

**Missouri Highway and Transportation Commission
Update to the Blue Ribbon Panel Recommendations
Presented by Chairman Bill McKenna at the September 10, 2004 MHTC Meeting
and the
September 15, 2004 Joint Committee on Transportation Oversight Meeting**

At the beginning of the 2004 legislative session, the MHTC provided some responses to the Blue Ribbon Panel regarding the recommendations of the Panel.

It was the intent of the Panel to offer solutions to the Commission in regard to the issues of accountability, credibility, and efficiency. Work continues, in cooperation with the legislature, to address shortcomings and to make the Department the best it can be.

This paper is not only an effort to keep the Blue Ribbon Panel up-to-date, but to also challenge the Commission and the Department to strive to be better and to remind both that these challenges are ongoing.

We will try to update each of the recommendations.

ACCOUNTABILITY

Blue Ribbon Panel recommendation #1: The Commission must be more visible and more assertive in providing leadership to MoDOT and the state as a whole on transportation issues, in accepting accountability for the resolution of the current credibility crisis, and in building coalitions among political leaders and interest groups to resolve the state's transportation problems. Although the independent commission form of governance for transportation has served Missouri well for many years, continuation of the present situation is likely to result in sufficient frustration that either citizen or legislative initiatives to significantly modify or abolish the Commission could emerge unless current problems are resolved.

The Commission continues to focus on visibility and accessibility, and we are pleased to report positive outcomes as they pertain to the three areas noted in the recommendation:

More Visible and Assertive in providing leadership to MoDOT and the state as a whole on Transportation Issues.

The Commission is emphasizing to the staff the benefits to all Missourians that can be realized by reaching out, being responsive, and including others in decision-making in an open, positive manner.

In an effort to lead by example, the Commission, solicited input on personal traits, characteristics, and skill sets that a new Director of Transportation should possess. This outreach included the Governor's office, leadership in both the House and Senate, the

Blue Ribbon Panel, MoDOT's Employees' Association, and the District Engineers. In addition, a Review Team composed of two Commissioners, a District Engineer selected by the District Engineers, the former chair of the Blue Ribbon Panel, a representative of the House, a representative of the Senate, and a representative of the Governor's Office reviewed written documentation of the candidates to be interviewed by the Commission and offer observations thereon.

The Commission is also being more assertive in promoting highway and transportation improvement throughout the state. The Commission will make every effort to help educate Missouri citizens regarding the transportation funding initiative petition proposed by local area interests to provide more funding for additional transportation improvements. The initiative petition will allow voters to consider a ballot measure to redirect some specific current transportation-related tax dollars to transportation improvements. (Further details about the initiative petition are discussed under Recommendation #6.)

We believe this type of leadership, coupled with the Commission's unwavering emphasis on keeping commitments, will ultimately lead to identifying a transportation plan for Missouri that will have widespread support.

Accepting accountability for the resolution of the current credibility crisis.

The Commission agrees with statements made by former DOT heads from other states to the Blue Ribbon Panel that credibility relates directly to smooth roads. The condition of Missouri's roads is certainly a concern of the Commission, and we are pleased that we have been able to increase the allocation of funds to taking care of the existing system. This increase will allow consistent, systematic improvements.

Building coalitions among political leaders and interest groups to resolve the state's transportation problems.

The Commission members made numerous visits to the Capitol during the 2004 legislative session. Changing Commission meeting dates to mid-week during the legislative session provided additional opportunities for us to be in Jefferson City to visit individually with, and be accessible to, the members of the legislature. In addition, the scheduling change proved to be more accommodating to those in the Senate and House who wanted to attend Commission meetings in support of constituent issues or to observe the proceedings. We are mindful of their schedules and appreciate their attendance.

The Joint Committee on Transportation met on November 19, 2003, and March 29, 2004, and members of the Commission were present to answer questions. This interaction was helpful for the Commission and our accessibility appeared to be beneficial to the committee.

All Commissioners attended the legislatively mandated "State of Transportation" address that was presented to the joint session of the Missouri House and Senate by the

outgoing director on January 28, 2004. The presentation was well received, and our attendance provided an additional opportunity to be accessible to, and develop further relationships with, the members of the General Assembly.

We believe our efforts to develop close relationships with members of the state legislature have been positive and mutually beneficial. These efforts will continue in the future.

In addition to talking with members of the legislature, individual members of the Commission have been responsive to interest groups and Missouri citizens by attending numerous local governmental, civic, and other public and individually scheduled meetings.

