

**A COMPREHENSIVE REVIEW AND THE
PROPOSED REORGANIZATION OF
NORTH DAKOTA STATE GOVERNMENT
TRANSPORTATION AGENCIES:
SUMMARY REPORT**

Dr. Frank J. Dooley

**UGPTI Staff Paper No. 87
May 1988**

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BY

DR. FRANK J. DOOLEY

**UPPER GREAT PLAINS TRANSPORTATION INSTITUTE
NORTH DAKOTA STATE UNIVERSITY
P. O. BOX 5074
FARGO, NORTH DAKOTA 58105**

MAY 1988

The preparation of this report was financed, in part, through the United States Department of Transportation, Federal Highway Administration's Highway Planning and Research funds, Title 23 U.S.C., § 307(c)(1), and the North Dakota State Highway Department, Walter R. Hjelle, Commissioner.

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HIGHLIGHTS

It is recommended that North Dakota transportation agencies should be reorganized into a state Department of Transportation (DOT). Specifically, it is recommended that a DOT include the duties and functions of the present Aeronautics Commission, Motor Vehicle Department, and Highway Department, the Public Service Commission transportation duties not related to economic regulation, and the truck regulatory duties of the Highway Patrol not related to enforcement.

North Dakota transportation agencies should be reorganized into a five office Department of Transportation for five principal reasons. First, the organizational structure will better utilize staff and make operations more cost effective by combining divisions with similar responsibilities and duties or technical expertise. Second, a DOT will provide greater direction for transportation programs and policies. Third, a DOT will increase the administrative control and improve the coordination of various transportation programs. Fourth, a DOT provides a better organizational structure to deal with intermodal transportation issues. Finally, certain advantages will also be gained from the make-up of the individual offices in the DOT. For example, the five office organizational structure will improve service to motor carriers and citizens, emphasize the importance of strategic planning, and focus the state's fiscal responsibility for transportation programs.

Intra-agency rivalry and resistance to reorganization should not be a serious problem because of good working relationships between existing transportation agencies. In addition, dedicated funds and line item budgets can be developed which maintain the integrity of the various transportation programs.

**A COMPREHENSIVE REVIEW AND THE PROPOSED REORGANIZATION OF
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INTRODUCTION

The growing recognition of the importance of planning and coordinating intermodal transportation networks and activities and the continued dynamic changes in transportation over the past twenty years have led most states to restructure their transportation agencies. No major changes have been made in the organizational structure of North Dakota's transportation agencies since the early 1950s. Thus, the state's management of transportation agencies in an increasingly complex environment looms as an important issue for state legislators, members of the executive branch, state transportation agencies, users and providers of transportation services, and the public as a whole.

Government's participation in the management of transportation is essential because of public transportation demands resulting from commerce and personal mobility. Given the continuing environmental changes, government must be structured in a manner that will facilitate existing commerce and promote future economic development. The technological, economic, and legislative/regulatory changes experienced during the past 25 years have led to a new and different approach to government's management of transportation. To successfully manage transportation in a dynamic environment, governments must adopt and imple-

ment transportation policies which are coordinated, intermodal, and interdisciplinary in nature.

To accomplish such goals at the federal level, the United States Department of Transportation (US DOT) was created as a cabinet level office in 1967. Since then, 44 states have also reorganized their transportation management by creating state DOTs. North Dakota is one of the few states that continues to manage transportation across several agencies.

REPORT ORGANIZATION

This report summarizes information detailed in UGPTI Report No. 65, an extensive five chapter document. The objective of the study was to evaluate the desirability of creating a single state agency in North Dakota that would be responsible for the management of transportation functions currently performed by a variety of state agencies. The goal of this report is to provide a condensed version of the **conclusions** of the comprehensive report.¹

Chapter 1 of the comprehensive report presents the problem statement, research objectives, and research design. In Chapter 2, North Dakota's unique transportation needs and requirements were identified. By understanding the effects of infrastructure, economic activities, demographics, funding, and politics, a state transportation agency can be better structured to deal with North Dakota's unique transportation needs and requirements. Once the

¹Individuals desiring more detailed information may obtain UGPTI Report No. 65 from the Upper Great Plains Transportation Institute, Box 5074, North Dakota State University, Fargo, ND 58105-5074; (701) 237-7767.

factors defining transportation requirements were identified, the next step was to identify the structure of the existing transportation network serving North Dakota. Five state agencies, the Public Service Commission, the Highway Department, the Motor Vehicle Department, the Highway Patrol, and the Aeronautics Commission, have major transportation responsibilities in North Dakota. The organizational structures and duties of the five major transportation agencies in North Dakota were detailed in Chapter 3. In Chapter 4, various transportation agency organizational structures were examined to determine the strengths and weaknesses of alternative organizational structures. Finally, the recommendations for a proposed North Dakota Department of Transportation were presented in Chapter 5.

