



Fiscal Year 2013 Report on the

Taxpayers' Transportation Accountability Act

September 2013



Prepared by

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Legislative request

This report is issued to comply with Minnesota Statutes 2012, section 161.3203, subdivision 4 (Laws 2008, Chapter 287, Article 1, Section 16).

For all privatization transportation contracts detailed in Appendix A that exceed \$250,000, the Commissioner of Transportation has determined that the state's obligation for each privatization transportation contract exceeds \$250,000 and that:

1. The cost estimated for having the work performed under the contract is lower than the cost estimated for having the work performed by agency employees;
2. The quality of the work to be provided by the designated responder is likely to equal or exceed the quality of services that could be provided by Department of Transportation employees;
3. The contract, together with other privatization transportation contracts to which the department is or has been a party, will not reduce full-time equivalent positions within the department or result in layoffs; and
4. The proposed privatization contract is in the public interest.

The cost of preparing this report is under \$5,000

Summary

This report includes data on 19 contracts executed between July 1, 2012 and June 30, 2013 (state fiscal year 2013) that meet the definition of “Privatization Transportation Contracts” in the Taxpayers’ Transportation Accountability Act. It also provides information on contracts from previous years that remain active. Appendix A provides a detailed breakdown for each contract.

During fiscal year 2013, the Minnesota Department of Transportation executed 19 contracts with a total value of \$26,402,226.

- Twelve contracts have a value greater than \$250,000. Those contracts have a total value of \$25,241,106.
- Seven contracts have a value between 100,000 and \$250,000. Those contracts have a total value of \$1,161,120.
- All of the 2013 contracts remain active.

Of the 49 contracts executed in fiscal year 2012 and included in last year’s report

- Six have been completed and closed
 - Three closed at less than the Contractor’s Comprehensive Estimate (Estimate B) (the remainder closed equal or above)
 - Five closed at less than the Agency’s Comprehensive Estimate (Estimate A)
- Twelve are completed and in audit
- One was subsequently cancelled
- 30 remain active

Of the 25 contracts executed in FY 2011

- Five were reported closed in a prior report and have been removed from this year’s report
- Seven have been completed and closed this year
 - Four closed at less than Estimate B
 - Three closed at less than Estimate A
- Two are completed and in audit
- Eleven remain active

Of the 31 contracts executed in FY 2010,

- Eleven were reported closed in a prior report and have been removed from this year’s report
- Eight have been completed and closed this year
 - Five closed at less than Estimate B

- Eight closed at less than Estimate A
- Four are completed and in audit
- Eight remain active

Of the 46 contracts executed in FY 2009,

- 38 were reported closed in a prior report and have been removed from this year's report
- Four have been completed and closed this year
 - One closed at less than Estimate B
 - Two closed at less than Estimate A
- One is completed and in audit
- Three remain active

