



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

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**MINUTES OF THE REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN SPRINGFIELD, MISSOURI,
WEDNESDAY, AUGUST 3, 2016**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, August 3, 2016, at the Springfield-Branson National Airport, 2300 North Airport Boulevard, Springfield, Missouri. Gregg C. Smith, Chairman, called the meeting to order at 12:00 p.m. The following Commissioners were present: Michael B. Pace, Michael T. Waters, Jr., Mary E. Nelson, and John W. Briscoe.

Commissioner Stephen R. Miller tendered his resignation effective July 1, 2016; at the time of the August 3, 2016 meeting, a replacement had not been appointed.

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, August 3, 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(2) - Lease, purchase, or sale of real estate.

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

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

The Commission met in closed session on Wednesday, August 3, 2016 at 9:00 a.m., and adjourned at 11:30 a.m.

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-- OPEN MEETING --

APPROVAL OF MINUTES

Upon motion by Commissioner Briscoe, seconded by Commissioner Waters, the Commission unanimously approved the minutes of the regular meetings held April 6, 2016, and May 11, 2016, and the special meetings held April 5, 2016; May 2, 2016; and May 10, 2016. The Chairman and Secretary to the Commission were authorized and directed to sign and certify said minutes and to file same in the office of the Secretary.

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CONSENT AGENDA

Consent Agenda Process

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

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

Consideration of August 3, 2016, Consent Agenda

No items were removed from the consent agenda. Upon motion by Commissioner Waters, 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 July August 3, 2016, meeting.

Audit Committee – Commissioner Waters stated there was no report.

Legislative Committee – Commissioner Pace stated there was no report.

Missouri Transportation Finance Corporation – Commissioner Smith stated there was no report.

MoDOT and Patrol Employees' Retirement System – Commissioner Pace stated there was no report.

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DIRECTOR'S REPORT

During the August 3, 2016, Commission meeting, Director Patrick McKenna provided the following report:

Award – Director McKenna recognized Kristen Bagwell, who is the Employee Development Manager in the Human Resources Division. Ms. Bagwell was recently named the 2016 Game Changer by Workforce Magazine. This is a national award given to twenty-five elite human resource professionals under the age of 40. One of Ms. Bagwell's biggest accomplishments is the development of the MoDOT Employee Enrichment Zone, also known as the MEE Zone. The director congratulated Ms. Bagwell for receipt of this award.

Winter Operations – Director McKenna reported the department is preparing for the winter season and is working to fill the vacant permanent positions in maintenance as well as hire emergency and seasonal employees to assist with winter operations. The Kansas City, St. Louis, and Springfield areas are experiencing the greatest difficulty in hiring temporary and seasonal employees. Maintenance work is a

profession that people take for granted and unfortunately the department is experiencing problems with attracting and retaining maintenance employees based on salaries that are not competitive with the market. The department estimates there are over 200 vacancies currently. The lack of capacity by not having enough employees available to work winter operations will ultimately impact service.

Missouri State Fair – The Missouri State Fair begins on August 11, and the department will have something new at the highway gardens displays this year. The director explained there will be available a computer kiosk that will have the transportation calculator available for fair goers’ educational use. The purpose of this display is to inform citizens how much they pay for the transportation network in Missouri. It also explains where the money comes from, gas taxes rather than income taxes. The calculator also describes how their money is invested in the transportation network that they use daily. Unfortunately, Missouri has let the transportation investment level decline with inflation over the last twenty years, and it is beginning to have an impact on the condition of the system. The lack of funding is also impacting the department’s ability to support economic development and promote safety.

Innovations Challenge – Director McKenna joyfully exclaimed the Innovations Challenge is celebrating its tenth anniversary as it starts the process again this year. He explained this program encourages MoDOT employees to bring their ideas that make their jobs more efficient and save the department money and improve safety. He explained any innovation that improves work zone safety this year is eligible to earn double rewards during the first round of competition and all the way through the process as the program culminates at the showcase in April. Over the years the Innovations Challenge has brought considerable improvements in the function of MoDOT’s operation, as well as the safety of employees and the traveling public.

