



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

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**MINUTES OF THE REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN JEFFERSON CITY, MISSOURI,
WEDNESDAY, JANUARY 6, 2016**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, January 6, 2016, at the Missouri Department of Transportation Building, 105 West Capitol Avenue, Jefferson City, Missouri. Stephen R. Miller, Chairman, called the meeting to order at 1:00 p.m. The following Commissioners were present: Gregg C. Smith, Michael B. Pace, Michael T. Waters, Jr., Mary E. Nelson, and John W. Briscoe.

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

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Patrick McKenna, Director of the Missouri Department of Transportation; Rich Tiemeyer, Chief Counsel for the Commission; and Pamela J. Harlan, Secretary to the Commission, were present on Wednesday, January 6, 2016.

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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.
4. Section 610.021(17) – Confidential or privileged auditor communications.

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

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

The Commission met in closed session on Tuesday, January 5, 2016 from 1:30 p.m. to 4:15 p.m., and recessed until Wednesday, January 6, 2016 at 8:00 a.m., and adjourned at 12:30 p.m.

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-- OPEN MEETING --

JOHN W. BRISCOE QUALIFIED AS A MEMBER OF THE MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION

On December 4, 2015, Governor Jeremiah (Jay) Nixon announced the appointment of John W. Briscoe of New London to the Missouri Highways and Transportation Commission for a term ending March 1, 2021, or until his successor is duly appointed and qualified, vice Lloyd J. Carmichael, term expired.

Mr. Briscoe was duly sworn on January 5, 2016, at the Missouri Department of Transportation Building in Jefferson City by Supreme Court Justice Mary Russell.

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PATRICK K. MCKENNA APPOINTED MODOT DIRECTOR

The Commission met in a closed meeting on November 4, 2015, at which time the members voted unanimously to retain Patrick K. McKenna from New Hampshire as the MoDOT Director. Mr. McKenna's employment was effective December 7, 2015. A news conference was held in Jefferson City on November 5, 2015, to announce Mr. McKenna's appointment and introduce him to staff, legislative leadership, and the media. This being the first Commission meeting serving in the capacity of Director, the Commission welcomed Director McKenna.

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CONSENT AGENDA

Consent Agenda Process

In order to make the most efficient use of Commission meeting time and to ensure Commission members are well informed on issues requiring their action, staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items of the Commission meeting agenda. Those items considered

by staff to be of a routine or non-controversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

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

Consideration of January 6, 2016, Consent Agenda

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

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COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS

The Commission has two standing committees: Audit and Legislative. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees’ Retirement System Board of Trustees. The following committee and board reports were made during the January 6, 2016, meeting.

Audit Committee – Commissioner Pace explained while the Audit Committee did not meet this month there are a couple of items to report to the Commission. The State Auditor’s Office is conducting the fiscal year 2015 statewide single audit. Field work for this audit began on November 9, 2015 and the final statewide report is due by the end of March 2016. The Audit and Investigations Division will begin the annual risk assessment process in February which aids in formulating the 2017 internal audit plan. The audit plan will be presented to the Audit Committee in June for approval.

Legislative Committee – Commissioner Miller reported today is the first day of the 2016 legislative session and the Commission is hopeful the legislature will consider passing a fuel tax increase for improving roads and bridges. Senator Libla pre-filed Senate Bill 623 which calls for a fuel tax increase; a 1.5 cent increase for gasoline, and a 3.5 cent increase for diesel. This proposal would annually raise about \$56 million for MoDOT and another \$24 million to be shared with cities and counties. While the proposal falls short of the \$160 million that the department needs, it is a good start in the right direction. The Commission and MoDOT stand ready to assist in educating legislative officials as debate on the proposal progresses.

On the federal level Congress acted at the end of last year to enact the Fixing America’s Surface Transportation Act (FAST). FAST Act is a fully funded five year bill that includes roads, bridges, transit, ports, and rail transportation. FAST Act does not solve the fiscal problems in Missouri.

Missouri Transportation Finance Corporation – Commissioner Smith stated there is no report but the board will meet in February.

MoDOT and Patrol Employees’ Retirement System – Commissioner Pace reported while 2015 was an extremely lackluster year for the traditional stock and bond market, MPERS total portfolio generated an estimated three percent return for calendar year 2015.

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ELECTION OF VICE CHAIR

Lloyd J. “Joe” Carmichael served as Vice-Chair of the Commission, and with his transition off of the Commission, there remains a vacancy in this leadership position. In keeping with Section 226.030.2 RSMo, a vice chair should be elected from the same political party as the vacating officer. This election will not prohibit that member from later serving as chair and vice chair when such member's seniority in commission service qualifies him or her for those offices as provided by law. Subsequently, Commissioner Miller nominated Commissioner Smith to serve as Vice Chair for the remainder of the term, until March 1, 2016. Upon motion of Commissioner Pace, seconded by Commissioner Waters, the Commission unanimously elected Gregg C. Smith as Vice Chair.

