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DELAWARE RIVER PORT AUTHORITY

BOARD MEETING

One Port Center  
2 Riverside Drive  
Camden, NJ  
Wednesday, December 9, 2015

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1 **DRPA/PATCO Staff (continued)**

2

3 ~~Jack Stief, Police Chief, Public Safety~~ John Rink,  
General Manager, PATCO

4 Bennett Cornelius, Assistant General Manager, PATCO  
John Lotierzo, Director, PATCO Finance

5 Susan Squillace, Manager, Procurement and Stores,  
DRPA/PATCO

6 David Gentile, Inspector General  
Christina Maroney, Director, Strategic Initiatives

7 Kyle Anderson, Director, Corporate Communications  
Fran O'Brien, Manager, Customer and Community  
Relations

8 Howard Korsen, Manager, Contract Administration  
Orville Parker, Manager, Budget and Financial Analysis

9 William Anderson, Budget Analyst, Finance  
Darcie DeBeaumont, Senior Accountant, Finance  
Amy Ash, Contract Administrator, Contract  
Administration

10 Sheila Milner, Administrative Coordinator  
Elizabeth McGee, Acting Records Manager  
Nancy Farthing, Executive Assistant to the CEO  
Dawn Whiton, Administrative Coordinator to the  
Deputy CEO

14 **Others Present**

15 Amy Herbold, Esq., Senior Counsel, New Jersey  
Governor's Authorities Unit

16 Chelsea Guzowski, Director of Special Projects,  
Pennsylvania Governor's Office of the Budget

17 David Dix, Assistant to Chairman Boyer  
Victoria Madden, Chief ~~of- Staff Counsel~~ (for Auditor  
General  
DePasquale)(via telephone)

18 Christopher Gibson, Esq., Archer & Greiner,  
20 (New Jersey Counsel)  
Alan Kessler, Esq., Duane Morris LLP

21 **Others Present (Continued)**

22 (Pennsylvania Counsel)

1 Stephanie Kosta, Esq., Duane Morris LLP  
2 (Pennsylvania Counsel)  
3 Marcia Perry (Assistant to Kyle Anderson)  
4 Olivia C. Glenn, Regional Manager, New Jersey  
5 Conservation Foundation  
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1 Others Present (Continued)

2 ~~Olivia C. Glenn, Regional Manager, New Jersey~~  
3 ~~Conservation Foundation~~

4 Tara Chupka (Assistant to John Dougherty)  
5 Frank Keel

6 Brian Stevenson  
7 Arnold Alston, Wells Fargo  
8 Joseph Quigley

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1 MR. SANTARELLI: Commissioner DiAntonio?

2 COMMISSIONER DIANTONIO: Present.

3 MR. SANTARELLI: Commissioner Haider?

4 COMMISSIONER HAIDER: Present.

5 MR. SANTARELLI: Commissioner Fentress?

6 COMMISSIONER FENTRESS: Here.

7 MR. SANTARELLI: Commissioner Singley?

8 COMMISSIONER SINGLEY: Here.

9 MR. SANTARELLI: Commissioner Hepkins?

10 COMMISSIONER HEPKINS: Present.

11 MR. SANTARELLI: Commissioner Frattali?

12 COMMISSIONER FRATTALI: Present.

13 MR. SANTARELLI: Commissioner Lisko?

14 Commissioner Moskowitz?

15 COMMISSIONER MOSKOWITZ: Here.

16 MR. SANTARELLI: Commissioner Sweeney?

17 COMMISSIONER SWEENEY: Here.

18 MR. SANTARELLI: Commissioner Taylor?

19 COMMISSIONER TAYLOR: Here.

20 MR. SANTARELLI: You have a quorum.

21 CHAIRMAN BOYER: Thank you. We're going to

22 now have a report of the Chief Executive Officer, John

1 Hanson.

2 MR. HANSON: Thank you, Chairman. I have only  
3 one item, two updates for today's meeting. I'm proud  
4 to report we have a retiree with us today, William J.  
5 Anderson. Bill, please stand up.

6 Bill has been with PATCO for 35 years. He is  
7 retired from his position as Electronic Technician. He  
8 is someone who was very passionate about his work. I  
9 frequently saw him as I walked through the shop. Bill  
10 would give me insights and feedback from a variety of  
11 things. Bill, I'd like to ask you to come up to the  
12 flag for a picture with the Chairman and myself and  
13 General Manager John Rink.

14 (Pause)

15 MR. HANSON: I'd like to ask Chief Engineer  
16 Mike Venuto and Deputy Counsel Steve Holden to provide  
17 us with an update on the Admiral Wilson Boulevard  
18 Project.

19 MR. VENUTO: Thank you, John. Good morning,  
20 Commissioners. There are a number of DRPA divisions  
21 working collaboratively on this Admiral Wilson  
22 Boulevard Project. From an engineering side, we have

1 two separate contracts with Brinkerhoff Environmental,  
2 totaling over \$2 million for the work. A supplement to  
3 both of those contracts is going to be presented today  
4 at the Board meeting to address some necessary work  
5 that was not in the original contracts.

6 We meet biweekly -- I'm sorry, we meet weekly  
7 with Brinkerhoff Environmental. They have a number of  
8 staff working full-time on this project and we have  
9 completed a number of milestones to date. Deputy  
10 Counsel Steve Holden is going to go over some of the  
11 specifics and some meetings that we have just recently  
12 attended.

13 All right, some of the milestones I talked  
14 about, I guess I can just go through. We've reviewed  
15 all the DRPA and DEP files. We've reviewed all the  
16 deed information. We've removed all the stockpile soil  
17 that was out there. We're in progress on a number of  
18 surveying and ecological evaluations and our draft  
19 preliminary assessments. We have also had initial  
20 meeting with the CCMUA. So Steve will talk about some  
21 of the other public meetings and things we've had.

