CHICAGO TRANSIT AUTHORITY

JANUARY 2021 FINANCE, AUDIT & BUDGET COMMITTEE
BOARD MEETING

Held Via Videoconference
on
January, 13th, 2021
at
9:34 a.m.
at
567 West Lake Street, 2nd Floor,
Chicago, Illinois  60661

STENOGRAPHIC REPORT OF PROCEEDINGS via
videoconference had in the above-entitled cause
held at the Chicago Transit Authority Headquarters,
567 West Lake Street, 2nd Floor, Chicago, Illinois,
Chairman Alejandro Silva, presiding.

REPORTED BY:  Margaret E. Mecklenborg, CSR
LICENSE NO.:  084-004495
APPEARANCES:

MS. ARABEL ALVA ROSALES, Vice Chair;
MR. GREGORY LONGHINI, Secretary;
MR. DORVAL R. CARTER, JR., President;
MS. KAREN SEIMETZ, General Counsel;
MR. ALEJANDRO SILVA, Chairman;
MR. KEVIN IRVINE, Director;
DR. L. BERNARD JAKES, Director;
REV. JOHNNY L. MILLER, Director;

ALSO PRESENT:

MR. KRANTHI BALARAM,
Senior Information Technology Manager;
MR. DONALD BONDS, Chief Transit Officer;
MS. TAMMY CHASE,
Director of Communications and Media Relations,
MR. MICHAEL CONNELLY, Chief Planning Officer;
MS. MICHELE CURRAN,
Vice President of Budget and Capital Finance;
MR. JEREMY FINE, Chief Financial Officer;
MS. STINA FISH, Manager;
MR. ANDREW FULLER, Chief Internal Auditor;
MS. NORA LEERHSEN, Chief of Staff;
MS. ELLEN MCCORMACK, Vice President of
Purchasing and Supply Chain;
MR. WILLIAM MOONEY,
Chief Infrastructure Officer;
MS. APRIL MORGAN,
Chief of Staff, Office of the Chairman;
MR. HERB NITZ,
Director, Technology Engineering;
MR. JUANPABLO PRIETO,
Director of Diversity Programs and
Disadvantaged Business Enterprise Liaison
Officer.
WHEREUPON, THE FOLLOWING PROCEEDINGS COMMENCED AT 9:34 A.M. VIA ZOOM.


IN ADDITION, ILLINOIS GOVERNOR PRITZKER'S EXECUTIVE ORDER 2020-07 IS EXTENDED BY HIS EXECUTIVE ORDER 2020-37, AS WELL AS ILLINOIS ATTORNEY GENERAL'S GUIDANCE TO PUBLIC BODIES ON THE OPEN MEETINGS ACT AND THE FREEDOM OF INFORMATION
Act during the Covid-19 pandemic allow for public bodies to hold public meetings electronically to prevent the transmission of Covid-19.

We can now begin the meeting of the Committee on Finance, Audit and Budget. Chairman Alejandro Silva, you may begin the meeting.

CHAIRMAN SILVA: Good morning.

SECRETARY LONGHINI: Good morning.

CHAIRMAN SILVA: I would like to call to order the January 13th, 2021 meeting of the Committee of Finance, Audit and Budget. Will the secretary call the roll?

SECRETARY LONGHINI: Yes. Director Irvine?

DIRECTOR IRVINE: Here.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Here.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: Present.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ROSALES: Here.

SECRETARY LONGHINI: And Chairman Silva?

CHAIRMAN SILVA: Here.

SECRETARY LONGHINI: Chairman Silva, the committee is here with all five members present.
CHAIRMAN SILVA: Our first order of business is the approval of the committee minutes of December 16th, 2020. May I have a motion to approve?

DIRECTOR IRVINE: So moved.

DIRECTOR JAKES: Second.

SECRETARY LONGHINI: Moved by Director Irvine. Seconded by Director Jakes.

SECRETARY LONGHINI: I'm now going to take a roll call vote on the December minutes. Director Irvine?

DIRECTOR IRVINE: Yes.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: Yes.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ROSALES: Yes.

SECRETARY LONGHINI: Chairman Silva?

