

**Performance Audits**  
**At the Washington State Department of Transportation**

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WSDOT Performance Audits, Reviews, and Studies:  
Summary of WSDOT's Follow-Up Tasks and Actions

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## ***Studies Underway/Assigned Past Legislative Session***

### Washington State Ferry System, Finance Study, Joint Transportation Committee, January 2007

#### *Study Overview:*

The 2006 Supplemental Budget provided the JTC with funds to conduct a finance study of the Washington state ferry system to facilitate policy discussions and decisions by members of the Legislature. The Legislature recognizes there is a need within the Washington state ferry system for predictable cash flows, transparency, assessment of organizational structure, verification that the Washington state ferry system is operating at maximum efficiency, and better labor relations. The committee shall report the study to the House of Representatives and Senate transportation committees by January 1, 2007. The study must include, at a minimum, a review and evaluation of the ferry system's financial plan, including current assumptions and past studies, in the following areas: (i) Operating program, including ridership, revenue, and cost forecasts and the accuracy of those forecasts; and (ii) Capital program, including project scoping, prioritization and cost estimating, project changes including legislative input regarding significant project changes, and performance measures. In addition to committee members, or their designees, the governor shall appoint a representative for this study. The committee may retain consulting services to assist the committee in conducting the study, including the evaluation of financial, operating, and capital plans. The committee may also appoint other persons to assist with the study.

### High-speed Passenger Transportation Facilities and Services Evaluation, July 2007

#### *Study Overview:*

The 2006 Legislature dedicated \$50,000 of the multimodal transportation account—state appropriation to evaluate high-speed passenger transportation facilities and services, including rail or magnetic levitation transportation systems, to connect airports to more efficiently utilize airport capacity, as well as connect major population and activity centers. This evaluation shall be coordinated with the airport capacity and facilities market analysis conducted pursuant to ESSB 5121 and results of the evaluation shall be submitted by July 1, 2007 to the Legislature and OFM.

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### Resource Allocation Among WSDOT Regions, WSDOT, December 2006

#### *Study Overview:*

The 2006 Supplemental Budget requires WSDOT to conduct a study of the resources allocated to each of the seven regions and their corresponding workloads. Given the magnitude of the investments in the Puget Sound region, particular emphasis shall be given to reviewing the resources allocated and corresponding workloads with respect to the urban corridors region and the northwest region. Based on the results of this study, the department shall submit recommendations by December 1, 2006 to the Legislature and OFM regarding reallocating resources and revising regional boundaries within the department, as appropriate, in order to better coincide allocated resources with designated regional boundaries.

### Regional Project Selection Process, WSDOT, December 2006

#### *Study Overview:*

The 2006 Supplemental Budget requires regional transportation planning organizations that receive federal surface transportation program funding to develop and adhere to a strategy for selecting projects based on regional priorities such as growth management, congestion relief, safety, economic development, or other regional priorities which support state and federal policies. The Legislature further intends that the federal funds be applied to the prioritized strategic regional transportation projects rather than by formulaic distribution methods. These funds shall not be used for administrative costs. Regional transportation planning organizations shall report the results of their project selection processes to the department by November 15, 2006, specifically outlining their adopted strategy and how their selected projects support regional priorities. The department shall provide a full and transparent accounting of all federal surface transportation program funds received and expected to be received by the state under the new federal surface transportation act, and its proposed distribution, and as soon as possible make this information available to regional transportation planning organizations and the Legislature. The department shall also report to the legislative transportation committees by December 31, 2006, as to how the regional project selection processes support regional priorities, and how these regionally selected projects support state and federal policies.

### Transportation Concurrency/ Growth Management Act, WSDOT, December 2006

#### *Study Overview:*

The 2006 Legislature dedicated \$100,000 of the motor vehicle account—state appropriation to the department to conduct an analysis of expanding the transportation concurrency requirements prescribed under the growth management act, to include development impacts on level of service standards applicable to state-owned transportation facilities, including state highways and state ferry routes. The objective of

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the analysis is to determine how to ensure that jurisdictional divisions do not defeat growth management act concurrency goals. The department shall convene a committee to oversee the analysis, with the committee comprised of, at a minimum, four members of the transportation committees of the Legislature, four members of the appropriate land use committees of the Legislature, and one member each from the association of Washington cities and the Washington state association of counties, or a designee thereof. The completed study, including recommendations, must be submitted to the appropriate standing committees of the Legislature, and to OFM, by December 1, 2006.

### Motor Vehicle and Special Fuel Revenue Forecasting Study, WSDOT, December 2006

#### *Study Overview:*

The 2006 Legislature provided funds to WSDOT, the Washington state economic revenue forecast council, and OFM to review and adopt a method of forecasting motor vehicle and special fuel prices, revenue, and the amount of consumption more accurately than the existing method. The three agencies shall submit a report to the transportation committees of the Legislature by December 1, 2006, outlining the methods researched and the criteria utilized to select and adopt the new fuel forecasting method.

### Washington State Rail Capacity & System Needs Study, Transportation Commission, November 2006

#### *Study Overview:*

The 2005 Legislature provided the Commission with funds to conduct a statewide rail capacity and system needs analysis by November 2006. The study will look at operational, capacity, institutional, economic and policy issues, including: Description of the existing rail system, characteristics of demand for rail services, and current public and private sector plans for future rail investment and operations; Analysis of the role of rail in the overall transportation system and in the state, regional and national economies (including analysis of the role of rail in industry supply chains and changes in trade patterns and supply chain trends that will impact the role of rail); Rail capacity demand and constraints for mainline, short-line and passenger rail operations, including institutional, operational and capacity constraints; Rail operations strategies and improvement options; National initiatives and funding opportunities for the state's rail program; Development of the rationale for state rail policies and analysis tools for evaluating policy and program options; Development and analysis of state rail policy options; and a state rail asset management plan.

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### Transportation Financing Methods, Joint Transportation Committee, November 2006

#### *Study Overview:*

The 2006 Supplemental Budget provided the JTC with funds to administer a consultant study of the long-term viability of the state's transportation financing methods and sources. At a minimum, the study must examine the following: (i) The short and long-term viability of the motor fuel tax (both state and federal) as a major source of funding for transportation projects and programs; (ii) the desirability and effectiveness of state-distributed transportation funds for the benefit of local units of government; (iii) the potential for alternative and/or emerging sources of transportation revenues, with particular emphasis on user-based fees and charges; and (iv) trends and implications of debt financing for transportation projects. The scope of work for the study may be expanded to analyze other financing issues relevant to the long-term viability of the state's transportation system. The findings and recommendations must be submitted to the fiscal committees of the Legislature by November 1, 2006.

