

MINUTES  
JOINT MEETING  
**SENATE TRANSPORTATION COMMITTEE**  
**HOUSE TRANSPORTATION & DEFENSE COMMITTEE**

**DATE:** Tuesday, January 28, 2014

**TIME:** 1:30 P.M.

**PLACE:** Lincoln Auditorum (WW02)

**MEMBERS PRESENT:** Chairman Brackett, Vice Chairman Johnson, Senators Keough, Rice, Nonini, Hagedorn and Bock

Chairman Palmer, Vice Chairman Shepherd, Representatives Wood, Wills, Henderson, Denney, Gestrin, Gibbs, Hixon, Kauffman, Packer, Youngblood, McDonald, Ringo, King and Gannon

**ABSENT/ EXCUSED:** Senators Winder and Buckner-Webb, and Representative Bateman

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Brackett** convened the joint meeting of the Senate Transportation Committee (Committee) and the House Transportation and Defense Committee at 1:30 p.m. by welcoming all in attendance to the meeting. He asked the secretaries to take a silent roll, and stated that Senators Winder and Buckner-Webb were excused from attendance. Before beginning today's presentation, **Chairman Brackett** turned to Representative Hixon to introduce a group in the audience. **Representative Hixon** welcomed students from the Syringa Middle School in Caldwell, Idaho to the meeting and invited all members to welcome them by waving.

**PRESENTATION:** **Chairman Brackett** welcomed Brian Ness, Director of the Idaho Transportation Department (ITD), to the meeting and asked him to proceed with his presentation. **Mr. Ness** thanked Chairman Brackett and Chairman Palmer and all the Committee members. He also thanked Jerry Whitehead, Chairman of the Idaho Transportation Board. **Mr. Ness** said that Mr. Whitehead and he share a common vision: to make ITD the best state transportation department in the country. He thanked the Governor and his staff for their support, and he introduced the new members of his executive team who bring a total of 104 years of knowledge of the transportation industry to ITD operations.

**Mr. Ness** said his presentation would focus on what ITD has accomplished during the past year and their goals for 2014. There are three parts: (1) an overview of the Governor's budget; (2) structural and cultural changes at ITD; and (3) looking ahead into 2014. **Mr. Ness** referenced the Governor's Fiscal Year 2015 budget recommendation in the presentation. He said that ITD has three sources of revenue: (1) state funds; (2) federal funds; and (3) other funds that include fees and local matching funds.

ITD receives no revenue from the State's General Fund; their total program funding, including federal GARVEE (Grant Anticipation Revenue Vehicle) payments, is \$576 million, of which 55 percent is from federal funds. ITD's budget shows that 86 percent of funding is dedicated to highways for operations, contract construction and GARVEE payments.

MAP-21 (Moving Ahead for Progress in the 21st Century Act) is a two-year federal transportation bill that expires in September 2014. On October 1, it may be extended by a continuing resolution or be replaced by new legislation. Under MAP-21, there is a \$12 billion annual shortfall to the federal Highway Trust Fund. Revenue from the federal general fund is currently making up the difference. To resolve the shortfall, Congress will need to either raise revenue, reduce funding to the States, or develop a combination of the two. The current bill reduced Idaho's federal funding by \$20 million per year. If Congress does not increase revenue, Idaho's federal funding could be cut by as much as an additional \$100 million annually. The future notwithstanding, with current funding ITD must be as efficient as possible, which makes ITD's organizational realignment important.

In order for ITD to become a more effective state agency, it was necessary to dramatically change the culture. ITD had been a department that valued 'process' more than it valued 'results'. To address this problem, it was necessary to significantly reduce the layers of bureaucracy at ITD which resulted in putting decision-making closer to where the work is being done or the operations are taking place. ITD now holds employees accountable for the results they achieve. Among the many benefits to realignment are: (1) it reduced 9 layers of supervision down to 5 layers; (2) it eliminated 62 supervisory positions that only supervised 1 employee; (3) it increased the span of control for supervisors from an average of 3 to between 8 and 10 employees; (4) it moved more people to the front lines and improved customer service; (5) and, because of realignment, each layer of ITD's organization has clearly defined roles.

The realignment put ITD in a good position to implement a department-wide strategic plan. The strength of ITD's strategic plan is in its simple and clear mission: safety, mobility and economic opportunity. ITD targets available funding to accomplish its mission and the goals of Governor Otter's 'Project 60' initiative which is to grow the State's economy to more than \$60 billion annually.

The plan moves through ITD's division and district business plans and into individual employee performance plans. Every person at ITD, including the director, has performance goals that are directly tied to the strategic plan. The plan is the road map to becoming the best state transportation department in the country, and it is producing excellent results.

The first item in ITD's mission statement is to have the safest transportation system possible. ITD's safety efforts fall into two categories: infrastructure and human behavior. On the behavior side, they are testing a shift in the type of messages used to influence drivers. In Blackfoot, Twin Falls and Lewiston, ITD has launched a safety program called 'Positive Community Norms'. This program combats impaired driving by engaging bystanders to intervene. If it is successful, ITD will implement it statewide. On the infrastructure side, ITD developed an award-winning 'Highway Safety Corridor Analysis Tool' to improve the way they prioritize safety projects in transportation corridors. They also implemented a winter maintenance system that has become a national and international model. It allows ITD to measure and improve the effectiveness of their winter maintenance efforts. ITD was the first transportation department in the world to do this, and they are now being asked to share their ideas with other states and nations (like the United Kingdom).

