



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

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**MINUTES OF THE REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN JEFFERSON CITY, MISSOURI,
WEDNESDAY, JANUARY 4, 2017**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, January 4, 2017, at 105 West Capitol, Jefferson City, Missouri. Gregg C. Smith, Chairman, called the meeting to order at 1:00 p.m. The following Commissioners were present: Michael B. Pace, Michael T. Waters, Jr., Mary E. Nelson, John W. Briscoe, and Edward D. Hillhouse.

The meeting was called pursuant to Section 226.120 of the Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the Revised Statutes of Missouri, as amended.

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Patrick McKenna, Director of the Missouri Department of Transportation; Rich Tiemeyer, Chief Counsel for the Commission; and Pamela J. Harlan, Secretary to the Commission, were present on Wednesday, January 4, 2017.

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*“Department” or “MoDOT” herein refers to Missouri Department of Transportation.
“Commission” or “MHTC” herein refers to Missouri Highways and Transportation Commission.*

-- CLOSED MEETING --

VOTE TO CLOSE MEETING

The agenda of the closed meeting was posted in keeping with Sections 610.020 and 610.022, RSMo, including the following statutory citations allowing the meeting to be closed:

1. Section 610.021(1) – Legal actions and attorney-client privileged communications.
2. Section 610.021(3), (13) – Personnel administration regarding particular employees.
3. Section 610.021(11), (12) – Competitive bidding specs, sealed bids, or negotiated contracts.

Upon motion duly made and seconded to convene in closed session, the Chairman called for a voice vote of the members. The vote was as follows:

Commissioner Smith, Aye
Commissioner Pace, Aye
Commissioner Waters, Aye
Commissioner Nelson, Aye
Commissioner Briscoe, Aye
Commissioner Hillhouse, Aye

The Commission met in closed session on Wednesday, January 4, 2017 at 10:30 a.m. and adjourned at 12:00 p.m.

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-- OPEN MEETING --

COMMISSION WORKSHOP – FUNDING

The Commission held a special meeting to learn more about transportation funding in Missouri. The presentations included a review of the financial forecast, an update on the department’s asset management program, a review of the commission policy for the Statewide Transportation Improvement Program Funding Allocation, and a discussion regarding planning studies.

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APPROVAL OF MINUTES

Upon motion by Commissioner Waters, seconded by Commissioner Briscoe, the Commission unanimously approved the minutes of the regular meeting held December 6, 2016 and the special meeting held December 5, 2016. The Chairman and Secretary to the Commission were authorized and directed to sign and certify said minutes and to file same in the office of the Secretary.

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CONSENT AGENDA

Consent Agenda Process

In order to make the most efficient use of Commission meeting time and to ensure Commission members are well informed on issues requiring their action, staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items of the Commission meeting agenda. Those items considered by staff to be of a routine or non-controversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to “consent agenda” is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

Consideration of January 4, 2017, Consent Agenda

No items were removed from the consent agenda. Upon motion by Commissioner Pace, seconded by Commissioner Waters, the consent agenda items were unanimously approved by a quorum of Commission members present.

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COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS

The Commission has two standing committees: Audit and Legislative. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees’ Retirement System Board of Trustees. The following committee and board reports were made during the January 4, 2017, meeting.

Audit Committee – Commissioner Waters stated there is no report and the committee will meet next in March 2017.

Legislative Committee – Commissioner Pace reported the 2017 session of the Missouri General Assembly began at noon today. The first order of business was the swearing-in ceremony of all House and Senate members. The Inauguration of Governor-elect Greitens, along with several other statewide elected officeholders, will occur next Monday, on the Capitol steps in Jefferson City at noon. Within the next couple of weeks, legislative committees in both the House and Senate will be assembled and members assigned to each committee. Until this action occurs, no public hearings on proposed legislative measures can be held. Recently, two of the Commission’s priority proposals for the 2017 session were introduced as legislative initiatives to be considered for public debate. Rep. Nate Walker (R-Kirksville) introduced House Bill (HB) 312. This legislative proposal prohibits the use of hand-held communication devices while driving unless the device is equipped for hands-free operations. With this

year's traffic fatality count surpassing 900 lives and taking Missouri's total number of fatalities to figures we haven't seen since 2008, the department and commission are even more committed to this year's safety initiative. Also, Rep. Charlie Davis (R-Joplin) has filed HB 108. This proposal would allow blue tooth technology to be used by commercial motor carriers for potential operational efficiencies. This legislative proposal is also known as "platooning".

Missouri Transportation Finance Corporation (MTFC) – Commissioner Smith stated there is not a report and the board will meet next in February 2017.

MoDOT and Patrol Employees' Retirement System – Commissioner Pace stated there is not a report and the board will meet next in February 2017.

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DIRECTOR'S REPORT

During the January 4, 2017, Commission meeting, Director Patrick McKenna provided the following report:

Human Resources Report/Award – Director McKenna recognized a member of the Human Resources team, Kevin Arthaud, who was recently selected from more than 200 nominees by *HR Magazine* and the Society for Human Resource Management as one of "30 HR Rock Stars Under Age 30." Kevin works out of the Northeast District office and manages the Maintenance Leadership Academy and assisted in developing the department's Gear Up onboarding program. This month MoDOT will roll out the Professional Development Institute, Kevin conducted more than 100 focus groups to create the program.

American Heart Association Fit Friendly Worksite Award – Director McKenna reported Employee Benefits has been developing a wellness program with fitness opportunities for MoDOT employees. MoDOT recently received the American Heart Association's Fit-Friendly Worksite Award. Jeff Padgett and his team were congratulated, with special mention of Ashley Halford and Brook Luecke who spearheaded the effort to make MoDOT a healthier place to work.

