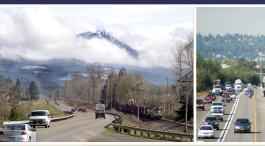
#### **PRESENTATION TO:**

## Washington State Legislature Joint Transportation Committee









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

- Brian Murphy, Project Manager
- Allegra Calder, Lead Policy Analyst

## 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

## PROJECT CONTEXT AND GENERAL INPUTS

## 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

#### 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

#### **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

## 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 performancebased 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:

DECEMBER 8, 2010

- 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?

Brian Murphy: brian@berkandassociates.com

Allegra Calder: allegra@berkandassociates.com