulted in the following order of ranking: 1) Michael Baker International, Inc.; 2) Greenman-Pedersen, Inc. and 3) Arora and Associates, P.C. These three firms were requested to submit sealed Fee Proposals. Fee Proposals submitted by the three highest ranking firms have been reviewed. A review of the fee proposal of the highest technically ranked firm, Michael Baker International, Inc., for OPS No. T3605 for Contract No. T100.412 (their preferred OPS) resulted in a reduction in their fee proposal. Subsequently, negotiations with the second highest technically ranked firm, Greenman-Pedersen, Inc. for OPS No. T3604 for Contract No. T100.411 resulted in a reduction in their fee proposal. Both fees are considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3604 for Contract No. T100.411 be issued to the firm of Greenman-Pedersen, Inc. of Lebanon, NJ, not to exceed the amount of \$1,660,000.00 allocated as follows: \$1,000,000.00 in 2018 and \$660,000.00 in 2019. This amount includes reimbursement of direct salaries times a maximum

multiplier of 2.80 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses.

It is further recommended that Order for Professional Services No. T3605 for Contract No. T100.412 be issued to the firm of Michael Baker International, Inc. of Hamilton, NJ, not to exceed the amount of \$1,235,000.00 allocated as follows: \$800,000.00 in 2018 and \$435,000.00 in 2019. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.66 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses.

The issuance of these OPS' are contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

289-11-2017

In a document dated October 23, 2017, **Recommendation to Issue Order for Professional Services Nos. T3610 and T3611, New Jersey Turnpike, Arora and Associates - OPS No. T3610, HAKS Engineers, Architects and Land Surveyor, P.C. - OPS No. T3611, Engineering Services for the 2018 New Jersey Turnpike Authority Bridge Inspection Program, Order for Professional Services No. T3610, New Jersey Turnpike-Group 1, Milepost 0 to 67 and on the Pearl Harbor Memorial Turnpike Extension, RM-135797, Budget Code: 040E10018, Funding Allocation: \$900,000.00 FY 2018, \$84,402.00 FY 2019, Amount: \$984,402.00, and, Order for Professional Services No. T3611, New Jersey Turnpike-Group 3, Milepost 105 to E118 and on the Newark-Bay Hudson County Extension, RM-135800, Budget Code: 040E10018, Funding Allocation: \$1,120,000.00 FY 2018, \$ 93,000.00 FY 2019, Amount: \$1,213,000.00,** was approved.

Through this single procurement process, the Authority will select two consultants to furnish engineering services for the 2018 annual bridge inspections on the New Jersey Turnpike.

The engineering services associated with OPS No. T3610 provides for inspection of 174 bridges located in the southern portion and PHME of the New Jersey Turnpike.

The engineering services associated with OPS No. T3611 provides for inspection of 63 bridges located along the Easterly alignment and NBHCE of the New Jersey Turnpike.

Both OPS' include FHWA Structure Inventory and Appraisal (SI&A) form updates, FHWA Element Level Inspection data collection and preparation of bridge inspection reports.

These assignments are classified as "Simple Projects" since the scopes of work are clearly defined and not likely to change during the course of the project, and the cost of each is less than

\$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 31 engineering firms were prequalified and eligible under Profile Code: D280C – Bridges, NBIS Program, Complex. Seven firms submitted EOIs by the closing date of September 19, 2017.

The scoring of the EOIs by the Review Committee resulted in the following order of ranking: 1) Arora and Associates, P.C.; 2) HAKS Engineers, Architects and Land Surveyors, P.C. and 3) KS Engineers, P.C. These three firms were requested to submit sealed Fee Proposals. Fee Proposals submitted by the three highest ranking firms have been reviewed. A review of the fee proposal of the highest technically ranked firm, Arora and Associates, P.C., for OPS No. T3610 (their preferred OPS) was performed and the fee proposal was deemed acceptable. Subsequently, negotiations with the second highest technically ranked firm, HAKS Engineers, Architects and Land Surveyors, P.C. for OPS No. T3611 resulted in a reduction in their fee proposal. Both fees are considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3610 be issued to the firm of Arora and Associates, P.C. of Lawrenceville, NJ, not to exceed the amount of \$984,402.00 allocated as follows: \$900,000.00 in 2018 and \$84,402.00 in 2019. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.75 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses.

It is further recommended that Order for Professional Services No. T3611 be issued to the firm of HAKS Engineers, Architects and Land Surveyors, P.C. of Iselin, NJ, not to exceed the amount of \$1,213,000.00 allocated as follows: \$1,120,000.00 in 2018 and \$93,000.00 in 2019. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.80 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses.

The issuance of these OPS' are contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

290-11-2017

In a document dated October 24, 2017, **Recommendation to Issue Supplement A to Order for Professional Services No. T3405, New Jersey Turnpike, AECOM Technical Services Inc., Environmental Design Services for the Interchange 6 to 9 Widening Program, Brookland Site, RM-135802, Budget Code: 39018001, Original OPS Amount: \$1,525,000.00, Amount of Supplement: \$ 232,000.00, Revised OPS Amount: \$1,757,000.00,**

was approved.

This Order for Professional Services was approved at the June 2011 Commission Meeting in the amount of \$1,525,000.00 to provide environmental design services necessary in connection with the Turnpike's Interchange 6 to 9 Widening Program. The services consisted of the design and monitoring of wetlands, riparian and vernal pool mitigation on a single Authority owned 400+ acre parcel of property known as the Brookland site. Services will also include the design and preparation of contract documents for the planting of approximately 150 acres of trees on Authority owned property in accordance with the NJDEP Division of Parks and Forestry No Net Loss guidelines.

Supplement A will provide for additional environmental services to satisfy the NJDEP Flood Hazard Area Permit requiring annual monitoring of nine Riparian Zone mitigation sites for three years, which was not in the original scope. Additionally, the design associated with the reforestation was more extensive than originally envisioned, including two construction contracts instead of one, revisions to the plans due to Colonial Pipeline, State Police, Maintenance and additional site surveys to find suitable locations within the Interchange 6 to 9 Widening Program corridor.

It is, therefore, recommended that Supplement A to Order for Professional Services No. T3405 be issued to AECOM Technical Services Inc. not to exceed the amount of \$232,000.00 with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$1,525,000.00 to \$1,757,000.00. The original contract was procured pursuant N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

291-11-2017

In a document dated November 2, 2017, **Recommendation to Issue Supplement A to Order for Professional Services No. P3497, Garden State Parkway, Greenman – Pedersen, Inc., Supervision of Construction Services for Contract Nos. P100.233 & P100.297, Bridge Deck Reconstruction, Parkway Milepost 121 to 159, RM-135786, Budget Code: 39001033, Original Amount of OPS: \$12,730,000.00, Amount of Supplement A: \$5,300,000.00, Revised Amount of OPS: \$18,030,000.00**, was approved.

