



**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, FEBRUARY 6, 2019**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, February 6, 2019, at the Missouri Department of Transportation, 105 West Capitol, Jefferson City, Missouri. Michael B Pace, Vice Chairman, called the meeting to order at 8:30 a.m. The following Commissioners were present: Michael T. Waters, Jr., John W. Briscoe, Terry L. Ecker, and Robert G. Brinkmann, P.E. Gregg C. Smith, Chairman, was absent.

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, February 6, 2019.

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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 Vice Chairman called for a voice vote of the members. The vote was as follows:

Commissioner Pace, Aye
Commissioner Waters, Aye
Commissioner Briscoe, Aye
Commissioner Ecker, Aye
Commissioner Brinkmann, Aye

The Commission met in closed session on Tuesday, February 5, 2019, at 3:30 p.m. and adjourned at 6:30 p.m.

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-- OPEN MEETING --

COMMISSION/DIRECTOR ITEMS

APPROVAL OF MINUTES

This item was tabled for a future meeting, therefore no action was taken.

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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 February 6, 2019, Consent Agenda

No items were removed from the consent agenda. Upon motion by Commissioner Brinkmann, seconded by Commissioner Briscoe, 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 February 6, 2019, meeting.

Audit Committee – Commissioner Waters stated there was no report.

Legislative Committee – Commissioner Pace reported with Governor Parson's early release of the proposed fiscal year 2020 budget, both the House and the Senate budget committees have been looking into the various state department budget requests. Part of Governor Parson's budget outline includes a bridge bonding program and a proposed salary adjustment for all state employees. Two of the Commission's legislative priorities have already been heard in Committee: (1) Senate Bill 15, sponsored by Senator Lane Wallingford of Cape Girardeau, would enact provisions regarding the operation of a motor vehicle while using electronic devices; and (2) House Bill 499, sponsored by Representative Aaron Greisheimer of Washington, would require automatic driver's license revocation when a driver hits a construction worker in a work zone or an emergency worker in an emergency zone. Both proposals have already been vetted by their respective transportation committees with overwhelming public support. Director McKenna will present the department's annual report to the Joint Committee on Transportation Oversight. This report is required by state statute and must be presented to the members of the Joint Committee on Transportation Oversight on February 15 of each year. Included in the annual report is a copy of the department's most recent Comprehensive Annual Financial Report (CAFR), the 2018 Citizen's Guide to Transportation Funding, Financial Snapshot, and MoDOT's Results document. These reports are available on MoDOT's website. The annual report to the Joint Committee provides a summary of how the department collects and distributes taxpayers' dollars on infrastructure for the traveling public.

Missouri Transportation Finance Corporation (MTFC) – Commissioner Waters stated there was no report. The next Board meeting is scheduled for May 2019.

MoDOT and Patrol Employees' Retirement System – Commissioner Briscoe reported there was no report. The next MPERS board meeting will be February 21, 2019.

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DIRECTOR'S REPORT

During the February 6, 2019, Commission meeting, Director Patrick McKenna provided the following report:

Governor's Bridge Program – The Director reported the Governor announced a bridge program that will advance construction on minor bridges throughout the state and in its initial construct enables advancement of 250 bridges throughout the state that are under \$8 million in cost to repair or replace. By virtue of the size, those bridges are primarily located in rural parts of the state, although there are bridges in the program for each of the seven MoDOT districts. A benefit of the program to rural communities and the state is speed. The program will substitute funding of about \$350 million because these bridges are funded within the current 2019-2023 Statewide Transportation Improvement Program (STIP). This funding construct will run through the allocation formula that exists for flexible funding. The fiscal note for the Governor's proposal stated the distribution of funds will result in \$119 million going to the St. Louis District, \$72 million to the Kansas City District, \$16 million each to the Northwest and Northeast Districts, \$50 million approximately to the Southwest District, about \$38 million to the Central District, and about \$32 million to the Southeast District. The planning process for the 2020-2024 STIP will begin with a statewide planning partners meeting on February 8, should there be favorable adoption of the Governor's bridge program in the legislature, the planning partners will have an opportunity to have the normal discussion regarding the allocation of transportation funds.

Celebrations – Governor Parson announced the graduation of the inaugural class of the Missouri Leadership Academy. This was the state's first-ever, cross-department leadership development program. The academy brings together emerging leaders to develop new skills in three core areas: leading themselves, leading others, and leading change. Out of the twenty-three emerging leaders, there were two MoDOT employees: David Coe, Central Office Human Resources Employee Development Manager, and Stacey Smith, St. Louis District Transportation Project Manager. Governor Parson also has announced the next class of Leadership Academy participants, which include the following MoDOT employees: St. Louis District Area Engineer Michele Forneris, and Kansas City District Area Engineer Matt Killion.

Jeff Padgett's Retirement – Director McKenna recognized Jeff Padgett, Director of Risk and Benefits Management, for his many years of public service. Mr. Padgett started his state service with the Missouri Consolidated Health Care Plan in 1997, then came to MoDOT in June 2000. In all, Mr. Padgett gave twenty-two years of service to the state, including eighteen years and eight months with MoDOT. Director McKenna recognized Mr. Padgett as doing a terrific job of managing the department's risk and benefits programs.

Recognition of Maintenance Workers – Director McKenna recognized seven Eldon maintenance building employees for their heroic efforts in helping their team member. During the January 19 snow storm, Gary DeGraffenreid, Central Office senior core drill assistant, who helps Eldon maintenance with winter operations, became ill and collapsed. The members of the Eldon team took immediate action to help, calling 911, securing the AED machine, and keeping Gary as comfortable as possible until paramedics arrived. Director McKenna commended the seven employees for taking care of one of their own. The employees who were recognized include: Loren Groose, crew leader; Clint Jones, senior maintenance worker; Rod Hauser, senior maintenance worker; Steve Walters, bridge maintenance crew leader; Greg Evers, senior field acquisition technician; Dirk Honeycutt, maintenance supervisor; and Steve Kallenbach, a Department of Agriculture employee who helps Eldon maintenance with winter operations.

Accountability and Transparency – Director McKenna relayed he would be presenting the 2018 Accountability Report to the Joint Committee on Transportation Oversight, as required by statute. It is the department’s annual report, and will be presented in its new format. One aspect of the report is the MoDOT results document. To support it, a video that highlights MoDOT’s achievements will be shown to the Committee. Director McKenna shared the results video at the Commission meeting.

Safety – Director McKenna reported preliminary numbers indicate highway fatalities were down slightly in 2018, from 932 in 2017 to 918 in 2018; however, it is still more than 900 for the third year in a row. Speed, distraction, impairment, and fatigue continue to be top causes of fatal crashes. In particular, the number of cell phone related crashes has become increasingly prevalent in the state.

Cellphone related crashes are up thirty-five percent since 2014. It is one of the fastest growing causes of fatal crashes in Missouri, and like most other contributing factors, it is completely preventable. Nobody wants to be on the road with a driver constantly using their phone, but so many people find it acceptable to do themselves. Eighty-seven percent of Missourians are buckling up. However, the few who are not buckling up account for more than sixty percent of state traffic fatalities.

Innovations Implementation – Innovation is at the heart of MoDOT’s employee value of being bold and delivering the best value and safety to our customers. At the 2017-2018 Innovations Showcase, there were twenty-two winning innovations in the tools and equipment category that were displayed. The majority of those innovations were focused on safety of employees and the traveling public. Vice Chairman Pace had a passion for ensuring that our employees had every opportunity to implement each innovation. He challenged MoDOT’s leadership to remove any implementation barriers. One million dollars was dedicated to innovations implementation. Director McKenna called upon Becky Allmeroth, Chief Safety and Operations Officer, to elaborate on the implementation program that was developed. Ms. Allmeroth took the opportunity to ask employees what is the barrier in implementing innovations. Most responses indicated cost, lack of time, and the need to manufacture an item were a barriers. Following this inquiry, the Maintenance Division was able to set up a central online ordering system, a budget was provided to each maintenance facility, and an ordering process so that each facility could choose among the twenty-two innovations that were available. As a result there were 4,531 innovations ordered compared to in years past about 1,000 to 1,500 innovations were ordered. Out of those 4,531 innovations ordered, to date there are 3,778 innovations delivered and are currently in use. The others are undergoing a manufacturing process and will be available for use soon. Some of the larger items such as JAWS and the culvert cleaner will go out to bid. There is interest in having forty of the JAWS units deployed across the state, that would provide opportunities multiple times a day employees will not have to get out on foot to pick up debris off the interstate or off the roadway. An added benefit of the centralized ordering system is the ability to make bulk purchases which saved about \$100,000. When buying larger quantities, some of the items were purchased at a higher quality, such as the backup cameras. The employees greatly appreciate the ability to implement these innovations.

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PUBLIC PRESENTATIONS

THE IMPORTANCE OF RURAL ROADS

Blake Hurst, President of the Missouri Farm Bureau, shared three points: Missouri is an agriculture state as evidenced by the economic contributions of agriculture, agri-tourism is a key component of Missouri agriculture, and securing additional funding to maintain a good transportation system is needed. Mr. Hurst explained the overall economic impact of agriculture in Missouri was reported in 2016 as a total of \$88.4 billion in sales, 278,232 jobs, \$17.5 billion in labor income, and \$6.2 billion in taxes.

He shared a variety of activities that are agri-tourism in Missouri including pumpkin patches, corn mazes, bed and breakfast inns, roadside markets, you-pick orchards and berry farms, event barns for weddings, Christmas tree farms, and fee hunting and fishing. He described the need for signage for these agri-businesses. He explained that many of these businesses are seasonal and there are options, similar to what the state of Illinois uses, that could allow seasonal agri-tourism signing by using a closed/open flapper. Mr. Hurst encouraged the Commission to research, update, and implement an agri-tourism signing program to help the traveling public find agri-tourism destinations. This signing in turn helps the farmers and the state of Missouri.

Mr. Hurst stated lettered highways are the state's rural freight corridors. These highways trigger a massive amount of economic activity. He then shared a video that displayed how transportation is essential to farming in Missouri; the number of trips it takes to plant the seed in the field, treat the field, and harvest the grain and get it to the grain bin for sale. Mr. Hurst requested the department develop a long-term maintenance plan to invest in these rural freight corridors. In his concluding remarks, Mr. Hurst expressed the Farm Bureau's desire to help find a solution to the transportation revenue shortfall; however, any future revenue plan must have additional revenues for rural Missouri.

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PUBLIC COMMENTS

PUBLIC COMMENT – CONCERN REGARDING PROPOSED POLICY CHANGE

Sara Fields, Ozarks Transportation Organization, expressed appreciation for the collaboration between the department and the Metropolitan Planning Organizations (MPOs) and for the working relationship with the district and central office planning professionals. However, she expressed concern for the STIP-Funding Allocation policy changes that will redirect funds from the flexible funding category for system improvement to taking care of the system/asset management category. She acknowledged the need for asset management projects and a balance with congestion improving projects. She stated the planning partners did not have an opportunity provide input on the new funding allocation which is contrary to the collaboration that has occurred in the past. She requested the Commission reconsider the policy changes due to the negative impact they will have on the urban areas of the state and to encourage the Commission to work with the planning partners to find a more equitable solution. Vice Chairman Pace thanked Ms. Fields for her comments.

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PUBLIC COMMENT – URGE RECONSIDERATION OF ACTION TO CHANGE POLICY

Ron Achelpohl, Mid-America Regional Council, noted the funding distribution policy has kept peace in the state for a number of years, and any time significant adjustments are made to the STIP-Funding Allocation policy it raises the anxiety level among stakeholders around the state. He urged the Commission to reconsider the action taken to allow time for staff to work with planning partners around the state to explain the proposed changes, receive comments from the planning partners, and then make a final decision. Mr. Achelpohl suggested reconsideration will be a goodwill gesture that could provide insight and other suggestions that could be helpful for the department and the Commission. Vice Chairman Pace thanked Mr. Achelpohl for his comments.

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PUBLIC COMMENT – CONCERN ABOUT IMPACT OF POLICY CHANGE TO THE ST. LOUIS REGION

James Wild, East-West Gateway Council of Governments, stated that none of the MPOs were contacted regarding the proposed STIP-Funding Allocation policy changes and the lack of transparency is disconcerting. The action the Commission took will cost the St. Louis region \$20 million in transportation funding each year. He asked the Commission to reconsider the action they have taken because there needs to be some transparency and conversation prior to actions being taken which impact the three largest urban areas of St. Louis, Kansas City, and Springfield. Vice Chairman Pace thanked Mr. Wild for his comments.

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PUBLIC COMMENT – REQUEST TO ALLOW THE PUBLIC TO COMMENT ON POLICY CHANGE

Steve Ehlmann, St. Charles County Executive, asked the Commission to allow the public an opportunity to speak about an issue before it is voted on instead of after the vote. In the areas that are growing, there is a need for a commitment to spend more money where it is needed to attract more jobs and develop the workforce in Missouri. It really helps if people in the audience feel like they were listened to. If the Commission is going to consider a STIP Funding Allocation policy change that cuts funding to a region, they should have opportunity to be heard prior to the decision being made. Vice Chairman Pace thanked Mr. Ehlmann for his comment. Director McKenna noted the changes that were made in the policy will not take effect until 2022. The extended time period for the effect of the change will allow opportunity for robust discussion with planning partners and allow staff the time to prove that the STIP-Funding Allocation policy changes were appropriate with future funding that is available for transportation in Missouri.

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MODOT PRESENTATIONS

CONSIDERATION OF PROPOSALS FOR THE I-44 PROJECT BRIDGE REBUILD DESIGN-BUILD PROJECT

On behalf of the Director, Ed Hassinger, Chief Engineer, and Gregory Chapman, Project Director, described the project that will address up to thirty-one bridges on a fifty-mile segment of the I-44 corridor in Newton, Jasper, and Lawrence counties.

Project Goals

The goals of the design-build project are to deliver the project within the programmed budget of \$36.1 million; maximize the service life of all identified bridges within the project limits and deliver an end product that improves safety and minimizes future maintenance; moves traffic through the project in a safe, efficient manner using innovative techniques; delivers the project using a diverse workforce; and completes the project by December 15, 2021.

MoDOT's External Civil Rights Division established a 12 percent disadvantaged business enterprise goal for construction work and a 16 percent disadvantaged business enterprise goal for professional services for the project. The best value proposer will be required to meet federal workforce goals per trade of 2.3 percent minority and 6.9 percent female. There is also an on-the-job training requirement of two trainees at 1,000 hours each for construction.

Procurement Process

By Commission action on August 1, 2018, the Commission approved the use of design-build for the I-44 Project Bridge Rebuild Design Build Project. Since then, MoDOT's design-build team has been working through the procurement process. Four teams were prequalified on September 12, 2018, to compete for the contract. The Request for Proposals was issued September 28, 2018. The MoDOT Design-Build team held five confidential discussions with each team to discuss their proposal ideas. Final proposals were submitted on December 19, 2018. The MoDOT design-build team reviewed and evaluated the proposals. The four teams that submitted proposals include:

- Clarkson/Garver Team – major participants include Clarkson Construction Company, and Garver, LLC
- ESS-Parsons Team – major participants include Emery Sapp & Sons, Inc. and Parson Transportation Group, Inc.
- Millstone Weber-Pace Team – major participants include Millstone Weber, LLC/Pace Construction Company, LLC Joint Venture and Jacobs Engineering Group, Inc.
- Radmacher-Wilson Team – major participants include Radmacher Brothers Excavating, Inc. and Wilson & Company Inc.

Evaluation

The items that were evaluated by the MoDOT design-build team included maximize service life and minimize future maintenance (55 points available), maintenance of traffic (20 points available), maximize safety (15 points available), and completion schedule (10 points available) for a total of 100 points. Mr. Chapman provided a summary of the proposals submitted by each team and the total points awarded to each team as outlined below.

- Clarkson/Garver Team – 55.7 points
- ESS-Parsons Team – 88.1 points
- Millstone Weber-Pace Team – 57.6 points
- Radmacher-Wilson Team – 64.1 points

Commission Consideration and Action

Mr. Chapman recommended ESS-Parsons Team as the best value proposer. Their proposal includes:

- Delivery of a \$31.1 million project to be completed by December 15, 2020
- Provides for the replacement of twelve bridges with ten new structures, including two superstructure replacements, two re-decks, and three hydro-demolition for a total of nineteen existing bridges addressed
- Provides for widening all existing substandard thirty foot wide bridges to thirty-eight feet within the project limits, and improving safety
- Provides for safety enhancements at the Routes 96/Z/O area to reduce crash rate and improve safety
- Provides for effective Smart Work Zone implementation throughout the entire project corridor.

Vice Chairman Pace thanked Mr. Chapman for his presentation and the MoDOT design-build team for their work on this project to date.

After consideration, Commissioner Briscoe moved that the Commission adopt staff recommendations to approve the ESS-Parsons design-build team for submitting the best value proposal for the I-44 Project Bridge Rebuild design-build project in Newton, Jasper, and Lawrence counties; authorize the Director, Chief Engineer, or their designee to negotiate and execute a contract with ESS-Parsons Team subject to approval as to form by the Chief Counsel's Office; and authorize payment of the agreed stipend to the three unsuccessful proposing teams. This motion was seconded by Commissioner Waters. The Commission unanimously approved the motion.

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TRUCK/TRAILER MOUNTED ATTENUATORS (TMA) UPDATE

On behalf of the Director, Nicole Hood, State Highway Safety and Traffic Engineer, and Chris Redline, Northwest District Engineer, stated the department and Commission value the importance of safety in MoDOT work zones. MoDOT's goal is zero fatalities in work zones. Only through continued improvement from everyone will that happen.

Technologies such as the autonomous Truck/Trailer Mounted Attenuators (TMAs) can help eliminate injuries to MoDOT employees that operate the follow truck during mobile operations such as striping and sweeping. Ms. Hood explained the department has been using TMAs for years to protect the workers on the front line every day. The use of TMAs, which are attached to the back of MoDOT equipment in work zones, helps protect both motorists and MoDOT crews by absorbing the energy from a collision. The trucks and TMAs also protect the crews while they work on the road. Over time the TMAs have gotten bigger to be able to withstand the impact from larger vehicles. The department has enhanced them with additional lights and audible alerts and other visual tools to protect the workers from getting hit. Unfortunately, the TMAs continue to get hit. In the past four years, motorists have

struck more than one hundred TMAs in MoDOT work zones, resulting in many injuries to MoDOT workers. In 2018 alone, motorists struck thirty-three MoDOT TMAs in work zones across the state. Ms. Hood shared a video of MoDOT employees who have been hit when operating a TMA. Using this driverless TMA is very important to protecting the department's employees.

