

MGEC – Mn/DOT Meet & Confer
Monday, July 13, 2009
1:00-2:30 p.m.
Conference Room CO 461
(revised 8-11-09)

Committee Members Present:

MGEC: Dana Wheeler and John Siekmeier

Management: Karin van Dyck, Jodi Mathiason, Linda Davis-Johnson (for Pam Tschida), Mark Gieseke (for Julie Skallman), Mary Stohr, Sue Mulvihill, Theresa Johnson, and Tim Henkel

Committee Members Absent:

Bernie Arseneau, Eric Davis, Joe Pignato, Julie Skallman, Khani Sahebjam, Mary Skarda, Mike Barnes, Pam Tschida, Peter Buchen, and Tom Sorel

Additional Guests:

Betsy Parker, Jeff Brunner, and Serge Phillips

Introductions

Committee members and guests introduced themselves.

2008 MGEC Compensation Survey Findings – Dana Wheeler

MGEC, in collaboration with the State of Minnesota, sent out a wage survey in 2008 to employers in Wisconsin and North Dakota to compare account benefits and wages (total compensation package) between MN state employees and other employees who do similar work. MGEC thanked Mn/DOT Deputy Commissioner, Khani Sahebjam, for writing the initial letter to private sector contractors requesting their participation in the survey. MGEC also thanked Megan Forbes, Research Analysis Specialist, for analyzing and organizing the results. Approximately 100 employers were contacted and there was a 35% return rate.

Dana distributed a one-page summary of some data from the report. When asked if Chad Thuet had reviewed it, Dana indicated that the numbers were straight out of the report. Since the compensation survey is a current issue in negotiations, the discussion was limited to information sharing.

The entire 80-page report may be accessed at the MGEC web site: www.mgec.org.

Budget Deficit – Impact on Contractors – Jeff Brunner

Jeff Brunner distributed a Mn/DOT Consultant Usage graph which outlined the historical trend for outsourcing by comparing the value of contracts with funds encumbered/paid out. There are currently still some funds encumbered for 2009. The Central Office consultant budget increased \$13M due to HB152 monies. Of that amount, \$5M stayed in the CO pot and the remaining \$8M is already committed in existing contracts for districts/offices. Historically, construction project development accounts for 25-30% of these funds. Jeff noted the graph does not include any design/build consultants.

The question was asked about wages for consultants and if those had been frozen. Jeff stated the Mn/DOT Audit Office would be able to provide this information.

- **To Do:** Karin will get information from the Audit Office on if contractor wages are being frozen or have decreased.

MGEC inquired about Commissioner Sorel's July 2nd e-mail describing a \$30M grant for innovation implementation. Sue Mulvihill stated the Office for Investment Management and the Division Directors are working on the process for requesting funds. She added the funds need to be used by 2011. There is \$4.5M available for ADA projects; requests in the amount of \$12M have already been received. Sue said the agency will put out a solicitation for applying for funds. Criteria will be determined for evaluating these applications. A group of people from across the state will be chosen to determine the final selection(s). **John Siekmeier suggested Mn/DOT employees, not just management, also be included in the selection process.**

6-year Federal Transportation Funding Bill – Serge Phillips

The Highway Trust Fund is running out of monies and will do so by the end of September 2009. This will also impact the cash flow in August. Serge stated \$7B is needed to fund the Fund through September and an additional \$13B to carry the fund through FY 2010. The deadline on the extension decision is July 31. It is unclear at this point if there will be a House or Senate bailout. There has been some discussion about moving funding control away from the state.

Administration is hoping for an 18 month extension to have revenue offset, which would allow a 10 year offset, for the bailout of the Trust fund. Serge stated Senator Oberstar has introduced a 6-year Authorization draft bill for \$450-\$500M. However, the Appropriations Committee hasn't come up with a way to find the revenue. There are concerns the House draft bill will implement new requirements for plans and this may create burdens. The Senate has not done the draft bill as they prefer the 18-month extension.

The policy perspective is consolidated into four major programs:

1. Performance measures
2. Intermodalism
3. Increase numbers in mass transit
4. Office of Expedited Delivery

Serge stated the Governor is against any increase in gas tax. Possible additional revenue sources would be the VMT (vehicle miles traveled) vehicle usage tax or MBUF (mileage-based user fees). However, he added it would probably be years before this could be implemented.

- **To Do:** MGEC will put together a list of questions and concerns regarding the transportation funding bill. Serge Phillips will address these issues.

Taxpayer Transportation Accountability Act (update) – Betsy Parker

Betsy Parker stated Mn/DOT is in the process of writing a report to the Legislature regarding approximately 50 contracts. The report must be submitted by September 1, 2009. Items included in the report will be:

- All contracts subject to the law executed in FY2009
- Name of contractor, dollar amount, duration, work provided, estimated in-house vs. contractor cost(s)
- Actual cost to agency
- A statement from Commissioner Sorel if the contract is over \$250,000 that it was less expensive to outsource
- Explanation of adjustments to in-house costs:
 - Inflation adjustment
 - Cost of hiring/training additional employees
- Reason(s) project was outsourced
- Appendix of every contract analyzed

Betsy noted it is undecided at this time if the agency will ask for exceptions to the law. For instance, work on railroad bridges is outsourced due to railroad agency restrictions. A draft of the report will be ready for internal review the second week of August. Betsy added Mn/DOT will share the final report with Unions.

- **To Do:** Mn/DOT will send a final report to Dana Wheeler when submitted to the Legislature. If a decision is made to share any draft report with AFSCME (as they have requested), it will also be shared with MGEC.

Other Items:

John Siekmeier asked when Mn/DOT intends to switch the department's e-mail system from GroupWise to Outlook Express. Linda Davis-Johnson said this should happen by the end of October 2009. John asked if the switch was necessary. Linda stated it has been mandated by the Governor that all state agencies will convert to and use the same e-mail system.

**Next Meeting: October 12, 2009 – 1:00-2:30 p.m.
Conf Room CO 461**

Note taker: Brenda (Machovsky) Schancer