

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 1879

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DATE	D-PG	OFFICIAL STATUS
03/18/2015	972	Introduction and first reading Referred to Transportation and Public Safety

A bill for an act
relating to transportation; highways; requiring the commissioner of transportation
to develop a performance, stewardship, and sustainability plan for the trunk
highway system; requiring performance reports; requiring an assessment of the
department's organizational structure; requiring achievement of performance
targets; amending Minnesota Statutes 2014, section 174.03, by adding
subdivisions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2014, section 174.03, is amended by adding a
subdivision to read:

Subd. 12. **Trunk highway system performance; stewardship and sustainability**
required. (a) The commissioner shall develop a performance, stewardship, and
sustainability plan for the trunk highway system to improve the condition of the existing
infrastructure and enhance the effectiveness of the transportation system.

(b) The trunk highway system performance, stewardship, and sustainability plan
shall include strategies to achieve the state transportation goals for the trunk highway
system defined in section 174.01 and comply with all other applicable Minnesota and
federal statutes.

(c) The trunk highway system performance, stewardship, and sustainability plan
must include all transportation modes and all infrastructure assets within trunk highway
corridor rights-of-way. At a minimum, the plan shall include:

(1) quantity and quality of assets, including but not limited to bridge, pavement,
geotechnical, pedestrian, bicycle, and transit assets;

(2) predictive and consequential measures of performance, stewardship, and
sustainability, identified in consultation with interested citizens;

(3) annual performance targets for each performance measure, to be achieved by each district of the department, which must comply with the following:

(i) state transportation goals defined in section 174.01 and all other applicable Minnesota and federal statutes;

(ii) United States Department of Transportation regulations under Code of Federal Regulations, title 23, part 490; and

(iii) additional performance targets identified in consultation with interested citizens;
(4) identification and explanation of the performance gap between target and current status;

(5) life cycle, risk, and health impact assessments for projects in each district of the department, which at a minimum shall include:

(i) identification of the expected and potential material and energy inputs, including costs;

(ii) identification of the expected and potential material and energy outputs, including costs; and

(iii) assessment of the safety, health, economic, social, and environmental impacts associated with the inputs and outputs;

(6) an annual investment plan for each district of the department based on funding expected during the next ten years, which describes strategic investments that produce the best long-term value to Minnesota and enhance safety, health, mobility, and economic well-being; and

(7) a sustainability plan for each district of the department that recommends specific trunk highway segments to be removed from the trunk highway system and specific local road segments to be added to the trunk highway system, in order to optimize financial sustainability.

(d) The commissioner shall submit the trunk highway system performance, stewardship, and sustainability plan, which shall be signed by a professional engineer licensed in Minnesota, to the chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance every year by December 15.

EFFECTIVE DATE. This section is effective July 1, 2015. The initial performance, stewardship, and sustainability plan under this section is due December 15, 2016.

Sec. 2. Minnesota Statutes 2014, section 174.03, is amended by adding a subdivision to read:

3.1 Subd. 13. **Performance achievement required.** (a) If the department does
3.2 not achieve the annual performance targets described in subdivision 12, then the
3.3 department shall, within six months, reallocate 20 percent of all engineering management
3.4 positions and 20 percent of all planning management positions to nonmanagement and
3.5 nonsupervisory positions. These nonmanagement and nonsupervisory positions shall
3.6 directly support enhancing program effectiveness in areas not achieving the annual
3.7 performance targets described in subdivision 12.

3.8 (b) Prior to reallocation of these positions, the commissioner shall submit a report
3.9 that describes the actions the department will take to enhance effectiveness and achieve
3.10 the performance targets.

3.11 (c) The report may also include a justification that some positions be retained
3.12 during an interim period, not to exceed one year, while progress toward achieving the
3.13 performance targets is assessed.

3.14 (d) The commissioner shall submit the report to the chairs and ranking minority
3.15 members of the legislative committees having jurisdiction over transportation policy and
3.16 finance. The committees shall determine whether any of the positions to be reallocated
3.17 may be retained during the interim period requested.

3.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

3.19 Sec. 3. Minnesota Statutes 2014, section 174.03, is amended by adding a subdivision
3.20 to read:

3.21 Subd. 14. **Office of Innovative Projects and Asset Management.** (a) An Office
3.22 of Innovative Projects and Asset Management is created, and is directly accountable to
3.23 the commissioner.

3.24 (b) The office shall serve as an example to be replicated throughout the department,
3.25 by:

3.26 (1) pursuing innovations that will transform the department into an organization
3.27 capable of implementing performance-based decision-making and best value project
3.28 selection that supports long-term transportation asset management;

3.29 (2) providing services that maintain current transportation assets in a state of good
3.30 repair while promoting conservation, reducing waste, and preserving the health of the
3.31 environment for future generations;

3.32 (3) providing services that support the design and construction of sustainable,
3.33 future-oriented transportation assets that facilitate commerce, opportunity, equity, and
3.34 prosperity;

(4) demonstrating greater effort to implement innovative policies and deploy solutions documented in AASHTO, FHWA, and other state Department of Transportation publications, and provide financial compensation to districts when deployed solutions do not perform as expected;

(5) demonstrating greater effort to implement policies, technologies, and practices that prevent or reduce injuries and deaths in all transportation modes;

(6) demonstrating greater effort to implement technologies that reduce or prevent maintenance expenses for existing roadways and other transportation assets;

(7) demonstrating greater effort to implement technologies that improve project quality and long-term performance of transportation assets;

(8) demonstrating greater effort to recycle existing materials during construction of transportation assets;

(9) demonstrating successful employee engagement, including encouraging ideas from frontline employees that enhance effectiveness and jointly discussing ideas between management and the employees to develop solutions in partnership;

(10) demonstrating successful stakeholder engagement, including conducting inclusive stakeholder meetings where participation is proportional to the number of people impacted by the subject project. These meetings must include trained facilitators to encourage participants to fully engage in the conversation, and to ensure fairness as ideas are offered and discussed. Participant ideas may be submitted verbally or in writing, and must be transcribed accurately. A record of all comments and the department's response shall be available on the department Web site; and

(11) demonstrating successful public engagement by establishing a public oversight panel, which shall provide oversight of all office activities and conduct the annual performance review of the office director.