MoDOT's new planning process, which has been strongly endorsed by every regional planning commission and metropolitan planning organization in the state, improves the way MoDOT makes decisions about which transportation problems to address first. The prioritization processes ensure consistent evaluation of similar problems around the state. For instance, repairing rough pavement in one part of the state is prioritized using the same information and methods as in another part of the state. Local communities have more influence in this new process because local officials now have a guaranteed seat at the decision-making table. Involving the right people throughout the process just makes sense and improves the results.

Blue Ribbon Panel recommendation #2: The Commission should substantively change the culture of MoDOT by reorganizing top management; by seeking managers who have the vision to develop a strategic perspective for improving Missouri's transportation system; by redirecting staff efforts to the implementation of the Commission's strategic vision; by streamlining the MoDOT bureaucracy and pushing as many decisions as possible down to the district level; and by clarifying the role and relationships of the central office and the district offices to ensure that a statewide transportation improvement strategy exists and that it is implemented appropriately at the district level. The objective of this reorganization should be to provide the public and elected officials with clear evidence that "a new day has dawned at MoDOT" and that the organization in both appearance and reality is capable of producing a robust transportation system that is responsive to the state's needs.

The Commission has selected a new MoDOT Director who will come on board on September 15; however, significant organization and culture changes are currently ongoing through our Interim Director Dave Snider.

Since March 1, 2004, the following organizational changes have taken place:

- The position of Chief Operating Officer was eliminated.
- The position of Chief Financial Officer was eliminated.
- The position of Director of Communications was eliminated.

- The position of Director of Planning was eliminated. This position had been vacant for over two years.
- The Transportation Planning Division, which previously reported to the Director of Planning, will report to the Director of Project Development.
- The Multimodal and Research Directors, which previously reported to the Director of Planning, will report directly to the Chief Engineer.
- The position of Director of Finance was created with reporting responsibilities to the Chief Engineer.

We believe the above organizational changes will streamline decision-making at the Central Office and enhance working relationships as well. There will be a decrease of over \$375,000 in salaries and benefits. These savings will go back into the construction budget.

In addition, the Interim Director, with the Commission's total support, has taken a number of steps to streamline the decision-making process and shift responsibility to the district level where feasible. Below are some specific examples:

- The MoDOT staff has been instructed to move decision-making to the lowest level.
- MoDOT internal policy decisions will not be made without prior input from all affected MoDOT units.
- Membership on MoDOT's Policy and Position Committee has been pushed down from those in top management positions to those most familiar with the respective policy issues.
- Division Heads and District Engineers have been empowered to approve employments that previously were delayed while awaiting approval by top management.
- The budget process is being changed to ensure it is both performance-based and easily understood.
- As a result of the Interim Director's face-to-face meetings with employees, various other policy changes have been made or are being reviewed that should contribute to streamlined operations and savings of time and/or money.
- Two internal top level management teams were eliminated in order to save meeting time, improve internal communications, and ensure input from all Divisions and Districts.
- The General Headquarters (which had formerly been called the Support Center) was renamed "Central Office," to reflect a more cooperative working relationship with the districts.
- Because everything we do should be focused on, and supportive of, our single mission to provide the best system for transporting people and goods, all Divisions now report to the Chief Engineer.

There is indeed the sense that a "new day has dawned" at MoDOT, and we hope to continue that effort.

Blue Ribbon Panel recommendation #3: Although it is important that MoDOT retain a strong internal audit function, it is recommended that the Commission support the concept of an independent Office of Inspector General to provide assurance to the public and elected officials that accountability and credibility are top priorities of the agency. While the new legislation to establish an OIG function as part of the Joint Committee on Transportation Oversight should be given an opportunity to succeed, it is further recommended that the Commission work with the General Assembly and the Governor to explore the possibility of locating the OIG function in either the Auditor's Office or the Attorney General's Office which have the resources and professional investigative culture to support such a role.

The Department and the Commission are looking forward to the appointment of the Inspector General and stand ready to provide data to and assist the Joint Committee on Transportation Oversight and Inspector General in any way. We believe it would be mutually beneficial for the Inspector General to serve on the Commission's Audit Committee as an ex officio, non-voting member, and have extended that invitation to the Joint Committee. In an effort to avoid confusion with the Inspector General position created by the General Assembly, the position title of Inspector General within MoDOT has been changed to Director of Audits and Investigations.

Summary on Accountability

In general, we are striving very hard to address any and all accountability issues. We are a department of human beings and will make mistakes; but we are committed to minimizing those mistakes and learning from them.

