Politics for Lunch

Thank you for inviting me to speak to you today about the transportation system and it’s funding needs.

When I arrived at ITD in 2010, I came with a philosophy about government.

I felt strongly that government agencies need to change, and that they need to serve the citizens.

Not serve themselves.

First, the agencies need to change their organizational structures, which are based on a 1960s model that emphasizes strong central control.

They need to remove layers of bureaucracy and put decision-making closer to where the work is done.

And they need to change their work cultures, which in most government agencies is too passive.
State DOTs Today

Most governmental pay rates are tied to how many layers are under people and how many employees are supervised, rather than being tied to each person’s skills and abilities to do the job.

These agencies are not working at their full potential, but they could be if they are willing to change . . . . as ITD has.

We have made many changes at ITD, and those changes have led to great success.

Let me tell you what we’ve done to improve ITD’s operations and effectiveness.
How we changed ITD’s structure

First, we realigned the agency from top to bottom.

Realignment had many benefits.

• It reduced the layers of supervision from 9 layers to 5.

• It eliminated 62 positions that only supervised one employee.

• It significantly improved customer service.

• And now, each layer of the organization has clearly defined roles.
How we changed ITD’s structure

We increased the span of control for supervisors from an average of three employees to between eight and ten.

We improved accountability, and we improved communication both inside and outside ITD.

One third of ITD’s workforce is now made up of the people who maintain the roads.

They keep the highways clear of ice and snow in the winter, and inspect construction projects in the summer.

Clearing roads of ice and snow makes them safer, and allows commerce to continue to thrive, despite the weather.
How we changed ITD’s Structure

ITD’s new organizational structure is designed to improve performance.

We have eliminated 138 full-time positions since I arrived at ITD.

But even with fewer people, our employees have increased their performance, and the service they provide to the taxpayers.

Realignment made ITD more efficient, and it was so innovative and successful that it won the President’s Award for Administration from the American Association of State Highway and Transportation Officials, known as AASHTO.

Once realignment was in place, we began working on ITD’s passive work culture.
How we changed ITD’s Passive Culture

We conducted a study to measure ITD’s work culture, so we can improve it.

We want it to be more innovative and constructive, and involve more teamwork.

We now measure cultural improvement, and have tied every employee’s performance measures to the strategic plan.

And we actively encourage employee-driven innovations that improve the way things are done, or that will save money.
The Results of Realignment

We realigned and are changing our culture for one reason, and one reason only.

Results.

Restructuring placed more people on the front lines and put decision making closer to where the work is being done.

These two actions created a wave of employee-driven innovations in equipment and processes.
The Results of Measuring Performance

Measuring performance makes us more efficient and accountable.

ITD’s Internet dashboard shows exactly how we are doing on performance measures at any point in time. It is fully transparent.

The dashboard also compares ITD to surrounding states.

We are providing ever-improving services to the taxpayers. And we are doing so with a smaller, more focused workforce.

But what about the results of investing in transportation?

What are those investments doing for Idaho? Let’s take a look.
The Results of Investing in Transportation

When we straighten a curve, add a passing lane, or design a new bridge, we are also improving safety.

In 2013, Idaho had 20% fewer highway fatalities than in 2006, despite a 4% increase in miles traveled annually.

The number of miles driven went up, yet the fatalities went down.

A study released last July found that Idaho’s fatality reduction is the third best in the nation.

Our GARVEE project corridors show much higher reductions in crashes and fatalities than the statewide average.

That is because the investments modernized the design of the highways.

However, those are not Idaho’s only important routes. That is why we developed a program to analyze and prioritize Idaho’s transportation corridors.

This program was so innovative it won the National Roadway Safety Award in 2013.
The Results of Investing in Transportation

Transportation investments also improve mobility, because they modernize the infrastructure.

Mobility is tied to predictability. When a company such as UPS or FedEx accepts a package for shipping, they rely on a predictable transportation system.

They need to know exactly how long it will take to deliver a shipment.

That is how they can promise to deliver a package in one day, or in three days.

Idaho-based companies also rely on ITD to provide a predictable system so they can ship and receive products on time and keep Idaho’s economy moving.

Transportation investments have a great return.

And so does innovation.
The Results of Innovation

Recent innovations have improved the way we manage ITD’s budget.

We studied our bonding situation and discovered a way to save $40 million by restructuring our payments.

In the last five years, we created $39.5 million in salary savings, thanks to our award-winning realignment.