### Critical Applications System Replacement, WSDOT, November 2006

#### *Study Overview:*

The 2006 requires WSDOT to report to the JTC on the plan for the next phase of the critical applications systems replacement project.

### Alaskan Way Viaduct and SR 520 Finance and Project Implementation Plan, Expert Review Panel, September 2006

#### *Study Overview:*

The 2006 Supplemental Budget states that the finance and project implementation planning processes required for the Alaskan Way Viaduct, Seattle Seawall replacement and the SR 520 bridge replacement and HOV project cannot guarantee appropriate decisions unless key study assumptions are reasonable with respect to each project. To assure appropriate finance and project implementation plan assumptions, an expert review panel shall be appointed to provide independent financial and technical review for development of a finance plan and project implementation plan for the projects described in this subsection. The expert review panel shall consist of five to ten members who are recognized experts in relevant fields, such as planning, engineering, finance, law, the environment, emerging transportation technologies, geography, and economics. The expert review panel shall be selected cooperatively by the 22 chairs of the Senate and House transportation committees, the Secretary of the Department of Transportation, and the Governor to assure a balance of disciplines. The chair of the expert review panel shall be designated by the Governor. The expert panel shall, with respect to completion of the project alternatives as described in the draft environmental impact statement of each

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project:(i) Review the finance plan for the project to ensure that it clearly identifies secured and anticipated funding sources and is feasible and sufficient;(ii) Review the project implementation plan covering all state and local permitting and mitigation approvals that ensure the most expeditious and cost-effective delivery of the project; and(iii) Report its findings and recommendations on the items described in (i) and (ii) of this subsection to the JTC, OFM, and the Governor no later than September 1, 2006.

### Table of Organization/Business Model, WSDOT, September 2006:

#### *Study Overview:*

WSDOT is required to establish an organizational plan that meets state business objectives by September 2006 for Governor's approval

### Tolling Study, Transportation Commission, July 2006

#### *Study Overview:*

The 2005 Legislature provided the Transportation Commission with funds to conduct a comprehensive tolling study to help the state make decisions on if, where, when, and how to toll. Although Washington State has had numerous toll facilities in the past, none are currently operating, with the exception of the Washington State Ferries. The Tacoma Narrows Bridge and the SR 167 HOT Lanes Pilot Project are authorized as toll facilities and are currently under construction. Also, WSDOT and Puget Sound Regional Council have studied numerous tolling proposals over the last few years. The final report will be released in July 2006

### Capital Budgeting and Reporting Options, WSDOT, July 2006

#### *Study Overview:*

The 2006 Legislature provided \$3,500,000 of the motor vehicle account—state appropriation for consultant contracts to assist the department in the delivery of the capital construction program by identifying improvements to program delivery, program management, project controls, program and project monitoring, forecasting, and reporting. The consultants shall work with the Department of Information Services and include DIS's recommendations in their reports. The consultants shall develop a capital construction strategic plan, due to the transportation committees of the House of Representatives and Senate and to OFM by June 30, 2006.

The consultants shall also coordinate their work with other budget and performance efforts, including Roadmap, the JTC budget study, the findings of the critical applications modernization and integration strategies study, including proposed next steps, and the POG process. The department shall report to the transportation committees of the House

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of Representatives and Senate, and OFM, by July 31, 2006, on recommended capital budgeting and reporting options. Options must include appropriate project groupings for reporting purposes, and appropriate measures for reporting project progress, timeliness, cost, and criteria and processes for project transfers.

### Regional Congestion Relief, WSDOT, Underway

#### *Study Overview*

The 2004 Supplemental Budget provided \$3,800,000 of the motor vehicle account—state appropriation for a study of regional congestion relief solutions for Puget Sound (including SR 169), Spokane, and Vancouver. The study must include proposals to alleviate congestion consistent with population and land use expectations under the growth management act, and must include measurement of all modes of transportation.

- *Phase One was recently completed, and is available at*  
<http://www.wsdot.wa.gov/mobility>

### Surface Transportation Enhancement, Finance Study, Joint Transportation Committee

#### *Study Overview:*

The 2006 Supplemental Budget provided the JTC with funds to conduct an evaluation of WSDOT's surface transportation program enhancement grant program. The evaluation will include information about the categories of projects submitted for consideration; a review of the allocation of funds awarded across the categories of STP enhancement eligible activities; a review of the criteria used to score projects; and a finding by the committee whether certain categories of projects are disproportionately funded or unfunded.

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### Project Delivery Performance Measures, TPAB, Underway

#### *Study Overview:*

TPAB identified the need for additional data in order to comprehensively assess WSDOT's performance completing specific projects identified by the Legislature in accordance with the time and resources authorized. Additionally, in ESSB 6103 (2005), TPAB was directed to develop performance measures and benchmarks for the evaluation of expenditures of the Transportation Partnership Account. The consultant will develop specific performance measures for assessing capital project delivery to be applied to the ongoing capital program, the Nickel Package and the Partnership Account to assess scope, schedule and budget performance.

### Review of Port Angeles Graving Dock Project, TPAB-JLARC, Underway

#### *Audit Overview:*

JLARC awarded a contract to Foth & Van Dyke to review the chain of events, starting with the initial Hood Canal Bridge replacement project, which led to the decision to construct a graving dock at the Port Angeles site and to the abandonment of construction. The review will address Legislative and TPAB questions concerning the Hood Canal Bridge project and the graving dock. A timeline of events will be developed and an analysis of decision-making will be conducted regarding site selection, archaeological and environmental assessment, and interactions between WSDOT and tribal and governmental agencies. The study will also assess WSDOT procedures on unexpected situations and how they were applied in the decision to stop work at the graving dock site.