The second item focuses on mobility. Mr. Ness shared a recent improvement at ITD as an example. Drivers have been directed to slow down when driving through construction zones. In the past, traffic would travel at a reduced speed the entire length of a construction zone. Now, speeds are only reduced where the work is actually being done. This change is helping traffic and commerce move more efficiently, and it is improving safety in highway work zones.

The third part of ITD's mission addresses economic opportunity. By focusing on the Governor's 'Project 60' goals first, ITD is moving in the direction of making investment decisions for the transportation system that achieves those goals. This is a major cultural shift for ITD that distinguishes them from the rest of the transportation departments in the country. ITD is working closely with Idaho's Departments of Commerce, Labor and Agriculture to develop tools to measure and maximize the impacts of its investments. ITD was invited to share its unique approach at the 2013 Pacific Northwest Economic Region (PNWER) conference.

Through these changes, ITD has improved its credibility, efficiency and customer service. They are more transparent with taxpayers' money by holding everyone accountable for the results achieved. They have saved \$23 million in personnel costs in just 3 years, and they reduced full-time employees by 90 positions for a 5 percent reduction. If combined with the positions reduced last year, there are now 103.5 fewer full-time employees at ITD than there were before realignment. They have accomplished this while improving customer service and not going backwards in safety. ITD has closely examined how they do business and whether there were opportunities to continue doing things the same way, or if there was a more efficient way to accomplish their goals. Consequently, for every open position at ITD, three questions are asked: (1) does the position directly serve customers; (2) if not, does it support those who serve customers; and (3) is the most efficient work being done internally or externally?

By achieving their strategic goals, ITD has been recognized as a national and international leader. In 2013, Idaho won more President's Awards from the American Association of State Highway and Transportation Officials (AASHTO) than any other State. That is impressive given AASHTO has been in existence for 100 years. The 'Winter Performance Measuring System' received the prestigious Francis B. Frankoy Award for innovation, which came with a \$10,000 grant for Idaho engineering students. And, ITD also received two of the three National Roadway Safety Awards from the Federal Highway Administration. In total, ITD won 18 national awards and 19 state awards in 2013.

ITD's first focus in 2014 will be the continued implementation of the strategic plan. Their front-line employees and supervisors have done a remarkable job of making the connection between the plan and their daily work. Employees know how they are contributing to the strategic plan and are enthusiastic about the role they play. External partners reflect this enthusiasm, too. It is common to hear them quote ITD's mission of 'safety, mobility, and economic opportunity'. To be efficient, ITD's leadership team, supervisors and employees are focusing their time on the most important projects and initiatives that will support the strategic plan and serve their customers.

Improving project delivery and cash flow is another focus for 2014. This is important for five reasons: (1) it keeps the promises made to the citizens of Idaho; (2) it improves ITD's cash flow; (3) a more predictable project schedule allows contractors to plan potential business and work flow; (4) all these factors combine to increase the number of bidders, increase cost savings and potentially fund more projects with those savings; and (5) delivering projects on time provides a more stable job market.

ITD's workforce is also a 2014 focus because over the next five years, 50 percent of ITD's employees will be eligible for retirement. In 2013, 79 employees retired from ITD, with over 2,000 years of accumulated service and experience. Losing 50 percent of their staff gives ITD an opportunity to review the makeup of their workforce. Hiring decisions today will shape ITD for the next 25 years. ITD's future will have fewer employees, but they will have a higher skill set which will require competitive salaries.

Investing in Idaho's transportation system has tremendous benefits that touch and improve the lives of every citizen and business in Idaho. Investments in transportation reduce crashes, improve safety, grow the economy and put contractors back to work. They also create and sustain jobs across the State. Investment reduces the number of restricted bridges, as bridges are an impediment to the State's economy. ITD is working hard to replace as many as they can with their current funding.

The Governor's Task Force on Modernizing Transportation Funding In Idaho concluded that it will take an additional \$262 million annually to keep the existing system in its current condition. AASHTO studies show that for every \$1 invested today in maintaining good roads, \$6 to \$14 will not need to be paid later to repair or replace roads in bad condition. By deferring maintenance that can be done today at lower costs, a rapidly growing debt is being passed on to future generations. Having high quality roads and bridges is important. They save lives, improve mobility and attract new businesses. The transportation system is the engine of Idaho's economy, and it is ITD's job to keep that engine running smoothly. With that, **Mr. Ness** thanked the Chairmen and the Committees' members and stood for questions.

**Chairman Brackett** thanked Mr. Ness for his presentation and opened the meeting to questions from the Committees' members.

**Representatives Wood, McDonald, Hixon, Kauffman and Ringo**, in that order, delved into specifics about perspectives and information presented by the Director that included: (1) safety and the strategic plan; (2) the great improvements made to the State's highways, praising the Director's role in that accomplishment; (3) a restating of the benefits to the State from investing in transportation; (4) the reduction in the workforce; (5) relationships with local highway jurisdictions, specifically cities and counties; and (6) compensation issues and their competitiveness. **Mr. Ness** addressed each thoroughly and to the members' satisfaction.

**Senators Hagedorn and Nonini**, and **Chairman Brackett**, in that order, asked questions and made comments regarding aspects of the Director's presentation that included: (1) maintaining stability in the workforce given the competitiveness of transportation departments in neighboring states; (2) funding options for local jurisdictions; (3) status of the federal budget and the Highway Trust Fund; and (4) considering creative taxation away from a flat gas tax to a transportation related sales tax. **Mr. Ness** addressed each thoroughly and to the members' satisfaction.

**ADJOURNED:** Before adjourning the meeting, **Chairman Brackett** made a special acknowledgement of Representative Henderson's attendance after an illness. He then adjourned the meeting at 2:30 p.m.

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Senator Brackett  
Chair

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Gaye Bennett  
Secretary