

**SOUTH JERSEY TRANSPORTATION AUTHORITY
EXECUTIVE SESSION MINUTES**

NOVEMBER 16, 2010

Vice-Chairman Summerville called the Executive Session Meeting to order at 10:09a.m. and noted that this Executive Session was being conducted in accordance with Resolution 2008-14 of the South Jersey Transportation Authority, which provides for the following:

The general nature of the subject matter of this closed session meeting shall pertain to matters authorized pursuant to N.J.S.A. 10:4-12(b) (4), (5), (7) and (8).

Present

Chairman James S. Simpson (participated via video conferencing)
Steven Embley, NJDOT (participated via video conferencing)
Vice-Chairman Summerville
Commissioner Jeffery April
Commissioner James U. Gaymon, Jr.
Commissioner Joseph Ripa

Absent

Commissioner Devine
Commissioner McDevitt
Commissioner Toscano
Commissioner Timothy J. Lizura
Maura Tully, Governor's Authorities Unit

Also Present

Bart R. Mueller, Executive Director
Stephen F. Dougherty, Chief of Staff
Samuel L. Donelson, Deputy Executive Director
Sharon Gordon, Deputy Executive Director
George R. Gilmore, General Counsel
Jean Cipriani, General Counsel
Lauren Staiger, General Counsel
Mark Peck, Esq., Florio Perrucci Steinhardt and Fader
Susan Lubrano, Authority Board Secretary

Litigation Matter

Mark Peck, Esq. of Florio, Perrucci, Steinhardt and Fader began the session by providing an update to the Commissioners on the Henebema v. Raddi, NJSP, et al case, trial and the proposed Notice of Appeal

Resolution 2010-120 was then discussed. Mr. Dougherty briefed the Chairman and Commissioners on the purpose of the resolution, stating the privatization of on-call toll collection services which will provide necessary savings to the Authority. He stated that in September, he had reached out to Local 196 regarding the Request for Proposal (RFP) and advised of the Authority's intentions and the time frames for implementation. The RFP process had been initiated and proposals were received from Fanueil, Inc. of Hampton, Virginia and Brooks Personnel, Inc. of Voorhees. Their proposals included an hourly rate of \$31.00 and \$15.00 respectively. Mr. Dougherty advised that Fanueil provided a solid proposal and is one of the largest outsource providers of toll collectors in the U.S. He then stated that the Authority had invited both firms to come in for oral interviews/clarification. At that time Brooks pulled their proposal. The Consultant Selection Committee advised that negotiations could continue with Fanueil. As negotiations pursued, Fanueil's cost per hour came down from \$31.00 to \$23.50 and then to \$18.26. The Union then advised that they would like the opportunity to provide a proposal. Mr. Dougherty advised the Commissioners that Local 196 has the maintenance and toll collection side of the house. Carolyn Williams, Vice President, Local 196 requested a meeting and advised that the union was willing to work with the Authority. A meeting date was discussed between Carolyn Williams and Patricia Bailey, the Authority Human Resources Manager. When Ms. Bailey contacted Ms. Williams to establish a date she was notified by Ms. Williams that the Union President (Mr. Dominic Penn) had not authorized her to move forward with this meeting and that a meeting would not take place at this time. The Union said they would need to meet with their executive board prior to meeting with the Authority. Approximately two weeks later the union contacted Ms. Bailey to schedule a meeting, which took place on November 12, 2010. No agreement was reached at this meeting. The union requested to see the Fanueil proposal. Mr. Dougherty advised that he could not provide them with the proposal but would advise the cost was somewhere around \$18.00. Mr. Dougherty advised them that a proposal somewhere in the \$15.00 per hour range was necessary. The union requested Mr. Dougherty table the resolution until they could bring it to their full board which would be on December 3rd. Mr. Dougherty declined their request to table the resolution and advised them that they had two months to discuss this with their board. Mr. Dougherty advised the Commissioners that he was seeking their approval of this resolution today.

The Commissioners asked if the union met on December 3rd and wanted to provide a lower priced proposal, would they have the opportunity. Mr. Gilmore suggested amending the

resolution to include a "whereas" clause which would authorize the Executive Director to enter into a contract with Fanueil unless the union provided a lower proposal within a specified amount of time. Chairman Simpson was in agreement and thanked the Authority for being at the forefront of such challenges.

Discussion then led to a clause in the fact sheet that stated the hourly rate may be reduced by any future written offer of Faneuil, Inc. to reduce same. Commissioner April questioned that agreeing to the \$18.26 may dissuade Faneuil from reducing their price. Mr. Dougherty advised that there were overhead costs included in the \$18.26 that Faneuil was asked to look at, which if removed, would lower the cost. Mr. Mueller stated that not approving this resolution today would mitigate his ability to structure a proper contract. He further stated that we need to present a budget within a month and have given the union two months to provide a proposal. He stated that management has been an open book, communicating with the union from the start about AET, and the action necessary to implement AET and that they have been provided all the necessary facts about this resolution and proposed costs.


Commissioner Gaymon asked if we are willing to award a contract to Faneuil at \$18.26 why do we want the union to come in at \$15.00. Mr. Dougherty advised of the need for the union to come in at \$15.00 as there are overhead costs on our end which would bring the hourly cost to approximately \$18.00. Mr. Dougherty then advised of the union's assistance with the budget gap, tabling their 1.5 increase to January 1, 2011. He advised of language in the side-agreement regarding layoffs which would preclude us from implementing any contract with Faneuil prior to mid-January or we would pay a penalty.

It was then mutually agreed upon to include a time frame for the union's response of December 6th in the amended resolution and reconvene the discussion at the December 7th Committee meeting. Mr. Gilmore advised of the point of order: present the amended resolution, and notify the Union that a proposal will be accepted no later than December 6, 2010. Chairman concurred and requested the resolution be amended in accordance with the discussions that took place during executive session. He stated that this resolution and the substantial savings will set the tone for the balance of the Authorities within the State.

There being no further business, Vice-Chairman Summerville called for a motion to adjourn the Executive Session.

Motion was moved by Commissioner April and seconded by Commissioner Gaymon; motion carried adjourning the Executive Session at 10:49 a.m.

Submitted by:



Susan Lubrano, Authority Board Secretary