Paul E. Toussaint has worked for the Federal Highway Administration since 1968 and is currently assigned as Division Administrator for the Frankfort office. He also has had assignments in New Hampshire, Puerto Rico, New York, and Connecticut.

Mr. Toussaint earned his engineering degree from the University of Vermont and his masters degree from Rensselaer Polytechnic Institute in New York.

AFTERNOON GENERAL SESSION
Monday, October 2, 1995

Paul Toussaint
Division Administrator
Federal Highway Administration

DOING WITH LESS—THE FEDERAL PERSPECTIVE

Jack Basso (Director of the Office of Fiscal Services for the Federal Highway Administration), who was scheduled to be with you today, has a grasp on many of the issues concerning transportation funding that would have been interesting for this group to hear. However, Mr. Basso was not able to be with us, so I will try to fill in with some of my philosophy.

Most of us do not fully appreciate many of the things that go on in Washington behind the scenes, things that Jack Basso and the Washington staffers do to produce legislation. I would like to put this whole transportation business into perspective, particularly from a governmental viewpoint. Will Rogers once commented about government, “As bad as they are, they can’t spoil anything; as good as they are, they can’t help anything.” I think this is true when we look at what is happening with our government today.

I would like to tell a story regarding transportation. There was a young man who had a couple of medical problems—a drinking problem and a hearing problem—that were getting progressively worse. He decided to go to the doctor to see if anything could be done to correct his problems. The doctor examined him and reviewed his history. He told the man, “Your problem is drinking. If you stop drinking, your hearing will improve. Come back in two weeks and I will check you again.” Two weeks later, the man staggered into the doctor’s office. The doctor was
very upset and yelled at him, “I thought I told you to stop drinking! I said if you stopped drinking your hearing would improve!” The young man looked at him and said, “Doc, I did stop drinking and you were right—my hearing did improve. Unfortunately, I didn’t like the things I was hearing as much as I like drinking.” That is what we in the transportation community are facing. Maybe we are going to have to take up drinking because we do not like the things we are hearing.

I became a little upset last night while thinking about this topic of doing with less. If you recall, the speakers we had yesterday morning (Representative Hal Rogers and Steve Palmer) had somewhat of a gloom-and-doom picture of transportation and the prognosis for the future. Representative Rogers indicated that the high-water mark for transportation funding would be in fiscal year 1996. This means that funding will go downhill from there. With Congress currently trying to balance the national budget, it is very obvious that we are going to be faced with funding cuts in the transportation program to address our share of that balanced budget problem. One of the things that will happen when they balance the budget and start making reductions in transportation programs is that the cuts will take place later on in the program. In 1996, we will not feel much impact and maybe in 1997 the impact will be slight, but all the cuts that they talk about will be hitting us in the “out” years. That is the way Congress does things—they take the cuts when they do not have to face them in a re-election period. As we go through the next several budget cycles, we can expect the transportation picture to become significantly less over time. Doing with less is the sign of our times.

We are expected to do with less—less money, fewer people. But our customers do not really see it this way. Motor vehicle registrations have continued to grow and, over the past ten years, have increased 21 percent on a national basis and 12 percent in Kentucky. Vehicle-mile of travel over the same period has increased 41 percent on a national basis, 33 percent in Kentucky. Highway motor fuels usage, which is also an indicator, increased. The population in Kentucky has stabilized and, on a national basis, the miles of highway have had almost no growth. So, our customers do not see us doing a whole lot less. They still use our product, they still expect a transportation facility to drive on, and they still expect us to be able to provide those services to them. We are going to be faced with doing less in the years ahead, and what doing less means is that we have a challenge or an opportunity.

