SUMMARY STATEMENT

ITEM NO.  SUBJECT:  Independent Consultant Services to Conduct a Management Audit of the DRPA and PATCO

COMMITTEE:  Executive

COMMITTEE MEETING DATE:  March 20, 2008

BOARD ACTION DATE:  April 16, 2008

PROPOSAL:  That the Board authorizes staff to negotiate an Agreement with TransTech Management, Inc. in the amount of $499,350 to conduct an independent management audit of the Authority’s operational effectiveness and efficiency, as required by the DRPA’s Compact.

PURPOSE:  To comply with the DRPA’s obligations under its Compact, which requires that “Not less than once every five years, the Commission shall cause a management audit of its operational effectiveness and efficiency to be conducted by an independent consulting firm selected by the commission. The first management audit to be conducted shall commence within 3 years of the date of coming into force of the supplemental compact or agreement authorized by this 1991 Amendatory Act. This audit is in addition to any other audit which the Commission determines to conduct from time to time.”

The Management Audit will provide an independent, objective and comprehensive review of the DRPA and PATCO to help the Authority create a more effective and efficient organization. The Consultant will be required to review the Authority’s Compact Legislation and evaluate the operations and departments to determine the effectiveness of the Authority’s general management structure, functions and operations. The Consultant will recommend changes or improvements in the Authority’s organizational structure, policies, procedures and operating standards which may be appropriate in order to achieve optimal levels of service and performance, while ensuring that the Authority is achieving maximum value from its operations, in accordance with its enabling legislation.

BACKGROUND:  As set forth above, the Delaware River Port Authority is required by its enabling legislation (“Compact”) to conduct an independent management audit of its operational effectiveness and efficiency once every five years. The most recent management audit was completed in December 2001 by KPMG. Pursuant to the Compact, the DRPA was required to conduct a subsequent Management Audit in 2006. Staff initiated the Request for Qualifications process in November 2005 and received Statements of
Qualifications from seven firms. Ultimately, the initial RFQ process was invalidated in view of the fact that eighteen months passed without any response or action on the Statements of Qualifications. Following the Board meeting in May 2007, staff was directed to proceed with developing the Request for Proposals for Independent Consultant Services to Conduct a Management Audit, and was further advised to forego the RFQ process in an effort to expedite the Audit process.

In November, 2007 the RFP was approved by Executive Staff and issued. It was publicly advertised on the DRPA website and sent directly to fifteen firms, including each firm that was solicited for Statements of Qualifications in 2005.

Sixteen firms participated in the Mandatory Pre-proposal Teleconference that was a pre-requisite for submitting a proposal. Of these firms, four firms were formally notified of their ineligibility to submit a proposal based on a determination of a Conflict of Interest as defined by the U.S. General Accounting Office's Government Auditing Standards.

Three firms submitted proposals: TransTech Management, Inc., KPMG and Schumaker & Company. An Evaluation Committee consisting of five members of DRPA and PATCO staff evaluated the Proposals based on technical quality, price and compliance with the DRPA’s Non-Discrimination Program. The Evaluation Committee’s recommendations were submitted to the Executive Selection Committee which reviewed staff’s evaluations. Based on the review of the Executive Selection Committee, the Proposal submitted by TransTech Management, Inc. was deemed as most responsive.

TransTech Management, Inc., based in Greensboro, North Carolina has extensive experience in the public sector and focuses exclusively on transportation entities and related organizations, including bridge and tunnel authorities, transit, port and airport authorities, planning organizations and industry associations. For the purposes of this assignment, the project team will operate out of their respective offices in East Orange and Montclair, New Jersey. TransTech recently completed an engagement for the Maryland Transportation Authority equivalent to that required by the DRPA. TransTech’s project team, including its subcontractors Tatum and Associates and Reed-Brown Consulting, is comprised primarily of Senior Executives and Managers with significant experience.

TransTech clearly recognizes the challenges facing the DRPA and PATCO, and they are highly qualified to perform the audit. Their focus is on providing
mission-critical strategic advice which we believe is indicative of their ability to identify and prioritize key issues affecting the DRPA and PATCO and produce clear and high-impact recommendations.

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<th>SUMMARY:</th>
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<tbody>
<tr>
<td>Amount:</td>
<td>$499,350</td>
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<tr>
<td>Source of Funds:</td>
<td>Revenue Funds</td>
</tr>
<tr>
<td>Capital Project #:</td>
<td>N/A</td>
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<tr>
<td>Operating Budget:</td>
<td>Chief Operating Officer C/E #15  $550,000</td>
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<td>Master Plan Status:</td>
<td>N/A</td>
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<tr>
<td>Other Fund Sources:</td>
<td>N/A</td>
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<td>Duration of Contract:</td>
<td>Approximately 8 months</td>
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<td>Other Parties Involved:</td>
<td>TransTech Management, Inc.</td>
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<td>Tatum and Associates, LLC</td>
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<td>The Reed-Brown Consulting Group</td>
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RESOLUTION

RESOLVED: That the Board of Commissioners authorize staff to negotiate an Agreement with TransTech Management, Inc. to conduct an independent management audit of the Authority’s operational effectiveness and efficiency, as required by the DRPA’s Compact for an amount not to exceed $499,350; and be it further

RESOLVED: That the Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY: Amount: $499,350
Source of Funds: Revenue Funds
Capital Project #: N/A
Operating Budget: Chief Operating Officer C/E #15 $550,000
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Approximately 8 months
Other Parties Involved: TransTech Management, Inc.
Tatum and Associates, LLC
The Reed-Brown Consulting Group