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COMMISSION REORGANIZATION

Currently, the Commission has two committees: the Audit Committee; and the Legislative Committee. There are also two boards with Commission membership: the MoDOT and Patrol Employees Retirement System Board of Directors (MPERS); and the Missouri Transportation Finance Corporation Board of Directors (MTFC). Periodically, the Commission will need to reorganize the members who serve on committees and boards.

The **Audit Committee** was created by the Commission at its September 4, 1998 meeting and was charged with interacting with internal and external auditors, performing financially related assignments as deemed necessary, and to provide periodic reports to the Commission. The Audit Committee Charter states the committee is composed of not less than two commissioners. Typically, there have been three Commissioners that serve on the committee and are appointed by the Chair of the Commission. There is one vacancy currently, however with Gregg Smith taking on new responsibilities as Vice Chair he is stepping off of the Audit Committee which creates a second vacancy. Chairman Miller appointed Commissioners Waters and Nelson to serve on the Audit Committee.

The **Legislative Committee** interacts with members of the General Assembly and reports monthly to the full Commission. Historically, all members of the Commission have been members of the Legislative Committee. There is a Co-Chair vacancy that was created with the departure of Lloyd J. “Joe” Carmichael. The Chair shall appoint two of its members, one each from opposing political parties, as Co-Chairs. Chairman Miller appointed Gregg Smith as Co-Chair of the Legislative Committee.

The **Missouri Transportation Finance Corporation** was created by the Commission at its August 9, 1996 meeting. This Board provides direct loans for transportation projects in Missouri. The State Infrastructure Bank (SIB), is a revolving loan fund that can offer loans and credit assistance to

public and private entities, and funds the loans. The Board has eight members total that are grouped into three groups. One of the groups includes a seat for three Commissioners. There remains a vacancy on this board and the Commission elects the members of the Commission who serve on this board. Commissioner Miller nominated Commissioner Waters to serve on the MTFC Board. The nomination was seconded by Commissioner Pace, the Commission unanimously elected Michael T. “Tom” Waters to serve on the MTFC Board.

The **MoDOT and Patrol Employee’s Retirement System** (MPERS) was founded in 1955. MPERS is the retirement system for both MoDOT and the Missouri State Highway Patrol. The MoDOT and Patrol Employees’ Retirement System (MPERS) operates under the direction and control of an eleven member Board of Trustees. Three members of the Missouri Highways and Transportation Commission serve as trustees on the Board. These trustees are elected by the members of the Commission. There is a Commission member vacancy on the MPERS Board of Trustees, vice Commissioner Carmichael’s term expired. Commissioners Smith and Pace continue to serve on the Board of Trustees.

Chairman Miller nominated Commissioner John W. Briscoe as a new member of the MPERS Board of Trustees. Commissioner Waters seconded the nomination, the Commission unanimously elected John W. Briscoe to serve on the MPERS Board of Trustees.

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DIRECTOR’S REPORT

During the January 6, 2016, Commission meeting, Director Patrick McKenna provided the following report:

Winter Storm Goliath – Director McKenna reported on the department’s response to Winter Storm Goliath that occurred after Christmas and into the New Year. He commended the department for the fine example of springing to action when action is needed stating there is no finer example of public service than what MoDOT demonstrated. He expressed appreciation of the department’s efforts to

deploy resources and assistance across the districts. Extraordinary measures were taken to keep roads and some interstates open a little longer than they would have been otherwise, so that people travelling were able to get where they wanted to go during this holiday period. He reported there were over 285 roads closed including three interstates during this nine day period. Over 46,000 customer service calls were received, which is a heavier volume than would occur over a three month period. The Traveler Information Map received over 700,000 hits. He noted the public observed a good example of public service, part of what the taxpayers expect is to have an organization available with the capacity and capability to respond and perform the way that MoDOT did. MoDOT's operating budget is what provides the department with the service capacity that exists, it is important to note that as the need for funding for transportation is discussed the focus is primarily on the capital needs but operating needs are equally important.

Ed Hassinger, Chief Engineer, commended the department on their problem solving ability. He provided an example of a couple of maintenance workers who were digging a signal cabinet out of the mud, expecting it would take days to be repaired Mr. Hassinger was impressed when the workers explained the crew was building a new cabinet at the shop and that signal cabinet would be running in two hours. An example of what everyone was doing around the state, solving problems because they care about what they are doing, and Mr. Hassinger noted he is proud to be able to work with them.

Becky Allmeroth, State Maintenance Engineer, explained that winter storms and winter floods are always a challenge due to the lack of vegetation water gets into the waterways a lot more quickly causing more flash flooding situations and causing higher levels on major rivers a lot more quickly. The three day rain total for this event was nine to eleven inches across the state. The National Guard and SEMA were activated giving the department the opportunity to further partnerships with them along with the Highway Patrol, Corp of Engineers, and National Weather Service. Missouri received national media coverage from CNN and the Weather Channel. This storm impacted every district, and with this event the department had to watch some employees because fatigue was starting to set in, and it was very difficult for the dedicated employees to shut down and go home to rest. The communication efforts were tremendous and Ms. Allmeroth highlighted the success of using the Traveler Information Map, Facebook, and Twitter, not to mention the time spent with each customer on each phone call, helping customers find a safe route to take to their destination.