CREDIBILITY

Blue Ribbon Panel recommendation #4: Although the 1992 Plan was flawed from its inception, the Commission should acknowledge publicly that the 1998 decision to suspend the 1992 plan was a breach of the public's trust that will not occur again. In addition, consistent with contemporary statewide needs and funding availability, unfinished 1992 projects should be one component of the Commission's vision of the future for transportation in Missouri. To paraphrase one of the consultants to the Blue Ribbon Panel, the Commission should make unequivocally clear that while it cannot change history, it is dedicated to affecting the future in very positive ways.

The Commission feels that part of this recommendation has been addressed. It is our intention to continue to deliver projects in the five-year Statewide Transportation Improvement Program as promised.

We are distributing all construction dollars through an agreed upon formula. We will soon be spending over \$400 million on taking care of our existing system, of which \$100 million annually will go to the Interstate System. We established a category called "Flexible Funds" to allow the local entities to determine if their district allocation should

be used for taking care of the existing system or for new construction, system expansion, or emerging needs.

We recently approved a slight increase in dollars spent on economic development to help stimulate jobs and our economy.

Blue Ribbon Panel recommendation #5: The Commission and MoDOT should as soon as possible develop and adopt a new practical, strategic, intermodal transportation plan (known officially as a “Long-range Transportation Plan”) for Missouri that reflects the state’s current priorities and future needs for a vibrant, responsive transportation system, particularly in terms of safety, mobility, tourism, and economic development.

This recommendation is still front and center for the Commission. We did, however, put off a recommendation from staff regarding plan development until the permanent director is on board. We felt it important to let this new person lead this process.

Blue Ribbon Panel recommendation #6: In active cooperation with the Governor and the General Assembly, it is recommended that the Commission should develop a plan to address the problem of diversion of highway user fees from their intended purpose – highway construction and maintenance:

- a. In the short term, seek Constitutional and statutory authority to determine a fair value for the administrative services performed by other state agencies for MoDOT and prohibit additional charges to the State Highways and Transportation Fund as compensation to any state agency, including Constitutionally mandated ones, for the services they render in support of MoDOT or the traveling public; and***
- b. In the longer term, work closely with the Governor and the General Assembly to ensure that all highway user funds are expended only for highway construction while providing a reliable funding stream for the Highway Patrol.***

This recommendation is extremely important to the long-range success of the Department because the citizens expect their tax dollars that are highway related to go to taking care of our system and completing projects that have begun.

The Commission has worked closely with the Governor’s office and the legislature in an effort to reach a resolution in this area. This is no small task considering the recent budget challenges. The legislature had a Joint Resolution that would phase out the diversion of state road funds used by other state agencies prepared for debate, which would have eventually gone to the voters. In April, however, a citizens group presented an initiative petition with similar intent to the Secretary of State for placement on the November ballot.

The Department will make itself available to answer any and all questions. If successful in November, the issue of diversion will be addressed. The initiative petition would cap, percentage wise, the amount of dollars that go to the Department of Revenue; all diversion will be eliminated to the Office of Treasurer, Office of Auditor, and the Department of Natural Resources; the Highway Patrol would be subject to legislative appropriation; and finally, the diversion of half of the sales tax on automobiles would be eliminated over a four-year period (25% per year) and the dollars would be placed in a newly established fund for highway and bridge construction, including payment on any new bond indebtedness. Hopefully, the voters will see an opportunity to stop the diversions of the past without raising taxes.

Blue Ribbon Panel recommendation #7: As soon as practical the Commission should develop an allocation method for highway construction funds that is driven by strategic, statewide needs and priorities as well as actual road and bridge conditions and safety requirements that minimizes a mechanical distribution of funds by district, and that considers all sources of funds – state, unrestricted federal, and sub-allocated federal dollars.

We have included our response from January 2004, as this method of allocation is ongoing and subject to continued scrutiny.

“COMMISSION RESPONSE: . . . On January 10, 2003, the Commission adopted an allocation method for highway construction funds based on a number of factors. This allocation method is under constant review and is to be revised or readopted at least every two years. Some of the factors used in this allocation method are as follows: population, economic development, miles of road, footage of bridge deck, condition of pavement, safety, interstate system miles and others.

“Since that decision, more dollars are being spent on the preservation of our current system to minimize deterioration. This is a challenge to further road and bridge expansion, but new dollars will help in this area. For the first time in many years, the conditions of our roads AND bridges should begin to slowly improve.

“This new method of allocation has been criticized by some interest groups who consider themselves “losers” from previous plans, but the Commission feels that as long as the criteria is justifiable and the need is identifiable, the new allocation methods are the best at this time. Ongoing efforts are being made to define “needs”.