The remainder of this report is organized as follows. First, the research design utilized in the study is briefly reviewed. Second, the present organizational structure of North Dakota transportation agencies is overviewed. Third, the advantages and disadvantages of reorganizing as a DOT are presented. The proposed North Dakota DOT organizational structure and reasons for and against reorganizing are found in the next section. The final section closes with minimum recommendations and miscellaneous comments.

RESEARCH DESIGN

Due to the complexities and subjective nature of the organizational structure of state transportation agencies, a qualitative research design was adopted to complete this project.

Literature reviews, secondary data, personal interviews, and a mail survey were the four types of information sources used in the study.

Literature reviews were conducted to provide a base line understanding of the statutes governing state transportation agencies, to identify North Dakota transportation needs, and to identify alternative organizational structures. Important information regarding the present organizational structures was gathered from the various North Dakota transportation agencies. The most important source of information was the personal interviews of North Dakota transportation agency administrators and division heads. Thirty-four individuals were interviewed, a process which involved over 60 hours of time. The surveys of agency heads sought information about planning, organizing, staffing, leadership, reporting, budgeting, and their thoughts on alternative organizational structures. Finally, a mail and phone survey of chief administrators in the other 49 states was conducted in December 1987 to provide information about the benefits and detriments of DOT organization and the difficulties encountered in a reorganization.²

One additional aspect of this study should be noted. Any reorganization requires a special sensitivity of the factors unique to a state. Due to the subjective nature of this study, an advisory council of individuals from the private sector and

²Officials from the American Association of Transportation and State Highway Officials (AASHTO) and the National Association of State Aviation Officials (NASAO) were also interviewed.

government was formed. The purpose of this group was to provide a convenient forum to discuss important aspects of the study and to provide insights to the project investigators.³

ORGANIZATIONAL STRUCTURE OF ND TRANSPORTATION AGENCIES

Five state agencies, the Public Service Commission, the Highway Department, the Motor Vehicle Department, the Highway Patrol, and the Aeronautics Commission have major transportation duties in North Dakota. A review of the legislative history of the five major transportation agencies reveals that there have been many changes in the organization of the agencies over time, although there have been few changes since the 1950s.

The organizational structures and duties of the five major agencies governing transportation in North Dakota vary considerably. The Highway Department, Highway Patrol, and Public Service Commission are examples of complex government agencies, being divided into various operations and support divisions. On the other hand, with only six employees, the Aeronautics Commission does not have support services. The Motor Vehicle Department falls somewhere in between, being divided into divisions, but having limited support divisions.

³The members of the advisory council included: Lieutenant Governor Lloyd Omdahl; John Kliethermes, Federal Highway Administration; Gary Berreth, Highway Department; Keith Kiser, Motor Vehicle Department; Jon Mielke and Bob Senger, Public Service Commission; Brian Berg, Highway Patrol; Jack Daniels and Gary Ness, Aeronautics Commission; Kathy Reisenauer, Office of Management and Budget; Arnold Burian, State Tax Department; Blane Braunberger, Treasurer's Office; and Dick Elkin from the private sector.

The agencies governing transportation in North Dakota operate with several different types of organizational structures. By statute, the governor makes eight appointments of individuals with transportation related duties. Four additional appointments are made within the various agencies. Thus, twelve individuals receive appointments to manage and oversee transportation functions in North Dakota.

There is considerable diversity in the management structure across the various agencies. The Highway Department, Motor Vehicle Department, and Highway Patrol operate with one appointed manager. The Aeronautics Commission has five appointed commissioners while the Public Service Commission has three elected commissioners. The two commissions have adopted diverse management approaches. The Aeronautics Commissioners seem to be more involved in the management of operational aspects than the Public Service Commissioners. The PSC has many other statutory tasks and the commissioners delegate most of the transportation duties to their staff. The Aeronautics Commission has a very involved management, using a portfolio policy to take advantage of the expertise of its commissioners.

DOT ORGANIZATIONAL STRENGTHS AND WEAKNESSES

States reorganize transportation for a variety of reasons. The objective of this section is to review the positive results from reorganizing as a DOT and the difficulties that have been encountered as a result of reorganization.

POSITIVE RESULTS FROM REORGANIZING AS A DOT

The mail survey to the state DOT officials included an open-ended question, "What have the positive results of changing to a DOT been?" Improved coordination, increased emphasis on planning, improved resource usage, and providing a multimodal perspective of transportation were cited by more than 52 percent of the respondents as the four major advantages gained from DOT organization (Table 1). Other advantages included improve direction or decision-making (26.5 percent), budgeting (17.6 percent), providing a point of public inquiry (14.7 percent), and improved service (14.7 percent).

There is a strong relationship between coordination, planning, a multimodal perspective, and direction. As one state official responded,

"The agency's responsibilities now cause a more comprehensive evaluation of the state's transportation needs in terms of an integrated network rather than isolating highways and considering only highway needs as was done prior to 1975. All modes are now considered a viable part of the state transportation network."