In an effort to reduce injuries to work zone crews, MoDOT is retrofitting two TMA equipped dump trucks with driverless technology. One truck will be the lead truck and the other will serve as the rear-protection warning truck. The pair of trucks will be driven to a job site manually, pulled over to the shoulder, and put into leader-follower mode, which will allow one truck to autonomously follow the other at adjustable distances. The autonomous TMAs will undergo validation testing in March and April at the State Fairgrounds in Sedalia and will be ready for use in the Kansas City District in the spring.

The department has a contract with Kratos Defense and Security Solutions to retrofit two MoDOT trucks. No payment will be made until the equipment performs for training and testing as required with a 32 hour closed road test and a 250 hour live work zone test. Federal research funding provided a portion of the \$550,000 contract for installation of the driverless technology. Once the pilot study is successfully completed, additional funding will be necessary for MoDOT to continue with driverless technology and expand it throughout the state.

Mr. Redline explained the functions of this technology. It includes a leader-follower system where the rear TMA can be unstaffed. It will follow at various distances up to 1,500 feet. It is also able to pause and catch up. It can function in short duration in GPS denied environments. It also provides a redundant, secure communication link. There are limits to this technology as well. It is not able to platoon to the project at highway speeds. Nor will it follow through signals and intersections. It cannot be laterally offset from the lead vehicle.

Vice Chairman Pace inquired if this is the only place in the United States that is doing this. Mr. Redline explained that the Colorado DOT purchased a version of this but it is so limited it is not

working for them; he then explained that the California DOT is currently purchasing a vehicle using the same specifications as MoDOT's. Commissioner Brinkmann encouraged the department to continue to develop and use innovative technology and reminded everyone in the audience to slow down and move over for workers on the highway.

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ADMINISTRATIVE RULES/POLICIES

COMMISSION POLICY REVIEW – DEBT MANAGEMENT

Director McKenna reminded everyone the Commission conducted a comprehensive review of all Commission policies, on November 7, 2013, when the Commission formally compiled and adopted the Commission policies that the department currently operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission's desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the FINANCIAL Category. As a result of this review process, recommendations are being made to reaffirm with updates the Financial-Debt Management Policy and adoption of a resolution.

These recommendations are being made because federal uncertainty is upon the department again; the public rejected Proposition D which proposed a ten cent fuel tax increase. While the department is able to report the surface condition of roads and bridges are in good shape, the capacity of the system and its reliability are not serving the state as desired. The department is working with its planning partners during the Statewide Transportation Improvement Program (STIP) planning process to take on a significant task and essentially prepare two STIPs. One will be as if there will continue to be steady funding from the federal government, and the other if there is a significant drop in federal funds should Congress be unable to reauthorize federal funding for transportation. One of the purposes of running two STIPs is it allows the Commission and the department to have a "qualified" commitment, normally once a project is in the STIP it is a commitment, but due to the federal funding uncertainty that

commitment may not be able to be maintained. The second purpose is it will allow the department to work with federal partners and the Congressional delegation, and show them specifically what projects are at risk if the federal funding situation is not taken care of, hopefully encouraging the successful passage of full federal funding for transportation.

The proposed policy changes and resolution are a conservative application of debt. This approach defines the conditions under which the Commission and department will borrow funds. In addition the Financial - Debt Management Policy will enable use of the capital markets but in a fiscally sound and conservative manner. Part of the fiscal conservatism is to acknowledge that there is an operating cost to the system and there is a preservation cost of the system and both need to be taken care of through asset management. Additionally, there will be additional Amendment 3 debt capacity available in the near future, and the department should be planning accordingly.

The debt management policy was revised to:

- Reflect the department's practice to preserve the transportation system through asset management and that issuing debt service will not disrupt asset management.
- Reduce the capacity to issue debt from twenty to five percent of road and bridge revenue.
- Eliminate the use of derivative financial products.
- Require that any new debt have an accompanying new funding source.
- Modified language regarding the refunding of bonds.

Director McKenna recommended the adoption of the following resolution:

WHEREAS, prudent and wise use of the limited transportation resources available to the state of Missouri is necessary;

NOW, THEREFORE, LET IT BE RESOLVED that the Commission:

- Will not issue debt except in circumstances where new sources of revenue or additional funds are provided to offset the debt service costs.

BE IT FURTHER RESOLVED, Amendment 3 debt capacity will be made available through the retirement of original issue first, second and third lien bonds issued from 2005 – 2009.

BE IT FURTHER RESOLVED, A plan of finance be established and construction project identification be made through the Statewide Transportation Improvement Program planning process.

Director McKenna also recommended the Financial-Debt Management policy be revised as indicated with the green text for new language, red strikethrough text for deleted language, blue strikethrough text that was deleted and moved, and purple text that was moved as follows:

Category: FINANCIAL
Sub-Category: Debt Management Policy
Effective: ~~July 8, 2009~~ February 6, 2019
Related Source: Missouri Constitution, Article IV, Section 30(b)

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Appendix A:	Missouri Constitution, Article IV, section 30(b)

Section 1: Statement of Policy Objectives

The purpose of this debt management policy (**Policy**) is to ensure that each debt financing of the Missouri Highways and Transportation Commission (**Commission**) is completed in the most efficient and ~~professional~~ effective manner and in accordance with the ~~highest standards~~ best practices of the industry to achieve the Commission's fiscal management goals and objectives. The goals of the Commission are to:

- Preserve the existing system through asset management;
- Retain operating and system maintenance capacity;
- Use debt to fund significant projects
- Maintain the best ~~possible~~ and most effective underlying credit ratings on long-term debt issued by the Commission;
- Minimize borrowing costs;
- ~~Optimize future flexibility and debt profile~~ Limit debt duration and ensure immediate repayment of principal thereby limiting or eliminating interest only debt service payments; and
- ~~Use debt to fund significant projects.~~
- To avoid any and all derivative financial products or agreements.

This Policy has been developed and amended to reflect current state and federal laws regarding Commission and public entity debt obligations as of the effective date of this Policy.

Section 2: Application of Policy

This Policy will apply to any long-term indebtedness of the Commission. Long-term indebtedness refers to debt issued for capital financing with terms of one year or longer. This Policy shall also apply to capital equipment financing having a life of one year or longer. ~~The Missouri Department of Transportation's Chief Financial Officer (CFO) will be responsible for ensuring compliance with this Policy.~~

The Missouri Department of Transportation's (Department) Director and Chief Financial Officer (CFO) hasve the responsibility and authority for structuring, implementing and managing the debt program. The Director and CFO shall also advise the Commission regarding the need to amend this Policy and recommend any amendments. ~~The Commission shall approve any amendments to this Policy.~~ The CFO will be responsible for ensuring compliance with this Policy.

The Commission may amend this Policy if doing so advances its fiscal management goals and objectives and such an amendment is fiscally prudent. Approved amendments shall be evidenced in writing and copies shall be delivered promptly to the rating agencies.

Section 3: Definitions

Advance Refunding Bonds:

Debt issued for the purpose of retiring previously issued debt more than 90 days in advance of the redemption or maturity date of the previously issued debt. Advance Refunding Bonds could be issued to achieve interest rate savings, restructure principal or to eliminate burdensome covenants with bondholders.

Arbitrage:

Investment earnings on bond proceeds and certain monies pledged for payment of bonds, which are invested at a yield greater than the yield on the applicable bonds or the yield on the obligation adjusted for federal interest subsidy payments received by the Commission. The Internal Revenue Service regulates the amount which may be earned from the investment of such money and conditions under which arbitrage must be

rebuted to the U. S. Treasury. Arbitrage rules enforced by the Internal Revenue Service generally apply to all Tax Advantaged Financings.

Asset Management:

A strategic framework for making cost-effective decisions about allocating resources and managing road and bridge system infrastructure. It is based on a process of monitoring the physical condition of assets, predicting deterioration over time and providing information on how to maximize resources to address condition.

Commission:

Missouri Highways and Transportation Commission created in article IV, section 29, Missouri Constitution.

Current Refunding Bonds:

Debt issued for the purpose retiring previously issued debt within 90 days of the maturity date or redemption date of the previously issued debt. Current Refunding Bonds are typically issued to achieve interest rate savings and could be issued to restructure principal or eliminate burdensome covenants with bondholders.

Debt Capacity:

The maximum amount of debt or financing obligations that may be issued by a borrower within legal and policy constraints without overextending the borrower's ability to repay those obligations or meet the operating and asset management needs of the Department.

Debt Service Coverage from Pledged Federal Revenue:

Annual Pledged Federal Revenue divided by the annual debt service on outstanding bonds issued by the Commission as Grant Anticipation Revenue Vehicles (**GARVEE**) or similar bonds.

Debt Service Coverage from Pledged State Revenue:

Annual Pledged State Revenue less the amount of debt service associated with closed liens divided by the annual debt service on open liens for outstanding bonds issued by the Commission.

Department:

Missouri Department of Transportation as created in article IV, section 29, Missouri Constitution.

Derivative Product:

A financial agreement associated with a debt issue or an investment in which its value is derived from other sources. A derivative product includes agreements to exchange fixed and floating rates, limit variable interest rate risk, or fix an interest rate on an investment or debt product for certain periods.

Official Statement:

The disclosure document prepared by the Commission describing the structure and security of the bond issue, as well as the economic, financial, demographic and managerial characteristics of the Commission, as appropriate.

Original Issue Discount:

~~The amount below par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.~~ The discount from par value at the time the bond or other debt is issued. It is the difference between the stated issue price and the redemption price at maturity.

Original Issue Premium:

~~The amount above par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.~~ The amount by which the public offering price of a security at the time of its original issuance exceeded its

par value.

- Pledged Federal Revenue:* Federal aid reimbursements or federal fund obligations for road and bridge projects pledged and available to pay debt service on GARVEE or similar bonds issued by the Commission pursuant to ~~the Missouri Constitution~~ state law.
- Pledged State Revenue:* State revenues derived from highway users and any other monies appropriated or deposited into the State Road Fund, the State Road Bond Fund or any other fund held in trust that is pledged and available to pay debt service on bonds issued by the Commission pursuant to the Missouri Constitution.
- Project Acceleration:* Debt financing issued or cash provided by an outside entity to finance a Commission approved project to be constructed earlier than originally programmed by the Commission.
- ~~*Refunding Bonds:* Bonds issued for the purpose of retiring, either at maturity, or in advance of maturity, previously issued bonds. These bonds are typically issued to achieve interest rate savings, restructure principal or to eliminate burdensome covenants with bondholders.~~
- State Road Bonds:* As defined in article IV, section 30(b), Missouri Constitution, any bonds or refunding bonds issued by the Commission to finance or refinance the construction or reconstruction of the state highway system (see Appendix A).
- System:* The state highway system that includes roadways and bridges.
- Tax Advantaged Financing:* Bonds, notes, capital leases or other instruments treated as debt for federal income tax purposes, that are issued under provisions of federal income tax laws and regulations to provide special tax treatment either (1) for the debt holder in the form of a federal income tax credit or the ability to exclude interest paid on the obligation from gross income for federal income tax purposes or (2) for the issuer of the obligation in the form of a federal subsidy payment to offset a portion of interest expense.
- Total Road and Bridge Revenue:* Total Commission revenues less funds dedicated for non-highway purposes such as airports, rail, transit and waterways.

Variable Rate Debt:

An instrument typically with a long-term maturity where the interest rate is adjusted periodically, on a daily, weekly, monthly, semi-annual, ~~or~~ annual or other basis. With true variable rate demand obligations, the investor has the ability to unilaterally sell back their bonds to the remarketing agent. There are other types of short-term (variable rate) debt, such as ~~auction rate securities, where investors may tender a bid to buy, sell or hold securities on a periodic basis, but there is no ability to sell the bonds back to a broker-dealer~~ floating rate notes (FRNs), that do not require credit enhancement or liquidity support, where the investors can hold the securities for their own account either to the maturity date or mandatory tender or put date following the state floating rate period.

Section 4: Appropriate Uses of Debt

The Commission deems the following as appropriate uses of debt:

- Providing funds for the construction and reconstruction of the State Highway System pursuant to article IV, section 30(b) of the Missouri Constitution;
- Refunding Bonds under the guidance in Section 16 of this Policy; and
- Leases of one year or longer. Similar term leases as part of a statewide contract, master agreement, or any other agreement fall within the scope of this Policy.
- Only in circumstances where new sources of revenue or additional funds are provided to offset the debt service costs of the issuance.
- Estimated asset life of construction projects should exceed duration of debt service by a minimum of two times.

Article IV, Section 30(b)2.(3) of the Missouri Constitution allows for the Commissioner of Administration and the Commission to certify the portion of the moneys in the State Road Bond Fund not needed to make payments on bonds or to maintain an adequate reserve to make future payments to be appropriated to the State Road Fund.

~~Before proceeding with a such certification that a portion of the moneys in the State Road Bond Fund is not needed to make payments on bonds or to maintain an adequate reserve for making future payments and, therefore, asking that such moneys be appropriated to the State Road Fund pursuant to Article IV, Section 30(b)2.(3) of the Constitution, the Commission shall~~ consider other bonding whether there are state highway construction projects that will benefit from the issuance of state road bonds ~~state highway system.~~

Section 5: Description of Types of Debt

This section identifies the three categories of debt or other long-term obligations, which may be incurred by the Commission and the intended sources of repayment.

<i>CATEGORIES</i>		<i>REPAYMENT SOURCE</i>
1.	Contractual obligations of the Commission to pay for all or some portion of debt service on debt issued by an outside entity to finance a Commission approved project.	State or federal funds*

2.	State Road Bonds.	State or federal funds*
3.	Leases of one year or longer.	State funds

*Each of these potential debt instruments ~~are~~ can be payable from resources deposited into the State Road Fund, the State Road Bond Fund or funds held in trust. As a general practice, the primary resource for the payment of debt is from the State Road Bond Fund, as that is the intended purpose of that fund.

Section 6: Analysis of Debt Capacity

The Commission acknowledges the relationship between the amount of outstanding debt and the credit rating and the importance of maintaining a high credit rating. This, in turn, helps preserve the Commission’s continuous access to low-cost capital financing. Thus, the Commission will ~~monitor its Debt Capacity and~~ incorporate its debt obligations ~~when determining~~ in determinations of other department spending priorities including the issuance of additional debt. The Commission also acknowledges prudent fiscal stewardship favors stricter policies than typical industry and rating agency standards of debt capacity.

The Commission will limit the amount of Total Road and Bridge Revenue that can be allocated to debt obligations. The following capacity constraints relate to the Commission’s potential debt or long-term obligations identified in Section 5 of this Policy. These constraints are in addition to the requirements set forth by the Commission’s bond indentures.

A fixed percentage not to exceed ~~20~~ 5 percent of the annual Total Road and Bridge Revenue, ~~not including Amendment 3 revenues,~~ may be used to meet the repayment requirements of the Commission’s debt obligations identified in Section 5 of this Policy, ~~provided further that the estimated debt service will not disrupt system asset management and operating capacity. Provided further that new or additional funding sources, such as Amendment 3, may be designated for the exclusive purpose of covering debt service to advance construction projects and these may be considered beyond and apart from the percentage limit above.~~

The Commission structures its debt based on the pledged revenue sources. When issuing debt, the Commission pledges either state revenue or a combination of federal and a subordinated pledge of state revenue. The State Road Bonds are categorized into five liens – senior lien, first lien, second lien, third lien and subordinated lien. The senior lien will not have additional bonds issued other than for the purpose of refunding ~~the~~ senior lien bonds. As a result, the senior lien is closed ~~for the purpose of financing additional capital projects.~~ The Commission will seek to maintain at least 5.0 x Debt Service Coverage from Pledged State Revenue for the first lien debt, at least 4.0x Debt Service Coverage from Pledged State Revenue on the second lien debt and at least 3.0x Debt Service Coverage from Pledged State Revenue on the third lien debt.

The combination of federal and subordinate lien State Road Bonds are categorized into a single lien, referred to as the GARVEE lien. The Commission will seek to maintain at least 5.0x Debt Service Coverage from Pledged Federal Revenue on the GARVEE lien debt.

Section 7: Debt and Finance Plan Management

The CFO shall be responsible for implementing the debt and finance plans of the Commission, including preparing cash flow projections of the Commission’s capital and debt programs. These projections should include estimates of:

- All sources of funds;

- Debt service requirements;
- Debt service coverage;
- The timing of operating expenditures and transfers;
- Each capital program component;
- The timing of construction commitments and disbursements;
- ~~The timing of operating expenditures and transfers;~~
- ~~Debt service requirements; and~~
- ~~Debt service coverage;~~
- Asset management estimate; and
- System operating estimates.

The cash flow projections shall be revised as needed to reflect and incorporate current estimates for each element, including revised revenue and expense estimates, inflation, and interest rates.

The Commission may use Tax Advantaged Financing. The purposes for which Tax Advantaged Financings may be used are generally limited by federal law and treasury regulations to financing or refinancing capital expenditures for publicly owned and operated facilities. When Tax Advantaged Financing is used, the CFO is also responsible for (1) developing and maintaining a system to account for the expenditure or allocation of bond proceeds to expenditures for purposes permitted under the provisions of the Internal Revenue Code and (2) to the extent required by applicable law and specific circumstances, monitoring the ownership and use of assets financed with proceeds of a Tax Advantaged Financing until the obligations are discharged. The CFO is also responsible for ensuring the bond financings remain in compliance with federal tax and post-issuance requirements.

Section 8: Project Acceleration

A public or private entity may request Project Acceleration of a project identified in the Commission’s current Statewide Transportation Improvement Program (**STIP**). If approved, the Commission will commit to future payments for all or some portion of debt service on debt issued **or cash provided** by an outside entity to finance a Commission approved project. These debt service payments must fall within the acceptable levels of debt as outlined in this Policy.

Section 9: Disclosure Practices

Official Statements and other financial disclosure documents shall be prepared based upon industry practices, regulatory requirements, and the *Disclosure Guidelines for State and Local Government Securities* prepared by the Government Finance Officers Association (**GFOA**) where applicable. The Commission shall covenant to comply with all applicable market disclosure requirements.

Section 10: Credit Rating Relations and Selection

Credit ratings are a major factor in determining the cost of borrowed funds in the municipal market. The determination of credit quality by a rating agency is based on that agency’s assessment of the creditworthiness of the Commission with respect to a specific obligation. The goal of the Commission is to maintain its positive presence in the credit markets through the maintenance and improvement of all relevant credit characteristics within its control.

As this Policy is amended from time to time, a copy will be sent to the credit rating agencies.

