Transportation Secretary Don C. Kelly was appointed to that post in December 1991 by Gov. Brereton Jones. Prior to that, he was Programs Manager at UK's Transportation Center. Before that, he was vice president of Schimpeler-Corradino Associates in Los Angeles, California from 1988 to 1991.

Secretary Kelly also served the Commonwealth as Deputy Secretary of Commerce from 1986-1988 and from 1967-1980 in the Department of Highways. He was employed at Murray State University 1980-1986 in various professional positions, the latest being Executive Director of the M.S.U. Foundation and Associate Professor of Engineering.

AWARDS LUNCHEON
Friday, September 17, 1993

Don C. Kelly, Secretary
Kentucky Transportation Cabinet

We have heard a lot of terms during this Forum--vision, quality, teamwork, opportunities, customers, focus, change, and cooperation--but the one that always ended up on top of the list is people. We have known for a long time that things don't just happen. No matter how good you are or what you think you can do, it is the people around you who really produce for you. We are fortunate to have some fine people not just in the Transportation Cabinet but in the consulting industry, the contracting business, and the supplier industry. It is teamwork. It is a partnership of working together and trying to produce the highest quality we can.

In trying to make Kentucky's highways the highest quality, we should strive for 100 percent. Why is 99.9 percent not good enough? Let me quote some figures and you will see that the need for standards that ensure you are operating at 100 percent makes sense. If you consider what would happen if everybody operated at 99.9 percent efficiency: two million documents would be lost by the IRS each year; more than 10,000 checks would be deducted from the wrong bank accounts in the time since I have been talking to you; 12 babies would be given to the wrong parents each day; 880,000 credit cards in circulation would have incorrect cardholder information on their magnetic strip; 315 entries in Websters Third New Edition of the English Language would be misspelled. This goes on and on and on--and that is 99.9 percent. Think of this when you talk about what you should strive for--perfection.

Is it good enough just to reduce the number of fatalities a year or should we strive for zero fatalities? Fatalities on Kentucky's highways is down--last year there were 819 fatalities and that is the lowest it has
been in many, many years. Nationwide, it is below 40,000 for the first
time in many years. We need to work and strive toward reducing it to
zero, whether we make that or not; the idea is to strive for perfection.

My staff and I have recently been trying to set values and visions
and goals for the Transportation Cabinet because we are trying to get
people to think ahead a few years to see where we are headed and what
we are trying to do. I asked my staff if they thought about how precision
may or may not be necessary and how important it is. I used the example
of a watch that doesn’t run but is still perfectly correct twice a day; a
watch that loses one second a day is only correct once in every 118 years.
Which is better, the one that doesn’t run or the one that loses a second a
day? Well, obviously, we would adjust the watch that loses a second a
day so that would be the best choice, but it indicates that while you may
be perfect once or twice, it is also important to be nearly perfect. We
should do our jobs the best we can with what we were given and the
talents with which we were created. We are going to keep refining the
goals we set and try to determine ways to measure them. I want to share
some of them with you.

One of the goals is to lead the nation in the development and opera­
tion of quality transportation systems. We discussed whether or not we
could lead the nation and determined there is no reason not to strive to
do that. We will strive to deliver the best possible service to all custom­
ners, the internal and external customers we deal with every day. We will
strive to integrate sound environmental practices in all that we do. That
issue has become so important in this day and time. We have discovered
some horror stories within the Cabinet to the point that we have created
a joint task force between the Cabinet and Natural Resources to meet
monthly to work on areas that may be problems for us and where they
have concerns. I believe that the communication between our staffs at
the working level will resolve issues before they became problems. Just
on what we have been able to resolve at that working level, we have
probably paid for my salary and a couple of others in the first year.

Another goal is to promote employee excellence through improved
communication, professionalism, and career development opportunities. I
am very proud that the Cabinet received the national award in govern­
ment for professional development of our engineering staff just a couple
of months ago from the National Society of Professional Engineers. And,
that goes to a lot of people. It goes to Mac Yowell; it goes to John Carr; it
goes to the assistant state highway engineers and all the way down the
line. It is those people who have made commitments over several years,
and we are fortunate to bear the fruit of those commitments.