TABLE 1. Advantages from Reorganizing as a DOT¹

Reason	Frequency	Percent
Improved Coordination	23	67.6
Emphasis on Planning	20	58.8
Resource Usage	18	52.9
Multimodal Perspective	18	52.9
Greater Direction	9	26.5
Budgeting	6	17.6
Point of Public Inquiry	5	14.7
Improved Service	5	14.7

¹Usable responses were obtained from 34 of the 44 state DOTs.

Another official further elaborated that changing to a DOT has

"facilitated planning and delivery of transportation services with a more unified view of the various transportation modes present in the state. It has encouraged more integrated management of the transportation infrastructure, as we deal with issues and problems from the vantage point of a 'whole system'. Being a DOT helps us to more effectively provide leadership to solve transportation problems and apply multimodal approaches to transportation policy."

In other words, a principal advantage of moving to a DOT form of organization is the recognition that the various transportation modes and networks are interrelated. By adopting a multimodal perspective, the states in turn discover the advantages of improved coordination of programs, a greater emphasis on planning, and greater direction or leadership for transportation.

Eighteen states (52.9 percent) found that resource usage or efficiency improved under a DOT form of organization. Resource usage improved because of streamlined operations, economies of scale, better utilization of staff, and lower administrative costs. This is especially true for the smaller states. One state official stated,

"The establishment of DOT provided economies of scale by the necessary and desirable integration of all modes of transportation planning and development under one administrative agency with central systematic planning capability. This provided a larger, more powerful organization than splintered groups. Also, each mode has similar functions that can be of benefit and assistance to each other."

Another official added, "The DOT is an efficient size organization for business management functions like data processing, financial management, personnel activities, etc."

Other advantages of moving to a DOT included providing a point of public inquiry, improved service, and improved budgeting. A DOT provides a single point of inquiry for the public. In addition, there is one voice speaking on all modal transportation issues at the state level. Service is improved for both constituents and government. The public benefits from "one-stop shopping" in which the public deals with one agency on all transportation related issues. Services such as finance, personnel, and other staff functions improve operations in the smaller agencies. Finally, budgeting can be more efficient in a DOT as one accounting system is developed for the various funds.

DISADVANTAGES OF REORGANIZING AS A DOT

The mail survey also included an open-ended question which asked, "What difficulties have arisen as a result of the department's reorganization into a DOT?" As a rule, there were few, if any, disadvantages cited. Almost 56 percent of the states reported that they did not encounter any problems with reorganization (Table 2). In addition, most states reported that any difficulties initially encountered have since been resolved.

TABLE 2. Disadvantages from Reorganizing as a DOT¹

Reason	Frequency	Percent
No Problems Encountered	19	55.9
Resistance from Small Agencies	7	20.6
Resistance from Large Agencies	5	14.7
Intra-agency Rivalry	4	11.8
Space	3	8.8
Finance	2	5.9

¹Usable responses were obtained from 34 of the 44 state DOTs.

The most common problems encountered included resistance from small and large agencies and intra-agency rivalry (Table 2). Small agencies resisted the move to a DOT because they felt that their programs may be overpowered in a DOT, and that they may lose power, autonomy, and perhaps funding. Robert T. Warner, Executive Vice-president of the National Association of State Aviation Officials suggests that aviation groups resist consolidation attempts because they believe this will diminish the importance of aeronautics in the state. In addition to a loss of autonomy and funding, aeronautics groups are also concerned with potential diminished service levels to their constituent groups. Larger agencies resisted formation of a DOT because they felt that there would be less emphasis upon highways and that funds might be diverted to other uses. Four states felt that intra-agency turf battles existed because "the various activity areas of the Department represent interest areas and transportation modes." In most cases, the reasons for intra-agency rivalry was a lack of understanding of the other agency's missions and programs. Strong leadership is necessary to overcome all of these problems.

Two minor problems were also cited. First, continuing space shortages in three states is hindering efforts to consolidate. Serious space problems are not anticipated for a North Dakota DOT since the Motor Vehicle Department and the truck regulatory division of the Highway Patrol are already housed with the Highway Department in the State Highway Department Building.

Second, two states report that economies in finance are difficult to achieve because of differing accounting requirements for the various federal transportation programs.

RECOMMENDATIONS

Reorganization is a difficult subject matter because unfortunately there is no guidebook detailing the appropriate steps for a state to follow when reorganizing. The best one can do is to keep two principles in mind. First, there is more than one way to structure a state's transportation functions. Second, the organizational structure adopted by a state must be designed to meet each state's unique transportation needs and requirements.

It is recommended that North Dakota transportation agencies should be reorganized into a state Department of Transportation (DOT). Specifically, it is recommended that a DOT include the duties and functions of the present Aeronautics Commission, Motor Vehicle Department, and Highway Department, the Public Service Commission transportation duties not related to economic regulation, and the truck regulatory duties of the Highway Patrol not related to enforcement.