We have an opportunity to change some of the things we intend to do or that we have done in the past. We have an opportunity to involve many other people in the transportation community, and to change how we approach transportation. We have an opportunity to think in a non-traditional way as to how we accomplish many of the duties that we perform on a day-to-day basis. If we are faced with less money, just what does that mean to us? It means that we have to leverage what we have; we have to make better use of our resources.
Some of the ways that we might consider this is through privatization and partnerships with others with whom we do not normally deal. A “for instance” would be rest areas. Currently, Kentucky has rest areas that are maintained by the state. Proposals have been made to the state by private sectors to privatize or commercialize these rest areas. In doing so, the private sector would take over the maintenance of these facilities. They also would pay the state a percentage of the profits that are generated as a result of their operating each rest area in a commercial venture. This is currently restricted by legislative mandates, but it is a proposal that has caught the attention of many states. There are nine states in the country right now that are looking at ways this can be done. It has been successfully done in many states that have grandfathered rest areas. For a variety of reasons, the rest areas are run as commercial ventures and are proving to be very beneficial. The state of Connecticut has some of these rest areas. The operators of these rest areas paid the state a fee of approximately five million dollars and a percentage of the profits made during the year, plus the operators maintain the rest area. This not only removes the burden of maintenance from the state, but there is also a cash flow to the state.

Sometimes toll roads have become a way to construct facilities that currently cannot be done due to lack of resources. Just recently a toll road in Virginia opened up between Dulles and Washington, D.C., as a private venture. These have to be done in some very unique circumstances where traffic volumes and surrounding lands have a value that would merit these types of projects. They are things that we can consider. With less money, we have to look at privatization and partnership with others with whom we do not normally do business.

Other examples of innovative finances include South Carolina where there has been a much needed project called the Conway Bypass, but the resources have not been there. They brought in five consultants who made proposals on how to not only design and construct this project but also how to fund it. Right now, the state and the counties are considering the possibility of increasing their taxes locally to address the construction of this project instead of the state coming up with the resources. The consultant who has a vested interest will do the design as part of the project as it progresses. So, there are many ways that innovative financing and arrangements with others within the industry and outside, and through the banking community that we can leverage our resources to a much greater degree.

With less money but still with a great need for our product, we have to look at the quality that we build into those facilities. If we can have a higher-quality highway that lasts much longer, hopefully, we have stretched our dollars even further. In order to do that, we also have to look at legislation and regulations. We have to have a little flexibility to adjust some of those and act in a non-traditional manner.
We are doing some of those things here in Kentucky. Many of you are most familiar with the Paris Pike project. That project has a sensitivity from the environmental point of view but it is also a funding issue. We have tried to take some steps with everyone involved so that we end up with a facility that has extremely high quality. We have taken an approach, particularly in the Paris Pike project, in which we have selected contractors. Only these selected contractors can bid on that project. They were selected on the basis of what we perceive to be quality traits and their ability to do the job in an efficient manner that also is sensitive to the environment. We broke out of the mold as to how we manage a construction project on a day-to-day basis with the incentive that we want to build quality and a longer-lasting product.

Concerning funding, we will have less resources to deal with in the years ahead. One thing that we have not been talking about is less regulation. I think we have to consider looking at the regulatory reform and other things that prohibit us from doing many things. For instance, I mentioned rest areas earlier, we have legislation that prohibits us from privatizing those facilities. We need to get that legislation rewritten so that the states have the flexibility to privatize, within certain bounds, as they see fit. If we are going to have fewer resources, we ought to also look at having less regulation. I am not saying we should do this wholesale. It can be well thought out, and we should have the ability to do things at a much faster rate and at less expense.

The last thing concerning funding is that we have an opportunity to deploy technology to meet many of the demands that we have on our systems. We would all be remiss if we did not take advantage of such things as computers and the latest, state-of-the-art technology such as what we are implementing on Advantage I-75. This technology gives us an opportunity to maximize the existing facilities that we have. We can greatly increase the capacity without spending a lot of money on capital improvements on the facility itself.

I have not mentioned that when we do with less, it also means fewer people. Yesterday, both Congressman Rogers and Steve Palmer from the U.S. DOT talked about the personnel cuts that are taking place. It is projected that the federal work force will be reduced by over 270,000 by 1997. As our speakers indicated, about half of those have already been taken off the books. We can expect that trend to continue—there is no doubt that there will be further personnel reductions.

