



# **Keep Moving: Transportation Reforms Beyond Revenue**

Edited by Professor Joseph M. Giglio and Steve Poftak

**May 26, 2010**

## **Introduction**

Massachusetts has seen dramatic changes in the transportation landscape over the last two years. Major reforms have been enacted to restructure how transportation assets are managed and bring efficiencies to the system. With these major changes, many observers view transportation reform as ‘done’ and much of the attention to transportation reform has ebbed away. To keep the conversation moving, Pioneer and the Center for Strategic Studies at the College of Business at Northeastern University sponsored a forum in May of 2010 to bring together some of the innovators in transportation strategic thinking.

It is easy to start and finish the transportation conversation with a call for more revenues, but that approach fails to acknowledge the current realities. Instead, this forum challenged a select group of transportation leaders and decision makers to look beyond the simplistic discussion of revenue and discuss how they leverage technology to improve customer service, enhance operating efficiencies, and increase revenues.

The first panel consisted of:

- Ann Flemer, Deputy Executive Director, Policy for the Metropolitan Transportation Commission (CA)
- Clayton Howe, Assistant Executive Director of Operations for the North Texas Tollway Authority
- Jonathan Davis, Deputy General Manager and Chief Financial Officer at the MBTA

Each participant highlighted, from multiple perspectives, how the intelligent use of technology has improved the customer experience at marginal costs while also creating the potential for increased revenue through enlightened future deployment.

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**Pioneer Institute** is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civic discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.

**The Center for Strategic Studies’** objective is to help senior managers configure and coordinate their multi-market activities. The Center emphasizes the value of technology in facilitating the management of an integrated approach to problem solving in the public and private sector.

**TRANSCRIPT**

**Center  
for Better  
Government**

**February  
2011**

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Moving from these specific cases to the macro environment, the forum posed the question of how to use technology to configure and coordinate a portfolio of transportation assets to create greater value for stakeholders to transportation leaders from several states:

- Jeffrey Mullan, Secretary and CEO, Massachusetts Department of Transportation
- George Campbell, Commissioner, New Hampshire Department of Transportation
- James Simpson, Commissioner, New Jersey Department of Transportation.

Each of these leaders faces a difficult task – a maintenance backlog, looming demand for new projects, large workforces, and constrained revenues. They share their priorities as managers and their solutions for the seemingly insurmountable challenge they face.

Our hope is that the transcript provides some ideas and approaches that spur transportation leaders to think beyond mere revenues and examine how the deployment of innovative technologies, as part of an integrated strategy, can create value for customers while offering opportunities to operate more efficiently and to generate greater funding. Transportation agencies are no longer in the business of simply managing construction projects or serving as landlords, they are truly service providers who need to identify, understand and serve customers. There is a great disparity between what we need to do and what we want to do. Technology can help manage the trade-offs necessary to close this gap. But we are not there yet and the reform conversation needs to keep moving.

### **Panel One: Creating Value through Planning and Technology**

**ANN FLEMER:** In today's world we have better access to comprehensive data to make strategic investment decisions. In the San Francisco Bay area over the next 25 years, over 80 percent of our revenue needs to go to maintaining and operating the existing transportation systems, like most parts of the country.

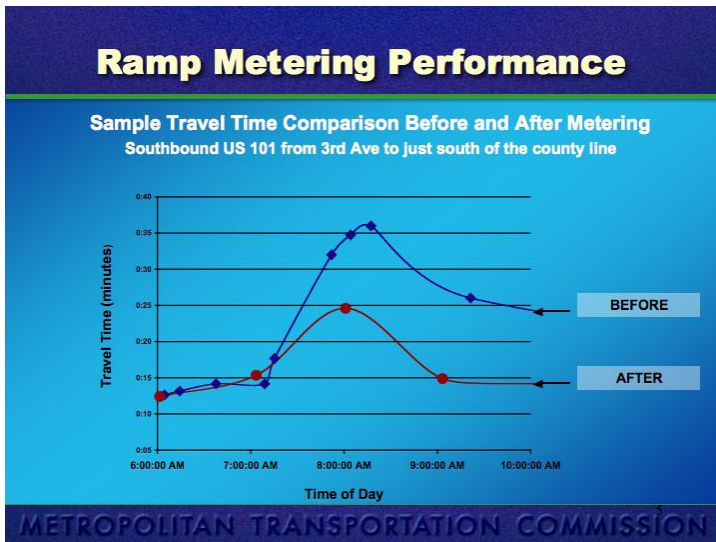
It is what we do with that remaining 20 percent that is going to make a difference for the customer in terms of seeing how their investments are actually making their lives better in terms of transportation.

In the San Francisco Bay area, over 70 percent of the funding is generated by local sales tax measures, gas tax collections and regional tolls. We owe our public a real return on investment that they can understand in order to be able to go back to them to reauthorize the sales tax. Have we done the right work and the right job for the public so that they are willing to reauthorize that sales tax? We are keeping our mind on the fact that the public needs to be satisfied with what we are delivering.

