

JANUARY DIRECTOR'S REPORT

JANUARY 19, 2011

Thank you Chairman Manning. Members of the Transportation Board.

Good afternoon. The following is my report for January.

During the month of December, Legislative outreach meetings were conducted successfully in all Districts. On December 20, 2010, the Capitol for the Day was held in American Falls.

On January 10, the 2011 Legislative Session kicked off with the State of the State address. I was pleased that the Idaho Transportation Department was mentioned as one of the agencies which is becoming more efficient and saving the taxpayers money. Our department was only one of four agencies highlighted in this portion of the Governor's remarks. A video is available on our web site.

We will have a fairly light legislative agenda this year. Later on in this meeting, Mollie McCarty, who manages the Governmental Affairs Office, will provide the Board with a legislative update.

Last week, ITD conducted its first Leadership Team meeting that involved all the Executive Officers, Division Administrators, and District Engineers. The meeting was, at times, quite spirited and there was lots of energy in the room.

The Leadership Team is moving forward with implementation of the new organizational structure. We committed to saving ITD \$1.5 million in salary costs over the next two years as a result of realignment. I am pleased that tomorrow during our presentation to the joint House and Senate Transportation Committees, I will announce that since we began working on implementation at the start of this fiscal year, the department has already saved \$1.7 million in salary costs.

64 positions were filled during that six month period, and of those, 39 were Transportation Technician positions and 7 were DMV Technical Records Specialists. This shows the commitment to filling those positions on the front line of the organization where our customers, the taxpayers of Idaho, are more directly served. To further demonstrate our commitment to getting these positions on the street as quickly as possible, the time to fill a position has been cut in half from an average of 120 days to 60 days. All this was accomplished with no layoffs, no furlough days, and no employee concessions.

The Leadership Team also took up the issue of Performance Reviews. To date, there are 711 employee performance reviews which are overdue. 674 of these are overdue by more than one year. That means that over 40% of the staff at ITD does not have an up to date performance appraisal or management plan on file. The Leadership Team agreed that this is unacceptable. We are committed to have all reviews completed by the end of February. The Team also agreed that all employees will now be evaluated on a common review cycle starting at the new fiscal year which begins this July 1st. This will ensure that all employees will be moving in the same direction. This common review date will also allow us to monitor performance review due dates more closely.

The Leadership Team also established its focus areas for 2011. The five areas that we will concentrate on during the next calendar year will include the following:

1. We will continue to move forward with the organizational realignment.
2. We will further develop our organizational performance measures. Every month, the Board reviews the nine high level performance measures for the department. Now, we need to cascade these measures throughout the organization. Every unit at ITD will establish

its unique performance measures which will feed up into the high level measures that you review every month.

3. The third focus area for 2011 will be performance appraisals. As discussed earlier, we will focus on individual performance measures. Individual performance measures must tie directly to our organizational goals. The organization will be measured on its success in achieving its performance goals, and every individual at ITD will be measured as to how their individual performance contributes to the success of the department achieving its goals.
4. We will focus on investing for performance. ITD will tie its investments to organizational goals. We will invest strategically based on our long range plan. We will also realign our program to be more in line with anticipated revenues.
5. Finally, we will continue to move the department forward by concentrating on improving our credibility, accountability, efficiency, and effectiveness.

During the next month, ITD will be involved with the Capitol for the Day on January 26 in Culdesac. This is located in District 2, Board member Vassar's area.

Our presentation to the Joint House Appropriations and Senate Finance Committee will be held on February 8, 2011. You may get a small preview of this when Acting Chief Administrative Officer Gordon Wilmoth provides you with the monthly financial report later in this meeting.

Also, on the agenda tomorrow, Chief Operations Officer Paul Steinman and Chief Engineer Tom Cole will provide a report on the Early Development Program. This is in follow up to the presentation they made to the Board at the December meeting.

As part of this Director's report, Chief Deputy Director Scott Stokes will provide an update on our performance measures; and Chief Human Resource Officer Mary Harker will discuss her new series of articles which focuses on human resource issues called "News from the CHRO" (Crow). Chief Operations Officer Paul Steinman will update the Board on the speed limit change on State Route 44. Finally, Matt Moore will provide us with an update on Federal funding.

But before I turn it over to Scott Stokes, I want to say a few words about outgoing Board member Neil Miller. (Provide thoughts here).

I would now like to turn it over to Deputy Director Scott Stokes, followed by Paul Steinman, Mary Harker and Matt Moore.

(After Scott, Paul, Mary, and Matt) Are there any questions?

FEBRUARY DIRECTOR'S REPORT

FEBRUARY 17, 2011

Thank you Chairman Manning, and good morning members of the Idaho Transportation Board. I am pleased to present my report for the month of February.

The last month has been extremely busy for the staff at the Idaho Transportation Department. A lot of time has involved working with the legislature during this 2011 session. Mollie McCarty will provide a more detailed report on the legislative activities later in this meeting.

The January Transportation Board meeting concluded with ITD's presentation to the joint House and Senate Transportation Committees.

Deputy Director Stokes and I had the pleasure of presenting on behalf of the

Department. Many of the questions focused on three areas; GARVEE, the condition of our roads and bridges, and transportation funding.

On January 26, the Capitol for a Day was held in Cul-de-sac in District 2.

Education and transportation were the dominant topics that day. The transportation questions focused primarily on the permits issued for transporting loads along US-12.

Also on January 26, the ITD staff met in their regularly scheduled meeting with transportation chairs Representative Smith and Senator Hammond.

These meetings take place on a regular basis every other week. This ensures that the House Transportation Committee, the Senate Transportation Committee, and the department are all on the same page as we move forward in advancing transportation in Idaho.

On February 3, a meeting was held with staff from ITD, the Governor's office, the developer, and the designers of the interchange with I-90 and Beck Road. The project is moving forward and the designer will be using design/build concepts.

On February 7, members of the ITD staff met with Representative Trail to discuss the recent movement of loads on US-12 and reviewed proposed legislation he has regarding over legal loads in Idaho. ITD staff has reviewed the proposals and provided comment.

On February 8, I presented the Department's budget and annual report to the Joint Finance and Appropriations Committee. Most of the questions focused on GARVEE.

I represented the Idaho Transportation Department at the Association of Idaho Counties meeting on February 9. The discussion focused primarily on transportation funding and the Governor's Transportation Funding Task Force report. We also explored ways that the state and counties could partner more closely in a number of areas.

On February 10, the ITD Leadership Team met. The Team continued to commit to its efforts of having all employee performance reviews completed by the end of this month. The Team also presented many ideas and proposals regarding the Department's realignment. I will be issuing a Direct from the Director in the next couple of weeks outlining where we are at and what can be expected in the upcoming months regarding these efforts.

The Leadership Team also discussed performance measures and how these will cascade throughout the entire organization. All areas of ITD will develop performance measures which feed into the nine measures that the Board

reviews every month. Deputy Director Scott Stokes will be reviewing these measures with the Board in a few minutes.

