

**DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, November 21, 2023

Delaware Memorial Bridge

New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was conducted on Tuesday, November 21, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Decker

Commissioner Becker, Comm. Member - Absent

Commissioner Ratchford, Comm. Member

Commissioner Carey - Absent

Commissioner Faust

Chairperson Lathem

Legal Counsel

Phillip Norcross - NJ

Governors' Representatives

Aaron Cruz – NJ

Alexis Franklin - NJ

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Charlotte Crowell

Gerry Owens

Michelle Warner

TJ Murray

James Salmon

Tara Donofrio

Michelle Pyle

Commissioners of New Jersey

Committee Vice-Chair Baldini - Zoom

Commissioner Smith, Comm. Member

Commissioner Wilson Comm. Member - Absent

Commissioner McCann

Commissioner Ransome

Vice-Chairperson Hogan - Absent

Legal Counsel

Kate Betterly – DE

Governor's Representatives

Michael Houghton – DE - Zoom

Guests

1. Committee Chair Decker opened the Budget & Finance Committee meeting at approximately 11:44 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Budget & Finance Committee had been duly notified in accordance with the Authority's Freedom Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Decker called for a voice vote to accept the Budget & Finance

Committee Minutes from October 17, 2023. Commissioner Smith made a motion, Commissioner Ratchford seconded, and the Committee Minutes were accepted.

3. Discussion Items:

- **Contract CS-20-03: One-Year Extension with Clifton Larson Allen for Independent Auditing Services (Option Term 1)**

The CFO discussed Clifton Larson Allen, the Authority's Independent Auditing Services, has two (2) one-year Extension remaining on their existing contract. The CFO recommended extending the first extension year of their agreement. Committee Chair Decker made a motion to consent to the extension, all committee members agreed.

- **2024 Operating Budget Executive Summary**

The Chief Financial Officer (CFO) reviewed the Executive Summary highlighting the proposed budget of \$96,378,208 for FY2024, which represents an increase of \$3,345,387 or 3.6% from the FY2023 Adopted Budget. The Authority anticipates FY2024 Revenues of \$199.8 million, a \$9.7 million or 5.1% increase from the Adopted 2023 Revenue. The projected FY2024 Revenues represent a \$4.4 million or 2.2% increase from projected year-end revenues of \$195.4 million for fiscal year 2023.

The Authority has (3) new initiatives in the FY2024 budget - 1st Salary Compensation Study Program \$1.1 million dollars. 2nd - \$400,000 to support a full year of commercial air service. 3rd - \$100,000 towards cyber security. These new items total \$1.6 million dollars or 1.7% of the 3.6% increase.

In 2024, the Authority makes notable assumptions in revenues in the following areas:

Delaware Memorial Bridge - The Authority anticipates FY2024 Revenues of \$151.4 million, a \$1.2 million reduction or 0.8% less than the Adopted FY2023 DMB Revenue. The projected DMB Revenues were developed as part of the Traffic and Revenue Study associated with the 2023 Revenue Bond Issue.

Cape May Lewes Ferry - The 2024 projected revenue of \$13.5 million for the Cape May-Lewes Ferry Operations remains flat. For the nine months ended September 30, 2023, vehicle traffic increased by 2.8% and passenger traffic has increased 1.6%. For 2024, the proposed revenue reflects an assumption that operations will not dramatically change in activity.

Food and Retail – The FY2024 projected revenue of \$3.7 million dollars for the Food & Retail Operations reflects a \$343K or 10.1% increase as compared to the FY2023 adopted revenue of \$3.4 million. This projected revenue includes \$335K of lease revenue from the Lewes Concessionaire, "Grain on the Rocks". The projected FY2024 revenue is \$287K or 8.3% more than the projected year end revenue for 2023 of \$3.4 million.

Airports - The 2024 projected revenue of \$11.6 million for the Airports Operations is \$1.5K or 14.9% more than the projected year-end revenue of \$10.1 million, and \$3.3M or 40.5% more than the adopted 2023 revenue projection of \$8.3 million. The increase is primarily related to revenues associated with commercial air service at ILG, totaling \$2.1M.

Operating expenses the Authority evaluates possible approaches to containing expense growth. For F2024, the proposed budget increase of 3.6% remains in line with the CIP growth of 3.5% for the period.

Salary & Wages increased by \$1.6 million dollars, or 4.4%. This is the regular permanent wages of \$1.5 million dollars. The increase in Regular permanent wages of \$1.5 million or 4.6% is primarily due to a 3% adjustment for non-union wages, negotiated union agreements, and other adjustments related to compression, promotions, and minimum salary thresholds established by the Authority.

The Authority has budgeted \$1.1 million dollars for miscellaneous projects to cover potential increases in wages associated with the Compensation Assessment. These resources will be held until the board determines how to proceed with the compensation analysis. Insurance increase by \$400k, or 7.6% as compared to FY2023 Adopted Budget. This reflects a \$380,000 reduction from last months' discussion on how to control insurance expense growth.