Missouri State Employees Charitable Campaign - Director McKenna acknowledged with pride that once again, the generosity of MoDOT employees is amazing. For the tenth year in a row, MoDOT led all state agencies in contributions with \$151,657. The statewide campaign raised \$1.1 million. Many employees participate not only by donating but by being coordinators, organizing fundraisers, and being a helping hand. The committee that coordinated the department's efforts included Reagan Schmidt, Patrick Haslag, Patrick Wood, Jenna Vaughn, and Brook Leucke.

Roads and Bridges - Director McKenna explained MoDOT continues to complete projects on budget and on time. In State Fiscal Year 2016, 514 projects were completed, 2.6 percent under budget and 92 percent were completed on time. Over the last 10 years, 4,661 projects have been completed, 6.8 percent under budget and 94 percent completed on time. Similarly, comparing program versus award in State Fiscal Year 2016, 310 projects were awarded, 7.7 percent below the program estimate. Over the last 10 years, 3,972 projects have been awarded, 8.1 percent under the program. The director noted this is due to great work by the Chief Engineer and his team at MoDOT who work to build and maintain the transportation system we enjoy today. Additionally, this is also a reflection of the good competition from the construction and consultant engineer industries that supports MoDOT's work. These results are evidence of MoDOT continuing to make the best use of the dollars it has available.

Winter Operations – Director McKenna reported in light of the recent storm on December 16 where the weather forecast did not predict what actually occurred, MoDOT has reviewed what could have been done differently and what additional measures can be taken to respond to changing weather more quickly. Director McKenna commended the MODOT team for their efforts across the state as they worked in harm's way serving the public. The director reminded everyone as we prepare for the next winter storm, please reconsider travel plans and stay home, or if you are on the road please give the maintenance workers and the plows plenty of room, and to slow down so you can arrive at your destination safely.

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PUBLIC COMMENT – CONGRATULATIONS

Aaron Greisheimer, with Site Improvement, congratulated Dr. Ed Hillhouse for his recent appointment to the Commission. As a lifelong resident of Franklin County Mr. Greisheimer has known Commissioner Hillhouse for a long time. He commended Commissioner Hillhouse stating his credentials, job experiences, and being a man of character more than qualifies him for this role. Commissioner Hillhouse thanked Mr. Greisheimer for his kind comments.

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ENTERPRISE RISK MANAGEMENT

On behalf of the Director, Bill Rogers, Audits and Investigations Director, presented the annual Enterprise Risk Management (ERM) report. Mr. Rogers explained Enterprise Risk Management is an organization strategy for identifying, assessing, and managing overall risk to an organization. ERM provides a broad framework for managing risks, identifying an organization's most significant risk, and manage those risks within an acceptable level to insure the organization's objectives are met. For ERM to be successful, an organization needs to know their risks and develop a clear strategy and define goals.

MoDOT began to conduct the ERM process in 2011 as a good governance activity. This process has helped the department strategically review the risks that could impact its ability to deliver the department's mission and assess strategies to mitigate those risks. ERM involves the Commission, department leadership and employees in assessing the risks. Commission policy requires the department have an ERM process and provide an annual report to the Commission regarding that process. The initial ERM assessment took place in 2012; this is the fourth time the department has been through the process. Mr. Rogers provided the Commission with a detailed report, and reviewed in his presentation with the Commission what changed since the last ERM review and highlighted the top five areas of risk.

There are ten risk areas that have been identified and are ranked in the order of highest risk to lowest risk: financial, workforce, public opinion/support, political risk, transportation system failures, natural disasters, safety and security, legal regulatory changes, information technology, and fraud and theft. Mr. Rogers then highlighted the top five risks and how the Senior Management Team assessed each of those risks. Each risk is rated in the terms of the impact should the risk occur, the likelihood of the risk occurring, and MoDOT's readiness to deal with the risk.

Financial was again assessed as the number one risk. Scores on the three dimensions of impact, likelihood and readiness are virtually unchanged since 2015.

Work Force was again ranked as the second highest risk, indicating senior management is still concerned about the severity of work force issues with turnover and the loss of experienced employees. While the impact rating was virtually unchanged from 3.2 in 2015 to 3.1 in 2016, and the likelihood score decreased from 3.0 to 2.9, senior management believes work force issues are still likely to occur due to lack of funding and pay increases. The readiness score held at 2.6, indicating the senior management believes the department is still less prepared to deal with the work force issues.

Public Opinion/Support was again ranked third. The impact and likelihood was virtually unchanged, while readiness showed a minimal decrease from 2.6 to 2.2. Senior Management members assess the impact of the potential loss of public opinion/support to be serious, and MoDOT is just as prepared to deal with this as in 2015.

Political risk was again ranked fourth. The impact score increased from 2.8 to 3.1, whereas the likelihood score decreased slightly from 2.9 to 2.7. The readiness score decreased from 2.6. to 2.3. With the recent elections and uncertainty of new elected officials, the impact of transportation initiatives will continue to be of concern.

Transportation System Failures was again ranked fifth. The impact assessment was virtually the same. The likelihood decreased from 2.2 to 2.0, indicating the Senior Management believes transportation system failures are still likely to occur. Finally, the readiness score marginally decreased from 2.1 to 1.8, indicating the department is somewhat more prepared.

Mr. Rogers concluded his presentation and noted the existence of an enterprise risk management process within an organization is recognized as an example of good governance and important to strategic management of organizational risk. Commissioner Briscoe thanked Mr. Rogers for his presentation and inquired if he believed this annual assessment of risk is raising it to a strategic level. Mr. Rogers explained that it is used strategically as senior management reviews closely what has risen to the top and how those risks impact the decisions that are made in the daily operations of the department.