“The Commission assures the Blue Ribbon Panel and the public that an ongoing review process is in place and that the allocation method will continue to be a Commission top priority agenda item.”

It is our hope that since this allocation method is based on factors that are well thought out and not arbitrary, credibility will be forthcoming in this area. If our projections are correct, the number of bad roads will begin to decrease and the number of safe bridges will begin to increase. It will take time to get them all in good shape, but the trend lines are changing favorably, a little each year, and we are headed in the right direction.

Blue Ribbon Panel recommendation #8: It is recommended that the Commission should develop on an expedited basis an integrated, coordinated statewide communications plan that ensures Headquarters and district public information staff are working together to educate the public and MoDOT staff themselves about the activities of the agency to provide the taxpayers with high-quality services. This plan must go beyond in-house newsletters and public relations press releases; the goal should be to establish a MoDOT “brand” based on hard facts and real achievement – not hype – that connotes quality performance, good stewardship of resources, and responsiveness to the public.

Again, this will be a charge to the new director; but strides both internally and externally are in play. We have moved away from defensively responding to negative criticism to a posture of alerting, advising, and educating. We feel that good local cooperation, better communication with the legislative and executive branches, and delivering our projects on time will begin to speak for themselves. In addition, the Director practices a pro-active, “no surprises” approach to communications and is instilling that philosophy throughout the Department.

Steps are being taken to streamline communication efforts, both internally and externally. Results should be forthcoming from two initiatives before the end of summer. The first initiative is a statewide newspaper that **will replace** the ten district newsletters and *Inside MoDOT*. This new product, we hope, will start to foster a greater sense of a statewide MoDOT community.

The second initiative is an enhanced website. Work is under way to make MoDOT’s web page more user friendly and accessible. Motorists frequently contact the MoDOT site seeking information on the location of work zones and winter road conditions. Significant revisions to these two areas have been completed.

Blue Ribbon Panel recommendation #9: Based on the assumption that credibility begins at home, it is recommended that as a first step toward restoring staff morale and confidence in agency leadership, the Commission should release to the staff as soon as possible the findings contained in its long-delayed job study and, subject to concurrence from the Governor’s Office and legislative leaders, implement on a phased basis the salary equity adjustments identified in the study.

In the short time the Interim Director has been on duty, he has gone to great lengths to meet personally with almost all MoDOT employees **twice**. This is quite a feat!

In June 2004, the entire job study was made available to the employees and others who may have an interest in it. It is available through MoDOT's website. Following extensive review of the study by the MoDOT's Human Resources Division, which included working closely with MoDOT's divisions and districts, the Commission concurred in the staff's recommendation to not implement the revised salary structure proposed by the study, which would have impacted a small number of employees. In lieu thereof, the Commission authorized the staff to continue career ladder advancements and correct inequities within the limit of funding authorized by the legislature and approved by the Governor for salary increases. There is a phase of the job study that deals with merit compensation for the future, but the Commission elected not to target this phase for implementation until after performance increases are again part of the regular pay raises appropriated through the legislature.

Summary of Credibility:

Credibility is often an issue of perception, but is critical to the success of MoDOT. We will continue to make decisions to try to improve the public's feeling toward the Department and Commission. It is our intent to ask the hard questions and to be in a position to defend each decision we make. As the roads get better and as some of the projects that have been started begin to reach completion, we truly believe things will get better.

EFFICIENCY

Blue Ribbon Panel recommendation #10: It is recommended that the Commission periodically solicit the advice and expertise of outside consultants to help ensure that MoDOT's policies and practices reflect "best practices" in the industry.

We will continue to move toward greater efficiency and use of best practices. We are very happy to report that the American Association of State Highway and Transportation Officials (AASHTO) has asked our "engineering estimate folks" to be presenters at a Best Practices Seminar. For the past two years, we have ranked #1 in the nation for estimating projects and bringing them in on time and within budget.

We also have adopted a new set of project specifications, which leave more of the "how to" decision-making to the contractors who have tremendous road building expertise. The process used to develop these new specifications was inclusive of those who will be most impacted by this step into the 21st Century. Although all sectors of the industry were not 100 percent thrilled with the final product, no one could complain that they were not given an opportunity for input. We feel future bids will be more comprehensive and competitive, and the citizens will be better served.