When these measures were put on the Department's web site in the form of a dashboard, it attracted national attention. On January 27, Governing magazine put a story on its internet page about the dashboard. In its article, Governing magazine stated "...transparency is spreading to other parts of state government: The Idaho Transportation Department (ITD) has launched a web-based dashboard to track its progress in nine performance areas..." I believe it is important to note that ITD did not solicit this article nor promote its dashboard with Governing magazine. In fact, ITD staff was not aware that any such story was being written until we saw it on the internet site.

On February 12, the first of four Conoco loads safely crossed the line into Montana. The second load will (has) started the seven day trip across Idaho this week. If all continues to go well, the remaining two loads will be transported later in March.

The permits for Exxon Mobile were issued this week, on February 14. The permit included all loads, but only allowed the test load to proceed. We have started a contested case hearing process for all loads other than the test load. As with the Conoco contested case, Merlyn Clark has been appointed as the hearing officer.

I would now like to show a short video clip of the first Conoco load traveling along US-12 on the first night, February 1.

On February 14, Department staff participated in a nationwide conference call with Secretary of Transportation Ray LaHood. Secretary LaHood outlined the administration's proposal for transportation over the next six years. I will ask Matt Moore to come forward and provide a briefing of that proposal and conference call.

Thank you, Matt.

On February 16, the Capitol for a Day was held in Melba. District Engineer Dave Jones represented ITD at this event.

Our partnering sessions with Representative Smith and Senator Hammond will continue on February 23 and March 9.

On March 2nd through the 4th, the American Association of State Highway and Transportation Officials (AASHTO) will conduct its annual briefing in Washington D.C. Deputy Director Stokes will represent the department and will report back at next month's Transportation Board meeting.

Before I turn it over to Deputy Director Stokes, are there any questions on my portion of the Director's report?

Now I would like to turn it over to Deputy Director Scott Stokes.

APRIL DIRECTOR'S REPORT

APRIL 20, 2011

Thank you Chairman Manning and good morning members of the Idaho Transportation Board. I am pleased to present my report for the month of April.

The month of April brought an end to the 2011 legislative session, and it was a very good session for the Idaho Transportation Department. Let me outline how our department fared during the session. Mollie McCarty will provide a more detailed report later in this meeting.

On March 21, 2011, the ITD budget for fiscal year 2012 passed the House by a 64 to 6 vote. The same budget passed the Senate unanimously with 35 votes on March 29, 2011. I believe that the combined approval of 99 to 6 is an indication of the strong support we have in the legislature. What makes this even more impressive is that the budget bill included increased flexibility to align the budget without the limitations that exist in current Idaho Code. This gives our department what amounts to a lump sum budget for the upcoming fiscal year. As I stated in last month's Director's Report, this is a real credit to all the employees of the Idaho Transportation

Department that work hard and make the right decisions. Our efforts are paying off and being noticed in the legislature, the governor's office, and by the general public. We now have their trust that we are making the right decisions.

Speaking of strong support from the legislature, our GARVEE request also passed both chambers. It passed the House on March 21, 2011 by a vote of 42 to 28. On March 29, 2011, the GARVEE request passed the Senate without debate by a vote of 26 to 9. This allows ITD to continue the GARVEE projects already started and this request will allow the department to complete the pre-approved scope of the GARVEE program. The bill became effective upon the Governor's signature on April 5, 2011. This will enable us to initiate the first of several bids and also prepare the department for a bond sale in June of this year. You will hear more about these topics later in the meeting.

The status report of the Idaho Transportation Department audit findings by the Office of Performance Evaluations to the Joint Legislative Oversight Committee (JLOC) took place on March 28, 2011. General Manning and I spoke before the legislative committee. The report stated that the department responded swiftly and aggressively to address the

recommendations of the 2009 performance audit. Legislative comments regarding the audit were generally positive. As I told the JLOC, this is not a check the box exercise that once completed will go away. This is in fact only a starting point. Now that we have put many of the recommendations in place, it is time to make these practices part of the culture of the department and to continue to build on them as we continue to get better as an organization.

I would now like to play a short video which highlights our success in the 2011 legislative session, and what it means to the employees at ITD. This video will appear on our department web site after this meeting.

On March 24, 2011, General Manning and Chief Human Resource Officer Mary Harker interviewed Larry Allen from the Office of the Attorney General. I met with Mr. Allen on March 28, 2011. He has been selected to replace Karl Vogt as the legal counsel to the Idaho Transportation Board and to the Department. The month of April has provided both Karl Vogt and Larry Allen a transition period. Mr. Allen has worked diligently to get up to speed on ITD issues and will officially start with us on April 25, 2011. We look forward to working with someone who has the credentials and the experience of Larry Allen. We will also miss Karl Vogt and his expertise that

has served us so well over the past 15 years. We wish Karl the best with his new endeavors in the private sector.

Intelligent transportation systems in the Treasure Valley are becoming a bigger issue as traffic continues to increase in the area. To be effective, all parties must work together as these systems are implemented. On March 28, 2011, staff from ITD met with Colonel Jerry Russell, Director of the Idaho State Police and Colonel Bruce Wong, Director of the Ada County Highway District. It was agreed that General Shawver from the Office of Homeland Security, Colonel Russell, Colonel Wong, and I would serve as the Steering Team for Intelligent Transportation Systems in Idaho. Chief Operations Officer Paul Steinman will be the team leader for the Idaho Transportation Department.

On March 31, 2011, I announced that Mr. J. Michael Golden has accepted the position as the new Chief Administrative Officer for ITD. This completes the appointing of the Executive Officer positions. Mike Golden comes to us from the State of Missouri where he is currently the Financial Officer for the Missouri Development Finance Board. Prior to that, he worked seven years for the Missouri Department of Transportation as the Chief Financial Officer and Chief Operating Officer. Mr. Golden began his career with Yellow

Corporation/Yellow Freight Systems. He worked there for 24 years where he rose to the level of vice president. Mike Golden starts with us on May 1, 2011. I am pleased to have someone coming on board with the many years of experience in the public and private sector, and in the transportation industry, that Mike brings to our department.

I would like to thank Gordon Wilmoth for his commitment and service as the Acting Chief Administrative Officer. Gordon did an excellent job while continuing to also perform his duties as ITD's Controller. His experience, dedication, and loyalty to the department are qualities that enhanced the performance of our Executive and Leadership Teams.

A special Board meeting was held on April 5, 2011 to approve an amendment to the State Transportation Improvement Program (STIP) that would allow the addition of Woodside Boulevard in the City of Hailey to move forward. Without this addition, it was likely that the funds would no longer be available to build this local project.

The Leadership Team met on April 6, 2011. The team set a timetable for the implementation of the department's realignment. This schedule will be

communicated to all ITD employees in the April 18, 2011 Direct from the Director. I believe that this timetable will take away some of the fear and anxiety which some of our staff may experience due to the uncertainty that is always involved with change. This timetable will put ITD on schedule to complete our realignment efforts by the first part of June. In some cases, a transitional plan will be put in place which allows us to keep our commitment that every employee would maintain employment and that no employee would lose their current rate of pay as a result of realignment.