Maintenance contracts, proposed FY2024 reflects a \$309k or 11.5% increase as compared to FY2023. Software and Cloud Based Services combine for \$176k or 16.8% increase in FY2024 budget as compared to FY2023 Adopted Budget. Utilities throughout the Authority have increased by \$132k or 4.6% and OPEB/Defined Benefit Plan combined reflect a \$685k or 8.6% decrease in the proposed 2024 budget. The proposed FY2024 EZ-Pass expenses have decreased by \$268k or 4.3% as compared to FY2023 Adopted Budget. Total budget comparison an increase of \$3.3 million dollars of 3.6%.

Commercial Air Service highlights investments expecting \$2.1 million dollars in revenues, with net revenue just over a \$1 million dollars after accounting for direct expenses. Commercial air related expenses are a \$383,000 increase over the FY2023 Adopted Budget. The indirect expenses associated with the police troop at Wilmington Airport is not a budget increase but reflects the allocation of police budgeted resources.

The CFO noted on page 12, that salaries and benefits were 61% of the budget, which is less than the other years going back to 2020. On page 13, the Financial Model reflects the Authority ending FY2023 and FY2024 with 2.90x and 2.84x debt service coverage, well above 1.25% required. The Authority DCOH projections of 1145 for FY2023 and 909 for 2024 meet policy objectives. The CFO highlighted FY2025, noting that the Authority starts to run into pressure to fund the CIP with not enough cash on hand. As we approach 2025, the Authority will likely need to control capital expenditures or raise revenues in the future.

The 2024 Operating Budget maintains the same 408 budgeted positions as FY23. Lastly, the CFO noted the pension/OPEB funding and the Airports Division by location. The committee had no questions regarding the information provided.

- **CMLF Fare Increases**

The CFO informed the committee that staff wanted to have a preliminary discussion concerning future fares at the Ferry, prior to beginning a public discussion which complies with FTA regulations. Director of Ferry Heath Gehrke presented the following:

CAPE MAY/LEWES FERRY 2024 PROPOSED FARE MODIFICATIONS

Fare changes goals. (current/future) Improve farebox recovery. Decrease cost for families over time Preferential fare treatment for multi-trip passengers.

DECREASES

Reduce Child Rate (6–13) by \$1 in-season (currently \$4 one way and \$7 round trip). Reduces cost of travel for families. Modify loyalty rewards members program from a flat discount to a points per \$ spent program (like airlines). In addition, loyalty rewards members to receive a free passenger (or driver) trip for every 10th trip purchased. A 30% discount for commercial accounts, which encourages commercial travel and account setup.

INCREASES

Implement inflationary increase in vehicle fares: \$1 in-season for standard vehicles, \$2 in season for 26' to 45' vehicles, and \$3 in-season for >46' vehicles (no increase to return-trip fare or offseason fares). Increases “no-show” fee from \$10 to \$26 to further incentivize canceling or modifying bookings vs. abandonment. This allows us to sell space that would otherwise go unused and to predict demand.

Implements a \$2 handling fee for “show-go” (not reserved) vehicle travel less than one hour in advance of departure. While reservations are currently required, many do not pre-book, which requires longer transaction times at the tollbooth. Implements an optional Priority Boarding fee. A \$5 fee, tollbooth agents will upsell (in limited quantities) guests to a staging/boarding location that allows earlier boarding/disembarkation. A \$2 shuttle fare increase.

The committee was supportive of the proposed fare modifications. Staff will initiate a process for public comment and return in early 2024.

4. Action Items:

- **RESOLUTION 23-58 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY’S 2024 OPERATING BUDGET**

The CFO presented and discussed the Resolution. With no additional questions, Commissioner Smith made a motion, Commissioner Ratchford seconded, and the Economic Development Committee recommended forwarding Resolution 23-58 to the full

Board. The Resolution will be presented to the full Board for consideration at the November meeting later today.

- **RESOLUTION 23-59 – DECLARATION OF SURPLUS PROPERTY AND DISPOSITION OF A WILDLIFE FENCE**

Committee Chair Decker tabled Resolution 23-59.

With no further business to discuss, Committee Chair Decker adjourned the Budget and Finance Committee 12:11 p.m.