There are three particular performance issues that we have been using data to get a better handle on. The first is freeway performance. For our last regional transportation plan we took a very close look at the difference between major capacity expansions and managing the existing system better. While evaluating 12 major corridors, we found that if we improve our collection of real time data and provide quicker incident management, then we could manage congestion in our network better than any long term infrastructure improvements, per dollar spent. So, the MTC has focused more investment on better managing the freeway system.

We are equipping the system now in a comprehensive way with ramp metering and camera systems that have detection capabilities. In the past, we were only able to do that when we rehabilitated a major segment of the highway system resulting in a very piecemeal approach to installing technology. We are now shifting our investment to be more comprehensive with respect to improving freeway performance.

The second performance issue is educating our customers by showing some real demonstrable improvements in the system based on increased use of technology and ability to measure improvements in real time.. An example is ramp metering on one 15-mile segment of a very congested stretch of freeway in San Mateo County south of San Francisco. The proposal to install ramp meters causes a lot of angst to local government. They think that while it may

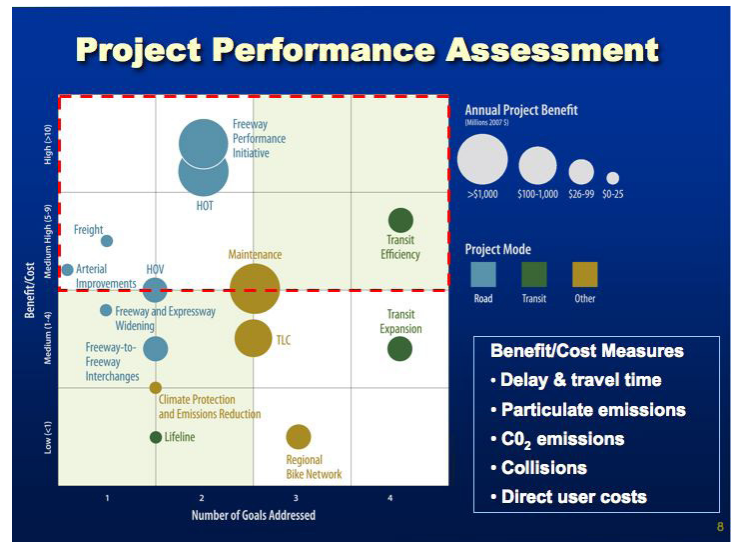


improve flow on the freeway, it will come at the expense of backups on ramps and onto local streets. That was a huge issue for us because we needed local government approval to proceed..

So, we put in a dynamic ramp metering system so that it would automatically release cars waiting on the on-ramp if traffic backed up to a certain point on the ramp. Once it was installed, the very first day thereafter we have seen reductions of 15 minutes off of the travel time for that 15 mile stretch. Now, the public got a handle on that really quickly and has now moved the Commission and other local elected officials to supporting the ramp metering program.

The third is multi-modal performance.. The ability for transit managers to get accurate data on who is using the system, where it is being used, and when it is best used is transforming our transit agencies. Managers now have automatic passenger counting, which is not “high tech”, but it is a commitment to invest in technology, allowing them to be better managers. Now a much more comprehensive service analysis is possible and they are changing the very nature of how they view their transit network.

For our last long range plan we looked at the cost/benefit for different types of investments. What we found is that the technology-driven investments are lower cost, but also has a huge benefit to the user by improving the performance of our freeway system, improving our transit efficiency, and dealing with freight and arterial movements. Now, it doesn't mean that we can move quickly and switch gears from an



expansion policy to one of system management, but we are moving in that direction. Again, the real issue here is that we have enough data now to be able to have a credible discussion about the alternatives.

Our performance findings as a regional planning organization made it very clear that we are in the midst right now of a transition and a shift. Strategic technology investments are yielding the best benefit to the customer at the lowest cost. Technology enables customers to change their travel in ways that behaviors make a difference in terms of the use of transportation networks. The more information we provide customers, again, enabled by technology, the more choices they have.. As we begin to need new financing strategies for transportation, including user fees, use of technology and electronic payment is going to be key.

### Looking Ahead

- Invest in comprehensive vs. incremental data collection
- Conduct systems analysis of data sources and communication networks
- Demonstrate the potential for data-driven transit service planning and system design
- Leverage installed network and private sector investment in data collection – data sharing policies

METROPOLITAN TRANSPORTATION COMMISSION

## **Keep Moving: Transportation Reforms Beyond Revenue**

**CLAYTON HOWE:** The NTTA transitioned to a more customer-centric organization by using two simple tools, a mission statement and some SAS based enterprise software. Everyone has a mission statement and very often it hangs on the wall somewhere and is inactive. I think that our mission statement is the foundation for everything that our organization has done over the last six years in customer service, and we feel like this is the key to successful organizations. So, we started here and we started looking at performance measurements.

In 2002, spending a day at the NTTA was a lot like Disneyland, except no one was happy. There were no rides but you did stand in a long line. As we started looking for how to make a change, we looked at both of our tools. The golden rule came up. We thought we should treat everybody the way we wanted to be treated. Treating others as you would like to be treated was the wrong direction. We should treat others the way they want to be treated. We needed to find out what was important to our customers and then deliver that to them.