## *Ferry Studies*

See: Washington State Ferry System, Finance Study, Joint Transportation Committee, January 2007 in *Studies Underway/Assigned Past Legislative Session*

Joint Transportation Committee Passenger-Only Ferry Task Force, January 2006

### *Study Overview*

The mission of the Passenger-Only Ferry Task Force was “to study the most reliable and cost-effective means of providing passenger-only ferry service.” To fulfill this mandate, the Legislature requested that the Task Force “examine issues related to but not limited to the long-term viability of different providers, cost to ferry passengers, the state subsidies required by each provider, and the availability of federal funding for the different service providers.” Here are the Task Force’s key findings related to those issues:

1. Passenger-only ferry service is an important component of state, regional and local transportation infrastructure.
2. Passenger-only ferry service, including service operated by the private sector, is not sustainable at this time without public subsidies.
3. Service providers are reliable, service provision is not. Both WSF and private operators are viable providers of passenger-only ferry service in the short- and long-term. But service provision is not reliable, primarily because of these two factors: a) inconsistent levels of public funding, which can be attributed, in part, to recent initiatives or referendums passed by the voters that have reduced the levels of funding provided by the state; and b) unexpected higher operating costs, due primarily to higher fuel costs.
4. Federal funding is available to help fund capital costs of passenger-only ferry service, but not operating costs.
5. Fare box recovery rates have steadily increased over the recent past. But the issue remains a challenge for POF because of factors such as schedule and tariff changes, increasing fuel costs, and changes in ridership habits, including the reluctance of consumers to pay more for existing (as opposed to improved) levels of service.

See <http://www1.leg.wa.gov/documents/ltc/jtc/POFReport.pdf> for full report

WSF Ten-Year Strategy, WSDOT ,December 2004

### *Assignment Overview*

The 2004 Supplemental Budget required WSDOT to develop a vision statement and 10-year strategy for the future development of Washington's multimodal water-based transportation system. This strategy shall recommend the most appropriate means of moving foot passengers across central Puget Sound, using Washington state ferries, alternative operators, or a combination of both, in the immediate future and over the longer term: (i) Giving priority to those routes where passenger service likely will be provided at least for the near term on passenger-only vessels, such as Vashon- Seattle, Kingston-Seattle, Southworth-Seattle, and Clinton-Seattle. Consideration shall be given

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to existing public- private partnership opportunities; (ii) Considering how service patterns will best fit in the near and long term with development goals and opportunities of Colman Dock as a major hub for integrating water transportation with other transportation modes in downtown Seattle; (iii) Evaluating how operating economies and reasonable fare box recoveries can be established by scheduling A.M. and P.M. services to match commuter demand and to fit within existing collective bargaining agreements as interpreted and applied to facilitate "split shift" transit-like operations; and (iv) Providing a vessel plan that most efficiently uses existing state ferry assets and provides for their likely repair and rehabilitation needs, while preserving flexibility to structure services around vessel availability that could rely on purchase or lease of additional vessels, as may suitably be required. The strategy shall also consider the availability of partnering in operations, vessel deployment, or funding arrangements with other public transportation entities and with the private sector. The study shall also recommend the most effective use of federal funding opportunities for the overall support of integrated water transportation services on the central Puget Sound. Other components of the strategy shall include but not be limited to: (i) A long-term plan for the ferry system's existing terminals, considering the revenue generation opportunities and potential for partnering with the private sector where appropriate. This should include a plan for generating other revenues as identified in the 2003 5-5-5 plan; and (ii) A more equitable fare structure for the San Juan Islands, particularly for island residents. (2) The department shall consult with key public and private sector stakeholders including business, labor, environmental community representatives, local governments, and transit agencies as part of the development of the vision statement and supporting strategy. The long-range strategy should also recommend a short-range implementation plan for the 2005-07 biennium.

- *WSF completed the report, available at:*  
<http://www.wsdot.wa.gov/ferries/pdf/Ten-YearPassengerReport.pdf>

### Performance Audit of the Washington State Ferry System Capital Program, Office of Financial Management, 2001

#### *Audit Overview:*

2000 Legislation directed OFM to conduct a performance audit of WSF Capital Improvement Program to determine whether the ferry system is acquiring, protecting, and using its resources economically and efficiently (if not why), and whether the ferry system has complied with laws and regulations governing economy and efficiency. **The study also validates the recommendations for JLARC's 1998 audit and finds that WSF has implemented those recommendations that did not require legislation.**

#### Recommendations:

1. WSF use a modified Systems/Structures Condition Rating Life cycle cost model
2. Implement and use the contract checklist and assure contract coordinators maintain files

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3. WSF modify its contracting procedures manual and update as appropriate
4. WSF examine and pursue alternate approaches regarding vessel procurement and repair
5. WSF should seek legislation for procurement through the RFP – Best Value process
6. WSF should seek legislation for modified RFP for procurement of large ferries

### Washington State Legislature’s Joint Task Force on Ferries, 2001

#### *Study Overview:*

In the 2000 supplemental transportation budget the Legislature created the Joint Task Force on Ferries, comprised of Legislators, citizens, ferry management and ferry workers. The Task Force was charged with reviewing the workings of the Washington State Ferry system and answering questions regarding the recommended future direction for the system.

#### *Recommendations:*

1. Ferries are part of the state highway system and should remain open
2. The state should continue to provide and maintain both auto ferry and passenger-only ferry service
3. WSF should maintain an in house maintenance and preservation facility
4. Pass a waiver of I-601 and raise fare box rates
5. Ferries should continue to provide reduced level of service funded in the 99-01 supp budget
6. Preservation requirements should be met
7. Format budget communications like highways
8. Adopt operational efficiencies
9. Review ferry governance options

See [www1.leg.wa.gov/documents/opr/tr/2001/Ferries.pdf](http://www1.leg.wa.gov/documents/opr/tr/2001/Ferries.pdf) for full report.