This Order for Professional Services was approved at the November 2014 Commission Meeting in the amount of \$12,730,000.00 to provide supervision of construction services for the two (2) referenced contracts. Both of these contracts include bridge deck replacement on multiple bridges on local roads over the Parkway and on the Parkway mainline bridge structures. For both contracts combined, this work requires demolition and replacement of existing concrete bridge decks in multiple stages across the roadway. The bridge deck replacement requires precast concrete on eight bridges and cast in place concrete on the remaining six bridges. The concrete specified for all of the bridge decks is High Early Strength – High Performance Concrete (HES-

HPC), which must be placed within very specific temperature ranges and during hours when traffic lanes adjacent the work area can be closed. These weather restrictions limited the time of year a significant part of these contracts could be constructed, which were further affected by the time constraints for lane closings along this highly congested roadway segment of the Parkway. Both contracts were adversely impacted due to scheduling, coordination with other Authority contracts, seasonal restrictions and significant additional issues that arose during construction that were not anticipated.

As a result of the complexities of this work and the issues noted above, there were numerous changes to each contract in the form of thirty six (36) Changes of Plan (COP). A total of twelve (12) COPs were issued to Contract No. P100.233 and another twenty-four (24) COPs were issued to Contract No. P100.297. The COPs addressed numerous unanticipated field conditions at each structure and revisions to stage construction and MPT plans. The need for these changes, which added significant additional work to each contract, also created the need to extend each contract's construction schedule. Contract No. P100.233 is being extended by approximately 10 months and Contract No. P100.297 is being extended by approximately 20 months. Accordingly, it is necessary to increase the construction supervision services to oversee the contract work during the time extensions. The original scope of services provided for a 74 month supervision assignment. This Supplement, in the amount of \$5.3 million, will compensate the Consultant for the additional supervision services to cover the additional 30 months of construction. The associated fee for these additional extended services is proportionate to the original fee when compared on a monthly basis.

Supplement A will compensate Greenman – Pedersen, Inc. for additional staffing that has been required during ongoing construction of the two contracts and the delays to each and the additional staffing that will be required during the extended contract durations. In addition, the testing requirements for HES-HPC and off-site inspections at the pre-casting facilities required significant additional unanticipated laboratory testing services and staffing.

It is, therefore, recommended that Supplement A to Order for Professional Services No. P3497 be issued to Greenman-Pedersen, Inc., Inc. not to exceed the amount of \$5,300,000.00 with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$12,730,000.00 to \$18,030,000.00. The original contract was procured pursuant N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

292-11-2017

In a document dated November 2, 2017, **Recommendation to Issue Supplement B to Order for Professional Services No. A3458, Garden State Parkway and New Jersey Turnpike, Michael Baker Jr., Inc., Supervision of Construction Services for Contract No. T500.192, Replacement of Maintenance Building at Turnpike District 6 Yard, Milepost**

E111.50, Contract No. T500.272, Construction of Troop "D" Newark Station, Turnpike Milepost 104 SB, Contract No. A500.274, Construction of Troop "D" Moorestown Station, Turnpike Milepost 37 NB and Galloway Station, Parkway Milepost 42, RM-135806. Budget Code: 39005013, Original OPS Amount: \$6,500,000.00, Amount of Supplement A: \$2,030,000.00, Amount of Supplement B: \$598,000.00, Revised OPS Amount: \$9,128,000.00, was approved.

This Order for Professional Services was issued at the December 2012 Commission Meeting in the amount of \$6,500,000.00 to provide supervision of construction services for Contract Nos. T500.192, T500.272 and A500.274 to ensure that the referenced contracts were constructed in accordance with the Contract Plans and Specifications.

Supplement A authorized Michael Baker Jr., Inc. to provide additional supervision of construction services for the various time extensions to each contract, specifically approximately 1.5 years beyond the original scope of Contract No. T500.192 (Secaucus) and over one year beyond the original scope of Contract No. A500.274 (Moorestown/Galloway). Furthermore, additional supervision of construction services were required due to the termination of Contract No. T500.272 (Newark) and the resulting rebid and award of Contract No. T500.395 (Newark rebid).

Supplement B will provide for additional construction supervision services for Contract Nos. T500.192 (Secaucus) and T500.395 (Newark rebid) due to construction contract extensions in time. Contract No. T500.192 (Secaucus) requires a nine month extension due to contractor self-inflicted delays requiring additional supervision services. Michael Baker Jr., Inc. is supporting the Authority in resolution of contractor claims and outstanding liquidated damages for this contract. Contract No. T500.395 (Newark rebid) requires a one year extension due to unforeseen site conditions and contractor delays in structural steel erection requiring additional supervision services.

It is, therefore, recommended that Supplement B to Order for Professional Services No. A3458 be issued to Michael Baker Jr., Inc. not to exceed the amount of \$598,000.00 with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$8,530,000.00 to \$9,128,000.00. The original contract was procured pursuant N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

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MISCELLANEOUS

293-11-2017

In a document dated November 9, 2017, **Recommendation to Approve Emergency Response Actions and Authorize Delegated Authority for OPS Supplements in connection with Garden State Parkway Emergency Bridge Repairs, Structure No. 112.10 NO, HNTB**

Corporation – OPS No. A3584 \$500,000.00, Gannett Fleming, Inc. - OPS No. P3626 - \$500,000.00, Amount: \$1,000,000.00, Budget Code: 039999999, was approved.

On November 2, 2017 a vehicle traveling on Middletown-Lincroft Road (CR50) struck the Garden State Parkway northbound outer roadway bridge structure overpass that crosses over the local road. The impact significantly damaged the fascia beam and first interior stringer. Due to the damage, the right lane and shoulder of the Parkway mainline roadway on the bridge in the vicinity of the damage, along with the local roadway below the bridge, were closed to traffic.

With time of the essence, the Executive Director authorized the Chief Engineer to contact the Turnpike Authority's General Consulting Engineer, HNTB Corporation, to inspect the damaged structure and develop temporary and permanent repair alternatives. He also authorized the Chief Engineer to engage Gannett Fleming, Inc. to provide construction supervision services as needed as they are providing identical service to the Authority for bridge repairs and resurfacing on the Parkway from Milepost 0 to 126.

HNTB Corporation inspected the bridge and determined that steel beams could be installed adjacent to the damaged beams on a temporary basis. This would allow the roadways to be opened to traffic while permanent repairs are designed and then constructed in the near future. An emergency contract was issued to George Harms Construction Company, Inc. to construct the temporary repairs, which was undertaken on November 4, 2017. After the work was completed, the third lane on the Parkway and the local roadway below were opened to traffic. The right shoulder on the Parkway remained closed.

HNTB Corporation will now begin to evaluate and design permanent bridge repairs. Several construction options are being considered, including both cast-in-place and pre-cast deck construction. The cast-in-place option will require closing two right lanes for an extended period of time and the pre-cast option will require full closure of the northbound outer roadway during a weekend. Once the design is finalized, George Harms Construction Company, Inc. will construct the repairs. The work will again be supervised by Gannett Fleming, Inc. This work is being expedited in order to make permanent repairs to the bridge structure as soon as possible.