Missouri State Employees Charitable Campaign –Director McKenna expressed appreciation for the generosity and spirit of Team MoDOT. For the ninth year in a row, MoDOT led all state agencies in contributions with nearly \$160,000 contributed by 1,600 people. This year's team members were

recognized: Jennifer Jorgensen, Dawn Haslag, Patrick Wood, Reagan Schmidt, Kelly Mertens, and Patrick Haslag.

Statewide Fatalities – Director McKenna raised concern for the continued increase in statewide fatalities resulting from crashes on Missouri’s roadways. The department will focus on the legislative priorities of a ban on texting and primary seat belt law in an effort to help reduce the number of fatalities. He noted that sixty-three percent of the fatalities in crashes in the past year were not wearing seat belts. A simple and cost effective way to address the fatality rate is for people to buckle up.

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PUBLIC COMMENT FROM A TRAVELER IMPACTED BY WINTER STORM GOLIATH

Barry Rolle was traveling from Cape Girardeau to Kansas City, Missouri late in the afternoon on January 3, which was during the flooding caused by winter storm Goliath. His plan was to get to I-44 and to then take US 63 to US 50 to get back to Kansas City. But after hearing about the closures on US 63 and 50 he took some rural routes through the Mark Twain National Forest and tried to determine the best detour to get home. Due to the rural location, he was unable to get adequate cell service to help him find his way. He ended up getting assistance from a MoDOT employee who was at a barricade closing a road in Mt. Sterling. This employee had a state map marked with a safe route to take to get back to Hermann and the detours necessary to avoid the Route 19 closure at Hermann. The employee gave the map to Mr. Rolle to use on his trip home. Mr. Rolle requested if anyone knows who the employee was to thank him for his assistance.

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CONSIDERATION OF PROPOSALS FOR ROUTE 141 AND I-44 DESIGN BUILD PROJECT

David Simmons, Project Director, described the project that will maximize mobility and roadway improvements on the Route 141 corridor, reduce delay at the Vance Road intersection, upgrade Route 141 and I-44 interchange, and provide a design that reduces crashes and improves drainage in St. Louis.

Project Goals

The goals of the design-build project are to deliver the project within the program budget of \$25 million; maximize mobility on Route 141, and improve efficiency at the I-44 interchange and Vance Road intersection, deliver the project in a manner which demonstrates the importance of safety, provide a quality project resulting in a long-lasting transportation facility that minimizes future maintenance, deliver the project using a diverse workforce, and complete the project by July 15, 2018.

Procurement Process

By Commission action on July 9, 2014, the Commission approved the use of design-build for the Route 141 and I-44 Design Build Project. Since then, MoDOT's design-build team has been working through the procurement process. Five teams were prequalified in August 2015 to compete for the contract. The Request for Proposals was issued September 2, 2015. During the week following the release of the Request for Proposals, one of the five teams elected not to participate, leaving four teams to compete. The MoDOT Design-Build team held five biweekly confidential discussions with each team to discuss their proposal ideas. Final proposals were submitted November 25, 2015. The MoDOT design-build team reviewed and evaluated the proposals. The four teams that submitted proposals include:

- KCI Construction – KCI Construction partnered with Parsons Brinckerhoff
- Millstone Weber – Millstone Weber partnered with Parsons Transportation Group
- Pace Construction – Pace Construction partnered with AECOM Technical Services, Keusel Excavating Co., and the Lochmueller Group
- St. Louis Bridge – St. Louis Bridge Construction partnered with Hanson Professional Services and Krupp Construction

Evaluation

The items that were evaluated by the MoDOT design-build team included project definition (65 points available), maintenance of traffic (20 points available), and safety (15 points available) for a total

of 100 points. Mr. Simmons provided a summary of the project definition submitted by each team and the total points awarded to each team are outlined below.

- KCI Construction – 52.5 points
- Millstone Weber – 56.5 points
- Pace Construction – 76.9 points
- St. Louis Bridge – 43.5 points

Commission Consideration and Action

Mr. Simmons recommended Pace Construction as the best value proposer. The strength of their proposal provides a good balance of corridor mobility and local connectivity; it also improves the geometrics and simplifies signal phasing to allow traffic to move through the intersection. Their proposal included:

- Thru Turn proposed at Route 141 and Vance Road intersection
- I-44/Route 141 Interchange improvements:
 - New Southbound 141 to Eastbound I-44 flyover ramp
 - New Northbound 141 to Westbound I-44 loop ramp and Westbound I-44 to Southbound 141 loop ramp with collector distributor
 - Upgraded to two lanes on Westbound I-44 exit
 - Improved north outer road connections

Chairman Miller thanked Mr. Simmons 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 Pace Construction design-build team for submitting the best value proposal for the Route 141 and I-44 design-build project; authorize the director, chief engineer, chief financial officer, assistant chief engineer or their designee to negotiate and execute a contract with Pace Construction subject to approval as to form by the Chief Counsel's Office; and authorize payment of the agreed stipend of \$150,000 to the three unsuccessful proposing teams. This motion was seconded by Commissioner Nelson. The Commission unanimously approved the motion.