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SPRINGFIELD REGION DELEGATION

Matt Morrow, President of the Springfield Area Chamber of Commerce, presented to the Commission about regional growth, needs, and collaborative culture. He reported the region has experienced three consecutive years of growth in job creation and workforce. In the last twelve months the region has created 6,100 net new jobs and added 4,400 people to the workforce. The region is also experiencing low unemployment of 3.7 percent. Additionally, Greene County leads all counties in the state in wage growth in 2016.

Mr. Morrow noted on the one hand, the region has low unemployment, a growing economy, and consistent growth in jobs and workforce, but on the other hand the region continues to have challenges with poverty. Approximately twenty-five percent of the citizens in the region are at or below the poverty level. While addressing poverty is a complex challenge he noted that this workforce is still upwardly mobile, and can advance their ability and earning potential.

Mr. Morrow commended the region's work force for its high work ethic. People are taking on the tough service jobs, and many are working more than one job. The key for moving forward as a community is training and education initiatives to properly equip the workforce so that they can increase their earning potential and continue to be upwardly mobile. This effort will also meet the needs of businesses in the region through the community providing a talented skilled workforce. Businesses continue to report that they compete more fiercely for talented workforce than they do for customers.

The biggest piece of a complex puzzle to addressing poverty and social challenges is a growing and vibrant economy that creates jobs. A very important key to growing the economy and creating jobs is a robust and forward looking transportation system. The Springfield region enjoys working together with MoDOT and the Ozarks Transportation Organization to make that happen. Additionally, there are public transit needs in the community that could assist the segment of the population that is at or below poverty level. Transit can help get them to and from work, which is a barrier to their upward mobility.

Mr. Morrow reminded the Commission about the collaborative culture of the region by highlighting several recent successful projects. The Prime Trucking Expansion project led to a collaborative transportation improvement involving Prime, Inc., MoDOT, City of Springfield, Ozarks Food Harvest, and North Creek Development. The Fed Ex Ground project had 8 public and private partners that led to improvements for the region.

Mr. Morrow also highlighted the successful completion of recent transportation improvement projects; six-laning of Highway 65 and diverging diamond interchange improvements in the region. He

noted a new project that is underway at Highway 65 and Chestnut, and the railroad overpass. He noted however, with the projected growth in population and job creation by 2040 the region is anticipating considerable congestion. He noted the region has about \$500 million in unfunded transportation needs through 2040, which calculates to about a \$23 million annual shortfall. He noted Interstate 44 will need expansion due to the projected growth in freight to increase by over 55 percent between 2011 and 2030. Improving Interstate 44 will cost approximately \$100 million and is an unfunded need.

He noted however, the collaborative culture in the region shines when it comes to transportation projects. The region not only works together it funds together. He explained the contributions come from local, federal, and private sector funds. He provided a breakdown of \$372 million that have been spent on transportation improvements in the region and include US 65 six-laning, airport terminal access road, six diverging diamond interchanges, and a railroad bridge over Chestnut expressway. The breakdown of contributions of funds includes: \$265 million from MoDOT, \$107 million from Ozarks Transportation Organization (OTO) partners, \$83 million from the City of Springfield, \$11.3 million from Greene County, \$4.5 million from Christian County, \$2.4 million from the City of Nixa, \$1.6 million from the City of Republic, \$1.5 million from the City of Ozark, and \$3.1 million from all other OTO partners.

In conclusion, Mr. Morrow expressed the region's support of the cost share program, and the department's asset management approach as it continues to find ways to maintain the system and make the necessary improvements to the system.

Commissioner Nelson thanked Mr. Morrow for his presentation and for the partnership with the community and MoDOT.

