



# TESTIMONY

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**Modernization and Sunset Implementation Progress**

**Testimony Before the  
Senate Transportation Committee**

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## **Introduction**

The Texas Department of Transportation (TxDOT or department) has been asked to provide written testimony to the Senate Committee on Transportation regarding Modernization and the implementation of the Sunset bill.

Modernization and implementation of the Sunset bill has created positive change at the department. These initiatives help TxDOT uphold its values of Trust, Integrity, Responsibility, Excellence and Service. The department is better able to achieve its goals of maintaining a safe system, addressing congestion, and connecting Texas communities.

## **Modernization**

Modernization is the process of improving TxDOT business practices to increase efficiency, spend tax dollars wisely, and become a more nimble agency that is prepared to respond to state's changing transportation needs. The shift towards Modernization began in 2009 when the Texas Transportation Commission (Commission), in response to a recommendation from the Legislature, selected an independent audit firm, Grant Thornton, LLP, to conduct a top-down management and organizational review. The final report was delivered to the Commission on May 26, 2010.

The Commission then asked three outside experts, Jay Kimbrough, David Laney, and Howard Wolf, to serve as the TxDOT Restructure Council (Council). The Council evaluated the Grant Thornton report, as well as other audits and reviews, and presented their report of priorities and recommendations to the Commission on January 5, 2011. The Restructure Council report provided the foundation and focus for the TxDOT Modernization Project.

In March 2011, at the direction of the Transportation Commission, the Modernization Leadership Team (MLT) was formed to lead the TxDOT Modernization effort. Made up of district engineers and division, office and region directors, this group of diverse leaders was committed to leading this effort. They worked diligently to ensure positive improvements were made and that TxDOT employees and our industry stakeholders and partners were involved along the way.

In June 2011, TxDOT hired the Kaepfel Consulting firm to assist the department in implementing the recommendations from the Restructure Council report. The MLT completed their assignment in May 2012 as the Modernization efforts transitioned to the Operational Excellence phase, which will now be overseen by TxDOT Administration and supported by the new Operational Excellence Office.

Modernization has set the foundation for change as TxDOT strives to become a best in class state agency. Best in class means being good stewards of taxpayer dollars, stretching every available dollar, delivering quality services to Texans, and being efficient with resources. The immediate benefits of Modernization include increased employee morale and greater collaboration with internal and external stakeholders. These

benefits will help establish a new way of doing business and building a culture of excellence.

TxDOT is now more focused than ever on its mission. Modernization has created a disciplined approach to prioritizing improvements to ensure future initiatives are aligned with the department's goals. The agency is becoming more accountable in the delivery of its services, more innovative in developing transportation solutions and more responsive to improving customer satisfaction.

The department's Modernization efforts include:

- Separating the Government Relations and Communications functions at TxDOT to ensure role clarity and adequate focus in accomplishment of TxDOT mission;
- Combining Historically Underutilized Businesses (HUB) and Disadvantaged Business Enterprises (DBE) functions into one office to better serve the needs of TxDOT HUB/DBE stakeholders;
- Establishing a compliance office to ensure compliance with applicable legal statutes;
- Establishing a Project Management Office with mature processes, tools, roles, and responsibilities to maximize improvement efficiency and effectiveness in support of TxDOT internal and external stakeholders;
- Expanding streamlined environmental review process to reduce project delivery time in support of the traveling public and district engineers;
- Expanding streamlined Right-of-Way acquisition and Utility Accommodation process to reduce project delivery time;
- Developing a function and process for long-term, multi-modal transportation planning to maximize mobility for Texas citizens and goods; and
- Increasing development of rural planning organizations to maximize stakeholder engagement in transportation planning processes.

Modernization is improving TxDOT processes and efficiencies, which will result in millions of dollars of cost savings and cost avoidance.

## **Sunset Implementation**

The Sunset Advisory Commission staff issued its recommendations for TxDOT in the summer of 2008. Public comments were received on these recommendations and public hearings were held resulting in final recommendations to the 81<sup>st</sup> Legislature. Sunset legislation continuing the Texas Department of Transportation did not pass during the 81<sup>st</sup> Legislative Session. The department was continued for another two years until a new Sunset bill could be passed by the 82<sup>nd</sup> Legislature.

In the interim, the department implemented the Sunset Advisory Commission recommendations that did not require legislation. These recommendations were:

- Redevelop the Statewide Long Range Transportation Plan to establish goals and measure progress towards those goals;
- Establish project planning that integrates project milestones, forecasts and priorities;
- Develop project management tracking program to track project milestones;
- Draft rules to incorporate rural planning organizations into TxDOT planning process;
- Develop public involvement policy to encourage more public involvement throughout the agency; and
- Launch a statewide complaint and tracking system.