22 MR. HOLDEN: Thank you, Mr. Venuto. Good

1 morning, members of the Board and Chairman. With the  
2 participation and assistance of Engineering, we have  
3 taken a number of steps to move forward in the  
4 development of the Gateway Park. I am going to pass  
5 around the room a Summary of the steps that have been  
6 taken. If you'll bear with me for one moment, let me  
7 show it to you in a little bit of a larger picture.

8           This is the area that is being developed as  
9 Gateway Park. As you all know, the area was cleared in  
10 2000, consistent with cleaning up the Admiral Wilson  
11 Boulevard and presenting a nicer portal to enter New  
12 Jersey. It turned out that there were environmental  
13 issues that are far greater than anyone anticipated.  
14 It's our expectation that by the summer, the  
15 properties between the beige and the green will be  
16 able to be opened as a park.

17           It is important to do it completely and to  
18 make it totally safe. The document that you're looking  
19 at is a distillation or short form of the process of  
20 cleaning up an environmental area; this, (holding up  
21 several large posters) is the long portion. These are  
22 all of the steps that must be completed. In round four

1 we will have -- the document you have shows where we  
2 are and how far we've gone. There are about 42 steps,  
3 with 16 different properties.

4 We can't predict with certainty when it will  
5 be completed. All you can predict with certainty is  
6 how hard it will be and how time-consuming it will be.

7 The Brinkerhoff Environmental folks have plus  
8 or minus eight people on the site at all times. The  
9 sheet that I have distributed tells you what has been  
10 completed and what the anticipated completion dates  
11 are for the next steps. We are hoping that we will be  
12 able to deliver a safe, usable space for people to  
13 picnic, for kids to play in, and for the community to  
14 be proud of.

15 Mr. Chairman, is there anything else that you  
16 would like me to discuss?

17 CHAIRMAN BOYER: No. I'm very pleased with  
18 your presentation. It's very straightforward, and it  
19 gets to the importance of this issue and the priority  
20 that this Board gave you. We thank you for your work.  
21 We thank Brinkerhoff for coming with this complete  
22 presentation. I think that anyone from the public will

1 know that this is a serious issue for the DRPA. Thank  
2 you.

3 MR. HANSON: Thank you, Steve. Mr. Venuto and  
4 Mr. Rink, is there an update on the Ben Franklin  
5 Bridge Track Rehab Project?

6 MR. VENUTO: Yes, sir. This challenging  
7 project, we're happy and proud to say, will be  
8 substantially completed by the end of this year. We're  
9 going to be working on some punch lists and some  
10 demobilization in January. We will be making a  
11 presentation to the Operations and Maintenance  
12 Committee at our January meetings to show some of the  
13 milestones and some of the successes we had on the  
14 project.

15 Just to put it into perspective, we had three  
16 continuous track outages over the course of the  
17 project. We had 80 weeks and 80 weekends of extended  
18 outages. We replaced 2.9 miles of track, 9,000  
19 timbers, and 450,000 pounds of steel. So, there were a  
20 number of large aspects to this job and we will be  
21 substantially complete by the end of the year.

22 MR. RINK: Commissioners, in regards to

1 schedule, there are two more weekday outages that our  
2 customers will face this week and next week with the  
3 Thursday and Friday outages and into the weekend. So,  
4 two more weeks of inconvenience for our customers and  
5 then, as Mr. Venuto said, the project will be  
6 complete. At the start of the New Year, we'll be back  
7 to our pre-construction normal schedule; so we're  
8 happy to start off the New Year right.

9 MR. HANSON: Thank you. And, as previously  
10 mentioned, the DRPA will be receiving the Women in  
11 Transportation Diversity Award tomorrow night. Mr.  
12 Rink will be talking in his report about the award  
13 that PATCO is receiving tonight from the Delaware  
14 Valley Regional Planning Commission. That concludes my  
15 report, Chairman Boyer.

16 CHAIRMAN BOYER: Thank you. Any questions on  
17 the CEO's report? There being no questions, I'll take  
18 a motion to accept the CEO's report.

19 COMMISSIONER HEPKINS: So moved.

20 COMMISSIONER FRATTALI: Second.

21 CHAIRMAN BOYER: All in favor?

22 ALL: Aye.

1 CHAIRMAN BOYER: All opposed? The ayes have  
2 it.

3 We'll have the report of the Chief Financial  
4 Officer, Mr. Jim White.

5 MR. WHITE: Good morning, Mr. Chair, Mr. Vice  
6 Chair, and Commissioners. I'd like to take you to the  
7 CFO section and just make some brief comments related  
8 to where we stand year-to-date. I'm going to focus  
9 most of my time relating to the 2016 budgets.

10 I did want to give you an update on the  
11 commuter discount. In terms of sign-ups, we have 8,257  
12 transponders enrolled and roughly 6,000 accounts. I  
13 believe we're in the 20 to 25 percent enrollment  
14 percentage as it relates to the commuter discount,  
15 which began on December the 1st. So, we expect to see  
16 a lot more activity related to that. But, I think  
17 we're making good progress in terms of the enrollment  
18 related to the commuter credit, which will be paid out  
19 to customers in their January statement.

20 If you look at the DRPA Unaudited Financial  
21 Summary that is in your packet, the only thing I  
22 really want to discuss here is just to make you aware

1 that, again, we are doing very well in terms of  
2 traffic and revenues. From a budgetary perspective,  
3 we're around six (6) percent under budget; these are  
4 the numbers through October and they include expenses  
5 that were related to the Papal visit during September.  
6 We continue to have growth in the Project Fund and, as  
7 we'll discuss in a few minutes, that's a critical item  
8 because that helps us in terms of the funding of the  
9 Five-year Capital Program which was passed last month.  
10 So, from a financial perspective, we're doing well.  
11 Unless there are questions, I'd like to turn our  
12 attention to a presentation that we put together  
13 related to the 2016 budget.