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MARSHFIELD INTERCHANGE DELEGATION

John Benson, City Administrator for the City of Marshfield; Paul Ipock, Presiding Commissioner for Webster County; Representative Lyndall Fraker, Missouri House of Representatives District 137; and Senator Mike Cunningham, Missouri State Senate District 33, presented to the Commission about their request for a second interchange and outer roads at Marshfield on I-44. Mr. Benson noted Marshfield is the only community its size along I-44 that does not have a second interchange or overpass. He reported over sixty percent of the residents commute to Springfield for work. This impacts the traffic on the interchange. He expressed other concerns regarding congestion in the area due to the businesses located around the interchange. He noted while MoDOT widened Route 38 through the interchange to increase capacity, congestion issues remain.

Mr. Benson also expressed concerns regarding safety, specifically for emergency service response times. The one interchange is located so far away from portions of the community it extends response time. He expressed concern if the one interchange were to close; the lack of outer roads and lack of connectivity to both sides of the interstate would exacerbate the issue.

Mr. Benson commented about Marshfield's economy and noted that Marshfield is a growing community. The available land has been developed and without outer roads the community is unable to continue to grow and expand. Marshfield has an industrial park but only one interchange is an impediment to attracting businesses to or expanding the industrial park. He noted the industrial park also has rail access but not having better interstate access limits the community's ability to leverage the rail access. He stated the community is literally being stunted in growth and development and it is directly related to the lack of additional access to Interstate 44.

Mr. Benson reported the city is in the process of hiring an engineer to design a future interchange. Additionally, the voters lifted the sunset on the existing ½ cent transportation tax in April, and then in the August election the voters just approved bonding capacity of up to \$10 million for

transportation projects. The city is moving in the right direction to step up to the plate and partner with MoDOT and the Commission to get a second interchange.

Paul Ipoeh, Presiding Commissioner of Webster County, reported the county commission voted last week to fully support the need for a second interchange on Interstate 44. The county commission believes a second interchange is necessary due to the safety issues and the need for economic development.

Representative Lyndall Fraker discussed the history of the project. He indicated in the past while the community has wanted a second interchange for many years, the community needed to come to the table with money and a really good plan. He reported in 2001 the community developed a comprehensive plan which indicated the need for a second interchange. In 2012, the community completed a study regarding the location for the interchange. With the recent passage of the bonding issue and the elimination of the sunset on the transportation sales tax, the community now has the ability to help fund this project. He concluded Marshfield has a plan, it has the funding, and they are ready to do this project.

Senator Mike Cunningham commended MoDOT for their relationship with the community and with him. He reported the city applied for a grant under the Missouri Moves cost share program the legislature recently passed. The senator indicated his desire to see this project moving forward in the next two years and not to delay it any further.

Commissioner Waters thanked the group for their presentation. He inquired if the community has been working with the regional planning organization so that this project rises as a priority for the region and seek placement in a future Statewide Transportation Improvement Program. Senator Cunningham indicated the county commission has been very involved, and the city is seeking a more active role with the regional planning commission.

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SUSAN LEGGARD REGARDING REST AREAS, WELCOME CENTERS, AND TRUCK PARKING MANAGEMENT SERVICES

Susan Leggard, a representative of a sheltered workshop, thanked the Commission for thirty years of an outstanding program that employs approximately 175 people with severe disabilities at the rest areas, welcome centers and truck parking facilities. She explained sheltered workshops in Missouri are at a very precarious point in their existence right now, which makes the Commission’s support even more important. She explained workshops are criticized for paying sub-minimum wages and only working beside other people who have disabilities. The jobs provided by the Commission are minimum wage and above and are in integrated settings which makes this program even more tremendous. She introduced the seven other sheltered workshops who were in attendance at the meeting and explained that workshop employees across the state take great pride in what they do for the Commission and the traveling public. She also explained that without this program, there are sheltered workshop programs in Missouri that would close. She recognized while it is not the Commission’s responsibility to keep workshops open, all Missourians have to work together for the good of the citizens of the state.