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ENTERPRISE RISK MANAGEMENT (ERM)

On behalf of the Director, Bill Rogers, Audits and Investigations Director, reported the Enterprise Risk Management (ERM) process began in 2011 at Commissioner Suelthaus' urging as a good governance activity. This process has helped the department strategically review the risks that could impact its ability to deliver the department's mission and assess strategies to mitigate those risks. ERM involves the Commission, department leadership and employees in assessing the risks. Commission policy requires the department have an ERM process and provide an annual report to the Commission regarding that process. The initial ERM assessment took place in 2012; this is the third time the department has been through the process. Mr. Rogers provided the Commission with a detailed report, and reviewed in his presentation with the Commission only what has changed since the last ERM review.

There are ten risk areas that have been identified and are listed in the order of highest risk to lowest risk: financial, workforce, public opinion/support, political risk, transportation system failures, legal regulatory changes, natural disasters, information technology, safety and security, fraud and theft. Mr. Rogers then highlighted the top five risks and how the Senior Management Team assessed each of those risks.

Financial was again assessed as the number one risk. Scores on the three dimensions of impact, likelihood and readiness are virtually unchanged since 2014.

Work Force was again ranked as the second highest risk. The impact rating increased from 2.6 to 3.2, indicating SMT members are more concerned about the severity of work force issues than a year ago. The likelihood score increased from 2.8 to 3.0. The SMT believes work force issues are more likely to occur with lack of funding and pay increases, there is a concern of losing employees from the work force. The readiness score went from 2.4 to 2.6, indicating they believe MoDOT is still less prepared to deal with the work force.

Public Opinion/Support was ranked third, up from fourth in 2014. The likelihood was virtually unchanged, while impact decreased from 3.3 to 3.0 and readiness barely decreased from 2.6 to 2.5. SMT members assess the impact of the potential loss of public opinion/support to be serious, and MoDOT is just as prepared to deal with it as in 2014. SMT members felt MoDOT will lose ground in customer satisfaction and indicated their opinions were influenced by the declining investment in the transportation system and a stagnant operating budget.

Political risk was ranked fourth, up from fifth in 2014. The impact score held at 2.8, as did likelihood at 2.9. This indicates SMT members still believe the impact of political problems will continue to be an issue and are likely to occur. The readiness score was unchanged at 2.6.

Transportation System Failures was ranked fifth, down from third in 2014. The impact assessment decreased from 3.5 to 3.1. A score of 4.0 means the impact would be devastating. The likelihood scarcely decreased from 2.3 to 2.2, indicating the SMT believes transportation system failures are still likely to occur. Finally, the readiness score marginally increased from 2.0 to 2.1, indicating the SMT assesses we are still less prepared. When discussed with SMT members, the general consensus was the declining investment in the transportation system and stagnant operating budget are also still a concern in this area.

Mr. Rogers concluded his presentation and noted the existence of an enterprise risk management process within an organization is recognized as an example of good governance and important to strategic management of organizational risk. Commissioner Miller thanked Mr. Rogers for his presentation and noted the risks that were identified are also tied to funding; financial is directly related, but so are workforce and the ability to continue to attract and retain people by paying them sufficiently and providing good quality work. However, he noted that public opinion and political risk realizes the Commission and MoDOT cannot move forward on the funding front without the support of the public and political leaders.

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DETERIORATING BRIDGES AND THEIR IMPACT ON FREIGHT MOVEMENT

On behalf of the Director, Scott Marion, Motor Carrier Services Director, noted there are currently 641 critical condition bridges on the state system. In addition, there are also about 1,400 state bridges with weight limits or lane restrictions. The 1,400 posted state bridges include 358 of the 641 critical condition bridges. Weight restricted and closed bridges have impacts on the efficient movement of freight, including significant challenges for Oversize Overweight permitted loads.

There has been a cumulative deterioration of bridges on the state highway system. There are numerous bridges and overpasses on the state system that do not provide enough vertical clearance for the increasing number of over height permitted loads. These restrictions have large and immediate impacts on the state and local economies and are cause for safety concerns.

Mr. Marion explained the Motor Carrier Services Division (MCS) of MoDOT is where the oversize overweight trucks get permits and approved routes to travel safely and efficiently in Missouri. The MCS works closely with the bridge division, highway patrol, shippers and carriers to make sure these big trucks are on the safest route possible. Oversize/overweight trucks are those that are over the legal size and weight limits allowed by law. Super-loads are a special category of oversize/overweight loads. To be a super-load it has to be one of these things: over sixteen feet high, more than sixteen feet wide, over 150 feet in length, and over 160,000 pounds. Super-loads are imposing and often require pusher trucks to get the load up hills.