The Zero Based Budget team led by Dave Tolman continues to move forward with the zero based budget for ITD. The ZBB Team met with the Executive Officers on April 11 and 13, 2011 to outline the budget and the implementation plan. The transportation board will be briefed on this plan and provide input into the zero based budget as part of the June 15, 2011 workshop. The final product is due to the Department of Financial Management by early September.

The American Council of Engineering Consultants' awards luncheon was held on April 11, 2011. The Idaho Transportation Department received a number of awards. The I-84, Vista Interchange project – Idaho's first Single Point Urban Interchange – was awarded first place in the Transportation

Category and second place for the public involvement program in the Studies, Research and Consulting category. The department also received a second-place award in the Transportation Category for the US-95 junction project. The Division of Aeronautics' Idaho Airport System Plan was awarded first place in the Studies, Research and Consulting category. In addition to these Idaho awards, we received a national award for the Americans with Disabilities Act Improvements on State Routes project. Monica Crider accepted this award on behalf of ITD. Monica has been the Acting Equal Employment Opportunity (EEO) Manager and is on the agenda later today to give the annual EEO program report.

The monthly meeting between ITD and the Federal Highway Administration took place on April 13, 2011. The primary topics included an update on the FHWA initiative Every Day Counts, Civil Rights staffing, FY2012 risk areas, the new FHWA Director of Field Services, and the census regarding the Coeur d'Alene Transportation Management Area.

On April 14, 2011, ITD's Executive Team met with the leadership team from the Ada County Highway District. This is the largest highway district in the state, and a close working relationship at the executive level is necessary to ensure the success of both agencies. The session provided an extensive

agenda with many good ideas and information that was very valuable to both organizations.

I have been asked to chair the American Association of State Highway and Transportation Officials' (AASHTO) Special Committee on Transportation Security and Emergency Management. This is an assignment that I did not take lightly. I know that my primary responsibilities are to the Idaho Transportation Department first. I was assured by AASHTO staff that this will involve only one week of my time per year and that they are available to do much of the upfront work. I also wanted to ensure that any AASHTO activities that I was involved with would have a direct benefit to the State of Idaho.

Last year, I went across the state to meet with all employees at ITD in both headquarters and in the districts. While this took a tremendous amount of time, the value I gained in these meetings made it worth the time and effort, and I committed to doing the same thing this year. On April 18, 2011, I began my series of meetings for 2011 in District 2. I look forward to future meetings, and should conclude my 2011 meetings with all department employees by the end of October.

In addition to the employee meetings, the next month will be busy with a number of other events.

On April 26, 2011, the annual Project Development Conference will be held in Boise. Board Member Coleman will kick off this conference with opening remarks. As part of the conference, there will be an Excellence in Transportation Awards Banquet to recognize outstanding achievements in the areas of transportation planning, design, environmental stewardship, maintenance and operations, public participation, and construction.

The next Capital for a Day will be held on April 27 in Mullan. District Engineer Damon Allen will represent ITD at this event. Member Coleman may want to note the April 27th date.

The American Association of State Highway and Transportation Officials (AASHTO) spring conference will be held from May 2, 2011 to May 6, 2011. I will represent ITD at the Chief Executive Officer meetings. Chief Operations Officer Paul Steinman and Chief Engineer Tom Cole will also represent the department at this conference.

This concludes my portion of the Director's Report for the month of April.
Are there any questions before I turn it over to Deputy Director Scott
Stokes?

I will now turn it over to Deputy Director Stokes to provide the remainder of
this report.

JULY DIRECTOR'S REPORT

TO THE

IDAHO TRANSPORTATION BOARD

JULY 14, 2011

Good afternoon Chairman Manning and members of the Idaho Transportation Board. The following is my report for the month of July.

On June 21, 2011, ITD leadership and District Three Engineer David Jones met with Mayor Tammy de Weerd and other officials from the City of Meridian to discuss the maintenance facility located within the city. Mr. Jones will continue to meet with the city in an effort to blend the existing facility into the area or relocate the facility.

I had the pleasure to meet Jodee Whittier on June 24, 2011 who was part of a contingent of 260 girls participating in the annual Girls State sponsored by the American Legion Auxiliary. Jodee spent a good part of that day touring and learning about the Idaho Transportation Department. Michelle George from Human Resource Services does an excellent job of coordinating this and many other programs which attract elementary and high school students into engineering and transportation related fields.

In fact this past Wednesday, 90 students toured the Aggregate, and Asphalt Mix stations. They also visited the District 3 sign/signal shop where they learned about cabinet operation, sign height, construction, and the small prisms that exist within the laminate to help drivers see signs at night.

The same students previously visited ITD on June 8th where they participated in hands on engineering activities such as spaghetti/marshmallow towers and a Lego construction/team building exercise.

We received a lot of positive feedback from the coalition members. They said the students were thrilled with the opportunity to visit ITD and learn more about transportation careers first hand from our professionals.

During the tour students were heard saying things such as “I want a job like this!” This provided a wonderful opportunity for our staff to interact with the students.

During the week of June 19-24 ITD hosted the annual meeting of the AASHTO Subcommittee on Traffic Engineering and the summer meeting of the National Committee on Uniform Traffic Control Devices at the Grove Hotel in Boise. Brent Jennings was ITD’s organizer and host for the

week and Deputy Director Stokes and FHWA Division Administrator Pete Hartman gave welcoming remarks.

The meetings were very successful and productive and shed a positive light on ITD and Idaho. Positive comments about the conference were received as far away as Maryland and Maine. Watch our website for specific comments.

On June 24, 2011, a team from ITD met with the Division of Human Resources to review and discuss the department's Performance Management System project. This was in follow up to a meeting at the Governor's office. We will be working closely with the Division of Human Resources to ensure that our systems are compatible. Currently, our department is ahead of all the other agencies in developing a full performance management system. It is possible that ITD may share its performance management system with other departments and we are exploring that ability. We anticipate installation next spring with user testing and training to follow and full implementation by the beginning of next fiscal year.

Right of Way Manager, Bill Smith retired at the end of June and Right of Way Supervisor Bob Snyder retired the end of April. These staffing changes provided a perfect opportunity for an assessment of Right of Way from both the operational and staffing perspective. Jason Brinkman has accepted an acting appointment as the Right of Way Manager position. His

GARVEE experience will provide us with a fresh perspective on right of way matters. Amy Schroeder, who has worked closely with Jason the past three years as GARVEE Program Engineer will assume his role as acting program manager. Amy is a product of ITD's Engineer in Training program and has been active in the department's outreach efforts to public school students, sharing her enthusiasm for her profession. Please congratulate Jason and Amy and support them in their new assignments.