Appendix A: Contract Details

TAXPAYERS TRANSPORTATION ACCOUNTABILITY ACT FY 2013 Analysis

Transportation Contracts executed between July 1, 2012 through June 30, 2013

Contract Number	District	Project Description	Contractor	Status	Contract Executed Date	Contract Expiration Date	Contract Duration (Years:Months:Days)	Original Contract Value	Difference = "A" Estimate - "B" Estimate	"A" Agency Comprehensive Estimate Detail					"B" Contractor's Comprehensive Estimate Detail			Number of Amendments	Total of Amendments	Actuals			Differences																	
										Agency Total Without Additives	New Employee Additive	Inflation Delay Factor	Premium Overtime	"A" Estimate	Responder's Bid	Contract Monitoring Cost	"B" Estimate			Final Amount Invoiced	Audit Adjustments	Final Amount Paid	Actual to Estimate A (Final \$ minus Est A)	Actual to Estimate B (Final \$ minus Responder's Bid)																
CONTRACT AMOUNT GREATER THAN \$250,000																																								() indicates final amt pd - estimated
01082	Metro	TH 77 Managed Lane <i>Note 2</i>	Kimley Horn & Associates	Active	11/06/12	04/30/14	01:05:24	\$ 459,840	\$ 80,036	\$ 356,918					\$ 356,918	\$ 260,030	\$ 16,853	\$ 276,882	1	\$ 16,629																				
01345	Metro	SP 2785-330B 494/35W Interchange with BRT Station Concept	Short Elliot Hendrickson, Inc.	Active	01/11/13	06/30/14	01:05:19	\$ 979,649	\$ 246,745	\$ 1,088,288				\$ 143,144	\$ 1,231,432	\$ 980,312	\$ 4,375	\$ 984,686	0																					
01366	D6	Dresbach Bridge Construction Oversight	WSB & Associates	Active	03/27/13	12/20/17	04:08:23	\$ 9,995,750	\$ 749,922	\$ 10,490,532				\$ 273,163	\$ 10,763,694	\$ 9,995,758	\$ 18,014	\$ 10,013,772	0																					
01908	D3	Construction Inspection Contract Admin for SP 4812-83, TH 169	Bolton & Menk	Active	04/02/13	12/31/13	00:08:29	\$ 368,643	\$ 169,944	\$ 210,631				\$ 320,000	\$ 15,488	\$ 546,119	\$ 368,643	\$ 7,532	\$ 376,175	0																				
02023	D7	TH 22 Roundabouts in Mankato	TKDA	Active	03/18/13	12/31/14	01:09:13	\$ 463,399	\$ 148,391	\$ 529,190				\$ 114,479	\$ 643,670	\$ 463,399	\$ 31,880	\$ 495,279	0																					
02046	D3	SP 8680-162 (R4) From Stearns CSAH 18 to the Crow River	WSB & Associates	Active	04/22/13	09/15/13	00:04:24	\$ 413,654	\$ 245,731	\$ 237,630				\$ 410,000	\$ 15,227	\$ 662,858	\$ 413,654	\$ 3,473	\$ 417,127	1	\$ 84,688																			
02142	Bridge	Pre and Final Design Bridge 27303	SRF Consulting	Active	04/19/13	09/30/14	01:05:11	\$ 496,904	\$ 36,089	\$ 596,584					\$ 596,584	\$ 493,069	\$ 67,426	\$ 560,495	0																					
02340	Bridge	Const. Engineering & Inspection St Croix Crossing	Parsons Transportation Group,	Active	05/03/13	05/31/17	04:00:28	\$10,960,749	\$12,303,331	\$12,582,708				\$12,000,000	\$24,582,708	\$10,964,795	\$1,314,583	\$12,279,378	0																					
02409	D6	Mill and overlay I90 and TH 43	Bolton & Menk	Active	01/18/13	12/31/14	01:11:13	\$ 336,564	\$ 2,028	\$ 335,274				\$ 11,372	\$ 346,646	\$ 335,421	\$ 9,198	\$ 344,618	0																					
02410	D6	North and South Bound I-35 Mill and Overlay Design - Owatonna to Faribault	Yaggy Colby	Active	01/18/13	12/31/14	01:11:13	\$ 254,752	\$ 22,191	\$ 276,901				\$ 8,411	\$ 285,312	\$ 254,751	\$ 8,369	\$ 263,121	0																					
02876	Metro	Signal Pole Structural Inspection <i>Note 2</i>	American Engineering Testing,	Active	04/11/13	09/30/13	00:05:19	\$ 249,886	\$ 77,416	\$ 470,658					\$ 470,658	\$ 391,194	\$ 2,048	\$ 393,242	0																					
03087	D8	Detailed Design of State Projects 4703-26, 4308-30, and 4308-32	TKDA	Active	04/23/13	01/31/14	00:09:08	\$ 261,318	\$ 79,948	\$ 286,731					\$ 62,090	\$ 348,821	\$ 261,318	\$ 7,556	\$ 268,873	0																				
CONTRACT AMOUNT GREATER THAN \$100,000 AND UP TO \$250,000																																								
00775	D7	Recalibration - Alternate Pavement	Stanley Consultants, Inc.	Active	12/20/12	09/30/13	00:09:10	\$ 218,986	\$ (47,122)	\$ 148,747					\$ 32,184	\$ 180,931	\$ 218,986	\$ 9,067	\$ 228,053	1																				
00879	D1	TH 53 Relocation Geometric Layouts	Short Elliot Hendrickson, Inc.	Active	08/21/12	07/31/14	01:11:10	\$ 243,931	\$ (45,119)	\$ 184,992					\$ 20,448	\$ 205,441	\$ 243,931	\$ 6,628	\$ 250,560	1	\$ 468,947																			
02548	D4	TH 59 from Detroit Lakes to 0.4 miles south of the Buffalo River Bridge	SRF Consulting	Active	02/20/13	01/31/15	01:11:11	\$ 169,227	\$ (61,260)	\$ 99,568					\$ 18,123	\$ 117,692	\$ 169,227	\$ 9,725	\$ 178,952	0																				
02549	D4	TH 27 from Hoffman to I-94	TKDA	Active	02/13/13	01/31/15	01:11:18	\$ 119,089	\$ (34,460)	\$ 77,000					\$ 14,040	\$ 91,040	\$ 119,089	\$ 6,410	\$ 125,500	0																				
02688	D1	Lutsen Area Mill and Overlay	TKDA	Active	03/18/13	11/30/13	00:08:12	\$ 116,278	\$ 5,137	\$ 124,729					\$ 124,729	\$ 116,278	\$ 3,314	\$ 119,592	0																					
02862	D1	Four Lane Expansion G&B Inspector	Braun Intertec Corporation	Active	05/31/13	11/30/13	00:05:30	\$ 140,826	\$ (21,222)	\$ 112,072					\$ 7,834	\$ 119,906	\$ 140,826	\$ 302	\$ 141,128	0																				
02896	D1	Jay Cooke Park G&B Inspector	Braun Intertec Corporation	Active	05/17/13	11/30/13	00:06:13	\$ 152,783	\$ (34,312)	\$ 111,120					\$ 7,638	\$ 118,759	\$ 152,783	\$ 288	\$ 153,071	0																				

