

MINUTES OF THE 323rd MEETING OF THE OHIO TURNPIKE COMMISSION

July 2, 1980

Pursuant to bylaws the Ohio Turnpike Commission met in regular session at the home of Ralph H. Anderson at 355 Country Club Road, Columbus, Ohio, at 11:00 a.m. on July 2, 1980 with key members of the staff, a representative, William R. Fleischman, of the Consulting Engineers; a representative, P. Joseph Sesler of the Trustee, BancOhio National Bank; John W. Clark, Special Assistant to the Director of Transportation; and others in attendance.

The meeting was called to order by the Chairman. The roll was called and the attendance was reported to be as follows:

Present: Jo Ann Davidson, Ralph H. Anderson, Clarence D. Rogers, Jr.

Absent: David L. Weir

The Chairman said that the meeting was the 323rd of the Ohio Turnpike Commission, and it was being held at Mr. Anderson's home because he was recovering from recent surgery. He said that a quorum was present and the official business of the Commission could be conducted.

A motion was made by Mrs. Davidson, seconded by Mr. Anderson that the minutes of the meeting of February 26, 1980, which had been examined by the Members and on which the corrections suggested by the Members had been made, be approved without reading.

A vote by ayes and nays was taken and all Members present responded to roll call. The vote was as follows:

Ayes: Mrs. Davidson, Mr. Anderson, Mr. Rogers

Nays: None

The Chairman declared the minutes stood as approved with all Members present voting in the affirmative.

The Chairman reported that as was customary in his report, he would give a brief summary of the Commission's financial experience for the first six months of 1980. He said it was especially significant in that the figures reflected the state of the economy which clearly could be called a recession.

The Chairman reported further that total revenues for the first six months were estimated at \$24,472,000, which was down \$864,000 or 3.4% from a year ago. He said more important, however, total toll revenues fell from \$21,180,000 to \$19,477,000, down \$1,703,000 or 8.0%, and commercial vehicle tolls dropped from \$14,362,000 to \$12,825,000, which was \$1,537,000 or 10.7% lower. He said in fact, commercial tolls had been down as much as 24% in recent months. He said passenger car travel seemed to be holding fairly steady.

The Chairman reported further that if those trends continued, the Commission could expect 1980 revenues to be several million dollars lower than had been projected when the 1980 budget had been adopted and bond redemptions for the year would correspondingly be lower by whatever amount that turned out to be. He said that even so, with continued careful management, the Commission should be able to weather the recession without any serious difficulty unless it worsened or was prolonged.

The Chairman reported also that there were two resolutions to be considered by the Commission at the day's meeting, copies of which had been placed in the Members' folders. He said the resolutions would be explained and presented during the course of the appropriate committee or staff reports. He said bid tabulations on the two projects involved already had been forwarded to Members.

The Chairman said that in the absence of any questions the report of the Chairman was accepted as offered. He said the report of the Secretary-Treasurer would be received.

The Secretary-Treasurer, Mr. Anderson, reported that since the last meeting the following had been sent to all Members:

1. Investment Transactions which occurred in February, March, April and May
2. Draft of the Minutes of the Ohio Turnpike Commission February 26, 1980 meeting
3. Weekly Traffic Statistics
4. Traffic Accident Analysis Report for February, March, April and May
5. Financial Statements for February 29, 1980, March 31, 1980, April 30, 1980 and May 31, 1980

6. Traffic and Revenue Report for February, March, April and May
7. Litigation Report for Quarter Ending March 31, 1980
8. Expense and Budget Report for First Quarter 1980
9. News Releases - "First Quarter 1980 Revenues," advising about "Gasoline Rationing" and announcing "Environmental and Engineering Public Meetings"

The Chairman said the report of the Secretary-Treasurer was accepted as offered. He said the report of the Committee on the Budget and Finance would be received.

The Executive Director, Allan V. Johnson, said that, on behalf of the Chairman on Budget and Finance, Mr. Anderson, he wished to note that the Commission's staff would soon begin preparation of the preliminary budget for 1981 and it would be presented in resolution form for adoption before October 20th as required by the Trust Agreement.

Mr. Johnson said further that in the face of declining revenues it was fortunate that expenditures were under budgeted amounts for 1980 even though operating expenses were over what they were for the same period a year ago. He said the situation was primarily due to the relatively good weather experienced during the winter months resulting in considerable savings on snow and ice removal materials and in labor costs associated with such work. He said he wanted to point out, however, that current contracts with salt suppliers carried a stipulation that required approximately 80 percent of the quantity estimated to be needed would be purchased. He said that percentage of the estimated amount of salt had yet to be acquired and, therefore, an additional six or seven thousand tons would be bought and stored until next winter in order to comply with the provisions of the contracts. He said that, of course, the salt purchases would mean added incurred expenses for the year.