This problem is not only facing us at the federal level, but also at the local level. How do we handle reduced personnel in an efficient manner? It seems to me that we have to look at some of the tasks that we do on a day-to-day basis in our own office. If we do something that does not add value to a project, we should cease doing it. We do not have the resources to be doing something just because we have done it that way in the past.

A couple of years ago, we sent questionnaires to everyone in the Kentucky Transportation Cabinet and one of the questions asked was in
what ways could we better serve this Cabinet. We wanted to be able to provide a service to the Transportation Cabinet that it really needed. If it needed someone in our office who was an expert in foundations or earthquakes or structures, we wanted to be able to provide that service. We knew that we could not provide every single technical service that may be necessary, but we wanted to try for the most beneficial. Unfortunately, we did not receive much feedback from the Cabinet in that regard. We are currently restructuring our training program to have our people address some of those issues more directly. Therefore, if we can focus our resources directly on the subjects most important to the state, we believe we are leveraging our resources and maximizing our functions more efficiently. Another way that we can expand the current personnel at both the federal and state levels is to rely more heavily on outside sources. By that, I mean the designers and the contractors. With the quality initiatives that we have now that the contractors themselves have brought forth a very high technical level, they have expertise in many subjects that we are not fully utilizing. We also can delegate more of the functions that we do on a day-to-day basis. When I say delegate, I do not mean that we just abdicate full responsibility. We must delegate to other individuals or other parties and, on occasion, we check to make sure that these things are being done as we envision them.

Mac Yowell mentioned the road tour that we took earlier this summer and we stopped at a state-of-the-art asphalt plant. This particular plant was computerized from the time that an aggregate hit a bin until it went out on a truck as an asphalt mix. It was computerized, monitored, and checked. If there was a mistake, corrections were made automatically. There was very little manual input. The quality on that setup is unquestionable, yet we go out to the project and test fifty pounds of the asphalt to say whether it is good or bad. We have to look at how our products are produced, how our contractors are functioning, and rely to a greater extent on their capabilities. There again, that maximizes the resources we have because we have some faith in what the contractors are producing. I have already mentioned that we have to rethink the way we do business—if we do not add value, we should stop.

There is no question that we have a product that is in demand. We are told that we should be doing with less, but our customers want and really need more transportation facilities. There is no question that we will be faced with less money and fewer people as we go through the rest of the 90s and into the year 2000 and beyond. But it is an opportunity to start thinking about many of the things we wish we could do but have not had the opportunity to do before—now we are going to be forced into those opportunities. We have the opportunity to leverage both financial resources and personnel. We can involve the private sector through partnerships and through commercialization. We can involve contractors and fully integrate them into our work force relying on them much greater than we have in the past. We need to look at the way we do
business and if we do not add value, we ought not to be doing that particular service.

Lastly, the key to dealing with less resources in the future is to trust those people whom we deal with on a day-to-day basis. If we can trust those people, we are going to have an easier way of managing our resources because we can rely on them to a much greater extent.
Mike Hancock has served for six years as the Manager of the Kentucky Transportation Cabinet’s Program Management staff. A 16-year career employee with the Cabinet, Mr. Hancock’s professional background also includes extensive experience in both rural and urban transportation planning. In his current position, he is responsible for preparing the Cabinet’s Six-Year Highway Plan, tracking the use of budgeted funds to state and federal-aid projects, and coordinating various ongoing transportation program related activities.

Mr. Hancock earned a Civil Engineering degree from the University of Kentucky and is a registered professional engineer.