In order to treat customers the way they want to be treated, we needed to see how we were performing. The question was, how are we going to measure that? We looked at secret shopper programs where people would test our programs and give us feedback. However, that approach was costly and ineffective. We also looked at quality monitoring whereby interactions between your customers and your employees were graded by the employees's supervisor resulting in a subjective grade. Only 15 customer interactions could be done per week with each customer service representative. That required us to use the staff time and the supervisory time, which was very expensive. Outsourcing was not an option given the cost.

There were two things we were pretty certain about. One was that management did not touch the customer every day, but the frontline people did. Second, management didn't touch the frontline employees either but the customers did. So, if we could harness the power of those interactions and measure the success we would have a special opportunity to

enhance the experience for all involved. We put together a small software application in which each employee is identified.

The next step is to contact our customers who have had recent interactions and request specific advice from the customer on how to make the representative more successful. The result for the supervisor is an end to the traditional grading of employees, and a replacement with a review of customer feedback. All managers have an application that allows them to search by employee or workgroups measuring the customer experience from the perspective of the customer.

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[T]he savings is about a half a million this coming year...[t]he total cost...was less than \$50,000 a year.

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Also, we set alerts for certain words, words that we don't like to see or words that we really like to see. An example we don't like to see are phrases like, "your problem," in a customer comment. We love to see "outstanding," "wonderful," "fantastic". The system generates an email alert that says, "You just got an alert," and explains what is going on. It allows management to contact a customer immediately, if a bad alert is received and try to de-escalate the issue. If it is a positive alert, it allows a manager to stop by and acknowledge excellent performance and say, "Heather, what a great job you did. Ms. Smith just called and gave me great feedback." It is an opportunity for us to interact.

The result was a reduction in the number of managers or supervisors because they were no longer listening and judging other people's interactions. The customers were doing that job for us. I think the savings is about a half a million this coming year, and then salaries and costs. The total cost of this software package and the implementation and maintenance of it was less than \$50,000 a year. Additionally, this gives us a motivational tool for our employees. They're getting positive feedback where typically in the past we would just give them reactive negative

feedback. We caught them doing something right, which was a very valuable tool.

This tool is really intended to show you that the customers know the difference between what they like and what they don't like. The NTTA as a toll agency is not someone that is lined up as one of the favorite organizations in the region. People don't love tolls. Forty percent of people that are calling are calling because of a violation notice that they've been sent. We send out 20,000 violation notices a day, and yet on a scale of 1 to 5, they rate the customer service they receive a 4.8 or above.

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We measure every employee  
in the organization.

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It is amazing the amount of time that a customer will take to respond and give feedback if asked for replies. One customer commented, "You seem eager to talk to those customers. You seem energized to help us solve whatever problem we may be facing. You guys are great. Hang on to the good energy and don't change a thing." And a customer service representative replied "I read my customers' comments immediately and I respond by trying to do even better."

We measure every employee in the organization. That means that three hundred of them will receive a grade in several critical categories hundreds of times each week. The categories are derived from our mission statement. Did you provide world class customer service? How do you inform your customer? Were they friendly? We always knew that without our customers we wouldn't have a job. Now we know our customers are helping us to be more successful, by clearly communicating expectations and measuring our efforts.

**MTTA Mission Statement**

**"We are here to meet the transportation needs of the communities we serve. The mission of Tulsa Transit is to be the Premier Transportation Provider, Committed to Safe, Professional, Efficient, Reliable, Accessible, Quality Service." – MTTA Website**

**JON DAVIS:** Some people look at the MBTA as being a construction or a large construction organization. However, I believe we are in the business of moving people and we are in the business of moving people efficiently.

The Charlie Card has helped change our pricing strategy. In fact, in the last fare increase, one-third of our customers actually got a fare reduction. The Charlie Card is going to help us integrate not only other modes of public transit but also other modes of transportation. We instituted this in 2006 and 2007, and I think we had one of the more progressive smart card programs in the United States. Seventy-five percent of all transactions on bus and subway are through this contact list fare media. Of course, we gave the customer the incentive to use it because it helps us get people through our stations and onto our busses much faster. We gave the cards out for free. It is also the way of accessing the system at the lowest cost.

Our real time data initiative and our open data initiative are important for getting information out to our customers. Countdown signs were first deployed in London. I think 64 percent of customers surveyed reported that bus service had become more reliable, when in fact it really had not. However, our real time data that we were providing on Washington Street, which is our silver line bus/rapid transit system, was rated very highly by our customers. We are probably one of the most heavily ridden bus routes within our system, and the customers really appreciate knowing when the next busses were going to be there. We are hopeful that within a year we can make bus location information as easy to get as the time, for about the cost of a new bus.

On November 14, 2010, we introduced a pilot program and released real time data on five of our bus lines. Within one hour, a developer integrated the data into Google Earth to show real time location of our busses. In two days, a developer integrated the data into a free, easily accessible web page where T riders can track the busses. After one week, a developer built desktop and web applications that display the countdown information for the riders' favorite stops.

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Within one month, a developer implemented an LED sign that showed bus countdown information. In five weeks, there were applications for the iPhone and also for the Android. Within seven weeks, a developer had built a system that delivers the real time data to any phone, mobile or landline.