On June 27, 2011, Judge Duff McKee issued his ruling on issuing permits for over legal loads on US-12. The ruling allows the department to issue the permits. There is a 14 day appeal period prior to any action taking place. If any party appeals the decision, the hearing officer has 21 days to respond. I have 56 days to issue a final ruling on the decision after that.

Also on June 27, 2011, the Idaho Transportation Department put the realigned organizational structure on the public website. We received very positive coverage from several media sources. Office of Communications Manager Jeff Stratten and Governmental Affairs Program Manager Mollie McCarty will discuss this and other communications strategies in a presentation to the Idaho Transportation Board in August. This presentation was originally scheduled for this meeting but was moved to next month to allow room on the agenda for other items.

The realignment of ITD is more than just a structural organizational change. It is an internal cultural change and a paradigm shift in how government operates. Realignment is step two of this change. The first step was to articulate a vision to set the organizational direction. This was done in March of 2010. Step two was the recently completed realignment. Now we will look at how employees are evaluated and compensated. It is our goal to transition from a compensation system based on how many employees or layers you oversee, to a system where you are compensated for your skills, competencies, and performance. With such a system, consistent and clearly defined measurements are important. Also, individual performance measures must be tied to organizational goals and measures. Chief Deputy Scott Stokes will discuss this during his presentation later in this Board meeting.

I met with Idaho State Police Director on June 28, 2011. The State Police is interested in partnering with ITD on the Performance Management System. We also discussed the need for our agencies to work more closely together than what they already do. On August 12, 2011, the ITD Executive Team will meet with leadership from the Idaho State Police. I will report on the outcomes at the August Board meeting.

The Executive Team met on June 28, 2011. A number of policy issues were discussed including use of the internet. This was discussed further at the department leadership meeting held on July 6, 2011. In the future, ITD may revisit its internet and cell phone use policy.

Chairman Manning and I met with Congressman Mike Simpson on June 30, 2011. The discussions centered on transportation funding at the Federal level. It is anticipated that everyone will take a cut in funding nationwide. Chairman Manning and I emphasized that if funding is cut, Idaho at least needs to maintain its funding share. We also discussed the need for flexibility and reducing process time, especially regarding the NEPA process. Chairman Manning and I will have a similar meeting with Senator Crapo on August 30, 2011.

In late June, a peer review was conducted on our Enterprise Technology Services section. Mike Miller from the Missouri Department of Transportation spent three days analyzing our information technology operations and compared these to what is being done in other states. He will make a recommendation to Chief Administrative Officer Michael Golden when his analysis is completed.

On June 30, 2011, interviews were conducted for the Management Assistant to the Director. I was pleased that on July 5, 2011, Carla Anderson was appointed to this position. She replaces Tammie Jauregui who served in this capacity for 5 years. I want to thank Tammie for her hard work and efforts in this position, and for making my transition 18 months ago an easy one. I am sure I speak for everyone at ITD in congratulating Carla as she begins her new role. She will do an excellent job.

On July 8, 2011, our Executive Team met with leadership from the Ada County Highway District. Among the many topics that were discussed included data interoperability challenges, the proposed IROC, agreements for intersections which are jointly operated by both agencies and continued partnering efforts between both agencies. We continue to build a stronger working relationship with Ada County and other highway districts. We plan to meet again in September.

Employee meetings continued in July, and will continue through the summer and early fall. Like last year, it is my goal to meet with all 1800 plus employees at the Idaho Transportation Department. I estimate that I have met with about a third of the staff in 2011.

Several conferences and meetings will take place between the July and August meetings of the Idaho Transportation Board. I will provide a few highlights.

The Western Association of State Highway and Transportation Officials will meet in Oklahoma City from July 17, 2011 through July 21, 2011. I will represent ITD at the Chief Executive Officer meetings. Also attending to represent ITD will be Chief Operations Officer Paul Steinman, Chief Engineer Tom Cole, and District One Engineer Damon Allen. Equipment Services Manager, Steve Spoor will be presenting information on the Equipment "Buy Back" program.

The orientation for our new House Transportation Committee leaders, Chairman Joe Palmer and Vice Chair Julie Ellsworth, will begin on July 22, 2011. This will be the first in a series of sessions to be conducted. The orientation sessions will focus on a department overview, finance and revenue, and project investment and operations.

On July 28 and 29, 2011, Dr. Tom DeCoster will be in Idaho to facilitate the Executive Team as we develop a new Strategic Plan for the Idaho Transportation Department. This will be the first of a number of sessions, with the final product being presented to the Idaho Transportation Board later this year. Also, while Dr. DeCoster is here, Chairman Manning and I will meet with him to discuss facilitation of a workshop between the Board and the Executive Team.

The annual summer meeting of the Idaho Associated General Contractors will be held from August 4 through August 6, 2011. A number of staff will represent ITD at this meeting.

Are there any questions on my portion of the Director's report?

(Respond to any questions)

I will now turn it over to Chief Deputy Stokes to provide the balance of this Director's report.

Are there any questions for Chief Deputy Stokes?

(Scott responds to questions)

That concludes the Director's report for the month of August. Thank you.

Thank you Chairman Manning. Good morning members of the Idaho Transportation Board.

Our mission. Your mobility, your safety, your economic opportunity. Our vision. To be the best transportation department in the country. We are taking the necessary steps to be the best in providing mobility to all users of the transportation system. To ensure and enhance safety for all modes of transportation, and leverage the transportation system to provide economic opportunities and advantages to all Idaho citizens and businesses, and those from outside Idaho who want to take advantage of our transportation system to increase their bottom line. We will not get there overnight. And we cannot get there without positioning ourselves internally. That is what the first three years is about.

This morning the Executive Team will highlight where we have been, where we are going, and what the expected outcomes will be. I know that throughout the presentation, you will have a number of questions. Please take note of your questions and comments throughout the presentation. However, I will ask that you hold these until the entire presentation has been completed. Then there will be ample time for questions and extensive discussion.

Last month, the Idaho Transportation Department announced that an additional \$5.7 million was put back on the street or invested in equipment as a result of cost savings due to realignment and other efficiencies. This investment directly supports the mission of ITD. While the focus this year has been on realignment, this is only one part of a multiyear plan which transforms the Idaho Transportation Department into an agency that is more credible, accountable, efficient, effective, and customer oriented. Once completely implemented, I believe that our department will serve as a model for other agencies to emulate; both in Idaho and around the country.

Our journey started in 2010 when the vision for our department was set. We said that we were going to be the best transportation department in the country. We would achieve that by continually trying to get better, being transparent, being accountable and delivering on our promises, saving costs by being more efficient and effective, providing extraordinary customer service, using partnerships, valuing teamwork, and placing a high value on our employees and their development. I believe that as we outline where we have been and where we are going, that you will see all the elements of this vision playing out.

When I arrived in January of 2010, I stated that I would not make any drastic changes immediately. I would get through the legislative session and receive their feedback, I would visit all 1800 plus employees at ITD, I would talk with our external partners, and I would seek the advice of my Leadership Team. I spent the first nine months listening and assessing the organization.