Section 11: Use of Credit Enhancement

Credit enhancement (third party guarantees of debt including but not limited to bond insurance, bank facilities, and surety bonds, as appropriate) may be used to improve the marketability of a particular issue or when the cost of the credit enhancement is less than the financial benefit, which results from use of the enhancement. Absent special circumstances, credit enhancement providers shall be selected by competitive proposal.

Section 12: Optional Redemption Provisions

Commission debt issues shall customarily include an option by the Commission to redeem the outstanding principal after a specific date at a price at or above the par amount of the principal then outstanding. Exceptions may exist for shorter-term debt for which optional redemption may have an adverse effect on the interest rate or marketability of debt. The optional redemption terms shall be determined based upon the following factors:

- Special requirements of the Commission due to program or business terms; and
- The earliest date at which bonds may be redeemed at the lowest price which does not have a material adverse effect on the price or marketability of the issue.

Section 13: Financial and Legal Advice

The Commission ~~may~~shall retain an independent ~~professional service provider~~ financial advisor and bond counsel ~~advisor in connection with all debt issues, when necessary~~. A ~~service provider~~ financial advisor is prohibited from acting as an underwriter on any financing for which they have been engaged by the Commission to provide financial advisory services for a period of one year after the scheduled expiration of such financial advisor agreement.

Any person, firm, corporation or other entity doing business in the state of Missouri as a financial advisor, underwriter or investment advisor shall be selected in a manner consistent with the requirements of applicable federal and state laws, regulations and administration rules.

Section 14: Method of Sale

Analysis will be conducted to ensure the most effective and efficient method of sale is selected. The Commission shall make the final determination as to the method of sale.

Section 15: Term of Bonds

The term of the bonds issued will be structured such that the average life of the bonds ~~does not~~ shall on average exceed the useful life of the projects constructed by a minimum of two times. Bonds should in most cases be structured to repay principal in all debt service payments, i.e. no interest only deferral periods. ~~exceed the useful life of the projects constructed with the bond proceeds.~~

Section 16: Refunding Procedures and Practices

Refunding of outstanding debt will be considered in order to:

- Achieve debt service savings;
- Restructure principal; and

- Eliminate burdensome covenants with bondholders.

An advanced refunding takes place when ~~new Advance Refunding Bonds~~ are issued ~~at least more than~~ 90 days before the ~~call redemption or maturity date of~~ the outstanding bonds being refunded. The proceeds of the new refunding bonds are invested in an escrow account and then used to pay off the old bonds ~~when the old bonds are callable upon the redemption or maturity dates.~~ Pursuant to Federal law, Advance Refunding Bonds may not be a Tax Advantaged Financing. ~~The number of advanced refundings of governmental bonds is limited to one by federal regulations.~~ Therefore, an advance refunding ~~to achieve debt service savings~~ should generate a level of debt savings sufficient to justify the utilization of ~~taxable bonds the one-time refunding opportunity.~~ Targets for ~~refunding savings~~ Advance Refunding Bonds are as follows:

- Each maturity to be advance refunded should produce a minimum 3 percent present value savings ~~based on the principal amount of the debt being refinanced; and-~~
- The total present value savings (net of expenditures associated with the transaction) for all maturities to be advance refunded should be at least 5 percent of the refunded par amount.

~~Current refundings (issued and used to pay off old bonds within 90 days of call date) must achieve material net savings above the cost of issuance.~~

Consideration of ~~refunding opportunities~~ Advance Refunding Bonds will include more than the present value savings targets noted above. For example, the amount of negative arbitrage should factor into an ~~advance~~ refunding decision. Staff will consult with ~~the its independent~~ financial advisor and use other tools available to evaluate ~~advance~~ refunding opportunities and develop recommendations for the Commission.

A current refunding takes place when Current Refunding Bonds are issued not more than 90 days before the redemption or maturity date of the outstanding bonds being refunded. The proceeds of the Current Refunding Bonds may be invested to pay off the old bonds upon the redemption or maturity dates. Pursuant to Federal law, Current Refunding Bonds can be a Tax Advantaged Financing or non-Tax Advantaged Financing. Targets for Current Refunding Bonds are as follows:

- Each maturity to be current refunded should produce a minimum 2 percent present value savings based on the principal amount of the debt being refinanced; or
- The total present value savings (net of expenditures associated with the transaction) for all maturities to be current refunded should be at least 3 percent of the refunded par amount.

As it relates to refunding bonds, ~~the~~ the manner in which savings are realized (up front, deferred or on a level annual basis) should be determined based upon the overall needs and objectives of the Commission. In most instances, up front savings will be used to fund the construction and reconstruction of state highway system projects, while annual savings will be used to reduce ongoing revenue ~~or appropriation~~ requirements.

~~Refundings involving a restructuring of principal shall be considered if there is no adverse effect on the credit rating or credit perception of the issue, or if the Commission can achieve a more favorable matching of revenues or other resources pledged to meet debt service payments.~~

~~Restructuring of principal shall seek to minimize the amount of Refunding Bonds to be issued.~~

~~Refundings undertaken to respond to a change of legal covenants or to make pledged reserves available for other purposes should determine any economic impact on the Commission as measured by present value savings or loss, inclusive of cash contributions and any debt service reserve fund earnings. Such economic effects include:~~

- ~~Limitations imposed by the Internal Revenue Code;~~
- ~~Use of reserves;~~
- ~~Future financing capacity;~~
- ~~Future marketability of the Commission's debt; and~~

- ~~• Credit ratings, which may be related to the specific circumstances of the refunding.~~

Refundings involving a restructuring of principal should be rare and limited to circumstances where financial savings can be achieved without extending original duration of debt service.

Any debt service reserve funds, which are released ~~after a refunding~~ upon the issuance of refunding bonds, shall ~~not~~ be applied to the par amount of the bonds being refunded ~~used for operating expenses~~.

Section 17: Use of Variable Rate Debt

The Commission will ~~minimize use of variable rate debt. not have unhedged Variable Rate Debt outstanding in excess of 20 percent of the total principal amount of all debt outstanding.~~

Section 18: Use of Derivative Products

~~The Commission shall not use derivative financial products. may consider the use of Derivative Products to manage interest rate risk, other financing risks, or to reduce the interest cost on any debt it is authorized to incur. The Commission shall not consider any Derivative Product that creates extraordinary leverage or financial risk.~~

~~Before entering into a Derivative Product contract, the Commission shall:~~

- ~~• Identify the specific financial objective(s) to be realized;~~
- ~~• Seek and obtain analysis and recommendations on the use of any Derivative Product(s) from an independent financial advisor (advisor); and~~
- ~~• Assess the product's risks.~~

~~The analysis and recommendation of the advisor shall establish that the financial risks to the Commission from using Derivative Product(s) are justified in relation to the expected benefit to be obtained from such product(s). At a minimum, the Commission and advisor shall evaluate the following risk factors: potential basis cost, interest rate, tax, termination, credit, liquidity, counterparty, rating agency and amortization.~~

~~Derivative Product contracts shall not exceed 20 percent of the Commission's outstanding long term debt, adjusted for any authorized long term debt not yet issued. This limitation excludes cash settled swaps.~~

~~The Commission shall only enter into agreements with highly rated financial institutions (counterparties). All counterparties shall be rated by at least two of the three national rating agencies and at least one rating shall be no lower than "AA" by Standard & Poor's Rating Services or Fitch Investors Ratings Service or "Aa3" by Moody's Investors Services, Inc. The Commission and advisor shall establish criteria to diversify its exposure to individual counterparties. In addition, the Commission and advisor shall perform their own due diligence on the reliability of counterparties.~~

~~Derivative Product transactions shall be managed and evaluated by the advisor and Department staff responsible for such transactions on behalf of the Commission. All services related to the Derivative Products shall be procured in a manner which is intended to satisfy applicable state laws and federal income tax laws and regulations applicable to the use of the Derivative Product in a Tax Advantaged Financing and to provide the Commission the highest level of service at the best available terms and pricing while ensuring consistency with applicable laws. Derivatives shall not be used without the explicit approval of the Commission.~~

Section 19: Investment of Bond Proceeds

To the extent possible, investments will be managed to preserve principal, maximize the interest earned, meet legal covenants

and requirements, match liquidity requirements and observe tax law limitations.

Section 20: Arbitrage Rebate Compliance

To the extent required by applicable federal laws, regulations and bond covenants, the Commission will comply with all Arbitrage rebate requirements **including associated with** Tax Advantaged Financing. The Commission may use outside experts, including bond counsel, financial advisor or public accountants, to assist in preparing required filings and making payments. The Commission will annually determine any accrued rebate liability and make provisions for reserving funds for rebate purposes.

Section 21: Debt Service Reserve Funds

Debt service reserves funded by proceeds of bonds or available cash or cash equivalents may be created to secure debt issues of the Commission. Debt service reserve funds will be created only when required to market a specific type of debt, achieve a desired credit rating or provide a needed liquidity source for a debt issue.

Section 22: Market and Investor Relations

The Commission and/or its financial advisor shall maintain favorable relations with the investing public and the underwriters, which buy and sell its debt. The following actions shall be taken to achieve this purpose:

- Maintain contacts with investment banking firms;
- Maintain contacts with rating agencies to ensure that they are informed of the Commission's financial position and major initiatives; and
- Provide financial statements, Official Statements and periodic financial information pursuant to the Commission's ongoing disclosure obligations.

Section 23: Use of Original Issue Discount and Premium

The Commission will minimize the use of Original Issue Discount or Original Issue Premium (**OID** and **OIP**, respectively) unless financial benefits can be demonstrated or it is necessary for purposes of marketing a portion of a bond issue. Bonds which carry significant OID may be rendered nonrefundable, a significant disadvantage to the Commission for which a commensurate benefit should be received. Bonds that generate a substantial OIP create more proceeds for the Commission but at a higher rate of interest.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~July 8, 2009~~ November 7, 2013
Last Reaffirmed:
Date of Origin: May 5, 2000

Related Commission Minutes: Adopted May 5, 2000; Amended June 10, 2005; Amended May 10, 2006; July 8, 2009; November 7, 2013 – Comprehensive Policy Review. ~~February 6, 2019~~ –comprehensive policy review.

Vice Chairman Pace thanked Director McKenna for his presentation. After consideration, and upon motion by Commissioner Briscoe, seconded by Commissioner Ecker, the Commission approved the recommendations.

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COMMISSION POLICY REVIEW – STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM FUNDING ALLOCATION

On behalf of the Director, Machelle Watkins, Transportation Planning Director reminded everyone the Commission conducted a comprehensive review of all Commission policies, on November 7, 2013, when the Commission formally compiled and adopted the Commission policies that the department currently operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission’s desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the Statewide Transportation Improvement Category. As a result of this review process, recommendations are being made to reaffirm with updates the STIP-Funding Allocation Policy.

These recommendations are being made because the Taking Care of the System (TCOS) funding category has not adjusted for construction inflation or asset management estimates since 2006 and does not provide adequate funding for districts to maintain asset management goals. The proposed changes align with the public’s number one priority, as outlined in the long-range plan, take care of the transportation system and services.

The following is a summary of the proposed changes:

- Beginning in fiscal year 2022, staff recommended renaming the TCOS category to Asset Management.
- The Asset Management category will distribute funding to two subcategories: major bridges and asset management. MoDOT’s asset management plan will be used to establish the total funding amount for the Asset Management category. The Asset Management category will be reviewed and updated, if necessary, annually.

- An allocation to major bridge funding, will occur as needed, and will be distributed directly to each district. The major bridge funding for fiscal year 2022 is estimated at \$94 million.
- The remaining asset management amount will be allocated to districts using the Commission's existing TCOS factors, but removing major bridge area from the factors. The remaining asset management needs for fiscal year 2022 is estimated at \$583 million, this amount will increase by the inflation factor identified in the department's Asset Management plan, currently the inflation factor is three percent.
- Beginning in fiscal year 2022, the Flexible Funds category will be renamed System Improvements. These funds must first be used to meet asset management goals, and then remaining funds may be used for other priorities. The estimated amount available in fiscal year 2022 in this category is \$145 million.
- Beginning in fiscal year 2022, a deduction for engineering budget will be taken off the top before funds are distributed to the districts. The engineering amount includes both consultant and MoDOT engineers and is estimated to be \$176 million in fiscal year 2022.
- Discontinue the asset management deficit program and the statewide interstate and major bridge (SWIMB) program.

With these changes there remains three categories of funds (1) safety, (2) asset management (instead of TCOS), and (3) system improvement (instead of flexible funds). Funds will continue to be set aside for safety allowing a portion of those funds for statewide safety projects and the remainder distributed to the districts. Additionally, the factors used to distribute the asset management funds remain the same: highway travel, highway miles, and bridge size (less major bridges). The factors used for distributing the system improvement funds remain the same: population, employment, and highway travel.

Ms. Watkins described the asset management plan as a rolling ten year plan that is updated on an annual basis. In asset management, Missouri's road system is divided in three basic categories: major, minor, and low volume. Major roads include about 5,500 miles that carry seventy-six percent of travel and are currently in ninety-two percent good condition. Most preventive treatments cost approximately \$120,500 per lane mile on major roads. Minor roads have over 400 vehicles per day and include about 17,000 miles that carry twenty-two percent of travel and are currently in eighty-one percent good condition. Most preventive treatments cost approximately \$37,700 per lane mile on minor roads. Major and minor road work is funded through the STIP. Low volume roads have less than 400 vehicles per day and include about 11,000 miles with two percent of the travel on these routes that are in seventy-three percent good condition. The low volume roads are maintained with operating budget funds. There are 10,385 bridges on the system and are divided into two categories: major and typical. Major bridges are over 1,000 feet long and there are 208 major bridges on the system today. Typical bridges are less than 1,000 feet long and there are 10,177 typical bridges on the system today. The types of work that take place on these bridges include replacement, rehabilitation, or preventive maintenance. Currently there are 922 bridges in poor condition on the state system.

Ms. Watkins recommended the STIP-Funding Allocation policy be revised as indicated with the green text for new language and red strikethrough text for deleted language as follows:

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Funding Allocation

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: Beginning in Fiscal Year 2022, deduct engineering budget.

Step 45: Deduct specific funding sources, such as federal Open Container safety funds, federal Transportation Alternatives (statewide) funds, and other uniquely distributed funds.

Step 56: In Fiscal Year ~~2020~~2019, deduct \$~~15~~25 million for cost-sharing projects statewide, increasing to \$25 million in ~~2020~~, \$30 million in 2021, \$35 million in 2022, \$40 million in 2023, \$45 million in 2024 and annually thereafter.

Step 67: Deduct funding contributed by partnering agencies. Includes project funding from cities, counties, or other state agencies, and federal earmarked funds.

Step 78: Deduct project savings and adjustments. Includes project cost savings or overruns, and adjustments for engineering costs.

Step 89: ~~Beginning in~~In Fiscal Years ~~2018~~ 2020 and 2021, deduct \$10 million per year for an Asset Management Deficit Program.

Of the remaining funds available for road and bridge improvements:

Step 1: ~~Deduct~~ In Fiscal Years 2020 and 2021, allocate \$35 million for Safety Projects. Distribute \$32 million in fiscal year ~~2019 and~~2020 based on three-year average ~~accident~~crash rate. Distribute \$32 million in fiscal year 2021 ~~and every year thereafter~~ based on a three-year average of the number of fatalities and serious injuries on the state highway system. Allocate \$3 million for statewide safety initiatives.

Beginning in Fiscal Year 2022 and every year thereafter, allocate \$29 million for Safety Projects. Distribute \$27 million based on a three-year average of the number of fatalities and serious injuries on the state highway system. Allocate \$2 million for statewide safety initiatives.

Step 2: Allocate \$435 million to Taking Care of the System, for Fiscal Years 2020 and 2021, 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.

Beginning in fiscal year 2022 and every year thereafter, establish an Asset Management funding category. The category allocation amount is based on needs identified in MoDOT's Asset Management Plan and will be reviewed and updated, if necessary, annually. These amounts will include inflation consistent with MoDOT's Asset Management Plan. The allocation is distributed as follows:

- Major Bridges (bridges 1000 feet or greater in length)
- Asset Management – Remaining asset management total distributed based on formulas that average:
 - Percent of total Vehicles Miles Traveled (VMT) on the National Highway System and remaining arterials.
 - Percent of square feet of typical state bridge deck (bridges less than 1000 feet in length) on the total state system.
 - Percent of total lane miles of National Highway System and remaining arterials.

Step 3: In Fiscal Years 2020 and 2021, Allocate remaining funds to Flexible Funds that can be used for either safety, 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.

Beginning in Fiscal Year 2022 and every year thereafter, allocate remaining funds to System Improvements. Funds must be first used to meet asset management goals, and then remaining funds may be used for other priorities.

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: ~~January 4, 2018~~ February 6, 2019

Supersedes Policy Dated: ~~January 4, 2017~~ January 4, 2018

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, January 4, 2018; February 6, 2019.

(February 4, 2011- Increased base level funding for cost share 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 for cost share 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.)

(January 4, 2018 Increased Cost Share Program funding to \$30 million in fiscal year 2021, \$35 million in 2022, \$40 million in 2023, \$45 million in 2024 and annually thereafter. Updated distribution method for Safety Projects by distributing \$32 million in fiscal year 2019 and 2020 based on three-year average accident crash rate and distributing \$32 million in fiscal year 2021 and every year thereafter based on a three-year average of the number of fatalities and

serious injuries on the state highway system.)

(February 6, 2019 – creates a deduction for engineering, reduces the safety projects by the amount of engineering that was part of the original allocation construction funding for safety remains the same, changes the term accident to crash, creates the Asset Management Category that will replace the TCOS category in FY 2022, creates the System Improvement Category that will replace the Flexible Funds category in FY2022.)

Commissioner Briscoe thanked Ms. Watkins for her presentation, while a complicated process developing and approving the STIP is the most important thing for the department and Commission to do, and it is important that we all do what we can to help everyone understand it. After consideration, and upon motion by Commissioner Briscoe, seconded by Commissioner Ecker, the Commission approved the recommendation.

* * * * *

COMMISSION POLICY REVIEW – EMPLOYEES CATEGORY

Following a comprehensive review of all Commission policies, on November 7, 2013, the Commission formally compiled and adopted the Commission policies that the department currently operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission’s desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the Employees Category. As a result of this review process, recommendations were made to reaffirm, reaffirm with updates, or terminate the policies in the Employees category. On behalf of the Director, Pamela Harlan, Secretary to the Commission, recommended the EMPLOYEES category of policies be revised as indicated with the green text for new language, red strikethrough text for deleted language, blue strikethrough text that was deleted and moved, and purple text that was moved as follows:

Category: EMPLOYEES
Subcategory: Specific Positions—~~Statutory Provisions~~

Related Statutes: Section 226.040, ~~RSMo 2000, as amended.~~ Director, Chief Engineer, assistants and other employees-
Section 226.050, ~~RSMo 2000, as amended.~~ Secretary-
Section 226.060, ~~RSMo 2000, as amended.~~ Chief Counsel
Section 226.005, 105.950, and 226.080, ~~RSMo 2000, as amended.~~ Compensation

Missouri Statutes (Section 226) provide certain qualifications and duties of the following MoDOT positions and charge the Commission with the responsibility for compensation.

