



# INDIANA DEPARTMENT OF TRANSPORTATION

*Driving Indiana's Economic Growth*

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**Mitchell E. Daniels, Jr., Governor**  
**Michael B. Cline, Commissioner**

September 20, 2010

Mr. Adam M. Horst, Director  
State Budget Agency  
State House, Room 212  
Indianapolis, IN 46204

Dear Director Horst:

The Indiana Department of Transportation (INDOT) seeks to create the finest transportation system for citizens who travel throughout the state of Indiana - a system that moves people and goods safely, economically and efficiently. We have a fully integrated multi-modal organization that not only provides funding involving highway activities, but also air, rail and transit functions.

Despite the sluggish economy, INDOT continues to be one of Indiana's success stories by improving and expanding the transportation infrastructure to help drive Indiana's economic growth. While continuing Governor Daniels' Major Moves program plus the funding from the American Recovery and Reinvestment Act (ARRA), we have provided a record amount of spending on the state's infrastructure system.

In addition to these major programs, we have put into place innovations and initiatives that save taxpayer dollars and help move traffic more smoothly. We also continue to assess opportunities in non-highway modes of transportation to ensure that those who live in Indiana and visitors to the state will travel as safely and efficiently as possible.

Being fiscally responsible, combined with smart planning, enables INDOT to achieve its mission. This mission is to plan, build, maintain and operate a superior transportation system, thereby enhancing safety and mobility and facilitating economic growth.

### **Key performance indicators and program measures:**

INDOT's capital program function is focused along two broad lines: maintaining what we have, and delivery of the capital program. INDOT has many ongoing efforts to measure the quality of the state's transportation system. We measure, among other things, pavement conditions, bridge structural quality and traffic mobility. We also have performance indicators, such as construction projects meeting estimates and percentage of construction plan contracts awarded on-schedule. These indicators help track how well we are doing as an agency versus dollars and time.

We also focus on multi-modal measures such as those involving the Public Mass Transit Fund. Each transit entity is looking to increase its overall performance either by reducing operating expenses or total miles traveled. A key performance indicator to INDOT is the percentage increase in passenger trips. This is important to the overall purpose of the fund.

Measuring the dollars we use is also important. INDOT has maintained an excellent record of prudent spending of federal funds. We aggressively monitor revenue collections and operations spending throughout the year. Doing so, we increase the program indicator for percentage of total INDOT budget spent on consulting, right-of-way, construction and preservation activities.

### **Accomplishments:**

The agency continues to move forward with Governor Daniels' Major Moves program. This program, funded partially with the proceeds from the lease of the Indiana Toll Road, has created a remarkable opportunity to construct much needed highway projects throughout the state. The initial plan has been adjusted and accelerated to meet ongoing needs and priorities. Just a few of the highlights in the current biennium include three projects on US 31 between Hamilton County and South Bend, Section 1 of I-69 in Evansville, the Hoosier Heartland Corridor in Tippecanoe and Cass Counties, the Borman Expressway in northwest Indiana and Accelerate 465 on the west side of Indianapolis. These projects, along with others that have been built in recent years, and those that are under construction or in preliminary engineering stages, will improve the quality of life for Hoosiers long after the projects end.

The American Recovery and Reinvestment Act (ARRA) was another funding opportunity for the State. With 1,087 highway and bridge projects, Indiana led the nation in number of projects. Every one of the state's 92 counties had an ARRA-funded project with 62% of ARRA highway funds going to the most economically distressed areas. In addition to uses for highway and bridges, ARRA funds went to aviation, public transit, high-speed rail, trail and other projects.

INDOT has implemented a variety of innovations to combat the fiscal challenges. The Maintenance Decision Support System (MDSS) uses weather forecasts to help managers more effectively plan snow and ice treatments saving both salt usage and overtime. Virtual Weigh Stations use in-ground sensors to weigh trucks as they travel along interstate and intrastate roadways. This technology reduces the need to build, maintain and staff weigh stations.

We are constantly improving methods of keeping drivers informed of any problems they may encounter as they travel throughout the state. We upgraded the Traffic Wise Traveler Information website, and travel signs are being utilized to let motorists know how long it will take to get through traffic at a given time of day. This technology can reduce congestion, improve safety and enhance traffic flow.

The agency continually reviews the transportation fleet and has reduced the fleet by 90 vehicles since April of 2010. This brings the number of vehicles removed to nearly 300 since fiscal year 2008.

An additional cost containment measure has been the evaluation of the need to purchase new versus refurbishing existing vehicle equipment. We have refurbished dump trucks and front-end loaders to extend the life by at least 30-40%, while only costing 10% of the replacement value.

### **Challenges:**

Revenues which provide funding to INDOT are not sustaining expected levels. The State Highway Fund, which is funded primarily with fuel taxes, has experienced a steep decline in the fund due to fewer miles driven and more fuel-efficient vehicles. We have realigned priorities and focused on developing additional cost containment ideas. In addition, we have put a high priority on expense management, and have been successful in accomplishing our mission while reducing operating budgets by millions of dollars.

### **Objectives for the Biennium:**

We continue to move forward with Governor Daniel's Major Moves program that includes the Hoosier Heartland corridor, Fort to Port in Allen County and U.S. 31 from Hamilton County to South Bend. I-69 in southern Indiana is moving ahead of schedule. This project is considered one of the keys to the economic vitality to southwest Indiana and will provide connectivity to the rest of the state. Indiana has partnered with Illinois to move forward with the Illiana Expressway. This project may ultimately connect Will County, Illinois to I-65 in Indiana's Lake County to act as a bypass around the congestion of northwest Indiana and Chicago. The Madison-Milton Bridge, an 81 year old structure connecting Indiana and Kentucky that received partial funding from a Federal TIGER grant, will commence in FY 2011. This is one of three bridge projects being considered involving two states. The others (Ohio River Bridges) between Louisville and Indiana will accommodate increased volume of traffic on I65. Both Illiana and Ohio River Bridges projects are considered ideal candidates for public-private partnership (P3) funding vs., conventional funding alternatives.

INDOT will continue to embrace innovative initiatives. This includes the conversion of a portion of our fleet to propane and compressed natural gas to reduce costs and the dependence on petroleum. We continue to study the potential revision of specifications on pavement construction to utilize more recycled pavement materials in the creation of roads. This could lead to millions of dollars in savings. We will seek more partnerships with other state agencies to look for solutions to a variety of issues, from more efficiently clearing roadways of obstructions to issuing permits on construction projects.

The agency will continue to reduce operating expenses and will reduce headcount which will take us below the current levels. We continue to evaluate current snow routes, many of which have already been reduced resulting in fewer drivers and equipment use. We are training our own forces for construction inspection and oversight activities reducing the need for outside consultants.

More emphasis will be on employee development and training, as well as efforts to improve communications, both internally to employees and to external customers. Both of these initiatives are vital to meeting our goal to improve customer satisfaction and agency accountability.

### **Conclusion:**

I am proud of what we have accomplished. Our employees realize that transportation is a vital part of the state's economic future and overall quality of life. Each day, they are building,

engineering, maintaining, operating, financing and connecting Indiana's infrastructure. Their hard work and dedication make INDOT a true success story for all citizens we serve.

We are privileged to present INDOT's biennium budget request which continues to demonstrate ongoing commitment to fiscal responsibility and effective allocation of resources. We thank you for your continued support.

Sincerely,

A handwritten signature in black ink that reads "Michael B. Cline". The signature is written in a cursive style with a large, looped initial "M".

Michael B. Cline  
Commissioner