14 We've distributed a hard copy to the  
15 Commissioners present and also e-mailed that out to  
16 any Commissioners who are on the phone. Before you,  
17 today, are going to be five, budget-related  
18 resolutions. Two of the resolutions relate to the  
19 adoption of the DRPA and the PATCO budgets. Then,  
20 there are three resolutions related to requirements  
21 within three bond indentures of the passage of annual  
22 budgets; they are based on different calculations

1 depending upon whether it is an indenture related to  
2 our senior debt or if it's an indenture related to our  
3 subordinate debt.

4 So, when you look at the resolutions in your  
5 packet that reference Section 5.15, that's relating to  
6 our senior debt. If you look at the resolutions in  
7 your packet relating to Section 5.07, those are  
8 related to our Port District Project bonds or our  
9 subordinate debt. In order to be in compliance with  
10 our bond indentures, we have to submit these annual  
11 budgets to our bond trustees by December 31st of each  
12 year. That's one of the reasons the Board meeting is  
13 accelerated or moved up during the month of December.

14 By way of background, the budget process  
15 begins in the July/August time frame. Budget requests  
16 are submitted by various administrative and  
17 operational departments to Finance. After an initial  
18 review of these requests by our budget teams, we do a  
19 scrub and then ultimately we conduct operating budget  
20 hearings. We particularly look at large departments in  
21 terms of their requirements and departments whose  
22 budgets have increased significantly for one reason or

1 another.

2           A picture is worth a thousand words. This  
3 (holding up a large binder) is just in terms of the  
4 DRPA budget. This is what we have to go through from a  
5 budgetary perspective; detailed information that comes  
6 from all of our administrative and operational groups.  
7 My budget groups, both at DRPA and PATCO, thoroughly  
8 go through this and vet it as part of the budget  
9 process.

10           We look at requests for staffing. We look at  
11 the non-payroll related expenditures. We probably took  
12 out at least one and a half to two million dollars in  
13 reductions as a result of that vetting process. We  
14 then pull together the payroll budget. After another  
15 scrubbing, we bring it before the Finance Committee  
16 and get their input; so the budgets that you see today  
17 reflect the inputs that we've had from the Finance  
18 Committee and other Commissioners. So we'll go through  
19 that in just a second.

20           I'm just going to hit some brief highlights.  
21 If you will turn to the presentation, page two, you'll  
22 see the overview of the presentation. I just want to

1 highlight a number of things to give you a strategic  
2 view of how the budget is composed and pulled  
3 together.

4           While the budget process is an annual process,  
5 we have to keep in mind the fact that this budget  
6 process is really a function of what we have been  
7 doing to stabilize the Authority's financial position  
8 over the last three to five years.

9           If you look at page three, here are the key  
10 messages that I want to emphasize related to the  
11 operational budgets. No toll increase. Our total  
12 revenues in terms of tolls are \$292.1 million. We are  
13 projecting those to raise, to increase by \$1.1  
14 million. The assumptions for that I'll go over very  
15 quickly in a few more slides. Total revenue for the  
16 Authority will be approximately \$333 million, up  
17 roughly \$4.2 million; the key thing there, no toll  
18 increase. We do not see toll increases until sometime  
19 four to five years from now, so that's an important  
20 message for us to communicate.

21           Number 2: the total, overall budget increase  
22 is 1.89 percent.

1           Number 3: the budget reflects roughly a \$5.9  
2 million reduction in toll revenues related to the  
3 E-ZPass commuter discount. The fact that the Authority  
4 can afford to actually pull \$5.9 million out of our  
5 forecasted -toll revenues is due to the fact that we  
6 are in such a good financial position.

7           Number 4: we have reduced risk in our swap  
8 portfolio, lowered our LOC cost, and reduced our loan  
9 guarantees. A few years ago, our loan guarantees were  
10 around \$11 million; due to great work, particularly  
11 from the Legal Department, we now have loan guarantees  
12 of only \$1 million. Again, a great success story for  
13 the Authority.

14           In terms of capital funding: with this budget  
15 we expect to deposit roughly \$42 million in our Pay-Go  
16 General Fund Capital Account. We will set aside those  
17 funds to help us fund Years 2017 through 2020 after  
18 the proceeds of our 2013 bond issuance proceeds have  
19 been exhausted. That's a great message and, again, the  
20 Capital Budget will be funded, fully funded we  
21 believe, as a result of the operational budget and the  
22 funds that we have available.

1           Page 4: these are just some key financial  
2 achievements. But, essentially, this budget reflects  
3 the fact that over the last two to four years, we've  
4 removed millions of dollars, particularly in terms of  
5 debt service, LOC costs, etc. Bond ratings have been  
6 upgraded as of 2013. We continue an annual  
7 contribution to the other post-employment benefits  
8 contribution, which is looked at by our rating  
9 agencies and our LOC banks to see how we are dealing  
10 with that particular issue. The Pay-Go Capital Fund,  
11 as we said, is increasing. The swap novation puts us  
12 in a great position; a much more strategic and  
13 risk-reduced position relative to our existing swaps.

14           Our major financial goals are similar to what  
15 they are every year; continued investment. We've  
16 already passed the proposed Capital Budget of  
17 \$166.7 million. This is great work by Mike Venuto and  
18 his team and particularly the operational personnel,  
19 John Rink from the PATCO side and also Dan Auletto in  
20 terms of Bridge Operations. It is a great job that  
21 they've done in terms of working with Finance to put  
22 together the Capital Plan.

1           We continue cost containment of personnel and  
2 non-personnel expenditures. We want to continue  
3 managing our operations to maintain our investment  
4 grade ratings. And, again, we want to manage our swap  
5 exposure.