MORNING GENERAL SESSION
Tuesday, October 3, 1995

Mike Hancock
Program Management Staff
Kentucky Transportation Cabinet

DOING WITH LESS—THE STATE PERSPECTIVE

We live in an age when government efficiency is demanded at every level. The use of every taxpayer dollar is subject to microscopic examination, with each dollar stretched and squeezed to yield maximum benefit. The federal government has societal and economic goals that are pursued through various programs to enhance the common good. Local governments have their own sensitivities, and often disagree with broad-based federal programs in favor of their own individually-tailored goals and desires. State governments have the unenviable task of bringing together the global and local views of the world into a single, unified vision that is right for that particular state.

Kentucky is no different in this regard, as evidenced in full by its transportation programs. At the local level, Kentuckians expect every transportation dollar to be wisely spent (with a minimum of administrative cost) on beneficial transportation projects and programs. While perceived transportation needs certainly differ from community to community, region to region, there is no doubt that transportation projects are often the lifeline for regional economic vitality. Accordingly, much attention is paid to the scheduling of individual projects.
At the federal level, transportation programs are established for the states by Congress according to more global expectations that national and regional mobility are to be emphasized. As these expectations are handed to the states, Congress often establishes funding set-asides for specific projects or programs which it deems essential to implementing national transportation policy. Quite interestingly, a number of these projects and programs are guised in federal law as “flexibility provisions.” If these programs were truly “flexible” for the states, we would be seeing fewer federal funding categories instead of the 80 or more categories that currently exist.

What does all of this have to do with “What To Do With Less”? Everything. Against this backdrop of expectations comes the reality. Limited local transportation funds, reduced federal transportation funding, more federal transportation program requirements, mandates, and accountability, more state transportation program requirements and accountability, faster-paced, day-to-day communication networks, and fewer-than-ever state transportation employees all combine to produce unbelievable pressure on the state processes which deliver transportation improvements. A sampling of today’s transportation terminology would include STIP, TIP, ISTEA, CMAQ, NHS, Enhancements, Dedicated Urban Funds, ITS, DEMOs, Minimum Allocation, Donor State Bonus, 90 percent of Payments Adjustment, MPO, fiscal constraint, long-range plans, Area Development District Transportation Committees, and on and on and on. The emphasis is on coordination, bringing the players together, working out differences, and implementing defendable, technically and politically correct, unreproachable multimodal highway programs. Piece of cake, right?

As we look around at the state level, it seems that we have found ourselves confronted with fewer transportation personnel, less time to make important decisions, and the threat of less money to deliver needed transportation improvements. Just as many state transportation professionals may have suspected, we’re suddenly in quite a jam... OR ARE WE?

Looking backward a few years, we can see that where we stand today is not simply a phenomenon unique to the 1990s. From the state perspective, we began to make do with fewer transportation employees after 1975. In 1975, the Kentucky Department of Transportation employed 9,464 permanent, full-time employees. By 1980, the number had dwindled to 8,013. By 1985, 6,654 employees were on staff. By 1990, 6,185. Today in 1995, there are 5,804 permanent, full-time Transportation Cabinet employees. The net reduction over the 20-year period has been 3,660 persons, or a percentage reduction of 38.6 percent.

By contrast, over the same period of time (1975-1995), Kentucky’s transportation budget was growing from $411 million in 1975, to $687 million in 1980, $834 million in 1985, $950 million in 1990, and now to $1.29 billion in 1995. While inflation certainly has had an effect on the
buying power associated with these levels of funding, the fact remains that the transportation budget has tripled while the state transportation workforce has been cut almost in half. Necessary streamlining and efficiencies accepted, the decline in personnel coupled with increasing levels of program accountability are seriously taxing our current processes.

So, are these trends likely to continue? I don’t know for sure, but I have some predictions if they do:

(1) If personnel downsizing continues, more of the routine project and program tasks will have to be contracted to the private sector. Contract maintenance, contract construction inspection, contract design work, contract right-of-way appraising, and contract legal services are all examples of on-going methods of coping with fewer Cabinet personnel. We are at or approaching the point in many of these areas where state government involvement in these activities has been reduced to preparing and overseeing the actual contracts, with no experience being gained in the actual work being performed. We will know we’ve stepped over the line when inexperienced Cabinet staff are deemed responsible for project and program approvals without possessing the technical expertise to recognize fatal flaws or mistakes associated with the services being performed. When that happens, you can be sure that the issue of the day will be contractor warranties.