Mr. Marion shared a story he titled “You can’t get there from here, a transportation story of oversized proportions.” This is an unfortunate story with negative safety, economic, and political impacts that parallels the ongoing conversations about how to fund Missouri’s transportation system. This story makes citizens, businesses, truckers, law enforcement, safety advocates, local officials, legislators, and MoDOT unhappy. However, hopefully in sharing this story it will help bring an

understanding of what is happening and why transportation needs to be a priority and a funding solution identified and implemented.

As the condition of bridges continues to decline, it is getting more difficult to find safe and efficient routes for an increasing number of larger size trucks. MoDOT prefers these large loads travel on the big wide interstates and highways that can more safely handle them, but that is not possible due to height restrictions and other bridge issues. To avoid a bridge MCS often will have no choice but to route these loads on lettered routes on the secondary system through small towns, which justifiably raise safety concerns.

To illustrate the increase in demand for oversize/overweight permits Mr. Marion explained MCS issue 155,000 permits each year, which is a 14.4 percent increase over the past four years. This year there will be 3,000 oversize/overweight loads moving through Missouri each week. Super-loads have increased almost 54 percent. MCS works with the districts and the shippers and carriers months in advance to route these loads coordinated with utility companies that will raise power lines, escort companies, the highway patrol, local, and state officials. MCS anticipates there will be 3,000 super-loads through Missouri this year. Many permit applications for super-loads are sent to the bridge division for analysis, which will process over 2,500 super-loads this year, an incredible 95 percent increase from 2009 and compared to 1995 when they only analyzed 35 super-loads the entire year.

Missouri has become a safe route maze for oversize/overweight carriers and in many instances, the declining condition of our bridges is also becoming a roadblock for regular size trucks such as farm trucks, dump trucks, school buses, fire trucks, and first responders. With 641 critical condition bridges, 1,400 load posted and lane restricted bridges, vertical clearance issues for tall loads on interstates, plus 800 normal day work zone restrictions, it is truly a maze to get across Missouri. A straightforward trip from St. Louis to Kansas City would take a total of 271 miles along major roads. Unfortunately, because of the maze of bridge restrictions (weight, lane, width, height) this load would be routed all over

the state to avoid those locations and a 271 mile trip would increase to 413 miles, a 52 percent increase. This situation happens daily increasing time, fuel, and costs to carriers, shippers, and customers, along with increased damage to Missouri's secondary roads. Unfortunately, some carriers are now choosing to avoid and go around Missouri due to the many route restrictions and the added time and expense, Missouri does not have the infrastructure available for the efficient movement of goods.

It is not good for the economic well-being of Missouri to be closed for business. Power generators, manufacturers, construction and other businesses that provide jobs to Missourians need to be able to get their products transported safely and efficiently to remain profitable. Trucking companies that bring practically everything to local stores deserve a safe and efficient system to keep prices low and competitive. Farm implements are getting bigger and bigger and farming is also vital Missouri's economy. If Missouri's bridges continue to decline there will be additional public safety concerns for buses, fire trucks, and first responders. Missouri needs to choose to make an investment in our bridges, bring them up to twenty-first century standards so that the story of "you can't get there from here" will be a thing of the past.

Commissioner Miller thanked Mr. Marion for his presentation and noted while people may complain about trucks on the road the only thing worse than having trucks on the road, is having no trucks on the road which means no economic development in Missouri.

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FINANCIAL FORECAST UPDATE

On behalf of the director, Roberta Broeker, Chief Financial Officer, explained the department prepares an annual financial forecast to estimate future revenues and disbursements. The forecast is the basis for MoDOT's operating budget and the funding targets provided to planning partners and MoDOT staff to select projects for the Statewide Transportation Improvement Program (STIP). The financial forecast includes the various components of state revenue, including the state motor fuel tax, motor

vehicle sales and use taxes, motor vehicle and driver's license fees, and federal funds from the federal motor fuel tax and other sources as provided by Congress. This forecast projects federal funding levels as specified in the five-year Fixing America's Surface Transportation (FAST) Act, which was signed into law on December 4, 2015 but is retroactive to October 1, 2015.

Ms. Broeker reported state revenue has changed dramatically since she presented the financial forecast last year. Based on current financial projections, MoDOT will be able to match all anticipated federal funds in the forecast period. Contractor awards are projected to increase from approximately \$596 million in fiscal year 2016, to \$700 million in 2017, to \$775 million in fiscal years 2018 and 2019 and \$860 million in subsequent years.