6           So, if you look, as I mentioned earlier, just  
7 on page six, the total revenues for the Authority are  
8 expected to increase \$4.2 million. Part of that is due  
9 to bridge tolls. Some of that is miscellaneous  
10 revenue related to E-ZPass, particularly  
11 administrative fees. And also, you'll see PATCO fares  
12 and revenue; we expect that to go up by almost  
13 \$600,000 this year.

14           As for the assumptions for the revenue  
15 categories; we tend to take a very conservative  
16 approach when it relates to forecasting our revenues.  
17 You'll see that -- particularly for the toll revenues,  
18 which make up the body of the resources of the  
19 Authority -- we reduced the gross toll revenues that  
20 we project. We reduced them by three snow days or  
21 inclement weather days. That's approximately \$2.4  
22 million.

1           This year, we are adding roughly \$1 million in  
2 order to take into account both some projected  
3 incremental growth, but also a new program that --  
4 once the programming is done -- is going to allow us,  
5 we believe, to bring in additional hundreds of  
6 thousands of dollars. The programming is related to  
7 delaying transactions that go to the E-ZPass  
8 Processing Center and giving us more time to make sure  
9 that we are capturing all the revenues that we should  
10 be on certain vehicles.

11           The other thing in terms of revenue  
12 assumptions that I just wanted to highlight here:  
13 PATCO, \$600,000 increase, expected increase of  
14 \$200,000 in ridership, and half a million in passenger  
15 revenues as a result of it. We also expect a \$107,000  
16 increase in other revenues. That is principally due to  
17 advertising.

18           If you will then turn to page nine: again,  
19 total overall Authority budgets are up 1.89 percent.  
20 You will see captured here in the schedule the total  
21 DRPA budgets up again \$4.5 million. You'll see the  
22 total PATCO operating expenses up \$2.2 million. So, in

1 total, we're talking about a total operating expense  
2 between DRPA and PATCO of \$148 million, up \$6.7  
3 million.

4 In addition, part of our overall, total budget  
5 is related to the indenture budgets. So, this year we  
6 are adding to the budget -- and it's one thing that  
7 has somewhat complicated our numbers this year, as it  
8 does every two years -- the biennial inspection cost  
9 that the Authority bears is somewhere in the area of  
10 \$3 million. When we began the budget process, which I  
11 expected not to be as difficult this year, right away  
12 we have to contend with the fact that our expenses  
13 increased \$2.8 million as a result of the biennial  
14 inspection.

15 We have stabilized our debt service cost over  
16 the last couple of years, as I mentioned. In terms of  
17 the Revenue Bonds and the Port District Project Bonds,  
18 that's around \$130 million a year that we pay against  
19 our debt. But, again, we've probably removed somewhere  
20 between \$11 and \$15 million as a result of paying off  
21 debt over the last three or four years; we removed  
22 debt as a result of the refunding of the PDP bonds in

1 2012, and those are the key factors there.

2 We continue to see a decrease in our Letter of  
3 Credit cost. We negotiated earlier this year a three-  
4 year extension with Barclays Bank. That has reduced  
5 our LOC cost by \$100,000. Plus, we're seeing a  
6 reduction due to the amortization of our variable rate  
7 debt. So, in terms of the total indenture budget;  
8 \$142.7 million. We have also allocated funds for  
9 various management studies that are either Board-  
10 initiated or required by our Compact.

11 On page ten, we show the major budget drivers  
12 related to the DRPA. The key drivers are related to  
13 payroll, pension, healthcare, insurance cost, and  
14 increased capital labor cost. We have listed some of  
15 the key components there: payroll increases of  
16 \$1.6 million; pension, which has been significantly  
17 impacting us over the last couple of years, of  
18 \$2.3 million; and then you'll see -- particularly on  
19 the dropdown, towards the bottom of this slide -- that  
20 with the implementation of the SAP/ERP -- which is  
21 going on right now -- the full year cost of that will  
22 increase by a half -million dollars. Prior to that,

1 most of the costs related to the Program had been  
2 Capital costs.

3           On page eleven, you'll see the key drivers  
4 impacting the budget increases for PATCO. They're in  
5 payroll, pension, escalator maintenance, and the SAP  
6 implementation. One of the key things I want to  
7 emphasize here is a significant decrease in the  
8 purchase power at PATCO. Those costs we estimate to be  
9 \$700,000 less from a budgetary perspective than they  
10 were in 2015. So, a great job being done by PATCO,  
11 related to their budgets. You can see we're putting in  
12 additional money related to escalator maintenance,  
13 SAP/ERP implementation costs are going to be around  
14 \$175,000, and payroll and pension cost increases are  
15 there.

16           If you'll turn to page 12, the DRPA's overall  
17 debt is level-loaded, so at this point our debt  
18 service is \$130.9 million; that's level-loaded over, I  
19 guess, at least the next 10 years. The PDP or Port  
20 District Project bond debt service is flat. Revenue  
21 Bond debt service is flat. We see no anticipated  
22 borrowings for many years and that's a great story, I

1 think, a success story for the Authority.

2           Again, as I mentioned, Letter of Credit costs  
3 are down. We have set aside money for the management  
4 study and, of course, some legal expenses related to  
5 the grand jury subpoena related to economic  
6 development.

7           Page 13: with the passage of the Operating  
8 Budgets, and you'll see a caption towards the bottom  
9 of this slide, you'll see 2015 annual contribution  
10 estimated at \$42.3 million. So, after you take all the  
11 revenues and subtract the expenses, the DRPA expects  
12 an annual contribution to the General Fund of \$42.3  
13 million. That money goes directly into our Capital  
14 Pay-Go Fund, as I mentioned earlier. And, as a result  
15 of that, the DRPA, as we have said, expects to be able  
16 to fully fund its five-year Capital Plan that was  
17 passed at the last Board meeting.