Director

Section 226.040.1, RSMo 2000, ~~as revised~~, states that the Commission shall appoint a chief executive officer with the title of Director of the Missouri Department of Transportation. The Director serves at the pleasure of the Commission. The statutes provide that the Director shall be a citizen and a resident of Missouri, shall have had executive management experience for at least five years, and may be a registered professional engineer. The Director's duties shall include appointment of a Chief Engineer, a Chief Financial Officer, and other Department heads, engineers and other employees as the Commission may designate and deem necessary. Under the direction of the Commission, the Director shall have general charge of, and be responsible for, the overall operations and performance of the Department.

Chief Engineer

~~Section 226.040.2, RSMo 2000, as revised, provides that the Chief Engineer shall be a registered professional engineer responsible for preparation and approval of all engineering documents, plans and specifications and shall have general oversight of construction and maintenance work for the Department as determined by the Director.~~

Secretary to the Commission

Section 226.050, RSMo 2000 states that the ~~Highways and Transportation~~ Commission shall appoint a Secretary who shall serve at its pleasure. The Secretary shall keep complete and accurate recordings of all proceedings of the Commission and shall be the custodian of all papers filed with the Commission and all orders of the Commission. Under the direction of the Commission, the Secretary shall have such authority and perform such duties as the Commission may require.

Deputy Director/ Chief Engineer

~~Section 226.040.2, RSMo 2000, as revised, provides that the Chief Engineer shall be a registered professional engineer responsible for preparation and approval of all engineering documents, plans and specifications and shall have general oversight of construction and maintenance work for the Department as determined by the Director. Effective December 1, 2018, the Chief Engineer shall also serve as Deputy Director.~~

Chief Counsel

Section 226.060, RSMo 2000, ~~as revised~~, states that the Director of the Missouri Department of Transportation, with the consent of the Highways and Transportation Commission, shall select and fix the salary of a Chief Counsel who shall possess the same qualifications as judges of the Supreme Court and who shall serve at the pleasure of the Director. The Chief Counsel shall:

- Appear for and represent the Commission in all actions and proceedings under Chapters 226 and 227, RSMo, and any other law administered by the Commission, or in any decision, order or proceeding of the Commission, or of the Director.
- Commence, prosecute or defend all actions or proceedings authorized or requested by the Commission or to which the Commission is a party.
- Advise the Commission or the Director, when requested, in all matters in connection with the organization, powers and duties of the Commission, or the powers and duties of the Director.
- With consent of the Director, appoint such assistant attorneys as the Director may deem necessary; their salaries shall be fixed by the Director.
- Render legal opinions and advise the Commission and Director on any matter required by the Commission or Director.

The Commission, or an individual Commissioner or Commissioners, may request legal opinions or advice from the Chief Counsel and the Chief Counsel or an assistant attorney designated by the Chief Counsel shall provide such opinion or advice directly to the Commission or individual Commissioner making the request.

The following positions were implemented as a result of changes to the management structure to more adequately reflect organizational values of safety, service and stability. For additional information regarding reporting structure for these positions please see the department's organization chart.

Chief Safety and Operations Officer

This position directs the safety and operations functions within the organization including employees at the Central Office and the seven districts around the state. The Chief Safety and Operations Officer reports to the Deputy Director/Chief Engineer in coordination with the Director.

Assistant Chief Engineer

This position directs the program delivery and multimodal functions within the organization, including employees at the Central Office and seven districts around the state. The Assistant Chief Engineer reports to the Deputy Director/Chief Engineer in coordination with the Director. The Assistant Chief Engineer shall be a registered professional engineer.

Chief Financial Officer

This position directs the financial functions and supportive services within the organization, including employees at the Central Office and seven districts around the state. The Chief Financial Officer reports to the Director in coordination with the Deputy Director/Chief Engineer. The Chief Financial Officer shall be a Certified Public Accountant.

Chief Administrative Officer

This position directs the administrative services and employee focused services for the organization, including employees at the Central Office and seven districts around the state. The Chief Administrative Officer reports to the Director in coordination with the Deputy Director/Chief Engineer.

The following statutory provisions relate to employees of the Department.

Engineers

Section 226.040.3 RSMo, ~~2000~~ states that engineers of the Department responsible for supervising the activities of road and bridge design, construction, maintenance and materials inspection and analysis shall be registered professional engineers in Missouri.

Compensation

According to Section 226.005; RSMo ~~2000~~, the Director shall receive an annual salary of not less than the salary ranges established pursuant to Section 105.950 RSMo, for Directors of other specific State Departments and published yearly in an appendix to the Revised Statutes of Missouri. The salaries of the Chief Engineer, Chief Financial Officer, Chief Counsel, Assistant Chief Engineer, the Secretary to the Commission, and of the Division Heads, District Engineers, engineers, clerks and other employees of the Department shall be fixed by the Commission. Section 226.080, RSMo, restates that the salaries of department heads, engineers, clerks and other employees shall be fixed by the Commission, but requires that the compensation of clerical or other nontechnical employees of the Department shall not exceed that of those in similar employment in other departments of the State.

Employment

In keeping with Section 29 of the Missouri Constitution and Section 226.090 RSMo, ~~as revised~~, the selection and removal of all employees of the Commission and Department shall be without regard to political affiliation.

The original statute concerning employment of Department employees (Section 226.040 RSMo) required that it be done “with consent and approval of the Commission.” Therefore, all employee names were presented to the Commission for approval and listed in the Commission minutes reflecting that action. On September 13, 1996, the Commission; delegated its authority to the Chief Engineer to approve employee appointments, thereby eliminating the monthly Commission agenda item. During the 1998 legislative session, revisions to Section 226.040 RSMo, included elimination of the requirement for “consent and approval of the Commission.” (September 13, 1996)

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement, ~~and Credit Unions~~
Sub-Subcategory: Compensation

COMPENSATION

Related Statutes: Article IV, Section 30b)1(4) MO Constitution
Section 226.005; RSMo – Authority of the Commission, compensation of employees.
Section 226.080; RSMo – Salaries, how fixed.

The Commission will provide Department employees with a compensation package intended to fairly compensate the employees for their expertise and efforts.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~
Last Reaffirmed:
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review. ~~February 6, 2019 comprehensive policy review.~~

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement, ~~Credit Unions~~
Sub-Subcategory: Medical and Life Insurance

**GUIDELINES for the BOARD OF TRUSTEES of the
MISSOURI DEPARTMENT OF TRANSPORTATION and
MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN**

Board of Trustees

In order to provide for the general administration of a plan of medical and life insurance (the Plan) for persons eligible to participate in such plan under Sections 104.270 and 104.1072 RSMo, as amended, a Board of Trustees is established consisting of eight members: four employees and one retiree from the Department of Transportation and two employees and one retiree from the State Highway Patrol. The Director shall appoint the Department of Transportation employees and retiree, the Superintendent shall appoint the State Highway Patrol employees and retiree, all subject to approval of the Commission.

Trustees who are employee members shall serve terms of six years each and may be reappointed for successive terms. Trustees who are retiree members shall serve a term of three years and may be reappointed for one successive term, subject to Commission approval. Any member of the Board may be replaced at any time by the Commission at its discretion. Five members of the Board shall constitute a quorum for the conduct of business. The Commission shall designate a Chairman to preside over the meetings of the Board and the Board shall select from its members a Vice Chairman and Secretary-Treasurer. Minutes shall be kept of the Board meetings.

Board of Trustees – Responsibilities and Duties

The Board shall be responsible for the general management of the Plan, and in order to carry out those duties in this regard, will have the specific duties and responsibilities outlined in the Summary Plan ~~Description~~ Document to include the following:

1. Recommend the total premiums necessary to adequately fund the Plan.
2. When necessary, provide direction to MoDOT staff regarding contributions by the state and by participants and keeping the funds invested to the greatest extent possible.
3. When necessary, provide direction to MoDOT staff regarding development and maintenance of a system of accounting for all funds.
4. ~~Recommend~~ ~~e~~Establishment of such reserves as are financially prudent or necessary to pay claims against the fund.
5. Offer a policy of life insurance for eligible members of the MoDOT and Patrol Employees Retirement System.
6. If deemed beneficial to Plan funding, obtain underwriting for excess coverage (stop loss) to assure that all claims can be paid and that the plan is fully insured.
7. Obtain administrative services for the Plan in accordance with the Operating Budget Policy.

8. Provide notice to the Commission of determination of coverage to be provided by the Plan. The Board may from time to time **recommend changes to** the coverage, but the coverage may not be reduced without sixty days' notice to Plan participants, and if any increase in coverage requires an increase in contributions, sixty days' notice must also be provided.
9. In establishing total premiums, the Board will endeavor to establish premium levels so that each rate group is sufficiently funded according to the cost of the Plan for that group, but to retain the group aspects of the Plan. The premium shall be based upon actuarial principles and shall be sufficient to pay all claims against the Plan and establish the necessary reserve to pay accrued but unpaid claims at any time. The rate of contribution shall also include any amount necessary to pay for administering the Plan, the necessary actuarial services, and for the payment of the premium for excess coverage (stop loss).
10. Establish a procedure for applying any state contributions made for salaried employees, retired members, dependent coverage, disability recipients, survivors of employees/retirees, and spouses of members, and establish a special medical insurance rate category for surviving spouses and dependents of employees who lost their lives as a result a work-related injury or illness. State contributions will not be used to defray the cost of coverage for those on leave without pay.
11. Monitor the cost to the Plan to assure that an adequate reserve for benefits is maintained, and timely detect in advance the necessity to adjust the required total premiums. The Board is not to recommend total premiums that will accumulate reserves in excess of those reasonably necessary to assure the payment of claims and should recommend reducing the total premiums when sound reserving levels permit.
12. Maintain a reserve amount which will be sufficiently liquid so that a transfer of funds from the reserve account to the claims account can be made as necessary to permit the prompt payment of claims.
13. When necessary, consult with MoDOT staff to select a depository for the funds and require security, such security to be the same as that required for the deposit of state funds.
14. The Board shall have such additional duties and responsibilities as are necessary to fully carry out the insurance program for participating members.

Reports

The Board shall, through the Chairman of the Board, provide reports that represent the financial condition and plan trends to the Commission no less than semi-annually and at such other times as the Commission may request.

No less than annually, the Board shall make available to the participants information as to the financial condition of the fund. The information will, at a minimum, show the following:

- Total amount of state contributions for preceding year.
- Total participant contributions for preceding year.
- Claims paid from the fund.
- Premiums paid for excess coverage and cost of administering the Plan (if any).
- Claims paid under excess coverage (if any).
- Income from the investment of reserves.
- Net assets on hand at the end of the reporting period, to include the amount of the claims account and funds invested.

Compensation

The members of the Board shall receive no compensation from any source for their services on the Board other than compensation as employees of the Department of Transportation and State Highway Patrol.

Actuarial Services

The Board, in coordination with MoDOT staff shall, obtain the services of an actuary to assist in developing the funding required, the necessary reserves, and the coverage to be provided. The selection of an actuary will be made after obtaining proposals for such services.

Gifts to Insurance Fund

The Board, with the approval of the Commission, may accept gifts to the insurance fund.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~December 5, 2008~~ November 7, 2013
Last Reaffirmed:
Date of Origin: November 9, 1977
Related Commission Minutes: November 9, 1977; August 14, 1987; October 2, 1987; August 3, 1990; September 8, 1993; September 5, 1997; September 4, 1998; August 9, 2000; May 4, 2001; September 7, 2001; December 5, 2008; November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – reaffirmed in comprehensive policy review.

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement, ~~and Credit Unions~~

MEDICAL AND LIFE INSURANCE

Related Statutes: Section 103.079; ~~RSMo-2000~~ - Health care programs sponsored by other state agencies may become part of consolidated plan, procedure.
Section 104.270; ~~RSMo-2000, as amended (2002)~~ – Highways and Transportation Commission may provide medical and death benefits.
Section 104.1072. ~~(3); RSMo-2000, as amended (2007)~~ – Commission may provide medical benefits and life insurance.
Section 104.110. ~~(10); RSMo-2000, as amended (2004)~~ – Commission contribution to medical premiums for those receiving work-related disability benefits.
Section 104.515. ~~(4); RSMo-2000, as amended (2002)~~ —Special consultants, duties, compensation, benefits.

The Commission considered contributing to a medical insurance plan as early as May 10, 1927, and the next year (March 13, 1928) the Commission authorized the employees to form groups or associations among themselves to secure insurance at group rates with no financial participation by the Commission. It would be 50 years later before the Commission participated financially in this benefit. On October 15, 1975, the Commission authorized a study of hospital and life insurance programs in an effort to develop a program offering optimum benefits at minimum cost. In 1977, legislation was enacted which authorized the Commission to subsidize the life and health insurance programs of each employee who was a member of the Department's retirement system. The Commission established a Board of Trustees on November 9, 1977, and provided guidelines for its use in administering the new Medical and Life self-insurance plan. The new plan became effective February 1, 1978. Legislation enacted in 1982 allowed state participation in the cost of medical insurance for retirees by deeming them special consultants. Subsequent Commission action and/or legislation extended the subsidy to dependents (August 3, 1990), surviving spouses and dependents of employees who lost their lives as a result of a traumatic injury incurred on the job (September 8, 1993), work-related disability recipients (legislation—1995), long-term disability recipients (September 5, 1997), survivors of employees/retirees (September 7, 2001), and spouses of members who have Medicare as their primary coverage (September 7, 2001). As allowed by Missouri statutes passed in 1985, the Commission elected to provide its employees with \$15,000 life insurance at no cost to the employee and to establish an optional life insurance program offering life insurance to the employee at the employee's expense. Effective January 1, 2001, the statutes allowed an increase in coverage from \$15,000 to one times the employee's annual base pay at no cost to the employee. The optional life insurance program allows an employee to purchase the following coverage: (1) up to six times the amount of the employee's annual salary (maximum of \$800,000); (2) from \$15,000 to \$100,000 for the employee's spouse (but not to exceed the employee's coverage amount); and (3) \$15,000 for the employee's dependents. Closed plan retirees may retain up to \$60,000 in optional life insurance coverage for the retiree and his/her spouse at the expense of the retiree. The Year 2000 plan retirees may, at their expense, continue the amount of insurance carried prior to retirement until age 62, when coverage is reduced to a maximum of \$60,000. Those who retired

after September 28, 1985, other than those entitled to a deferred normal annuity (terminated vested members), receive a \$5,000 death benefit at no cost to the retiree.

As allowed under Sections 104.270 and 104.1072, RSMo-~~2000, as amended~~, a Medical and Life Insurance Plan has been established for employees, retirees, and deferred annuitants of the MoDOT and Patrol Employees' Retirement System (MPERS) and their dependents. A Commission-appointed Board of Trustees administers the Medical and Life Insurance Plan in keeping with the Board guidelines approved by the Commission.

- The Commission currently subsidizes the cost for the employees, retirees, disability recipients, survivors of employees and retirees, and spouses and/or dependents of employees and retirees.
- The Commission approves the employer contribution to the Medical and Life Insurance Plan. The contributions are subject to the financial resources deemed by the Commission to be appropriate for this employee benefit and the Commission's financial situation. Effective January 1, 201~~8~~⁵, and extending until such time as the Commission determines it to be prudent to increase or decrease its share of the total medical insurance plan premium, the following percentages of employer participation will apply:
 - **Active employees and Work Related Disability Recipients** - (all rate categories): ~~82~~⁸⁰ percent.
 - **Retirees who retire on or after January 1, 2015**: Two percent per full year of creditable service in the retirement system capped at 50 percent. The percentage will be applied to the premium applicable to the rate category in which the retiree is enrolled.
 - **Retirees who retired ~~or will retire~~ prior to January 1, 2015**: Employer percentage of total premium will be the same percentage in effect for calendar year 2014, as shown below.

Non-Medicare

Subscriber Only	57%
Subscriber/Family	44%
Subscriber/Spouse	40%
Subscriber/Child	44%
Subscriber/2 Children	40%
Subscriber/Medicare Child	46%
Subscriber/Medicare Spouse	45%

Medicare

Subscriber Only	57%
Subscriber/Non-Medicare Spouse	40%
Subscriber/Medicare Spouse	45%
Subscriber/Non Medicare Family	44%
Subscriber/Medicare Family	49%
Subscriber/Child	44%
Subscriber/Medicare Child	46%
Subscriber/2 Children	40%

- Each rate group (Active, Non-Medicare Retiree, Medicare Retiree) shall be self-sustaining.
- Permanent part-time employees (those whose work is anticipated to exceed 1040 hours annually) of the Department, Patrol, or MPERS who are members of MPERS may participate in the Plan.
- Any employee terminating employment with the Department, Patrol, or MPERS who is a vested member of MPERS and who is a participant in the Medical Insurance Plan immediately prior to termination may retain continuous medical insurance coverage in keeping with the provisions of the Plan by paying the entire cost thereof. Commission subsidies will not be provided. Employees terminating employment who are not participants in the Medical Insurance Plan at the time their employment ends or who, after their employment ends, allow their coverage to lapse will not be permitted to reacquire coverage through the Medical Insurance Plan. Former employees who regain employment are entitled to coverage in the Medical Insurance Plan.
- Benefit provisions are in keeping with the most current Medical and Life Insurance Plan ~~e~~^dDocument.
- An open enrollment period will be offered to employees every two years.

- Employee questions regarding the Medical Insurance Plan are to be directed to employees whose job specifications include advising employees regarding employee benefits.