### Department of Transportation Ferry System Performance Audit, JLARC, 1998

#### *Audit Overview:*

This 1997 Legislature mandated this audit to evaluate performance of the Ferries Division and identify activities and programs that should be strengthened, abandoned, redirected or replaced, and addressed 20 specific issues defined by JLARC. JLARC made 28 recommendations in this audit in four broad categories: *possible cost savings; additional investments; changes to the governance and management structure, and privatizing aspects of ferry service*. Recommendations were implemented or reasonable action was taken, except where necessary legislation was not passed. The Status of

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resolution was reported to JLARC. **Actions taken by WSDOT resulted in improvements such as: enhanced safety procedures; a more effective management structure; updated Information Technology planning; better cost/benefit information for decisions on terminal repair and replacement; improved training and employee development, improved construction contract management; and assessment of opportunities for public-private partnerships.**

### Recommendations and WSDOT Actions Reported to JLARC as of 2001:

1. Evaluate current management structure
  - *Increased interaction with the Commission since '99*
2. Develop an Employee Training and Development System.
  - *Training policy framework for coordinating fleet training. Recruited two support positions in 2001*
7. Right the span of control situation
  - *Maintenance split from Director of Operations for better span of control. In 1999, WSDOT reviewed management and support staff. Operations Center and Regional Offices strengthened where need and Terminal Engineering restructured.*
8. Job classification and compensation study
  - *Salary survey work.*
9. Align WSF overtime policy to that of state employees
  - *Legislation required to change union contract. No legislation passed on this issue.*
10. Remove COLA for WSF employees
  - *MEC ruling requires statewide COLAs also be given to WSF employees Legislation—which has yet to pass—is needed to change that.*
11. Evaluate placing WSF employees under PERC rather than MEC
  - *Legislation is required to change RCW 47.64. Concept reviewed by leg. staff but was not sponsored during session.*
12. Information Technology Plan
  - *IT Plan updated and some critical systems and related initiatives addressed in response.*
13. Analyze Vessel deployment strategies to reduce or eliminate the frequency of non-revenue generating boat moves
  - *Reduced 12,539 sailings from '99 to '00 by modifying vessel schedule, including non-revenue trips.*
14. Expand International Safety Management effort
  - *Extended this effort to domestic routes and terminal operations*
15. Emergency response plans
  - *Plan for compliance with related federal training regulations submitted to Cost Guard for approval. Emergency drills and at least one major exercise conducted.*
16. Accelerate Maintenance Management System

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- *Creating a Vessel Maintenance Management System including: Order repairs by engine room personnel via computer; Inventory replacement parts on vessels and land based facilities.*
- 17. Restructure Eagle Harbor Repair Facility operation
  - *Funding limits slowed progress on this initially. (Repair) Facilities study was due 12/02 (after date of this status report). Continuing with job-cost estimating enhancements through a Maintenance Management System.*
- 18. Implement a more systematic Steel Maintenance Program
  - *Determined condition of each vessels steel. Readings of vessel steel are taken periodically.*
- 19. Continue to implement 1991 Booz Allen Report
  - *Recommendations 7 thru 10 and 19 are now resolved.*
- 20. Modify legislation controlling contracting practices
  - *Design/Build procurement legislation passed in 2001.*
- 21. Assign a Contract Administrator from the Contracts/Legal Department to new construction, renovation, and preservation contracts over \$10 million
  - *As suggested: Engage assistance - but through consultants; Modified language in contract reports; Increased time between award and shipyard arrival; Reduced amount of pre-planned Indefinite Quantity Work Orders;*
- 22. Develop a strategic plan detailing corporate goals/objectives, actions and implementation steps, timing of actions, department and individual responsibilities, costs/benefits, and broader service standards
  - *Review completed of goals and initiatives*
- 23. Validate current Travel Forecast Model with new origin/destination study
  - *Collected origin/destination travel surveys of riders in '99. Surveys were geo-coded and analyzed. Information was included in the '99 travel survey report.*
- 24. Conduct a clean slate fleet and service optimization study
  - *Joint Legislative Task Force completed review of ferry service levels to recommend changes. Resulted in tariff increases forecast for 6 years from that date.*
- 25. Develop Life Cycle cost model for terminals
  - *Done.*
- 26. Consider public private partnership barriers
  - *Assessed by Joint Task Force No Legislation introduced at time of status report. Some changes have occurred since this date.*
- 27. Assess interest in private POF or international service
  - *Assessed by Joint Task Force; Legislation not yet introduced at time of status report. Some changes have occurred.*
- 28. Establish public private partnership goals for international service
  - *Year round service by WSF continued in '01-03 appropriations by Legislature.*
- 29. Evaluate feasibility and merits of a summer season international service
  - *Year round service by WSF continued in '01-03 appropriations by Legislature*

## ***Ferry Studies***

### Annual WSF State Auditors Office (SAO) Audits 91-01

#### *Audit Overview:*

The State Auditor performs annual Accountability audits of WSDOT, addressing how the department safeguards public resources and how it complies with financial related laws. These audits cover all public funds spent and received by the agency. Over the past four years, these audits reported eleven findings addressing six areas for improvement.

All but two issues have been completely addressed by management with work in progress on those remaining issues. One finding, regarding the Ferries Division handling of passenger fares, is being addressed by management with its new fare collection system. This system is to be in place later in 2006. This finding is often at the center of discussions about WSDOT's control over public resources. In fact, management has improved controls in this area over the years, with recognition of those specific improvements in the audit reports. Management takes the issues that remain over passenger fares quite seriously. Using the capabilities of the new fare collection system is a cost effective solution to address these issues.

The State Auditor also audits the statewide financial statements and the use of federal grants by all agencies. This audit work includes WSDOT's financial activity with good results.

See: Department of Transportation Highways and Ferries Programs Performance Measure Review; TPAB-Dye Management Inc, January 2005 in ***Performance Measure/Accountability***

## ***Project Management Studies***

See Capital Budgeting and Reporting Options: WSDOT July 2006 in *Studies Underway/Assigned Past Legislative Session*

Study of Alternative Contracting and Project Management Authorities, WSDOT, November 2005

### *Study Overview:*

The 2005 Legislature required the department to conduct a study of: (1) The contracting powers and project management authorities it currently possesses; those same powers and authorities authorized under RCW; and those powers and authorities employed by other states or the private sector; (2) Methods of encouraging competition for the development of transportation projects; and (3) Any additional procedures that may be necessary or desirable for negotiating contracts in situations of a single qualified bidder, in either solicited or unsolicited proposals. The department must submit its report, along with any recommended legislative changes, to the commission by November 1, 2005, and to the Governor and the Legislature for consideration in the 2006 legislative session.

Overview of Washington State Department of Transportation Capital Project Management; TPAB-JLARC, January 21, 2005

### *Audit Overview:*

This review was assigned to the Joint Legislative Audit and Review Committee and contracted to Gannett Fleming. The review emphasized the evaluation of critical path management, risk management, project reporting, and organizational structures used to execute Capital Projects.

