

Efficiency & Accountability Committee

2011 Annual Report

Submitted by Don Hunt, Executive Director

Colorado Department of Transportation



Cover photo: Eisenhower Johnson Tunnel on I-70 at the Continental Divide.

2011 Accomplishments

- The Efficiency & Accountability welcomed new Executive Director Don Hunt in February and discussed the collective desire to focus on customer-facing initiatives that would help the Department demonstrate improved accountability. New Director for Process Improvement Gary Vansuch joined the committee in September and foreshadowed his plans for improving a number of procedures for the benefit of both CDOT stakeholders and staff.
- A “Town Hall Meeting” on important issues facing CDOT helped staff shape a Summer 2011 Resident Survey. The resident survey revealed that nearly 40% of Coloradans believe that maintaining the state’s highways and bridges is the Department’s top priority. It also demonstrated that most Coloradans’ approve of the job that CDOT is doing.
- Contract Improvement Initiative Phases I and II were completed under Treya Partners’ contract with input from the committee through the entire process, which began in 2010. A customer survey of the contracting process was completed in August 2011 and reported to the committee in the same month. CDOT Enterprise Resource Planning software SAP’s Procurement for Public Sector is scheduled for implementation during 2012.
- Staff met with the Wyoming Department of Transportation staff to discuss indirect and construction engineering rates as well as cash balance management in support of the committee’s on-going fixed-variable cost analysis.

2011 Recommendations to the Executive Director

- In May, the Committee recommended that CDOT should establish a schedule of fees for access permits that covers an appropriate share of the Department’s cost for issuing the permits. In establishing the fee schedule consideration should be given to setting fee levels based on variables related to the permit application such as the review time required, square footage of the proposed development, number of trips generated from the proposed development, etc.
- SAP’s Public Budget Formulation design, currently under development, includes a budget format structured in part by the Project Cost subcommittee and supported by the Committee of the Whole. This new method for depicting CDOT’s budget is designed for greater transparency and improved understanding of CDOT’s budget by the public.
- Through the Planning Subcommittee, the Committee of the Whole recommended CDOT be more proactive in incorporating Access Control Plans (ACP’s). Several specific recommendations were made to facilitate CDOT’s evolutionary role change, including allocation of funds, identifying and prioritizing corridors, and outreach to local governments.

Additional detail on these recommendations is provided below.

The Efficiency and Accountability Committee

Committee History

In 2009, the legislature created the Standing Efficiency and Accountability Committee within section 43-1-106(17), CRS. The Committee was formed as a part of the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Act to assist CDOT in finding ways “to maximize efficiency of the Department and to allow for increased investment in the transportation system over the short, medium, and long term.”

Committee Organization

In the fall of 2009, the CDOT Executive Director appointed 16 members to the Efficiency and Accountability Committee. The appointees include private citizens interested in transportation and CDOT employees dedicated to helping improve the Department. The Committee members have diverse transportation backgrounds and interests such as highway construction, engineering, transit, and environmental. The nine citizens on the Committee are:

Maribeth Lewis-Baker, Free Ride Transit System, Breckenridge (Committee Chair)
Debra Baskett, City and County of Broomfield (Committee Deputy)
Cliff Davidson, North Front Range Metropolitan Planning Organization
Jeff Keller, Asphalt Paving Company
Daniel Owens, Operating Engineers Union
Stephanie Thomas, Colorado Environmental Coalition
John C. Rich, Jackson County Commissioner
Bob Sakaguchi, Jacobs Engineering
Bill Weidenaar, Regional Transportation District

The representatives from CDOT are:

Heidi Bimmerle, CDOT Division of Human Resources and Administration
Patrick Byrne, CDOT Office of Financial Management & Budget
Dave Childs, CDOT Highway Maintenance & Operations
Kathy Gilliland, Transportation Commission
T.K. Gwin, CDOT Aeronautics
Solomon Haile, CDOT Engineering
Mickey Ferrell, CDOT Office of Government Relations
Debra Perkins-Smith, CDOT Director of Transportation Development (DTD)
Casey Tighe, CDOT Audit Director (Committee Vice Chair)
Gary Vansuch, CDOT Director of Process Improvement

The CDOT Audit Division and the Division of Transportation Development provide the Committee staff support.

Samuel Nnuro, Auditor I
Scott Richrath, Budget & Policy Analyst, DTD (Committee Secretary)

Committee Governance

The Committee first convened on September 17, 2009 and during its first year focused on understanding the statutes creating the Committee and reviewing CDOT's budget and other pertinent legislation. Committee members had to gain an understanding of CDOT operations and then develop a structure for how the Committee would study different areas of concern.

During 2011 the Committee met once each month other than July and the Chair or Transportation Commission representative filed regular reports to the Transportation Commission. The Committee presented recommendations to the Executive Director regarding access plans, access permit fees and other cost recovery, and reporting the budget to the public. The Executive Director is responsible for determining if and how to implement the recommendations and for responding to the Committee and the Legislature on the Committee's activities. This is the second annual legislative report on the Committee's activities.