Contractor awards increased significantly from the prior forecast, because the department is projected to match all of its federal funds. This is because this forecast projects higher state revenues for the five year period 2017-2021 than in previous forecasts. State fiscal year 2015 state revenues for the three primary sources of highway user fees, state fuel tax, motor vehicle sales tax and motor vehicle and drivers' licensing fees, were \$47 million (4.5 percent) more than projected. This increased both the cash balance and the base-line state revenues for future years. It is expected the growth in state revenues experienced in fiscal year 2015 will continue.

All three state revenue growth assumptions have been increased with this forecast compared to the previous forecast. The assumption for motor fuel tax increased from a negative 0.5 percent to 0.0 percent, or flat. With fuel prices remaining low, consumers are driving more and, therefore, purchasing more fuel. The motor vehicle sales tax assumption increased from 3.0 percent growth to 4.0 percent growth. Both the number of vehicles purchased and the price of vehicles has risen. The assumption for motor vehicle and drivers' licensing fees was increased from 1.0 percent growth to 1.5 percent growth. Because of the changes in these revenue assumptions, state revenues from these three sources are projected to be \$275 million more than in the 2016-2020 forecast.

In addition, the department has worked with the Federal Highway Administration to federalize some preventive maintenance activities, such as striping, chip sealing and asphalt pavement repair, which were previously paid entirely with state funds. Missouri is one of a handful of states who use this practice to match federal funds. Federalizing activities that were previously state funded frees up state funds to match federal funds. The forecast assumes \$40 million in reimbursements per year for maintenance activities approved for federal participation.

For the 2017-2021 period, the forecast relies on deficit spending in each year. The average deficit spending is \$109 million per year. At June 30, 2015, the combined balance of the State Road Fund, State Road Bond Fund, and State Highways and Transportation Department Fund was \$831 million. Deficit spending will reduce the amount from an estimated \$758 million at July 1, 2016, the beginning of fiscal year 2017 to \$215 million at June 30, 2021, and the end of fiscal year 2021. Of the \$215 million projected to be in the state treasury at that time, \$160 million is projected to be in the State Road Fund. Debt covenants and the Missouri Constitution require one year's worth of Senior Lien debt service in the State Road Fund. The debt service requirement in that year is \$49.7 million. Additional cash is necessary in the State Road Fund for cash flow purposes.

Ms. Broeker summarized that it is a combination of several events and activities which have led to the improved financial forecast. The improvement in the state's economy lead to an increase in state revenues. The passage of the FAST Act provides stable funding for the next several years. The ability to receive federal reimbursement for some routine maintenance activities will assist with matching federal funds. Additionally, the department will spend down the cash balance. Director McKenna noted these are extraordinary measures the department is undertaking and it is with considerable risk. Both noted the improved financial forecast does not solve the infrastructure funding problem and the department is relying on a funding solution to be accomplished over the next five year period.

Commissioner Waters thanked Ms. Broeker for her presentation and noted that he is thankful the cash balance is there and that the actions in the past allowed the department to have the cash available to use at a time when it is so needed.

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2017-2021 STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM DEVELOPMENT

On behalf of the Director, Machelles Watkins, Transportation Planning Director, explained with the new financial forecast and construction awards estimated to be significantly higher than the previous financial forecast when the department anticipated having only \$325 million annually in construction awards, it is necessary to make some changes that will assist with the development of the 2017-2021 Statewide Transportation Improvement Program (STIP). The STIP is the outline of projects the department will develop and deliver over the five year period and is a commitment to Missourians.

Ms. Watkins reminded the Commission the department received Commission approval over the last year to implement actions which allowed the department to live within the funding that was expected to be available. This included some difficult choices, suspending the addition of new projects to the STIP and implementing the 325 plan. The Missouri 325 System was a plan to use the department's capital investment on the approximately 8,000 miles of primary roads and bridges while the remaining supplementary roads and bridges, approximately 26,000 miles, would only receive limited routine maintenance.

The revised financial forecast indicates MoDOT can expect to have more funding available than previously expected. MoDOT's most recent financial forecast projects contractor awards to be \$700 million in 2017, \$775 million in fiscal years 2018 and 2019 and \$860 million in subsequent years. So for the 2017-2021 STIP direction and development, the good news is MoDOT can maintain the whole state system in the condition it is today, but it is worth noting that the cost of this work goes up about 3 percent each year due to inflation. The department will have enough funds remaining after taking care

of the system to do some spot safety improvements and a few congestion relief projects in the most heavily traveled areas.

However, there are still many needs that go unmet. It won't allow MoDOT to improve the condition of roads and bridges. An improved forecast will not allow MoDOT to pursue the next level of systematic safety improvements that really drive down fatalities; she reminded everyone that year to date 97 more lives were lost on Missouri's highways in 2015 than 2014. The new forecast will not allow MoDOT to deliver the kind of economic development projects that help Missouri's businesses and communities grow. This program level won't allow MoDOT to reduce the backlog of 641 critical condition bridges.