We added an additional $180 million worth of projects to the five-year plan, and that was without any additional increases in revenue.
The Results of Innovation

One of ITD’s most innovative practices is the way we select highway projects.

Most DOTs select projects based on system condition.

ITD selects projects based on the impact they will have on system condition, safety, and the state’s economy.

This sets ITD apart from other DOTs, and is serving as a model for other states interested in improving their own economies.

Our unique project-selection process helped achieve Governor Otter’s Project 60 goals, and will be equally important in achieving the goals of his Accelerate Idaho program.

We work closely with the departments of Commerce, Labor, and Agriculture; and the Idaho State Police to develop tools to measure and maximize the impacts of our investments.
The Results of Innovation — Recognition

ITD’s innovations are the direct result of getting out of the way of our employees and letting them do what they do best.

Many times, what they do is also the best in the entire country.

And that leads to major national recognition.

In 2013 ITD received more awards in one year than any state in AASHTO’s 100-year history.

I am pleased to report that in 2014 ----- despite being warned early on that we would not win any AASHTO awards because of our overwhelming success the previous year, we won them anyway.

In 2014, ITD received two of the highest national honors a transportation department can receive. The Idaho Freight Study Team received the AASHTO President’s award for Research.

ITD also brought home the prestigious Alfred E. Johnson Award, for a unique system that is changing the way winter maintenance is done around the world.
The Results of Measuring Performance

ITD was the first DOT in the nation to develop such a program, and we are proud of the international attention it is receiving.

But we are even more proud of the results it is getting on Idaho’s roads.

In 2010, Idaho’s highways were clear of ice and snow 28 percent of the time during winter storms.

Because we now measure our performance, and have made improvements, in 2014, Idaho’s highways were clear of ice and snow 59 percent of the time.

Clear roads are safer, and they allow Idaho’s economy to thrive even when winter is at its worst.
The Results of Measuring Performance

As I mentioned earlier, ITD thrives on innovation. But we need to make sure those innovations work.

That is why we measure our performance.

For example, in 2010, ITD delivered 60 percent of project designs on time.

By measuring our performance and making improvements where needed, in 2014 we delivered 92 percent on time.

And, in 2015, all designs will be delivered in April, and we will turn in an additional year’s worth of projects.

We accelerated project due dates by one full year.

If additional revenue becomes available, we will have projects ready to go.
The Results of Measuring Performance

These improvements are the direct result of measuring performance, and show we are delivering on our promises.

I challenged our employees to make ITD into the best DOT in the country. And we are achieving that goal.

ITD is providing excellent and ever-improving services to the taxpayers and users of the transportation system, and to the businesses that drive Idaho’s economy.

Along the way, we have developed a department that is attracting great employees and achieving national recognition.

Other states and even other nations are now studying and copying the innovative programs and services we have developed at ITD.

These improvements allow us to stretch our dollars and fund more projects.

Projects that make the transportation system safer for our families and for all Idahoans.

Projects that will improve mobility and promote and advance Idaho’s economic activity.
Infrastructure Needs

ITD’s strategic plan emphasizes economic opportunity, which is tied directly to the condition and operation of Idaho’s roads and bridges.

It is no secret that Idaho does not have enough funding to support the needs of an aging system.

Idaho’s transportation system is vital to the state’s economy and future, and will help determine the pace and extent of Idaho’s economic growth.

The Governor’s Task Force on Modernizing Transportation Investments found that Idaho has a $543 million annual shortfall in transportation funding.

Of that, $262 million is needed annually just to preserve the system in the condition it is in today.

ITD has two primary sources of revenue.

Federal funds, and state funds.
Increasingly Reliant on Federal Funds

In 1996, the year Idaho last increased the user fee on fuel, state funds made up 54 percent of ITD’s total revenue.

Now, that is reversed.

54 percent of our funding is federal.

The national average for federal transportation funding is 24 percent.

Idaho is growing more reliant on federal money for roads and bridges, and the strings that accompany it.

A 2014 Pew report ranks Idaho as one of the states most heavily reliant on federal transportation revenue.

Unfortunately, federal transportation dollars are a political football, and the large urbanized states are pushing hard to get a larger portion of the highway trust fund.

These are primarily donor states.

If they succeed, there will be fewer dollars for rural, donee states like Idaho.

That is not a good scenario for the state’s economy.
Infrastructure Needs: Cost increases

Unfortunately, the cost of maintaining Idaho’s roads and bridges is steadily increasing.