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FUNDING FOR SAFETY IMPROVEMENTS TO REDUCE FATALITIES AND SERIOUS INJURIES IN MISSOURI

On behalf of the Director, Ed Hassinger, Chief Engineer, updated the Commission on funding for safety improvements. He reminded the Commission at their February 3, 2016 meeting they approved an increase of \$10 million to be used for safety improvements. This increased the safety funding allocation from \$25 million to \$35 million; of that total \$3 million was allocated to statewide safety initiatives and the remaining \$32 million was distributed to districts for safety improvements.

The number of traffic fatalities is trending upward in Missouri. In 2005 Missouri was over 1,200 fatalities and that number steadily declined through 2011 when fatalities were down to 786. However there has been an alarming increase in the number of fatalities and serious injuries on Missouri's roadways and year to date in 2016 there were 932 fatalities.

Each accident has contributing factors and those contributing factors are included in the accident reports. This information is collected and reviewed and indicates that 93 percent of crashes have contributing factors involving the driver, 34 percent involve roadway factors, and 13 percent involve vehicle factors. The Coalition for Roadway Safety continues to focus on driver behaviors that contribute to the majority of the crashes. Their efforts that focus on education and enforcement will have a positive impact at driving down fatalities and serious injuries. There is also statewide policy that will be considered during this legislative session in proposals to prohibit the use of cellphones while driving, and also a primary safety belt law; both of which will address driver behavior. Driver behaviors must change in order to have the greatest impact on fatalities and serious injuries. The vehicle factors include rare vehicle failures such as brake failure and other vehicular functions which may have contributed to crashes. The department is able to focus on the 34 percent of the crashes that have a roadway factor as a

contributing cause and can address the physical infrastructure to help reduce fatalities and serious injuries.

Mr. Hassinger focused on the effect of the \$10 million increase in funding for safety made to the transportation system. Safety projects are data driven and top crash types are reviewed. The top crash types in Missouri are: run off the road, involve curves, collisions with trees, head-on collisions, and collisions at intersections. Identifying the top crash types helps the department identify where the problems are occurring and how best to address them. Funding for safety improvements is applied to the most proven countermeasures for these crash types. These improvements include paved shoulders, rumble stripes, improved pavement friction, curve warning signs, guard cable and guardrail, and intersection improvements. Intersection improvements include roundabouts, J-turns, and diverging diamonds.

After the department reviews the kind of accidents that are occurring and determines the right kind of strategies to address those, then it must figure out how to deploy its resources to implement the strategies. In fiscal year 2016 there was approximately \$42 million in programmed safety improvements. Due to a larger construction program and more safety funds being distributed to the districts, there are over \$100 million in safety funds programmed in fiscal year 2017 to be used on: 400 miles of paved shoulders and rumbles; 750 curves with warning signs, friction treatment, or widening; improvements at 75 intersections; 40 miles of guard cable and guardrail upgrades; and 60,000 miles of striping. Also included in the program is \$670,000 for work zone enforcement projects. The St. Louis district is using a design-build model for St. Charles and Franklin counties to get the most safety improvements possible for \$21 million that will lead to a reduction in fatalities and serious injuries.

In order to reduce fatalities and serious injuries, the department will continue its focus on the 34 percent where the roadway contributes to the accident. The funding allocation which allows the department to use funds to make safety improvements will help the department in its efforts to reduce

fatalities and serious injuries. However, it will also take a continued focus on the 93 percent where driver behaviors contribute to accidents, efforts in this area will improve safety belt usage, encourage drivers to put down their cell phone, encourage driving sober, and making good decisions. Additionally, the 13 percent of accidents where vehicle as a contributing factor will be addressed as technology continues to improve with autonomous vehicle technology, instant braking, driver-assist technologies, and other vehicle improvements.

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FINANCIAL FORECAST UPDATE

On behalf of the Director, Roberta Broeker, Chief Financial Officer, presented the financial forecast for fiscal years 2018-2022. MoDOT prepares an annual financial forecast to estimate future revenues and disbursements. The forecast is the basis for MoDOT's operating budget and the funding targets provided to planning partners and MoDOT staff to select projects for the Statewide Transportation Improvement Program (STIP). The financial forecast estimates the various components of state revenue, including the state motor fuel tax, motor vehicle sales taxes, motor vehicle and drivers' license fees and federal funds from the federal motor fuel tax and other sources as provided by Congress. This forecast projects federal funding levels as specified in the five-year Fixing America's Surface Transportation (FAST) Act.

Because of the changes in the revenue assumptions, state revenues from the motor fuel tax, motor vehicle sales tax, and motor vehicle and drivers' licensing fees for 2018-2022 are projected to be \$323 million more than in the 2017-2021 forecast. This forecast includes a 2 percent growth rate in the gas tax in 2018, 1.5 percent growth in 2019, 1 percent in 2020, .5 percent in 2021, and no growth in 2022. The department is optimistic that gas prices will remain low. Motor vehicle sales tax revenues are predicted to increase 4.5 percent for the first three years and by 4 percent for the last two years of the

forecast. Motor vehicle and drivers' license fees have predicted growth rates of 2 percent in 2018 and 2019, 1.5 percent in 2020, 1.25 percent in 2021, and 1 percent in 2022.

The forecast for state revenues includes interest earned in the state treasury which is about \$5 million each year from 2018-2022. Additionally, the forecast includes miscellaneous revenue that contains the reimbursements from local partners which has increased. The department will also be presenting for Commission consideration the re-establishment of the cost-share program. If implemented this could increase receipts by about \$45 million per year. Because of these changes in assumptions, revenues from interest and miscellaneous for 2018-2022 are projected to be \$250 million more than in the 2017-2021 forecast.