(At this point, David L. Weir joined the meeting.)

The Chairman said the report of the Committee on Budget and Finance was accepted as offered. He said the report of the Committee on Service Plazas would be received.

The Chairman of the Service Plaza Committee, Mrs. Davidson, said the most important item that was being considered by the Service Plaza Committee was the service station contracts. She said that, as the other Members knew, the Commission's contract with the Standard Oil Company of Ohio (SOHIO) would expire on September 30th. She said it had been the Committee's decision to accept bids for operation of the 16 service stations

along the road and some revisions were made in the specifications in the bidding contract.

Mrs. Davidson said further that the bid proposal was put out and two bids were received, one from SOHIO and the other from Oasis Petroleum Corporation of Culver City, California. She said the bid tabulations showed that the Commission would suffer about a 50% reduction in revenues if the highest bids were accepted and, also, the SOHIO bid included some conditions with two of its proposals which the Commission's General Counsel, Francis K. Cole, advised invalidated those particular proposals.

Mrs. Davidson requested that the Executive Director comment further on the subject.

The Executive Director said that since SOHIO had been operating the Turnpike service stations for almost five years the Commission was quite familiar with their operations and there was no need to seek further evidence that the company could adequately fulfill any contract obligations. He said that, however, the same did not hold true for Oasis. He said he had requested that Oasis provide the Commission with financial statements and evidence of their ability to perform under the contract, specifically their ability to acquire the necessary fuel allocations. He said the Turnpike's annual gasoline and diesel fuel sales totalled approximately 50 million gallons.

The Executive Director said further that Oasis was a privately-owned corporation and there had been some defect in their registration to do business in Ohio which, he believed, had since been resolved. He said that additional information on the company, which he had requested, had yet to reach his office.

The Executive Director said further that even though SOHIO was the high bidder on Contracts SS 7-A and SS 7-B, each for operation of 8 service stations, the bids were invalid because they carried conditions requiring a rent reopener or rent review after three years, in 1983. He said all the bidding documents specifically called for operating the service stations for 6 years.

The Executive Director said further that Oasis had presented the highest bid on Contract SS 7-C, running all 16 service stations, but there were still serious doubts about that firm's ability to perform.

The Executive Director said further that it was the conclusion of the Commission's staff that all the bids be rejected. He said that some adjustments would probably be made to the contracts before they were readvertised for bidding. He said that one alternative would be to take bids on a management-type operation whereby the Commission would be the prime source of allocation and a private firm would operate the service stations for the Commission.

Mrs. Davidson said that, before offering the resolution rejecting the bids, she suggested that in the last paragraph of the resolution the word "he", referring to the Executive Director, be replaced by the words "the Commission," She said she thought such a change would be appropriate so that there would be no misinterpretations that the Commission was giving up jurisdiction of awarding additional contracts, that the resolution be amended to say, "... and to take such action as the Commission deems appropriate to assure continued operation of the stations. "

The Executive Director said there would not be a problem with amending the resolution. He said, however, that he didn't expect to come back to the Commission to review any modifications which would be made to the contracts before readvertising.

Mrs. Davidson said adjustments to the contracts would be within the jurisdiction of the Service Plaza Committee, as had previously been done.

General Counsel said that he thought the Executive Director should have the authority to take some action to continue operation of the service stations in the event of some unforeseen circumstances pertaining to the Commission's commitment to see that the stations continued to be open to the traveling public.

The Executive Director said that previous resolutions adopted by the Commission were still in effect and they gave him emergency authority to act in such situations. He said he had no quarrel with inserting in the resolution that the Commission will take the final action in awarding a new contract for operation of the service stations.

The Executive Director said further that readvertising of bids would have to be swiftly done in that the current contract expired on September 30, 1980. He said he expected to be able to open bids again early in August and schedule a Commission meeting shortly thereafter so that the Commission might act on a resulting resolution.

The Executive Director said further that a modification to the bidding documents might be to shorten the length of the contracts from the six-year term stipulated in the previous bid documents.

Mrs. Davidson said that Oasis, if the firm so desired, could be in a better position to bid on the new contracts with regard to supplying the necessary informational documents to the Commission which they were slow to provide following their first bids on the service station contracts.