The revised financial forecast does allow MoDOT to maintain the state system at the condition level it is today. Even with contractor awards being higher than previous years, Missouri needs \$160 million in new state revenues if it wants to improve the existing highway system, continue making systematic safety improvements, deliver economic development projects and begin addressing the backlog of 641 critical condition bridges that need to be rebuilt or replaced.

As a result of the new financial forecast Ms. Watkins recommended the Commission rescind the action taken at its January 8, 2014, and further clarified at its June 25, 2014 and October 15, 2014 meetings, to suspend adding new projects to the STIP. She also recommended the Commission rescind the action taken at its February 4, 2015 meeting, to approve Missouri's 325 System plan. She noted taking these actions will allow district staff, in coordination with planning partners, to begin developing the 2017-2021 STIP with the ability to maintain the entire state system.

After consideration, Commissioner Waters moved the Commission adopt staff recommendations to rescind the action taken at its January 8, 2014, and further clarified at its June 25, 2014 and October 15, 2014 meetings, to suspend adding new projects to the STIP; and rescind the action taken at its February 4, 2015 meeting, to approve Missouri's 325 System plan so district staff, in coordination with

planning partners, may begin developing the 2017-2021 STIP with the ability to maintain the entire state system. This motion was seconded by Commissioner Nelson. The Commission unanimously approved the motion.

Commissioner Miller thanked Ms. Watkins for her presentation.

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DELEGATION OF SETTLEMENT AUTHORITY FOR PROPERTY DAMAGE

On behalf of the Director, Jeff Padgett, Director of Risk and Benefits Management, stated in April 2015, the Missouri State Auditor released an audit recommending privatization of property damage collection to maximize property damage revenues. Collection of these funds is currently performed by MoDOT staff. A competitive procurement process was completed for property damage collection services.

Providing settlement authority to a private administrator will allow for efficiency in the property damage collection process by eliminating the need for MoDOT staff to approve settlements that meet specified criteria. MoDOT staff will continue to identify claims for collection, establish and maintain records in the financial accounting system, and refer to Claims Management Resources (CMR) for collection. Once referred, CMR will handle the collection process from contacting the responsible party to receipt of reimbursement. The administrator will retain a percentage of most collections, so they will be incentivized to collect as much reimbursement as possible. CMR will retain 17.05% of collections, up to a maximum fee, per claim, of \$7,000. Property damage costs written off, with known responsible parties, over the past four years have averaged \$950,000 annually. Any settlements outside the specific parameters outlined in this recommendation will require MoDOT staff or MHTC approval, in accordance with current MHTC policy. MHTC will retain sole authority regarding any and all legal action related to property damage collection.

Mr. Padgett recommended approval of delegation of limited settlement authority to Claims Management Resources (CMR). This delegation of authority shall be limited to no less than 75 percent of the total value of the claim, and shall apply only to claims valued at \$25,000 or less. Potential settlements not meeting these criteria will require MoDOT staff or Commission approval, in accordance with Commission policy. Privatization of this function may increase revenue from property damage claims, which would provide additional funding for road and bridge improvements.

Via approval of the consent agenda, the Commission unanimously approved the delegation of settlement authority for property damage described above.

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MODOT AND MISSOURI STATE HIGHWAY PATROL MEDICAL AND LIFE INSURANCE PLAN (PLAN)

The Commission established and approved guidelines for a self-insured Medical and Life Insurance Plan for employees of the Department and the State Highway Patrol on November 9, 1977. The guidelines established a board of trustees to manage the operations of the Plan. Potential board members, and the board chairman, are recommended by either the Department Director or the State Highway Patrol Superintendent and are subject to Commission approval. On behalf of the Director, Jeff Padgett, Director of Risk and Benefits Management, recommended approval of the appointment of Javal Burton as a Missouri Department of Transportation active employee representative, to fill the unexpired term of Sherri McGregor, which expires in November 2019. Ms. McGregor recently retired.

Via approval of the consent agenda, the Commission unanimously approved the appointment of Javal Burton as a Missouri Department of Transportation active employee representative, for a term ending November 2019.

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FISCAL YEAR 2016 BUDGET AMENDMENT

On behalf of the Director, Brenda Morris, Financial Services Director, recommended increasing disbursements \$5.0 million for the fiscal year 2016 budget. Ms. Morris also recommended transfers between operating budget categories to address changing priorities and provide greater flexibility to districts and divisions in funding program priorities.

Via approval of the consent agenda, the Commission unanimously approved the fiscal year 2016 budget amendment described above.

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2016 – 2020 STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM AMENDMENT

On behalf of the Director, Ed Hassinger, Chief Engineer, requested approval to revise the 2016-2020 Statewide Transportation Improvement Program (STIP) that was approved in July 2015, for the implementation of thirteen projects, as noted in the tabulation below.