Based on current financial projections, MoDOT will be able to match all anticipated federal funds in the forecast period. The forecast presumes the growth levels created in the FAST Act will come to states. However, with the federal government operating under a Continuing Resolution, Congress holds some of the revenues. In the past Congress tends to eventually provide those revenues to the states, so staff is optimistic that will happen once again and has anticipated receipt of those revenues in this financial forecast.

The department federalized some preventive maintenance activities such as striping, chip sealing and asphalt pavement repair which were previously paid entirely with state funds. Federalizing these activities frees up state funds to match federal funds. The forecast assumes \$40 million in reimbursements per year for maintenance activities approved for federal participation.

If predictions about state and federal revenues are incorrect and revenues are lower than anticipated, the department is prepared to address the change in funding. The department always makes sure the last two years of the five-year STIP are not fully programmed, therefore, if something goes wrong in the forecast, the department will move projects out a year rather than cancel any projects.

Ms. Broeker reviewed the anticipated expenditures included in the forecast and started with a review of the operating budget expenditures. The forecast includes employee raises starting in 2018 based on a five-year pay strategy. Raises are contingent each year on legislative action and Commission approval. Also, Fiscal years 2018-2022 include a disbursement increase of \$5 million per year for expense and equipment in the operating budget.

The forecast is based on current annual debt service payments and includes the Commission's action to call over \$100 million worth of bonds in 2017 and anticipates calling state road bonds in 2019. This would result in interest savings of \$15.5 million in state fiscal years 2019 through 2025. Commission action would be necessary to call the bonds. Staff will monitor this in the coming months to determine if calling the bonds is the appropriate recommendation.

The disbursements for contractor awards are projected to increase from \$700 million in 2017 to \$850 million in 2018, \$900 million in 2019, 2020, 2021 and 2022, and \$940 million in 2023. Anticipating growth in contractor disbursements allows the department to be better prepared for funding future transportation improvements while wisely using department resources.

The 2018-2022 financial forecast relies on deficit spending each year. On June 30, 2016 the combined balance of the State Road Fund, State Road Bond Fund, and State Highways and Transportation Department fund was \$878 million. Deficit spending will reduce the amount from an estimated \$770 million on July 1, 2017 to \$397 million on June 30, 2022. Director McKenna noted drawing down cash balances is not sustainable. This reflects that Missouri is not at the level of transportation infrastructure investment that Missourians expect in terms of the delivery of projects that improve safety, increase economic development, and take care of the existing system.

Ms. Broeker reminded everyone the forecast includes only road and bridge revenues and disbursements. Commissioner Pace asked about disbursements for retirement, and Ms. Broeker

explained the annual payments to the retirement system and for healthcare is included in the operating budget disbursement in the financial forecast.

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2018-2022 STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM DEVELOPMENT

On behalf of the Director, Machelles Watkins, Transportation Planning Director, reported in light of the updated financial forecast the department will have additional funds available for contractor awards for 2018-2022. The department is in a position to review how to best invest these additional dollars and achieve the department's overall goals for the transportation system and deliver priorities associated with the transportation system.

She reported to the Commission about the current condition of the system. There are 5,500 miles of major roadways that carry 77 percent of the traffic and are in 90 percent good condition. There are 17,000 miles of high volume minor roadways that carry about 21 percent of the traffic and are in 81 percent good condition. There are 11,000 miles of low volume minor roadways that carry 2 percent of the traffic and are in 73 percent good condition. She noted the low volume minor roadways are maintained through the department's Operating Budget rather than with STIP dollars, however the bridges on low volume minor roadways are funded with STIP dollars. There are 10,400 bridges and 866 of them are in poor condition and a little over 1,000 bridges are load restricted.

Each district has developed an asset management plan to take care of the system. They have reviewed the funds they expect to receive in their region over the next ten years, along with the system they maintain, and the current condition of that system. They have reviewed what treatments need to be applied, when those treatments might deteriorate, and the costs associated with the treatments. All of this information was used to develop the district asset management plan. As a result, there are several districts that are able to maintain their system at the condition level it is today and do a little more work. Not a lot of additional work, but maybe address a congestion issue or a regional need. However, there

are several districts that will not be able to maintain the condition of their system as it is today over a ten year period with the funds that come to their region. This is cause for concern and is an area that can be addressed now that there is a little more funding available according to the financial forecast.

Ms. Watkins introduced the asset management deficit program and proposed a \$10 million investment on an annual basis for the program beginning in 2018. The districts that would qualify would receive funds for 2018, 2019, and 2020 and then the department would reevaluate that distribution every year. This would ensure the department is dedicating its resources to taking care of the system. With the funding for the asset management deficit program along with the other funding that comes through for contractor awards, this puts all of the districts in a position to be able to maintain what they have today. Some districts may have a little more, but all districts will be able to address the condition of their system and not lose ground.

Asset Management Annual Funding Summary		
\$ Millions		
District	Current Asset Management Shortfall/Remaining	Updated Financial Forecast Shortfall/Remaining (with Recommendations)
Northwest	\$9.2	\$0.8
Northeast	\$10.3	\$0.8
Kansas City – Rural	\$3.5	\$0.8
Kansas City – Urban	\$4.1	\$18.8
Central	\$9.2	\$20.0
St. Louis	\$75.9	\$105.0
Southwest – Rural	\$0.9	\$7.5
Southwest – Urban	415.7	\$20.7
Southeast	\$3.3	\$13.7
Total Shortfall	\$23.9	\$2.4

This investment of \$10 million per year does not improve the system, but makes sure the department does not lose ground on the condition of the system as it is today. Some districts will use the funds received through the taking care of the system portion of the funding distribution, add their flexible funds from the funding distribution, and the funds from the asset management deficit program funding just to maintain what they have today. The simple fact is the threshold for taking care of the

system that was established years ago has not grown with inflation over time and means the districts must use more of their flexible funds over time in order to simply take care of the system. Director McKenna noted the condition of the roads and this view of asset management does not reflect all of the needs that exist for each region.

