

**Colorado Department of Transportation
Efficiency and Accountability Committee**

October 20, 2011 Meeting Minutes

Committee members in attendance:

Heidi Bimmerle, CDOT Division of Human Resources and Administration
Debra Baskett, Debra Baskett, Committee Deputy; Broomfield
Patrick Byrne, CDOT Office of Financial Management & Budget
Dave Childs, CDOT Highway Maintenance & Operations
Cliff Davidson, North Front Range Metropolitan Planning Organization
Mickey Ferrell, CDOT Government Relations
Solomon Haile, CDOT Engineering
Jeff Keller, Asphalt Paving Company
Maribeth Lewis-Baker, Committee Chair; Free Ride Transit System, Breckenridge
Daniel Owens, Operating Engineers Union
Debra Perkins-Smith, CDOT Division of Transportation Development
John C. Rich, Jackson County Commissioner
Bob Sakaguchi, Jacobs
Casey Tighe, Committee Vice Chair; CDOT Audit Director
Bill Weidenaar, Regional Transportation District

Staff in attendance:

Mark Imhoff, CDOT Division of Transit and Rail
Samuel Nnuro, CDOT Audit
Tom Mauser, CDOT Division of Transit and Rail
Scott Richrath, non-voting Committee Secretary; CDOT Transportation Development

Welcome and approval of agenda

Introduction

At 2:00 p.m., Chair Maribeth Lewis-Baker called the meeting to order.

Approval of September Minutes

At 2:03 p.m., Chair Lewis-Baker asked for approval of the September minutes. Approval was moved and seconded. Chair Lewis-Baker approved the minutes.

2012 Committee Membership

At 2:05 p.m., Vice Chair Casey Tighe discussed the re-appointment of Committee members for the calendar year 2012. He noted the ultimate decision for their re-appointment would have to be made by Executive Director Don Hunt. Mr. Tighe stated the Executive Director may make a decision objectively, in the interests of the organization, not to re-appoint. Members who are not re-appointed should not take it personally. Mr. Tighe distributed a short reappointment form and asked members to submit to him or Secretary Scott Richrath. Secretary Richrath said he would send the form electronically to absent members.

Subcommittee updates

At 2:10 p.m., Vice Chair Tighe and Mr. David Childs spoke about the statutory limitation on highway work performed by CDOT maintenance forces. The limitations require CDOT maintenance staff to get Commission approval for resurfacing work that is expected to exceed \$50,000. Any resurfacing work expected to exceed \$150,000 must be competitively bid and noted that this number would be around \$242,000 adjusted for inflation inform the 1990s to 2011. Mr. Childs expressed concern that these limitations have not been adjusted in over 20 years, however costs have increased. He wondered if some inefficiencies result from these low dollar limits. Jeff Keller stated that the Committee can get the legislature to take a look at their proposal to raise the cost limit, but that it would not likely gain support from the Colorado Contractors Association nor the Colorado Asphalt Paving Association. The Committee must define a specific scope for the types of work and consider an economic trigger that would lift the threshold to a higher number once the economy recovers. Mr. Keller pointed out that concerning the \$150,000 threshold, the purpose of the statute was to allow private firms the opportunity to compete for highway work even on small projects and in this economy they are very competitive. He added that even though costs have increased there may still be firms willing to compete for the smaller jobs. He pointed out that fuel tax has not increased in nearly two decades and much of the increased project cost has been driven by materials prices and not contractor wages or profit. He asked members of the Committee if private contractors' projects and CDOT projects will be held to the same standards. Vice Chair Tighe said efficiency and quality should not be a factor because CDOT projects will be held to the same standard as everyone else in the field, but both agreed that quality assurance reviews are completed less frequently on CDOT projects.

Heidi Bimmerle stated she has been in similar situations where a tax funded organization was competing against a for-profit entity. It creates tension and an unfriendly business environment. She noted the issue should be postponed until the economy improves, and then project types must be specified as Mr. Keller recommends. Mickey Ferrell cautioned against raising the cost limit in this economic climate. Bob Sakaguchi stated this issue should not be addressed at this Committee. Bill Weidenaar said the subcommittee should continue to work on the issue and gauge when the climate might favor a well-developed recommendation. He noted that a thorough analysis might reveal that \$150,000 had not been the appropriate level when established in legislation and that a more thorough analysis of CDOT costs could actually reduce rather than increase the threshold. Dan Owens urged the subcommittee to continue its analysis

and work toward a recommendation. Mr. Childs and Vice Chair Tighe agreed to do more comparative analysis on the subject and gather additional data on the impacts of the dollar thresholds to CDOT maintenance forces and report back to the Committee in a few months. Mr. Childs noted that this Committee should be driven by analysis of efficiencies. Vice Chair Tighe noted the relatively small number of projects that would be impacted by a rising of the threshold. Ms. Bimmerle summarized that she saw five options before the Committee: (1) do nothing; (2) postpone until the economy improves; (3) specify project types; (4) recommend that CDOT begin bidding on projects; (5) recommend that legislation raise now or later, but incrementally adjust for inflation.