Note 1: Contracts under \$100,000 are exempt from this law and therefore are not included.

Note 2: For Contract numbers 01082 and 02876, the Original Contract Values above differ substantially from the Responder's Bid in the "B" Contractor's Comprehensive Estimate Detail. For Contract number 1082, the original contract value also contains a scope of work for Dakota County. For Contract number 02876, funding availability resulted in the final contracted number of inspections decreasing in FY2013. In both cases, the Agency Totals and the Responder's Bids contained comparable data for the TAA comparisons.

Appendix B: Contract Descriptions

(FY 2013 contracts, in order listed in Appendix A)

Contract #	Description
01082	<p>Predesign 140th St Apple Valley to Old Shakopee Road Bloomington – Managed Lane & Cedar Grove Transit Access Engineering (Metro District) Trunk Highway (TH) 77, state project (SP) 1925-55 Preliminary design Outsource rationale: Specialized expertise required – movable barrier system & Bus Rapid Transit Station development</p>
01345	<p>494 and 35W interchange project with BRT station vision layout (Metro District) 495 and 35W, SP 2785-330B Preliminary design Outsource rationale: No staff available due to other Better Roads projects</p>
01366	<p>Dresbach interchange reconstruction (District 6 – Rochester) TH 90, SP 8580-1490V Construction support Outsource rationale: Not sufficient staff for major bridge project.</p>
01908	<p>Grading, mill and overlay project TH 169 between Mille Lacs CR148 and .75miles N CSAH 19 (District 3 – Baxter) TH 169, SP 4812-83 Construction support Outsource rationale: No staff available due to other Better Roads projects</p>
02023	<p>TH 22 Roundabouts in Mankato (District 7 – Mankato) TH 22, SP 0704-88 Detail design and public involvement Outsource rationale: Design was understaffed by two people at the time needed for the project.</p>
02046	<p>Grading, mill and overlay project from Stearns CSAH 18 to the Crow River (District 3 – Baxter) TH 94, SP 8680-162 Construction support Outsource rationale: No staff available due to their having been shifted to Better Roads projects</p>