While the districts are working to stabilize the condition of Missouri's transportation system, the department continues to hear from partners about the cost-share program. The legislature approved a \$20 million cost-share program called Missouri Moves. That program received more than 100 applications totaling more than \$70 million worth of projects for just \$20 million in funding. Unfortunately, the funding for that program was withheld by the Governor and the program is unable to proceed. However, it represents a need and a desire that can be addressed with the update financial forecast. Ms. Watkins proposed the Commission rescind the suspension of the cost-share program and put additional funds in the cost-share program in graduated amounts over the next five year period.

These proposals together result in a balance of taking care of the system and providing a mechanism by which other needed transportation improvements can be delivered through partnerships with others.

Ms. Watkins also mentioned that some areas of the state have funds available beyond taking care of the system, may wish to pursue some planning studies so they are prepared to deliver future projects. There are currently policies in place that allow for the pursuit of planning studies in appropriate ways. Planning studies for taking care of the system and major bridges are paid for on a statewide level, and are accomplished by MoDOT and supplemented through consultant work. Any planning studies that are beyond taking care of the system, such as congestion relief or expansion, would be paid for with regional funds from the regional distributions. The region would need to demonstrate they can meet their asset management goals over the next ten years and have funding available beyond that amount. The region has to be able to prove they have funding to deliver the project in a ten year time frame once

the study is complete. The region must commit a significant portion of their funding for the project improvement. She shared this information with the Commission so they were aware that there are regions that are going to choose to move forward with planning studies. The decision on whether to proceed with a planning study will go through the planning process and be prioritized by the region.

Ms. Watkins recommended the commission allocate \$10 million annually and beginning in fiscal year 2018 for an asset management deficit program to assist the districts unable to meet MoDOT's asset management goals. She also recommended the Commission re-activate the suspended Cost Share Program, making available \$10 million in fiscal year 2018, \$15 million in SFY 2019, and \$25 million in SFY 2020, 2021 and 2022 for approved cost share projects. She also recommended the Commission approve changes to the MHTC policy on the STIP Funding Allocation as indicated below.

STIP FUNDING ALLOCATION

After soliciting significant public involvement into its funding allocation process in 2003, the Commission approved a policy for distribution of funds available for road and bridge improvements. This decision is the financial basis upon which the Five-Year Statewide Transportation Improvement Program is prepared.

Of the total funds available for road and bridge improvements in the Statewide Transportation Improvement Program (STIP), allocation will be in keeping with the following process:

Step 1: Deduct federally sub-allocated pass-through funds designated for specific purposes, including the following:

- Off-System Bridge Replacement and Rehabilitation Program (BRO) - Maintain replacement and rehabilitation funding for bridges not on the state road system at the fiscal year 2009 (SAFETEA-LU) level of \$21.2 million.
- Large Urban Surface Transportation Program (STP-U) – Large Cities – Maintain funding at approximately \$60 million per year for Kansas City, St. Louis, and Springfield, as mandated in the current federal transportation act.
- Congestion Mitigation and Air Quality (CMAQ) Program - Distribute Missouri's estimated minimum guarantee of CMAQ funds to St. Louis and Kansas City based upon population. Distribute remaining CMAQ funds to the area(s) not meeting federal air quality requirements. This distribution will use the same demographics included in apportioning the federal CMAQ funds to Missouri.
- Transportation Alternatives Program – Allocate 50 percent of Transportation Alternatives program per year for local programs.
- Recreational Trails Program – This program provides approximately \$1.7 million annually for developing and maintaining motorized and non-motorized recreational trails. This program is administered by the Department of Natural Resources.

- Rail/Highway Crossing – This program provides approximately \$6 million annually for improving the safety of highway/rail crossings.
- Highway Planning & Research – This program provides approximately \$20 million annually for MoDOT planning and research activities and for planning activities performed by Regional Planning Organizations.
- Metropolitan Planning – This program provides approximately \$5 million annually for planning activities performed by Metropolitan Planning Organizations.

Step 2: Deduct funding for non-highway transportation agencies (aviation, railways, transit, and waterways) appropriated by the state legislature for the designated purposes and federal funds. This funding cannot be used for roads and bridges.

Step 3: Deduct the financing cost for projects accelerated through bond financing, including debt service relative to Amendment 3. Excludes GARVEE bonds.

Step 4: Deduct specific funding sources, such as federal Open Container safety funds, federal Transportation Alternatives (statewide) funds, and other uniquely distributed funds.

Step 5: ~~Beginning in Fiscal Year 2013, deduct \$45 million for economic development and cost share projects statewide. Deduct an additional variable amount with savings generated from debt service savings associated with refinanced bonds and redirected internal operating budget cost savings, plus an additional variable amount generated from prior project savings.~~ Beginning in Fiscal Year 2018, deduct \$10 million for cost-sharing projects statewide, increasing to \$15 million in 2019, \$25 million in 2020, and \$25 million annually thereafter.

Step 6: Deduct funding contributed by partnering agencies. Includes project funding from cities, counties, or other state agencies, and federal earmarked funds.

Step 7: Deduct project savings and adjustments. Includes project cost savings or overruns, and adjustments for engineering costs.