The Executive Director said it took eight days after he called officials of Oasis for him to receive a requested financial statement. He said he had

emphasized to those with whom he spoke the importance of mailing the material to him at the earliest possible date. He said that, since it took so long for the statement to reach his office, he thought it had to be prepared when, in fact, it turned out to be a document which dated back six months. He said the delinquency in providing the financial statement, coupled with the firm being based in California, left some questions in his mind about Oasis' contract performance abilities.

A resolution rejecting bids for Contracts SS 7-A, SS 7-B and SS 7-C was moved for adoption by Mrs. Davidson, seconded by Mr. Weir, as follows:

RESOLUTION NO. 4-1980

"WHEREAS, the Commission has heretofore advertised for bids for the performance of Contracts SS 7-A and SS 7-B, each of which is a contract for the operation of eight service stations on the Ohio Turnpike; and also, in the alternative, for the performance of Contract SS 7-C, being a contract for the operation of all sixteen service stations on the Ohio Turnpike.

"WHEREAS, advertisements of notice of the taking of bids for each of the aforesaid contracts were duly published according to law and bids for the performance of such contracts were thereafter received and duly opened and read as provided in said published notice, and said bids are before this Commission meeting;

"WHEREAS, bids or purported bids were received from two bidders on each such contract, such bidders being The Standard Oil Company (Ohio) of Cleveland, Ohio, an Ohio corporation, and Oasis Petroleum Corporation of Culver City, California, a California corporation, but the said bids of The Standard Oil Company (Ohio) for Contracts SS 7-A and SS 7-B were qualified in that said bidder stated in its bid that it would accept such contracts only upon condition that it might reopen the amount of rental or payment to be made for the concessions, effective in 1983, which is substantially prior to the end of the term provided in said contracts;

"WHEREAS, the Commission has been advised by its general counsel that it cannot legally award either of said contracts SS 7-A or SS 7-B to The Standard Oil Company (Ohio) on the basis of said qualified bids, which bids were in a higher amount than any of the other bids received; and

"WHEREAS, the said bids have been analyzed by the Service Plaza Committee and the executive director, and they have reported to the Commission with respect to their analysis of said bids and have given the Commission their advices with respect thereto;

"WHEREAS, the Commission has determined that it is in the best interest of the Commission and is in the public interest that all of said

bids for Contracts SS 7-A, SS 7-B and SS 7-C be rejected and that no contract be entered into on the basis of the specifications and contractual provisions pursuant to which said bids were solicited;

"WHEREAS, the Commission is advised by its general counsel that it may lawfully reject all of said bids;

"NOW, THEREFORE, BE IT

"RESOLVED that all of the bids received for the performance of Contracts SS 7-A, SS 7-B and SS 7-C be, and hereby they are, rejected, and that the executive director be instructed to inform the bidders of such rejection, and to take such action as the Commission deems appropriate to assure continued operation of the stations."

A vote by ayes and nays was taken and all Members responded to roll call. The vote was as follows:

Ayes: Mrs. Davidson, Mr. Weir, Mr. Anderson, Mr. Rogers

Nays: None

The Chairman declared the resolution stood adopted with all Members voting in the affirmative. The resolution was identified as No. 4-1980

Mrs. Davidson said there were a couple of other issues which the Executive Director would like to mention at the meeting which related to the service plazas.

The Executive Director said that, as had been reported at past Commission meetings, expansion and remodeling of service plaza rest rooms had essentially been completed. He said the staff was working on plans to replace, renovate or possibly relocate all the underground fuel storage and fuel distribution systems at the plazas. He said such work would have to be coordinated with a new contract for operating the stations in that self-service capability would be sought and the new fuel distribution system would include new fuel pumps. He said the long range goal would be to get all the service plazas in top condition for the future.

The Chairman said the report of the Committee on Service Plazas was accepted as offered. He ascertained there would not be a report from the Committee on Employee Relations. He said the report of the Director of Transportation would be received.

The Director of Transportation said that, returning to the contract bidding process, Ohio and 35 other states had added an escalation clause in bidding

contracts, particularly with purchases of asphalt. He said the clause allowed the bidder to submit a unit price and the bidder was required to assume at least five percent of any increase that would occur. He said that, however, any increase over five percent was indexed against a national average cost in order to keep with the market price and that increase was paid by O. D. O. T. He said he thought such a clause might be added to Commission bidding contracts for the service stations.

The Executive Director said he would like to look at a sample of O. D. O. T contracts containing the escalation clause mentioned by Mr. Weir.