Here is what I found. ITD has very good employees who want to do the right thing and do their individual jobs the absolutely best that they can. However, they are also frustrated. Some of the frustration is the typical issues with not having a pay raise in four years and seeing an assault on their pay, benefits and retirement; however, this is not untypical with what is going on with governmental agencies at all levels around the country. However, some of their other things I heard are that, the employees, report to multiple masters, are told how to do our jobs instead of being asked how do we best do our jobs, and believe that their ideas are not being heard.

These comments were one of the driving forces to make the decision to realign the department. The organizational structure that I inherited was based on 1960s governmental organizational philosophies that build careers and compensate employees on how many layers an employee oversees and how many people are underneath them in the pyramid. It is this structure and philosophy that breed the types of comments and frustrations I heard when I talked to our frontline employees.

The goal of the realignment is to improve communication, increase customer service by placing more employees on the front line of the organization, reduce costs by eliminating layers of management, improve communication through a more streamlined organizational structure, and to put decision making closer to where the work is being done or where the operations are taking place; or as I like to say, giving the employees their jobs back.

This effort started late last fall. The first step was to establish an Executive Team to supplement the current Leadership Team. When I arrived, there was no Executive Team and it was the Leadership Team that advised the Director and debated and set department wide policy. The problem is that this team had 15 individuals. While all good people and very good at what they do, it made it nearly impossible to thoroughly debate the merits of any policy prior to implementation. Human Resources was not at the table, and virtually every policy decision we made involved personnel. The District Engineers, who oversee the majority of the program and staff, were represented by only one District Engineer and that in a liaison role.

I made the decision to form an Executive Team with the four individuals you see sitting in front of you today. One of those is the Chief Human Resource Officer. It is imperative that someone representing personnel is sitting at the table when policy decisions are being made. This is not unlike in the private sector where most Fortune 500 companies have a Vice President for Human

Resources or Personnel. With the size of our program and the number of employees at ITD, I would argue that if we were a private sector organization, we would be one of those Fortune 500 companies. We can take some ideas on how to operate from those companies.

The role of the Executive Team is to set the strategic direction for the departments, set policy in conjunction with the Transportation Board, ensure all areas of the department are enabling each other, and to set the high level goals in which the department and individuals will strive to meet.

While the Executive Team is strategic and policy focused, the Leadership Team must be more tactical. The Leadership Team is made up of the Executive Team, the Chief Engineer, the Division Administrators, and the District Engineers; all six of them. The role of the Leadership Team is to set objectives for their area in order to meet the goals, and to develop business plans to implement these.

The organizational structure prior to realignment had nine layers of supervision from the director to the front line of the organization. The span of control averaged 3 to 4, and there were 62 managers that only supervised one employee. We asked that the number of layers be reduced to five, and that the average span of control be increased to 8 to 10.

There are a number of reasons for the five layers. By eliminating every other layer of supervision, we are increasing our communications and facilitating decision making through a more efficient, less bureaucratic organization. It becomes a more accountable organization because the role and expectations for each layer are clearly defined.

Layer one is the Director. That individual is accountable for the results of the entire organization, and is the primary conduit of information from the Transportation Board, the Governor's office, the legislature, and other agencies.

Layer two is the four Executive officers. Their role, as described earlier, is to set policy and strategic direction. They also must remove obstacles which interfere with getting the work done, and ensure effective communication and coordination between all areas of the department. You might want to simplify that by saying they are there to break down the silos. The Executive Team members are held accountable and measured by the goals.

Layer three is the Administrative level. These are typically Division Administrators and District Engineers. This group is responsible for implementing objectives which are designed to achieve the goals. They must develop business plans which provide a structure for achieving the objectives. The administrative level is responsible for implementing programs with budgets and deadlines as defined in the business plans. This group is measured through the business plans which include scopes, budgets, and timelines for the programs they oversee.

The next level, layer four, is the Managerial level. This group is responsible for turning programs into projects. They are held accountable for delivering individual projects within the specified scopes, budgets, and time lines. This group is measured on project performance.

Layer five is the first line supervisors. In my opinion, this is the toughest role of any of the layers. They must work directly with their front line staff to ensure the daily work is being done. This group is measured and held accountable for the daily performance of the work group they oversee.

As you can see, if you there are additional layers, as was the case with the previous organization, it becomes much more difficult to clearly define the roles as well as, the accountability that comes with these roles.

I acknowledge that with the elimination of layers, we have taken away what were historically career opportunities for our employees. However, that is if you measure this the old way by how many of layers an individual employee may oversee. Therefore, we must look for new ways to compensate employees, by building career ladders within a classification rather than by moving employees up through a maze of bureaucratic layers. As an employee gains more skills and completes relevant training, they become more valuable to the organization. It makes sense to reward these employees based on the value that they bring to the organization, rather than the level they hold in the organization or the number of years they have served. For example, a top notch bridge designer with years of experience and training would be very valuable to any organization. ITD would compete with the private sector to retain such an individual. Given the current restraints of state government, the only way that we have to compensate this bridge designer for the high level of skill they have achieved is to promote them into a supervisory position. We are taking them away from the thing they do best, designing bridges, and putting them into a position that they have likely had very little training for and one in which they

probably really do not enjoy doing. If we could build the career ladder within the classification, we could allow this person to do what they do best and what is in the best interest of our department.

If we build career ladders within classifications, we must now take the steps to ensure that we are accurately and fairly measuring the skills and abilities that the employees obtain. And it must be consistent, so an employee doing the same job in Coeur d'Alene is being measured the same as the employee in Boise or Idaho Falls.

It is now time to turn it over to my Executive Team to discuss how all of this will be achieved.

First, Chief Operation Officer Paul Steinman will discuss the realignment of the operations area, and how the realignment resulted in more clearly defined roles, particularly between headquarters and the districts, and how this will lead to more effective decision making in the future. He will describe how these efficiencies will translate into cost savings which can be used to provide better service to our customers, the taxpayers of Idaho. Finally, Paul will discuss how he intends to leverage technology in the future. While technology may allow us to have less staff it will have to be a higher skilled staff.

Next, Chief Administrative Officer Mike Golden will talk about the financial impacts of where we are going. He will lay out the current status of where we are with regard to the study which will be evaluating how employees are compensated. Mike will also update the Board on the contract to develop the employee evaluation system.

Then, Chief Human Resources Officer Mary Harker will discuss how all the changes will affect every employee at ITD. She will talk about measurable performance goals, and how we will use these to evaluate and compensate our staff.

Finally, Chief Deputy Scott Stokes will present to the Board how all of this ties together from the strategic perspective. He will review how organizational goals relate directly to the individual performance goals of the employee, and how each will be measured and presented to the Transportation Board. Scott will also discuss how the Strategic Plan will be developed to

incorporate the system goals, as defined in the State Long Range Transportation plan, and employee goals.