Customers appreciated having information on when the next bus would arrive. I think this is a great application that we could have here in Boston at Logan Airport for our silver line service, which is probably one of the most heavily ridden lines to get to the airport these days.

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It is about providing information to our customers to be able to make more informed decisions. It is about providing choice.

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What is this all about? It is about providing information to our customers to be able to make more informed decisions. It is about providing choice. If customers know that the service will be there at the time that they need to utilize it, then we can attract more riders to the system. It is also about enhancing the customer's experience. In transit, our success will be measured in part by how effective we are in increasing ridership.

**CHRIS MURRAY:** Although they dealt with separate and distinct issues, what I heard was that each of them is applying technology. The result is one of those win, win, wins, where in this current environment, everyone is being challenged to do more with less. I think that as technology has evolved customers' expectations of transportation information and service have become greater. There is a common theme throughout each of these organizations, whether it is looking at investments in technology, monitoring customer service interaction or ridership on transit, we are improving customer service and doing it in a more efficient way. So, it is a win, win, win.

How do you extend what you have done with bus ridership and schedule to other modes, of transportation? Can you provide the same information

in a standard format the customers can then use to develop applications and improve ridership services?

**JON DAVIS:** Let me first speak to your point on win, win, win. I think most people understand that transit is not exactly flush with cash. We were able to capitalize on some of the investments we had already with the data initiatives. No new investments were required because we had already outfitted all of our busses with GPS location devices so that we could then provide that data to communities. Too often I think we sit in our offices and think we know what the customer wants. It is really the customer who knows what they want and I think this open data initiative points to that.

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That said, we will soon provide all bus data to developers who are able to provide for all of our customers. Then we will release information on the subway system. To some extent we do integrate across modes through Smart Routes, which is a travel advisory service that is provided on a daily basis here. We do look at ways of providing information to our customers so that they can make that informed choice of whether to take the service, drive or find some other alternative. A quick example would be on commuter rail. Since we live in a winter climate, we provide commuter rail information via radio, so people don't have to wait too long on the platform.

**CHRIS MURRAY:** You talked about the Charlie Card and how you changed the pricing structure and reduced the cost for some customers. My question to the panel is, as we are able to develop new services and add greater value, is there an opportunity to use that to charge more where more value is provided to the customer generating additional revenue? Or, conversely, where savings have been achieved, share some of those cost savings with the customer, similar to what they have done here in Massachusetts?

**ANN FLEMER:** In San Francisco, we have the TransLink Program, which is similar to the Charlie Card in many respects. What the transit agencies are doing with that is changing the basis of pricing to accommodate very different types of travel similar to electronic toll collection. We have an auto load function, which will automatically add value to the card from your credit or debit account once you get down to \$5.00..

Conversely, we also have a real opportunity to help improve the equity of fare payment in that the value pricing of transit before the Smart Card had a lot to do with the prepayment for a full monthly pass. If the price of the pass exceeded the customer's ability to pay the full price of the pass at one time, their alternative was to pay a higher fare on a trip by trip basis, which was not priced effectively for a low income rider. We are able to reward ridership with the Smart Card on a "frequent rider" basis, so that after the first 10 rides, the 11th ride can be less expensive, and so on and so forth. The Smart Card can allow flexible pricing relative to the customer's use of the system rather than time of day, etc. The card provides a very good outreach opportunity for many communities in the area that are looking for more equitable transit fare pricing..

**CLAYTON HOWE:** In the tolling environment, in our toll road we do about 1.4 million transactions per day. We do about 82 percent of those are on AVBI transactions or transponders. We have a different rate for those transactions than we do for video transactions. We are currently converting to an all electronic toll collection process on our roadways. We are rewarding behavior and allowing for a lower cost commute. That has been fairly effective. In fact, it is so effective now that airports have integrated their parking into the same program so it costs less for you. It costs six times as much to process a video transaction than it does an electronic or an AVBI transaction. So, in essence, you are passing on to the customer the efficiency gains of that collection process.

## **Questions from the Audience**

**Q:** There are always issues with labor relations when you reduce jobs in the lanes. Has transitioning people from the lanes to the back office helped you in that process?

**Howe:** Absolutely. In fact, we were very fortunate, because we were adding roads, which created jobs to transition people into. We reduced collection staff from 522 down to 156, and we have only had a 19-employee reduction so far. So, we have been able to transition the majority of collection staff into new roles.

**Q:** Is freight charged relative to the cost on the road system?

**A:** It is not priced effectively enough. We had this discussion last night. A loaded truck within legal limits causes about 17 times as much damage as a regular vehicle on paper. We certainly don't charge them 17 times as much. On my roads, it is not as big of a problem or we would probably be having more discussion about it, because less than one percent of our traffic on our roads is truck. Some of the other authorities may have a much higher penetration. That must be a much bigger issue for them.

**Q:** To address the degradation of the roads, have you used transponder chips to measure vehicle miles traveled, to charge per mile traveled?