Step 8: Beginning in Fiscal Year 2018, deduct \$10 million per year for an Asset Management Deficit Program.

Of the remaining funds available for road and bridge improvements:

Step 1: Deduct \$35 million for Safety Projects. Distribute \$32 million based on three-year average accident rate. Allocate \$3 million for statewide safety initiatives.

Step 2: Allocate \$435 million to Taking Care of the System, divided as follows:
 \$125 million for Interstates/Major Bridges
 \$310 million for remaining Taking Care of System

Distribution based on a formula that averages:

- Percent of total Vehicles Miles Traveled (VMT) on the National Highway System and remaining arterials.
- Percent of square feet of state bridge deck on the total state system.
- Percent of total lane miles of National Highway System and remaining arterials.

Step 3: Allocate remaining funds to Flexible Funds that can be used for either taking care of the system or major project type of work.

Distribution based on the average of:

- Percent of total population.
- Percent of total employment.
- Percent of total VMT on the National Highway System and remaining arterials.

Effective Date: ~~July 7, 2016~~ January 4, 2017
Supersedes Policy Dated: ~~February 3, 2016~~ July 7, 2016
Last Reaffirmed:
Date of Origin: January 10, 2003

Related Commission Minutes: January 10, 2003; June 2, 2004; February 7, 2006; February 4, 2011; March 1, 2012; November 7, 2013 – Comprehensive Policy Review; February 3, 2016, July 7, 2016, January 4, 2017.

(February 4, 2011- Increased base level funding from \$30M to \$35M and added a variable amount component with savings generated from debt service associated with refinanced bonds and with redirected internal operating budget cost savings).

(March 1, 2012 – Beginning in Fiscal Year 2013, increased base level funding from \$35M to \$45M and added a variable amount generated from prior project savings for Fiscal Years 2013 through 2015.)

(February 3, 2016 Beginning in fiscal year 2017, increase funding for the safety category from \$25 million to \$35 million annually, with \$3 million allocated to statewide safety initiatives and the remaining \$32 million distributed to districts. Eliminate the major projects and emerging needs funding category and allow all remaining funds to be distributed in the flexible funding category. Revise the Transportation Alternatives funding from 75 percent allocated for local programs and 25 percent allocated for MoDOT statewide usage, to 50 percent for local programs and 50 percent for MoDOT statewide usage.)

(July 7, 2016 Eliminated the sub-allocation of federal funds for the STP-U and BRM programs. These programs are no longer required by federal law. Technical correction to the Transportation Alternatives Program to better reflect the February 3, 2016 changes.)

(January 4, 2017 Created an Asset Management Deficit Program at \$10 million per year, starting in Fiscal Year 2018. Re-activated the suspended Cost Share Program at \$10 million starting in Fiscal Year 2018, \$15 million in Fiscal Year 2019, and increasing to \$25 million in Fiscal Year 2020 and thereafter.)

After consideration, Commissioner Waters moved the Commission adopt staff recommendations as indicated above, the motion was seconded by Commissioner Pace. The Commission unanimously approved the motion.

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FISCAL YEAR 2017 BUDGET AMENDMENT

On behalf of the Director, Brenda Morris, Financial Services Director, recommended increasing disbursements \$119.4 million for the fiscal year 2017 budget. Ms. Morris also recommended transfers

between operating budget categories to address changing priorities and provide greater flexibility to districts and divisions in funding program priorities.

Via approval of the consent agenda, the Commission unanimously approved the fiscal year 2017 budget amendment described above.

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CONSIDERATION OF BIDS FOR TRANSPORTATION IMPROVEMENTS

On behalf of the Director, Eric Schroeter, State Design Engineer, presented the following recommendations pertaining to bids received on federal-aid and state highway and bridge projects during the past month.

Mr. Schroeter recommended (1) award of contracts to the lowest responsive bidders for bids received at the December 16, 2016, letting, as recommended and noted in Table I below.

**Table I
Award of Contracts
December 16, 2016, Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
A01	CC	Grundy, Harrison	J1L1703J	\$792,329.71	\$0.00	Herzog Contracting Corp.	Resurface
B01	6	Knox, Lewis	J2P3105	\$1,661,781.16	\$0.00	Chester Bross Construction Company/C.B. Equipment, Inc.	Resurface
C01	29	Platte, Clay	J4I3105	\$14,120,089.89	\$0.00	Ideker, Inc.	Coldmill and Resurface
C02	435	Jackson	J4I3108	\$2,577,628.25	\$0.00	Superior Bowen Asphalt Company, LLC	Coldmill and Resurface
C03	152	Clay	J4S3147	\$5,636,288.68	\$0.00	Superior Bowen Asphalt Company, LLC	Coldmill, Resurface and ADA Improvements
			J4S3136				
		Platte	J4S3149				Resurface
C04	1	Clay	J4S3137	\$1,428,534.23	\$0.00	Superior Bowen Asphalt Company, LLC	Coldmill and Resurface
D01	50	Cole	J5P3056	\$2,976,276.87	\$0.00	Magruder Paving, LLC	Intersection Improvements
			J5P3127				Resurface