Then, I will wrap up the presentation and open it up for questions and discussion. I would now like to introduce Chief Operation Officer Paul Steinman.

(Presentation by others. Each presenter to introduce the next presenter.)

As you can see, this is not just about realignment or measuring performance, but integrating a vision which will meet the mission of the department in delivering a transportation system which is safe, provides mobility for all, and creates economic opportunities. Once fully implemented this will change how ITD and government in general operate. We will become more transparent through posting our performance measures for all to see, more accountable through a performance evaluation system that clearly holds all of us from myself to the front line to measurable performance goals, more effective by placing decision making at the most appropriate level, more efficient through reduction of layers and increased span of control, and more customer focused by moving positions from management to the front lines of the organization.

You can see that we are implementing the vision. We have a long way to go in our journey, but we are well on our way to becoming the best transportation department in the country, which will serve our customers well as we continue to meet our mission.

I will now open it up for questions and discussion.

Board Report September 2011

Mr. Chairman and members of the board,

Legislative

On August 30, Chairman Manning and Scott Stokes met with Senator Mike Crapo. The two primary topics discussed included the importance of reliable Federal Funding, and possibilities for streamlining of Federal requirements.

On August 23rd, we had our second briefing session with State Representatives Joe Palmer and Julie Ellsworth who respectively chair and vice chair the House transportation committee. We provided updates on our Strategic Planning, performance management, ITIP and how we select projects, and a briefing on the GARVEE program. These visits help to strengthen our relationships with the new chair and vice-chair, plus it provides them the information that will be needed in their new roles. Thanks to Mollie McCarty and Linda Emry for coordinating these valuable sessions. There will be another briefing session on October 5th.

FHWA Director of Field Services

On September 6, we met with Butch Waidelich of FHWA. He is the Director of Field Services for the Western US and is Pete Hartman's boss. We had a great conversation with Butch and Pete where we compared notes on common interests and goals.

Leadership Team

On September 8, we met with our Leadership team which is comprised of Division Administrators and District Engineers. The primary topics included our work on the strategic plan, and employee annual performance reviews

Discretionary Project Applications

We were notified last month that Idaho received award for 12 projects in various federal discretionary programs totaling \$7.1 million. ITD is the sponsor of one construction project and 2 DBE type projects. The construction project is the replacement of two SH75 Bridges over the East Fork and the main Salmon River using innovative precast concrete elements for an amount of \$1.4 million. This project will utilize precast bridge elements like Lego blocks that is intended to speed up the construction time frame due to limitations posed by the remote location.

There is also funding for some rock fall mitigation on Banks to Lowman, and a number of scenic byway projects. I have provided you with a list of these projects.

Federal Legislation

On September 12, we participated in a conference call with the Deputy USDOT secretary and leadership of FHWA relative to President Obama's Jobs bill and infrastructure funding. There continue to be more developments and details added on the President's Stimulus Package.

On the status of Federal Legislation, there are three basic components.

First, we are looking at another extension in the short term. The President has signed the legislation that will authorize aviation programs through Jan 30 2012, and highway, transit and safety programs through March 31, 2012 all at current funding levels (including rescissions). Senator Coburn from Oklahoma pressed an issue demanding relieve from Enhancement requirements threatening a filibuster. He did get a commitment for some unspecified relief from enhancement requirements in the upcoming re-authorization. This extension refers to the extension of the six year highway authority. (\$41.1B)

Second component is the annual appropriation issue. There is a short term Continuing Resolution appropriating spending authority through November. And Congress is working on an appropriations bill for a longer term.

Third is the re-authorization. There is a bi-partisan proposal (MAP-21) (Senator Boxer-CA and Senator Inhofe-OK) for a two-year re-authorization at current funding levels. They actually have a schedule for the mark-up of this legislation. There is no word on how continuing programs at current levels would be funded over this time period. (\$39.9B)

As you know, President Obama called on Congress to pass the American Jobs Act during his address to a joint session of Congress. The bill would invest in transportation projects and establish a National Infrastructure Bank. Immediate surface transportation funding comes in at \$50B (\$27B for highways and rail via traditional formula distribution at 100% federal), with a \$10 B pot for a national infrastructure bank. For Idaho, this means \$190.2M.

Zero Based Budget

On September 1, ITD submitted our first Zero Based Budget Package to the Division of Financial Management. I remember clearly on July 16, 2010, we had our first kick off meeting with David Hahn from DFM which Chairman Manning also attended. At that meeting, Mr. Hahn suggested that we do our first ZBB in two stages with only half in the first year. Director Ness immediately responded that we would do it all at once. We were gearing up also to look at our re-alignment plan, and there was a unique opportunity to do re-alignment and zero based budget concurrently. This allowed us to leverage the research of Zero Based budget in our effort to identify and eliminate duplication of effort.

This accelerated approach to zero based budgeting has involved nearly every manager in the department. The team has reviewed all of ITD's functions and scrutinized our activities against our legal authorized mandate. It has proven to be very valuable to complete this in conjunction with our realignment initiative.

Now, Mike Golden is working with Joel Drake, Gordon Wilmoth, and Dave Tolman to take this to the next level. The normal process did not require a review for duplication of effort. They are utilizing the data collected and are working with subject experts to review our processes and functions for duplication and redundancy. This should be complete by the end of this year.

For the completion of the Zero Based Budget Project, we have had a super support from staff across the department to accomplish this keeping it on schedule. Of special note is to recognize the key efforts of our lead team which includes Joel Drake, Dave Tolman, Mary Lou Brown, Bonnie Fogdall, Lisa West, Debbie Coles, and Les Niederklein.

This project was critical, and was delivered on time, and was very well done.

A special thanks and recognition is due to Joel Drake and Dave Tolman who developed the schedule and basic strategy for completing this plan. They did a remarkable job and finished on schedule.

Jason Brinkman

And while we are expressing our appreciation to staff, I'd like to end my update with one more thank you. Jason Brinkman has received a permanent assignment as Manager of the Transportation Systems Group. This is a critical position involving our new management systems as well as other technology services in the Highway Division.

Jason was appointed GARVEE manager in January 2008. This was a critical point at the early stages of the program. Jason along with his very talented team has done remarkable things with the GARVEE program over these past nearly 4 years. We express our appreciation to his leadership there. He has worked closely with the legislature, ITD Headquarters, Multiple ITD districts, private contractors, the bonding team, multitude of stakeholders, disgruntled property owners; he has worked closely with the executive team and has visited with the board frequently. As you know he has been on temporary assignment in the Right of Way office helping us to expand best practices there. Jason now has recently been selected for position in the office of Transportation Systems which involves our new management systems and other technology based advances in Highways. This is a permanent assignment Thanks Jason for your great work and great thanks to your loyal team in the GARVEE office. And a great thanks to Amy Schroeder. We have not missed a beat in the transition.

-----Brian takes it here-----

LHTAC

On September 9, Brian met with the LHTAC board. I was not in attendance but I understand that they had a very good conversation on multiple topics of common interest.

