

Executive Summary

This executive summary outlines the Missouri Department of Transportation's work in the fiscal year ending June 30, 2003. The details are contained in the department's 2003 Report to the Joint Commission on Transportation Oversight.

Fiscal year 2003 was successful for MoDOT in many ways.

- We completed 268 projects on time and within 2 percent of the project estimates. This continues a four-year trend that saw a deviation of only 0.3 percent from the estimates in a more than \$2 billion program. Accurate estimates are essential to keeping promises.
- The Federal Highway Administration recognized us for our estimating practices. Savings realized by rejecting excessive bids and rebidding those projects are rolled back into the construction program.
- By taking a hard look at many of its operations, MoDOT saved Missourians more than \$5 million in 2003, on top of other institutional savings for \$24 million.

The entire accountability report includes a review of project plans, project status, funding and financial statements. By law, MoDOT must have its financial statements audited by an independent certified public accounting firm. MoDOT retained KPMG LLP. The audit encompasses the financial statements that reflect the results of operations of the agency responsible for the 32,000-mile state highway system and the state's aviation, waterway, rail and transit needs.

The information in the 2003 report complies with all requirements set forth by Section 21.795.3, of the 2002 Revised Missouri Statutes. The comprehensive report is available on the Internet at www.modot.org, and at the department's 10 district offices and General Headquarters in Jefferson City.

Key points from the 2003 report

Financial Statements

For the fourth straight year, MoDOT received a "clean" opinion from KPMG LLP, the independent certified public accountants. The auditor's opinion indicates the financial statements present fairly, in all material respects, the financial position of the funds, in conformity with accounting principles generally accepted in the United States of America. This indicates MoDOT is using accounting policies and procedures consistently with other governmental entities and that the balances reported are materially accurate.

KPMG LLP also issued a report on compliance and internal control related to financial reporting. Although the auditors do not provide an opinion, they are required to note instances of material non-compliance and disclose material weaknesses in the internal

control over financial reporting. The report indicates no instances of non-compliance and no material weaknesses in internal controls.

Program changes

- While there will continue to be new road and bridge construction, more emphasis will be on rehabilitation and reconstruction in upcoming years. The Five-Year Highway and Bridge Construction Schedule establishes work for 2004-2008. While some projects have been added or reprioritized (*delayed, accelerated and/or removed*), most of the information in the 2004-2008 schedules is the same as in last year's report.
 - Projects in the construction schedule were determined based on safety concerns, traffic needs and public input.
 - The construction schedule also includes three years of urban projects approved by the St. Louis and Kansas City metropolitan planning organizations, which are responsible for approving highway projects in their areas.
- Some projects in the construction schedule were reprioritized to accommodate changes in environmental review or right of way acquisition or to adjust to other unforeseen circumstances. Some changes happened while working with the urban planning organizations. Some changes reflect MoDOT's change in focus from expansion to rehabilitation and reconstruction.
 - With multi-year projects, reprioritization is a normal part of the construction process and reflects an effort to manage a schedule as efficiently as possible.
 - 71 projects were reprioritized representing 6 percent of the projects in the 2002-2006 schedule.
- Some projects were identified and added in the 2004-2008 construction schedule.
 - 321 projects were added, which is 29 percent of the projects in the overall schedule. This is a much higher number than in the past because MoDOT did not produce a new five-year plan last year, which resulted in more funds than usual not being allocated against specific projects. These additions bring us back to our norm of allocating most of our funds to specific projects in the five-year program.

Forecast of planned expenditures

- The 2003 "Report to the Joint Committee on Transportation Oversight" includes the 2004-2008 Statewide Transportation Improvement Program. It relies only on currently anticipated revenues and it specifies projects to be placed under contract in 2004 through 2008. In addition to the highway and bridge projects, this STIP includes other modes of transportation.

- The STIP reflects the new funding distribution method approved by the Missouri Highways and Transportation Commission in January 2003. This funding method was developed with extensive public involvement and is consistent with MoDOT's strategic priorities. It is a more objective method that takes into account factors like vehicle miles traveled, and where people live and work.
- This STIP begins the transition from an emphasis on highway expansion to taking better care of the existing highway system.
 - The 2004–2008 STIP increases the investment in taking better care of the existing system by transitioning from today's approximately \$240 million to \$400 million a year for this. The transition does not begin until 2005 because MoDOT must honor previous project commitments that devote more funding to expansion projects. The transition will be complete by 2007.
 - The new funding level will allow a 4 to 6 percent upgrade in the bridge and roadway conditions over the next five years.
- MoDOT is not just about highways and bridges. The 2004-2008 STIP contains information on aviation, rail, water and transit modes to provide a total picture of transportation programs.
 - During 2003, MoDOT administered almost \$50 million in capital, maintenance and operating assistance to aviation, rail, waterway and transit facilities.
 - \$5.825 million for the state's share of Amtrak funding for operations and railroad station improvements.
 - \$201,000 for operating grants to 12 public port authorities, one port commission and two river ferry systems.
 - \$16.7 million in state and federal aviation funding to improve and maintain Missouri's general aviation airports to include the rehabilitation/expansion of two runways, five airfield pavement maintenance projects and operation of one air traffic control tower.
 - Procurement of more than 170 new vehicles for rural and urban public transportation providers, more than \$3 million in state transit operating assistance and state aid to 192 public transportation providers and specialized organizations serving the elderly or disabled.