**DELAWARE RIVER AND BAY AUTHORITY
ECONOMIC DEVELOPMENT COMMITTEE MEETING**

Tuesday, November 21, 2023

Delaware Memorial Bridge

New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee Meeting was conducted on Tuesday, November 21, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

Committee Chair Baldini - Zoom

Commissioner Wilson, Comm. Member - Absent

Commissioner Ransome, Comm. Member

Commissioner McCann

Commissioner Smith

Vice-Chairperson Hogan - Absent

Legal Counsel

Phillip Norcross - NJ

Governors' Representatives

Aaron Creuz, - NJ

Alexis Franklin - NJ

Commissioners of Delaware

Committee Vice-Chair Becker - Absent

Commissioner Carey, Comm. Member - Absent

Commissioner Ratchford, Comm. Member

Commissioner Decker

Commissioner Faust

Chairperson Lathem

Legal Counsel

Kate Betterly – DE

Governors' Representatives

Michael Houghton – DE – Zoom

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Michelle Warner

Jim Salmon

TJ Murray

Tara Donofrio

Michele Pyle

Guests

1. Committee Chair Baldini opened the Economic Development Committee meeting at approximately 12:12 p.m. The Deputy Executive Director (DED) reported that the public meeting of the Economic Development Committee had been duly notified in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Baldini called for a motion to accept the Economic Development Committee Minutes from the September 19, 2023, meeting. Commissioner Ratchford made a motion, Commissioner Ransome seconded, and the Committee Minutes were accepted.

3. Resolutions:

RESOLUTION 23-62 – EASEMENT AGREEMENT WITH DELAWARE DEPARTMENT OF TRANSPORTATION

The Deputy Executive Director introduced Michelle Griscom, Property Management Director. Ms. Griscom presented and discussed the Resolution. With no additional questions, Commissioner Ratchford made a motion, Commissioner Ransome seconded, and the Economic Development Committee recommended forwarding Resolution 23-62 to the full Board. The Resolution will be presented to the full Board for consideration at the November meeting later today.

Committee Chair Baldini adjourned Economic Development Committee at 12:13 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, November 21, 2023

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted in person and via Zoom on Tuesday, November 21, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Delaware Commissioners

Committee Chair Ratchford

Commissioner Faust, Committee Member

Commissioner Becker, Committee Member -Absent

Commissioner Decker

Commissioner Carey - Absent

Chairman Lathem via Zoom

Legal Counsel

Kate Betterly- DE

Governors' Representatives

Mike Houghton- DE via Zoom

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Michelle Warner

Michele Pyle

Jim Salmon

TJ Murray

Tara Donofrio

Kyle Bickhart

Andy Houghton

New Jersey Commissioners

Committee Vice-Chair Ransome

Commissioner McCann, Committee Member -
via Zoom

Commissioner Baldini, Committee Member -
via Zoom

Commissioner Smith

Commissioner Wilson - Absent

Vice Chairman Hogan - Absent

Phil Norcross- NJ

Aaron Creuz - NJ

Alexis Frankford - NJ

Guests

1. Committee Chair Ratchford opened the Projects Committee meeting at 12:14 p.m.
2. Committee Chair Ratchford called for a motion to accept the Projects Committee Minutes from October 17, 2023. Committee Vice-Chair Ransome made a motion, Commissioner Faust seconded, and the Committee Minutes were accepted.

3. Bid Openings

- **CMLF-C23-10 Cape May Terminal Entrance Canopy Improvements**

A public bid opening was held on September 26, 2023, in which (4) bids were submitted.

The COO recommended awarding the contract, in the amount of \$75,724.43 to Kavi Construction, LLC of Berlin, NJ.

Committee Chair Ratchford called for a motion to accept the bid, to Committee Vice-Chair Ransome made a motion, seconded by which Commissioner Faust and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today.

- **CMLF-C22-15 Cape May Terminal Pedestrian Bridge Fascia Improvements**

A public bid opening was held on October 24, 2023, in which (4) bids were submitted.

The COO recommended awarding the contract, in the amount of \$329,045.00, to Ocean Construction LLC of Williamstown, NJ.

Committee Chair Ratchford called for a motion to accept the bid, to which Commissioner Faust made a motion, seconded by Committee Vice-Chair Ransome and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today.

- **DMB-19-28 Tower and Anchorage Emergency Lighting**

A public bid opening was held on October 24, 2023, in which (2) bids were submitted.

The COO recommended awarding the contract, in the amount of \$788,450.00 to JJD Electric LL of Paulsboro, NJ.

Committee Chair Ratchford called for a motion to accept the bid, to which Committee Vice-Chair Ransome made a motion, seconded by Commissioner Faust and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today.

- **CAT-22-01 Storage Shed Expansion**

A public bid opening was held on October 31, 2023, in which (2) bids were submitted.

The COO recommended awarding the contract, in the amount of \$167,000.00, to BSS Contractors, LLC of West Grove, PA.

Committee Chair Ratchford called for a motion to accept the bid, to which Commissioner Faust made a motion, seconded by Committee Vice-Chair Ransome and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today.

4. Contractor Payment Review:

The COO reviewed for the Committee the monthly construction contractor payment summary to be made for the work completed through October 2023 for (19) payments totaling approximately \$16.7 million for projects at the bridge, ferry, and airports.

5. With no further business to discuss, Committee Chair Ratchford called for a motion to adjourn; Committee Vice-Chair Ransome made a motion and Commissioner Faust seconded, and the Projects Committee adjourned at 12:17p.m.