Commissioner Smith thanked Ms. Leggard for her comments and for reaching out to him and his fellow Commissioners regarding the workshop concerns.

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ROBERT KOCH REGARDING REST AREAS, WELCOME CENTERS, AND TRUCK PARKING MANAGEMENT SERVICES

Robert Koch, a representative of a sheltered workshop, thanked the Commission for the partnership of close to thirty years that has had an immense impact on sheltered workshops. This program has been a fundamental part of the workshops success around the state. When determining the number of disabled people employed by the workshop they also learned there are 75 workshop staff who are employed by this program. Also, in some cases the income from maintaining these MoDOT facilities was as high as sixty percent of a workshop’s revenue. Without this program the workshops

would struggle to exist and provide employment. The workshop employees take ownership of their job, and truly enjoy their interaction with the public because this job is more than a paycheck to them. They take pride in their work and especially when they see it is appreciated by a traveler passing through, or a MoDOT inspector.

Commissioner Nelson thanked Mr. Koch for his comments and for recognizing the value of the labor provided by the employees of the workshops.

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MEDICAL PLAN FUNDING RECOMMENDATIONS FOR CALENDAR YEAR 2017

On behalf of the Director, Jeff Padgett, Risk and Benefits Management Director, shared the funding recommendations for the medical and life insurance plan. The recommendations are based upon projected funding necessary to provide medical and life insurance benefits to employees and retirees of MoDOT, the Missouri State Highway Patrol (MSHP), and the MoDOT and Patrol Employees' Retirement System (MPERS). The MoDOT and MSHP Medical and Life Insurance Plan board of trustees (Board) provides recommendations based upon an actuarial review. AON Hewitt Consulting conducts an actuarial review and analysis of medical plan funding on a semi-annual basis. Based upon the June 29, 2016 review, the Board made recommendations for plan funding for calendar year 2017. The recommendations are projected to maintain adequate funding for medical plan costs.

Mr. Padgett shared information on medical plan trend costs. The medical plan utilization trend for 2017 is projected to increase by six and a half percent, which is similar to the projected national average increase of six to eight percent. The employees continue to help manage costs by receiving the majority of services from participating providers as well as using generic drugs when possible.

Mr. Padgett explained the prescription drug plan costs have been increasing in recent years. There has recently been a dramatic increase in specialty medication cost. While the plan's generic utilization is over 84 percent, that category of drugs accounts for only 23 percent of the plan's pharmacy

cost. The overall increase in costs is largely due to specialty drugs, which are primarily used to treat viral infections, cancer, rheumatoid arthritis, Crohn's disease, and multiple sclerosis. Specialty drugs are less than .5 percent of total claims, but account for over 31 percent of total plan drug spending. The department will continue to use the specialty co-payment assistance program which allows the plan to use the manufacturer's rebates and incentives that is projected to save over \$1 million for 2016. The plan continues to increase the generic drug utilization by sending targeted letters for generic opportunities in savings for the plan and members. The plan will continue to seek potential strategies to reduce costs and find solutions to the challenge of funding for the specialty drugs.

Mr. Padgett provided a report regarding healthcare reform, or the Affordable Care Act (ACA). He noted the department had no significant increase in costs that are connected directly with the ACA. However, there have been fees and taxes that are paid due to the ACA. The annual payment to the patient centered outcome's research institute fund of a little over \$50,000 was made in July, and a payment to the transition reinsurance program of \$759,000 was paid. The transition payment next year should be about half that amount and will be the last payment made as that requirement will expire in 2018. The department also received \$3.5 million under the ACA through the early retiree reinsurance program. The department will continue to monitor all of the requirements of the ACA and keep the Commission informed of the requirements that the plan must continue to meet.