In addition to the contractor, the Authority requires the assistance of HNTB Corporation and Gannett Fleming, Inc. to resolve this emergency situation. Both of these firms are currently providing professional services to the Authority under different Orders for Professional Services. The scope of work and costs specific for this emergency work for these consultants is not included in their original scope of services, although the emergency services are similar in nature to those in their OPS'. Because this work is out of scope, it will be necessary to issue supplements to each OPS listed above. The approval of supplements to each OPS is requested to allow for these additional services as described above. The fee for each firm is in an estimated amount not to exceed \$500,000.00.

It is, therefore, recommended that the Board of Commissioners approve the emergency

response actions taken by the Executive Director and Authority staff associated with the impact and damage caused to Structure No. 112.10 NO on the Garden State Parkway. It is further recommended that the Board of Commissioners delegate to the Executive Director the authority to execute Supplemental OPS' to HNTB Corporation (OPS No. A3584) and Gannett Fleming, Inc. (OPS No. P3626) in amounts not to exceed \$500,000.00 each. It is further recommended that the Board of Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

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**ACKNOWLEDGE REPORTS OF
ENGINEERING EXPENDITURES UNDER DELEGATED AUTHORITY**

294-11-2017

Acknowledge Reports of Engineering Expenditures Under Delegated Authority

- Construction Contract Progress Summary
- Change Order Summary

On motion by Commissioner Salerno and seconded by Commissioner Diaz, the Board unanimously approved item nos. 287-11-2017 through 293-11-2017.; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda. The Authority unanimously accepted the reports contained in item number 294-11-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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MAINTENANCE

Deputy Director of Maintenance, William Perna requested approval of item number 295-11-2017. Moved is the item as follows:

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**ACKNOWLEDGE REPORTS OF
MAINTENANCE EXPENDITURES UNDER DELEGATED AUTHORITY**

295-11-2017

The Board acknowledges the reports of Maintenance Expenditures Under Delegated Authority as indicated below:

- Construction Contract Progress Report
- Change Order Summary

On motion by Treasurer DuPont and seconded by Vice Chairman Gravino, the Board unanimously approved item numbers 295-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda. The Authority unanimously accepted the reports contained in item number 295-11-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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PROCUREMENT ("PMM")

Director of Procurement and Materials Management Andrea Ward, requested approval of item numbers 296-11-2017 through 299-11-2017. Moved are the items as follows:

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PUBLIC BIDS SOLICATIONS

296-11-2017

In a document dated November 21, 2017, Solar Salt, Haven Salt Company, LLC, RM-133151 Re-Bid (Maintenance), Budget Code: Various, Amount: \$223,670.00, was approved.

Under this contract, Haven Salt Company, LLC will provide approximately 3,500 tons of granular sodium chloride ("solar salt"). The solar salt is used for the production of a liquid brine material, stored at (4) locations on the Parkway and three (3) locations on the Turnpike, which is used as a pre-treatment for road and bridge surfaces prior to winter weather events. The bid was fully advertised and the eight (8) vendors listed in the Authority's database for this material were notified of the procurement. On October 4, 2017, four (4) bids were received (unit and location prices are available from the PMM Department):

<u>Vendor</u>	<u>Total Bid Price</u>
Chemical Equipment Labs of DE, Inc. of Newtown Square, PA	\$ 208,625.00
Haven Salt Company, LLC, Clarks Summit, PA	<u>\$223,670.00</u>
Atlantic Salt, Inc., Lowell, MA	\$ 238,725.00
The Detroit Salt Company, Detroit, MI	\$ 593,225.00

Departmental Estimate: \$ 350,000.00

Maintenance Department Staff reviewed the bids and requested salt samples from the two apparent lowest bidders: (1) Chemical Equipment Labs of DE, Inc. ("Chemical Equipment"); and (2) Haven Salt Company, LLC, Clarks Summit, PA ("Haven Salt"). These samples were tested by the NJDOT Bureau of Materials for compliance with the material specifications outlined

in the Request for Bids.

Non-Compliance:

Chemical Equipment's apparent low bid was deemed non-compliant. Laboratory test results of its submitted salt sample revealed the sample had a moisture content of 2.5% which exceeds the maximum allowable salt moisture content of 1.5% required by the specifications. It is therefore recommended that the bid from Chemical Equipment be rejected. The sample tested for Haven Salt Company, LLC met all the specified criteria for acceptability.

Bids were procured and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to Haven Salt Company, LLC for the purchase of solar salt for a total amount not to exceed \$223,670.00, subject to funding availability at the time of ordering. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendors.

297-11-2017

In a document dated November 3, 2017, **Tree Trimming and Removal Services, Kevin Downes Tree Service Co., Inc., RM-134200 (Maintenance), Budget Code: Various, Amount: \$249,080.00**, was approved.

Under this contract, Downes Tree Service Co., Inc. will provide tree trimming and removal services on both Authority Roadways. These services are required to maintain clear zones along the Authority's rights-of-way and to provide hazard-free unobstructed traversable roadside areas. The bid was divided into two regions: 1) Turnpike – Northern Region (MM 67.2 to 122 including the Hudson County Extension) and 2) Parkway – Northern Region (MM 141.5 to 172.3). Bidders could bid on one or both Regions and were required, for each region, to bid hourly rates for eight types of services: 1) Tree trimming/removal - Standard Crew Hours; 2) Tree trimming/removal - Emergency Crew Hours; 3) Log Truck with Operator; 4) Crane with Operator; 5) Stump Grinding; 6) Skid Steer Unit; 7) Additional Laborers; and 8) Additional Chip Truck. The bid was fully advertised and the five (5) vendors listed in the Authority's database for this service were notified of the procurement. On September 21, 2017 three (3) bids were received as follows (unit prices are available from the PMM Department):

Turnpike Northern Region- MM 67.2 to 122 including the Hudson County Extension

<u>Vendor</u>	<u>Total Bid Price</u>
Downes Tree Service Co., Inc., Hawthorne, NJ	\$121,000.00
Rich Tree Service, Inc., South Plainfield, NJ	\$123,840.00
Aspen Landscaping Contracting, Inc., Union, NJ	\$200,600.00

Parkway Northern Region- MM 141.5 to MM172.3

<u>Vendor</u>	<u>Total Bid Price</u>
Downes Tree Service Co., Inc., Hawthorne, NJ	\$128,080.00
Rich Tree Service, Inc., South Plainfield, NJ	\$128,240.00
Aspen Landscaping Contracting, Inc., Union, NJ	\$215,280.00

Departmental Estimate: \$311,800.00 (Total for both Regions)

Bids were procured, and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a one-year contract to Downes Tree Service Co., Inc. (Turnpike Northern Region-\$121,000.00 and Parkway Northern Region-\$128,080.00) for a total amount not to exceed \$249,080.00, subject to funding availability at the time of services. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendor.