The Executive Director said that one thing that clouded the overall fuel issue was that current federal regulations, which controlled the whole oil industry, were set to expire on September 30, 1981. He said the federal government might replace the regulations before they expired. He said that, regardless, uncertainty about the regulations made the writing of specifications for Turnpike service station operations extremely difficult. The Executive Director said further that also compounding the situation were two bills in the Ohio General Assembly, which, if passed, would prohibit fuel refiners and producers from being retailers. He said that, of course, SOHIO would fall into the category of those companies which could be affected by that legislation.

The Chairman said the report of the Director of Transportation was accepted as offered. He ascertained there would be no report from the Committee on Safety. He said the report of the Executive Director would be received.

The Executive Director said bids had been accepted for construction of a toll plaza at the interchange of Interstate Route 480 and the Turnpike at the Lorain County-Cuyahoga County border. He said that, as the Commission Members were aware, the project was advertised early in 1979 and then cancelled because of a delay in the state's construction of I-480. He said recent meetings with O. D. O. T. officials indicated that usable portions of I-480 would soon be opened to traffic and it appeared that the bidding process for construction of a toll plaza was warranted.

The Executive Director said further that another consideration had been the question of the necessity of building a new toll plaza in view of the toll road becoming free within a year or so. He said that the current projection of bond retirement was 1983 and thus it did not appear that there would be any conflict with building a new toll plaza.

The Executive Director said further that copies of the resolution to award the contract to the low bidder were in the Commission Members' folders and they had already been mailed bid tabulations. He said he wanted to note that the low bidder, the T. J. Hume Company, did indicate in telephone conversations that they wanted to withdraw their bid. He said officials of



the firm were told they could not withdraw without the Commission acting against the bid bond, which amounted to \$75,000. He said that when they were told that they had second thoughts about withdrawing.

The Executive Director said further that in the event the T. J. Hume Company withdrew from the project after having been awarded the contract as low bidder, the Commission would have coming to it the \$75,000 from the bid bond. He said the next step would be for the Commission to go to the next bidder and award the contract to that firm. He said the net effect would be that it would cost the Commission \$36,000 more, but he was entirely satisfied even with such a situation because all the bids on the contract were lower than the official estimate.

General Counsel said that for the record all bids on the project were on the meeting room table, along with proof of publication.

Mr. Weir said there could possibly be three usable sections of I-480 open in the fall of 1980. He said, however, three missing gaps remained in the interstate route and they would not go to construction under the current economic or financial plight of the Department of Transportation.

The Executive Director said the section of I-480 to open in the fall would connect with Interstate Route 71. He said that once the new Turnpike Interchange was completed he thought that portion of I-480 to I-71 would receive significant usage.

Mr. Weir said that, as a sidelight, at a recent meeting among the Federal Highway Administrator and state highway officials it was noted that 2000 miles of interstate roadways in the individual states should be undergoing 3-R work, that is, resurfacing, restoration and rehabilitation, when in fact, the total currently funded was only 500 miles. He said that in Ohio the ratio was about the same for 3-R work on interstate routes and, for the next ten years, to complete the gaps in interstate route construction would consume all the highway trust fund income, leaving no money for such items as safety improvements.

Mr. Weir said further that he had received the draft copy of four procedures for handling the completion of the interstate system. He said he did expect that the deadlines to complete the system, October 1, 1983 and 1986, would be moved back. He said that, as it stood, these dates remained and would have to be adhered to.

The Executive Director said that a significant factor was that for the first time in its history the highway trust fund was in the red. He said that although approximately \$12 billion in tax money was in the fund the obligations amounted to \$14 billion.

A resolution awarding Contract RMP 55-80-01 for construction of a toll plaza and related work at the interchange between the Ohio Turnpike and

Interstate Route 480 was moved for adoption by Mr. Weir, seconded by Mr. Anderson, as follows:

RESOLUTION NO. 5 - 1980

"WHEREAS pursuant to authority heretofore granted, the executive director and general counsel have caused an advertisement to be published, according to law, for bids upon a contract for the construction of a toll plaza and utility building, together with work related thereto, for the interchange of the Ohio Turnpike with Interstate Route I-480 in Lorain County, Ohio, which contract is designated Contract RMP 55-80-01, and proof of said advertisement is before the Commission;

"WHEREAS there are before this meeting the plans and forms of other contract documents for said contract, to-wit; forms of notice to bidders, instructions to bidders, proposal, contract, bond, and general conditions and special provisions for said contract, which comprise the contract documents therefor;

"WHEREAS bids for the performance of said contract have been received, and were duly opened and read as provided in the published notice for said bids, and said bids are before this meeting;