**2016 – 2020 STIP
Highway and Bridge Construction Schedule
January Amendment
Project Changes**

District County Job No.	Route	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Construction and Right of Way Funds (Dollars in Thousands)	Change in Engineering Funds (Dollars in Thousands)
NW Andrew J1S3121	MO 48	Preventative maintenance treatment on the driving lanes from Route 71 to Route 169 in King City.	2016 CN	\$339	\$28
NW Dekalb J1P1041	US 169	Preventative maintenance treatment on the driving lanes from I-29 interchange, in St. Joseph, to Route 31, near Union Star.	2016 CN	\$434	\$35
NE Marion J2I3074	IS 72	Deck, beam cap and pier sealing on the Mark Twain Memorial Bridge over the Mississippi River at Hannibal.	2017 CN	\$233	\$20
KC Platte J4P3095I	MO 92	Intersection improvements including pedestrian facilities, signal improvements, reconstruction and reduction of the curve super elevation of the roadway north of Kentucky Avenue to just east of Prairie View Road in Platte City.	2016 CN	\$815	\$32

District County Job No.	Route	Description of Improvement/Location	Tentative Award State Fiscal Year and Change by Type	Change in Construction and Right of Way Funds (Dollars in Thousands)	Change in Engineering Funds (Dollars in Thousands)
KC Saline J3P3049	US 65	Intersection improvements at Fairground Road in Marshall.	2017 CN	\$159	\$15
KC Various J4P3141	Various	Job Order Contract for lighting repair at various locations in the urban Kansas City District.	2016 CN	\$200	\$32
SL Jefferson J6S3139	RT E	Pavement improvements on Route E from Route N to St. Francis County line, on Route V from Route E to Route JJ and on Route JJ from north of Route 67 to south of Route 67.	2016 CN	\$691	\$52
SL Jefferson J6S3138	RT WW	Pavement improvements from Route Y to Route H.	2016 CN	\$342	\$28
SL St. Louis J6P3130	IS 44	Pipe replacement and erosion control at various locations on Route 141 and I-44 in St. Louis County.	2016 CN	\$306	\$21
SW Various J7S3085	Various	Seal coat pavement improvements on various supplementary routes throughout the rural Southwest District.	2016 CN	\$1,494	\$88
SW Various J7S3088	Various	Seal coat pavement improvements on various supplementary routes in the Southwest District.	2016 CN	\$2,306	\$139
SE Cape Girardeau J9P3133	US 61	Pavement and intersection improvements from North High Street to North Hope Street in Jackson.	2016 CN	\$799	\$37
SE Wright J9S3076	MO 95	Pavement improvements from Bus. 60 (Third Street) to Clouse Street west in Mountain Grove.	2016 CN	\$38	\$2
			TOTAL:	\$8,156	\$529

Via approval of the consent agenda, the Commission unanimously approved the amendment to the 2016 – 2020 STIP as noted in the tabulations above.

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REQUEST FOR APPROVAL OF LOCATION AND/OR DESIGN OF HIGHWAYS

**Route 61, St. Charles County
Route P and Peine Road, City of Wentzville
Job No. J6P3071
Public Hearing Held November 12, 2015**

The proposed improvement provides a new interchange to replace the median crossovers at Route P and Peine Road. It also modifies three additional median crossovers to extend acceleration and deceleration lanes and prohibit left turns for improved safety. The project will have controlled access right of way. Route 61 traffic will experience narrow lanes and lane shifts during construction, with occasional lane closures during off-peak times. Side streets will maintain access to Route 61 during construction via bypasses and temporary connections. Adequate signing will be provided to control traffic flow in the area and will be augmented through public information and outreach efforts to advise motorists of this traffic situation. The project is 2.56 miles in length.

On behalf of the Director, Greg Horn, St. Louis District Engineer, recommended approval of the design as presented at the public hearing.

After full consideration of the favorable and adverse economic, social and environmental effects of the recommended design, the Commission via approval of the consent agenda unanimously found and determined the recommended design would best serve the interest of the public and approved the recommendation.

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RATIFICATION AND APPROVAL OF PLANS FOR CONDEMNATION

On behalf of the Director, Eric Schroeter, State Design Engineer, recommended the Commission ratify and approve the following detailed project plans, approved by the Chief Engineer, which have been filed for condemnation.

<u>County</u>	<u>Route</u>	<u>Job Number</u>
Pulaski	17	J5P3029
Barry	Business 37	J7P2193D

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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-- REPORTS --

The Commission received the following written reports.

**FINANCIAL – BUDGET – REPORTS
YEAR-TO-DATE FINANCIAL REPORT, PERIOD ENDING NOVEMBER 30, 2015**

Brenda Morris, Financial Services Director, submitted a written financial report for fiscal year-to-date ended November 30, 2015, with budget and prior year comparisons.

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CONSULTANT SERVICES CONTRACT REPORT

Eric Schroeter, State Design Engineer, submitted a written report of consultant contracts executed in the month of November 2015, 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 107 active contracts held by individual engineering consultant firms prior to November 1, 2015. Six new engineering consultant services contract were executed in November 2015, for a total cost of \$352,619. There were no new non-engineering consultant contracts executed in November 2015.

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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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