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
D02	19	Gasconade	J5S3140	\$1,510,065.35	\$1,024.00	Don Schnieders Excavating Company, Inc.	2 Bridge Replacements
D03	A	Camden	J5S3147	\$719,421.95	\$0.00	Ennis Excavating, LLC	2 Bridge Deck Replacements
D04	O	Cooper, Moniteau	J5S3202	\$1,239,780.32	\$0.00	Chester Bross Construction Company/C.B. Equipment, Inc.	Resurface and ADA Improvements
F01	55	Jefferson	J6I3110	\$14,653,473.05	\$0.00	Magruder Paving, LLC	Coldmill and Resurface
			J6I3131		\$35,000.00		21 Bridge Rehabilitations
F02	270	St Louis	J6I3113	\$16,716,591.61	\$0.00	Magruder Paving, LLC	Coldmill and Resurface
			J6I3157				
F05	70 OR	St Charles	J6S3183	\$537,588.78	\$0.00	Chester Bross Construction Company/C.B. Equipment, Inc.	Resurface
G01	Various	Various	J7P3167	\$2,162,409.57	\$0.00	Blevins Asphalt Construction Company, Inc.	Seal Coat
G02	60	Greene	J8P3049B	\$446,102.32	\$0.00	Chester Bross Construction Company/C.B. Equipment, Inc.	Diamond Grinding
G03	96	Jasper	J7P2228F	\$4,538,869.44	\$0.00	Clarkson Construction Company	Bridge Replacement and ADA Improvements
			J7P2228G				Bridge Replacement
H01	5	Douglas	J9P3118	\$676,500.00	\$0.00	Hartman and Company, Inc.	Bridge Deck Replacement
H02	60	Stoddard	J9P3155	\$2,512,833.59	\$0.00	Magruder Paving, LLC	Resurface
H05	Y	Wright	J9S3163	\$2,117,967.64	\$0.00	Leo Journagan Construction Co., Inc.	Resurface
	38		J9S3165				
H06	ZZ	Stoddard	J9S3164	\$834,301.23	\$0.00	Apex Paving Co.	Resurface
	AD		J9S3180				
H07	137	Texas	J9S3174	\$955,144.30	\$0.00	APAC-Central, Inc.	Resurface
			TOTAL:	\$78,813,977.97	\$36,024.00		

Commission Consideration and Action

After consideration, and upon motion by Commissioner Waters, seconded by Commissioner Briscoe, the Commission took the following action there were no abstentions to note:

1. Awarded contracts to the lowest responsive bidders for bids received on the December 16, 2016, bid opening, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation.
2. Authorized the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer to execute the contracts awarded above.

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2017-2021 STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM AMENDMENT

On behalf of the Director, Ed Hassinger, Chief Engineer, requested approval to revise the 2017-2021 Statewide Transportation Improvement Program (STIP) that was approved in July 2016, for the implementation of seventeen projects and three special programs, as noted in the tabulations below.

**2017 – 2021 STIP
Highway and Bridge Construction Schedule
January Amendment
Project Changes**

District County Job No.	Route	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Construction and Right of Way Funds (Dollars in Thousands)	Change in Engineering Funds (Dollars in Thousands)
KC Jackson J4S3229	US 71	Payment to KCATA for Prospect Connectivity Study in Swope Area, Swope Pkwy on the north, 85th Street on the south, Paseo Blvd on the west and Cleveland Ave. on the east.	2017 CN	\$150	\$1
KC Johnson J3P3077	MO 131	Safety and intersection improvements at Rte. 131.	2017 CN	\$1,648	\$238
KC Lafayette J3P3085B	RT Z	To improve safety at Rte. TT intersection.	2017 CN	\$396	\$41
KC Various J3P3069	Various	Signal fiber interconnect improvements at various locations on Rte. 50 and Rte. 65.	2017 CN	\$400	\$27
KC Various J3S3079	Various	Chevron sign installations at various locations in the rural Kansas City District.	2017 CN	\$46	\$3

District County Job No.	Route	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Construction and Right of Way Funds (Dollars in Thousands)	Change in Engineering Funds (Dollars in Thousands)
CD Callaway J5P3119	US 54	Bridge improvements from 2.2 miles south of Rte. BB to I-70 near Fulton. Project includes safety improvements from 0.1 mile west of Rte. W to I-70 at Kingdom City. Involves bridges L0964, H0284, A2109, A2110, A2111, A2112, A2911, A2913.	2017 CN	\$3,607	\$486
SL Franklin J6S3216	RT B	Pavement improvements and slide repair from Trail Drive to Etlah Road. \$977,000 District Operation Budget.	2017 CN 2017 RW	\$977	\$132
SL St. Charles J6S3209	RT J	Pavement improvements on Rte. J from Common Field Street to Rte. 94, and on Rte. Y from Flatwood Road to Rte 79.	2017 CN	\$203	\$13
SE Reynolds J9P3162	MO 21	Pavement improvements, addition of shoulders and railroad crossing upgrade from Rte. K near Ellington to Rte. 49 west of Lesterville and at Rte. K/Union Pacific railroad crossing in Annapolis.	2017 CN	\$70	\$5
SE Reynolds J9P3303	MO 34	Pavement improvements on Rte. 34 from Rte. 21 to Wayne County and on Rte. M from Bus. 67 to end of maintenance.	2017 CN	\$300	\$31
SE Scott J0I0956	IS 55	Build new interchange and connector roads south of Scott City.	2017 CN	\$735	\$86

Total: \$8,532 \$1,063

**2017 – 2021 STIP
Multimodal Operations
January Amendment
Project Changes**

District County	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Project Funds (Dollars in Thousands)
CD Camden	Rehabilitate the apron pavement at Camdenton Memorial - Lake Regional Airport.	2017 Aviation	\$834
KC Johnson	Reconstruct the runway 01/19 pavement at Skyhaven Airport in Warrensburg.	2017 Aviation	\$3,000
SE Scott	Rehabilitate the runway 02/20 pavement at Cape Girardeau Regional Airport.	2017 Aviation	\$852
SL St. Charles	Replace the runway 18/36 edge lighting at SMARTT Field in St. Charles County.	2017 Aviation	\$500