Risk Assessment

In 2010, the Committee compiled more than 60 transportation efficiency and accountability issues for review. Those issues were grouped into eight general categories:

- Accountability,
- Budget,
- Contract Administration,
- Contract Process,
- Environment and Energy,
- Partnering,
- Staffing,
- Planning.

The Committee then identified the areas it felt had the greatest risk and impact for the Department. The Committee found that in some of those areas, such as Environment and Energy, CDOT is already using some industry best practices. Also identified were some areas that may not have the biggest impact but Committee members felt these issues could be studied, with efficiencies identified and improvements implemented in a very short time frame.

During 2011, subcommittees that had formed around these general categories focused on specific issues where they believed CDOT could improve its efficiency or accountability to the public. Those subcommittees studied their issues and brought forward to the Committee of the Whole recommendations on those issues. Those recommendations as approved by the Committee of the Whole are outlined below.

High Risk Areas

Some of the areas rated by the Committee to be the highest risk were: Contracting and Procurement, Energy Use, Project Delivery and Environment, and Budget and Finance.

- Contracting and Procurement - Concerns over the timeliness and complexity of contracting were viewed by the Committee members as a major area of concern. CDOT Executive Management agreed with the Committee's identification of contracting and procurement as being high risk activities. An organizational and process consultant with expertise in government procurement was brought in to evaluate the processes for contracting at CDOT. The consultant worked with CDOT to implement changes to reduce and streamline procurement activities. As a result, CDOT is now working with an SAP team to design and deliver an improved procurement and contracting platform. This is a five phase project that will be completed over the next five years, with the first Phase I improvements scheduled to launch in early 2012. The process improvements are being monitored by the Committee, and contracting at CDOT will continue to be a priority for the Committee in 2012. CDOT surveyed its contracting customers – both staff and external contracting partners – and will survey them annually to mark realized progress and improvements through this initiative.
- Project Delivery and Environment – There are many different issues involved in project delivery and environment, and the Committee chose to focus first on implementation of a process called Context Sensitive Solutions (CSS). CSS is used to help move transportation projects forward while addressing concerns of people impacted by the project. In 2010, the Committee's analysis found that CSS is a successful process that brings interested parties together to develop solutions to address project-specific concerns, but CDOT is inconsistent in its application of CSS.

The Committee then conducted an analysis of Access Control Plans – the plans developed by CDOT and local communities for managing traffic flow resulting from highway improvements, commercial and residential development, and resulting increased traffic flow. A resulting recommendation is outlined below.

- Budget and Finance – The Committee undertook an in depth analysis of CDOT's budget and found that its format was not easily understood outside CDOT. Coordinating with work of the Executive Director, the Division of Accounting and Finance, and the Office of Government Relations, the Committee delivered a resolution to support a Budget for the Public, detailed below, that more clearly depicts CDOT's programs to its stakeholders.
- Energy – Members of the Committee agreed that CDOT's use of energy was a risk on many different levels, including cost and environmental impact. Light-Emitting Diode (LED) lighting is being used for signals on state highways and is being evaluated for street lights as well. Additionally, the Committee receives periodic updates on an energy audit conducted by a third party, including implementation progress on reducing energy consumption at CDOT properties.

Issues Addressed During 2011

Access Permit Fees

The Committee found that CDOT does not recover all of its costs associated with reviewing and issuing highway access permits. Last year CDOT received a total of approximately \$36,000 in highway access permit fees. CDOT estimates that it spends around \$1.4 million in labor costs to review and evaluate permit applications. Highway Access Permits allow landowners to put in a driveway or intersection to a state highway. CDOT cannot allow unlimited access to the state highways because too many access points unnecessarily disrupt the flow of traffic. Therefore, CDOT has standards for when access permits can be approved.

When an access permit application is received, CDOT Staff reviews the basis for the access request, considers traffic on the state highway and applies relevant standards when considering a permit application. Currently, there are three rates for access permit applications:

- \$50.00 for single family homes, fields, farms or serving non-profit low volume business below 20 daily trips.
- \$100.00 for commercial property, or access in excess of 20 daily trips, and no roadway reconstruction is necessary.
- \$300.00 when design review and studies are necessary. As well as, roadway reconstruction and improvements.
- No fee is charged to local governments or for access closures.

Recommendations

The Efficiency and Accountability Committee recommended the CDOT Executive Director evaluate the permit application fee structure to determine if CDOT costs can be recovered through the fees.

The CDOT Executive Director has asked staff to examine the fee schedule and consider the impact increasing the fees would have on fee applicants.

New Budget Format

The Project Costs Subcommittee met monthly from the summer of 2010 to the summer of 2011 to focus on financing at the Department. The subcommittee focused on two areas: first, on CDOT's budget, and second, how the Department applies fixed and variable costs through the direct, indirect and construction engineering rates on projects associated with Department's day-to-day operations and staffing levels.