### *Recommendations and WSDOT Actions:*

1. WSDOT should extend the application of the Managing Project Delivery, Project Delivery Information System, and Primavera Project Planner for the Enterprise tools and put management steps in place to confirm their adoption.
  - *Secretary Doug MacDonald issued an executive order July 1, 2005 directing all capital transportation projects to be delivered consistent with the principle and practices of the department's project management process. An on-line project management guide was developed to include the tools, templates and exemplary practices. Additional information about the executive order and the on-line guide can be found at <http://www.wsdot.wa.gov/Projects/ProjectMgmt/>. This fully implemented recommendations 1 and 2.*
2. WSDOT should develop a plan and timeline for implementing recommendations issued by Gannett Fleming. These center primarily on a) using existing exemplary practices in place at some projects to develop minimum standards and/or templates; b) improving the clarity of project communication by documenting terms and definitions; and c) confirming the consistency and currency of reporting information.
  - *See above*

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3. WSDOT should conduct an assessment of the effectiveness of current information systems and options for addressing any deficiencies.

- *This recommendation needed legislative approval for funding and was recently completed.*

4. WSDOT should develop criteria for extending Cost Risk Estimating and Management analyses to a wider universe of projects.

- *This recommendation has been fully implemented by a policy that makes Cost Risk Assessment an integral element of project risk management at WSDOT. See policy: <http://www.wsdot.wa.gov/Projects/ProjectMgmt/RiskAssessment/>.*

Also see Department of Transportation Highways and Rail Programs Performance Audit, JLARC, 1998 in ***Highways, Rail, Construction and Maintenance Studies***

## ***Performance Measurement/Accountability Studies***

### **Study of Transportation Goals, Benchmarks and Ten-Year Investment Criteria and Process, TPAB, February 2006**

#### *Study Overview:*

2005 legislation mandated that TPAB study and make recommendations related to the goals, benchmarks, investment criteria, and performance measures currently in state law relative to the Washington State Department of Transportation. The study had eight objectives: Improve the use of performance measures for external accountability, communication and reporting; Relate the performance measures and investment criteria to the overarching performance goals of the state transportation system; Distinguish between transportation system performance, state agencies and WSDOT performance; Identify and consistently report on a few key accountability measures; Clarify accountability measurement terminology by simplifying it and conforming to measurement terminology used in the GMAP and POG programs; Distinguish performance accountability measure reporting from organizational reporting; Provide for evolution of performance measures; Make transportation investment criteria clear, with clearly stated goals and priorities.

#### *Six key recommendations:*

1. Use common terminology.
2. Use three overarching performance goals.
3. Use three to five objectives for each performance goal.
4. Use thirty or fewer key performance measures.
5. Align planning requirements and investment criteria with the overarching goals.
6. Draft new legislation that is concise and consistent regarding transportation investments and priorities.

#### *Four additional recommendations:*

7. Do not codify performance measures. They need to be flexible.
8. Focus on system performance and distinguish between transportation system performance, state agencies and WSDOT performance.
9. Update predictions of system performance based on the adopted budget signed into law.
10. Bring other transportation agencies into the same alignment as that being proposed

### **Business Process Review of Accountability Oversight Mechanisms and Project Reporting for WSDOT, TPAB-JLARC; August 5, 2005**

#### *Study Overview:*

The review focused on assessing the state of government-sponsored performance oversight initiatives for WSDOT, with the goal of identifying the alignment and overlap between them. Study objectives included the cataloging of state government-sponsored performance oversight initiatives; analyzing whether differences between the initiatives result in contradictory policy direction or conflicting priorities for WSDOT; assessing

## ***Performance Measurement/Accountability Studies***

whether efficiencies can be gained by eliminating redundancies between initiatives and developing a performance assessment approach for system-wide, recurring review of project delivery performance for all capital projects, which could be applicable to multiple accountability initiatives. The study concluded that the new governance structure that took effect July 1, 2005 poses greater risks and that various oversight entities will hold inconsistent performance expectations. There will be a need for more coordination among these entities when roles change; the impact on WSDOT's workload for performance reports is unknown because of ongoing efforts by multiple entities to develop reporting expectations; the role of the Commission includes some potential conflicts and duplication that should be examined more fully as the Governor and Legislature study appropriate responsibilities; a clear understanding of the goals and expectations for WSDOT performance will help ensure entities approach their oversight roles consistently; there are limitations to currently published project delivery information, and WSDOT's reporting capacity is limited by a lack of interfaces between automated management and financial systems.

### ***Recommendations and WSDOT Actions:***

1. TPAB and the State Auditor should collaborate on developing the 2005-07 audit work plans for each organization.
2. The Office of the Governor should include an assessment of independence requirements for the Transportation Commission's role supporting TPAB, as part of the upcoming study of Transportation Commission and WSDOT responsibilities.
3. Staff supporting TPAB, the Legislature, OFM, the Office of the Governor, and WSDOT should collaborate on developing standardized performance measures for delivering transportation projects.
  - *WSDOT staff is currently working with staff from each identified organization to define project delivery terms and potential measurements.*
4. The Washington State Department of Transportation should add statistics to its quarterly status reports regarding the proportion of capital projects for which standardized performance data (cost and schedule progress) is available.
  - *This item is part of the working group's discussion as described under #3*

### **Department of Transportation Highways and Ferries Programs Performance Measure Review; TPAB-Dye Management Inc, January 2005**

#### ***Audit Overview:***

This report addresses RCW 44.75.070 (2002) which directs TPAB to evaluate WSDOT's use of performance measurement. Consistent with the legislated review criteria, TPAB asked the consultant to address whether 1) the Legislature and the Transportation Commission established clear mandates, strategic plans, mission statements, and goals and objectives, and 2) whether the performance and outcome measures of WSDOT's Highways and Ferries programs are consistent with legislative mandates, Transportation Commission policies, strategic plans, mission statements, and goals and objectives. Also, the report addressed the clarity, quality and use of those performance measurements. TPAB's review finding and

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transmittal letter states: “TPAB finds, in accordance with the report from the consultant, that under the leadership of Secretary Doug MacDonald, the Washington State Department of Transportation (WSDOT) has established and is in the process of implementing an effective system of performance measurement to manage and provide accountability for delivery of products of services. TPAB notes that, had we conducted this review four years ago, there would have been virtually no systematic performance measurement system to assess. The fact that such a system has been put in place in such a short time in an organization of the size and complexity of WSDOT is a remarkable accomplishment in itself and deserves to be recognized. . . . . WSDOT uses performance measurement to provide leadership, set direction, establish a performance-oriented culture, and ensure manager accountability in a highly effective way.”

