

Office of Performance Evaluations

News Release: Idaho Transportation Department Performance Audit

January 19, 2009

(BOISE) The bipartisan Joint Legislative Oversight Committee of the Idaho Legislature released its performance audit of the Idaho Transportation Department (ITD) today. The audit was managed by the independent, non-partisan legislative Office of Performance Evaluations and conducted by out-of-state consultants who were independent of ITD, ITD Board, ITD contractors and consultants, the Legislature, and the Governor's Office.

In adopting HCR 50, the legislature presented JLOC with a challenging set of questions to address. "The Office of Performance Evaluations, on behalf of JLOC, has produced a report that identifies key issues of concern and many of the choices that must be confronted," said OPE Director Rakesh Mohan. The bottom-line messages of the report are

- The current revenue structure is not sufficient to protect investments in Idaho's highway infrastructure.
- In combination with addressing funding issues, ITD must begin to work toward long-term solutions by focusing on a "preservation first" strategy, and setting goals and objectives for improved efficiency and effectiveness.
- Idaho should consider adopting explicit policies to promote maintenance, preservation, and restoration as highest priorities for transportation funding to bring existing statewide infrastructure to an acceptable, manageable, and cost-effective level. Deferred maintenance is much more costly in the future than the planned maintenance.
- The state should also adopt policies that do not allow new capacity projects to siphon funding from basic highway operating, maintenance, and preservation programs.
- Any new capacity projects should be rigorously and independently evaluated for cost effectiveness, and project plans should include long-term maintenance costs for new roads.

The report identified an estimated \$19.6 million in one-time savings by using alternative cash management and construction period debt strategies to avoid excessive financing costs in the capital program supported by bond sales for GARVEE projects. Additional \$11.4 million could be saved within the first five years by delivering projects more efficiently, improving internal resource productivity, and more effective use of consultants. In addition, the report identified an estimated \$6.6 million in annual savings after five years if report recommendations are implemented.

The report recommends improvements to ITD management. It finds that management is district-centered and decentralized, and is reactive in nature, lacking a cohesive strategic vision and a coordinated long-term infrastructure management plan. Generally, ITD does not use currently available technology, nor does it follow consistent project management and consultant management best practices and processes to manage the highway program in the most cost-effective manner.

In written responses, both Governor Butch Otter and ITD Director Pam Lowe generally agreed with the report's findings and conclusions. In his response to the audit, the Governor said that he has instructed ITD to "review the audit findings, develop action plans to address them and report on the progress." The Governor and ITD's responses are included in the audit report.

As a result of transportation budget shortfalls reported by ITD and the Governor, and concerns among legislators about ITD efficiency and effectiveness, last March the Idaho Legislature overwhelmingly adopted House Concurrent Resolution 50 requesting the performance audit. The Joint Legislative Oversight Committee directed the non-partisan Office of Performance Evaluations (OPE) to manage the audit; OPE contracted with a Pennsylvania-based company—Avant IMC, LLC—to conduct the audit.

Avant is a joint venture between Gannett Fleming, Inc. and Dering Consulting Group, Inc. According to Director Mohan, Avant led by Jim Brock assembled a very strong team of experts with excellent credentials, complementary knowledge and skills, and many years of experience in transportation, engineering, construction, management, and auditing.

OPE also retained three other highly qualified independent consultants: Michael Huddleston of Woodinville (WA), Robert Thomas of Olympia (WA), and Robert Williams of Clinton (WA). These three individuals brought many years of experience in performance auditing, transportation, operations management, financial analysis, capital planning, and systems analysis.

This large and complex audit was completed on time at a cost that was 20% below the amount appropriated for the study by the Legislature.