CHAIRMAN SILVA: Yes.

SECRETARY LONGHINI: The motion is approved with five yes votes and you may proceed to agenda item number three, sir.

CHAIRMAN SILVA: The next order of business is
the finance report.

SECRETARY LONGHINI: Thank you.

CHAIRMAN SILVA: Chairman Fine.

SECRETARY LONGHINI: Thank you. Thank you, Chairman. Herb, let us know when -- when Jeremy is -- is ready to go.

MR. NITZ: You can proceed.

MR. FINE: Good morning. I'm Jeremy Fine, your Chief Financial Officer. And I'll be walking through November results today. Next page. For farebox and pass revenues we see those totals down approximately at the same levels that we saw for October. We're down about $32,000,000 to budget on fare and pass totals. On reduced fare subsidy is flat to budget. And non-farebox totals are down about 3,000,000. So overall we're down about $35,000,000 vis-à-vis the budget but again as we'll talk about here more in a moment CARES funding is the critical component to bridge the gap that's created because of the pandemic. The next page. The year-to-date numbers we see a similar trajectory on the various line items. Again fare and pass totals down about $320,000,000. Reduced fare subsidy coming in basically on budget.
Non-farebox totals down about 25. So overall a little less than $350,000,000 down to budget. But again the CARES funding is the critical component here as we've worked through 2020 and going into 2021. With regard to our expenses, we've done a good job to continue to constrain expenses as best we can. We've seen labor coming in slightly favorable to budget. A little less than $3,000,000. Materials positive by a little over a half a million dollars. Fuel and power have been very strong performers for us throughout the year. And we see almost $1,000,000 on both of those line items. Injuries and damages and security services coming in as expected. And then other expenses coming in favorable by about 1.1 million. So overall for the month of November we were able to attain about 6.5 million dollars of favorability vis-à-vis the budget. On the next page we see year-to-date expenses. You know, again, it's a very similar trajectory on the various lines where we see some very slight positive favorability on labor. Some slight but basically flat variance on materials. Fuel and power again very strong performers for
us throughout the year. Injuries and damages and security services coming in basically as expected and then almost $15,000,000 of favorability on other expenses. So with all of those rolled up together, we have attained over $30,000,000, 31.4 million dollars of favorability over the course of the year. Again this is very helpful in allowing us to stretch those critical CARES dollars as far as we can into 2021. So again this has been a huge effort from the various departments here at CTA to ensure that we're, you know -- you know, maximizing our CARES dollars and, you know, minimizing our expenses as best we can.

Next page, please. With regard to our public funding. We see a similar trajectory as what we saw last month. Again sales tax down but obviously not down as significantly as it was earlier in the pandemic. We see some slight unfavorability here. About two and a half million. PTF down about 3,000,000. We have seen over the course of the last several months, you know, some positive trajectory in the real estate transfer tax from time to time so again we see that here, you know, for this month by about a half a million
dollars. So overall for the month we're down about 5.5 million. As you see on the next page, this translates into a little over $100,000,000 of negative variance on a year-to-date basis but again, CARES funding is the critical component as well to help offset these gaps. With regard to CARES funding, on the next page we see for the month we'll draw down a little less than $40,000,000. So on a year-to-date basis that will put us a little over $400,000,000 drawn year-to-date. This equates to about half of what we received. We received about $8,017,000,000 early in the pandemic. And, you know, again we've been able to stretch those dollars as best we can through 2020 so that we'll have some carryover into 2021. There was some good news at the end of the year with regard to another package being passed. We are still working with RTA on the timing and the eventual dollar allocation. We'll continue to keep the Board apprised as to those conversations but, you know, again nothing has been finalized yet with regard to the dollar allocations at this point. But it will obviously help us close, you know, a portion of our 2021 gap if not entirely. So again
we'll continue to work with the RTA on those allocations. And we'll report back to the Board with further information as it becomes available.

Next page, please. With regard to the commodities. Fuel, power and natural gas, we see fuel -- you know, all three commodities, fuel, power and natural gas, locked in for where we need to be for 2021. We continue with the RFP process for both fuel and natural gas and will continue to look for opportunistic buys for future years on those two commodities. We'll continue to keep the Board apprised, you know, as to any updates on those commodity purchases as well. That concludes my report. I'm glad to answer any questions.

