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WSDOT Transportation GMAP Forum

WSDOT Actions Related to Ferries Division Performance Audit

- Ferries Division Audit Overview
- WSDOT Actions Related to Audit Findings

December 6, 2007

OVERVIEW: State Auditor's Office Performance Audit of Washington State Ferries Division

What did the Audit Say?

The SAO performance audit focused on three areas: the Eagle Harbor Maintenance Facility, Communications, and cost savings from removing off-peak ferry runs.

(1) *Eagle Harbor management*. These findings address three issues:

- Overtime and work charged to indirect time codes;
- The timekeeping process;
- Overall management oversight of the maintenance facility.

(2) *Communications*. This finding suggests improving communication within the Ferries Division and with WSDOT.

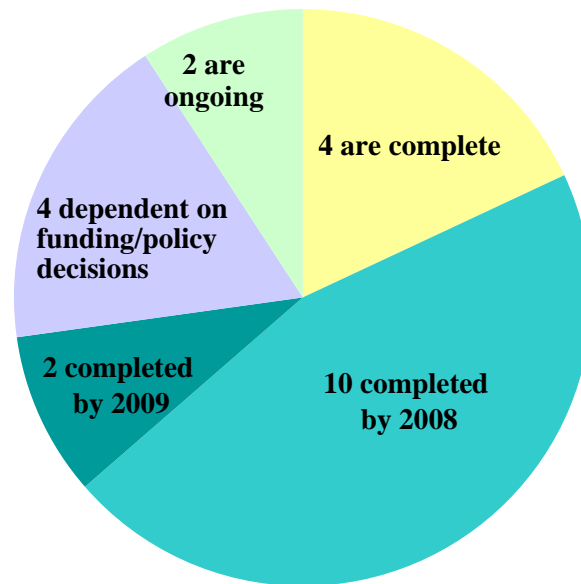
(3) *System Efficiency*. The audit recommends eliminating at least one of three consecutive underutilized runs (runs described as below 60% vehicle capacity) and shortening the hours of operation for all routes.

What is addressed in this GMAP?

This forum highlights selected actions underway in response to the audit. A comprehensive status update of WSDOT's actions is available on slides 51 -53.

- Slides 47 and 48 discuss efforts to improve management oversight of Eagle Harbor.
- Slide 49 addresses WSDOT's progress in improving communications and organizational alignment with the Ferries Division.
- Slide 50 discusses WSDOT's work with the legislature to assure system efficiency and long term financial stability.

Status of WSDOT's 22 Actions Related to SAO Performance Audit



WSDOT is Acting on Audit Findings

The audit had 10 findings that resulted in 22 actions:

- 4 are already complete
- 10 will be completed by 2008
- 2 will be completed by 2009
- 4 are dependent on funding or policy direction
- 2 are ongoing actions that continue improvements currently underway

Management Oversight: WSDOT is taking steps to improve timekeeping at Eagle Harbor and agency-wide

The audit found that Eagle Harbor shops were using different methods to track time and that opportunities for efficiencies and improvements exist.

Standardize timekeeping: WSDOT will develop a standard timekeeping process for all of the Eagle Harbor shops. Eagle Harbor management are currently reviewing each of the eight shops' processes for tracking work requests, assignments, and hours worked. This review will identify best practices to develop a standardized process by June 2008.

STATUS: In progress, planned date of completion is June 2008.

Dual entry of data: WSDOT has eliminated the dual entry of timecard data by using payroll data already entered in the computerized payroll system. That data is now transferred electronically into a database Eagle Harbor managers use to manage the facility.

STATUS: Complete

Improve timekeeping: WSDOT is working with OFM and other central service agencies who are leading the *Roadmap* program.* OFM believes this is an opportunity to address the need for a labor distribution system from the state perspective that includes all agencies, not just WSDOT.

STATUS: OFM will convene a work group to explore statewide solutions to improving timekeeping and payroll processing issues by December 2007.

Improving timekeeping efficiency is an agency-wide challenge

Improving the timekeeping process is not an issue unique to Eagle Harbor. Instead, it is an agency-wide issue that will require an agency-wide solution.

A State Auditor's Office Performance Audit of WSDOT's Overhead and Administration Operations released in November describes the agency's current timekeeping as "*a manual-intensive process and requires an excessive amount of time.*" The audit recommends "*implementation of a new labor distribution system with electronic time entry and approval functionality. The system should be robust and capable of processing all WSDOT employees.*"

Due to the costs associated with this recommendation, WSDOT will work with OFM and agency partners to address the need for a labor distribution system from the state perspective that includes all agencies, not just WSDOT.