18           The General Fund also serves to offset risks.  
19 So, as point one says, if we were to have to  
20 collateralize or terminate our swaps, it would be  
21 around \$150 million. However, due to the things that  
22 we have done this year, particularly with the swap

1 novation, that situation is very remote because where  
2 we had a situation where our PDP bonds had been  
3 reduced one notch, we potentially would have to  
4 collateralize or terminate. Now we're in a position  
5 where that exposure has been totally eliminated, and  
6 as a result, the DRPA's revenue bonds would have to go  
7 down like three or four notches before an eventuality  
8 like this would happen. We're in great shape as a  
9 result of doing the swap novation earlier this year.

10 We mentioned the OPEB liability; we're  
11 continuing to deal with that and our recommendation is  
12 to contribute another \$5 million. I mentioned the  
13 fact that right now we only have \$1 million related to  
14 loan guarantees. Again, the General Fund offsets those  
15 risks that I've just mentioned above. Should there be  
16 a significant event related to the bridges, the DRPA  
17 would have a \$25 million requirement per occurrence;  
18 so the General Fund, again, helps to offset any risk  
19 that we might have relating to that.

20 CHAIRMAN BOYER: Thank you, Jim. That was a  
21 great, exhaustive report, and we appreciate your  
22 prudence. As you see, we are a very conservative bunch

1 here, because we take the stewardship of our  
2 customers' and commuters' money very seriously. Jim, I  
3 thank you and ~~your~~ your staff's hard work. If any  
4 Commissioners have any questions of Jim White, now is  
5 the time to ask because we're going to vote on this  
6 budget later. So any questions that you need to ask,  
7 you should ask now. No questions?

8 MR. WHITE: Mr. Chairman, before we move  
9 along, I would just like to recognize my staff. This  
10 year, we have been particularly stretched as a result  
11 of the ERP implementation. We've had a challenging  
12 budget year. And I just wanted the Finance staff here,  
13 particularly those involved in the budget process,  
14 including the Capital budget, to just stand for a  
15 moment. I'd like to just acknowledge their hard work.

16 (Applause)

17 MR. WHITE: -- Amy Ash, Darcie DeBeaumont from  
18 the Accounting Group; Bill Anderson from the Budget  
19 Group; John Lotierzo, PATCO Finance Director and also  
20 serving as an Acting Director at DRPA, and his group.  
21 There are a couple of members of his staff who aren't  
22 here like Joe McGonigle, Kevin Hyslop, and Orville

1 Parker, who is the veteran budget guy. He's been here  
2 as long as Methuselah has been alive, but he does  
3 great work. I appreciate all the work that they have  
4 done related to the creation of the budget. Thank you.

5 MR. HANSON: Jim, I'd also like to thank the  
6 staff who help create the budget with their input and  
7 who live within the budget every day, as well--

8 MR. WHITE: Right.

9 MR. HANSON: -- to enable us to be successful.

10 CHAIRMAN BOYER: Do any members of the public  
11 have any questions regarding the budget? There being  
12 no further questions, we're going to move on.

13 Approval of the Balance Sheet, 2015 Second  
14 Quarter Financials. I'll accept a motion to receive  
15 and file the --

16 COMMISSIONER MOSKOWITZ: I have a question.

17  
18 CHAIRMAN BOYER: Commissioner Moskowitz.

19 COMMISSIONER MOSKOWITZ: On the Betsy Ross  
20 Bridge for 2014-2015?

21 MR. WHITE: Okay. In terms of the --

22 COMMISSIONER MOSKOWITZ: It's the revenues and

1 net expenses.

2 MR. WHITE: Oh, okay.

3 COMMISSIONER MOSKOWITZ: Net revenues.

4 MR. WHITE: Okay, where are you looking?

5 COMMISSIONER MOSKOWITZ: The totals are fine,  
6 but there is an issue with the -- if you take the  
7 revenues less the operating expenses -- I'm sorry,  
8 it's the Commodore Barry. The totals are fine, but  
9 there is one number that's --

10 MR. WHITE: Okay. Where is this? In the  
11 Financial Statements?

12 COMMISSIONER MOSKOWITZ: The Commodore Barry.

13 CHAIRMAN BOYER: What page are you on?

14 COMMISSIONER MOSKOWITZ: The Operating  
15 Revenues. It's, let's see, Schedule four, page 60.  
16 I'm sorry to bring this up. I would have called you  
17 yesterday, but I didn't read it till last night.

18 MR. WHITE: Okay. So you saw a mistake there?

19 COMMISSIONER MOSKOWITZ: It's just it should  
20 be \$18,795,000 net revenue instead of \$8 million.

21 MR. WHITE: Okay.

22 COMMISSIONER MOSKOWITZ: Yeah, I think it was,

1 but I didn't know whether it carried to sub-sheets, so  
2 I'm just pointing it out.

3 MR. WHITE: Okay, thank you. What page was  
4 that again?

5 COMMISSIONER MOSKOWITZ: Page 60 in here,  
6 Schedule four.

7 MR. WHITE: Okay.

8 MR. HANSON: Schedule four in the notes to the  
9 Financial Statements, Jim.

10 MR. WHITE: Okay.

11 \_\_\_\_\_COMMISSIONER MOSKOWITZ: Yeah,  
12 something in the spreadsheet.

13 \_\_\_\_\_

14 MR. WHITE: We will revise that.

15 \_\_\_\_\_COMMISSIONER MOSKOWITZ: Thanks.

16 MR. WHITE: Thank you very much.

17 CHAIRMAN BOYER: Any more catches for Mr.  
18 White?

19 COMMISSIONER HEPKINS: Can I just ask a quick  
20 question? The budget looks great and congratulations.  
21 Just one question, you said that you anticipate  
22 revenue increases on PATCO based upon increased

1 ridership.