CHAIRMAN SILVA: Yes. Jeremy, can we understand the effect of the box in application for the ridership?

MR. FINE: So I -- I would ask Mike Connelly to also jump in with regard to ridership and, you know, what we've seen with regard to trends, you know, from the onset of the pandemic and then how that has been affected by the second wave and then what we would see potentially as -- as we move forward.
CHAIRMAN SILVA: But -- but is the box seen, okay, helping, okay, in getting the ridership up?

MR. FINE: So -- so we saw -- and we saw that on the front end of the pandemic we went from about 1.5 million rides a day. That dropped dramatically at the outset of the first wave of the pandemic to about 250,000 rides a day. That picked up as people became more, you know, acclimated to the -- the procedures that they needed to follow to remain as healthy as possible. You know, by wearing masks and socially distancing. We saw ridership start ticking up where we saw about 500,000 rides a day. When the second wave of the Covid started, you know, coming out in the -- in the fall during kind of the -- during that period, we saw a ridership start to tick down a little bit. Not -- not nearly as dramatically as what we had seen previously. So we went from about 500,000 rides to about 440 or 450,000 rides a day. So it did have some effect but albeit relatively modest compared to the initial, you know, onset of the -- of the virus. You know, obviously with -- you know, with yet another, you know, kind of tool in the tool box with regard to the -- the
vaccine, that will obviously, you know, again help people feel more comfortable in getting -- getting back out on the system, getting back out just in general. So again, you know, we're really on the front end of the vaccine rollout. You know, I believe that the -- that the -- that the second dose of the vaccine just started rolling out within the last week or so. So I don't know if we really have any additional information with regard to, you know, how that would -- how that is -- is impacting ridership per se. But as we, you know, continue to gather additional information and that cohort of people that are receiving the vaccine continues to grow, obviously we'll continue to post the Board as to those updates. But, you know, again it's -- you know, it's a -- it's a relatively small cohort that's received the vaccine and it's a relatively small cohort within that that's received the second dose so far. So we'll continue to post the Board as more information becomes available.

CHAIRMAN SILVA: Thank you.

SECRETARY LONGHINI: Director Alva Rosales, do you have any questions?

DIRECTOR ROSALES: I do. This -- this one
might be for Mike. Regarding the free mask pilot program, how is that going?

MR. CONNELLY: It's going very well on the -- on the buses. And -- and the -- the -- the mask dispensers have been installed in two locations on the buses. There was one on a bus I was on yesterday. And -- and I haven't seen anybody actually draw a mask out but the boxes are constructed very well to dispense one mask at a time and prevent touching the other masks that are in the dispenser. So it's -- it's a nicely set up unit. It's right behind the driver's seat in an area that's not interfering with the seating or interfering with the -- the flip-up seats for wheelchair access either. It's -- it's tucked in out of the way and -- and still exactly very accessible to people coming into the bus.

DIRECTOR ROSALES: Okay. So well that's good to hear.

MR. CONNELLY: We've done another round of -- of distributing travel safety kits as well with masks and hand sanitizer and that went out starting this week. So -- so there is another several thousand that have been sent out to people
on locations at bus and rail transfer points.

DIRECTOR ROSALES: Yeah. The first round got a really good PR response. The press seemed to like that which was good. I -- I saw it on a couple of different things. So that's -- that's good. Hopefully people continue to respond positively to that. You know what, at least it motivates people to utilize the masks and to, you know, feel safer. I think I feel that it's cleaner. They can see that everything is clean but this is an added plus. I think that will help people.

So I'm curious, Jeremy, with regards -- it's good to hear that real estate transfer -- real estate transfer tax is slightly up. Is this a trend or what are you -- I mean I'm hoping it's a trend. Right?

MR. FINE: Yeah.

DIRECTOR ROSALES: But any indications there of what we might see coming up?