REASONS FOR A NORTH DAKOTA DOT

According to DOT officials from 34 other states, the major reasons for organizing as a DOT are: (1) to recognize the move to intermodalism and provide an intermodal perspective of transportation; (2) to improve decision-making in the agency so as to

provide more direction for transportation programs and policies; (3) to increase control and consolidate programs into a single agency, so as to improve coordination over transportation programs; (4) to emphasize the importance of strategic planning; (5) to improve service to constituents and provide a point of public inquiry; (6) to streamline government and make operations more cost effective; and (7) to improve budgeting by focusing the state's fiscal responsibility for transportation programs.

1. Provide an Intermodal Perspective. One of the most significant changes in transportation during the past decade has been the recognition of the interdependencies between various modes of transportation. It is obvious that transportation policies affecting one mode may also impact other modes (e.g., rail line abandonment will lead to greater truck traffic and perhaps cause greater damage to highways). Undoubtedly, state officials must be aware of the different requirements and needs of the individual modes and transportation networks (rail, highways, and air). At the same time, however, a state transportation agency must be structured to deal with the interrelationships among the modes and networks.

It will not require a major effort for a North Dakota DOT to adopt an intermodal perspective for two reasons. First, there is a close working relationship between officials from the various North Dakota transportation agencies. In general, they work well together on various intermodal transportation issues and programs. In addition, the State Intermodal Transportation Team

meets on a regular basis to discuss important transportation issues. Second, the name "Highway Department" is somewhat of a misnomer as the Highway Department presently includes rail and transit programs in addition to its maintenance and construction functions.

Although North Dakota transportation agencies already have an intermodal perspective, a DOT organizational structure is favored because transportation is explicitly considered as a whole rather than by individual mode or network. By forming a DOT, the state will have a mechanism in place designed to recognize the importance of and be able to make more informed decisions about intermodal transportation issues.

2. Provide Greater Direction. A DOT form of administration will most likely provide greater direction or leadership over transportation programs. It must be clear to the agency's employees, managers, and constituents who is directing or in charge of the agency and what everyone's duties and responsibilities are. Creation of a state DOT can increase the state's direction of transportation programs in at least three ways.

First, creation of a DOT will increase the governor's direction over state transportation programs. The governor presently directs and coordinates transportation activities and policies in four separate agencies. The consolidation of power into a DOT will increase the governor's level of direction over transportation issues by reducing the number of agencies and agency heads that the governor must deal with. In other words,

direction may be enhanced with a DOT because it will be clear that transportation issues are the responsibility of the DOT.

Second, the federal, state, counties, and local jurisdictions share important transportation responsibilities. By centering direction in a DOT, the state will have one voice to address transportation problems and policies with other jurisdictions. This may allow for a better division of responsibilities and coordination of the various transportation and highway systems among the different jurisdictions.

Finally, creation of a DOT will place a renewed focus on the importance of transportation in North Dakota. North Dakota has a tremendous stake in insuring that a complete, quality transportation system is available. In addition to providing a better means for direction and problem solving, a DOT may also provide a well-thought-out strategy for each mode, which in turn may help attract new industry and employment to North Dakota.

3. Increase Control and Coordination Over Programs. A DOT will increase the level of administrative control and improve the coordination of various transportation programs. Closely related to the concept of direction, control encompasses organizing, staffing, and coordinating. A DOT form of organization will enhance control in two ways.

First, at the state level, the governor will make one transportation appointment rather than eight. The governor will deal with one rather than five agencies for most transportation issues. Second, greater control is present in a functionally

organized DOT because it is centrally organized. Increased control will also lead to greater coordination among programs and employees because responsibilities and duties are clearly assigned in a functional organization. As a result, overlaps in the administration of motor carrier and other programs will diminish as the functions are consolidated into a DOT.

4. Emphasize the Importance of Strategic Planning. The importance of strategic transportation planning has been increasing in recent years due to the continual external forces causing change in a state's transportation system. Planning is more effective in a DOT organizational structure because possible tradeoffs between modal or network programs are evaluated from a systems perspective. Thirty-three of the 34 state DOT's responding to the mail survey reported that the importance and level of planning has increased since their state reorganized into a DOT. Most states attribute the increased importance in planning to changes in organizational structure, federal program requirements, and a variety of other factors including the energy crisis, urban development, and technology.

The administration of transportation must be coordinated, efficient, and consistent to assure quality service to the public and the sound economic development of a state. There is a need to respond to change while maintaining a sense of direction for all state transportation requirements. Planning is a mechanism which assists management make better decisions in providing the required level of services and meeting economic development

needs. The ability of an administrator to provide direction will depend to a large extent on the capabilities of the agency's planning division.

5. Improve Service to Constituents. Creation of a DOT will improve service to motor carriers and citizens. It is important to remember that the state provides transportation as a service to the citizens and business community. A primary concern of any transportation agency should be how to provide the best level of service possible to users of the service.

Licensing, vehicle registration, and taxation are generally the only direct contacts that most individuals or motor carriers have with state transportation agencies. In today's time-sensitive world, consumers are always interested in finding ways to save time. Individuals or motor carriers find it difficult to understand why all of their licensing or registration needs can't be accomplished in one office.