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STATE GOVERNMENT CONTRACTS

298-11-2017

In a document dated October 10, 2017, **State Contract Modifications, At prior Board of commissioners meetings, the Authority approved purchases (up to a maximum authorized dollar amount) from the vendors listed herein under the New Jersey State contracts referenced below. The terms of the referenced State contracts have since been extended and additional funds are needed to purchase these necessary goods and/or services through the extended terms of the State contracts,** was approved.

Description	Vendor Name	Requisition Number	NJTA Contract No.	NJ State Cont.t No./ Expiration	Current Authorized Amount	New Authorized Amount	Requested Increase Amount
GM OEM Auto Parts	Princeton Chevrolet Lawrenceville, NJ	RM-135917 (Maint)	1744	79153 Expires 3/25/18	\$385,000.00	\$560,000.00	\$175,000.00
Total							\$175,000.00

The original procurement, under the State contract, was in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, given that the period of time during which the Authority may make additional purchases under the referenced State contract was extended through the new expiration date of the contract, approval is hereby requested to increase the Authority's current authorized amount to the new authorized amount stated above, subject to funding availability at the time of order.

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PROFESSIONAL SERVICES

299-11-2017

In a document dated November 3, 2017, **Third Party Claims Auditing of Utility Bills, NuEnergen, LLC, RM-133804, Budget Code: Various, Amount: \$105,000.00 (3-Year contract)**, was approved.

The New Jersey Turnpike Authority ("Authority") issued a request for proposal ("RFP") to engage the services of a firm to provide third party claims auditing services of the Authority's utility bills. The scope of these audit services includes the review of all utility bills, including but not limited to cable TV, electric, natural gas, heating oil, water and sewer, and telephone (both mobile and land line) and any other utility expenses the Authority may incur to ensure that the Authority is being billed in compliance with the correct terms, rates and conditions.

The RFP was advertised on August 31, 2017 in the Star Ledger and the Asbury Park Press, as well as on the Authority's and State of New Jersey websites. In addition, the 24 firms listed in the Authority's database for the referenced services were notified of the procurement. On September 28, 2017, proposals were received from the following five firms:

1. Cost Control Associates, Inc., Queensbury, NY
2. Eric Ryan Corporation, Ellwood City, PA
3. NuEnergen, LLC, White Plains, NY
4. TriStem, Ltd., Hewitt, TX
5. Troy & Banks, Inc., Buffalo, NY

An Evaluation Committee (the "Committee") established by the Executive Director consisted of personnel from the Authority's Finance and Internal Audit Departments. In addition, staff from the Finance, Law and Procurement and Materials Management Departments served as non-voting members of the Committee. The Committee reviewed the written proposals based on the criteria set forth in the RFP and scored each firm individually. Based on the Committee's review of the proposals, the Committee invited representatives from the top three (3) ranked firms to make oral presentations and provide best and final offers ("BAFO"s). Based upon the written and oral presentations, the Committee prepared a report that detailed the evaluation process and

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set forth its findings and recommendation.

The Committee found that all three (3) firms were qualified and responsive to the Authority's Scope of Services. However, the Committee concluded that the proposal (written and oral presentation) submitted by NuEnergen, LLC ("NuEnergen") demonstrated a clear understanding of the Authority's needs, had a well-defined approach to the services and offered a proprietary on-line energy reporting system that would add value to the Authority's operations. In addition, NuEnergen proposed the most competitive pricing fee for the compensation model deemed most advantageous to the Authority. NuEnergen proposed to retain a 17.5% contingency fee of the amount of overbilling the firm discovers in its audits. As the amount of overbillings can only be estimated, the Authority used the actual overbilling credits (\$600,000) received over the term of the last contract. Therefore, the total audit fee for the three (3) year term of this contract is estimated at an amount not to exceed \$105,000.00.

This professional services procurement was conducted in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.9, Executive Order No. 37 (Corzine 2006), and Executive Order No. 26 (Whitman 1994). This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a three (3) year contract to NuEnergen, LLC to provide third party claims auditing of utility bills for an amount not to exceed \$105,000.00, subject to funding availability at the time of services. It is also requested that the Executive Director be authorized to take such actions and to execute any and all documents that may be deemed necessary and appropriate to further the intent and purpose of the authorizations stated herein.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item numbers 296-11-2017 through 299-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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GENERAL BUSINESS

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OPERATIONS

Director of Operations Henry Eibel requested approval of item number 300-11-2017. Moved is the item as follows:

300-11-2017

Director of Operations Henry Eibel requested acceptance of the **Resume of All Fatal Accidents** for the Garden State Parkway and New Jersey Turnpike: Period 01/01/2017 through 10/31/2017; both with 2016-2017 Yearly Comparisons through October 2017.

On motion by Commissioner Salerno and seconded by Vice Chairman Gravino, the Board unanimously approved item number 300-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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STATE POLICE

301-11-2017

Major Eric Heitmann requested acceptance of the **New Jersey State Police Troop D Activity Reports**, for October 2017, with 2016 – 2017 Yearly Comparisons.

On motion by Vice Chairman Gravino and seconded by Treasurer DuPont, the Authority unanimously accepted the reports contained in item number 301-11-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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FINANCE

Chief Financial Officer Donna Manuelli requested approval of item number 302-11-2017.
Moved is the item as follows:

302-11-2017

Chief Financial Officer Donna Manuelli presented the **Financial Summary for the Ten (10) months ended October 31, 2017.**

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item number 302-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

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EXECUTIVE

Chief Operating Officer John O'Hern requested approval of item numbers 303-11-2017.

Moved is the item as follows:

303-11-2017

In a document dated November 8, 2017, **Authorization to Enter into 25-Year Lease Agreement with Live Nation Worldwide, Inc., to Operate the PNC Bank Arts Center**, was approved.

The New Jersey Turnpike Authority ("Authority") is party to a lease agreement with Live Nation Worldwide, Inc. ("Live Nation") to operate the PNC Bank Arts Center. That lease agreement expires on December 31, 2017. For more than one (1) year, Authority staff has been in negotiations with Live Nation regarding a successor lease agreement. As a result of these negotiations, Authority staff recommend that the Authority enter into a new lease agreement with Live Nation on the following terms.

Term

The term of the new lease agreement shall be for a period of twenty-five (25) years from January 1, 2018 through December 31, 2042.

Rent

The annual rent payable under the new lease agreement shall be the greater of:

- a) 10.5% of Gross Revenues; or
- b) a minimum annual guaranteed ("MAG") rent of \$2,940,507, which shall increase by 2.5% every 4 years commencing on the 5th year of the new lease, as set forth below:

Years	MAG Rent
2018, 2019, 2020, 2021	\$2,940,507.00
2022, 2023, 2024, 2025	\$3,014,019.68
2026, 2027, 2028, 2029	\$3,089,370.17
2030, 2031, 2032, 2033	\$3,166,604.42
2034, 2035, 2036, 2037	\$3,245,769.53
2038, 2039, 2040, 2041, 2042	\$3,326,913.77

Capital Reconstruction and Renovation

Live Nation and the Authority will each contribute eleven million dollars (\$11,000,000) to reconstruct and renovate the PNC Bank Arts Center facility. Live Nation shall make four (4) annual payments into a Capital Reconstruction and Renovation ("CRR") Fund to be used for the reconstruction and renovation work as follows:

Payment Date	Amount
March 1, 2018	\$2,750,000
March 1, 2019	\$2,750,000
March 1, 2020	\$2,750,000
March 1, 2021	\$2,750,000

The design, permitting, and construction of the CRR projects shall be performed by the Authority with all costs associated therewith being drawn from the CRR Fund. To the extent the CRR projects exceed \$22 million, the Authority shall be responsible for the first five hundred thousand dollars (\$500,000) of costs overages. All costs thereafter shall be apportioned equally between the parties.