MR. FINE: Yeah. So, you know, I -- I don't know if we're quite ready to call it a trend yet. But, you know, two of the last three months we have seen positive favorability. So that is a good -- good news story. You know, it's really
kind of driven off of, you know, there's been a lot of -- you know, there was a lot of pent up, you know, residential real estate transactions that were kind of held so to speak, you know, from the front end of the pandemic. There was kind of a lull in people buying and selling houses. So I think that some of that is kind of the pent up demand in selling that was -- that was taking place after everybody kind of got comfortable and started getting back out and -- and selling property. The other thing that we're really kind of watching is commercial sales. So, you know, we really want to see commercial sales starting to pick back up. You know, there's been a couple of buildings but, you know, we really want to see, you know, a larger trend on that. And again we'll be -- we'll continue to update the Board as we start seeing more information regarding commercial sales in the Loop and elsewhere but particularly in the Loop.

DIRECTOR ROSALES: Good job on continuing expenses again. That's always very helpful. Thank you.

MR. FINE: It's a -- it's a group effort from everyone in the agency so.
DIRECTOR ROSALES: It is.

MR. FINE: We appreciate it.

DIRECTOR ROSALES: Good job. Thanks.

SECRETARY LONGHINI: Director Irvine, any questions?

DIRECTOR IRVINE: Just -- no more questions but kind of following up with Director Alva Rosales' question about the -- or the comment about the mask dispensers. I just want to say, you know, thank you to Michael Connelly and your staff and everyone for getting those mask dispensers. The pilot out there. It's a good idea. I'm glad you're able to figure out how to do it. And if anyone is interested in -- in learning more about it, there was a really good presentation about the mask dispensers at the ADA Advisory Committee meeting on Monday which was an excellent meeting. It went for almost three hours. Very substantive with great -- great feedback and questions from the ADA Advisory Committee members and I believe excellent responses from the staff. So there's a really good presentation about the mask dispensers and, you know, photos and -- and, you know, more information about it. So if anyone wants to do a deeper dive,
I'd definitely recommend you check that out. So thank you. No other questions.

SECRETARY LONGHINI: Thank you. Director Miller, any questions?

DIRECTOR MILLER: Well, yes. Just -- I don't know if this is to Jeremy or Dorval. You know, in light of CPS their movement on this past Monday getting the kids part back in school and the mayor was here on Friday and you could hear the continuous. How is that impacting -- you know, I know you don't have any numbers on it now but how is that impacting or is there any special movement CTA had been -- been involved with children going back to school?

PRESIDENT CARTER: Well, I think, Director Miller, that the -- the students that are going back to school right now are the special education and lower grade school students who are not necessarily the bulk of even our -- our school ridership. So I don't think there's been any really significant impact to that one way or the other. Later I think in the beginning of February they will start to bring back grammar school kids and some of those kids may actually use CTA. So we
may see some slight increase. I think it's important to point out a couple of things here. One, the ridership that we're expecting from -- from students is really on the margins of our overall ridership. This -- this is not going to be a significant surge in ridership for CTA. Secondly, and this is really even more important. Remember that -- that students don't pay a full fare. So -- so from a revenue standpoint in terms of Jeremy's view of the world we may be getting more ridership but we're not really getting the revenue benefit out from that ridership that we would get from obviously adult full-fare-paying customers or monthly pass customers which are terrific revenue generators for us. Clearly Mike Connelly and his team have been working closely with CPS making sure we're coordinating our services based on what they're doing at the schools. They continue to -- to stay in contact with CPS. But it's my understanding at least as it stands right now the high school students would be the ones that probably make up the biggest ridership of -- of CTA are not coming back at all. They're -- they're remaining in -- in virtual
learning status for at least the foreseeable future. So I don't expect any -- any substantial change in our ridership numbers based on these -- these CPS ridership alone. And -- and, Mike, feel free to add anything to -- to what I just said. But that's my general understanding.

MR. CONNELLY: That's -- that's exactly the -- the case. It's the high school kids who really would have an impact and they are not coming back in any -- in any short order here. So we won't see that.

DIRECTOR MILLER: Okay. Thank you.

SECRETARY LONGHINI: Director -- thank you, Director Miller. Dr. Jakes, any questions?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: All right. Chairman Silva, there are no further questions so we may now proceed to agenda item number four.