(2) The best public sector employees will migrate to the private sector where they will have opportunity to utilize their professional and technical abilities. Only true bureaucrats will be needed to tend to Cabinet affairs.

(3) Costs to carry out projects and programs will rise due to the “for-profit” nature of contract work.

(4) Project delivery will take even more time. It is not at all uncommon for a project to take 4-6 years from the time it is initiated until the ribbon is cut, opening it to traffic. With the plethora of hoops and hurdles that must be overcome during the project development process, it is conceivable that this time period could easily increase to 6-8 years if our process becomes more disjointed. I’m sure most of you are like me—you cringe when someone says “My project has been in the Six-Year Plan for 15 years.” It simply is not good business to increase preconstruction process response times for any reason.

(5) After a major problem occurs, the need for adequate technical expertise on staff will be recognized. When this occurs, the Cabinet will begin to refurbish its staffing levels. This has already happened in other states and we should make every effort to learn from their experiences.
So far I have talked about what may happen if staffing levels continue to be reduced. What about transportation program funding? Will it stabilize? Continue to increase? Decrease? Again, no one knows what will happen. The connotation in our topic for this morning “What To Do With Less” indicates that less money may be on the horizon for transportation programs. Certainly, this may prove to be the case. Congress is in a budget-cutting mood, revenue diversions are already impacting both the federal Highway Trust Fund and the State Road Fund, and local and private transportation funding is not available in substantial amounts. If we subscribe to the theory that transportation in America has seen its halcyon days, and that the future holds no promise for significant funding increases, then perhaps continuing to downsize state transportation operations is an appropriate strategy. I personally, however, am not ready to concede to this way of thinking.

An optimist to the end, I believe that State Road Fund revenues and federal Highway Trust Fund monies to Kentucky will continue to increase over the next several years. It is costing increasingly more to maintain the existing transportation system in Kentucky, leaving less and less money available for constructing new facilities. For instance, much has been made in recent years of the need to provide four-lane connector roads to all communities in Kentucky with a population in excess of 5,000 persons. To do this will cost a considerable sum of money. When you consider that over half of the monies in the Cabinet’s 1997-2002 Draft Six-Year Highway Plan are to be used for maintenance-related activities (bridge replacements, pavement rehabilitation, reconstruction projects, etc.), it is important to note that addressing new connector roads to local communities will take many more years to implement without a new, dedicated revenue source for that purpose.

Another example of possible revenue enhancements for Kentucky’s transportation programs can be found in the manner in which federal Highway Trust Fund monies are distributed annually to the states. Since the Interstate System was completed (funding-wise) in Kentucky, our state’s annual return on a dollar of gas tax paid to Washington has dropped to 73 cents. For every dollar we pay into the Highway Trust Fund, we get back only 73 cents. We have the distinction of being dead last in the nation in terms of this ratio.

Over the last few months, we have gotten heavily involved in an effort by a coalition of 20 “donor states” to bring this issue to the attention of Congress in hopes that this condition will be rectified in the next Congressional reauthorization of transportation programs. The rallying cry for Kentucky and the rest of the donor states is “EQUITY!” Even the highest percentage recipient states are quick to recognize the donor state argument, and appear willing to negotiate if there is some way for them to remain revenue neutral. Much work remains to be done in this regard, but the donor state goal is to achieve a guaranteed 95 percent return of all dollars we contribute to the Highway Trust Fund. If successful, many millions of dollars could find their way back to Kentucky,
instead of subsidizing transportation activities in the northeastern United States.