2 MR. WHITE: Yes.

3 COMMISSIONER HEPKINS: Can I ask, and maybe  
4 this is a question for John Rink, what is the  
5 ridership increase based upon? What are we going to do  
6 differently? Why do we project that?

7 MR. WHITE: Okay, either John or John.

8 MR. RINK: I'll take it. Right now, our budget  
9 for 2015 anticipates 10.2 million customers. Our data  
10 is showing that we'll receive probably 10.4 this year.  
11 So, we'll exceed our budget. Looking at the data from  
12 past years and from this year, our ridership number is  
13 based on what we expect to have this year. Also, the  
14 bridge project will be done. We did see a drop in  
15 ridership on Thursdays and Fridays due to the  
16 Thursday/Friday outages. So we expect that we'll match  
17 this year's final totals.

18 MR. HANSON: I think there are a couple of  
19 things. As John said, the weekday outage, the rush  
20 hour outages are over. More and more of the new train  
21 cars are coming on-line. And, in addition to that,  
22 we've added eight cars to the total fleet -as a result

1 of work that Alstom finished up; so, we'll have eight  
2 more cars available to increase the reliability of the  
3 system through 2016. So, a combination of more  
4 available cars for full reliability, no track work on  
5 rush hour, and adding new cars which are a more  
6 pleasant experience should all bring ridership back.

7 COMMISSIONER HEPKINS: Okay, thank you.

8 MR. RINK: One more note, with the bridge  
9 outages being finished, we expect to increase service  
10 on Saturdays; so, we're hoping to draw in more  
11 customers on Saturdays.

12 COMMISSIONER HEPKINS: Thank you.

13 CHAIRMAN BOYER: Any more questions?  
14

15 COMMISSIONER HAIDER: Congratulations on the  
16 budget.

17 MR. WHITE: Thank you.

18 COMMISSIONER HAIDER: I just wanted to  
19 clarify; for the payroll increase of \$1.56 million--

20 -- I know we're spending a lot of time  
21 ensuring that folks are appropriately compensated  
22 because of compression and a whole host of issues that

1 we faced over the past few years. How much of this is  
2 salary change and how much of this is new positions? I  
3 think, Toni, your study will perhaps also make some  
4 recommendations about the appropriate staffing levels  
5 of the organization?

6 MS. BROWN: Yes, that's correct.

7 COMMISSIONER HAIDER: And, obviously, new  
8 positions have a whole host of associated costs, like  
9 pension, healthcare.

10 MR. WHITE: Right. Given the constraints in  
11 terms of our guidelines to the budget, I believe we've  
12 added -- is it five positions? Yes, five new  
13 positions. So, essentially, the calculation related to  
14 the payroll is based on an assumption present staffing  
15 at the DRPA plus five new positions. As it relates to  
16 the CCI study, we are still awaiting information  
17 relating to that. But as of yet, there is nothing in  
18 the 2016 budget to account for the results of that  
19 study.

20 MR. HANSON: One of the greatest areas of our  
21 flexibility in the payroll, direct salary area of the  
22 budget relates to vacancies as we come up on the

1 budget; because where we have vacancies, it should  
2 indicate there are five new positions. Of those five  
3 positions, I don't believe any of them, at least most  
4 of them, are budgeted for the whole year.

5 MR. WHITE: Right, that's correct.

6 MR. HANSON: When we have vacancies, we tend  
7 to task them so that we will put a 3- or a 6- or even  
8 a 9-month hold on a position; that's sort of how we  
9 are able to make the budget numbers. But when you come  
10 into a year, as we did this year, where you've got  
11 fewer vacancies than you did the year before, you  
12 don't have the same level of flexibility. So that's a  
13 big part of what causes payroll variations from year  
14 to year. We don't typically add a lot of positions.

15 MR. WHITE: Good? Okay, thank you.

16 CHAIRMAN BOYER: Any more questions for Jim?

17 MR. SANTARELLI: We need a motion and a second  
18 on the acceptance of the Balance Sheet.

19 CHAIRMAN BOYER: Yes, on Approval of the  
20 Balance Sheet for 2015, Second Quarter Financials, can  
21 I have a motion?

22 COMMISSIONER HAIDER: So moved.

1 COMMISSIONER FRATTALI: Second.

2 CHAIRMAN BOYER: All those in favor?

3 ALL: Aye.

4 CHAIRMAN BOYER: All opposed? The ayes have  
5 it.

6 On Approval of November 18, 2015 DRPA Board  
7 Meeting Minutes, can I have a motion?

8 COMMISSIONER DiANTONIO: So moved.

9 COMMISSIONER HAIDER: Second.

10 CHAIRMAN BOYER: All in favor?

11 ALL: Aye.

12 CHAIRMAN BOYER: All opposed? The ayes carry.

13 On Monthly List of Previously Approved  
14 Payments and Monthly List of Previously Approved  
15 Purchase Orders and Contracts covering the Month of  
16 November 2015, can I have a motion?

17 COMMISSIONER HEPKINS: So moved.

18 COMMISSIONER FRATTALI: Second.

19 CHAIRMAN BOYER: All in favor?

20 ALL: Aye.

21 CHAIRMAN BOYER: All opposed? The ayes carry.

22 Adoption of Resolutions Approved by the

1 Operations and Maintenance Committee on December 1,  
2 2015. There are nine items from the Operations and  
3 Maintenance Committee for consideration. They are as  
4 follows:

5 DRPA-15-146: Design Services for Betsy Ross  
6 Bridge Maintenance Painting and Steel Repairs.

7 DRPA-15-147: Capital Project Contract  
8 Modification.

9 DRPA-15-148: ShotSpotters, Inc., Sensor  
10 Installation of Currently Vacant DRPA Police Training  
11 Building near the Walt Whitman Bridge.