Effective Date: ~~February 11, 2014~~ February 6, 2019
 Supersedes Policy Dated: ~~November 7, 2013~~ February 11, 2014
 Last Reaffirmed:
 Date of Origin: December 14, 1977

Related Commission Minutes: History, Policies, Plan Changes, and Contributions - May 10, 1927; March 13, 1928; October 15, 1975; June 8, 1977; July 13, 1977; October 12, 1977; November 9, 1977; December 14, 1977; January 11, 1978; August 11, 1978; January 12, 1979; February 2, 1979; July 6, 1979; October 3, 1980; April 3, 1981; September 11, 1981; January 8, 1982; May 6-7, 1982; July 9, 1982; October 1, 1982; July 15, 1983; October 7, 1983; February 17, 1984; June 1, 1984; February 8, 1985; April 4, 1985; September 6, 1985; October 3, 1986; October 7, 1988; December 9, 1988; August 3, 1990; September 6, 1990; October 5, 1990; September 8, 1993; December 3, 1993; June 1, 1994; July 7, 1995; March 4, 1996; July 3, 1996; September 5, 1997; October 2, 1998; September 3, 1999; September 16, 1999; September 1, 2000; September 7, 2001; August 8, 2002; October 4, 2002; August 8, 2003; August 14, 2004; August 12, 2005; September 9, 2005; December 2, 2005; August 9, 2006; August 8, 2007; August 6, 2008; August 5, 2009; August 4, 2010; September 14, 2011; April 3, 2012; May 2, 2012; August 8, 2012; September 12, 2012; November 7, 2013 – Comprehensive Policy Review; December 27, 2013; January 8, 2014; February 11, 2014; March 5, 2014; ~~September 10, 2014~~; ~~August 5, 2015~~; ~~August 4, 2017~~; ~~August 1, 2018~~-when the Commission absorbed premium increases the percentages changed; February 6, 2019-comprehensive policy review

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement
Sub-Subcategory: Unemployment Insurance

UNEMPLOYMENT INSURANCE

Related Statutes: Chapter 288, RSMo ~~2000~~, Employment Security

Legislation effective January 1, 1978, brought the State of Missouri into compliance with the Federal Unemployment Compensation Act of 1974, under which state and local government employees were provided with unemployment insurance coverage. The Department reimburses the Unemployment Compensation Trust Fund for benefits paid to persons previously employed by the Department. The Department may protest claims if the cause of separation is for misconduct, voluntary resignation, or some other reason initiated by the employee. (January 11, 1978)

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement
Sub-Subcategory: Workers' Compensation

WORKERS' COMPENSATION

Related Statutes: Section 226.160 – 226.170; RSMo ~~2000~~ – Workers' compensation to include employees of Commission and Patrol – Self-insurance plan authorized. Chapter 287, RSMo ~~2000~~, Workers' Compensation law.

Legislation enabling the Highway Department to bring itself within the terms of the Workmen's Compensation Act (Chapter 287, RSMo) was enacted in 1945 (Section 226.160 RSMo). This allowed the Commission to purchase insurance for workers compensation coverage for certain specified job types. The first policy became effective on December 19, 1945, and was the first of its kind issued in the State of Missouri covering employees of a state agency. Specified jobs continued to be added to the list of the jobs covered until passage of legislation that became effective on October 13, 1969, which provided coverage to all Department employees. This bill also contained an option for the Commission to be self-insured. The Commission established a self-insurance plan effective January 1, 1987, for workers compensation, fleet vehicle liability, and general liability, but outsourced administration of workers' compensation claims until January 1, 1995. At that time, MoDOT began to administer workers compensation claims in-house.

In keeping with Sections 226.160-226.170 RSMo ~~2000~~, the Commission will provide and the Department will administer a self-insured Workers' Compensation Program. The program will provide coverage for (1) all employees of the Missouri

Highways and Transportation Commission, (2) uniformed members of the State Highway Patrol, (3) non-uniformed members of the State Highway Patrol and (4) employees of the MoDOT and Patrol Employees' Retirement System.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~April 9, 1999~~ November 7, 2013
Last Reaffirmed:
Date of Origin: December 10, 1945

Related Commission Minutes: May 13-14, 1945; July 9, 1945; January 14, 1946; March 11, 1946; May 13, 1946; July 9, 1946; April 9-10, 1951; November 7-8, 1955; March 17, 1959; June 13, 1961; March 13, 1962; May 12, 1966; May 15-16, 1969; September 24, 1969; December 16, 1970; August 1, 1986; December 5, 1986; January 9, 1987; February 6, 1987; September 9, 1994; April 9, 1999; November 7, 2013 – Comprehensive Policy Review. February 6, 2019- reaffirmed during comprehensive policy review.

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement
Sub-Subcategory: Retirement

RETIREMENT

Related Statutes: Chapter 104; ~~RSMo-2000~~, as amended – Retirement System

Through state legislative action, on July 1, 1952, all state employees became eligible for federal Social Security benefits.

The first discussions of the Commission regarding a retirement plan for employees of the Department took place at the March 8-9, 1943, meeting. After a number of attempts to secure legislation to establish a retirement system for employees of the State Highway Patrol and the State Highway Department, a retirement plan proposed by the Commission was approved by the legislature and became effective on September 1, 1955 (Chapter 104 RSMo). (It would be another two years before a plan was put in place for other agencies of the state.)

*The original Board of Trustees of the Highway Retirement System consisted of all members of the Commission, the head of the State Highway Department (then Chief Engineer) and the head of the State Highway Patrol (Superintendent). Several different legislative revisions (the first of which occurred in 1981; the last in 2008) resulted in changes in the Board's membership which now includes three members of the Commission, the Director of MoDOT, the Superintendent of the Patrol, a State Senator, a State Representative, an employee of the Department, an employee of the Patrol, a retired member from the Department and a retired member from the Patrol. The Board annually certifies to the Department of Transportation and the State Highway Patrol an actuarially determined estimate of the amount which will be necessary during the next appropriation period to pay retirement system liabilities (Section 104.070 RSMo). **All retirement benefit provisions must be enacted by the Legislature.** The Commission considers legislative proposals pertaining to retirement benefits and directs the staff to testify for or against the proposals.*

(May 14, 1945; August 13, 1945; August 9, 1949; October 9-10, 1950; May 12-13, 1952; May 12, 1952; June 9, 1952; July 1, 1952; February 5-6, 1953; October 12, 1954; December 16-17, 1954; June 13-14, 1955; September 9-10, 1965; July 13, 1972; July 3, 1986; August 1, 1986; October 3, 1986; February 5, 1988; March 3, 1988; January 13, 1989; June 2, 1989; June 7, 1991; June 4, 1993; February 10, 1994; March 4, 1994; June 4, 1999; March 24, 2005)

Category: EMPLOYEES
Subcategory: Compensation, Insurance, and Retirement, ~~and Credit Unions~~
Sub-Subcategory: Credit Unions

CREDIT UNIONS

The first reference to credit unions found in the Commission minutes was in September 22, 1967, wherein the Commission approved a staff recommendation to withhold money from employee checks for shares in the Highway Credit Unions. The duties of those first involved in handling credit union business were performed by employees who also performed other MoDOT functions, such as administration of the employee-sponsored insurance fund. Beginning in 1979, subsidies in terms of employee compensation, benefits, housing, telephone, etc., for the credit unions became a topic frequently cited by the State Auditor. In 1986 legislation was introduced (but did not pass) to prohibit state employees from performing regular

duties for any credit union during regular working hours. MoDOT staff and the Commission consistently defended the credit union subsidies as an appropriate fringe benefit for employees, noting that those performing credit union functions were also involved in employee-sponsored insurance matters. On July 1, 1992, the Main Office Credit Union voluntarily separated from MoDOT. In October 1992, in response to yet another State Auditor citation, the Commission directed the staff to (1) appropriately account for any subsidy to credit unions as employee benefits in order that, from an accounting point of view, the subsidy would appear where it belonged, and (2) establish a task force to examine ways in which credit unions could be made self-supporting, including (but not limited to) an examination of the potential for consolidation of all the credit unions into one. In response, the ten district credit unions were required to reimburse the department for salaries and fringe benefits and to pay for equipment and supplies used to conduct credit union business. Housing continued to be provided because it also involved activity pertaining to health and life insurance plans. **On March 10, 2010, the Commission directed that all credit union activities be separated from MoDOT. This separation was completed on March 31, 2012.**

Related Commission Minutes: September 22, 1967; August 14, 1974; November 2, 1979; February 7, 1986; May 2, 1986; June 6, 1986; October 9, 1992; March 5, 1993; February 4, 2010; March 10, 2010; [February 6, 2019 policy terminated because it was obsolete.](#)

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Conduct

CONDUCT

The employees of the Department of Transportation will serve the public and their co-workers courteously, professionally, responsibly, and with respect. The Director will put in place policies and procedures to assist the employees in meeting these expectations.

Effective Date: November 7, 2013
Supersedes Policy Dated:
Last Reaffirmed: [February 6, 2019](#)
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review. [February 6, 2019-reaffirmed during comprehensive policy review.](#)

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Diversity and Inclusion

DIVERSITY AND INCLUSION

The Commission values the positive outcomes that result from a wide range of backgrounds and perspectives and charges the Director with the responsibility to put in place such policies and processes as are necessary to ensure a diverse and inclusive workforce.

Effective Date: November 7, 2013
Supersedes Policy Dated:
Last Reaffirmed: [February 6, 2019](#)
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review. [February 6, 2019-reaffirmed during comprehensive policy review.](#)

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Employee Safety

EMPLOYEE SAFETY

The Commission believes every MoDOT employee should go home safely every day. Safety is our highest value a priority, and a safe work environment will be provided. The Director will establish and maintain a comprehensive safety program to insure the well-being of MoDOT employees.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: November 7, 2013
Last Reaffirmed:
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – reaffirmed with updates during comprehensive policy review.

Category: EMPLOYEES
Sub-Category: General
Sub-Sub Category: Harassment

HARASSMENT

Zero tolerance will be granted for acts of harassment based on ~~protected categories, such as gender,~~ race, sex (including sexual harassment), age, religion, color, national origin, ancestry, sexual orientation, gender identification, veteran status, disability, or genetic information. ~~ethnicity, etc., and shall include, but not be limited to, sexual harassment.~~ Disciplinary action, up to and including termination, will be taken against employees participating in such harassment and/or supervisors who know of such acts and fail to take action to stop them.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: November 7, 2013
Last Reaffirmed:
Date of Origin: March 6, 1996 – Sexual harassment
Related Commission Minutes: March 6, 1996 – Sexual harassment; November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – revised to include list of protected categories.

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Grievances and Complaints

GRIEVANCES AND COMPLAINTS

The Director of Audits and Investigations (AI) will be charged with the responsibility of hearing employee complaints and grievances when discussions with supervisors prove unsatisfactory or when the complaint alleges an Equal Employment Opportunity (EEO) violation.

- Grievances not involving state or federal ~~EEO~~ ~~Equal Employment Opportunity~~ laws will be investigated by the Director of AI with recommendations made to the Director for final determination with regular reports to the Commission on disposition of the grievances.
- Complaints involving state or federal ~~EEO~~ ~~Equal Employment Opportunity~~ laws will be investigated by the Director of AI with reports and recommendations made to the Commission (as final arbiter) for final determination.
- Actions involving whistleblower reporting will be handled by the Administrative Hearing Commission.

For the purpose of this section, “Grievance” involves disputes regarding differences of opinion between the department and its employees and disciplinary issues; “Complaint” pertains to an alleged unlawful act of discrimination.

Effective Date: ~~September 5, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~ September 5, 2018
Last Reaffirmed:
Date of Origin: March 10, 1966

Related Commission Minutes: March 10, 1966; September 1, 2000; November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – reaffirm with updates during comprehensive policy review.

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Military Service

MILITARY SERVICE

Related Statutes: **Uniformed Services Employment and Re-Employment Rights Act
Section 105.270, RSMo.
1 CSR 20-5.010**

The Missouri Highways and Transportation Commission continually recognizes and supports the country’s service members and their families in peace, in crises, and in war. The Director is charged with the responsibility of enforcing the Uniformed Services Employment and Re-Employment Rights Act (~~USERRA~~) and ensuring ~~our~~ managers and supervisors ~~will~~ have the tools they need to effectively manage those employees who serve in the Guard and Reserve. State and federal laws and regulations regarding military absence will be administered without discrimination.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~Active Duty—September 11, 1950; Reserves—May 12-13, 1947~~ November 7, 2013
Last Reaffirmed:
Date of Origin: Active Duty- August 13, 1940; Reserves - July 9, 1940
Related Commission Minutes: July 9, 1940; August 13, 1940; March 19, 1942; September 8, 1942; September 12, 1944; August 13, 1945; May 12-13, 1947; September 11, 1950; November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – comprehensive policy review minor updates.

Category: EMPLOYEES
Subcategory: General
Sub-Subcategory: Political Affiliation

Related Statute: Missouri Constitution, Section 29
Section 226.090, RSMo

POLITICAL AFFILIATION

In compliance with Section 29 of the Missouri State Constitution and Section 226.090, RSMo ~~2000~~, as revised, the selection and removal of all employees of the Commission and Department shall be without regard to political affiliation.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: November 7, 2013
Last Reaffirmed:
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – comprehensive policy review.

Via approval of the consent agenda, the Commission unanimously approved the policy revisions described above.

* * * * *

COMMISSION POLICY REVIEW – ORGANIZATION CATEGORY

Following a comprehensive review of all Commission policies, on November 7, 2013, the Commission formally compiled and adopted the Commission policies that the department currently

operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission's desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the Organization Category. As a result of this review process, recommendations were made to reaffirm or reaffirm with updates the policies in the Organization category. On behalf of the Director, Pamela Harlan, Secretary to the Commission, recommended the ORGANIZATION category of policies be revised as indicated with the green text for new language and red strikethrough text for deleted language as follows:

Category: ORGANIZATION
Subcategory: District Office Structure

DISTRICT OFFICE STRUCTURE

On April 2, 1917, the State Highway Board (predecessor to the Commission) concurred in the State Highway Engineer's recommendation to divide the state into six highway districts. Realizing the increase of work to be accomplished under the 1921 Centennial Road Law, the newly created State Highway Commission increased the number of districts from six to ten on May 9, 1922. In 1942, in response to a request from the Commission, the Department staff studied the possibility of consolidating the districts by eliminating either two or five district offices and reported that no appreciable savings would be realized. On August 14, 1987, the Commission realigned the ten districts to more efficiently spread the work load among the Districts and better serve the public. On June 8, 2011, the Commission reduced the number of districts from ten to seven.

The 2011 action was part of a plan to downsize the Department not only to more appropriately meet the needs of a significantly reduced construction program, but also to restructure the organization in such a manner as to accommodate a larger construction program should additional funds for highway improvements be made available in the future. ~~In addition to closing the district offices located in Willow Springs, Macon, and Joplin, the total number of maintenance and construction facilities was reduced from 327 to 203;~~ ~~†~~The equipment fleet was reduced by approximately 740 units; and the workforce was reduced from 6,300 positions to approximately 5,100. ~~The total number of facilities was reduced from 341 to 217; this included a reduction of maintenance facilities from 281 to 177, resident engineer offices from 46 to 33, district offices from 10 to 7, and the elimination of 4 leased facilities.~~

The Commission directed that, to the extent possible, the closed district office buildings be used for the benefit of local communities. Initially, the building in Joplin was used by the Joplin School district while the community recovered from a devastating tornado. Eventually, the school district recovered and the Commission conveyed the former Joplin district office to the Ozark Center on August 5, 2015. ~~On July 15, 2011, the Commission entered into an agreement with Joplin Schools wherein the schools are allowed to use the district office premises for the sole purpose of School Administration Office Space until July 14, 2014.~~ In 2012, the Commission entered into a ten-year lease/sales option agreement with the City of Willow Springs, ~~and a ten-year lease/sales option agreement with the County of Macon, on the respective district office properties;~~ this lease remains in place. For the facility in Macon, the county leased the property initially and was able to exercise the sales option. On December 27, 2013, the Commission conveyed the former Macon district office property to the County of Macon.

Category: ORGANIZATION
Subcategory: District Structure

DISTRICT STRUCTURE

In order to achieve maximum production within the Department and maximum allocation of funds to the highway construction program, the alignment of the Department's Districts will be as follows:

Northwest District

District Office Location: St. Joseph

Counties: Andrew, Atchison, Buchanan, Caldwell, Carroll, Chariton, Clinton, Daviess, DeKalb, Gentry, Grundy, Harrison, Holt, Linn, Livingston, Mercer, Nodaway, Putnam, Sullivan, and Worth

Northeast District

District Office Location: Hannibal

Counties: Adair, Audrain, Clark, Knox, Lewis, Lincoln, Macon, Marion, Monroe, Montgomery, Pike, Ralls, Randolph, Schuyler, Scotland, Shelby, and Warren

Kansas City District

District Office Location: Lee's Summit

Counties: Cass, Clay, Jackson, Johnson, Lafayette, Pettis, Platte, Ray, and Saline

Central District

District Office Location: Jefferson City

Counties: Boone, Callaway, Camden, Cole, Cooper, Crawford, Dent, Gasconade, Howard, Laclede, Maries, Moniteau, Morgan, Miller, Osage, Phelps, Pulaski, and Washington.

St. Louis Area District

District Office Location: Chesterfield

Counties: Franklin, Jefferson, St. Charles, St. Louis, and St. Louis City.

Southwest District

District Office Location: Springfield

Counties: Barry, Barton, Bates, Benton, Cedar, Christian, Dade, Dallas, Greene, Henry, Hickory, Jasper, Lawrence, McDonald, Newton, Polk, St. Clair, Stone, Taney, Vernon, and Webster.

Southeast District

District Office Location: Sikeston

Counties: Bollinger, Butler, Cape Girardeau, Carter, Douglas, Dunklin, Howell, Iron, Madison, Mississippi, New Madrid, Oregon, Ozark, Pemiscot, Perry, Reynolds, Ripley, Scott, Shannon, Ste. Genevieve, St. Francois, Stoddard, Texas, Wayne, and Wright.

Effective Date: ~~June 8, 2011~~ February 6, 2019
Supersedes Policy Dated: ~~August 14, 1987~~ June 8, 2011
Last Reaffirmed: November 7, 2013
Date of Origin: April 20, 1922

Related Commission Actions Pertaining to District Organization and Alignment: April 20, 1922; May 9, 1922; February 6, 1923; July 12, 1927; March 13, 1934; April 13, 1942; December 7, 1953; December 16, 1963; August 14, 1987; June 8, 2011; November 7, 2013 – Comprehensive Policy Review; [February 6, 2019 comprehensive policy review reaffirm with update to correct spelling of Daviess county.](#)

Category: ORGANIZATION
Subcategory: Rules

ORGANIZATION – RULES AND REGULATIONS

Related Statute: Article IV, Sections 29, 30(a), (b), (c) Missouri Constitution
Chapter 226, RSMo 2000, as revised, State Transportation Department
Section 536.023 RSMo 2000, as revised – Administrative procedures

Related Rule: [7 CSR 10.1, Organization](#)

Section 536.023.3, RSMo 2000, as revised, requires each state agency to adopt as a rule a description of its organization and general courses and methods of its operation and the methods and procedures whereby the public may obtain information or make submissions or requests.