In 2010, the Sunset Advisory Commission conducted a special purpose review of TxDOT as a follow up on the full Sunset review of the department conducted in 2008. The Sunset Commission concluded that the 2008 Sunset recommendations that had been implemented needed to be codified and strengthened to ensure the improvement of the agency. In the 82<sup>nd</sup> Legislature, the TxDOT Sunset bill (SB 1420) passed and the department immediately began implementing the provisions of the legislation.

Senate Bill 1420 authorized TxDOT to enter into comprehensive development agreements (CDAs) only for all or part of the following projects, with this authority expiring on August 31, 2015 for all of the projects except the State Highway 99 (Grand Parkway) project:

- State Highway 99 (Grand Parkway) project;
- Interstate Highway 35E managed lanes project in Dallas and Denton Counties from Interstate Highway 635 to U.S. Highway 380;

- North Tarrant Express project in Tarrant and Dallas Counties, including on State Highway 183 from State Highway 121 to State Highway 161 (Segment 2E); on Interstate Highway 35W from Interstate Highway 30 to State Highway 114 (Segments 3A, 3B, and 3C); and on Interstate Highway 820 from State Highway 183 North to south of Randol Mill Road (Segment 4);
- State Highway 183 managed lanes project in Dallas County from State Highway 161 to Interstate Highway 35E;
- State Highway 249 project in Harris and Montgomery Counties from Spring Cypress Road to Farm-to-Market Road 1774;
- State Highway 288 project in Brazoria County and Harris County; and
- U.S. Highway 290 Hempstead managed lanes project in Harris County.

Attached to this document is a progress report on where each project is in the development process. The report provides the status of each project's environmental clearance; an explanation of any project delays; and if the procurement is not completed, the anticipated date for the completion of the procurement.

Additionally, the department has fully implemented nearly every remaining item. These items include:

- ✓ Adoption of rules governing expedited environmental review;
- ✓ Adoption of memorandum of understanding with Texas Parks and Wildlife (TPWD) that gives TPWD 45 days to review project environmental documentation and submit comments to TxDOT;
- ✓ TxDOT Commissioner training on ethics requirements that bars campaign contributions and prohibits a Transportation Commission member and their spouse from serving as an officer or employee of a related Texas trade association at the time of taking office;
- ✓ Certification of monthly cash flow statements, by the department's chief financial officer, to ensure the department is not overstretched financially;
- ✓ Adoption of rules that encourages the use of negotiated rulemaking and alternative dispute resolution;
- ✓ Delivery of TxDOT legislative appropriations request to the Transportation Commission 30 days before submission to the LBB;
- ✓ Designation of the eastbound and westbound rest areas on Interstate Highway 10 in Guadalupe County as the Edmund P. Kuempel Rest Areas;
- ✓ Submittal of a financial audit conducted by an independent certified public accountant to the Sunset Commission;

- ✓ Increasing awareness of employee lobbying prohibition by conducting training for Commissioners, department administrators, and State Legislative Affairs staff;
- ✓ Employee affirmation of ethics policy and establishment of ethics telephone hotline;
- ✓ Creation of compliance office to prevent, detect, and investigate serious breaches of Departmental policy;
- ✓ Creation of a system to promptly and efficiently act on complaints filed with the department;
- ✓ Creation of a project information reporting system that is available on the TxDOT website;
- ✓ Creation of a transportation expenditure reporting system that is available on the TxDOT website, with information on bridge and pavement conditions;
- ✓ Creation of Statewide Transportation Report, available on the TxDOT website, that reviews the progress TxDOT has made towards meeting each of the goals outlined in the Statewide Long Range Transportation Plan;
- ✓ Providing notice of bids from newspaper advertisements to Electronic State Business Daily;
- ✓ Establishment of stakeholder committees for a private entity toll projects;
- ✓ Adoption of new outdoor advertising rules; and
- ✓ Transfer of regulation of oversize and overweight vehicles to Department of Motor Vehicles.

TxDOT has created the Office of Public Involvement and designated public involvement coordinators in each of the department's 25 districts. The department has also established a summary of public involvement best practices and is working with the Texas A&M Transportation Institute to develop a public involvement training curriculum. This curriculum is expected to be finalized in Spring 2013.

### **Conclusion**

Modernization and Sunset implementation have made TxDOT a more efficient and transparent agency. As the demand for transportation infrastructure increases, stretching every dollar is critical and these reforms will result in savings for the agency. These reforms have made the department more responsive to outside stakeholders especially to members of the Texas Legislature.

The successful implementation of Senate Bill 1420 brings pride to the department and speaks to the professionalism and dedication of TxDOT employees. The members of the Commission and TxDOT look forward to working with the Texas Legislature this session to further improve on these achievements.