CHAIRMAN SILVA: The next order of business is review of an ordinance consenting to the assignment of a lease for property located at 1909-11 North Western Avenue, Chicago, Illinois, Blue Line. Bill Mooney.
MR. MOONEY: Good morning. Bill Mooney, your Chief Infrastructure Officer. Real estate staff is recommending approval of an ordinance authorizing the Chicago Transit Authority's consent to the assignment of a lease for the property located at 1909-1911 North Western Avenue. Chicago Transit Authority leases retail concession space at the CTA's Western Blue Line Station to the Sala Pao shop which operates a Thai restaurant on site. The Sala Pao Shop is requesting assignment of a lease for their Cafe Station Corp. who will operate the space at the cafe. The assignment will not affect the original terms of the agreement. Sala Pao Shop will continue to be responsible for all rents and expenses set forth in the lease agreement if the Cafe Station Corp. is unable to fulfill their commitment. Pursuant to the terms of the lease, CTA must consent prior to any assignment of the lease. I'll be happy to take any questions.

CHAIRMAN SILVA: I don't have a question.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ROSALES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions, Greg.

SECRETARY LONGHINI: Thank you. There are no further questions, Chairman Silva.

CHAIRMAN SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?

DIRECTOR IRVINE: So moved.

DIRECTOR JAKES: Second.

SECRETARY LONGHINI: Moved by Director Irvine. Seconded by Director Jakes. Chairman Silva, we may now proceed to agenda item number five.

CHAIRMAN SILVA: The next order of business is the review of an ordinance authorizing the transfer of real property located at 4331-4359 West Chicago Avenue, Chicago, Illinois. Bill.

MR. MOONEY: Thank you. Staff recommends approval of an ordinance authorizing the transfer of real property located at 4301 West Chicago Avenue in the city of Chicago. The City seeks approximately 47,000 square feet of vacant unimproved CTA property located at Kostner Avenue
and Chicago Avenue which is part of the CTA Chicago Avenue Garage pocket. This plan is required to support the development of the City's joint public safety training facility. As part of the agreement the City of Chicago will be relocating the Chicago Avenue entrance for the garage and creating a new signalized entrance for CTA use. As well as providing an easement for said entrance to the CTA. In consideration for the property the City has previously agreed to license the CTA several City-owned parcels under ordinance number 020-99. I'll be happy to take any questions at this time.

CHAIRMAN SILVA: I don't have a question.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ROSALES: No questions.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: And Director Jakes?
DIRECTOR JAKES: No questions, Greg.
SECRETARY LONGHINI: We're finished with the questioning, Chairman Silva.
CHAIRMAN SILVA: Since there are no further questions, may I have leave to place this item on the omnibus for board approval?

DIRECTOR IRVINE: So moved.

DIRECTOR JAKES: Second.

SECRETARY LONGHINI: Approved by Director Irvine. Seconded by Director Jakes. Chairman Silva, we may now proceed to contract number A-1.

CHAIRMAN SILVA: Our next order of business is contract A-1, uniform contract.

SECRETARY LONGHINI: That's correct, Chairman. A uniform contract change order.

CHAIRMAN SILVA: Change order, yes.

SECRETARY LONGHINI: Any questions, Chairman Silva?

CHAIRMAN SILVA: No. I don't have a question.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ROSALES: No. I guess the only -- I remember when this came up the last time and we were going to go -- we were going to try to go into some of the communities and trying to get some involvement with some of the stores that are in some of the communities. Are we still working on that?
MS. MCCORMACK: We are. We have required that each -- the vendor that we select have three different locations in the Chicagoland area so we're hoping that -- and they have to be north, west and south. And we are in the process. We -- we hope to bring this to you for the full procurement in the spring because we are having oral presentations tomorrow. So we -- we did that. We also wanted to get different uniforms so that our staff would have a choice and maybe get something a little less expensive and increase DB -- DBE participation so we're working on those and we're coming -- we're coming towards the end. If we go with a different vendor, we'll need time to transition. So that's one of the reasons we asked for this extension.