The Director, with approval of the Commission, shall structure MoDOT's organization in a manner that is deemed best to result in maximum internal efficiency. In those instances where restructuring is deemed to be advantageous, the Commission, in fulfilling its responsibilities as set out in Article IV, Section 29, of the Missouri Constitution, will approve and file administrative rules related to MoDOT's organizational structure. The organization of the Department of Transportation, therefore, shall be in keeping with Code of State Regulations, Title 7, Division 10, Chapter 1, *Organization, General Provisions*, as adopted by the Commission and filed with the Joint Committee on Administrative Rules and the Secretary of State.

Effective Date: November 7, 2013
Supersedes Policy Dated: June 2, 2010 – Final rules adopted.
Last Reaffirmed: February 6, 2019
Date of Origin: October 13, 1976 – First Organization rules adopted
Administrative Rules: First filed-October 13, 1976 – Last filed – June 2, 2010; November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – Comprehensive Policy Review.

Via approval of the consent agenda, the Commission unanimously approved the policy revisions described above.

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COMMISSION POLICY REVIEW – FINANCIAL CATEGORY

Following a comprehensive review of all Commission policies, on November 7, 2013, the Commission formally compiled and adopted the Commission policies that the department currently operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission's desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the Financial Category. As a result of this review process, recommendations were made to reaffirm, reaffirm with updates, or to terminate the policies in the Financial category. On behalf of the Director, Pamela Harlan, Secretary to the Commission, recommended the FINANCIAL category of policies be revised as indicated with the green text for new language and red strikethrough text for deleted language as follows:

Category: FINANCIAL
Subcategory: Budget
Sub-Subcategory: Operating Budget

OPERATING BUDGET

The Commission shall approve the Operating Budget by operating budget category. (The operating budget categories shown on the budget are Administration; System Management; Program Delivery; Fleet, Facilities, and Information Systems; and Multimodal.) ~~Within the operating budget categories, In accordance with Article IV, Section 30(b) of the Missouri Constitution, the Commission has the sole discretion to spend moneys in the State Road Funds shall be approved solely at the~~

~~discretion of the Commission;~~ a. All other state and federal fund disbursements shall be approved by the Commission but subject to federal appropriation or appropriation by the Missouri General Assembly.

Delegation of Contingent Authority

The Director may approve the operating budget and/or amendments to it, after consultation with the Commission Chair, or the Vice-Chair if the Chair is unavailable, effective whenever the Commission lacks sufficient members for a statutory quorum of members, or the Commission has less than six statutory members and the incapacity of a member contributes to the Commission being unable to achieve a statutory quorum, for a regular monthly or specially scheduled meeting due to delays in the appointment and confirmation process for Commission members. This delegation of contingent authority exercised by the Director shall be subject to ratification by the Commission at the next regular monthly meeting a statutory quorum is attained.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Expenditures within Operating Budget Categories

In those cases where other provisions within the MHTC Policies may be in conflict with this section, the other provisions will prevail. A member of the Executive Committee ~~The Director, Chief Counsel, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer,~~ Division hHeads and District Engineers may approve bids and quotes, expend funds and execute agreements and contracts up to the operating budget category in the Commission-approved Operating Budget LIMITED TO the amounts noted below:

- a. **Greater than \$2100,000** - All single transactions greater than \$2100,000 shall be approved by a member of the Executive Committee ~~the Director, Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer.~~
- b. **\$2100,000 or Less** – A member of the Executive Committee ~~The Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer,~~ and, subject to their respective areas, the Chief Counsel, Division Heads, and District Engineers, (any one) are authorized to approve single transactions of \$2100,000 or less. These staff members may delegate authority to others under their supervision to approve bids and quotes, expend funds and execute agreements and contracts in an amount not to exceed \$2100,000 per transaction. Such delegation must be by written advisory from the staff members noted above to the Financial Services Director for the Central Office employees or to the manager responsible for processing district invoices for district employees.

Effective Date: ~~May 16, 2014~~ February 6, 2019
 Supersedes Policy Dated: ~~November 7, 2013~~ May 16, 2014
 Last Reaffirmed:
 Date of Origin: October 6, 1995

Related Commission Minutes: July 7, 1995–Performance Based Budget; October 6, 1995–Purchasing and Contract Authority; January 8, 1999; April 7, 2000; June 14, 2006; September 13, 2006; January 12, 2011-EOD; April 3, 2012-EOD; Paragraph C; November 7, 2013 – Comprehensive Policy Review; May 16, 2014-added contingent authority; February 6, 2019-comprehensive review.

Category: FINANCIAL
Subcategory: Budget
Sub-Subcategory: Joint Projects – Non-STIP

JOINT PROJECTS – NON-STIP

~~The Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer~~ Any member of the Executive Committee may execute agreements wherein the terms of participating in a joint transportation improvement or other cooperative effort are outlined.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~April 3, 2012 – EOD, Paragraph C3~~ February 6, 2019
Supersedes Policy Dated: ~~January 12, 2011 – EOD~~ April 3, 2012 – EOD, Paragraph C3
Last Reaffirmed: November 7, 2013
Date of Origin: July 10, 2001

Related Commission Minutes: April 3, 1998-Use of Commission Property for Training Activities; March 12, 1999-Use or Improvement to State Agency Facilities; July 10, 2001-EOD; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review. February 6, 2019 – comprehensive review.

Category: FINANCIAL
Subcategory: Capital Improvements

CAPITAL IMPROVEMENTS

A Capital Improvement Plan will be presented to the Commission through the budget process.

- a. **Bids/Contracts:** ~~The Director, Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer~~ Any member of the Executive Committee are authorized to approve bids and execute contracts for capital improvements, except that the total expenditures cannot exceed the total amount of the Commission-approved Capital Improvement Plan. In addition, the Director of General Services is authorized to approve bids and execute contracts for capital improvements for projects amounting to \$100,000~~200,000~~ or less and may delegate this authority to others under his/her supervision by written advisory filed in the General Services Division. This approval is subject to concurrent or prior approval of the Office of Administration and/or the Board of Public Buildings, where applicable.
- b. **Capital Improvement Plan Construction Change Orders:** Change orders may be executed as delegated by the Chief Financial Officer through a written advisory to the General Services Director; however, revisions in the contract amounts meeting any of the three following criteria must be approved by ~~the Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer~~ any member of the Executive Committee: (1) additions greater than ~~25~~50% if the original contract amount was \$100,000~~250,000~~ or less; (2) additions greater than ~~10~~25% if the original contract amount was greater than \$100,000~~250,000~~; or (3) additions greater than \$200,000~~500,000~~.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: April 3, 2012 – EOD, Paragraph C2
Last Reaffirmed: November 7, 2013
Date of Origin: January 17, 1997

Related Commission Minutes: January 17, 1997; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review. February 6, 2019-comprehensive review.

Category: FINANCIAL
Sub-Category: Debt Management
Bond Financing Summary

Related Statutes: Section 226.133 RSMo 2000, as amended. Bonds may be issued, requirements, procedure. Missouri Constitution, Article IV, Section 30(b)

ORIGINAL BOND ISSUES – 1921-1936 - Missouri voters approved a Constitutional Amendment in 1920 which authorized a \$60 million bond issue for the construction of a statewide system of hard surface roads. All revenues from motor vehicle license fees were dedicated to payment of principal and interest on the bonded debt. A second bonding program in the amount of \$75 million was approved by the voters in 1928. All bonds issued under these two programs were retired by the end of 1957.

STATE BOND ISSUE – 1982 - On June 8, 1982, Missouri voters approved a five-year \$600 million state bond financing program for the purpose of improving state buildings, stimulating economic development, which included an appropriation to the Department of Highways and Transportation for highway purposes, and for transportation purposes other than highways as designated by the Office of the Governor. These bonds were issued by the state and repaid from General Revenue.

ELECTION NOT TO BOND WITHOUT ADDITIONAL FUNDS – 1993 - During its 1993 Special Session, the General Assembly gave bonding authority to the Commission to issue up to \$25 million for repair of damages caused by the 1993 flood. Thereafter approval of the General Assembly would be required prior to issuing bonds for highway and bridge construction or repair. The Commission elected **not** to issue bonds at that time citing (1) concern with the involvement of the General Assembly in the bonding process, (2) the cost of damages to the highway system resulting from the flood would be reimbursed from federal funds, and (3) no additional funds were provided in the legislation to offset the financing cost of accelerating projects through bonding.

SENIOR LIEN BOND FINANCING PROGRAM - 2000-2006 - Legislation effective May 30, 2000 allowed the Commission to use bond financing for construction of projects in an amount limited to \$2.25 billion during the period extending from 2000 to 2006. The legislation did NOT include any new money to cover the bond financing costs and a list of projects was required to be submitted to the General Assembly on an annual basis for acceptance or rejection. A total of \$907 million of bonds were issued from 2000 through 2003 for this program. It was the understood intent of the supporters of this legislation and the General Assembly that “jump-starting” improvements through this program would encourage Missouri voters to approve an increase in revenue for transportation. When voters rejected a proposal in 2002 to increase the motor fuel tax by four cents and the general sales tax by ½ percent, the Commission determined that current revenues would not support further bonded indebtedness.

AMENDMENT 3 2004 –The November 2004 voter approval of a citizens’ initiative amending Article IV, Section 30(b) of the Missouri Constitution redirected the half of the state sales tax on motor vehicles that had previously gone to the state General Revenue Fund to a newly created State Road Bond Fund, for the exclusive purpose of repayment of state road bonds issued by the Highways and Transportation Commission for construction or reconstruction of specific projects on the state highway system as determined by the Highways and Transportation Commission. From 2005 through 2009, the Commission authorized \$2,050,000,000 of “Amendment 3” (First, Second, and Third Lien) bonds to be sold. The actual bond sales totaled \$1.977 billion

The 2004 Constitutional Amendment further provided that after January 1, 2009, that portion of the moneys in the State Road Bond Fund which the Commissioner of Administration and the Highways and Transportation Commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated by the General Assembly to the State Road Fund. (Missouri Constitution, Article IV, Section 30(b)2(3)).

(The 2004 amendment to Article IV, Section 30(b) also limited the state agencies that could receive appropriations from highway user fees to the Missouri State Highway Patrol and the Department of Revenue and capped the amount appropriated to the Department of Revenue.)

GARVEE Bonds - 2008-2010 – GARVEE bonds pledge federal funds for repayment. In 2008, 2009, and 2010, the Commission authorized a total of \$960 million of GARVEE bonds to be sold to finance special projects. A total of \$928 million was issued.

The Commission’s Debt Management Policy outlines the Commission’s criteria for sale of bonds. The Debt Management Policy was originally adopted by the Commission on May 5, 2000 and has been amended since then. ~~The policy was amended on June 10, 2005, and May 10, 2006. The policy currently in effect was approved by the Commission on July 8, 2009.~~ The staff of the Financial Services Division reviews the policy annually to determine if changes are needed and reports to the Commission at its July meeting as to whether the Department is in compliance with the policy.

RESOLUTION 2019 – The Commission resolved that debt not be issued except in circumstances where new sources of revenue or additional funds are provided to offset the debt service costs. This resolution reaffirms the Commission’s intent that this include Amendment 3 debt capacity made available through the retirement of original issue first, second and third lien bonds issued from 2005 – 2009. The Commission’s intent that a plan of finance be established and construction project identification be made through the Statewide Transportation Improvement Program planning process.

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives

PROJECT FUNDING AND FINANCING ALTERNATIVES

Innovative project funding and financing alternatives for transportation projects are techniques and mechanisms employed to achieve project benefits earlier than would be possible with traditional funding and financing methods. These alternatives can be used in conjunction with each other to develop a project-funding plan.

Funding Alternatives

- Cost-Share Program
- Transportation Corporations
- Transportation Development Districts

Financing Alternatives

- Missouri Transportation Finance Corporation (MTFC) Loan
- State Transportation Assistance Revolving (STAR) Fund Loan

See the individual policies for each of the funding and financing alternatives.

Conventional Debt

In addition to the innovative financing programs noted above, project sponsors can use conventional debt-financing methods such as bonds and bank loans to finance projects.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

General Policies

In addition to policies specific to each of the funding or financing alternatives, the following general policies apply.

Project Funding Plan

- All projects funded through these alternatives must have a written plan for funding type and source. This plan should be incorporated into the agreement between the project sponsor and MHTC.
- Concurrence from the department District Engineer in which the project is located is preferred for Cost Share projects to proceed.

Acceleration

- **Provisions** - MoDOT will consider moving a construction project earlier in the Statewide Transportation Improvement Plan (STIP) schedule if:
 1. The project sponsor provides one-hundred percent (100%) of the project financing. The MHTC will repay all or an agreed upon portion of the construction cost when the project was initially scheduled for construction or at such future time as MHTC agrees to repayment.
 2. The terms of repayment comply with MHTC’s debt management policy. This policy establishes a methodology for determining the Commission’s debt capacity.

- **Project Scope** - MoDOT will also consider modifying projects under development if the project sponsor agrees to partially or completely pay for the new elements.
- **Project Design** - All projects on the state highway system must meet MoDOT’s design standards and are subject to the same review and approval processes as projects fully funded by MoDOT.
- **Innovative Finance/Project Acceleration Agreements – Approval and Execution:** Agreements by which entities accelerate a project on the Commission-approved Statewide Transportation Improvement Plan (STIP) by providing the cost of financing and the Commission commits to future repayment of project costs, may be executed by ~~the Director, Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer,~~ any member of the Executive Committee provided the agreements are in compliance with all related Commission policies.

Related Commission Minutes for Innovative Finance/Project Acceleration Agreements: July 10, 2001-EOD; January 12, 2011-EOD; April 3, 2012-EOD, Paragraph B7b

Effective Date: ~~February 7, 2018~~ February 6, 2019
 Supersedes Policy Dated: ~~November 7, 2013~~ February 7, 2018
 Last Reaffirmed:
 Date of Origin: December 9, 1988

Related Commission Minutes – Project Funding and Financing Alternatives: February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; October 3, 1997(2); August 10, 2001; March 10, 2004; November 7, 2013 - combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy; ~~January 8, 2014 – suspended cost share program; January 4, 2017 – reinstated cost share program.~~ February 7, 2018 – separated Commission actions pertaining to the various funding and financing options. ~~February 6, 2019 –revised authority to execute agreements to include the Executive Committee.~~

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: Cost Share Program

Cost-Share Program

Since 1926, counties and political subdivisions have been allowed to participate in the cost of improvements on the state highway system in order to advance the projects. On December 9, 1988, the Commission approved its first policy pertaining to business enterprise participation in improvement projects on the state highway system.

Cost Share Committee

The Cost Share Committee consists of the Chief Engineer, Chief Financial Officer, Assistant Chief Engineer, and two members selected by the Director. The Committee selects projects prior to recommending approval by the Commission via a Statewide Transportation Improvement Program (STIP) amendment.

In addition to the Project Funding and Financing Alternatives policy, Cost Share Program projects must be in compliance with all of the following:

- Project must be on state highway system.
- Local metropolitan planning organization (MPO) or regional planning commission (RPC) must support the project.
- The department District Engineer in which the project is located must review the need and proposed solution before the project can be considered.
- Agreement approved by the Missouri Highways and Transportation Commission (MHTC) and the project sponsor is required for each project. The MHTC agreement identifies project expenses that will be included and each party’s responsibility for project costs. These agreed upon expenses are called “participation costs.”
- At a minimum, the agreement between MHTC and the project sponsor will include expenses for construction inspection, construction contract, and any construction change orders. Other expenses that may be included are preliminary engineering, right of way acquisition, right of way incidental costs and utility relocations.
- When project sponsors are willing to partner with the department, the department will match their investment up to fifty percent (50%) of the project cost. The department will work in cooperation with the Department of Economic Development with project sponsors to determine when targeted investments can be made to create jobs and may

provide up to one-hundred percent (100%) of participation costs. Ten percent (10%) of the cost share program funds are set aside for projects that demonstrate economic development through job creation.

- Retail development projects do not qualify as economic development projects that create jobs.
- Projects that significantly expand the state highway system or increase maintenance costs for MoDOT must have pre-approval by the Chief Engineer prior to submittal of the application to MoDOT. If a project significantly expands the state highway system or increases maintenance costs the Commission may seek an agreement for the project sponsor to either: (1) accept the transfer of ownership of a portion of the existing state highway system in an amount of miles as determined by the Commission; or (2) payment of all increased maintenance costs.

Effective Date: February 7, 2018
Supersedes Policy Dated: November 7, 2013
Last Reaffirmed: February 6, 2019
Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives:~~ February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; October 3, 1997 (2); August 10, 2001; March 10, 2004. ~~Cost Share/Economic Development Committee:—October 3, 1997–Innovative Finance Steering Committee.~~ November 7, 2013- combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. ~~January 8, 2014 – suspended cost share program; January 4, 2017 – reinstated cost share program.~~ February 7, 2018 – separated Commission actions pertaining to the various funding and financing options, removed reference to economic development, added two Cost Share committee members selected by Director, modified project requirements. February 6, 2019-reaffirmed.

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: Economic Development Agreements

Economic Development Agreements – Approval and Execution

Agreements, applications, and related documents with the Missouri Department of Economic Development or the Missouri Development Finance Board concerning the Commission receiving contributions for the construction of transportation projects may be executed by the ~~Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer,~~ any member of the Executive Committee provided the subject project has been approved by the Commission.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~February 7, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~ February 7, 2018
Last Reaffirmed:
Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives:~~—February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; October 3, 1997(2); July 10, 2001; August 10, 2001; March 10, 2004; January 12, 2011-EOD; April 3, 2012-EOD, Paragraph B7c; January 8, 2014 – Cost-Share/Economic Development Program suspended; January 4, 2017 – Cost Share/Economic Development Program reinstated. November 7, 2013, combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. February 7, 2018 – separated Commission actions pertaining to the various funding and financing options. February 6, 2019 comprehensive policy review.
~~Related Commission Minutes—Economic Development Agreements:~~

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: Transportation Corporations

Transportation Corporations

Related Statutes: Sections 238.300 – 238.367, RSMo - Transportation Corporations (First effective May 30, 1990)

Transportation Corporations: Legislation was enacted in 1990 for the purpose of creating an alternate funding means for accomplishing needed highway improvement projects. Transportation Corporations are temporary, not-for-profit corporations formed under state law to advance state and local transportation system projects. The Corporation's Board of Directors has various powers and authority to (1) act with the Commission's approval; (2) issue bonds; and (3) charge a toll. When all debt pertaining to the state highway project has been paid and the project is complete, the project becomes a part of the state highway system.

The statutes require the Commission to determine that the proposed project will improve or is a necessary or desirable extension of the state highways and transportation system and that the proposed corporation will have adequate funds to finance the proposed project. The statutes further require that rules be promulgated regarding the transportation corporations' authority to enforce the payment of tolls. An example of a project completed through use of the Transportation Corporation structure and the collection of tolls was the Lake of the Ozarks Community Bridge in Camden County.