The creation of a state DOT will improve the quality of service to motor carriers and the general public by providing one-stop shopping or a single point of inquiry. There is less opportunity for confusion when there is only one voice speaking on all modal transportation issues at the state level.

6. Increase Efficiency Through Functional Alignment. A state DOT organizational structure will combine divisions or programs with similar responsibilities and duties or technical expertise. Fifty-three percent (18 of 34) of the states stated that resource usage or efficiency improved under a DOT form of

organization. Resource usage improved because of streamlined operations, economies of scale, better utilization of staff, and lower administrative costs. This is especially true for the smaller states.

Most of the divisions found within the five offices in the proposed North Dakota DOT have similar responsibilities and duties. For example, all of the programs in the Office of Transportation Programs, aeronautics, rail, secondary roads, and urban, concentrate much of their efforts on administering various federal programs and providing assistance to their respective North Dakota constituents. By consolidating these programs under a single office, there is the potential benefit for better utilization of staff and economies of scale.

Certain offices share technical expertise or requirements. For example, the drivers license and motor vehicle registration divisions of the Office of Motor Vehicles have similar requirements for records management systems. Engineers in the Office of State Highways and Engineering share common professional knowledge, expertise, and interests. The DOT may increase efficiency in these offices by minimizing duplication of services and promoting specialization.

Staff level reductions should not be an anticipated result of the creation of a North Dakota DOT. Most transportation agencies in North Dakota operate with fewer employees per capita than in other states. Many transportation agencies and divisions are presently operating at minimum staffing levels. However,

creation of a North Dakota DOT should relieve some this pressure through better utilization of staff.

7. Improve Transportation Budgeting. The state must make decisions about methods for funding its transportation. In particular, the state must determine if it wants to preserve the user fee principle of taxation for transportation. The continued diversion of transportation funds to other programs without offsetting funding sources will have devastating results in the long run.

Four states have found that the formation of a DOT focuses the state's fiscal responsibilities for transportation programs. However, two states suggest that economies in finance are difficult to achieve in a DOT because of differing accounting requirements for the various federal transportation programs. Finance problems should be minimal in a North Dakota DOT since the finance division of the Highway Department is already responsible for highway, rail, and transit programs.

POTENTIAL DIFFICULTIES OF A NORTH DAKOTA DOT

Few difficulties with reorganizing were reported by DOT officials from other states. Over half of the states (19 of 34) did not encounter any difficulties when transportation was reorganized into a DOT. Most of the other states reported that any difficulties initially encountered have since been resolved. According to DOT officials from other states, the most common problems encountered were resistance from both smaller and larger agencies and intra-agency rivalry.

As might be expected, similar concerns about reorganization have been expressed in North Dakota. The North Dakota aeronautic's community feels that they should remain outside a state DOT because they do a good job of providing service to their constituency. They fear that if they are housed in a DOT they will lose visibility and that aeronautic funds may be diverted to other transportation uses.

It is somewhat ironic, but the largest transportation agency in North Dakota, the Highway Department, is also concerned about its funding in a DOT. With the recent experiences of fund diversions from the Highway Fund, they worry that highway programs may suffer further as their efforts and funds are diverted to other modes and programs.

While intra-agency rivalry and budgetary concerns are legitimate, they can be addressed. Intra-agency rivalry should not be a serious problem in North Dakota because of the excellent working relationships between the various agencies and the ongoing work of the State Intermodal Transportation Team. The fears of fund diversions by both small and large agencies may be lessened by continuing to fund the various programs from the present dedicated transportation funds. Thus, aeronautic's dedicated funds would continue to apply for aeronautic's purposes and could not be used for highway or rail programs. Similar restrictions would apply to other dedicated funds. The DOT may also consider developing line item budgets for the various programs within the agency. While dedicated funds and line item

budgets will restrict the flexibility of the agency, it may be a solution which will keep all modal groups satisfied.

OFFICES WITHIN A NORTH DAKOTA DOT

The proposed DOT should be comprised of five offices which are organized in a modified functional form (Figure 1). The DOT would have two line functions, the Offices of Transportation Programs and Motor Vehicles. There would also be two staff functions, the Offices of Transportation Planning and Management Services, which would provide technical and support services to the line divisions. The Office of State Highways and Engineering combines staff and line functions. The audit and legal departments would report directly to the DOT director.

OFFICE OF MOTOR VEHICLES

The Office of Motor Vehicles brings people and programs together from four existing agencies. The drivers license and safety divisions are presently divisions in the Highway Department, the motor vehicle division is largely the Motor Vehicle Department, and the motor carrier division is a combination of programs from the Highway Patrol truck regulatory division, the Highway Department, the Public Service Commission transportation division, and the Motor Vehicle Department.

There are three primary advantages which may be realized from combining these functions in the Office of Motor Vehicles. The office may improve coordination, increase efficiency, and provide better service to the public and motor carriers.

