



JOINT TRANSPORTATION COMMITTEE FERRIES FINANCING STUDY II

CAPITAL PROGRAM STAFFING AND ADMINISTRATION COST

JTC POLICY GROUP

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Cedar River Group

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Legislative Direction: Budget Provisos

- Review Ferries administrative and systemwide capital costs
- Inform Long-Range Plan and associated capital plan
- Inform JTC financing study

Scope of Report

- 2005-07 capital expense (total \$183.1 million) attributable to:
 - Staffing: 19% of total capital cost (\$33.8 million)
 - Non-staff admin. costs: 4% of total capital cost (\$7.8 million)

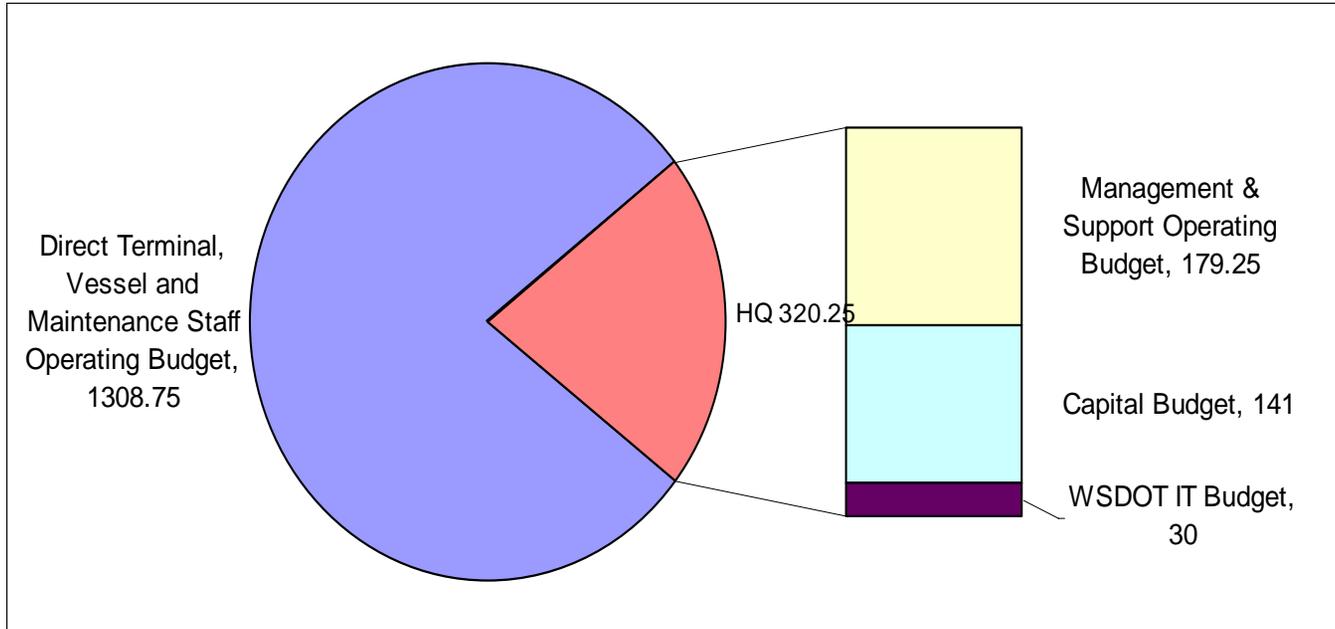
Baseline Measures

- Ferries has not set performance measures for these costs
- Report establishes baseline measures – as a percentage of total capital costs

Recommendations

8 short-term, 5 medium-term, 4 long-term

Ferries Staff: 1,629 FTE



Capital Staff Charges – Types

- Staff budgeted in the capital budget
- Staff budgeted in the operating budget charging to capital
- On-site consultants (not shown in the organization chart)

Staff Budgeted in the Capital Budget

- 141 positions – cost \$17.3 million, 10% of capital program cost

Recommendations

- 1 (Short-term):** Current capital position vacancies should not be filled until the Draft Long-Range Plan is complete and decisions on staffing can be informed by the Plan.
- 2 (Medium-term):** Future vacancies in capital staff positions should not be filled until the completion of the Long-Range Plan, unless absolutely critical to project delivery.