Capital Improvement Fund

In addition to the payments to the CRR Fund, Live Nation shall be required to make annual deposits of the lesser of three hundred thousand dollars (\$300,000) or 0.5% of annual gross revenues into a Capital Improvement Fund, which fund shall be used to fund capital improvements to the PNC Bank Arts Center facility, including, without limitation, repairs of and to the HVAC system, restrooms, electrical system, sewer, plumbing, drainage, curbing, pedestrian walkways, signage, and lighting. Amounts in the Capital Improvement Fund need not be spent annually. All amounts remaining in the Capital Improvement Fund at the end of the term shall belong to the Authority.

Sponsorship Agreement

The Authority and Live Nation shall share equally (50% each) the proceeds from any future sponsorship agreement. The current sponsorship agreement with PNC Bank expires on December 31, 2017.

Summary

The proposed new lease agreement with Live Nation will allow the parties to rebuild and refurbish the PNC Bank Arts Center, which opened in 1968 and recently completed its 50th season. A combined \$22 million will be invested in improving the concession and restroom facilities as well other improvements which will enhance the overall customer experience. Live Nation is the leading operator of outdoor entertainment venues in the United States and is singularly qualified to operate the PNC Bank Arts Center for the next 25 years. Retaining Live Nation as the operator of the PNC Bank Arts Center while securing financially beneficial contractual terms is advantageous to the Authority.

Thus, Authority staff and outside Authority Counsel recommend that the proposed lease agreement with Live Nation be approved because it provides significant benefits to the Authority and the customers of the PNC Bank Arts Center. Authorization is respectfully requested to delegate to the Executive Director the authority to enter into a lease agreement with Live Nation based on the parameters set forth above. It is further requested that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

On motion by Vice Chairman Gravino and seconded by Treasurer DuPont, the Board unanimously approved item number 303-11-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	MINELLA	SALERMO
YES	YES	YES	ABSENT	YES	YES	YES

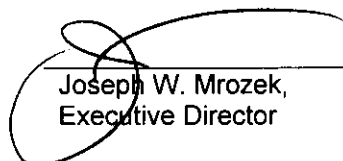
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The motion to adjourn was made by Treasurer DuPont and seconded by Vice Chairman Gravino, and, after the voice vote, the motion was duly adopted. The Board of Commissioners adjourned the meeting at 9:43 a.m., and advised that it will meet again on Tuesday, December 19, 2017, at 9:00 a.m., at the Authority's headquarters building located at 1 Turnpike Plaza in Woodbridge, New Jersey.

ATTEST:



Kim Schurman,
Secretary to the Authority



Joseph W. Mrozek,
Executive Director

Date: November 21, 2017

PUBLIC NOTICES

New Jersey Turnpike Authority

Notice of Action on Petition for Rulemaking**N.J.A.C. 19:9-6.3****Petitioners: James Long and Homer Walker**

Take notice that on May 24, 2017, the New Jersey Turnpike Authority ("NJTA") received a petition for rulemaking from James Long and Homer Walker. According to the petition, petitioners are motorists who utilized roadways of the NJTA and failed to pay the required tolls at the time of such use. As a result, petitioners paid the unpaid toll as well as an administrative fee for toll violations. The petitioners challenge the \$50 administrative fee assessed pursuant to N.J.A.C. 19:9-9.2(b) as excessive and violative of the NJTA authorizing statute, N.J.S.A. 27:23-34.3, and demand that the rule be changed to allow only a fee "based upon the actual cost of processing and collecting individual violations."

A notice acknowledging receipt of the petition was filed with the Office of Administrative Law and was published in the New Jersey Register on July 3, 2017, at 49 N.J.R. 1949(a).

On July 20, 2017, pursuant to N.J.A.C. 19:9-6.3(c)(3), the petition was referred to appropriate NJTA staff for further deliberation not to exceed ninety (90) calendar days from the date of referral in order to review the petitioners' request in the context of the State's statutory and regulatory provisions governing the NJTA and particularly the statute authorizing the collection of administrative fees assessed in connection with toll violations.

The Executive Director certifies that the petition has been duly considered pursuant to law. Upon reviewing and considering the petition, the NJTA has determined to deny the petition because its administrative fee of \$50 is reasonable considering all the actual costs associated with processing and collecting violations and remains in compliance with its governing statute, as more fully set forth in its Statement of Reasons mailed to the petitioners and filed with the Office of Administrative Law for publication in the New Jersey Register pursuant to N.J.A.C. 19:9-6.3(c)(3)(i).

Pursuant to N.J.A.C. 19:9-6.3(b), a copy of this Notice of Action has been mailed to the petitioners and filed with the Office of Administrative Law for publication in the New Jersey Register.

Dated: October 18, 2017

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**STATEMENT OF REASONS BY THE NEW JERSEY TURNPIKE AUTHORITY IN
RESPONSE TO THE PETITION FOR RULE MAKING**

On May 23, 2017 the New Jersey Turnpike Authority (the "Authority") received a Petition for Rule Change from counsel for James Long and Homer Walker (the "Petitioners") challenging a regulation, R. 19:9-9.2, entitled Toll Collection Monitoring System Violation (hereinafter "Toll Violation Regulation"). Specifically, the Petition claims that subsection (b) of the Toll Violation Regulation is unreasonable and therefore violative of the statutory authorization by imposing an administrative fee of \$50 (the "administrative fee") for enforcement of a toll collection violation. The statutory authorization for the administrative fee provides that "The authority or its agent may require as part of the advisory and payment request that the owner [of the vehicle] pay to the agent the proper toll and a reasonable administrative fee established by the authority and based upon the actual cost of processing and collecting the violation." N.J.S.A. 27:23-34.3a. Petitioners claim that the administrative fee is unreasonable because it is not based on the actual cost of processing and collecting each particular violation. They therefore demand that the Authority change its Toll Violation Regulation to charge either a so-called "reasonable" fee based on the actual cost of processing and collecting each individual toll violation or the \$25 administrative fee charged prior to 2011.

THE AUTHORITY'S DECISION TO INCREASE THE ADMINISTRATIVE FEE IN 2011

In the late 1990's, at the outset of the implementation of the E-ZPass system, the Authority determined that it would be reasonable to assess a \$25 administrative fee to partially compensate it for the actual costs of pursuing toll violators.