The subcommittee spent several months examining CDOT's current budget (revenues and expenditures) and how efficient and accountable CDOT's current budget communicated with elected officials and the general public. The subcommittee found the current budget did not efficiently communicate with elected officials and the general public; thus an accountability gap exists. The subcommittee presented its findings to the Committee of the Whole, which unanimously passed the following recommendations:

Recommendations

- CDOTs current budget (fiscal year 2012) does not communicate current transportation expenditures in terms generally understood by elected officials or the general public.
- This communication gap has led to a general disconnect between CDOT, elected officials and the general public's ability to understand the Department and how it uses its funds.
- Based on these findings and our discussions, the Efficiency and Accountability Committee recommends that:
- The Executive Director working with Senior Management refine and implement a 'Budget for the People' for general use by the Department, including allowing for the Department's budget software (SAP) to include the proper associations for this document.
- The Efficiency and Accountability Committee recommends the Executive Director use the 'Budget for the People' as a central point in an increased communications plan with elected officials and the general public for a conversation in simplistic terms to paint the reality of the lack of transportation funding and its effects on the transportation system in Colorado more effectively.

Access Control Plans

The Planning Subcommittee met several times during 2011 to discuss the potential benefits of developing access control plans (ACP's) for state highway system corridors. The Committee of the Whole subsequently recommended that CDOT take a broader and more inclusive approach to highway access management. Rather than being reactive to individual permit requests the committee recommends that CDOT work with interested parties along a corridor or in a specific area and develop more comprehensive plans for how access will be managed for the area. The Committee understands that for the recommendation to work it will be necessary for CDOT to commit additional resources to access management.

The development of an ACP can provide a more clearly defined implementation of the State Highway Access Code consistent with the development plans of a local jurisdiction. It also often extends the life of the state highway system, thereby ensuring efficient use of state dollars. The subcommittee received several presentations from CDOT staff on the ACP's that have already been completed, on the processes involved in deciding when and where to do an ACP, on the costs associated with these plans, on the potential operational benefits associated with having ACP's, and on the need for local government cooperation and support, including financial support, in ACP's.

Recommendations

- CDOT staff develop a schedule for implementing the bullets below and report back to the E & A Committee in December, 2011
- CDOT staff identify an appropriate annual funding level for development of access control plans taking into consideration system needs and financial resources.
- CDOT staff request Commission allocation of funds in FY 2012 specifically designated for the development of ACP's in high priority corridors.
- CDOT staff develop a methodology for identifying and prioritizing future corridors for the development of access control plans.
- CDOT staff develop educational materials to be used in discussions with local governments to illustrate the benefits of access control plans.
- CDOT staff conduct outreach to local governments along priority corridors to promote the development of ACP's and to determine the level of interest from local governments.
- CDOT investigate the rule making and other processes necessary to change the name from *access control plans* to *access management plans* as that may resonate and be considered more acceptable to local governments.

CDOT Response

In December, CDOT staff noted that the first evaluation for the access control plan will be conducted in June of 2014 and that staff was prepared to request \$500,000 of annual budget that would support approximately 20-25 miles of corridor annually. Two full fiscal years were needed to evaluate the effectiveness of the program. Based on historical development of Access Control Plans (ACPs), \$500,000 would be a sufficient amount to cover one year's worth of ACPs. Staff foresees the application process for these ACP funds to be similar to the process utilized by the Hazard Elimination program. A change of name to access "management" plan would require an opening of rules and staff recommended against that at this time. With available resources, staff would rather dedicate time to developing criteria for selecting projects, outreach, and education. Staff was hopeful to begin implementing aspects of the program next spring with implementation for FY 2013.

Ongoing Work

- The Department has undertaken a significant Contract Improvement Initiative and concludes calendar year 2011 in midst of a Phase I launch of SAP's Procurement for Public Sector.
- Department staff intends to use the new budget format to continue its analysis of project and administrative costs for the project costs subcommittee.
- The Committee will review results of resident surveys and focus groups as it focuses effort on those issues most critical to Colorado's transportation users. The Committee has begun to engage in improved performance reporting by the Department.
- CDOT's work with energy savings at its own buildings and facilities will continue to remain a focal point for Committee work in 2012.
- The Committee is currently reviewing the pros and cons of increasing the \$50,000 and \$150,000 statutory thresholds on contracting out maintenance work, pending analysis of overtime hours and other factors.
- The Committee is investigating legal and other issues surrounding Pre-Award Authority with regard to the ability of transit operators to procure buses in advance of CDOT grant awards. The Committee anticipates making a recommendation to CDOT early next year.



November 17, 2011 photo of Committee. Left to Right: Samuel Nnuro, Jeff Keller, Kathy Gilliland, Casey Tighe, Debra Perkins-Smith, Heidi Bimmerle, Dave Childs, Bill Weidenaar, Stephanie Thomas, Mickey Ferrell, Debra Baskett, Maribeth Lewis-Baker, Scott Richrath, Daniel Owens, Solomon Haile, Bob Sakaguchi, Cliff Davidson, John Rich, Gary Vansuch.

Conclusion

The Committee's work has not only helped generate new ideas for the Department but has accelerated improvements through existing CDOT initiatives while creating awareness among staff about the need to incorporate efficiencies into their regular work day. In an age of Federal funding uncertainty and bleak economic forecast, maximizing investment in the transportation system becomes ever more important for this Committee and for Coloradans.