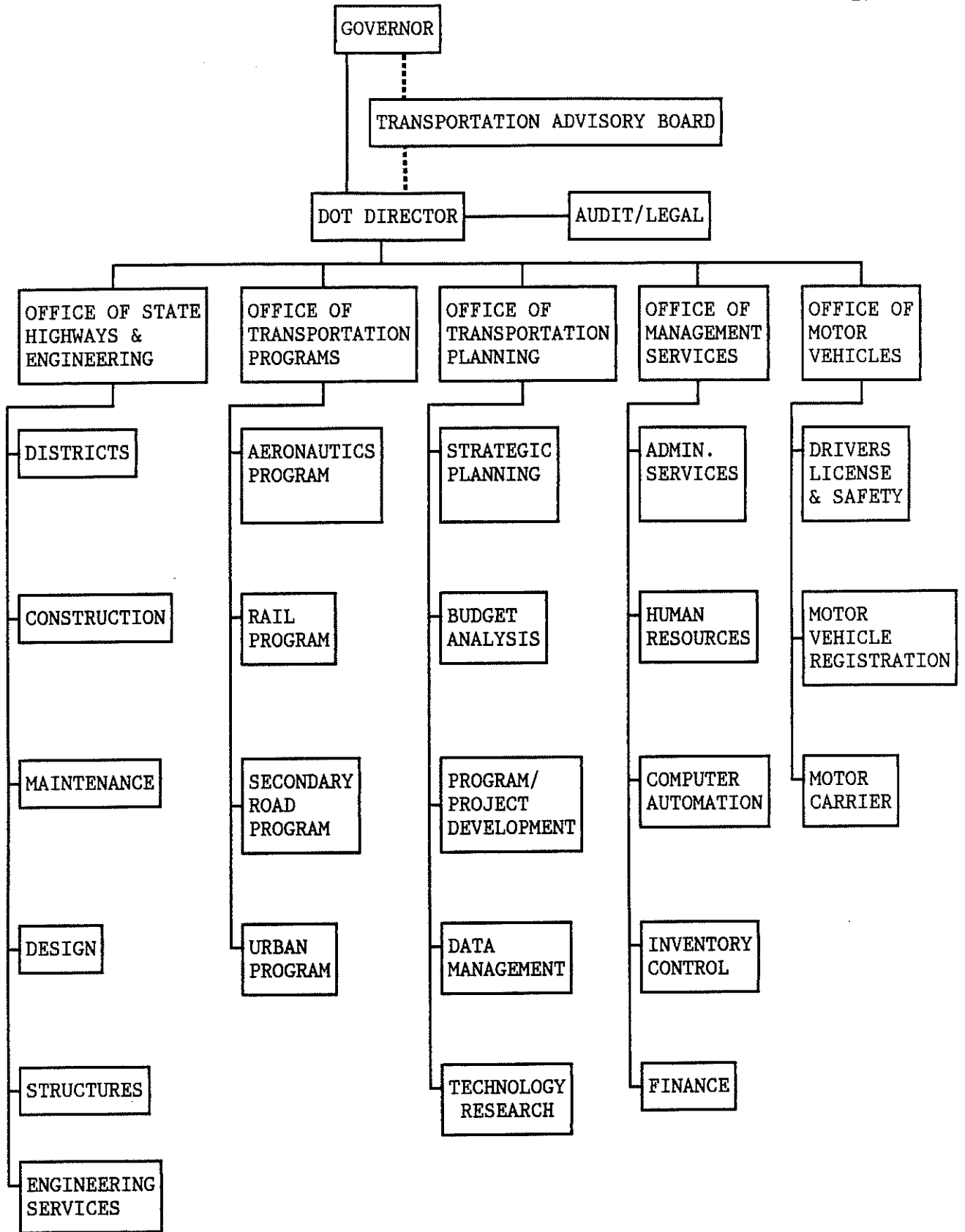


FIGURE 1. Proposed Organizational Structure for North Dakota Department of Transportation.

First, coordination will improve because overlaps in the administration of motor carrier programs will be removed.⁴ Second, there is little difference between registering drivers licenses and motor vehicles. The Office of Motor Vehicles may be able to develop records management systems to increase the efficiency of maintaining drivers licenses and motor vehicle registrations. Efficiencies can be achieved through consolidation which will eliminate any duplication of effort. Finally, service to motor carriers and individuals can also be improved through the creation of a DOT. Service will improve for motor carriers as they will be able to obtain all necessary permits and forms from a single office. The drivers license and motor vehicle registration functions can be combined and operated as one-stop shopping.

The greatest reorganizational difficulty which may be encountered in the Office of Motor Vehicles will be bringing people together from four different agencies. The DOT director must be aware that it may take some time to bring a sense of unanimity, trust, and pride to the employees of this office.