(c) The office director is accountable for the following outcomes, in addition to other responsibilities determined by the commissioner:

(1) ensure the office delivers the highest quality service and value to the department and to the public;

(2) develop employment systems that: (i) reward attention to detail, set employee expectations, measure results, and hold employees accountable; (ii) reward competition, hard work, and preparedness; and (iii) reward employees who are committed to and articulate a passion for innovation, strive for excellence, and lead the nation in implementing new technology and best management practices;

5.1 (3) ensure fairness, greater opportunity, and financial security for all employees
5.2 through fair compensation, pay-for-performance incentives, early retirements, and other
5.3 innovative approaches offered by the legislature and the governor;

5.4 (4) recruit employees who understand the responsibilities as team members and who
5.5 are optimistic, resilient, and tenacious in their desire to improve processes and enhance
5.6 effectiveness;

5.7 (5) encourage employee diversity, embrace individual differences, and utilize each
5.8 employee's unique strengths;

5.9 (6) implement change in the organizational structure that: (i) ensures a culture
5.10 of innovation and accountability to manage risk and overcome fear; (ii) creates an
5.11 office culture that encourages communication and cooperation between all staff as team
5.12 members in a spirit of equality, respect, and gratitude; and (iii) creates a work place that is
5.13 comfortable with change, able to adapt, and confident to act;

5.14 (7) create an organization that: (i) develops each employee's strengths and reduces
5.15 the barriers to their success; (ii) trains, mentors, and encourages employees so that talents
5.16 and emotional intelligence are fully developed; and (iii) fairly and honestly measures
5.17 employee success and rewards success with greater opportunity;

5.18 (8) establish labor-management partnerships to: (i) develop, promote, and reward a
5.19 progressive, innovative culture; (ii) encourage open dialogue and listen to the issues and
5.20 concerns of employees; and (iii) involve employees and union representatives as full
5.21 partners with management to identify problems and craft solutions to better serve the
5.22 department's customers and achieve the state's transportation goals;

5.23 (9) negotiate the subjects in chapters 43A and 179A and United States Code, title 5,
5.24 section 7106(b)(1), to strategically align the organizational structure to better implement
5.25 performance-based planning and risk management at the office, section, and project levels,
5.26 and to ensure participation and cooperation by all levels of management and supervision;

5.27 (10) provide comprehensive training to employees, including managers, supervisors,
5.28 and union representatives, in alternative dispute resolution techniques and interest-based
5.29 negotiation;

5.30 (11) measure and evaluate progress and improvements in organizational performance
5.31 resulting from the labor-management partnership; and

5.32 (12) strengthen transportation advocacy organizations by providing timely
5.33 information, greater transparency, and well-documented measures of transportation asset
5.34 condition, and to help elevate the public debate by providing timely information to citizens
5.35 so that they can better communicate the commitment to transportation investment as a
5.36 necessity for safe travel, economic well-being, and livable communities.

(d) Additional revenue from the trunk highway fund and general fund must be appropriated by statute to achieve the requirements of this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. **ENHANCED ORGANIZATIONAL EFFECTIVENESS AND INNOVATION REVIEW.**

(a) A review and assessment of the department's organizational structure is required to enhance organizational effectiveness, encourage prudent allocation of resources, and deliver the greatest value to Minnesota. This review and assessment shall be completed by a partnership that includes the Humphrey School of Public Affairs, Carlson School of Management, the Center for Transportation Studies at the University of Minnesota, and the State Smart Transportation Initiative at the University of Wisconsin.

(b) A preliminary report of this review and assessment shall be submitted to the chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance by December 15, 2015, with the final report submitted by June 30, 2016. If the department does not promptly supply the information necessary to complete the preliminary report, then the department shall, within six months, reallocate a sufficient number of engineering management positions and planning management positions to nonmanagement and nonsupervisory positions in order to achieve a department-wide average employee-to-supervisor ratio of ten to one. The reallocated positions shall be assigned to directly support achievement of the annual performance targets described in Minnesota Statutes, section 174.03, subdivision 12.

(c) At a minimum, the review and assessment shall include:

(1) the relationship of each district, division, office, and section of the department to the state's transportation goals under Minnesota Statutes, section 174.01, the department's mission under Minnesota Statutes, section 174.02, the duties of the commissioner under Minnesota Statutes, section 174.03, and the annual performance targets under Minnesota Statutes, section 174.03, subdivision 12;

(2) the budget assigned to each district, division, office, and section of the department;

(3) the ratio of employees to supervisors in each district, division, office, and section of the department;

(4) recommendations identifying best practices, and comparisons with other state departments of transportation;

(5) recommendations regarding the appropriate ratio of employees to supervisors for the variety of activities performed by the department;

7.1 (6) recommendations regarding the appropriate increase in department operations
7.2 resulting from increases in capital investments;

7.3 (7) recommendations regarding the appropriate fiscal responsibility assigned to
7.4 construction inspectors and engineers;

7.5 (8) recommendations regarding the appropriate, fiscally constrained size of the
7.6 trunk highway system; and

7.7 (9) recommendations regarding how to achieve the appropriate, fiscally constrained
7.8 size of the trunk highway system.

7.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.