12 DRPA-15-149: Six-Year Lease of Suite 505, One  
13 Port Center.

14 DRPA-15-150: 2016 Church Requests for Special  
15 Event Parking under the Ben Franklin Bridge in  
16 Philadelphia.

17 DRPA-15-151: Purchase of 18 2016 Ford Patrol  
18 Vehicles.

19 DRPA-15-152: Purchase of two 2016 F-350 SRW  
20 Cab Chassis Trucks; four 2016 F-550 Regular Cab  
21 Chassis Trucks; three 2016 F-250 Crew Cab Trucks; one  
22 F-250 Regular Cab Truck; and, 13 2016 F-150 Regular

1 Cab Trucks.

2 DRPA-15-153: Southeast Youth Athletic  
3 Association Carnival on DRPA property at 7th and  
4 Packer in Philadelphia.

5 DRPA-15-154: PARTSWG Regional Public Security  
6 Awareness project, Phase VI.

7 Do I have any questions on any of them? We're  
8 going to take a vote on all nine. Can I have a motion  
9 to adopt the nine resolutions?

10 COMMISSIONER FENTRESS: Move the motion.

11 COMMISSIONER DIANTONIO: Second.

12 CHAIRMAN BOYER: All those in favor?

13 ALL: Aye.

14 CHAIRMAN BOYER: All opposed? The ayes have  
15 it.

16 Approval of Finance Committee Meeting Minutes  
17 of December 1, 2015. Can I have a motion?

18 COMMISSIONER HAIDER: So moved.

19 COMMISSIONER FRATTALI: Second.

20 CHAIRMAN BOYER: All in favor?

21 ALL: Aye.

22 CHAIRMAN BOYER: All opposed? The ayes carry.

1 Adoption of Resolutions Approved by the  
2 Finance Committee of December 1, 2015. There are five  
3 items from the Finance Committee for consideration.

4 They are as follows:

5 DRPA-15-155: CEO's Authority to Extend the  
6 Terms of Previously Authorized Agreements with Budget  
7 Balances. We're going to take that one by itself. Can  
8 I get a motion?

9 COMMISSIONER HEPKINS: So moved.

10 COMMISSIONER DiANTONIO: Second.

11 CHAIRMAN BOYER: All in favor?

12 ALL: Aye.

13 CHAIRMAN BOYER: All opposed? The ayes carry.

14 DRPA-15-156: 2016 DRPA Operating Budget, on  
15 which we just got a full briefing from the CFO, Jim  
16 White; and the highlights are great, no toll  
17 increases. The only overall budget increases are less  
18 than two percent. I think that we're being fiscally  
19 responsible. I think this is a responsible budget. It  
20 is balanced and at this time I will take a motion to  
21 approve the budget.

22 COMMISSIONER FENTRESS: Move the motion.

1 COMMISSIONER DIANTONIO: Second.

2 CHAIRMAN BOYER: All in favor?

3 ALL: Aye.

4 CHAIRMAN BOYER: All opposed? The ayes carry.

5 DRPA-15-157: Resolution in Accordance with  
6 Sections 5.15 and 5.09 of the 1998 Indenture of Trust  
7 dated as of July 1, 1998, with TD Bank, North America,  
8 as Trustee, to Adopt an Annual Budget of the Delaware  
9 River Port Authority for the Fiscal Year 2016.

10 DRPA-15-158: Resolution in Accordance with  
11 Section 5.07 of the 1999 Port District Project Bonds  
12 Indenture of Trust dated as of December 1, 1999, with  
13 the Bank of New York Mellon as Trustee, to Adopt an  
14 Annual Budget of the Delaware River Port Authority for  
15 the Fiscal Year of 2016.

16 DRPA-15-159: Resolution in Accordance with  
17 Section 5.07 of the 2012 Port District Project Bonds  
18 Indenture of Trust dated as of December 1, 1999, with  
19 the Bank of New York Mellon as Trustee, to Adopt an  
20 Annual Budget of the Delaware River Port Authority for  
21 the Fiscal Year 2016.

22 COMMISSIONER FRATTALI: So moved.

1 COMMISSIONER DIANTONIO: Second.

2 CHAIRMAN BOYER: All in favor?

3 ALL: Aye.

4 CHAIRMAN BOYER: All opposed? The ayes have it.

5 Approval of the Audit Committee Meeting

6 Minutes of December 1, 2015.

7 COMMISSIONER DIANTONIO: So moved.

8 COMMISSIONER LSKO: Second.

9 CHAIRMAN BOYER: All in favor?

10 ALL: Aye.

11 CHAIRMAN BOYER: All opposed? The ayes have

12 it.

13 Unfinished Business. Are there any items for  
14 unfinished business? Commissioner Dougherty?

15 COMMISSIONER DOUGHERTY: Yes, two issues,  
16 Mr. Chairman. I just want to, one, I was wondering,  
17 now that we approved the money for Franklin Square,  
18 what would be the next steps in the time frame? I  
19 don't want something to just lay around for a couple  
20 of years.

21 CHAIRMAN BOYER: No, I agree with you,  
22 Commissioner Dougherty, it should not lay around.

1 This is one final study -- not a real study, I  
2 shouldn't call it a study because I vehemently oppose  
3 the word "study," but I guess an "analysis  
4 adjustment." We did not include in the original study  
5 some of the new things around Franklin Square.

6 Those things should be included in that study,  
7 and then they'll be reallocated and readjusted for  
8 numbers so that we have a different calibration of the  
9 number of new riders that we'll get. They didn't  
10 include the new Constitution Center. They didn't  
11 include the Jewish Museum. There was a lot of  
12 development around there, so it was done in a vacuum,  
13 and we just need to recalibrate the existing study.  
14 It's not a new study.