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In 2011, the Authority investigated whether the \$25 administrative fee should be revised in light of the passage of time, changes to the Authority's outside vendor E-ZPass contracts, and potential increases in costs. The Authority's Finance Department, therefore, performed a limited financial analysis of some of the external costs associated with collecting tolls from toll violators. The 2011 financial analysis only included the external amounts paid to ACS State and Local Solutions, Inc. ("ACS")¹, which was the Authority's outside vendor tasked with running a combined E-ZPass customer service and violations processing center.² The 2011 analysis included all line items billable to the Authority under its contract with ACS and that specifically referenced violation processing.³ The Authority calculated the cost per violation by dividing those costs, computed annually (\$34,116,087), by the total notices of violation that resulted in the collection of administrative fees (664,203), resulting in a cost per recovery of the violation fee of \$51.36. (See Exhibit A).

¹ In 2010, ACS State and Local Solutions, Inc. was renamed Xerox State and Local Solutions, Inc. ("Xerox"). In December 2016, Xerox completed its separation into two independent, publicly traded companies, Xerox, a document technology company, and Conduent State and Local Solutions, Inc. ("Conduent"), which took over Xerox's E-ZPass toll processing business.

² Up until 2002, the Authority had two separate contracts with two different vendors for back office services related to its E-ZPass system. One contract, with J.P. Morgan Chase, was for the operation of an E-ZPass customer service center. The other contract, with MFS Network Technologies, Inc. ("MFS"), was for the operation of a violations processing center. In 2002, the Authority entered into a new contract with ACS, pursuant to which ACS became responsible for running a combined customer service and violations processing center.

³ The 2011 analysis of 2010 costs, which is annexed as Exhibit A, clearly footnotes row 6 (i.e. the 35% contractor's share of administrative fees collected) and states that it is based upon an assumed administrative fee of \$50. Since the Authority paid Xerox a percentage of the fee collected (at that time, 35%), the NJTA had to adjust that line item to reflect 35% of the new total administrative fee revenue based upon a \$50 administrative fee. If the Authority did not make this assumption as part of the 2011 analysis, it would have resulted in an underestimate of the total costs to collect violations that were charged by Xerox.

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Notably, the Authority's 2011 financial analysis did not include any of the Authority's other internal or external costs to process and collect violations. The limited 2011 financial analysis already demonstrated that the \$25 administrative fee was inadequate to cover just those costs being billed to the Authority by ACS. The financial analysis, therefore, did not include the Authority's internal costs, other costs paid to ACS which were not specifically labeled as related to violation processing, or any costs paid by the Authority to other vendors, as none of these additional costs were needed to justify an increase of the administrative fee to \$50.

THE IMPACT OF THE NEW VENDOR CONTRACT ON THE ADMINISTRATIVE FEE

In October 2015, the Authority awarded a new contract to Xerox to provide services in support of the New Jersey E-ZPass Customer Service Center ("CSC"), effective February 1, 2017. Prior to the effective date, the contract was assigned to Conduent (the "Conduent Contract").

Under the Conduent Contract, customer service representatives no longer specialize in either E-ZPass customer accounts or violator accounts, but instead are now trained to handle a "single account," which may include both valid E-ZPass transactions and violation transactions. This new approach has also resulted in changes to the pricing terms and the calculation of the Authority's external costs related to collection of E-ZPass violations. Essentially, Conduent can now bill the Authority for only three major items – a fixed fee for the NJ E-ZPass Customer Service Center, a per item transaction fee for toll transactions, license plate transactions, etc. and a percentage of administrative fees collected. Conduent is no longer paid a per item fee

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for certain violation-specific tasks such as image reviews, license plate look-ups, or Advisory Payment Requests ("APR") sent.

While the combined service center approach and the "single account" concept have simplified the experience for E-ZPass customers, the new contract pricing parameters do not allow for a simple calculation of how much Conduent charges the Authority per E-ZPass violation or per administrative fee collected. Rather, the amounts billed to the Authority by Conduent for the processing and collection of toll violations that were previously billed as separate line items are now likely subsumed by the per item transaction fees now paid to Conduent pursuant to the new contract pricing parameters.

THE AUTHORITY'S DECISION ON THE PETITION AND ITS SUPPORTING RATIONALE

In May 2017, the Petition for a Rule Change to lower the administrative fee to \$25 (or lower, depending upon the cost of collecting the unpaid toll from each individual toll violator) was served upon the Authority. The Petition challenges both the 2011 increase in the administrative fee from \$25 to \$50 as well as the continuation of that administrative fee in the Authority's regulations, which were recently updated effective September 18, 2017. In response to the Petition for a Rule Change, the Authority's Chief Financial Officer, together with the Authority's Chief Information Officer, has reviewed the Authority's total toll violation collection system costs and confirmed that the \$50 per violation administrative fee was reasonable when first imposed in 2011 and continues to be reasonably related to the actual cost of processing and collecting toll violations. The Authority's review has confirmed that, notwithstanding certain external

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cost savings realized under the new Conduent Contract, the total costs of the Authority's toll collection system well exceed \$50 per violation.

As a preliminary matter, calculating the precise cost of processing each individual violation on a "per violation basis", which is what Petitioners contend should be done, is impractical and unreasonable. It would require the calculation and tracking of the activities and costs associated with each of the hundreds of thousands of violations on a violation-by-violation basis by the Authority's third party vendor. Furthermore, the approach suggested by Petitioners would create an unworkable enforcement scenario since the cost of recovering any particular violation could not be determined until after that violation is actually collected. Thus, Petitioners' suggested approach would lead to an unmanageable three-phase system that would require each of the following: (1) an effort to collect a toll from a particular violator; (2) a calculation of the specific costs associated with pursuing that particular violator for the unpaid toll(s); and (3) an additional proceeding to now collect the specifically-calculated administrative fee applicable to that violator. Such an approach is impractical and cannot be what the Legislature intended.

Moreover, viewing collections activity as limited to those tasks associated with pursuing a particular violation, as urged by the Petitioners, ignores the costs of the sophisticated system that has been constructed to recover unpaid tolls.

The entire toll collection system is interconnected and must be considered in its entirety, and the cost of the entire system must be taken into account in determining a reasonable administrative fee. That is, both the processing and collection of tolls must be viewed in conjunction with the identification and prosecution of toll violators. For

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example, the entire system uses sophisticated electronic equipment, including radar, underground treadles, antennas, and cameras to detect and record each vehicle that travels through a toll plaza. That system reads transponders issued to E-ZPass account holders to debit those drivers' accounts. The system also determines if vehicles have violated the law by either passing through the E-ZPass toll lanes without having valid or sufficiently funded E-ZPass accounts or passing through the exact change lanes or the manual payment lanes without paying the required toll.