Blue Ribbon Panel recommendation #11: It is recommended that the Commission pursue legislative and Constitutional changes as well as policy changes that would enhance its overall efficiency, its credibility, or provide new funding options for transportation development, e.g.,

- a. Permit the collection of tolls on new Missouri bridges and roads as well as substantially reconstructed interstate highways;*
- b. Use general revenue funds and/or tourism funds to support and enhance rest areas on interstate highways and other major roads;*
- c. Ensure a proper accounting of all MoDOT-owned properties, including the designation and disposal of any surplus property that may no longer be needed;*
- d. Without compromising Missouri's commitment to the environment, work with state and federal officials to reduce the delays and cost of the various impact statements presently required for transportation construction projects; and*
- e. Limit the liability exposure of agency employees in work-related civil suits.*

We have developed an excellent working relationship with the leadership of the Transportation Committees both in the House and the Senate through the efforts of Mr. Jay Wunderlich, Ms. Pam Harlan, and other members of our Governmental Affairs staff.

A serious discussion revolving around toll roads took place this past session. We received some good feedback and will be bringing forward a suggestion for the legislature to review prior to the next legislative session. There is a large amount of misinformation on this topic, and it needs to be addressed.

On February 3, 2004, we set in place a program dealing with right-of-way owned by MoDOT. It is the intention of the Commission to inventory in a central location all property owned, segregate any that is no longer needed, and dispose of it as quickly as possible. We currently own about 400,000 acres, most of which is under one of our roadways. But we need to ascertain and document what parcels are no longer necessary and dispose of them.

We will continue to work with the legislature on other issues that have an impact on MoDOT as well. Some of these deal with liability exposure in work-related civil suits, as well as clean-up language required as a result of consolidating Highway Safety, Motor Carriers, and the Carrier One-Stop Program under MoDOT.

Two efficiency issues taken up by the General Assembly this past session and supported by the Commission were:

- Staggered Motor Carrier registrations to allow the registering of vehicles throughout the year as opposed to only the last quarter, and
- Automobile Liability Insurance, which allows MoDOT to insure its leased vehicles in-house or by bid, as opposed to insuring through the leasing agency. This will save transportation tax dollars.

Blue Ribbon Panel recommendation #12: It is recommended that the Commission proceed with caution as it explores possibilities for closing maintenance sheds, retiring

rest stops, or returning certain lettered routes to local authorities to avoid creating another round of accusations that MoDOT is once again breaking its promises to the public. In addition, similar caution should be used in taking over additional mileage from local entities. Any future actions of these types should be based on a clearly articulated plan for highway maintenance that balances the needs of the traveling public with the perceived financial benefits.

We will continue to proceed with caution and have been very open and responsive to the public on sensitive issues, such as closing MoDOT facilities.

We recently were successful in consolidating some maintenance facilities. We attribute the success to working closely with both the local areas and the respective state Senators and Representatives. In addition, before proposing to consolidate buildings, the staff consulted with other states to determine their criteria for establishing a maintenance facility and the resulting effectiveness of those criteria. Should additional closures appear to be beneficial from a cost standpoint and service can be effectively maintained, the staff would, as noted in the BRP recommendation, proceed with caution by first ensuring thorough communication with both the communities involved and the respective elected officials.

We renewed the rest area maintenance contracts with our sheltered workshop partners and have begun very preliminary discussions with certain counties who see a benefit to the counties' involvement in certain state roads.

Efficiency Summary

Our efforts to increase in all areas are ongoing and will continue.

**An open letter to the Blue Ribbon Panel
from the Missouri Highways and Transportation Commission.**

Again, the Commission appreciates the Blue Ribbon Panel's efforts in helping the Department of Transportation through some difficult times. We all appreciate the importance of a strong and vibrant transportation system.

MoDOT is a big department with over 6,000 employees that touch the lives of almost every Missourian. We are an easy target for criticism, but we are also a strong potential for pride.

We cannot overemphasize the size of the system we maintain—over 32,000 miles, the seventh largest in the nation. We have over 10,000 bridges with more major river crossings than any other state. Yet, we still rank 44th out of 50 in revenue per mile.

We are hopeful that the citizens will address the diversion issue because so many more lives can be saved and future congestion can be addressed. The state's economic success is very dependant upon the state's transportation system, and we know the voters need to feel a sense of confidence in the Department and the Commission.

Our pledge is to continue to do what is best for our citizens with available resources. We truly feel that we have turned the corner, that the trend lines for road and bridge condition are headed in the right direction, and with a little help, we can begin to finish some of the statewide projects that Missourians want so badly.

With your continued help, we can all move forward as a state. We also stand ready to review all suggestions and explore any area that you feel will make us better. We again thank you for your right-on approach for the betterment of Missouri.