OFFICE OF MANAGEMENT SERVICES

Except for inventory control, all of the divisions in the Office of Management Services are presently under the direction of the Highway Department's management director. Administrative

⁴The National Governors' Association (NGA) Working Group on State Motor Carrier procedures has developed a series of recommendations to simplify state motor carrier registration and taxation requirements. The recommendations should be reviewed if a North Dakota DOT is formed.

services, human resources, computer automation, and finance divisions are structured to provide support services to various offices. Inventory control is a new support division, which would allow the DOT to coordinate purchasing procedures and inventory control for everything except highway materials. The purpose of this division is to assure proper control and better manage the ordering and inventory for the DOT. A separate procurement function is housed in the maintenance division of the Office of State Highways and Engineering to manage purchases and inventory control for highway-related materials.

An Office of Management Services may also improve service to smaller agencies and increase efficiency. Perhaps the greatest internal benefit of reorganization will be an improvement in the technical and support services for the smaller divisions. For example, the Aeronautics Commission is considering whether it needs to hire the services of an auditor. By merging into a DOT, the smaller state transportation agencies will gain access to a wide range of support and technical services, including human resources, finance, administrative services, planning, engineering, legal, as well as auditing.

Efficiencies may arise from inventory control and a better utilization of staff. As structured, the Office of Management Services should avoid duplication of effort and promote specialization.

Resistance is a potential reorganizational difficulty which may be encountered in the Office of Management Services. The DOT

director must ensure that educational programs are undertaken to make new members of the DOT aware of the various services available. The DOT director must also ensure that the various support services are not limited to old Highway Department divisions, but are provided to all members of the DOT.

OFFICE OF TRANSPORTATION PLANNING

The Office of Transportation Planning is comprised of divisions from several areas of the present Highway Department. Discussions with other state transportation agency officials indicate that one of the most important benefits from organizing as a DOT, and one of the greatest needs, is an increased emphasis on long-range, comprehensive, strategic planning. Secondary benefits include promoting an intermodal perspective of issues and assisting direction by providing information to decision-makers.

No great reorganizational difficulties are anticipated with the Office of Transportation Planning. Managers throughout the DOT must be educated as to the importance of planning. Both small and large agencies must understand that an important benefit of planning is that it helps define an agency's mission and the means to achieve that mission.

OFFICE OF TRANSPORTATION PROGRAMS

The Office of Transportation Programs includes an aeronautics program, a rail program, an urban program, and a secondary roads program. The various divisions within the office have

similar responsibilities and duties. Each program administers various federal programs and providing assistance to their respective North Dakota constituencies. A major responsibility of this office will be to work with and resolve problems for various industry groups and other governmental agencies.

The chief benefit of the Office of Transportation Programs will be to structure government to deal with intermodal transportation issues. In addition, this office should also improve coordination and decision-making. No major reorganizational difficulties are anticipated.

OFFICE OF STATE HIGHWAYS AND ENGINEERING

The Office of State Highways and Engineering consists of former Highway Department divisions. A separate office is maintained for the state highway system for three reasons. First, state highway programs differ from other transportation programs in that most of the duties are related to the construction and maintenance of the highway network. Second, unlike other networks, state highways are owned, built, and maintained by the state and are fully the state's responsibility. Third, highways dominate the state's transportation spending. Maintaining a separate office gives recognition to the importance of highways. At the same time, other transportation programs retain more visibility by being housed in the Office of Transportation Programs.

The Office of State Highways and Engineering will also provide engineering services for other divisions and programs.

It is anticipated the Office of State Highways and Engineering will continue to perform most of its work on state highways. However, other divisions and programs such as aeronautics, rail, etc., will find engineering services also available for their projects.

TRANSPORTATION ADVISORY BOARD

It is recommended that the DOT be administered by a single director. The various transportation agencies are filled with professional people who understand their professional responsibilities. A single director is favored over a multi-member commission because it provides greater control. The greatest danger of a commission form of administration is it may be difficult to determine who is in charge. Employees should be provided with a work environment which allows them to concentrate on performing their job rather than worrying about conflicts between commissioners.

The importance of the director is obvious; this position requires certain management skills and abilities that relate to a highly competent professional background. However, a single director position could fall prey to political spoils and thereby sacrifice many of the administrative and transportation skills necessary to effectively carry out this role.

Many states have chosen to minimize this potential problem by forming a board of directors that is advisory to the governor. The advisory board should be charged with the development of a

broad statewide transportation policy and delegated as the selecting body of the DOT director.

Individuals appointed to the advisory board by the governor could represent various modes of transportation, geographical regions of the state as well as industry, government, and the public, thereby providing public input into the broad goals of statewide transportation programs. An advisory board may also provide an effective means to maintain communications with the various constituencies of the DOT.

It is recommended that the advisory board meet no more than once per quarter. Day to day administrative functions of the department should remain the responsibility of the DOT director. To provide continuity of long range transportation plans, a board member's term of office should be structured that one member would be replaced each year. The senior member of the board could serve as chairperson. The board should be non-partisan, perhaps with majority representation granted to the majority party.

MINIMUM RECOMMENDATIONS

A DOT may not be organized in North Dakota for a variety of reasons. Regardless, certain modifications to the various transportation agencies are in order. These recommendations should be viewed with concern for two reasons. First, state transportation is not well structured to deal with intermodal issues if the various modes remain in separate agencies. Given the continued move to intermodal transportation, this is indeed

very important. Second, strategic planning is essential to the state's ability to provide a modern transportation system.