**A:** There are many studies out that are currently for vehicle miles traveled. Europe uses it much more frequently than we do in the United States. That is certainly a discussion that is going to take place over the next two to three years about transit. As the gas tax continues to fail to replenish infrastructure, you are going to have to have another solution and the vehicle miles traveled tax might be the answer that I'd like to see.

**A:** One of the largest implementations of the vehicle miles traveled tax today is in Germany. There have been some trials here in the U.S. Minnesota has looked at it and several other municipalities and regions have looked at it as well. It is less an issue

of the technology being enabled to facilitate it. It is whether or not there is the political will and the ability and the acceptance of the electorate for a VMT transition from the gas tax.

**Q:** As opposed to number of miles for a toll, are any of the systems weight sensitive?

**CLAYTON HOWE:** I believe there are systems available that use weight to calculate a toll. Those would require the stopping of traffic to assess appropriate toll rates. We currently don't use those in Texas. Our focus is on mobility. We use an axle based system.

**Q:** Does it exist anywhere?

**CHRIS MURRAY:** I'm not aware of anyone that uses weight based for tolling purposes, but I do know that they have scales for other purposes, such as weigh station bypass. As the vehicles pass at highway speed, they will get a weight, and then they will use the technology similar to the technology that is in your vehicle today for the fast lane, and they will get a signal. This is only for enforcement however.

## **Panel Two: Understanding what Customers Value**

**COMMISSIONER GEORGE CAMPBELL:** Transportation enterprises cannot differentiate customers and what they value, until they begin to understand that the real purpose of our transportation systems is to create mobility in people, and not to just manage infrastructure and assets. To differentiate people we look at frequency of use. There is a difference between somebody that is coming into our state as a casual tourist and somebody that is commuting everyday in our system.

The other differentiation that we look at is how various modes serve our public. One of the things I am very concerned about in a rural state like New Hampshire is that in the first and second quintiles of the income distribution, people spend almost \$.30 of every dollar they have on transportation. Now, think about that. Are you paying 30 percent of your income to travel, to be mobile? What is America about?

America, in my opinion, is about freedom, and our core freedom is our mobility. Those two quintiles of people at the bottom don't have choices. That is why we get into multi-modalism. When you are trying to get more and more into the various modes, you get all the arguments about costs. The fact of the matter is that is a discussion about modes. It is not a discussion about people trying to feed their families and trying to move up the economic stream. That is how I think we have to look at differentiation in the future. When you think about transportation in terms of mobility and you think about the purpose of transportation, which is to serve the economy, I think that is where we see confluence.

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What you find in at least New Hampshire DOT and I think with most of my counterparts across the country, in the broader departments is that we have mostly lagging indicators. At least we have very few leading indicators, very few things to tell us how we are moving forward. If you think about it, a Department of Transportation is even more complicated than that jet plane that you fly in, yet a DOT uses lagging indicators to make decisions. Can you imagine if every indicator was delayed by 30 minutes in a jet? How would you get off the runway? We are trying to run a major department, \$2.5 billion department, and you are trying to run it looking backwards. It is like driving while looking at the rearview mirror. It is not going to work for us.

We are trying to sort through all of the data to see where we are headed. Asset management is important and we know we have the data, along with some pretty sophisticated collection systems to inform our public policy choices and resource allocations. It is not that we don't have the data. It is that we don't understand the data as an informant and driver of our public policy decisions.

What role does technology play? Technology for us is informing the public about I-93 on Twitter. We have



to inform our public. A year ago last winter we had a 1,500 car pileup in that corridor. In that instance, we need to be effective in communicating. Also we have used technology to start open road tolling in Hampton and we are excited about that because it is the first open road tolling north of New Jersey. We are, as far as I know, the only state in the country that actually has the turnpike system as an enterprise account. We are not a separate authority, so we are supervised by the executive council not a board.

I think there are two things that we need to think about in transportation, and one is a unified payment option. New Hampshire has transponders, Massachusetts has Charlie Cards, and there are other cards. We have to get to one card that you can carry that allows access to any parking garage, to the T, anywhere I want to go, and it just allocates out to wherever it needs to be paid. I think that is the technology we have to push for and the customer service that we have to have.

The second thing is a vehicle mile travel fee (VMT). I think it is a decade out, but it is not technology that is holding us up. If we go to a user based system, we have a chance that we can get rid of all of our tolls. We don't have to have those toll facilities. If you have a true VMT, we can measure tolls. For center lane miles, on a turnpike, you could charge the consumer \$.07 per mile. When consumers are on a non-turnpike wide facility you charge \$.02 per mile. While the use of secondary roads, could be charged at \$.01 per mile. We can make those attributions through the technology. I think that is where we are going a decade from now.

**COMMISSIONER JAMES SIMPSON:** I want to give you a macro view of transportation in New Jersey, as a new guy coming into an organization that has 17,000 people, transit, airports, two separate toll roads, and a trust fund authority. We need to find some way to move this country forward and some way to move transit systems and transportation networks forward because they should not see transportation in individual modes. It should be, as the previous speakers have said, mobility solutions not roads.