**Roadmap* is a collaborative effort of state agencies led by the Office of Financial Management, Department of Information Services, Department of Personnel and Department of General Administration to create an incremental, comprehensive plan for the future of the state's financial and administrative processes and information systems.

Management Oversight: Ferries Division is improving the management of the Eagle Harbor Facility

Quality Control/Quality Assurance:

The audit recommended developing a rigorous quality control/quality assurance process. WSDOT has already begun developing a Quality Control/Quality Assurance Program for vessel and terminal critical systems. This program will provide an additional level of review for critical systems in both vessels and terminals.

- This will largely occur as follows: a journeymen will complete their repair work, and a supervisory employee who is not involved in the repair or production work will verify that work was done properly before the U.S. Coast Guard (where applicable) completes its inspection.

STATUS: In progress, expected to be complete by July 2008.

Documentation of key business practices:

The audit cited the need for better documentation of key business practices. The Ferries Division will rollout remaining Safety Management System policies and procedures that will assure that information is shared division-wide and that best practices are consistently followed. This effort will include all safety, security, environmental protection and emergency preparedness procedures related to the vessel and terminal engineering offices.

STATUS: Major milestones will be completed by June 2009.

Performance measures:

The Ferries Division track and publish several performance measures that illustrate system efficiency and effectiveness in WSDOT's *Gray Notebook* on a quarterly basis. The audit noted that performance measures are not yet in place to track the performance of each of Eagle Harbor's eight shops. Eagle Harbor shops are working to develop preliminary performance measures. Ferries management will review these measures by February 2008.

STATUS: Preliminary measures are expected to be developed and reviewed by February 2008.

Communications: WSDOT has made progress aligning WSF within the agency and continues to look for additional opportunities for improvement

Communications and alignment:

Both the performance audit of the Ferries Division and an audit of Administrative and Overhead Operations (released in November) have noted the need for improved communications within the Ferries Division and with WSDOT. The latter audit acknowledged that much has been accomplished in this effort in the past few years.

Since audit fieldwork was completed, the Ferries Division has reorganized and established the position of Chief of Staff/Deputy Executive Director. To streamline operations, many functional areas now report directly to this position. These moves reflect the overarching organizational importance of Operations, Planning, Communication, HR and Budget, and the need to provide a stronger alignment with WSDOT Headquarters in Olympia. WSDOT believes that this organizational realignment will enhance internal communication and foster greater information exchange internally and within the larger WSDOT agency.

STATUS: While the reorganization is complete, WSDOT continues to look for additional organizational improvements. WSDOT has been evaluating opportunities for stronger functional alignments between Headquarters and the Ferries Division in the budget, human resources, labor relations, planning, project management, and communications functions. Results of this review are anticipated to be available in July 2008.

System efficiency: WSDOT is working with the legislature to assure the efficiency and long-term financial stability of the Ferry System

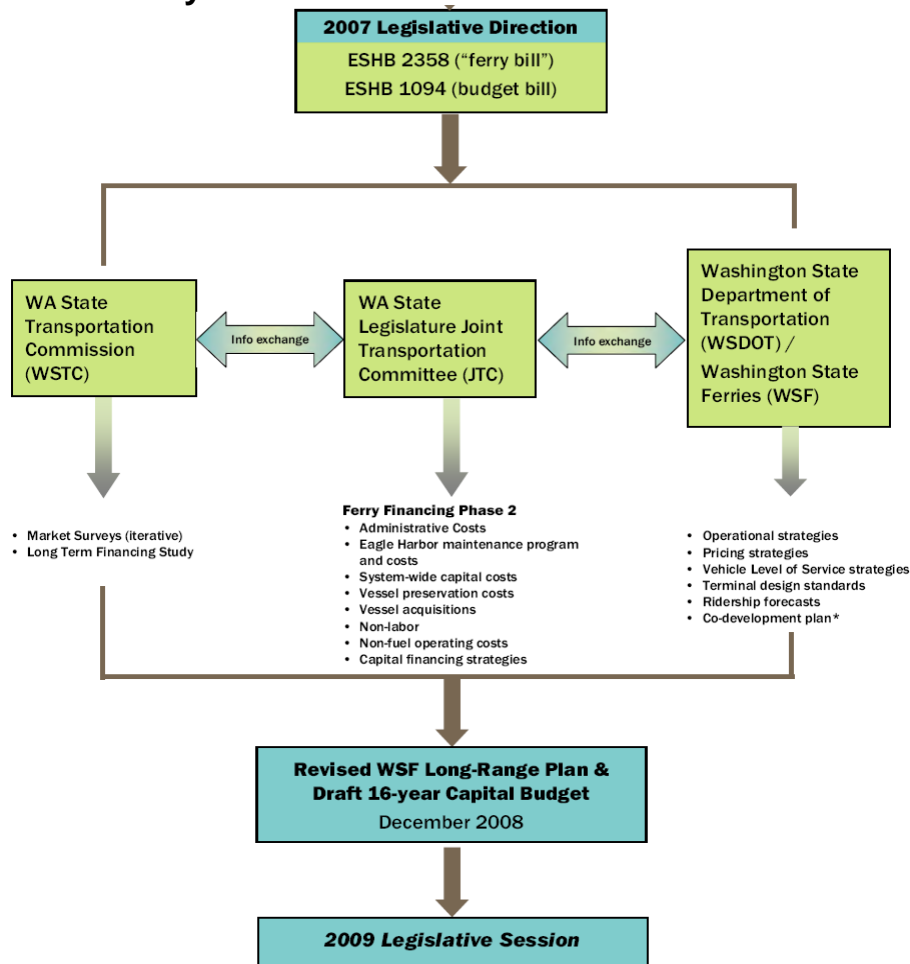
System efficiency:

The audit recommends reducing WSF's ferry service schedule to reduce operational losses.

The Department is working with the Legislature as part of Phase II of the Ferry Financing Study to develop ways to attract more riders to less utilized off-peak sailings. The goal of the ferry financing study is for the legislature, Governor, WSDOT and the Transportation Commission to work together to develop recommendations for the 2009 legislative session on long-term ferry finance alternatives and operational strategies for WSDOT's ferry system. If successful, this effort will generate more revenue from off-peak trips and still maintain necessary connections for off-peak riders.

STATUS: Current efforts, as part of both the current ferry finance study and processes underway as part of ESHB 2358 (2007), are scheduled throughout 2008 and 2009.

Efforts to improve the efficiency and long-term financial stability of the Ferry System are currently underway



Finding	Rec.	Response	Lead	Done	Projected date of completion with current budget	Budget Impact	Needs Legislation
Eagle Harbor Management: Improving the timekeeping process							
7	4	WSDOT is currently reviewing each of the eight shops' process for tracking work requests, assignments, and hours worked. This review will identify best practices, which will used to develop a standardized process for all shops.	Eagle Harbor Senior Port Engineer (EHSPE)		April 2008		
7	4	Create one standardized timekeeping process that will apply to all Eagle Harbor shops.	EHSPE		June 2008		
7	5	We have eliminated the dual entry of timecard data by using payroll data already entered in the computerized payroll system.	EHSPE	Done			
Eagle Harbor Management: Strengthening management oversight of the maintenance facility							
3	2	Continue work on improving business practices at Eagle Harbor.	Director of Vessel Maint. and Presv. and EHSPE	Ongoing			
3, 4	2	Work with OFM and the Legislature to determine whether re organizing or adding additional management positions is a priority in budget deliberations. This will include evaluating the inter-relationship of the maintenance and preservation program's project management.	WSF Deputy Executive Director			TBD	
5	2	Develop preliminary performance measures at the shop level that will target efficient resource use and cost containment. Eagle Harbor shops are working to develop preliminary performance measures. Ferries management will review these measures by February 2008.	EHSPE		February 2008		
8	6	Continue documenting existing business processes, including rollout of remaining Safety Management policies and procedures applicable to both Terminal and Vessel Engineering. This effort will include all safety, security, environmental protection and emergency preparedness procedures related to the vessel and terminal engineering offices.	Director of Vessel Maint. and Presv. and EHSPE		Major milestones completed by June 2009		
8	7	Evaluate our current training program and processes for Eagle Harbor staff.	EHSPE		July 2008		
8	7	Develop a cost effective cross training program that will meet the business and technical needs of Eagle Harbor as part of the budget development for training. A strategy for developing a cross-training maintenance program will be in place subsequent to the evaluation.	WSF Director of Safety, Security, Env't'l and Training and Dvlpmnt.		July 2008		
8	8	WSDOT has already begun developing a Quality Control / Quality Assurance Program for vessel and terminal critical systems.	EHSPE		July 2008		