District County	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Project Funds (Dollars in Thousands)
SL St. Louis	Pavement maintenance on various taxiways at Spirit of St. Louis Airport in St. Louis County	2017 Aviation	\$550
SL St. Louis	Replace Taxiway E edge lighting at Spirit of St. Louis Airport in St. Louis County.	2017 Aviation	\$650
		Total:	\$6,386

**2017 – 2021 STIP
Section 6 – Special Programs
January Amendment**

Add the following three new special programs to Section 6 of the STIP:

Narrative Cost Allocation Plan – Pre-Scoping Activities

Federal regulations require state departments of transportation to prepare and program upcoming projects in a Statewide Transportation Improvement Program (STIP). The STIP is prepared annually and includes projects proposed for funding in the next five years. A considerable amount of state resources are used in preparing projects to be included in the STIP. MoDOT estimates it costs \$7.4 million to prepare projects to be included in the STIP on an annual basis. Recent guidance provides recipients of federal funds the ability to use a Narrative Cost Allocation Methodology to seek reimbursement for indirect costs associated with administering the federal-aid program. MoDOT will establish a federal project for each district to code to as they prepare projects to be included in the STIP.

Narrative Cost Allocation Plan – State Program – General Design Activities

Federal regulations require state departments of transportation provide the necessary oversight and administration on delivering projects programmed in its STIP. A considerable amount of state resources are used by the Design Division in administering projects as they move through the various project phases. MoDOT estimates it costs \$3.0 million to administer the delivery of the STIP on an annual basis. Recent guidance provides recipients of federal funds the ability to use a Narrative Cost Allocation Methodology to seek reimbursement for indirect costs associated with administering the federal-aid program. MoDOT will establish a federal project for design-related costs to monitor and oversee the delivery of the STIP.

Transportation System Funding Alternatives Program

The FAST Act established the Surface Transportation System Funding Alternatives Program to provide funds to States or groups of States to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the solvency of long-term transportation funding. In 2017, Missouri received \$250,000.

Via approval of the consent agenda, the Commission unanimously approved the amendment to the 2017 – 2021 STIP as noted in the tabulations above.

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REQUEST FOR APPROVAL OF LOCATION AND/OR DESIGN OF HIGHWAYS

Route B, Boone County Job No. J5S3155 Public Hearing Held December 6, 2016

The proposed improvements in both the northbound and southbound directions of Route B include pavement repairs and milling of existing asphalt surfacing and replacing with a new improved asphalt surface. Americans with Disabilities Act (ADA) improvements include upgrading sidewalks, ramps, and signalized intersections to meet federal ADA requirements. The project will have normal access right of way. This pavement work will be a moving operation with single lane closures. The ADA improvements will require some sidewalk closures with pedestrian detours identified. Some private and commercial entrances will require partial closures. Businesses and residences with multiple entrances may have entrances completely closed but at least one entrance will remain open at all times. Lane closures will be necessary at some intersections. Periodic night work will occur along portions of Route B to avoid peak traffic volumes. The project is 4.4 miles in length.

On behalf of the Director, Dave Silvester, Central District Engineer, recommended approval of the design as presented at the public hearing.

Route 763, Boone County Job No. J5S3159 Public Hearing Held December 6, 2016

The proposed improvements in both the northbound and southbound directions of Route 763 include pavement repairs and milling of existing asphalt surfacing and replacing with a new improved asphalt surface. Americans with Disabilities Act (ADA) improvements include upgrading sidewalks, ramps, and signalized intersections to meet federal ADA requirements. The project will have normal access right of way. The pavement work will be a moving operation with single lane closures. The ADA improvements will require some sidewalk closures with pedestrian detours identified. Some private and commercial entrances will require partial closures. Businesses and residences with multiple entrances may have entrances completely closed but at least one entrance will remain open at all times. Lane closures will be necessary at some intersections. All pavement work along Route 763 will occur at night to avoid peak traffic volumes and minimize impacts to businesses. The project is 2.0 miles in length.

On behalf of the Director, Dave Silvester, Central District Engineer, recommended approval of the design as presented at the public hearing.

After full consideration of the favorable and adverse economic, social and environment effects of the recommended designs, the Commission via approval of the consent agenda unanimously found and

determined the recommended designs would best serve the interest of the public and approved the recommendation.

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-- REPORTS --

The Commission received the following written reports.

**FINANCIAL – BUDGET – REPORTS
YEAR-TO-DATE FINANCIAL REPORT, PERIOD ENDING NOVEMBER 30, 2016**

Brenda Morris, Financial Services Director, submitted a written financial report for fiscal year to date November 30, 2016, with budget and prior year comparisons.

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CONSULTANT SERVICES CONTRACT REPORT

Eric Schroeter, State Design Engineer, submitted a written report of consultant contracts executed in the month of November 2016, for both engineering and non-engineering related projects. The department utilizes consultants to efficiently manage workload and provide specialized expertise to supplement and support department staff. Expenditures for consultant services are funded from the Commission approved Statewide Transportation Improvement Program and MoDOT Operating Budget. There were 185 active contracts held by individual engineering consultant firms prior to November 1, 2016. Ten engineering consultant services contracts were executed in November 2016, for a total of \$2,744,403. There were two non-engineering consultant contracts executed in November 2016, for a total cost of \$389,984.

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By unanimous consensus of all members present, the meeting of the Commission adjourned.

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The Mission of the Missouri Highways and Transportation Commission is to:

- Represent the citizens of Missouri pursuant to the Constitution by providing independent and nonpartisan governance of the Missouri Department of Transportation; and
- Establish policies, exercise oversight, and ensure accountability in developing and maintaining a world class transportation system in Missouri which fosters safety and economic development.

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