In recent years, the transportation profession has experienced what
some people call a paradigm shift. The engineer no longer has complete
control over a project (if, indeed, he ever did). For example, we are
finding there are a lot of other things that determine our schedules--how
much things cost and many other things over which we have no control.
I am amazed at how well our engineering staff can determine how much a project is going to cost, how long it is going to take to complete it, and what is going to have to be done. Then, suddenly we are faced with a wetland we didn't know about or the fact that the grey bat has been added to the endangered species list, and it just goes on and on and on. The people who are concerned with those things aren't really concerned about how much it costs or how long it takes. It is making it difficult to schedule projects, and some of our engineering staff don't know how to handle that. We are working on those things.

We are also finding that within our own staffs (in the county maintenance garages or wherever it might be) there is a great deal of responsibility in handling hazardous materials. There are so many items that people don't realize are hazardous materials. For instance, after it has been left a certain period of time, paint becomes a hazardous material. Other examples include, salt that leeches from some of the salt domes; oil and gas that have leaked into the ground, and the list goes on and on. We have tried to identify some of those problems and how we might go about cleaning them up. It would stagger you to see how much we have accomplished just in the last year on that. We will probably get cited three times today for something we didn't even know about. We are starting to put heavy emphasis on the importance of these things that we can't ignore. We have had a lot of discussions over underground storage tanks. A year-and-a-half ago, we had about five hundred and forty four underground storage tanks, about a third of which were leaking. We are trying to phase out our gasoline operations as best we can through a credit-card system. We are going to do that, we have got to do that—we can't afford the $200,000 it costs to clean up a leaking underground storage tank. There will be situations in which we are going to have to replace them just for convenience or necessity, but it may be an above-ground tank instead of an underground tank, or it may be in some other way.

Meeting the federal ADA (Americans with Disabilities Act) requirements is a goal of the Cabinet. Kentucky leads the nation in implementation of the ADA requirements, and the Transportation Cabinet leads the state in implementation of ADA. Yet, daily, we find things we have to deal with in that area. I have had a number of discussions with Sharon Fields in the Governor's office. She is blind but because she does things so well and so naturally, you don't realize she can't see. Sharon has been on us to implement what is known as an audible traffic signal so that a blind person at an intersection can tell when the light changes if they don't have the benefit of someone with them or a dog with them. Our engineering and traffic staff had some problems with that concept because there are audible signals, but there are no national standards for them. It is one of those many things you don't think about in your day-to-day operations, but it is very, very important to that person who is visually impaired and can't operate functionally and normally. It is a challenge to us to try to deal with those kinds of things.
We are also dealing with the possibility of continued revenue shortfalls at the federal level. We have a tremendous working relationship, a partnership, with our Federal Highway Administration people—Paul Toussaint, Leon Larson, Jane Garvey, and others. But there is somebody in Washington, in some room closed up somewhere who writes all these regulations and sends all these nasty letters and pink slips to us about all these other things we have to deal with as far as our operation. You really wonder how necessary they are. But, again, it is a challenge to us. I keep pointing out that we don’t have problems, we have opportunities. We are trying to just change attitudes in working with people and staff and the fact that people are willing to work together to share in these partnerships.

Frank Francois made the statement yesterday that constant change is here to stay—I have believed that for a long time but I never believed it more than I do today. The Intermodal Surface Transportation Efficiency Act of 1991 is supposed to be a huge benefactor to the states. It is going to provide more flexibility, it is going to do a lot of different things, it is going to give you a lot more money than you have ever had before, and it is going to be wonderful and magnificent. We built our six-year road plan a year-and-a-half ago based upon a fiscally balanced road plan, considering all of the available state dollars and what we are anticipating from the federal government—then we found out that there is a thing called an Appropriation Act which occurs on an annual basis. We have not been appropriated the amount of dollars we anticipated, to the tune of about forty-five million dollars a year the last two years. If we continue this next year under a continuing resolution, it is probably going to be the same thing again. What that means is that we are not getting the dollars that we thought we were going to get, and they are big enough dollars (they are in areas of construction normally) that we have to let projects slip a few months, or a year, or two years, or whatever it might be. As a result, you, as industry contractors and engineers and consultants and others, are the ones who really bear the brunt of it. Without adequate funding to do things that need to be done, you have to make choices; that is where we find ourselves today.