• In 1996, the year Idaho last increased the user fee for fuel, ITD purchased new snowplows for approximately $90,000.

  They now cost more than twice that amount.

• Idaho had approximately 850,000 licensed drivers in 1996. We now have 1.1 million.

• In 1996 the annual miles traveled per year in Idaho was around 13 billion.

  We now drive nearly 16 billion miles per year.

  But the fuel tax remains at 1996 levels.
Infrastructure Needs: Buying Power 17¢

We are maintaining Idaho’s aging roads and bridges within our funding limits.

But we are doing so funded by a gas tax stuck in the 1990s.

In 1996, it was 25 cents per gallon.

Today, nearly two decades later, it is still 25 cents. It has not kept pace with the economy.

Adjusted for inflation, it only has the buying power of 17¢.

The gas tax has remained flat for nearly 20 years.

And there has been no adjustment for inflation.
**Infrastructure Needs:  Bridges 40 – 60 years**

Idaho’s bridges are well designed and have stood the test of time.

But they were not designed to last forever.

They were designed to last **40 to 60 years**.

However, at the rate Idaho currently funds its bridges, they must last **120 years**.

The older a bridge gets, the more expensive it is to maintain in good condition.

And we have hundreds of old bridges.

Every one of them is an impediment to the state’s economy, and we are working hard to replace as many as we can with current funding.

But it is an uphill battle.
Infrastructure Needs

This chart shows when the bridges on the State Highway System were built.

The numbers at the top of each bar indicate the number of bridges built in each decade.

You can see the surge of bridges built during the Interstate Construction era of the 1960s.

Those bridges are now beyond their design life.
Infrastructure Needs

This chart is more troubling.

The numbers at the top show the bridges on the State Highway System that are more than 50 years old.

The 2016 bar shows we are scheduled to replace nine bridges that year, but an additional 59 will become one half century old.

We are losing the battle.

Between 2014 and 2019, we will replace 87 bridges, but despite those replacements, another 147 bridges will reach the half-century mark.

In 2019, 908 bridges will be more than 50 years old.

That is nearly half of the bridges on the State Highway System.
Infrastructure Needs

On the first day of August in 2007, the Interstate 35 bridge in Minneapolis collapsed.

**Thirteen** people lost their lives, and **145** were injured.

The bridge first opened to traffic in 1967.

Like many of our bridges, it was built during the Interstate Construction Era.

In 2007, the bridge was exactly **40 years old**.

Driving over it the day before the collapse, you would have thought it was in good shape.

The pavement was fairly new, and looked nice. But underneath, the bridge was showing its age.

Constant wear and tear **had** taken their toll on the 40-year-old support beams.

That is because bridges never get a day off.

They work **365 days a year, 24 hours per day**.

And so does the weather.
Infrastructure Needs

Inspection reports prior to the collapse show the bridge was in need of repair, with several references to corrosion, metal fatigue, cracks, and deformed supports.

Careful analysis by bridge experts has never identified the exact cause of the collapse.

There were many factors, but one thing is known for sure.

The bridge was designed to last about 40 years.

It did, and then it collapsed.

This is not likely to happen in Idaho, because we inspect every bridge once every two years, and we inspect deficient bridges every year.
Infrastructure Needs

We will not allow the public to drive on unsafe bridges. Long before a bridge becomes dangerous, we will either restrict it, or close it.

Unfortunately, restricted bridges hinder the economy by forcing trucks to either make long detours or carry smaller loads.

For example, we had to place restrictions on the bridge on the north side of Cascade due to its structural condition.

As a result, motor carriers serving or traveling through that area had to make changes in their operations that reduce their efficiency.

Bridge restrictions ensure public safety, but they also impede commerce.

We restrict bridges when necessary, but that does not keep them from continuing to age and deteriorate.

120 years is a lot to ask from a bridge.
Infrastructure Needs

Our pavements are also aging. Depending on traffic loads and weather, a new highway will last approximately 20 years. But only if it is well maintained.

Moisture seeps in and erodes the base beneath the asphalt.

We develop a maintenance program for each highway to extend pavement life as long as possible.

But all roads must eventually be rebuilt ----- from the ground up.

The federal stimulus program temporarily increased the condition rating of Idaho’s highways. But the program ended, and pavement condition is once again deteriorating.

Without a funding increase of $262 million per year, it will continue to do so.

Providing less than $262 million will only slow the rate of decline.