In addition to the Project Funding and Financing Alternatives policy, Transportation Corporations:

- Must hold a public hearing and receive approval by affected cities, counties, and MHTC.
- Must enter into a project agreement with MHTC.

Transportation Corporation Rules – Enforcement of Tolls

Related Rules: [7 CSR 10-21, Transportation Corporations](#)

The manner in which the Commission authorizes transportation corporations to enforce tolls will be in keeping with State Code of Regulations, Title 7, Division 10, Chapter 21, *Transportation Corporations*, as adopted by the Commission and filed with the Joint Committee on Administrative Rules and the Secretary of State.

Transportation Corporation Documents – Approval and Execution

Agreements with Transportation Corporations may be executed by ~~the Director, Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer~~ any member of the Executive Committee; HOWEVER, in keeping with the statutes, the following must be approved by the Commission: project authorization; articles of incorporation; by-laws; final financing plan; and final construction plans and specifications.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~February 7, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~ February 7, 2018
Last Reaffirmed:
Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives:~~ February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; October 3, 1997(2); January 9, 1998; April 3, 1998; July 10, 2001-EOD; August 10, 2001; March 10, 2004; January 12, 2011-EOD; April 3, 2012-EOD, Paragraph B7d(2); November 7, 2013_ combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. February 7, 2018 – separated Commission actions pertaining to the various funding and financing options. [March 7, 2018-administrative rule proposed](#); [July 11, 2018-final administrative rule](#); [February 6, 2019-comprehensive review](#).

~~Related Commission Minutes – Transportation Corporation Rules: Administrative Rules: Related Commission Minutes Transportation Corporations-EOD:~~

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: Transportation Development Districts (TDDs)

Transportation Development Districts

Related Statutes: Sections 238.200 – 238.280, RSMo – Transportation Development Districts (First effective May 30, 1990)

Legislation known as the “Missouri Transportation Development District Act” was enacted in 1990. This legislation allows a district (political subdivision) to be created to fund, promote, design, construct, improve, maintain, and operate one or more projects or to assist in such activity. Transportation Development Districts are temporary political subdivisions of the state formed through the circuit court process to advance local or state system projects. The District board has various powers and authority to (1) act on its own behalf; (2) issue bonds; (3) and impose sales tax, property tax, special assessment, or toll. When the project is complete, it becomes either part of the state or local transportation system.

In addition to the Project Funding and Financing Alternatives policy, Transportation Development District projects must be in compliance with the following:

- Property owners or registered voters must approve the district, project, and funding.
- Must enter into agreement with the MHTC and/or a local transportation authority.

Transportation Development District Documents – Approval and Execution

Agreements with Transportation Development Districts may be executed by ~~the Director, Chief Financial Officer, Chief Engineer, or Assistant Chief Engineer~~ any member of the Executive Committee; HOWEVER, in keeping with the statutes, the following must be approved by the Commission: project authorization and final plans and specifications.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

~~Related Commission Minutes—TDD EOD—July 10, 2001—EOD; January 12, 2011—EOD; April 3, 2012—EOD, Paragraph B7d(1)~~

Effective Date: ~~February 7, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~ February 7, 2018
Last Reaffirmed:
Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives~~: February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; October 3, 1997(2); July 10, 2001 – EOD; August 10, 2001; March 10, 2004
~~Related Commission Minutes—TDD EOD—January 12, 2011 – EOD; April 3, 2012 – EOD, Paragraph B7d(1); November 7, 2013, combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. February 7, 2018 – separated Commission actions pertaining to the various funding and financing options. February 6, 2019 –comprehensive policy review.~~

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: Missouri Transportation Finance Corporation (MTFC) Loan

Missouri Transportation Finance Corporation (MTFC)

State Infrastructure Banks were created by the federal government in the 1995 National Highway System Designation Act ~~bill~~ to make loans and provide assistance to surface transportation and transit capital projects. In order to establish a State Infrastructure Bank in Missouri, the Commission created a non-profit lending corporation known as the Missouri Transportation Finance Corporation (MTFC), as authorized by the federal transportation act. The loans allow highway and public transportation projects to be completed more quickly through the use of a combination of federal, state, local, and private money. The State Infrastructure Bank is authorized to offer a variety of financing options for transportation projects, including direct low-interest loans, bonds, and credit enhancements to allow local governments to get a lower interest rate on bonds. During the period extending from 1996 through 1999, the bank was capitalized with \$59.7 million dollars (\$49.4 federal dollars plus \$10.3 state matching dollars). Since that time funds to operate the program have been those that are returned to the bank in the form of loan repayments, as well as investment income and loan application fees.

MTFC Organizational Structure

A general non-profit corporation, to be known as the Missouri Transportation Finance Corporation (MTFC), created in keeping with Missouri law will be used as the initial organizational structure for the State Infrastructure Bank. The Commission Secretary will act as registered agent for the corporation.

The Missouri Transportation Finance Corporation Board of Directors will be appointed by the Commission. The directors shall at all times be divided into three groups. Group 1 shall consist of three of the then current members of the Commission each of whom shall be elected by the Commission. Group 2 shall consist of three employees of the Missouri Department of Transportation being the Director, Chief Financial Officer, and Director of Multimodal Operations who shall serve as members of the Board of Directors by virtue of their positions without further action of the Commission. Group 3 shall consist of two at large members with knowledge in the field of business or finance elected by the Commission.

The President of the Board of Directors shall be from Group 1 and shall be appointed by the Chairman. All other officers will be elected by the Board of Directors.

The bylaws of the Corporation may from time to time be altered, amended, suspended or repealed, or new bylaws may be adopted by a resolution adopted by the majority of (a) the entire number of directors then fixed by the bylaws, and (b) the Commission.

In addition to the general policies noted above, the following specific provisions are applicable to the Missouri Transportation Finance Corporation:

- Applicants must be able to pay back loan and agree to terms and conditions approved by corporation and MHTC.
- Eligible projects include highway projects and transit capital projects otherwise eligible for federal transportation funds.
- Assistance is provided through direct loans; however, other types of assistance including primary and subordinated loans, bond and grant anticipation loans, debt-reserve financing, subsidized interest rates, letters of credit and others as authorized by federal law can be provided with Board approval.
- Interest rates are based on comparable term U.S. Treasury or tax-exempt bond rates.

Effective Date: ~~February 7, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~November 7, 2013~~ February 7, 2018
Last Reaffirmed:
Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives~~: February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996; March 6, 1996; [July 3, 1996](#); August 9, 1996; [April 3, 1997](#); October 3, 1997(3); April 3, 1998; [June 5, 1998](#); December 2, 1998; July 7, 2000; August 10, 2001; January 10, 2003; April 4, 2003; March 10, 2004; September 10, 2004; [March 9, 2005](#); [February 6, 2006](#); [June 14, 2006](#). November 7, 2013- combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. ~~Related Commission Minutes – MTEC~~: [February 11, 2014](#); March 5, 2014. February 7, 2018 – separated Commission actions pertaining to the various funding and financing options, and modified reference to bylaws to correspond with recent change in the bylaws. [February 6, 2019 – comprehensive review](#).

Category: FINANCIAL
Subcategory: Project Funding and Financing Alternatives
Sub-Subcategory: State Transportation Assistance Revolving (STAR) Fund Loan

State Transportation Assistance Revolving Loan (STAR)

Related Statutes: Section 226.191 RSMo – State transportation assistance revolving fund created—administration—powers of commission—fund not to lapse.

*Legislation was enacted in 1996 creating a State Transportation Assistance Revolving (STAR) Fund for the purpose of assisting in the planning, acquisition, development, and construction of transportation facilities **other than highways**. In December 1997, the fund was capitalized with \$2,425,000 of General Revenue funds appropriated by the General Assembly. The General Assembly annually appropriates an amount for the STAR Fund account thereby making those funds available for STAR Fund loans.*

In addition to the general policies for funding and financing alternatives, the following specific provisions are applicable to State Transportation Assistance Revolving Fund loans:

- Applicants must be able to pay back their loan and agree to written terms and conditions approved by MHTC.
- **Eligible projects include non-highway transportation projects.**
- Assistance is primarily through direct loans.

- Interest rates are based on comparable term tax-exempt bond rates.
- Funds are provided to applicants on a reimbursement basis, after receipt of project invoices from the project sponsor.

State Transportation Assistance Revolving (STAR) Fund Rules

Related Rules: [7 CSR 10-20, Financial Assistance](#)

The procedures, conditions, and repayment terms applicable to any loans made under the State Transportation Assistance Revolving Fund Program will be in keeping with the Code of State Regulations, Title 7, Division 10, Chapter 20, *Financial Assistance*, as adopted by the Commission and filed with the Joint Committee on Administrative Rules and the Secretary of State.

Effective Date: February 7, 2018
 Supersedes Policy Dated: November 7, 2013
 Last Reaffirmed: [February 6, 2019](#)
 Date of Origin: December 9, 1988

Related Commission Minutes – ~~Project Funding and Financing Alternatives: February 9, 1926; December 9, 1988; October 5, 1990; November 2, 1990; December 6, 1991; August 6, 1993; September 8, 1993; January 12, 1996;~~ July 11, 1997; October 3, 1997(3); August 10, 2001; March 10, 2004 **Related Commission Minutes – STAR Fund Rules:**

November 7, 2013- combined Commission actions pertaining to the various funding and financing options with the Project Funding and Financing Alternatives Policy. February 7, 2018 – separated Commission actions pertaining to the various funding and financing options. [April 4, 2018; August 1, 2018; February 6, 2019-comprehensive review.](#)

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Financial Transactions

FINANCIAL TRANSACTIONS

Financial transactions issued by the Missouri Department of Transportation for funds held outside of the State Treasury may be executed by the Chief Financial Officer and/or those delegated by the Chief Financial Officer as reflected on the banking signatory agreements.

Effective Date: November 7, 2013
 Supersedes Policy Dated: April 3, 2013 – EOD, Paragraph D1
 Last Reaffirmed: [February 6, 2019](#)
 Date of Origin: May 2, 1986 - EOD

Related Commission Minutes: May 2, 1986 – EOD; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; [February 6, 2019-comprehensive policy review.](#)

TERMINATED

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Electronic Management System

ELECTRONIC MANAGEMENT SYSTEM

Documents necessary to receive and expend Multimodal federal funds made available to the Commission by federal agencies through the Electronic Grant Management System may be executed electronically or manually by the Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer, or Multimodal Operations Director, provided all funds so received and expended are included in the STIP. These staff members may delegate to others under their supervision by written advisory filed with the respective Division.

Effective Date: November 7, 2013
 Supersedes Policy Dated: April 3, 2012 – EOD, Paragraph D5
 Last Reaffirmed:
 Date of Origin: March 6, 1997

Related Commission Minutes: March 6, 1997; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review. [February 6, 2019 – policy terminated due to duplication with Financial-Transfer of Funds and Reimbursements-Federal Agencies policy.](#)

TERMINATED

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Electronic Grant Clearinghouse System

ELECTRONIC GRANT CLEARINGHOUSE SYSTEM

Requests for payment through the Electronic Clearinghouse System for funds for federal Multimodal projects included in the STIP may be authorized by the Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer, or Multimodal Operations Director. These staff members may delegate to others under their supervision by written advisory filed with the respective Division.

Effective Date: November 7, 2013
Supersedes Policy Dated: April 3, 2013 – EOD, Paragraph D6
Last Reaffirmed:
Date of Origin: March 6, 1997
Related Commission Minutes: March 6, 1997; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review. [February 6, 2019 – policy terminated due to duplication with Financial-Transfer of Funds and Reimbursements-Federal Agencies policy.](#)

TERMINATED

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Electronic Grant Tracking System

ELECTRONIC GRANT TRACKING SYSTEM

Documents necessary to receive and expend federal funds made available to the Commission by the National Highway Traffic Safety Administration for federal projects included in the annual Highway Safety Plan may be authorized by the Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer, State Traffic and Highway Safety Engineer, or the Highway Safety Director. These staff members may delegate to others under their supervision by written advisory filed with the respective Division.

Effective Date: April 3, 2012 - EOD
Supersedes Policy Dated: January 12, 2011 - EOD
Last Reaffirmed: November 7, 2013
Date of Origin: December 10, 2004 - EOD
Related Commission Minutes: December 10, 2004-EOD; January 12, 2011-EOD; April 3, 2012-EOD, Paragraph D7; November 7, 2013 – Comprehensive Policy Review. [February 6, 2019 – policy terminated due to duplication with Financial-Transfer of Funds and Reimbursements-Federal Agencies policy.](#)

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Federal Agencies

FEDERAL AGENCIES

Documents (hard copy or electronic) necessary to receive ~~and expend~~ federal funds made available by the Federal Highway Administration, the Federal Transit Administration, the Federal Railroad Administration, the Federal Aviation Administration, [the United States Maritime Administration](#), the United States Coast Guard, the National Highway Traffic Safety Administration, the Federal Motor Carrier Safety Administration, or other federal agencies may be executed by ~~the Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer~~ [any member of the Executive Committee](#), Multimodal Operations Director, State ~~Traffic and Highway Safety and Traffic Engineer, Highway Safety Director~~, or Motor Carrier Services Director. [Funds may be received or expended provided they are included in either the Statewide Transportation Improvement Program or the annual Highway Safety Plan, whichever is applicable.](#) These documents may be

executed electronically or manually. These staff members may delegate to others under their supervision by written advisory filed with the respective Division. Authority to expend these federal funds is made in accordance with applicable Commission policy.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~April 3, 2012—EOD, Paragraph D3~~ February 6, 2019
Supersedes Policy Dated: ~~January 12, 2011—EOD~~ April 3, 2012 – EOD, Paragraph D3
Last Reaffirmed: November 7, 2013
Date of Origin: February 8, 1954

Related Commission Minutes: February 8, 1954 – Federal Aid Project Agreements; June 12, 1956-Federal Aid Project Agreements; June 10, 1958-Federal Aid Reimbursement Vouchers; September 18, 1970; January 13, 1989-EOD; March 9, 1990; March 6, 1997; ___January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019-comprehensive policy review.

Category: FINANCIAL
Subcategory: Transfer of Funds and Reimbursements
Sub-Subcategory: Transfer – SHTD Fund to State Road Fund

TRANSFER OF FUNDS – STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND TO STATE ROAD FUND

Related Statutes: Section 226.230, RSMo 2000 – Transfer of Funds

Formal documents effecting transfers between the State Highways and Transportation Department Fund and the State Road Fund may be executed by ~~the Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer, or Financial Services Director~~ any member of the Executive Committee. The Chief Financial Officer will maintain balances in each fund necessary to meet business requirements.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~April 3, 2013—EOD, Paragraph D2~~ November 7, 2013
Last Reaffirmed:
Date of Origin: August 11, 1967

Related Commission Minutes: July 13, 1967; August 11, 1967; December 2, 1983; January 13, 1989; July 6, 1990; May 5, 1995; August 8, 1996; July 2, 1998; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019-comprehensive policy review.

TERMINATE

Category: FINANCIAL
Subcategory: Local Transportation Funding
Sub-subcategory: Maintenance of Effort

LOCAL TRANSPORTATION FUNDING – MAINTENANCE OF EFFORT

Commentary:

On May 14, 2014 the General Assembly passed House Joint Resolution 68. This resolution will put forward a temporary ¾ of a cent sales tax for transportation that will be considered by voters in Missouri. The sales tax is temporary as it is only for ten years, at which time the tax will be reconsidered by Missouri voters for renewal. The revenues generated from the ¾ of a cent sales tax can be used for any transportation purpose, not just roads and bridges. On May 23, 2014, the Governor called for the resolution to be placed on the August 5, 2014 ballot. On June 2, 2014 the Secretary of State certified the resolution as Constitutional Amendment 7.

Constitutional Amendment 7 mandates the Missouri Highways and Transportation Commission develop a list of projects that would be completed should the measure pass. The public had until July 3, 2014 to review and provide comment on the draft list of projects to be delivered in the next 10 years with the new revenue. The project list was presented to the Commission for their approval at their July 9, 2014 meeting.

The measure provides that 90 percent of the revenue, an estimated \$480 million annually, will go toward state transportation initiatives. Ten percent, or an estimated \$54 million annually, will be distributed to cities and counties for transportation projects that meet the needs of residents and businesses. If the measure passes, it will be effective on January 1, 2015.

The Commission is committed to ensuring Constitutional Amendment 7 provides additional funding for transportation and delivers currently unfunded projects, programs and facilities. To assist with that effort, the Commission requires agencies or local governments that will receive a portion of the Commission’s share (90%) of Constitutional Amendment 7 revenues to certify funding for transportation projects, programs, and facilities. If the agency or local government does not maintain the level of effort certified, the Commission may, at its discretion, prohibit the agency or local government from receiving additional state transportation funding. The Director is authorized to establish procedures and directives necessary to implement the maintenance of effort policy. Notwithstanding the provisions of this policy, all issues deemed by the Director to be unique, sensitive, and/or potentially controversial will be submitted to the Commission.

Effective Date: July 9, 2014
Supersedes Policy Dated:
Last Reaffirmed:
Date of Origin: July 9, 2014
Related Commission Minutes: June 25, 2014; July 9, 2014; [February 6, 2019 – terminate due to the failure of Amendment 7 this is no longer necessary](#)

Via approval of the consent agenda, the Commission unanimously approved the policy revisions described above.

* * * * *

COMMISSION POLICY REVIEW – STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM CATEGORY

Following a comprehensive review of all Commission policies, on November 7, 2013, the Commission formally compiled and adopted the Commission policies that the department currently operates under today. Since this initial action some policies have been updated as necessary. As part of the Commission’s desire to periodically review Commission policies, the department and Commission have conducted a thorough review of the policies in the Statewide Transportation Improvement Program Category. As a result of this review process, recommendations were made to reaffirm or reaffirm with

updates the policies in the Statewide Transportation Improvement Program category. On behalf of the Director, Pamela Harlan, Secretary to the Commission, recommended the STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM category of policies be revised as indicated with the green text for new language and red strikethrough text for deleted language as follows:

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Long Range Transportation Plan

LONG RANGE TRANSPORTATION PLAN

The Commission recognizes the importance of having a long-term view of the transportation system that identifies challenges and needs that, if addressed, will **preserve the system through asset management, and** enhance safety and economic development for Missouri. Further, federal regulations require state departments of transportation to develop and maintain long-range transportation plans. The Director is authorized to periodically develop a long-range transportation plan for the State of Missouri in accordance with federal regulations. Such development must include broad input from the citizens of Missouri as well as strategic partners in transportation. It must lay out a clear and concise vision that is supported through public involvement in the development of the document.