The other thing that bothers me more than anything is that Kentucky is a donor state. There are 22 of us who send money to Washington and get less back. For example, we send a dollar in taxes in highway trust-fund money to Washington and we get back roughly about 80 cents (depending on who you talk to and how they calculate it). The state of Alaska sends a dollar to Washington and gets back about two dollars and seventy-five cents, so they are tickled to death with the system. Those of us who are donor states are pretty concerned and upset with it. We continue to try to figure out ways to compensate and offset some of that and one of the things that has been done is demonstration projects. You have seen that in the media the last few days—that Al Gore is reinventing government idea is going to eliminate demonstration projects. Laura White (public relations director at the Cabinet) and her
staff, and Mac Yowell (State Highway Engineer), and the assistant state highway engineers, and I spent a lot of time on the phone with reporters and media people trying to explain to them what we thought might or might not happen, and trying to alleviate any concerns. We felt that the intent of doing away with demonstration monies was to get rid of pork-barrel projects that were helping somebody get re-elected. We felt that they weren’t aimed at our projects in Kentucky that were much needed and necessary and good for the Commonwealth. Beyond that, we also felt that there were a lot of projects that had been put in as pork-barrel projects or demo projects that were still two or three or five years or six years away form actually being in construction. Therefore, that money was laying there and not being used and I really think the intent of the reinventing-government format was to eliminate those dollars that couldn’t be used and put them into projects that could be built. The projects that we have (I think there are about eight or nine of them), are in the construction phase. They are actually good projects, needed projects, and well underway.

You don’t hear all of the good things that we are doing so I will brag a little about some of those good things. If things go as we expect them to go the rest of this year, 1993 will be the second best year in the history of the Commonwealth in construction projects let to contract. We are expecting something around four hundred and fifty million dollars (it may change a little but it is going to be awfully close to that amount). In a year when federal funds are short and we hear all of these things about the government being in bad shape, it looks like it will be an extremely good year for Kentucky. It puts a great demand and burden on our staff, of course. As of last Friday afternoon we have 5,960 permanent, full-time employees—smallest it has been since the Interstate Era. As a result, we are putting more burden, more responsibility on people and stringing them out further, but we are able to compensate for that by the fact that we have good consultants and good contractors—people who are reliable who take pride in the work they do and who try to do an honest day’s work for an honest day’s pay. The ability to get things done without having to rely solely on your own abilities is a result of partnership and teamwork. The month of July, 1993, was the best month in history for letting asphalt tonnage to contract (about 1.2 million tons as I recall in that month). I have a feeling that the press is going to look back and try to find a month where we had the worst and report that instead of this.

Under the Cooperative County Bridge Replacement Program, the design work for the replacement of 270 county-owned bridges has been completed and turned over to the counties for construction to the tune of about ten-and-a-half million dollars, 80 percent of which will be state funds. That helps to meet a very critical need in the county road program. The rural secondary program has pumped about one-hundred-and-sixty-two million dollars into maintenance repairs on 12,670 miles of rural roads this year. I am really excited that the 1992 General Assembly
approved the use of logo signs (which identify locations for food, lodging, camping, and gas) on the parkway system. They have been in existence for many years on the interstate at the interchanges. We were approached early in the Administration about the possibility of doing that under a privatization program letting private industry do it. They thought they could do a better job of marketing and maintaining the signs. We looked into it and determined that they might be right. So, a couple of weeks ago, we received proposals from several firms to do the work and it looks like in the first year of a privatization program, we are going to make more money off of it than we did last year. The private company also is going to take over the responsibility of maintaining them, upgrading them, selling new logos, and doing all those things. It will be a better program, a better system than we have had. This is no reflection on the people who have been involved with the program, but it is one of those things that private industry does for a living and they can do a better job than we can and we are convinced of it. We feel that this is a very, very profitable way to go. We have been approached about some other projects for privatization and we are checking to see if private industry can do them better than we can. If they can, we are going to talk about it, we are not rushing into it. It took us about a year and a half to get the privatization of logo signs in place and if it is the thing to do then we are going to work at trying to do that.

Governor Jones recently announced the formation of a task force to look at district operations. I am sure some people see that as a threat, but I don’t, I see it as an opportunity. We are not perfect, everybody understands that we are not perfect. We have 123 county maintenance barns, 17 equipment garages, and 14 traffic barns—and I don’t know whether that is enough or too many, or whether we have the right crew sizes in each county; we don’t know those things. Les Dawson has volunteered (with a little arm twisting) along with some other people who I think are very competent, capable, and very realistic individuals to serve on that task force to help us look at that situation. I don’t see it as a threat at all, I see this as an opportunity for us to fine tune the way we do some things out in the district to make it a better place.