DIRECTOR ROSALES: Great. Thank you.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: Chairman Silva, there are
no further questions so we may proceed to contract B, as in boy, 1.

CHAIRMAN SILVA: Next order of business is contract B-1, a fuel -- a fuel contract.

SECRETARY LONGHINI: Any questions, Chairman?

CHAIRMAN SILVA: Can you tell us, okay, if how do you see the market in fuel? I mean lately, okay, being, okay, the news, okay, that -- that fuel oil is going up.

MR. FINE: So I'll -- I'll jump in. Bill, I don't know if you have anything specific. But with regard to -- this is Jeremy Fine, your Chief Financial Officer. With regard to fuel in general, obviously there has been some volatility as you are indicating here lately. You know, historically though, you know, and recently we've been at historical lows. You know, we'll continue to look, you know, for opportunistic buys in our general portfolio. This is -- this contract in particular is a little different. And Bill can kind of highlight, you know, the -- the specifics around this contract but, you know, in general, you know, oil has been bouncing around. You know, there's a lot of factors into that. And, you know, again but
in terms of historic levels we're still at, you know, relatively low pricing overall.

MR. MOONEY: So just to jump on with what Jeremy raised, this contract as well as the two are both piggyback contracts of the City's fuel contracts. These are for the vehicles that are in our non-revenue fleet. Most of our work equipment as well as sedans and jeeps and other vehicles we have. We buy -- we use a shared fueling site system with the City of Chicago. They -- they own and maintain these facilities which helps us save costs. They're very, very expensive facilities to maintain on site so many, many years ago we actually bartered an agreement with the City to use their facilities. And we actually have a shared fueling site. It benefits everyone to have a shared fueling brokerage contract for that. We also get benefit of the City's buying power. So being part of their agreements and their kind of massive buying system for fire trucks and police cars and garage trucks citywide. It allows us to take some advantage of the economy of the scale there.

SECRETARY LONGHINI: Thank you, Bill. Any
other questions, Chairman Silva?

CHAIRMAN SILVA: No questions.

SECRETARY LONGHINI: Okay. Thank you.

Director Alva Rosales?

DIRECTOR ROSALES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Thank you. Chairman Silva, we're finished. So we may proceed to contract B-2.


SECRETARY LONGHINI: We just did -- I could be wrong. I thought we just did B-1. We -- they're both fuel contracts.

CHAIRMAN SILVA: Right. Okay.

SECRETARY LONGHINI: The first one was --

CHAIRMAN SILVA: Okay. Got it.

SECRETARY LONGHINI: Right.

CHAIRMAN SILVA: The next order of business is contract number B-2, an ethanol fuel contract.
SECRETARY LONGHINI: Right.
CHAIRMAN SILVA: I don't have questions.
SECRETARY LONGHINI: I'm sorry, Chairman. You said you do or do not?
CHAIRMAN SILVA: I don't.
SECRETARY LONGHINI: Okay. On the ethanol fuel contract, B-2, Director Alva Rosales?
DIRECTOR ROSALES: No questions.
SECRETARY LONGHINI: Director Irvine?
DIRECTOR IRVINE: No questions.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.
SECRETARY LONGHINI: All right. Chairman Silva, we're finished with both fuel contracts. We may proceed to contract B-3.
CHAIRMAN SILVA: Our next order of business is contract number B-3, design-build facility contract. I don't have questions.
SECRETARY LONGHINI: Thank you. Director Alva Rosales?
DIRECTOR ROSALES: Yeah. I guess my only question is with the proposed DBE subcontractors
for design how does -- could you explain to me a little bit how that works again? So they're -- what you know.

MR. PRIETO: Yeah. Of course. So in order to -- to create more opportunities for DBEs we split DBE goals on design-build contracts with the assignment DBE goal for design. In this case there's a 30 percent goal on design and then a goal on the construction portion. For this contract it's 27 percent. So in order to -- to address the goal the prime needs to identify their design team up front and -- and show their commitment to the design goal which they have -- they have committed to 30.07 percent on the design. Because they don't know fully their packages and the design is not complete, they can't price out the construction DBEs. So they simply commit to meeting the 27 percent goal and we'll have packages that they advertise as the design is complete so that the DBEs could bid on it and other subs can bid on -- on those packages.