### *TPAB Recommendations and WSDOT Actions:*

#### 1. Mandates, Benchmarks, and Measures Recommendations

- 1) Use the Transportation Plan to organize all potential mandates, review and improve benchmarks, and communicate the results as overarching performance goals;
  - 2) Organize performance measures under the benchmark categories that they support;
  - 3) WSDOT staff, the Transportation Commission, and the Legislature align the budgeting process to the benchmarks so that the Legislature is “buying” given levels of accomplishment;
  - 4) WSDOT and the Legislature will adopt “revenue adequacy” benchmarks to make clear “how much” performance has been and will be achieved at given investment levels the benchmarking process will develop a “predicted future” component to assist in supporting long term policy and capital project development;
  - 5) Benchmarks and measures develop a “cost-effectiveness” component which would be of interest to the public and an effective communication tool;
  - 6) Benchmarks and measures to evolve in several areas including roadway conditions, safety, congestion, and air quality.
- *Action has been deferred because the 2005 Legislature directed TPAB to conduct an independent assessment of current benchmarks and make recommendations to the 2006 Legislature as to needed changes. WSDOT will work with TPAB and the to be selected consultant in this process.*

#### 2. Communicating Accountability and Performance Measurement Recommendations:

WSDOT will continue to seek ways to make its performance data more accessible to policy makers and the public; the annual reporting of benchmarks by WSDOT, currently in the Gray Notebook, be pulled out and presented as a stand-alone report with broad public dissemination.

- *WSDOT has recently completed the third annual data update of the Transportation Benchmarks data and distributed a summary in the most current GNB LITE edition (published December 31, 2005). This is an easy to read four page folio. <http://www.wsdot.wa.gov/accountability/graynotebook/default.htm> In addition to publishing the result in the Gray Notebook and GNB Lite, WSDOT will post an*

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*updated benchmarks summary on the website(website revisions underway). WSDOT also developed and published a navigation folio that provides an overview to performance reporting at WSDOT*

*<http://www.wsdot.wa.gov/publications/folio/GNBFolio.pdf>. Both the GNB Lite and navigation folio have been widely distributed by hard copy mailing and through extensive electronic distribution.*

3. Information Technology: The Legislature should fund a strategic assessment study of WSDOT's IT systems, and that WSDOT work closely with select transportation committee members and staff to address concerns that blocked the process in the past.

- *This study, the Critical Applications Modernization and Integration Assessment Study, was funded by the 2005 Legislature and was completed in December 2005. This study evaluates financial and capital project systems needs for future automation development and enhancements. WSDOT currently manages over 90 IT applications that support core business functions. The study focused on 11 of these legacy system/IT applications.*

4. Accountability & Oversight Requirements: There are many benchmarks, performance measures, and other reports required of WSDOT, and they do not fit together in a system. The incoming Governor, the Director of OFM, legislative leaders, the Transportation Commission, and WSDOT should streamline and consolidate these requirements into a slim, clear, linear system and discard the remaining requirements that do not contribute to the system.

- *WSDOT defers to the Governor's and TPAB's leadership on this item, but welcomes the opportunity to streamline the many requirements.*

### **Federal Grants Audits - Federal Highway Administration**

#### *Audit Overviews:*

WSDOT is responsible for hundreds of millions of federal highway funds that flow into Washington State. Every year, the Federal Highway Administration conducts numerous audits of WSDOT's use of these funds. These audits also address compliance with federal regulations. Results are included in a *Performance Report* issued each year. Over at least the last three years, the Federal Government reported that WSDOT "...complied with federal laws and regulations in expending the federal-aid highway funds allocated to Washington State." **These reports also commend WSDOT for specific initiatives in project design and reporting, to improve performance and accountability over public resources.**

## ***Organizational Analysis/Studies***

See: Resource Allocation Among WSDOT Regions: WSDOT December 2006 in ***Studies Underway/Assigned Past Legislative Session***

See: Regional Project Selection Process, December 2006 in ***Studies Underway/Assigned Past Legislative Session***

See: Table of Organization/Business Model in ***Studies Underway/Assigned Past Legislative Session***

## ***Financing Studies***

See Motor Vehicle and Special Fuel Revenue Forecasting Study, December 2006 in *Studies Underway/Assigned Past Legislative Session*

See Transportation Financing Methods, Joint Transportation Committee, November 2006 in *Studies Underway/Assigned Past Legislative Session*

See Alaskan Way Viaduct Finance and Project Implementation Plan, Expert Review Panel, September 2006 in *Studies Underway/Assigned Past Legislative Session*

See Tolling Study, Transportation Commission, July 2006 in *Studies Underway/Assigned Past Legislative Session*

See Surface Transportation Enhancement, Finance Study, Joint Transportation Committee in *Studies Underway/Assigned Past Legislative Session*

Motor Vehicle Excise Tax Study, Joint Transportation Committee, January 2006

### *Study Overview:*

The 2005 Legislature directed the Joint Transportation Committee to study the feasibility of developing a uniform, statewide MVET depreciation schedule that more accurately reflects vehicle value but does not hinder outstanding contractual obligations. In reviewing the rate of depreciation by manufacturer, not all vehicles depreciate uniformly. Using a standard, ‘one size fits all’ depreciation schedule will always find some vehicles being under valued while other vehicles will be over valued. The only valuation method that would accurately value individual vehicles would be to appraise each vehicle at the time of the vehicle’s annual registration renewal.

The two objectives of the study—developing a uniform, statewide depreciation schedule that both maintains revenue neutrality and more accurately reflects vehicle value were found to be mutually exclusive. Of the alternatives modeled, two most closely align with the goal of more accurately reflecting vehicle value by employing average market depreciation rates by use class and average depreciation by vehicle make respectively.