Effective Date: February 6, 2019 ~~November 7, 2013~~
Supersedes Policy Dated: November 7, 2013 ~~July 8, 1994~~
Last Reaffirmed:
Date of Origin: July 8, 1994
Related Commission Minutes: July 8, 1994; November 7, 2013 – Comprehensive Policy Review; February 4, 2015-adopt 325 system; January 6, 2016-rescind adoption of 325 system; February 6, 2019 – comprehensive policy review.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Approval

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM APPROVAL

The Statewide Transportation Improvement Program (STIP), which includes the Five-Year Highway and Bridge Construction Schedule, ~~and~~ the Multimodal Operations Work Program, **and the Maintenance Operations Plan** must be approved by the Commission. **Revisions to the STIP must also be approved by the Commission.**

Delegation of Contingent Authority

The Director may approve the STIP and/or revisions to it, after consultation with the Commission Chair, or the Vice-Chair if the Chair is unavailable, effective whenever the Commission lacks sufficient members for a statutory quorum of members, or the Commission has less than six statutory members and the incapacity of a member contributes to the Commission being unable to achieve a statutory quorum, for a regular monthly or specially scheduled meeting due to delays in the appointment and confirmation process for Commission members. This delegation of contingent authority exercised by the Director shall be subject to ratification by the Commission at the next regular monthly meeting a statutory quorum is attained.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Highway Right-of-Way and Construction Program

The Commission will be furnished a monthly report showing the aggregate final cost of completed highway and bridge projects compared to the respective program estimates and must authorize additional funds for the program should the annual aggregate final costs exceed the program estimate by more than two percent (2%).

Multimodal Work Program

Any member of the Executive Committee ~~The Director, Chief Financial Officer, Chief Engineer, Assistant Chief Engineer, or the Multimodal Operations Director~~ may execute all documents necessary to carry out the approved Multimodal Work Program.

Effective Date: ~~January 4, 2018~~ February 6, 2019
Supersedes Policy Dated: ~~January 4, 2017~~ January 4, 2018
Last Reaffirmed:
Date of Origin: January 11, 2011 – EOD

Related Commission Minutes:

January 11, 2011-EOD; April 3, 2012-EOD, Paragraph B and Paragraph B8, Multimodal Work Program; November 7, 2013 – Comprehensive Policy Review; January 8, 2014 – Suspended additions to STIP with exceptions; May 16, 2014 added delegation of contingent authority; June 25, 2014 – revised suspension of projects to allow for other entities to fund TCOS projects or expansion projects if maintenance paid for as well; October 15, 2014 – revised suspension of projects to allow flexibility in using available funds in the Safety and TCOS categories or MoDOT Operations funds to address emerging Safety and TCOS needs; January 6, 2016 – rescind the suspension of adding new projects.

January 4, 2017 – 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.

February 6, 2019 – added maintenance operations plan to the policy but it had already been included in the 2018-2022 (approved in July 2017) and 2019-2023 (approved in July 2018) STIPs, changed authority for execution of documents related to the Multimodal Work Program.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: General

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM - COMMITMENT

The Commission-approved Statewide Transportation Improvement Program (STIP) is a commitment to the citizens of Missouri. Projects identified in the STIP for right-of-way, design, and/or construction will be MoDOT's priority for program delivery. The STIP will be carried out in accordance with the Code of Federal Regulations.

Effective Date: November 7, 2013
Supersedes Policy Dated:
Last Reaffirmed: February 6, 2019
Date of Origin: November 7, 2013
Related Commission Minutes: November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – reaffirmed during comprehensive policy review.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Planning Framework

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM PLANNING FRAMEWORK

The Planning Framework Process endorsed by the Commission in 2004 and reaffirmed in 2006 represented a significant change in MoDOT's project selection process by involving metropolitan planning organizations, regional planning commissions, and others in the project selection and project priority decision-making process. In 2010, MoDOT was recognized with two national awards for this innovative process.

Engaging Missourians in the planning process through project selection and prioritization will culminate in the development of a Statewide Transportation Improvement Program that improves safety, promotes economic development, and provides citizens an opportunity to determine how transportation funds are spent. The Director shall implement a planning framework that ensures public involvement in a transparent process that identifies transportation needs and selects and prioritizes transportation projects. Public input into this process will be through regional planning commissions, metropolitan planning organizations, and others.

Effective Date: November 7, 2013
Supersedes Policy Dated: February 7, 2006
Last Reaffirmed: February 6, 2019
Date of Origin: March 10, 2004
Related Commission Minutes: February 10, 1994; March 10, 2004; February 7, 2006; November 7, 2013 – Comprehensive Policy Review; October 7, 2015 – resume limited planning studies; May 11, 2016-planning studies prioritized like projects in planning process; February 1, 2017 – planning and environmental studies prioritized like projects in planning process; February 6, 2019-comprehensive policy review.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Joint STIP Projects with State and Local Governments
Sub-Subcategory: Execution of Documents

JOINT STIP PROJECTS WITH STATE AND LOCAL GOVERNMENTAL AGENCIES

Agreements with state and local governmental agencies and others for use of, and/or improvements to, roadways within their jurisdictions to facilitate improvements to the state transportation system may be executed by ~~the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer~~ any member of the Executive Committee.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

~~(January 12, 2011-EOD; April 3, 2012-EOD)~~

Effective Date: ~~April 3, 2012—EOD, Paragraph B7a~~ February 6, 2019
Supersedes Policy Dated: ~~January 11, 2011—EOD~~ April 3, 2012 – EOD, Paragraph B7a
Last Reaffirmed: November 7, 2013
Date of Origin: February 4, 1999
Related Commission Minutes: February 4, 1999; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – comprehensive policy review

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Environmental Approvals
Sub-Subcategory: Execution of Documents

ENVIRONMENTAL APPROVALS

Documents required by a federal or state regulatory agency prior to authorizing MoDOT to proceed with planning, design, and construction of a proposed project may be approved and executed by ~~the Director, Chief Engineer, Chief Financial Officer, Assistant Chief Engineer~~ any member of the Executive Committee or State Design Engineer. These documents shall include, but not be limited to, documents providing analysis of the environmental effects or impacts of a proposed project and documents determining or suggesting that the proposed project is exempt or categorically excluded from such environmental analysis. These staff members may delegate to others under their supervision by written advisory filed with the State Design Engineer.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~April 3, 2012—EOD, Paragraph B5~~ February 6, 2019
Supersedes Policy Dated: ~~January 12, 2011—EOD~~ April 3, 2012 – EOD, Paragraph B5
Last Reaffirmed: November 7, 2013
Date of Origin: September 14, 1977
Related Commission Minutes: September 14, 1977; January 12, 2011-EOD; April 3, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – comprehensive policy review.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: Environmental Damage Mitigation
Sub-Subcategory: Execution of Documents

ENVIRONMENTAL DAMAGE MITIGATION

Contracts with property owners and/or third parties to mitigate environmental impacts as a result of project construction, including contracts to acquire and/or develop sites for mitigation banking, may be executed by ~~the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer~~ any member of the Executive Committee, provided the estimated cost of the mitigation is included in the relevant STIP. (Mitigation banking typically results in regulatory agency credits to offset environmental project development or construction impacts or damage at a different location.)

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~April 3, 2012—EOD, Paragraph B6~~ February 6, 2019
Supersedes Policy Dated: ~~January 12, 2011—EOD~~ April 3, 2012 – EOD, Paragraph B6
Last Reaffirmed: November 7, 2013
Date of Origin: July 10, 2001 – EOD
Related Commission Minutes: July 10, 2001-EOD; January 12, 2011-EOD; April 12, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – comprehensive policy review.

Category: STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
Subcategory: STIP Preparation and/or Implementation
Sub-Subcategory: Execution of Documents

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM IMPLEMENTATION – Execution of Documents

Agreements, other than those identified elsewhere in the Commission’s policies, necessary to provide the improvements contemplated by the STIP wherein there is no cost or the cost is \$200,000 or less may be executed by ~~the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer~~ any member of the Executive Committee.

Executive Committee

For purposes of this policy the term Executive Committee includes the individuals who fill the positions of Director, Deputy Director/Chief Engineer, Assistant Chief Engineer, Chief Safety and Operations Officer, Chief Administrative Officer, and Chief Financial Officer.

Effective Date: ~~November 7, 2013~~ February 6, 2019
Supersedes Policy Dated: ~~April 3, 2012-EOD, Paragraph B-11~~ November 7, 2013
Last Reaffirmed:
Date of Origin: July 10, 2001 – EOD
Related Commission Minutes: July 10, 2001-EOD; January 12, 2011-EOD; April 12, 2012-EOD; November 7, 2013 – Comprehensive Policy Review; February 6, 2019 – comprehensive policy review

Via approval of the consent agenda, the Commission unanimously approved the policy revisions described above.

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STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)
CONSIDERATION OF BIDS FOR TRANSPORTATION IMPROVEMENTS

On behalf of the Director, Eric Schroeter, Assistant Chief Engineer, presented the following recommendations pertaining to bids received on federal-aid and state highway and bridge projects during the past month. He noted Calls C03, D03, F03, G04, and H03 have local funding, as noted in Table I below, and the department received all of the necessary concurrences.

Mr. Schroeter recommended (1) Award of contracts to the lowest responsive bidders for bids received at the January 18, 2019, letting, as recommended and noted in Table I below; (2) Award of Call C03 be contingent upon receipt of the funds from the City of Liberty within the next 30 days; (3) Award of Call F03 be contingent upon receipt of the funds from St. Louis County within the next 30 days; (4) Award of Call G04 be contingent upon receipt of the funds from City of Republic within the next 30 days; (5) Ratify award of contract to the lowest responsive bidder for bids received at the emergency January 17, 2019, letting, as recommended and noted in Table II below; and (6) Declare the bids received on the emergency letting from Gershenson Construction Co., Inc., Millstone Weber, LLC, and L.F. Krupp Construction, Inc. dba Krupp Construction, as noted in Table III below, as non-responsive per Section 102.7 of the Missouri Standard Specifications for Highway Construction due to not completing their bids in accordance with the bidding documents.

Table I
Award of Contracts
January 18, 2019, Bid Opening

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
A01	I-29	Holt	J1I3293	\$153,708.00	\$0.00	Comanche Construction, Inc.	Bridge Rehabilitation
A02	69	Clinton	J1S3059	\$2,898,982.02	\$0.00	Capital Paving & Construction, LLC	Bridge Deck Replacement
	B, N	Daviness	J1S3141				
	C		J1S3131				
	DD		J1S3130				
	KK		J1S2166				

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
A04	6	Sullivan	J1P3077	\$2,048,516.03	\$0.00	Boone Construction Co.	Bridge Replacement
			J2P0470				
B01	61	Lincoln	J2P3236	\$14,595,000.00	\$0.00	KCI Construction Company	Intersection Improvements
			J3P2213				Bridge Replacement
B02	A	Marion	J2S3045	\$481,510.00	\$0.00	E & C Bridge, LLC	Bridge Deck Replacement
B03	A	Clark	J2S3141	\$1,842,191.90	\$0.00	Bleigh Construction Company	Bridge Replacement
	M	Scotland	J2S3139				
C01	V	Ray	J3S3063	\$671,510.60	\$0.00	E & C Bridge, LLC	Bridge Replacement
C02	I-470	Jackson	J4I3119	\$7,933,041.79	\$0.00	Ideker, Inc.	Coldmill and Resurface
C03*	152	Clay	J4S3083	\$23,523,249.12	\$0.00	Miles Excavating, Inc.	Intersection Improvements
	291		J4P3203				
	Kansas Street		J4S3299				Grading and Paving
C04	169	Clay	J4S3088	\$2,470,727.64	\$0.00	Radmacher Brothers Excavating Co., Inc.	Grading, Drainage and Paving
			J4S3088B				Drainage and Pavement
D01	I-44	Crawford	J5I3362	\$98,400.70	\$0.00	Don Schnieders Excavating Company, Inc.	Slide Repair
D02	5	Camden	J5P3361	\$812,384.75	\$0.00	Geromini Concrete Paving, LLC dba GC Paving	Slide Repair
D03**	50	Osage	J5P3375	\$504,330.58	\$0.00	Lehman Construction, LLC	Pavement Improvements
F01	I-270, I-70	St Louis	J6I3166B	\$1,598,993.18	\$0.00	Gershenson Construction Co., Inc.	Pavement Improvements
F03***	67	St Louis	J6S3134	\$4,998,473.40	\$0.00	KCI Construction Company	Bridge Replacement
F04	H	Franklin	J6S3162	\$1,718,537.15	\$0.00	Capital Paving & Construction, LLC	Bridge Deck and Girder Replacement

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
F05	110	Jefferson	J6S3245	\$3,262,777.00	\$0.00	Pace Construction Company	Coldmill, Resurface and Bridge Rehabilitation
G02	B	Bates	J7S0503	\$427,479.50	\$0.00	E & C Bridge, LLC	Bridge Replacement
G04****	M	Greene	J8P3088D	\$1,517,549.00	\$0.00	APAC-Central, Inc.	Intersection Improvements
H01	61, U	New Madrid	J9P3311	\$1,681,868.88	\$0.00	Apex Paving Co.	Resurface
H02	21	Iron, Reynolds	J9P3407	\$3,489,000.00	\$0.00	Pace Construction Company	Resurface
H03*****	34	Cape Girardeau	J9P3581	\$1,115,283.25	\$0.00	Phillips Hardy, Inc.	Bridge Rehabilitation
H04	B	Ripley	J9S3409	\$320,393.20	\$0.00	Apex Paving Co.	Resurface
H05	Various	Various	J9P3577	\$640,961.99	\$0.00	STF, LLC dba Traffic Control Company	Job Order Contract for Pavement Markings
			TOTAL:	\$78,804,869.68	\$0.00		

- * Call C03 – Funding by City of Liberty (J4S3299) – \$7,518,355.18
Funding by City of Liberty (J4S3083) – \$3,000,000.00
- ** Call D03 – Funding by City of Linn – \$114,000.00
- *** Call F03 – Funding by St. Louis County – \$316,035.20
- **** Call G04 – Funding by City of Republic – \$217,084.90
Funding by Republic R-3 School District – \$78,870.00
- ***** Call H03 – Funding by IDOT – \$557,641.63

**Table II
Concurrence in Award
January 17, 2019, Emergency Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
F01	I-64	St. Louis	J6I3419	\$698,448.00	\$0.00	Above and Below Contracting, LLC	Slide Repair
			TOTAL:	\$698,448.00	\$0.00		

**Table III
Non-Responsive Bids
January 17, 2019, Emergency Bid Opening**

Call No.	Route	County	Job No.	Contractor	Description
F01	I-64	St. Louis	J6I3419	Gershenson Construction Co., Inc.	Slide Repair
F01	I-64	St. Louis	J6I3419	Millstone Weber, LLC	Slide Repair
F01	I-64	St. Louis	J6I3419	L.F. Krupp Construction, Inc. DBA Krupp Construction	Slide Repair

Commission Consideration and Action

After consideration, and upon motion by Commissioner Waters, seconded by Commissioner Briscoe, the Commission took the following action with no abstentions noted:

1. Awarded contracts to the lowest responsive bidders for bids received at the January 18, 2019, bid opening, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation.
2. Awarded Call C03 contingent upon receipt of funds from the City of Liberty within the next 30 days.
3. Awarded Call F03 contingent upon receipt of funds from St. Louis County within the next 30 days.
4. Awarded Call G04 contingent upon receipt of funds from City of Republic within the next 30 days.
5. Ratified award of contract to the lowest responsive bidder for bids received at the emergency January 17, 2019, letting, as recommended and noted in Table II above.
6. Declared the bids received on the emergency letting from Gershenson Construction Co., Inc., Millstone Weber, LLC, and L.F. Krupp Construction, Inc. dba Krupp Construction, as noted in Table III above, as non-responsive per Section 102.7 of the Missouri Standard Specifications for Highway Construction due to not completing their bids in accordance with the bidding documents.
7. Authorized the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer to execute the contracts awarded above.

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APPROVAL OF PLANS FOR CONDEMNATION

On behalf of the Director, Eric Schroeter, Assistant Chief Engineer, recommended the Commission approve the following detailed project plans, approved by the Chief Engineer, for filing as necessary for the condemnation of right of way.

<u>County</u>	<u>Route</u>	<u>Job Number</u>
St. Louis	AB	J6S2211
Webster	CC	J7P3187H
Henry	Gaines Drive	J7S3345
Webster	Interstate 44	J8I0445

In accordance with Section 227.050 RSMo, the Commission via approval of the consent agenda, approved the detailed project plans for the above noted projects and directed they be filed as necessary for the condemnation of right of way.

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PROPERTY ACQUISITION AND CONVEYANCES

CONSIDERATION OF EXCESS PROPERTY DISPOSAL, ROUTE I-64 IN ST. LOUIS CITY, EXCESS PARCEL NUMBER SL-0123, 266157

In keeping with the Commission’s policy regarding disposition of Commission-owned property or property rights, the sale of all properties owned by the Commission with appraised or sale values of \$200,000 or more must be approved by specific Commission action.

On behalf of the Director, Tom Blair, St. Louis District Engineer, recommended conveyance of 40,690 square feet of land located on the north side of I-64 between Vandeventer Avenue and Prospect Avenue in the City of St. Louis, to FOPA Partners, LLC for a consideration of \$344,838.

Via approval of the consent agenda, the Commission unanimously approved the property conveyance described above.

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-- **REPORTS** --

REPORTS

The Commission received the following written reports.

AUDITS AND INVESTIGATIONS ANNUAL REPORT

Misty Volkart, Audits and Investigations Director, provided to the Commission the Audits and Investigations 2018 Annual Report.

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FINANCIAL ACCOUNTABILITY REPORT – QUARTERLY REPORT

Brenda Morris, Chief Financial Officer, provided to the Commission the written Quarterly Financial Accountability Report for the period ending December 31, 2018.

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**FINANCIAL – BUDGET – REPORTS
YEAR-TO-DATE FINANCIAL REPORT, PERIOD ENDING DECEMBER 31, 2018**

Brenda Morris, Chief Financial Officer, submitted a written financial report for fiscal year to date December 31, 2018, with budget and prior year comparisons.

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CONSULTANT SERVICES CONTRACT REPORT

Eric Schroeter, Assistant Chief Engineer, submitted a written report of consultant contracts executed in the month of December 2018, 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 368 active contracts held by individual engineering consultant firms prior to

December 1, 2018. Six engineering consultant services contracts were executed in December 2018, for a total of \$558,410. There were zero non-engineering consultant contracts executed in December 2018.

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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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