Finding	Rec.	Response	Lead	Done	Projected date of completion with current budget	Budget Impact	Needs Legislation
Communications and Alignment: Improving communications within the Ferries Division and with WSDOT							
9	9	Since audit fieldwork was completed, the Ferries Division reorganized and established the position of Chief of Staff/Deputy Executive Director. To streamline operations, many functional areas now report directly to this position. These moves reflect the overarching organizational importance of Operations, Planning, Communication, HR and Budget, and the need to provide a stronger alignment with WSDOT Headquarters in Olympia.	WSDOT Secretary and Assistant Secretary of Wa. State Ferries	Done			
9	9	Improve communication strategies.	WSF Deputy Executive Director	On-going			
Improving system efficiency: Eagle Harbor							
1	1	Analyze historical overtime patterns at Eagle Harbor and determine possible savings.	EHSPE		April 2008		
1	1	Work with the Governor's Office, OFM, and Legislature, as appropriate, to further evaluate the recommendation to reduce indirect and overtime costs, and weigh the projected benefits against the costs.	WSDOT Director of Accounting and WSF Director of Finance and Admin.		April 2008		
2	1	Determine whether the current time keeping system can record additional detail on tasks coded as indirect.	EHSPE			TBD	
2	1	Improving the timekeeping process is not a problem unique to Eagle Harbor. As the State Auditor highlighted in a separate performance audit of WSDOT's Administration and Overhead in October 2007, this is a Department-wide issue. We are working with OFM and other central service agencies who are leading the Roadmap program to address this issue.	WSDOT Director of Accounting and WSF Director of Finance and Admin			TBD	
2	1	Review historical patterns of indirect time to determine if the current level can be reduced, and if so, by how much.	EHSPE		April 2008		
2	1	Work with OFM Accounting to identify the correct allocation of charges.	WSDOT Director of Accounting and WSF Director of Finance and Admin.		April 2008		
6	3	Further assess the scheduling of routine maintenance that requires personnel to board ferries during peak commute trips to determine whether reassignment and rescheduling is possible.	EHSPE	Done			
6	3	Assess whether existing policies related to priority boarding are impacting service delivery.	WSF Deputy Executive Director	Done			

Finding	Rec.	Response	Lead	Done	Projected date of completion with current budget	Budget Impact	Needs Legislation
Improving system efficiency: Level of service							
10	10	The Department is working with the Legislature as part of Phase II of the Ferry Financing Study to develop ways to attract more riders to less utilized off-peak sailings. If successful, this would generate more revenue from off-peak trips and still maintain necessary connections for off-peak riders. Current efforts, as part of both the current ferry finance study and processes underway as part of ESHB 2358 (2007).	WSDOT Chief of Staff		Through-out 2008 and 2009		
10	10	Evaluate whether runs can be cut within the confines of Ferries Division level of service standards. This will include changes required to collective bargaining agreements, traffic data on island routes not considered in the auditor's conclusions, and changes that would be required to crew schedules.	WSDOT Chief of Staff			Requires the involvement of numerous parties including the legislature, affected local communities, ferry advisory committees, collective bargaining agreements, Puget Sound employers and employees, transit services, and health and social services considerations	

BACK-UP SLIDE FOR FERRIES DIVISION PERFORMANCE AUDIT

BACKGROUND: Eagle Harbor Maintenance Facility

Eagle Harbor is the Ferries System's maintenance facility, and provides preventative and scheduled maintenance for the system's 24 vessels and 21 terminals. Eagle Harbor staff are available 24/7 to provide emergency assistance, and perform preventative maintenance work onboard vessels, at terminals, and at the Eagle Harbor facility.

FY 08 for Eagle Harbor includes:

- 115.6 FTEs
- \$9.16 million in labor costs
- \$2.68 million in non-labor costs

Preservation work, which includes work related to extending the life of structures or systems, is provided by private sector shipyards.

What work is performed at Eagle Harbor?

Vessels are normally sent to Eagle Harbor for one to three weeks for routine, scheduled maintenance and preparation for annual Coast Guard inspections. Regular maintenance work is also scheduled at each of the 21 terminals. If work is scheduled at a terminal for an extended period of time, employees often report to work directly to the terminal. Eagle Harbor has eight shops, which represent xxx trades.

- Carpenter Shop
- Electric Shop
- Insulation Shop
- Machine Shop
- Pipe Shop
- Sheetmetal Shop
- Shore Maintenance
- Weld Shop

Much of the work performed at Eagle Harbor requires the collaboration of several of these trades. Most work (an estimated 85%) is performed in a collaborative effort between multiple trades.