See <http://www1.leg.wa.gov/documents/ltc/jtc/MVETStudy.pdf> for full report

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See Washington State Rail Capacity & System Needs Study, Transportation Commission, November 2006 in *Studies Underway/Assigned Past Legislative Session*

See Regional Congestion Relief, Underway in *Studies Underway/Assigned Past Legislative Session*

See Surface Transportation Enhancement, Finance Study, Joint Transportation Committee in *Studies Underway/Assigned Past Legislative Session*

Department of Transportation Highways and Rail Programs Performance Audit, JLARC, 1998

### *Audit Overview:*

The 1997 Legislative session required an audit of state transportation agencies; this report responded to part of this legislation, and produced 26 recommendations. The audit addressed 15 questions with four areas of focus: (1) highway construction and maintenance, including cost comparisons, evaluations of program prioritization formulas, and an assessment of program coordination (2) delivery of highway construction and maintenance work, including an evaluation of project cost and time overruns, and study of different methods of delivering these services, including outsourcing or managed competition (3) evaluation of impact of external factors that impact highway program cost, the state prevailing wage law, and compliance with environmental regulations (4) assessment of adequacy of information for the Grain Train Project and Passenger Rail.

JLARC made 26 recommendations in this audit, addressing areas such as *change orders, suggested cost savings, project management and cost tracking, maintenance projects, environmental cost models, analysis of freight rail needs, and passenger rail program information.*

WSDOT implemented recommendations or took reasonable action, except where necessary legislation was not passed. Status of resolution was reported to JLARC. **The Department implemented recommendations from this audit regarding change order management, suggested cost savings, project management and cost tracking, maintenance projects, analysis of freight rail needs, and passenger rail program information.**

### *Recommendations and WSDOT Actions Reported to JLARC as of 2001:*

1. Continue to clarify process to select pavement projects.
  - *Report on pavement trends updated to incorporate process to identify pavement projects*
2. Revise pavement project selection thresholds.
  - *Laser detection systems used to identify roughness and include in project consideration*

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3. Consider maintenance needs with preservations and improvement needs concurrently
  - *'01-03 allocations for maintenance by region based in part on their targets. Maintenance targets considered improvement projects.*
4. Document consistent causes to project change orders
  - *Codes in CCIS database*
5. Reduce avoidable change orders
  - *Effort through training*
6. Develop a plan to achieve recommended, estimated cost saving regarding change orders in recommendation 5.
  - *Costs of avoidable change orders tracked through FY 01, down since audit – base year FY99,*
7. Streamline project development
  - *Exec Order on managing project delivery; use design-build process; streamlined consulting contract process; monthly project development conference calls since 1999; high profile projects overseen by region and headquarters team*
8. Incorporate lessons from one project in Pierce County
  - *Exec Order on project delivery consistent with those lessons*
9. Enhance Information Technology systems for project reporting
  - *Project Scheduler software*
10. New legislation to encourage use of privatization in maintenance work
  - *Not implemented yet.*
11. Consider pilot project on ways to deliver maintenance work if legislation in item 10 is passed
  - *Not implemented – labor union issues with pilot project*
12. New legislation to modify prevailing wages paid to contractors staff
  - *Not implemented*
13. Legislature budget fund an environmental mitigation revolving account
  - *Account funded*
14. Develop an environmental costing system
  - *Contract for a study of options, given cost and time constraints. Some models are in development.*
15. Develop common definition of environmental costs and benefits
  - *Work beginning but in its infancy stage on national level.*
16. Continued review of Grain Train project on benefits and costs
17. Continue to update analytical techniques related to Grain Train project
18. More rigorous market analysis relating to Grain Train should be considered on the impact of project on light-density rail lines.
  - *Bought more trains to preserve flow of grain to market.*
19. Continued analysis on impacts of divesture in Grain Train
  - *Bought more trains to preserve flow of grain to market.*

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20. Assess need for better summary materials on the passenger rail program for decision makers.
  - *Info on web in '01 and to all Transportation Committee members prior to '99 & 00 Leg sessions.*
21. Enhance management systems to better track project costs, using Activity Based Costing concepts.
  - *Assessing tools for measuring project delivery performance*
22. Clarify guidelines for input of data to management and financial systems
  - *Changes to Chart of Accounts with related policy issues communicated at relevant user group meetings.*
23. Develop principles, strategies, and goals to guide management in evaluation of WSDOT business (pilot effort underway)
  - *Needed legislation introduced, but did not pass.*
24. Train employees to assist in reengineering work approaches
  - *Opportunities provided.*
25. Evaluate pilot effort noted in recommendation 23
  - *Not yet feasible.*
26. Guidelines on new ways of service delivery and reporting implemented consistently across regions.
  - *Seek funding in '03-05*

## *Information Technology*

See Critical Applications System Replacement, November 2006 in *Studies Underway/Assigned Past Legislative Session*

Financial and Capital Project System Needs Assessment, WSDOT, December 2005

### *Study Overview*

\$350,000 of the motor vehicle account—state appropriation was provided solely for a financial and capital project system needs assessment for future automation development and enhancements. The completed assessment identified options presented to the transportation committees of the Senate and the House of Representatives.

- *WSDOT completed the report, which concludes that, “The short answer is that WSDOT needs to replace all eleven applications to achieve significant, long-term improvements in transportation investment decision-making and day-to-day capital project, capital program, and financial management.” See <http://wwwi.wsdot.wa.gov/IT/Projects/> for full report.*

## *Permitting Studies*

### Business Process Review of Environmental Permitting for Transportation Projects, TPAB-JLARC; Final Report October 2005

#### *Audit Overview:*

In January 2005, the Transportation Performance Audit Board requested that the Joint Legislative Audit and Review Committee review environmental permitting issues related to major construction projects managed by WSDOT. JLARC contracted with an environmental services consultant, and selected ten recent transportation projects to analyze in detail for the study. This review analyzes the permitting processes on complex projects to identify factors that contribute to delays and help identify priorities for streamlining efforts. It also contains a review of recent changes to the regulation of drainage ditches and storm water runoff. The consultant interviewed more than 60 state staff from WSDOT and the State Departments of Ecology and Fish & Wildlife, who worked on environmental documentation and permitting for the ten sample projects.