15 COMMISSIONER DOUGHERTY: I'll give you an easy  
16 way to do that study: take a whole group of people,  
17 get on the Speedline, and get off any evening or all  
18 weekend.

19 CHAIRMAN BOYER: I'm with you.

20 COMMISSIONER DOUGHERTY: Okay. And just walk  
21 around Center City and see if we need that opened up  
22 or not.

1           CHAIRMAN BOYER: Oh, absolutely.

2           COMMISSIONER DOUGHERTY: See if it would be  
3 good for business. The amount of people that are  
4 coming into town -- if marketed right, it can be  
5 beneficial to Collingswood and places like that.  
6 Because, I mean all you would have to do is walk down  
7 to the Convention Center, go down a newly renovated  
8 PATCO line, and come back here and enjoy some of the  
9 fine restaurants they have in Collingswood. You walk  
10 five minutes right off.

11          CHAIRMAN BOYER: Sounds good.

12          COMMISSIONER DOUGHERTY: It's something that  
13 we should put a little extra emphasis on. And then,  
14 just to stay consistent, I've been fighting to get a  
15 subway into the Navy Yard in Philadelphia for years,  
16 so I actually looked at the time that we've spent  
17 taking studies over there. We built the initial subway  
18 quicker than we have done the study to do an  
19 extension.

20          CHAIRMAN BOYER: Yes. Well, Commissioner  
21 Dougherty, that's great, and I'm going to task you  
22 with working with John and Mike Venuto so that we can

1 move that along with some alacrity so we don't study  
2 the thing longer than it takes to build the thing.

3 COMMISSIONER DOUGHERTY: Well, I work here at  
4 the pleasure of General DePasquale, so I'll check with  
5 him to make sure.

6 CHAIRMAN BOYER: Oh, I'll check with Eugene,  
7 as well.

8 COMMISSIONER DOUGHERTY: But my work here --  
9 and I know there's been some serious conversation and  
10 it's something that seems like inside baseball to most  
11 people -- but we could have a career police officer,  
12 highly decorated, coming from the Commonwealth of  
13 Pennsylvania, who would have a couple of extra hurdles  
14 to get an opportunity here on our fine DRPA police  
15 force. I know that we've moved that conversation along  
16 and, again, through attrition and just over years of  
17 there being a six to one imbalance, we lose out --

18 CHAIRMAN BOYER: Seven to one.

19 COMMISSIONER DOUGHERTY: Seven to one and  
20 growing, okay, so we lose out in the possibility of  
21 having people from across the bridge have the same  
22 opportunities of moving up the ladder because it's six

1 or seven to one opportunities that you lose.

2 I know that everybody on both sides of the  
3 river wants to see that gap closed. I would like to  
4 put some closure to that, because I think we have an  
5 idea of where we have to be and I'd like to see that.  
6 I'm not accustomed to time limits, and I'll leave it  
7 up to you; but, I would recommend that we come back  
8 before the February Board meeting with something that  
9 would kind of simplify that.

10 CHAIRMAN BOYER: John, at the Labor Committee,  
11 we discussed that, and we tasked Pennsylvania counsel  
12 to find out all of the rules and regulations as to why  
13 that is occurring. Number one is the so-called  
14 discrepancy in the police training. I don't know if  
15 you know that we actually did not hire from this last  
16 class. - When we actually get some parity between the  
17 laws in Pennsylvania and New Jersey we can put a  
18 downward progression on that gap and also have fine  
19 police officers from the Philadelphia Police District  
20 and Chester.

21 COMMISSIONER DOUGHERTY: There is a file  
22 someplace in the building; we did this study a while

1 ago with --

2 CHAIRMAN BOYER: Well, we're not doing the  
3 study. No, we're going to --

4 COMMISSIONER DOUGHERTY: Okay, but there's --

5 CHAIRMAN BOYER: We will fix this problem.

6 COMMISSIONER DOUGHERTY: There is a file in  
7 this building. This problem was fixed, okay, a couple  
8 of Chairmen ago and an Executive Director or two ago.  
9 The last set just let it lay. But I'd like to see this  
10 thing have some drop-dead deadline to get this thing  
11 finalized.

12 CHAIRMAN BOYER: Thank you. Thank you,  
13 Commissioner Dougherty. Any more? Anything else on  
14 Unfinished Business?

15 New Business. There is one item for New  
16 Business for consideration of approval, and it is  
17 DRPA-15-160: Consideration of Pending DRPA Contracts  
18 between \$25,000 and \$100,000. I'll accept a motion.

19 COMMISSIONER FENTRESS: Move the motion.

20 COMMISSIONER TAYLOR: Second.

21 CHAIRMAN BOYER: All those in favor?

22 ALL: Aye.

1 CHAIRMAN BOYER: All opposed? The ayes have  
2 it.

3 We don't have a Citizens Advisory Committee  
4 report. Do we have any public comment? There being no  
5 public comment, I will hold in abeyance the meeting of  
6 the Delaware River Port Authority and convene the  
7 meeting of the PATCO Board.

8 (Whereupon, the meeting ended with a Motion to  
9 adjourn both DRPA and PATCO Board meetings on  
10 Wednesday, December 9, 2015 at 10:4~~1~~<sup>3</sup> a.m.)

**Comment [RJS1]:** Do we need to add in  
time meeting was held in  
abeyance..Check time for consistency  
with PATCO

11  
12 Respectfully Submitted,

13  
14 Raymond J. Santarelli  
15 General Counsel and  
16 Corporate Secretary  
17  
18  
19  
20  
21  
22

C E R T I F I C A T E

1  
2 This is to certify that the attached  
3 proceedings before the Delaware River Port Authority  
4 on December 9, 2015, were held as herein appears, and  
5 that this is the original transcript thereof for the  
6 file of the Authority.  
7  
8  
9

10 Tom Bowman  
11 Tom Bowman  
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