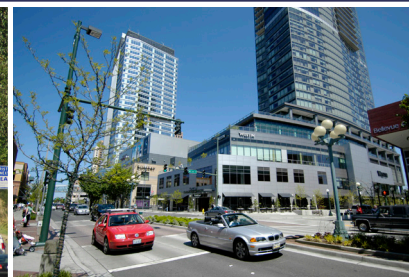


PRESENTATION TO:

**Washington State Legislature
Joint Transportation Committee**



Efficiencies in the Delivery of Transportation Funding & Services to Local Governments: Draft Report

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PROJECT OBJECTIVES

- The Legislature directed the JTC to evaluate funding and services provided to local governments by:
 - County Road Administration Board (CRAB)
 - Freight Mobility Strategic Investment Board (FMSIB)
 - Transportation Improvement Board (TIB)
 - WSDOT's Highways and Local Programs division (H&LP)

- Goals are to:
 - Streamline state government
 - Maximize benefits to local jurisdictions
 - Improve customer service

CONTEXT

- Desire to maximize utility of funding due to declining revenues, increasing preservation and maintenance needs, and increasing project backlogs
- Agencies are managed and governed as separate entities; have not been systemically evaluated in more than a decade
- Legislature may consider a new transportation funding package in the near future

INPUTS

- Policy Work Group
- Technical Work Group
- Discussions with agency staff
- Analysis of documents and data
- Focus groups with customers

KEY ELEMENTS OF OUR APPROACH

Description of Agency Functions: *What do the agencies do?*

- Agency Profiles and summary exhibits

Funding Model and Organizational Structure: *Should the State adopt a different model for funding local transportation infrastructure?*

- Alignment with founding statutes and program goals
- Alignment with current policy goals and local and statewide needs
- Alignment with potential future policy direction and funding environment

Management Systems, Programs and Processes: *Can improvements be made to the current programs?*

- Analysis of Technical Assistance and Oversight; Funding and Grant Programs; Agency Management; Governance and Organizational Structure

Conclusions and Recommendations

DESCRIPTION OF AGENCY INTENT

CRAB

- Formed in 1965 to oversee and regulate the administration of county roads
- Oversees and distributes the motor vehicle fuel tax, ensuring funds are used exclusively for highway purposes at the county level
- Major resource for the County Engineers and County Public Works staff

FMSIB

- Created in 1998 to ensure strategic investments to facilitate the movement of freight
- As freight corridors pass through multiple jurisdictions, the rationale was that freight projects might be deferred in favor of other transportation projects wholly contained within a jurisdiction

TIB

- Created by the Legislature in 1988 to bring an objective method to project selection and funding of transportation needs that had previously been funded through earmarks
- Funds projects in urban areas and has a dedicated program for small cities

WSDOT'S H&LP

- Serves as the steward of Federal Highway Administration funds
- Functions as a “WSDOT for local agencies,” providing technical assistance, regulatory oversight, and funding for cities and counties

I. EVALUATION OF EXISTING SYSTEM

SUMMARY OF FINDINGS

- The current system integrates a mix of direct distribution and competitive funding programs and **has many benefits**.
- Agencies are **meeting the objectives** they were established to fulfill.
- Customers are generally **very satisfied** and have a good understanding of the various programs and eligibility requirements.
- Programs are **operating efficiently** with minimal overhead costs: 1-4% of the total capital budgets they manage
- The four agencies are all **managing to unique project funding requirements and budgeting constraints**.
- Based on this assessment, **we do not see a need or benefit to fundamental changes to the current model** without significant changes in the environment.

I. EVALUATION OF EXISTING SYSTEM: RISKS

DIMINISHED STATE GAS TAX REVENUES

- Revised forecasts project declines in gas tax revenues of \$1.8B over 16 years.
- If forecasts are correct, this will reduce the direct allocation to cities and counties, and will directly reduce CRAB and TIB's revenues.
- **Severe and sustained reductions of funding may warrant consideration of consolidation of CRAB and TIB** if the agencies are unable to issue new calls for projects and are perhaps challenged to service past awards.
- Less money overall for transportation has implications for all the agencies.

SIGNIFICANT PRESERVATION NEEDS

- Local jurisdictions highlighted significant and immediate preservation needs.
- Deferred maintenance leads to significantly greater long-term costs. A focus on preservation now will have the greatest impact on efficiency.
 - We recommend that **new money be targeted at preservation.**
 - Without new money, we recommend that **existing resources be shifted to programs that address preservation** by the State and/or by agencies.

I. EVALUATION OF EXISTING SYSTEM: RISKS

FEDERAL AND STATE POLICY DIRECTION

- Uncertainty about the amount of investment that will be possible in the future, how new investments will be financed, and what projects types will be prioritized.
- **Changes at the state and/or federal level would necessitate another look at the structure and intent of the agencies.**

SHIFT TO PERFORMANCE-BASED FUNDING

- This shift appears likely at the federal level, and will probably produce similar shifts in state policy.
- **Continuation of the competitive grant model** with its focus on criteria-based selection and accountability is recommended in the event of performance-based funding.

II. EVALUATION OF CURRENT AGENCY FUNCTIONS

PORTFOLIO MANAGEMENT

- Funding agencies have little control over individual projects once underway.
- In the aggregate, however, these projects determine the ability of an agency to effectively manage its finances.
- Agencies are taking steps to better track and manage their project portfolios.
- **Agencies need appropriate tools to track and manage their portfolios to targets that are acceptable for their program and customer needs.**

FINANCIAL MANAGEMENT

- Sound financial management ensures agencies are financially healthy, pay customers in a timely fashion, and spend appropriations efficiently.
- An agency's statutory and programmatic requirements affect how it approaches financial management.
- **Merge TIB's two accounts to allow for simpler cash management.**
- **Shift responsibility for cash advances of federal emergency funds to WSDOT.**

II. EVALUATION OF CURRENT AGENCY FUNCTIONS

PERFORMANCE MEASURE OBJECTIVES

- Data over time to enhance program delivery and customer service and improve internal processes.
- Diagnostic tool for agencies and other stakeholders to identify other factors and potential problems that affect project delivery.
- Enhance transparency of the agencies to their customers, the Legislature, the Executive Branch, and other stakeholders.

We recommend the development of measures in three categories tracked consistently over time:

- **Financial Management**
- **Portfolio Management**
- **Customer Service**

II. EVALUATION OF CURRENT AGENCY FUNCTIONS

COMMUNICATING WITH STAKEHOLDERS: TELLING THE WHOLE STORY

- The distinctive roles and responsibilities of each of the agencies.
- How these roles are linked directly to related challenges and performance measures.
- Summary of the benefits provided by the agencies
- Current challenges, taking the time to communicate why performance measures may be describing a situation that is not optimal.

- **Briefings with decision makers and staff should augment written reports.**
- **Particular effort should be taken to develop relationships with new policy makers and their staff as turnover occurs.**

THANK YOU

QUESTIONS AND COMMENTS?

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