DIRECTOR ROSALES: So all these DBEs that are listed will be utilized?

MR. PRIETO: Correct. They have committed to
those DBEs being used during the design portion.

DIRECTOR ROSALES: Got it. Okay. Great.

Thank you.

MR. PRIETO: Thank you.

SECRETARY LONGHINI: Director Irvine?

PRESIDENT CARTER: Director Rosales, I'd just like to --

SECRETARY LONGHINI: Sure.

PRESIDENT CARTER: -- supplement of what JuanPablo was explaining to you. This concept of separating our DBE goals for design and construction was actually a recommendation that we got from the DBE architectural and engineering firms who had noticed when we started doing design-build contracts that the primes were basically backloading all their DBE achievement in the construction side of the contract which meant the -- the architect and engineering firms weren't really getting the benefit of the design work. So, you know, I think shortly after I came here I met with a group of them and they raised this issue with me. And I sat down with -- with JuanPablo and sort of worked through how we could modify our procurements to basically maximize the DBE
participation. And this is something that I know other agencies have now sort of patterned after us as a -- as a best practice in terms of really utilizing the benefit of the design-build while maximizing DBE participation.

DIRECTOR ROSALES: Well, it's a big deal. I mean that's why I'm asking.

PRESIDENT CARTER: Yes.

DIRECTOR ROSALES: Also that's why I'm asking if these are lists that are actually being utilized because in many instances on the tail end they try to put a bunch and not all of them are used.

PRESIDENT CARTER: Right. So this allows us to avoid that type of behavior and really hold the prime accountable for maximizing their DBE opportunities throughout the entire contract.

DIRECTOR ROSALES: Okay. Great. Good to hear. I'm glad to hear other agencies are also doing the same. It's good.

SECRETARY LONGHINI: Thank you. Director Irvine, any questions?

DIRECTOR IRVINE: No questions. Thanks.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.
SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Thank you. Chairman Silva, there are no further questions so we may move to contract B-4.

CHAIRMAN SILVA: Our next order of business is contract number B-4, a delivery service contract change order.

SECRETARY LONGHINI: Any questions, Chairman?

CHAIRMAN SILVA: No questions.

SECRETARY LONGHINI: None. Director Alva Rosales?

DIRECTOR ROSALES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Thank you. Chairman Silva -- oh, wait a minute. We may now proceed to contract number C, as in cat, 1.

CHAIRMAN SILVA: Our next order of business is contract number C-1, vending machine contract. I'd
just like to hear a little bit of the details,
okay, of -- of what type of vending machines that
we're talking about.

MR. FINE: Sure. This is Jeremy Fine, your
Chief Financial Officer. This contract gives
Canteen the exclusive right to provide snack food
vending machines at employee locations on CTA
property. The initial term of the proposed
licensed agreement is for five years with two
one-year options to extend. Canteen will pay a
monthly percentage of 26.5 percent of all gross
sales generated from the machines which is
estimated to be approximately $54,000 per year or
$270,000 over the five-year base term or $378,000
over the seven-year full term with all options.
Canteen will be responsible for the costs related
to the installation. And Canteen was the higher of
the two bids that we received. You know,
that -- that came in and they offer extensive
experience and capacity to manage a contract of
this size. They are the current food vending
machine provider for the CTA at employee locations.
And, in addition, you may recall that they were
also awarded the right to install PPE vending
machines at CTA locations as well. So, you know, again Canteen has been a good partner for us in the food vending machines at employee locations. This contract came in higher. You know, the bid came in higher than what we had previously received, you know, from the prior contract. So, you know, we're excited about that. Particularly in the middle of -- of a pandemic. I think that it just shows that, you know, the value proposition here we got additional percentage and -- and additional funding that will be generated from this contract that will go to the employee welfare fund as well. So again we're very excited about the continued relationship with Canteen but more importantly the additional funding and that funding going to the employee welfare fund.

CHAIRMAN SILVA: So they are exceeding our expectations?