Mr. Padgett explained the plan has expanded its wellness programs in partnership with the Coventry Healthcare Wellness Coordinator. The plan also surveys employees to gain feedback on the wellness programs that are in place. There are wellness champions at each district and troop office. There is also a social media presence that continues to grow. MoDOT's Central Office has applied for the American Heart Association Fit Friendly worksite and if successful, the plan will roll that out to the districts as well.

Mr. Padgett also reported the High Deductible Health Plan (HDHP) and Health Savings Account (HSA) was a new plan option in 2016. Approximately 2.3 percent (214 members) of the eligible population elected the new HDHP year-to-date 2016. This is very successful at this stage in developing this program.

The recommendations are projected to provide adequate funding while maintaining an appropriate plan premium stabilization reserve. The premium stabilization reserve goal is established based on guidance from the plan actuary and is set aside to prevent dramatic fluctuations in necessary Plan premiums. This recommendation is projected to increase the employer contribution by approximately \$6.8 million for calendar year 2017. The projected total annual cost to the employers are approximately \$68 million total (\$59.8 million for MoDOT and \$6.2 million for the Missouri State Highway Patrol). The projected amount of contributions to be paid by subscribers is \$40 million.

Mr. Padgett recommended the Commission support the medical care plan as follows:

- Approve an increase of seven and one-half percent in total medical plan premiums for active employees in both the Preferred Provider Organization (PPO) and the High Deductible Health Plan (HDHP) options.
- Approve an increase of approximately seven and one-half percent in total medical plan premiums for Medicare retirees in the PPO option for calendar year 2017. By federal law, the HDHP option is not available to Medicare participants.
- Approve an increase of approximately ten and one-half percent in total medical plan premiums for non-Medicare retiree categories in both the PPO and HDHP options for calendar year 2017. This is necessary to make these categories more self-sufficient, compared to the other Plan rate categories.

After further discussion and consideration, and upon motion by Commissioner Briscoe, seconded by Commissioner Waters, the Commission unanimously approved medical and life insurance plan

recommendations as presented by Mr. Padgett. Commissioner Briscoe thanked Mr. Padgett for his presentation and commented the comprehensive health care coverage is an extremely important benefit to active employees and retirees. Historically the Commission has borne the brunt of the cost of the medical plan and he is happy the Commission is able to continue to do so.

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CYBER SECURITY

On behalf of the Director, Beth Ring, Information Systems Director, reported to the Commission technology allows employees to do their work more efficiently and effectively. With technology MoDOT provides up to the minute information for the traveling public so that they can remain safe and well informed. Motor carriers transact most of their business electronically.

Ms. Ring first explained the technology assets of the department. MoDOT has an extensive inventory of both internal and external applications, including, but not limited to, the transportation management system, motor carrier express, and the traveler information map. Applications and data are stored on over 700 servers that are located in the data center at 801 West Main in Jefferson City. MoDOT maintains an off-site data center that allows the system to fail over the critical applications in case of a disaster. MoDOT owns and services over 5,000 personal computers, laptops, and tablets. MoDOT owns over 1,000 printers. Applications and data are accessed using a world class fiber optic network. MoDOT's information technology environment is vast and complex and is being taken care of by very talented technologists and external consultants.

Ms. Ring reviewed with the Commission some statistics and trends of cyber security. The average number of malicious attempts that are blocked by MoDOT's firewall is 2.4 million per month, this means every single day there are 110,000 attempts to gain access to MoDOT's network. Out of those 2.4 million attempts per month, 40 attempts successfully reach a MoDOT device; of those 40, a technologist will have to manually clean five devices. Every expert will tell you that the days of

keeping people completely out are over. So you not only have to build fences around your organization, but you also have to have the infrastructure in place to be able to look at your infrastructure, look at your environment, quickly see when someone has entered your network and remove them. Experts estimate that ninety percent of successful breaches could have been prevented if a human being had not clicked a link in an email or gone out to the wrong website. In addition to having tools in place to protect the network, employees must be educated on cyber security.