#### *Recommendations and WSDOT Actions:*

1. Coordinate project scheduling with resource agencies
  2. Encourage Ecology seek delegation of Sec. 404 from Federal Agencies
  3. Maximize implementation of on-line permit applications (JARPA)
  4. Collect information on environmental tasks during project delivery
  5. Seek guidance from Corps on Talent decision
  6. Encourage Ecology and WSDOT to resolve definitions of key stormwater terms
  7. Seek ways to address inefficiencies in environmental analysis resulting from funding interruptions
- *WSDOT is implementing JLARC's recommendations by continuing to develop and use on-line permit applications and streamlining practices; pursuing regulatory improvements (working with the Office of Regulatory Assistance), providing input on federal ESA implementation, continuing to implement the Multi-Agency Permit Team model, and expanding the use of unconventional mitigation approaches.*

### Environmental Permitting for Transportation Projects, TPAB-JLARC; January, 2005

#### *Audit Overview:*

The review had three major components: 1) a review of the current environmental permitting process and streamlining efforts in Washington State; 2) a review of environmental permit streamlining in other states; and 3) a comparison of Washington's streamlining experiences to successful strategies of other states. Information on streamlining programs was gathered through extensive in-person and telephone interviews in Washington and 24 other states. The final report is a detailed review of current activities to streamline permitting for Washington's transportation

## *Permitting Studies*

projects. It identifies Washington as a leader in such efforts, and includes a survey of 24 other states. The survey identified the value of information technology to create efficiencies through integrated databases and geographic information systems. In addition, TPAB commented, “One of the most tangible of the permitting improvements made to date has been the development of programmatic permits for whole categories of activities which previously required a permitting process for each project.”

### *Recommendations and WSDOT Actions:*

1. WSDOT should investigate the types of redesigned project delivery designs being implemented in Florida and Minnesota.

- *WSDOT staff visited Minnesota DOT in January 2005 to study their new high occupancy transit lanes. WSDOT has studied Florida’s ETDM system – and the centralized clearinghouse for environmental data and comments. WSDOT’s GIS tools and the Environmental Review Summary Database internally function the same way that Florida’s EDTM data tool does.*

- *Additional note: In June, WSDOT invited Pennsylvania DOT to visit to explore an Information Technology system they developed to speed NEPA compliance on projects. WSDOT is currently evaluating the results of what we learned.*

2. WSDOT and the natural resource agencies should consider standardizing geographic information system (GIS) and other relevant electronic data so that they can be easily exchanged within and across agencies and among external stakeholders.

- *WSDOT continues to actively participate on the Geographic Information Technology sub-committee of the Information Services Board (ISB), the interagency council that sets statewide standards for information technology and data exchange. The ISB recently issued a draft enterprise architecture standard for geographic information systems (GIS). In spring of 2005, WSDOT completed a major enhancement to the GIS workbench, adding flexibility and capacity to the primary internal tool WSDOT uses to make available 300 data sets exchanged with state, federal, local agencies.*

3. WSDOT and the natural resource agencies should investigate the use of the best available scientific information as a substitute for project field survey work.

- *In March 2005, WSDOT demonstrated the upgraded GIS workbench tool to TPEAC in support of this recommendation. WSDOT trained planning, program management and environmental staff to look first at the workbench and then identify what is needed to fill data gaps or provide additional site-specific detail needed for design or analysis. In Summer 2005, WSDOT and CTED completed website containing guidance to planners and environmental staff showing them how to capitalize on the “best available science” used by local governments as they update their Growth Management Plans, local critical areas ordinances, etc. The draft website is circulating now for final comment.*

*NOTE: As indicated in Department of Ecology’s (DOE) response to this recommendation, DOE will not accept substitutes for field data when those data are necessary to establish permit or approval requirements. WSDOT provides information in response to regulatory agency requirements. The Multi-Agency*

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*Permit Team, that WSDOT funds and is a part of, has established complete permit application standards. WSDOT is working with participating regulatory agencies to get broader acceptance of these standards throughout the agencies. Gaining acceptance on what constitutes a "complete" permit application, and having that standard consistently applied by regulatory agencies, will speed the permitting process.*

4. WSDOT and natural resource agencies should define a work plan for environmental regulatory process improvement:

- *The Office of Regulatory Assistance is in the process of hiring an office director. Once this position is filled, WSDOT expects that the office will move forward with establishing this plan thereby meeting this expectation. In the interim, WSDOT is working with regulatory agencies on several regulatory improvement projects as part of the Transportation Efficiency and Accountability Committee. These include improving environmental mitigation, developing an on-line permit application system, developing programmatic permits, clarifying Shoreline Management Act regulations, etc.*

## *Additional Studies and Audits*

See High-speed Passenger Transportation Facilities and Services Evaluation, July 2007 in *Studies Underway/Assigned Past Legislative Session*

See Transportation Concurrency/ Growth Management Act, December 1, 2006 in *Studies Underway/Assigned Past Legislative Session*

See Review of Port Angeles Graving Dock Project, TPAB-JLARC, Ongoing in *Studies Underway*

Department of Transportation Aviation Division Study, JLARC, August 2002

### *Audit Overview:*

This audit considered the advantages and disadvantages of keeping the Aviation Division within WSDOT. JLARC provided three recommendations, all of which have been implemented.

### *Recommendations and WSDOT Actions:*

1. Keep aviation within WSDOT;
2. Create an aviation advisory board;
3. Annually survey customers as to their satisfaction.
  - *WSDOT has implemented all three recommendations*

Standards Review Team Report to Governor Locke, Transportation Commission, 2000

### *Study Overview*

Request by Governor Locke to review WSDOT policies and practices concerning the receipt of gifts, personal use of surplus property, outside employment, personal service functions, personal use of state resources, use of rosters in personal service contracting, employee ethics education, contract case studies and comparative data.

### *Recommendations and WSDOT Actions:*

1. Overall appropriate policies and procedures were in place
2. Strengthen and document employee awareness of ethics rules
3. Strengthen supervisory accountability for ethics compliance
4. Quick distribution of info on ethic rule updates and changes
  - *Initiated personal services contract policies; Brought attention to contract laws and procedures, and created atmosphere of compliance with a higher standard*

## *Other Reports to External Organizations*

### Washington Transportation Plan:

Prepare a draft based on several years of presentations and public meetings; meetings with MPOs/ RTPOs and Tribal Transportation Planning Organization; WTC decisions on future investment strategies and priorities. March-April 2006; WTC review of draft with administration.; Public review of draft WTP May-June 2006. Commission adoption July 2006.

### Strategic Plan/Budget submission to OFM:

Update WSDOT's 2003-2007 Business Directions, WSDOT's strategic plan, for 2005-2009. Submit plan to OFM by **May 1** in preparation for 2007-2009 budget development. Create internal budget development process and align to strategic plan and POG efforts.