In summary, "What To Do With Less" from Kentucky's perspective is certainly a timely topic and one worthy of serious thought. If there is ultimately less money to invest in transportation programs, fewer state transportation personnel to oversee program implementation, and faster-than-ever speed with which project delivery is expected, it is hard to imagine that the final product, the physically implemented transportation improvement, could be the best designed and best built project possible. Compromises in the plan development and construction processes to accommodate fewer dollars, fewer employees, or faster schedules could shake the underpinnings of Kentucky's transportation programs. We must be aware of the forest as we're cutting through the trees. We must be focused on our goals for transportation in Kentucky, we must be efficient in the use of all resources, both fiscal and physical, we should strive to keep experienced people in decision-making roles, and we simply must continue to be the major player in bringing together the federal and local transportation perspectives for the good of Kentucky.

In conclusion, I would like to encourage every transportation professional, every professional transportation organization, and everyone else who truly believes that quality transportation is important to Kentucky, to familiarize yourself with state and federal transportation legislation, recognize the strengths, weaknesses, and opportunities associated with these laws, and work to ensure that quality transportation is adequately provided for in our state. Yes, transportation is but one of many issues that the citizens of Kentucky are confronted with today, but if you do not express concern for transportation, who will? You can be sure that every other special interest group is actively promoting its cause, and we need to be just as vocal.

I want to leave you with a few parting thoughts about the subject "What To Do With Less."

This one is a country "bottom 40" song's title:

"They're only puttin' in a nickel, but they want a dollar song."

The next is a quote from Steven Wright:

"I have a microwave fireplace. You can lay down in front of the fire all night in eight minutes."

Finally, from Kentucky native Lily Tomlin, a really profound thought:

"We're all in this alone."

We must find ways to cope with less, and I for one am confident that together as transportation managers and providers, we will.
Judith M. Mueller is currently serving a three-year term as Regional Director of the American Public Works Association. She has served as Director of Public Works for the city of Charlottesville, Virginia, since 1985.

Her current responsibilities include overseeing the divisions of Engineering, Traffic Engineering, Building Maintenance, Fleet Maintenance, Transit, Public Service (streets and sidewalks, refuse collection), and the utilities for water, wastewater and gas.

Ms. Mueller is a graduate of Cornell University and earned her Master's of Business Administration from Old Dominion University.

MORNING GENERAL SESSION
Tuesday, October 3, 1995

Judith M. Mueller
Region 3 Director
American Public Works Association

DOING WITH LESS—LOCAL PERSPECTIVE

When we get to the local level—there is nowhere else to go, it stops with us—I do not have any magic answers for funding. I am going to share with you some ideas of how you can do more with less.

I visit my parents twice a year and we go to the NASCAR race near where they live. On August 20, 1994, in Michigan, one of the leading race car drivers in NASCAR was in a horrible crash. Ernie Ervin was given a 10-percent chance to live. He hovered near death in a hospital. People did not think he would make it. Yet, he recovered and walked out of that hospital and, even more amazing, this past Friday, he got into a race car again and qualified for the race on Sunday. It is pretty amazing for someone who was given only a 10-percent chance to live to go around a 5/8-mile track at an average speed of 106 miles an hour. Even more remarkable—he qualified for the race with a patch over one eye. He drove with one eye, he drove the entire race, he qualified, and finished in sixth place. Now, that is really learning to do more with less. We can use that story as inspiration. We can do whatever we really want to do—it is just figuring out how we get there.
When Mr. Ervin got out of the car at the end of the race, he was asked how it felt. He said, "I had a ball! I'm doing what I love." Sometimes in these cutback days, we forget that most of us are in this profession because deep down we really do love what we do. Sometimes we take the cutbacks so personally that it zaps some of our energy and we might not be as positive as we should be. The key to trying to deal with all these changes on the local level is to look at ourselves and look at possibly changing ourselves, our culture, and our management.

When we went to school, we were not taught how to deal with times like these; so, for most of us, our management style has evolved. Now we need to stop and see if we can put power into the positive for us and our employees. This change keeps picking up speed. About the time you adjust to the last change, a new one comes along. We are living in a constant period of transition and the shelf-life of our solutions keeps getting shorter and shorter. What worked yesterday is history tomorrow.