Ms. Ring then explained why a cyber-criminal would be interested in gaining access to MoDOT's network. MoDOT maintains personally identifiable information (PII) which includes information such as social security numbers, dates of birth, and information that could be used to steal a person's identity. Credentials are stored on MoDOT's system that allows an employee to request a payment or to approve a payment. The department maintains pre-bid information that if it were to get in the wrong hands could be used to rig a bid. MoDOT creates and maintains information about the transportation infrastructure in Missouri which includes bridge plans and road plans which could be damaging if it got into the wrong hands. The department also creates and stores highly confidential information of a legal, personnel, and audit nature.

Finally, Ms. Ring described how the department responds to cyber threats using a three-pronged approach: education and awareness, use of cutting edge technology, and a swift response to breaches. Employees are educated annually through required cyber security training. Additionally awareness is raised through regular messaging on building monitors. Employees are good at recognizing bad emails, and sending them to the service desk so further access can be blocked.

Ms. Ring then used the analogy of home security to describe how the department uses cutting edge technology and conducts a swift response to breaches when addressing cyber threats. MoDOT uses a firewall provided through the Office of Administration like a gated community, which limits access to the outside world. The department also uses a demilitarized zone (DMZ) for applications that

are frequently used by those outside the department that the department works with frequently. The DMZ prevents viruses from spreading throughout the organization by keeping the applications used by the outside away from the internal department network. Similar to installing locks on your home, access to applications is limited to those that are necessary for an employee to do their job, and all of those applications are password protected. Passwords are required to be changed on a regular basis. Similar to building a fence around your home, MoDOT has its own firewall that lets the department control who is allowed into MoDOT's network. Security systems are installed in homes to alert a homeowner of any intrusions; similarly the department uses a statewide intrusion detection system that looks around the network to make sure there is nothing of concern in the information technology environment. A home safe is like the security used to protect assets like databases that contain sensitive information; these databases are encrypted so if a cybercriminal were to gain access to the database they would have to have the encryption code in order to be able to read the data. There are some things that are protected by being located outside of the home and in a safe deposit box. For MoDOT the valuable credit card data that is part of Motor Carrier Services daily business is housed outside of MoDOT's network on a private company's server protecting it in a sort of safe deposit box. The guard dog of MoDOT's system that keeps the cybercriminal out of the system includes the spam filter, email and web filtering system, and then sniffs out anything bad and removes it is the malware removal system. The security committee of the Office of Administration serves as the department's neighborhood watch. This committee meets regularly to review recent threats and responses, and practice cyber security exercises.

Ms. Ring concluded that all of these efforts and tools are for naught if an employee lets the cybercriminal in by clicking on the wrong link or opening a bad website. Continual education and awareness of employees is a critical component of cyber security.

Commissioner Smith thanked Ms. Ring for her informative and interesting presentation.

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REST AREAS, WELCOME CENTERS, AND TRUCK PARKING MANAGEMENT SERVICES

On behalf of the Director, Debbie Rickard, General Services Director, presented to the Commission a report and recommendation regarding management services for Missouri's rest areas, welcome centers, and truck parking facilities. Ms. Rickard explained this is a significant procurement of services for the department as MoDOT has seven welcome centers, eight rest areas, and fifteen parking facilities statewide. These locations include 45 different buildings that require maintenance and management. The day-to-day operations, including oversight of janitorial services by sheltered workshops, were the responsibility of MoDOT's maintenance and facility employees prior to outsourcing. The department contracted with sheltered workshops for janitorial services at these facilities for a significant number of years. The decision to outsource the activities, after the reduction of department staff in 2011, allows the department to focus on roadway activities and capital improvements at these facilities.

This is the second time MoDOT is seeking to outsource management of these facilities. MoDOT entered into a performance based contract on April 1, 2013, with a private contractor to provide facility and property management, operation, maintenance and repair services for all rest areas, welcome centers, and truck parking facilities. The contract included a sponsorship and advertising program to generate revenue at these facilities. The current contract expires September 30, 2016.