"WHEREAS said bids have been analyzed by the Commission's consulting engineer and by its chief engineer, and they have reported thereon to the Commission with respect to said analysis and they, and also the Commission's executive director, have made their recommendations predicated thereon;

"WHEREAS all of the aforesaid bids for said contract were solicited on the basis of the same terms and conditions, and the same specifications, with respect to all bidders and potential bidders, and the bid of The T. J. Hume Company of Lorain, Ohio, in the amount of \$885,600, for the performance of Contract RMP 55-80-01, is, and is by the Commission determined to be, the lowest and best of all said bids, and the Commission has been advised by its general counsel that said bid conforms to the requirements of Section 5537.04 of the Revised Code of Ohio and to the terms, conditions and specifications in the legal notice applicable thereto, and, accordingly, the Commission is authorized to accept said bid as the lowest and best bid for the construction of the aforesaid toll plaza; and

"WHEREAS the Commission is satisfied with the capacity of said bidder to perform its obligations pursuant to its proposal;

"NOW, THEREFORE, BE IT

"RESOLVED that the Commission hereby approves, adopts, and

ratifies the plans and forms of other contract documents before it at this meeting for the aforesaid contract, being for and in connection with the construction of a toll plaza and utility building, together with other work related thereto, at the interchange of the Ohio Turnpike with Interstate Route I-480, and that all action heretofore taken by the executive director, chief engineer, and general counsel, and any of them, with reference to said contract be, and the same hereby is, ratified, approved and confirmed; and

"FURTHER RESOLVED that the bid of The T. J. Hume Company, a corporation formed under the laws of the State of Ohio, in the amount of \$885,600, for the performance of Contract RMP 55-80-01, be, and hereby it is, determined to be the lowest and best of all said bids for the aforesaid contract, and is accepted, and that the chairman and executive director, or either of them be, and each of them hereby is, authorized (1) to execute a contract with said successful bidder in the form heretofore prescribed by the Commission, pursuant to the aforesaid bid, (2) to return each bidder's bid security when the aforesaid contract has been duly executed and the performance bond furnished, and (3) to take any and all action necessary or proper to carry out the terms of said bid and of said contract."

A vote by ayes and nays was taken and all Members responded to roll call. the Vote was as follows:

Ayes: Mr. Weir, Mr. Anderson, Mrs. Davidson, Mr. Rogers

Nays: None

The Chairman declared the resolution stood adopted with all Members voting in the affirmative. The resolution was identified as No. 5-1980.

The Executive Director said the next round of public meetings, nine in all, relating to the environmental and engineering studies being conducted for the Commission by Dalton·Dalton·Newport, Inc. would be held during July. He said that he fully expected that those attending the meetings would bring up the issue of the toll versus toll-free future of the Turnpike. He said that issue was not the purpose of the meetings but rather comments would be elicited concerning potential new access points to the Turnpike and modifications to existing interchanges. He said he would report on the public meetings at the next Commission meeting.

The Executive Director said also that of the three resurfacing projects on the Turnpike, one was finished. He said the other two were delayed by a strike which hit the highway construction industry earlier in the year. He said the two projects would be closely monitored to see if work on them might have to be suspended until the fall to avoid any traffic problems during the remaining summer months.

The Chairman said the report of the Executive Director was accepted as offered. He said the report of General Counsel would be received.

General Counsel said the Cuyahoga River bridge case had been settled and a determination had yet to be made on whether an appeal would be filed in the Stacey case.

The Chairman said the report of General Counsel was accepted as offered. He said the report of the Consulting Engineers would be received.

Mr. Fleischman said the annual inspection of Turnpike mainline and facilities by the Consulting Engineers had been completed and the detailed inspection notes would be forwarded to the Chief Engineer the week following the meeting.

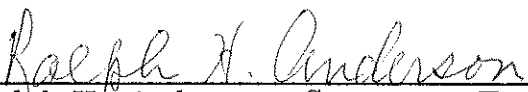
The Chairman said the report of the Consulting Engineers was accepted as offered. He ascertained there would be no reports from the Trustee or the Director of Information and Research.

The Chairman said the next meeting of the Commission would be on August 11 with the meeting place open pending further consultation with the Members.

There being no further business to come before the Commission, the Chairman adopted a motion for adjournment of the meeting, subject to call of the Chairman, without calling the roll.

The Chairman declared the meeting adjourned. Time of adjournment was 11:45 a. m.

Approved as a correct transcript of the  
proceedings of the Ohio Turnpike Commission

  
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Ralph H. Anderson, Secretary-Treasurer