02142	<p>Replacement railroad bridge 27303 (Bridge Office) TH 100, SP 2734-33 Preliminary design, detail design Outsource rationale: No staff available for preliminary design due to acceleration of project letting date and an outside neutral party is desired for final railroad bridge design</p>
02340	<p>St. Croix River Crossing Bridge (Bridge Office) TH 36, SP 8881-01 Construction support Outsource rationale: Specialized expertise required</p>
02409	<p>Mill and overlay Winona County (District 6 – Rochester) TH 90, SP 8580-163 Detail design Outsource rationale: No staff available as this is beyond planned program – additional MAP 21 federal project</p>
02410	<p>Mill and overlay Owatonna to Faribault (District 6 – Rochester) TH 35, SP 7480-122 Detail design Outsource rationale: No staff available as this is beyond planned program – additional MAP 21 federal project</p>
02876	<p>Structural inspection of signal poles (Metro District) District wide Inspection Outsource rationale: No staff expertise to develop this type of inspection program and, due to magnitude of project, current staff is not sufficient to perform inspections when needed.</p>
03087	<p>Pavement preservation and intersection reconstruction projects (District 8 – Willmar) TH 7, SP 4703-26; TH 22, SP 4308-30; TH 22, SP 4308-32 Detail design Outsource rationale: No staff available due to increased work load from additional MAP-21 federal projects</p>
00775	<p>Reclamation Project – Alternate pavement (District 7 – Mankato) TH 5, SP 7201-112 Detail design Outsource rationale: Workload beyond regular program, Better Roads project</p>
00879	<p>Highway 53 Relocation - Geometric Layouts (District 1 – Duluth) TH 53, SP 6918-80 Detail design Outsource rationale: Workload beyond regular program – expiration of easement with mining company.</p>

02548	<p>Mill and overlay and pipes – Hoffman to I-94 (District 4 – Detroit Lakes) TH 27, SP 2101-21 Detail design Outsource rationale: No staff available due to increased work load from additional MAP-21 federal projects and accelerated advance design work.</p>
02549	<p>Mill and overlay and pipes – Hoffman to I-94 (District 4 – Detroit Lakes) TH 27, SP 2101-21 Detail design Outsource rationale: No staff available due to increased work load from additional MAP-21 federal projects and accelerated advance design work.</p>
02688	<p>Lutsen Area mill and overlay and culvert replacement (District 1 – Duluth) TH 61, SP 1602-49 Detail design Outsource rationale: No staff available due to increased work load from additional MAP-21 federal projects</p>
02862	<p>Four Lane Expansion G&B Inspector (District 1 – Duluth) TH 53, SP 6920-48 Construction support Outsource rationale: No staff available due to increased work load from additional funding and flood repair projects</p>
02896	<p>Jay Cooke Park G&B Inspector (District 1 – Duluth) TH 210, SP 0916-23 Construction support Outsource rationale: No staff available due to increased work load from flood repair projects such as this one</p>

Appendix C: Additives Used

Taxpayers' Transportation Accountability Act
 Calculation of MnDOT Labor and Overhead Cost
 FY '13

Labor Cost Group	Calculation or Percentage Used	Types of Costs Included
Salaries	Estimated hours by employee job class and work activity per project manager, multiplied by salary rate.	<ul style="list-style-type: none"> • Average salary rate per hour for all MnDOT employees at each employee job class.
Payroll Taxes & Benefits	Average of all MnDOT employees at each job class – ranges from 20 percent to 40 percent of salaries.	<ul style="list-style-type: none"> • FICA – Employer portion of social security taxes. • Insurance – Employer portion of group health insurance. • Retirement – Employer portion of retirement benefit costs.
Indirect Labor Additive	27.2 percent - Audited labor additive rate.	<ul style="list-style-type: none"> • Workers Comp Leave Time – absences due to work-related injury or illness. • Vacation – Absences due to vacation time taken, donated or transferred to deferred compensation. • Holiday – Absences due to designated holidays and use of floating holiday. • Sick leave – Absences due to employee sickness, dependent illness or medical/dental appointments. • Premium time – Cost of overtime premium (the half-time portion of time-and-a-half). • Miscellaneous benefits and leaves – Cost of retroactive salary adjustments, achievement awards, grievance awards, first day of injury, death benefit, absences due to voting, jury duty, military leave, snow