While additional extension opportunities exist under the 2012 proposal, the department utilized its experiences with the first contract to issue a request for proposal (RFP) for the services currently being performed. There is a controversial change in solicitation in this RFP which required all sheltered workshops be solicited but also allows private industry to compete for janitorial services. The Offerors are required to use the sheltered workshop's bid, if the bid is no more than ten percent greater than other janitorial service bidders. Whereas, the 2012 solicitation specified hours of janitorial services and required utilization of sheltered workshops for those services. The rest areas, welcome centers, and

truck parking facilities were assigned to five geographical groups. The proposal required all Offerors to bid on all groups, with award by individual group(s) or all groups to an Offeror. The add alternate snow removal was optional. The department plans to issue a separate and focused RFP for sponsorship and advertising programs at the facilities which may yield a different group of Offerors associated with the marketing industry.

Three proposals were received in response to the solicitation. All three proposals were deemed responsive to the solicitation. After evaluation of the proposals, the team selected HDR | ICA of Brentwood, Tennessee, to provide the performance based services for Groups 1, 2, and 4, representing the western side of the state, at an annual base cost of \$3,601,632. HDR | ICA currently provides services to MoDOT for the entire state. The team selected DeAngelo Brothers, LLC of Hazleton, Pennsylvania to provide the performance based services for Groups 3 and 5, representing the eastern side of the state, at an annual base cost of \$2,830,135. The total annual base cost statewide is \$6,431,767. This represents a 3.94 percent increase from today's total annual base cost of \$6,187,932. Both companies offer the add alternate snow removal option. Both companies have included sheltered workshops as their subcontractor for janitorial services.

The sheltered workshops and sheltered workshop association, as well as members of the state legislature, have expressed concern regarding competing against private industry for janitorial services. One of the concerns is related to changed wage requirements, should the federal Workforce Innovations and Opportunity Act (WIOA) pass. MoDOT discussed these concerns with sheltered workshops and members of the state legislature and provided sheltered workshops a preference for janitorial services in the proposal process. Contractors were required to solicit all sheltered workshops for these services and use the sheltered workshop's bid, if the bid is no more than ten percent greater than other janitorial service bidders. MoDOT included a Contract Price Resolution Clause in the fifth addendum to address

the concerns of the sheltered workshops should the federal Workforce Innovations and Opportunity Act (WIOA) pass.

Ms. Rickard recommended the Commission:

- Authorize the Director, Chief Engineer, Assistant Chief Engineer, State Maintenance Engineer, or General Services Director to negotiate and execute a contract, subject to approval as to form by the Chief Counsel's Office, with HDR | ICA to provide the rest areas, welcome centers and truck parking facilities performance maintenance services for Groups 1, 2, and 4, at an annual base cost of \$3,601,632. Also authorize inclusion of the add alternate snow removal in the contract, with utilization at the discretion of the department. This contract period will be October 1, 2016 through September 30, 2019.
- Authorize the Director, Chief Engineer, Assistant Chief Engineer, State Maintenance Engineer, or General Services Director to negotiate and execute a contract, subject to approval as to form by the Chief Counsel's Office, with DeAngelo Brothers, LLC to provide the rest areas, welcome centers and truck parking facilities performance maintenance services for Groups 3 and 5, at an annual base cost of \$2,830,135. Also authorize inclusion of the add alternate snow removal in the contract, with utilization at the discretion of the department. This contract period will be October 1, 2016 through September 30, 2019.
- Authorize the Director, Chief Engineer, Assistant Chief Engineer, State Maintenance Engineer, or General Services Director to refine or modify the requirements of the contract as determined to be in the best interest of MoDOT, with negotiations based on current contract pricing and provisions.
- The Commission has the right, at its sole option, to extend the contract for two (2) additional two-year periods, or a portion thereof and authorizes the Director, Chief Engineer, Assistant Chief Engineer, State Maintenance Engineer, or General Services Director to negotiate and execute contract extensions as determined to be in the best interest of MoDOT, based on current contract pricing and provisions.