Rather than give these pat answers, let's look at some things in our own organizations that will help us deal with what is happening. We have to start by concentrating on solutions. Sometimes change tends to create a "culture of complaints"—people get mad about what they perceive is happening to them, they gripe, they burn up precious energy in feeling victimized. You have to let people vent a little but then it has to stop. You cannot let people go on whining about things that have happened to them. What we want are people who can put behind them the good old days because, as we all know, they are not coming back.

This negative feeling does not do anything positive for you, your organization, or for all the rest of the people with whom you work. It wastes a lot of time. One thing we know is that with fewer people and all the pressures that are being put on us, we do not have time to waste. It is better to concentrate on action—action is better therapy than tears. We need to redirect these negative feelings that our employees are having into solving new problems. We need to spend our time and energy on the pursuit of results. We need to put fire in their job habits so that they can burn away all of their worry and anger. When you turn into a positive role model, your employees are going to notice it. You are the leader of this group and they will see a difference when you change.

As we move towards finding solutions, one of the things that is so hard for us to deal with is that we get bogged down in planning. I am glad to hear that the six-year plan in Kentucky is about on the same schedule as the one in Virginia. I have been in Charlottesville for ten years. There was a major road that was in the six-year plan when I got there and we are in re-design right now. We used to be able to spend a lot of time planning. We used to be able to look at what we are doing and try to come up with the perfect solution, thinking through all the options. We do not have that luxury anymore. Do we fly by the seat of our pants? No. We do some planning, but we do not look for the ultimate solution before we move ahead with action. You can take time to roll up
your sleeves but that is about all the time you are going to have. This means you must be willing to improvise and you must be willing to give people some slack. You must be able to change what you are doing as you go along. Inertia is more crippling than mistakes. Just get moving and keep moving; when you foul up, stop and fix it.

If you create a culture of action in your organization and energize your organization, you are going to have to take more risks. This is the down side. We all know the status quo does not make it anymore. In today's world, the only way you are going to get ahead is to take some risks. You need a little nerve, you need some guts, and you need to be known as a boss who is willing to experiment and to innovate. You need to be someone who does not play it safe. If you do not want to stick your head out, you are not going to win in today's culture or in the future. This also means that you are going to make some mistakes but as Wayne Gretzky once said, "You miss 100 percent of the shots you never take." You have to take some risks, you have to try new things.

This change of doing more with less leaves people vulnerable and insecure; they fear that they are going to foul up. It causes them to wait to see if there is a safer way. You, as a manager, need to create an atmosphere that allows and encourages mistakes. I mean honest mistakes and failures. Have I ever made a mistake? Of course. Have I ever failed? Yes. Have I ever screwed up? You bet. But I honestly believe that I have learned more from some of my failures than I have from some of my successes. The only way to succeed is to keep trying. I will give you an example that is slightly out of the transportation field but is one to which you can relate. Local governments are currently dealing with the escalating cost of trash collection, tip fees, and landfills. We are all looking for magic solutions. I was at an APWA conference two years ago and heard some people from Colorado talking about an innovative way they are collecting refuse. I thought that it was really great. When I returned to Virginia, I started looking for more information and found that nobody east of Colorado was doing this. I thought something had to be wrong. So, I went to Colorado to take a look at their program, and it worked there. I came back and tried to sell the idea to my city council. It was tough to say that it was working there and that I would guarantee to cut our current costs by one-third. Is that a risk? Yes. Did it pay off? Yes. Was it perfect? No. Once it was implemented, we really saved more than the original cost. Did we have to make some changes? Yes. Did we have to admit that part of it had to be changed—that it might have been a mistake? Yes. But it was a huge risk that had a huge payoff, with a few problems. Did the manager think I was crazy? Yes. Did he try to talk me out of doing this? Yes. It was really gutsy and risky and yet it paid off.