Labor Cost Group	Calculation or Percentage Used	Types of Costs Included
		<p>days, etc.</p> <ul style="list-style-type: none"> • Workers compensation – Cost of workers compensation, e.g. Medical invoices. • Group insurance – State’s cost of group insurance. • Unemployment – State’s cost of unemployment compensation premiums.
Indirect Overhead Additive	<p>19.5 percent - Overhead additive rate calculated to include expenses from MNDOT overhead organizations such as:</p> <ul style="list-style-type: none"> • Commissioners’ Office • Financial Management Office • Employee and Corporate Services Division • Modal Planning and Program Mgmt. Division 	<ul style="list-style-type: none"> • Full time and part time – Salaries, FICA, group insurance and retirement expenses for full-time and part-time employees • Overtime pay – Overtime salary and FICA • Premium pay – Premium salary (the half-time portion of time-and-a-half) and FICA • Other benefits – Separation expense, relocation expense, unemployment comp, workers comp, etc. For “overhead” employees. • Space rental, maintenance and utility – Facilities space rental, misc. Rental, utility services and building maintenance services (janitorial, mowing, security, etc.) • Repairs, alterations and maintenance – Repairs and alterations to equipment, furniture and buildings, and maintenance contracts. • Printing and advertising • Prof/tech services outside vendors – Primarily in Information Resources and Facilities • Computer and systems services – Mainframe processing, software license fees, software purchases and maintenance and system access fees. • Communications • Travel & subsistence

Labor Cost Group	Calculation or Percentage Used	Types of Costs Included
		<ul style="list-style-type: none"> • Employee development • Supplies – Primarily office supplies. • Equipment – Primarily Information Resources and Facilities equipment. • Buildings and land improvements • Other operating costs • Attorney general and other statewide indirect costs • State agency reimbursements
Specific Overhead Additive	21.5 percent - Audited billing overhead additive rate. Primarily Operations Division supervisory, administrative and miscellaneous costs.	<ul style="list-style-type: none"> • Full-time and part-time salaries and benefits • Overtime and premium pay • Other benefits • Space rental, maintenance and utility • Repairs, alterations and maintenance • Printing and advertising • Prof/tech services outside vendors • Computer and systems services • Communications • Travel and subsistence • Supplies • Equipment • Employee development • Other operating costs • State agency reimbursements • Agency provided prof/tech services • Agency direct cost workers
Total Labor Calculations	Total overhead percentage of direct salaries: 122 percent - 158 percent	<ul style="list-style-type: none"> • $(1 + \text{Indirect Labor Additive}) \times (\text{Salary} + \text{Payroll Taxes and Benefits}) = \text{Subtotal}$ • $1 + \text{Sum of Two Overhead Additives}) \times \text{Subtotal} = \text{Total Labor \& Overhead Cost}$
Premium Overtime	<ul style="list-style-type: none"> • One half of the average salary rate per hour for employees eligible for premium, or time and a half, overtime. 	<ul style="list-style-type: none"> • Overtime and FICA
New Employee	<ul style="list-style-type: none"> • Estimated cost to hire 	<ul style="list-style-type: none"> • New Employee Costs:

Labor Cost Group	Calculation or Percentage Used	Types of Costs Included
Additive	<p>one average MnDOT employee - \$7,500</p> <ul style="list-style-type: none"> • Estimated non-productive hours in first six months of bringing on a new employee: 400 hours for most employee classes, 120 hours for highly-skilled new employees. • Multiplied by average salary rate per hour • Total New Employee Additive per Employee: \$16,000 - \$22,000 	<ol style="list-style-type: none"> 1. Recruiting costs-HR, hiring department's time, advertising, etc. 2. Non-department training, new equipment, employee set-up costs <ul style="list-style-type: none"> • Standard non-productive fraction of month: <ul style="list-style-type: none"> Month 1: 75 percent Month 2-3: 50 percent Month 4-6: 25 percent <p>Total = 2.50 months or 400 hours non-productivity.</p>
Construction Delay Inflation Factor	<ul style="list-style-type: none"> • Factor equals: • Estimated construction cost X Length of Delay X Inflation Rate 	<ul style="list-style-type: none"> • Most recent estimated cost of project construction, per project manager • Inflation factor per the Office of Capital Programs and Performance Measures annual construction inflation rates.