The New Jersey Turnpike to me as a customer defines what New Jersey is and isn't. Do we know who the customer is and who defines the experience? Nobody uses the word "customer" in New Jersey. However, we have a new sheriff in town, the governor of the state of New Jersey, so we have become citizen centered and customer focused to be good stewards of the taxpayers' dollars. That has to translate itself down into what we do day in and day out.

You see these types of questions across modes: What is our purpose? What is our mission? What is our business? What is our vision? What do we want to become? It is not just about the vision statement. Leadership is responsible to get out and to really talk to the frontline people to get a sense of what is going on.

When people don't have a mission or vision, they do what they think is best. When this goes on for generations and for careers, people just lose their way. One of the big toll agencies in New Jersey gets about 2 million riders a day, which results in about 1 billion dollars a year in transactions. It costs \$550 million to collect almost a billion in tolls, which is outrageous, but we are working on that. Transportation agencies around the world have to behave entrepreneurially, due to an intense competition for dollars. Those are the ones that are best able to survive. Robert Cervero, from UC Berkeley, said the strongest transit systems in the world have one thing in common, adaptability.

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Adaptability is a calculated process of making changes by investing, re-investing, organizing, reorganizing, inventing and re-inventing. You need to do that every day. You must have adaptability to survive in a world of tightening budgets, ever changing cultural norms, changing lifestyles, changing technologies, and differing personal values for both public and private firms.

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We must continuously ask if our mission, value, and vision are being deployed. Then, how do you know that they are? Are they understood by your leadership team? How is it communicated to the workforce by all employees and how do you really know that it is happening? Is the message being well received and how do you know? Sometimes you don't.

To move an organization forward, the first thing you have to do is get commitment from the employees. Then you have to get everybody aligned together. They have to have strong leadership that cannot be political because that doesn't work. Then you must have excellent strategy. The thing is how do you implement that strategy? Everybody comes up with strategy, but execution is the hardest thing. In order to execute a strategy, you must have some measurements in place. You must be cautious not to measure everything, because it gives you the value of nothing. You need a couple of key indicators, particularly for very large organization, or else you will have people running around with a lot of data, which will not necessarily result in leadership.

You need to have follow-up at the end of the day. Focus on the outcome, it is all about results. I'm just going to leave you with a quote from Good to Great, which I believe is true and I'm sure that many of you do. "Almost any organization can substantially improve its stature and performance, perhaps even become great..." Now, that would be wonderful if we could become great. But let's just try to move up the bar a little bit for marginal improvement, if you will. "It conscientiously applies the framework of disciplined people, disciplined thought and disciplined action." I don't know about the country, but New Jersey like New York and certainly in older countries, have a very old culture that is all about the workforce for themselves. That is the first thing that has to be changed. You need a strong sheriff, like the governor of New Jersey, to back you up with things like that.

**SECRETARY JEFFREY MULLAN:** To me it all starts with our governor. The things that we are doing in transportation just don't happen without Governor Patrick. It is just as simple as that. He has

taken a cue from his partner, Tim Murray, and treated transportation like a dog with a bone, constantly looking for progress and being trusting when we don't make progress. I think that his demonstrated lack of frustration in transportation is a tribute to the progress that we have made.

One success measure that I have is I'm not reading about it, which is just perfectly fine with me. That is really important. The fact that transportation is not the campaign issue in 2010 is something I'm extremely proud of and I think the governor is as well.

When I was appointed secretary I said that we would bring a business-like approach to the Department of Transportation and that is exactly what we are doing. Our vision is to lead the nation in transportation excellence.

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Everything that I'm doing will be for naught if we don't embed our mission in the bureaucracy.

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I boiled our organization down to one sentence. We are one transportation organization focused on customer service and safety. The highway department is not an operating entity, it's a big construction company, so they don't have a good sense of the customer. The customer is the taxpayer.

In terms of better service, an organization must determine what its mission is in the simplest sense, which is to move people and goods from one point to another and to help others do the same. We spend a lot of time explaining that to our employees because everything we do starts with our employees. They are our most important asset. Everything that I'm doing will be for naught if we don't embed our mission in the bureaucracy. You have all been around long enough to know that initiatives that started with Frank Sargent, Frank Dukakis, John Volpe, all of the governors, up to Mitt Romney, all of those initiatives don't stick unless they're embedded into our workforce.

I have a lot of respect for our workers. I think that 98 percent of people come to work every single day hoping to do a good job. What they really need is some leadership, a mission statement, a vision. They need to be told what to do, what we want from them, and then they go and do it. Once we empower them with that precious gift, they are doing it. We are seeing the results. I'm ecstatic about that.

The second thing is communication. We are putting out a press release a day. Sometimes it gets in the paper, sometimes it doesn't. I am at many events large and small. No event is too small. I go to ground breakings for repaving jobs in Braintree, not because I think that the paving job in Braintree is going to change the world, but because that is important for the Mayor of Braintree. It gives me a chance to see our workers and it gives me a chance to talk to the local people in the neighborhood who are experiencing that repaving. It also reinforces our commitment to state of repair. We are spending a lot of time pushing information.