This is the hard part of being a manager. It is one thing for me to take a risk like that, it is another thing to create an atmosphere in which my employees know that it is okay for them to try and fail too. This does not give people license to do dumb and stupid things. You can try things—we are willing to stand behind you when you make honest
mistakes. I think we all still have a tough time empowering people and walking away from the situation because we know if anything goes wrong, it is going to come back to us. It is really hard to do, but when you do it, you will be amazed at the power and the creativity that people come out with when you give them the chance. It is certainly not an easy thing to do. Payoffs are tremendous when you really do it, even though it is scary when it is happening. The other side of that is when your employees mess up, you have to be willing to go up front and take the heat. You have to be willing to take it if it is political or even if it is just from management. The only way you are going to get the creativity out of your employees is to create that safe situation in which they are willing to try things because they know you will stand behind them. I believe that honest mistakes are easy to defend. Everybody is human and you can talk to your elected officials or your manager and say, "We thought it was a good idea but it didn’t work."

If we are not willing to take these kinds of chances, we are going to have an extremely difficult time moving into the twenty-first century and being in a position to handle all the changes that are going to take place. It will not stop the people who keep asking, "When are we going to get done with all of this change?" Never. It will be here at a more rapid pace than what we have to deal with today. Taking chances and dealing with all of this change can bring out the best in people. Sometimes it also can bring out the worst. You have to deal with those people who have settled for low-quality work due to increased work loads. In their minds, they may think it is a little revenge on the organization who did this to them. This is a very difficult situation for you to handle, but when you spot it, you have to stop it. The most important thing is to keep up your standards, even when you are asked to do more. Because once employees see your standards slip, their standards will slip as well. Don’t let this happen, don’t make any compromises. Make it clear to your employees that, as tough as things are, you are still committed to total quality. It is that total quality that your customers will see. Your customers understand that everybody is trying to do more with less but they do not want bad service.

Another part of this whole culture is that change can cause you to be dependent. You can wait for someone—be it your boss or the public—to tell you what to do. Don’t wait for this, take the initiative now. If you are not looking at competition, you need to start as soon as you get back to your job. We talked about competition and privatization. From the local perspective, let me give you some play on these two words. Many people believe that the private sector can always do everything better. We, in government, need to be able to stand in front of our customers and say, "With the service we are giving you, we know that we are competitive." By competitive, I mean that you need to know the cost of every service you provide. If you do not already know the cost, you are not in a position to be able to say that to your customers and stakeholders. Otherwise, when the pressure of competition or privatization begins, you will
not be in a position to handle it. It takes a little time to figure out those costs (some of them will really surprise you). We thought we were doing a great job in street sweeping until we looked at what the private sector was doing. We contracted with the private sector and were amazed at how they did a better job at keeping the city clean for the same amount of money. We are phasing out doing our own street sweeping. We did it on our own initiative before anyone asked us. If you do it on your own, it gives you a lot more freedom and flexibility to do something with your existing personnel. Don't hide behind the adage, "I'm in government and my hands are tied." What you have to do is be creative and work around the things you have in order to hold your costs down so you can be competitive.

As we try to change the culture, we find that we are unwilling to break old habits. Previous speakers at this forum talked about looking at bureaucratic rules and the processes you use to accomplish your work. Look at every piece of paper that you sign and ask yourself, "Is putting my signature on this piece of paper adding value to this process?" It is really depressing. You will find that many things are not adding value and you can cut back dramatically. The key is to balance that with the need to know as a manager. Think of your kids or grandchildren and how they deal with change. Kids get bored doing the same thing over and over again. They like change. Stop and think about it from the perspective of a child. They see fun in change they see it as new and different. We have to start looking at it that way also.

What is the bottom line? We, as managers, have to change. We have to try new things. A key part of your being here today is that you have to network. No problem that anybody in this room has is unique to them. You have to find somebody who is dealing with the same problem, share your ideas with each other, and learn from others. You have to take risks. You have to allow for failures. The most important thing is that you understand that the good old days are gone—however, I like to think that better ones are ahead for all of us. Thank you.