A hypothetical will illustrate the process. Assume a motorist in an out of state registered vehicle enters the New Jersey Turnpike using an E-ZPass Only toll lane. He has an E-Z Pass transponder, but has allowed his account to exhaust its funds. Upon entry through the toll lane, an antenna reads and writes to the transponder. When the motorist exits the Turnpike, several yards before the lane the vehicle is captured by way of installed radar devices which track the vehicle while sensors to each side or above and underneath the lane read the size of the vehicle and the number of axles to determine vehicle type. As the vehicle goes through the plaza at the gantry (the top part of the toll barrier) an antenna again reads and writes to the transponder and a camera takes the image of the vehicle license plate. The reason for both an antenna and a camera is not only to track violators, but also to have a back-up system if the transponder battery dies or if the antenna cannot read the transponder. This allows confirmation as to whether the motorist is actually a toll violator or has a valid E-ZPass account.

The data captured and camera image go first to a lane controller, then to a server at the local plaza, then to the Authority's data center, and then to the Conduent data

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center in Tarrytown, NY. If the transponder is not read, Conduent conducts an image review to manually identify the license plate of the vehicle and double check the accuracy of the data. If the license plate is on file as a valid E-ZPass customer (including the license plates of valid E-ZPass customers at out-of-state CSCs), then the customer's account is billed. If the license plate is not on file, this suggests that the motorist may not be an E-ZPass customer and Conduent then sends the license plate number to the out of state motor vehicle agency to obtain the name and address of the registered vehicle owner. Once the identity of the registered vehicle owner is determined, an APR is mailed to the address returned by the DMV. The APR sets forth the amount of unpaid tolls as well as the administrative fee and requests payment. If payment is not forthcoming, another APR is sent out. Conduent, operating the New Jersey E-ZPass CSC, then deals with any disputes with the owner over the correctness of the violation. Finally, if there is still no payment, additional collection steps are taken, including the use of a collection agency and/or a legal process.

Thus, as shown by the above hypothetical, the full cost to the Authority for toll collection from potential toll violators includes:

- Fees paid to Conduent for operation of the CSC;
- Costs of toll lane maintenance;
- Costs of the toll collection system equipment;
- Costs of the Authority's fiber optic network equipment;
- Costs to maintain the toll collection system equipment;
- Costs to maintain the Authority's fiber optic network equipment;
- Transponder costs;

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- Costs associated with the Authority's internal staff; and
- Write-offs associated with uncollected tolls and toll violations.

The entirety of the toll collection system, and all of its component parts, are inextricably linked to the detection of toll violators and the collection of unpaid tolls. The "fixed costs" for certain of this equipment (for example, the fiber optic network equipment, antennas, cameras that record images of license plates, treadles, radar, and computer systems to transmit the pertinent vehicle and toll data) are "one-time" costs that nonetheless are crucial to toll violation detection and must therefore be amortized over time. All the above-referenced costs apply to both toll collections and toll violation processing.

In order to determine the cost of processing toll violations, the Authority allocated total toll collection costs as follows:

- 100% of those costs that can be identified as specific to collecting tolls and administrative fees from violators;
- 50% of the costs that the Authority is billed by Conduent for operating the Customer Service Center;
- 5% of all other internal and external costs that are related to the toll collection system.

The Authority determined that a 50% allocation of the total CSC costs as costs related to processing and collecting toll violations was reasonable for several reasons. First, of all the drivers that are identified as potential toll violators, approximately 50% turn out to be E-ZPass customers. Second, the CSC now handles both ordinary customer service concerns and violations processing; there is no specific charge from

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Conduent for operating a violations center. Third, the majority of the correspondence received by the CSC is violation-related. Further, based on discussions with Conduent and the Authority's internal customer service staff, calls pertaining to toll violations are more complex and take up more time than those calls related to ordinary customer service issues. Finally, violation transaction data (which includes images) consumes more computer system memory, processing and storage.

As to the 5% allocation of all of the other toll/violation collection costs, the Authority has determined that toll violators account for approximately 5% of all toll transactions. In other words, roughly 5% of drivers pass through a toll lane without paying the necessary toll.

Thus, if the Authority were to apply this more thorough analysis, which includes a consideration of internal, external, and fixed costs related to processing toll violations, to the time frame of the 2011 financial analysis, it would result in a total net toll collection cost estimate allocated costs to toll violation collections of \$59,488,245 for the year 2010. Based upon the 652,977 violator notices that resulted in collections of unpaid tolls in 2010, the total cost per notice has been estimated at \$91. (See the chart of the 2010 costs, Exhibit B). The administrative fee of \$50 assessed in 2011 was and remains less than the costs to collect and therefore complies with the standard of reasonableness established by the Legislature in the governing statute.

Because the Petitioner also challenges the Authority's renewal of the \$50 administrative fee, the Authority has reassessed the overall (both internal and external) costs for pursuing toll violators in 2017, including the impact on costs due to the Conduent Contract. Although, as stated above, the amount the Authority pays

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Conduent to operate the New Jersey E-ZPass CSC is now lower than under the previous contract, the entirety of those costs should be taken into account in determining the reasonableness of the administrative fee. As explained above, the evolution of the contract terms does not permit the Authority to carve out specific costs solely for the processing of violations.

The Authority has also achieved savings of external costs by taking over certain of the functions previously handled by Conduent, specifically lane maintenance. However, the Authority has had to add budgeted internal costs to perform this work itself, as the Authority now performs all maintenance and repair work of the equipment in its 603 toll lanes, thereby raising internal staffing and overhead costs. The Authority also achieved savings in connection with renegotiating toll collector and toll supervisor contracts as well as reducing manual toll collection staff because of the decreasing use of manual toll lanes.

Thus, although the Authority experienced certain savings of its external costs in connection with the new Conduent Contract and its labor contracts, the overall cost to the Authority in connection with the collection of violations has not decreased in direct proportion to these savings. Nevertheless, all of these combined savings have resulted in estimated/actual toll collection costs for 2017 that are almost \$53,000,000 lower than 2010 toll collection costs (See Exhibit C).

As is readily apparent from the 2017 Toll Collection Budget Chart, this reduction is due to lower fees paid to Conduent for the New Jersey E-ZPass CSC, lower costs for in-house lane and equipment maintenance, and lower costs for toll technicians and manual toll collection. In addition, the 2017 toll collection budget estimates a higher

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number of toll violations collected compared to 2010, 718,300, versus 652,977. As a result, the Authority has determined that the estimated cost per violation in 2017 is \$80 (See Exhibit C).

In conclusion, the Authority, in response to the Petition, has taken a fresh look at its administrative fee and has again concluded that \$50 is a reasonable administrative fee considering all of the actual costs associated with the system of collecting tolls from violators. In fact, this administrative fee actually represents a conservatively calculated cost compared to the demonstrable system expenses. More specifically, the current administrative fee represents a substantial decrease, almost 38%, from the \$80 calculated cost per violation.

Accordingly, the Authority has determined that the administrative fee authorized by its regulations remains reasonable, in compliance with its authorizing statute, and it therefore denies the Petition.

This constitutes the Authority's final action with respect to the Petition.