MR. FINE: Yes. To date. You know, but again we continue to monitor, you know, them as well as all contracts to ensure that -- you know, that they continue to exceed expectations. But yes. They have and this contract -- this new contract is exceeding expectations as well. So we're excited.
CHAIRMAN SILVA: Good. Thank you.

SECRETARY LONGHINI: Director Alva Rosales?

DIRECTOR ROSALES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes. Are there any opportunity or any requirement for DBE participation with this contract?

MR. PRIETO: Generally on -- on revenue-generating contracts it's difficult to find DBE participation. Since this is for operating the vending machines, there are no subcontracting opportunities.

DIRECTOR MILLER: Okay. Thank you.

SECRETARY LONGHINI: Thank you, Director Miller. Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Thank you. Chairman Silva, there is no further questions on the vending machine contract. You may proceed to contract F-1.

CHAIRMAN SILVA: Our next order of business is contract number F-1, a change order to a professional consulting contract. I don't have
questions.

SECRETARY LONGHINI: Thank you. Director Alva Rosales?

DIRECTOR ROSALES: No question.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?

DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: Chairman Silva, we're finished with that item. You may proceed to contract number G, as in girl, 1.

CHAIRMAN SILVA: The final order of business is -- today is contract number G-1, a licensing and service support contract. I don't have a question.

SECRETARY LONGHINI: Thank you. Director Alva Rosales?

DIRECTOR ROSALES: No questions.

SECRETARY LONGHINI: Director Irvine?

DIRECTOR IRVINE: No questions.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: No questions.

SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: No questions.

SECRETARY LONGHINI: All right. Approval of the contracts. Chairman Silva, you may proceed to 6-A.

CHAIRMAN SILVA: Since there are no further questions on the contracts, may I have leave to place all eight contracts on the omnibus?

DIRECTOR IRVINE: So moved.

DIRECTOR JAKES: Second.

SECRETARY LONGHINI: Moved by Director Irvine. Seconded by Director Jakes. Chairman, you may proceed to 6B, as in boy.

CHAIRMAN SILVA: If there is no further business to come before the committee, may I have a motion to approve the omnibus and recommend the omnibus for board approval?

DIRECTOR IRVINE: So moved.

DIRECTOR JAKES: Second.

SECRETARY LONGHINI: That motion is moved by Director Irvine. Seconded by Director Jakes. I will now get a roll call vote. Director Irvine?

DIRECTOR IRVINE: Yes.

SECRETARY LONGHINI: Director Miller?

DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Yes.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?
CHAIRMAN SILVA: Yes.
SECRETARY LONGHINI: The motion to approve the omnibus passes with five yes votes. So you may now proceed to agenda item seven, sir.
CHAIRMAN SILVA: Finally, may I have a motion to adjourn?
DIRECTOR IRVINE: So moved.
DIRECTOR JAKES: Second.
SECRETARY LONGHINI: Moved by Director Irvine. Seconded by Director Jakes. I'll take a roll call vote. Director Irvine?
DIRECTOR IRVINE: Yes.
SECRETARY LONGHINI: Director Miller?
DIRECTOR MILLER: Yes.
SECRETARY LONGHINI: Director Jakes?
DIRECTOR JAKES: Yes.
SECRETARY LONGHINI: Director Alva Rosales?
DIRECTOR ROSALES: Yes.
SECRETARY LONGHINI: Chairman Silva?
CHAIRMAN SILVA: Yes.

SECRETARY LONGHINI: That motion is approved with five yes votes. So we are adjourned from this committee and we will begin the actual board meeting in one minute.

(Which were all proceedings had in the above-entitled cause at this time.)

(Whereupon, the Finance, Audit and Budget Committee meeting adjourned at 10:13 a.m.)
STATE OF ILLINOIS

COUNTY OF COOK

MARGARET E. MECKLENBORG, as an Officer of the Court, says that she is a Certified Shorthand Reporter doing business in the State of Illinois; that she reported in shorthand the proceedings of said meeting, and that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid, and contains the proceedings given at said meeting via videoconference.

IN TESTIMONY WHEREOF: I have hereunto set my verified digital signature this 14th day of January, 2021.

Margaret E. Mecklenborg

Illinois Certified Shorthand Reporter
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