There are three integration challenges that our organization faces. The first is you are working with a blended work force. This is a huge issue for us because we have spent a tremendous amount of time on it. People who follow us know that we have different pay scales at the DOT. I know that that is a sensitive issue. We are trying to be creative about how to resolve it. I think it will be resolved over time. More importantly, we are trying to create career ladders and opportunities for our workers. We are doing things like talent management initiatives and management training to try to bring them up in the organization.

Secondly, we have a huge culture issue at the DOT. We have a very good strategy, but the best strategy in the world is not going to be successful without the company's culture. So, we have created the Transportation Roundtable, which some people would say is kind of a soft kumbaya session. I am 100 percent committed to it. It is a place where people can come to talk to us about issues in the workplace without threat or retaliation. You come, you talk to us. The vision administrators will be there. We take it

extremely seriously. Those involved in transportation know that there is a certain culture of fear that we are trying to eliminate. The whole idea is to empower our workforce.

The third challenge is really cost reduction. I'm going to be careful about how many dollars we are saving. I think at the end of the year we'll be able to demonstrate that we have saved \$100 million in the first year of transportation reform. Now, about \$30 million is due to the work of John Davis, who helped us to restructure \$2.2 billion worth of debt at the Metropolitan Highway System. That is a perfect example of the integration since we had the MBTA running the restructuring of our debt, which is exactly the kinds of thing that we are doing. No cost savings is too small. So, we are saving small amounts of money on money counting rooms at the Tobin Bridge and large amounts of money on debt restructuring. All the dollars are important. The reason why that is important is we have a credibility gap that we need to close. When you have a \$20 billion problem, you are not going to save \$20 billion. However, if we save a \$100 million, that will help us to build credibility to get the rest of that money that we need. That is where our focus is.

**STEPHEN PRITCHARD:** How do you manage to change the culture of an organization on an ongoing basis?

**SECRETARY MULLAN:** It starts with leadership. I send out a weekly message to all of our employees, 10,000 workers, to inform them of what is on my mind. I write it myself and I think about it. The idea behind that is to hear from the leader about what he or she thinks is important. I think our workforce is looking for a consistent approach to achieving the things that we value. Writing things down and following up are the most critical things that we can do.

Also, respect for the people that we are working with is essential because they are delivering the service. It is not the Commissioner, it is not the Secretary. We have one job, if you think about it, and that is to bring some resources to our department to meet the mission. I just don't believe in staying in the front

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office. I go out to talk and work with people. We have got a focus of cultural change that is consistent. It doesn't shift. We are customer centric, we are about the safety and wellness of our people, and we respect their knowledge and their experience.

Last year when I put my budget together I held a town hall meeting and I brought a hundred people in from throughout the organization. When I presented it in an informal session to a number of legislators that oversee our efforts, I had the chief steward present the budget with me. The culture that I'm trying to create is one where everyone is valued and where we are all committed to serving the public. That is the kind of change that I think we look for.

**Q:** How important do you think it is to foster more cooperation with the private sector in funding some of these transportation initiatives? It seems like a lot of them are waiting for it to happen and it never happens because we are out of tax dollars.

**COMMISSIONER CAMPBELL:** I think a lot of that is being done now. I'm glad that Clayton is here, because Texas is clearly one of the leaders in America on that public/private partnership and bringing resources in. We have the federal program TIFIA, which is a program that helps subsidize the private cost of doing a public infrastructure project. We are seeing some of those partnerships both in Greenfield and Brownfield projects. We are also beginning to see some availability projects come forward. Missouri looked pretty hard a year ago. They have 6,400 red listed bridges in the state, and they took 2,600 of them and carved them out and put them out for a bid for private contractors, the design, build, repair, operate and maintain them and finance it over a 20-year period, and then the state would buy them back through their availability of future funds. So, you are starting to see that in other modes.

On just a small scale around transit, I'm beginning to see it. Our most successful transit agency is Advanced Transit up in Hanover/Lebanon area, and they serve part of Vermont. The reason they're successful is that Dartmouth Hitchcock puts a million dollars a year into the system that they pay. Instead of going out and building a parking garage for their facilities,

they put it into the system. We need to see some of that in the modes on rail in terms of restoring freight rail and doing some other things. Obviously, they are privately owned and they do invest. They have a \$3,000 tax credit. It is a joke. It is not fair. They need to have a much more significant credit come through the federal government and our tax policy, to induce more investment.

## **Moderators**

### **Chris Murray**

Chris Murray is president of MARK IV IVHS, a global technology leader and innovator of Intelligent Transportation Systems. MARK IV IVHS is the largest supplier of electronic toll collection equipment in North America. Mr. Murray joined MARK IV from CHEP, a \$3.5B global logistics services company and a leader in the use of RFID in the supply chain, where he held several executive positions. Prior to CHEP, Mr. Murray worked for Ryder Logistics and Bridgestone Corporation, including three years in Japan, in a number of marketing, operations and strategy roles.