Dated: October 18, 2017

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EXHIBIT A

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A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	New Jersey E-Zpass Costs to Collect Violations												
2	Saved on 2010 Actual Data												
3				654,203									
4	Number of Violation Notices Collected												
5													
6	35% Contractor's Share of Admin Fees Collected (7)		11,633,557										
7	Image Review Tolls (6,926,523 Images)		2,427,846										
8	Initial APR's Issued (3,511,050)		7,169,896										
9	Second & Third APR's Issued (3,354,728)		5,591,385										
10	Accuracy Violation - Second Image Review (14,515,814)		351,151										
11	Responses to Violation Disputes (503,137)		453,784										
12	DIWV Look-Up Costs		105,624										
13	Total Offset Charges		27,725,784										
14	VFC Fixed Fees		6,089,158										
15	Shared Fees - Accuracy Validation		331,151										
16	Cost of Violations to New Jersey E-Zpass			34,116,037									
17													
18													
19	Cost per Violation			\$51.96									
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21													
22	(1) Assumes a \$50.00 Administrative Fee Applied to the actual number of violation notices collected.												
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EXHIBIT B

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New Jersey Turnpike Authority
Analysis of Cost to Process And Collect Violations
For the Year Ended December 31, 2010

	2010 - Actual		
	Total Costs	Allocation Percentage	Allocated Amount
Payments to Outside Vendors			
Xerox/Conduent			
Fees billed as Violations	\$20,378,900	100%	20,378,900
Fees labeled as CSC/Other	34,017,800	50%	17,008,900
Fees labeled as Lane Maintenance	11,624,800	20%	1,162,480
Total Xerox/Conduent	66,021,500	5%	
Fiber Maintenance Contractor	1,663,700	5%	83,185
Transponder Vendor	6,265,700	5%	313,285
Credit Card Companies, Processor and IAG	17,069,600	0%	0
Armored Car/Money Counting Vendors	2,466,700	0%	0
Toll Ticket Vendors	403,500	0%	0
Total Payments to Outside Vendors	\$93,890,600		
Costs Not Part of Violation Processing and Collections			
Credit Card Companies, Processor and IAG	(17,069,600)	0%	0
Armored Car/Money Counting Vendor	(2,466,700)	0%	0
Toll Ticket Vendor	(403,500)	0%	0
Total Costs Not Part of Violation Processing and Collections	(19,939,800)		
Net Payments to Outside Vendors	73,950,800		
NTJA Internal Costs			
Toll Technicians/Maintenance Staff	6,894,000	5%	344,700
Customer Service Department	323,800	5%	16,190
Toll Audit Section	1,058,100	5%	52,905
Financial Analysis Section	0	5%	0
Toll Collection Department	110,162,500	5%	5,508,125
Toll Write-offs	20,069,100	100%	20,069,100
Total NTJA Internal Costs	137,497,500		
Amortization of Equipment Costs			
Toll Collection System (20 year life)	7,854,400	5%	392,720
Fiber Network (20 year life)	3,267,100	5%	163,355
Total Amortization of Equipment Costs	11,121,500		
Total Processing and Collection Costs	\$217,564,900		\$9,488,245
Number of Notices Collected - Full or Partial Payment of Administrative Fee	396,941		682,977
Net Processing and Collection Costs Per Notice			\$91

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EXHIBIT C

031978

New Jersey Turnpike Authority
Analysis of Cost to Prevent and Collect Violations
For the year ended December 31, 2016 and December 31, 2017

	2016 Actual			2017 Budget			2017 - Estimated/Actual		
	Total \$000	Allocation Percentage	Allocated Amount	Total \$000	Allocation Percentage	Allocated Amount	Total \$000	Allocation Percentage	Allocated Amount
Payments to Outside Vendors									
Keros/Conduent									
fees labeled as Violation	\$17,706,700	100%	17,706,700	512,370,000	100%	512,370,000	\$8,983,400	100%	8,983,400
fees labeled as CSC/Other	32,900,600	50%	16,450,300	31,834,100	50%	15,917,050	28,163,700	50%	12,581,850
fees labeled as Lane Maintenance	8,713,400	5%	435,670	730,200			730,200		
Total Keros/Conduent	\$59,320,700		\$18,592,670			\$18,592,670	\$4,877,300		\$4,877,300
Fiber Maintenance Contractor	1,153,800	5%	57,690	1,411,800	5%	70,590	830,000	5%	41,500
Transporter Vendor	8,504,400	5%	425,220	7,234,800	5%	361,740	6,237,000	5%	311,850
Credit Card Companies, Processor and IAG	26,684,000	0%	0	26,839,100	0%	0	25,116,500	0%	0
Armeded Car/Money Counting Vendors	2,903,300	0%	0	2,310,100	0%	0	2,310,100	0%	0
Toll Ticket Vendors	326,000	0%	0	313,300	0%	0	233,800	0%	0
Total Payments to Outside Vendors				97,915,200		\$4,978,300	69,092,200		\$4,978,300
Costs Not Part of Violation Processing and Collections									
Credit Card Companies, Processor and IAG	24,624,000	0%	0	22,813,100	0%	0	25,116,500	0%	0
Armeded Car/Money Counting Vendor	12,003,100	0%	0	12,430,100	0%	0	12,310,100	0%	0
Toll Ticket Vendor	130,000	0%	0	122,100	0%	0	103,100	0%	0
Total Costs Not Part of Violation Processing and Collections				36,557,200		\$0	37,439,700		\$0
Net Payments to Outside Vendors				61,358,000		\$4,978,300	31,652,500		\$4,978,300
MTA Internal Costs									
Toll Technology/Maintenance Staff	8,805,100	5%	440,255	34,937,800	5%	1,746,890	12,747,100	5%	637,355
Customer Service Department	596,600	5%	29,830	822,600	5%	41,130	822,600	5%	41,130
Toll Audit Section	543,900	5%	27,195	3,113,400	5%	155,670	1,153,400	5%	57,670
Financial Analysis Section	180,700	5%	9,035	364,200	5%	18,210	364,200	5%	18,210
Toll Collection Department	62,570,200	5%	3,128,510	65,544,900	5%	3,277,245	62,544,900	5%	3,127,245
Toll Writenoff's	25,812,000	100%	25,812,000	22,852,900	100%	22,852,900	24,000,000	100%	24,000,000
Total MTA Internal Costs				96,915,300		306,779,900	113,632,200		313,632,200
Attribution of Equipment Costs									
Toll Collection System (20 year life)	7,854,400	5%	392,720	7,854,400	5%	392,720	7,854,400	5%	392,720
Flare Network (20 year life)	3,367,100	5%	168,355	3,367,100	5%	168,355	3,367,100	5%	168,355
Total Amortization of Equipment Costs				11,221,500		561,075	11,221,500		561,075
Total Processing and Collection Costs				\$179,026,700		\$56,112,675	\$164,694,000		\$57,506,375
Number of Vehicles Collected - Full or Partial Payment of Administrative Fee				652,977		718,300	718,300		718,300
Net Processing and Collection Costs Per Node				\$100		\$78	\$80		\$80