Pre-Contract Award Authority and Transit Grants

At 3:15 p.m, Mark Imhoff, the Director of the Division of Transit and Rail (DTR) gave a presentation on pre-contract award authority and CDOT's processing of transit grants. He joined CDOT just over one year ago, just after the creation of DTR. Mr. Imhoff noted that right after he was hired by the organization, he met with staff and grant recipients and it was obvious there were a lot of issues with grant processing. Mr. Imhoff got right to work by adding two FTE and placed more emphasis on customer service and also worked with Ms. Bimmerle through the Contract Improvement Initiative and developed contract templates that are being approved by the State Controller. The contracting process was reorganized so that one individual is no longer responsible for 250 annual DTD and DTR contracts. Mr. Imhoff acknowledged the importance of CDOT hiring Process Improvement Director Gary Vansuch who is in the process of working through a variety of CDOT processes. He noted one year ago the workload for FASTER transit grants nearly doubled to 75 grantees and 150 grants per year. Mr. Imhoff emphasized by timing the flow of grants, he anticipates to have FTA operating grants under contract by January 31, 2012 and the FASTER grants should be done by July 1, 2012. He stated that the overall goal is to be in partnership with the regions by seeking regional assistance in contracting construction projects where they have best experience. Chair Lewis-Baker opened for questions on the process. Mr. Tighe asked if reorganization will allow the organization to mitigate peaks and valleys. Mr. Imhoff said they do not know yet because the bottleneck of FASTER grants is still working through the process. Solomon Haile noted the need to improve communication to CDOT's customers. Mr. Imhoff said that an approach is to better manage expectations. Mr. Ferrell recognized Ms. Bimmerle's work on the Contract Improvement Initiative. Ms. Bimmerle noted that SAP's Procurement for Public Sector (PPS) is in the blueprinting phase and will track workflow electronically. Secretary Richrath said that the Key Performance Indicator team is collecting data in a single system to measure contracting performance before and after PPS implementation. Mr. Imhoff said CDOT is compiling a database of grantee assets. Debra Baskett said that Region 6 provides her a report on contract status each Wednesday. Mr. Sakaguchi requested a subsequent presentation on the transit program, rather than only on transit grants.

Chair Lewis-Barker commented on the pre-award authority and the length of time required by CDOT to issue a contract or letter of no prejudice so that contracting partners or grant recipients can proceed with projects. She said that the Federal Transit Administration allows pre-award authority and in some cases CDOT is merely passing through FTA funds, but transit agencies cannot start and or do the work until a CDOT contract is in place due to existing legislation. Mr.

Imhoff said CDOT as a custodian must follow the state statute, but that if an agency is willing to spend dollars at its own risk, the statute may merit consideration for change. Chair Lewis-Baker said the real concern is that CDOT is a custodian of federal funds. Efficiencies could be gained by allowing a statutory change to allow CDOT to issue a letter of no prejudice on federal funds in certain circumstances. Vice Chair Tighe recommended first determining whether contract process improvements could fix the transit community's issues. Chair Lewis-Baker said that pre-award authority will still be an issue. Every month that it takes to place a bus order, transit agencies experience an increase in the cost of the bus. Mr. Ferrell said that the federal government offers pre-award authority and CDOT therefore should examine with the Attorney General's office whether to recommend a change in statute, noting that the AG's office has already issued a position that under existing statute CDOT cannot issue letters of no prejudice. Mr. Weidenaar noted that many items impact bus prices. Mr. Ferrell offered to form a working group to analyze this for the December meeting. Ms. Bimmerle offered the assistance of Bob Corman from her staff. Chair Lewis-Baker thanked Mr. Imhoff and Tom Mauser for their visit.

2011 Annual Report

At 3:40 p.m., Secretary Richrath distributed a draft of the annual report for 2011 to the Efficiency & Accountability Committee members. Members were asked to submit comments to him by November 10, 2011. A photo will be taken at the November 17 meeting and Secretary Richrath will send out a notice to members reminding members to show up for their pictures to be taken. John Rich asked that the report again note that the Committee's involvement has helped to accelerate certain processes at CDOT.

Process Improvement study

At 3:50 p.m. Secretary Richrath distributed results of a survey of Committee members' input on positive and negative experiences with regard to the Committee, a survey conducted by Mr. Vansuch in September. Secretary Richrath also distributed "Town Hall" polling results that he conducted earlier in the year.

At 3:50 p.m., Secretary Richrath recapped about 10 items for the December agenda and solicited input on item priority.

The meeting adjourned at 4:00 p.m.

Minutes respectfully submitted by Scott Richrath and Samuel Nnuro.