Allocation of expenditures for remainder of 1992 Plan

- We project the construction funds available for the period 1992-2010 will be \$15.2 billion as compared to the original 1992 Plan estimated revenues of \$12.6 billion. The increase in revenue can in part be attributed to including incidental income (e.g. cost reimbursements from local governments, sales of surplus property and others) in current revenue, something not originally factored in.
- MoDOT has made good progress on 92 Plan projects, but ultimately more funding will be needed to complete all of them. The estimated cost to complete all the projects has more than doubled in subsequent years.
- Ninety-seven percent of MoDOT construction dollars has gone to '92 Plan projects. This plan continues to be the blueprint for the major projects that we build.

- In the past 10 years, MoDOT has spent \$7.8 billion on road and bridge improvements, \$7.6 billion of which has built projects promised in 1992.
- Since 1992, 2,206 of 2,408 construction contracts awarded were '92 Plan projects.

Schedule of funds expended by project for construction

- MoDOT has 778 highway and bridge projects in the works. The estimated cost to complete them was \$3,637,790,000. The total award costs for those projects was \$3,685,923,000, a difference of only 1 percent.
- The estimate for capital projects in progress during state fiscal year 2003 for other modes of transportation was \$44,228,492. The actual contract costs for these projects is \$40,702,874, a difference of 8 percent.

Program estimates compared to costs of projects completed in 2003

- MoDOT is practicing good fiscal management in delivering transportation projects within a reasonable deviation from the programmed estimates.
- The 268 projects completed in 2003 cost \$791,884,000, which is 2 percent more than the project estimates. This continues a four-year trend that saw a deviation of only 0.3 percent from the estimates in a more than \$2 billion program.
- For the other modes of transportation, cost to complete all capital projects was \$4,137,294, which is 3 percent more than the project estimate.

Recommendations for statutory or regulatory changes

- MoDOT tries to maintain its existing transportation system and continues to work with the available funding for construction and rehabilitation of the state road system. MoDOT is committed to working with the Governor's Office and the General Assembly in the 2004 legislative session to explore ways to enhance transportation programs and operations and to accelerate project completion. MoDOT will work on a number of legislative proposals next year that could generate more revenue for transportation improvements, make the state's highways safer and help the department operate more efficiently.
- In the coming months, MoDOT will work on the following legislative proposals.
 - Generating Revenue
 - Tolling authority—Additional transportation funding could be generated by a proposal that would give the MHTC and MoDOT the constitutional and statutory authority to use state road funds to build and maintain toll roads and bridges. The toll road proposal, if approved by the General Assembly and Missouri voters, would allow the MHTC and MoDOT to fund, build and operate toll facilities in Missouri and along or across state borders. The toll-road proposal could accelerate highway construction and allow MoDOT to respond more quickly to the demand for road improvements.

- Making Transportation Safer
 - Open container—Prohibiting the possession of open containers of alcohol in most vehicles on state highways and rights of way will protect the safety of Missourians and will prevent the loss of federal funds for construction. Since 2001, MoDOT has had to transfer approximately \$23.8 million in federal highway funds to safety programs. The penalty continues each year until open-container legislation is approved.
 - Primary seatbelt law would increase usage and improve safety by allowing law enforcement officials to stop drivers for failing to wear their seatbelts. Current state law allows officers to issue citations to drivers for failing to wear a seatbelt only if they are stopped for some other violation.
 - Certified police reports would allow law enforcement officers to submit certified police reports rather than notarized reports, making it easier for officers to complete the necessary paperwork involved in DWI arrests.
 - Airport Protection Act would require a permit for all tall structures built near airports. This would allow MoDOT review of the proposed construction to ensure they would not pose a significant safety hazard to airplanes departing and arriving at the airport.

- Promoting Efficiency
 - Year-round motor carrier vehicle registration would let motor carriers register their vehicles throughout the year to more evenly distribute the workload involved in the registration process. Currently, motor-carrier registration must be done during the last quarter of the year.
 - Insuring leased vehicles—A statutory change would allow MoDOT to insure its leased vehicles through the department’s self-insurance program or accept bids for insurance coverage. The change would likely reduce the department’s motor vehicle insurance costs.

- Miscellaneous Proposals
 - Tort reform could help reduce the number of legal claims against MoDOT, possibly lowering the financial settlement costs the department is required to pay from the state road fund. This proposal would address the issues of joint and several liability, exclusive remedy and 1 percent comparative fault for seat belt use.
 - Clean-up language would make necessary corrections to the state statutes resulting from changes made in recent years at MoDOT. They would correct references in the laws to accurately reflect the transfer of agencies, services and responsibilities to MoDOT, including motor carrier services and highway safety programs.

Expenditures by Source of Funds by District

- MoDOT is divided into 10 districts that cover the state and work closely with local organizations to provide transportation improvements.

- General Headquarters in Jefferson City manages statewide issues, including bridge maintenance; issues general guidance; and provides support and leadership.
- Districts handle the details of local expenditures and are held accountable for results.