Cabinet Meeting

On September 14, Governor Otter held his cabinet meeting at ITD Headquarters. Attending the meeting were agency directors from 11 state agencies. We introduced our Executive officers. And as host of the meeting, we had the opportunity to highlight some of our work. The topic of greatest interest was the work done this year to re-align the organizational structure at ITD from 9 levels to 5 and expanding the span of control from an average of 3 to now 8 to 10. This is of great interest to other agencies as they contemplate similar department wide improvements.

DIRECTOR'S REPORT
TO THE
IDAHO TRANSPORTATION BOARD
OCTOBER 27, 2011

Thank you Chairman Manning. Good morning members of the Idaho Transportation Board.

First I would like to thank District Engineer Ed Bala and the staff from District 5 for their hospitality. It was a great tour yesterday. Before I begin my formal report, I want to take a few minutes to discuss some personal items.

On behalf of the entire staff at the Idaho Transportation Department, we would like to express our condolences to the family of Scott Patrick. Scott served on the Aeronautics Advisory Board for 11 years. He passed away unexpectedly in late September.

I would also like to thank everyone for their thoughts, prayers,

cards, e-mails and contributions when my father passed away late last month. These were greatly appreciated and comforting.

During last month's meeting, both Deputy Director Stokes and I commented how we covered for each other these past couple of months as we both dealt with personal losses. But I have found that this is not just about the two of us. Covering for fellow team members happens on a regular basis at the Idaho Transportation Department.

Let me share a story from one of my recent trips to a district. When I arrived to meet with the employees, many were not happy with the fact that we were not filling positions. This was of particular concern to maintenance employees given the dangers of working along side moving traffic. With a partial crew, this work becomes even more dangerous. I explained that our revenues are down and that there is strong consideration at the Federal level to cut funding to all the states by 30 percent or more. It was the goal of the Department's Executive Team to ensure that all employees at ITD kept their jobs and current pay if at all possible. In order

to have enough cash flow to accomplish this while sustaining a 30 percent cut requires us to hold positions open and use that savings to keep employee's jobs and pay whole. With that understanding, there was total agreement by the crew that this was an appropriate course of action. It did not take long for the crews to start talking amongst themselves to determine ways that they could cover for each other and shift their crew assignments to meet everyone's needs while still holding positions open. In the end, all crews were able to accomplish what was needed with the appropriate staff to complete the work and ensure the safety of the crew. The bottom line is that all over the Department, employees are finding ways to cover for each other when called upon. When everyone understands the reasons why certain decisions are made, they will do what is necessary to work within the constraints of the decision and do what is best for the Department.

On September 26, 2011, the ITD Executive Team met with the Executive Team from the Utah Department of Transportation.

Utah was very interested in ITD's realignment project. They will be looking to implement many of the changes we have already

initiated in Idaho. The U-Plan was also a topic of discussion. This takes advantage of technology and GIS making data accessible for planning efforts. Utah was very generous in providing this information and a space on their web site for Idaho to experiment with these concepts. ITD is interested in their own similar system. There was also some discussion with the Utah DOT on alternative Contract and the lessons learned in Design Build and alternative contracting methods. Both departments shared ideas on these innovative contracting methods. The meeting benefited both departments and we will continue to meet on a regular basis.

The Leadership Team met on October 5, 2011. The primary focus was preparing for the work that would take place on the Strategic Plan. The Leadership Team followed up that meeting with a two day workshop which began the process of developing objectives and measurements for the Strategic Plan. There will be two more workshops during the month of October. The Executive Team will present the Department's Strategic Plan to the Transportation Board at its November meeting. Board member Whitehead is the

Board's liaison to the teams working on the Strategic Plan.

On October 6, 2011, the Idaho's Women's Day at the Capitol event was held at the state capitol. This event is hosted by Governor Otter and is intended to recognize the female executive talent within State government. Mary Harker represented ITD's executive team. The session was emceed by Natalie Hurst from Channel 2 News and questions were fielded by a panel of department directors, the Governor, the first lady and the lieutenant Governor. The emcee read off the names of the female executives and then took questions from the audience for the panel members or the female executives in the audience. The questions ranged from why banks are charging additional fees, to environmental questions regarding natural gas drilling.

The October Capitol for a Day was held in Challis on October 19.

Blake Rindlisbacher (RIND -lus - BAW - ker) represented ITD.

Other officials joining Governor Otter included Virgil Moore

from Idaho Fish and Game, Tony Hardesty of DEQ and Nancy

Merrill from Parks & Rec. There were a number of transportation

related questions specific to the area.

The annual conference for the American Association of State Highway and Transportation Officials (AASHTO) was held in Detroit from October 13, 2011 through October 17, 2011. Chief Operations Officer Paul Steinman, Chief Engineer Tom Cole, and I represented the Idaho Transportation Department. Much of the discussion centered on funding, how transportation projects benefit the economy and create jobs, and the need to streamline unnecessary regulations.

AASHTO's annual awards luncheon was part of the conference. This year, Idaho won the President's Transportation Award in Administration. This is our third President's Award in two years. This year's award was for the Wounded Warriors Transportation Job Training Team. The team helped combat veterans wounded in Afghanistan and Iraq train for jobs in the transportation field. ITD undertook this pilot program after learning that combat veterans face steep unemployment after leaving the military and returning home. Those injured at war have a 41 percent

unemployment rate upon coming back to the United States. ITD's team applied for and received federal economic recovery grants to start the transportation training program. The team members included Chief Human Resources Officer Mary Harker, Michelle George, and Chris Ramos from ITD, along with Gus Shanine of the Federal Highway Administration. They collaborated with the Idaho Department of Labor. A \$99,000 pilot program in southwestern Idaho helped injured veterans find meaningful employment in the transportation field. ITD has since applied for a \$440,000 Federal Highway Administration grant to expand the program statewide. We will honor the team when we return to Boise for the November Transportation Board meeting.

Also honored by AASHTO for their 25 years of service included the following ITD employees:

Ed Bala, District 5 Engineer

Jim Carpenter, District 2 Engineer

Tom Cole, Chief Engineer

Matt Farrar, Bridge Engineer

Nestor Fernandez, Resource Center Manager

Scott Gurnsey, Assistant District Engineer (Retired)

Mary Harker, Chief Human Resource Officer

Brent Jennings, Highway Safety Manager

Greg Laragan, Highway Operations Engineer

Devin Rigby, District 4 Engineer

Andrea Storjohann (Store Jo Hawn) Assistant District
Engineer

Loren Thomas, Program Oversight Engineer

This represents a combined 300 years of service to the Idaho
Transportation department.

Between now and the next Board meeting, the Leadership Team
will meet to complete their portion of the Strategic Plan. I will be
meeting with the new Department of Commerce Director, Jeff
Sayer on November 7, 2011. And our staff will be preparing for
the upcoming Legislative Outreach meetings.

Finally, I will wrap up my employee meetings with all 1800
employees in the department. I find these sessions very valuable

and plan to do these again in 2012, although next year I hope to complete them all prior to Labor Day.