Ms. Rickard concluded her presentation stating outsourcing rest areas, welcome centers, and truck parking management services has been a successful partnership, allowing the department to focus on roadways and capital improvements at these facilities and she believes this will continue under this new arrangement.

Following discussion, and upon motion by Commissioner Waters, seconded by Commissioner Pace, the Commission unanimously approved the recommendation for management services of rest areas, welcome centers, and truck parking as described above.

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REPORT AND RECOMMENDATION REGARDING NOTICE OF PROPOSED AMENDED RULEMAKING – ORGANIZATIONAL RULE

On behalf of the Director, Micki Knudsen, Human Resources Director, presented to the Commission notice of proposed amended administrative rulemaking 7 CSR 10-1.010, Organizational Rule, which updates the department’s organizational structure to be consistent with the department’s current business practices.

This rule exists because Section 536.023, RSMo requires state agencies to adopt an administrative rule describing its organization, the general courses and methods of its operation, and the procedures the public may use to obtain information from the agency. This rule is being reviewed and updated as a result of the periodic review process required by law. Section 536.175.1, RSMo requires each state agency to review each of its rules in the *Code of State Regulations* (CSR). As a result, proposed amended rulemaking for administrative rule, 7 CSR 10-1.010, Description, Organization, and Information is required to be updated to reflect the Department’s current business practices.

The proposed rule adds statutory citations to the History and Authority section and revises the description for the chief engineer position. It also updates the text for the following divisions: Audits and Investigations, Communications, Construction and Materials, Financial Services, Governmental Relations, and Transportation Planning.

The department supports this notice of proposed amended rulemaking to update the department’s organization structure to depict its current business practices. The public will have an opportunity to submit comments in support of or in opposition to this proposed amended rulemaking. All comments

received from the public will be considered and summarized in the orders of rulemaking.

After consideration, the Commission, via approval of the consent agenda, unanimously authorized the Secretary to the Commission to file the notice of the proposed amended rulemaking with the Joint Committee on Administrative Rules and the Office of the Secretary of State for publication in the *Missouri Register*, and authorized the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer to execute documents to initiate the rulemaking process.

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CONSIDERATION OF BIDS FOR TRANSPORTATION IMPROVEMENTS

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

Mr. Schroeter recommended award of contract to the lowest responsive bidder for bids received at the June 20, 2016, Central District letting, as recommended and noted in Table I below.

**Table I
Award of Contracts
June 20, 2016, Central District Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
--	E, H	Crawford	CD-16-073B	\$412,120.00	\$0.00	Vance Brothers, Inc.	Microsurfacing
			TOTAL:	\$412,120.00	\$0.00		

Commission Consideration and Action

After consideration, and upon motion by Commissioner Pace, seconded by Commissioner Waters, the Commission took the following action with the abstentions noted below:

1. Awarded contract to the lowest responsive bidder for bids received on the June 20, 2016, Central District bid opening, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation.

2. Authorized the Director, Chief Engineer, Chief Financial Officer, or Assistant Chief Engineer to execute the contract awarded above.

No abstentions were reported.

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-- REPORTS --

The Commission received the following written reports.

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

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

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CONSULTANT SERVICES CONTRACT REPORT

Eric Schroeter, State Design Engineer, submitted a written report of consultant contracts executed in the month of June 2016, for both engineering and non-engineering related projects. The department utilizes consultants to efficiently manage workload and provide specialized expertise to supplement and support department staff. Expenditures for consultant services are funded from the Commission approved Statewide Transportation Improvement Program and MoDOT Operating Budget. There were 157 active contracts held by individual engineering consultant firms prior to May 1, 2016. Four engineering consultant services contracts were executed in June 2016, for a total of \$3,003,170. There were three non-engineering consultant contracts executed in June 2016, for a total cost of \$299,376.

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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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