2008 Budget Proviso - Until the completion of the capital plan, the department shall maintain capital staffing levels at or below the level of staffing on January 1, 2008. (Section 309, (11))

Capital Budget Staff: Charges to Administrative Work Order

- Total \$4.3 million: 23% of total capital staff charges of \$18.5 million
- Appear not to be in conformance with Ferries established policy

Recommendations

- 3 (Short-term):** Ferries should distinguish administrative work order charges to projects from direct staff charges to projects in order to facilitate legislative and management understanding of capital project costs. (Required in ESHB 2358)
- 4 (Short-term):** Ferries should review staff authorized to charge to the administrative work order and fully implement the established procedures for authorizing such charges.
- 5 (Medium-term):** Terminal Engineering should review its structure and anticipated ongoing charges to the administrative work order

Capital Budget Staff: Charges to Project Work Orders

- Total \$13.0 million: 70% of total capital staff charges of \$18.5 million
- Less than half charged to preservation projects

Recommendations

- 6 (Medium-term):** Ferries should review staffing in its engineering divisions to ensure core competency in, and a focus on, terminal and vessel preservation, with staffing sufficient to implement the preservation program proposed in the upcoming Long-Range Plan.
- 7 (Medium-term):** Ferries should clearly distinguish responsibility for terminal improvement projects, and for vessel construction and systemwide vessel improvement projects, from its preservation responsibility in order to ensure a focus on preservation.

Budget Proviso 2008 - Ferries to review staffing in its capital engineering divisions to ensure core competency in, and a focus on, terminal and vessel preservation, with staffing sufficient to implement the preservation program in the capital plan.

Operating Budget Staff – Charges to Capital

- Total \$4.3 million: 2% of total capital program cost of \$183.1 million
- Vessel engineering & deck crews, terminal staff, information agents
- Terminal Operations Construction Support: \$1 million

Recommendations

- 8 (Short-term):** Ferries should evaluate operating budget staff charges to the terminal operations construction support project to determine whether they are appropriate capital program expenses.
- 9 (Short-term):** Ferries should review and determine whether charges to the capital program from information agents, vessel engineering crews, vessel deck crews, and terminal staff are appropriate capital charges, and whether these charges should be separately identified in project budgets.
- 10 (Long-term):** Ferries should develop and implement a policy on charges by information desk, terminal, vessel deck and vessel engineering staff to the capital program.

On-Site Consultants

- Total \$12.2 million: 7% of total capital program cost of \$183.1 million
- Primarily in Terminal Engineering: \$8.7 million
- Significant use of long-term on-site consultants in Terminal Engineering (50% of 36 on-site consultants in Oct. 2007 there for a year or longer)

Recommendations

- 11 (Short-term):** Terminal Engineering should continue to review and, where appropriate, reduce expenditures on on-site consultants.
- 12 (Short-term):** Ferries should review its use of long-term on-site consultants.
- 13 (Medium-term):** The use of on-site consultants should be based on Ferries' decisions on the delivery method for and scheduling of preservation and terminal improvement/new vessel construction, and vessel systemwide improvement projects.

Non-Staff Capital Administration Expenses

- Total \$7.8 million: 4% of total capital program cost of \$183.1 million
- Administrative project expenses: \$2.7 million
- Other administrative services & charges: \$5.1 million

Administrative project expenses - \$2.7 million

- Reasonable use of legal and communications specialist on projects
- \$1.2 million expended on terminal scheduling system (\$1.1 million) & terminal portion of WSDOT scheduling system (\$0.1 million)

Recommendation

14 (Long-term): WSDOT should review the cost-benefits of continued use of the Primavera scheduling system for Ferries.

Budget Proviso 2008 - WSDOT to review the costs and benefits of continued use of the primavera scheduling system in state ferries marine division and include that review with its 2009-2011 budget submittal. (Section 309 (10))

Other Services & Charges - \$5.1 million

- Rent and lease payments for office space: \$3.1 million
- Office machinery, IT and other equipment: \$0.8 million
- Telephone and data lines: \$0.4 million
- Attorney General charges: \$0.3 million
- Staff training, travel & other: \$0.5 million

Recommendation

15 (Long-term): Ferries should separately identify the capital administration services and charges for review by the legislature.
(ESHB 2358 requirement)

Management Communication & Oversight

Organization Chart – Included non-funded positions

Recommendation

16 (Short-term): Ferries should develop and present to the legislature an organization chart that shows only funded positions and denotes which legislatively adopted budget the chart represents.

Performance Measures – Ferries has not aggregated and tracked administration and staffing costs

Recommendation

17 (Long-term): Ferries should develop baseline information and performance measures for the percentage of the capital program and individual capital project budgets that should be devoted to capital staffing and administration expenses.