It will not stop it.
Infrastructure Needs

This chart shows the percentage of good or fair pavement on the State System.

This is not the kind of trend we want to see.

Today, 85 percent of ITD’s pavement is in good or fair condition.

But by 2019, our pavement-management system shows it will decrease to only 76 percent good or fair.

As pavements degrade, they become more expensive to repair.

One of the first things a highway engineer learns is that it is far less expensive to maintain a road in fair condition than it is to maintain a road in poor condition.
Infrastructure Needs

AASHTO found that for every $1 we invest now when the system is in good condition, we avoid spending $6 to $14 to repair or replace infrastructure in poor condition.

If we continue to let the system deteriorate, at a $14 dollar cost in the future, our annual $262 million shortfall equals $3.6 billion per year.

But it only does that if we fail to act.

We often talk about not wanting to pass the national or state debt onto our children.

By deferring maintenance we can do today at lower costs, we are essentially passing on a rapidly growing debt to our children.

And in this case, even to our grandchildren.
Trends: Revenue vs. Costs

As stewards of Idaho’s roads and bridges, we have to balance our revenue with the daily costs of doing business.

We watch revenue trends closely, and they show that state revenue is being outpaced by inflation. ITD’s buying power has decreased 26 percent since 1996.

Today’s vehicles are much more fuel efficient. And drivers travel many more miles on one gallon of gas than they used to.

The more miles driven, the more wear and tear on the roads. But they still pay only 25¢.

ITD’s cost trends show employee recruitment and retention costs are soaring, diesel has tripled in price, and the cost of snow plows has more than doubled since 1996.

The department is being squeezed between a revenue shortage and ever-increasing costs.
Benefits of Investing in Transportation

Idaho’s economy is beginning to turn around. But to accelerate and sustain this improvement we must begin reinvesting in transportation.

This will grow the economy, and put contractors back to work. It will also reduce crashes and fatalities.

Eliminating the $262 million annual shortfall will remove all restricted bridges within 10 years.

This is important, because restricted bridges impede commerce.

For example, farmers who now use three partially loaded trucks to get products over a restricted bridge would be able to ship the same amount using only two fully loaded trucks.

Think of how many farmers and businesses one restricted bridge affects.

That is why we want to replace all restricted bridges on the state system.
Benefits of Investing in Transportation

Addressing the $262 million annual shortfall will be an investment in Idaho’s future.

And it will provide great returns.

It will improve safety, and keep the transportation system in the condition it is in today.

It will accelerate the economy and help Idaho compete with its neighboring states.

It will also create or sustain an estimated 4,700 jobs, which is the equivalent of one percentage point of Idaho’s unemployment rate.
The Bottom Line

The bottom line is that the transportation system is important to everyone. Modern, well-maintained roads and bridges save lives, improve mobility, and attract new businesses.

The internal changes we have made at ITD — including realignment and changing our work culture — have placed ITD in an excellent position to address the state’s infrastructure needs.

Morale is up, our culture is more constructive, and we are investing our funding efficiently and wisely.

We have improved the services we provide to the taxpayers.

And we have done so with a smaller workforce that is winning major national recognition.

And right now we have an additional one years worth of projects on the shelf and ready to go. But without additional funding, these projects will exist only on paper.

Unfunded projects cannot benefit the communities for which they are designed.

And they cannot fund themselves.
Revenue Proposals

The Idaho Legislature is working to solve the transportation revenue shortfall as we speak.

The House has passed a series of bills and has sent them to the Senate.

I encourage you to contact them as the debate continues.

Let them know that providing $262 million in additional revenue for the transportation system will create jobs, save lives, and remove all restricted bridges in 10 years.

Let them know that the revenue increase will keep the transportation system in the condition it is in today.

And let them know that partial funding will not resolve the problem.
Closing

In closing, I want to remind you that the transportation system is the engine of Idaho’s economy, and it is our job at ITD to keep it running smoothly.

ITD has done its part.

We have dramatically improved our operations and our effectiveness. And with a smaller and more highly skilled workforce we have improved services to the public.

We have proven that we will invest the money efficiently and wisely.

Now it’s time for Idaho to do its part, which means providing the revenue needed to maintain the roads and bridges we all use every day.

The safety of our families, and the economic future of our state depend on a safe and efficient transportation system.

Thank you for inviting me here today to discuss the needs of the transportation system, and the economic benefits of investing in Idaho’s roads and bridges.

If you have any questions, I would be happy to answer them.