Planning is more difficult to accomplish if it is spread among the various agencies. Given that warning, the four minimum recommendations are:

1. **Establish One-stop Shopping for Motor Carriers.** To the extent possible, the various motor carrier programs and functions found in the Highway Department, the Motor Vehicle Department, the State Highway Patrol, and the Public Service Commission transportation division should be consolidated into a motor carrier division as part of the Highway Department. As a result, the only remaining transportation functions in the Public Service Commission would be those dealing with economic regulation.

2. **Establish One-stop Shopping for Drivers and Motor Vehicle Licenses.** The drivers license division of the Highway Department and the all functions related to vehicle registration in the Motor Vehicle Department should be combined and housed in the Highway Department. As a result of the first two minimum recommendations, all of the functions of the Motor Vehicle Department would be transferred to the Highway Department.

3. **Restructure the Highway Department's Organizational Structure.** The organizational structure designed for the state Department of Transportation (see Figure 1) remains appropriate for the Highway Department for many of the same reasons. If minimum recommendations 1 and 2 are implemented, the aeronautics program of the Office of Transportation Programs would be the

only function not included in the revised organizational structure.

4. Rename the Highway Department to be the North Dakota Department of Transportation. The name Highway Department is somewhat of a misnomer as the Department presently includes rail and transit programs and the drivers license division. Renaming the Department will provide recognition that its mission extends beyond highway maintenance and construction. This recommendation is even more appropriate if minimum recommendations 1 and 2 are adopted.

OTHER ISSUES

Before closing, several tangential issues need to be addressed. The process of reorganization must also consider (1) the role of the Highway Patrol in a DOT, (2) the future relationship with the State Tax Department, the State Treasurers Office, and the Office of Management and Budget, and (3) the Uniform Relocation Assistance Act.

1. Role of the Highway Patrol. Proponents of a DOT form of organization may question why the Highway Patrol is not moved into the DOT. The major reason for leaving the Highway Patrol outside the DOT is the Patrol is responsible for enforcement. In addition, the Patrol is a highly trained state police force that has many duties besides the enforcement of traffic laws. There is a general agreement among state transportation officials from within and outside North Dakota that enforcement is an activity which should remain distinct from other transportation programs.

It is recommended that the enforcement of truck size and weight regulations be transferred to the North Dakota DOT. There are sufficient differences between the job descriptions for truck regulatory personnel and state troopers to merit the transfer.

There is at least one aspect of motor carrier service that will be difficult to consolidate. According to federal regulation, the state highway patrol must be the lead agency for the Motor Carrier Safety Assistance Program (MCSAP). Even if the motor carrier division were transferred to a state DOT, the State Patrol would still be required to implement the MCSAP. Thus, some duplication of motor carrier enforcement will exist, regardless of organization.

In all honesty, both the Highway Patrol and the truck regulatory enforcement positions are seriously understaffed. An adequately staffed truck regulatory enforcement function within the DOT would place greater focus upon the enforcement of truck size and weight regulations. In the long run, the cost of additional personnel would most likely be outweighed by lower state expenditures to repair damaged highways. A secondary benefit from moving truck enforcement to the DOT is that state troopers would be able to focus their attention upon the enforcement of the rules of the highway. This is especially important in light of the potential loss of federal highway funds due to excess speeds on rural highways. Once again, the cost of hiring more troopers may be less than the cost of losing federal highway funds.

2. Relationship with the State Tax Department, the State Treasurers Office, and the Office of Management and Budget. A

wide variety of taxes and funding programs are administered by the various transportation agencies. One factor which may complicate financial administration is that the agencies work with the State Treasurer for some programs but work with the State Tax Commissioner or the Office of Management and Budget for others. An issue secondary to this study is whether the administration of the various transportation funds should be evaluated. It is recommended that after the organization of transportation in North Dakota is resolved, that time be spent with the State Tax Department, the State Treasurer, and the Office of Management and Budget, addressing the administration of various taxes and funding programs.

3. Uniform Relocation Assistance Act. The 1987 Highway Bill included certain amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The Federal Highway Administration (FHWA) has been delegated as the lead agency in the national implementation of this act. The FHWA will monitor and coordinate with other federal agencies the implementation of the act by state agencies and local public agencies which have certified to operate under their own laws. The major role of the FHWA will be to serve as a clearinghouse for uniform interpretations of Uniform Relocation Assistance policies.

The federal government is encouraging states to consolidate uniform relocation assistance programs into a single state agency. State highway departments/DOTs have the greatest experience in relocation assistance problems. In addition, state highway departments/DOTs have the closest working relationship with the FHWA. Thus, as part of the restructuring of North Dakota transportation agencies, the state may also wish to consider placing the uniform relocation assistance program in the state highway department or the proposed DOT. By designating the highway department/DOT as the lead agency, the state will benefit from previous experience and perhaps reduce dual staffing across other agencies.