

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Washington's Tolling Program: Lessons Learned from Project Delays (August 2, 2013)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on August 14, 2013

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Title: Washington's Tolling Program: Lessons Learned from Project Delays

Audit Scope and Objectives:

SAO reports that the Washington State Department of Transportation (WSDOT) developed a statewide all-electronic toll collection system to collect tolls on the State Route (SR) 520 Bridge, on other existing toll facilities, and future toll facilities. SAO further reports that WSDOT and its vendor experienced challenges in developing the new system that created significant delays in tolling the SR 520 Bridge resulting in a lost opportunity to collect an estimated \$40 million in tolls.

SAO indicates this audit was designed to answer the following question:

What lessons can be learned from WSDOT's development and implementation of statewide all-electronic tolling?

SAO Findings:

Delays creating a statewide all-electronic tolling system

WSDOT faced challenges managing a complicated project that involved collaboration across the department, where roles and responsibilities were unclear, including who made decisions, who was accountable, and how the vendor was to be managed.

Pressure points magnified the project's challenges

Three factors created a high level of risk to the project's success:

- Technology barriers
- Disagreements about needs
- Tight deadline pressure.

Unclear management approach complicated an ambitious project

WSDOT did not fully follow the requirements outlined in the State Administrative and Accounting Manual including adequately planning for and managing project risk, proactively managing the project, and holding the vendor accountable throughout the project.

SAO Recommendations:

To improve WSDOT’s management of future tolling projects and to minimize the risk of project delays, SAO recommends:

1. The Secretary ensure roles, responsibilities, and decision-making authority are clear for projects managed by the Toll Division.
2. The Assistant Secretary for Tolling establish policies and procedures to guide the development and implementation of tolling projects.
3. The Department of Transportation report on its progress implementing these recommendations to House and Senate Transportation Committees and the Office of Financial Management, as required in the 2013-15 transportation budget.

Agency Responses in Audit Report?

Yes, beginning on page 26.

Legislative Action Requested?

No.

Agencies Testifying:

The Department of Transportation (Cam Gilmour, Deputy Secretary; Craig Stone, Assistant Secretary of the Toll Division)

The Office of Financial Management (available for questions – Jim Albert, Budget Division)

Summary of Testimony from Audited Agencies:

We thank the State Auditor for a thorough audit of the SR 520 tolling project. WSDOT now has three toll systems in operation. Operating tolling systems efficiently and effectively is a core competency that we are learning and we hope to improve continuously as time unfolds. The audit acknowledges WSDOT has already taken steps to address some of the concerns raised in the study. WSDOT plans to take the following steps with completion by the end of the year or early Spring: improve decision-making capability and communication amongst engineering, IT, and accounting; a formal description of what this should look like in a Secretary executive order; and explanation in writing of delegated authority among the various Divisions. All of the Divisions involved now report to the Deputy Secretary. This tolling project was challenging, but despite some of the problems with it, we did get the project finished. Presently the revenue coming in is meeting projections; it will lead to more than \$1 billion in revenues to offset the need for other funds to complete the SR 520 project. WSDOT looks forward to applying what it has learned in the projects ahead.

Other Parties Testifying:

(No other parties signed in to testify)

Summary of Testimony from Other Parties:

(No other parties signed in to testify)