### **Stephen Pritchard**

Stephen R. Pritchard is Executive Vice President and Chief Operating Officer for I-Group LLC, a Boston based private equity company. Mr. Pritchard served as the Safety Review Director for Governor Romney and led the complete “stem to stern” safety review of the Big Dig project following the deadly collapse of a tunnel ceiling in 2006. Previously, Mr. Pritchard served in several public roles, including the Commonwealth’s Secretary of Environmental Affairs, acting Commissioner of the Department of Conservation and Recreation, and Chief Operating Officer/Chief of Staff for the Executive Office of Environmental Affairs. Prior to 2004, Mr. Pritchard spent over 22 years in the energy industry in numerous management capacities for both private equity backed power producers and investor-owned utilities, including Intercontinental Energy Corporation, Infrastructure Development Company LLC and Constellation Energy. Stephen is a graduate of Northeastern University (B.S. Mechanical Engineering) and Loyola College of Maryland (M.B.A.); he is also a registered Professional Engineer.

## **Panel One**

### **Jonathan Davis**

Jonathan Davis is the Deputy General Manager and Chief Financial Officer at the MBTA. He plans, organizes and directs the financial management and accounting functions including the Information Technology Department of the Authority. Mr. Davis is the chief financial advisor to the General Manager, the Board of Directors and its Standing Committee on Finance and Audit. Prior to coming to the MBTA, Mr. Davis worked in the private sector for 25 years at H.P. Hood, Inc., one of the largest manufacturers of specialty dairy products in the United States. Mr. Davis received his MBA at Babson College and his BS at Defiance College.

### **Ann Flemer**

Ann Flemer is the Deputy Executive Director, Policy for the Metropolitan Transportation Commission, the metropolitan planning organization for the San Francisco Bay Area. In this position, Ms. Flemer oversees MTC’s departments responsible for strategic financial planning, public and community affairs, planning, administration, and information technology. She has worked in public transportation planning, policy and finance at MTC since 1982, and served from 2001 until July 2009 as the Commission’s Deputy Executive Director for operations. Ms. Flemer received her bachelor’s degree in Urban Studies from UCLA and her master’s degree in City and Regional Planning from UC Berkeley.

### **Clayton Howe**

Clayton Howe is the Assistant Executive Director of Operations for the North Texas Tollway Authority with oversight of Customer Service, Maintenance, System and Incident Management, Toll Collection and Information Technology. Mr. Howe’s previous roles at the Authority have included Director of Customer Programs and Services, Director of Toll Programs and Services, and Assistant Director of the Maintenance Department. Mr. Howe also serves as the Chairman of the Team Texas Interoperability Technical Task Force, supporting the development and implementation of the initial business requirements

and technical standards for statewide interoperability of regional tolling agencies. H holds a degree in Plant Engineering from Texas State Technical College (TSTC) in Waco, TX.

## **Panel Two**

### **Jeffrey Mullan**

Jeffrey Mullan serves as Secretary and CEO of the Massachusetts Department of Transportation (MassDOT), launched on November 1, 2009. From May through October 2009, he served as the Executive Director of the former Massachusetts Turnpike Authority. Previous to that, Mr. Mullan had served as the Undersecretary and General Counsel at the Executive Office of Transportation and Public Works (EOT), and had assumed the duties of Chief Operating Officer in October of 2008. Prior to 2007, he worked for 14 years at Foley Hoag LLP, where he was a partner and the co-chair of the firm's administrative law practice. Before joining Foley Hoag, Mullan worked at the former Massachusetts Department of Public Works as Right of Way Manager on the Central Artery/Tunnel Project. Mullan is a graduate of the University of Massachusetts and earned a JD from the Suffolk University School of Law.

### **George Campbell**

George Campbell became the Commissioner of New Hampshire's Department of Transportation in 2008. Previously, he served as principal of George Campbell & Associates, an economic development consulting firm. In 1997, Mr. Campbell became the president of Pierce Atwood Consulting in Portland. He served as a Portland city councilor from 1994 until 2000. From 1997-1998, Mr. Campbell served as mayor of the city. In 1986, he was appointed president of Governmental Services, Inc., a Portland public policy and economic development consulting firm. After leaving his initial round of state service in 1984, Mr. Campbell became a senior assistant vice president for Guilford Transportation. In May 1980, He was named commissioner of the Maine Department of Transportation and served until 1984. Mr. Campbell initially entered state service as Maine's economic development director in

August of 1979. Prior to his state service, He was the town manager of three Maine municipalities. Mr. Campbell received his bachelor's degree in public administration from the University of Maine in 1971. He later received a master's of public administration from the University of Maine.

### **James Simpson**

James Simpson is the Commissioner of the New Jersey Department of Transportation. Prior to his appointment, Mr. Simpson served as Chairman of both a transportation infrastructure management company and a corporate relocation company. From 2005 to 2008, he was the Administrator of the Federal Transit Administration. In 2004, Mr. Simpson was appointed to the St. Lawrence Seaway Board at the US Department of Transportation. In 1995, he was appointed as a Commissioner of the New York State Metropolitan Transportation Authority, where he served for 10 years. Mr. Simpson was also appointed as a member of the New York State Job Development Authority and an Honorary Deputy Police Commissioner for the New York Police Department. He has previously represented the New York City Council at the New York State Financial Control Board. Mr. Simpson worked as a tractor-trailer driver while attending St. John's University where he graduated *magna cum laude*.



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