This concludes my remarks for the month of October. I will now turn it over to Chief Deputy Scott Stokes to provide the remainder of the report.

(Scott Stokes gives report.)

Mr. Chair. That concludes the Director's Report. Are there any questions for Chief Deputy Stokes or myself?

Idaho Transportation Board Meeting

Director's Report

Nov. 16, 2011

Thank you Chairman Manning. Good morning members of the Idaho Transportation Board.

My November report to the Board will be in the form of three presentations rather than the typical monthly report.

Three documents will be forwarded to the Governor and Lt. Governor, and handed out to our legislators at the legislative outreach meetings that start at the end of this month. I wanted to review these in advance with the Board.

The three documents are:

1. The 2011 Idaho Transportation Department Annual

Accountability Report.

2. The Five Year Idaho Transportation Department
Investment Plan.

3. The Idaho Transportation Department Strategic Plan.

The 2011 Accountability Report presentation is primarily for information. I will briefly outline what is in this year's report that will be delivered to the Governor after this Board meeting.

The Five Year Plan will involve a presentation by me, Chief Deputy Stokes, Chief Operations Officer Steinman, and Communications Manager Stratten.

Finally, the Strategic Plan will be a review of what was accomplished in yesterday's workshop, with a Board resolution and vote to follow.

Mr. Chairman, this concludes my introductory remarks for my November Director's Report to the Idaho Transportation Board.

With your permission, I will now proceed to the next agenda items, the 2011 Idaho Transportation Department Accountability Report.

Director's Report to Idaho Transportation Board December 2011

Mr. Chairman, members of the board. Good morning. And Happy Holidays. It has been a busy month since my last report.

Trip to California

On Dec. 1-2, I met with directors and deputies from the west coast to discuss common issues and funding challenges.

Employee Meetings

I completed my annual employee meetings this month in Districts 5 and 6. My goal is to offer all 1,800 employees in the department an opportunity to meet with me. That has been accomplished.

While it is a challenge, I plan to continue the employee meetings next year with a goal of visiting with every employee prior to Labor Day.

I also met with the supervisory and non-supervisory Direct to the Director employee groups on Dec. 5. I will continue to meet with these teams on a quarterly basis.

As is usually the case, both the employee and Direct to the Director meetings are candid and helpful to me in understanding employee concerns and potential barriers. I think the employees also appreciate

having the opportunity to talk directly to me. The discussion generally focused on employee compensation, turnover and job duties.

Legislative Outreach

Chairman Manning, the Executive Team and Governmental Affairs Manager Mollie McCarty and I completed our seven legislative outreach meetings. I appreciate the board members taking the time to attend the meetings in their districts.

We consistently heard support for the direction ITD is going. It was interesting that a lot of the discussion centered on the need for additional revenue and employee retention. Many were surprised to hear that 50% of ITD's staff is eligible to retire over the next six years.

Mollie McCarty will provide a more detailed report later in the board meeting.

Freight Summit

Moving freight through Idaho was the focus of a Freight Summit jointly sponsored by ITD, the Idaho Department of Agriculture and Boise State University on Dec. 13. All participants agreed this was a successful and useful summit.

The event provided an early opportunity for people interested in the movement of goods in and throughout Idaho to participate in helping

identify key freight issues, concerns and opportunities. The summit is a prelude to a study of current and future freight-related transportation needs.

Discussion topics included national freight trends, the connection between freight and economic development, and the importance of freight in Idaho.

The purpose of the study is to identify policies, programs and investments within the state's transportation network that will facilitate the efficient movement of freight over state transportation systems, improve safety and support economic opportunity at the state and local levels. The study is expected to be complete in November 2012.

Meeting with Idaho's Congressional Staff

On Dec. 12, I met with Senator Crapo's State Director Robert Ford and Representative Simpson's Deputy Chief of Staff John Revier to discuss Idaho's preferences for reauthorization of the transportation funding bill. While we discussed many topics, my primary point was the importance of maintaining and possibly increasing Idaho's share of the federal transportation funds.

I also stressed the need for more flexibility in the funds we receive from Washington.

Strategic Plan Media Coverage

We received good media coverage of our new strategic plan after it was approved at the November board meeting. I was interviewed on Boise's KBOI radio. Stories were also published in The Idaho Statesman, the Coeur d'Alene Press and the Twin Falls Times News. We used our social media tools to highlight the plan.

Our new 5-year plan did not get the coverage I was hoping for. While we did use our social media tools to publish the story, the mainstream media did not pick up the story. The plan has been well received by our partners especially during the legislative outreach sessions.

Cultural Survey

During this month, we asked a random sample of our employees and the senior leadership team to assess our organization's culture. They were asked to rate a number of behaviors from "not at all" to "a very great extent." There were no right or wrong answers to the survey.

The answers will be plotted on a circular graph that will show what traits our culture has in areas like styles of leadership, types of decision-making and how we approach our jobs.

The survey will help us compare what our current organization is to our preferred organization culture – and identify what we can do to achieve it.

The following activity will take place over the next month

Capital for a Day

I will join the Governor for the December Capital for a Day in Sun Valley on the 21st. The event will coincide with the celebration of the Sun Valley Resort's 75th anniversary.

District 4 Engineer Devin Rigby and Aeronautics Administrator JV DeThomas will also be in attendance.

State of the State address ideas

The Governor's staff requested ITD submit its highlights for the Governor's annual state of the state address. Last year, ITD was one of the featured agencies in the Governor's remarks. We anticipate that we will be highlighted again.

Now, I would like to cover some of the recognition ITD has received in the past month.

ITD recognition

ITD's accomplishments were highlighted in two Federal Highway Administration newsletters. In the *Roadside Safety Audit Newsletter*, ITD's new safety audit manual was featured. ITD is one of 16 states with a formal road safety audit program.

The Idaho 75 bridge was also listed in *The Innovator Newsletter*. This newsletter is published by the Federal Highway Administration to advance implementation of innovative technologies and processes in the highway industry. The replacement of the U.S. 75 bridge over the East Fork of the Salmon River in Custer County in 2013 will use precast concrete bridge elements to reduce construction time. The project will take one construction season compared to two using more traditional construction methods.

An Idaho-based, private industry project to research the potential of solar roadways will be the subject of a documentary. ITD assisted the company in obtaining a federal research grant. A crew will be filming Solar Roadways Incorporated President Scott Brusaw later this month. The film will be submitted to film festivals across the country next year.

Death of District 6 Employee

ITD lost a friend and valued employee when Rick Davis died in a tragic farming accident on Nov. 30 near Lewisville. Rick was feeding livestock when two one-ton bales of hay fell on him. Rick was a 23-year maintenance employee in District 6. Our thoughts and prayers are with his family and co-workers.

Now I would like to turn it over to Chief Deputy Scott Stokes for his report.

Are there any questions or discussion?

Now I would like to say a few words about Chairman Manning.