You heard this morning that Toyota gets about 37,000 suggestions a year and they implement 37,000 of them—I don’t know how many we get but I am sure we don’t get that many and I doubt if we implement more than you could probably count on your hands. I hope that under this task force operation that if there are things that can be done better that the county foreman or those who operate the paint stripe, etc., can identify those things, and that we can do it better. What we are looking for is good ideas and ways to do things in a much more effective, efficient manner than we have been doing in the past.

I brag about the contracting consulting industry. During the last session, the General Assembly passed House Bill 157. We were all a little concerned about how it might be implemented, how it might work. I am here to report to you that after a little over a year of implementation, we
have cut the time it takes to advertise a contract until the contractor is authorized to go to work down to about 120 days. It is probably the best in the United States and I have to give a great deal of the credit to John Carr. John has worked really hard to maintain the integrity of this process, to develop the guidelines to do it, and also to make sure that there are no questions about how it is operated, and it has not been challenged. It has been an unbelievably good process and I compliment John for his efforts in that regard.

For the last two days, you have heard about IVHS and Advantage I-75. Those projects are real highlights of some of the things that we are doing. Again, it is a partnership between the Kentucky Transportation Cabinet, University of Kentucky Transportation Center, and the Federal Highway Administration. Leon Larson carried the banner for us at a critical time a couple of years ago when the project could have fallen by the wayside. He challenged the establishment to make sure that it got done; he stayed with it the whole time. Paul Toussaint and Cal Grayson have stayed with it. All of these people have really just pushed the process and again they have made me look good because I get to go to the meetings and take the credit for all of this hard work that these people have done, and it is much appreciated. Kentucky for once is on the leading edge (or the bleeding edge, I'm not sure which it is. I know I bled a little over it.) It has been a tremendous challenge to try to implement it and we are going to see what we call alpha tests, the first tests, very shortly. Hopefully, within the next year we are going to see an operational system. Everybody in the United States is looking at Kentucky, the other five states, and the province of Ontario to see how this comes about, and to see if we are successful, if we are able to pull this off. We have done it again through a partnership. We have the trucking industry working with us and, again, the Center, the University, and FHWA. It is a tremendous partnership and I call it a partnership for quality.

We have a great deal of responsibility on us as transportation professionals in the future to continue the traditions of the past and also to build on the technology and the rapidly evolving changes for the future. We need to be more flexible in what we do. We have to learn to live with ambiguity and I think that is a good description of working in government. Be prepared to work in a rapidly evolving environment--things are changing so quickly that what was true yesterday may not be true tomorrow. We have to identify those things and try to anticipate and make adaptations and changes. We have to learn and apply new technologies to more complex problems and, the problems don't get any simpler, at least I don't see them getting any simpler. We must meet schedules and deadlines. We have to make accurate cost estimates. The University of Kentucky is doing a study for us right now to look at the way we make cost estimates. That is one of the things for which we have been criticized by the Kentucky General Assembly. They say that we come to them with overruns and ask why we can't control cost. We tried to identify as best we could why the costs change, and we have a good
idea, but we are bringing in somebody with expertise to look at those things and see if they can find ways to improve it. If they can convince the Legislature that we are doing the best job that we can, that will be great too. But at least we will have an opportunity to look at it through different eyes and get a different slant on it.

Most of all, we have to protect the taxpayer's investment in the transportation system, both today and tomorrow. It is the only way that Kentucky can continue to compete both in the national market and the international market. Our future depends upon our ability to move people and goods and information efficiently and effectively. We continue to hear the terms reinventing government, commission on quality and efficiency, task force on effectiveness, right-sizing, down-sizing, and on and on. But it all means the same thing--and that is doing a better job with what you have to meet the demands and needs of the people. We must define our mission and focus our excellent resources on those functions which provide a safe, efficient, environmentally sound, and fiscally responsible transportation system, one that promotes economic growth and enhances the quality of life in Kentucky. That is our mission statement at the Transportation Cabinet. The challenge is clearly before us, and the only way we can meet the challenge is through partnerships and teamwork, and a commitment to quality.

I thank all of you for participating and sharing the good news that transportation is alive and well in Kentucky. It is rapidly changing and there is a tremendous future ahead. We have a great deal to do over the next several months and years in that regard.